

Attracting Business to New Mexico: *Strategies and Outlook for the Future*



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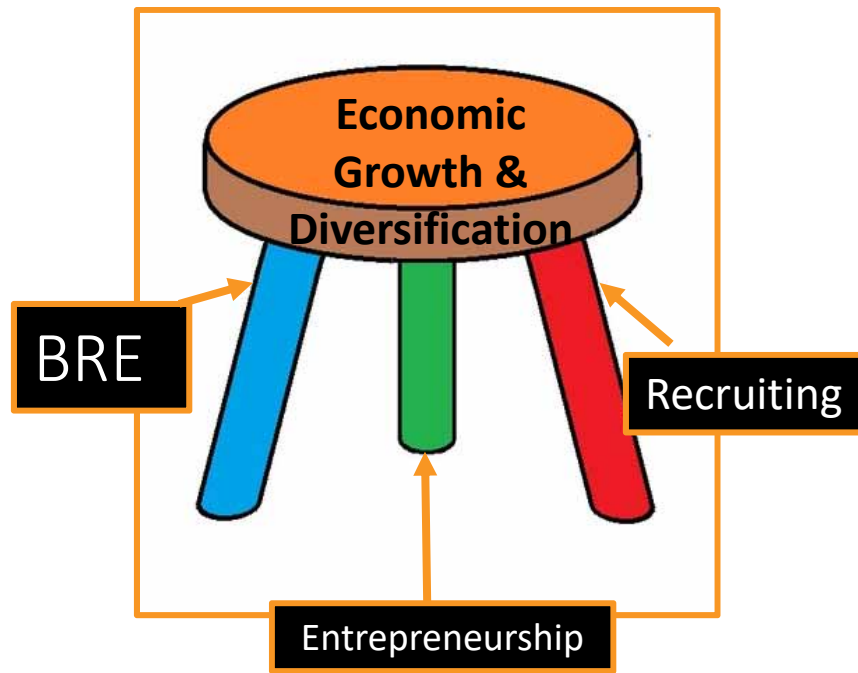
June 2019

Economic Development

- Recruitment of New Businesses
- Expansion and Retention of Existing Businesses
- Fostering a Start-up & Entrepreneurial Ecosystem

Community Development

- Workforce Development
- Education
- Housing
- Infrastructure
- Public Safety
- Healthcare
- Tax and Regulatory Environment



- 3DGS
- Descartes Labs
- Expaniv Data Systems
- Flow Science
- Indica Labs
- IntelliCyt (now Sartorius)
- Lavu
- Meow Wolf
- Optipulse
- Optomec
- RiskSense
- RS21
- Skorpios
- Sigma Labs
- Silent Falcon
- Ubqld

- Economic Development is much more than Corporate Recruitment yet that's what dominates public perception.
- Studies estimate that attracting out-of-state businesses accounts for just 3% to 14% of all jobs created on average in states each year.
- The number of recruiting projects has shrunk. In any given year there are typically 3X more EDOs than projects (*Source: IEDC*).
- In the International Economic Development Council's 2016 Survey of the Industry, *Workforce Development & Entrepreneurship* were the areas of strongest increased efforts.
- Strong NM effort around aiding expansion of local business and supporting entrepreneurial ventures; driven both by the Economic Development Department and local economic development organizations.

- Public-private partnership serving the recruitment needs of New Mexico's communities statewide.
- Focus on recruitment of “economic base” businesses that have a net positive impact on overall wealth of the state.
- Activities broadly focused on two interrelated set of activities:
 - Business Development and Sales
 - Marketing
- This third leg of the stool is critical because it drives transformational growth ... it's the source of breaking out of the constraints of organic growth trajectories.
 - Step-function economic growth
 - Synergistically drives local expansion/retention; economic multiplier
 - Creates a talent in-flow
 - Induces further influx of growth
 - Supply-chain partners
 - Marketing/PR



