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Service at the Heart of IAMC Membership

As of early November 2004, there were 111 service provider members of IAMC, hailing from 29 states, two Canadian provinces and London, England. But what kind of service providers are they? It turns out 42 of them offer real estate services as their primary business; 20 are utilities; 14 are consultants on site selection, taxation or economic development issues; 14 are construction companies (most with several disciplines under their roofs); seven are developers with a full suite of services ranging from financing to construction. The rest fall under categories ranging from law to design to engineering/environmental, with a railroad and port authority there to serve your infrastructure needs.

One attribute that unites them all is a blend of core competency focus and multiple service offerings. This could be said to extend to the membership as a whole: Not only do economic development agencies encompass a full menu of services, but many corporate members themselves function as service providers too. Take Air Products and Chemicals or the BOC Group, both of which

provide industrial gases to customers in fields ranging from food service to pharmaceuticals to steel and petrochemicals. Or the railroads CN, BNSF, Norfolk Southern and CSX. Take FedEx Express, Iron Mountain or the aptly named ServiceMaster. Or take the Michigan-based firm of Walbridge Aldinger, an industrial

construction company, but with so many divisions, people and physical assets under its corporate umbrella that it has its own property concerns to take into account.

In fact, a close look at the IAMC membership only serves to underscore the fundamental shift in today's global economy: Even the most industrial of manufacturers features services among its product lines. And the internal service department of corporate real estate plays an increasingly prominent role.

Official IAMC publication *Site Selection* is now collecting questionnaires from service providers within and outside of IAMC for its annual "Real Estate Services" issue in January 2005, featuring the magazine's annual client service awards. If you're a provider of exceptional service, be sure to fill it out when you see it cross your desk.



Record Numbers Only Part of Story for IAMC

IAMC enters the final two months of 2004 on a roll. Record attendance at our Fall 2004 Professional Forum in Memphis and record enrollment of 315 dues-paying members tell only part of the story for an organization just beginning its third year.

With a unique focus on “industrial asset management,” IAMC delivers practical take-home value that can’t be found anywhere else. Memphis attendees attested to this fact by giving high ratings to the speakers at the Fall Professional Forum.

On a scale of 1 to 10, with 10 being the highest possible rating, most of the presenters in Memphis scored between 8.5 and 10. The highest rated speakers were astronaut Mike Mullane (“Countdown to Teamwork”), who received a 9.4 overall rating, and futurist Daniel Burrus (“Futureview: A Look Ahead”), who scored a 9.35.

Other highly rated programs included “How to Make Your Corporate Real Estate Organization Sarbanes-Oxley Compliant” (9.0) and “Ethics: A Business Approach or a Way of Life” (8.92).

The comments of conference registrants also emphasized the

practical value they received from the programs. These included comments such as “analogies to present economic problems,” “the information was very relevant,” “real-time, current information” and “specific market examples.”

Those were just a few of the rave reviews given to IAMC’s opening keynote speaker Todd Buchholz, a noted economist and author who challenged his audience with a provocative program titled “Market Shock.”

The discussion doesn’t end here, however. IAMC members will be invited over the next several months — leading up to our Spring 2005 Professional Forum in Charleston, S.C. — to share more insights in an online discussion forum called IAMC Interactive. Located on the new Web portal of the association, www.iamc.org, the discussion forum will serve as a powerful tool in sustaining the dialogue among members between Forums.

In other words, the learning never stops for IAMC members. Perhaps that’s the real value of this young but rapidly growing association. It’s not just getting bigger and better; it’s getting smarter.



by **RON STARNIER**
Executive Director
IAMC

Research and Resources

In an October article on the puzzling reluctance of cash-rich businesses to invest, *The Wall Street Journal* noted that as of June 30, U.S. corporations’ **liquid assets** stood at \$1.27 trillion, which comes to 10.9 percent of U.S. GDP, the highest level since 1959. The article cited IAMC member company Illinois Tool Works (ITW) as an example of a firm holding on to its cash: While ITW has budgeted between \$300 million and \$325 million each of the past few years, it has spent less, and current capacity utilization of its plants is between 75 percent and 77 percent. So instead, it’s used some of the money to initiate a stock repurchase program. “We have a long way to go until we talk about expansion,” ITW spokesperson John Brooklier told the *Journal*.

How should CFOs spend their time? New research from Corporate Executive Board (CEB at www.executiveboard.com) says the CFO turnover rate of 17 percent at the 160 largest global companies outruns even the CEO turnover rate of 12 percent, and that 75 percent of Fortune 500 CFOs have fewer than five years of tenure. To reverse that trend, the CEB experts say CFOs need to free themselves from the administrative duties they’ve taken on, and devote more of their energies and time to **operational issues**, thus driving company performance. “Strategic decisions made

by the line have a much larger impact on corporate performance than decisions made at the corporate center,” said Kurt Reisenberg, managing director of the CFO Executive Board, “and so CFOs must spend their time on the area that gives them more leverage.”

