

# KEY STEPS IN A LOCATION CHOICE



The CAI Global Group

MAY 26, 2017

# CAI GLOBAL GROUP OVERVIEW

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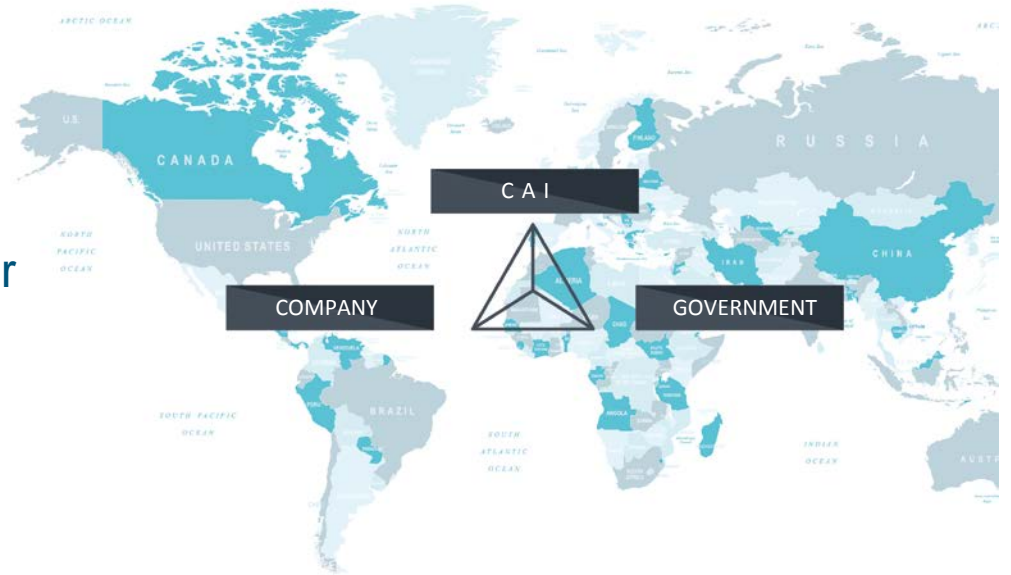


# WHO WE ARE

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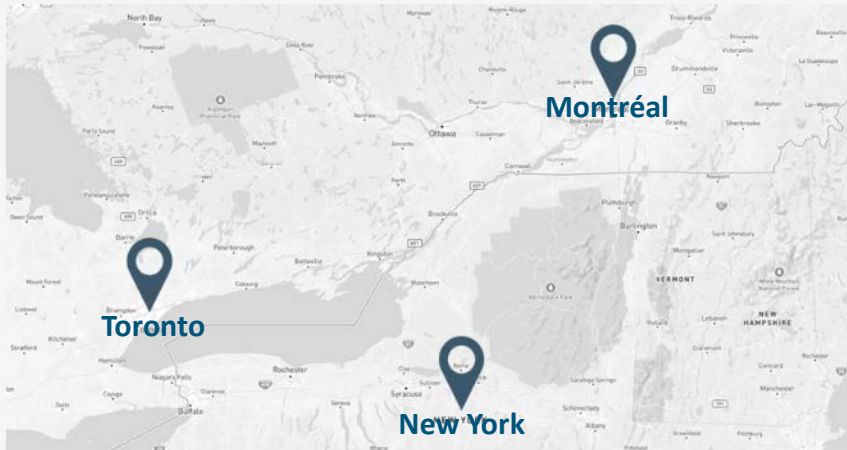
## THE CAI GLOBAL GROUP

is a private consulting firm with over 30 years of experience in investment project strategy, financing and implementation



# GENERAL FACTS

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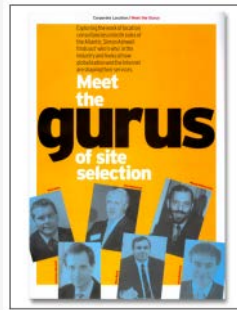
**\$9.5 billion** in capital investment projects

**27,000** jobs created and retained in the private sector

**125** economic development agencies and jurisdictions in North America

# ACHIEVEMENTS

- CAI has been recognized by London, England's Corporate Location Magazine as one of the top six **SITE SELECTION GURUS WORLDWIDE**
- CAI was awarded the **GOLD PRIZE** in the Private Developers Category of **BUSINESS FACILITIES MAGAZINE'S NINTH ANNUAL ECONOMIC DEVELOPMENT ACHIEVEMENT AWARD**
- CAI HAS BEEN ON THE JUDGE'S PANEL FOR **BUSINESS FACILITIES MAGAZINE'S BUSINESS DEAL OF THE YEAR AWARD FOR OVER 15 YEARS**



