

MARKET ST



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Market Street brings original insights and clarity to the evaluation and revitalization of the places where people live, work and grow. Through honest and informed assessments, *Market Street* can equip you with the tools to create meaningful change. Our solutions successfully merge our experience and expertise with the economic and social realities of our clients. *Market Street's* community clients are successful at creating stronger programs, increasing operational budgets, and creating new quality jobs that improve the quality of life in their communities.

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BACKGROUND

As part of a comprehensive effort to continue to expand its competitiveness and livability for businesses and individuals, Forward Sioux Falls, the Sioux Falls Development Foundation, the Sioux Falls Area Chamber of Commerce, the City of Sioux Falls, Minnehaha and Lincoln Counties, the Sioux Falls area Community Foundation, and the Sioux Empire United Way have retained *Market Street Services*, a national economic and workforce development consulting firm based in Atlanta, Georgia, to facilitate the creation of a new strategy that will enhance the economic and community development activities and programs in the Sioux Falls Area.

The components of the **Future Sioux Falls** process are:

- **Competitive Assessment:** The report presented a breadth of research to demonstrate the Sioux Falls Area's competitive position to accommodate "visionary" growth and development. A combination of factors that determine a community's strengths as a place to live, work, and do business were assessed, including indicators related to education and workforce development, infrastructure and land use, business costs, and quality of life.
- **Target Business Analysis:** Building on the extensive research and data analysis from the *Competitive Assessment*, the *Target Business Analysis* blended quantitative and qualitative research with significant technical information including location quotients, economic base analysis, and industry-by-occupation employment data. The final product included a short list of clearly defined target sectors and the opportunities and challenges involved in effectively growing them.
- **Marketing Review:** This report includes a review and assessment of the Sioux Falls Development Foundation's marketing efforts to determine if they reflect best practice methods for increasing awareness and investment in the area. Current internal and external marketing program tools are reviewed, including the Foundation's website, advertising and collateral materials, inbound/outbound marketing events, public relations, trade shows, site selection professional visits, branding and identity efforts, and stock of sites and buildings.
- **Future Sioux Falls Strategy:** The *Strategy* will represent the culmination of all research completed and will present action items geared toward addressing challenges and capitalizing on opportunities for visionary growth. The *Strategy* will serve as a tool to unify the Sioux Falls area's public and private leadership behind a consensus blueprint for the community's future. The final *Strategy* will include best practices as well as benchmarks and performance measures.
- **Implementation Plan:** While the *Strategy* represents "what" the Sioux Falls area needs to do to achieve its preferred future, the *Implementation Plan* will determine "how" that will be done. This report will include a capacity assessment, a first-year action plan, a five year action plan, and will determine which organization(s) should lead plan implementation efforts.

This *Marketing Review* leverages the expertise of two *Market Street* Technical Advisors with extensive experience in economic development marketing.

- **Amy Holloway** is an expert in the assessment and design of best-practice marketing programs related to economic and community development.
- **Bill Boyd**¹ is a long-time site-selection professional and one of the most accomplished and respected corporate-relocation consultants in the country.

The **Future Sioux Falls** process provides a tremendous opportunity for the region to come together around a shared vision for future progress and development. Coming to consensus on this vision is simply the first step, however. Realizing these ambitious goals will ultimately ensure that the successful path the Greater Sioux Falls region has followed continues steadfastly into the near- and long-term future.

¹ Note: Bill Boyd is not affiliated with the Boyd Company, cited in this report as a contractor that produces industry-specific analyses for the Sioux Falls Development Foundation.

INTRODUCTION

Economic development is an increasingly competitive business. Each year, thousands of communities vie for a handful of projects. Economic development organizations that succeed share several basic traits: Their initiatives are targeted, well funded, and sufficiently staffed. They focus equally on existing business retention and expansion, small business development and recruitment. They are backed by a supportive, positive community because they themselves have a strong local brand. Finally, they are guided by up-to-date internal and external marketing strategies.

TARGETED

Effective economic development organizations concentrate marketing efforts on a handful of key market segments, **typically no more than five**. This involves analyzing local strengths and challenges, and identifying audiences whose location needs align with the strengths. Target industries are those businesses whose location requirements align with local assets and whose investment in the community will result in long-term economic prosperity. Community improvements, such as workforce development or infrastructure investments, are based on target audience needs. Targeting focuses marketing dollars, helps define a region's brand identity, and results in a higher return on investment.

WELL-FUNDED

In a perfect world, grassroots initiatives and word of mouth promotion would be enough to attract businesses to a community. But the reality is that it takes money to compete. A look at economic development organizations (EDOs) across the country reveals that even the most bare bones marketing campaigns require a minimum of \$75,000 per year to operate. Most organizations annually commit \$150,000 or more to marketing. Large regional efforts, such as Charlotte USA and the Greater Austin Chamber of Commerce, dedicate more than \$1 million per year to marketing.

MODEL PROGRAMS AND WEBSITES

Martinsville EDC

<http://www.yesmartinsville.com>

Kansas City EDC

<https://www.edckc.com>

Metro Orlando EDC

<http://www.business-orlando.org>

San Diego REDC

<http://www.sandiegobusiness.org>

SUFFICIENTLY STAFFED

The budget figures cited above are for internal and external marketing activities. They do not include staff salaries or operational overhead. An effective program requires at least one full time marketing manager, and ideally additional research and target industry support. Most regional groups include additional staff responsible for investor relations, for example, or workforce development coordination.

