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Executive Summary

A community's economic health is dependent on the number and quality of jobs provided by employers in the community. Good jobs keep residents living in rural towns. Jobs allow residents to purchase property [and pay property taxes]. The disposable income from jobs allows residents to shop more [and pay sales taxes]. It is not surprising that community leaders have been intrigued by the concept of recruiting jobs to a community by attracting a large employer. However, the competition for such corporate partners is fierce. Major corporations are not building new facilities in the United States at the same rate they once did. Studies from across the country have demonstrated that the overwhelming majority of all new jobs in small towns come from existing business expansion.

Today, forward thinking community leaders all across Arkansas are embracing a strong Business Retention and Expansion (BR&E) strategy. A successful BR&E program provides community leaders with **advanced warning** about problems that may lead to business or plant closures. This guide provides a list of advanced warning signs that will enable proactive intervention and creative solutions to retain employers in the community. BR&E also encourages community leaders to identify new opportunities for businesses in the community and support them in **expanding**, creating new jobs.

In rural Logan County, West Virginia, economic development officials followed the procedures recommended by the BR&E program when they received early warning of a potential plant closure. They were able to save the 50 existing jobs and create an additional 25 jobs. BR&E efforts across the country have demonstrated that communities can keep jobs as well as encourage job growth.

Through BR&E economic developers take on the mindset of a **“portfolio manager.”** The employers in the community make up their portfolio. Portfolio managers in the stock market, just like in small or medium size towns, research the industries in which their companies operate to gain insight into the challenges and opportunities they face. With this information, the portfolio manager in a small town can identify resources to assist the company in addressing its problems or attaining its growth potential.

Business Retention involves (1) building a solid relationship with the business owner or plant manager of the employers in the community, (2) regularly collecting data on both the company and industry, (3) analyzing and tracking the collected data in order to predict its behavior, (4) assisting the company in solving problems that may cause them to move or close, (5) looking for opportunities – as a portfolio manager would – to grow the businesses in their communities.

This guide provides the necessary instructions to design and maintain a successful Business Retention and Expansion program in order to save and grow jobs in small and medium size towns throughout Arkansas.

Objectives of a BR&E Program

A successful BR&E strategy serves the following key purposes¹:

1. To demonstrate to existing firms that the community appreciates their contribution to the local economy
2. To encourage expansion that leads to sustainable job growth
3. To help businesses solve their problems and challenges
4. To assist local businesses in gaining awareness of available resources
5. To develop collaborative relationships for participating in comprehensive long-range retention and expansion activities
6. To build the community capacity and cooperation to sustain growth and development activities
7. To provide better information and understanding for all local leaders of the strengths and weaknesses of the business climate.

There is no better marketing strategy than the demonstration of a successful and thriving business climate!

¹ Department of Applied Economics University of Minnesota, [Business Retention and Expansion Strategies Program](#), October 2002, p. 1.

Five Phase Approach to Creating a Successful BR&E Program

Each of these phases and the terminology used are explained in detail later in the guide.

PHASE 1 (Target Completion: 60 days) ORGANIZATION

- ❑ Sell BR&E program to organization
- ❑ Identify Business Advancement Team champion
- ❑ Recruit Business Advancement Team members (depending on resources available, use of volunteers is optional)
- ❑ Educate Business Advancement Team members on BR&E objectives and strategy
- ❑ Determine roles and responsibilities
- ❑ Establish goals and timeline for achieving them
- ❑ Identify key partners and local resources

Communication Opportunity: Promote new BR&E strategy internally to the organization

PHASE 2 (Target Completion: 60-90 days depending on size of community) BACKGROUND INFORMATION GATHERING & DATABASE CREATION

- ❑ Identify most valuable employers to be part of BR&E effort
- ❑ Solicit company information from Business Advancement Team members and other local partners
- ❑ Research company & industry specific information
- ❑ Develop survey instrument (see examples in Appendix B)
- ❑ Create BR&E database to house data (see example in Appendix B)

Communication Opportunity: Launch the BR&E effort with media coverage to present the benefits of the new strategy

**PHASE 3 (Target Completion: 8 hours per company for this phase)
INDUSTRY RELATIONS & DIRECT INFORMATION GATHERING**

- ❑ Assess level of relationship to determine which comes first – the formal visit or a social visit with the company executive
- ❑ Train to conduct successful on-site visits
- ❑ Meet with company executive and gather survey information
- ❑ Set reasonable expectation of the next step. ALWAYS, ALWAYS, follow-up on what you said you would do when you said you would do it!

Communication Opportunity: Create a process and schedule for conducting plant or business tours for interested community leaders

**PHASE 4: (Target Completion: 6 months)
PROBLEM SOLVING & OPPORTUNITY IDENTIFICATION**

- ❑ Enter information in BR&E database
- ❑ Review data and analyze risk factors
- ❑ Facilitate problem resolution for companies by identifying resources internal and external to the community and any associated costs to help businesses address problems and seize growth opportunities.
- ❑ Consider a visit to corporate headquarters or possible meeting with headquarter officials when they make an annual/quarterly visit to thank them (listen for issues and opportunities)
- ❑ Set reasonable expectation of the next step. ALWAYS, ALWAYS, follow-up on what you said you would do when you said you would do it!

**PHASE 5:
BR&E MAINTENANCE AND PUBLIC RELATIONS**

- ❑ Communicate and celebrate successes with the Business Advancement Team and community leaders

BUSINESS RETENTION AND EXPANSION GUIDE

- ❑ Business Advancement Team meets regularly based on goals and timeline established during Phase 1.
- ❑ Re-evaluate goals – BR&E is an on-going process

The Importance of Business Retention and Expansion

The Need for a Business Retention & Expansion (BR&E) Strategy

MANY small and medium size towns in Arkansas have seen a loss of jobs since the beginning of the recent economic recession. A large percentage of these jobs were lost due to the closure or relocation of manufacturing facilities.

A community's natural reaction to such events is to work on recruiting new corporations that will use existing buildings and provide hundreds of new jobs. The competition for such corporate partners is fierce. Major corporations are not building new facilities in the United States at the same rate they once did. Some communities invest all of their limited resources in attracting outside corporations while overlooking the biggest source of new jobs.

Up to 80% of all new jobs in small towns come from existing business expansion

Three primary sources of job growth exist in every community: incoming new business (11%), existing business expansions (80%), and start-up operations (9%). The surest path to economic stability is pursuing all three.²

This Business Retention and Expansion Guide seeks to refocus the work of economic development organizations, chambers of commerce and community leaders in Arkansas to better understand the needs and plans of existing businesses in their communities in order to grow new jobs locally by placing a higher value on and greater appreciation for these businesses.

² Blane, Canada, Ltd. "Beyond the Basics – Advanced Business Retention."

Visits to Local Plant and Locally Owned Businesses

Successful BR&E programs are based on personal contact.

