



ECONOMIC DEVELOPMENT  
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*International Economic  
Development Council*

BEYOND THE SURVEY:

# HOW EDOs

ADD VALUE THROUGH

# BUSINESS

# RETENTION &

# EXPANSION



INTERNATIONAL  
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*The Power of  
Knowledge and Leadership*

# Beyond the Survey:

**How EDOs Add Value through Business Retention and  
Expansion**



# The International Economic Development Council

IEDC is the world's largest membership organization serving the economic development profession, with 5,000 members and a network of over 25,000 economic development professionals and allies. From public to private, rural to urban, and local to international, our members represent the entire range of economic development experience. Through a range of services, including conferences, training courses, webinars, publications, research and technical assistance efforts we strive to provide cutting-edge knowledge to the economic development community and its stakeholders. For more information about IEDC, visit *[www.iedconline.org](http://www.iedconline.org)*.

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Deputy Director  
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Economic Development  
Department

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and Redevelopment Services  
Online

**SeonAh Kendall**  
Economic Health Manager  
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**Mike Kirchhoff, CEcD**  
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Virginia Economic Development  
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**William P. Murphy, CEcD,  
EDFP**  
Executive Vice President,  
Economic Development &  
Workforce  
Greater Columbus, GA  
Economic Development  
Alliance

**Michael Neal**  
President and CEO  
Tulsa Regional Chamber

**Christine Nelson**  
Vice President, Regional  
Business Development  
Team NEO

**Jennifer Nelson**  
Executive Vice President  
Michigan Economic Development  
Corporation

**Lou Ann Nisbett, CEcD**  
President and CEO  
The Economic Development  
Alliance for Jefferson County

**John Osborne**  
President and CEO  
Lubbock Economic  
Development Alliance

**Bob Pertierra**  
Senior Vice President and Chief  
Economic Development Officer  
Greater Houston Partnership

**Craig Richard, CEcD, FM**  
President & CEO  
Tampa Hillsborough Economic  
Development Corporation

**Lyneir Richardson**  
Executive Director  
Center for Urban  
Entrepreneurship and Economic  
Development, Rutgers Business  
School

**Courtney Ross**  
Chief Economic Development  
Officer  
Nashville Area Chamber of  
Commerce

**John Sampson**  
President & CEO  
Northeast Indiana Regional  
Partnership

**Irene Spanos**  
Director, Economic  
Development  
Oakland County Executive  
Office

**William Sproull, FM, HLM**  
President and CEO  
Richardson Economic Development  
Partnership

**Jerry Stewart, CEcD**  
Workforce Development  
Coordinator  
City of Virginia Beach - Economic  
Development

**Bob Swindell**  
President and CEO  
Greater Fort Lauderdale Alliance

**Alan Tio, CEcD, MPA**  
Senior Vice President  
Northeast Indiana Regional  
Partnership

**Allison Thompson, CEcD,  
EDFP**  
Executive Director  
Cedar Hill Economic  
Development Corporation

**Jennifer Wakefield**  
Vice President, Marketing and  
Communications  
Orlando Economic Development  
Commission

**Matt Waldo**  
Manager, Research and  
Information  
JobsOhio

**Rick Weddle, FM, HLM**  
CEO  
Hampton Roads Economic  
Development Alliance

**Charles Wood, CEcD**  
Vice President, Economic  
Development  
Chattanooga Area  
Chamber of Commerce



**Primary Authors**

Mishka Parkins, Economic Development Associate, IEDC  
Delaney Luna, Economic Development Associate, IEDC  
Eli Dile, Associate Editor, IEDC  
Louise Anderson, Senior Associate, Managing Editor, IEDC

**Contributing Authors**

Marie Plishka, Economic Development Associate, IEDC  
Cody Haddow, Economic Development Intern, IEDC  
Gayane Grigorian, Economic Development Intern, IEDC  
Lynn Knight, CECD, Vice President, Knowledge Management & Development, IEDC

**Editors**

Lynn Knight, CECD, Vice President, Knowledge Management & Development, IEDC  
Louise Anderson, Senior Associate, Managing Editor, IEDC

**Graphics**

Akia Ashmond Brew, Director of Marketing, IEDC  
Alissa Soriano, Marketing Coordinator, IEDC

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**International Economic Development Council**

734 15<sup>th</sup> Street NW, Suite 900  
Washington, DC 20005  
202-223-7800  
[iedconline.org](http://iedconline.org)



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# Introduction

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Proactively supporting the retention and expansion of existing businesses is a fundamental function of economic development organizations (EDOs). Businesses that are already in a jurisdiction are in the best position to quickly create jobs and contribute to the tax base. Moreover, their perception and endorsement of a business-friendly community – or lack thereof – can make or break investments by others. As the economy changes and evolves, leaving businesses to fend for themselves is not only risky, but represents lost opportunities to help companies thrive and grow.

Not all EDOs put business retention and expansion (BRE) at the top of their priorities, and not all have ways to measure the return on investment or publicize the results of these programs. Conversely, when a new business locates in a community, it typically makes headline news. Among the public, and even with many elected officials, marketing a jurisdiction to new businesses will always compete for attention against BRE efforts, even though existing businesses are the more significant job creator. The perception that public officials care only about recruiting new companies can damage relationships with existing businesses and the overall perception of the local business climate.

Proactively listening and responding to the needs of existing businesses can result in successful efforts to help them survive when they are in trouble. Positive actions to mitigate business challenges can also help them to grow more rapidly. That is why it is important for EDOs to know and advocate for the interests of existing businesses.

EDOs that engage with existing businesses at a deeper level than surveys tend to reap more success with their BRE efforts. Information obtained through BRE programs is critical to forming successful relationships – but only when they are acted upon and the results monitored. Maintaining active relationships demonstrates that the local government is listening, which helps gain a business-friendly reputation and results in positive referrals by existing businesses to new ones.

An increasing number of EDOs are moving from basic survey and visitation models to more comprehensive, value-added models. Technical assistance for businesses can address various aspects of business operations, including operations management; marketing and sales; financial control systems; workforce training and development; strategic planning; and even succession planning – the number one preventable cause of job loss.

By utilizing BRE programs effectively, and measuring and publicizing the results, EDOs demonstrate value to stakeholders and illustrate the importance of the economic development profession to the communities they serve. This paper explains the various ways EDOs are serving businesses, measuring their activities, and promoting them in their communities.

# What BRE Looks Like Today: EDOs Survey Results

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No business retention and expansion program looks exactly like another. They vary according to many factors, such as the type of organization conducting the program (e.g., public or private); geographic area of focus (neighborhood-level, city, regional); and the values and priorities of the organization's leaders and constituents.

Ultimately, BRE programs serve to answer the following two questions for economic developers:

- 1) Who can I help to grow in order to expand employment and the tax base? and,
- 2) Who is at risk of closing or moving that I can help to stay open or remain in the community?

To inform this paper, IEDC surveyed EDOs during July and August 2017 about their business retention and expansion practices. The survey garnered 118 responses.

In response to the question,

*How do you identify and prioritize which companies to serve in your BRE program?*

survey respondents indicated a mix of considerations, which typically fell into three categories: to encourage growth, prevent loss, and simply to maintain relationships and stay in touch.

Most commonly, firms were prioritized based on their size and industry type:

- Largest employers
- Manufacturers and other economic-base/primary employers
- Companies in target industries or clusters

However, respondents offered many additional criteria for including firms in their BRE programs, including:

- Tax base impact
- High-wage employers
- Employers in emerging/promising industries
- Supply chain position/connections
- Companies in a growth phase
- New companies

Of course, many EDOs mentioned responding to specific requests, challenges or circumstances – whether a company has asked the EDO for help with a specific issue, or whether the EDO learned about the need through word of mouth, from the media or

research. For example, one EDO is “currently focusing on those impacted by the downturn in the energy industries, particularly coal and natural gas.” Another focuses on major employers in distressed locations. Others track lease expiration dates and reach out to those companies.

Some also incorporate timing into their decisions of which companies to engage – e.g., contacting major employers once a year, or making sure to visiting all firms once every three years.

Other comments about identifying and prioritizing companies included considerations of industry mix, economic impact, and other factors:

- We try to focus on a sampling of companies that represent our different industries, including retail and agriculture businesses.
- Understanding their impact, size and economic diversification to our community
- Are they economic-base companies, 2) What is the research indicating about the sector and company, 3) are there "red flags", and 4) face-to-face interaction.
- By employee/revenue size/through collaboration with our state and regional partners, change in management/lines of business
- All companies within our city are eligible. We target those with issues or needs, include all major employers, and do our best to touch base with as many others as possible!
- If a company's lease expires within 12-18 months, we schedule a meeting to find out if we can assist them with their growth/expansion.
- Companies with significant gains or losses in ES202 employment over past year

In addition, factors such as social impact or local ownership were cited, but infrequently.

## Responding to Threats

Discussions<sub>Street</sub> Calls<sub>Communication</sub> Contact<sub>Maintain</sub> Network  
 Ask Questions Community<sub>Staff</sub> Visits Interviews  
 Business<sub>Identify</sub> Word of Mouth<sub>Stakeholders</sub>  
 Companies<sub>Bankers</sub> Partners<sub>Late</sub> Social Media Survey

Economic developers use multiple means to gauge a company’s health. Some means are proactive, such as following industry trends, researching individual companies, or reaching out in advance of expiring leases. Others, by necessity, are reactive; “word of mouth” was the means most frequently cited by survey respondents in response to the question,

### *How do you learn about vulnerable companies in your community?*

Far and away, *relationships* were the most-often cited – and most effective – way that economic developers ensure that they are up on the latest business news in their communities. Regular, sustained contact with client companies, initiated by the EDO, was the most direct source of useful information. Many EDOs also reported companies with issues reaching out to them directly.

Secondary sources cited include communications with an array of partners and community members, including the EDO's board members, investors, and stakeholders; industry organizations; chambers of commerce; professional service partners (banks, accountants, CRE brokers); local commissioners, city and state officials; electric and water/sewer utilities; industry groups or roundtables; local service organizations (Rotary, Lions clubs) and others.

The following statements are representative of many survey responses:

- I establish a relationship of personal trust during formal calls, so companies feel free to connect
- Visiting them, talking to executives, seeing the condition of their business
- Most of the time through regular communication, not through BRE
- Relationships we have built in the community and our board members/volunteers
- By asking but usually too late
- Developing relationships across the community is vital. We ask questions on our BRE visits to help identify companies at risk, but we also rely on our community partners to share with us challenges facing companies in our community.
- Retention visits, word of mouth, meetings, watching the business press and online business news sources.
- Sometimes we hear about it the old-fashioned way: read about it in the paper

Survey respondents indicated many ways and methods to maintain relationships and keep lines of communication open. These included events and networking opportunities such as BRE program activities and visits; informal breakfasts with business execs; annual business walks; civic functions and business networking events; quarterly meetings with human resources reps and more.

Aside from the importance of relationships, EDO respondents noted the importance of conducting research to identify vulnerable companies. They mentioned the following tools and data sources:

- Business licenses and employment data; fluctuations in online job postings over time
- Google alerts, business media, social media
- Industry data, site conditions and sustainability factors
- List of “red flags”



Surveys were cited as well, but were mentioned less frequently in relation to identifying vulnerable companies.

### *How do you stay in contact and build relationships with out-of-state headquarters?*

It is challenging to build and maintain relationships with the out-of-town executives in charge of your community's branch plant. Many EDOs responded that they do not do this at all, noting either that they have tried and not succeeded, or that they lack the budget or staff. Others reported that they try but "we don't do a good job at this," or "not enough," "not as well as we should."

Ways most commonly used to build relationships and stay in contact with out-of-state management include headquarters visits; close contact with local headquarters/branch facility; trade shows; email and phone conversations; and sending reports, newsletters, and other communication products. Several respondents emphasized the importance of going through the local office when building a relationship with headquarters.

A sample of proactive responses to this question includes:

- We visit our foreign-owned HQs on a regular basis when we are in country; we also stay in touch with the branch plants and ask to be invited to meet with the owners when they are in town. We also communicate news about the community with the home office. We try to keep very close track if management changes either locally or at HQ, then follow up. We participate in the state's out-of-state HQ retention visits.
- We ask the local leadership to set up meetings so we can tell HQ what a great job the locals are doing.
- When I am traveling to a city where an out-of-state headquarter is located I try to set an appointment with that office. Attend trade shows where those headquarter reps are present and set meetings. Offer to participate in visits when corporate executives visit the local site.
- Working through the local headquarters/branch to preserve integrity and build trust with local contacts.
- Especially with international companies, leveraging the regional and state folks as they are traveling and attending conferences and shows around the world.
- By establishing a strong rapport with the local company and linking to the headquarters. Sending BRE information regarding our local conditions, advantages, resources and innovations.

### *Do you engage entrepreneurs and solo workers in your BRE efforts?*

As discussed earlier, in determining who to target in BRE efforts, most EDOs focus on firms that have the greatest impact in terms of number of jobs and capital investment. Companies in target industries or clusters are a close third (though there is frequent overlap). When asked about engaging entrepreneurs and solo worker in BRE efforts,

responses clearly showed that EDOs see entrepreneurs as an important group to target, but often serve them in ways that are different from, or in addition to, than their typical BRE program. This is likely due to their small size and the nature of their needs, which differ from those of larger, more established firms. Serving entrepreneurs is an investment in the long term.

Many respondents noted that they have separate, specialized programs for entrepreneurs; some indicate that they contract with other organizations to work with new and early-stage business owners. Several respondents mentioned being part of an entrepreneur support network. Others note that they fund incubators, host websites, or hold business assistance workshops and networking events, such as quarterly events for entrepreneurs. Some noted that they work only with entrepreneurs who have job growth as a goal.

Many EDOs noted the difficulty of knowing who these individuals are, often learning about them through word of mouth. Ways that they identify entrepreneurs and solo workers most typically include networking events and referrals from/partnerships with the chamber of commerce, co-working space, small business development center, or industry groups.