STRONG LOCAL BRAND

An economic development organization is most effective when it is backed by a supportive group of local stakeholders. Building trust and buy-in to an EDO takes time, communication, and visionary leadership.

Generating a positive local brand identity requires most economic development directors to spend 50 percent or more of their time on internal marketing activities. This includes ongoing communication with investors, elected officials, business leaders, the media, and the community at large. The time they spend within the local community pays off. Residents are more likely to speak highly of their community to friends and colleagues. Media is more likely to pay attention to economic development news. Elected officials endorse support business friendly policies, and investors continue funding the EDO.

Companies and site selectors can immediately detect whether a community's leadership works well together, and prefer to locate in places that do. Signs of local cooperation include shared messaging, single points of contact, coordinated and rehearsed prospect meetings, and friendly interaction. It is often up to the EDO to foster relationships and provide a vision that unites the community.

CAMPAIGN STRATEGIES

Long-range strategies are at the core of quality marketing campaigns. Marketing strategies are founded on community and target audience research. They provide a disciplined approach for executing marketing activities. Through its marketing, a community increases its name awareness and improves its perception, ultimately generating increased target audience investment.

It is critical to understand that a complete campaign is comprised of two distinct marketing strategies. The first directs the marketing of the community to external audiences. The second, but of equal importance, guides the promotion of the economic development organization within the community.

- External marketing includes all activities directed at informing target audiences about the community's competitive advantages. An external marketing or sales plan describes the campaign's objectives and the ideal marketing mix needed to access audiences.
- Internal marketing includes all activities that build name awareness and perception of the EDO within the community. It guides the EDO in establishing its brand, creating wide spread understanding of its role, and growing trust among stakeholders.

Both strategies are typically accompanied by a budget, calendar, and metrics to keep the campaign on track.

PHYSICAL RESOURCES

Without good access to road, air and rail infrastructure, Class A office space, high-quality, developable land and utility-served, flexible buildings, a marketing campaign will not be optimally effective. When existing or external businesses become interested in a community through internal and external marketing efforts, they will come to economic development professionals seeking specific locations to expand or locate their operations. If the community does not have competitive product to offer, the prospects will look elsewhere.

The following sections of this report assess the Sioux Falls Economic Development Foundation's marketing initiatives and capacity to provide quality sites and buildings to expansion and relocation prospects.

Recommendations made in the *Marketing Review* will be formalized in the Future Sioux Falls strategy.

SUMMARY OF KEY FINDINGS

For many years, the Sioux Falls Development Foundation's (SFDF) marketing program concentrated on select geographies and research-based public relations initiatives. The organization has stretched its limited resources by focusing recruitment efforts on the Minneapolis-St. Paul region and other parts of the state through radio ads airing on local stations. The campaign has drawn Minnesota company expansions into South Dakota's comparably low-cost business climate. The program's consistent approach over nearly one decade is a key factor in the results it has generated.

External marketing beyond neighboring states has not been a thrust of the SFDF until now. For many years, the majority of economic development funding has been dedicated to business park development. Currently, the region is working on its ninth business park.

Six months ago, the SFDF created a Director of Strategic Initiatives position dedicated to leading a new targeted sales initiative. A sales strategy is currently being developed that focuses on 25 to 30 companies within a handful of targeted industries (pharmaceutical mail order businesses and data centers to start). This represents a significant step forward in increasing the SFDF's prospect activity and ultimately creating new jobs and investment in the region.

As part of the *Future Sioux Falls* strategy, *Market Street Services* conducted an evaluation of the SFDF, its marketing campaign and product available for locating existing and new business prospects. Our assessment revealed the following:

- ✓ Past marketing activities have been more reactive than proactive, for the most part. While officials say this was the result of making the most of limited resources, future efforts would benefit from a more targeted approach.
- ✓ The SFDF is excellent at responding to prospect inquiries and handling projects once they are on the ground in Sioux Falls. Businesses have commented that they appreciate the "specificity" of the SFDF's responses during the site selection process.
- ✓ The SFDF's external marketing initiatives have heavily concentrated in two arenas: (1) promoting Sioux Falls through multiple marketing vehicles in Minnesota and (2) involving the Boyd Company in developing and pitching industry benchmark reports in various geographic markets. The Boyd Company's engagement accounts for a large portion of the SFDF's marketing budget.
- ✓ Past target-business efforts were wholly focused on funding industry studies by the Boyd Company. Boyd would then work to get Sioux Falls-related stories in the local and national press. The number and variety of Boyd studies over the years diluted marketing resources, efficiency and effectiveness. It also precluded the SFDF from sustained, consistent efforts in any given industry sector.

