# BUSINESS RETENTION & EXPANSION

MEDA

Economic Development Basic Course

**PRESENTED BY:**

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MIDDLE MICHIGAN DEVELOPMENT CORPORATION

MEDA MICHIGAN ECONOMIC DEVELOPERS ASSOCIATION

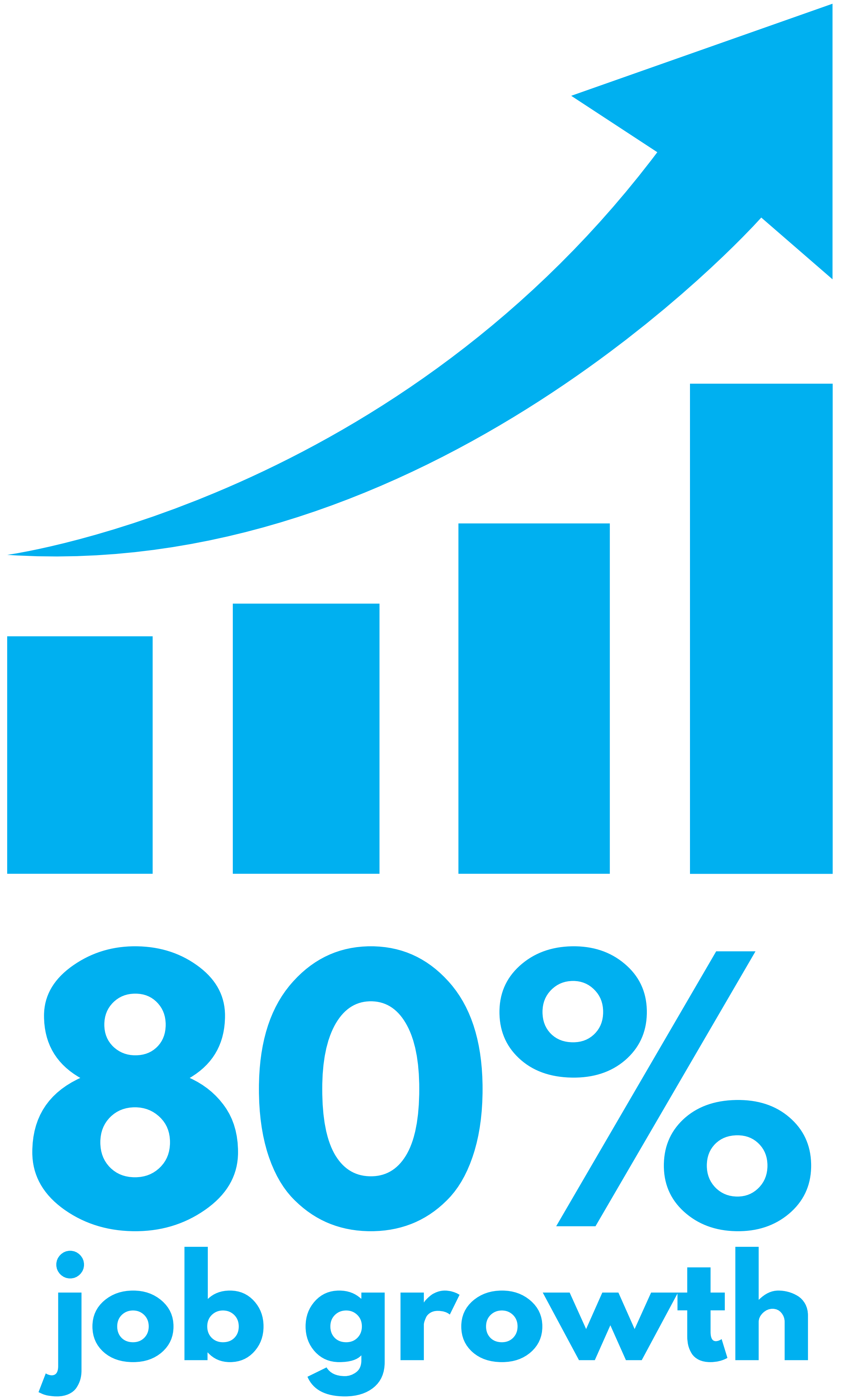
# HOW DO WE GROW THE ECONOMY?

