



STATE OF SOUTH CAROLINA

DEPARTMENT OF COMMERCE
ACCOUNTABILITY REPORT
FISCAL YEAR 2011-2012

state of business.world of opportunity.



Agency: South Carolina Department of Commerce

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I. EXECUTIVE SUMMARY

I.1 Mission & Values

The South Carolina Department of Commerce (SCDOC) is the economic development and business recruiting arm of the State. The leadership and staff of SCDOC are fully committed to the mission of the agency and believe in striving to enhance the quality of life for all South Carolinians.

Agency mission statement:

Working together to create opportunities for South Carolinians by promoting:

- Job creation
- Economic growth
- Improved living standards for South Carolinians

It is our vision that South Carolina's economy will become more competitive in a global economy, providing South Carolinians of all ages and skill levels an opportunity to maximize their talents and abilities.

Agency value statement:

SCDOC is a professional, team-focused, and innovative organization committed to achieving its mission while being a good steward of the taxpayer's dollar.

I.2 Major Achievements

South Carolina Department of Commerce: Significant Accomplishments in a Difficult Year

Despite a challenging economic environment, the South Carolina Department of Commerce worked harder than ever and succeeded in producing impressive levels of new job and investment recruitment. SCDOC continues to recruit companies that are producing some of the finest and most advanced products in the world, which are reaching destinations throughout the globe. SCDOC is committed to building on these successes, ultimately making South Carolina a better place to live, work and do business.

South Carolina Attracts Substantial Jobs & Investments

From 2006 through 2011, SCDOC has recruited 107,563 jobs and more than \$22.8 billion in capital investment. Despite the challenging economic environment, Commerce surpassed its record-breaking 2008 capital investment record, recruiting \$5.1 billion in 2011 and nearly matched the record job recruitment results of 2010, recruiting more than 20,000 jobs.

Those jobs were recruited from a variety of industries with world-class companies such as Continental Tires the Americas, TD Bank, Bridgestone Americas., Nephron Pharmaceuticals, Otis Elevator Company , Amazon.com, Inc. and many more making significant commitments to invest and create jobs in South Carolina.

South Carolina continued strong recruitment of foreign direct investment in 2011. Foreign investment comprised 72.6 percent of total capital investment and 46.3 percent of total jobs recruited in 2011. According to the U.S. Bureau of Economic Analysis, South Carolina ranks 4th among states for the percent of private industry manufacturing employment in foreign-affiliated companies.

The Department of Commerce continued its impressive recruitment efforts to rural areas of the state in 2011. Of the projects recruited last year, 22.5 percent of the jobs and 24.8 percent of the projects went to rural areas where 21.3 percent of the labor force resides.

South Carolina Department of Commerce Once Again Lead the Southeast in Job Recruitment

In 2011, South Carolina again outperformed its neighbors in the Southeast. Through SCDOC efforts, the state attracted more than \$5.1 billion in capital investment in 2011, exceeding the industrial recruitment activity of North Carolina, Georgia, Alabama, Mississippi, Tennessee and Virginia. Companies recruited to and expanding in South Carolina committed to create over 20,000 jobs in 2011. South Carolina job recruitment total exceeds the Southeastern state average and on a per capita basis, South Carolina outperformed every state in the Southeast except Tennessee. In 2011, South Carolina attracted 43 new jobs for every 10,000 residents, compared to 22 in Georgia, 17 in North Carolina, 36 in Alabama, 45 in Tennessee and 33 in Virginia.

SC Department of Commerce 2012 Top Accomplishments

1. SCDOC had record-high recruitment in capital investments (\$5.11 billion) and near-record in jobs (20,013);
2. In 2011, SCDOC had six announcements that were each 700 new jobs or larger – Continental Tires in Sumter, TD Bank in Greenville and Lexington, Bridgestone Americas in Aiken, Amazon.com, Inc. in Lexington, Nephron Pharmaceuticals in Lexington and Amy’s Kitchen in Greenville;
3. A new SC Business Network page was developed for the Commerce website, with its own domain name, www.SCBizNetwork.com. This page features a robust Resource Finder, ability to match an inquiry with local resources or solutions, an up-to-date calendar, a Q&A feature, and other direct resource connections for the business community;

4. In 2011, South Carolina ranked first among U.S. states in exports of automobiles and tires, holding nearly 30% of the share of U.S. made exported tires;
5. Direct foreign investment continued to be strong in 2011. SCDOC recruited investment from 62 international firms, which produced \$3.7 billion announced investment and 9,269 announced new jobs;
6. In 2011, South Carolina recruited 43 new jobs for every 10,000 residents, compared to 22 in Georgia, 17 in North Carolina, 36 in Alabama, 45 in Tennessee and 33 in Virginia;
7. SCDOC announced a total of 149 projects, and these were announced in 37 of the 46 counties in South Carolina;
8. Small Business and Rural Development Division launched the Small Business Advisory Council, made up of six key public sector service providers to small business. The Council has been instrumental in initiatives related to better “business to business” connection, easier to find business resource information and enhanced financing options;
9. South Carolina’s 2011 exports totaled more than \$24.6 billion in goods sold to 198 countries. These figures represent a 21.4 percent increase over 2010 totals and ranks South Carolina 14th in the U.S. for export growth.

I.3 Strategic Goals

The following strategic goals for our core functions – the attraction of capital investment and new jobs - were developed.

- 1) Increase capital investment and job creation throughout South Carolina;
- 2) Develop a strategy that recognizes the strengths of the state’s existing, small, and emerging industries and builds on the opportunities those strengths present;
- 3) Implement a targeted marketing strategy to promote new investment and job creation and grow industry sectors;
- 4) Increase the quality of the “economic product” in South Carolina through workforce and community development;
- 5) Increase the value of exports from South Carolina businesses;

- 6) Manage all agency resources in a cost effective manner in support of the mission of the Agency.

I.4 Opportunities and Barriers

National Economy – Slowed by insecurity in the global economy, the uncertain direction of domestic tax policy and fiscal restraints of state and federal government spending, the US economy continued to tread water during 2011. US real Gross Domestic Product (GDP) grew 1.8 percent, to \$15.1 trillion, in 2011 following 2.4 percent growth in 2010. Manufacturing real GDP gained 4.3 percent, while Mining real GDP increased 6.4 percent and Information Services gained 5.1 percent. The largest declining industries were Agriculture, Forestry and Fishing, down 12.4 percent, and Real Estate Activities, down 2.6 percent. Exports showed strong growth nationwide in 2010, gaining 14.5 percent by value of exported goods and services. The national exports of foods, feeds, and beverages (\$126.1 billion); industrial supplies and materials (\$499.5 billion); capital goods (\$491.4 billion); automotive vehicles (\$132.5 billion); and consumer goods (\$176.3 billion) reached record levels in 2011. The national labor market showed little improvement during 2011. While the annual average unemployment rate fell from 9.6 percent to 8.9 percent between 2010 and 2011, the total number of employed persons showed a meager increase of 805,000 jobs, or 0.58 percent. During the year, the labor force participation rate dropped from 64.7 percent to 64.1 percent indicating that more discouraged workers have disengaged from the labor force. Between 2010 and 2011, the goods-producing industries gained 1.5 percent in total employment while the service-providing sectors gained 1.1 percent. Manufacturing in the United States gained 205,000 jobs, or 1.8 percent following a decline of 2.7 percent in 2010. Current projections by the Federal Reserve Board’s Open Market Committee (FOMC) indicate a slow, prolonged recovery period for the US economy. The FOMC projects the national unemployment rate to fall to between 7.5 and 8.0 percent in 2013 and between 7.0 and 7.7 percent in 2014, which is still far from a “full-employment” range of 5.2 to 6.0 percent projected in the long run. Change in real GDP is projected between 1.9 percent and 2.4 percent for 2012, 2.2 percent and 2.8 percent for 2013 and 3.0 percent and 3.5 percent for 2014. The United States continues to be a strong magnet for foreign direct investment, attracting more than \$210 billion in net cross-border M&A activity and greenfield investments in 2011. While down 7.7 percent from 2010, the US inward FDI totals exceeded every other nation. China attracted \$124 billion in 2011, an 8 percent increase over 2010, while the entire European Union saw a 31 percent increase in 2011, to \$414 billion.

State Economy – Like the US as a whole, South Carolina was not immune to the economic crises in Europe and fiscal conditions domestically. South Carolina’s real GDP grew 1.2 percent between 2010 and 2011, placing it in the middle quintile among US states. Georgia’s GDP grew 1.7 percent and North Carolina’s economy

grew 1.8 percent, while Alabama declined 0.8 percent and Mississippi declined 0.8 percent. Manufacturing’s economic output in South Carolina increased 6.6 percent, with significant gains in both the durable and non-durable goods sectors. Professional, scientific and technical services also showed strong growth, increasing 7.0 percent in economic output in 2011. Exports from South Carolina soared in 2011, jumping 21.4 percent to \$24.6 billion. South Carolina became the number one exporter in the US of automobiles and tires. In 2011, Germany became South Carolina’s top export partner, purchasing nearly \$4 billion in goods from the Palmetto State in 2011. Because South Carolina’s economy is heavily manufacturing and export-centric, its economy is more susceptible to foreign economic uncertainty and decreased global consumer demand. These issues have begun to show an impact on South Carolina’s manufacturing output, trade and employment in 2012. South Carolina’s seasonally adjusted unemployment rate for 2011 averaged 10.3 percent, down from the 11.2 percent average reported in 2010. The state had an increase of nearly 30,000 jobs over the year, but also faced a declining labor force. Manufacturing gained 11,700 jobs; Trade, Transportation and Utilities increased 6,700; and Leisure and Hospitality gained 6,200. Government employment, at the local level, declined by almost 4,000 jobs, mainly in Educational Services.