A scheduled visitation program can establish an atmosphere of trust between management and the Business Advancement Team.¹³ Each visit to the local plant needs to accomplish three purposes:

1. Build a strong relationship with the local plant manager (the best possible advocate on behalf of the interests of the community).
2. Collect important data about the needs, future direction and overall health of the company (Please see Chapter 4).
3. Express community's appreciation for the company's contributions.

Industrial Recognition Programs

Industrial recognition programs create bonds between businesses and the community but also provide a needed service to the businesses involved. Companies need to maintain a positive reputation to attract the best possible employees, sell their products and garner political support. An industrial recognition program not only expresses the community's appreciation but also raises community awareness about their companies, enhancing their reputation, and educating the community at large on broader economic development issues and the need for a pro-active economic development program.

Appreciation Event

Many communities have mastered the "annual industry appreciation dinner." Unfortunately, their BR&E strategy usually ends there. The appreciation event needs to become an integral part of a more comprehensive strategy.

An appreciation dinner may be a small event bringing top managers of one company together with the BAT and other community leaders. It may be a big event for all large employers in the town. It may also be a community-wide banquet at which industries receive special awards and recognition. This could be an opportune time to bring in a good and recognizable speaker. Appreciation events are one of the best ways to involve volunteers from the community in BR&E.

¹³ Teamwork Entergy. Taking Care of Business. p. 5.

BUILDING RELATIONSHIPS

Product Exhibit

Businesses are always looking for marketing opportunities. A large, permanent product display case in a place that draws public attention allows the local businesses to show off their products and services. Product exhibits can be located at city hall, the chamber of commerce, the local hotel, the local restaurant, the commuter airport building, or the foyer of the local community college. Planning the rotating exhibit gives the BAT an opportunity to interact with industry managers, further deepening their relationship.

A prominent display case also becomes a focal point for outside businesses considering the town for their new location. It communicates the special relationship between businesses and the community.

Plant Tours

A plant tour is a good means of highlighting the contributions of a particular business to the community. The plant tour provides an important opportunity for the BAT to work closely with the plant manager. The BAT should offer to take care of the organizational details such as publicizing the event, managing RSVPs, and handling on-site crowd control. Depending on the available resources for BR&E efforts, the BAT may ask the company to make a financial contribution to defray the cost of marketing, refreshments, etc.

Plant tours are an excellent way to educate and involve local elected officials and the media (newspaper, radio stations and local cable channels). This will create positive press for the company while also emphasizing the importance of the BR&E activities and of keeping large employers in town.

During the plant tour the business' impact on the community should be clearly communicated through visual aids and/or handouts and speeches focusing on:

- ❑ Number of jobs
- ❑ Starting wage
- ❑ Total payroll
- ❑ Property taxes paid
- ❑ Contributions to local organizations
- ❑ Volunteer activities of staff and management
- ❑ Items and services that they purchase from other local businesses
- ❑ Awards or recognition received by company

Community Website

Chapter 9 discusses the importance of the community website in the BR&E effort. The community website can be an important tool to highlight the “business of the month,” providing the company with positive publicity.

Designing a Process around Relationship Building

While building close relationships with business leaders is critical to the success of the BR&E strategy, the BAT cannot invest all of its limited resources in this phase of the process. While developing the action plan for the BR&E strategy, it may want to consider:

- ❑ Integrating a schedule for visits to businesses into the BAT's overall action plan. Annual visits may not be enough! It's about building the relationship. (For example, the BAT may want to visit with a new plant manager or to verify "rumors" about changes at the company, etc.)
- ❑ Creating a list of employers whose headquarters are not within the local community and determine which headquarters to visit during the next year.
- ❑ Determining the top ten largest employers and focusing appreciation events on a different employer each month.
- ❑ Planning for the creation of a product display case and determine companies to present for a period of two to three months at a time.

Case Study Continued:

Is Help on the Way?

On Page 11, you read a shocking story about Wecare, AR and the loss of its auto parts plant in 2003. The following is one strategy that Wecare could have taken in response to the plant closure. Please evaluate, if this is the most effective strategy for the town.

The day that the director of the chamber of commerce heard about the company's decision, he immediately contacted the Arkansas Economic Development Commission to inform them of the plant closure. He applied for a \$500,000 grant from AEDC to assist the town in recruiting another large employer and preparing a site for a corporation that did not want to use the auto parts plant. He was informed that such funds were limited.

Next he called the town's state representative to ask her to mobilize a consultant to assist in the recruiting effort. The representative really did not know where to start in identifying the right assistance but promised some outside help.

He started making a list of all of the areas that the outside consultants would need to address:

- Representing the town at international trade shows
- Identifying a corporation that could utilize the existing space
- Developing a brochure highlighting all of the advantages of the town
- Researching the available tax incentives
- Developing a strategy for utilizing the existing auto parts plant

The chamber director had done all that he could do and now it was just a matter of waiting for the assistance he had requested.

Information Gathering

The success of the “portfolio manager” depends on the accuracy of the information that (s)he is gathering about the companies in the community. The information gathering is not a one-time event but a continuous part of the work of the Business Advancement Team. Once the BAT is formed and this phase of the process starts, it may be surprising how much information on various employers BAT members and their resource partners already have.

Purpose of Information Gathering

The efforts in gathering information from local employers must accomplish the following goals:

- ❑ Determine the company’s satisfaction with its location in the community
- ❑ Assist in predicting company behavior (expansion, plant closing, relocation)
- ❑ Identify problems faced by the employer that require outside assistance
- ❑ Identify growth opportunities
- ❑ Understand the industry, and its trends, in which the company functions (See Chapter 5)

Preparing the BAT for Information Gathering

In order to facilitate the research process, the BAT needs to lay the foundation by:

Identifying all
businesses in the
region

The first step is for the BAT to create a list of all of the employers in the town. While it is critical to focus on the employers located in the town, it is equally important to engage large employers to which local residents commute for work. For each company determine: 1) contact information – including headquarters and company ownership; 2) size in terms of sales dollars; 3) number of employees; 4) website address and 5) company’s industry.

Resources:

- ❑ GoLeads Provides a list of all companies in a specific geographic area (requires low monthly subscription and can be cancelled anytime) www.goleads.com
- ❑ Thomas Register (requires free registration, online searches of databases are free) <http://www.thomasregister.com>
- ❑ U.S. Securities and Exchange Commission provides all company filings for publicly traded companies (free) <http://www.sec.gov/edgar/searchedgar/companysearch.html>
- ❑ Dun and Bradstreet (requires paid subscription) <http://smallbusiness.dnb.com>
- ❑ Hoovers Online (requires paid subscription) www.hoovers.com
- ❑ Ward's Business Directory (\$95 fee per 1000 listings of businesses, can be sorted by zip code and a number of other criteria) www.dm2lists.com
- ❑ Local Chamber of Commerce may have this information for its members.
- ❑ Arkansas Economic Development Commission www.1800arkansas.com
- ❑ Standard & Poor's Register (subscription)
- ❑ Lexis Nexis at www.nexis.com (subscription)
- ❑ Information USA
- ❑ American Manufacturers Directory (subscription)
- ❑ Harris Information Source offers affordable access to detailed, site-specific information on every U.S. manufacturing location and important service firms nationwide. www.harrisinfo.com

Setting Goals and Criteria

Once the Business Advancement Team has determined the “universe” of all of the employers in the targeted geographic area, it needs to determine how many businesses it will survey via on-site visits and how many companies will fill out a mail survey or other survey method. It then needs to set a clear goal of how many on-site surveys to conduct each month.

