

Locked in the Twilight Zone: Business Retention Fails the Strategic Value Test!

Advancing BR/E Trilogy: Part 1

Eric P. Canada

BLANE
CANADA
LTD.

Locked in the Twilight Zone: Business Retention Fails the Strategic Value Test!

Advancing BR|E Trilogy: Part 1

Rocketing Out of the Twilight Zone: Gaining Strategic Insight from
Business Retention *Trilogy Part 2*

The Missing Link: A Vision for BR|E *Trilogy Part 3*

Originally Published in Economic Development Review, July 1996

Based on Research Conducted by Blane, Canada Ltd.

Updates 2018, 2016, 2013.

Eric P. Canada

© Blane, Canada Ltd.

PO Box 4408

Wheaton, IL 60189

630-462-9222

info@blanecanada.com

www.blanecanada.com

Table of Content

- Locked in the Twilight Zone: Business Retention *Fails* the Strategic Value Test!..... 1
 - Good News/Bad News..... 2
- State of the Art 3
- Making the Case..... 4
- Survey Construction 5
 - Representative Sample of Survey Question Distribution 5
- A New Conceptual Framework 8
 - Stage 1 – Compile Employer Information..... 9
 - Stage 2 – Focus Intreview Questions on Predictive Information 9
 - Type of Interview 10
 - Customer Satisfaction..... 10
 - Predictive Information..... 11
 - Market Research 11
 - Stage 3 – Conduct CEO Interviews 13
 - Stage 4 – Compile and Analyze the Data..... 13
 - Aggregate Data Analysis 14
 - Data Matters 14
 - Stage 5 – Blend Findings into a Strategy 15
 - Stage 6 – Push Findings into the Community to Influence Decisions-Making 15
- Jumping the Gun 16
- Reality Test 16
- Conclusion 17
- References 17
- Authors 18

Locked in the Twilight Zone: Business Retention *Fails* the Strategic Value Test!

Eric P. Canada

Teresa A. Rendleman

UPDATE

Business retention programs are not reaching their potential. The basic model currently in use produces little new information to help manage or anticipate economic growth, predict companies at risk, or identify growth industries. Questions of significant strategic value constitute less than 12% of the questions posed in the typical survey or visit. A new approach – proven in years of field work* – maximizes strategic information gathered through the retention process.

In April 1994, we stated in Blane, Canada Ltd.'s Clients and Friends Letter,

“Business retention programs that fail to gather predictive data are only 40% effective. Satisfaction and future plans are only a small part of what should be gathered during a retention visit/survey. Competitive intelligence experts use information to predict the behavior of companies. Using these same techniques, development professionals can identify companies at risk even before management knows.”

The truth is, we were wrong! There is even less strategic value to the information collected under the business retention model currently in use. After analyzing more than 50 retention survey instruments, and hundreds over subsequent years, the results indicate:

- more than 53% of the questions confirm information already known or easily known
- only 5.2 % of the questions gather company intelligence
- fewer than 0.6% of the questions focus on gathering industry intelligence

Good News/Bad News

In 2015, researchers replicated the original analysis of survey instruments. Dozens of instruments in current use were gathered from peers. After 20 years, the results are strikingly similar, confirming the results of the original findings.

- Confirmation Question count has gone down. This is positive. However, CQ's are still a significant portion of the survey –28.4% of the 37-question interview. Just over one-quarter of the interview time is devoted confirming information that is easily known.
- Company Intelligence Questions are up. This also is positive. The use pattern is stronger and more distributed across the samples analyzed. The average for CIQ are about equal to CQ.
- More Problem Identification Questions are now included to document problems.
- The total number of questions is inching up. There are now 5 additional questions in the average BR|E survey instrument. A survey with 37 questions is still considered a reasonable number of questions to ask during a 45 minute to 1-hour interview.

These averages hides many sins. Six of the sample surveys have well over 40 questions. In both samples, many surveys do not allow time for industry intelligence or buyer supplier inquiries. Over 80% of the questions fall in the same three categories: Confirmation Questions, Problem Identification Questions, and Company Intelligence. This has not changed. The change is in the balance between the number of questions of each type. Reducing the number of confirmation questions and increasing the number of company intelligence questions is consistent with the recommendations from the 1996 version of this article *Locked in the Twilight Zone: Business Retention Fails the Strategic Value Test!* In fact, many of the CIQ questions can be traced back to the article and survey tools built by Blane, Canada using those principles. Many company intelligence questions are copied word for word, some have slight modifications, and some are derivatives using the structure introduced by Blane, Canada. However, the result may make little difference. Company background and company intelligence questions terminology can be easily swapped giving the appearance of change when there is little.