I.5. How the Accountability Report is used to Improve Organizational Performance:

The agency uses the Accountability Report to monitor, measure, and document the agency's progress in obtaining goals.

SECTION II BUSINESS OVERVIEW

II.1 Current Employment

Full Time Employees	67
Temporary Employees	10 (Includes interns)
European Office	1 (contract)
China Office	1 (contract)
SC Public Railways Division	44
Total	123

II.2 Operations Locations

Main Office	1201 Main St., Suite 1600, Columbia, SC
SC Public Railways Division	540 East Bay St., Charleston, SC
China Office	Shanghai, China
European Office	Munich, Germany

II.3 Expenditures/Appropriations Chart

Major Budget Categories	10-11 Actual Expenditures		11-12 Actual Expenditures		12-13 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$4,663,910	\$2,157,599	\$4,706,965	\$1,760,024	\$4,889,000	\$3,289,000
Other Operating	\$2,171,931	\$805,000	\$2,500,236	\$951,933	\$3,150,000	\$2,161,000
Special Items	\$2,422,285	\$1,812,828	\$1,280,623	\$842,337	\$14,533,114	\$14,533,114
Distributions to Subdivisions	\$52,826,564		\$52,533,527		\$57,685,015	
Fringe Benefits	\$1,273,311	\$578,226	\$1,322,158	\$491,222	\$1,432,706	\$968,706
Non-recurring					\$4,457,408	\$4,457,408
Total	\$63,358,001	\$5,353,653	\$62,343,509	\$4,045,516	\$86,147,243	\$25,409,228

Base Budget Expenditures and Appropriations

Other Expenditures

Sources of Funds	10-11 Actual Expenditures	11-12 Actual Expenditures
Supplemental Bills	\$4,267,796	\$7,763,783
Capital Reserve Funds		\$4,464,655
Bonds	\$218,459,906	

II. 4. Major Program Areas Chart

Program Number and Title	Major Program Area Purpose (Brief)	FY 10-11 Budget Expenditures	FY 11-12 Budget Expenditures	Key Cross References for Financial Results*
II.E.1-2. Grants & Incentives	To assist communities with grants for infrastructure, housing, economic development and planning.	State: Federal: 29,086,847 Other: 24,825,180 Total: 53,912,027 % of Total Budget: 85%	State: Federal: 22,743,134 Other: 31,298,926 Total: 54,042,060 % of Total Budget: 87%	7.4
II.A. Business Development-Project Management and Foreign Offices	To recruit new and existing expansions and locations; to increase the capital investment and number of jobs in South Carolina.	State: 2,081,685 Federal: Other: 613,140 Total: 2,694,825 % of Total Budget: 5%	State: 1,995,903 Federal: Other: 1,291,599 Total: 3,287,502 % of Total Budget: 5%	7.1
II.B. Small Business and Existing Industry	To help South Carolina companies both large and small achieve peak performance by bringing together professionals who offer a wealth of experience in key areas to offer a dynamic approach that helps businesses and communities prosper.	State: 377,057 Federal: Other: 358,914 Total: 735,971 % of Total Budget: 1%	State: 205,798 Federal: 53,859 Other: 572,133 Total: 831,790 % of Total Budget: 1%	7.3
II.D. Marketing and Communications	To develop marketing strategies utilizing the State's brand in recruiting industry and attracting investments to the State.	State: 619,101 Federal: Other: 493,275 Total: 1,112,376 % of Total Budget: 2%	State: 530,910 Federal: Other: 585,271 Total: 1,116,181 % of Total Budget: 2%	7.7
II.C. Rural Development	To assist local leaders in achieving success for their communities through product development, asset development and leadership and community investment.	State: Federal: Other: 435,579 Total: 435,579 % of Total Budget: 1%	State: Federal: Other: 461,706 Total: 461,706 % of Total Budget: 1%	7.2
II.D. Research	To provide real-time, accurate data, information, and research to support the mission of the agency in recruiting industry and attracting investments to the State.	State: 560,998 Federal: 382,873 Other: 498,483 Total: 1,442,354 % of Total Budget: 2%	State: 217,287 Federal: Other: 472,703 Total: 689,990 % of Total Budget: 1%	7.6

Program Number and Title	Major Program Area Purpose (Brief)	FY 10-11 Budget Expenditures	FY 11-12 Budget Expenditures	Key Cross References for Financial Results*
I. Administration	To provide real-time, accurate data, information, and research to support the mission of the agency in recruiting industry and attracting investments to the State.	State: 326,474 Federal: Other: 1,109,387 Total: 1,435,861 % of Total Budget: 2%	State: 645,618 Federal: Other: 733,990 Total: 1,379,608 % of Total Budget: 2%	7.5
Below: List any programs not included above and show the remainder of expenditures by source of funds. Regional Economic Development Organizations and resources shared with other state agencies				

Remainder of Expenditures	State: 1,388,338 Federal: Other: 200,670 Total: 1,589,008	State: 450,000 Federal: Other: 84,672 Total: 534,672
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* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

II.5 Key Customers

The Department of Commerce's mission is to work together to create opportunities for all South Carolinians. We do that through a wide range of activities that serve a wide range of customers, including:

- a) The people of South Carolina;
- b) Existing and emerging industries within the state;
- c) Small business community;
- d) National and international businesses making a location decision;
- e) Site selection consultants;
- f) Financial community;
- g) Communities seeking jobs and investment;
- h) Government leaders of the state to include county and local leaders;
- i) South Carolina companies looking for international sales opportunities;
- j) Local and regional economic development leaders;
- k) Research universities, technical colleges and local school districts;
- l) Communities seeking funding for economic development and/or infrastructure needs;

Other customers and their Department suppliers include:

Rail carriers;
State Ports Authority and its users;
Users of State and Federal grants.

II.6 Key Suppliers

As is the case with customers, the Department of Commerce has a wide array of suppliers. The suppliers for our core business functions are:

- 1) Local economic development offices;
- 2) City, County, and State government bodies;
- 3) State agencies such as DHEC, the Department of Revenue, South Carolina State Board for Technical and Comprehensive Training, the State Ports Authority, USC, DOT, etc.;
- 4) Utilities, contractors, financial institutions, and other economic development allies;
- 5) Property owners;
- 6) National and international businesses and site location consultants;
- 7) Venture Capital firms;
- 8) South Carolina Commission of Higher Education;
- 9) South Carolina Department of Employment and Workforce;
- 10) Bureau of Labor and Statistics;
- 11) US Department of Labor;
- 12) Existing businesses;

Other suppliers and their Department of Commerce customers include:

Railroad vendors
General Assembly

Public Railways Division
Coordinating Council for
Economic Development &
CDBG, Recycling Market
Development Advisory
Council

Federal Government

CDBG, Appalachian Regional
Council, and the Small
Business Administration.

II.7 Major Products and Services

Products

- Customized publications outlining South Carolina's advantages for businesses and consultants making a site location decision;
- Business research publications, including the Business Resource Guide, produced by the Small Business and Existing Industry Group;
- SCBizNetwork.com – providing small business support through technology, Matching company needs with resources available;
- Recycling On-line Directory, an interactive directory featuring recycling source and use companies, haulers, and waste processors;
- Job Development Credits;
- Annual and Five-year plans for Housing Community and Development;
- State and federal grants for housing, infrastructure, community facilities, and economic development;
- Rail service;
- South Carolina Site Certification Program Description and Instructions.

Services

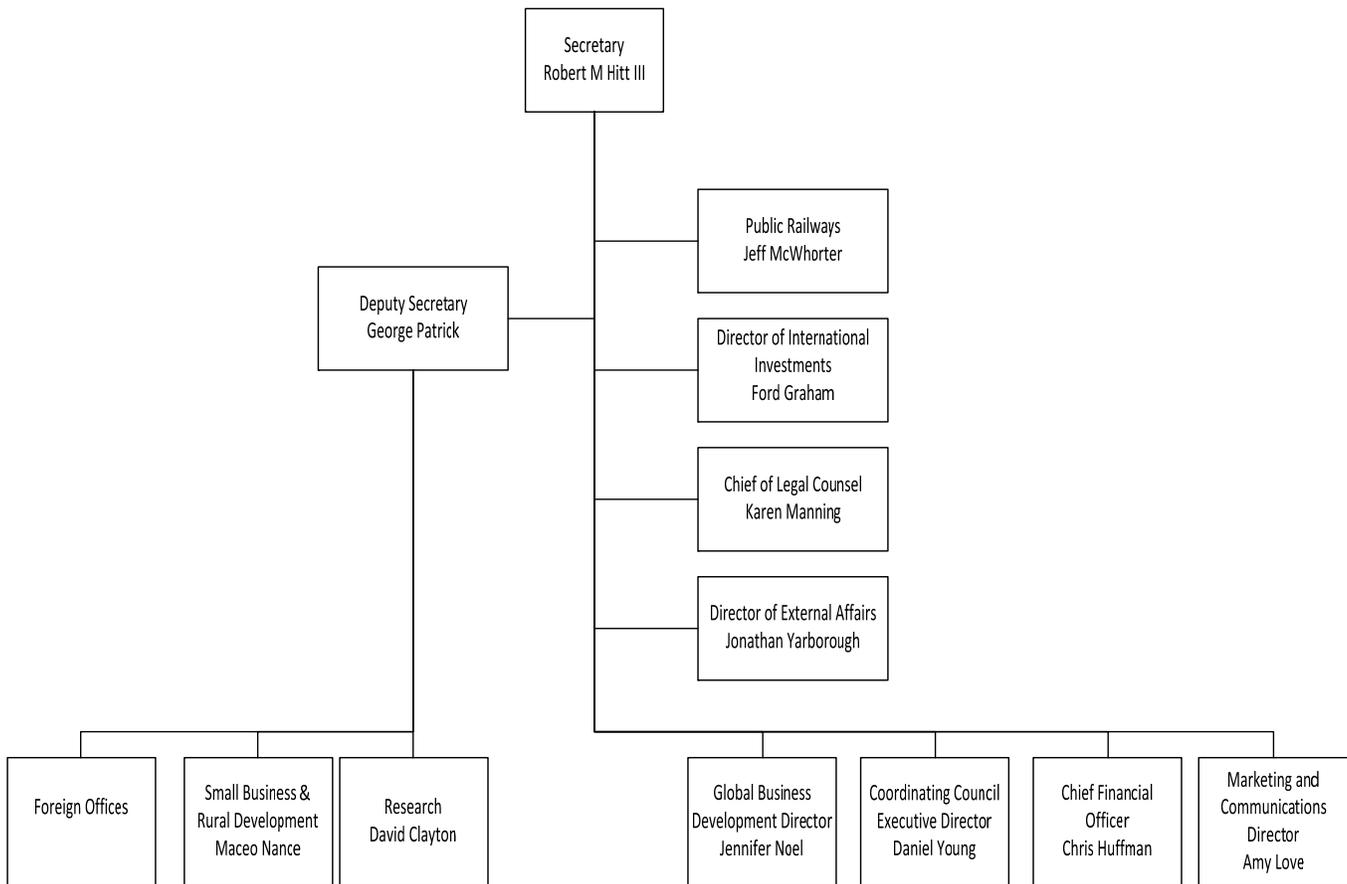
- Marketing and sales representation;
- Existing industry, emerging and small business information and issue resolution;
- The BuySC program connecting South Carolina businesses with new and expanding supply chain opportunities;
- Small Business Regulatory Review Committee reviewing state regulations for adverse impact on small business;
- The Small Business Advisory Council to provide funding and direct assistance to small businesses, statewide;
- Export development research and opportunity creation; international trade missions;