With this target number in mind, the BAT sets criteria to determine which businesses to visit. Examples of criteria may include:

INFORMATION GATHERING

1. Largest employers
2. Employers with headquarters elsewhere
3. Largest companies as measured by sales dollars
4. Employers that have recently moved into the community
5. Employers that have experienced a recent change in management
6. Employers that are rumored to be experiencing difficulties
7. Focus on industries that are in decline or experiencing growth

One BAT member is assigned to each selected company and a schedule is developed. BAT members are accountable for setting up and conducting interviews with the assigned companies. The BAT leader should review the schedule during each team meeting. Consideration should be given to the timing of other business/industry surveys being conducted on a state-wide basis so that the community-based effort is not overshadowed.

Determining
Survey
Methodology

There are four main types of surveys for the collection of company data. Below please find a brief description of each type and associated advantages/disadvantages:¹⁴

Type	Advantages	Disadvantages
Mail Survey	<ul style="list-style-type: none"> ❑ Minimizes time demands ❑ Low cost ❑ Most appropriate for follow up surveys 	<ul style="list-style-type: none"> ❑ Managers do not like spending time filling out surveys ❑ Slow return rate ❑ No relationship building takes place
Telephone Interviews	<ul style="list-style-type: none"> ❑ Minimizes travel expenses ❑ Can be scheduled at convenience of respondent ❑ Most appropriate for follow up surveys once a relationship has been established 	<ul style="list-style-type: none"> ❑ Perceived as impersonal ❑ Managers don't like giving out confidential information over the phone ❑ Does not allow for strong relationships to be built ❑ No informal info gathering takes place
Site Visit with Volunteers	<ul style="list-style-type: none"> ❑ Personal approach at lower cost ❑ Local businesses may be more trusting of private sector individuals ❑ Allows more businesses to be surveyed 	<ul style="list-style-type: none"> ❑ Wide variation in quality of data gathered ❑ May not be perceived by company management as a business professional ❑ Volunteers may fail to complete assigned interviews
Site Visit by a member of the BAT	<ul style="list-style-type: none"> ❑ Consistent quality of data gathered ❑ Creates trust and strong relationships ❑ Allows for informal information gathering ❑ Managers more likely to share confidential information 	<ul style="list-style-type: none"> ❑ Time constraints will most likely reduce the overall number of firms that may be contacted ❑ Stretches capacity of BAT given its other responsibilities

Site visits by BAT members are the most effective way to gather data while developing relations with managers that are based on trust and confidentiality.

¹⁴ IEDC. pp. 34-38.

A combination of the methodologies may be the best approach.

- ❑ On-site visit by member of the BAT for companies that meet criteria
- ❑ Mail survey for all other businesses that BAT will not be able to interview in the first year
- ❑ Phone interviews for follow-up surveys

Instead of using paper-based, mail surveys, the BAT may want to use an online survey format. Online surveys are easier to fill out and are automatically tabulated. One such resource can be found at www.hostedsurvey.com. This is a fee-based service, dependent on the number of responses. There is a discount for non-profit organizations. A second tool to create online surveys is www.surveymonkey.com. This service requires a fee-based monthly subscription.

Designing a Strategic Survey Instrument

The BAT develops a separate survey instrument for each type of information gathering (pre-interview data gathering, visit to corporate headquarters, visit to local plant, follow-up survey, mail survey).

The on-site survey should not spend time confirming information that can be gathered elsewhere.

Prior to scheduling a site visit the following data should be evaluated:

- ❑ Thorough analysis of company website
- ❑ Financial statements (10K filings) of publicly traded companies
- ❑ Industry trends (See Chapter 5)

Appendix B contains a series of survey instruments utilized by other organizations in their BR&E and their business development efforts. The BAT may want to choose questions from existing surveys or customize their own.

An on-site survey should not require more than 30 to 45 minutes to administer

Once a strong relationship has been established with a plant manager or business owner, the BAT may want to create a one-page quantitative survey to be distributed and filled out in advance of future visits. This will allow site visits to focus on strategic issues and make more efficient use of everyone's time.

In developing any survey tool the focus must be on making questions strategic. A study of BR&E programs demonstrated that only 12% of questions posed in a typical survey provided significant strategic value. For example, 57% of the surveys reviewed asked questions of **no** strategic value.¹⁵ [Chapter 6](#) provides a list of key indicators that can predict whether a company is in decline or will expand. The questions included in the survey should ask for information that speaks to these indicators. The CD accompanying this guide includes a database to be used for tracking the data over time. It is based on the key indicators discussed in [Chapter 6](#) and can also be utilized as a guide in creating questions for the survey instrument.

Each question chosen for the survey should correspond to one of the following criteria in order to ensure that it is strategic in nature:

1. **Location Related Question:** It identifies a specific problem or it allows the company to rate its overall satisfaction with the community.
2. **Predictive Question:** It assesses management's attitudes toward the company's growth potential.
3. **Problem Identification Question:** It identifies any internal problems that the company may be experiencing that may impact its future plans.
4. **Industry Intelligence Question:** It identifies trends within the company's industry regarding demand, product innovation and competition.
5. **Company Intelligence Question:** It gathers information about the company's markets, activities and plans.

Training the Interviewers

The BAT will need to decide whether only BAT members conduct company interviews or whether they will involve volunteers from the private sector, local college professors, economic development experts at the utility company and/or community leaders. Since few people have extensive experience in conducting interviews, it is essential to offer training to everyone involved in the industrial surveys.

Confidentiality

Most business owners and managers are reluctant to share business information. In order to obtain the information necessary for a successful BR&E effort, owners and managers must be assured of the confidentiality of the data. This must be explained in an introductory letter as well as by the interviewer.

The BAT must be fully committed to confidentiality in order for the BR&E to be able to gain accurate data and the respect of the business community. The BAT leader needs to remind members of the confidentiality issue at every meeting. In rural communities,

¹⁵ Canada, Eric. "Locked in the Twilight Zone: Business Retention *Fails* the Strategic Value Test! [Economic Development Review](#). Wheaton: Blane, Canada Ltd., 1996.

it is easy to identify a company by certain characteristics. Changing the name will do little to ensure confidentiality.

Keeping business data confidential is key for the success of all BR&E efforts.

