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'Diversification is our defense'

By **RICHARD CRAVER**



Steve Googe beamed with fatherly pride last week as he touted the diversity of Davidson County's business community in a PowerPoint presentation.

On the screen were 22 corporate logos — all employers that announced new operations or expansions in Davidson during 2010. As if he were being asked to pick a favorite child, Googe said they all were meaningful in their own way.

The projects were signed in large part through the tireless work of Googe, the executive director of the county Economic Development Commission, his staff and the willingness of local elected officials to offer incentives to projects large and small.

The employers represent all but four of the 26 economic-development projects in 2010, which account for more than 2,500 jobs, about \$250 million in capital investments and 3.5 million square feet of new and renovated space.

The largest: Timco Aerosystems, which has pledged to create up to 500 jobs by 2018, including 191 by October, at a refurbished plant in Wallburg. The smallest: three full-time jobs at the SunEdison solar farm in Linwood.

Other projects included Atrium Windows and Doors, Old Dominion Freight Line Inc., PPG Industries, Save-a-Lot, United Furniture Industries, Valendrawers, Vitacost.com Inc. and Windstream Communications.

The combination of those projects earned the Lexington-Thomasville area the top ranking among the nation's micropolitan statistical areas for 2010 as ranked by Site Selection magazine last week. It is the second such honor in the past four years.

Yet as much as the commission and elected officials basked in the honor, Googe knows 2011 may be the most challenging year yet for a county trying to transform its economy from one based on furniture manufacturing by leveraging its manufacturing heritage and experienced work force with strategic incentive packages.

Despite employing one of the state's most aggressive incentive strategies, gaining pledges of nearly 11,000 jobs since December 2002, Davidson still has one of the state's highest jobless rates at 11.1 percent in December. That compares with 9.8 percent for the state as a whole.

"It's fair to say that just about every family in this county has either been through a furniture-manufacturing job loss, a job loss as a supplier to the industry or knows someone close who has," Googe said. "We must not linger over our losses, but instead focus on what we want and what we are willing to give up to get it."

Googe and his team have had remarkable success in finding new owners or tenants for many of the furniture plants that were shut down — with nearly 5,200 furniture-manufacturing jobs lost in the process — in the past 11 years.

He anticipates closing on at least three more projects in the short term.

"Diversification is our defense against a repeat," Googe said simply.

Continuing that success, however, will be challenging in part because the county has what Googe calls a "lack of product" — available buildings and farmland for industrial-park sites to offer to employers and site selectors.

It's a scenario that has hamstrung economic developers in Forsyth and Guilford counties at times in the past decade.

"The dearth of Class A industrial properties is a great untold story of the region," said Penny Whiteheart, executive vice president of the Piedmont Triad Partnership.

"Since the dip in the economy, there has been virtually no speculative building. Some properties have come available, but they are not often class A." A class A site would be one with a prime location and easy access to major highways or railroads.

On the silver-lining side of recent negative economic news, the Dell Inc. plant in Winston-Salem is available for new projects, and the American Express call center in Greensboro will be in early 2012.

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For Googe, it's a matter of priorities.

For example, he continues to try to piece together a 2,400-acre megasite near Lexington.

That land is considered the best potential site in North Carolina for landing an automobile-manufacturing plant. It was among four finalists in 2007 for a Toyota Motor Corp. plant that would make 150,000 Corolla cars a year.

With Davidson unable to have all the land secured, Toyota chose to build in Blue Springs, Miss., with production now set to begin this fall.

Googe said that because Gov. Bev Perdue is driven to land an automobile plant for North Carolina, he continues to have conversations with owners of land in the megasite and with U.S. and foreign auto manufacturers.

"We have some greenfield sites to focus on that can yield 100-150 acres," Googe said. "We're trying to work out some multijurisdictional agreements for industrial parks."

A greenfield site is undeveloped land that can be used for commercial or industrial projects.

The biggest active project in Davidson County, nicknamed Project Maple, has been put on hold by the unnamed metal-fabricating company. It is considering putting a \$20 million plant in the county and providing 350 jobs that would pay an average of \$14.35 an hour. It has been made eligible for up to \$324,000 in local incentives over six years.

The project is not sitting in neutral because of a lack of a site, Googe said, but more because the company is reassessing its plans. It has at least 2,000 employees at operations in Chicago, Georgia and Canada, where it also is considering placing the plant.

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John H. Boyd, a principal in The Boyd Co. Inc., a site-location consulting company in New Jersey, said Davidson County benefits from a strong recruitment reputation that's enhanced by such rankings as Site Selection.

"The vast majority of site-selection projects are undertaken by generalists within the corporation," Boyd said. "Many have little experience and look for rankings like this to frame their search."

Boyd said companies and site selectors are adjusting to the reality that incentive deals are going to be less lucrative given that most communities are dealing with budget shortfalls.

That scenario, however, should benefit small communities, such as Davidson County, that focus on smaller projects.

"This is a good thing from our perspective because it forces companies to focus on the fundamentals — labor, costs, regulations, etc.," Boyd said. "Our workload is seeing a greater number of smaller projects, and this is in tune with our clients learning to do more with fewer workers."

Googe continues to sort out the implications of recent Republican legislative proposals that had targeted

taking uncommitted state incentive funds for the rest of fiscal year 2010-11 and transferring them to the General Fund. That possibility seems to have faded away with Perdue's veto of Senate Bill 13.

Although some legislative supporters of transferring the economic-incentive money say they are willing to take individual requests before the General Assembly, Googe said he's concerned they will take up only large projects.

"I'm just not sure what the response will be if I request \$150,000 in state incentives to seal a deal that could bring several dozen or a hundred jobs to this community," Googe said. "We know that Virginia and South Carolina are being aggressive with incentives, and so do the companies we're trying to recruit."

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