- ✓ With target marketing representing roughly \$180,000 of SFDF's annual budget, the organization would make smarter use of these funds by focusing marketing efforts on specific companies within a select number of high priority business sectors.
- ✓ The future campaign should ensure that the Boyd Company's activities align with the efforts of the Strategic Initiatives Director.
- ✓ Across the board, the SFDF does an excellent job of keeping data about the region up-to-date.
- ✓ Printed collateral materials used to promote Sioux Falls are numerous and have no common design theme. Heavy written copy and busy graphics bury key sales messages.
- ✓ The SFDF produces a handful of printed promotional pieces. Others are web-based or short-run handouts on a color copier. Numerous other community-development pieces are printed by the Chamber, CVB, and Downtown Sioux Falls. The economic development print and online materials lack a common design theme and bury key sales messages under heavy written copy and busy graphics. The SFDF should adopt a style sheet that guides the design of all printed and online marketing materials.
- ✓ Transitioning marketing materials into web-based formats will save the SFDF money and staff time in the future, while conveying a more sophisticated image to prospects.
- ✓ A complete redesign of the SFDF's website is currently under way with an expected completion date of early 2010.
- ✓ Continued coordination of marketing activities with other organizations, including the Minnehaha County and Lincoln County Economic Development Associations (MCEDA and LCEDA), Forward Sioux Falls, the Sioux Falls Area Chamber of Commerce, and the Governor's Office of Economic Development, will extend marketing resources and reach.
- ✓ The success of the SFDF's 10-year radio campaign in the Twin Cities is evidence that consistency in message and approach is critical to economic development.
- ✓ From an external perspective, it appears that local entities work well together. The appearance, messaging, and linkage among the Chamber, Forward Sioux Falls, SiouxFalls.com, and the SFDF indicate that these groups are closely connected. In fact, the Chamber and the SFDF share a web developer.
- ✓ On behalf of the owners and brokers, the SFDF markets a competitive array of development-ready parks and buildings that offers prospects a number of quality sites to expand or relocate.

The following sections provide analysis and recommendations on topics related to the Sioux Falls SFDF's economic development marketing program.

REVIEW OF SFDF'S MARKETING TOOLS

Website

Market Street is aware that a new SFDF website is currently under development. Snapshots of the website's homepage have been shared with *Market Street*, and the new design is a significant improvement. The website is being developed in-house by staff members that are shared between the SFDF and the Sioux Falls Area Chamber of Commerce (Chamber).

The following review of the current website is designed to provide some additional points of consideration for the new website and justification for the changes that are underway. Details from our review are provided in the **Appendix** tables found at the end of this document. To highlight:

- ✓ The current website is in need of improvement in several important areas, including its marketing mission, interactivity, content quality, visual appeal, navigation, and overall functionality.
- ✓ The purpose of SFDF's website should be to distribute relevant information about the Sioux Falls region to its target audiences. The website is not meeting this goal as well as it could. First, it is **unclear who the SFDF's target audiences are**. Second, the site's **outdated appearance and heavy written copy** interfere with visitors' access to key information.
- ✓ Website data and content must be as current as possible with demographic and economic data consistently kept up-to-date.
- ✓ The current website's **homepage is cluttered and does not convey a clear message to visitors**. *Market Street* recommends keeping content on this page as minimal as possible. Present a concise statement of the SFDF's mission and purpose of the website. Link this statement to a page listing the SFDF's services. Use icons and single words or phrases to quickly route visitors to the section of the site they are most interested in viewing. Consider including a map of the Sioux Falls region placed within South Dakota and neighboring states. Link the homepage map to a "maps" section within the Data Center or Sites/Buildings section (see next bullet).
- ✓ Condense main navigation options. We suggest six core topics: "About Sioux Falls," "Data Profiles," "Buildings & Sites," "Target Industries," and "News Room."
 - "About Sioux Falls" is designed to give a high level overview of the region, containing facts and rankings, testimonials, news, and links to regional partners.
 - "Data Profiles" is the section of the website where all research is housed. All data should be made available in PDF and Excel formats. Left column navigation within the Data Profiles is preferred. The

right column may contain stylized pull quotes that highlight positive statistics.

- “Buildings & Sites” houses the SFDF’s new ZoomProspector. The new system will be developed so that all new data is automatically updated to ZoomProspector and Location One.
 - “Target Industries” contains individual pages for each SFDF target audience. Showcase, for example, relevant sales points related to data centers, targeted workforce programs, or link to specific parks, buildings and sites suitable for industry investment.
 - “About SFDF” contains a description of the SFDF’s services, a staff listing (with phone number and email for each), a Board of Directors list, and membership information. It may also include a page for related organizations in Sioux Falls, such as Forward Sioux Falls, the Sioux Falls Area Chamber of Commerce, LCEDA/MCEDA and the Sioux Falls Convention & Visitors Bureau. There could also be links to SFDF’s small-business development partners.
 - “News Room” contains an archive of all news stories, reports, and the SFDF’s media kit. Consider adding a blog-based section that allows the SFDF to share up-to-the-minute commentary on community issues.
- ✓ Every page of the website should contain contact information to the SFDF. Provide a staff person’s email address versus an “info@” email address.
 - ✓ Merge and clarify the “SFDF Staff” and “Departmental Contacts” pages. This is extremely confusing. Specify who each audience type should contact, for example: “for site location assistance, contact ... at ... (email + phone)” or “for Sioux Falls businesses, contact ... at... (email + phone).”
 - ✓ Develop a **maps library** that is easy to locate from the homepage. Do not assume people living outside of the Midwest know where Sioux Falls is located.
 - ✓ Improve the website’s information request form by adding fields and automating the page so that visitors can generate their own customized reports in real time without contacting the SFDF.
 - ✓ **Reduce written copy by 50 percent or more.** Currently, the SFDF’s sales messages are lost. Utilize pull quotes, bullet points, and graphics to convey marketing points.
 - ✓ The website’s **appearance is outdated**, and pages are packed with a variety of graphic styles. The new website should represent the region’s strong level of professionalism and contemporary approach to economic development.
 - ✓ Refer to the new website as a style guide for all future marketing materials. Design of all web and printed collateral should appear uniform.

