



A Research Presentation for the Austin Chamber of Commerce

Prepared by

the **Benchmark** Company





The Mission

- Evaluate how C-level execs and site selection consultants view Austin as a potential city for either relocation or expansion.
- What are the key criteria that execs evaluate when contemplating a move.
- What are the perceptions of Austin relative to other cities held by these execs.
- Determine if specific point in the corporate chain exists where decisions to expand originate? Are gatekeepers at work screening information received from Chambers?
- What are the make or break factors in choosing Austin?
- What is the most efficient and compelling way to lure top firms to the city?



The Sample and Methodology

- We identified a national sample of 100 C-level executives. Respondents were randomly sampled from this list.
- An on-line survey was conducted in May, 2011.
- We also conducted 40 telephone surveys with site selectors drawn from the list provided by the Austin Chamber.
- The site selectors responded to a different survey. In the past research, both groups had received the same survey and analytics had been scored on both groups. This report includes separate breakouts from both groups of respondents.



Characteristics of Sample

- Mixed groups of respondents from CEO's, COO's, CFO's and CIO/CTO's.
- The majority of respondents came from the following groups: IT/software, healthcare, distributions and logistics, digital media, mobile technology, gaming, clean energy, tech manufacturing and bio-tech/bio-life sciences.
- Company revenues: 25% between \$50 and \$100 million, 36% from \$101-500 million, 18% from \$501-999 million, 12% from \$1 billion to \$9.99 billion and 9% over \$10 billion.
- Many of the execs surveyed had companies with multiple locations.
- The majority of respondents [75%] said they were directly involved in any decision to relocate or expand.



What factors are most important in determining need for a new site?

- The factors that jumped out with respect to what drives need for a new site were comparable to the previous study.

Looking to reduce cost of operations [90%]

Need to expand and ramp up. [87%]

Outgrowing current physical plant [79%].

Need to reach new markets. [76%]

Access to better educated workforce [75%].

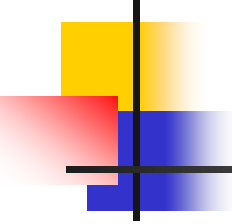
Need to be closer to clients and business contacts [73%].

- Key Point: 60% of respondents cited the need to consolidate several locations into one. This was a new question.



Where in your firm does the idea to relocate usually originate.

- The idea to expand or relocate typically has its genesis in the upper ranks of the executive suite.
- Information comes from the CXO or President and from Operations/Internal staff. 63% said they found information about a different area by themselves. 59% mentioned professional colleagues as resources.
- Only 39% of respondents said they were fully staffed in this area [compared to 62% in previous study]. 29% said they have no staff in this area.
- Most respondents seemed to have a reasonable idea of the job title[s] of the employees responsible for identifying and evaluating new site locations.



Once need for the site is established, how do you determine the location that will best meet your needs.

- Interesting results here. Two major factors are identified as being *very important*.
Opportunities for growth. [89%].
Costs and economic factors. [87%].
- Also listed as *important* were cost of commercial real estate [77%], availability of land [75%] and quality of the workforce [71%].
- Key point: The determining factors appear to line up well with Austin's qualifications. Opportunity for growth speaks volumes considering the current national economy.



Resources used when choosing a new site location.

- Once the site location process has been put into place, C-level execs use a variety of sources.

Commercial real estate brokers are still considered a strong source. [86%]

Business contacts in that city are up from the previous study [72% to 51%].

Industry peers. [62%]. Up from previous study.

Chamber of Commerce info. [36%].

Internet. [42%] Cited as "web sites from various cities."



What “business friendly” means.

- When a city markets itself as “business friendly”, it essentially means to C-level execs that it will offer some form of tax or financial incentives. Our current sample defined it fairly closely to the results from the previous study.

Financial incentives. [39%]

Ease of dealing with regulatory bodies. [21%]

Taxes. [19%].

Promote growth. [9%]

Workforce incentives. [7%]



States that are most business friendly.

- **Texas** received the most #1 rankings by far with [34%] followed by North Carolina with [9%] and Nevada with [9%].
- The next closest state in #1 rankings was California with [8%].
- Florida and Texas tied led in #2 rankings with [12%].
- Texas was mentioned by [55%] of the respondents as being in the top three.
- These are huge numbers for Texas. “Business friendly” is obviously a key variable in the national perception of Texas.
- Given the relatively low threshold of awareness for the “Human Capital” slogan, perhaps business friendly or some derivative would resonate more with C level execs.



