# KPMG Helps US Steel Manufacturer Select a New Production Site – Complete With Major Location Incentives

KPMG professionals have helped a specialty steel manufacturer select a site for a new production facility as well as negotiate a highly attractive location incentive package.

The client is a leading manufacturer of specialty steel and metal alloys. With growing demand for their products, especially in the aerospace and energy industries, the client recognized the need to build a major new facility for remelting, forging, finishing and testing their superalloy products.

Finding the right location for this facility was a key issue for management. Costing over US$500 million to build, the facility was a strategic initiative that required optimal access to resources. Furthermore, the production equipment and infrastructure would be so large and complex that relocation to another site later was not an option. Whatever site was selected would become a permanent installation.

The client lacked experience in site selection for a project of this magnitude, so KPMG professionals were called in to help with the project. The KPMG team arrived at the engagement with both extensive experience and a tested methodology for the selection process. Working with the client, the team first produced a list of key selection criteria involving proximity to metropolitan areas, permit laws, local labor pool quality, training resources, risk from weather events, union activity, access to energy supplies, transportation, local tax laws and other factors.

In the next stage, the KPMG team developed a weighting matrix that defined the relative importance of each location variable based on the selection criteria. The overall weighting percentages for variables and metrics were used to compare locations in the ranking model. Based on this process, a list of 250 possible sites was steadily filtered down to a short-list of a dozen locations, which was further reduced by comparative analysis and site tours. The selection process included quantified metrics such as the total cost of operation as well as intangibles such as site readiness, local business environments and quality of life.

Once a final site was chosen, the KPMG team helped negotiate a location incentive package for the manufacturer that totalled US$100 million in net present value over a 20-year period.

## Contact us


**Jeff Dobbs**
**Global Head of Diversified Industrials**
KPMG in the US
**T:** +1 313 230 3460
**E:** jdobbs@kpmg.com

**W. Hartley Powell**
**National Practice Leader, Global Location and Expansion Services**
KPMG in the US
**T:** +1 704 335 5583
**E:** whpowell@kpmg.com


**kpmg.com**




Designed by Evalueserve. **Publication name:** DI Case Studies. **Publication number:** 120398. **Publication date:** March 2012