Company	Jobs	Sector	Location
Stampede Meat	1,295	Food Processing	Sunland Park
Safelite	900	Claims/Customer Service	Rio Rancho
Comcast	450	Customer service center	Albuquerque
S&P Data	425	Customer service center	Rio Rancho
Admiral Cable	342	Manufacturing	Santa Teresa
Skorpios Technologies	300	Technology manufacturing	Albuquerque
Fidelity Investments (expansion)	250	Financial services	Albuquerque
PCM	224	Customer Service Center	Rio Rancho
Alorica	200	Customer service center	Albuquerque
General Dynamics	200	Customer service center	Las Cruces
Flagship Foods (expansion)	200	Food processing	Albuquerque
Rich Global Hemp	182	Hemp and CBD Production	Mesilla
Keter Plastics	175	Plastic injection molding	Belen
Franco Whole Foods	160	Tortilla manufacturer	Las Cruces
CN Wire	158	Wire manufacturer	Santa Teresa
Canon ITS	150	Technical/customer support	Albuquerque
Raytheon (expansion)	150	Defense	Farmington
FedEx	140	Distribution Center	Santa Teresa
Rural Sourcing Inc.	125	IT Development/Support	Albuquerque
Corrugated Synergies Int'l	120	Manufacturing	Santa Teresa
Facebook	100	Data Center	Los Lunas
Raytheon (expansion)	60	Defense	Albuquerque
Ganymede Games	51	Video Game HQ	Las Cruces
Southwest Cheese	50	Food processing	Clovis
Precheck (expansion)	40	Credential verification	Alamogordo
United Poly Systems	30	Polyethylene pipe mfg	Albuquerque
ARCA Space Corporation	20	UAV development	Las Cruces
Tucumcari Mountain Cheese	20	Food processing	Tucumcari
Valley Cold Storage	15	Refrigerated storage	Santa Teresa



- The Partnership's belief is that pipelines, across the board among the economic development organizations in the state, are just not deep enough.
- Critical to remember that:
 - Many projects looking at location change don't go anywhere ... nobody wins them.
 - Of those that do, there are usually three to five finalist states ... so, you have a 20% to 33% chance on average.
 - On top of this, while some projects involve a fast decision, many have VERY extended decision timeframes; it can easily take a year or more from initial contact to announcement.
- With this in mind, it's important to make the pipeline as large (and relevant) as possible to maximize job/investment inflow.
- We've identified three key challenges to accomplishing this objective, and our strategic plan has been developed to address these.

(1) Lack of familiarity with, and knowledge about, New Mexico remains one of our biggest challenge.

- Inside NM, belief is that there are attributes of the state/communities that are acting as barriers to business attraction, “they don’t come here because they don’t like _____ about New Mexico.”
- Ask decision makers outside NM? They don’t come because they don’t know much of anything about us.
- So, the bad news is we aren’t even on the radar screen, and we have to start marketing aggressively. Time consuming and expensive.
- The good news? We are trying to place a positive narrative of our own choosing/construction, we don’t have to try changing a negative narrative.

(1) Lack of familiarity with, and knowledge about, New Mexico remains one of our biggest challenge.

(2) Like many communities, we are often our own worst critics!