To conclude, the SFDF's website should be considered its number one marketing vehicle. Once the new website is completed, dedicate a generous portion of the marketing budget to consistently investing in the website's content and functionality. Keep in mind that many EDOs overhaul their websites every three to five years.

Advertising

One of the SFDF's most successful marketing initiatives has been a series of radio advertisements focused on the Minneapolis-St. Paul market and other Minnesota localities through an "out-state" agreement with networked radio stations. The \$100,000 annual campaign has been running for ten years on business talk programs and has resulted in numerous company expansions into Sioux Falls. The message - "Minnesota Quality. South Dakota Price." - focuses audiences on South Dakota's business friendly, low-cost environment. For the past two years, the State's Economic Development Department has also conducted a radio campaign in Minnesota; the "one-two punch" approach from both organizations is viewed as a winning combination.

Market Street has listened to MP3s and scripts of the radio advertisements, and is impressed with the copywriting, timeliness, and overall boldness. They direct listeners to learn more at www.sioxfalls.com.

- The only weakness of the radio campaign is the website itself. The portal to the Chamber, CVB, SFDF, Events, and Forward Sioux Falls sites lacks the aggressive messaging of the advertisements themselves. This webpage should be reformatted to reflect the SFDF's new website design. In addition, links should more clearly orient to the audiences. Do recruitment targets – the focus of the advertising campaign – know which organization to connect to from the portal home page?
- Consider updating the portal and all partner websites to reflect the updated appearance of the SFDF's new website.

The success of the Minnesota-focused program has led some area leaders to recommend that a similar campaign approach be implemented in other markets. Once target clusters have been finalized, identify geographies with a strong concentration of firms in these sectors for potential expansion of the marketing campaign.

- Per the confirmation of the Sioux Falls Area's target sectors, potential markets for campaign expansion could include: Chicago, Omaha, Kansas City, St. Louis, or Denver.

Social Media

More economic developments are exploring the use of social media and web-based advertising platforms. While the external marketing value of tools such as LinkedIn, Facebook, and Twitter is still up for debate, social-media-based advertising is still an interesting campaign supplement.

The SFDF is considering a webinar-based campaign offering an information-rich presentation of business costs for specific industries. The webinars would be hosted by SFDF and contain only a brief marketing message. The remainder of the webinar would showcase the Boyd Company's benchmarking analysis, educating participants on differentiated costs among regions.

- The SFDF's webinar concept is strong, and has the potential to set the organization apart from other EDOs as a thought leader in its targeted industries.
- Featuring the Boyd Company and other site selection panelists will transform the webinar from a straight sales pitch to an informative, interactive session.
- The cost of conducting a webinar is minimal relative to the exposure it could generate for the SFDF. As with the radio campaign, consistency is key. Allocate resources so that webinars can be conducted on a quarterly basis. Over time, audiences will equate Sioux Falls with valuable research, which will further elevate the perception of the region.

Collateral Materials

To contribute to this *Marketing Review*, *Market Street* reviewed collateral materials and reports posted to the SFDF's website. After a thorough review, we share the following comments:

Community Profile 2009-2010

This publication has a simple graphic design. It provides the latest economic and demographic information about Greater Sioux Falls, as well as contact information for state and local organizations that can provide additional data. The Profile is available on the SFDF's website in printable PDF format.

There is an opportunity to enhance the marketing power of this publication without added expense.

- In our opinion, South Dakota's business climate is the SFDF's top selling point. Among its most recent accolades, the Tax Foundation's 2010 State Business Climate Index ranks South Dakota as having the most competitive environment in the nation.

We recommend re-ordering topics within the Profile so that the business climate section comes first, followed by business parks and sites, demographics, labor force, education, and infrastructure (utilities). The document should conclude with information related to quality of life, business and entrepreneurial services, and governmental organizations.

- Including a table of contents in the beginning will help readers quickly locate information.
- Overall, the Profile is too "copy heavy;" its design should be refined to mimic the new website's graphic design.

Directions

Directions is the SFDF's bi-monthly newsletter. The six-page publication is attractively designed and contains articles about project announcements and regional accomplishments. It is available in print as well as in PDF format on the SFDF's website. As of November 2009, the latest version of Directions available online is from July/August 2009. Archived issues date back to September/October 2005.

Business Directory 2008

The Business Directory is a printed compilation of more than 600 area companies that are listed alphabetically and include full contact information and NAICS identification.

MARKETING TOOL NECESSITIES

Electronic

Website
Microsites
E-Newsletter
PowerPoint Presentation
Social Media Presence

Printed Collateral

Regional Overview
Pocket Folder / Folio
Target Audience Datasheets
Community Datasheets
Stationary and Business Cards
Proposal Template
Advertisements (as needed)

This information is important to share with prospects. However, in the future, *Market Street* recommends that it be reformatted for easier searching.

- An Excel spreadsheet would allow visitors to conduct their own data sort, refining the list based on product type, NAICS, employment size, and other criteria.
- A searchable business directory would be a valuable feature to include in the new website. The Sioux Falls Area Chamber of Commerce's online membership directory is an example of how the feature could be formatted.
- In addition, once target industries have been finalized, consider filtering the business directory by target industry companies and suppliers. Extend the supplier list to include companies within a one to two-hour driving distance from Sioux Falls.

Sioux Falls Development Corporation 2009 Annual Report

An annual report celebrates a community's success and updates stakeholders on the progress made by the EDO throughout the course of the year. The SFDF's website contains its 2009 Annual Report – a brief, eight-page summary of 2009 metrics, real estate activity, and accolades. The document contains a wealth of positive news about Sioux Falls. However, top selling points are buried within heavy copy. While the content is good, we believe that the publication could be more effective with improved graphic design.

