

pounding the pavement

By Karen Dickson



Onsite training for welders at Dynamic Lighting

every economic developer knows how important it is to have some sort of business retention or outreach program to the local businesses in one's community.

Unfortunately, due to other demands placed on staff and resources or a higher priority being given to recruitment efforts, retention activities are often placed on the back burner. In 2003, the Pearland Economic Development Corporation (PEDC) made a momentous step in moving the priority of a local business outreach program to the front burner.

PEARLAND, TEXAS: THE RISE OF A SMALL COMMUNITY

Located on Houston's southern border, just minutes from downtown, the world-renowned Texas Medical Center, and NASA's Johnson Space Center, Pearland, Texas, is positioned in a prime location for growth. With a population of 54,000,

Pearland's current growth rate is 11 percent, and due to future annexations and continued growth, the population in five years is estimated to double to 100,000.

Pearland's primary industry sector is oilfield and energy related manufacturing and service, followed by retail, then office/professional and health care. Residential growth has driven significant retail growth in the city with well more than 1 million square feet in new retail built in the last three years with an anticipated additional 2 million square feet to be built in two years. Residential and retail growth is good, but a diverse

economic base is essential to a healthy economy. In 1995, Pearland residents approved the passage of the city's 4B sales tax and established the PEDC, whose core mission is to act as a catalyst by improving private investment in the local economy to benefit residents, education, government, and Pearland's future.

Since its inception, the PEDC has provided grants totaling more than \$1 million to 43 Pearland businesses. Additionally, PEDC has provided needed infrastructure to support business growth and development. Roadway improvements, water and sewer extensions, and drainage programs totaling more than \$11 million have been committed within the three Foreign Trade Zones and along the commercial districts.

THE BIRTH OF THE BRE

The PEDC board of directors is the governing body of the PEDC and is appointed by the Pearland city council to approve PEDC policy, incentives, and expenditures. The city council approves PEDC expenditures in excess of \$100,000. In order to address all aspects of a fully comprehensive

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PEARLAND'S PATH TO BUSINESS RETENTION & EXPANSION SUCCESS

The establishment of a formalized business retention and expansion outreach program can be a challenging, yet fulfilling journey. An outreach program is unique and tailored to a community based on the local businesses' needs and the economic developers' commitment to serving local businesses. In Pearland, the "pound the pavement" approach has proven to be the outreach solution for the Texas community.

In 2004, the BRE program became a formalized program with a core mission to address those needs and interests of existing businesses and to place significant emphasis on creating a positive business environment for stable, successful companies. Program objectives with measurable goals and metrics were established, therefore, establishing the Pearland BRE program as the only one of its kind in the Houston area.

economic development program, the PEDC's board of directors agreed that PEDC staff would focus on existing local businesses to: 1) establish relationships; 2) address the unique issues or needs they are facing; and 3) share information of available business resources. Therefore, the Business Retention & Expansion (BRE) program was established.

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The first-year goals of the program were to personally visit each of the major industry employers in the city and survey the top executive/manager during the visit. Through the survey and general conversation, red flag issues would be identified and addressed.

To accomplish this goal, a PEDC representative initially sent letters and called businesses in advance in an attempt to set up appointments to visit with them. We quickly found that business owners were either too busy to speak to us or we would have to leave a voicemail. Our phone calls were never returned. We did, however, talk to one business owner via telephone. When he found out we were with the city, he told us he did not want to talk to us because we were "the government" and for us not to visit him because he did not want to visit with us...period!

After that conversation, it became very clear that our local businesses were not going to open their arms to these ambassadors of good will and that we needed a vastly different plan. Some options were to keep the appointment-making task in-house or contract it out. But, the drawbacks of those two

options included additional unanticipated expenditures of staff time and resources. However, a different, more aggressive, yet effective approach was still needed.

POUNDING THE PAVEMENT

The next day, after the conversation with the business owner, we went out and made business calls — unannounced and without appointments. We would arrive at a business and someone (usually the business owner) would eventually take time to talk to us and tell us about the business, often times giving us a tour of the facility. We may have had to wait 10, 20 or 30 minutes before we could be seen, but our persistence and patience usually paid off. At that time, we would educate the individual about the programs that are available to businesses and how the PEDC could help him or her in accessing



BRE Team visits local company – Specialty Gas Company.

available resources. More importantly, we expressed to the business owners how happy we were to have them in our community and thanked them for having their business in Pearland. Some businesses would talk to us for a mere five minutes.

But, the majority of the businesses engaged in a conversation ranging from 30 minutes to an hour. Those days of dropping by businesses for unannounced visits quickly became known as our "Pound the Pavement" days.