- Foreign relations facilitation between South Carolina and international officials at all levels;
- Industry research;
- Site location assistance;
- Local product development assistance for both traditional industries;
- Trade research and development of trade opportunities;
- Financial consultation for businesses and entrepreneurs;
- Technical assistance to business and industry on recycling and recycling markets information;
- Recycling markets information;
- Emergency management information for existing businesses, supporting disaster preparation, response and recovery;
- Training and technical assistance to grant customers on project development, implementation and compliance;
- Technical assistance for applications for grants and incentives;
- Rail service;
- Lender Match-maker events designed to bring together small businesses and a variety of small business resources;
- Establishment of subcontractor outreach events in conjunction with selected Commerce announcements. This effort brings small business and local contractors together with companies that have recently announced the establishment of a new or expanding facilities in South Carolina;
- Product development assistance resulting in industrial site, industrial parks, speculative buildings, and certified site development;
- Technical assistance in the redevelopment of rural downtown business districts;
- Technical assistance in the development and sustainability of community empowerment centers;
- Training seminars for local economic development professionals;

- Educational assistance through the South Carolina Rural Summit, South Carolina Economic Development Institute and the South Carolina Advanced Symposium;

II.8 Organizational Chart

SOUTH CAROLINA DEPARTMENT OF COMMERCE



III. MALCOLM BALDRIGE PERFORMANCE EXCELLENCE STANDARDS

Category 1 – Senior Leadership, Governance, and Social Responsibility

Under the direction of Governor Haley and Secretary Hitt, the agency and its leaders have embarked on a new era that emphasizes professionalism and teamwork.

- 1.1 The Department of Commerce is a customer-focused organization and that focus starts with the Secretary of Commerce and the executive leadership team.
 - a) The Secretary and executive leaders regularly meet with business and industry clients in order to understand their concerns.
 - b) The Secretary and executive staff are personally involved in many projects. They are involved with weekly updates of each project and attend many of the business negotiations as well as public announcements.
 - c) The executive leadership works with the state’s legislative leadership to discuss issues critical to building the state’s economy including legislation and key projects.
 - d) The Executive staff meets at least quarterly with Regional Economic Development Alliances to discuss partnership and coordination for economic development in South Carolina.
 - e) Senior Leadership has identified and committed to six (6) areas where we can make an impact. These include: Branding, TDL, Workforce/Training, Aerospace, State Innovation Plan and Science and Technology Plan.
- 1.2 The agency measures success through:
 - Capital investment;
 - Job recruitment;
 - Investment by new businesses;
 - Job recruitment by new businesses;
 - Investment by existing businesses;
 - Job recruitment by existing businesses;
 - Percent of announced capital investment relative to southeastern competitors;

- Percent of announced new jobs relative to southeastern competitors;
 - Investment in rural (non-MSA) counties;
 - Job recruitment in rural (non-MSA) counties;
 - Product development; i.e., industrial park development, community technical assistance;
 - Percentage growth in value of exports;
 - Value of exports per manufacturing employee in the state;
 - Compliance with federal guidelines for grant application and administration for CDBG;
 - Injury rates on public railways.
- 1.3 Small Business and Existing Industry was established to assist South Carolina companies achieve peak performance, growing their investment and job creation capacity. Bringing together professionals who offer a wealth of experience in key areas, the department offers continuing service after the sale and a dynamic approach that helps businesses and communities prosper.
- 1.4 The Rural Development staff members assist local leaders in achieving success for their communities through Product Development, Leadership Development and Community Investment.
- 1.5 The agency has several methods of successfully collecting feedback on products, programs and services. Certainly the most effective means is through the number of companies we work with to expand or locate in South Carolina. However, there are other channels where feedback is gathered.
- The Rural Development Group maintains contact with regional, county, and municipal development organizations across the state. Establishing and maintaining excellent communication within the economic development arena is a must.
 - Agency personnel are active in the South Carolina Economic Developers' Association.
 - The Coordinating Council staff and the grant staff conduct regular training seminars around the state to ensure compliance with programs. The face-to-face contact also allows staff members to better understand and resolve issues and problems.

- The Community Development Block Grant program (CDBG) holds public hearings annually in conjunction with its Annual Action Plan and seeks public comment on its Performance Report prepared for the U.S. Dept of Housing and Urban Development. In addition, public hearings are held for each grant awarded.

- 1.6 The Department of Commerce is actively involved in the community. During the Christmas season, each division “adopts” a family in need, collecting and distributing gifts and food. The Agency also participates in American Red Cross Blood Drives, Harvest Hope Food drives, and several other charitable activities.

Category 2 – Strategic Planning

- 2.1 The Agency has recognized the value of building the state’s economy around the interdependent industries and businesses that constitute economic sectors as its primary objective.
- 2.2 Each division has developed measurable goals that enhance accountability and good stewardship of taxpayer’s dollars.
- 2.3 The Department has developed a unique marketing and communications strategy involving a comprehensive approach to market the benefits of doing business in South Carolina. Exposure will be gained through search engine optimization, search engine marketing, social media, traditional advertising in industry publications and participation in trade shows. This marketing plan will help tell South Carolina's business story and create an opportunity to communicate with prospective investors why South Carolina is an ideal location for their business.

Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 11-12 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures*
II.A Business Development	Increase investment and job creation throughout South Carolina.	Increase investment and job creation throughout South Carolina.	7.1
II.C Rural Development	Increase the quality of the "economic product" in South Carolina through workforce development, community development and general aviation development.	Assist in the development of new and upgraded infrastructure in 10 communities. Design, develop, and implement an improved site certification process. Initiate the process of product development for 10 communities.	7.2
II.B International Trade	Increase the value of exports from South Carolina businesses.	Help SC companies make direct sales abroad. Build governmental and business relationships between SC and other countries. Raise SC companies awareness of benefits to expanding in the global market place. Conduct at least 4 Trade Missions.	7.3
II.B Small Business and Existing Industry	Develop a strategy that recognizes the strengths of the State's existing, small and emerging industries and builds on the opportunities those strengths present.	Match startup or existing businesses to resources that will take them to the next step in their business growth. Support minority and women owned businesses. Produce a Small Business Resource Guide.	7.3
II.E1& II.E2 Grants and Incentives	Increase investment and job creation throughout South Carolina.	Create new jobs and investment with the disbursement of funds to economic development projects.	7.4
II.D Research	Provide data and strategy for industrial recruitment to South Carolina. Author research reports and policy briefs relevant to economic development.	Respond to project RFPs on a timely basis with accurate data. Create economic outlook and policy reports. Develop economic models and strategic plans to promote economic development in the state.	7.6
II.D Marketing and Communications	Implement a targeted marketing strategy to promote new investment and job creation and grow industry sectors	To develop a marketing and communications plan with divisional specific activities that is in line with Agency goals. To work with media on press events, announcements and opeds as necessary.	7.7

Category 3 – Customer and Market Focus

- 3.1 One of the key components of Agency culture is the concept that our ultimate customers are the people of South Carolina. Industrial prospects and bringing new jobs to the people of the state remain the core function of the agency, but under the leadership of the Governor and the Secretary, there is a fundamental change in recognizing that the people of the state are our ultimate customers to whom we are accountable.

While the people of the state are the Agency’s ultimate customers, the Agency has a number of other customers. The diversity of the Agency is reflected in the diversity of customers and stakeholders it serves.

- Businesses making location decisions;
- Existing, emerging and small businesses, and industries;
- Companies needing export, recycling, and finance resource assistance;
- State and local governments;
- Communities;
- State Ports Authority and its customers wishing to ship cargo by rail; and

- 3.2 The Department of Commerce is eager to assist constituents and prospective investors. The agency’s leadership is accessible and assistance is readily available through Commerce’s various divisions. Information is also available through the agency’s website, webinars, seminars, presentations and through various other means.