Site Location Studies

The Boyd Company assists the SFDF by creating in-depth studies that compare Greater Sioux Falls' business climate against other competitor communities for a variety of industries. The SFDF's website contains eight such industry studies for the following sectors: Bioscience, Banking, Corporate Headquarters, Mail Order Pharmacy, Information Assurance Operations, Healthcare Services, Information Technology, and Biomedical. Each study examines a variety of operating costs on a side-by-side basis, including: labor, power, construction, sales tax, heating and air conditioning, travel, and shipping. The bioscience study, for example, contrasts the Sioux Falls metro against 35 North American regions, while the banking study includes 31 comparisons.

These studies are powerful tools that have greatly benefitted the SFDF's economic development campaign.

- In the future, *Market Street* recommends integrating the studies' findings into the SFDF's marketing materials to a greater degree.
- The level of specificity in these reports is far beyond what most economic development organizations offer prospects, and is a significant marketing advantage.

Sioux Empire Development Park Protective Covenants

The SFDF website also contains documents explaining the restrictive covenants for Parks V, VII, and VIII. SFDF's willingness to share this information online is further evidence of its business friendly attitude.

County Perspectives

This quarterly publication of the Minnehaha and Lincoln County Economic Development Associations is available in PDF format on the SFDF's website. It shares positive news as well as perspectives of county leaders on current economic development issues.

MCEDA / LCEDA 2008 Annual Report

The county associations' annual report is posted for download on the SFDF's website. The Annual Report shares messages from county leaders, updates on local economic development efforts, and investor income.

- It is valuable to provide access to local economic development publications, to share progress with both internal and external audiences. However, *Market Street* recommends removing all publications that are more than one year old, or placing them in an archived documents section of the website.

In summary, the review of SFDF's collateral materials highlighted the large quantity of printed publications and data that the organization must keep current. In addition, the SFDF's brand identity is diluted due to a wide variety of graphic styles among the publications. The SFDF should:

- Reduce the number of printed collateral pieces to save the SFDF funding and staff time.
- Place information online as much as possible. Posting PDFs on the SFDF's website is a good first step, but more should be done:
- Eliminate the printed Business Directory and replace it with a web-based searchable business directory.
- Build microsites to replace regional marketing and target industry brochures. Microsites (or weblets) are individual web pages or clusters of pages meant to function as an auxiliary supplement to a primary website. A microsite's main landing page most likely has its own domain name or subdomain.
- Phase out printed newsletters and replace them with e-newsletters.

While the initial investment in these technologies might be greater than the print and design of a single publication, long-term cost savings and flexibility will be well worth it.

In-House Marketing Templates

The SFDF has created three document templates that may be customized and printed in-house. The objective of these templates is to enable the SFDF to customize and print reports as needed and to ensure consistency of appearance.

- As with all marketing collateral, we recommend that the SFDF revisit these templates and change as needed to match the style guidelines set forth in the new website.

Testimonial Handout

The SFDF has a one-page, double sided flyer that summarizes top selling points and business publication rankings. The flyer is attractively designed and adaptable for any economic development audience.

Sioux Empire Development Parks Maps

The SFDF's agency, Thurman & Thurman, has created a series of stylized maps of the area's business parks, county territories, MSA, and city boundaries. These maps are ready to incorporate into marketing materials and the SFDF's website. As mentioned in the website review, a maps library is an important component of any economic development website.

Direct Sales

Direct sales such as trade show attendance, marketing missions, and in-bound events are activities that place SFDF face to face with its target audiences. While SFDF does not currently engage in direct sales as a component of its marketing program, it has attended trades shows in partnership with the Governor's Office of Economic Development. Additionally, SFDF formerly contracted with marketing and real estate consulting firm 3D Strategies to arrange direct visits with executives in the Minneapolis-St. Paul region. SFDF is currently working on a sales strategy that will take staff on the road to meet with prospects.

IN-BOUND MARKETING EVENTS

"In-bound" marketing events describe any activity that invites target audiences to the Sioux Falls Area so that they may learn more about the region and its business environment. For many regions, in-bound events have served as a cornerstone of marketing activities. They are beneficial because they allow guests to experience the community in person and result in strong relationship building.

The SFDF has never hosted a familiarization tour or in-bound marketing event. However, the SFDF does participate in the State's annual Pheasant Hunt that draws site selectors and industry executives.

The SFDF has an opportunity to add a Sioux Falls-based in-bound event to its roster of marketing activities in the future. However, these events can be expensive to host to a level commiserate with guest expectations.

The typical attendance for in-bound events ranges between five to 15 guests. Reaching this attendance level requires a great deal of staff time; outside event organizers often must be involved. Typical efforts demand that:

- Planning for in-bound marketing events begin at least six months prior to the event.
- Scheduling for in-bound marketing activities around unique local events, such as outdoor sports and arts events.
- Local executives and high ranking elected officials should be involved with guest interactions.
- The ratio of SFDF representatives to guests should not exceed 1:1.
- All travel and accommodation expenses for guests and their spouses is paid for.
- The length of formal presentations about the region is limited. Instead, showcase Sioux Falls' assets through choosing strategic traffic routes, restaurants, hotels, and other venues that allow hosts to point out assets along the way.
- Costs can be offset by engaging area utility companies and real estate firms as sponsors.