Comments included:

- Entrepreneurs are always at the table working on our BRE efforts as members or leaders of task force and committee efforts.
- Have a designated staff person focused on entrepreneurs and small businesses; specific incentive programs just for small businesses
- Innovation and growth companies are critical to our future and are targeted for assistance
- Region's business base is primarily small businesses so the localities are accustomed to working with "people with good ideas;" however, the localities and region lack impactful knowledge of resources and tools for these clients.
- It usually happens by chance – we do not actively seek out this group
- Same as others, so long as they are traded sector
- Because many people learn about our activities, we often get business startups – we assist where we can, but often times recommend our partners who specialize in these activities. We have a limited budget and use partnerships (trying never to duplicate efforts) to be successful!
- We have a small business center that is primarily focused on serving entrepreneurs and individuals. Often these grow to small companies and then are transferred to the BRE dept.
- Only if we are aware of their existence – either by word of mouth or state regulatory reportings
- Entrepreneurs yes, solo not. We have yet to figure out a way to get at the "solos"

## *How do you ensure that your resource networks and referral partners meet your clients' needs?*

Economic developers were clear that after they refer a client to a partner for assistance, they don't consider their job finished. "We follow up" was the overwhelming answer to this question from survey respondents. Many economic developers reported asking client companies about their experiences with network partners either as relevant or as part of BRE visits. Or, depending on the type of project, the EDO may serve as project manager for the company's needs, facilitating and overseeing communication, setting deadlines, and coordinating meetings.

Many EDOs also follow up with the service providers directly, and mentioned the importance of maintaining relationships with service providers. Some EDOs reported staying in contact with service providers through monthly or quarterly meetings.

Others take a more structured approach to quality assurance, using "training and quality standards," "performance metrics," or "weekly written reports and CRM software."

Comments included:

- We have a "partner program" with our service providers (banks, accounting firms; law firms; construction companies, etc). We make sure they know what our expectations are; we follow up with the client to learn if they were satisfied. In most cases we join all the meetings with a service provider to make sure the client gets all his/her questions answered. And we stay in touch with the service provider to make sure they fulfill their obligations. It's our name and reputation on the line.
- Vetting client needs at the topside usually leads to a good match for networks and vendors.
- I usually confirm with any referral that there's an interest in communicating with a client before making the connection. I also like to understand the role of the resource and its capabilities before suggesting contact.
- Meet with providers and clearly understand approaches
- We do our best to follow up and set expectations in writing. We always do "soft handoffs" meaning that we don't just provide a number or name, we actually connect the client with the provider via email so that we remain in the loop
- They don't always. We just have to call them (started texting them) for updates.
- Created a business resource team that communicates with one another
- It is critical to only make referrals to responsive partners
- Provide feedback to partner organizations
- Unhappy companies share concerns
- We don't have a process or system in place to verify that referrals were adequately handled. But we share among our internal team the best contacts at any agency when we're having difficulties. If the situation with an individual continues, I address the problem with the individual or his boss.

*What types of incentives do you offer as part of your BRE efforts? What criteria do you use to award them?*

Responses to this question are difficult to group into a pattern. Some EDOs reported that they did not offer incentives themselves, though partner organizations did; others noted that in their jurisdiction, no financial incentives at all were available. Multiple EDOs commented that the same incentives that were available for attraction projects were available for BRE as well.

Of those who do have incentives available, the types of financial assistance were wide-ranging, including grants, reimbursements and tax abatements related to real property investment, sales, façade improvement, new jobs or job training; tax increment financing; low-interest/forgivable loans and access to other financing.

Many respondents mentioned non-financial incentives as well, such as permitting assistance; fast-tracking of applications; market intelligence and other technical assistance to help firms grow; public relations; connections to agencies and export assistance.

In terms of criteria used to award incentives for BRE, the answers almost exclusively were job numbers and investment pledges.

Comments included:

- Almost everything we do is jobs and investment-oriented, however we also look at the region of the state, the company's history here, how many employees are affected and what's driving their decisions, as well as if they are part of a more significant supply chain. We apply the same tools that we use for new attractions, e.g. grants, jobs tax credits, loans, direct investments, low cost power allocations, etc.
- We inform companies about state and local incentives, grants, and matching programs
- Depends on their needs, trying to emphasize relationships over dollars
- Do not have direct incentive programs for BR&E.
- Currently we have a variety of economic investment zones which offer tax exemptions for development and land improvement that has been deemed as needed by our business community.
- Expansion projects are eligible for a grant from the state if at least 50 new jobs are created over a 3-year period. That threshold is reduced to 25 new jobs over a 3-year period for rural and high-tech projects. Real and personal property taxes are eligible for a tax abatement based on the community. And we have training dollars that are popular, some programs require a minimum wage of \$15.75/hr; others don't have that wage restriction.
- We have workforce training funding available for traded-sector businesses that are growing employment. There are also Enterprise Zone tax abatement programs

available. We also help with permitting and plans review as a way to facilitate and accelerate time to permitting.

# Moving Beyond Business Surveys: How to Add Value to Clients

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Fostering relationships with company managers requires going beyond periodic outreach. Cultivating relationships with businesses helps economic developers to gain more insight into a firm's direction and business decisions. Relationship-building happens over time. It requires engagement that adds value and builds trust. Business engagement should be intentional and based on the intelligence gathered on a business. Conducting background research provides EDO staff a better understanding of the local business landscape and the circumstances of individual businesses. When determining how to best add value, consider the following.

**Be a Resource:** Business surveying and visitation are tactics that EDOs have used for quite some time. Business visitation, and the more recent practice of business walks, open up the lines of communication between an EDO and its business community. Visitation allows EDOs to inform businesses of the local programs and services available to them, as well as to respond to specific requests.<sup>1</sup> The information gathered during such visits typically provides insights on local business needs, plans for relocation, expansion, or closure, and perceptions or attitudes of the business community.

The information gathered from visits and surveys can provide valuable intelligence on the successes and obstacles in the region. This information then helps EDO staff identify the key issues that need to be addressed. It also helps EDOs to tailor the programs and support services that provide the most value to local businesses.

The more aware economic developers are of business needs, the more they are able to offer the right type of assistance. The goal is to be viewed as a resource. This often requires reading between the lines and digging deeper in to what is being said. For some companies, this may mean providing assistance outside of established programs. Being a resource also requires that EDOs have a network of resources to pull from. In order to add value, it is best to develop a tailored approach. Just as each business is different, business owners will also vary in terms of communication style and willingness to share information. Some may prefer phone interactions, while others prefer email, or in-person meetings.

Prior to business visits, the individual or team that administers business interviews should conduct background research on the company and its industry. Background

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<sup>1</sup> Cothran, Henry M., et al (October 2015); "Business Retention and Expansion (BRE) Programs: Conducting Successful Business Retention and Expansion Visits." *EDIS*, Food and Resource Economics, University of Florida IFAS Extension, <http://edis.ifas.ufl.edu/pdf/FE/FE65500.pdf>

information on a company can be found in business directories, research sites such as Hoover's Online, and news articles. The key here is to identify trends or changes to a company's operations which may be unique to an individual company or indicative of broader industrial changes. Advance research helps ensure that time is not wasted on basic questions. The EDO representative will appear prepared and truly interested in the company, making the visit far more productive.

As mentioned above, an industry analysis will provide insight on the previous performance of an industry, its current status, and its outlook for the future. Information sources for this research are available at the local, state, and national levels. A list of selected resources is provided in Appendix C.

**Engage Frequently and Be Responsive:** Another important aspect of engagement is frequency and responsiveness. Frequent engagement helps to keep the EDO at the forefront of the business owner's mind as a resource. Of course, the type of engagement will vary. Economic developers can engage business owners collectively by holding industry recognition ceremonies, roundtable discussions, or focus/cluster groups.

In terms of responsiveness, it is important to be prompt with responses to inquiries. Prompt responses confirm a customer-service orientation and help to establish credibility and build confidence. This is particularly true when an issue arises. It is important to acknowledge the issue, take action to resolve it, and make the business owner aware of the EDO's follow up actions and any results.<sup>2</sup>

In addition to building relationships with local businesses within an EDO's jurisdiction, it is a smart practice to engage contacts at a company out-of-area headquarters. This is particularly true when operations decisions are made outside an EDO's jurisdiction.<sup>3</sup>

"If you have companies in your jurisdiction that are headquartered elsewhere, it is imperative that you forge personal relationships with that leadership. There is a saying in site selection that the local plant manager is always the last to know."

**Janet Ady, President & CEO, Ady Advantage**

Visits to out-of-state headquarters are also an opportunity to inform the headquarters location of the benefits of operating in the jurisdiction. Either way, it is important to

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<sup>2</sup> Pyle, Lesley Spencer (June 2008); "Keep Your Customers From Straying." *Entrepreneur*, [www.entrepreneur.com/article/194784](http://www.entrepreneur.com/article/194784)

<sup>3</sup> <http://www.iedconline.org/blog/2014/04/21/business-retention-and-expansion/ed-now-feature-bre-why-it-matters-plus-eight-tips-to-strengthen-your-program/>



ensure that the local facility manager is informed of any trips made to the headquarters location.

## I. INITIATING THE RESPONSE TO IDENTIFIED NEEDS

After identifying the needs of existing businesses, economic developers then initiate the response. Using examples from the survey and IEDC's Business Retention and Expansion manual, the most successful BRE efforts tend to do the following:

**Customized Service Delivery:** Services that are customized for a specific company's changing needs mirror the case management/portfolio approach. Each business is matched with subject matter experts or account executives that help business leaders explore new opportunities and connect them with the service providers and resources they need.

For example, the Los Angeles County Economic Development Corporation has a business assistance program (BAP) team that provides consulting services to local company executives. The BAP team works one-on-one with area businesses to assess unique strengths, weaknesses, opportunities and threats. After each assessment, BAP then works with company executives to develop and implement customized action plans.

**Strong Orientation to Outcomes:** Successful BRE programs tend to adopt an outcome – rather than output – orientation in service delivery. Outcomes are measured on the individual company and community or service area levels. For individual companies, the BRE team works with the company to determine the desired outcomes and measure their performance against that. In addition to outcomes, overall customer satisfaction with service providers should also be measured. Some examples of outcome-based measures documented by survey respondents include jobs created or maintained, payroll estimates, capital expenditures, and space leased.

**Focus on Creating a Favorable Business Climate:** Burdensome or bureaucratic regulatory environments can take up valuable company time and resources. Economic developers can address business-climate issues by educating policy makers on the impacts of regulations and helping business owners or plant managers navigate them.

One survey respondent helped a local business work with the state's department of transportation to create signage after the construction of roadway barriers made it difficult to access business property. The city and neighboring landowners later created agreements to allow for additional entrances to the impacted properties. As a result, three businesses were able to retain over 40 employees in their current location.

**Seamless Coordination of Business Support Services:** Businesses require various support services that are often outside of the scope, resources or expertise for EDO staff.

EDOs can develop a coordinated service-team approach to ensure that companies get the services they need from multiple agencies or programs.

Central to coordination, however, is the need for monitoring and frequent communication between an EDO and service providers. Survey respondents report frequent follow-up and meetings as a way to keep both groups updated. Others rely on referral management systems and making periodic contact to see if new needs or opportunities arise. More information on working with service providers follows.

## II. CONNECTING CLIENTS WITH RESOURCES

Because an EDO cannot provide all of the support services required by local businesses, it is important to be able to connect firms with outside resources. The support needs of existing businesses vary based on factors including size, industry, product offering, and growth rate. Furthermore, needs vary widely by subject area – e.g., workforce development, export development, or financing. As such, BRE staff should engage their partners in the process of program and service development and delivery. As an extension of a BRE program, this business support network provides the resources to enhance and expand the capabilities of the BRE program.<sup>4</sup>

The business support network should include service providers that can assist existing businesses in a range of areas, such as financing, management and technological assessments, workforce training and retraining, and finding new markets. Service providers may be public agencies that operate at the local, regional, state and federal levels, such as workforce development boards, export assistance departments and permitting offices at the municipal level. They also exist in the private sector – e.g., consultants, accountant, lawyers – and nonprofit sector. BRE staff should take an inventory of service providers, identify primary points of contact, and enlist them as partners with the common objective of providing business support.<sup>5</sup>

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<sup>4</sup> Hackler, Darrene, et al (2016); Business Retention and Expansion. International Economic Development Council.

<sup>5</sup> Cothran, Henry M., et al (February 2016); “Business Retention and Expansion (BRE) Programs: Characteristics of Successful BRE Programs.” *EDIS*, Food and Resource Economics, University of Florida IFAS Extension, [edis.ifas.ufl.edu/fe653](http://edis.ifas.ufl.edu/fe653)

“Business retention programs may not be directly involved with service provision, but they need to know how to get a business the assistance it requires. The degree to which business retention programs are linked to other community programs such as loan funds or workforce training initiatives can have a significant impact on program effectiveness.”

**IEDC’s Economic Development Reference Guide**

[http://www.iedconline.org/clientuploads/Downloads/IEDC\\_ED\\_Reference\\_Guide.pdf](http://www.iedconline.org/clientuploads/Downloads/IEDC_ED_Reference_Guide.pdf)

As mentioned above, partnering with service providers still requires coordination and follow-up from BRE program leads. Beyond connecting businesses with needed services, EDOs should stay abreast of the reason for contacting the service provider, not simply handing off service requests and considering their work done. This follow-up entails knowing what action will be taken and whether or not the service met the needs of the business. Economic developers can stay on top of referral requests by facilitating and overseeing communication, setting deadlines for response and delivery, and coordinating meetings.

### III. WHAT PROGRAMS OR SERVICES CAN YOU OFFER INTERNALLY?

An increasing number of EDOs are moving from basic survey and visitation models to more comprehensive, value-added models. Technical assistance for businesses can address various aspects of business operations, such as operations management; marketing and sales; financial control systems; workforce training and development; and strategic planning.<sup>6</sup> The BRE staff of an EDO can provide services directly to businesses or use outside partners, through formal or informal agreements. The decision of whether and how to provide technical assistance largely depends on the available resources (financial and staff), as well as the objectives and strategic priorities of the organization.

Some examples of common BRE programs and services are provided below.

**Entrepreneurial and small business support:** The needs of entrepreneurs and small business owners vary depending on the business’s stage of development as well as the owner’s or manager’s business acumen. Harvard Business Review explores small business growth in five stages.<sup>7</sup> The table below provides a description of each stage, along with common issues faced and possible ways to respond.