Several measures need to be built into the collection and analysis process to ensure confidentiality:

- ❑ The interviewer will record information but will not discuss any part of the interview with anyone but the BAT.
- ❑ Each business is assigned a code that will be used to track the business data over time. Only the BAT has access to the list of businesses to which the codes correspond.
- ❑ Any information to be published will be in a collective form and will not single out any individual company.

Companies may also ask interviewers to sign confidentiality agreements. These are legally binding and should be reviewed carefully.

Training Session

The training session may want to focus on the following areas:

1. Overview of the BR&E Program and importance of information gathering
2. Review of the importance of confidentiality
3. Overview of the survey form
4. Reviewing interviewing tips
5. Mock interviews and role playing, involving all participants

Interviewing Tips

- ❑ Be punctual! Arrive 10 minutes ahead of your scheduled appointment time. If you are unsure where the business is located, call ahead and obtain directions. If you plan to accomplish several interviews in one day, be sure to allow adequate travel time between each business.
- ❑ Dress in proper business attire. Conservative business attire helps to reinforce the notion that the BR&E program is a serious, on-going initiative.
- ❑ Make sure that the business owner or manager understands the confidentiality provisions of the survey.
- ❑ Conduct the interview in a conference room or some other setting that will be free from interruptions by the owners/manager's staff or telephone.
- ❑ Always have an extra copy of the questionnaire on hand to give to the business owner or manager.
- ❑ Establish good rapport with the business owner or manager by thanking them at the outset for the agreeing to take time out of his/her busy schedule to participate.
- ❑ You are an ambassador of the BR&E program. Always complement the business owner on his or her venture. Keep critical opinions to yourself. You are *not* there as a consultant. You are there to gather data.
- ❑ If the interviewee has a problem (s)he wants to discuss, it is best to let him/her talk about it early in the interview so that the interviewer can make note of it and move forward with the survey questions.
- ❑ The interviewee sets the tone and the pace of the interview.
- ❑ Do not push the owner/manager to answer a question with which they are not comfortable.
- ❑ An on-site survey should not require more than 30 to 45 minutes to administer
- ❑ Take a paper copy of the Early Warning Indicators included in the BR&E Database form that can be found as part of this guide.
- ❑ Avoid using the survey like a checklist during the visit. Guide the discussion and allow the conversation to unfold naturally.
- ❑ Listen more, talk less.

Industry Analysis

The largest employer in your hometown is not working in a vacuum. It is part of a larger industry, whose trends impact its performance. It is, therefore, critical for the BAT to develop and maintain a good understanding of the trends in a company's industry. Changes in the industry will undoubtedly impact the company in your community and its decisions whether to maintain, grow or close its facility.

In order to make the on-site interaction more valuable, it is helpful to understand a company's industry prior to the interview. An industry analysis is a type of business research that focuses on the status of an industry or an industrial sector. A complete industrial analysis usually includes a review of an industry's recent performance, its current status, and the outlook for the future.

It is important to track developments in the industry over time. A sudden change or decline in the industry may force the company in your town to respond rapidly by cutting jobs or relocating.

Components of an Industry Analysis

The industry analysis needs to address the following key points:¹⁶

Industry Size and Trends

Determine the size of the industry in terms of total sales revenue. It is important to determine whether the industry is growing or declining. What is causing this trend? What trends are expected in the coming years? How does this impact the company in your town? Provide a general explanation of the distribution system for products and services in the targeted industry.

Understand how technology is changing this industry. Is there technology that has become standard in this industry? The on-site visit can then help determine if the company has access to this technology and is able to compete.

¹⁶ This framework is based on Michael Porter's Five Forces Analysis which was originally published in *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York: Free Press, 1980.

Competition	A competitive analysis identifies all of the companies locally, nationally and internationally that provide the same product or service. It determines the advantage that the company in your town has over its competitors in terms of price, quality, service, location, innovation, uniqueness of product, etc.
Barriers to Entry	An industry with high barriers to entry is one that requires a new company to invest a great deal of capital or have high-specialized skills in order to provide the same product or service. Most manufacturing based industries are considered to have high barriers to entry. Some service industries such as janitorial services have low barriers to entry. A company in an industry with low barriers is always threatened by the possibility of new companies entering the market and providing a better or cheaper product or service.
Buyers	It is important to identify the target customer that the company in your town is seeking to serve. Does this customer have “power” by being able to purchase the product or service elsewhere with ease? Does the customer drive the innovation in the industry by defining what (s)he wants? Is there a threat that the customer could integrate the product or service that the company in your town provides into its own operation (backward integration)?
Threat of Substitutes	In understanding the threats that the company in your town may be facing, it is important to determine if there are substitutes for its products and services. Is it costly to switch between products or can this be done easily? How does the market respond to those substitutes?
Suppliers	Are there many or few suppliers for the raw materials that the company in your town utilizes? Are the prices on raw materials increasing or decreasing?
Government Regulations	It is important to understand the impact of government regulations on companies. Is the government assessing tariffs on raw materials that may impact the company? What government regulations affect the industry and business? Is the industry highly regulated or does it fall below the government’s radar? Are there changes in industry regulation that may impact the company in the near future?
Impact of Economy	<p>Just like the company in your town does not exist in a vacuum, its industry is also closely tied to the overall performance of the national economy. It is important to determine if an industry is insulated from economic recession or not.</p> <p>For example, the tourism industry is closely tied to the economy’s performance. In a strong economy, people have jobs and more disposable income. They can use this to travel. In a recessionary economy, people are less likely to travel for pleasure.</p> <p>Similarly, one needs to determine if an industry is sensitive to a change in gas/diesel prices (i.e., are they dependent on transportation).</p>

Industry Analysis Sample Outline

The following is an outline for a comprehensive industry analysis. While not each analysis needs to be this detailed, the following provides a good list of reminders for the industry data that is important to understand.

Forces Affecting the Industry

I. Macro-economic Issues

- Unemployment data
- Purchasing indices
- Key economic indicators

II. Technology

- New information, data affecting firm's activities

III. Government Policy and Regulation in Industry

- Laws affecting the client (tax, environmental, employment)
- Political trends - pending legislation, regulatory environment, etc.
- Trade laws
- Local laws- health, zoning, business permits

External Analysis

I. Industry Study - By NAICS Code

- Industry history- growth and capacity, boundaries of the markets, major segments served
- Projected growth/consolidation of sector
- Projected diversification of sector
- Economic projections
- Vertical integration of sector
- Regional trends
- U.S. trends

II. Industry Technology

- New technologies – leaders in the use of technology

III. Market Assessment.

- Strategic location for operations
- Capital requirements- long and short term
- New market opportunities- new customers, suppliers
- New product development

IV. Financial Assessment

- Industry benchmarks for NAICS code
- Analysis of trends in financial stability
- Cost advantages/disadvantages

VI. Suppliers

Vendor relationships
 Switching costs of suppliers
 Volume determinants

VII. Competitive Analysis- intensity of rivalry

Product difference in competition
 Diversity of competitors
 Objectives and strategies
 Vulnerabilities of competition
 Potential new entrants in the market

VIII. Customer Analysis

Bargaining leverage
 Volume issues
 Price sensitivity
 Brand identity
 Incentives
 Buyer-end user chain

Research Tools

There is a great deal of industry information available on the Internet. A search by industry name may be the best start. There are also a number of specific websites that provide industry data. Some information is free, some sites require a subscription, and other sites require a payment per industry or report. Some sites provide a free trial, which may be enough to collect the necessary industry data.

