

companies will not exist; but the chart also illustrates the essential role of venture capital. One of the reasons for the growth of dynamic companies in the United States in the fields of biotechnology and information technology is that America's venture capitalists put about 24% of their investments into biotechnology and 46% into information technology\*. By contrast, European venturers funnelled just 2% of their investment into biotechnology and 16% into information technologies - which may explain the lesser degree of dynamism in these industries in Europe in spite of substantial basic research activity.

\* The Economist, January 25, 1997

### Site Selection, Relocation and Real Estate Firms

Development Counsellors International (DCI) of New York conducted a survey in Fall 1996 based on a random selection of 1,000 companies in the U.S. with annual revenues of over US\$100 million and/or more than 250 employees (selected from D&B list of companies), including interviews with 173 senior corporate executives.

The survey asked corporate executives to select the "three leading sources of information" influencing their perceptions of a state's or region's business climate. "Dialogue with industry peers" was the number one source, indicated by 68% of the respondents. The corporate grapevine, it appears, is still a potent image maker/breaker. Also highly influential with U.S. corporate decision-makers are articles in newspapers and magazines (trade, economic development, business), with 60% of the respondents citing news stories as a leading information source. Somewhat surprising was that 52% of executives ranked business travel (and 21% personal travel) among the top three information sources - ahead of national surveys (34% of respondents) such as those conducted by *Fortune* or *Money* magazines.

With respect to techniques frequently used in economic development marketing, respondents most valued the opportunity for one-on-one conversations with industry peers. More than 53% gave top marks to "planned visits to corporate executives". "Public relations/publicity", hosting "special events" and "trade shows" were in a three-way tie (39%) for the second most effective technique. Notably absent from the most influential list were "direct mail" (25%), "print advertising" (19%) and "telemarketing" (6%). The use of "Computer / Internet Web Page" is gaining ground.

The survey also pinpointed who the key decision-makers are in creating a "shortlist" of states or communities to be considered for a new or "greenfield" facility. From a list of six positions, 84% of the respondents selected corporate real estate executives as being most involved in narrowing the field to a shortlist. Vice Presidents were a close second at 80%, followed by CEOs (56%), site selection consultants (56%), CFOs (55%) and human resource executives (33%). When it came to assessing the degree of involvement in making the actual site location decision, the order changed only slightly. Vice Presidents (83%) and corporate real estate executives (82%) once again ranked highest.

Presidents/CEOs also ranked high at 69%. Next in line came CFOs (52%), site selection consultants (41%) and human resource executives (36%). However, in smaller companies (with less than US\$500 million in revenues) representing 42% of the survey, the President/CEO appears to have a much greater involvement in creating the shortlist and in making the final decision.

The above supports other sources indicating that the U.S. site selection profession (almost non-existent in Canada) is significantly involved in the roughly 1,500 new facilities locations in the U.S. every year, suggesting that these firms should be an important element of any investment promotion campaign. According to the *Area Development Magazine*\*, professional location consultants have come to play an increasingly active part in the selection of a site for a company's new facility. There are many advantages for a company to enlist the assistance of such professionals. The company with limited knowledge of North America or Canada, or with limited experience in the location process is able to draw on the talent and expertise that the professional consultant can provide.

\* *Area Development Magazine*, September 1997