Shortly after the "Pound the Pavement" days began, the Center for Workforce Development with the Alvin Community College-Pearland Campus and the Greater Houston Partnership (GHP) were each given directives to visit local businesses. The Pearland Area Chamber of Commerce also wanted to participate in an outreach program to businesses. We all agreed to combine forces and "pound the pavement" together as a means to reach out to businesses and accomplish organizational goals.

A TEAM EFFORT

Having the chamber, the community college, and the GHP as part of a newly expanded BRE team, the PEDC was able to leverage the partners' existing relationships with local businesses and open new doors for the BRE team to attain its goals. Businesses were more willing to take the time to talk with community representatives who were showing an interest in their business versus "the government who probably wants more money."

During our visits, we begin with general conversation in an effort to establish a relationship. Throughout the conversation, we work in questions as part of our informal survey to identify issues and/or barriers the businesses are facing, as well as successes they have experienced. Two or three BRE team members visit with the business owner, while another BRE representative takes notes and completes a survey form based on the information revealed by the owner. Having PEDC, chamber, college and GHP representatives all present on the "Pound the Pavement" days also provides an opportunity to address business issues on the spot. For example, any employee training or skills development issues are addressed by the community college; available business assistance resources are addressed by the PEDC and the GHP; and the chamber shares business-to-business opportunities.

As a result of more doors being opened to the BRE team, much synergy and success has taken place.

- In 2004, nine companies enrolled in multiple employee training courses as a result of being introduced to the BRE program. Such training included: ESL (English as a Second Language), Command Spanish, computer training, soldering training, an OSHA audit, CPR training, and accounting training.
- PEDC is working with the city's community planning department to revise Pearland's Unified Development Code, which some business owners said contained regulations that had become barriers to business growth.
- The PEDC's previously established CEO Roundtable luncheon program was integrated into the BRE program. This peer-to-peer business forum updates business owners on issues that could potentially impact their companies, as well as provides a forum for owners to discuss their issues.
- Local businesses are becoming advocates of working with the city rather than criticizing it and its processes.
- In an effort to reach out to the ever-burgeoning retail industry in Pearland, the PEDC has contracted with the Pearland Area Chamber of Commerce to conduct retail business calls. The chamber ambassadors follow the "Pound the Pavement" model for conducting these business visits.

Robert Buchanan, president and owner of First Impression Sign & Design, Inc. in Pearland, recently had a successful expansion and relocation within Pearland as a result of the BRE program.

"True assistance is keeping a business working and viable by allowing that business to keep



Third Coast Terminals received assistance from the PEDC for the installation of a concrete street along the company's new 6-acre development property.

momentum while meeting the requirements of the city officials," Buchanan said. "Without this form of intangible BRE assistance, which is a time-abatement only, we could not have made the anticipated move at all."

The BRE program has been effective in meeting businesses' needs in a number of ways. The following case study is a strong representation of the program's success.

CASE STUDY: SHAWCOR PIPE PROTECTION, LLC

ShawCor Pipe Protection is a pipe coating company specializing in coating and insulation systems for corrosion protection and weight-coating applications on land and marine pipelines. In 1975, the company established a presence in Pearland and currently employs 101 individuals in a 70,000-square-foot facility.

In 2004, the company began evaluating its options on where to move its 25,000-square-foot glass syntactic polyurethane pipe coating plant, which was located in Alabama. The options were to keep the facility in Alabama or move the facility to either Mexico or Pearland. PEDC staff met with ShawCor representatives to explore what the PEDC could do to help convince the company's decision-makers to relocate the Alabama-facility to Pearland. During this meeting, the PEDC also reviewed the city requirements that would need to be fulfilled in order to create a new facility in Pearland.

In February 2005, the PEDC board approved a \$60,480 cash grant to assist ShawCor with relocation expenses based on the value of ShawCor's fixed assets, the number of employees gained in the city,

and the rate of return on PEDC's investment. The approval of the cash grant helped seal the deal in moving the glass syntactic polyurethane pipe coating plant to the existing facility in Pearland. In addition, the city granted a three-year, 50 percent tax abatement on the new facility. However, due to a previous customer commitment ShawCor had made, production on the new Pearland facility would have to begin in mid-July – a mere five months – therefore, creating the biggest challenge of the project.

To help ShawCor honor its customer commitment, the PEDC, the city's planning department, and the company's development team met to discuss what each department could do to assist in the project's very restricted development timeline. PEDC assisted ShawCor in the required zoning change process, as well as guided them through the tax abatement process. The city's planning department worked to expedite the site review and building permit and inspection processes. PEDC also served as the project facilitator, keeping constant updates on the development process and working to keep the project on schedule.

With the coordinated efforts of the city, ShawCor received its Certificate of Occupancy from the city



Computer Training at Alvin Community College – Pearland Campus for local businesses.

of Pearland for its new glass syntactic polyurethane pipe coating plant on time. In addition, Pearland will have an additional 37 jobs in five years and a more than \$700,000 immediate increase to the city's tax base based on the additional \$5 million in fixed assets in the new facility.