The agency closely monitors the website analytics to identify traffic patterns and make necessary adjustments, ensuring we reach targeted audiences and maximize the investment.

- 3.3 The Small Business Development Office serves as a direct link to the state’s small business community, connecting entrepreneurs and business owners with resource information and technical assistance – including: business start-up, finance, product and market development, workforce development, and regulatory assistance.

Small Business and Existing Industry has partnered with a number of state and federal agencies and organizations to produce a dynamic series of Lender Match-maker conferences, focused on increased financing options for small

business. Partners include the Federal Reserve, SC Bankers Association, Credit Union League, the Small Business Development Center, SBA, USDA, and SC Commerce.

- 3.4 The BuySC program is managed by Small Business and Existing Industry, and serves to connect South Carolina businesses with other new and expanding South Carolina companies, e.g. Boeing, Tognum, Nephron, Continental and others matching buyer and supplier needs with SC products and services. Commerce is very involved in the Salute to Small Business, another joint ally matchmaker effort that provided small businesses with multiple opportunities to meet with larger procurement entities, from BMW to Ft. Jackson.
- 3.5 The Recycling Market Development Team works with businesses, industry, government and other organizations to provide technical and economic development assistance to foster a thriving recycling markets, companies and sustainable business development in South Carolina.
- 3.6 When customers indicate a shortcoming in product and/or infrastructure, staff is responsible for relaying that information to communities so they may improve their ability to capitalize on future opportunities.
- 3.7 The Department of Commerce is a sales, marketing, and product development organization and, the building of strong relationships with customers and stakeholders is essential to our success. Project managers deal one on one with their clients in order to ensure continuity throughout the sales process. This enables them to develop in-depth knowledge of the client's needs, which translates into pertinent information in a timely manner from the Marketing and Research Divisions.

The Agency works with individual communities in much the same manner. A single point of contact is appointed for each community to continually assess their needs and to inform them of important changes. They are also well positioned to act as a catalyst for changes that need to take place. Finally, a new mandate for the project managers is to visit communities in order to improve relationships and build consensus essential to moving the State's economy forward.

- 3.8 The Department of Commerce prepared and disseminated an electronic agency annual report to local economic developers, regional development alliances, the General Assembly, Councils of Government, and other economic development allies. The report contained project updates, agency activities, year-end numbers and agency accomplishments. The goal of the annual report is to keep Commerce's allies better informed of agency accomplishments.

- 3.9 The Department of Commerce collaborates with other state entities. The CDBG program works with the State Housing Authority to assist non-profit customers to understand the unique needs of their separate customers.
- 3.10 The Research Division works diligently to support all departments and divisions throughout the Agency to achieve their goals. This is accomplished through fielding information requests from other departments and divisions in a timely manner as well as implementing long-term investigative projects. Research also supports the efforts of individuals and businesses seeking economic information, particularly labor market and employment information. Research maintains databases and Web sites which provide data and information to support Commerce's economic allies, as well as assist in the recruitment and expansion of businesses in the state. Finally, Research prepares strategic plans and leads initiatives to support the long-term economic development goals of the state and its regions.
- 3.11 Each week, Marketing/Communication distributes an email newsletter that highlights the week's business news that is relevant to South Carolina. The weekly e-blast, "Commerce Communications" is distributed to allies, business leaders, developers, regional alliances, local economic developers, and prospective investors. "Commerce Communications" has been a successful means to communicate the state's business activity and the agency's recruitment efforts with businesses and economic development professionals across the state.

Category 4 – Measurement, Analysis, and Knowledge Management

- 4.1 The Division of Research supports the Agency through research, analysis, and providing information. Data to support this service comes from a wide variety of sources including U.S. Census Bureau, Bureau of Labor Statistics, Bureau of Economic Analysis, and the South Carolina Department of Employment and Workforce. In addition, Research utilizes several 3rd party proprietary databases such as Hoovers, Dialog, and EMSI. Research support is used in the following manner:
 - **Requests for Information/Proposals:** Assistance to project managers in their mission to recruit industry to South Carolina constitutes the most consistent need for data and information. These proposal projects are complex, requiring analysis of data from national, state, and local levels as well as proprietary business data. Furthermore, Research proactively analyzes business growth trends and South Carolina's competitive advantages for industrial recruitment to develop prospective company leads for project managers.

- **Economic Analysis:** The Division of Research routinely produces in-depth reports on industry trends, economic impacts and labor market conditions at the request of the Secretary, other government leaders and economic development allies.
- **Support for Commerce Programs:** The Division of Research provides research and analysis support for Project Managers, Marketing & Communications, and other Commerce staff including, but not limited to, the following tasks:
 - County or state economic, demographic, or employment profiles;
 - Comparisons between other states, counties, and metropolitan regions;
 - Analysis of costs associated with doing business (electricity rates, building lease rates, tax rates, etc.);
 - Research on a specific company;
 - Capital investment information and analysis;
 - Financial analyses of companies;
 - Long-term custom research projects;
 - Requests for industry and economic data;

➤ **Industry and Occupational Analysis Reports:**

Research currently develops industry profile reports that are used in proposals and by project managers as marketing tools. They provide the most current employment, occupations, earnings, wages, output, national rankings, and detailed information which highlight South Carolina's strengths to position the state advantageously for continued capital investment.

4.2 Research manages and maintains a suite of informational tools to provide the Agency with timely data in a usable format. Elements of this suite include the following:

- **Workforce and Economic Information Database:** This database contains the most complete, current collection of local and state economic and labor market information in South Carolina. It is accessible internally for development of custom reports and data extracts for analysis.
- **Document Directory:** Available via the Agency's Web site, <http://sccommerce.com/data-resources/publications>, this site houses data and reports—created by or in conjunction with the Department—relevant to South Carolina economic development.
- **Knowledge Center:** This internal, SharePoint-based intranet tool allows Research to share and disseminate all its relevant data and information with various divisions throughout the Agency, reducing requests for

redundant data and facilitating efficiency in ensuring all Agency personnel have access to data whenever needed.

- 4.3 Quarterly reports are issued on these grant funds at the Coordinating Council for Economic Development. Senior Leadership and staff use these financial reports to determine commitment of funds, balance and pending commitments.
- 4.4 The Coordinating Council staff is constantly working on cost estimates for the Enterprise Zone incentive. These numbers are used to augment those done by the Budget & Control Board to advise legislators on budget estimates.
- 4.5 The agency website is routinely updated to ensure that relevant and desired information is provided to interested parties. The entire website was upgraded so users could better navigate the various services, information and resources available through the Department of Commerce. The agency's goal is to provide information about all the benefits of investing or growing a business in South Carolina.

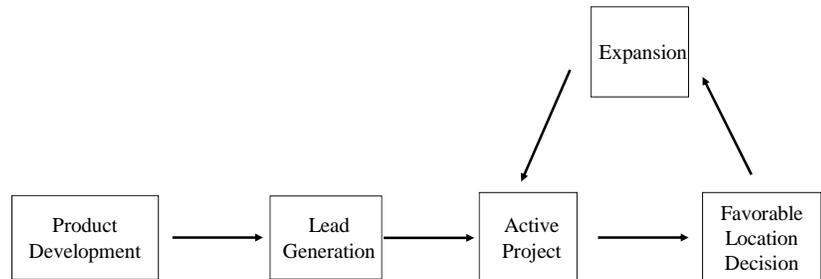
Category 5 – Work Focus

- 5.1 The Agency continues to promote training and development opportunities for employees. Funds have once again been allocated and utilized for employee training. Annual Training Objectives are identified in each employee's performance planning stage document. As new processes and business evolves, additional training is coordinated.
- 5.2 The Agency continued the Sales Incentive Plan (SIP) for project managers in the Global Business Development Division. This program is managed in conjunction with the agency Employee Performance Management System (EPMS) process.
- 5.3 A number of measures have been implemented by Human Resources to ensure a safe, positive workplace.
 - Employees receive updates to the policy manual. The manual contains all of our updated agency policies including affirmative action, harassment, discipline, and performance. Policies are also posted on the Agency's intranet. These policies are reviewed and updated as needed.
 - The Division of Public Railways has written safety procedures and guidelines and regularly performs inspections on equipment.
- 5.4 Staff coordinates activities in a wide range of community oriented fund-raising activities such as the Salvation Army, United Way, Community Health Charities, Harvest Hope, and Families Helping Families.

- 5.5 The Agency continues to promote future state leaders through internship opportunities.

Category 6 – Process Management

6.1 As with any organization based on sales and marketing, the building of relationships is an integral part of the Agency’s success. This process makes the Agency’s front-line sales team the single point of contact with the client company or the company’s representatives as soon as an inquiry is identified as a viable project. This allows the project manager to begin amassing information on the company, the project, and the project’s requirements and facilitates the building of personal relationships with decision makers. This chart outlines the “life cycle” of a project:



- 1) A lead is received from a company, consulting firm, or one of our economic development allies.
- 2) The project is screened by the Global Business Development Division Director to determine its viability. Once it is determined to be a viable project, a project manager is assigned who will act as the constant point of contact for the client company. It is the project manager’s responsibility to establish personal contact with the client.
- 3) The project manager determines the parameters of the project and the information needs. These are then relayed to the Research Department and/or local development allies. Once the data is gathered, it is then funneled to the customer. As the project matures, communities and states are eliminated, and additional information is required from both the state and community until a favorable location decision is made.
- 4) The Research Department gathers all data to support the project managers in converting a lead into a win (a business choosing South Carolina as its

location target or facilitating an expansion). The Research Department supports the project managers in amassing information on the company, the project, and the project's requirements. The Research Department completes Requests for Information and Requests for Proposal from project managers and gathers all information from the respective counties and local development allies. This includes gathering data on buildings and sites, permitting, infrastructure, workforce and quality of life issues, amongst other factors. The Research Department manages the proposal process, conversing with local economic allies as well as consultants, allowing the project managers to continue to focus on building the personal relationship with the target business.