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<sup>6</sup> Hackler, Darrene, et al (2016); Business Retention and Expansion. International Economic Development Council.

<sup>7</sup> Churchill, Neil C., and Virginia Lewis (November 2015); “The Five Stages of Small Business Growth.” *Harvard Business Review*, [hbr.org/1983/05/the-five-stages-of-small-business-growth](http://hbr.org/1983/05/the-five-stages-of-small-business-growth)

**Table 1: Addressing Small Business Challenges by Stage**

<b>Business Growth Stage</b>	<b>Primary Issues at This Stage</b>	<b>Possible Areas of Support</b>	<b>Program Delivery Methods</b>
<b>Existence</b>	Obtaining customers and delivering the product or service contracted for	Opening new markets, marketing and sales	Training courses or workshops on specific subject areas
<b>Survival</b>	Relationship between revenues and expenses, heavy reliance on forecasting	Financial planning, securing additional financing	One-on-one meetings with CEOs
<b>Success</b>	Company as a platform for further growth/ separate investment	Business ownership conversion support, relocation assistance for expansion	Webinars, one-on-one meetings with CEOs
<b>Take off</b>	How to grow rapidly and how to finance that growth	Financing, relocation assistance for expansion, export promotion	One-on-one meetings
<b>Resource Maturity</b>	Balancing expansion and eliminating inefficiencies	R&D, process improvement	R&D grant applications

Economic gardening programs have also gained popularity as an effective way to grow small businesses. These programs target second-stage companies by assisting them with strategic issues and providing customized research.<sup>8</sup> According to the National Center for Economic Gardening (NCEG),<sup>9</sup> these programs provide key information in areas such as strategic market research, search engine optimization and social media marketing.<sup>10</sup> These

<sup>8</sup> “Economic Gardening.” *Edward Lowe Foundation*, [edwardlowe.org/entrepreneurship-programs/economic-gardening/](http://edwardlowe.org/entrepreneurship-programs/economic-gardening/)

<sup>9</sup> In partnership with the Edward Lowe Foundation, the NCEG has assisted more than 25 states establish economic gardening programs. For more information, visit <https://www.nationalcentereg.org/>

<sup>10</sup> *National Center for Economic Gardening*. National Center for Economic Gardening, [www.nationalcentereg.org/](http://www.nationalcentereg.org/)

programs require trained staff with an understanding of business dynamics, strong research skills, and access to proprietary data sources.

Other services for entrepreneurs and small businesses include equity and debt financing, mentorship, accelerator and incubator services.

### Seven Steps to Developing an Economic Gardening Implementation Strategy

1. Gain the support of local officials and other stakeholders
2. Identify your community's assets
3. Develop a collaborative effort among resource partners
4. Create a system-wide operating agreement
5. Determine the target audience for services
6. Develop a delivery system to provide services to the target audience
7. Develop a communication system to gain community support and buy-in

Source: InFocus issue, *Strengthen Your Local Economy through Economic Gardening*, by Christine Hamilton-Pennell, published by ICMA.

**Export and trade development:** Helping local businesses identify new markets outside the host region or country can create significant growth opportunities. Exploring options for expanding a company's service area, however, requires considerable resources in both research and implementation. Thus, BRE programs can offer counseling and strategic intelligence on export-readiness and best practices. A wealth of information is available to support exporting at the federal and state levels, yet it can be difficult for companies to navigate all these resources. At the very least, EDOs can inventory and publish a list of all the agencies that provide export and international trade assistance. Awareness programs can then be conducted to make businesses more aware of the resources available to them and how to navigate them. As well, educational programming on specific subject areas (export financing, insurance, market research etc.) can be developed and delivered via webinars, workshops and other means.

**Business Aftercare:** The term "aftercare" is typically used to describe activities and support services that help foreign investors successfully operate a business in a new country. These activities range from providing post-establishment facilitation services to developmental support for new foreign investors.<sup>11</sup> The rationale for providing foreign investor aftercare is similar to that of providing BRE services to domestic companies.

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<sup>11</sup> "Aftercare: A Core Function in Investment Promotion" (2007); *Investment Advisory Series, Series A, number 1*, United Nations Conference on Trade and Development, [http://unctad.org/en/Docs/iteipc20071\\_en.pdf](http://unctad.org/en/Docs/iteipc20071_en.pdf)

Aftercare provides a more favorable operating environment for foreign investors, which helps to not only retain the original investment but to encourage additional future investment. Similar to other retention statistics, as much as 70 percent of new investment is linked to the existing investment base.<sup>12</sup>

Aftercare services are classified as follows:

- **Administrative services** that help investors adjust to local conditions, laws and regulations in their new host countries. These services may include obtaining work permits for foreign nationals or spouses; home and school location assistance; training in occupational health and safety laws, and providing introductions to professional service providers.
- **Operational services** that support the operation of the business in the host community. Examples include training support; supplier identification; and cluster or business support networks.
- **Strategic services** which are long-term efforts targeted toward significant expansion and growth. Examples of strategic services EDOs can provide include product or product line development; developing value-added services; linking senior managers and directors to high-level policy influencing networks; and policy advocacy.<sup>13</sup>

For more information on how to establish aftercare programs for foreign investors, see Chapter 2: The Economic Developer's Role, in IEDC's *Foreign Direct Investment and Exporting Manual*.

**Human resource assistance:** Programs that help companies to locate, up-skill, and retain talent support business competitiveness. EDOs may also establish grant programs for on-the-job training or work with employers to determine talent needs.

Over the past five years, IEDC's Economic Development Research Partners program (EDRP) has published extensive research and case studies on EDO involvement in workforce development activities. For more information, please visit the EDRP Publications web page at [www.iedconline.org](http://www.iedconline.org) to view the following reports: *Shifting Workforce Development into High Gear: How Economic Developers Lead Workforce System Alignment* and *Raising the Bar Together: Successful Strategies for Workforce and Economic Development Collaboration*.

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<sup>12</sup> Brown, Emily, et al (2015); Foreign Direct Investment and Exporting. International Economic Development Council.

<sup>13</sup> Ansoff, Igor (1987); Corporate Strategy, Penguin, pp. 22–24.

**Special events:** In addition to establishing programs, EDOs can also engage existing businesses in special events. The goals and forms of these events can be:

- Appreciation initiatives, such as industry appreciation days/weeks, recognition or award dinners or luncheons to celebrate improved business performance or social contributions
- Networking and information-sharing, which may include hosting business and community roundtables by industry sector, or forums for executive leadership
- Addressing immediate needs by hosting job fairs

## IV. COOPERATIVE EFFORTS FOR BRE

Various BRE efforts take place at the state, regional, and local levels (see table below). However, a lack of coordination among these groups can result in wasted resources and duplicated efforts. Like local and regional EDOs, some states deploy staff to target companies by region or industry and sector. Coordination is then necessary in order to avoid survey fatigue and overlapping assistance from different levels of government. Before coordinating efforts, a good first step is to take inventory of the BRE efforts that are available to businesses at all levels. It is easier to determine how EDOs at various levels (i.e., local, regional and state) can work together after understanding the current landscape.

EDRP research confirms that new methods of collaboration are emerging, from the state down to the local level. According to economic development consultant Sara Dunnigan, “the siloed case management approach is falling by the wayside”<sup>14</sup> as economic development stakeholders see the benefits of collaboration. These benefits include increased awareness of the gaps in business support services; a larger pool of resources (including access to more data, subject matter expertise, and funding) to draw from; and less duplication of effort.

Cooperative BRE efforts vary in terms of organizational structure (formal and informal) and level of authority.<sup>15</sup> A report titled *Business Retention and Expansion: “Synergizing” Service Delivery* provides four examples of comprehensive BRE initiatives led by different levels of authority:

- Cleveland’s Westside Industrial Retention and Expansion Network (WIRE- Net), led by a membership association;
- Western Pennsylvania’s Strategic Early Warning Network (SEWN), led by the regional layoff aversion contractor, Steel Valley Authority;

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<sup>14</sup> Dunnigan, Sara J. “It’s Simple, but It’s Not Easy. A Formula for BRE Program Success.” *A Hitchhiker’s Guide to Economic Development*, [sarajdunnigan.wordpress.com/category/economic-development/business-retention-and-expansion/](http://sarajdunnigan.wordpress.com/category/economic-development/business-retention-and-expansion/)

<sup>15</sup> Lambe, Will. “Business Retention and Expansion: ‘Synergizing’ Service Delivery.” Corporation for Enterprise Development, [http://www.blancanada.com/PDF/NC\\_UNC\\_BR\\_E\\_study.pdf](http://www.blancanada.com/PDF/NC_UNC_BR_E_study.pdf)



- Ohio's Employee Ownership Center, run by Kent State University; and
- Alabama's Foundations for Growth led by the state development authority.<sup>16</sup>

**Figure 1: BRE Players by Reach**  
**Activities**

Reach	Actor	Job retraining and reskilling assistance	Marketing assistance to find new domestic or international markets	Provision of financial incentives	Routine visits by economic development professionals to existing businesses	Technical assistance to solve particular problems
Local	Local Economic Developers			●	●	●
Regional	Regional Partnerships		●	●	●	
	Workforce Development Boards	●			●	
Statewide	Business & Industry Division		●	●	●	●
	Division of Employment and Training	●		●		
	International Trade Division		●			
Varying	Universities, Colleges and Non-profits	●	●		●	●

Source: Blane Canada, [http://www.blanecanada.com/PDF/NC\\_UNC\\_BR\\_E\\_study.pdf](http://www.blanecanada.com/PDF/NC_UNC_BR_E_study.pdf)

While cooperation is generally beneficial, the drawbacks of cooperation should also be noted. First, coordinating the efforts of multiple agencies and resources can be cumbersome and time-consuming. All of the significant players need to be identified, then need to agree on collaborative roles, an accountability structure, and shared measures of success. This process becomes even more complicated in areas where there are myriad organizations with BRE objectives. The process of navigating all the players and considering possible ways to collaborate can slow decision-making. Nevertheless, cooperation will be more impactful than working in isolation.

<sup>16</sup> Lambe, Will. "Business Retention and Expansion: 'Synergizing' Service Delivery."

## V. PROVIDING INCENTIVES – WHEN DOES IT MAKE SENSE?

As shown in the discussion of the survey responses, the approach to incentives for BRE varies. Some BRE efforts include a provision of financial incentives, others do not. However, a discussion of BRE incentives is warranted here. While nonfinancial/alternative incentives arguably provide an overall benefit to the community, financial incentives often are perceived as providing an unfair advantage to select companies.<sup>17</sup> As such, the practice of offering financial inducements to existing businesses is often a source of contention within some communities.

On the other hand, proponents of financial incentives argue that their communities would not be competitive without the ability to offer incentives, and that they are critical to helping some businesses thrive. Increased financial regulations post the 2008 Great Recession, for example, has made business growth and start-up a challenge. According to a Harvard Business Review study, approximately 80 percent of business did not regain prerecession sales and profit growth three years after the recession.<sup>18</sup> This decrease in business performance has ill effects on the economic climate and stunts economic development activity at a time when it is most needed.<sup>19</sup> Thus, financial incentives should aim to alleviate obstacles to business growth and to incent companies to remain and expand within the host community.<sup>20</sup>

Financial incentives can be direct or tax-based; be awarded on a statutory or discretionary basis; and paid up front or withheld until earned (as required criteria are met).<sup>21</sup> The table below gives examples of when to use each type of incentive for existing businesses.

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<sup>17</sup> For more information on alternative incentives see The 2016 EDRP report, *More than Money: Alternative Incentives that Benefit Companies and Communities* at [http://www.iedonline.org/clientuploads/directory/docs/EDRP\\_on\\_Incentives.pdf](http://www.iedonline.org/clientuploads/directory/docs/EDRP_on_Incentives.pdf)

<sup>18</sup> Gulati, Ranjay, et al (October 2014); “Roaring Out of Recession.” *Harvard Business Review*, [hbr.org/2010/03/roaring-out-of-recession](http://hbr.org/2010/03/roaring-out-of-recession)

<sup>19</sup> “Municipal Economic Development Incentives” (2010); Municipal Association of South Carolina, <https://www.masc.sc/SiteCollectionDocuments/Community-Economic%20Development/Municipal%20Economic%20Development%20Incentives%20Whitepaper.pdf>

<sup>20</sup> Hurwitz, Joshua Morris, et al (2015); “Seeding Growth: Maximizing the Return on Incentives.” International Economic Development Council, [http://www.iedonline.org/clientuploads/directory/docs/EDRP\\_Maximizing\\_ROI.pdf](http://www.iedonline.org/clientuploads/directory/docs/EDRP_Maximizing_ROI.pdf)

<sup>21</sup> Hurwitz, Joshua Morris, et al (2015); “Seeding Growth: Maximizing the Return on Incentives.”

	Types		When to use
Structure	Direct	Grants	Business start-up, R&D, export development
	Tax-based	abatements, credits, rebates, GO bonds	Offset costs of remediation, strengthen new/struggling industry, encourage hiring
Qualification	Statutory		strengthen new/struggling industry, encourage hiring in distressed neighborhoods
	Discretionary		Extreme cases that would result in crippling job loss, need for customization
Disbursement	Paid up front		Small business development and export promotion activities such as trade shows
	Paid after meeting criteria		Reward performance over time

As best practice, incentives should be offered with an expectation of return and as a means to reach established economic development objectives. The economic development strategy should be the point of reference to identify targeted industrial sectors, locations, and project types. The EDRP report, *Seeding Growth: Maximizing the Return on Incentives*, provides greater detail on how to structure and award the most impactful incentives.

## Measuring What Matters: How EDOs Measure Return On Investment for BRE

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Most commonly, the EDOs surveyed measure return on investment (ROI) primarily through employment indicators, such as jobs created or maintained, and increased investment. Employment information is drawn from human resource reports, payroll estimations, layoff reductions, and other means. Some EDOs also include wage levels in their ROI calculations.

In terms of investment, EDOs employ different measurement methods and definitions. Several broadly define investment as “public/private investment,” while others calculate capital investment and expenditures. Some EDOs specifically gauge investment based on whether companies stay in a community (where they are assumed to continue investing in capital and jobs), while others look at investment in expansion efforts and jobs as well.