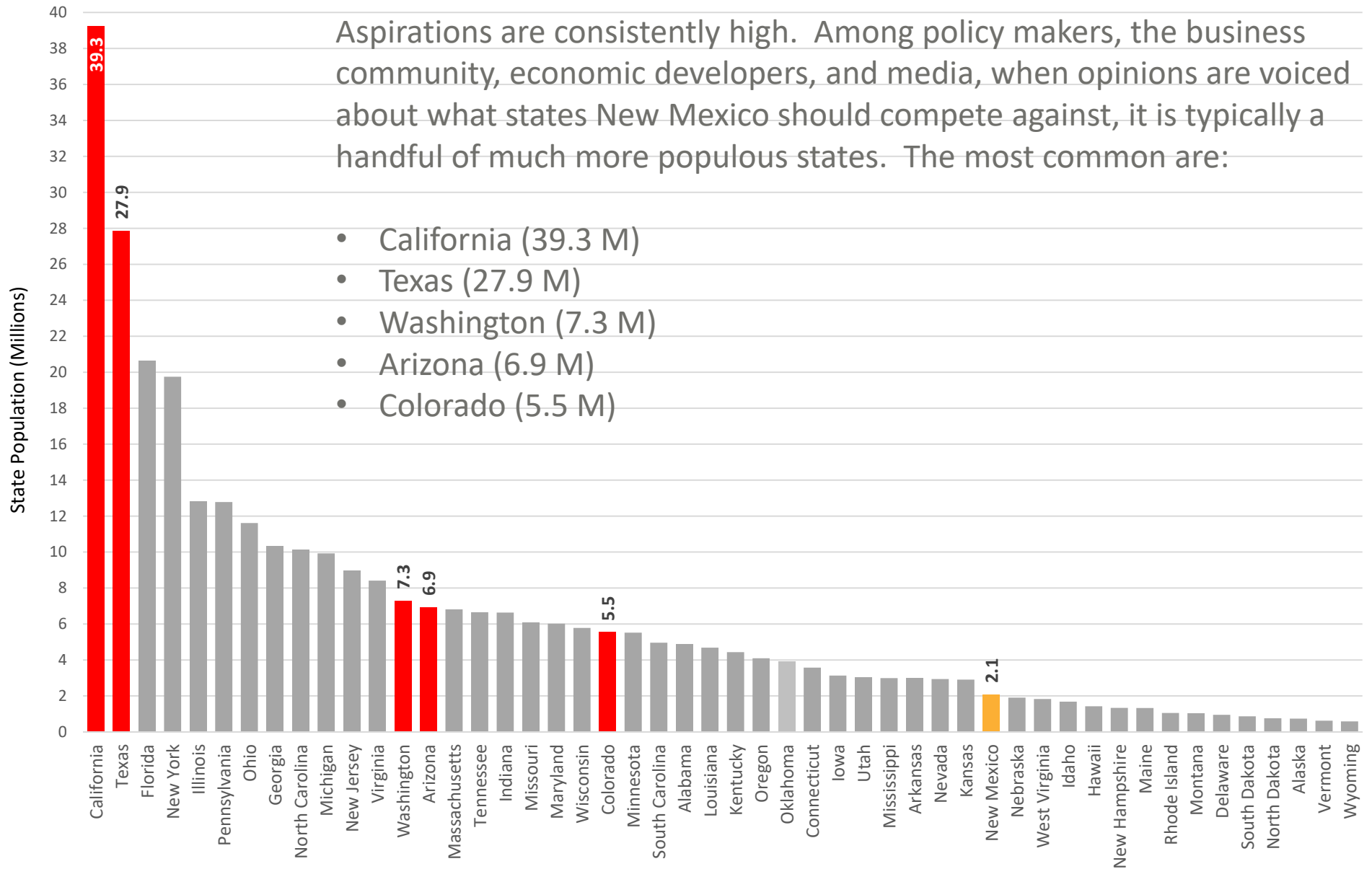
- We've received feedback, repeatedly, from multiple sources – advisors, executives, media – that we are particularly adept at being overly self-critical and are seldom promoting positive news.
 - Publicizing and discussing problems is a valid and necessary tool for addressing public policy issues.
 - Framing them hyperbolically, however, is not necessarily a positive for economic development.
- There is nothing wrong with publicizing positive information; and encouraging thought leaders, public officials, and the media to do so is critical.