# CORPORATE SERVICE OFFERINGS



## REINVESTMENT IN EXISTING FACILITY

- Development of government relations strategy
- Development of business case for use with different government agencies
- Identification of external support programs
- Intermediary between government and the company
- Maximizing and securing incentives
- Advisory services in contract negotiations
- Claims facilitation



## ACQUISITION

- Acquisition targeting
- Corporate strategy validation
- Business environment evaluation
- Confidential representation



## NEW FACILITY IMPLEMENTATION

- Assessment of different investment options
- Identification of potential buildings or sites
- Site benchmarking analysis
- Decisional support to determine optimal sites
- Negotiating, securing and maximizing incentives
- Due diligence and negotiation assistance in real estate transaction
- Assistance with different permits, identification of service providers, etc.



## INVESTMENT PROJECT



# **SAMPLE OF CAI'S CLIENT BASE**



# Sample of our clients

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# Sample of our clients

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# THE INVESTMENT CRITERIA

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# SITE SELECTION

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- A process that is part of a company's strategy but does not happen frequently
- The decision affects the overall competitiveness of the company:
  - Operations
  - Business development
  - Human resources
- It affects not only the company's costs, but also its revenues

**80%** OF YOUR OPERATIONAL EXPENSES ARE FIXED BY THE LOCATION OF YOUR OPERATING FACILITY

# SITE AND LOCATION BENCHMARKING

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## FACTORS AFFECTING A LOCATION DECISION

BUSINESS  
ENVIRONMENT

SITE AND  
BUILDING

WORKFORCE

# SITE SELECTION FACTORS

Site Selection Factors	Ranking
1. HIGHWAY ACCESSIBILITY	94.4%
2. AVAILABILITY OF SKILLED LABOR	89.8%
3. LABOR COSTS	89.6%
4. OCCUPANCY OR CONSTRUCTION COSTS	86%
5. STATE AND LOCAL INCENTIVES	84%
6. CORPORATE TAX RATE	82.3%
7. TAX EXEMPTIONS	79.7%
8. ENERGY AVAILABILITY AND COSTS	78.5%
9. PROXIMITY TO MAJOR MARKETS	78.1%
10. QUALITY OF LIFE	76.4%

Source: Area Development, Corporate Survey, 2016

# THE SITE SELECTION PROCESS

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# Site Selection Process

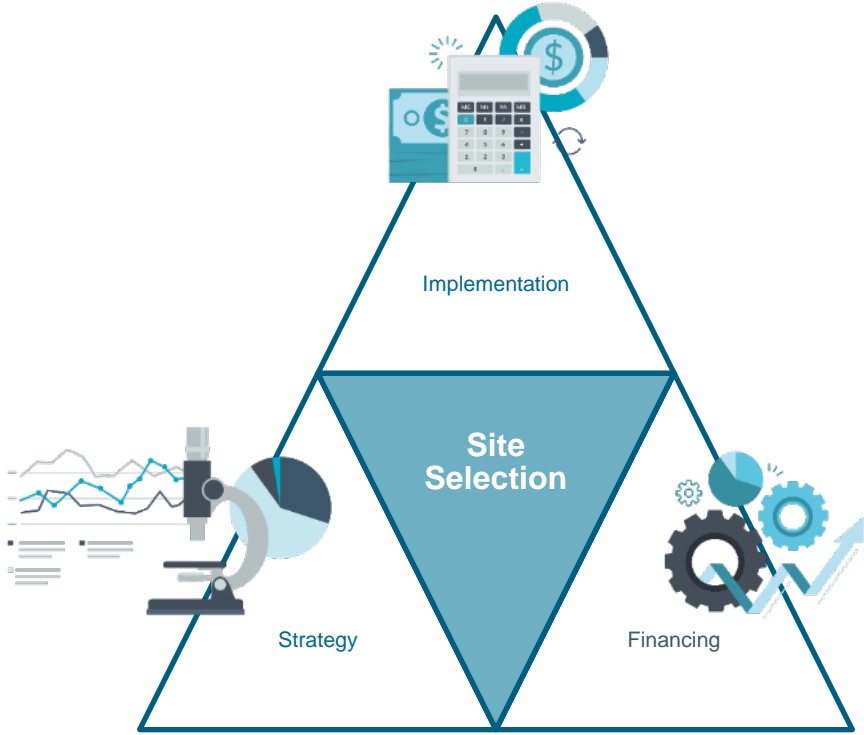
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- A process which is part of a company's **corporate strategy**; however it is rarely utilized
- Who is **involved** and what is the **impact**?
  - An investment is **more than a real estate activity**; it has to deliver on many aspects of your operation
- It effects both the **cost** of operations and generated revenues for a **company**

