

COLLEGE OF BUSINESS

TERRY
COLLEGE OF BUSINESS

TERRY
COLLEGE OF BUSINESS

TERRY
COLLEGE OF BUSI

T
COLL



GEORGIA
ECONOMIC
outlook
2007

FEEL! BIGGER and BETTER EVERY YEAR

With **Steve Forbes** as keynote speaker, Terry's annual **Economic Outlook Luncheon** drew 1,400 people to Atlanta, followed by a nine-city road show

From the waves of laughter rolling out

by **Doug Monroe (ABJ '09)**

Forbes was funny and personable, and drew the most applause when he suggested that Georgia could become an economic powerhouse for years to come if it eliminates the state income tax.

of the Thomas B. Murphy Ballroom at the Georgia World Congress Center in December, you might have thought the Terry College had booked a comedian as keynote speaker for its annual Economic Outlook Luncheon. But it wasn't Jon Stewart or Sacha Baron Cohen. It was Steve Forbes, president, CEO, and editor-in-chief of *Forbes* magazine. "We're in the midst of a historic productivity boom," declared the former presidential candidate whose ready example was that McDonald's, in a new riff on the drive-through window, has installed kiosks in Florida. The idea was supposed to enable McDonald's to then cut back on personnel. Instead, they had to hire more workers because customers were ordering more food. Why?

"Kiosks don't stare at you," Forbes dead-panned.

Photos by UGA Photography except where noted



Scheduled for early December, the Economic Outlook Luncheon comes at an appropriate time for most business leaders. "This is the time of year when you're finishing budgets and making plans," said U.S. Sen. Johnny Isakson (BBA '66), who was an EOL regular when he was running his Atlanta real estate business. "So you go to these meetings and they influence how you set your agenda for the next year. It has a significant effect."

Forbes also had some coffee-flavored marketing advice for clothing stores.

"At a certain age," he said, "some of us do become metabolism-challenged." If Starbucks sold extra-large clothing, he continued, "they wouldn't do something so mundane as putting an actual size on it ... they would call it *beaute vente*."

Forbes came armed with serious financial advice, too, warning the audience to tighten their seatbelts for turbulence in interest rates and commodity prices in 2007. And he drew hearty applause when he called on Georgia "to get rid of your state income tax." If Georgia takes that step, he said, "You can set the foundation for this state to become one of the handful of premier economic powerhouses now and in the future."

Gov. Sonny Perdue drew applause when he said he intends to keep his campaign promise to eliminate taxes on senior citizens. "This is one of the main things that will have a positive impact on Georgia's long-term viability," he said.

Dean George Benson delivered the state economic forecast,

Jeff [Humphreys] does a really great job. If you go back and look at his track record - and I do - he gets it right more than anyone I know. If knowledge is really power, he is providing a whole lot of octane.

— Ed Baker, publisher, *Atlanta Business Chronicle*

prepared by Jeff Humphreys, director of Terry's Selig Center for Economic Growth.

"Georgia's economy will outperform the nation next year," said Benson, who left the University in January to become president of the College of Charleston. "We fully expect our gross domestic product to increase by about 3.3 percent. That is a full percentage point lower than the growth we expect for '06 and it's below Georgia's long-term rate of growth. But it's not bad for this point of the cycle."

Benson added that the state's GDP will grow at least a full percentage point faster than the nation.

Forbes, who's in demand as a speaker around the world, is the best-known national figure who has addressed the Economic Outlook Luncheon, which began in 1983 and has grown

into a full-blown road show that reaches more people than any other non-athletic University of Georgia program. The Atlanta luncheon is the flagship event, and it kicks off a series of nine regional forecasting presentations in Savannah, Augusta, Columbus, Swainsboro, Jekyll Island, Macon, Thomasville, Albany, and Athens.

In its first year, the Economic Outlook Luncheon drew 60 people. On the eve of its 24th anniversary, average attendance is 1,100. For Forbes' appearance, 1,400 showed up, including Larry Warnock and Howell Newton, who talked about how funny Forbes had been — and how unlike his stiff TV persona he seemed in person.

"I feel like TV did not do him justice during his campaign," said Warnock (BBA '68), a Warner Robins homebuilder and member of the Terry Alumni Board. "He was very energetic, very engaging, very humorous — and dead-on with his information."

Warnock attends both the Atlanta and Macon EOLs to get an idea of where interest rates will go in the year ahead. In particular, he said, Benson's warnings in previous years about a housing slowdown "kept me from expanding too quickly." Warnock likes the combination of practical financial information — and fellowship with fellow entrepreneurs — that he gets from EOL. Forbes was a bonus.

