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Dell Case Study

CHALLENGE

Provide an appropriate site, workforce plan, and incentives package to persuade a major technology firm to not only locate in Oklahoma City, but also broaden and develop their initial paradigm to allow for a greater vision and mutually beneficial end result.

SOLUTION

Assemble a nimble, creative team with common goals and the ability to change focus quickly, providing a firm with not only their stated needs but the grounds and motivation for an even larger, more expansive operation.

BENEFIT

- More jobs
- Greater economic impact
- “Anchor tenant” for riverfront redevelopment
- Creation of working model for future corporate location / site selection opportunities
- Validation / continuance of Oklahoma City’s economic and cultural renaissance

INTRODUCTION

When Dell, the world’s largest computer maker, announced plans in July 2004 to open a Customer Care Center in Oklahoma City, it caught many people by surprise. But it didn’t surprise anyone who had worked behind the scenes to make it happen.

“Frankly, internally the rumor was that Tampa had landed the deal, but Oklahoma City didn’t back down -- and the pride, true loyalty and commitment of everyone that we interacted with was material,” said Brenda Hudson, Director of SMB Services for Dell Inc. Hudson served on Dell’s North American Site Assessment team and later became the first director of the Oklahoma City operation.

“This wasn’t just an economic development initiative,” she said. “This was a joining of a corporation with real people and a real community and a real sense of partnership. The excitement around what Dell could do for the community was palpable and frankly, still is.”

Landing Dell confirmed what City leaders already knew. Oklahoma City was ready for prime time and had established itself as a hot location for tech jobs. In fact, Expansion



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Management magazine named Oklahoma City the eighth hottest city for business relocation in 2005, ahead of Dallas-Fort Worth.

“The Dell brand is very strong,” said Mayor Mick Cornett, “and Oklahoma City’s brand is rising.”

Today Dell serves as a gateway to the city’s downtown core and as an anchor for the new riverfront redevelopment. As drivers head north or south on Interstate 44 across the Oklahoma River, the two buildings of Dell’s Oklahoma City campus provide a striking visual symbol of what’s possible when a leading global company creates a lasting partnership with an unprecedented team of public and private partners.

SITE SELECTION PROCESS

According to Charles Kimbrough, then business recruiter with the Oklahoma Department of Commerce, Dell was first looking at who might staff their new operation. “They asked for specific information, largely surrounding labor statistics, and made it clear the project would be workforce-driven. One of the things they wanted in that first proposal was the wage rate for their proposed positions compared to the average household income and compared to the price of a 2000 square-foot home. Their goal was to hire people at a wage that would allow them to live comfortably.”

There were several unique aspects to the Dell site selection process, including Dell’s use of an internal site selection team, the changing scope of the project and the need for a seamless and effective local planning team.

“Dell had a good team of people,” said Gary Pence, senior business development manager with the Greater Oklahoma City Chamber. “Tom Menke, then Dell’s senior project strategist, and Charles Kimbrough bonded from the start. The teams were able to work through a lot of issues with Dell because of that trust.”

It was also unusual that the scope of the Dell project changed quite dramatically over a short amount of time. Almost overnight, Dell’s plans grew from a 250-person customer care center in an old retail site to a high profile campus with a workforce of over 1,000 persons. Workforce was the driver for the change, and city and state officials had always had a bigger vision for what was possible.

“We were confident from the start because we thought we were vying for a small customer care center, and those can be placed in practically any metropolitan area,” explained Roy Williams, President and CEO of the Greater Oklahoma City Chamber. “We just made up our minds to do everything we could to help Dell understand what our City really had to offer.”



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In the end, sharing a bigger vision with Dell paid off. “Dell’s team recognized there was much more here than they initially thought and that there was potential for a different kind of business unit,” Williams said. “They figured out that we were capable of embracing just about anything they chose to do.”

In addition to the uniqueness of Dell’s in-house site selection team and the speed with which the project quickly morphed into something much bigger than anyone expected, the comprehensive team that the Greater Oklahoma City Chamber and the state of Oklahoma put together was integral to the ultimate success of the effort.

The caliber of team members, their ability to align programs and services across agencies, and their quick responses to Dell’s needs impressed Dell officials. “Oklahoma City was very creative in the negotiation phase and gave Dell every courtesy, and made it clear that the endeavor was a partnership, not just an economic development project,” said Hudson.

Once Dell officials made the decision to locate in Oklahoma City, the ramp up time was unusually short. In just two months the teams were able to hire the initial workforce and finalize the riverfront land deal with the City.

WORKFORCE

The quality of the greater Oklahoma City area workforce was a deciding factor in Dell’s site location decision. While there may have been doubters on the Dell team early on, city and state officials quickly proved that Oklahoma City could handle the employment needs of a major technology company.

So how did Oklahoma City prove to Dell officials that the region could support their employment needs?

Oklahoma City and state officials ran a blind employment ad to find out how many qualified responses they would get. People responding to the ad had to do a short online assessment and send in a resume. The results were impressive.

“At the next meeting with Dell, Richard Gilbertson, OESC director of employment services, brought in a stack of applications a foot deep and sat them on the table. ‘Here are a few prospective employees I think you will be interested in,’ he said. The visual image alone was spectacular.”

After Dell officials formally announced plans to locate in Oklahoma City in July 2004, the OESC, Career Tech and the Workforce Investment Board recruited, tested, screened, trained, and delivered applicants to Dell who were prepared and ready to go to work.



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An agreement between Dell and Oklahoma's Training for Industry Program (TIP) meant that the state paid for assessments, the training of new employees and top-notch classroom space, furnishings and equipment.

Dell began operations in Oklahoma City from a temporary location in the Hertz Financial Center in September 2004. At that time, according to Kimbrough, Dell was still looking at two different communities in Oklahoma for their permanent location.

