

Introduction

- Headquarters (HQ) facilities are important, but under-studied, economic activities
 - Jobs: providers of high-level, high-paying employment (executives, analysts, consultants)
 - Influence: one way in which a local community can impact the economy around the country and across the globe
 - Status: the companies headquartered in a city are a sign of the status of that place (e.g. Seattle and *Microsoft*, *Starbucks*, and *Costco*)

UNT Geography

UNT
UNIVERSITY OF NORTH TEXAS

Introduction

- Headquarters (HQ) facilities are important, but under-studied, economic activities
 - When an HQ moves out of a city, the region loses in all of these dimensions (think of Seattle's losses of the *Boeing*, *WaMu*, and *Safeco* HQs in recent years)
 - Because of the costs of loss and the benefits of retention, communities are engaging in proactive strategies to attract new HQs and keep the ones they already have

UNT Geography



Introduction

- Headquarters (HQ) facilities are important, but under-studied, economic activities
 - Case of Fort Worth, TX: city government has provided a series of incentives to keep the retailer *RadioShack* headquartered locally



UNT Geography



Introduction

- Headquarters (HQ) facilities are important, but under-studied, economic activities
 - Case of Fort Worth, TX: city government has provided a series of incentives to keep the retailer *RadioShack* headquartered locally
 - 2002: \$96 million in incentives over 30 years
 - 2010: renegotiate to provide \$10.7 million more

Such incentives are not without controversy

UNT Geography

UNT
UNIVERSITY OF NORTH TEXAS

Star-Telegram

Fort Worth gave up credibility to help RadioShack

Fort Worth Star-Telegram, Wednesday, Jun. 16, 2010, Pages 1C and 2C

By Mitchell Schnurman

mschnurman@star-telegram.com



When they were defending the Wright Amendment in 2005, Mayor Mike Moncrief and the Fort Worth Chamber of Commerce had a signature punch line: "A deal is a deal."

On Tuesday, they effectively added a caveat: "Unless it involves a handout for RadioShack."

The Wright Amendment, which protects Dallas/Fort Worth Airport and favorite son American Airlines, had been in place for four decades before local leaders finally agreed to a phase-out compromise. In contrast, RadioShack's lavish tax breaks had been paying out for less than five years, with 25 to go, before Fort Worth leaders amended them Tuesday.

Introduction

- Of course, headquarters retention isn't an issue for US cities alone
 - 2010 controversy over Saskatoon-based *Potash Corporation of Saskatchewan* (PCS)



UNT Geography

UNT
UNIVERSITY OF NORTH TEXAS

Introduction

- Of course, headquarters retention isn't an issue for US cities alone
 - 2010 controversy over Saskatoon-based *Potash Corporation of Saskatchewan* (PCS)
 - Proposed acquisition of PCS by the Australian mining giant *BHP Billiton*
 - Potential loss of a global HQ facility for Saskatoon (to be replaced by a divisional office)
 - High levels of political intervention led to Canada's federal government disallowing the deal ("no net benefit for Canada")

UNT Geography

UNT
UNIVERSITY OF NORTH TEXAS

Introduction

- In the midst of the current economic decline, govts. everywhere are doing what they can to attract and retain HQs
 - This raises questions for geographers:
 - 1. What are the actual regional benefits of HQs: are they worth the public investment?
 - 2. What drives changing HQ geographies: incentives, firm growth, urban system change?
 - 3. Where are HQs actually going: what are the long-term location trends for HQs?

UNT Geography



Introduction

- In the midst of the current economic decline, govts. everywhere are doing what they can to attract and retain HQs
 - This raises questions for geographers:
 - 1. What are the actual regional benefits of HQs: are they worth the public investment?
 - 2. What drives changing HQ geographies: incentives, firm growth, urban system change?
 - 3. Where are HQs actually going: what are the long-term location trends for HQs?

Important Questions

UNT Geography



Introduction

- In the midst of the current economic decline, govts. everywhere are doing what they can to attract and retain HQs
 - This raises questions for geographers:
 - 1. What are the actual regional benefits of HQs: are they worth the public investment?
 - 2. What drives changing HQ geographies: incentives, firm growth, urban system change?
 - 3. Where are HQs actually going: what are the long-term location trends for HQs?