Therefore, researchers still conclude the current approach fails to access critical knowledge held by CEOs and senior management while time is wasted confirming information available from others in the company. No wonder retention activities contribute little to the strategy of most development organizations. The problem is that the current model for business retention focuses on:

- confirming information easily known

- identifying local problems
- finding company problems to help solve
- building good will/relationships

These are important goals, but in an environment of global competition these issues do not drive corporate decision-making. Therefore, is it an appropriate strategy to invest 84.3%/88.3% of the information collection process on these three issues: CI, PIQ, CIQ? Is this the most valuable information a company executive can share with a development professional? We think not. Rather, an organization should utilize strategic and competitive intelligence to help sharpen focus of internal and external marketing strategies.

Today, according to our current analysis, **questions of significant strategic value constitute 6%/7% of the questions posed during a retention visit.** Company Intelligence questions can provide strategic intelligence. Therefore, the increase from 7.7% of the interview to 31.8% is significant, assuming the Company Intelligence questions do contribute to issues that predict performance, such as management change and business practices like R&D or product development. Yet, these averages can be misleading. For example, **57% of the surveys asked no questions of strategic value.** In those cases where strategic questions were asked, based on a 30-minute interview, an average of **only 3.6 minutes were devoted to gathering strategic information.**

State of the Art

Prior to 1993, we hadn't given much thought to the structure or the purpose of a business retention survey instrument. Like other professionals, over the years we had conducted many visits, telephone interviews, and created written surveys. Each was a slight variation of the others we had written or gathered from peers. Each interview focused primarily on identifying community problems and companies on the verge of leaving. We accepted this common practice as appropriate and useful. **The notion that there was another way never occurred to me!**

A personal breakthrough resulted from work Blane, Canada Ltd. had done for development and corporate clients in the areas of customer satisfaction and competitive intelligence. In these disciplines, the emphasis is on enhancing the strategic value of information. The link to business retention came from the book, *The Competitive Intelligence Handbook*, by Richard E. Combs and John D. Moorhead. From this book along with other sources, two phrases struck a cord.

“The essence of any competitive analysis activity is that it contributes to making better and faster decisions.”

Charles J. Mathey, “Competitive Analysis”

“The answer is only important if we ask the right question.”

Anon

We have confirmed that a conflict exists between information gathered through business retention programs and the information developers actually need to improve results. While conducting research for the book, *Economic Development: Marketing for Results!* We interviewed dozens of peers in development. Through these interviews it became clear that development organizations invest tremendous resources in business retention and produce information of relatively low value. This was confirmed again in the results of the “International Business Retention and Expansion Benchmark Study,” presented at the Business Retention Expansion International (BREI) Annual Conference in 2015. The low quality of results has caused a half-hearted commitment to retention/expansion, a predominantly reactionary management style, and little consideration of how collected information could push an organization’s overall economic development strategy.

Making the Case

To help make the case for change, we conducted a structural analysis of current survey instruments to document the types of questions in use. To gather a random sample of survey instruments, personalized letters were sent to 55 development executives requesting copies of BR|E instruments (personal visit, phone, and/or mail). To insure a random sample of instruments, each recipient was asked to photocopy the letter and forward it to two other professionals. Also, a notice asking for current survey instruments was placed on an Internet mailing lists of approximately 125 individuals interested in economic development. Finally, sample instruments included among materials from IEDC’s business retention course were included. All instruments received before the deadline date were included in the analysis. More than 50 surveys were received and evaluated. For the 2015 research update, email requests were sent to a target group of professionals who have prominent roles in the BR|E community asking for samples of current survey instruments. BREI Board members were also asked to provide samples. Additional requests were posted on LinkedIn and distributed via Twitter. During the 20 years since the original study, some BR|E programs have adapted software like Synchronist Business Information System® and survey instruments shared across regions. Duplicate

survey submissions were eliminated to avoid skewing the results. Twenty-two survey instruments were analyzed for the current research cycle.