**The four-legged stool principle:**

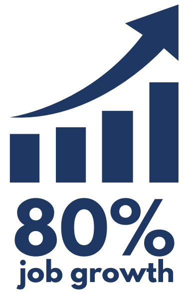
- Retention/Expansion
- Community Development
- Talent / Workforce Development
- Attraction/Entrepreneurialism

# THE IMPORTANCE OF BUSINESS RETENTION & EXPANSION (BRE)

Studies have shown that the businesses already existing in a community are responsible for up to 80% of the area's job growth, and a significant percentage of cities consider business retention and expansion programs to be a primary mission.



# WHY INITIATE A BRE PROGRAM?




That’s where the real job growth occurs.

It’s the most cost-effective economic development strategy.

It supports attraction/recruitment efforts.

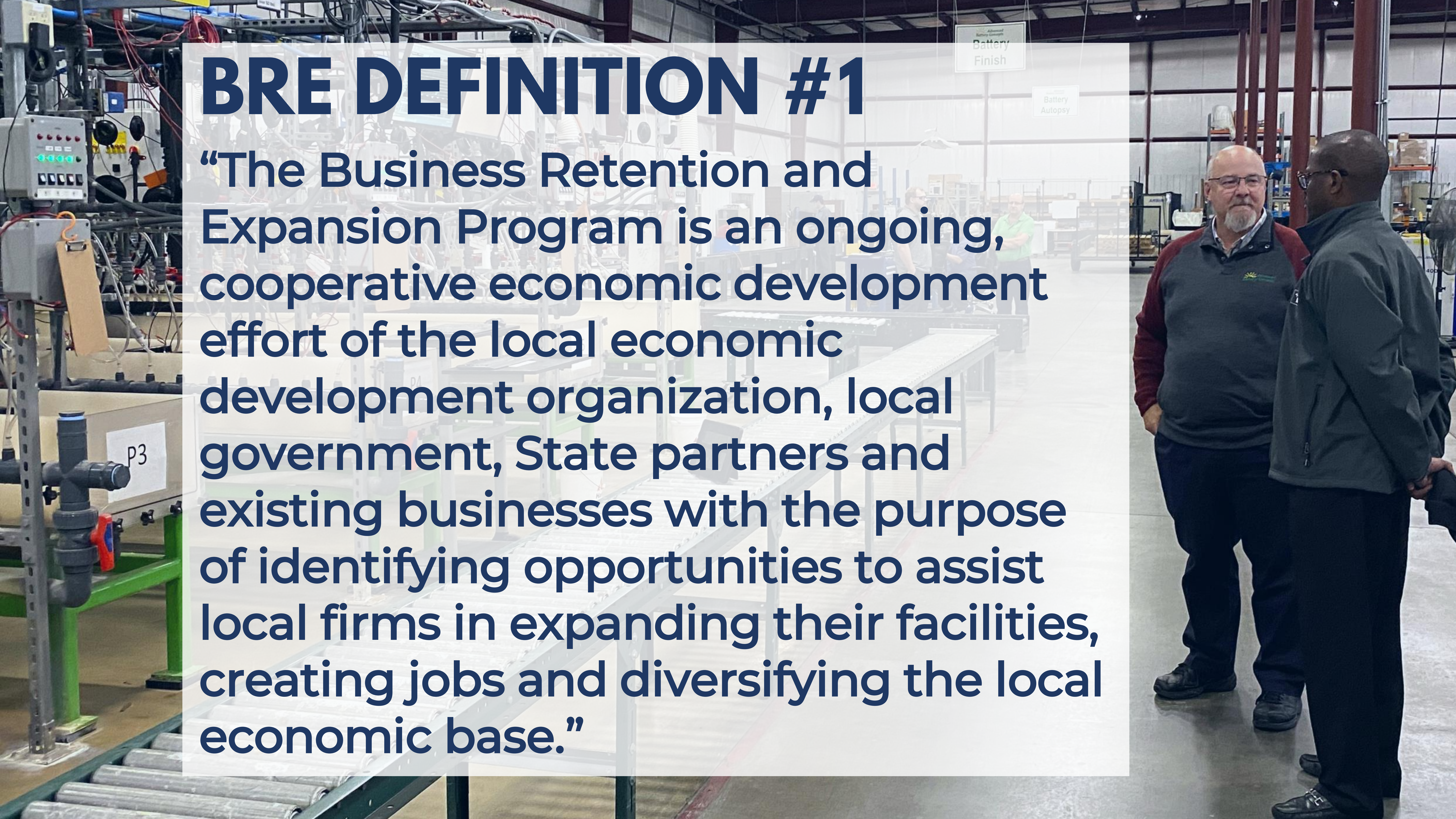
It connects businesses to the economic development system.

