



# MEMORANDUM

**DATE:** November 9, 1999

**TO:** Michigan Economic Growth Authority Board

**FROM:** James Donaldson, Vice President  
Michigan Business Development

**SUBJECT:** Briefing Memo - Decision Consultants, Inc.

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## COMPANY NAME:

Decision Consultants, Inc.  
28411 Northwestern Highway  
Southfield, Michigan 48034

## HISTORY OF COMPANY:

Decision Consultants, Inc., was founded in 1976 by Mr. Jack Krasula as Metro Computer Consultants. In 1981 the company received prime vendor status from Ford Motor Company and a year later changed its name to Decision Consultants, Inc. The company now has over 2,000 employees located in 10 offices around the United States and has partnered with Microsoft, JD Edwards, IBM, Inprise, Popkin Software and Marathon Innovation to bring value to clients like Ford Motor Company, Walt Disney, American Airlines, Nortel and GTE. The company provides managed services, staff supplementation, vendor management, education services and support centers for a wide variety of clients.

## PROJECT DESCRIPTION:

Due to an increase in contracts, and to accommodate anticipated future growth needs, the company finds it necessary to expand its operation to create a divisional headquarters for the managed services area. The company has decided that it will put this divisional headquarters in either Southfield, Michigan or Tampa, Florida.

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This project would create 250 new jobs over a three-year period. Investment in the new facility and equipment expenditures is estimated at \$15.6 million, and sales from the facility would be expected to reach \$48 million within four years. Average weekly wages would be \$1123 and the employee benefit package averages 22 percent of wages. New hiring would start in early 2001, with full production slated for December, 2001.

**BENEFIT TO STATE:**

According to the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 492 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, net of property tax abatement costs, and adjusted for inflation, would be increased by \$17,311,000 (1999 dollars) due to the presence of the Decision Consultants, Inc., facility.

**COST ANALYSIS:**

As part of the company's decision process, it has undertaken a comprehensive cost analysis between Tampa and Southfield. Based on figures obtained from the company, the cost disadvantage for Decision Consultants, Inc., to establish its divisional headquarters in Southfield rather than Tampa is \$2.5 million annually over the term of the incentive. The cost differential is primarily attributable to wage rates in Tampa being lower than those in Southfield and tax rates and office lease space in Michigan being higher than in Florida. Michigan Economic Development Corporation staff has examined these numbers and believes they are a fair representation of the cost differential between Michigan and Florida.

**OTHER STATE AND LOCAL ASSISTANCE:**

Economic Development Job Training funds will also be offered to the company at \$3,000 for each of up to 250 net new employees for a total of \$750,000. This assistance is being provided because it costs the company an average of \$22,000 per employee to train new hires.

The City of Southfield will provide assistance in the form of road improvements to Franklin Road. The City is also providing golf memberships to the new employees and will staff a job fair on behalf of the company. Cost figures for these items are being calculated at this time.

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**BUT FOR:**

Without the assistance offered by the MEGA program, Decision Consultants, Inc. would not locate a new facility in Michigan because of the cost differential. Although the MEGA incentive eliminates only a portion of the cost differential, the company says it tips the scales when it looks at other factors affecting this decision.

The company was founded in Michigan and its President, Mr. Jack Krasula, has close ties in the area. Mr. Krasula is a very charismatic leader and keeps employees motivated. It is felt that having this division close to Mr. Krasula will have a positive impact on the success of the operation. Although the systems management area of the company can literally be located anywhere, it is also the area with the highest growth potential for the company and corporate headquarters wants to keep in close contact with this division. It is also felt that the company may be able to cut down on travel costs if located in Southfield due to the ability to travel to all its offices throughout the U.S. from Detroit Metropolitan Airport.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a MEGA employment credit of 100 percent for a period of 15 years for up to 250 net new jobs.