Generally speaking, business retention and expansion is the second most commonly tracked ROI indicator for EDOs. Tracking how many businesses have remained open and how many have expanded their activities can indicate whether or not an EDO’s services are producing results. The surveyed EDOs reported measuring retention and expansion by tracking vacancy rates, space leasing, market expansion, and building construction, among other factors. Supply chain analysis can be another aspect of this metric, with one EDO citing successful enhancement along a business’s supply chain as a BRE success.

EDOs also incorporate job growth, revenue growth, and capital expenditures into their BRE evaluations. One EDO that responded to the survey tracks growth just in its sector of interest, manufacturing. Among the surveyed EDOs, frameworks for measuring BRE and ROI have varying levels of definition and strictness. Several have a quota for retention/expansion that is laid out from the beginning, while others appear to measure growth after the fact without set requirements ahead of time.

Many EDOs also measure ROI by tracking how many businesses they have visited, or how many contacts their services have affected. While ROI cannot be directly calculated from this output metric, this is a baseline measurement that illustrates how many businesses their services are reaching. Business visits can be categorized differently, and connections to ROI can be established using various methods. For example, if visited businesses increase their project yields, some EDOs will interpret this growth as an indication of increased ROI. Additionally, EDOs incorporate increased connections and relationships between their organization, businesses, and their community into this measurement.

A number of EDOs reporting using particular software or external service providers to conduct cost-benefit or economic impact analyses, as a way of measuring ROI. This provides empirical evidence of ROI and can give insight into economic factors outside of an EDO’s activities that contribute to returns. Specific programs mentioned include Quickbooks accounting software and Impact Data Source.

Some EDOs measure ROI through customer satisfaction, meaning their definition of “return” includes their clients’ positive experiences. This indicates that to some EDOs, the main goal of BRE services is to ensure their clients’ satisfaction. Returns in this context are framed as the benefits derived from a positive customer experience. Some organizations measure the overall satisfaction of the business community, while others more specifically look into satisfaction with particular services provided by the EDO.

Measuring changes in the tax base, or participation in tax incentive programs, can also provide evidence for return on investment. Some EDOs use these metrics to measure whether their BRE services are related to changes in a community’s tax base. For example, EDOs can incorporate job growth and resulting tax revenue changes into their ROI calculations.

Less commonly used metrics include community engagement and staff time. Additionally, some EDOs use qualitative methods to gauge ROI, such as case studies and anecdotal accounts.

Most programs measure ROI through several of the above metrics. Factoring job creation, business growth, retention rates, customer satisfaction, and more provides a comprehensive analysis of how BRE services have generated returns. These various combinations indicate how differently EDOs can define what “returns” to their programs look like. Some emphasize job growth, some prefer retention and expansion, while others focus solely on their clients’ experiences. Furthermore, the surveyed EDOs put varying emphasis on qualitative versus quantitative measurement methods. Many programs appear to loosely measure returns based on increases in employment, investment, and general business retention and expansion. A minority of EDOs indicate that they perform quantitative cost-benefit analyses using software and external providers.

The survey responses show that a significant number of EDOs do not measure ROI for business retention and expansion. Several cited an inability to select an efficient method, or a lack of resources to conduct such an analysis. Others report that they do not calculate ROI, instead determining the value of their services through more indirect measurements.

## **I. CUSTOMER SATISFACTION MEASUREMENT METHODS**

Many of the EDOs surveyed cite client feedback as their main measure of return on investment. When measuring satisfaction with BRE services, qualitative approaches such as surveys and interviews can provide deeper feedback and broader responses than quantitative studies or ratings. These methods give businesses the opportunity to tell EDOs which aspects of their services worked well and which have not. Furthermore, surveys and interviews open a line of communication between EDOs and businesses, which can strengthen an EDO’s relationship with its community.

The Westchester (IL) Economic Development Committee prepared its 2013 survey based on specific BRE objectives, and included both open-ended questions and service ratings to gauge customer satisfaction. The first question asked respondents to rank satisfaction with specific services offered in the community, while the second asked respondents to more generally rate their satisfaction with the community as a place to do business. Both of these satisfaction-based questions offered a space to explain their ratings. Utilizing both ratings and open questions provides a measureable scale while also offering an in-depth look at issues specific to each respondent. (For more information on best practices for interviewing and surveying, see IEDC's *Business Retention and Expansion* manual.)

Testimonials offer personal insight into the experiences of local businesses in a community, and can be very helpful both in marketing a BRE program's services and in helping make the case for public investment in BRE programs. Though harder metrics and analyses are essential to evidence-based economic policies, this information means little to clients without the real stories behind the numbers. Highlighting a personal account of the individual and family behind a saved job, for example, links these numbers back to the community. This offers a richer, more compelling take on the services a BRE program provides, and can strengthen confidence in it.

These personal stories can be collected through surveys and interviews, or can be sought specifically for marketing purposes. It is standard practice for businesses use video testimonials to highlight customer satisfaction on their websites and through commercials. EDOs can make use of similar tools to boost their services' visibility, and to strengthen linkages with local businesses and their communities.

Testimonials should highlight the best aspects of BRE services. Furthermore, effective testimonials include specific details about the program, directly linking a service received to a positive outcome for the business.

More information on how to use testimonials to publicize BRE programs follows in the next section.

## II. MEASURING LINKAGES AND OUTCOMES

BRE programs have evolved over time to place greater emphasis on identifying and strengthening both economic and community linkages. Surveyed EDOs measure community relationships, supply chains, and sector growth as indicators of return on investment, suggesting an emphasis on interconnected networks to gauge the success of BRE efforts. Furthermore, a comprehensive approach incorporating linkages between local businesses and community well-being provides a deeper insight into how BRE efforts can impact a community at multiple levels.

**Supply Chains:** Goods and services are produced and distributed through supply chains. These chains trace the development of a product from start to finish, and often



encompass the activities of many different organizations. Each step of a supply chain includes a relationship between suppliers and customers, meaning many personalities and organizations are integrated into the supply network.<sup>22</sup> By recognizing both the material and personal relationships that create these networks, EDOs can develop comprehensive strategies to understand and make use of supply chains.

Surveyed EDOs cite supply chain links as opportunities to enhance ROI, add value to BRE services, and bring in new businesses. Supply chain analysis helps determine how far BRE efforts reach along the supply process, which can help EDOs identify links to target in future efforts and understand where value is added throughout the supply process. EDOs can adapt their services based on relationships identified in supply chains, and can determine opportunities to attract businesses at different points along the chain.

**Headquarter Locations:** Often, BRE efforts affect businesses that are part of a larger corporate network. Communicating with headquarter locations of multi-branch companies can help developers determine whether their effects are felt beyond local branches. Furthermore, successful BRE efforts have the potential to draw headquarter locations to their region.

**Clusters:** Industry clusters are interlinked networks of firms, suppliers, and consumers, converging in a geographic location. Businesses in clusters share common strengths, weaknesses, and needs,<sup>23</sup> and understanding these common factors can inform BRE objectives. EDOs can map business clusters to determine flows of economic activity, and to identify strategic areas for development.

These dynamics can be studied through cluster analysis, which utilizes location quotients (LQ) and shift-share analysis to gauge regional economic assets. A location quotient is a ratio that determines an area's share of business activity. This ratio compares businesses in a local area to a larger area to determine how concentrated an industry is in that location. Shift-share analysis expands upon this, incorporating change over time according to three factors: national growth of an industry cluster, the interaction of industry share and industry growth, and regional competitive effects.

Mapping a cluster analysis provides a visual representation of the linkages involved in an industry cluster. Creating a cluster map involves determining the geographic scope,

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<sup>22</sup> Handfield, Rob (February 2002); "Managing Relationships in the Supply Chain." *Supply Chain Resource Cooperative (SCRC)*, North Carolina State University, Poole College of Management, [scm.ncsu.edu/scm-articles/article/managing-relationships-in-the-supply-chain](http://scm.ncsu.edu/scm-articles/article/managing-relationships-in-the-supply-chain)

<sup>23</sup> Cortright, Joseph (July 2016); "Making Sense of Clusters: Regional Competitiveness and Economic Development." Brookings, [www.brookings.edu/research/making-sense-of-clusters-regional-competitiveness-and-economic-development/](http://www.brookings.edu/research/making-sense-of-clusters-regional-competitiveness-and-economic-development/).



type of industry, input-output links, co-locations of employment, and occupational correlation.<sup>24</sup> These maps identify the many different companies and organizations involved in a cluster, such as businesses, research organizations, suppliers, and educational institutions. Identifying these relationships can help EDOs expand their BRE efforts to include cluster members whose activities also affect local businesses.

More information on cluster mapping can be found through Harvard Business School and the U.S. Economic Development Administration's joint cluster mapping initiative, which provides resources and data for economic developers looking to utilize cluster analysis.<sup>25</sup>

**Ripple Effect Mapping (REM):** Ripple effect mapping (REM) is a mixed evaluation method that incorporates community impacts and linkages. This type of analysis is ideal for measuring impacts that extend beyond expected BRE metrics, while also tracking how businesses and EDOs interact in a community. The main components of REM include:<sup>26</sup>

- One-on-one interviews
- Group interviews
- Mind mapping
- Qualitative data analysis

These tools focus on tracing the relationships, perceptions, and goals surrounding economic development impacts, providing insight into how a community actually experiences an EDO's services. Using in-person interviews and mapping exercises, REM directly involves the recipients of an EDO's services in the feedback and analysis of their impacts. This enriches existing measurement methods, adding personal and anecdotal elements to tracking metrics and impact analysis. This type of evaluation is useful if a BRE program aims to generate and measure broader community effects. EDOs can utilize REM to examine how members of their community interact, how their services are perceived, and how tangible economic impacts are spread throughout a community. An EDO wishing to implement REM can use resources provided by the

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<sup>24</sup> "About." *Cluster Mapping Methodology*, U.S. Cluster Mapping, Harvard Business School, U.S. Economic Development Administration, [clustermapping.us/content/cluster-mapping-methodology](http://clustermapping.us/content/cluster-mapping-methodology)

<sup>25</sup> "Cluster Mapping." U.S. Cluster Mapping, Harvard Business School, U.S. Economic Development Administration, [clustermapping.us](http://clustermapping.us)

<sup>26</sup> Vitcenda, Mary (2014); "Ripple effect mapping makes waves in the world of evaluation." *Community Features*, University of Minnesota Extension, [www.extension.umn.edu/community/news/ripple-effect-mapping-making-waves-in-evaluation/](http://www.extension.umn.edu/community/news/ripple-effect-mapping-making-waves-in-evaluation/)

University of Minnesota<sup>27</sup> to train staff in these interview and mapping techniques, and communicate with business community leaders to gauge interest in the initiative.

In addition to enhancing an EDO's analytical process, REM can build community relationships. The interview and mapping process brings together a community's diverse voices, and presents personal insights into how a BRE service is perceived and experienced. Furthermore, REM encourages communication and can strengthen existing linkages between community members and EDOs. Cultivating these relationships is fundamental for EDOs aiming to comprehensively understand and improve their communities, and presents key opportunities for enhancing the responsiveness of BRE services.

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<sup>27</sup> Vitcenda, Mary (2014); "Ripple effect mapping makes waves in the world of evaluation."

# Blowing Your Horn: How to Report and Publicize Value

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When a new business locates in a community, it's always big news. Unfortunately, equal fanfare is not always given to the expansion of an existing company. It's simple human nature that something new is inherently more exciting than something familiar. Among the public, and even with many elected officials, business expansion successes will always get less attention than business attraction wins, even though the former is the larger job creator (a fact that is rarely understood). That's why it is important for EDOs to act as cheerleaders for existing businesses, giving a voice to long-tenured employers and celebrating them when they grow.

## I. WHY PUBLICITY IS IMPORTANT

Economic development is a fast-paced business, but it's important to take some time out to celebrate success. Celebrating wins can help an EDO achieve its goals by strengthening organizational credibility and generating positive media coverage. Putting a spotlight on corporate citizens shows gratitude for the company's investment and reflects positively on elected officials. An EDO can benefit in several ways from publicizing an expansion or retention project.

- It demonstrates to the business that it is a valued member of the community, which may help retain it in the long run.
- The publicity may draw the attention of businesses currently not being served by BRE programs.
- It puts elected officials in a positive light and may result in additional funding or political support from city hall.
- Similarly, it establishes credibility for the organization among the general public, which may lead to their support of (or avoid their active opposition to) future economic development initiatives.
- It acts as a marketing tool, demonstrating to prospective businesses that the community will be supportive if it decides to invest there.

## II. MULTIPLE AUDIENCES, MULTIPLE MESSAGES

Economic development organizations are accountable to many stakeholders, most notably the business community, elected officials, and of course, the public. A different message is needed for each audience, and an EDO's BRE activity provides excellent content for those messages. (More detail is provided in the next section about how to convey that message.)

Publicizing a BRE program is critical for building a relationship with the local business community. This publicity demonstrates that the local government is listening, but more

importantly, acting on concerns and challenges faced by the private sector. The perception that an EDO only cares about recruiting new companies can damage its relationship with existing businesses. By highlighting ways the EDO has helped various companies, existing businesses can see that they are valued. Furthermore, it demonstrates to prospective new companies that they will be well served, should they decide to establish a presence in the community.

Elected officials often rise and fall with the fortunes of the local economy, and are always eager for good news they can share with voters. As the conduit between city hall and the private sector, economic developers must maintain constant communication between both parties. For example, a representative from the Greater Dubuque Development Corporation meets with the city manager once a week to discuss issues uncovered by its InfoAction BRE program.