Ranking of business friendly cities. "Power Scores".

- The following chart is a compilation of "power scores". That is, the percentage of respondents that ranked a city with either a score of 10 or 9 [from a 10-1 scale] for being business friendly.

Austin [38%]. San Antonio [34%].

Dallas [30%].

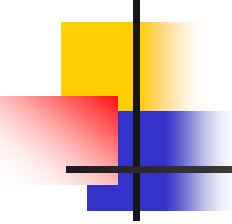
Raleigh [28%]. Las Vegas [27%].

Phoenix [24%] Salt Lake City [23%].

Seattle [22%]. Atlanta [22%]

Nashville [19%]

Kansas City [10%].



The city with the healthiest local economy?

- Respondents were asked to name the city that they felt had the healthiest local economy.

Austin was named by [29%] of respondents followed by Dallas at [19%]. Seattle was next at [9%] followed by Denver, Salt Lake and San Antonio at [7%]. The other scores:

Las Vegas [6%].

Raleigh [5%].

Phoenix [4%].

Nashville [3%].

Atlanta [3%].

Kansas City [1%].

Austin received a very strong number [up from 18% in previous survey.]



Analysis

- Austin presents a more robust profile in the light of the perception that the economies of other cities has diminished.
- Austin offers the perception of employee stability.
- We might want to keep an eye on the “keep Austin weird” label and also focus on the number of faith-based communities we have. Not all CEO’s want “weird”.
- We also don’t want to create the impression that we are satisfied with the status quo. The governor’s office drew several unsolicited comments regarding a perceived “lack of eagerness to court our firm.”



The top cities for expansion or relocation.

- **Austin** was named from the list of cities provided in the survey by 46% of the respondents as being one of their top three choices for expansion or relocation.
- This is a very strong number and displays a continuity of response from the other city **ranking** questions where Austin did well. It's also up 7% from the previous survey.
- Dallas and Raleigh came in at 32% each.
- Phoenix scored 27% while San Antonio and Denver had combined scores of 22%
- Atlanta and Las Vegas had scores of 20%, while Phoenix and Kansas City had the lowest scores at 16% and 13% respectively.



What is absolutely vital to your choice of a city.

- Phrasing this question with “absolutely vital” helps us measure intensity. And as before, the top answers were similar.
- A workforce that meets the needs of business [62%].
- Easy air access [51%].
- Quality life style [50%].
- Reasonable housing costs [50%].
- Good highway system [45%].



What words would describe Austin. [open]

- Positive quality of life, nice place to live, friendly, great city [29%].
- College town, well-educated[16%].
- Growing, vibrant, [14%].
- Hip, trendy, young, artsy [11%].
- Business friendly, progressive [10%].
- Tech, hi tech [5%].
- Entertainment, live music [3%].



Respondents' familiarity with Austin.

- 32% of respondents said they were very familiar with Austin.
- 56% said they were “somewhat” familiar with Austin.
- Only 12% said they were unfamiliar with Austin.
- This reflects a 20% increase in perceived familiarity from the previous study.
- This is a very telling statistic that again confirms the big numbers Austin’s received.



What businesses do you associate with Austin. [open]

- High tech, technology, IT [29%].
- College/education [10%].
- State government, government [9%].
- Dell computers [7%].
- Entertainment [5%].
- Manufacturing [4%].
- Don't know [5%].



What makes Austin a more viable candidate? [open]

- University, educated/tech workforce [28%].
- Cost of living, low taxes, no state income tax [13%].
- Location, climate [11%].
- Business friendly, opportunities [9%].
- Cultural opportunities [5%].
- Proximity to clients [4%].
- Quality of life, clean [3%].

What does Austin need to improve?



- Nothing or don't know [35%].
- Better airport, better highways [19%].
- Tax incentives [9%].
- More conservative [5%].
- Climate, too hot [4%].
- More business friendly [4%].
- More visibility/better marketed [3%].
- Lower housing costs [3%].



What acknowledged Austin assets are most important.

Power scores combining numbers 5+4 on the [5-1] scale.

Strong high tech community [87%].