While an in-bound event may be long-range opportunity, the SFDF could apportion funds for hosting individual site consultants for single day "fam" tours. Many consultants are willing to accept this invitation if the community pays for their daily rate and reimburses their travel expenses.

Although in-bound marketing forums often require more staff time and resources to organize, for participants they can be rich experiences that build lasting relationships. Unlike trade shows and marketing missions, these familiarization tours allow prospects to see the Sioux Falls region in person.

MARKETING MISSIONS

Marketing missions involve traveling to another region to meet one-to-one with target audience executives. Historically, the SFDF has conducted very few marketing missions in lieu of focusing marketing investments in other strategies. One exception is visiting Minnesota brokers, consultants, and companies – an initiative that accompanies the radio advertising campaign.

As a future outcome of the Strategic Initiatives sales strategy that is currently under development, the SFDF expects to conduct marketing missions on a regular basis. Missions will include meetings with industry executives within a handful of targeted companies. *Market Street* believes these will be worthwhile investments.

- The SFDF's initial target list will be comprised of contacts generated from area businesses and Forward Sioux Falls investors.
- As the campaign emerges, the SFDF should invest in a research tool that allows it to create company lists. The SFDF has explored Info USA and Hoovers as options.
- Research capacity offered by these firms will allow the SFDF to sort companies by a number of search criteria, including location and NAICS.
- As an alternative, the SFDF could consider engaging a call agency that specializes in economic development sales. These groups typically have their own databases. The only drawback is that they may utilize the same call list for multiple clients.

TRADE / BUSINESS SHOWS

While SFDF currently attends select trade shows in partnership with the South Dakota Governor's Office of Economic Development, *Market Street* does not recommend this as a future marketing tool. The site selection community is changing, and deals are increasingly being done by service providers like commercial realtors, lawyers, and accountants. Business development opportunities at traditional industry conferences are declining. However, attending a few trade shows per year could increase Sioux Falls' exposure as long as the SFDF adheres to the following guidelines:

- Industry events can be worthwhile as long as they are small in scale and focused on a niche segment of an industry. Do not attend events in which more than five percent of exhibitors are other economic development organizations.
- Always attend events in partnership with other area organizations, educators, and companies. Share costs and contacts.
- Before committing to a booth or sponsorship, attend the event for at least one year to ensure that it is a valuable use of funding and staff time.
- Contact national commercial real estate brokerages, and learn about opportunities to attend and sponsor their annual regional/national corporate conferences.

VISITOR MARKETING

Blending economic development marketing with tourism promotion is a smart step in the SFDF's marketing initiative. Convention and visitors organizations understand the importance of business growth on tourism traffic and are willing to work with SFDF to cross-promote. SFDF should:

- Provide the CVB with a list of target audience events and provide them with information needed to recruit those events to Sioux Falls.
- Have a visible presence at industry events hosted in Sioux Falls. Host a reception, exhibit, or invite top industry executives to stay an additional evening to explore the region and build relationships with SFDF staff and board members. The upcoming BIO agriculture event scheduled for 2010 is a good opportunity.

Sioux Falls and South Dakota host tens of thousands of leisure tourists each year. Pheasant hunting, for example, is a significant tourist attractor.

- The SFDF should develop marketing tools specifically targeted at leisure travelers.
- Distribute materials at mid- to high-end hotels in the region, hunting resorts, shopping centers, golf clubs, and other tourist destinations.
- Focus tourist-based marketing messages on Greater Sioux Falls as a prime location for entrepreneurs. “Enjoy visiting Sioux Falls? You’ll like doing business here even more.”

PUBLIC RELATIONS

Local businesses, SFDF members, and external target audiences share a common need: engaging stories about the region and its business success. According to surveys of site selectors, news stories rank among the most valued and influential sources of information about a community.

One of the ongoing components of the SFDF’s marketing initiative is its public relations initiative focusing on generating news about the Boyd Company’s studies in trade journals. The State’s strongly competitive tax climate frequently generates news worthy stories in industry publications.

- Should marketing resources increase, engage a national public relations agency to generate media stories on a wide range of business topics.
- It is difficult to pinpoint a single prospect whose location in the Sioux Falls region is directly tied to the Boyd Company’s initiative. Rather, this initiative builds awareness of Greater Sioux Falls. When combined with a series of other marketing activities, the reports may elevate the likelihood of Sioux Falls being considered as a site location.

Internal Marketing

From an external perspective, it is clear that the Chamber, Forward Sioux Falls, and SFDF are closely coordinated organizations. The appearance, messaging, and linkages between these organizations’ websites are strong indicators that local players work together. *Market Street’s* interviews and focus groups in the region have

reiterated a strong level of teamwork among area leaders. Some current internal marketing activities include the following:

- Forward Sioux Falls promotes the successes of its initiatives through local radio spots.
- Forward Sioux Falls also provides quarterly newsletters, an annual meeting, and an annual visit by a representative for all investors.
- The SFDF hosts an annual meeting and publishes *Directions* newsletter.
- The Chamber interacts with its members regularly through multiple channels including e-mail, mail, and regular meetings.