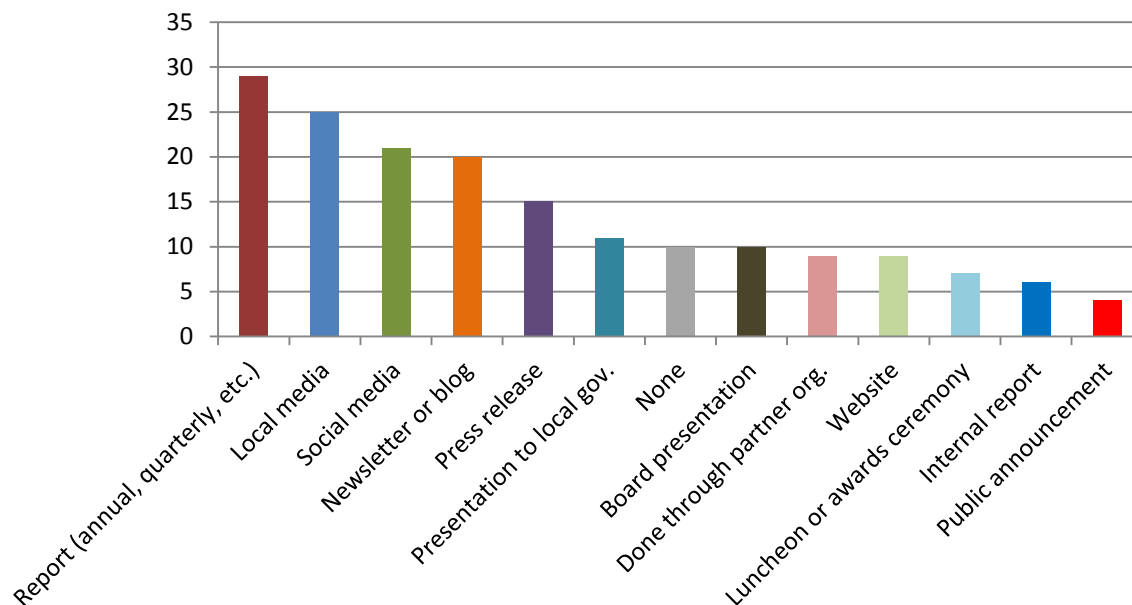
Business recruitments are rare, which is why the growth of existing companies and averted layoffs are important events, both economically and politically. Public officials typically relish the opportunity to attend groundbreaking and ribbon-cuttings, which is another reason why equal fanfare is deserved for existing companies' expansions, especially if city hall provided support that enabled the expansion or retention.

The general public typically does not understand what an economic development organization is or does. This leads to confusion and sometimes hostility to economic development initiatives that require the use of public funds. By routinely promoting success, an EDO can build brand recognition among the public as a trusted community asset. That improves the chances of public support when future economic development opportunities arise. And for those looking for jobs, a public announcement that a local company is hiring again is always welcome news.

### **III. MODES OF PUBLICITY**

There are many ways EDOs can report and publicize the results of BRE surveys, conversations, and projects. The most common means offered by EDOs that responded to the survey are shown in the chart below.

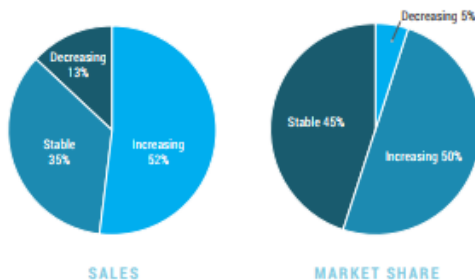
## How do you publicize the results of your BRE efforts?



### Reports

The most common method of communicating BRE results is through an annual, quarterly, or semi-regular report that summarizes the EDO's BRE activities. BRE interviews and surveys generate a lot of data, and reports such as these are an excellent opportunity to compile these data into discernible trends to inform boards, stakeholders, investors, and the public. End-of-year or other periodic reports help an organization track its progress over time, and can identify things that require attention, as well as acknowledge achievements. Relevant information for these reports include number of BRE visits, expansion plans, companies' market shares, perception of the area's business climate, utilization of economic development programs, and more.

### Sales and Market Share



### Community Strengths & Weaknesses



An excerpt from a report by the Greater Dubuque Development Corporation on BRE visits between July 2016 and February 2017: [http://www.greaterdubuque.org/media/userfiles/subsite\\_88/files/Dan%20presentation\\_web.pdf](http://www.greaterdubuque.org/media/userfiles/subsite_88/files/Dan%20presentation_web.pdf)

## **Local media**

The second-most common method for publicizing BRE success is through local media outlets. Building relationships with local media is an important element of developing organizational credibility among the public. Media outlets are usually eager to report on local company expansions. Deltona, Florida, uses its city-owned TV channel for this purpose. The Metro Hartford Alliance hosts a weekly “Pulse of the Region” radio show that explores important economic news, educates the public on what the organization does, and features guests from the business community.

It is standard practice to issue a press release once the details of a job-creating project are made public. In addition to the name of the company and number of jobs created, a press release usually includes quotes from elected officials and the business owner on why he or she chose to invest in the community.

## **Social media**

Twitter, Facebook, LinkedIn, and other online channels are free and easy ways to get a message out directly to a diverse audience. When done right, social media reaches much further than the local newspaper, radio station, or TV channel. In addition, the EDO is in full control of the message. An EDO’s social media account can also serve as an outlet for newsletters and blogs, which are the other most-commonly reported promotional vehicles.

## **Newsletters and blogs**

Newsletters and blogs allow for a more informal or in-depth discussion of a project than the typical press release. The tone is usually more conversational, and can go into more detail about what the company does and the services rendered by the EDO.

A great example is the news section of the Los Angeles County Economic Development Corporation’s (LAEDC) website. An entry from August 2017 titled “LAEDC Success Story: 93 Jobs Saved”<sup>28</sup> discusses the case of Techmer PM, a growing company that was considering relocating out of the city. The article provides some background about the company, its products, and how long it has been in the community. It goes on to discuss the challenges it faced and how LAEDC was able to help. Most importantly, it ends with a call to action, noting that all services were provided for free and provides a link to more information about how the EDO can help other businesses.

Similarly, having a newsletter that publishes weekly, monthly, or at some other interval can put a spotlight on BRE achievements. An email newsletter can reach a wider audience than a static blog post that lives on the EDO’s website.

## **Celebratory events**

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<sup>28</sup> Chavira, Ricardo (August 2017); “LAEDC Success Story: 93 Jobs Saved.” Los Angeles County Economic Development Corporation, [laedc.org/2017/08/09/laedc-success-story-93-jobs-saved/](https://laedc.org/2017/08/09/laedc-success-story-93-jobs-saved/)

Holding an annual or semi-regular event, such as a chamber breakfast or annual meeting, is a great way to celebrate existing businesses. When large expansion announcements are lacking, events such as these can honor smaller job creators in aggregate. EDOs may take it a step further and hold an awards ceremony, honoring long-tenured companies or any that created jobs that year. The Northern Kentucky Tri-County Economic Development Corporation (Tri-ED) stages the Thoroughbred Awards each year, which presents trophies in the form of a racing horse to significant companies that located, expanded, or started up in the region that year.<sup>29</sup> Tri-ED uses the event to release its annual report, also highlighting less prominent investments made throughout the year.

### **Public announcements, ribbon cutting, or groundbreaking**

There's no reason to do a ribbon-cutting or groundbreaking ceremony for a new company but not for an existing one. Treating an existing business's expansion with the same celebration used for a new company is a very visible way to demonstrate the city cares about its incumbent businesses. When an existing business grows in the city of Deltona, Florida, the economic development team offers to hold a "grand re-opening" ceremony. Much like a regular grand opening, the mayor attends for a ribbon-cutting and thanks the company for its investment. These events are well-received among the business community, which is happy to celebrate one of its own and see evidence of the possibilities for growth in Deltona.

### **Testimonials**

Stories of successful retention or expansion projects can also serve as powerful marketing tools. Successfully navigating a complicated expansion project provides a potent endorsement of a location's business environment. An economic development website may claim to have an excellent business climate, but an executive-to-executive testimonial carries far more weight. Many EDO websites provide testimonials from local business owners to build credibility for the organization and to encourage additional investment.

It is not uncommon for these testimonials to be primarily from new businesses that discuss why they chose that location, but it's important to include stories from existing companies as well. Evidence of a strong BRE program demonstrates to prospective businesses that the community will be responsive to their needs long after the ribbon-cutting.

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<sup>29</sup> Hansel, Mark (January 2017); "Northern Kentucky Tri-ED honors 2017 Thoroughbred Award winners at annual luncheon at Drees Pavilion." *Northern Kentucky Tribune*, [www.nkytribune.com/2017/01/northern-kentucky-tri-ed-honors-2017-thoroughbred-award-winners-at-annual-luncheon-at-drees-pavilion/](http://www.nkytribune.com/2017/01/northern-kentucky-tri-ed-honors-2017-thoroughbred-award-winners-at-annual-luncheon-at-drees-pavilion/)

The Economic Development Coalition of Southwest Indiana maintains an engaging testimonials page with feedback from several existing businesses.<sup>30</sup> One, from Joe Castrale of thermoplastics manufacturer SABIC, states:

[SABIC] began its Mount Vernon, Indiana operations over 50 years ago, choosing Southern Indiana for its quality workforce, access to rail and water transportation, and support of manufacturing industries.

Another is from Denny L. Quinn, of real estate development company SKANSKA:

SKANSKA is proud to have called Evansville home for the last fifty years. We continue to leverage the multitude of skilled trades, strong infrastructure, and vibrant industrial and manufacturing base of the Southwest Indiana region. We are also pleased to see the great progress being made in strengthening the region's urban core and quality of life amenities that are so important as we continue to grow and attract new talent.

Both comments give some background about how long the business has operated in the community and specific examples of why it continues to grow in place. To validate the executives' claims, each testimonial contains hyperlinks that direct visitors to other sections of the website with data and resources that back up their assertions.

## IV. CELEBRATING THE LITTLE THINGS

Not every expansion project results in large job creation numbers, or large amounts of capital investment. This makes BRE inherently more difficult to publicize than new business locations. However, there are ways to celebrate these smaller victories. For expansions with modest job creation, the EDO may lead with how many people the company already employs and how long it has been in the community. As well, reports can be valuable by aggregating total job creation numbers across multiple business expansions. Several smaller expansions look more impressive when combined in a report tabulating yearly job creation.

Celebrations do not have to be constrained to job creation; the anniversary of the founding of a major employer, for instance, can be recognized with a proclamation from an elected official or another public gesture of gratitude. An annual awards ceremony is an excellent way to thank long-standing businesses with a plaque or some other token of appreciation. It is also important to remember that businesses do more than employ people. Many are active corporate citizens that donate money to civic organizations, sponsor little league

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<sup>30</sup> "Testimonials." Economic Development Coalition of Southwest Indiana, <http://www.southwestindiana.org/about/testimonials/>



sports teams, and contribute to the community in other ways. Recognizing these less prominent actions shows that the local government is paying attention.

Of course, publicity should only be done with the company's consent. Although most businesses would welcome the recognition, many have confidentiality concerns and prefer to stay out of the spotlight. Furthermore, though plaques and ribbon-cuttings are nice, the best appreciation a local government can show its incumbent businesses is to offer a patient ear and a willingness to deliver the infrastructure, workforce development, and regulatory support needed to help it prosper.

## Case Studies

## Flattening the Supply Chain: Pure Michigan Business Connect

Pure Michigan Business Connect (PMBC) is a public-private, no-cost business networking service offered by the Michigan Economic Development Corporation (MEDC). Aimed at easing recession impacts in Michigan, PMBC was created in 2011 to draw business and revenue back to Michigan-based suppliers. Its services focus on supply chain linkages as vehicles for growth, pinpointing opportunities for local suppliers to connect successfully with both domestic and international purchasers.

PMBC works with companies in 25 main industries, notably including the automotive, aerospace, and energy sectors. In each of these industries, PMBC has worked to connect global companies with Michigan suppliers on large-scale projects. Since 2011, PMBC has facilitated contracts totaling over \$5 billion in revenue. PMBC measures return on investment through employment growth; it has assisted the creation and retention of over 26,000 jobs over the last six years.

PMBC's services help businesses overcome information barriers, saving companies time and resources. After a company contacts PMBC, a specialist reaches out to learn more about that company's requirements and supply chain. PMBC then searches its Michigan database (which compiles data from independent research, company applications, business licensing data, and partner networks) to identify businesses that meet these conditions, and builds a list for consideration. The purchaser reviews this list and reaches out to its top choices.

Additionally, PMBC offers networking services through its B2B Network. Companies register on the B2B website and are entered into a searchable database. Businesses can perform their own searches through this database and connect based on specific needs and goals.

In addition to targeted searches, PMBC utilizes matchmaking summits and initiatives to help suppliers and purchasers connect. PMBC aims to create networking opportunities, where businesses can connect through events, one-on-one meetings, and facilitated introductions.

Purchasers also can contact PMBC directly with their needs, and PMBC will draft a custom application to send out to Michigan suppliers. PMBC then evaluates and returns the most appropriate applications to the purchaser, who can pick which suppliers they would like to meet with. When the purchaser's choices are made, PMBC helps organize meetings and initiatives between them. Since 2011, PMBC has organized over 8,500 supply chain meetings and has served over 10,000 Michigan businesses.

PMBC provides opportunities to expand international connections as well, offering custom research performed in 26 different countries. Additionally, MEDC's international trade

programs locate export opportunities and resources, and offer educational and training opportunities to enhance related skills. MEDC and the SBA's MI Step program also provides grants for small businesses looking to export, helping offset travel costs and other barriers.

As a concierge service, PMBC places a high value on client satisfaction and experience. In order to gauge customer satisfaction and identify opportunities for future growth, PMBC uses both quantitative and qualitative client surveys. Semi-annual quantitative surveys are sent out to suppliers and purchasers to determine how many contracts have been made through PMBC-facilitated connections. PMBC also surveys participants in matchmaking events and initiatives to gauge their experiences and satisfaction with PMBC's services, providing opportunities for direct feedback from clients.

Overall, PMBC brings revenue and business to Michigan-based companies through targeted connections and supply chain linkages. Its services ease information, resource, and time burdens, allowing companies of all sizes and industries to connect with the best partners. This approach has led to significant gains in business retention and expansion, creating thousands of jobs, contracts, and connections for Michigan companies.

## Comprehensive BRE Services: Grenada County Economic Development District

Grenada County Economic Development District (GCEDD) was formed in 2010 to serve Grenada County in north central Mississippi. In 2013, GCEDD won an IEDC Excellence in Economic Development Award for its BRE program in a community with a population under 25,000.

