

Carolina Journal Editor's note:

The following presentation, received by *Carolina Journal*, was delivered during a seminar at the annual meeting of the State Government Affairs Council. The workshop taught dozens of corporate government relations executives how to “Turn Your State Government Relations Department from a Money Pit to a Cash Cow.” Michael Press, national director of Ernst & Young's Business Incentives Practice, and Robin Stone, former vice president of state and local government relations for The Boeing Company delivered this Microsoft Powerpoint presentation on March 26 in Savannah, GA.

SGR Workshop & SGAC Annual Meeting

Turning Your State Government Relations Department from a Money Pit into a Cash Cow

Incentives Provide Significant Saving Opportunities

- Ernst & Young
- Boeing
- IBM
- Fidelity
- Mercedes

Negotiable Incentives Take Many Forms

- **Hard Costs**

- Income tax credits
- Sales & Use tax exemptions/refunds
- Real/Personal property tax abatements
- Infrastructure grants/assistance
- Free or discounted land/building

- **Human Resource Costs**

- Wage rebates, job creation tax incentives
- Employee training grants and credits
- Federal & State targeted employment credits (WOTC, Welfare-to-work)
- Hiring and employee screening assistance

- **Soft Costs**

- Low cost financing for capital expenditures
- Utility discounts
- Waiver of permit fees
- Expedited permits
- Environmental/Pollution control incentives
- Federal & State research and development credits

What Is In It for Government ?

- Provide Government with Justification: Quid Pro Quo
 - Public doesn't like “corporate welfare”
 - Caretakers of the state's economy, not your business
 - Unique opportunity to “partner” with government
- A Strong Business Case
 - Identify “public benefits” of the project
 - Economic and fiscal impacts
 - Corporate citizenship
 - “But for” threat

Process: Best Practices

- Company has to speak for itself
- Make a strong business case
- Control publicity
- Go in knowing what your priorities are
- Avoid legislation if possible

On the Front End

- Be proactive ! Engage early and often with operations, facilities and senior mgt. Identify what will help lower costs or improve competitive position— be creative and open to unconventional value ideas.
- Is it real or “just an idea”? Approved? By whom?
- What is the REAL scope of the project ? Verify it.
- Is the timing right ?
- Make the case for incentives. What are YOU bringing to the party ?
- Identify clear focal points for communications with state & local govts.
- Identify key players

In the Middle

- Use local subs and vendors whenever possible...and brag about it
- Communicate progress to the elected officials and their constituents
- Update your messages and stay on them.
- Keep Senior Executives engaged with key officials

At the End

- Contracts are great, but...are you *REALLY* going to sue the state ?
- Incentives are good only if you get them...are you prepared to do-it-yourself ?
- Clawbacks are real –be prepared and bring non-performance to the gov'n't, don't wait for them to discover it.
- Identify focal for monitoring the commitments...theirs and yours.
- Make sure you get the incentives
- Identify milestones and publicize them
- Involve elected officials in press announcements

More At the End

- Thank everybody a zillion times
- Communicate directly and often with the people who made it happen
- Offer to be a “reference”
- Conduct “lessons learned” session
- Establish incentives working group for follow-up action and monitoring

Just a Few Ideas

- Form a complete team: facilities, operations, tax, legal, communications, human resources, government relations
- Try to create a win-win strategy.
- Be mindful of the election & legislative cycle
- Eliminate the SGR “wanna bes”
- Identify the REAL incentives. Don’t settle for “off the shelf” but...
- Don’t be greedy
- Be mindful of the local turf battles