



## MICHIGAN JOBS COMMISSION

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## MEMORANDUM

**DATE:** June 10, 1997  
**TO:** Michigan Economic Growth Authority  
**FROM:** Douglas E. Stites, Chief Operating Officer  
**SUBJECT:** National TechTeam, Inc.

### COMPANY NAME:

National TechTeam, Inc.  
22000 Garrison Avenue  
Dearborn, Michigan 48124

### HISTORY OF COMPANY:

National TechTeam, Inc., is a publicly traded company on the NASDAQ stock exchange. The company, headquartered in Dearborn, Michigan, with 1000 Michigan employees, delivers computer services for major companies on an international scale. The company provides computer training, corporate computer support services, call-center services, networking services, and systems integration for Fortune 500 companies and their suppliers. National TechTeam also serves customers through offices in Lansing and Troy, Michigan; Chicago, Illinois; Indianapolis, Indiana; San Francisco, California; Dallas, Texas; and Brentwood, England.

### PROJECT DESCRIPTION:

National TechTeam, Inc., is considering locating a call-center service operation in either Sault Ste. Marie, Michigan, or Greenville, Texas. The operation will create up to 218 new jobs for entry level positions. These positions will pay between \$7.00 and \$11.00 per hour, depending on experience and ability, which will average \$309 per week. The company will be working with local high

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schools to train and recruit graduating students to work at the call-center. This will be a cooperative effort between the local schools, the Sault Ste. Marie Tribe of Chippewa Indians and TechTeam. The company will be providing a fringe benefit package of approximately 25 percent of wages. The tribe is also providing a building at a discounted lease rate to house the operations.

#### **BENEFIT TO STATE:**

According to the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 277 new jobs in the state by the year 2006. Total state government revenues through the year 2006, net of MEGA costs and adjusted for inflation would be increased by \$4,500,000 (1997 dollars) due to the presence of the National TechTeam facility.

#### **COST ANALYSIS:**

As part of the company's decision process, it has undertaken a comprehensive cost analysis between Greenville, Texas, and Sault Ste. Marie, Michigan. Based on figures obtained from the company, the annual cost disadvantage for National TechTeam, Inc., to establish its manufacturing facility in Sault Ste. Marie rather than Greenville, Texas, is approximately \$325,000 over the term of the incentive. The cost differential is primarily attributable to building costs and taxes. Michigan Jobs Commission staff has examined these numbers and believes they are a fair representation of the cost differential between Michigan and Texas.

#### **OTHER STATE AND LOCAL ASSISTANCE:**

Because of the nature of the project, the project is ineligible for a property tax abatement. Other than MEGA, no other state assistance will be provided.

The tribe will provide a low-cost leased facility, and provide training and recruitment assistance to the company.

#### **BUT FOR:**

National TechTeam has been seriously considering when and where it should expand its operations to meet its customer needs. The company went through a similar site location process in 1996 before deciding that it would expand in

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Michigan. The company is aware of the potential costs in each location and is prepared to expand outside the state if it does not have an incentive package that negates the cost disadvantage of a Michigan location.

**RECOMMENDATION:**

The Michigan Jobs Commission recommends a MEGA employment credit of 100 percent for a period of three years, 60 percent for two years and 30 percent for four years for up to 218 new employees.