Another great place to start an industry analysis is with the trade association to which the company in your town belongs. It may be best to ask the manager about his/her affiliation to a trade association. The trade association website will provide good, basic information about the industry and may provide reports for a fee.

1. **Bureau of Economic Analysis** is an agency of the U.S. Department of Commerce and provides statistical information on every identifiable industry in the United States. Free information at www.bea.doc.gov.
2. **Census Bureau** Provides detailed statistics on many products and materials in the manufacturing, mining, and construction industries. The reports are available as HTML, PDF, and worksheet files. www.census.gov

Other industries are covered on the [Economy Overview](#) page.
3. **Business.com** covers over 28 industries, from accounting to utilities. Business.com provides a directory of industry web sites. www.business.com
4. **First Research** is an on-line research tool (\$99 per industry report). <http://industryprofiles.1stresearch.com>

5. **Hoovers Online** provides Overview and analysis of over 45 industries. Each snapshot includes statistics, links to companies in each industry, and a jargon list. www.hoovers.com (requires paid subscription)
6. **Value Line Investment Survey, Standard Edition** provides a concise one or two-page industry commentary in the beginning of each industry section. The commentaries are updated often.
7. **Dun & Bradstreet Industry Handbook** provides a fairly complete analysis (including an overview, statistics, ratios, company directories and rankings, associations, and more) for chemicals and pharmaceuticals, computers and software, broadcasting and telecommunications, construction and agriculture, entertainment and hospitality, and insurance and health/medical services.
8. **Fast Company Magazine** provides good business resources. Entering the name of the desired industry in the search engine will provide both articles as well as useful links to other sources of industry information. www.fastcompany.com
9. **Inc. Magazine** provides an archive of articles on a number of industries. It has its own search engine. <http://www.inc.com>
10. **Standard & Poor's Industry Surveys** provide in-depth studies, background information, analysis, vital facts, figures, forecasts and trends on 52 U.S. industries. Surveys are updated semi-annually (requires paid subscription).
11. **Lexis Nexis** provides information to legal, corporate, government and academic markets, and publishes legal, tax and regulatory information, via online hardcopy print and CD-ROM formats (requires paid subscription).
12. **American Manufacturer's Directory** provides information on more than 150,000 organizations with 20 or more employees. This directory is excellent for prospecting, direct mail, telemarketing, market research, planning, business reference, and credit decisions (requires paid subscription).
13. **Harris Infosource** provides sales and marketing information to manufacturing, technology and service firms nationwide (requires paid subscription).
14. **DemographicsNow.com** provides reports and interactive mapping for all levels of U.S. geographies (requires paid subscription).

Check with your local economic development partners to determine who subscribes to databases and sources of industry information (some are identified above) that can be of assistance in collecting industry data.

Data Analysis: Creating the Early Warning System

Managing the portfolio of your community's employers requires not only good data but the interpretation of both company and industry data. As indicated in Chapter 4, the purpose of collecting information about the existing businesses in one's community is to be able to predict their behavior and prepare the community for any changes; an "Early Warning System." In order to predict the behavior of a company the collected data must be:

- ❑ Organized in a methodical manner that allows one to compare data between companies
- ❑ Tracked over time so that trends can be seen

The CD-Rom that accompanies this guide provides a sample database for tracking company and industry information. Once the survey instrument has been developed, the database can be revised to reflect the actual data to be collected. More sophisticated BR&E databases are available but are more expensive to acquire and require more training to utilize properly.

Data Tracking Tool

Data tracking tool available on-line

The BAT will start a file on each company, which will include all of the completed surveys. However, key data is captured in a database so that it can be easily tracked over time. On-line at www.teamworkarkansas.com, the BAT will find a sample spreadsheet which can be easily customized to fit its needs. A hardcopy of the tracking tool can be found in Appendix B.

The tracking tool includes spreadsheets for eight companies. More tabs can be added. The tool is designed to allow the user to insert a row for each indicator that (s)he would like to add.

Root Causes

Analysis of the company information gathered needs to determine the root causes of the problems discovered during an information gathering session. Often business owners themselves may not fully understand the actual causes and the BR&E process may provide them with great insight.

For example, an employer may indicate that they cannot expand because they are lacking the necessary working capital. While the initial reaction might be that this company requires a working capital loan, the root cause may be that the company does not have a proper collection system in place or is carrying large amounts of obsolete inventory that is tying up cash.

While the problem cannot be solved during the interview, the root cause needs to be identified (see p. 40 for technical assistance). By providing the company with technical assistance to develop a collection system and/or inventory management system, the problem can be resolved. The company is then in a position to expand and hire more workers.

Early Warning Indicators¹⁷

The BAT may want to develop an “Early Warning System” by identifying key indicators that may predict a company’s decline (or expansion). A review of existing BR&E programs across the country provided the following list of sample indicators. Please note that these indicators are reflected in the Data Tracking Tool provided with this guidebook on-line at www.teamworkarkansas.com:

- ❑ Declining sales [If decline continues, company will need to reduce workforce.]
- ❑ Declining employment [Company may be looking to wind down operations in your community.]
- ❑ Gradual corporate downsizing [As headquarters pull management staff to other locations, the plant in your community loses significance and is not targeted for expansion.]
- ❑ Obsolete buildings [Company is no longer making investments in the facility indicating that the long-term strategy is to shut it down.]
- ❑ Recent ownership change [New owners may not be as committed to your community and choose to shut the plant or operation down.]
- ❑ Merger or Buy-Out [New management will look to consolidate operations and may decide to shut the plant in your community down.]

¹⁷ IEDC, p.54.

