



MICHIGAN  
JOBS  
TEAM

John Engler, Governor

Doug Rothwell, Chief Executive Officer

## MEMORANDUM

DATE: April 19, 1995  
TO: Michigan Economic Growth Authority  
FROM: Doug Rothwell  
SUBJECT: Briefing Memo for Haworth, Incorporated

### COMPANY NAME:

Haworth, Incorporated  
One Haworth Center  
Holland, Michigan 49423-9576

### HISTORY OF COMPANY:

Haworth, Incorporated was founded in Holland, Michigan in 1948 by G. W. Haworth. The company currently employs approximately 3,200 people in its Michigan facilities and has a total employment of over 8,000 worldwide. Haworth International was formed recently as a holding company for all of Haworth's operating groups. The company is privately held and Richard Haworth, President, is in charge of day to day operations. Haworth has had an impressive record of growth and has maintained a policy of no layoffs. The company has sales in excess of \$1 billion for the first time in the past fiscal year with continued growth planned for the future.

### PROJECT DESCRIPTION:

This project will involve building a new 275,000 square foot, \$40 million facility in Big Rapids, Michigan or Peru, Indiana. This plant will produce metal office furniture and furniture components. This new facility will employ at least 75 people in the first year of operation and approximately 340 at full production in 1998. Average weekly wage will be approximately \$385. Total annual payroll at full production (340 employees) will be approximately \$7,200,000.

**BENEFIT TO STATE:**

According to the economic analysis done at the University of Michigan, "By 2015, we estimate that this facility will generate a total of 1,101 jobs in the state. Total state government revenues through 2015, net of MEGA costs and adjusted for inflation, would be increased by \$55,771,000 (1995 dollars) due to the presence of the Haworth facility."

This project would create more than \$40 million in personal income by 1998 for Michigan residents. It would also contribute more than \$4 million to local governments and schools through property tax payments over twelve years.

**COST ANALYSIS:**

Haworth has evaluated the cost differential between a Michigan location and one in Indiana. Based on figures provided by the company, the cost gap on a net present value basis is greater than \$10 million. With the full MEGA benefit, the company expects only to break even on a cross-state basis. Primary differences in cost are for workers' compensation and unemployment insurance. This cost difference is exacerbated by a competitive offer from the state of Indiana. The Michigan Jobs Commission has examined these cost differences and concluded that they are a reasonable approximation. Based on these numbers, a MEGA inducement was offered to the company.

**LOCAL ASSISTANCE:**

Local assistance includes tax abatement in excess of \$3.6 million over twelve years.

**RECOMMENDATION:**

The Michigan Jobs Commission proposes a 100% rebate of both personal income tax withholding and single business tax for a period of 20 years.