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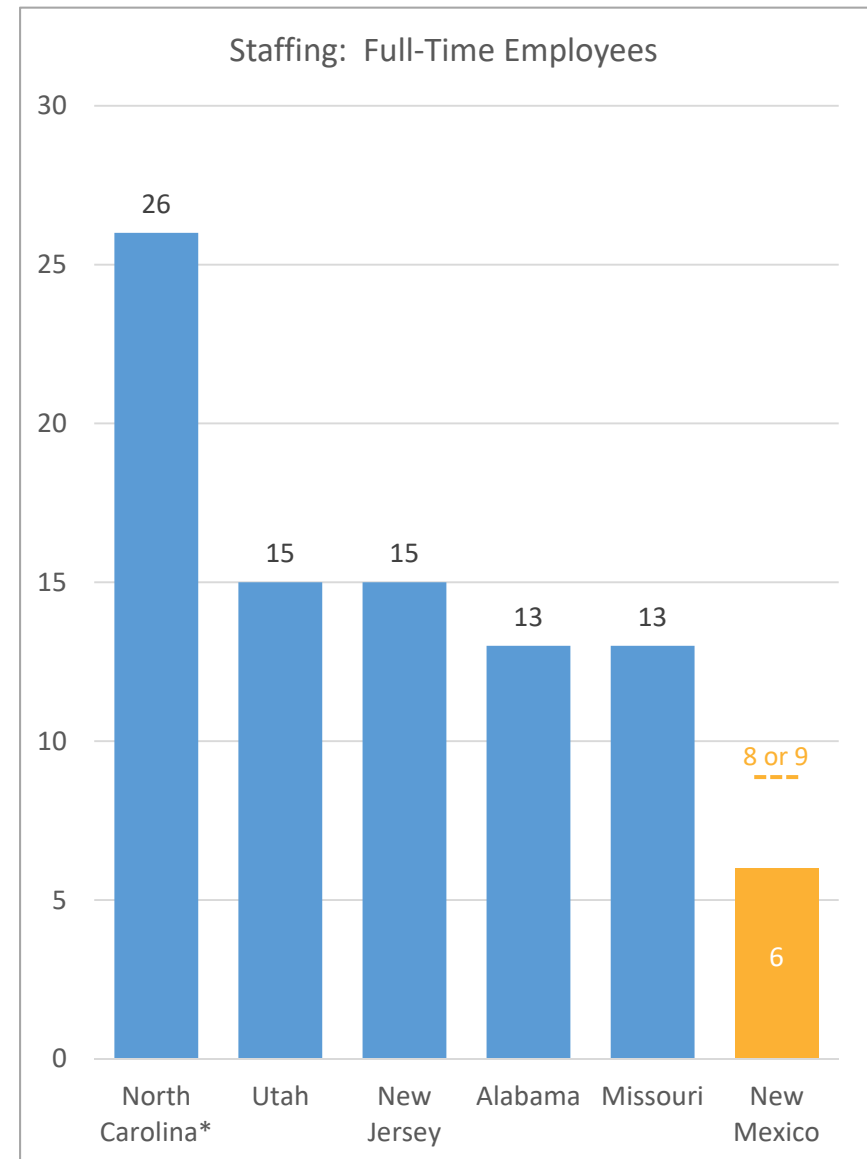
(2) Like many communities, we are often our own worst critics!

(3) High aspirations about who we expect to compete against ... but significant resource constraints.

- Strong consensus about who we should be competing against; and it's invariably places many multiples of our scale.
- At the same time, we do face real and significant resource constraints.



- While competitive aspirations are high, spending on economic development is significantly lower than what is typical in other states.
- For example, other states have organizations with roles similar to the Partnership.
- These organizations have typically 2 to almost 5 times the staff of the Partnership; and this does not vary systematically by the scale of the state. Similarly, all had significantly higher annual revenues with which to fund operations.
- We don't find vastly different results when we benchmark the staffing/spend for other economic development organizations across the state.




*Excludes 40 staff in functions not similar to those performed by the NM Partnership. Budget is the estimated portion of the overall that applies to only the similar functions.

Maximize effectiveness of existing, high-touch/relationship-based sales activities.



Increase pipeline quantity, diversity, and quality by marketing the state and its communities to a much larger audience of decision makers and influencers.



Evolve our messaging. All messaging should focus on highlighting our unique differentiators and competitive advantages.