"We've had great speakers before," said Newton (BBA '69), president of Trio Manufacturing, a textile company in Forsyth. "But to have someone of the caliber of Steve

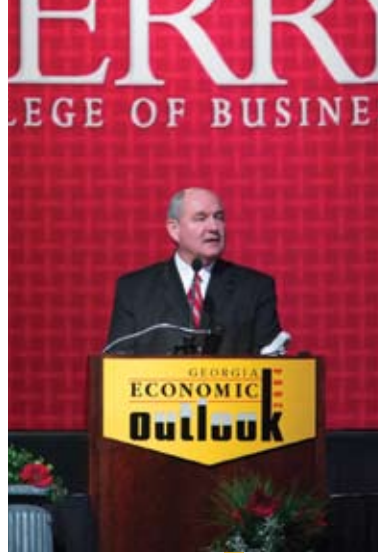
Forbes was just phenomenal. I thought he did a superb job."

Like Warnock, Newton has attended both the Atlanta and Macon luncheons. "One of the things I'm always looking for," he said, "is some indication of what might happen to interest rates."

Another regular attendee is U.S. Sen. Johnny Isakson (BBA '66), who used to attend EOL regularly when he was running his real estate business in Atlanta.

"This is the time of year when you're finishing budgets and making plans, so you go to these meetings and they influence how you set your agenda for the next year," said Isakson. "It has a significant effect."

The full-house Atlanta turnout included a splendidly decorated ballroom — with logos of sponsors, plus the Terry College brand



Joe Frank Harris was the first Georgia chief executive to take part in EOL, and his successors — including Roy Barnes (bottom left), current governor Sonny Perdue (top), and Zell Miller (below) — have followed suit. (far left) Terry College emeritus professor J. Don Edwards with Astrid Pleger, president of Feminomics Inc., and former state legislator and UGA administrator Louise McBee. (bottom) Jeff Humphreys of Terry's Selig Center has prepared the forecasts since 1990.



splashed in all directions, including a handsome little ruler-calculator at every seat. As is always the case, the success of the event was the result of another year of hard work by a dedicated team whose roots were planted a generation ago.

EOL was started by former Terry Dean Al Niemi. Now dean of the business school at SMU, Niemi spent 28 years in Athens. In 1971, he produced the first forecast to apply a state econometric model, which he built. He made economic forecasts for targeted clients, such as the North Georgia Mountain Authority. But when he became dean at Terry in 1983, Niemi decided to present the state forecast in Atlanta to get more visibility for the school and to reach a larger number of UGA alumni than he could in Athens.

Dick Hudson, a former Terry staff member who is now with UGA's College of Agricultural and Environmental Sciences, recalls the genesis of the program.

"Al Niemi wanted to start an outreach program," says Hudson. "One of the things he said he would like to do is have a forecast for the economy. So the idea was, let's have a luncheon. So we went to Atlanta."

The first year, the program was held at the Peachtree Plaza Hotel.

"We had 60 people that first year," recalls Lorena Akioka, who serves as editor-senior graphic designer of the *Georgia Economic Outlook*, which each attendee takes away from the luncheon. The book has grown from 28 pages in 1983 to 46 pages today. Under Akioka, it has won prestigious design awards. And she is the only person who has attended EOL every year.

"Its growth has been phenomenal and its impact very, very positive, even during downturns in the economic cycle," she says. "In fact, downturns bring out the audience."

In the second year, Hudson expanded the program to Augusta

and Columbus. The show went to Macon and Savannah the third year. As the program grew, faculty members at other colleges and universities were invited to give the local economic forecast in the outlying cities.

"Al Niemi would come in and give the national and state forecasts, and then we had a local person give the local forecast," says Hudson, who saw the EOL tour evolve into a social function as well. "You could tell that as people stood around and talked. They got to know each other."

The college reacted accordingly, holding social functions before the luncheon. This year, regent Pat Pittard hosted a reception before the Jekyll Island luncheon.

The first governor to address EOL in the early years was Joe Frank Harris. All subsequent governors have attended and the date of the Atlanta event is carefully coordinated with the governor's office.

Niemi was adamant about spreading the presentation around the state, his rationale being "it was the University of Georgia, not the University of Greater Atlanta."

"We called ourselves 'The Traveling Wilburys' for about three months covering the state," Niemi recalls. "It was really an attempt not only to provide some useful information but really to build the brand, so people would know the business school was involved in the community."

One of the cities Niemi added was Thomasville.

