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Annual accountability report - 2002-2003

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SOUTH CAROLINA
DEPARTMENT OF COMMERCE
2002-2003 ACCOUNTABILITY REPORT



TEAM SOUTH CAROLINA
We perform. You win.

Agency: South Carolina Department of Commerce

Submitted: September 23, 2003

Agency Director: Secretary of Commerce Robert Faith

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I. EXECUTIVE SUMMARY

I.1 Mission & Values

Mission

The South Carolina Department of Commerce is the economic development and industrial recruiting arm of the state. Each of the Department's fifteen divisions is focused, directly or indirectly, on bringing new capital investment and new jobs into the state.

Agency mission statement:

To improve the economic well being of all South Carolinians in a manner that supports and enhances a high quality of life.

It is our vision that South Carolina's economy will grow and diversify, providing South Carolinians of all ages and skill levels an opportunity to maximize their talents and abilities.

Agency value statement:

DOC 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 Strategic Goals

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

- 1) Develop a strategy that recognizes the strengths of the state's existing industries and builds on the opportunities those strengths present.
- 2) Implement a targeted marketing strategy for high-growth industries built around industry clusters identified in our strategic plan.
- 3) Increase investment and job creation in rural South Carolina.
- 4) Increase the quality of the "economic product" in South Carolina through leadership development and the creation of industrial parks.
- 5) Increase the value of exports from South Carolina businesses.

In addition to these six strategic goals central to our core function, the Division of Administration also has measurable goals that reflect the effectiveness of their support functions.

I.3 Opportunities and Barriers

National Economy – The slowdown in the nation’s economy, particularly in the manufacturing sector, continued to heavily impact the Department’s ability to provide new opportunities for South Carolinians. Hundreds of thousands of manufacturing jobs were lost nationwide in 2002 and 2003. While economists forecast better times in the second half of 2003, a tremendous amount of capacity remains on the production floors of the country’s manufacturers.

As the economy begins to revitalize, new opportunities will present themselves. Plant closures have made skilled labor available and provide an inventory of useable industrial buildings.

Reorganization – Under the leadership of Secretary Faith, the agency went through an extensive reorganization that allows the agency to focus on its core mission – improving the quality of life for South Carolinians.

Strategic Plan – The Department is in the process of developing a comprehensive strategic plan for economic development. The Monitor Group from Boston has been retained to work with staff to facilitate the planning process. A steering committee of business and education leaders from around the state has been meeting to discuss key issues that drive the state’s economy as well as our competitive position.

State Economy – The state’s economy reflects national trends with the loss of 14,000 manufacturing jobs between June 2002 and June 2003. Non-durable production, primarily in the textile industry, continues to struggle with 6,700 jobs lost. In July Springs Industries announced it would shut down facilities in York and Lancaster Counties.

Comprehensive Marketing Strategy – In conjunction with the strategic plan, the Department is preparing to launch a new era in marketing the state. While the state will continue to promote its ability to provide businesses a low cost manufacturing platform, the new strategy will focus on the quality of life the state offers to quality businesses.

I.4 Major Achievements

Reorganization – The agency’s reorganization reduced the agency’s budget, allowing it to focus on core activities. The reorganization decreased the number of operating divisions from thirteen to four and allowed the agency to eliminate \$2 million from its operating budget.

International Investment - For the ninth consecutive year, South Carolina’s capital investment from internationally based companies exceeded \$1 billion, while 4,936 new jobs were created from these sources.

Product Development - The Division of Community and Rural Development continues to take steps to ensure that every rural county in the state has an up-to-date Strategic Plan for Economic Development. To date, 21 of 23 counties have completed plans that have been adopted by their respective county councils. Another county has completed the planning process, and is awaiting council action. Only one county is without a plan.

Rural Development - The state's rural areas accounted for 8,093 new jobs created, up 25% from last year's total. This represents 38% of all job creation in South Carolina in 2002. Capital investment for rural areas was \$1.2 billion, representing 26.8% of all 2002 capital investment.

SECTION II BUSINESS OVERVIEW

II.1 Average Employment

FTE (Permanent) Employees	107
Temporary Employees	7
European Office	3 (1FTE and 2 contract)
Tokyo Office	1 (contract)
<u>Division of Public Railways</u>	<u>37 (20 non union)</u>
Total	155

II.2 Operations Locations

Main Office	1201 Main St., Suite 1700, Columbia, SC
Aeronautics Division	Columbia Metropolitan Airport
SC Public Railways Division	540 East Bay St., Charleston, SC
European Office	Munich, Germany

II.3 Expenditures/Appropriations Chart

Base Budget Expenditures and Appropriations

Major Budget Expenditures	FY2001-2002 Actual Expenditures		FY2002-2003 Actual Expenditures		FY2003-2004 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
	Personnel Service	7,911,508.32	6,098,247.34	7,366,593.63	5,630,296.63	6,516,537.00
Other Operating	6,012,121.26	4,497,694.68	5,274,751.69	4,315,908.49	6,614,725.00	3,849,589.00
Special Items	6,007,366.80	469,699.33	4,188,060.11	522,893.25	2,246,000.00	746,000.00
Permanent Imp	11,034,871.62					
Allocations	63,495,340.44	12,500.00	83,537,743.85	100,000.00	87,445,000.00	
Fringe Benefits	2,120,332.02	1,570,266.59	1,897,864.43	1,457,439.26	1,695,944.00	1,375,644.00
Non-Recurring	2,126,872.41	2,126,872.41	79,072.04	43,353.57		
Total	98,708,412.87	14,775,280.35	102,344,085.75	12,069,891.20	104,518,206.00	11,068,206.00