Survey Construction

From an analysis of the survey instruments, seven categories of questions were defined based on the information the question was eliciting. These definitions are shown in Table 1. For each survey, individual questions were evaluated and categorized using these definitions.

Category Definitions	Table 1
Confirmation Questions (CQ)	Confirm basic company information already known or easily known
Assistance Questions (AQ)	Offers to help resolve problems, provide information, facilitate third party help
Problem Identification Questions (PIQ)	Identify specific problems and rate overall satisfaction with community services
Predictive Questions (PQ)	Explore management actions to assess attitudes toward the company's growth potential
Industry Intelligence Questions (IIQ)	Identify trends within the company's industry regarding demand, product innovation, competition
Company Intelligence Questions (CIQ)	Gather information about the company's markets, activities, and plans
Buyer/Supplier Linkage Questions	Assess changing relationships with key customers and or suppliers

The matrix in Table 2 shows the representative distribution of questions by type for a number of the survey instruments evaluated. Instruments were also analyzed by organization and service area. As can be seen in the Table 2, there are no patterns by organization type or service area. Each is a unique instrument.

Representative Sample of Survey Question Distribution

A big surprise in Table 2 (1999) was that fewer than half the surveys explore the possibility of supplier opportunities with local executives. This trend continues in the 2016 analysis, Table 3. Linked industry marketing can be a powerful marketing strategy as part of a broader cluster strategy. The evidence in our analysis indicates that while development professionals talk about supplier/buyer marketing strategies they are apparently not

making use of a primary tool, the retention survey, to capture information to make this strategy more effective.

Content Analysis of 12 BR E Interview Surveys, 1999							T
Org Type	CQ	AQ	PIQ	PQ	IIQ	CIQ	E
A Chamber	15	0	0	0	0	0	
B EDC	10	3	7	2	0	0	
C Regional	9	2	5	1	0	0	
D Regional	30	6	9	2	0	0	
E EDC	7	0	7	2	4	16	
F State	27	12	9	1	0	3	
G University	27	1	14	2	0	0	
H Chamber	30	7	10	1	2	9	
I State	4	3	6	0	0	2	
J Utility	9	2	5	0	0	0	
K City	27	2	13	1	1	0	
L City	12	0	6	1	0	0	
Average	17.3	3.2	7.6	1.1	0.6	2.5	
Percent Total	53.2%	9.9%	23.4%	3.3%	1.8%	7.7%	

Content Analysis of 15 BR E Interview Surveys 2016							T
Org Type	CQ	AQ	PIQ	PQ	IIQ	CIQ	E
1 City (online)	10	2	12	1	0	12	
2 State	20	1	14	1	0	16	
3 Urban	5	1	2	1	0	1	
4 Regional	33	0	18	1	0	27	
5 County	8	0	10	1	0	6	
6 EDO	14	2	14	5	1	11	
7 EDO	7	1	8	0	0	9	
8 Regional	7	2	12	0	0	17	
9 EDC	10	2	12	0	3	17	
10 State	10	5	15	4	0	7	
11 EDO	16	2	5	0	0	3	
12 County	5	3	9	1	1	11	
13 Regional	8	2	7	0	0	12	
14 EDO	0	0	15	4	3	23	
15 County	6	1	7	2	0	6	
Average	10.6	1.6	10.7	1.4	0.5	11.9	

The survey instruments included in the 2016 analysis shown in Table 3 were randomly selected. A few outliers were tossed as too small and therefore not a “structured” interview, too large potentially skewing results, or specialty tools designed for a subgroup of an area’s economy. While the updated analysis is a small sample, the results are consistent with instruments analyzed by the authors over the past 20 years as well as the original sample. The survey construction content bias toward company information and problem identification continues.

The result of comparing the 1996 results to the 2016 results, Table 4 provides very little evidence of significant change. The extremely small values in most categories make the change look more impressive than it is. In reality, there is only a modest difference in three categories and the total question count.

- Confirmation Question count has gone down. This is positive. However, CQ’s are still a significant portion of the survey –28.4% of the 37-question interview. Just over one-quarter of the interview time is devoted confirming information that is easily known.
- Company Intelligence Questions are up. This also is positive – assuming these are questions of significance and not just company background information. The use pattern is stronger and more distributed across the samples analyzed. The average for CIQ are about equal to CQ.
- More Problem Identification Questions are now being included to document problems.
- The total number of questions is inching up. There are now 5 additional questions in the average BR|E survey instrument. A survey with 37 questions is still considered a reasonable number of questions to ask during a 45 minute to 1-hour interview.