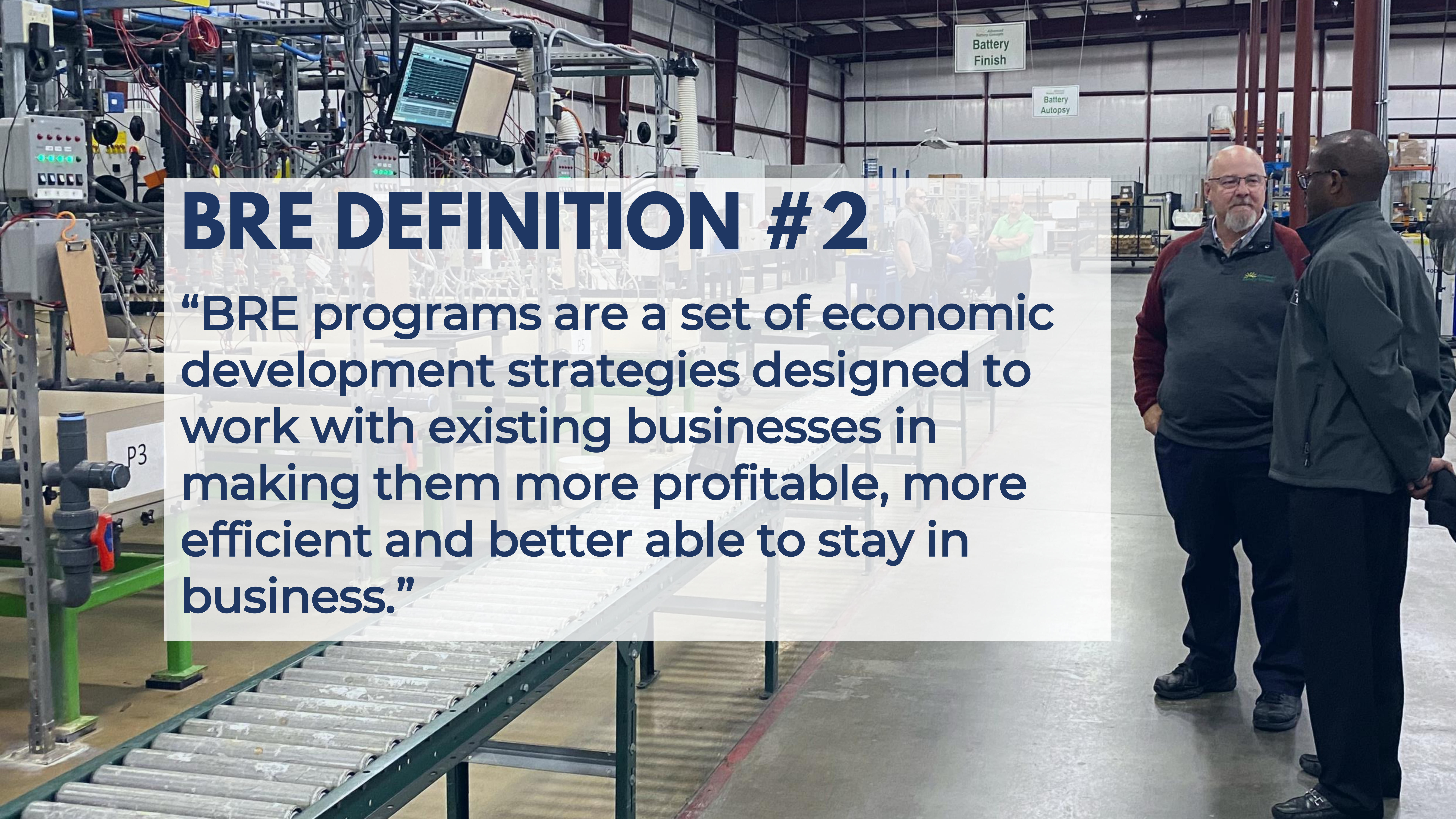
It keeps your recently recruited companies on the radar screen.