Major question to address here

UNT Geography



Canadian Case Study

- This study focuses on change in Canada's national HQ community
 - The largest 1000 corporations headquartered in Canada, ranked by annual revenues for the period 1986-2006
 - Canada is a geographically-large, economic powerhouse (2010 IMF global ranking by GDP: 14th out of 182 countries)

UNT Geography



Canadian Case Study

- Key research questions for this study
 - 1. What are the locational trends that characterize the Canadian HQ community from 1986-2006?
 - 2. How did the composition of the Canadian economy change from 1986-2006?
 - Identify growing and declining sectors
 - 3. Where do we find the HQs for both growing and declining economic sectors in 2006?

UNT Geography

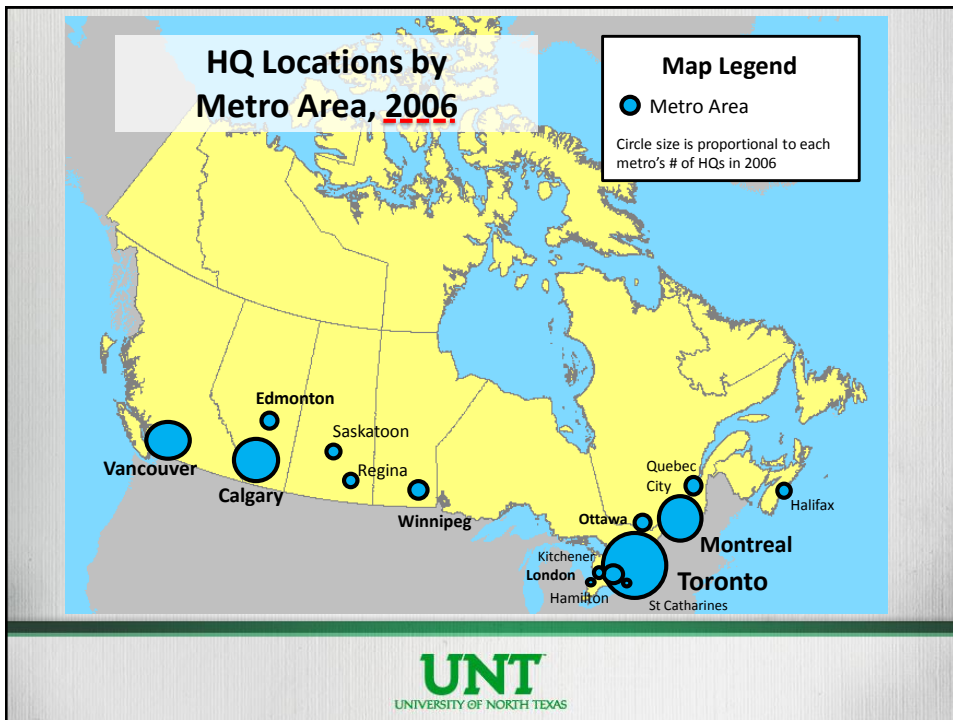
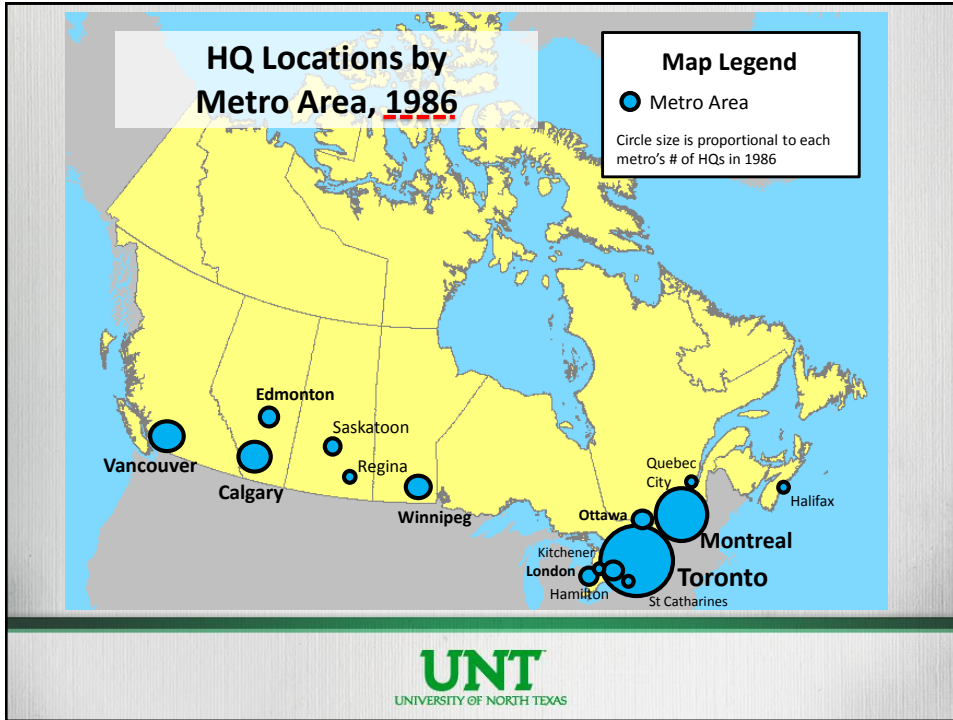