As of Nov. 1, the Chinese Ministry of Land and Resources has **lifted the moratorium on commercial development of farmland** that had been in place since April. Instead, prospective buyers and sellers will have to follow a new list of strict rules on agricultural land transfers. *The Wall Street Journal* reports that one side effect of the ban, originally put in place to help slow and control economic activity, was that local governments trying to fund transportation improvements to aid the country’s infrastructure deficit have been hampered by their inability to fund such projects with revenue from rural land sales. (For more on finding sites in China, see *Site Selection’s* July 2004 cover story.)

Grant Thornton’s Survey of U.S. Business Leaders, released Oct. 20, reports that 74 percent of manufacturing respondents expect the U.S. economy to improve in the coming year, a slight decrease from the January 2004 survey, which reported that 82 percent felt the

economy would improve. Yet 92 percent **remain optimistic about the growth of their own businesses**. Half say their employee headcount has increased over the past year, while only 6 percent report it has decreased and nearly 44 percent say it has remained the same. Meanwhile, retaining key talent has become the leading focal point (75 percent), followed by business execution and dealing with margins (68 percent) and innovation (47 percent). To read the complete report, visit www.grant-thornton.com/blcsurvey.

The “Outsourced Manufacturing Strategies Benchmark Report” from Boston-based AberdeenGroup finds that, apparently, you get out of it what you put into it. “Best-in-class enterprises focus on more **strategic actions**, while laggard enterprises are fixated on tactical cost reduction,” says Chris Jones, Aberdeen’s senior vice president of value chain research and author of the report. “As a result, best-in-class enterprises are two to seven times more likely to achieve above-average to dramatically better performance in revenue, profit, and return on invested capital,” in outsourced manufacturing. The report also found that while companies are concerned about maintaining control, they often fail to manage per-

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formance systematically. To obtain the full report, visit www.aberdeen.com.

An October publication from the Organization for Economic Cooperation and Development (OECD) reports that **tax revenues as a percentage of GDP** rose in 13 of the 23 countries for which figures were available. The largest increases were in Iceland (38.1 percent to 40.3 percent), Turkey (31.1 percent to 32.9 percent) and Ireland (28.4 percent to 30 percent). However, from 2000-2003, Ireland was among the leaders in the reduction of this ratio, dropping by 2.2 percentage

points overall. Other reduction leaders during that period include the United States (down 4.5 points to 25.4 percent), Finland (3.1 points), Sweden (3 points), the Netherlands (2.4 points) and the United Kingdom (2.1 points).

A survey conducted by the Hong Kong Census and Statistics Department has found that, as of June 1, 2004, there were 1,098 regional headquarters (RHQs) and 2,511 regional offices (ROs) operated there by companies incorporated outside Hong Kong. These figures were up from 966 RHQs and 2,241 ROs operating at the same time last year. The United States topped

the list with 256 companies, followed by Japan with 198 and China with 106.

The National Association of Foreign-Trade Zones reported in October that merchandise entering **U.S. foreign-trade zones** totaled \$245 billion in value in 2003, a 20-percent increase over 2002. Exports from U.S. foreign-trade zones reached \$19.8 billion in 2003, a 27-percent increase, while employment reached 338,225 in jobs associated with zone activities, a six-percent increase. Texas led the nation in FTZ employment (more than 71,000) and FTZ exports (\$3.5 billion). For more, visit www.naftz.org.

SPONSOR spotlight

Potomac Proximity

Last year, Corporate Executive Board Co. (CEB), a leading provider of best practices research and analysis focusing on corporate strategy, operations and general management issues, was accorded a special income tax rate of zero percent (down from 9.975 percent) by the District of Columbia by virtue of being a high-tech company. But even that status didn't keep the firm from signing in October a 20-year lease for 625,000 sq. ft. at Waterview, a 1-million-sq.-ft., \$227-million mixed-use project, designed by Pei Cobb Freed & Partners, to be constructed in Rosslyn, Va, part of the Arlington metro. CEB, which currently employs around 1,200 people at multiple D.C. locations, expects the new headquarters, to be completed by mid-2007, to eventually employ 2,500.

The largest-ever private sector lease transaction to be executed in the Washington metropolitan area could not have come about without the unique brand of teamwork fostered by the **Virginia Economic Development Partnership** (VEDP at www.yesvirginia.org) and regional allies like Arlington County Economic Development.

"When a community comes to us and says it's a must-have project, you will see everybody come together," says Keith Boswell, project manager with Virginia Economic Development Partnership. The project came together in mid-April 2004, and was on a fast track because of expiring leases.

"As a high-growth company, long-term space planning is always a challenge," said Jay McGonigle, chairman and CEO of the Corporate Executive Board, at the project announcement. "With this project, we have ensured that we have access

to adequate growth space, and we are delighted that it allows us to make a long-term commitment to the Washington, D.C., region."

Important to projects like CEB's is the availability of the Governor's Opportunity Fund, in place since 1993. A discretionary fund used to close a deal, the fund's resources can be directed toward work-force development and training or

toward redevelopment and preparation of the property itself, with matching contributions from the local jurisdiction. Thus far in 2004, the Fund has been used 25 times, contributing some \$11.5 million in deal-closing assistance. Governor Mark R. Warner and Secretary of Commerce and Trade Michael J. Schewel were also directly involved in the CEB negotiations.