IT'S ALL
ABOUT
RELATIONSHIPS

# BRE DEFINITION #1

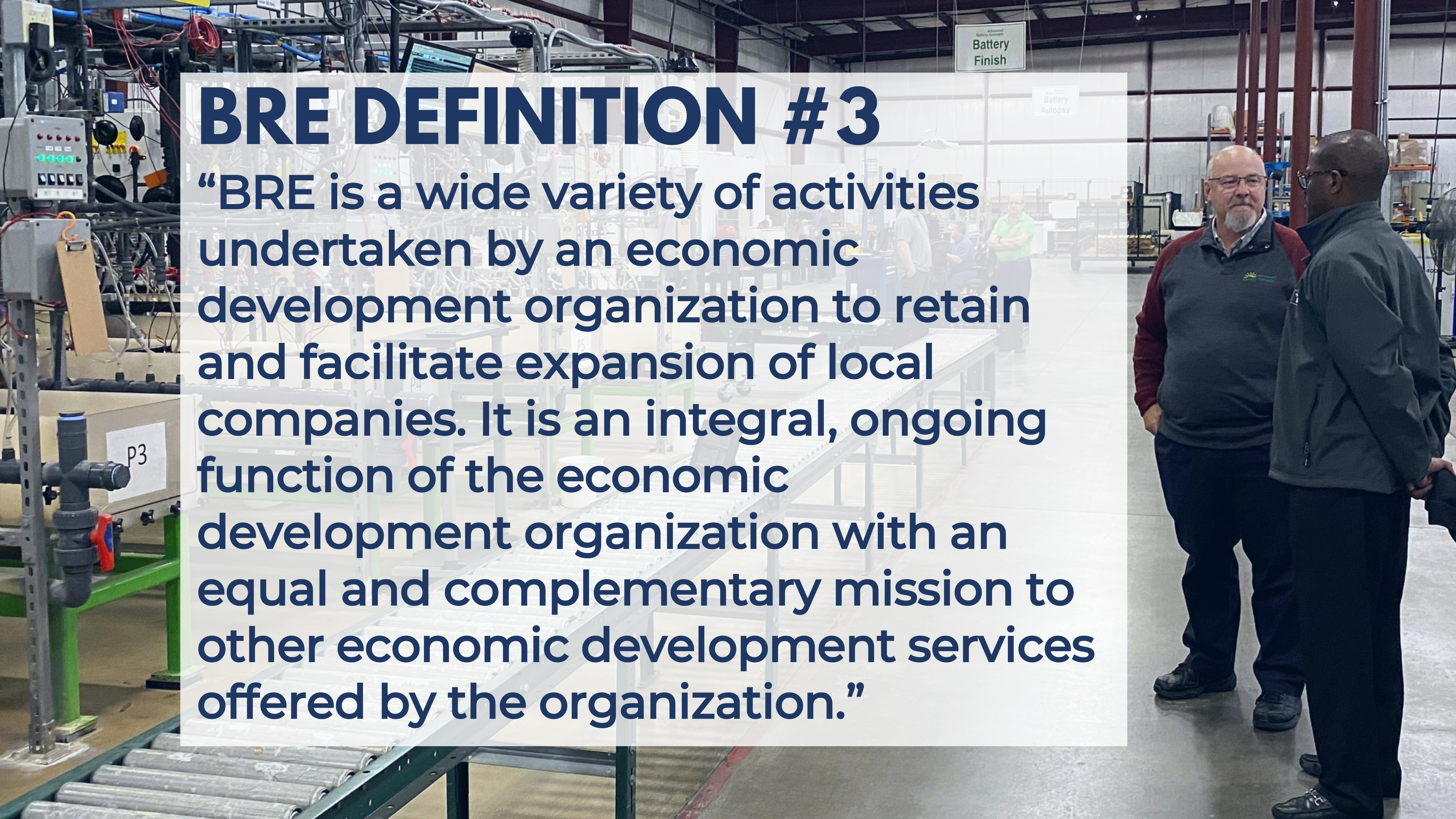
"The Business Retention and Expansion Program is an ongoing, cooperative economic development effort of the local economic development organization, local government, State partners and existing businesses with the purpose of identifying opportunities to assist local firms in expanding their facilities, creating jobs and diversifying the local economic base."