Other Expenditures

Source of Funds	FY02 Actual Expenditures	FY03 Actual Expenditures
Supplemental Bills	3,500,000.00	3,000,000.00
Capital Reserve Funds	83,654.36	35,718.47
Total	3,583,654.36	3,035,718.47

II.4 Key Customers

The Department of Commerce's mission is to create wealth 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 industries within the state;
- c) National and international businesses making a location decision;
- d) Site selection consultants;

- e) Communities seeking jobs and investment; and,
- f) Government leaders of the state.

Other customers and their Department suppliers include:

Rail carriers	Division of Public Railways
State Ports Authority and its users	Division of Public Railways
Film, television, and print producers	State Film Office
Users of State and Federal grants	Coordinating Council for Economic Development
The citizens, leaders, and economic development allies of Abbeville County	Savannah Valley Development
Citizens of Savannah Lakes Region	Savannah Valley Development

II.5 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, the Center for Advanced Technology Training, the State Ports Authority, etc.;
- g) Utilities, contractors, financial institutions, and other economic development allies.
- 4) Property owners; and,
- 5) National and international businesses and site location consultants.

Other suppliers and their Department of Commerce customers include:

FAA	State Aeronautics Division
Airport contractors and consultants	State Aeronautics Division
South Carolina Film Crews	State Film Office
Production Studios	State Film Office
Railroad vendors	Public Railways Division
General Assembly	Coordinating Council for Economic Development & CDBG
Federal Government	Coordinating Council for Economic Development & CDBG

II.5 Major Products and Services

Products

- Customized publications outlining South Carolina's advantages for businesses and consultants making a site location decision.
- Business research publications
- Directories that list companies by product and location, including contact information, product descriptions and employment
- TeamSC.com, the agency website
- State and Federal grants for housing, airport development and economic development
- Strategic plans for communities
- Rail service

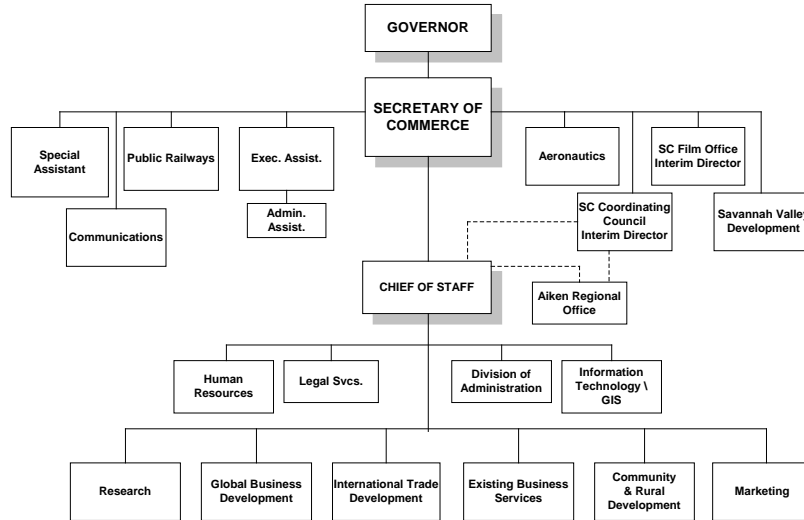
Services

- Marketing and sales representation
- Existing industry information and issue resolution
- Assistance to employees laid off due to economic downturn.
- Industry research
- Site location assistance
- Strategic planning facilitation
- Local product development assistance for both traditional and film industries
- Trade research and development of trade opportunities
- Film industry development, promotion and education
- Film location scouting assistance
- Airport development funding and assistance
- Rail service
- Coordination of financial and contract issues for Lake Russell Project

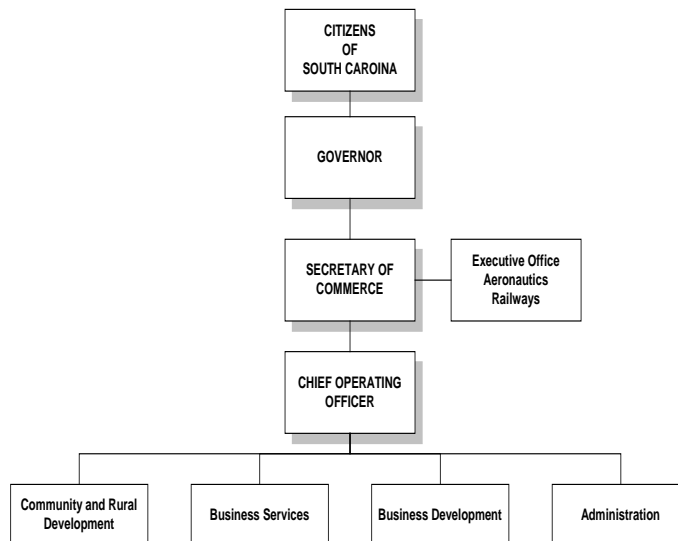
II.6 Organizational Chart

In the Spring and Summer of 2003, the Department of Commerce underwent a major reorganization process. As the following organizational charts show, the net result is a flatter, more flexible organization prepared to meet the challenges of the new economy.