Grenada has always been a hub for employment and commerce in the region. Manufacturers have been present in Grenada since the 1940s, and some of those original employers are still around today. They operate in a variety of sectors, including HVAC equipment, machining, newsprint, and timber. A number of the manufacturers are smaller, locally owned companies that produce parts for larger manufacturers. It is estimated that manufacturing accounts for approximately 30 percent of all jobs in the county.

The economic development staff make a point to meet with everyone in the business community. One of GCEDD's goals is to help existing businesses continue to see Grenada County as the most competitive place to do business.

Relevant BRE program elements include:

1. Manufacturers Roundtable
2. Tax Savings Assessment Team
3. Existing Business Summit
4. Headquarters Visitation Program
5. Annual Corporate Citizen of the Year Award Dinner

**Manufacturers Roundtable:** The Manufacturing Roundtable is a significant GCEDD program. Held on a quarterly basis, the roundtables are one-day events that bring businesses together around an agenda they create. In addition to GCEDD's convening power, the staff is well connected to economic development proponents from all levels of government, and is skilled in securing funding from various economic development sources.

**Tax Savings Assessment Team:** GCEDD helps to reduce businesses' costs through a tax savings assessment, a major value to employers. GCEDD meets with local companies to help them find areas to save or to evaluate which state programs could be of benefit for the company. Having GCEDD provide the local knowledge and expertise of a variety of state and local programs, as well as the relationships to help secure the funding, has proven valuable to retaining businesses in Grenada.

**Existing Business Summit:** GCEDD hosts an Existing Business Summit every other year. During the full-day event, the morning is spent focused on manufacturing topics and the afternoon on small business and entrepreneurship. GCEDD makes a point to secure speakers and representatives from a variety of economic development-friendly organizations in order to lend credibility to the concerns of local manufacturers. Regular

attendees at the summit include representatives to the state legislature and the heads of the Mississippi Manufacturing Association and the Mississippi Development Authority.

**Headquarter Visitation Program:** GCEDD works through local plant managers to arrange meetings with headquarters offices. GCEDD has made headquarters visits to companies in the Chicago and Atlanta areas and several visits to Canada. One employer has been bought twice since 2013; GCEDD has worked to keep the company in Grenada County by meeting twice with the new owners and helping them understand the cost-effectiveness of operating in Grenada.

**Corporate Citizen of the Year Award Dinner:** GCEDD helps companies benchmark against each other by giving a Corporate Citizen of the Year Award. Evaluation criteria include jobs created, contributions to the community, and investments made in their employees and their company. GCEDD hosts an award dinner for the winners, with participation from the Mississippi Development Authority. For companies interested in improving to win the award, GCEDD meets with them to discuss how they can be more competitive next year.

Asked what makes GCEDD successful in working with businesses, “First and foremost, you have to have a relationship built on trust,” said GCEDD Project Manager Janie Mortimer. “Confidentiality is key. Businesses also need to know that your economic development organization will follow up and follow through.”

Mortimer stressed that EDOs must constantly show businesses that their needs, concerns and success are top of mind. It is through this type of partnership that businesses feel comfortable expanding in Grenada County. “Having a hands-off relationship with companies limits what your EDO can do for them,” said Mortimer. “And if your EDO is not doing everything they can for businesses, they are not doing everything they can for the community.”

## Retention Despite Acquisition: Arlington Economic Development

BRE is not an easy job. A locality can do everything right to engage an existing company, but when its lease is nearing expiration, real estate brokers and site selectors will help it explore alternative options, including with incentive offers from different jurisdictions. One challenge for localities is to determine if the threat of a company leaving is real.

In Arlington, Virginia, Arlington Economic Development (AED) has a BRE program that devotes its efforts to connecting, communicating, collaborating and congratulating Arlington businesses. Through the years, AED has reached out to hundreds of Arlington companies, connecting them with business and marketing opportunities, and promoting them in various ways.

Take the example of a small tech company founded in Arlington in the mid-2000s. The company developed software products to enable over 100 global service providers to deliver modern, digital customer service. The company started with a small footprint and a handful of employees, and quickly grew to more than 300 employees in five years, occupying 50,000 square feet of office space. AED recognized that the company was fast-growing and engaged with the company's executives and staff from the beginning. Over the years, AED made many introductions for the company to key players in the Washington, D.C. metro area to further the company's business expansion. The company was a trendsetter, building out its office to include open spaces, stocked kitchens, collaboration pods, built-in bike racks, bocce courts and even allowed dogs in the office.

Several of the company's executives were active in the Arlington community, as they sat on various boards and participated with county leadership on focus groups and commissions. There were also countless testimonials and press opportunities in which the company's executives boasted about the advantages of being in Arlington. The company became Arlington 'tech darling' and was well known in the community.

Several years ago, the company was in the market for a larger office space. During this time, neighboring Washington, D.C. was building an entrepreneurial ecosystem by being more competitive and offering significant incentives to growing tech companies. At that point, Arlington County did not have programs like D.C. and other jurisdictions had, making recruitment and retention more difficult in cases like this.

The company's site selector approached AED, requesting an incentive proposal based on the company expanding an additional 30,000 square feet and adding 100 new jobs. Although an additional 30,000 square feet was not a large number, AED recognized the importance of retaining the company, especially since it was home-grown in Arlington and played an integral role in Arlington's business ecosystem. The company was also exactly the type of high-tech company that the county wanted to retain. Hence, Arlington partnered with the Commonwealth of Virginia to offer the company an incentive package, which consisted of a

cash grant from Virginia and a public infrastructure match from the county. When the company received proposals from different jurisdictions, Arlington's proposal was much smaller than incentive packages submitted by other jurisdictions.

Fortunately, the company slowed down its site selection process as it initiated a financial restructuring. During this time, Arlington had a historically high commercial office vacancy rate, so the county adapted its economic development programs to include performance grants for qualifying new and expanding companies. When the next request for proposals was issued by the company, Arlington revised its incentive package to be more competitive. Ultimately, the increased incentive package, based on a longer performance period for an 80,000-square-foot lease in a new construction, resulted in the company choosing to remain in Arlington for its expansion.

After agreements were signed, Governor Terry McAuliffe announced with great fanfare that the company was staying in Virginia. However, just a few months later, a technology giant announced that it was acquiring the company. The tech giant's major presence in Virginia was in another jurisdiction, so despite the strong relationship that AED cultivated with the company, Arlington was in jeopardy of losing it once again.

Meanwhile, the company's building already broke ground, but with the acquisition, the company's original projections changed and it no longer qualified for incentives. However, the company ultimately decided to stay in Arlington to honor its real estate deal. The tech giant recognized that the company's existing workforce was primarily based in Arlington and the Washington, D.C. area, thus moving the office would be detrimental to retaining talent. In the end, neither Arlington nor the Commonwealth of Virginia paid any incentive money to the company because the original performance metrics could no longer be met.

AED did everything it could to engage the company and help it grow, sharing a good relationship and partnering on many promotional opportunities. Throughout the entire site selection process, the company's executives never said they were unhappy with Arlington, complained of taxes, or experienced bad customer service from the county, yet they strongly considered other jurisdictions because of more competitive incentive packages. Hence, economic developers everywhere must be vigilant in keeping track of existing companies and adapting different methods to engage with them.

In this case, if it weren't for the opportunity to offer a more competitive incentive package to the company, the outcome would have been drastically different. The new offer, coupled with many years of engagement with Arlington officials and the business community, helped ensure that the company would remain in the county.



## Predicting the Future with an Eye to the Past: WIRE-Net

Data are the lifeblood of every BRE program. Knowledge about primary employers – including jobs, sales, market share, plant capacity, and property ownership – is must-know information for EDOs. However, without additional context, data only provide a snapshot of a company at any given time. That’s why the Westside Industrial Retention and Expansion Network (WIRE-Net) – a nonprofit, membership-based economic development organization in Cleveland, Ohio – emphasizes historical trends when it collects data about local manufacturers.

“Year over year, we can look at where a company is in terms of employment and sales,” said Kareemah Williams of WIRE-Net. “We can see what their priorities are, what challenges they face. We can look back and see if they have dealt with recurring issues and we can see what their strengths are.”

Looking for data trends allows WIRE-Net to be more proactive. If a BRE program considers only current data, it misses the bigger picture regarding a company’s long-term health. Red flags are sometimes unfurled too late for the EDO to respond with effective assistance. However, by identifying trends such as declining sales or market share, WIRE-Net can use its data to forecast trouble for a company, sometimes several years in advance of reaching crisis mode.

Williams notes it is also important to understand how individual data points interact with one another. For example, the number of employees at a company only paints part of the picture. But by looking at number of employees in relation to plant size, this communicates to the EDO whether or not the company is outgrowing its location.

Staying flexible and adjusting survey questions and methods has been a constant at WIRE-Net. This has helped it avoid “analysis paralysis” and allowed the organization to focus on the most urgent issues.

“One of the challenges with data is that you can ask a lot of questions, but what do you do with that information once you have it?” Williams said. “Plus, the information you need to know can change over time.”

For example, WIRE-Net has for many years asked companies about succession plans, and it was never a high-priority issue. But WIRE-Net recently identified a bump in business owners approaching retirement, and has responded by emphasizing succession-planning services in its 2020 strategic plan.

In addition to paying close attention to quantitative information, WIRE-Net also asks open-ended, qualitative questions of its companies. This includes queries about infrastructure, workforce, crime, plant safety, energy costs, equipment and more. Companies are asked to rank these factors by order of importance, which helps WIRE-Net target assistance

accordingly. Again, this is where past data are helpful. If a company continues to cite the same issues over and over again, this signals that the organization is not providing sufficient solutions, or the problem is particularly stubborn.

Staying cognizant of sector data beyond the region is another way WIRE-Net is proactive. WIRE-Net monitors not only its local companies but the industries those companies sell to. The decline of major industries outside of the region can create ripple effects within those sectors locally. For instance, Northeast Ohio is home to many companies that supply the automotive sector. When the industry began to contract following the Great Recession, WIRE-Net responded by talking to manufacturers about other industries they could sell to, such as mining.

More than just a “defensive” strategy, data collection allows WIRE-Net to conduct extensive asset mapping, which helps facilitate business-to-business opportunities locally and draws the attention of OEMs and suppliers outside the region. WIRE-Net maintains a supply chain map and directory on its website that allows users to search companies by sector, NAICS code, manufacturing process, and keyword (available at <https://portal.wire-net.org/membership/manufacturing-map/>).

Transparency and communication with city hall are other essential aspects of data collection. Regular reporting allows the public sector to marshal the resources needed to fix private-sector problems, and makes sure there are no surprises. WIRE-Net keeps a dashboard that is updated monthly and reports these data to the city at quarterly meetings. Economic impact statements provide a detailed picture of job creation and retention, additional payroll, and new investments realized through their efforts. Of course, confidentiality is always a concern when handling private information about a company, so WIRE-Net reports this data in aggregate.

## Business Conversion: A Yard and a Half Landscaping, Waltham, MA

*Lack of succession planning is the number one preventable cause of job loss. As business owners reach retirement age, the threat of sale or closure of viable, valuable businesses increases. Only 15 percent of family businesses succeed to the next generation. Those that don't close are often sold to out-of-state buyers or private equity firms that may relocate jobs or the entire business. These closures often have significantly detrimental impacts on the surrounding community.*

*The loss of legacy businesses may accelerate commercial turnover, particularly in already changing neighborhoods. Like many economic challenges, the challenges posed from lack of succession planning are particularly acute for minority-owned businesses, and the shuttering of legacy businesses particularly detrimental to low-income communities and communities of color.*

*What if these businesses were sold to their workers? There is enormous potential for transitioning businesses whose owners are on the cusp of retirement to some form of employee ownership. To address this, the Democracy at Work Institute (<http://institute.coop/>) helps retiring business owners sell operations to their employees, as a business preservation strategy. Converting to a cooperatively owned business strengthens the business, benefits sellers as well as new owners, and preserves a valuable asset in the community. Following is one of the Institute's case studies.*

### **The company**

A Yard and a Half Landscaping Cooperative, in Waltham, MA, designs and installs plants, stonework, soils and other landscape features in cooperation with architects and homeowners. At peak season in the summer it has nine on-site crews, as well as a warehouse and equipment maintenance facility. The company was founded in 1998, and has won awards and accolades from both business and landscape journals.

When the founder began thinking about her exit, she created a leadership team to replace her, and obtained an outside business valuation in 2009. She instituted organization changes to prepare for the transition, and then approached a lender in 2012. The deal was completed at the beginning of 2014. Since then, the company has grown in sales and employees, with consistent financial returns, as a cooperative.

### **Exploration**

In preparing for retirement, the founder discovered the idea of worker ownership and found it to align with her vision of an empowering workplace for employees. She had worked hard to create a positive workplace and was concerned about the impact on wages and autonomy that a sale to a large national company might have.

One early concern regarding a successful transition was the availability of culturally and linguistically appropriate training for the predominantly immigrant, Spanish-speaking workers. The founder engaged business planning consultants, including the Cooperative Development Institute, and instituted open financial reporting practices, shared decision-making, and shared profits that would prepare for the transition and decrease the need for training supports after her exit.

Members of the company also sought guidance from other worker cooperatives, such as Namaste Solar, which had transitioned to a cooperative several years before, and Boston's network of worker cooperatives.

### **Assessment**

The company was a successful business as the founder planned her exit, with annual sales above \$2 million and an average of 12 percent net income. The 20 workers at the time of transition had an average tenure of almost 10 years, suggesting a stable, committed workforce. The participative practices that had been set up over several years set the stage for democratic governance.

The business was valued at \$450,000. From a lending perspective, an assessment revealed a lack of collateral assets. While the business had some heavy equipment, it was not enough to secure a loan near this amount. Fortunately, a sympathetic lender, Cooperative Fund of New England, was creative in viewing collateral – it asked the company to sign three-year maintenance contracts with on-going customers.

### **Structuring the transaction**

The capital needed for the buyout was \$635,000, which consisted of \$450,000 for the business and \$185,000 in working capital. The majority of this was financed by the Cooperative Fund of New England with a combination of a 4 percent interest loan and 6 percent line of credit. Members of the new cooperative contributed about 10 percent of the capital, which friends and family matched with subordinate debt. The founder financed the remainder, about 12 percent, with seller financing.