- 5) Project managers review all information before dissemination to the client company.
- 6) After the decision is made and a facility becomes operational, the Existing Business Department establishes contact to monitor the progress of the facility and offer advice and help should problems arise.
- 7) Assuming the facility operates successfully and profitably it will expand within the first five years of operation at which time a project manager from Global Business Development Division will be assigned to facilitate the process.
- 8) A quality workforce plays a vital role in businesses locating, expanding, and remaining competitive. Utilization of workforce services and resources provides for on-going identification, assessment, and training of current and prospective employees to meet business needs.

The process has remained virtually unchanged for the last ten years with one major exception – the time it takes for the process to run its course has become compressed. What used to take years now frequently only takes months and sometimes even weeks. In order to meet the increased time demands of clients, the Agency utilizes technology whenever possible to reduce turn-around time.

- 6.2 Project managers maintain contact with customers regularly in order to stay abreast of new developments and to ensure information needs are met. As the project “matures” and moves toward a final decision, contacts intensify and the Agency’s senior leadership may be briefed daily.
- 6.3 Each of the other divisions is tasked with supporting the front-line sales team. Each uses the latest technology available to maximize their outcomes.
- 6.4 The Department of Commerce builds alliances with key economic developers in each county. These alliances consist of those members of the State’s economic development community that are crucial to the success of the State’s

economic development efforts. They also consist of the local development offices, state and local government entities, and private companies that have a stake in the economic success of the state. These relationships with our partners are nurtured in a number of ways.

- The Rural Development staff is tasked with maintaining constant contact with each of the state's 46 counties. Where possible, counties are provided with technical support and planning expertise in an effort to improve the county's competitiveness through the development and improvement of industrial sites, industrial parks, and speculative buildings. The Division further supports product development with grants from the Rural Infrastructure Fund.
- Rural Development is also charged with the responsibility of coordinating and overseeing the South Carolina Advanced Symposium and the South Carolina Economic Development Institute. Both programs represent quality economic development training programs for the practitioner as well as those needing an overview of the profession.
- The South Carolina Coordinating Council for Economic Development further supports product development with grants for infrastructure.
- Interaction with state agencies such as DHEC, the Department of Revenue, and the Center for Advanced Technology Training, currently known as Ready SC™, and the State Ports Authority is encouraged early in the process so they can gain a better understanding of the customer's operation and minimize impact of potential problems on the final location decision.
- Consultants who represent companies making location decisions are contacted to make sure the Agency is meeting their needs.

6.5 Marketing and Communications works closely with Global Business Development to facilitate the project announcement process from the generation of the memorandum to communicating the information to the Governor's office to facilitating a public announcement with the investor. The Communications coordinator works closely with the company, as well as county and alliance developers to generate and distribute press releases as appropriate.

6.6 A yearly Marketing/Communications plan is generated with input from each Division director to successfully employ tactics that will achieve the established goals of the Agency while working to ensure cost effectiveness and maximum returns.

6.7 CDBG grants are awarded to units of local government and maintain a close contact with community developers and officials in customer communities.

The CDBG Program is represented on the Board of the South Carolina Community Development Association, which coordinates community development professionals and promotes cooperative exchange of techniques and ideas. The CDBG Program also works closely with the ten regional councils of governments to ensure effective project implementation on the state's local and regional levels.

- 6.8 The Agency's effort to provide grant funds to the most effective community development projects is enhanced by the objective project selection process used by the CDBG Program. The CDBG Program administered two competitive grant funding rounds, Community Investment and Infrastructure. Projects submitted in these programs were evaluated against objective scoring criteria that were established by staff with customer input and approved by HUD. The CDBG staff applies an extensive scoring methodology to determine those grants that are most likely to achieve the desired results.
- 6.9 Requests for grants associated with economic development projects are handled in much the same way as banks handle loans. Project managers bring requests to the Coordinating Council for Economic Development, who looks at the worthiness of the project and then allocate an amount of funds as well as determine the most appropriate source of funds.
- 6.10 The Enterprise Zone staff works closely with the staff of the Department of Revenue and participating companies to monitor the Enterprise Zone program to ensure that only those companies meeting their job creation commitments receive incentives. Quarterly and annual reports are submitted and checked for compliance.

Category 7 – Results

Job Recruitment (both Foreign and Domestic) into South Carolina continues to be strong. The Agency's hard work led the way in the southeast again in 2011 with firms creating 20,013 new jobs in South Carolina.

The following are some of the results in 2011.

7.1 GLOBAL BUSINESS DEVELOPMENT

In 2011, Commerce assisted with the expansion or location of 149 firms announcing the recruitment of 20,013 jobs and investment of \$5.1 billion in South Carolina. (Note: Commerce does not include utility, hospitals, power plant and military capital investments in its numbers.)

- The State's rural areas accounted for 4,504 new jobs recruited and \$379 million in capital investments. This represents 22.5% of job recruitment and

7.4% of capital investments statewide where 21.3% of the State's workforce resides.

- Fifty-eight firms new to South Carolina announced the creation of 10,890 jobs and capital investment totaling \$1.73 billion. New firms represented roughly 54% of announced jobs and 34% of announced investment.
- Manufacturing continues to be the leading sector for investment (92%) and job creation (66%).
- The Automotive sector was the leading industry sector for both capital investment (\$2.7 billion) and job creation (4,692 new jobs).
- The leading source nations for international investment were Japan (42.2% of all foreign investment) and Germany (27.4%). The leading international job creators were firms from Germany (35.3%) and Canada (22.0 %).

New and Existing Firms

In 2011, the Agency assisted with 91 existing industry expansions, which announced the creation of 9,123 new jobs (46% of total job creation) and \$3.4 billion in investment (66% of total investment). New industries accounted for 39% of total projects, 54% of total new jobs and 34% of total investment.

2011 Capital Investment Activity						
By New and Existing Firms						
	Capital Investment		Jobs		Firms	
Existing	\$3,376,716,674	66%	9,123	46%	91	61%
New	\$1,729,650,112	34%	10,890	54%	58	39%
Grand Total	\$5,106,366,786	100%	20,013	100%	149	100%

Sector Analysis

The Agency continues to focus on creating and sustaining major industry sectors. The sectors making the largest capital investment in 2011 were the Automotive Industry with \$2.7 billion and Medical/Pharmaceutical with \$344 million. The Automotive sector led the way in job creation with 4,692 jobs, followed by the Finance and Insurance Sector. South Carolina continues to play a major role in the automotive industry, and specifically the tire industry in 2011, with the expansion or addition of companies like Bridgestone Americas Tire Operations, Continental Tire, Michelin, and BMW.

Besides growth in the automotive sectors, the Agency also attracted industries such as Alternative Energy, Finance, Information Services, Textiles and Warehousing and Distribution. Some of the top companies in these industries included Nexans, Ross Stores, Amazon.com, Nephron Pharmaceuticals, Certus Bank and TD Bank.

2011 Capital Investment Activity						
By Sector						
<i>(In Alphabetical Order)</i>						
Sector	Capital Investment		Jobs		Firms	
Advanced Materials	\$25,000,000	0.49%	40	0.20%	1	0.67%
Aerospace & Aviation	\$101,500,000	1.99%	887	4.43%	8	5.37%
Alternative Energy	\$93,000,000	1.82%	298	1.49%	5	3.36%
Automotive	\$2,729,755,096	53.46%	4,692	23.44%	31	20.81%
Building Products	\$518,500	0.01%	30	0.15%	1	0.67%
Chemicals	\$111,232,378	2.18%	488	2.44%	11	7.38%
Customer Service Center	\$11,550,000	0.23%	937	4.68%	3	2.01%
Electronics	\$362,000	0.01%	29	0.14%	1	0.67%
Finance and Insurance	\$41,990,000	0.82%	2,284	11.41%	6	4.03%
Food Processing	\$281,640,000	5.52%	1021	5.10%	4	2.68%
General Manufacturing	\$144,121,271	2.82%	1070	5.35%	11	7.38%
High Tech Manufacturing	\$166,166,000	3.25%	932	4.66%	8	5.37%
Information Services	\$6,930,000	0.14%	339	1.69%	4	2.68%
Marine	\$2,000,000	0.04%	30	0.15%	1	0.67%
Medical	\$344,370,000	6.74%	994	4.97%	5	3.36%
Metal Fabrication	\$95,928,600	1.88%	370	1.85%	9	6.04%
Non Metallic Mineral Manufacturing	\$255,000,000	4.99%	220	1.10%	3	2.01%
Paper Products	\$127,750,000	2.50%	196	0.98%	7	4.70%
Plastics	\$198,800,000	3.89%	870	4.35%	10	6.71%
Recycling	\$60,000,000	1.18%	270	1.35%	4	2.68%
Textiles	\$53,545,941	1.05%	1,700	8.49%	6	4.03%
Warehousing & Distribution	\$229,700,000	4.50%	1,859	9.29%	6	4.03%
Wood Products	\$25,507,000	0.50%	457	2.28%	4	2.68%
Grand Total	\$5,106,366,786	100.00%	20,013	100.00%	149	100.00%

International Investment

Direct foreign investment in South Carolina continued to be strong in 2011. The Agency recruited investment from 62 international firms, which produced \$3.7 billion announced investment and 9,269 announced new jobs. Japanese firms led the way in capital investment, accounting for 42% of the total international capital investment. German-owned companies accounted for 35% of jobs created by international companies with 3,267 jobs.