Results

- Question 1: HQ Change, 1986-2006
 - It is clear that the Canadian HQ community is undergoing an important restructuring
 - Key trends:
 - Decline of the traditional HQ focal points of Toronto (somewhat) and Montreal (a lot)
 - Emergence of western Canada: Calgary and Vancouver in particular

UNT Geography





Canadian Metro HQ Gainers and Losers: 1986-2006

Metro Area	# top-1000 HQs: 1986	# top-1000 HQs: 2006	Change 1986-2006
Calgary, AB	69	130	61
Vancouver, BC	66	103	37
Quebec City, QC	8	22	14
Regina, SK	9	15	6
London, ON	14	4	-10
Winnipeg, MB	38	28	-10
Toronto, ON	408	370	-38
Montreal, QC	178	131	-47

Database: Top 1000 Firms in Canada by Annual Revenues, 1986 and 2006

UNT Geography

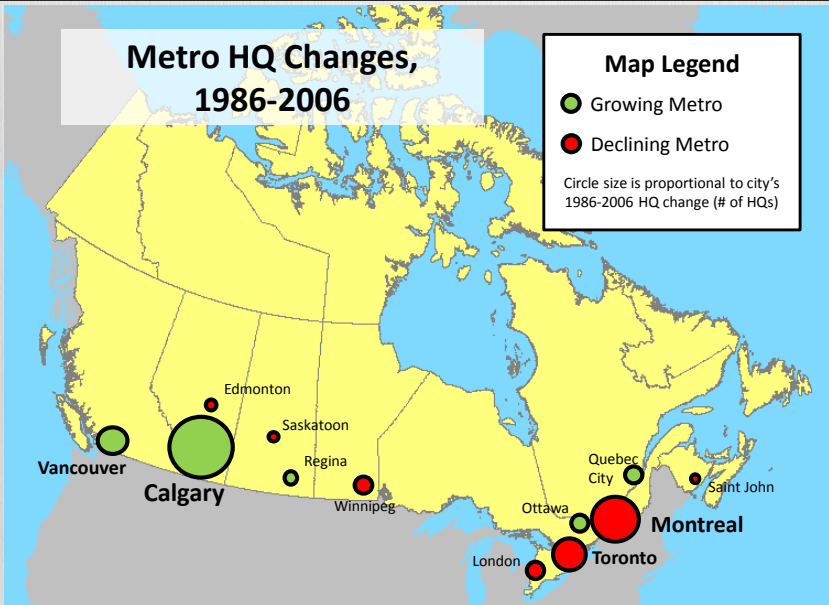


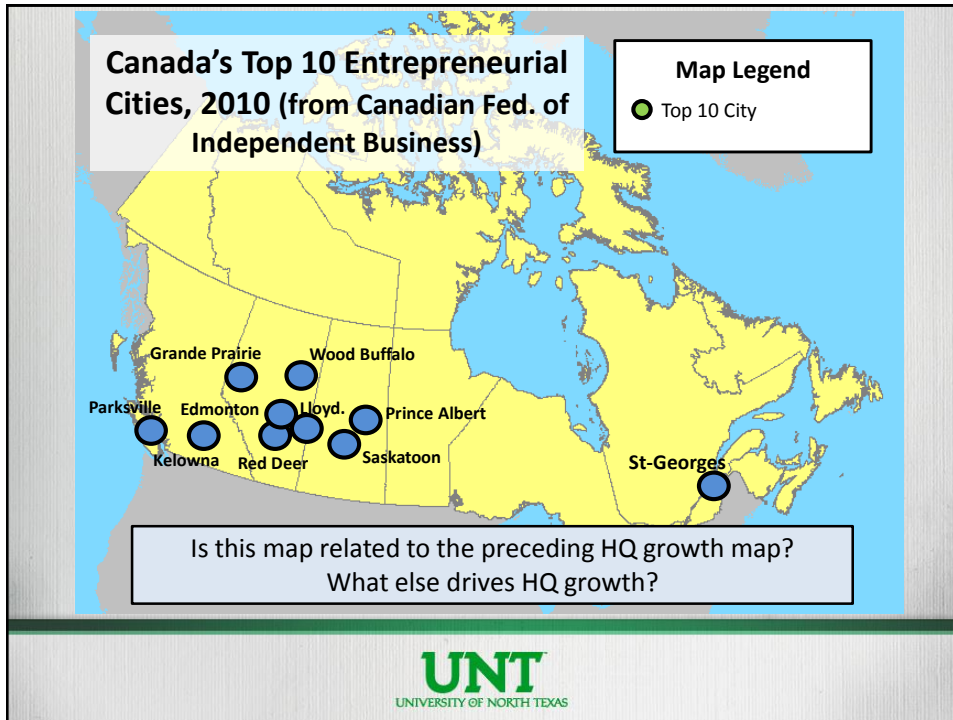
Metro HQ Changes, 1986-2006

Map Legend

- Growing Metro
- Declining Metro

Circle size is proportional to city's 1986-2006 HQ change (# of HQs)





Results

- Question 2: Economic Change, 1986-2006
 - HQ location change is accompanied by (and I would argue is intimately *linked to*) change in the overall economy
