Site selection specialists see advantages to CEO-led economic group

News last week that private-sector leaders are quietly developing a CEO-led economic development group suggests Sacramento is following a national trend, two site-selection specialists said Monday.

CEOs can add credibility to a business recruitment pitch, but in some cases also may have a commercial interest in concealing important information, said John Boyd, founder of The Boyd Co., a Princeton, N.J.-based site selection firm.

About 70 percent of business-location decisions are driven by data in areas like tax structure and cost of living – in other words, factors outside a CEO’s control, said King White, a Dallas-based site selection consultant.

But the other 30 percent is salesmanship, he said. And there they can make a difference.

Once a long list of potential sites is narrowed down to a few cities and a company begins touring those regions, a community can increase its chances of winning the location bid if local CEOs and the mayor are present in a meeting, said White.

“It’s definitely on the checklist of things that need to be addressed,” said White, whose firm, Site Selection Group, helps both corporations make location decisions and economic development organizations with strategy.

CEOs can provide unvarnished information about a region that can come across as more credible than from the lips of a chamber of commerce representative or another civic booster organization, said Boyd of The Boyd Co.

CEOs can share anecdotes and data about prevailing wage and benefits, labor management relations, and hiring difficulties, to name a few factors, Boyd said.
There is a flip side to that, however. Business leaders sometimes have a commercial interest in concealing information from other CEOs for proprietary purposes, because all companies are fishing out of the same talent pool.

“It’s a fine line they have to walk in terms of being open and sharing data. There will be a natural inclination to hold things back from a proprietary standpoint,” Boyd said.

Boyd called the Greater Sacramento Area Economic Council a “great idea” though not unique, and noted similar models in Phoenix, New Jersey, Florida and Kansas.

The burgeoning Sacramento organization is based partly on the Greater Phoenix Economic Council.

Steven Oldham, interim director of the Economic Council, dismissed the idea that CEOs would have any reservations in sharing pertinent information about Sacramento, saying that concern has never come up in a meeting.

“I don’t know any CEO worried about competition” when recruiting companies to their region, he said. “They would take growth in the community over competition from a new company any day.”

Oldham emphasized the three things that the new CEO group believes it brings to Sacramento: an organization with a multiyear budget so that fundraising isn’t made a staff priority, and CEOs involved in business recruiting as well as helping existing businesses to remain here and expand.

Allen Young covers state legislation, regulation and contracts, as well as economic news, international trade and economic development for the Sacramento Business Journal.