2011 Capital Investment Activity by Country						
<i>(In Alphabetical Order)</i>						
Country	Capital Investment		Jobs		Firms	
Canada	\$43,400,000	1.17%	2,042	22.03%	6	9.68%
China	\$85,079,978	2.30%	160	1.73%	2	3.23%
Denmark	\$11,320,000	0.31%	40	0.43%	1	1.61%
Egypt	\$150,000	0.00%	120	1.29%	1	1.61%
France	\$579,350,000	15.64%	610	6.58%	6	9.68%
Germany	\$1,014,010,500	27.37%	3,267	35.25%	20	32.26%
India	\$4,250,000	0.11%	750	8.09%	1	1.61%
Italy	\$24,200,000	0.65%	80	0.86%	2	3.23%
Japan	\$1,561,840,000	42.16%	1,068	11.52%	7	11.29%
Lebanon	\$12,000,000	0.32%	60	0.65%	1	1.61%
Norway	\$7,300,000	0.20%	300	3.24%	1	1.61%
Spain	\$63,026,000	1.70%	118	1.27%	3	4.84%
Sweden	\$65,000,000	1.75%	29	0.31%	2	3.23%
Thailand	\$70,000,000	1.89%	0	0.00%	1	1.61%
The Netherlands	\$5,707,000	0.15%	111	1.20%	2	3.23%
UAE	\$5,800,000	0.16%	50	0.54%	1	1.61%
United Kingdom	\$152,300,000	4.11%	464	5.01%	5	8.06%
Grand Total	\$3,704,733,478	100%	9,269	100%	62	100%

County Capital Investment Data

During 2011, Commerce recruited \$380 million in capital investment and 4,504 jobs from 37 firms to rural areas of South Carolina or areas that are not part of a metropolitan statistical area (MSA). Recruitment to rural South Carolina or areas not part of an MSA accounted for roughly 7.4% of capital investment and 22.5% of job creation where 21.3% of the State’s workforce resides.

2011 Capital Investment Activity By Rural and Urban Areas						
	Capital Investment		Jobs		Firms	
Rural	\$379,532,812	7%	4,504	23%	37	25%
Urban	\$4,726,833,974	93%	15,509	77%	112	75%
Grand Total	\$5,106,366,786	100%	20,013	100%	149	100%

7.2 RURAL DEVELOPMENT

The merging of two divisions proved to be a milestone for the agency in FY 2011. Business Services was brought under the Community & Rural Planning and Development banner and a new division was formed, Small Business and Rural Development. This merger has not only proven to have been successful but has also allowed the agency to expand his services and outreach.

Rural Development continues its mission to improve the quality and competitiveness of South Carolina communities through programming focused on community product and leadership development. The Division works closely with local leaders to create opportunities for greater investment, job creation, and leadership potential.

Division staff members work with local leaders to develop economic development “product,” such as speculative buildings and industrial sites and parks to ensure that communities have available properties for investors and job creators to select from. In addition, they provide leadership, direction and guidance to communities and counties regarding developmental structure, strategic planning, and community outreach.

Our site certification continues to gain momentum as more property owners, counties and municipalities see its value. This creative program placed South Carolina at the forefront for site certification.

Product Development

Product Type	Number completed	Number in Progress
Speculative Buildings	2	2
Industrial Parks	41	2
Certified Sites	59	16

An inventory of both industrial sites and industrial parks is a must if South Carolina is going to be competitive in the industrial marketplace. Although the economic climate slowed the construction of new industrial parks and speculative buildings, certified sites have become the primary focus of product development. A complete overhaul of the

existing sites database was executed and data continues to be refined. Roll-out of the new program is expected in early to mid FY 2013.

Community Revitalization

Community development efforts continue through improvements that will not only attract pedestrian traffic and business activity to downtown areas but also address blighted areas and distressed buildings.

Completion of the Allendale County Learning Center, a dual use facility that houses both the Allendale County Library and Quick Jobs Center, was a major development. The Center reclaimed a distressed building in the center of Allendale and created an excellent learning facility for the residents.

A burned out building in the center of Blackville was hindering the community in its attempt to lure a new manufacturing company to town. With a great deal of support, we were able to purchase and remove the building. The site is now the location of a park and the town has a new employer.

The cities of Bishopville and Union continue the implementation of the Enterprise Community Program, a pilot program introduced to revitalize a downtown building for attraction of a specific type of business missing from the current local economy. To date, each community has secured a building and efforts continue to implement their respective plans.

Leadership Development

An important component of the Rural Development program is focused on timely and up-to-date economic development education for local leadership. Through partnerships with South Carolina economic development allies, educational opportunities provide local leaders the tools to strengthen their decision making in their local community.

Annually, division staff plans and implements four educational opportunities. For the 22nd year, the division successfully designed and implemented the South Carolina Rural Summit and The South Carolina Economic Development Institute (meets two days each quarter). For economic development professionals, division staff designs, develops and oversees the Economic Developers' Workshop as well as the South Carolina Economic Developers' Advanced Symposium (meets two days each quarter).

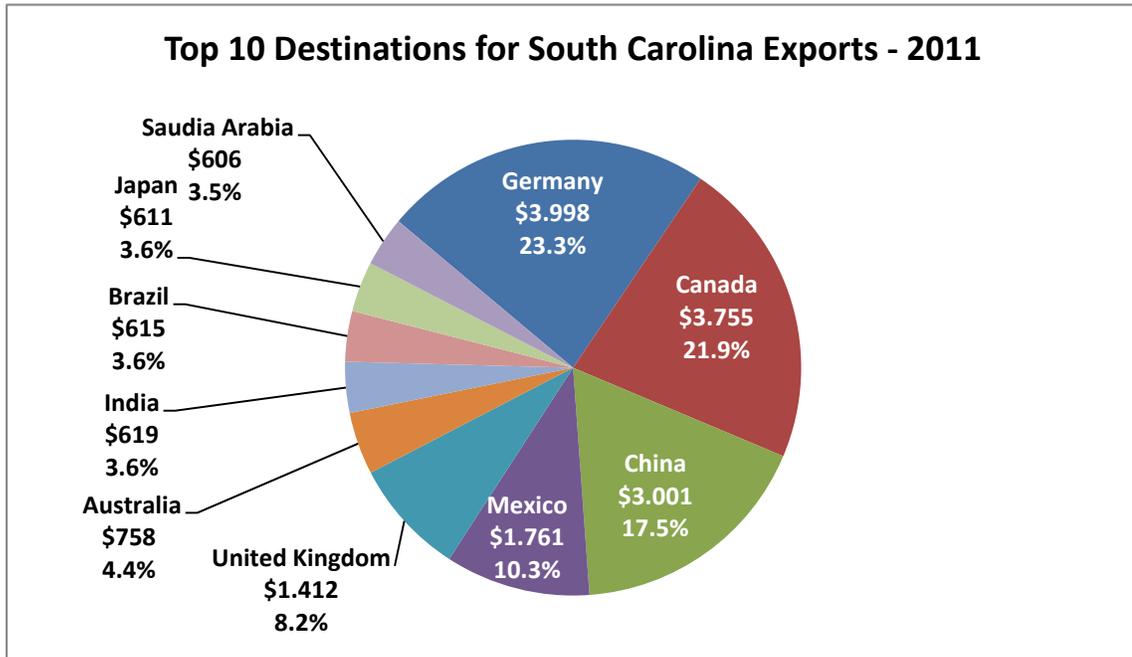
Program Type	Number of Attendees	Number of Graduates	Program Rating
South Carolina Rural Summit	178	N/A	4.6 (5 pt. scale)
South Carolina Economic Development Institute	72	51	3.8 (4 pt. scale)
Economic Developer's Workshop	29	N/A	4.10 (5 pt. scale)
South Carolina Economic Developers' Advanced Symposium	18	12	3.8 (4.0 scale)

7.3 INTERNATIONAL TRADE, SMALL BUSINESS, AND EXISTING BUSINESS

Export Development

Globalization plays a critical role in the future of successful businesses. Companies engaged in international business are more stable, achieve higher growth rates, and pay higher wages. Exports are vital to the state's economic health as well. The benefits of exporting extend beyond the obvious advantage of profit earnings, helping diversify a company's markets and helping them gain a competitive edge through global exposure to new technology, new ideas and competition. In fact, South Carolina was the 17th largest exporter among the 50 states in 2011 and 9th in exports per capita.

In 2011, South Carolina companies exported \$24.7 billion worth of products to 198 countries. The state's largest export destination last year was Canada, which received exports of just under \$4.0 billion. This was nearly 16% of South Carolina's total 2010 exports.



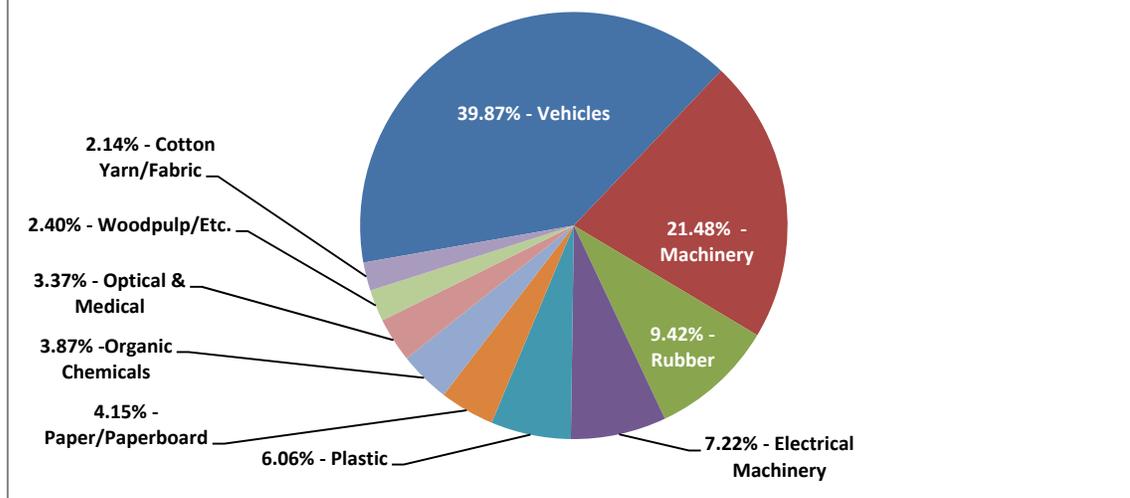
Source: U.S Department of Commerce

South Carolina's leading manufactured exports are vehicles, which alone accounted for \$8.0 billion or 52% of South Carolina's total export shipments in 2011. Other top manufactured exports last year were Machinery, Rubber, Plastic, Electrical Machinery, Paper and Organic Chemicals.