Educated workforce [85%].

Growing economy [78%].

Good business climate [78%].

Favorable tax environment [76%].

Business friendly local govt [73%]

Right to work state. [65%]

Top 20 University [60%].

Strong real estate market [52%].

Leader in renewable energy [43%].

Corporate headquarters[38%].



Would the increased presence of a certain industry make you feel more comfortable about Austin?

- A total of [70%] of the C-level execs answered NO to this question.

Of the remainder, [12%] mentioned technology/software.

Clean energy was mentioned by [4%].

- These were the only quantifiable responses that really jumped out. The most significant response to this question is really the **[70%]** who answered no.



What media do you REGULARLY consult when looking for information about cities for possible relocation or expansion?

[75%] said they used the Internet regularly.

[65%] mentioned personal visits.

[39%] said they used trade magazines.

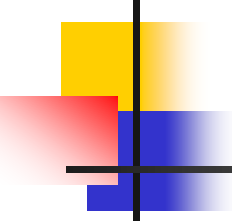
[39%] mentioned chamber of commerce sites.

[36%] said business conferences.

[22%] said city brochures.

[19%] said ads in papers.

[06%] said they don't look for themselves.



Employee who screens your information?

- 26% of respondents said they had an employee who screened their solicitations from various cities.
- The two largest categories of “screeners” were personal or executive assistants and directors of Facilities Management/services. Also several mentioned Logistics staff.
- 74% said that they have direct access to solicitations from cities.



Awareness of the “Human Capital” Slogan.

- 18% of respondents said they had seen in print or heard of “Austin: The Human Capital.” [site selectors had a much higher awareness at 47%].
- The key questions are: how long has this slogan been in place, and how regularly has it been used?
- On the whole, that number is an average response at best.



Phase Two: Site Selector's Data

- 45 interviews conducted with site selectors.
- Highest order of respondents who said they worked in that industry:

Tech manufacturing.
Information Technology.
Computer software.
Clean Energy
Mobile Technology
Gaming



Percentage of site consulting: median numbers

- Office Space [25%].
- Industrial Warehouse Space [50%]
- Retail space [4%].



Initial Point of contact.

- State Department of Commerce [25%].
- Phone call to either state or local chamber [25%].
- Research city's website [11%].
- Chamber's web site [9%].
- Other: Local economic development org.



When do you contact local ED officials?

- Early on-to confirm website data [78%].
- Only to arrange a site visit [22%].



Have you sited a project in Texas?

- Yes [63%].
- No [37%].



If yes, was Austin considered for the project?

- Yes [75%].
- No [25%].



If Austin was considered, was it selected?

- Yes [19%].
- No [81%].



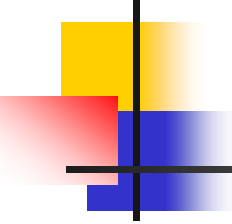
If Austin was not selected, where was the project located? [open]

- Dallas and San Antonio [18% each].
- Waco, Fort Worth, Harlingen, Central Texas, Round Rock, [6% each]
- Other projects out of state [28%].
- To be determined: [6%].



Why wasn't Austin considered? [open]

- Austin did not meet client needs [18%].
- Cost of doing business [13%].
- State and local incentives [10%].
- Other: no aerospace, smaller talent pool, industry specific talent, very specific needs.



How would you describe Austin? [open]

- Progressive [25%].
- Quality of life, dynamic [25%].
- Young, intelligent, fun [11%].
- Other: very cool place, funky and “weird”, good labor market, party town, high tech.



Would you consider Austin for future projects?

- **[98%] would consider Austin for future projects.**

There is no question that the majority of site selection consultants we spoke to have fairly positive images of Austin.



Media that are REGULARLY consulted when looking for site information.

- Internet [82%].
- Personal visits [73%].
- Chamber websites [67%].
- City's website [53%]
- Conferences [36%].
- Trade magazines [31%].
- Business testimony [29%].
- City brochures [13%].
- Ads in newspapers [7%].



Opinion of Austin Chamber's site.

- Easy to navigate [42%].
- Somewhat easy to navigate [9%].
- Can't say [49%].



Awareness of Human Capital slogan

- 47% have either seen in print or heard of the “Human Capital” slogan.
- 53% have not seen or heard of it.