Previous Organization



New Organization



III. MALCOLM BALDRIDGE PERFORMANCE EXCELLENCE STANDARDS

Category 1 - Leadership

1.a – f The leadership of the Department of Commerce has undergone a complete reorganization, supported by the majority of the agency’s economic development allies. Only four of the agency’s previous division directors remain in the positions they occupied a year ago.

Under the direction of Governor Sanford and Secretary Faith, the agency and its new leaders have embarked on a new era of “servitude” that emphasizes professionalism and teamwork. Symbolic of the Secretary’s commitment to these new values was a meeting of the agency’s senior leadership, led by the Secretary, during which a new Mission Statement and the agency’s first Value Statement were developed.

New Department of Commerce Value Statement

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

The values reflected in the statement are being reinforced in the agency through an internal marketing strategy. The strategy, *Commerce, Inc.*, is designed to create a new agency culture akin to the private sector. Featured in the campaign are regular agency-wide communications from the Secretary, “stocks” and shareholder meetings, and, signs urging employees to challenge their assumptions and think differently in order to solve persistent problems.

The Business Development division has developed a set of operating or guiding principals that directs employees to:

- Care about what you do;
- Be committed; and,
- Do the right thing.

1.2. The Department of Commerce is a customer-focused organization and that focus starts with the Secretary of Commerce.

- a) Throughout the spring, the Secretary held regional meetings to learn more about the needs of the various counties in the state. Various members of the agency’s leadership participated in these day long meetings.

- b) The Secretary regularly adjusts his calendar to meet with business and industry clients in order to understand their concerns. A businessman himself, Secretary Faith understands business and sets a tone for the agency and the entire state.
- c) The Secretary is personally involved in many projects. He has chosen to participate in a shadowing program with agency project managers. In this way he can monitor the entire sales process.
- d) The Secretary meets regularly with the state's legislative leadership to discuss issues critical to building the state's economy including legislation and key projects.

1.3 Developing new measurements is a critical element of the new strategic plan. Until these are developed and implemented, the agency will continue to measure success through:

- Capital Investment;
- Job Creation;
- Investment by new businesses;
- Job creation by new businesses;
- Investment by existing businesses;
- Job creation 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 Creation in rural (non-MSA) counties;
- Total announced technology-based jobs;
- 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;

- Injury rates on public railways.

1.4 The Secretary has implemented a new reporting system that provides him a “dashboard” to quickly and efficiently assess the success of the various operating divisions on key bets and strategic initiatives.

1.5 The Department has several methods of successfully collecting feedback on products, programs and services. Certainly the most effective means is the number of companies that we work with to expand or locate in South Carolina. However, there are other channels where feedback is gathered.

- The Community Development Division maintains contact with local development organizations across the state.
- Agency personnel are active in the South Carolina Economic Developers’ Association and all committees.
- The Coordinating Council staff and the grant staff conduct regular training seminars around the state to insure compliance with programs. The face to face contact also allows staff members to better understand and resolve issues and problems.

1.6 The new, flatter organizational structure has eliminated layers of management, thus allowing senior leadership direct contact with employees.

1.7 The Department of Commerce is a high profile state agency, and, as such, is actively involved in the community. Each year Department personnel, including the Secretary and division directors, man the Salvation Army collection post at the corner of Lady and Main Streets in downtown Columbia for two hours a day for two weeks between Thanksgiving and Christmas. During the Christmas season each division “adopts” a family in need, collecting and distributing gifts and food.

Category 2 – Strategic Planning

2.1 Statewide

The Secretary has formed a partnership with key economic develop groups from around the state to fund and conduct a strategic plan for economic development. The plan is being facilitated and staffed by Harvard University Professor Michael Porter’s Monitor Group. The plan, which will focus on economic “clusters” is still being developed and should be ready to move into the implementation stage in the fall. In order to accurately assess the state’s competitive position in the market place, the Monitor Group is:

- Doing extensive research using secondary sources to identify the state’s economic strengths and weaknesses;
- Interviewing hundreds of key stakeholders around the state; and,