### **Membership**

- To join the cooperative's ownership as a member, workers must:
- Have been employed for three seasons of employment at least 20 hours per week
- Be a current employee
- Be sponsored by a current cooperative member
- Agree to the terms of the bylaws
- Agree to purchase one share at \$7,000
- Be approved by a vote of the board

### **Ongoing support**

Since the conversion to a worker cooperative, members of A Yard and a Half Landscaping have become involved in national networks promoting the organizational model. They have

joined peer cohorts to improve the availability of culturally appropriate support for Spanish-speaking cooperative members, and have also become invited speakers and regional and national events to train others to follow in their footsteps. The founder also continued on as a non-voting board member and management consultant to ensure the transition was smooth.

## Appendices

## Appendix A – Strategies for Retaining Businesses after a Disaster

A disaster creates a chaotic environment. Many businesses and very possibly the EDOs are unable to immediately access their offices, the extent of damages is as yet unknown, and suppliers and customers are holding or looking for shipments that cannot access warehouses and stores. The workforce cannot get to work, may have damage to their homes, and may soon start to have concerns about lack of a paycheck. Businesses will be trying to assess damage, determine insurance coverage and processes, find bridge financing to cover loss of production, and determine their options for getting back into business. The needs are great, and resources stretched in every direction.

Although not all impacts of a disaster can be mitigated, EDOs have proven time and again that their actions can make the difference for local businesses and push the community toward a faster recovery.

After a disaster, EDOs must quickly locate recovery information, financial, technical assistance, and planning resources, and determine the best method to deliver its services to businesses. Clear and organized support from the economic development organizations will most quickly return stability to the business community in the aftermath of a disaster. Key services for business recovery and retention are to:

- Establish a Business Recovery Center, a central location for business recovery information and support;
- Provide services for case management;
- Communicate and reach out: both gather and disseminate information for the business community;
- Survey businesses immediately to start essential tracking of damage and recovery efforts;
- Deliver business recovery workshops;
- Provide short-term and long-term financial services; and
- Ensure targeted and appropriate incentives for the local business community.

A disaster-impacted community will also need to develop a long-term vision for how it will rebuild its economy. The community will require extra care to recover from the losses and to address long-term resiliency. It takes time, leadership, and resources – all of which will be in short supply – to develop an economic recovery plan with buy-in from community stakeholders. Yet, a post-disaster strategic plan provides the opportunity to reevaluate economic objectives in light of vulnerabilities and establish strategies and action steps to make progress toward long-term recovery.

## **Establish a Business Recovery Center**

Within the first couple of weeks after a disaster, a community should establish a business recovery center to meet pressing needs in the business community. A business recovery center (BRC) is a one-stop shop set up to provide local, state, and federal resources to businesses after a catastrophic event. The BRC can also carry out a number of communication and outreach strategies. Because the center's services are tailored to address business needs, it is typically established separately from Emergency Operations' disaster recovery centers to avoid confusing individuals who need social services. It is important to tailor the services and service delivery of the center to be most applicable and relevant to the community. For example, for some communities establishing a physical place business owners or managers go to for assistance works quite well. For other communities (especially those with a downtown corridor or with several pockets of development,) a mobile center is the best answer. With a mobile center a trained business counselor essentially works door to door meeting the businesses "where they're at" to discuss their needs and has with them the technological resources to connect them with the needed assistance.

An EDO often takes responsibility for establishing the center and engages the participation of community stakeholders. Most disaster-impacted communities should have the BRC up and running shortly after the immediate lifesaving and life sustaining activities are completed.

## **Deliver Retention Services through a Case Management Approach**

A case management approach to business assistance involves providing individual business assistance to impacted businesses. The case management effort has been particularly effective in connecting with small and midsize businesses. Skilled staff can assist with navigating permitting needs, sorting out the myriad of operational challenges, and access to financial assistance.

The EDO may find it cost-effective to deliver case management at its business recovery center. Some economic development organizations reassign staff from their small business development center (SBDC) to the case management effort. Generally an EDO offers some sort of business development service, whether from the Service Corps of Retired Executives (SCORE) or another outreach agency. These professionals are excellent case managers as they are skilled in business planning and can help navigate a business back into operation while strategizing for long-term viability. Case managers also often talk about how their visit and continued assistance creates an impact simply by making businesses "feel like someone cares." The case management approach provides the economic development organization with valuable insights that may guide and support their advocacy on behalf of the business community.



## Communication and Outreach

Communication is often challenging in a post-disaster environment. To bolster that effort, EDOs play two important roles in communicating with businesses in a post-disaster situation: as a relay and a transmitter. The first is listening to businesses to understand their needs. The listening part is critical to understand the issues faced by the business community (and those that might serve as barriers in the recovery process). It also provides the EDO with a primary source of information to then relay the business community needs to local, regional, state, and federal officials. This insight can be key in determining the kinds of business support that is allocated post disaster. The second role is quickly disseminating relevant information to businesses regarding available resources and service providers who can help. In a post-disaster environment, communication to businesses should be frequent, consistent, and provide meaningful and actionable information to help businesses and other economic recovery stakeholders to rebuild.

### **Step 1: Establish a Business Recovery Hotline**

Establish a hotline number that business owners can call to get information about the center and its services. Make sure everyone working with the BRC knows the hotline number and that everyone answering the hotline knows what the local, state, and federal government can and cannot do. Businesses will need access to critical information for their own recovery, such as when utility services will be restored. In addition, they will need to know the city's inspection and rebuilding requirements, a list of local- and/or state-licensed contractors, how to select and pay a contractor, how to work with insurance companies, and more. Businesses, particularly small businesses, also need information on how to navigate local, state, and federal government assistance programs such as those of the U.S. Small Business Administration.

### **Step 2: Develop Online Web Portal**

The EDO should establish an online web portal to facilitate communication between local government, recovery agencies, and businesses. A web portal can be a critical source of recovery information for businesses in addition to a business recovery hotline. The website can also allow displaced businesses to provide updated contact information.

### **Step 3: Establish an Outreach Campaign for Priority Businesses**

An outreach campaign is an important effort for assessing the recovery needs of the business community, connecting businesses with resources, and engaging in major business retention efforts for identified at-risk businesses. Having reliable executive cell phone numbers and other backup contact information is critical. Depending on the type of disaster, economic recovery stakeholders may want to consider reaching out first to businesses that are critical economic anchors in the community and businesses that provide essential services in the local community (such as gas stations and grocery stores).

Following the flood in 2008, the Cedar Rapids regional economic development organization, Priority One, instituted a three-tiered business call program to contact the region's major employers. The three tiers represented different levels of impact that local businesses experience, including: those directly impacted, those indirectly affected, and those whose suppliers or customers were affected. See case below for more details. After Hurricane Gustav, Louisiana Economic Development called the top 1,000 employers in the state in order to learn how they could assist major employers and help mitigate potential job losses.

As businesses express their recovery needs during an outreach campaign, an EDO should advocate for quick response from the city to expedite utility services, reentry, and other issues. For example, Priority One staffers served as a liaison between businesses and the city to expedite the city's emergency personnel response.

## **Survey Local Businesses**

The economic development organization should survey local businesses as soon as reasonably possible after the disaster to gain baseline information for tracking the disaster's impact. Gathering this information should be subsidiary to providing timely and real support services in the immediate aftermath of the disaster shock. Supplemental congressional funds and additional federal agency resources may be supplied to a region if the community can demonstrate significant business damage. In many cases, devastated communities are unable to provide the federal government with reliable data on business impact. Surveys can also help in assessing businesses resource needs such as access to capital and technical assistance.

The EDO should work with its partners to disseminate an outreach survey for local business owners to complete in order to gather intelligence. The method of communication will depend on which communication lines are most reliable and may include direct mail, telephone (landline and cell), website, email, town hall meetings, conferences or workshops, surveying at the business resource center, local media, or door-to-door canvassing.

## **Going Beyond the Survey - Focus Groups, Personal Visits and Other Methods**

While information gathering is a key component of any BRE efforts, surveys, focus groups, and business outreach must be used judiciously after a disaster strikes. Distributing surveys to distraught business owners in the wake of a disaster can come across as callous. Laith Wardi, President of ExecutivePulse, a BRE software company, explains that there needs to be multiple open doors to care for, assist, and gather information in the wake of a disaster. He explains that, in many cases, surveying may not be the best way to understand the situation and provide assistance.<sup>31</sup>

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<sup>31</sup> Wardi, L. (April 16, 2014). Personal communication.

After a disaster, it may be more appropriate to meet with business owners face to face. When conducting visits to businesses after a disaster, owners and employees can be in an emotional state. Dale Wheeldon, President and CEO of the Economic Development Association of British Columbia, who assisted businesses following the 2013 floods in Greater Calgary explains that he prefers using the tactic of personal business visits and focus groups. He suggests that economic development officials listen with compassion, and emphasizes the importance of “listening and then acting”.<sup>32</sup> Interviewers can keep in mind questions they would like answered, and take notes to be entered into a database, but after a disaster, short business visits can become emotional. Bringing in crisis counselors and financial planners can be a helpful resource.

Interviewers should work in teams. After a disaster, business owners may be frustrated and angry with local leaders and staff. Conversely, they may be experiencing emotional events such as injury or loss of an employee or family. Working in teams can help interviewees to bear the emotional burden, and process their experiences.

Another method of information collection that Wheeldon suggests is convening larger groups, a tactic that typically results in more focused and strategic discussions than the business visits. These groups are able to discuss the immediate issues and challenges, and start planning for preparedness in the future. Additionally, the larger groups boost morale, as people do not feel as alone, and can share their experiences with others who had been similarly impacted.

## **Deliver Business Recovery Workshops**

An EDO can hold workshops to address both common and unique recovery issues to local businesses. Workshop speakers should include representatives from local, state, and federal agencies and organizations such as the SBA, IRS, USDA (Rural Business Program), SBDC, SCORE, the local permitting office, and other local professional service advisers such as tax preparers and lawyers. These representatives should be invited to make presentations and answer questions from impacted businesses. It is also important to engage other economic recovery partners (other EDOs, business districts, chambers of commerce and municipalities) in order to create a more extensive network of resources and marketing channels.

The workshops can be implemented on a relatively small budget and can serve local businesses on a local or regional basis. Local government facilities can serve as meeting space, and EDOs and their partners can advertise through existing communication channels. In the Bay Area of Greater Houston, the regional economic development organization, Bay Area Houston, conducted a business recovery workshop shortly after Hurricane Ike (2008). They partnered with eight of the local governments in their

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<sup>32</sup> Wheeldon, D. (April 16, 2014). Personal communication.

jurisdiction to market to local businesses throughout the region. Police walked door-to-door to businesses with flyers advertising the workshops. The workshops were well received and well attended by impacted businesses seeking recovery assistance.

## **Providing Financial Services in Short- and Long-term**

Small businesses are often more financially vulnerable than large businesses in the wake of a disaster. Small businesses typically lack the significant resources and business continuity plans that large businesses can draw upon to continue their operations and remain financially viable. Thus, EDOs and chambers need to provide additional assistance to small businesses, particularly in terms of capital and technical assistance needs.

After a disaster, small businesses may face the need for working capital to meet payroll, replace damaged inventory and equipment, and fund other operational costs. These funds are crucial to provide within the first month in order to get the business back up and running. As long-term recovery sets in, a small or medium-sized business may have to adjust to a changed local or regional market, and thus may need to reorient its product or service, train its workforce with new skills, find new customers, and seek out new vendors. Thus, short- and long-term financing mechanisms need to adapt to the specific, timely needs of businesses.

## **Short – term / Gap Financing**

There is much that EDOs can do to help their small and medium-sized businesses secure financing and technical assistance. Traditional loans are considered risky for small businesses in the immediate aftermath of a disaster. In the short term, small businesses need access to gap or bridge financing with low interest and flexible terms. This gap financing provides businesses with working capital until they can secure funds from other sources, such as insurance claims and other long-term financing sources. These funds are typically made in smaller amounts than long-term financing – often ranging from \$5,000 to \$25,000 for small businesses.

### **Establishing a Bridge Loan Program**

A bridge loan program provides working capital to businesses after a disaster but before the business is able to secure funds from other sources such as SBA disaster loans, insurance claims, renewed profits, or other sources. A bridge loan is typically paid back soon after the businesses has received other sources of funding. For example, the Florida Small Business Emergency Bridge Loan Program is activated by the Governor of Florida only in case of a disaster. Loans are made interest-free, and range from \$1,000 to \$25,000, but they must be repaid within 12 months. The program was established in 1992 after Hurricane Andrew, and it has been activated 12 times since. To date, the program has made over \$27 million in total loans to 950 small businesses.

### **Establishing a Business Grant Program**

For particularly devastated businesses, a grant or forgivable loan can help speed recovery when a business is uncertain about incurring more debt. Funding for this program typically comes from local and/or state resources. For example, the State of Iowa created the Jumpstart Iowa Small Business Assistance Program to provide short-term financing to small businesses before an anticipated \$85 million CDBG grant was scheduled to be disbursed. The Jumpstart program was financed through \$20 million from the State of Iowa, and it makes forgivable loans up to \$55,000 per business. The loans are forgiven if a business reopens its doors within 12 months of receiving the loan. The requirement that businesses have already obtained a disaster loan from the SBA, or another federal- or state-chartered financial institution, ensures that grants only go to viable businesses.

### **Case Study: Louisiana Revolving Capital Fund**

The Jefferson Parish Economic Development Commission (JEDCO) in Jefferson Parish, LA, established the Louisiana Revolving Capital Fund (LRCF) using leftover funds from the Louisiana Small Business Grant and Loan Program implemented after Hurricane Katrina. LRCF provided loans of a minimum of \$25,000 to help businesses purchase land, buildings, equipment, working capital, or inventory. JEDCO applied for additional funds from both EDA and HUD's CDBG Disaster Assistance program for a revolving loan fund (RLF), which distributed approximately \$50 million in loans to hundreds of small businesses after Hurricane Katrina.

Grand Forks, ND also established a revolving loan fund for local businesses after the 1997 flood by using CDBG Disaster Recovery funds.

