

## Keep existing businesses happy, Utahns told

State can't offer big financial incentives needed to lure firms

By Alan Edwards Deseret Morning News

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Communities live or die economically by the businesses they can attract and keep.

While attracting new businesses to the state is important to Utah, its best bet for economic stability and growth is hanging on to what it already has, says an economic development consultant who conducted Salt Lake County's inaugural "economic development summit" at the Whitmore Library on Tuesday.

The state has a lot going for it, Steve Weitzner told about 40 government and private economic development planners attending the first of an anticipated quarterly series to correlate economic development efforts among state, county and city governments.

"In Utah, you don't offer a lot of incentives, but you have other things" — mountains, friendly people, an educated work force, Weitzner said. But too often in today's hyper-competitive atmosphere, he added, financial incentives, grants and tax credits trump everything else.

The sad truth is Utah simply can't compete with heavy hitters such as Chicago and Detroit and New York when it comes to attracting new businesses purely through financial incentives. Many companies hold a sort of competition among communities to see which one will give it the most money to build or expand there, selling themselves to the highest bidder whether other factors make it the best place to go or not, he said.

Weitzner called it the "ego incentive" factor — CEOs can pat themselves on the back and report to the board that they got such-and-such zillions of dollars to build in a certain city.

What's more, consultants hired to help businesses relocate often get paid a percentage of total financial incentives offered. A consultant paid that way "isn't going to tell you to come to Utah even if it's the best place for you," Weitzner said.

Utah, most importantly, must keep existing businesses happy.

Even Michigan, an 800-pound gorilla when it comes to attracting new businesses, continues to woo businesses once they come to the state, he said. Its economic development department makes 3,600 visits to businesses every year to answer questions, find out what they need, make them feel loved, he noted.

"It makes them feel you're interested in them, that you want to help them," Weitzner said.

Communities should also keep in mind that attracting new businesses might be somewhat overrated.

"Not every project is a good project," Weitzner said. "There are a lot of examples of communities around the country that landed projects that they wish they hadn't."

In addition to retention, Utah communities can increase their chances of attracting good companies by combining their efforts: West Valley City is working with county and state government, for example, to land a new factory.

A recent study by Salt Lake County emphasizes the benefits of that sort of resource pooling.

"Those cities that are doing well have done that," Weitzner said. "Piggyback on county and state efforts."

And despite the "ego incentive" factor, intangibles — Utah's strength — still have influence. Weitzner cited the case of a company moving to a particular location simply because the CEO had a beach house there.

"Understand what you have and target your efforts," he said.

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