South Carolina's 2011 Exports also revealed that:

- Export number represent a 21.4% increase over 2010 totals, which ranked the state 9th in US in 2011 for export growth.
- The top three export markets were Germany (\$4 billion), Canada (\$3.7 billion) and China (\$3.0 billion). China is followed by Mexiso, the United Kingdom, Australia, India, Brazil, Japan and Saudi Arabia.
- In 2011 South Carolina ranked number one among U.S. states and territories in the export of tires and automobiles.
- South Carolina is the second largest exporting state or U.S. territory to Germany.

Top 10 South Carolina Export Sectors - 2011



Source: U.S. Department of Commerce

Commerce's export development team provided support to medium-sized and smaller companies wanting to expand and participate in overseas markets. Typical client companies tend to be mostly small businesses, with occasional support to larger manufacturers. During the year the team provided international trade related assistance to South Carolina businesses, large and small, helping them better compete in the global economy by identifying new markets and sales opportunities through international trade events and one-on-one counseling. Delegations were organized and led to the annual Southeast U.S.-Canadian Provinces Alliance Conference in New Brunswick, Canada where Business to Business (B2B) matchmaking meetings took place. The State continued its series of country focused export seminars which continued to be well-attended by the business community. Additionally, program staff co-organized export workshops through the year and around the state.

Small Business Development Office

- Created the Small Business Advisory Council to help focus state level efforts to support Small Business growth and development. The Council includes the SBA, SBDC, USDA, SCMEP, Michelin Development Corp, and SC Commerce
- Number of small business inquiries addressed: 390
- Ninth Annual Salute to Small Business held (Commerce supporting): over 200 attendees, with 35 purchasing representatives
- The Small Business Regulatory Review Committee reviewed all 90 proposed regulations for 2011-12. Filed one complaint on a Workers Comp regulations, that regulation request later withdrawn

- Coordinated three Lender Match-maker sessions for small businesses, involving 450 businesses, lenders and finance resource allies
- Working with announced new companies and expansions, assisted in producing four Sub-contractor Outreach Events (for Nephron, Bridgestone, Michelin and Continental). Over 100 to 200 subcontractors attended each event and over 900 people attended all four events total
- A special Small Business Resource section was included in Commerce Magazine, with 500 copies being distributed at various business functions
- A new small business network page was created for the Commerce website, www.SCBizNetwork.com. This page features a Resource Finder, Q&A feature, calendar and other direct resource connections for the business community
- There were 31,191 hits to the small business or SCBizNetwork website in 2011-2012
- Small Business and Existing Industry staff made 32 speeches and panel presentations, and 33 presentations to economic development allies

Existing Business

- Made 20 company site visits. Working on Bridgestone account, assisting with company contact calls for SEUS Japan (fall 2012), assisting with existing industry inquiries.
- All 46 counties were served.
- Number of counties participating in SC Industry Appreciation Week and Ambassadors awards: 46
- Number of people directly involved in SCIAW/Ambassadors events: over 1,500
- News stories (print) generated: over 6 across the state
- Coordinates Emergency Support Function (ESF) 24 – Business and Industry, 10 public sector allies, and 23 private sector companies signed on as ESF 24 partners, to operate cooperatively in the event of a natural disaster or emergency

Recycling Market Development

The Recycling Market Development (RMD) Department staff works to increase the recovery of recyclable materials as feedstock for the recycling manufacturing sector. By recovering materials that would otherwise go to the landfill and using recycling as a smart material management strategy, growth in the SC economy takes place through new investment and job creation. In CY 2011, the recycling industry announced \$333 million in capital investment with the creation of 803 new jobs representing 15 new or existing companies.

South Carolina's recycling rate of municipal solid waste increased 2.2% to 27.7% an all-time high. This may account for the fact that the number of recycling businesses now in the SC Recycling Directory have increased by 21%, from 175 to 211.

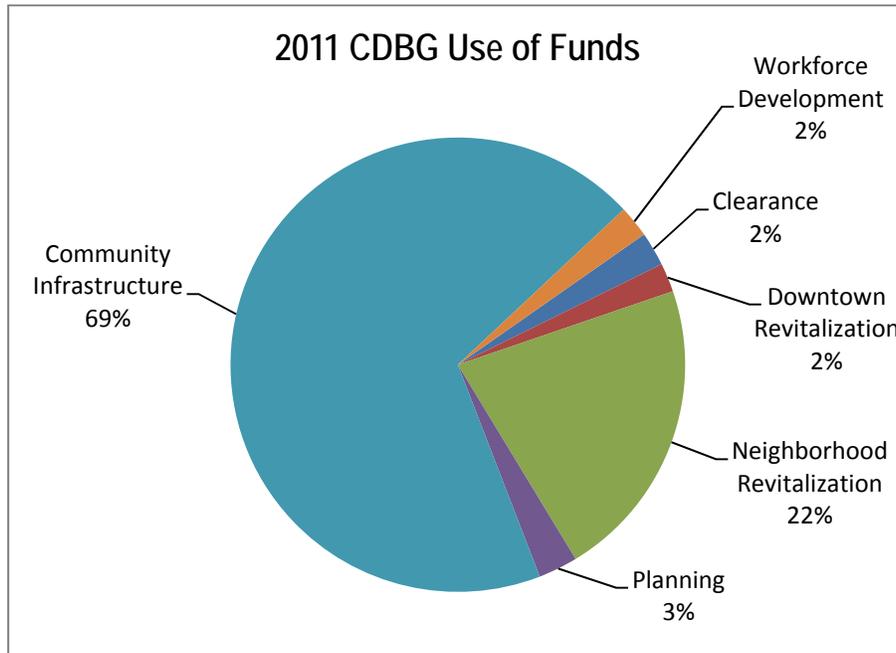
7.4 GRANTS ADMINISTRATION

Community Development Block Grant Program

In 2011, the CDBG Program awarded \$24.5 million for 72 projects in 59 different rural communities around the state, further improving South Carolina's business climate and quality of life. Over 53,000 citizens will benefit from:

- Better living conditions for residents of 39 rural communities as a result of new or upgraded public infrastructure and facilities.
- Safer, more viable and sustainable neighborhoods as a result of revitalization projects or planning in 16 communities.
- Improved economic competitiveness for residents of 6 rural communities as a result of expansion of an existing industry that will create 15 new jobs, elimination of obstacles to economic competitiveness, revitalization of commercial centers and new workforce resources as a result of new or expanded libraries.

Residents of 44 counties will also benefit from increased statewide and local planning and coordination.



Appalachian Regional Commission Program

As a federal-state partnership, the Appalachian Regional Commission (ARC) provides social and economic support for a 13-state region stretching along the Appalachian Mountains from southern New York to northern Mississippi. In South Carolina, ARC supports economic development activities in Anderson, Cherokee, Greenville, Oconee, Pickens and Spartanburg counties.

In 2011, the State’s priorities for funding were a competitive economy, workforce development, and infrastructure. More than \$2.4 million was awarded for eight projects that support these priorities.

ARC Category	Amount
Community Infrastructure	\$875,000
Economic Development	\$800,000
Workforce Development	\$750,000
Downtown Redevelopment	\$10,000
TOTAL	\$2,435,000

Job Development Credit Program

The Job Development Credit (JDC) Program is a discretionary incentive implemented in 1996 to reward companies for creating new jobs and investing in South Carolina, especially in less-developed areas. The JDC acts like a rebate, refunding some or all of a company's qualifying and eligible capital expenditures. The JDC is performance-based; a company must perform in a manner consistent with the level of job creation and new capital investment on which the approval was based before it can benefit from the program.

In 2011, a total of 67 projects representing over 12,500 new jobs and \$4.3 billion in new capital investment were approved for Enterprise Zone benefits.

County Designation	Total Projects Approved	Total Jobs	Total Investment
Tier 1	32	5,523	2,311,630,010
Tier 2	19	3,140	1,342,574,847
Tier 3	9	1,783	479,438,126
Tier 4	7	2,070	202,663,941
TOTAL	67	12,516	4,336,306,924

Enterprise Zone Retraining Credit Program

The Enterprise Zone Retraining Credit Program helps existing industries maintain their competitive edge and retain their existing workforce by allowing them to claim a Retraining Credit for existing production employees. If approved for the Enterprise Zone Retraining Credit, companies can reimburse themselves up to 50% of approved training costs for eligible production workers (not to exceed \$500 per person per year).

In 2011, eighteen retraining applications were approved, enabling the participating companies to retrain an estimated 7,100 employees over a five-year period.

Coordinating Council for Economic Development

The Economic Development Set-Aside Fund is the Coordinating Council's primary business development tool for assisting local governments with road, water/sewer infrastructure or site improvements related to business location or expansion.