The selection of a site determines 80% of the operation costs for your company



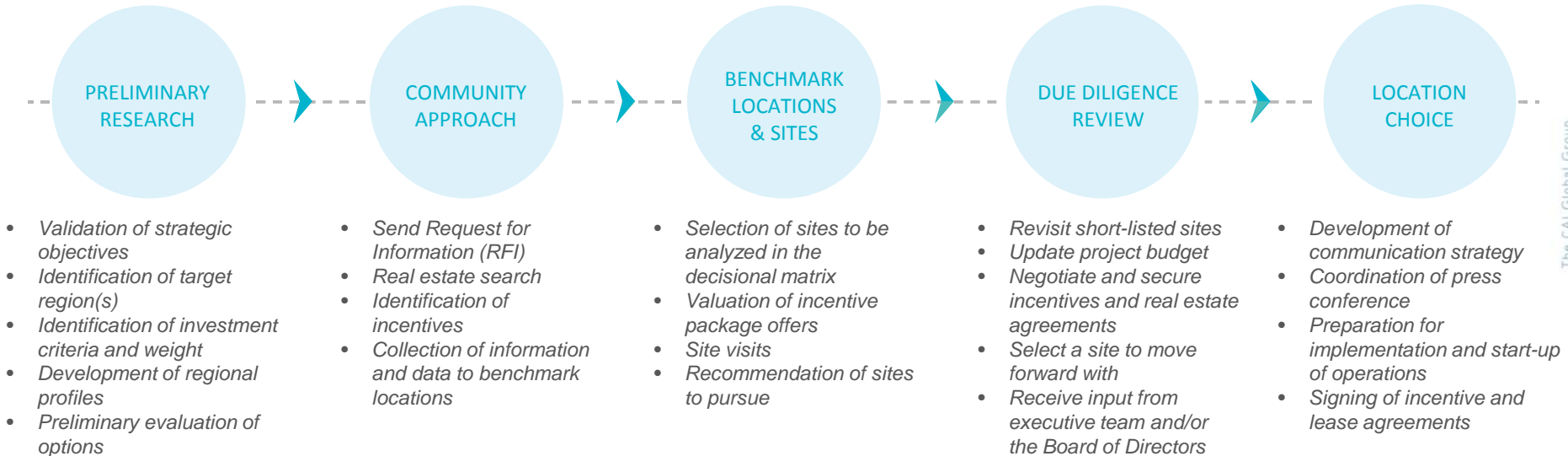
# THE INVESTMENT PROJECT MATRIX



Source: The CAI Global Group Inc., 2017



# THE SITE SELECTION PROCESS



Source: The CAI Global Group Inc., 2017

# TODAY'S INVESTMENT STRATEGY

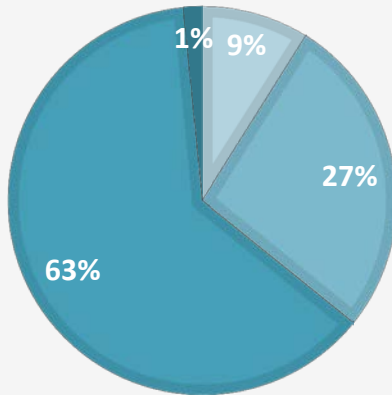
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- Changes in the investment strategy
  - Importance of labour: it's more important than ever
  - Market access is a driving factor
  - Integration of the value chain
- Projects are reduced in size and more focused on efficiency
  - The process is becoming more innovative than the product itself
- Changes in the investment strategy
  - Uncertainty is delaying investment decisions today
- The challenge is no longer to find the information but to identify the strategic data essential for decision-making

