

Business Retention & Expansion

Special Topics in Business Retention and Expansion

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Overview

- The Business Retention and Expansion Visitation program is a powerful tool to address issues within your community.
- A special edition of *Community Development: Journal of the Community Development Society* (volume 48, number 2, May 2017) provided research on a number of special topics

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BR&E and Business Clusters

- Written by Xue Zhang and Mildred E. Warner
- Business clusters are typically present in rural areas on a regional basis
- BR&E is more common in service clusters than manufacturing clusters
- Both manufacturing employment and service sector employment are positively related to the use of clusters and the impact increases over time.

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BR&E and Business Clusters

- Research results imply that cluster strategies are more likely to be used in more balanced economies
- The attention given to business clusters is one tool that can be used. Porter claims that it is the only tool that is effective, but research does not bear this out
- Clusters are closely linked to human capital development (e.g., job training)
- Communities that focus on business clusters typically have more involvement in BR&E programs

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Manufacturer's Perspectives in Transportation

- Written by Lee Munnich and Frank Douma
- Addressed the question “Does transportation logistics affect business retention and expansion issues?”
- Researchers looked at clusters within northwest MN
- The study linked community development activities with regional transportation planning after the U of MN BR&E Volunteer Visitor model evaluation research

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Manufacturer's Perspectives in Transportation

- Project was focused on priorities for action by MnDOT
- Several issues were mentioned including:
 - Signage
 - Turning and passing lanes
 - Snow and ice removal
 - Pavement quality
 - Construction project communication
 - Permitting policies and processes

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Manufacturer's Perspectives in Transportation

- Areas where transportation could be improved by BR&E programs:
 - Statewide freight planning
 - Regional transportation strategies
 - Transportation investments to promote economic competitiveness
 - Intermodal connections and investments
 - Public-private partnerships and investments

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Energy Management as Component of BR&E

- Written by Nancy Bowen-Ellzey and Eric Romich
- Businesses frequently cite costs of doing business, including energy costs, as barriers to growth
- Energy is a primary factor in production; technology has advanced to provide businesses the ability to influence energy usage and costs
- A BR&E survey focusing on energy costs was developed by educators at Ohio State and case studies were examined

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Energy Management as Component of BR&E

- Economic development practitioners can assist companies in the following areas
 - Assessing energy needs and payback
 - Identifying energy programs and partners
 - Conducting due diligence for permitting and financing
 - Constructing or installing energy improvements
 - Evaluating system operations and outcomes

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The Silver Tsunami and Small Business Retention

- Written by Elizabeth Templin, Scott Chazdon, Glenn Muske, Felipe Barroso, Lillian Osborne, William Craig
- Small business succession has become a vital topic in rural communities with the increasing “Baby Boomer” retirements
- Previous studies have focused on business ownership and leadership

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The Silver Tsunami and Small Business Retention

- Barriers to ownership succession
 - Business value is overestimated
 - Unwilling to communicate that business is for sale (potential loss of customers)
 - Unaware of variety of ownership options
 - Lack of adequate financial records to demonstrate profitability
 - Inability to communicate value of intangible assets
 - Lack of business succession facilitators in rural communities
 - Inability of buyers to secure financing

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The Silver Tsunami and Small Business Retention

- Barriers to leadership succession
 - Retiring owners want to remain intimately involved in business operations
 - Retiring owners exit business sooner than is desirable
 - Retiring owners possess social capital not possessed by new or potential owners

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The Silver Tsunami and Small Business Retention

- Study findings
 - Barriers to succession of ownership exist for both sellers and buyers
 - Barriers exist to the successful transfer of leadership from sellers to buyers
 - New buyers can overcome barriers using multiple resources
 - Communities and community development professionals can support small business succession

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Workforce development

- Having a qualified workforce is key to any type of economic development
- The term “qualified” has many meanings
 - Potential workers have adequate skill levels
 - Potential workers possess sufficient “soft skills” necessary to function in a team environment
 - Potential workers have a strong work ethic
 - Potential workers can pass a drug test

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Workforce development

- Addressing these issues is a long-term (Action Team) effort
- Action Team members should include
 - Education community (elementary/secondary and post-secondary)
 - Workforce development agencies
 - Non-profits, including churches
 - Business/industry representatives (HR as well as production)

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Questions?

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