



MEMORANDUM

Date: March 15, 2011

To: Michigan Economic Growth Authority

From: Joe Quick, Project Specialist
Packaging Team

Subject: Briefing Memo – Dialogue Marketing, Inc.
Standard MEGA Credit

COMPANY NAME

Dialogue Marketing, Inc.
3252 University Drive, Suite 165
Auburn Hills, MI 48326

HISTORY OF COMPANY

Dialogue Marketing, Inc. has over thirty years of experience serving national and international clients through an array of Customer Relationship Management services in order to acquire, support, and retain their customers. The company has created modern software programs such as SnackDirect, DRM Touch, Ydonate, IntelecClose, Impact, and Team Manager. All of these programs are designed in order for their clients to maintain positive customer relationships.

In addition to software development, Dialogue Marketing, Inc. also provides their clients with services such as new account welcome calls, outbound program introduction, inbound service calls, order processing, sales implementation, integration with multiple distribution centers, and account management.

The company currently has 311 full-time employees in Michigan.

PROJECT DESCRIPTION

Dialogue Marketing, Inc. is proposing a new project that will house an expansion of their existing call center operations. The new operations will consist of technology development, custom software development, and support services for the company's retail, health insurance, and business services client base. If the expansion occurs in Michigan it will take place at the company's existing location in the City of Troy, Oakland County.

The company plans to invest approximately \$5 million, of which \$3.6 million are dedicated to lease costs, and create 230 jobs over the next five years, with 73 jobs projected in year 1, as a result of this project.

The average weekly wage for the newly created jobs is anticipated to be \$535. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

BENEFIT TO STATE

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 328 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$2,884,988 (current dollars) due to the presence of this facility.

BUSINESS CASE

Dialogue Marketing, Inc. is also considering locating this expansion in Utah. The company indicated that labor costs and business taxes are lower in Utah versus the Michigan location. In addition, if the project were to locate in Utah it would be in closer proximity to similar company operations, which would create economies of scale.

OTHER STATE AND LOCAL ASSISTANCE

The City of Troy is supportive of this project and plans to approve a property tax abatement under PA 198 of 1974. The estimated value of this abatement is not known at this time.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 3 years for up to 230 net new employees in excess of the company's established base of 409.