

By Bill King and Michael Keating

# What Really Matters Is Not the Salary, But What That Salary Will Buy

*Our ninth annual Quality of Life Quotient rates the metro areas that offer the best middle class lifestyle for manufacturing and service companies.*

**W**HY ON EARTH SHOULD you, as an out-of-state corporate executive attempting to choose the best location for a future manufacturing facility or outlying branch operation, even care about the relative quality of life of the various communities you are considering for your company's next location?

It's not that you're a heartless person, totally devoid of any human feelings, but, come on, this is a business decision. The real goal is to impact your P&L in a positive manner ... and the more positive, the better. Leave the group hugs to Deepak Chopra and Oprah. Your job is to make the best site location decision on behalf of your company and its stakeholders.

As far as you're concerned, if you pay your future employees a decent wage and treat them well, everything will work out just fine. Besides, most of the employees at your new facility will be local hires who already live in that community anyway.

It's hard to argue with that logic but, like most things in life, it's not that simple.

All of us have certain personal feelings about various locations, most of which we've probably never even set foot in. It doesn't matter whether our perceptions are accurate. We routinely base important decisions on our feelings, fair or not, and we're all guilty of doing that. I know I am.

Most traditional quality of life ratings tend to emphasize the artistic and cultural attributes of a community, but those ratings are more applicable for the senior people in your organization

— those with sufficient disposable income to be able to take advantage of those cultural activities.

For the vast majority of your employees — the rank and file, if you will — quality of life involves being able to afford to tap into the American Dream of a middle class lifestyle. To them, access to good tickets for *La Bohème* is not nearly as important as access to good public schools, or being able to afford to own their own home, or to not live in

neighborhoods where they are in constant fear of being a victim of crime.

## What Makes for True Quality of Life?

**T**HAT PHILOSOPHY FORMS THE foundation for *Expansion Management's* ninth annual *Quality of Life Quotient™*, where we compare all 362 metropolitan statistical areas (MSA) to determine where the average

### ☆☆☆☆☆ 5-Star Quality of Life Metros

Note: Metros are listed in alphabetical order

Abilene, Texas	Iowa City, Iowa
Albany-Schenectady-Troy, N.Y.	Ithaca, N.Y.
Ames, Iowa	Jefferson City, Mo.
Ann Arbor, Mich.	Kalamazoo-Portage, Mich.
Appleton, Wis.	La Crosse, Wis.-Minn.
Austin-Round Rock, Texas	Lafayette, Ind.
Barnstable Town, Mass.	Lawrence, Kan.
Billings, Mont.	Lexington-Fayette, Ky.
Binghamton, N.Y.	Lincoln, Neb.
Bismarck, N.D.	Logan, Utah-Idaho
Blacksburg-Christianburg-Radford, Va.	Lubbock, Texas
Bloomington-Normal, Ill.	Madison, Wis.
Boise City-Nampa, Idaho	Midland, Texas
Boston-Cambridge-Quincy, Mass.-N.H.	Minneapolis-St. Paul-Bloomington, Minn.-Wis.
Burlington-South Burlington, Vt.	Missoula, Mont.
Cedar Rapids, Iowa	Morgantown, W.Va.
Champaign-Urbana, Ill.	Omaha-Council Bluffs, Neb.-Iowa
Charlottesville, Va.	Oshkosh-Neenah, Wis.
Cheyenne, Wyo.	Owensboro, Ky.
College Station-Bryan, Texas	Pittsburgh, Pa.
Columbia, Mo.	Raleigh-Cary, N.C.
Corvallis, Ore.	Rapid City, S.D.
Davenport-Moline-Rock Island, Iowa-Ill.	Rochester, Minn.
Des Moines, Iowa	Rochester, N.Y.
Dubuque, Iowa	San Jose-Sunnyvale-Santa Clara, Calif.
Duluth, Minn.-Wis.	San Luis Obispo-Paso Robles, Calif.
Eau Claire, Wis.	Sheboygan, Wis.
Erie, Pa.	Sioux City, Iowa-Neb.-S.D.
Fargo, N.D.-Minn.	Sioux Falls, S.D.
Fort Collins-Loveland, Colo.	Springfield, Mo.
Grand Forks, N.D.-Minn.	State College, Pa.
Great Falls, Mont.	Syracuse, N.Y.
Green Bay, Wis.	Waterloo-Cedar Falls, Iowa
Harrisburg-Carlisle, Pa.	Wausau, Wis.
Harrisonburg, Va.	Wheeling, W.Va.-Ohio
Huntsville, Ala.	Wichita, Kan.