However, there are several simple steps that will further reinforce the outside perception of cooperation and sophistication within Greater Sioux Falls:

- The Chamber, Forward Sioux Falls, and SiouxFalls.com websites should be updated to reflect the new style of the SFDF website. Currently, all websites appear outdated.
- Before doing so, conduct a side-by-side comparison of the site maps of all four websites. Streamline information as much as possible to eliminate duplication.
- The CVB and Events websites appear completely different than the Chamber, Forward Sioux Falls, SFDF, and portal's website. Consider ways to more closely align these sites.
- From the SiouxFalls.com web site, ensure that the linked websites are shown in separate browser windows.
- As the marketing campaign expands nationally, consider pooling resources to share a single public relations agency that represents Sioux Falls.

Future activities related to internal marketing could also potentially include a formalized program to leverage existing business leaders as local "ambassadors" to meet with prospects interested in locating to – or expanding in – the Sioux Falls region.

SITES AND BUILDINGS

As part of the *Market Street* team, William H. Boyd², one of the nation's most well-respected site consultants, spent two days in the Sioux Falls Area in October 2009 reviewing the community's infrastructure, sites and buildings available for expansion and relocation prospects.

Overview

Boyd found the community to be impressive and very well prepared from an economic development standpoint. An overall positive attitude, sense of optimism and self-confidence was evident. The community has clearly invested heavily in business/industrial infrastructure as well as education and healthcare.

Boyd noted that the Sioux Falls Area has an "unusual" set-up regarding its development organizations, in that they have three separate development groups – the Sioux Falls Development Foundation and the Lincoln and Minnehaha County Economic Development Associations – that work in tandem and share office space and staff. Despite the potential for rivalry in different communities, this arrangement appears to work well; the two entities presented a seamless, well coordinated approach.

Likewise, Sioux Falls regional officials' relationship with the state economic development agency is cordial and beneficial. Local economic development leaders meet with the state director on a regular basis, and SFDF staff estimate that approximately half of their leads originate with the state.

Additional assessments and findings related to the Sioux Falls Area's physical resources and infrastructure for targeted growth are included in the *Competitive Assessment* and *Target Business Analysis* completed for the Future Sioux Falls process.

SITES AND BUILDINGS

Despite the long term rapid growth of the area, there is a good supply of available buildings, commercial, industrial and office space. No public entity currently has any type of a speculative building program; these efforts are all done through private developers. In fact, SFDF has been actively discouraged from embarking on a speculative program. Given the number of real estate developers willing to undertake the task, there is no reason for the Foundation to engage in this type of program. The area is currently well served by developers willing to construct speculative buildings.

Overall capacity is excellent. SFDF controls eight business parks, referred to as the **Sioux Empire Development Parks**. They are all well located with close proximity to the interstate highways serving the area. They are well laid out, curbed and guttered

² Note: William H. Boyd is not affiliated with the Boyd Company, cited in this report as a contractor that produces industry-specific analyses for the Sioux Falls Development Foundation.

and with street lights. Property is sold on a per square foot basis. A significant portion of the SFDF budget is supplied through these land sales.

SFDF is also actively looking to acquire new properties. *Market Street* sees no adverse issues with the SFDF continuing to develop parks, since the Foundation has the necessary financial resources to do so and the practice is supported politically. Just as important, there is a virtually unlimited amount of open prairie which is easily developable. This practice, however, should be consistently assessed versus the prospects for commercial development nationally and locally. Current economic conditions certainly do not warrant speculative development.

There are also eight privately held parks in the area, some more thoroughly developed than others. The location and current capacity of the Minnehaha and the Lincoln County Economic Development Association properties position them for prospects in warehousing and distribution, production and other sectors dependent on lower square-footage costs.

All in all, the area is well served with developed land now and into the foreseeable future. However, Sioux Falls Area economic development officials must remain consistently focused on developing property in the region's outlying areas to have room for more traditional industry. The "super-heated" development via location of financial-service-related industries closer in to the City of Sioux Falls has driven up the cost of property. Sioux Falls Area officials must ensure they can offer low-cost site alternatives in the region's more rural counties to supplement higher-priced urban locations.

UTILITIES

Utility service and capacity in the Sioux Falls region is more than adequate. Water is available from four sources – three aquifers and the Big Sioux River. Construction is currently under way for a new regional water system which will cover 5,000 square miles. The estimated completion date is 2012. Information provided by the City of Sioux Falls public works director confirmed that the area has excellent capacity, even for heavy water users. Wastewater treatment is also of good quality. The region is currently in the process of expanding its wastewater treatment capacity in order to be prepared for the future.

The Greater Sioux Falls area is supplied electrical power by three entities—Xcel Energy, Sioux Valley Energy, and Southeastern Electric Cooperative. According to local economic development officials, all three provide competitive capacity; there is no discernable difference among the three in quality of service or price. Having three power suppliers is often considered a plus because it spurs competition and moderates price fluctuations.

Natural gas is supplied by Mid American Energy, which was described by local officials as "better than average" related to comparable gas companies. Mid-American has a full time economic development department to assist in location projects. There are no foreseeable shortfalls in supply of natural gas.

INCENTIVES

South Dakota is relatively devoid of many of the “traditional” incentives that states such as Alabama, Georgia and Mississippi offer in the hundreds of millions to attract major relocations of manufacturing/assembly operations and corporate headquarters. South Dakota officials reportedly consider their low costs, low taxes, and good business climate to be their incentives.

While this is a valid point, *Market Street* feels that some type of flexible incentive might ultimately be critical to securing especially attractive prospects. Certainly, the clean energy field alone will be subject to highly competitive battles for top prospects. Every state – and nearly every U.S. region – is or will be targeting this sector in the coming years.