Josh Croix, plant manager for ShawCor's Pearland plant, says these tremendous results are solely based on one of the BRE's "Pound the Pavement" visits.

"We never knew a business assistance-type program such as the BRE existed in Pearland until the PEDC dropped by my office for a visit," Croix said. "They were instrumental in the expansion of our

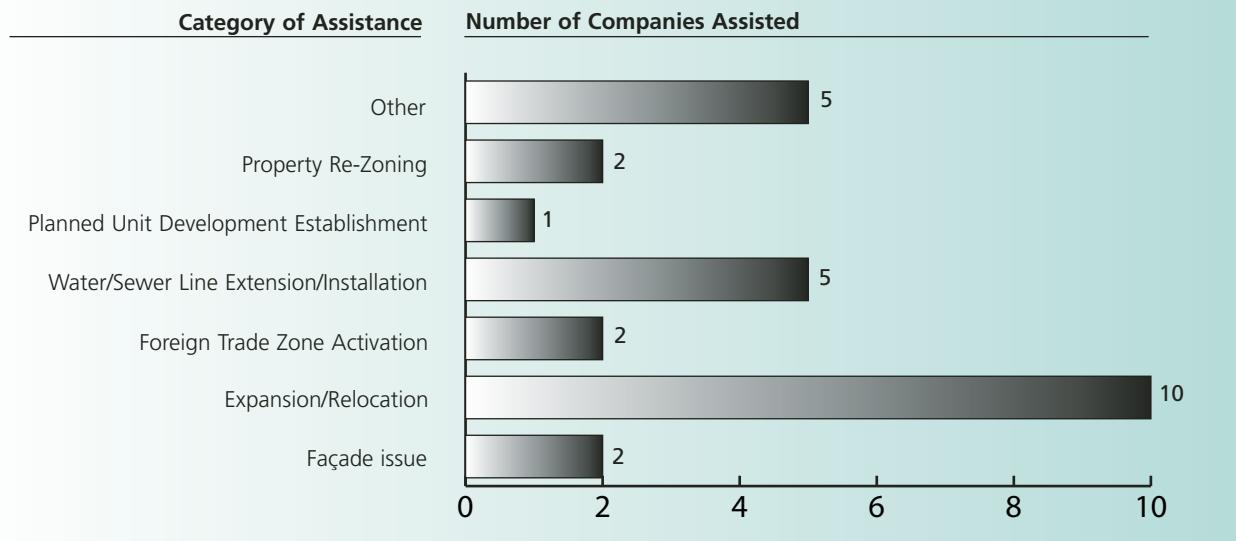
Pearland plant. This project never would have happened, nor would it have happened in a timely manner without the assistance of the BRE program. They were indispensable to us."

We are especially proud of this project as we were not only able to con-

Year-to-Date BRE Cash Grants Issued

# Companies Assisted	# Employees Retained	Capital Investment	Facility (S/F)	Total Grants Amount
5	313	\$2,598,000	147,000	\$179,590

Types of BRE Services Provided



vince ShawCor decision-makers in locating the new plant in Pearland but we were able to keep 37 jobs in the United States and not letting them slip away to Mexico.

OUTREACH BREEDS RESULTS

The BRE program is a young program that has forged a pathway of outreach and assistance in a variety of areas in the Pearland business community. The “Pound the Pavement” days have proven to be a successful component of the BRE program in terms of relationship building. The aggressive approach we chose in reaching out to businesses turned out to be the right decision. Businesses are truly appreciative of the attention given to them and the sincere desire on our part to help them.

Since its inception, the Pearland BRE program has visited 92 companies and assisted 27 Pearland companies in the following areas: provided cash grants for expanding businesses to be used for relocation expenses from a previous location within the city or for utility extension; revision of the city's development codes and ordinances; expansion/relocation within Pearland; Foreign Trade Zone activation; resolution of new development issues; guidance and facilitation through the development process; infrastructure issues and needs; and employee skills and job training.

By showcasing the mission, work, and results generated by the BRE program, the PEDC was selected as one of seven finalists for CoreNet Global's 2005 Economic Development Award in the Leadership and Innovation category. The BRE program also won the 2nd Place award in the Special Continuing Education Student Recruitment Effort category at the Texas Association Continuing Education Conference.