# BRE DEFINITION #2

"BRE programs are a set of economic development strategies designed to work with existing businesses in making them more profitable, more efficient and better able to stay in business."




# BRE DEFINITION #3

"BRE is a wide variety of activities undertaken by an economic development organization to retain and facilitate expansion of local companies. It is an integral, ongoing function of the economic development organization with an equal and complementary mission to other economic development services offered by the organization."

# Simply Put...

- Business Retention
- Business Expansion

It allows you to become PROACTIVE, not just

REACTIVE

# THE STRUCTURE OF A BRE PROGRAM

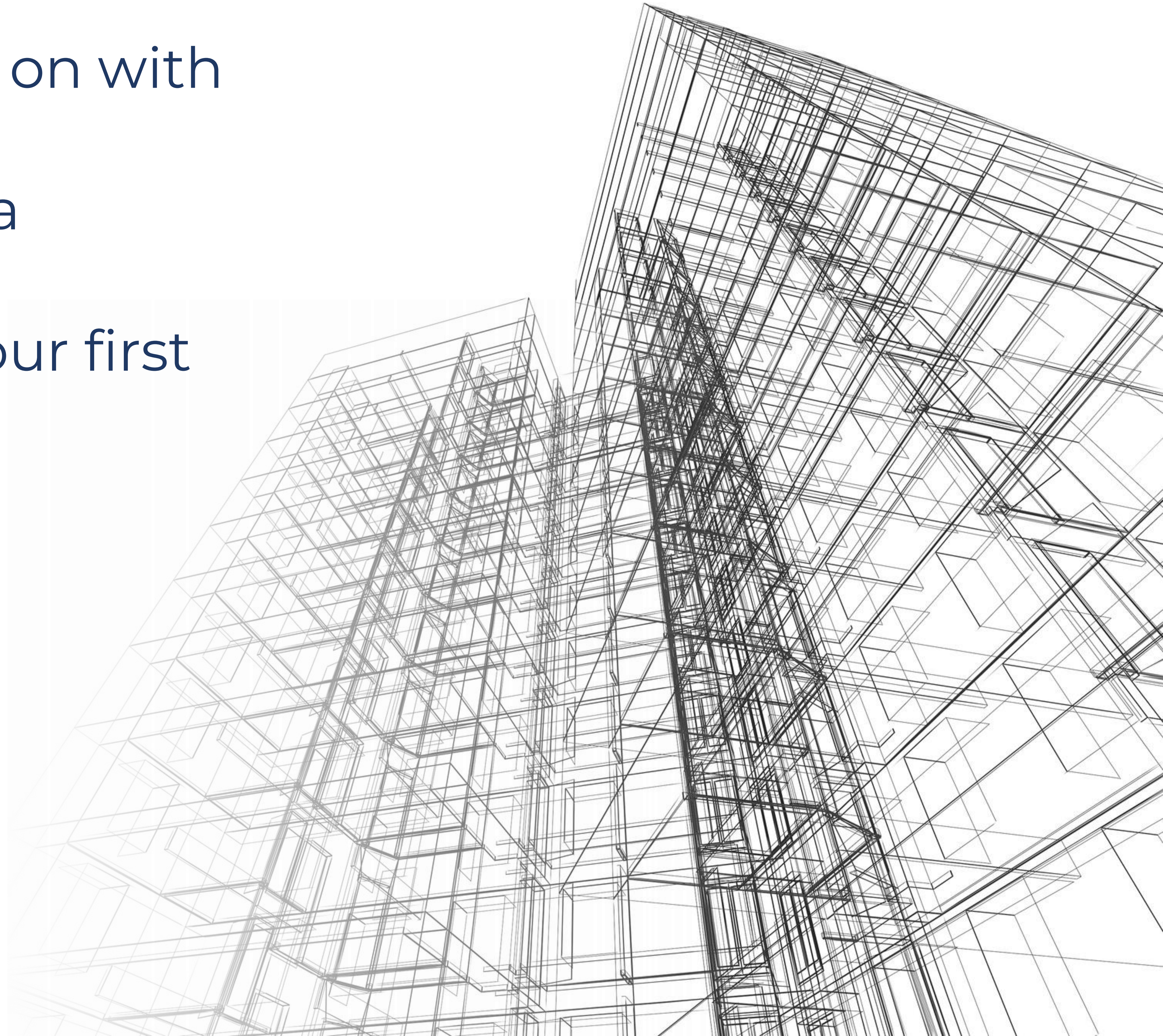
If we agree on the importance and purpose of a BRE program, the next step is how to structure it.