July	
7/23 - 7/29	EAA Airventure: Oshkosh, WI (aircraft manufacturers and suppliers trade show)
7/23 - 7/26	Outdoor Retailer Summer Show: Denver, CO (outdoor product manufacturing)
September	
9/10 - 9/15	IMTS 2018 (Hannover Messe USA): Chicago, IL (manufacturing, FDI)
9/10 - 9/15	Chicago Sales Mission
9/15 - 9/19	Industrial Asset Management Council: Philadelphia (real estate and site selection conference)
October	
10/2 - 10/4	Breakbulk Americas: Houston, TX (logistics trade show)
10/14 - 10/17	CoreNet Global Summit: Boston, MA (commercial real estate conference)
TBD	Boston Sales Mission
10/24 - 10/26	Women in Economic Development: Santa Fe, NM (site selection conference)
November	
TBD	Seattle Sales Mission
December	
TBD	San Francisco/ Bay Area Sales Mission
January	
1/8 - 1/11	Consumer Technology Association (CES): Las Vegas, NV (NMP to test conference)
TBD	Phoenix Sales Mission
TBD	Casual Connect: Los Angeles, CA (video gaming)
February	
TBD	Detroit/ Cleveland Sales Mission
TBD	Dallas Sales Mission
March	
3/18 - 3/19	Game Connection America 2019: San Francisco (video gaming)
3/19 - 3/22	Data Center World Global: Phoenix, AZ (data center/IT/software/hardware)
3/19 - 3/22	Italian Road Show (tentative - under review)
3/25 - 3/27	Site Selectors' Guild Annual Conference: Salt Lake City, UT
TBD	Southern NM Fam Tour
April	
4/8 - 4/11	PROMAT: Chicago, IL (logistics/supply chain trade show)
4/9 - 4/11	MRO Americas: Atlanta, GA (aircraft maintenance, repair, overhaul and parts manufacturing)
4/9 - 4/11	Atlanta Sales Mission
4/29 - 5/2	AUVSI: Chicago, IL (unmanned vehicle/systems/supplier manufacturing)
May	
TBD	Central/ Northern Fam Tour
TBD	Los Angeles Sales Mission
TBD	NY/NJ/CT Tri-State Sales Mission
June	
6/11 - 6/13	Global Petroleum Show: Calgary, AB (oil and gas related manufacturing/service providers)
6/10 - 6/12	SelectUSA: Washington DC (foreign direct investment conference)/ Plus NM Tour Extended Event
6/10 - 6/12	DC/VA Sales Mission
6/17 - 6/20	Outdoor Retailer Summer Show: Denver, CO (outdoor product manufacturing)
6/24 - 6/29	Customer Contact Week (CCW Expo) (contact centers); Las Vegas, NV

- For FY19, currently 34 events are planned.
 - 19 Trade Shows
 - 13 Sales Missions
 - 2 Fam Tours
- Continues an upward trend in volume:
 - 21 in FY17
 - 26 in FY18 (+24% vs. *FY17*)
 - 34 in FY19 (+31% vs. *FY18*, +62% vs. *FY17*)



