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# ***THE GROWING EDGE***

Issue: #22

OCTOBER 15 2009



Dear John,

Last week, Dell Computer announced that it would be closing its Winston-Salem assembly plant and laying off its 905 North Carolina workers by January. While this announcement is unlikely to have much direct economic impact on Greater Statesville businesses, it certainly does affect the general business environment throughout the state and has stimulated some important questions about business recruitment and retention policies and practices in our region. Some critics of aggressive recruitment programs are using the Dell closure as a forum for voicing concerns about economic development incentives at both the state and local levels. These criticisms, while perhaps understandable at first glance, do not stand up to closer scrutiny.



Despite recent job losses at the Dell facility -- which once employed as many as 1,400 -- and a troubling shift in consumer preferences away from the desktop computers built there, news of the closing came as a shock to the Triad, which mounted an unprecedented recruitment effort in 2004 to land what was to become the computer maker's most advanced manufacturing plant when it opened in 2005. That effort included state and local incentives worth a potential \$280 million, authorized by special legislation passed by the General Assembly to support the effort.

Because most of these incentives were performance-based -- the company did not collect them unless specific job creation and investment goals were met -- less than \$9 million was ever actually appropriated, and virtually all of that amount was invested in infrastructure improvement and workforce training; items that will continue to provide a return on investment long after Dell closes its doors. Obviously, this fact does little to allay the concerns of the Dell employees who are losing their jobs, but in truth the failure of this facility to meet its potential had nothing to do with incentives and everything to do with changes in market dynamics, namely a decrease in Dell's share of the market and a shift away from custom-configured desktop systems.

The question for economic developers and the Triad business community

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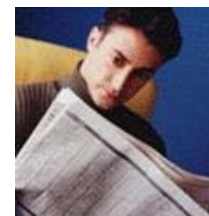
## **Quick Links**

[GSDC Website](#)

[PSNC Website](#)

[Mitchell Community College Website](#)

[GSDC Event Calendar](#)  
*\*NEW\**



## **In The News**

The September edition of [Site Selection](#) magazine features an extensive article on economic

is whether the aggressive efforts to land Dell paid any dividends. A reasonable and thoughtful analysis of the numbers would suggest, yes. Dell's initial investment in the facility was about \$130 million, most of which was spent in North Carolina on labor and materials for the construction of the facility itself. Beyond that, the payroll for direct Dell workers was in the vicinity of \$31 million annually. So, for an investment of less than \$9 million, Dell brought more than \$250 million directly into the economy over the four years the plant was open. And that doesn't take into account the dollars brought into the economy indirectly by Dell's presence.

development efforts in general, and plans to build an Apple data center in Catawba County in particular.



Unquestionably, the closure creates hardships for a large group of Dell employees, and it would have been a better scenario for all involved if -- as is the case with most companies recruited to the state -- Dell had thrived. But the simple fact is sometimes businesses fail, and suggesting that no company be aggressively recruited because one such company was a disappointment is a classic case of throwing the baby out with the bathwater.

At the local level, concerns about economic development incentives have even less traction. While a small portion of the incentives authorized for Dell by the state were given up-front in the form of payments for infrastructure improvements; Iredell County, the City of Statesville and the Town of Troutman have no mechanism for providing any type of up-front incentives. Instead, all three government entities have tax incentive grant policies which are based on the collection of property taxes on new capital investment. Put simply, no company relocating or expanding in Greater Statesville will ever get a penny of taxpayer money. Rather, they will have a percentage of the taxes they pay on new capital investment granted back to them over a set period of time. The biggest advantage to this type of program is that it is self-limiting; if the company doesn't make the promised investment, then there is no new tax revenue and no grant-back. Further, the policies of all three entities do not discriminate between new business and existing operations. Any firm that meets the job creation and investment criteria -- which vary somewhat among the entities -- is eligible.

While far from perfect, economic development incentive policies are an important part of any community's recruitment and retention of business. Since incentives are market-driven, any community which does not have an incentive policy in place puts itself at a significant disadvantage.

Best regards,

John

As always, feel free to email me with news about your company's events, awards, new products, honors, etc. and I will include them in an upcoming issue of *The Growing Edge*.

[jmarek@greaterstatesville.org](mailto:jmarek@greaterstatesville.org)

## GSDC Launches Sites & Buildings Application on Website

**Advanced technology allows visitors to access valuable demographic and site information easily**

After more than four months of planning and development, the new Sites & Buildings application went live on [greaterstatesville.org](http://greaterstatesville.org) October 5th. Those who were familiar with the old Sites & Buildings page will see a significant upgrade in capabilities and ease of use.



Visitors accessing the site are now presented with a map of Iredell County and several search options. Searches can be conducted on location, size of building, ceiling height, access to rail or a combination of these and several other user defined criteria. Once these criteria are determined and the search completed, a graphic representation of each building's location is displayed on the screen. The visitor then has the option of viewing or printing off additional information about any or all of the buildings and sites, including targeted demographic information and information about other businesses located in the area.

"The new system is a substantial upgrade from what it replaced," according to Mike Smith, Executive Director of the GSDC. "It is much easier to use and provides more data for businesses and site selection professionals."

The new application was developed for the Greater Statesville Development Corporation by GIS Planning, with support from the Charlotte Regional Partnership.

Click [here](#) to try it out.