- What companies are you going to target?
- How will you conduct outreach?
- Who are your key partners?
- What tools and resources do you have to offer?
- How will you measure the results?
- What will you do with the data?

# WHO SHOULD BE INVOLVED IN A BRE PROGRAM?

# A Good BRE Program Doesn’t Mean

- You’ll know absolutely everything going on with every single business in your service area
- People won’t always see your value at your first visit
- You won’t always have the answers



# WHAT COMPANIES ARE YOU GOING TO TARGET?

According to a 2017 survey by the International Economic Development Council of 118 economic development organizations, they generally targeted and prioritized firms based on their size and industry type:

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

# WHY DOES THE TYPE OF COMPANY YOU TARGET MATTER?

The respondents of this same survey listed additional criteria for what they would include/prioritize 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
- Companies eligible for economic development programs & services

# HOW HAS THIS CHANGED SINCE 2017?

We still prioritize

- Largest employers, manufacturers and other economic-base/primary employers and companies in target industries - BUT - we also now may include:
  - Downtown and Place-Based Businesses
  - Childcare Businesses
  - Housing Developers

# WHAT COMPANIES ARE YOU GOING TO TARGET?

Other factors that can help you prioritize - especially if your resource limited

- Location Quotient (LQ): the higher the quotient, the higher the presence in your area
  - Helpful AI: https:/streeteconomics.ai
    - Sector or Cluster
    - Size (elephant, mice or gazelle)
    - Geographic section (Industrial Zones, Downtown Districts, etc)
    - Ownership (local vs. national ownership)
    - Traded sector
    - Multiplier Effect
    - Proprietary Goods and Services
    - Assimilation of Technology
    - Diversity and Equity Focused
    - Community Supported

# WHAT COMPANIES ARE YOU GOING TO TARGET?

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

LOCAL RESOURCES

- The local Economic Development Organization
- The local Chamber of Commerce
- The local CVB
- The local MiWorks! office
- Temporary Hiring Agencies
- The Local Municipality and DDA/Main Street Partners
- Manufacturing or Technology Councils
- Higher Education Partners
- Public Utilities

Other go tos:
Google Maps
Facebook Community Groups

# WHAT COMPANIES ARE YOU GOING TO TARGET?

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

LOCAL RESOURCES

- Incubator Spaces
- Farmers Market Vendor Lists
- Local marketing campaigns
- Local business license records
- Great Start to Quality - Childcare Business Listings
- Social media in general
- The good ole' rumor mill

Other go tos:
Google Maps
Facebook Community
Groups

# WHAT COMPANIES ARE YOU GOING TO TARGET?

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

STATE RESOURCES:

- State Manufacturing Associations
- State Manufacturing Extension Partnership
- SBDC (Small Business Development Center)
- Michigan Economic Development Corporation
  - Regional Business Development Manager
  - Regional Community Development Manager

# WHAT COMPANIES ARE YOU GOING TO TARGET?

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

National RESOURCES:

- USDIR - https://usdir.org/*
- Small Business Directory - https://www.smallbusinessdb.com/*
- Alignable - https://www.alignable.com/*
- Data Axle - https://www.data-axle.com/
- Dun & Bradstreet - https://www.dnb.com/
- ESRI - https://www.esri.com/