A specialized local incentive applicable to Sioux Falls Area opportunities might also be an effective way to “close” competitive deals and get the region included on prospects’ lists. Sources for this fund could include Forward Sioux Falls, a tax-supported closing fund, state monies, or a directed public-private fundraising campaign for this purpose. If a potential fund does not include at least \$1 million in closing funds, it is likely not worth launching.

CONCLUSION

The Sioux Falls Area has experienced steady and significant economic growth in recent years. This growth has led to corresponding increases in total population and improved quality of life amenities. While the factors that helped contribute to this growth – a highly-skilled, hard-working labor force, inexpensive land, favorable tax and business climate, low cost of living, and a compelling, family-friendly quality of life – are still in play, the world of economic development is drastically changed from even a few years ago.

With negligible economic growth predicted nationwide at least until late 2010 or early 2011, the competition for new jobs and investment will be at a fever pitch in every U.S. state and every region. Companies will delay the initiation of major projects and will hold off on relocation inquiries at least for the near-term. Communities must rely on the expansion of existing firms and the launch of new enterprises through entrepreneurship and small business development programs to ensure that wealth is created during this period of economic uncertainty.

As prospects improve, it will be critical that the Sioux Falls Area has best-practice marketing tools in its arsenal to compete for high-value expansion and relocation opportunities. It is also critical that the SFDF narrow the number of industries that it targets. It has already done much to ensure that it has competitive sites and buildings for prospects in the region's targeted business sectors. It is now time for a highly concentrated marketing campaign.

Ultimately, the Great Recession and its fallout provide a good opportunity for communities to “re-tool” their marketing programs and product development to best prepare them to take advantage of an improving economy. While Greater Sioux Falls has made great progress in building its marketing and property capacity, more must be accomplished to enable the region to continue its positive economic trajectory. Indeed, taking local efforts to the “next level” will require a great deal of additional investment.

APPENDIX

The below matrices represent a detailed review of the Sioux Falls Development Foundation’s principal economic development website, found at:

www.siouxfallsdevelopment.com.

Criterion	Summary	Review
<p>Website Goal / Mission: <i>How well does the site accomplish its goal?</i></p>	<p>Needs Improvement</p>	<p>An economic development website's goal should be to efficiently distribute relevant content to target audiences. The SFDF's website, although cluttered and outdated in appearance, contains deep and updated data on the region. It could be improved by specifying the region's target audiences.</p>
<p>Marketing Capacity: <i>Does the site entice visitors to take action / seek additional information about Sioux Falls?</i></p>	<p>Needs Improvement</p>	<p>The website's updated data may provide curious businesses all of the information they need for a first run analysis. The homepage offer to provide visitors with comparison information is a good hook for encouraging visitors to contact the SFSFDF. Contact information is readily available on every page of the site. However, image is a major concern. While content is good, the design of the site does not convey a professional image and may deter prospects.</p>
<p>Data Type and Quality: <i>Does data address target audience needs? Is it current?</i></p>	<p>Good</p>	<p>The website contains the right topics for economic development audiences, and the timeliness and depth of data is good. Each data page contains a pertinent sales headline. Several sections are overly wordy, particularly utilities information. Additional educational statistics would be helpful versus a listing of local schools.</p>

Criterion	Summary	Review
<p>Interactivity: <i>Do visitors have a reason to return to the site?</i></p>	<p>Needs Improvement</p>	<p>Keeping information current and interactive will give visitors a reason to return to the site. The website currently lacks interactivity.</p>
<p>Timeliness of Information: <i>Is data updated and are topics current?</i></p>	<p>Very Good</p>	<p>It is clear that the SFDF updates the website on a regular basis. Tables and graphs within the website are current, with Q4 and 2009 projections available on most pages.</p>
<p>Quality of Content: <i>Is content interesting? Is it concise and well written?</i></p>	<p>Needs Improvement</p>	<p>Economic development websites should be data rich and intuitive to navigate. The SFDF's main audiences, site selectors and corporate executives, visit EDO websites for the primary purpose of collecting data on a community. The website's appearance and wordiness may distract from key sales points. Focus first and foremost on sharing up-to-date data in an attractive, downloadable manner.</p>
Criterion	Summary	Review
<p>Visual Appeal</p>	<p>Poor</p>	<p>The website lacks visual appeal. The site is highly cluttered and outdated. The design does not invite visitors to linger or click through for additional information. It does not represent the professionalism of the SFDF and the region.</p>
<p>Navigation: <i>Is site navigation intuitive and efficient? Are pages logically placed?</i></p>	<p>Poor</p>	<p>The website's architecture is highly congested. On the homepage, there are 17 level one navigation pathways, and 52 level two choices. It is difficult to determine where visitors should go next. Main navigation should be condensed.</p>
<p>Searchability: <i>How does the site rank on major search engines?</i></p>	<p>Very Good</p>	<p>At the time of this review, Google and Yahoo!, the SFDF ranks #1 when searching "Sioux Falls Economic Development" and 1st when searching "Sioux Falls SFDF."</p>

Criterion	Summary	Review
<p>Functionality: <i>Does the site function in a predictable way?</i></p>	<p>Needs Improvement</p>	<p>Website functionality should model the best economic development websites. Because data acquisition is the primary reason most audiences will visit the site, it is important that it functions in a predictable way so that visitors can quickly find the information they seek. The SFDF's current site functions in a predictable way and all links and embedded files are active. However, cluttered graphics, cumbersome navigation, and extensive written copy and data tables will slow visitors.</p>