**ENERGY & NATURAL
RESOURCES**



**AEROSPACE &
DEFENSE**



**DISTRIBUTION,
TRANSPORTATION &
LOGISTICS**



**INFORMATION
TECHNOLOGY**



**ADVANCED
MANUFACTURING**



**VALUE-ADDED
AGRICULTURE**



**ADMINISTRATION,
SALES, SERVICE &
SUPPORT**



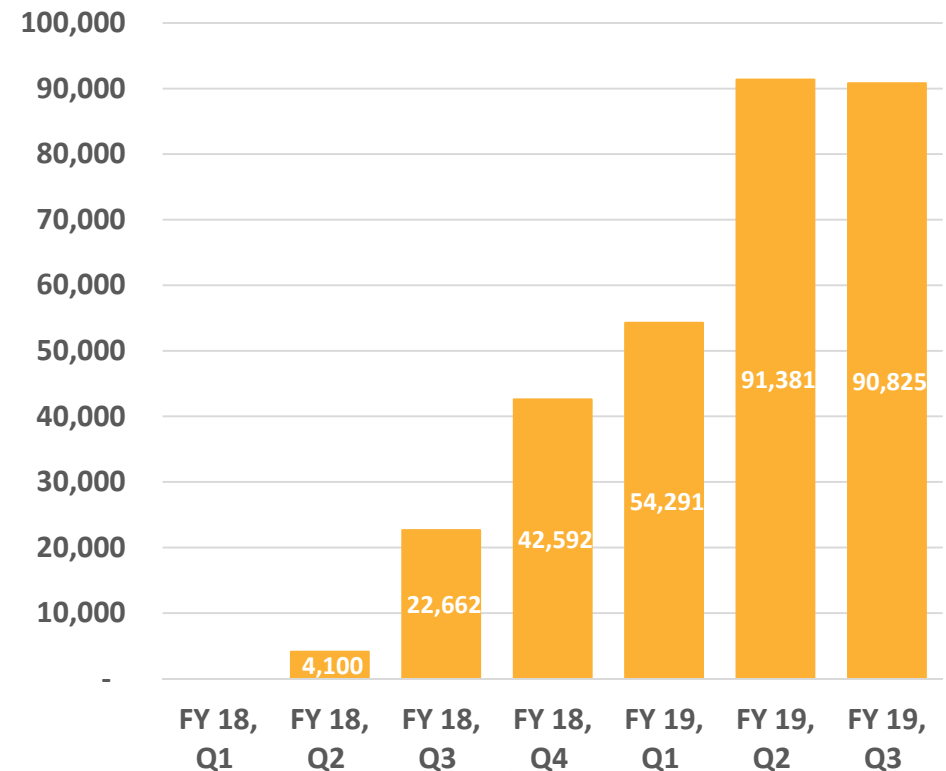
**FILM AND DIGITAL
MEDIA**

- Key types of messaging
 - Economic development activity; announcements, policy
 - Much broader scope of relevant content; stories which cast the state in a positive light on any topic even tangentially associated with a positive environment for businesses (economic activity, business/industry trends, demographics, policy, culture, etc.)
 - Developed content; identify impactful topics, create messaging, and deliver to relevant audiences
- The objective is external visibility, creating a positive narrative, and projecting an image of vitality. It's not aimed at claiming organizational credit or self-promotion (which is meaningless to target audiences outside the state).
- Targets
 - Traditional NM Partnership scope of advisory, brokerage, industry contacts for direct outreach
 - But, expand into a much broader relevant audience of decision-makers and influencers via digital and social media, greatly enhanced web presence, and earned media/editorial placement



- Social media is key to our objectives of creating much broader awareness about New Mexico and projecting a positive narrative.
 - Initial platforms are LinkedIn, Facebook (Facebook posts mirror to Twitter). Ongoing evaluation of additional.
 - Target of 4 to 6 posts per week; flexible, but avoiding under/over posting.
 - Broad scope of topics; not just specifically economic development.
 - “Impressions” are the key metric demonstrating the number of people who viewed a post.
 - Impressions prior to launching our formalized social media activities in Dec. of FY 2018 were typically <100 per month.
 - A year since launch, impressions grew to over 90k in Q2 of FY 2019. Sustained at that level in Q3.
- Earned media. Early-stage efforts; but already success with coverage in national media like Bloomberg, Variety, and Fortune.

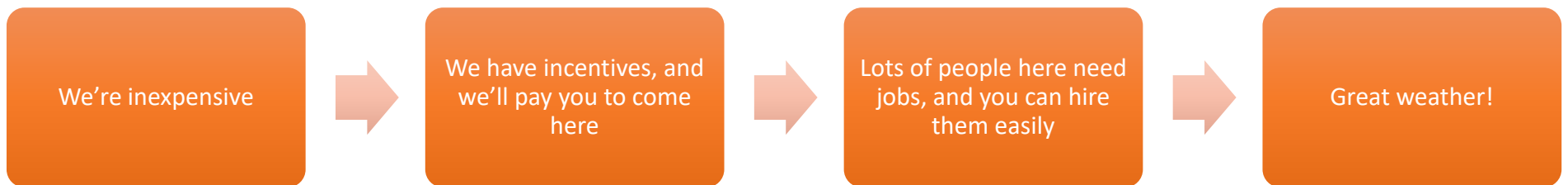
Social Media Impressions



- In economic development, a community is ultimately a product.
- The most successful communities very effectively differentiate their products.
 - What is the product you're selling, what makes it different, and how does this provide a unique value proposition?
 - How do you clearly and concisely state the answer and provide prospects with a compelling narrative that describes your community?
 - What steps are you doing to further develop your product to make it more relevant and compelling to potential customers?
- Failing to accurately differentiate their community from others, simply putting forward a generic image and identity, is the most common and impactful deficit among economic development efforts ... it is widespread, most economic developers aren't really aware of the issue, and the negative effects are dire.
- Looking like everyone else is often seen as the safe approach. It's not. Instead it's a guaranteed way to fail at differentiating yourself.

- Overall “Why New Mexico” messaging pitch created, tested, refined/ revised on an ongoing basis.
- Applying the structure of this messaging throughout not just materials, but in all interactions.
- Focus is to elevate the discussion of New Mexico above the generic pitch typical in economic development.