# REAL LIFE STRATEGIES FOR GETTING INTO HARD TO MEET COMPANIES

Offer to bring free lunch or coffee and donuts (preferably Cops & Doughnuts!)
Ask for a tour of their facility
Offer to promote their business through your network
Share potential funding opportunities and highlight your ability to assist
Highlight ability to provide municipal support
Ask for their expertise/input on a project you are working on

# THESE STRATEGIES ARE REALLY - CUSTOMER OUTREACH

But there are other options - particularly after you get in the door and want to determine the best ways to support these businesses and more!

- In-Person Visits
- Focus groups
- Business Walks
- Community and Stakeholder Events
- Social Media
- Digital Outreach


MEDC
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION
BUSINESS DEVELOPMENT
COMMUNITY DEVELOPMENT
PURE MICHIGAN®


# PARTNER COLLABORATION

MEDC partners with economic development partners, industry, academia, convention and visitor bureaus, and federal, state and local governments to foster economic development opportunities.

# REFINED AND NEW FOCUS AREAS

**Support and grow our talent**
Cultivate the skills and talent needed for in-demand and high-growth occupations statewide

Invest in tailored solutions for employers

Expand educational opportunities to build competitive, cross industry talent for the future

Invest in edu-employment partnerships that create early career exposure and better feedback loops between employers and educators

**Support small business**
Help existing small and microbusinesses grow and thrive and improve economic prosperity for all through small business ownership

Aggregate disparate small business assistance efforts under one champion

Address gaps in access to capital and technical assistance

Utilize a network of trusted partners to support hard-to- reach populations

* Small business in this focus area is defined as microenterprises (those that employ 10 or less), place-based businesses, second-stage, small b2b business or small manufacturers. Not high-tech, high-growth

## The goal of MEDC's business development program is to

# DEVELOP, GROW AND ATTRACT

## business here in the state of Michigan.


Commercialization, resources and other services for early stage companies

Access to capital, procurement support, export assistance and other resources

Coordinated national and international business attraction strategy


# INVESTING IN COMMUNITY-LED GROWTH

MEDC's mission is executed through a strategy focused on three, linked pillars:

- Supporting business growth and attraction
- Fostering community vitality
- Promoting a positive image of Michigan as a business location and travel destination


COMMUNITY DEVELOPMENT
Community Assistance Team
Redevelopment services
CRP
TIF
CDBG
MICHIGAN MAIN STREET
redevelopment ready communities®

# COMMUNITY DEVELOPMENT - MEDC

### Technical Assistance
- Redevelopment Ready Communities®
- Michigan Main Street
- Redevelopment Services Team

### Development Tools
- Michigan Community Revitalization Program (CRP)
- State Brownfield Tax Increment Financing (Brownfield TIF)
- Public Spaces, Community Places (Patronicity)

### Small Business Support
- Match on Main
- Community capital
- B-Corp education
- Michigan Small Business Development Center assistance

### Historic Preservation
- Certified Local Governments (CLGs)
- Historic Preservation Tax Credits
- Local Historic Districts & Surveys
- Michigan Lighthouse Assistance Program

# COMMUNITY DEVELOPMENT GOALS

## IMPACT

- Project located downtown or traditional commercial district
- Project supports local plans
- Community financially supports
- Led by emerging developer

## PLACE

- Building appropriate to neighborhood
- Creates density
- Promotes mixed income neighborhood
- Incorporates sustainable approaches to stormwater management

## FINANCIAL NEED

- Maximize all available debt
- All other sources have been explored
- Demonstrated financial commitment toward project by owner
- Financial need demonstrated

# COMMUNITY DEVELOPMENT PROGRAMS

- COMMUNITY REVITALIZATION PROGRAM
- MATCH ON MAIN
- DEVELOPER TOOLKIT
- COMMUNITY ENGAGEMENT TOOLKIT
- PUBLIC SPACES COMMUNITY PLACES
- RESILIENCY TOOLKIT