## Statesville Business Park's Advantage Drive Gets New Road Sign

**Improved signage eliminates traffic confusion for Sullivan Division of RP Machine and Kooks Custom Headers**

When Kook's Custom Headers moved into its new facility this past July, they noticed an unusual amount of damage to the landscaping surrounding their building. It turned out that trucks looking for the entrance to Ritchie Brothers auction were turning on Advantage Drive, following it until it dead ends in front of Kook's and then trying to turn around in the Kook's parking lot, often taking a shrub along with them when they left. Concerned that the damage would eventually find its way to employee cars or the building itself, the Kooks turned to the GSDC for assistance. Working together with the Kooks and the City of Statesville's streets department, we got the necessary signage installed at the entrance to Advantage Drive.



## Statesville-Based Security Company Maintains a Low Profile

**One of area's largest employers revels in its obscurity**

Even people who travel regularly on West Front Street have probably never noticed the small side road next to Statesville Yamaha. Security Drive is just a couple of hundred feet long and dead-ends into a non-descript brick building surrounded by a high security fence. Inside that fence, however, is one of Statesville's "homegrown" business success stories. Security Central is an independent, family owned alarm monitoring service located in Statesville. Ralph and Christine Brown, along with their children, Courtney, Ellen and Jay, own and operate the corporation. In 1963, Ralph began a patrol service on the then newly developed Lake Norman, as many affluent families had begun to build second homes on the lake. It was not long before he signed on as a Dictograph dealer and started installing alarm systems.



As tape dialers became replaced by digital communicators, Mr. Brown purchased an answering service to monitor his alarms. By 1970, other area alarm dealers began to call upon him to monitor their alarms. The company installed a WATS line and Security Central was formed.

Today, Statesville-based Security Central is one of the largest central monitoring stations in the country. Employing more than 170 local residents, they currently monitor hundreds of thousands of alarms for over 2000 alarm dealers in all 50 states -- as well as Canada and Puerto Rico - - from their 10,000 square foot, state-of-the-art facility.

The number of employees has grown steadily over the years, and this growth has been affected only slightly by the recent economic downturn. Competition for the coveted call-center jobs is intense. All employees are bonded by the state of North Carolina in addition to other states across the country. Bonding includes a complete fingerprint and criminal record search. All this information is obtained and sent to the Alarm Licensing Board where it is processed by the SBI. The licensing board then reviews the findings and must approve all applicants before anyone is allowed to begin training at the facility. Any offenses other than traffic violations prohibit employment with our company.

After potential employees have successfully passed the bonding process, they are subjected to a drug screening test. All employees are randomly tested for drugs during their employment at Security Central. Only then is the applicant ready to begin training.

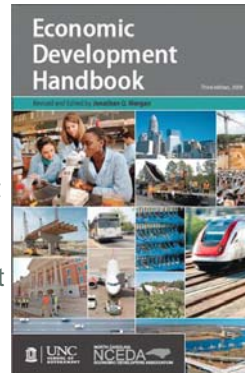
All new operators are trained by resident certified Security Industry Association (SIA) and Association of Public-Safety Communications Officials-International, Inc. (APCO) instructor. These are the same organizations that certify 911 dispatchers. The first week of training, new operators spend 40 hours in a classroom setting. They have access to a simulated central station, set up on a separate computer system, where each new operator practices his/her skills. This provides invaluable experience as the traffic flow, type of signals received, and calls are replicated from actual experiences occurring in the central station. The second week, these operators are placed in the central station with a qualified, experienced operator for supervised hands-on experience. The third week, the new operator is evaluated by the instructor to be certain all skills have been mastered.

## NCEDA Updates Economic Development Handbook

**GSDC Executive Director Mike Smith served on the handbook committee**

*From the Preface to the Economic Development Handbook:*

As the third edition of the Economic Development Handbook goes to press, North Carolina is trying to rebound from an economic downturn that has the entire United States reeling. Although it appears that the economic free fall has subsided, the road to recovery is uncertain. Recent job losses have driven North Carolina's unemployment rates to their highest levels in decades. But even in this tough environment, the state has fared better than many others. This is due to the state's committed leadership and support for economic development and its many assets including a high quality of life, geographic location, moderate climate, skilled workforce, and extensive network of universities and community colleges.



These assets make North Carolina well positioned for a renewed prosperity when the economy begins to improve. However, the work of economic development continues in good times and bad. Its ultimate mission remains clear: to preserve and enhance the standard of living for North Carolina's residents amid a rapidly changing economy in which the state must compete globally for its share of domestic and foreign investment.

The work of keeping North Carolina competitive is implemented through a network of organizations and professionals who employ various policies, programs, and tools in a process that is not always well understood. The North Carolina Economic Developers Association (NCEDA) partnered with the UNC School of Government to prepare this publication as a basic introduction to economic development. It is offered as an educational resource for legislators, policymakers, community leaders, and interested citizens across the state who desire to keep North Carolina competitive in its quest for new jobs and investment.

You can review the handbook in its entirety [here](#).

## Just for Fun

**GSDC to participate in downtown Trick or Treat.**

The GSDC will be participating in the downtown Statesville Trick or Treat on Friday, October 30th from 4:00 PM until 6:00 PM. Be sure to stop by after work for complimentary cider and donuts, and bring all your little boys and ghouls for a special treat.





The Greater Statesville Development Corporation (GSDC) is a public-private partnership of local governments and business leaders. Our purpose is to promote the industrial and commercial development of the City of Statesville, the Town of Troutman and the surrounding area of upper Iredell County, North Carolina. We provide a variety of services and assistance to help locate, maintain and expand new and existing businesses and industries in our area.

View available [sites and buildings](#).

View [resources](#) for existing industry.

Learn more about the [Committee of 100](#).

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