Source: Expansion Management's 2007 Quality of Life Quotient™

## FOCUS STORY ■ 2007 QUALITY OF LIFE QUOTIENT™

### Overall QOL for Large Metros

1. Rochester, N.Y.
2. Pittsburgh, Pa.
3. Austin-Round Rock, Texas
4. Boston-Cambridge-Quincy, Mass.-N.H.
5. San Jose-Sunnyvale-Santa Clara, Calif.
6. Minneapolis-St. Paul-Bloomington, Minn.-Wis.
7. Washington-Arlington-Alexandria, D.C.-Md.-Va.-W.Va.
8. Oklahoma City, Okla.
9. Kansas City, Mo.-Kan.
10. Richmond, Va.

NOTE: MSAs with a population of more than 1 million

### Overall QOL for Mid-Size Metros

1. Madison, Wis.
2. Des Moines, Iowa
3. Raleigh-Cary, N.C.
4. Lexington-Fayette, Ky.
5. Springfield, Mo.
6. Omaha-Council Bluffs, Neb.-Iowa
7. Harrisburg-Carlisle, Pa.
8. Wichita, Kan.
9. Syracuse, N.Y.
10. Boise City-Nampa, Idaho

NOTE: MSAs with a population between 400,000 and 1 million

### Overall QOL for Small Metros

1. Fargo, N.D.-Minn.
2. Columbia, Mo.
3. Sioux Falls, S.D.
4. Iowa City, Iowa
5. Bismarck, N.D.
6. Ames, Iowa
7. La Crosse, Wis.-Minn.
8. Cedar Rapids, Iowa
9. Rapid City, S.D.
10. Waterloo-Cedar Falls, Iowa

NOTE: MSAs with a population of less than 400,000

American is best able to afford to enjoy that middle class lifestyle. As in previous years, we looked at nine major categories to come up with our rankings.

**Affordable Housing.** For the vast majority of Americans, home ownership is a time-tested way to establish wealth. In fact, for the average family, it is the primary way they are ever going to build wealth.

**Good Public Schools.** Education is the key to upward mobility, and being able to send your children to high

quality public schools may be the most important quality-of-life issue.

**Low Crime Levels.** If you have to worry about being assaulted in your neighborhood, or about having your car stolen from in front of your house, it doesn't matter how good everything else is.

**Adult Education Level.** Living in a community of reasonably well-educated people is a desirable thing for most employers because that is where their employee base comes from. Having workers who are able to quickly

grasp concepts and implement ideas is critical to most employers.

**Standard of Living.** This category tries to measure where an individual's income will go the farthest while, at the same time, not being mired in an area of extreme poverty.

**Traffic & Commuting.** Being stuck in traffic for several hours a day is not conducive to quality of life, no matter how much money one makes.

**Continuing Education Opportunities.** Education has traditionally

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### Affordable Housing

1. Weirton-Steubenville, W.Va.-Ohio
2. Brownsville-Harlingen, Texas
3. Danville, Ill.
4. Fort Smith, Ark.-Okla.
5. Florence, S.C.

SOURCE: HUD, Kipplinger.com

### Lowest Crime

1. Fond du Lac, Wis.
2. State College, Pa.
3. Appleton, Wis.
4. Harrisonburg, Va.
5. Wausau, Wis.

SOURCE: FBI

### Public Schools

1. State College, Pa.
2. Ithaca, N.Y.
3. Charlottesville, Va.
4. Burlington-South Burlington, Vt.
5. Madison, Wis.

SOURCE: 2007 Education Quotient™, Expansion Management

provided a path for upward mobility for most Americans.