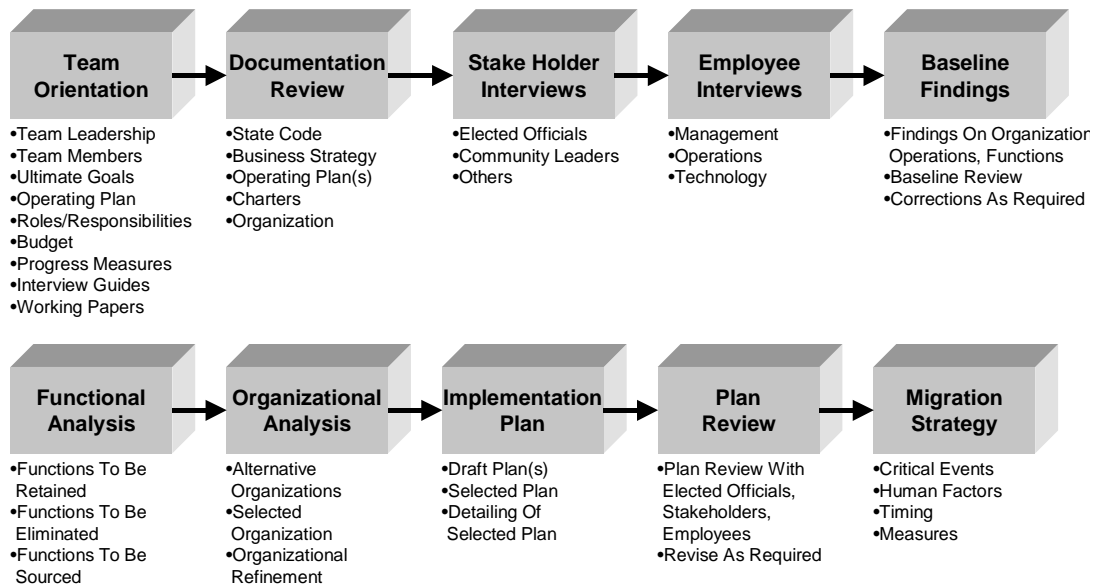
- Facilitating meetings of a steering committee of key business and education leaders.

Internally

The Rensselaerville Institute has been retained to help agency directors map a future for the agency. This process is marked by:

- Interviews by senior leadership of all employees;
- Interviews by senior leadership of key stakeholders;
- A day and a half retreat;
- A road map consisting of measureables and a timeline to move the agency forward, and,
- Prototypes for new processes and products.

In addition, while the reorganization was not, in itself, a strategic planning process, it was a process marked by the participation of internal personnel identified as the future leaders of the agency. The following chart outlines, step by step, the reorganization process.



2.2 Each division is working with the Secretary to develop measureable “key bets” and longer range strategic initiatives that will move the department towards successful implementation of the new strategic plan.

- 2.3** The flatter organization allows each division director to communicate their respective division's and the agency's strategic goals directly to their employees through personnel evaluations and direct, face to face, interactions.
- 2.4** The "new" agency has recognized building the value of building the state's economy around the interdependent industries and businesses that constitute economic clusters as its primary objective.

Category 3 – Customer Focus

- 3.1** One of the key components of agency culture is the concept that our ultimate customers are the people of South Carolina. In previous administrations, industrial prospects were the ultimate customers. Industrial prospects and bringing new jobs to the people of the state remains 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 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 including film and television producers
 - Existing businesses and industries
 - Companies needing export assistance
 - State and local governments
 - Communities
 - State government employees seeking to use state aircraft
 - South Carolina's public airports
 - State Ports Authority and its customers wishing to ship cargo by rail
 - CSX and Norfolk Southern Railways
- 3.2** Under Secretary Faith, the Department of Commerce is much more accessible and the leadership much more available for comment from customers and stakeholders. Secretary Faith is the first computer literate Secretary of Commerce and as such uses technology to make himself available for input on process and strategic initiatives.

Additionally, Secretary Faith sought input from knowledgeable stakeholders from around the state during the process that led to the agency's reorganization. His

regional meetings with state and local leaders have developed open dialogue and provided him with valuable feedback on processes and issues.

The Information Technology Division constantly monitors our internet site to identify which areas of the site are “hit” most often and by whom. Funds have been set aside to develop a new web page to reflect these findings.

- 3.3** As mentioned above, a crucial part of the reorganization process was feedback obtained from internal and external stakeholders. As the resulting new processes evolve, senior leadership has been tasked with monitoring their effectiveness and efficiency.
- 3.4** Ours is a very customer oriented business, therefore 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.
- 3.5** The Department of Commerce is a sales, marketing, and product development organization and, as such, 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 insure 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 Agency’s Research Division.

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 to visit communities on their own in order to improve relationships and build the consensus essential to moving the state’s economy successfully into the knowledge age.

Category 4 – Information and Analysis

- 4.1** Since the reorganization at the end of July, each of the agency’s key operating divisions have scheduled a retreat to develop new processes and measureables. Additional measures will be developed at the year-end assessment and future mapping retreat in November.
- 4.2** Each fall the Department annually asks companies across the state to complete its Capital Investment Survey. Findings from this survey are cross-checked with newspaper articles and follow-up phone calls. New procedures for tracking division budgets and financial procedures have also been implemented.
- 4.3** The agency only loosely used data and data analysis in the past. Under Secretary Faith a new emphasis is being placed on key initiatives and how the agency as a

whole is tracking toward the successful accomplishments of those key initiatives. The Secretary has implemented a “dashboard” for each division that will allow him to quickly determine each division’s effectiveness.

- 4.4** Much of the data that has driven the agency is collected internally with very little comparison to anything but past years.