Traditional Messaging



New Messaging



- Increased interest among consultants/brokers.
 - More proactive outreach to us regarding projects
 - Increased interest in gaining deeper familiarity with New Mexico
 - More often involved in national, not just regional, competition
- Generated 137 prospects/leads in FY18; a 214% increase vs. FY17. On pace to approx. triple FY17 volumes during FY19.
- ***Largest jobs announcement in at least a decade; Stampede Meat 1,295 jobs to Sunland Park.*** Competitive attraction vs. Dallas, Oklahoma City, Davenport (IA).
- ***Announced Admiral Cable, Taiwanese FDI project that had been fast-tracked towards Texas. 342 jobs, \$50M build-to-suit facility.***
- Successfully competed against Nevada and Arizona to attract ***Corrugated Synergies International to Las Cruces; 120 jobs and \$36M investment.***
- Competed successfully against Atlanta, Baton Rouge, Dallas, and Denver for ***HQ of Ganymede Games, a video game development studio; ~50 jobs initially, average compensation over \$90k/job.***
- ***Within several weeks of the state legalizing hemp production, announced that Rich Global Hemp will be hiring ~180*** to produce the clones for farmers to use, and will then buy the mature crop to process into CBD. Competed with Colorado and Nevada.

Business Development and Sales	Marketing	Messaging
<ul style="list-style-type: none"> • Maximize volume and effectiveness of events <ul style="list-style-type: none"> ▪ Optimize events participated in ▪ Enhance pre-planning activities (meeting scheduling and targeting) ▪ Improved presence and leverage of stronger messaging and collateral ▪ Stronger follow-up process • Enhanced PRO response process <ul style="list-style-type: none"> ▪ Improved response messaging ▪ Greater standardization/QA ▪ Ongoing work to improve community response quality and timeliness • Improved prospect engagement 	<ul style="list-style-type: none"> • Recreated marketing function from scratch • Digital/web presence completely redone • Implementation of high-volume social media efforts • Development and implementation of targeted e-mail marketing • Greatly enhanced familiarization tours • Implementation of earned media efforts 	<ul style="list-style-type: none"> • Wholesale overhaul of both content and aesthetics. • Complete ground-up development of new strategy for messaging structure • Implementation of new format for content; focus on “kit of parts” approach for majority of collateral • Structure/format/aesthetics rolled out across: <ul style="list-style-type: none"> ▪ Web/digital ▪ Print ▪ Presentations ▪ Booths

	Business Development and Sales	Marketing	Messaging
Expanded Targeting to Continue Increasing Volumes	Sector Expansion <ul style="list-style-type: none"> • Video Gaming • Outdoor Manufacturing • Satellite/Space/UAV • Downstream Oil & Gas, Plastics • Hemp Production Geographic Targeting Expansion: Foreign Direct Investment <ul style="list-style-type: none"> • Mexico • Europe • Asia 	Implementation of marketing support for sector and geographic expansion <ul style="list-style-type: none"> • Web/Digital • Social Media • Targeted Outreach • Familiarization Tours Focused on FDI 	Development of requisite messaging and all collateral materials
Put Resources in Place to Support Target Expansion	Hire expertise necessary for Business Development and Sales to adequately support sector and geographic targeting expansion.		
	Staff a research/projects function to focus on econometric data collection, prospecting tool ownership, sector research, and metrics.		
Continue Optimizing Response Process	Leverage increased staffing to increase assistance to communities associated with marketing and messaging, PRO response process, and prospect management.		

- We need to embrace a philosophy of “AND” not “OR”... to succeed we need retention and growth of existing businesses, **AND** a vibrant entrepreneurial ecosystem, **AND** external recruitment.
- Economic Development is a team sport, all those directly involved need to cooperate, not compete against one another.
 - There’s enough external competition ... we REALLY don’t need to add internal competition to our list of challenges!
 - Broad engagement of critical stakeholders is crucial to success.
- No silver bullets; consistency, perseverance, long-term perspective.
- Swing for the fences when appropriate, but you also have to play “small ball” all the time.
- Private sector support is critical ... advocacy and financial support!
- New Mexico can compete ... certainly we should continue to focus on where we can improve, but let’s stop acting as though problems and challenges don’t exist for EVERYBODY.