The Rural Infrastructure Fund is used mainly to assist local governments in the state's rural areas with economic development preparation through a variety of activities, but funds may also be used for buildings, site or infrastructure improvements related product development to business location or expansion.

The Closing Fund, which was created in 2006, is used to assist when additional funding is necessary to recruit or retain within the state high impact economic development projects.

In 2011, \$73.1 million in Business Development Assistance was awarded to local governments in 31 counties for water, sewer, roads, land acquisition, site preparation, building acquisition or improvements (RIF and Closing Fund only), or other assistance necessary to facilitate business expansions or locations (RIF and Closing Fund only). The related businesses will create over 8,200 new jobs and over \$3.2 billion in new capital investment. During the year, an additional \$15.3 million was committed to undecided projects which, if won, would create an additional 7,300 jobs and \$1.8 billion in investment.

A total of \$2.65 million was awarded to thirteen counties designated as Tier 2 though 4 for projects aimed at product development, including certified sites, public infrastructure improvement, and workforce development. Each of these activities will help improve the ability of communities in the state’s most rural counties to grow or attract new jobs and capital investment.

The amounts below only include new grant awards during 2011 and do not include committed funds or amendments or adjustments to any previously approved grant funds.

2011 Coordinating Council Business Development Grants and Related Jobs and Investment			
County Tier	Total Awards	New Jobs	New Capital Investment
Tier 1	\$29,900,000	3,513	\$2,033,187,044
Tier 2	\$4,115,000	1,457	\$203,106,271
Tier 3	\$36,421,500	2,512	\$829,320,057
Tier 4	\$2,700,000	778	\$170,251,597
Total	\$73,136,500	8,260	\$3,235,864,969

2011 Business Development Grants						
County	County Tier	Scope of Work	Funding Source	Grant Amount	Projected New Jobs	Projected Investment
Aiken	1	Multiple site prep, infrastructure, roads	Setaside	150,000	24	34,298,000
Aiken	1	Site Prep	Setaside	500,000	30	135,000,000
Aiken	1	Water/Sewer	Setaside	2,500,000	295	165,000,000
Aiken	1	Site Prep	Setaside	150,000	25	5,500,000
Aiken	1	Multiple site prep, infrastructure, roads	Setaside	12,500,000	377	800,000,000
Anderson	2	Site Prep	Setaside	1,500,000	14	45,000,000
Anderson	2	Building	Closing Fund	100,000	11	11,500,000
Bamberg	4	Building	RIF	1,500,000	159	14,000,000

County	County Tier	Scope of Work	Funding Source	Grant Amount	Projected New Jobs	Projected Investment
Barnwell	4	Multiple site prep, infrastructure, roads	RIF	375,000	200	140,000,000
Barnwell	4	Building	RIF	100,000	20	1,900,000
Barnwell	4	Building	RIF	200,000	212	5,250,000
Barnwell	4	Relocation	RIF	50,000	120	400,000
Berkeley	1	Site Prep	Setaside	1,600,000	200	80,000,000
Charleston	1	Multiple site prep, infrastructure, roads	Setaside	50,000	12	37,000,000
Cherokee	3	Building	RIF	50,000	20	1,463,200
Chesterfield	4	Building	RIF	25,000	13	201,597
Darlington	3	Rail	RIF	200,000	30	7,275,000
Darlington	3	Building	RIF	25,000	20	283,000
Dorchester	1	Site Prep	Setaside	2,000,000	100	200,000,000
Dorchester	1	Building	Closing Fund	100,000	75	5,200,000
Florence	1	Building	Setaside	2,500,000	360	40,000,000
Florence	1	Roads	Setaside	350,000	200	35,000,000
Georgetown	2	Rail	Setaside	100,000	30	15,000,000
Greenville	1	Water/Sewer	Setaside	100,000	89	3,900,000
Greenville	1	Building	Closing Fund	1,000,000	600	56,000,000
Greenville	1	Building	Closing Fund	100,000	70	12,000,000
Greenwood	3	Building	RIF	50,000	39	2,000,000
Greenwood	3	Building	RIF	100,000	50	12,000,000
Hampton	3	Site Prep	Setaside	100,000	25	3,600,000
Hampton	3	Rail	RIF	150,000	15	800,000
Hampton	3	Building	RIF	21,500	21	650,000
Horry	2	Building	Closing Fund	-	44	3,450,000
Horry	2	Building	Closing Fund	100,000	150	1,000,000
Jasper	2	Building	Setaside	200,000	100	5,345,271
Lancaster	4	Relocation	RIF	100,000	30	3,500,000
Laurens	3	Roads	Setaside	500,000	300	80,000,000
Laurens	3	Acquisition	RIF	400,000	100	67,165,000
Lexington	1	Site Preparation	Closing Fund	4,500,000	600	313,458,044
Lexington	1	Relocation	Closing Fund	50,000	56	1,196,000
Oconee	2	Water/Sewer	Setaside	40,000	5	1,750,000
Oconee	2	Relocation	Closing Fund	100,000	75	4,000,000
Orangeburg	3	Rail	RIF	500,000	50	8,406,000
Orangeburg	3	Building	RIF	2,000,000	250	34,200,000
Pickens	2	Site Preparation	Closing Fund	200,000	93	5,140,000
Pickens	2	Building	Closing Fund	150,000	300	5,856,000
Richland	1	Building	Setaside	250,000	150	2,000,000
Richland	1	Site Prep	Setaside	1,500,000	250	107,635,000
Spartanburg	2	Multiple site prep, infrastructure, roads	Setaside	150,000	150	22,350,000

County	County Tier	Scope of Work	Funding Source	Grant Amount	Projected New Jobs	Projected Investment
Spartanburg	2	Site Prep	Setaside	75,000	30	7,500,000
Spartanburg	2	Roads	Setaside	750,000	375	55,490,000
Sumter	3	Site Prep	Closing Fund	31,000,000	1,358	540,000,000
Sumter	3	Building	Closing Fund	150,000	33	1,551,857
Union	3	Building	RIF	675,000	101	19,000,000
Union	3	Roads	RIF	500,000	100	50,926,000
Williamsburg	4	Rail	RIF	350,000	24	5,000,000
York	2	Water/Sewer	Setaside	200,000	10	2,725,000
York	2	Building	Setaside	350,000	60	15,000,000
York	2	Relocation	Closing Fund	100,000	10	2,000,000
TOTALS				\$73,136,500	8260	\$3,235,864,969

7.5 ADMINISTRATION

The Division of Administration’s primary focus is on the support that it provides to the entire agency on a day to day basis and to operate the agency as cost efficiently as possible. The Division continues to ensure that all state laws, rules and regulations are followed. Annual audits show Commerce to be in good standing.

7.6 RESEARCH

The Division of Research provides timely, accurate data, information, and research to support the mission of the Department of Commerce in attracting industry and investment to South Carolina; in maintaining and disseminating industry, economic, and labor market information; in integrating workforce and economic development functions; and in recommending policies to promote overall state economic growth. The division is structured according to three primary, overlapping functions:

1. **Business Intelligence**
Define internal and external data needs; utilize IT to effectively maintain, disseminate, and utilize data for effective economic development.
2. **Industry Research and Recruitment**
Research, implement, and proactively recommend strategies for successful industry recruitment that furthers economic growth and standard of living in South Carolina.
3. **Workforce and Economic Development Strategic Planning and Analysis**
Perform economic research to guide policies that foster statewide economic growth.

Activity Report for July 2011 - June 2012

- Prepared 368 proposals and requests for information for companies considering South Carolina for investment and job creation.
- Created and disseminated monthly economic outlook reports and various economic analysis reports to monitor the health of the state's economy and community.
- Implemented data mining and analytical reporting software to facilitate sharing of up-to-date labor market and economic information.
- Created the automated capital investment reports and county profile reports, which are accessible to anyone online and provide counties, metropolitan statistical areas, and workforce investment areas up-to-date labor market and economic data specific to their regions. Received State Notable Document award for online reports.
- Created a series of industry analysis reports and fact sheets to support the global business development mission. Responded to an average of 42 requests per month for information and analyses from internal and external sources.

7.7 MARKETING AND COMMUNICATIONS

- Wrote and disseminated over 165 press releases promoting new investment, job creation and other accomplishments related to Commerce activities.
- Promoted new investments through several groundbreaking and announcement ceremonies, such as Nephron, Continental, Bridgestone, Au'some Candies, Michelin and many more.
- Won several national awards, such as Trade and Industry Development Magazine - Corporate Investment & Community Impact (CiCi) Awards for Continental Tire the Americas and Bridgestone Americas, Area Development Magazine - Gold Shovel Award Winner, Business Facilities Magazine – earned a Silver Award in 2011 Development Deal of the Year for Continental Tire the Americas and placed in 5 categories , Site Selection Magazine – ranked 5th in 2011 for “Top State Business Climates” and chose Continental Tire the Americas as one of its Top Deals of 2011.
- Attended and promoted South Carolina at approximately 35 trade shows and conferences including: SEUS-Canada, Carolina Recycling Associations (CRA) Annual Conference, South Carolina Rural Summit, Workforce Development Symposium, SAE World Congress, BIO 2010, Roundtable in the South, North American Auto Show and Canadian Manufacturing Week.

- Developed a new South Carolina Aerospace Industry video for promotional purposes that not only focuses on South Carolina's aerospace industry, but also quality workforce, market access and other high tech industries.
- Developed an Agency Business Services brochure, Aerospace brochure, Renewable Energy brochure and 2011 Activity Report.
- Commerce's online advertising generated more traffic to the agency website with over 76% of all traffic to the site coming from search engines. More than 295,000 unique visitors went to the website throughout the year.