LESSONS LEARNED

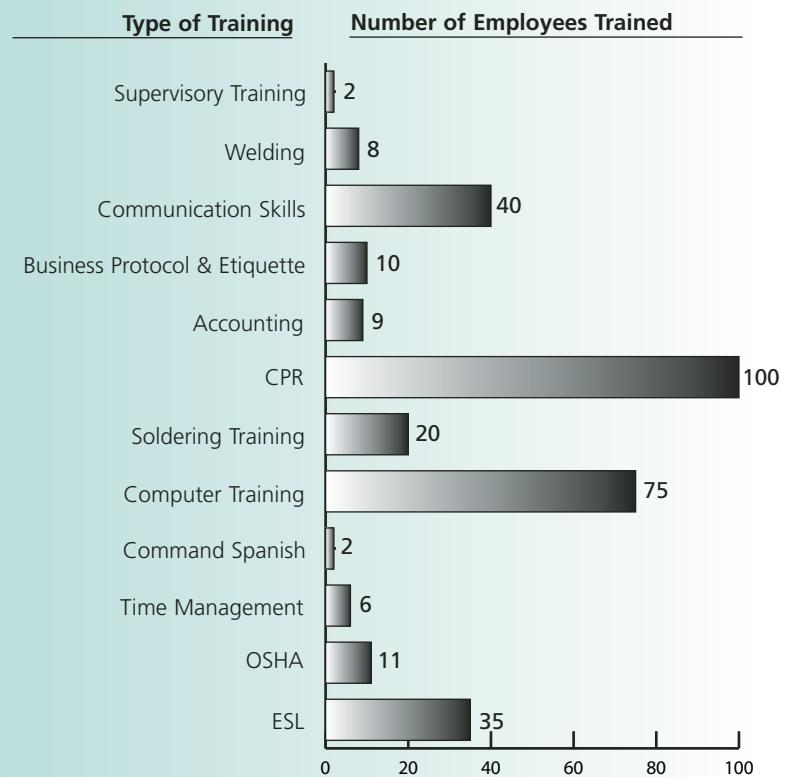
As the BRE program continues to evolve and expand, we have learned many constructive lessons along the way:

Lesson 1: After we began pounding the pavement as a group, it became clear that the one getting the “pounding” was the PEDC because we were part of “the government.” The businesses that originated in the county, but were eventually annexed into the city, were our unhappy customers. When these owners built their facilities in the county, the building requirements were less stringent than those imposed by the city. When it came time to expand facilities, these owners were required to adhere to currently adopted city codes and ordinances, which cost them more money.

In hearing these frustrations, the PEDC explained the philosophy and rationale for the city

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Employee Training



codes and ordinances and how the business owner's money was being utilized by the city. By educating the owners, the city's regulations became a little more palatable. It didn't make the business owners any happier to expend the extra funds, but at least they understood the reasoning behind the regulations. Education is the key to everything.

Lesson 2: In trying to achieve big numbers to report to the board, we found that big numbers were not necessarily effective numbers. The BRE team schedules one day a month to visit five to 10 businesses. We tried a more frequent visitation schedule, but there was not enough time to address



ShawCor Pipe Protection – new building expansion.

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and resolve the businesses' issues before launching a new series of business visits and dealing with their unique challenges. Therefore, limiting the visits to once a month allows us time to address and resolve that month's business issues before moving on to a new group of challenges. This has produced realistic reporting and effective customer service.

Lesson 3: Immediate follow-up communication with the business owner is imperative to building program credibility. There is no reason to expend time and resources on a program if a timely follow-up is not performed. We found that even if we did not have the answers to business issues within a week of the visit, we needed to call the business owner and tell him or her that we were still working on the issue. If we waited longer than a week to check in, it seemed the business owner grew skeptical of our true intentions of helping him or her, therefore making it more difficult to get back in the door at a later date.

LOOKING AHEAD

As we gain more time and experience in the program, and by looking to other cities' best BRE practices, we recognize we still have a long journey toward program maturity.

The next step in the program—which has begun—is to personally re-visit those companies we visited a year ago. It has never been the inten-

tion of this program to visit businesses once and then casually keep in touch. We are committed to keeping in personal contact on a regular basis. Besides, the businesses are happy to see the team so they can share their latest news with us. We also are working to identify small businesses in the city that we did not know existed and to visit them.

In order to effectively promote the program, we are in the process of establishing a team name, brand, and logo for the program. As our promotion efforts increase and the word spreads among the businesses about the program, we will be adding another "Pound the Pavement" team to aid in further business outreach.

CONCLUSION

The establishment and execution of the BRE program has not only been a journey of challenges, but it has been a fulfilling journey as well. The BRE team genuinely enjoys helping our businesses; it is always a pleasure seeing business owners fulfill their business goals and dreams.

We want to continue to be of assistance to our businesses. We will strive to make them happy because not only are they positive contributors to our local economy, but they are our friends as well. We also want to spread the word about the importance of the establishment of a BRE or outreach program as part of a fully comprehensive economic development program. Economic developers might be surprised to learn that their local businesses are not quite as happy as they thought and that these businesses are craving the developers' attention. It is exciting to chase new development for a city, but as with any business, it is easier to retain or grow current customers than to win new ones.