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- ❑ Older product lines [Company may continue to produce products until they become obsolete and then shut plant down.]
- ❑ Excess capacity [In some cases this may indicate that the company is poised for growth, it may also indicate that the company has lost business and will have trouble carrying its overhead costs leading to a financial decline.]
- ❑ Recruitment of employees is a problem [Company may be looking to move facility out of Arkansas, closer to a metropolitan area where highly skilled individuals are more readily available.]
- ❑ Other facilities producing the same product or service [Increased competition will lower prices and profits which may require the company to reduce costs and lay off workers.]
- ❑ Facility expansion plans in another community [Company is moving some of its activity to another community and may eventually shut down facility in your community.]
- ❑ Lease of property [Company is not ready to make a long term commitment to your community by not purchasing land and building.]
- ❑ Older equipment and technology [Company is no longer making investments in the facility indicating that the long-term strategy is to shut it down.]
- ❑ Low barriers to entry [Competitors can enter market quickly and take market share, making it more difficult for the company to compete.]
- ❑ Company has no competitive advantage [A company that is a “follower” and has little advantage in the market place must compete on price which makes it more vulnerable.]
- ❑ Company has an increasing number of competitors [As competitors enter the market, there is downward pressure on prices making it more difficult for a company to meet its costs.]
- ❑ There are new substitutes for the product [Even though they are not exactly like the product, the substitutes draw customers away from the company causing a decrease in sales.]
- ❑ Loss of longstanding supplier contracts/relationships [Company may struggle to replace revenue previously generated from these contracts and may need to reduce workforce.]
- ❑ Competitors are moving plants overseas [Competitors will decrease their prices, forcing company to do the same even though their labor costs remain the same.]
- ❑ Unbearable regulatory burdens [Company is looking for another location including overseas where doing business is easier and cheaper.]

Benefits of an Early Warning System

Your community's "portfolio manager" uses the Early Warning System to pursue an aggressive, bold proactive strategy to protect the jobs in the community. Through advance notification of possible problems, the BAT is in a position to pursue one or more of the following strategies:

- ❑ Use its relationship with the local manager to confirm the indicators: Is the company planning a change?
- ❑ Influence the company's management in its decision making process in such a way as to keep as many jobs in the community as possible
- ❑ Provide incentives to the company to expand in the local community instead of moving elsewhere
- ❑ Coordinate outside resources and allies that may help the company solve some of its problems
- ❑ Prepare the community for the upcoming change by providing retraining programs and assisting entrepreneurial minded employees in starting their own businesses
- ❑ Organize an employee-buy-out of the company through an Employee Stock Ownership Program (ESOP). Legislation governing the ESOP process no longer requires employees to invest their own cash or collateral in the process making this an option even in low-wealth communities.

A Success Story

In Pulaski County, Arkansas, the Business Retention and Expansion effort is led by the Little Rock Regional Chamber of Commerce, in partnership with each local community's economic developer. Over the course of several years, relationships were developed during site visits between local plant managers and BR&E representatives. These meetings encouraged open dialogue to identify issues and develop creative solutions. Therefore, it was no surprise that the plant manager of an existing high-tech manufacturer contacted the BR&E representative first when the company needed help. In April 2009, local and state economic developers became the first responders when they learned that without assistance to help the company purchase new equipment, it would be in jeopardy of losing a production line and 30 employees. The local BR&E team followed procedures recommended by the BR&E program and involved key partners early in the process to help secure the equipment and save 30 jobs. Furthermore, the additional investment in the production line helped to solidify the necessity of this plant's current location with its corporate headquarter executives.

Problem Solving: Keeping and Growing the Jobs in Your Community

The ultimate goal of any successful BR&E effort is to maintain and expand the number of available jobs in a community by helping companies solve the problems that may be leading to decline and providing the necessary support to help other companies expand.

It is the concrete solutions to the issues raised during an interview or survey that will begin to build the credibility of the BR&E strategy.

Furthermore, it is the proactive and creative identification of growth opportunities that will create buy-in for the strategy among business owners and managers.

The Business Advancement Team is in a unique position to advocate for change, bring different organizations together and create a pro-business environment in the community.

In order to assist local employers in addressing problems, they must first be tracked carefully. Each BAT member is trained to identify problems as well as growth opportunities. These problems are tracked in the database. Issues impacting one employer usually affect other employers as well. The BAT develops a strategy and schedule for addressing those problems that impact the greatest number of employers first. The database tracks the BAT's action in solving employers' problems or assisting an employer with an expansion plan.

Addressing Issues in the Community

The BAT can be instrumental in ensuring that a community has adequate sites for expansion. The BAT may help in negotiating with local property owners to obtain a lot adjacent to current operations. It may also identify all potential sites for ownership, price, soil analysis, availability of utilities and plant maps. Often companies seeking to

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expand will consider moving into an available building to save start-up time and money while avoiding construction problems.¹⁸

An expanding company may require an extension of utility services. The BAT may identify engineering services to conduct an analysis to determine if the projected demand can be met or requires additional resources.

Workforce Development

Many employers in small and medium size towns in Arkansas have a difficult time hiring qualified workers, supervisors and managers. There are a number of roles that the BAT can play to address this issue.

The BAT can function as the intermediary between the employer and the local workforce development program.

The Arkansas Association of Two-Year Colleges has developed a WorkForce Training Consortium that involves 22 two-year colleges across the state that combined provide over 500 customized Business and Industry training courses. More information can be found at http://www.aatyc.org/workforce_training/

In Appendix A, please find a list of all of the community colleges and technical institutes in Arkansas.

The Arkansas Economic Development Commission has four Business Retention and Expansion Representatives on staff to address the specific training needs experienced by an Arkansas employer.

The state also provides financial incentives for training workers. For more information please visit: http://www.1800arkansas.com/Incentives/Customized_Training.htm.

Furthermore, contact information for local workforce development boards can be found at www.arworks.org/local.html.

By working closely with the plant manager, the BAT can identify the skills required to fill current needs or future positions. It can then work with the local workforce development program to identify individuals and provide them with skill specific training to prepare them for work at the targeted business.

The BAT can conduct local wage and labor surveys to guide the employer in determining the wages that need to be paid in order to prevent good local employees from leaving the company.

The employer may be eligible to receive free, customized training for future and existing employees through the Business and Industry Training Program operated by the Arkansas Economic Development Commission. Detailed information is available at www.arkansasedc.com/business-development/incentives/customized-training.aspx.

¹⁸ Teamwork Entergy, p. 21

Identifying
Financial
Resources

Expanding businesses often require working capital and equipment financing to pursue their expansion plans. At risk businesses stand to benefit from the refinancing of existing debt to create some working capital and to reduce the burden of debt service. The BAT may want to become a centralized source of information on financing options. It may want to make this information available through a brochure or on its website.

The BAT may also want to include local banks in the BR&E efforts from the start. Having a local bank participate in a business loan makes it much easier for a business lender not located in the community to participate in the loan.

Many small and medium sized towns have untapped resources in the form of individual wealth. Individuals in Arkansas rarely invest in local businesses because they do not understand the process, do not want to deal with a flood of requests and fear turning someone down. The BAT can play a key role in developing an Angel Investor Network (AIN) in the community. An AIN protects the identity of the individual investor, allows multiple investors to share in the risk of a particular deal and can help investors distinguish between a good and a risky deal. For more information on starting an AIN visit www.investorscircle.net.

Technical and
Managerial
Assistance

One of the best ways to help employers solve problems is to connect them to technical assistance providers that are equipped to tackle internal business issues.

The BAT may be helpful by identifying private sector consulting firms willing to travel to your town to assist a company. The BAT will first need to ensure if the company is in financial position to pay for this assistance.