# CORPORATE LOCATION DECISION PROCESS

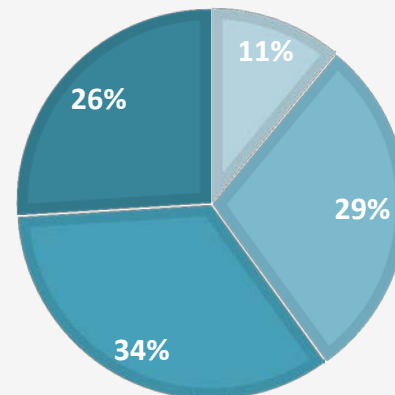
## TIME NEEDED FOR INFORMATION GATHERING

- 3-6 months
- 6-12 months
- 1-2 years
- More than 2 years



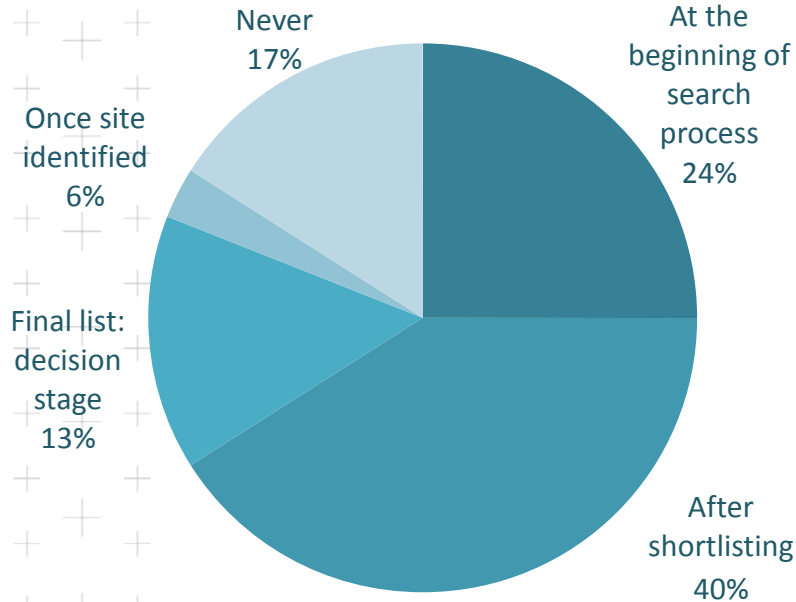
## CONTACT WITH LOCATION OF INTEREST

- Within a month
- Within 3 months
- Within 6 months
- After 6 months



# CORPORATE LOCATION DECISION PROCESS

## First Point of Contact with the Community



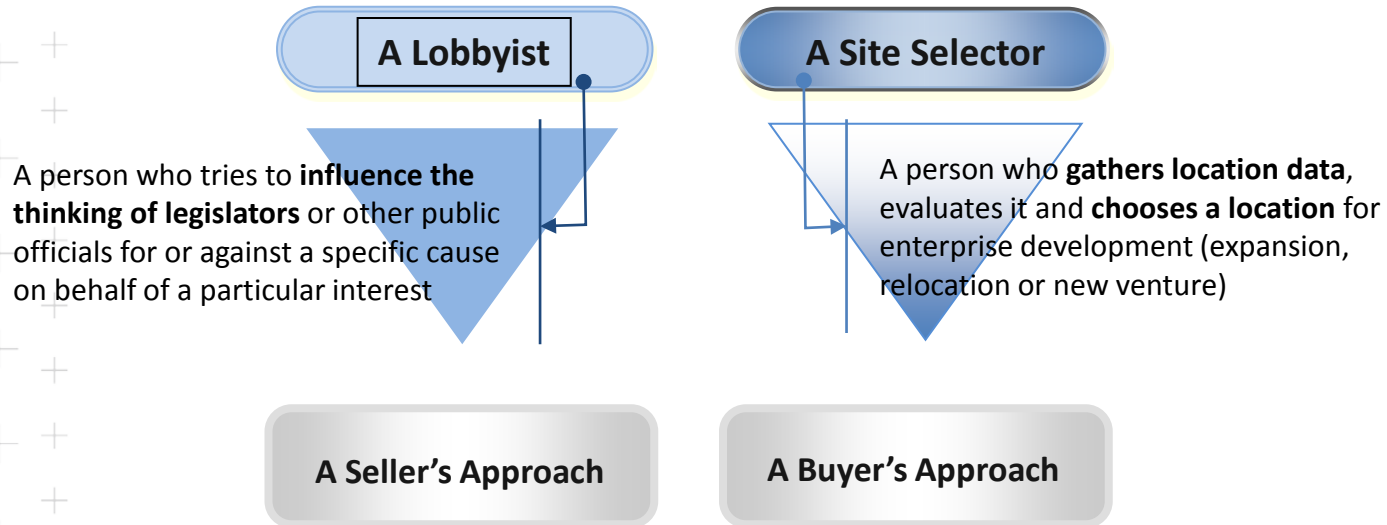
75% of investors will make an initial decision before contacting an economic developer

36% will have a final list before any outreach to a community

The decision will be based on management's perception, what marketing messages got to them and what they believe your community has to offer

# Lobbyists vs. Site Selectors

## *A different Approach*



# THANK YOU

