

SNG-Nowlan-Stability, predictability needed-11-28-11 (670 words)

Illinois needs stability, predictability

By Jim Nowlan

The Illinois business climate has been all the talk in Springfield during the fall legislative session, as yet another poll of business executives ranked Illinois close to the bottom in business climate.

So I took a survey of 70 economic development professionals in Illinois to find out what they thought. They reported that perceptions of a poor business climate and of corruption in the state are important factors they have to contend with in their efforts to sell their communities as places to expand and do business. But most of all, these pros said that business wants stability and predictability, so they can plan ahead.

Three out of four of the 70 respondents said that business climate rankings were either important, very important or extremely important, if only for the perceptions they created.

“Whether these rankings are accurate or not they affect ‘perceptions’ and perceptions greatly influence potential and current business confidence in Illinois,” said one of the respondents, who as a group asked for anonymity.

“I am constantly having to defend the business climate of our state with existing business,” said another, “and it is very difficult to do when every publication you see is ranking Illinois near the bottom of the list.”

In that regard, in September a survey of 300 business executives by a development marketing firm found that Illinois ranked third from the bottom, ahead of only California and New York, for having the worst business climate.

Twenty-one of the 70 respondents to my survey specifically mentioned perception as being important in shaping the initial impressions about a state, and low rankings could often result in quick elimination of a state from consideration by site selectors.

I asked the Illinois economic development professionals, the folks who sell their cities and regions to business, what the state of Illinois could do to improve our business reputation. Twenty-two of the 70 asked for further changes in the workers compensation laws so that, for example, accidents that happen off the business site and otherwise are not caused by business would no longer qualify for workmen's compensation payments.

The same number of respondents declared that the state had to get its own fiscal house in order.

"Take steps to address the long term debt of our state," said one. "That bill will come due some day. Every one of my clients has to decide if they want to be here to help pay it when it comes due."

Those surveyed also called for reducing the state's corporate income tax rate, which is one of the highest in the nation. Even though only 20 percent of Illinois corporations pay the tax, the rate sticks out like a sore thumb.

Three out of four respondents also said that perceptions of corruption in Illinois were either "a factor from time to time" or "an important, negative factor" in their efforts to market their areas.

“Perception is everything in economic development” observed a respondent. “We are constantly trying to sell a state with a bad business climate and a perception it is being run by dishonest people. A hard sell, to say the least.”

Another observed: “Most of our visiting CEOs start our conversation jokingly about the corruption of our ex-governor or ask, ‘Do I need to make a contribution to move here?’ It’s light and not serious, but it doesn’t start the dialogue with the right tone.”

As I have written before, Illinois does have some strong selling points, and they were emphasized in the survey.

“Human talent, education, location, transportation infrastructure,” said a respondent succinctly. One or more of those factors were mentioned by most of those participating in the survey.

A theme that ran through many of the responses was that businesses looking to make long-term commitments in a community and state “want peace of mind that the political system will stay level-headed and stable for the duration. They want one less thing to worry about.”

Illinois state government clearly needs to settle down, stabilize the budget, and present an honest face to the world around us.