

Establishing a business retention and expansion program

Louise Anderson, IEDC

Business retention and expansion is the foundation of effective economic development. It makes little sense to invest time and resources to recruit new businesses while losing others due to lack of attention to changing needs or emerging obstacles. An effective retention and expansion program is based on accurate knowledge of the business community and constant communication. The program should be prepared to help businesses with expansion of current sites and facilities, assistance in identifying and preparing sites for expansions that require relocation, and assistance with regulations and permits related to planning, zoning and building.

A business retention program is time and labor intensive, and requires building and maintaining good relationships with existing businesses. The city should begin by creating a database of existing businesses, and determining the kinds of businesses toward which it will target its efforts.

A strong BRE program has several components.

- *Visitation.* Visitation programs are particularly helpful in identifying at-risk companies, or those that are considering closing or relocating. Visits are centered on an interview with the firm's president or other lead staff to learn how the public sector might help the firm. The interview would include questions about the firm's plans for expansion or relocation. After the interview, follow-up would include a letter or telephone call to the firm responding to issues raised in the interview. The city may want to target living-wage firms, medium-sized firms, firms in certain neighborhoods, or firms in industries targeted for expansion or attraction.
- *Surveys.* Periodically, a BRE program should survey existing businesses to better understand current and projected needs. Surveys also demonstrate the city's commitment to business and provide a regular reminder that the city's ears are open to problem-solving. Such surveys would help the city stay abreast of business concerns and trends in areas such as transportation, workforce development, regulatory issues and public safety.
- *Clearinghouse.* Numerous organizations in West Palm Beach provide startup and technical assistance to businesses. Some provide classes, some provide one-to-one consulting and others prepare specific plans, with charges ranging from market-rate to free. However, there appears to be no one repository for that information. Entrepreneurs and small business owners would benefit from a directory, web site, and ombudsman function to relay such information: where to take classes on starting a business, where to get advice on creating a business plan, how to find technical assistance specifically for financing, and how to get an occupational license or appropriate building permits. The clearinghouse should have an outreach function that markets its service and the services of other business assistance organizations, reaching out to nascent entrepreneurs who have an idea for a business but no idea where to start.

An additional function of the clearinghouse could be to create a comprehensive calendar of activities. Events posted could include business roundtables, networking lunches, meetings of the chamber of commerce, minority business groups, economic development organizations, local banks, SBDCs, and community college programs. This information can be mailed to targeted businesses, advertised in local business publications and over the radio, posted at local libraries and community centers and on the Internet.

- *Networking.* Business “after hours” receptions and mayor/council member breakfasts show businesses that the city values them and provides opportunities for networking, in addition to giving them the opportunity to discuss their concerns and ideas with local elected officials.

Successful business retention and expansion programs have been housed in three different areas:

- local government,
- private organizations (i.e., Chambers of Commerce), and
- public-private partnership organizations.

Case Study: Greenville, South Carolina’s Business Linkages

The City of Greenville has worked diligently to establish a seamless link with the private sector. It is more than just building relationships—it is understanding and appreciating the importance and challenge of doing business in the city.

The Economic Development Department uses a number of approaches, including the following:

- A member of the Economic Development staff is assigned as liaison for every major development project, ensuring a single point of contact to deal with all municipal and developmental issues.
- Staff meets regularly with business and property owner associations to see first-hand their issues and concerns, and to develop revitalization, stabilization and marketing plans.
- The Economic Development Director and City Manager make regular visits to key city businesses, just to let them know that they are appreciated and important.
- Businesses are regularly included in special task forces to tailor programs and strategies for effectiveness and support. Recent examples include a downtown farmers’ market, a tourism strategy and downtown retail strategy. The recommendations from these task forces are almost always adopted by the city.
- Mail surveys have been used to determine satisfaction with city services, potential barriers to business success and expansion, etc. Any business that indicates an issue is visited by Economic Development staff.
- All new businesses are sent welcome notes with contact information.

No matter what approaches are used, the following is essential:

- The key is responsiveness. The city can’t just listen to problems; it must be prepared to act.
- Understand and genuinely appreciate the business community and its contribution to the economic viability of the community. Recognize that existing businesses have the most significant impact on job opportunities and future job growth.
- Remove the bureaucratic barriers to doing business—serve as the link between the business and myriad regulatory agencies.
- Listen—the best business retention program is dictated by the particular business. There is no one-size-fits-all, so be flexible.

Case Study: Business Retention & Expansion in Gahanna, Ohio

The City of Gahanna, Ohio lies just outside of Columbus, Ohio. With a population of 33,000 people, Gahanna competes for business and industry development with 12 other suburban cities and Ohio’s largest city, Columbus. Competition between cities can be cutthroat, so retaining business is a

fundamental aspect of local economic development activity. Over the past five years, Gahanna has successfully created a business retention and expansion program that seeks at-risk companies and addresses needs on a case-by-case basis. The city's BRE program also builds connections and partnerships to provide extended services to businesses and industry.

The Gahanna Department of Development is responsible for retaining and expanding business in the community. The department runs a program that surveys existing businesses and responds quickly to needs and issues. The survey, sent annually to over 800 businesses, consists of key questions that measure a company's health and happiness in the city. Questions range from employment and ownership status to expectation for expansion or relocation. The city also asks businesses to rate city services and efforts to assist businesses.

The city's response to survey results is key. In 2001, over 25 percent of businesses that were surveyed responded, giving the department an overwhelming amount of information. Forty businesses were considering expansion or relocation over the next year and would be interested in discussing options with city officials. The department responded to the 40 businesses by having high-level staff call each business to better understand their needs and assess the severity of risk that the company might leave the community. Companies were then prioritized by needs and risk. Higher-risk businesses were given on-site visitation by development staff and lower-risk businesses were directed to other appropriate staff to help with their needs. The city responded to each of the 40 businesses personally.

Another aspect of the Gahanna BRE program is creating connections with partners and service providers. Development staff initiated an Industrial Roundtable to help address specific needs in an industrial district. The roundtable meets quarterly and conducts informative sessions on concerns that emerged from the survey. For example, on September 11, 2001 it took over two hours to evacuate one of the major employers of the industrial district due to traffic problems and lack of communication and coordination. With city support, the roundtable presented experts from the state and local emergency management departments to explain procedures for evacuation and disaster recovery. The city also is working with businesses in the industrial district to establish a comprehensive plan for disasters or emergencies.

The city has developed other relationships and partnerships with the Chamber of Commerce, utility providers, the Ohio State University, local fiber optics providers, downtown business associations, events organizations and the local school district. These partnerships result in business services that competing municipalities don't provide, such as high-tech capabilities, workforce development assistance and joint marketing efforts. If the city cannot provide the services a business needs, it directs them to a partner who can help.

The city's BRE program is clearly paying off. In 2001, a major employer responded through the survey that it may be forced to look elsewhere to accommodate expansion plans. Not wanting to lose over 500 employees and risk an abandoned 500,000 square foot facility, the development staff quickly met with the business and was able to locate expansion space within the industrial district. Through its strategic partnerships, the city also provided the necessary technology infrastructure to accommodate the business. These efforts saved jobs and helped create more opportunity for the business to grow and prosper in the community.