"I knew I had made it when I went to the Plaza Restaurant, the nicest restaurant in Thomasville, where we had held the luncheon for eight or nine years, and they asked me for a black-and-white photograph," says Niemi. "Now I'm on the wall in the restaurant — above Trisha Yearwood and on the same wall as Jimmy Carter."

Donna Wilson, who retired at the end of February as event coordinator for Terry's Office of Executive Programs, worked on EOL from 1987-2007.

"We sang 'On the Road Again' every year," she recalls. "We would get a rental car and load it with all the materials, like name tags and the little gifts we give out."

Terry's special events department, headed by Debbie Lovelady,



CHRIS TAYLOR



TERRY ALLEN



(left) Former UGA president Charles Knapp. (center/from left) Milton Clipper, president of Public Broadcasting Atlanta; Ed Baker, publisher of the *Atlanta Business Chronicle*, which is a sponsor of EOL; Spurgeon Richardson, president/CEO of the Atlanta Convention and Visitors Bureau; and George Benson. (right/from left) Terry emeritus professor Jim Verbrugge, former UGA athletic director Vince Dooley; and Georgia Tech economics professor Christine Ries.

pulls into Atlanta the night before the luncheon to set up, like roadies preparing for a concert. They put out name tags and table exhibits, hang banners advertising sponsors and the Terry College, and place flowers, gifts, and books at every one of those 1,400 seats.

“It’s fun,” says Akioka, “but it’s very tiring.”

When George Benson became dean in 1998, a number of different organizations were getting credit for putting on the Economic Outlook Luncheon. “One of my goals was to brand the Terry College,” he says. “We worked hard at getting people not to call it the business school but to call it the ‘Terry College of Business.’ One of the most effective ways we were able to spread that branding around the state was through this economic forecast. Literally, there was no signage to

Espy had accompanied Forbes to his ’01 talk at the Chapel on North Campus. “He thoroughly enjoyed it,” says Espy. “We literally had to pull him away because he had to be in Savannah.”

Espy describes Forbes as “a gracious, brilliant character. He has a grasp of the world like I’ve never seen, and he can communicate in such an understanding manner.”

If the medium is the message, then the unsung hero of the show is Jeff Humphreys, who, since 1990, has prepared the economic forecasts that are at the heart of EOL.

Humphreys, who is nationally known for his work at Terry’s Selig Center for Economic Growth — including his market research into the buying habits of minorities — believes EOL is unique. “I don’t know of any other state where there is a road show like this,” he says.

For the national forecast, Humphreys contracts with Global Insights. He runs their econometric model, then tweaks it based on his own judgment.

“The real heavy lifting and prep work is in the state and local forecast,” he says. “I focus on the fact that I’m providing information to mostly business people to make better informed decisions, with respect to their strategic plans for the coming year. These are people who are in the trenches every day, who either have their own businesses or are executives in large companies. I think the biggest and most important reason to have this event is to help them make their

speak of, certainly not identifying Terry, when I got involved in ’98. Now you see huge Terry signs behind the speakers. No matter where you take a picture, you’re going to see ‘Terry.’ So that has been a big part of this. It’s not just an economic forecasting event. It’s also been a way to sell the Terry College.”

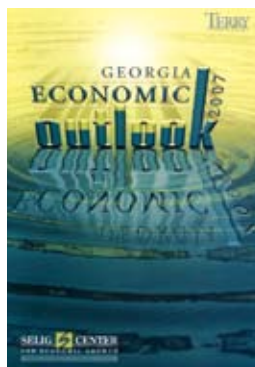
For this year’s forecast, Benson wanted to bring in a big name like Forbes, whom he had met when he was dean at Rutgers and again when Forbes spoke on the UGA campus in 2001. Benson contacted Billy Espy, an Atlanta real estate investment banker and member of the UGA Foundation Board, who was vice chair of Forbes’ national finance committee for the 2000 presidential campaign.

When it got started, in the mid-1980s, the Economic Outlook Luncheon drew 60 people; attendance has now increased 20-fold. Another sign of growth is the size of the Georgia Economic Outlook booklet (see above), which is considered must reading for those who attend the annual event at the World Congress Center in Atlanta. It started out as a 28-page publication; the 2006 edition was 46 pages.

decisions based on the information that’s available.”

Ed Baker, publisher of the *Atlanta Business Chronicle* and one of EOL’s long-term sponsors, puts a lot of stock in Humphreys’ forecasts.

“Jeff does a really great job,” says Baker. “If you go back and look at his track record — and I do — he gets it right more than anyone I know. If knowledge is really power, he is providing a whole lot of octane.”



We're doing what we're supposed to. We're
imparting knowledge to parts of the state
that the university doesn't get to.

