

Top Site Selection Factors: Quality of Life Still Matters

Cynthia Kincaid (November 2011)

The Top Site Selection Factor series outlines the factors that ranked high in importance by the executives responding to [Area Development's 25th Annual Corporate Survey](#). Find out why and how these factors should be evaluated in your next move...

In Area Development's Corporate Survey, quality-of-life factors are ranked separately from the other site selection factors and are generally rated lower in importance than the top site selection factors - except for "low crime rate." Low crime rate is historically ranked as the primary quality-of-life concern as borne out by the survey's 25-year history. For 2010, this quality-of-life factor achieved even greater significance, receiving an 84.6 percent importance rating, which would actually place it eighth among the overall list of site selection factors.

Additionally, one might think in this tight labor and expense-cutting environment that quality-of-life factors might take a back seat to more important issues of, say, shipping or energy costs, or finding qualified employees. But although selling a home at any cost to take a job a company might offer in a new area might seem to be the reigning sentiment, many job candidates still don't see it that way.

Quality as a Cornerstone

"Quality of life still matters, and you can't take your eye off the quality piece," says Dennis Donovan, principle at Bridgewater, New Jersey-based, Wadley, Donovan Gutshaw Consulting. "When the economy improves there will be strong competition for labor, and being in an area where a company can recruit critical talent from around the U.S. is going to be important. "You have to assume we are going to return to full labor markets," he adds. "It may be five years from now, but when you are making a location decision, you have to look five to 10 years down the road. Quality of life still has meaning in site selection." Indeed, quality of life can be the deciding factor for many companies in the final - or even beginning - stages of the site selection process. Larry Gigerich, managing director for Indianapolis based, Ginovus, LLC, emphasizes the importance that many companies are continuing to place on quality-of-life issues for their employees.

"A company is not going to make a long-term decision and pick a community that really struggles for quality of life," he says. "They don't want to make a decision and five years from now the world looks a lot different, and then they say, 'How did we end up here? We've made a real mistake because we can't recruit the talent we want.'"

In spite of the economic downturn, Gigerich still sees job hunters, especially recent college graduates and young technology workers, waiting for better jobs in more desirable locations that offer better quality-of-life amenities. "A lot of younger people still want to go to the coast or mountains, even in this tougher environment," he says.

Nonetheless, smart companies are paying particular attention to quality-

of-life issues like crime rates, transportation, and quality educational offerings. "Lower crime rates can mean lower insurance rates for companies on their plants, and good public education means you're going to have a work force with the basic skills to learn technologies," says Donovan.

Important Factors to Consider

Gigerich's clients in particular continue to place great emphasis on quality K-12 and higher education factors. "We evaluate the K-12 public and private education and higher education systems because we see it as a complete pipeline," he says. "The K through 16 pipeline that occurs over time creates a work force that develops over a specific area."

Public transportation is another factor that companies are paying attention to, both in the communities where they do business and in the communities they may decide to move or expand into. "A lot of places are having discussions about public transportation and what needs to be done, even in this economic environment," says Gigerich. "You see a lot being done with trails and conversions of old railroads into jogging and bike paths because people view those as adding to quality of life." Still, Gigerich admits that his clients who are starting to look at constructing new, or expanding existing, facilities have moved quality-of-life issues down the list. "If the economic numbers work out, and they can find the right labor force, companies are less concerned about folks objecting to a move because there may not be as many quality-of-life things they're looking for, or what they may have been accustomed to in another location," he says.

Taking a Long-Term Approach

Still, businesses that are planning to be successful over the long haul will need to take the long view and include quality-of-life factors into their growth equations. This holds especially true in the technology industry, or for companies contemplating corporate and regional headquarters moves or call center expansions, says Gigerich. "Businesses are taking a longer-term view and are not going to pick a community, from a quality-of-life standpoint, that does not have much to offer," he says. "They are not going to pick a great economic deal, but in a community that has real issues."

Ultimately, companies that want to grow and really become part of the community will need to take many things into consideration, including quality of life, labor, education, and other factors that will impact how employees live and work. "Most of the clients we work with take a long-term view and are not going to pick a location to expand a business - or locate a new facility - spend capital to hire people, and not believe they are committed long-term," says Gigerich. "There are businesses still looking at that three- to five-year business cycle that are saying, 'We need to go to a place where we feel we can operate economically, have the right labor force, and provide the kind of quality-of-life people are looking for.'"