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TOP STATES FOR DOING BUSINESS:
A SURVEY OF SITE SELECTION
CONSULTANTS

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Top States for Doing Business: A Survey of Site Selection
Consultants

Top States for Doing Business: A Survey of Site Selection Consultants

Oklahoma ranked #10 overall and placed in the Top 5 for Taxes and Workforce Development.

Table 1 (Named Most Often by Respondents)					
Overall Ranking	State	Overall Ranking	State	Overall Ranking	State
1	Tennessee	5	Georgia	8	North Carolina
2	Texas	6	Indiana	9	Virginia
3	South Carolina	7	Mississippi	10	Oklahoma
4	Alabama				

Consultants to industry have selected the states they believe best meet a range of site selection criteria. Do their choices align with those of other highly respected surveys?

Geraldine Gambale, Editor, Area Development Magazine (Aug/Sept 10)

Consultants to industry are in a unique position to understand the site selection requirements of their corporate clients. Taking this into consideration, the editors of Area Development magazine decided to conduct a “flash survey” of a select group of highly respected consultants who work with a nationwide client base. We asked the consultants to name their top-10 state choices for meeting eight site selection criteria:

1. Lowest business costs
2. Most business friendly
3. Corporate tax environment
4. Overall labor climate
5. Work force development programs
6. Fast-track permitting
7. Rail and highway accessibility
8. Shovel-ready sites

All of the factors were given equal weight, and the numbers of “mentions” by the responding consultants were added to arrive at the top-scoring states. These results are illustrated in the six tables that follow.

Table 1 lists the 10 states named most often by the responding consultants as meeting the eight criteria. Based on this result, Tennessee was the responding consultants’ top location choice for doing business. Nonetheless, Tennessee only received a number-one ranking in the shovel-ready sites category.

Table 2 illustrates the top-ranked state in each of the individual criterion, and Table 3 shows the top-five ranked states for these site selection requirements.

Table 2	
Site Selection Criterion	Top Ranked State
Lowest Business Costs	South Carolina
Most Business Friendly	Alabama, Texas, Virginia
Corporate Tax Environment	Texas
Overall Labor Climate	North Carolina
Work Force Development Programs	Georgia
Fast-Track Permitting	Alabama, Tennessee
Rail and Highway Accessibility	Illinois
Shovel-Ready Sites	Tennessee

Table 3								
Ranking	Low Costs	Business Friendly	Tax	Labor	Work Force Development	Permitting	Infrastructure	Shovel-Ready
1	SC	AL TX VA	TX	NC	GA	AL TN	IL	TN
2	TX	TN	NV MS TN	TN TX	AL	MS	IN	MS
3	AL	SC	OK IN SC	GA IN SC	KS SC	SC	TN	GA
4	TN MS	NC	VA	AL	NC OK	IN	MO OH	AL
5	IA IN LA	IN	*	*	LA	*	*	SC
* (more than five states named)								

When the criteria are regrouped into just three categories — (1) low costs/business friendliness/tax environment, (2) labor/work force development, and (3) fast-track permitting/infrastructure/shovel-ready — the rankings change somewhat.

How Do Consultants' Picks Stack Up?
To see how the consultants' top choices stack up, we looked at five other well-respected rankings as follows:

Chief Executive's "Best/Worst States for Business 2010"

- 1. Texas
- 2. North Carolina
- 3. Tennessee
- 4. Virginia
- 5. Nevada

All of the top-five states picked by the CEOs are on our list of states best meeting site selection criteria, according to the consultants we surveyed. Although Nevada only scored well for its corporate tax environment, it still made the consultants' list.

CNBC's "America's Top States For Business"

- 1. Texas
- 2. Virginia
- 3. Colorado
- 4. North Carolina
- 5. Massachusetts

Three of CNBC's contenders — Texas, Virginia, and North Carolina — were on the consultants' radar screens. This ranking includes a heavily weighted quality-of-life factor, which was not considered in our survey consultants.

Tax Foundation's "2010 Business Tax Climate Index"

- 1. South Dakota
- 2. Wyoming
- 3. Alaska
- 4. Nevada
- 5. Florida

The consultants' agree with the Tax Foundation on Nevada — but the rest of these states were not among

their top picks. The Tax Foundation looks at individual as well as business taxes.

Directorship's "Boardroom Guide to the Best States for Business"

1. Texas
2. Virginia
3. Utah
4. South Dakota
5. Nebraska

Only the top two states — Texas and Virginia — made the consultants' cut. The Boardroom Guide puts an emphasis on states' litigation climate.

Forbes' "Best States for Business 2009"

1. Virginia
2. Washington
3. Utah
4. Colorado
5. North Carolina

Virginia and North Carolina also scored high on Forbes' ranking, which includes three factors not included on our survey: current economic climate, prospects for growth, and quality of life.

Inc.'s "Top 500, Top 10 States 2009"

1. California
2. Texas
3. Virginia
3. New York
5. Florida

Inc.'s ranking is based on the location of the nation's Top 500 firms in terms of revenue growth. The surveyed consultants only placed Texas and Virginia on their list of where to grow a business.

What Does It Mean?

Keeping all this in mind, readers should also look at a feature in this issue entitled "Where is the 'Best Place' for Your Business," by Dana Olson, president/CEO of EcoDev, a location consulting firm. He explains that rankings and accolades are just a starting point in the location decision process. In other words, individual company needs are what really matter.

A few of the consultants we polled would agree with Dana Olson. They commented that they could not participate in our survey because a location's "attractiveness" varies by industry, function, project, and — as Olson said — individual company need. A state's or metro area's attractiveness ranking would depend on what need is primary, i.e., low costs, industry concentration, presence of a particular talent pool, competitive tax environment, incentives offerings, etc.

That being said, the rankings presented in our Site Consultants Survey can still serve as a starting point to finding out which states — and metro areas — might best be able to meet your firm's specific location requirements.

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Posted on Mon, October 11, 2010 by Ann Marie Miller

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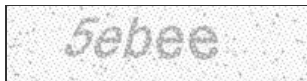
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