Effort launched to attract headquarters companies

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State, local and private officials are trying to help South Financial Group sell a headquarters complex the banking company built but has decided it can't use. A question they're facing is whether companies are taking a look at Greenville as a headquarters town.

Public, private push on to fill South Financial complex

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Everyone from state Commerce Secretary Joe Taylor to Greenville Mayor Knox White has signed on to a push to fill the corporate headquarters complex along Interstate 85 that The South Financial Group built then decided not to occupy.

Taylor visited the property, and the Upstate Alliance, the regional economic development organization, showed it to site consultants and real estate brokers. There's also a Web site offering a virtual tour in case prospects can't inspect the complex in person.

Veteran site consultant Jeannette Goldsmith of Greenville said communities that expect to win the intense competition for headquarters relocations must adopt a deliberate strategy and execute it with vigor.

"Companies aren't just going to wake up one day and say, 'You know, I really think we ought to move our headquarters to South Carolina.' If that's what we're waiting on, it won't happen," she said.

She pointed to Tennessee, which spent years courting Nissan before the Japanese carmaker decided to move its North American headquarters to Nashville from Los Angeles in 2005.

Goldsmith, who represented Nissan in the move, said Tennessee first identified the best prospects among the companies that were already doing business in the state and worked to strengthen its relationships with them. Those included Nissan because of its longtime plant in Smyrna, outside of Nashville.

Tennessee's efforts also included a new incentive especially for recruiting headquarters – a credit against the corporate income tax that allows companies to recoup relocation expenses.

If South Carolina is making similar efforts, Goldsmith said she's not aware of it.

South Carolina has a different kind of tax credit aimed at headquarters, but it's "kind of confusing and not very useful," she said.

Identifying companies

Kara Borie, spokeswoman for the state Commerce Department, said the agency has been serious about recruiting headquarters for a long time. That's one reason Taylor supported Gov. Mark Sanford's plan to eliminate the state's corporate income tax, she said.

Borie said Commerce has conducted research to identify companies that might want to occupy the

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South Financial complex.

"We are excited to finally have a campus of this magnitude in the state's portfolio to present to prospects," she said.

Greenville-based South Financial, parent company of Carolina First Bank, announced plans for the three-building complex and 600 jobs in the spring of 2006 before the global economic crisis hit.

In June, South Financial said it would not be moving operations from downtown Greenville to the new complex. Instead, it's trying to sell the I-85 property in a move it hopes will result in a new corporate headquarters for Greenville.

Headquarters are considered big prizes among business recruiters not only because of the high-paying, white-collar jobs attached to them but also because of the vendors that often follow, such as advertising agencies and information technology firms.

There's also the corporate philanthropy that comes with headquarters — companies tend to be more generous to their hometowns, supporting charitable causes and the arts.

The Upstate is already home to a handful of high-profile headquarters and headquarters-like operations.

Major presences

In Greenville County, those include the headquarters of Michelin North America, Hubbell Lighting, Guardian Building Products and Bi-Lo, as well as a major campus of Fluor Corp. and the engineering headquarters for General Electric Co.'s Energy unit.

Companies that call Spartanburg home include Denny's, the restaurant chain, and Milliken & Co., the textiles and chemicals maker.

Still, Greenville doesn't have the same reputation for being a good "tier two" headquarters town as Nashville, Charlotte or Richmond, Goldsmith said.

And air service at Greenville/Spartanburg International Airport is a big disadvantage, said Goldsmith and other experts.

GSP has some of the highest fares in the country and as a result loses 55 percent of its business to Atlanta and Charlotte.

Local officials are hoping to solve the problem by recruiting Southwest Airlines, a discount carrier that would likely drive down prices if it launched service at GSP.

Janet Miller, chief economic development officer for the Nashville Area Chamber of Commerce, said the arrival of Southwest more than a decade ago was a big help in making Nashville competitive for headquarters.

Companies thinking about moving their headquarters invariably study air service as part of their planning, said Miller, who's helped recruit seven corporate headquarters to Nashville in the past five years, including vacuum maker Oreck Corp. and building products firm Louisiana Pacific Corp.

Greenville economic development consultant Sam Konduros, who's leading a volunteer effort to recruit Southwest to GSP, said companies have eliminated the Upstate as a possible site for headquarters or other operations in part because of its costly and limited air service.

"We have often ended up as a runner-up or bridesmaid, if you will," particularly to Charlotte, said Konduros, a former state business recruiter and founding president of the Upstate Alliance. That could change if Southwest comes to GSP, he said.

Interstate location

Jim Burns, South Financial's senior vice president of real estate, said the company has spent more than $85 million developing the 275,000-square-foot complex. Consisting of two office buildings with a conference center in between, the property is between The Point and Clemson University's International Center for Automotive Research.

South Financial does not have a buyer yet but has "gotten a bunch of interest, inquiries and questions and things like that," Burns said.

Meanwhile, the company is using 50,000 square feet of the office space to house about 200 employees.

Burns, who is also a member of Greenville County Council, said he would refrain voting on any incentives the county may offer to an economic development prospect interested the complex.

Experts disagreed as to how much of a magnet the South Financial property would be for a company thinking about moving its headquarters.

Goldsmith said most companies prefer designing their own headquarters buildings.

"Finding the one CEO who wanted a building just like that building — or at least close enough — is going to be a hard thing to do," she said.

However, Carroll Gray, an economic development consultant in North Carolina who formerly led the Chambers of Commerce in Greenville and Charlotte, said the property should catch the attention of executives, if nothing else.

"It is a very nice facility located with high visibility right on the interstate," said Gray, who last year developed a plan to help downtown Greenville recruit big office tenants.

"There's nothing more effective than good inventory when you're recruiting business, and that particular facility would be a tremendous asset in calling attention to the community," Gray said.