The BAT may also consider connecting the employer with resources at alt.Consulting, a non-profit organization dedicated to BR&E across Arkansas by providing on-site, management assistance to employers in rural communities. alt.Consulting specializes in the turnaround of manufacturing companies but can also help companies in the service, distribution or retail sectors grow their businesses. While alt.Consulting charges a below-market fee for its services, it can also identify subsidy dollars through a network of partners or can finance the fee at 0% interest over two years. For a detailed list of services provided please visit, www.altconsulting.org.

For engineering assistance, the BAT may want to contact the Arkansas Manufacturing Solutions (AMS), a program of the Arkansas Science & Technology Authority. AMS is charged with providing technical and engineering assistance to manufacturers in Arkansas. By helping individual manufacturers, the network assists the surrounding communities and the entire state. For more information, please visit www.mfgsolutions.org.

A variety of technical assistance resources are also available through the University of Arkansas Economic Development Institute. UAEDI is a voluntary collection of (1) University of Arkansas faculty, staff, students and administrators and (2) external partners, all who have a personal and/or professional interest in enhancing the economic and social well-being of the people of Arkansas. Their website

www.uaedi.cast.uark.edu provides links to a number of helpful resources including the Arkansas Entrepreneurial Resource Database.

Government Relations

The BAT can also be instrumental in helping businesses navigate government regulations and assisting them in taking advantage of government incentives. In order to help businesses meet governmental requirements the BAT can act as mediator by taking responsibility for:¹⁹

- ❑ Keeping a record of all government-related problems
- ❑ Keeping a listing of best contacts within agencies
- ❑ Keeping a listing of consultants who can resolve regulatory problems
- ❑ Ensuring local government cooperation with industry operations

Arkansas provides a number of tax incentive programs for companies doing business in Arkansas. Some incentives require negotiations with the Arkansas Economic Development Commission:

- ❑ [Advantage Arkansas \(Income Tax Credit\)](#) – job creation based on the payroll of new, full-time, permanent employees hired as a result of the project.
- ❑ [Tax Back \(Sales and Use Tax Refund\)](#) – on building materials and taxable machinery and equipment associated with the approved project.
- ❑ [InvestArk \(Sales and Use Tax Credit\)](#) – investment of \$5 million or more in expansion, equipment, modernization or new construction.
- ❑ [Create Rebate Program \(Payroll Rebate\)](#) – minimum payroll of \$2 million for full-time employees required
- ❑ [ArkPlus \(Income Tax Credit\)](#) - provides tax credits of 10% of the total investment in a new location or expansion project. ArkPlus requires both a minimum investment and a minimum payroll of new, full-time, permanent employees hired as a result of the project, depending on the tier in which the business locates.
- ❑ [Incentives for businesses](#) that qualify as "targeted businesses" may qualify for three special incentives designed to help new, knowledge-based businesses in their early years.
- ❑ [Research and Development](#) – for research conducted at Arkansas colleges or universities
- ❑ [Child Care Facility Tax Incentive](#) – for employers who provide child care for their employees
- ❑ [Customized Training Incentives](#) – payment of instructional costs for new employee
- ❑ [Recycling Equipment Tax Credit](#) – purchase of equipment used for recycling
- ❑ [Motion Picture Incentive](#) – motion picture production business spending more than \$500,000 in six months
- ❑ [Tourism Development](#) – Minimum project cost of \$1 million, hiring of employees

¹⁹ Teamwork Entergy, p. 27

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For more information about each of these incentive programs, please contact the Arkansas Economic Development Commission or visit:
www.arkansasedc.com/Incentives.

Finding a comprehensive list of federal tax incentives for businesses is more difficult. A Certified Public Accountant may advise the BAT on current incentives. A place to begin the research is the IRS tax Form 3800 which lists a number of business tax credits and references the IRS documents that provide more information. To find out more, go to www.irs.gov, under “Forms & Publications Search” type in 3800.

Technology Transfer

One opportunity to identify growth opportunities for local businesses is to assist companies in commercializing research conducted by an Arkansas-based college or university. Most federal agencies provide Small Business Innovation Research (SBIR) grants that provide funds to conduct a thorough feasibility study and seed capital to set up the necessary production processes. This can help spawn new businesses or add product lines for existing companies. General information about SBIR and related programs can be found at <http://www.sba.gov/sbir/indexsbir-sttr.html>.

The University of Arkansas Economic Development Institute (mentioned above) seeks to partner the university’s research with entrepreneurs across the state. The University of Arkansas Capabilities Data Base (UACDB), accessible through www.uaedi.cast.uark.edu, lists entities within the university system conducting research that may have strong market potential.

Case Study:

Saving Jobs in Wecare, AR

On Pages 11 and 21 you read about the issues that the town of Wecare, AR faces with respect to its largest employer, AutoParts USA. We now turn back the clock.

During a regularly scheduled plant visit, the plant manager (Keith) mentioned that corporate headquarters had given a newly introduced auto part to its Michigan operation to produce. The Wecare plant had not received a new product to produce in years.

Chris, the leader of the Business Advancement Team, was troubled by this news. He invited Keith out to dinner to do some brainstorming. Keith loved his job and loved living in Wecare. By the end of the evening, Keith and Chris agreed that they would research some third-party products that the plant could produce. Keith had explained that a third-party product is usually developed by another company that may not have the capability to actually manufacture it.

Chris spent hours researching and got a bit frustrated at not finding something suitable for the Wecare plant's equipment capabilities. A few days later he conducted another site visit on his schedule with Tidy Lawn, a company that sells high-end lawn mowing equipment to golf courses across the country. Larry T. Idy, the business owner and life-long resident of Wecare, shared with Chris that he could not fill his orders on time because the manufacturer of the primary line of lawn mowers in Missouri was in financial trouble. He was concerned that the Missouri company might file for Chapter 11 protection soon. Here was the opportunity, Chris thought.

Chris invited Keith to look at the lawn mowers currently being sold. Keith and Chris visited the AutoPart USA headquarters to discuss the future of the Wecare plant. They were able to confirm Keith's worst fears. In response, Chris presented a proposal for the auto-parts manufacturer to purchase the patent and production rights of the lawn mower manufacturer in Missouri. Chris could mobilize resources to help re-train employees and find financing for any additional equipment that may be necessary.

The CFO shared with Chris that they had made a number of investments in related industries that made financial sense. Now Chris and Keith were on a mission. They hired a consultant and an engineer to help them determine the additional equipment they would need. The consultant helped them develop financial projections that demonstrated a strong profit for this new venture.

Can Wecare save the 120 jobs at the AutoParts USA plant and the 10 sales and clerical positions at Tidy Lawn?

Business Development Initiatives

As the BR&E effort matures in a community, it usually results in additional business development initiatives that strengthen existing businesses, encourage the start up of new businesses and attract small businesses from outside the community to relocate there. Through these initiatives, the BR&E effort focuses on growing jobs by connecting existing businesses with new sales opportunities as well as assistance in improving management systems that enable companies to grow profitably.