Category 5 – Human Resources

- 5.1** The agency has implemented a pilot program in place that has allowed the sales team to receive financial incentives for outstanding performance. The bonus plan has bred resentment between both the Department’s statewide ally network and internal support units. Under Secretary Faith this performance based incentive has been suspended for further review. The Secretary has publicly proposed the plan be spread agency-wide and granted on a division-by-division basis.

Following the reorganization, an internal communication project was launched. The message extolled the virtue of *Commerce, Inc.*, and empowered employees to think and act independently.

- 5.2** A key challenge facing managers in the realigned Department of Commerce is the need to identify and implement training for new functions and new processes. As a result of the substantial reduction in administrative and support staff, many employees need training on basic computer skills. As new processes evolve, additional training needs will emerge. In recognition of these needs, for the first time in three years, funds have been set allocated for employee training.

- 5.3** The agency’s EPMS system is based on annual reviews with quarterly verbal reviews and evaluations. The reorganization has brought about many changes in job descriptions. Quarterly evaluations are informal and designed to identify changes in priorities or problem areas where expectations of high performance are not being met. Informal feedback is an on-going process. Inadequate performance is addressed immediately in a private counseling session with the employee.

- 5.4** Other than exit interviews, there is no formal process to measure employee satisfaction. Annual formal personnel evaluations and informal quarterly evaluations and review provide employees the opportunity to discuss their needs with their supervisors.

- 5.6** A number of measures have been implemented by Human Resources to insure a safe, positive workplace.

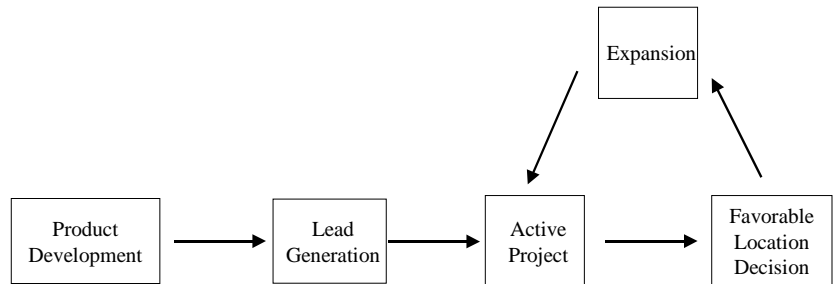
- A new security system has been put in place that limits access to the main Department floors.

- Written policies regarding affirmative action, harassment, discipline and performance are posted on the Department’s intra-net. When changes are made, agency-wide e-mails are sent out.
- Employees who operate heavy equipment for the Division of Public Railways or the Aeronautics Division are randomly tested for drugs and alcohol. Pilots and rail workers are also subject to physical and/ or hearing examinations as a requirement for continued employment.
- The Division of Public Railways and the Aeronautics Division have written safety procedures and guidelines and regularly perform inspections on equipment.

5.6 Staff in the Human Resources Department coordinates activities in a wide range of community oriented fund-raising activities such as the Salvation Army, Columbia Area UNCF, United Way, Community Health Charities, Central SC Habitat for Humanities and United Black Fund of the Midlands.

Category 6 – Process Management

6.1 As with any organization based on sales and marketing, the building of relationships is an integral part of our success. Our process makes the Department’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, the project’s requirements and facilitates the building of personal relationships with decision makers. During the reorganization process a key decision was made to consolidate the international, national and existing industry sales teams in one division.



The chart at right 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 Business Development Managing Directors to determine its viability. Once it is determined to be a viable project, a project manager is assigned that 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 Department's Research Division 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) After the decision is made and a facility becomes operational, the Existing Business Services Division establishes contact to monitor the progress of the facility and offer advice and help should problems arise.
- 5) Assuming the plant operates successfully and profitably it will expand within the first five years of operation at which time a project manager from Existing Business Services will be assigned to facilitate the process.

The process has remained virtually unchanged for the last ten years with major exception – the time it takes for the process to run its course has become compressed. What used to take years in the early 1990's now frequently only takes months and sometimes even weeks. In order to meet the increased time demands of clients the Department utilizes technology whenever possible to reduce turn-around time. For example:

- a) SiteScope (an application of GIS – geographic information systems) allows consultants to scan our entire database of industrial sites from their offices via the internet.
- b) Proposals for companies are frequently sent to clients by electronic mail and CD. This allows company representatives to distribute information to their team members quickly and efficiently.
- c) Customers can meet face-to-face with state and local decision leaders through the Department's teleconferencing facilities.
- d) With the reduction in staff, the project managers have been trained to a provide clients with a basic calculation of incentives.

* Please note that as the chart shows, even before the inquiry is received, the process of product development is underway through the work of the Community Development Division, Business Solutions, Division of Public Railways and the Aeronautics Division.

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 final a decision, contacts intensify and the Department’s senior leadership may be briefed daily.

With the agency’s realignment, the agency’s sales team will begin to function more like a private sector sales team. They will begin participating in marketing efforts in order to develop relationships with potential clients earlier.

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. (See 6.1 above for examples of technological innovations used to support the sales function.)