Perhaps just as helpful to Arlington and other cities in the region have been continual transportation and transit improvements — in Arlington, everything from 11 Metro stops to altering one-way streets for two-way traffic. These options in a congested area, along with easy access to Dulles and Reagan airports, help attract

tenants like CEB and the relocating Public Broadcasting Service, whose move from its 20-year home in Alexandria was also spurred by an expiring lease. Proposed new transit stops could spur further commercial and residential development.

CEB's company mission is all about seeking best practices. So it says a thing or two when an army of corporate research specialists chooses the Commonwealth to call home.

"The company chose Virginia and this great new location in Rosslyn, but it's a win for the entire region because of our skilled and innovative workforce," said Gov. Warner.

VIRGINIA Is For Business



The Waterview mixed-use project in Arlington is being developed by JBG Companies and Trizec Properties, Inc.

October saw the loss of two members of IAMC's extended family. IAMC retired member Leslie J. Bridgman, 63, of Auburn, Calif., died Oct. 16 of cancer. Among other honors, she served on the board of directors of the former IDRC and was the Associate Member Chair. She became involved in economic development with the Sacramento Area Commerce and Trade Organization in the 1980s, and was appointed by both Governor George Deukmejian and Governor Pete Wilson to positions in the economic development field with the state of California in the 1980s and 1990s.

Her many professional colleagues claim job titles that cross several decades of experience and all categories, but the one category they all prize is "friend."

Joy Pooler: "We shared fun, laughter and love as best of friends. One cannot say 'Leslie' without smiling. She knew the secrets of my heart."

Art Murray: "During her illness she never gave up hope, never publicly expressed doubt or fear. She was always planning her comeback; always discussing the golf we still had to play together."

Bleecker Totten: "Leslie was a tremendous inspiration to us all to do the best we could in anything we undertook to do. She always had a smile and a good word for everyone."

Jack Logue: "She loved everyone and all of California."



Leslie J. Bridgman

In Memoriam

Ken Philbrick: "She was so proud when she broke 100 on her golf game — and never let me forget it."

Andy Bessette: "I always thought of her as 'Ms. Economic Development California.' She always had that great 'get it done' attitude."

Donations in Leslie's memory may be made to the Placer County S.P.C.A., 150 Corporation Yard Road, Roseville, Calif., 95678, or Sutter Roseville Hospice, 1836 Sierra Gardens Drive, Suite 130, Roseville, Calif., 95661.

On Oct. 9, Steven K. Egeland, 48, of Bismarck, N.D., died in a motorcycle accident.

As a newly appointed vice president of business development for the North Dakota Dept. of Commerce, he had just attended his first IAMC Professional Forum in Memphis along with IAMC member Linda Butts, director of the department. He had previously worked with the Bismarck-Mandan Development Association. Egeland also served on the Economic Developers Association of North Dakota (EDND) board. An enthusiastic entrepreneur and investor himself, he created and directed the first N.D. Manufacturers Showcase



Steven K. Egeland

and Expo. In 1995, he was a delegate to the White House Conference on Small Business in Washington, D.C.

"He was extremely proud of bringing a branch of Polar Ware Industries of Sheboygan, Wisc., to McClusky, N.D." writes his wife Debbie. "He was excellent at remembering every detail of a town, building, business and matching it up with whatever another entity was looking for.

"He always said, 'You can do it' when people thought they did not have a chance at succeeding in their business ventures," she continues. "He could very easily make conversation with governors, business leaders, or truck drivers and factory workers. He made everyone feel like their ideas and opinions mattered in the overall scheme of things. Many people have written that he was the best boss/mentor they ever had and he has inspired them to go back to school or start business ventures."

The Department of Commerce has established the Steve Egeland Economic Development Scholarship at the University of Mary. Contributions may be sent to the University of Mary, 7500 University Drive, Bismarck, N.D. 58504.

IAMC NEW MEMBER UPDATE

NEW ACTIVE MEMBERS

C. Van Baker, assistant vice president real estate, Norfolk Southern Corp.

Mark Delph, director, real estate, Fortune Brands, Inc., Lincolnshire, Ill.

NEW ASSOCIATE MEMBERS

A. Neil McDonald, Jr., director, economic development, Odessa Chamber of Commerce, Odessa, Texas.

Keith C. Metzler, director, economic development, City of Victorville, Calif.

John Rosenthal, president, Realty Marketing/Northwest, Portland, Ore.

Mary Jane Stanley, president and CEO,

Pasco Economic Development Council, Land O'Lakes, Fla.

Theodore J. VonCannon, president, Metropolitan Development Board, Birmingham, Ala.

James F. West, Jr., CEcD, president, Dearborn County Economic Development, Lawrenceburg, Ind.

Allison Thompson, economic development director, City of Burleson, Texas.

MEMBER CHANGES

James N. Hizer, CEcD, is the new president and CEO of the Bowling Green Area Chamber of Commerce in Bowling Green, Ky.

Patrick Nowotny has been named vice president of economic development for the Greater Waco Chamber of Commerce.



The Organization:

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