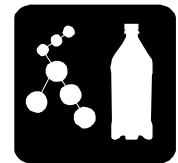
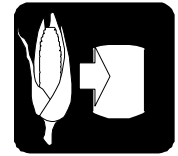
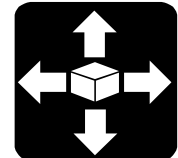


TVA ECONOMIC DEVELOPMENT

One Source. Seven States.



## Business Retention and Expansion Basics

*Amy Bunton*



# What We Will Cover

- Who? What? Why?
- History
- Starting a program
- Community Assessment
- Surveys
- Business Visits
- Outcomes and Follow Up

# Who?

- Guide a community through the development and establishment of a business retention and expansion program.
- Advocate for business and industry to address concerns and facilitate positive business outcomes.
- Educate the general public and community leadership on the positive impacts made by employers.

# What?

- **C** reate
- **A** ttract
- **R** etain
- **E** xpand

# What?

- Methodical approach to helping businesses reach goals of profitability and/or expansion.
- Varies by community.
- 
- Critical success factor is working closely with business leadership.

# Pop Quiz.....

- ▶ Oldest Industry?
- ▶ Largest Industry?
- ▶ Newest Industry?
- ▶ Most Recent Closing?
- ▶ Potential to close or relocate?

# Why?

- Knowledge is an advantage
- Impact on local economy
- Multiplier Effects

National statistics show that a small company with 15 employees annually generates:

- \$430,000 payroll
- \$45,000 property taxes
- \$15,000 charitable contribution

Eric Canada  
Beyond the Basics:  
Advanced Business Retention

# Multiplier Effect

## Examples.....

- 100 Warehouse/Storage Jobs Yield a total of  
**165 Jobs**
- 100 Professional/Technical Service jobs Yield a total of  
**208 Jobs**
- 100 Health Service Jobs Yield a total of  
**246 Jobs**
- 100 Plastic Manufacturing Jobs Yield a total of  
**274 Jobs**

Source: *REMI Policy Insight, Regional Economic Models Inc.*

# Cost of a Job.....

\$ 10 – 50,000      Cost to attract one job  
\$200 – 4,000      Cost of retaining a job

*Source: US Department of Labor & Employment, 2006*

# Attraction.....highly competitive

- 57,000 business relocations
- 74% less than 10 employees
- 4% have more than 100 employees
- 16% manufacturers
- 2,502 communities with population greater than 10,000 chasing them

*Dunn & Bradstreet – US Study 4 year period*

# Additional stats....

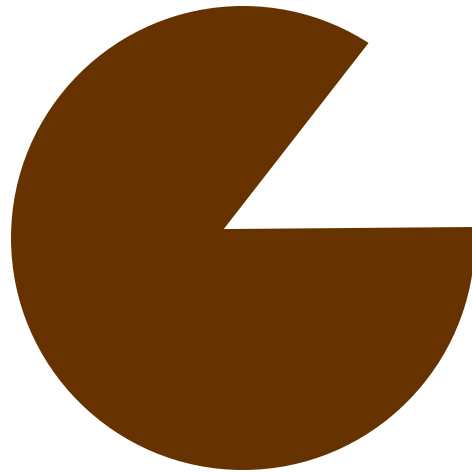
- Economies loose about 10% of its jobs each year
- Fewer than 200 major plant relocations annually
- 90% of closures arise from mergers & acquisition, consolidations, restructuring, and planned relocations

*University of Florida IFAS Extension*



# Jobs Impact

**80-20 Rule** – 80% of all new jobs & capital investments come from existing industry



## Other Sources Say...

- 76% Existing Business
- 15% Attraction
- 9% Entrepreneurship

# Why?

Our best companies are our competitors  
top prospects

*Who is calling on your companies today?  
When is the last time you called on them?*

# Company Closing Due to...*Dumbness* ?

Saturday, 04/28/07 The Tennessean

## Goodyear to close plants after IQ loss

*Associated Press*

**AKRON, Ohio** — Goodyear Tire & Rubber Co. on Friday announced more cost-cutting measures, including plant closures, that helped boost its shares to their highest in a year. The nation's largest tire maker also reported that it swung to a **first-quarter loss**, because of continuing costs from a settled strike and lower sales in North America.

