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New Hampshire's secret salesman luring Bay State firms across the line

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Michael Bergeron (left) talked about shredding technology with Bernhard... (cheryl senter for the boston globe)

CONCORD, N.H. - New Hampshire pays Michael Bergeron to be a full-time thief, sending him across the border in an unmarked black sedan to poach Massachusetts companies.

To help keep his missions undercover, the business recruiter even scraped the New Hampshire state seal off his Ford Fusion. Equal parts real estate agent, financial adviser, and deal fixer, Bergeron has lured dozens of Massachusetts companies to the

Granite State over the past few years with promises of lower tax bills, cheaper office and industrial space, and fewer regulations.

John Hancock Financial and Liberty Mutual Group are among the high-profile firms that recently moved significant parts of their operations over the state line - partially because of Bergeron's pitches. And an increasing number of small and midsize firms are considering migrating as a way to reduce costs in uncertain economic times.

"New Hampshire has become an easier place to do business as Massachusetts has become more difficult," said Bergeron, who works as a business development manager for the New Hampshire Department of Resources and Economic Development. "It's a lower cost to do business here and you still have the availability of the skilled workforce in Massachusetts."

His PowerPoint presentations highlight what New Hampshire officials say is Massachusetts' bad-business reputation. They cite expensive real estate, drawn-out permitting processes, and higher taxes.

There are no official statistics from Massachusetts or New Hampshire on the number of companies that have moved north. But Bergeron estimates that at least 5,000 new jobs have been created over the past five years as a result of Massachusetts businesses moving to his state.

Massachusetts officials and business leaders deny that a mass exodus is underway, although they acknowledge that New Hampshire's aggressive recruitment tactics can't be ignored.

The constant assault on Commonwealth companies is more irritating than ominous, said Greg Bialecki, Massachusetts' housing and economic development secretary.

"They haven't done any serious damage," he said of New Hampshire's efforts.

Nonetheless, Bialecki said, officials have tried to make the state more enticing to businesses. In recent years, for instance, Massachusetts has lowered its corporate tax rate, offered tax incentives and other funding, and streamlined the permitting process through its new permitting ombudsman and Permit Regulatory Office.

Massachusetts has historically had to fend off New Hampshire's business recruitment campaigns, said Paul Guzzi, president of the Greater Boston Chamber of Commerce.

"I used to kid that one of my major jobs as secretary of state of Massachusetts was to defend ourselves against New Hampshire," said Guzzi, who held that position from 1975 to 1978. "But there are incredible assets in Massachusetts that no other state has," he said, such as prestigious universities and cutting-edge research labs.

Still, the 45-minute ride from southern New Hampshire to Boston makes it easy to access those benefits without paying the price of being based in Massachusetts, according to Bernhard Mueggler, who runs Untha America, an industrial shredding company that moved last month from Newburyport to Hampton, N.H.

Mueggler expects that by relocating 15 miles he will cut his operational costs by 10 percent annually.

"We needed to grow, and this is the right place to do it," said Mueggler, who hopes to nearly double his workforce to 12 over the next two years.

CCS Presentation Systems, which installs video-conferencing equipment and other electronic gear, initially hesitated about abandoning its Chelmsford headquarters because many of the company's clients are based in Boston. But after Bergeron whisked CCS through his whirlwind pitch a year and a half ago, the company couldn't say no.

CCS found a building that was twice as big as a property it was considering in Massachusetts, and a price that was \$1 million less. Bergeron helped speed the permits and in June 2010, CCS moved its 20 employees to Nashua.

"It is amazing what you can get just going over the border," said CCS vice president Chris Gamst. "It was a shock to me."

Bergeron came in handy months later when CCS applied for a \$40,000 annual tax credit. In February, he drove 60 miles through a snowstorm back and forth between Concord and Nashua to get the required signatures.

And when CCS needed to hire more employees, the firm tapped into a New Hampshire program aimed at getting unemployed workers back on payrolls. It allows companies to try out employees for six weeks while they keep receiving unemployment checks.

CCS still has some connections to Massachusetts - a small satellite sales office in Woburn, and the company's old telephone number.

"We have to pay extra for that," said Cheryl Gamst, CCS president. "The one thing we couldn't get in New Hampshire - a good phone number."

When revenues slumped during the recession, many Massachusetts businesses eliminated jobs, shut stores, and did away with benefits. Now, as executives adjust to the slow-growth reality of the new economy, they are searching for ways to reap long-term savings. For some, that means New Hampshire.

One Massachusetts small business owner said he is considering the move for his company and family. The owner, who asked to remain anonymous because his 11 employees are not aware of the potential change, ticked off a long list of New

Hampshire pluses: no capital gains tax, no inventory tax, no personal income tax, better rents, no sales tax, no Internet tax.

"We love Massachusetts," he said. "But it's hard to ignore New Hampshire."

Bergeron, a former Boston real estate broker, said he is excited by interest from companies of any size. In the spring, Fidelity Investments disclosed plans to close its Marlborough office and move workers to Merrimack, N.H., and Smithfield, R.I. The financial services powerhouse has not said how many jobs will shift to New Hampshire, but Bergeron estimates it at nearly 600.

His skills as a salesman are especially important because of the threadbare \$100,000 marketing budget New Hampshire sets aside for recruiting businesses. Massachusetts, meanwhile, spends about \$600,000 a year on efforts to attract new companies and keep existing ones.

To compensate for the meager funding, Bergeron and other state officials tap into the generosity of local businesses that supply free limos, hotel rooms, and lunches to help court Massachusetts companies. In return, the New Hampshire firms get their logos on the state's economic development website.

Two weeks ago, Bergeron arranged for a 2011 Cadillac - donated by Capital Limousine Service in Concord, N.H. - to pick up the vice president of operations of a Massachusetts energy company that is weighing a move to New Hampshire. They toured five sites in the southern part of the state and met for lunch with economic development officials in Salem. Bergeron launched into his signature PowerPoint presentation as they ate roast beef sandwiches, dill pickles, and chocolate chip cookies - paid for by private sponsors.

It was a more subdued gathering than the "Get Big and Rich in New Hampshire" event Bergeron planned two years ago. For that extravaganza, limos escorted several Massachusetts prospects to a concert by country music performers Big and Rich at The Meadowbrook in Gilford, N.H., which funded the outing. The executives got backstage access and downed shots of Crown Royal whiskey with band members, Bergeron said.

None of the businesses ending up moving, but Bergeron said frequent rejection goes with the job.

"If you have 20 leads, then that turns into five prospects, and then one company actually comes," he said. "You never stop pitching."

Bialecki, Massachusetts' housing and economic development secretary, said that for all their work to get Massachusetts businesses to pull up roots, New Hampshire officials actually do need companies to prosper south of the state line.

"They should be hoping for our continued success," Bialecki said. "Because the better we do, the better they'll do."

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