**Commercial Air Access.** Convenient access to commercial air service is becoming a “hard screen” for many companies looking for a future location. The same is true for employees.

In general, the greater the number of flights and carriers serving an airport, the lower the price for air fares.

**Labor Market.** This category attempts to get a feel for the cost and availability of workers in various metro areas and includes such things as average annual pay, average wage per job and unemployment, as well as workers in the 18- to 35-age group.

Once all the scores were tabulated, the top 20 percent of MSAs were designated as “5-Star Quality of Life Metros,” while the next 20 percent were designated “4-Star Quality of Life Metros.” Metros that finished in the bottom three quintiles were designated as “3-Star,” “2-Star” and “1-Star QOL Metros.”

### Why This Is Important to Your Company

**L**ET’S FACE IT. WE ALL HAVE expectations of owning a comfortable home in a safe neighborhood with excellent schools. We

view it as part of our birthright as Americans and, quite frankly, we can enjoy that lifestyle in most cities in the United States. The only question is how much of a salary it will take to be able to afford the American Dream and that’s where it becomes important to you as an employer.

What’s important to an employee is not the salary, but what the salary will buy.

For instance, a \$50,000 a year salary in some metros might be more than enough for one of your mid-level managers to buy into a comfortable lifestyle, while it might take a \$70,000 salary in another metro area for that same mid-level manager to be able to afford the same living standard.

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### Standard of Living

1. Austin-Round Rock, Texas
2. Raleigh-Cary, N.C.
3. Boulder, Colo.
4. Naples-Marco Island, Fla.
5. Huntsville, Ala.

SOURCE: Bureau of Econ. Analysis, Census Bureau, Tax Foundation, Dept. of HUD, ACCRA CZER

An even bigger fiasco is that, in some metros, an annual salary of \$100,000 might actually buy that person a lower living standard than that of a person making \$70,000 in a less expensive location. In this case, you get the worst of both worlds: higher wage costs and less employee satisfaction.

Sure, you can always find people willing to take less money for a particular job, but are you really getting the best value for your company? Most likely, at the lower salary, you're either getting someone not quite qualified for the job or, if that person is qualified, that person will, within the first year, either demand a higher salary or leave the company.

### Traffic & Commuting

1. Cheyenne, Wyo.
2. Great Falls, Mont.
3. Casper, Wyo.
4. Lawton, Okla.
5. Dubuque, Iowa

SOURCE: Federal Highway Admin., Census Bureau

As an employer, you want your people to settle into a community and sink in roots, because they're more likely to be hard-working, long-term employees. We all know how disruptive, and expensive, high turnover is, particularly if you have 50 or 100 or 500 employees who might fit into this scenario.

Remember, for the employee, what is most important is not so much the salary, but what that salary will buy in terms of lifestyle. On the other hand, what is most important from the employer's perspective is the salary.

Why, then, when you're comparing various prospective locations around the country for a future facility, would

### Continuing Education Opportunities

1. New York-Newark-Edison, N.Y.-N.J.-Pa.
2. Chicago-Naperville-Joliet, Ill.-Ind.-Wis.
3. Boston-Cambridge-Quincy, Mass.-N.H.
4. Philadelphia-Camden-Wilmington, Pa.-N.J.-Del.-Md.
5. Los Angeles-Long Beach-Santa Ana, Calif.

SOURCE: U.S. Dept. of Education NCES

you not pick a place where your employees can afford "live the good life," while your company actually saves money on salary and wages?

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*Bill King is the chief editor of Expansion Management and can be reached at [BillKing@penton.com](mailto:BillKing@penton.com).*



*Michael Keating is a project manager with Penton Research and can be reached at [mkeating@penton.com](mailto:mkeating@penton.com).*