## **Long-term Financing**

Long-term financing helps businesses rebuild property, purchase equipment and inventory, and reorient their business around new markets (if needed). Both private and public sources of financing can be made available to impacted businesses following a major disaster. Local, state, and federal sources can be pooled to create a long-term financing program. The program can be managed by a local EDO, chamber of commerce, bank, or CDFI to ensure that the program has the capacity to continue long-term and meets local business recovery needs as they evolve.

### **Establish or Repurpose an Existing Revolving Loan Fund**

Revolving loan funds (RLF) are well-structured to provide long-term financing since the repayment of old loans are used to finance new loans. RLFs can be established using federal funds (such as EDA and HUD's CDBG program), local /state funds, a foundation or the private sector. In establishing an RLF, the EDO should not seek to replace private financial sources, but should serve businesses that cannot access traditional sources of financing.

When using federal funding sources, economic development professionals should have a clear understanding of the requirements of, and waivers for, various federal programs, as they will need to mitigate conflicts between these requirements when assembling such

funding packages. They also need to understand and address Duplication of Benefits (DOB) issues. DOB prohibits federal funds from different programs to be used for the same purpose. Repurposing an existing RLF can be an efficient way for the EDO to serve the disaster-impacted community. Established program criteria may be modified to meet the new needs, and staff can use existing program applications and processes. The EDO should consult with the funding agency for the RLF to determine its options for repurposing for disaster recovery business support.

### **Other Financing Sources**

EDOs should reach out to a variety of lending sources to identify funding gaps as well as help to educate local businesses on the various sources of funding available to their business. This includes outreach to local banks, credit unions, community development financial institutions (CDFIs), alternative lenders, foundations, and other private organizations.

### **Effective Use of Incentives**

Incentives can also be used in times of disaster to provide a boost to the most viable businesses. Typically, incentives are focused on reducing the cost of doing business, increasing the flow of capital for business recovery and growth, persuading businesses to reinvest, and prompting real estate investors to further invest in impacted areas. Local and state tax incentives related to property, equipment or investment can also be used as financing mechanisms to reduce the chance of firms relocating or closing permanently.

EDOs should develop a strategy to ensure the right mix of incentives is available. They can examine how other communities and states have developed or advocated for incentives to encourage redevelopment and reinvestment in disaster-impacted areas. In some jurisdictions, incentives are not an option, so more focus should be paid to private financing means, if possible.

### **State Incentives**

After a disaster, the most vital incentives are the ones that help businesses renovate and upgrade facilities and equipment, retool for new markets, train employees with needed skills, and conduct other recovery activities. Most of the time, existing incentives can serve these functions, but new incentives can also be created to serve long-term recovery efforts. The most relevant types of incentives for post-disaster BRE include:

- **Property Improvement/Restoration Incentives:** These can be used to defer property taxes on renovations and improvements to facilities.
- **Equipment/Machinery Incentives:** This includes exemptions on property, sales, usage, franchise, or state income taxes on new building materials, machinery, and equipment.

- **Retention/Reinvestment Incentives:** These are based on saving jobs and investments of a company that may be in danger of closing.

## **Federal Incentives**

There is a precedent for federal government action that addresses major recovery needs, such as the tax-free bonding that was implemented in New York City after September 11th and the federal tax incentives available in designated Gulf Opportunity Zone (GO Zone) communities after Hurricane Katrina.

- **GO Zone Bonds:** Gulf Opportunity (GO) Zone bonds were passed after Hurricane Katrina in 2005 to encourage reinvestment in Louisiana, Alabama, and Mississippi. GO Zone bonds are tax-exempt bonds that essentially serve as a low-interest loan for businesses that issue them. Businesses could also receive tax incentives for redeveloping property in the zone area.
- **September 11 Bonds:** After September 11, Congress provided tax-free bonding authority to New York for the rebuilding of the destroyed area. Half of the bonds were allocated by the state's governor and half by the mayor of New York City. This enabled local and state government agencies to raise more capital to fund infrastructure projects.

In summary, this chapter has outlined some of the resources, strategies and steps an EDO can take to protect and help restore its business community in the unfortunate event of a disaster. Whether reaching out to businesses, communicating with city officials, or advocating with federal agencies, the many roles an EDO serves require it to be fully engaged both before and after a disaster.



## Appendix B – List of Red Flags

- An overall decline in sector or industry competitiveness
- Indications of financial trouble
- Low or slow moving inventory
- Lack of capital investment
- Bank/lender disputes
- Drop-off in advertising
- Operating indicators
- Declining capacity utilization
- Cutbacks in staff
- Cutbacks in hours
- Poor interior and exterior maintenance
- Negative attitudes
- On-the-street rumors
- Change in ownership conditions:
- Merger or acquisition by an out-of-region owner
- An owner's personal crisis or major lifestyle change
- An owner's nearing retirement with no transition plan"<sup>33</sup>
- Obsolete or land-locked facility
- Location in a problem neighborhood
- Older product lines or production technology
- Contentious labor-management relationships
- Lack of export/international focus
- Family-owned firms with aging owner and no succession plan;
- Gradual corporate downsizing over time
- Relocation of top managers and corporate officers to another location;
- Loss of longstanding supplier contracts/relationships (e.g., losing contracts to supply parts to an automaker).

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<sup>33</sup> "Business Retention and Expansion Programs" (May 2006); Economic Development Association of British Columbia, [https://www.bceda.ca/sites/default/files/bre\\_report\\_lgc\\_300406.pdf](https://www.bceda.ca/sites/default/files/bre_report_lgc_300406.pdf)

## Appendix C – Sources of Information<sup>34</sup>

Information sources are available at the local, state, and national level that will assist in compiling a list of targeted companies.

### I. LOCAL

#### **Chamber of Commerce**

Most chambers maintain a membership directory that is updated annually and provides basic information such as address, telephone and fax numbers, name of the CEO/plant manager, number of employees, and annual sales.

#### **Economic Development Organization**

The local economic development organization should already have a substantial amount of information about local companies.

#### **Business License Information**

If very small businesses (fewer than five or ten employees) are included in the target list, it may be necessary to review business license records for the jurisdiction, as many of these firms may not join the local chamber.

#### **Temporary Worker/Hiring Agencies**

Local organizations that focus on finding workers for businesses, either on a temporary or permanent basis, should have a robust database of local businesses and their hiring needs, as well as information on local job seekers and their skill sets.

#### **Other Local Sources**

Other potential sources include industry cluster organizations (e.g., manufacturing or technology councils) and the business branch of your community library.

### II. STATE

#### **State Industrial Directories**

Manufacturers' News Inc. publishes industrial directories for each state. In some states, this information may be available directly through the state department of commerce.  
*www.manufacturersnews.com*

#### **State Workforce Investment Agencies**

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<sup>34</sup> Excerpt from IEDC BRE Manual

The state department or agency responsible for helping unemployed and dislocated workers find jobs will have a wealth of information that goes beyond the skills available in different geographic areas.

### **State Chambers of Commerce**

Most state chambers publish a membership directory that is updated annually.

## **III. NATIONAL**

### **Directory of Technology Businesses**

Published by CorpTech, this lists corporations involved in manufacturing and marketing high-tech products. Companies are listed alphabetically, by NAICS code, by technology group and geographically. *www.corptech.com*

### **Dun & Bradstreet**

Dun & Bradstreet's MarketPlace Suite CD-ROM software provides a general, 12-field demographic profile on all U.S. companies that are issued credit, including the name, title and telephone number of a key decision-maker within the firm. Dun & Bradstreet issues quarterly updates to the CD-ROM. Dun & Bradstreet also provides online information on various topics, including business listings and business trends. *www.dnb.com*

### **Hoover's Handbook of American Business**

This two-volume set includes a brief history of businesses, including who the principals are, principal products manufactured and key competitors. It includes business statistics and a stock price history, if relevant, from 1983 to the present. Hoover's also publishes an annual listing of emerging companies and growth enterprises. This can be useful for determining what kinds of business are growing and their needs and preferences. *www.hoovers.com*

### **Moody's Investor Service**

Published annually, this lists public companies and background information, including brief company history, list of subsidiaries, principal plants and properties, businesses and products, officers and directors, and financial statistics. *www.moody.com*

### **Standard and Poor's Register**

The Register is a set of three volumes that is published annually. Volume one is the Corporation Directory, which lists over 55,000 corporations alphabetically. Volume two is the Register of Directors and Executives arranged alphabetically. Volume three lists corporations by NAICS code, geographically and by corporate family indices. *www.standardandpoors.com*

### **Thomas Register**

Published annually by New York Thomas Publishing Company, this provides a comprehensive list of U.S. manufacturers by product and service. The first 11 volumes list manufacturers by products and services; volumes 12 and 13 list manufacturers alphabetically. It is available online, on CD and on DVD. *www.thomasregister.com*

### **Ward's Business Directory**

Published annually by Thompson Gale, this directory contains geographically based data. Businesses are organized by zip code and ranked by sales volume within SIC codes. *www.gale.com*

### **Value Line**

Value Line provides information on more than 5,000 publicly traded North American, European, and Asian companies in a variety of formats, including print, electronic and CD-ROM. Information includes hundreds of items on each company, including balance sheets and income statements. *www.valueline.com*.

## **IV. ONLINE DATA SOURCES**

Many of the directory providers listed above have the same information available in an on-line format.

### **DIALOG**

DIALOG Information Retrieval Services contains over 450 databases on subjects including science, business, technology, law, patents, economics, and agriculture. It also has financial profiles and background information on over 12 million American and 1 million international companies. It also has a search service. *www.dialog.com*

### **Lexis/Nexis**

Lexis/Nexis has over one billion documents online in nearly 7,000 databases on subjects including law, business, government and economics. *www.lexis-nexis.com*

### **SEC - EDGAR**

The U.S. Securities and Exchange Commission's on-line information database, EDGAR (Electronic Data Gathering, Analysis, and Retrieval system), includes annual reports for all publicly traded companies in the United States. *www.sec.gov/edgar.shtml*

### **Internet and Social Networking Sites**

Internet searches can return a wealth of information. Because both the information on and the Internet addresses of individual companies' web pages change frequently, EDOs will have to continually update their client database. In addition, social networking sites such

as LinkedIn and Facebook are being used more and more for business purposes and may offer valuable information.

## Appendix D – Types of Incentives<sup>35</sup>

**Customized job training:** The state or community pays a portion of the costs incurred in developing or delivering a specialized job-training program, generally at a community college, for a particular recipient company. Customized training can reduce labor costs and increase productivity for recipient businesses.

**Deal-closing fund:** A fund that can provide grants, loans, or other forms of financial assistance where other incentives will otherwise be insufficient to secure an investment.

**Deferred interest loan:** A loan in which the borrower is not obligated to pay interest as long as they meet terms of an incentives agreement.

**Discounted loan:** A loan in which interest is charged below the rate available in the private loan market.

**Export promotion:** A form of non-financial incentive in which technical assistance is offered to companies hoping to expand their exporting activities.

**Equity investment:** An EDO or government provides financing in exchange for an ownership position in a company.

**Enterprise zone:** A designated area, usually distressed, in which companies are eligible for tax incentives, regulation abatements, technical assistance, job training, reduced utility costs, or accelerated depreciation.

**Expedited permitting:** A selected project is given priority in the processing of necessary approvals. A common non-financial incentive.

**Fee exemptions:** A recipient company is exempted, in full or part, from building permit and development impact fees associated with new construction.

**Forgivable loan:** A loan whose principal is forgiven if the borrower meets incentives criteria for an agreed-upon period.

**Grant:** An outlay of funding provided through budgeted programs for economic development purposes.

**Guaranteed loan:** A loan covered by a legally binding agreement under which the guarantor agrees to pay any of the amount due on a loan instrument in the event of borrower nonpayment. May be used on behalf of applicants that would otherwise have difficulty securing private financing.

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<sup>35</sup> Ghosh, Shwati A., and Tye Libby (2015); “EDRP on Incentives.” International Economic Development Council, [http://www.iedconline.org/clientuploads/directory/docs/EDRP\\_on\\_Incentives.pdf](http://www.iedconline.org/clientuploads/directory/docs/EDRP_on_Incentives.pdf)

**Industrial development bond:** A tax-exempt bond issued by the public on behalf of a manufacturing company; usually limited to a value of \$10 million.

**Infrastructure:** Infrastructure improvements that are required by either zoning or for effective operations, such as streetscaping, road construction, and parking, are publicly provided. Infrastructure improvements constitute an incentive if the private sector is usually responsible for these improvements.

**Land write down:** The public sale of land for less than its market value; the difference between the land's actual or acquisition value and its sale price constitutes an incentive.

**On-the-job-training grant:** A form of workforce training incentive in which a public agency pays a portion of new workers' wages for a set period of time.

**Revolving loan fund (RLF):** A pool of capital in which the funding is recycled to provide future financing. Ideally, the loan pool will remain stable or even grow with the interest payments of each generation of borrowers. RLFs are often used to finance activities that are unattractive to conventional lenders. RLFs provide more favorable lending conditions such as lower interest rates and longer terms. RLFs can also be used to guarantee portions of loans made by conventional lenders.

**Tax abatement:** A reduction or exemption from a particular tax, such as property, income, or sales tax. Usually given incrementally for new assessment as a result of private investment.

**Tax credit:** After a specific tax, such as sales tax, has been paid, a credit is issued that can be used to offset future tax liabilities. Many tax credits are aimed towards special purposes, such as historic building rehabilitation or the construction of low-income housing.

**Tax exemption:** A reduction or exemption from a particular tax, such as property, income, or sales tax. Usually given incrementally for new assessment as a result of private investment.

**Tax increment financing (TIF):** In using TIF, a bond is issued to finance public infrastructure development (such as parking and road improvements) as well as private activities, such as feasibility studies, property acquisition, environmental remediation, and project financing. TIF then captures incremental future tax revenues from rising property values, beyond an initial base, to pay bond debt.

**Tax rebate:** After a specific tax, such as sales tax, has been paid, a credit is issued that can be used to offset future tax liabilities. Many tax credits are aimed towards special purposes, such as historic building rehabilitation or the construction of low-income housing.

**Technical assistance and research:** EDO staff resources are used to provide customized assistance or research for prospective investors.

