

Learning from the Masters

Business and community leaders pick the brains of leading site consultants at the World Forum for FDI.

by RON STARNER

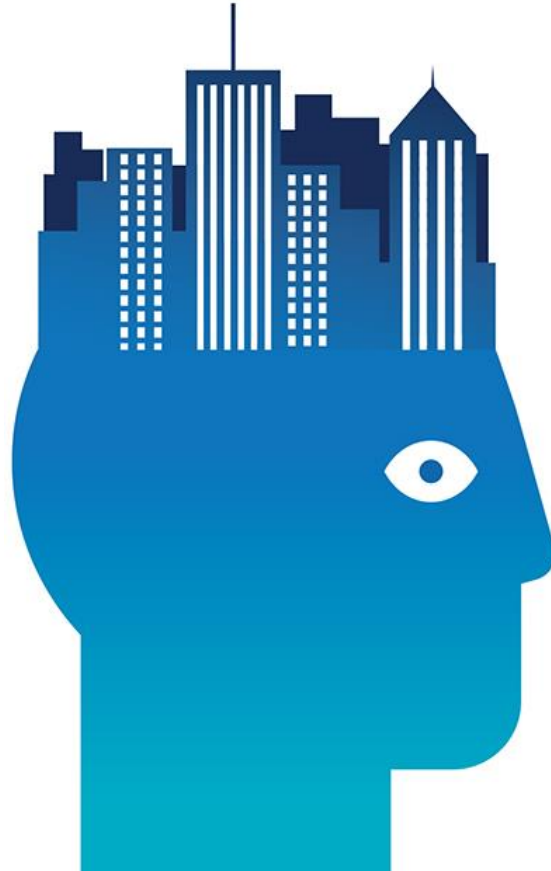
If you ever wanted to take a crash course in the key issues dominating the site selection consulting profession, April 6, 2016, was an optimal opportunity.

MBA-level information was shared at the Consultants' Roundtable on day two of the World Forum for FDI in San Diego. Managed by Atlanta-based Conway Inc. (publisher of Site Selection), the event drew 300 participants from 25 states and 31 countries.

The panel of five leading site consultants minced few words in answering three top questions on everyone's minds:

- How are you compensated for your consulting services?
- What is the most effective form of lead generation?
- What key strategy would you advise IPAs to adopt?

Moderated by Steve Weitzner, principal of Cleveland-based Silverlode Consulting, the panel included John Evans, managing director of Tractus Asia; Christopher Steele, COO and president for North America of Investment Consulting Associates; Joe Phillips, founder and managing director of All Out Location; and Pauline Bourcet, senior consultant for Frenger International.



The Fixed-Fee Model

Everyone on the panel agreed that charging consulting fees based on a percentage of incentives secured is not an acceptable way to do business.

“There is no place for charging your fees based on a percentage of incentives,” said Weitzner. “We often see projects being located in high-incentives locations. I think that hurts our industry.”

Evans agreed, noting that incentives “should never be the driver in a location decision. There is now not much room to negotiated incentives in Asian countries. At the same time, the US states have become more competitive with incentives.”

Steele noted that “we think of ourselves as management consultants. We are a fixed-fee firm. It is our job to work holistically with the client on the site search. It is a much more strategic process. We get paid by the company that is making the site decision.”

Bourcet said that “when we do an M&A deal in Europe, we don’t bring up incentives.” Phillips added that “US companies look abroad and assume that incentives are available. Foreign firms come to the US and expect to find incentives. A typical site selection project make take three to six months.”

Weitzner noted that “it is confusing to the marketplace when you have a lot of people out there calling themselves ‘site selectors’ but all they do is work for the public sector on advising locations.”

Taking Control of Lead Generation

The panel was in equal agreement that IPAs should be more strategic and focused in their lead generation efforts.

“In the long term, it makes the most sense to take your lead generation in house,” said Steele. “Building long-term relationships with companies pays the best return over time.”

Weitzner said that while data has taken on a larger and more influential role in site selection, “the final decision is made by people, not a faceless company ... use tools that allow you to connect long term with people.”

What key strategy would they advise IPAs to adopt? Here were three closing thoughts:

- **Steele:** “We have to get out of the mindset that all projects are the same. Each one of these decisions is idiosyncratic.”
- **Phillips:** “Ultimately, it boils down to understanding the investor.”
- **Weitzner:** “Projects get lost at times. If you can eliminate risk in the project, that increases your chances of landing the project. When you say, ‘I don’t know’ or express uncertainty, the client gets nervous. Today, site selection is more about eliminating uncertainty and risk.”

The next World Forum for FDI will be held June 19-21, 2017, in Shanghai, China. For more information on the event and details on registration, visit www.worldforumfordi.com.

Ron Starner

Executive Vice President of Conway, Inc.

Ron Starner is Executive Vice President of Conway Inc. He has been with Conway for 16 years and serves as editor of the TrustBelt Report and lead organizer of the annual TrustBelt Conference. He also writes extensively for Site Selection and Conway's Custom Content Publishing Division. His Twitter handle is [@RonStarner](https://twitter.com/RonStarner).



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