# BREAK TIME!

# HOW WILL YOU CONDUCT OUTREACH?

## THE GOLD STANDARD PROGRAM WILL:

- Maintain an ongoing and consistent outreach effort to companies
- Be adequately funded and utilize trained economic development professionals
- Is customer service oriented and builds relationships
- Will involve collaboration with key partners and local government
- Generates a high ROI
- Exhibits integrity and protects confidentiality
- Diligent follow-through and follow-up
- Is based on measurable goals such as –
- Number of customer visits (wk/mo/yr)
- Number of referrals made
- Number of projects generated
- Percentage of market coverage

# HOW WILL YOU CONDUCT OUTREACH?

## A FEW THOUGHTS ABOUT BRE SURVEY INSTRUMENTS:

- A survey can provide a good basis for the types of information to gather at a BRE meeting.
- It should NEVER be evident that you are following a survey form.  You should know the information within it and work the questions into a natural conversation.
- Examples of information gathered by a survey include:
- Past sales revenues and outlook
- Suppliers used and types of suppliers being sought
- Exporting activities
- Skillsets of workforce and challenges in finding talent
- Wages/Benefits
- Types of automation utilized
- Barriers to success
- A great way to learn about the company and get the conversation started is to ask for a tour.

# RED FLAGS

**Economic developers use multiple means to gauge a company's health.  As you accumulate data on your companies over time, participate in company tours, build the relationship and read industry news, pay attention to these red flags that may indicate help is needed.**

- An overall decline in sector or industry competitiveness
- Indications of financial trouble
- Low or slow-moving inventory
- Lack of capital investment
- Bank/lender disputes
- Cutbacks in staff or hours
- Poor interior or exterior maintenance
- Negative attitudes
- On-the-street rumors

# MORE RED FLAGS

**If the first page wasn't enough:**

- Change in ownership conditions
- Merger or acquisition by an out-of-region owner
- Lack of succession planning
- Obsolete or land-locked facility
- Older product lines or production technology
- Relocation of top managers and corporate officers to another location
- Loss of long-standing supplier contracts/relationships
- Leased property vs. owned property
- Other facilities within the corporation producing the same lines
- Union contract expirations
- Gradual corporate downsizing
- Lack of needed skilled labor

# ASSISTING BUSINESSES: FUNDING FIRST

- Commercial Lending
- Attraction/Expansion Grants
- Export programs
- Fee exemptions
- Private Activity Bonds
- R&D tax credits
- Tax abatements
- Tax Increment Financing
- Training grants (on-the-job and skill enhancement)
- Utility rate riders and rebates
- Grants for infrastructure, road improvements and rail projects
- Revolving Loan Funds and other creative financing funds

# VALUE-ADD ACTIVITIES & RESOURCES TO EXPAND YOUR TOOLBOX FURTHER

- Marketing research and data
- Events
- Advocacy
- Project management
- Grant writing and letters of support
- Local Partner Referrals (many whom may make sense to invite to visit businesses with you)

# HOW WILL YOU MEASURE THE RESULTS?

**Results typically tracked by economic development organizations to prove the effectiveness of their BRE program include:**

- Job creation/retention
- Capital investment
- Grant funding procured
- Exporting
- Spin off/multiplier effect
- Family sustaining wages

# WHAT WILL YOU DO WITH THE DATA?

**After you've determined what you'd like to learn from your businesses, met with them and asked the right questions, what will you do with the data you collect?**

- First, meet the needs of your individual companies; provide solutions
- Identify trends and opportunities to create new programs and resources
- Differentiate your community from the competition
- Use it as support for policy changes and strategies
- Consolidate information in an annual report to garner awareness and support of your efforts

# WHAT DID WE LEARN TODAY?

# CONTACT INFORMATION

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# CREDITS

## INFORMATION AND GRAPHICS WERE PROVIDED BY:

- "An IEDC Business Retention and Expansion," a presentation by Laith Wardi, President, Executive Pulse
- IEDC BRE Manual, revised 2024
- “Beyond the survey: How EDOs Add Value Through Business Retention & Expansion”, International Economic Development Council, 2017
- The Michigan Economic Development Corporation
- Cathy Knapp, Southwest Michigan First
- Jessie Stickler, Middle Michigan Development Corporation