6.4 Team South Carolina consists of those members of the state’s economic development community that are crucial to the success of the state’s economic development efforts. Team South Carolina consists of the local development offices, state and local government entities, and private companies that have a stake in the economic success of the state. The relationship with Team South Carolina is nurtured in a number of ways.

- The leadership of the agency is active in the South Carolina Economic Developers’ Association, maintaining two seats on the associations Board of Directors.
- The Community Development Division is tasked with maintaining constant contact with more than half of the state’s 46 counties. These counties are provided with technical support and strategic planning expertise in order to improve product development. The Division further supports product development with grants from the Rural Infrastructure Fund.
- The South Carolina Coordinating Council further supports product development with grants for infrastructure.
- Interaction with state agencies such as DHEC, the Department of Revenue, the Center for Advanced Technology Training, and the State Ports Authority is encourage 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 that represent companies making location decisions are contacted to make sure the Department is meeting their needs.

Category 7 – Results

Charts 1 and 2 show the overall announced capital investment and announced new jobs for South Carolina from 1995 to 2002. The malaise in the national economy continued in 2002, with 20-year lows being reported by the nation's manufacturers in capacity utilization and directly affected the Department's ability to recruit new industry and entice further investment to the state.

The \$4.2 billion reported invested in South Carolina by business and industry in 2002 was the lowest amount reported in 7 years. The 20,000 new jobs reported was also the lowest number of new jobs created during the comparison period.

Chart 1

Total Announced Capital Investment

Billions of \$

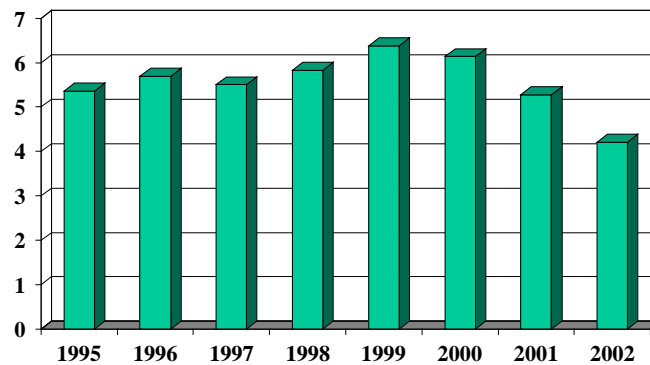
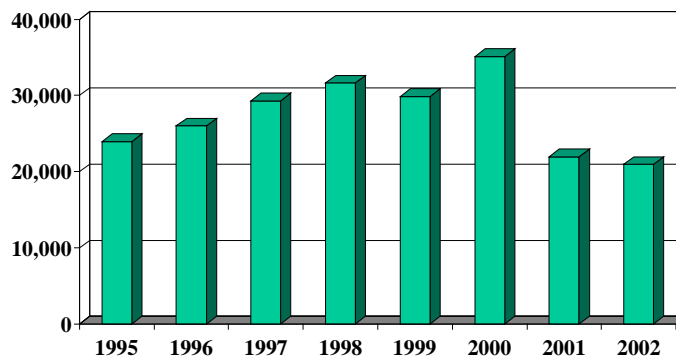


Chart 2

Total Announced New Jobs



Charts 3 and 4 also reflect the nation's slow economy, especially in the manufacturing sector. Less than half a billion dollars was reported invested by new industries in the state. This was the lowest announced capital investment by industries new to the state in more than a decade. The 20,000 announced new jobs from companies new to the state was also well below the historic norms for the state.

Chart 3

**Total Announced Capital Investment
New Industries**

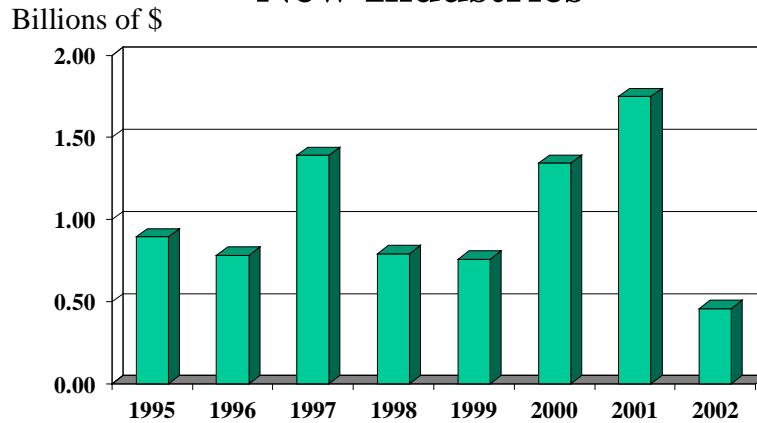
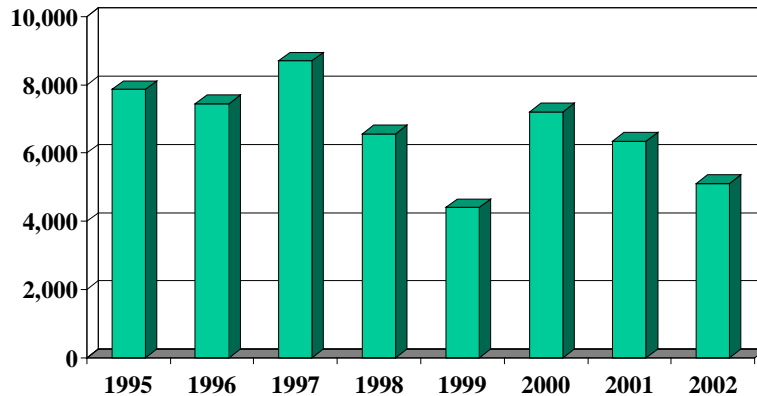