 - As individual sectors rise and fall, the cities that have importance in those sectors also see their influence evolve in related dimensions
 - e.g. Detroit in automobiles, San Jose with high tech electronics, Calgary in oil and gas


UNT Geography

UNT
UNIVERSITY OF NORTH TEXAS

Top and Bottom Ranked Sectors by Revenue Growth, 1986-2006 For Canada, Based on Analysis of the Canadian Top-1000 Firm Database			
Sector	Revenues 1986*	Revenues 2006*	1986-2006 Change
Business and Advanced Services	\$4,058.8	\$28,108.5	592.5%
Entertainment, Accommodation & Food	\$6,133.8	\$31,744.7	417.5%
Diversified Management	\$30,698.7	\$102,319.7	233.3%
Wholesale Trade	\$98,781.2	\$62,368.5	-36.9%
Food & Drink Manufacturing	\$90,605.4	\$43,281.8	-52.2%
Primary Food Prod. & Related Services	\$4,938.0	\$1,464.3	-70.4%
Overall Total for all Top-1000 Firms	\$1,459,136	\$1,647,483	12.9%

* Canadian dollars, adjusted for inflation (constant 2006 dollars)


UNT Geography



Results

- Question 3: HQs of Growing/Declining Sectors
 - Where do we find the HQs of firms from the top expanding and declining sectors?