While the field of business development is extensive, the following provides a number of initiatives implemented by established BR&E programs around the country:

Federal Procurement

One growth strategy worth promoting with local employers is the pursuit of federal contracts. While building a business only on government contracts is dangerous, using government contracts in order to grow sales is often a feasible way to expand and create jobs. The BAT can be instrumental in identifying opportunities for local employers to pursue.

The single government point-of-entry (GPE) for Federal government procurement opportunities over \$25,000 can be found at www.fedbizopps.gov.

The Arkansas Procurement Assistance Center provides government contracting assistance to the businesses of Arkansas. APAC is an outreach program of the University of Arkansas Cooperative Extension Service (CES). For more information visit www.arbusinesses.org/APAC or call APAC at (501) 671-2393.

State Procurement

The state of Arkansas prefers to work with Arkansas based vendors or companies that provide jobs to Arkansans. State procurement opportunities can be found at www.arkansas.gov/dfa/purchasing. The site allows for on-line vendor registrations and the downloading of bids.

Please note: Depending on the employer's available working capital, the BAT may assist the business in obtaining contract financing since actual federal and state payment terms are often longer than those given to private sector customers and may create cash flow problems.

Export Promotion Few locally owned small businesses in Arkansas export their products. For some companies, dealing with foreign customers seems to be beyond their reach. However, with some guidance from the U.S. Department of Commerce, local employers whose products have a clear competitive advantage can grow their sales by accessing foreign markets.

The U.S. Department of Commerce also provides assistance to businesses interested in exporting their products through the U.S. Commercial Service. The service offers four ways to grow international sales:

- world-class market research
- trade events that promote your product or service to qualified buyers
- introductions to qualified buyers and distributors
- counseling through every step of the export process

Additional information about each of these services can be found at www.export.gov.

The Small Business Administration in cooperation with the Export-Import Bank offers the Export Working Capital Program (EWCP), designed to provide short-term working capital to exporters. More information is available at www.sba.gov.

Match Market Analyses

Once the BAT becomes comfortable with the manufacturing and service capabilities of local employers, they can provide match-market analyses. These in-depth analyses look at existing and new products and “match” them to market demand. The study may demonstrate geographic markets to target. More importantly, it becomes the first step in the feasibility study for a new product launch. It can also help prioritize products based on the quantifiable market demand for those items. A market match analysis is one way to encourage local industry to launch new products, leading to an expansion of their local facility. A thorough match market analysis may require outside assistance through private consultants or university resources.

Executive Roundtable

An Executive Roundtable is a monthly gathering of business owners to: (1) build a network of business owners in the community; (2) share management experience; (3) learn from expert speakers; and (4) solve business problems faced by participating businesses. These roundtables require a convener who ensures that meetings happen, coordinate speakers and facilitate the meetings. The BAT can function as such a convener and, thereby, create a forum to collect information about local employers while providing resources to help them address business issues.²⁰

²⁰ The Executive Roundtable concept was introduced to small towns in Arkansas by alt.Consulting through the financial support of Southern Financial Partners. For more information please visit www.altconsulting.org

BUSINESS DEVELOPMENT INITIATIVES

Management Seminars

While the Executive Roundtables serve as a good forum for management seminars, the BAT may want to provide quarterly seminars that focus on specific growth related topics such as export promotion, marketing strategy, strategic planning, financing growth, and OSHA regulations. It will be important to survey business owners and managers to assess their needs.

Revolving Loan Fund

Many communities across the nation have created revolving loan funds (RLFs) to provide a permanent pool of financing in support of economic development and business expansion efforts. Revolving loan funds are an excellent means of assisting local employers to finance their growth or sustain their operations in the short term until they can increase revenues. RLFs can be capitalized through community block grants, the USDA Intermediary Relending Program (IRP) and Economic Development Administration Title IX program. By ensuring repayment of principal and interest, funds usually only need to be raised at the beginning of the RLF.

Performance Measurement and Communication

As with any community based effort, BR&E must measure its performance and communicate its successes to the community. It is critical for every BR&E effort to:

- ❑ Create clear performance objectives
- ❑ Create community awareness for the importance of BR&E
- ❑ Keep stakeholders aware of activities
- ❑ Communicate the results of the BR&E work
- ❑ Share credit for successes with partners involved in the BR&E effort

Developing Performance Goals

Prior to communicating the BR&E strategy to the community, it is important for the BAT to create clear and measurable goals for the first 12 months of the initiative. The BAT needs to differentiate between:

- ❑ Results: Anything that comes about as a direct consequence of an action or process.
- ❑ Outcomes: The way something turns out - the end product.

While the desired outcomes include the retention and creation of jobs, the BR&E effort cannot be held directly responsible for the actual jobs. The goals need to focus on the results that will be the direct consequences of their work (i.e., number of industry interviews conducted, number of plant tours organized, etc.).

The goals need to be measurable in order to create an environment of accountability. Any community resident should be able to measure whether the BR&E has reached its goals or not. Measurable goals should address the following areas:

Business Retention and Expansion Database

Collecting current data is an important tool in working to support the growth of existing business and industry in our state. The Arkansas Economic Development Commission encourages you to share the data collected from your community with them. This information will be considered confidential. It is proprietary and protected under current FOI regulations making it unavailable to the public.

Instructions:

For each of the indicators below, please rate the company based on the information provided in the survey.

- 1= Indicator does not apply to this company
- 2= Indicator applies somewhat to this company
- 3= Indicator applies to this company
- 4= Survey answers closely reflect this indicator

Type of Indicator:

Growth = "5" is a positive indicator suggesting that company may be adding jobs. "1" indicates decline

Risk = "5" indicates that company requires follow-up to ensure that the indicator is not causing the company to close down or leave

Stable = "5" indicates that company is stable but not necessarily in a position to grow "1" indicates instability

Declining = "5" is a negative indicator suggesting that the company may have to close or move its plant in the near future. "1" is positive indicating stability and even growth potential.

****Indicators highlighted in yellow are those most important to capture****

Company Name:		Phone:	
Address:		Fax:	
City:		Email:	
State:		Website:	
ZIP		Manager:	

Company Data

Year				
Date of Interview				
	Indicator			Type of Indicator
1	Company has acquired another company			Growth
2	Last major equipment purchase for the facility was within the past 12 months			Growth
3	An equipment purchase is planned for the next twelve months			Growth
4	Annual budget for capital investment grows every year			Growth
5	Company has kept pace with initial sales projections			Growth
6	Sales are increasing			Growth
7	Total full-time employment is increasing			Growth
8	Company has introduced a new product or service within past 6 months			Growth
9	Company has a large and diverse customer base			Stable
10	Gross margin for product or service is increasing			Stable
11	Company operates an e-commerce website			Stable
12	Company utilizes email and website technology			Stable
13	Company has stable relationships with its vendors			Stable