"Oklahoma City put together a proposal that was incubated out of Cathy O'Connor's office that simply blew Dell away," Kimbrough said. "It was one of the most clever and creative proposals I have ever seen."

O'Connor was Oklahoma City's lead negotiator on the Dell project. She proposed the site along the Oklahoma River and explained that if Dell chose a site in a blighted area they could receive more incentives. Oklahoma City had already offered \$2 million in incentives for one location, but Dell could qualify for at least \$2 million more if they chose the River site.

Dell was also looking at Oklahoma City's quality of life. "Without our knowledge, one of Dell's top officials brought his entire family to Oklahoma City for Memorial Day Weekend to find out what living in Oklahoma City was like," Kimbrough said. That informal, behind-the-scenes visit had a positive impact on Dell's decision. One month later they announced plans to build their own facility on an approximately 55-acre site on the Oklahoma River.

By July 2005 Dell announced expansion of employment and a second building at its Oklahoma facility. Just a year after choosing Oklahoma City for its sixth customer care center, Dell expanded its work force twice and began building two 120,000 square foot offices along the Oklahoma River to house at least 1,000 employees each. Karen Quintos, then vice president and general manager of Dell Americas Contact Centers said, "The quality of the area work force made the decision to expand our operation an easy one. We have exceeded our performance expectations here for our customers since taking our fist call in September 2004."

SITE AND INCENTIVES

When Dell decided to search for a larger site, the Greater Oklahoma City Chamber used a sophisticated, web-based, Geographic Information System (GIS) called The Oklahoma City Economic Development Information System (OKCEDIS) to obtain data about properties in the area, including availability, cost per square foot and amenities such as hotels, restaurants, and traffic conditions around specific sites. They were also able to look at work force availability at various mile radii simultaneously. Using OKCEDIS sped up the site location process and it was the first time Dell had used GIS.



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O'Connor said that in addition to the City providing an initial \$4 million in incentives, she developed the idea of providing additional monies for jobs that were created, and funded those grants from federal Community Development Block Grant dollars. That idea led to \$5.5 million in job creation grants for Dell.

"TIF revenues were used to make site improvements," O'Connor explained. "It would not have been possible for Oklahoma City to fund the incentives needed to attract Dell and create up to 3500 new jobs in Oklahoma City without TIF."

In Dell's case, the City created both a sales tax and a property tax increment district. The sales tax increment is based on new sales taxes generated by the jobs created by Dell.

Dell's campus is located on a 62-acre site along the Oklahoma River in Oklahoma's federally designated Empowerment Zone.

By locating in an Empowerment Zone, which is created in an area where average wages are low to promote public-private collaboration to stimulate job growth, Dell is able to take advantage of unique tax breaks and incentives.

Today Dell has a developable site for future growth, and could add a third building on their campus site, according to Batchelor. But because Dell took the initiative to develop and build on a brownfield site in an EZ, there is great potential to add new development in the area.

"Right now we are involved in several follow through pieces, including a Riverfront Redevelopment Plan that will develop an area adjacent to Dell on the east and west," said Batchelor.

At the state level, Dell qualified for the Quality Jobs Program, which pays rebates of up to five percent of payroll each quarter in exchange for hiring new employees. Dell also received TIP funding from the state for employee recruitment and training.

Although incentives are always important, Hudson said the willingness of the Chamber team, Francis Tuttle Technology Center, Mayor Cornett, Governor Henry and others to "really understand our business, our candidate profile and our ramp, resonated throughout the site selection process and set Oklahoma City apart from the rest."

"Dell wanted a really cool kind of campus to attract the kind of employees they wanted," Williams said. "And we wanted a corporate anchor on the river to make a statement about where we are headed as a city. We knew it would be successful."



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RESULTS/ECONOMIC IMPACT

The results of Dell's decision to locate in Oklahoma City have been phenomenal. Dell has hired and trained more than 2000 people since September 2004 and continues to find strong candidates for sales and technical support positions.

Dell's Oklahoma City campus has exceeded expectations when compared to other Dell Centers, according to Hudson. "Oklahoma City has performed exceptionally well comparatively. The high-end technical group quickly became best of breed from both a delivery and customer satisfaction standpoint and the sales arms also ramped quickly and competitively."

Oklahoma City's Dell campus supports ten Dell business units and served over nine million customers in 2007. Since its inception, Dell's Oklahoma City facility has had a total economic impact of \$631 million in the region.

In addition to Dell's financial impact, the company has given back to the community in many other ways. According to Kathy Oden-Hall, Dell Oklahoma's corporate communications manager, employees donated about 5000 hours in community service in 2007 alone. They have supported events and projects for children through the Boys and Girls Club and Baptist Children's Home, provided meals for the hungry through the Regional Food Bank, donated blood to the Oklahoma Blood Institute and garnered the "Most Spirited Award" three years running for the Dell water stop at the Oklahoma Memorial Marathon.

The Dell Foundation has also contributed more than \$300,000 to area organizations. "Globally, Dell understands the importance of community service, and has made a commitment to support local communities where their employees live and work," according to Oden-Hall.

"We will have a solid and lasting relationship with Dell as a company because we built personal relationships with the people involved," said Williams. We continue to provide legislative and business support to Dell as well. I consider it a compliment that they call on us first for assistance."

As a result of the entire Dell experience, the Oklahoma City recruitment team believes they have a competitive advantage because they know each other well and work well together.

"In other states people may come to the table not knowing each other and distrusting each other," explained Dearing. "We know each other well. We know our roles and responsibilities, respect each other, and stay in touch with each other. It takes all of us to make something this wonderful work, and it is invaluable to a prospect."