— Charlie Squires, director, Terry College Executive Programs

The *Georgia Economic Outlook* publication that the Selig Center prepares each year has a detailed outlook for the state and for each of Georgia's major industries. In the outlying cities, attendees also receive the *Metropolitan Statistical Area Monogram*, a statistical look at all the metro areas in the state.

Both Humphreys and Benson are inundated with questions and comments after EOL. When Benson left the podium at the December event in Atlanta, he already had forecast-related Blackberry messages waiting for him.

One of the breakthroughs this year was the increased role that corporate sponsors played. Synovus became EOL's first statewide sponsor, paying \$10,000 for the honor, and was joined by nearly a dozen others at the \$2,500 level. Traditional media sponsors like the *Atlanta Business Chronicle* and *Georgia Trend* also contributed advertising space to raise awareness. Other sponsors include various chambers of commerce. The goal, says Donna Wilson, is just to break even.

Charlie Squires, who directs Terry's executive programs, says the real payback from the EOL series is that it helps Terry College fulfill the university's three-part mission as a land grant institution: teaching, research, and service.

"We're doing what we're supposed to," he says. "We're imparting knowledge to parts of the state that the university doesn't get to."

EOL is also a bonanza for the credibility of both the Terry College and the university, says Howell Newton.

"Any time you can put your name out in front of a group of business leaders of the stature present in these rooms, it definitely pays a dividend," says Newton. "It lets the business community know that the university and the business school are major league players within the nation and this state."

Plans are already under way for the 25th anniversary luncheon in 2008, and Squires says Rome, Ga., may be added to the list of tour stops. More sponsors are being solicited. And, of course, Humphreys is already hard at work:

"As soon as I get off the road at the end of January," he says, "I'm working on the next year's forecast in many ways — clipping articles or printing PDFs or the staff is tracking certain data series for me. It's never really off my desk at any time of the year." ■

Doug Monroe (ABJ '69) is an Atlanta freelancer.

Taking the show on the road

The business leaders

of greater Columbus greeted Jeff Humphreys' economic outlook the way children greet Santa at Christmas.

"This will be the third straight year that Columbus is going to see very, very solid economic growth," Humphreys told an audience of more than 300 at the Terry College Economic Outlook Luncheon at the Columbus Convention and Trade Center on Jan. 12.

"And, even better, the pace of growth in Columbus is accelerating in 2007. Green lights all the way. And the pace of growth is going to accelerate even faster in 2008, 2009, and 2010."

Major expansions at Fort Benning and Aflac, plus the new Kia automobile plant to be built in nearby West Point, Ga., are fueling the region's economy. Humphreys also cited the Cesna aircraft parts plant and a boom in housing for retirees as further reasons for economic optimism in the Columbus area.

Humphreys followed Dean George Benson, who presented the national and state economic forecasts, which unfortunately were not as rosy as the one for the Columbus area.

"It was super news to hear how this region is poised for such tremendous growth," said Mike Gaymon, who serves as president of the Greater Columbus Chamber of Commerce.

"Having the predictions come from Dean Benson and Jeff Humphreys gives them validation. What they predict pretty much tracks what does happen. Their track record is excellent."

This year, the EOL road show traveled to 10 cities: Albany, Athens, Atlanta, Augusta, Columbus, Jekyll Island, Macon, Savannah, Swainsboro, and Thomasville. In addition, an invitation-only event was held at Reynolds Plantation to gauge whether the Greensboro area had enough demand. Next year, a new luncheon may be held in Rome.

At most of the outside-Atlanta luncheons, an economist from a local college or university delivers the local economic picture. But Humphreys handled Columbus because of the importance of his message.

"In Columbus, we're going to have a major deviation from historical trends," said Humphreys, "and the business people and elected officials need to be aware of it."

Carmen J. Cavezza, executive director of the Cunningham Center for Leadership Development at Columbus State University, said the projections by Benson and Humphreys "were a little more candid than what you see in the media."

Cavezza, former commander of Fort Benning, said he has attended the Columbus EOL for several years.

"They do a good job with it," he said. "They've got credibility"

Gaymon asked the Terry College to consider adding a speaker from Alabama, just across the Chattahoochee River. Neal Wade, director of the Alabama Development Office, addressed the EOL and boasted that he helped Georgia land the Kia plant because it would be so beneficial to Alabama.

"They listened to us," Gaymon said. "They asked for input and they listened." ■

Following the Atlanta event, the EOL tour hit 9 other cities: Albany, Athens, Augusta, Columbus, Jekyll Island, Macon, Savannah, Swainsboro, and Thomasville.



KEVIN HANNON