Chart 4

**Total Announced New Jobs
New Industry**



Charts 5 and 6 illustrate the success the Department had in obtaining additional investment from the state's existing industries. For the first time since the Department began keeping records, existing industries invested more than 90% of the total amount invested. Traditionally existing industry investments come from the manufacturing sector and historically a large portion of that investment comes from textiles and textile related industries. In 2002 the amount invested by the textile industry was insignificant. However, in 2002 the textile industry contracted.

Chart 5

**Total Announced Capital Investment
Existing Industries**

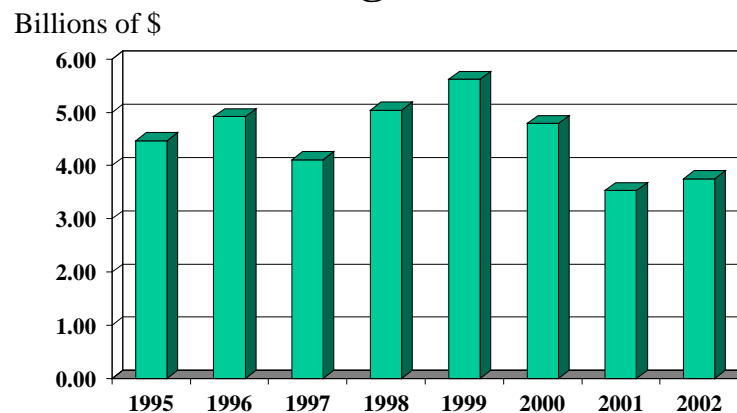
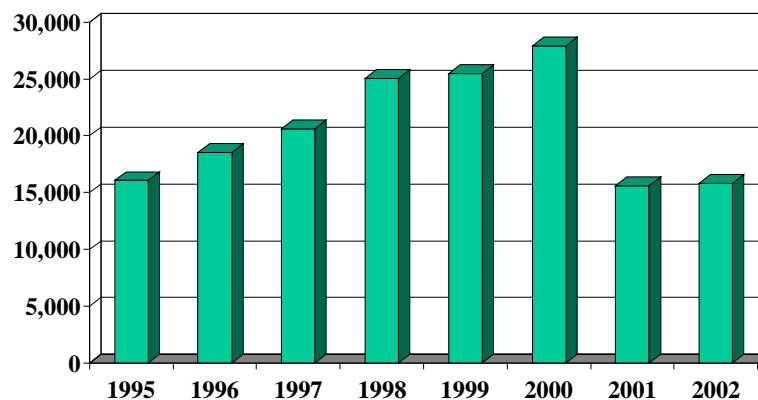


Chart 6

**Total Announced New Jobs
Existing Industry**



As is the case with all the measures that reflect the overall level of business activity in the state and nation, the announced new investment and job creation for the state's rural areas decreased from the record setting levels of the previous four years. It is worth noting however that the percentage of investment and jobs announced for the state's non-metropolitan Statistical Areas remained fairly constant at 27% compared to 30% in 2001.

Chart 7

Total Announced Capital Investment in Rural (Non-MSA Counties)

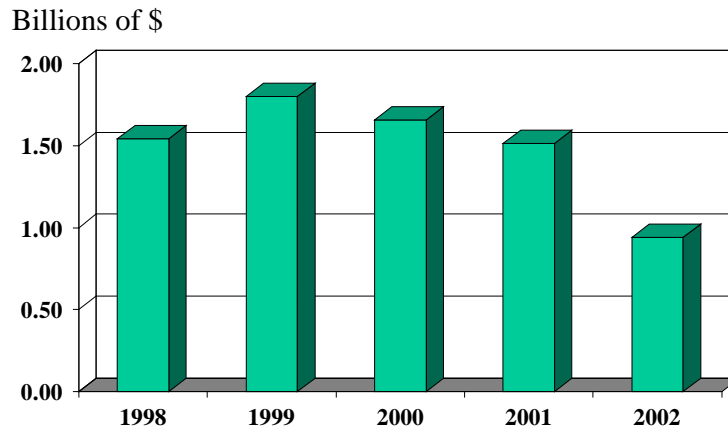
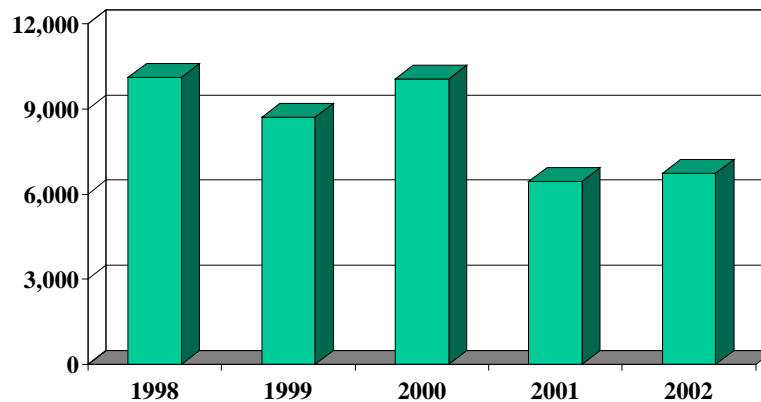