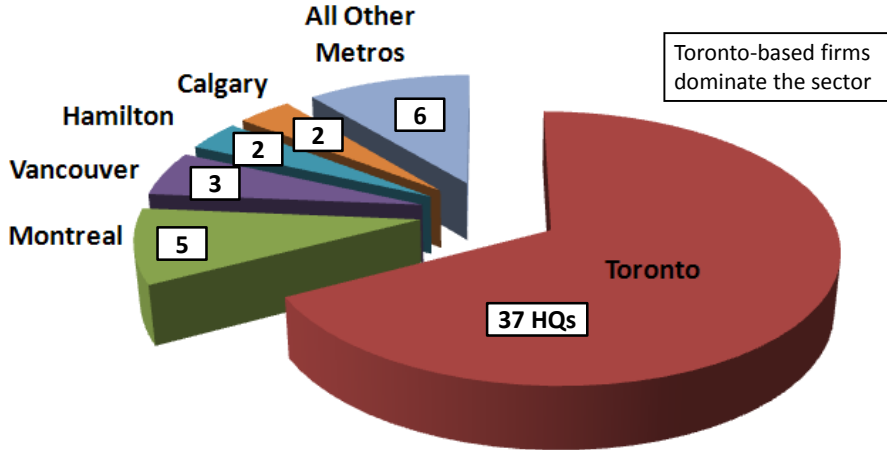
UNT Geography



Business and Advanced Service HQs: 2006

First-Ranked Sector by Revenue Growth

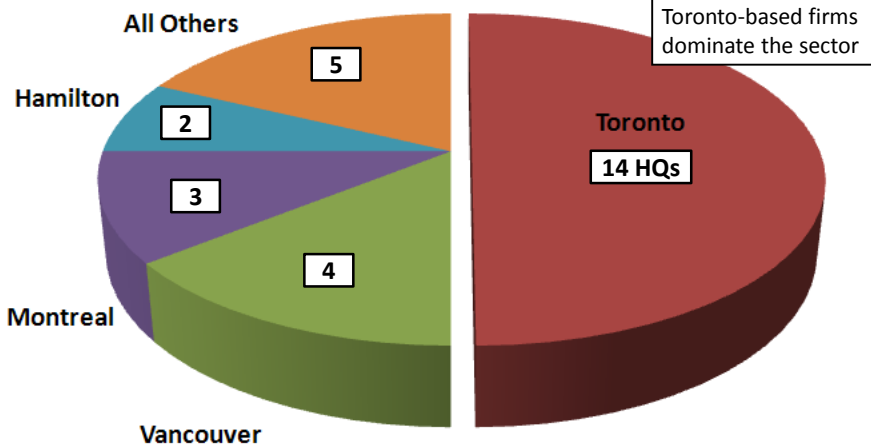
1986-2006 Revenue Change: +592.5%

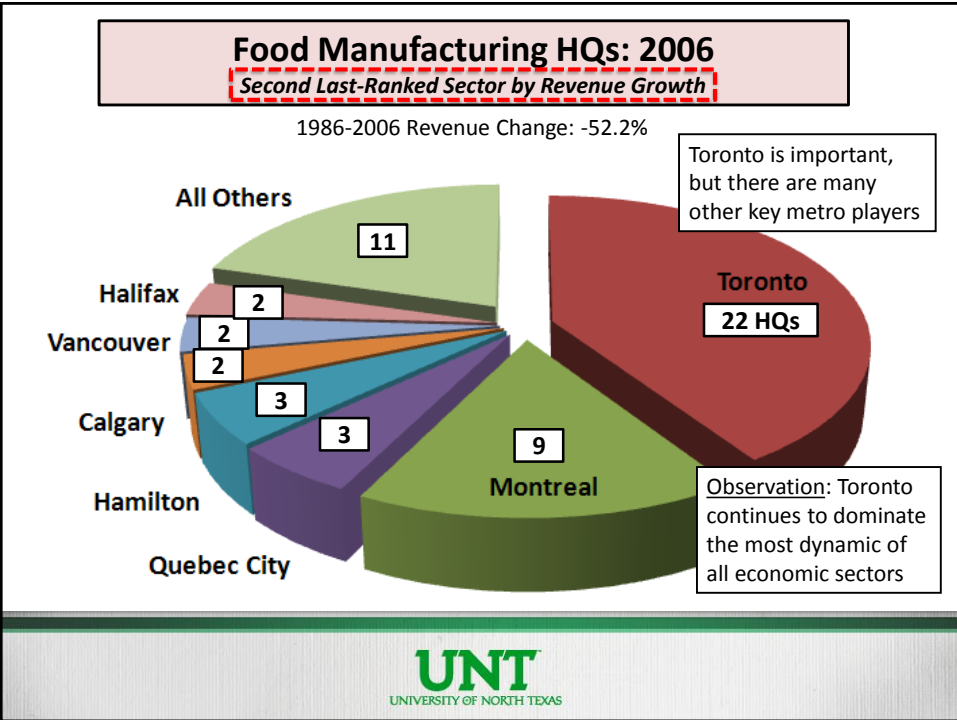
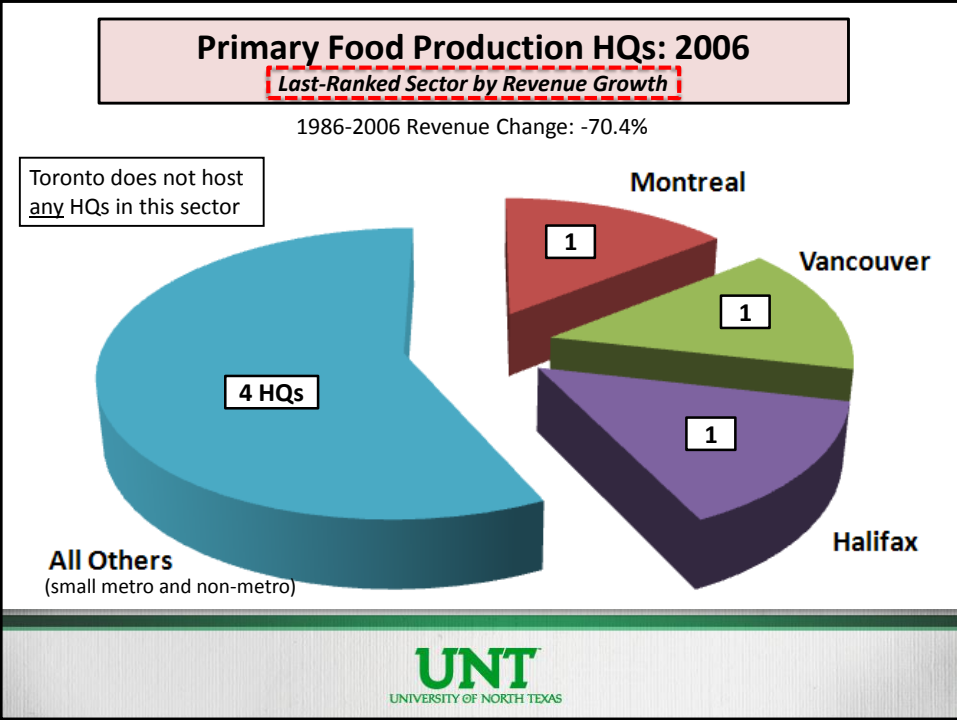


Entertain./Accomm./Food Service HQs: 2006

Second-Ranked Sector by Revenue Growth

1986-2006 Revenue Change: +417.5%





Conclusion

- The geography of Canadian HQ activity is changing in many important ways
- The importance of the growth of Calgary and Vancouver cannot be overstated
 - A western Canadian core is truly emerging as a formidable competitor with the traditional Ontario/Quebec corporate complex
- However, Toronto in particular continues its hold on many headquarters in the most dynamic sectors of the national economy

UNT Geography



Conclusion

- The evolving “HQ distribution/economic composition” nexus deserves to be the subject of further research for Canada, the U.S., and elsewhere

UNT Geography



Tribute



James O. Wheeler, 1938-2010



Acknowledgement



This research is made possible by funding provided through the Canadian Studies Research Grant Program, Embassy of Canada, Washington DC