# History of Business Retention & Expansion

- 1970's – Movement begins
  - Professor George Morse
  - University of Minnesota
- 1990's – Two broad approaches
  - “Traditional” or Volunteer
  - Continuous
- 2000 – Technology Enhancement
  - Executive Pulse
  - Synchronist

# Establishing a Program

1. What is the proposed service area?
2. What is the community's economic base?
3. Who are the key players in the community?
4. Is there an economic development plan?
5. Has a community profile and analysis been prepared?
6. What programs and services can be offered?
7. Are there potential partners?
8. How do you measure success?
9. Decide upon an approach.
10. Are there resources to dedicate?

# Implement the Program

- Select and educate your BRE partners
- Work as a team:
  - Determine roles
  - Decide upon a program to benefit your community
  - Decide how the program will be introduced
  - Determine the purpose of your business visit
  - Decide how many and which business you will visit



*“The way a team plays as a whole determines its success. You may have the greatest bunch of individual stars in the world, but if they don’t play together, the club won’t be worth a dime.”* Babe Ruth

# Supporting Activities

- Headquarter Visits
- Industry Appreciation Events
- “Made Here” Vignette
- Lunch and learn
- Special support groups
  - Plant Managers
  - HR meeting
  - Industry clusters
- “Business of the .....

# Community Assessment

POPULATION

EDUCATION

ECONOMICS

QUALITY OF LIFE

# Community Assessment

1. Labor Force – “first” concern of business
2. Access to markets
3. Infrastructure, utilities and sites
4. Access to capital
5. Economic base
6. Supporting industries and services
7. Research and development capabilities
8. General Business Climate

# Know Who You Are & What You Want

- **Kaikoura, New Zealand** - *Whaling tradition turned into \$67 million tourism economy*
- **Linn County, Oregon** - *60% world's grass seed*
- **Silicon Valley, California** – *high tech*
- **Castel Goffredo, Italy** – *1/3 world supply of sock/stockings*
- **Dalton, GA** - *45% world production rugs/carpet*

# Survey Exercise

- If you were “survey king or queen for the day” what one question would you ask?
- Why?
- Start with the end game in mind.
-

# Surveys

1. What do we think we know?
2. What do we need to know?
3. How do we collect the data?
4. Do we need outside assistance?
5. Who will be surveyed?
6. Where can we obtain a survey instrument?
7. Survey rules & policies.
8. Survey/database combination.

# Business Visits

- Two reasons
  - Collect information
  - Present information
- Interactive vs. self administered
- Considerations
  - Volunteer vs. paid
  - Training needs
  - Practice visits
  - Follow up

# Outcomes and Follow up

- What to Evaluate
  - What strategies work? What don't?
  - Trends
  - Red Flags
  - Opportunities
- Follow up
  - Tracking system
  - Resource partners

# Evaluate

***“This report by its very length  
defends itself against the risk  
of being read.”***

***Winston Churchill***

# Program Continuum

<p><b>Low Benefit/ Low Effort</b></p> <ul style="list-style-type: none"><li>▪ Responsive Retention</li><li>▪ Resource Network</li></ul>	<p><b>Mid Benefit/ Mid Effort</b></p> <ul style="list-style-type: none"><li>▪ Attention Retention</li><li>▪ Appreciation Events/Pr</li></ul>
<p><b>Upper Benefit/ Upper Effort</b></p> <ul style="list-style-type: none"><li>▪ Executive Contact</li><li>▪ Visitation Programs</li></ul>	<p><b>High Benefit/ High Effort</b></p> <ul style="list-style-type: none"><li>▪ Business Development</li><li>▪ Portfolio Management</li></ul>

# Community Examples

- Winston County, Alabama
- Swift Current Canada
- Chattanooga, Tennessee

# Resources

- Business Retention & Expansion International
  - Non-profit Professional Association
  - 500 Members
  - Advances BR&E as an Economic Development Strategy for Communities
- [www.brei.org](http://www.brei.org)



# BREI

- Professional Certification Program
  - Basic and Advanced Courses
- Awards and Recognition
- Resources and Best Practices
- Annual Conference
  - Witchita – June 2 – 6, 2008

# Acknowledgements

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- BREI

- Questions?