Chart 8

Total Announced New Jobs in Rural (Non-MSA Counties)



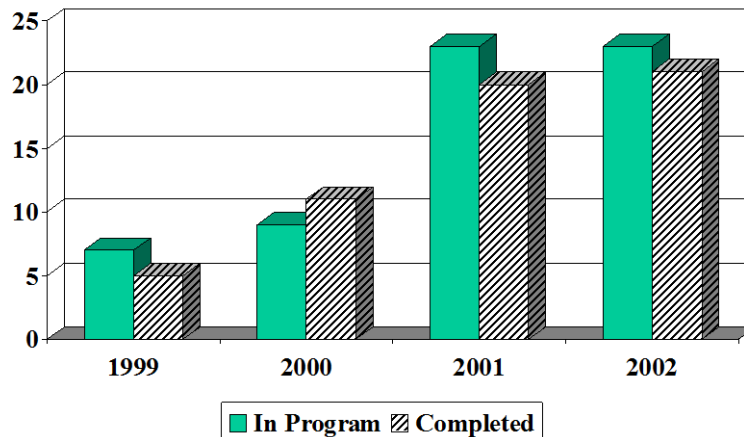
COMMUNITY AND RURAL DEVELOPMENT

Product improvement continues to be a focus for the Division of Community and Rural Development with emphasis and resources being applied to the construction of industrial parks and industrial buildings. One industrial park was completed, while five remain in the engineering or construction phases. Two speculative industrial buildings were completed and one is presently in the design phase.

The division continues to take steps to ensure that every rural county in the state has an up-to-date Strategic Plan for Economic Development. To date, 21 of 23 counties have completed plans that have been adopted by their respective county councils. Another county has completed the planning process, and is awaiting council action. Only one county is without a plan.

Chart 9

Strategic Planning in Rural Communities



INTERNATIONAL TRADE

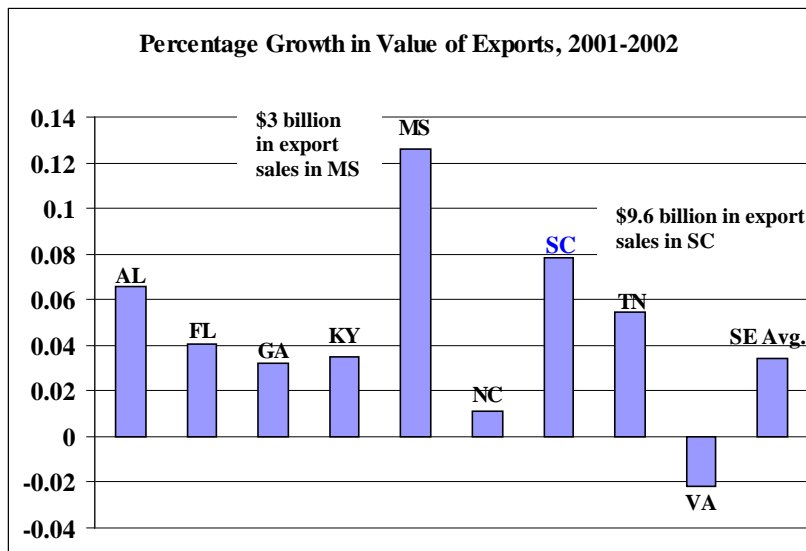
The International Trade Program cultivates, positions, and secures market commitments for state products and services. This effort infuses state businesses with world-class standards and competitive options. Through this increased exposure, state businesses not only stretch their marketplace but also expand their overall vision. Through trade shows and proactive marketing missions, customized trade lead generation, and market research, the Trade Program is working to secure new markets to buy and export products benefiting South Carolina companies.

In FY 2002-2003, the Trade Program staff fielded more than 600 requests for export assistance from South Carolina companies. From these contacts, 37 companies have participated in 12 trade shows and missions. Twenty-two of these companies have realized sales success from these trade shows. More than \$37 million in export sales can

be attributed to trade shows and missions organized by the International Trade Program. This is an average of more than \$3.1 million in sales of South Carolina products per trade show or mission.

An additional 370 companies have participated in South Carolina Department of Commerce-coordinated trade events and seminars. Companies from around the state were introduced to 110 new markets from around the world.

Chart 10



Perhaps the most telling measure of export activity is the value of exports from South Carolina businesses per capita where South Carolina has consistently led its Southeastern competitors during this decade. Like every other measure, this measure reflects the overall slow growth in the economy. The only comparison state that experienced any growth in the per capita value of exports was Alabama. Each comparison state has major port facilities.

Chart 11
Value of Exports Per Capita