Interview Content Percent Change 1999 – 2016							T
Org Type	CQ	AQ	PIQ	PQ	IIQ	CIQ	
Average 1996	17.3	3.2	7.6	1.1	0.6	2.5	
Average 2016	10.6	1.6	10.7	1.4	0.5	11.9	
Change	38.6%	49.5%	40.7%	29.2%	8.6%	374.7%	1
Dir of Change	Down	Down	Up	Up	Down	Up	
Evaluation	Good	Neutral	Bad	Good	Bad	Good	

Key **AQ** – Assistance Questions **IIQ** – Industry Intelligence

The findings, as shown in Table 4, fully substantiate the premise:

- Surveys are dominated by confirmation questions
- Questions do not tap the specialized knowledge of executives

- Questions provide little in the way of strategic information to focus internal or external economic development strategy

If the business retention program is to contribute to improved results, development professionals must increase the *strategic value* of available information. Because the retention survey process effectively generates information from important sources, it should be the cornerstone of an economic development organization's strategic information system. *The key becomes asking the right questions.*

A New Conceptual Framework

In the book, *Economic Development: Marketing for Results!*, we proposed a new conceptual framework for increasing the strategic value of information gathered through the business retention process. We believe development organizations *must*:

- Seek out and acquire information relevant to the decision-making process of companies and the development organization
- Create a process to transform unconnected pieces of information into relevant, accurate and useable strategic knowledge
- Focus information resources on helping identify marketing opportunities and predicting companies at risk

Competitive or market intelligence is defined as “the selection, collection, interpretation, and distribution of publicly-held information that has strategic importance,” according to authors Richard Combs and John Moorhead. Unfortunately, in economic development it has become fashionable to call ALL

BR|E survey questions strategic questions. This is in-keeping with the finding in the 2014 International BR|E Benchmark Study where executives have a high level of confidence in the value of the information from survey's they design. Counter to the purpose of a traditional retention program, a true strategic information approach seeks to gather and organize *predictive* information (side bar) as well as market intelligence. Predictive information provides value by helping the development executive anticipate changes impacting a community's economic base. Market intelligence seeks to document or quantify competitive advantages and weaknesses affecting a company's growth decisions

What is Strategic Information?

Strategic information is not the answer to a single question. The answer to a question is a fact. Strategic information is the result of multiple pieces of information (facts) coming together to shape a conclusion. The more factual evidence available, the more reliable the conclusion. Therefore, in BR|E, the survey instrument must be designed with groups of questions that work in concert to signal change: good or bad. Strategic information can also validate a response. We commonly ask the questions, does the company plan to expand? The answer obviously suggests the potential for change, but are there other indicators that confirm this. A combination of six additional questions can confirm or raise suspicions about the response. The value is in the combination of questions.

in the community.

Improved results are the driving force behind the need for redesigning the retention survey. The proposed approach is not a radical new concept. It is supported by proven market research and competitive intelligence techniques used regularly in other industries.

To achieve the maximum benefit from a retention program, it should be viewed as a six-stage system.

- Stage 1 – Compile employer information separate from the executive interview
- Stage 2 – Focus interview questions on predictive information
- Stage 3 – Conduct CEO interviews
- Stage 4 – Compile and analyze the data
- Stage 5 – Blend findings into the organization’s strategy
- Stage 6 – Push findings into the community to influence decisions-making

Stage 1 – Compile Employer Information

Between 25 and 50% of a traditional business retention survey is devoted to collecting employer background information, e.g., company address, number of employees, union representation, senior executives, parent company, products, and SIC codes. This information should be collected from the company’s web site, LinkedIn page, or by phone from the company’s executive assistant or human resource manager prior to conducting the CEO interview. There are two benefits to obtaining background information in advance. First, during interviews with the CEO, interaction can be focused on questions that will provide more valuable information along with industry insights. Second, being prepared demonstrates to the CEO that the organization/interviewer has done its homework.

The new conceptual framework accomplishes this by simply separating the company background information collection from the CEO interview form.

Stage 2 – Focus Interview Questions on Predictive Information

The emphasis of the redesigned retention survey instrument should be on capturing three types of information: customer satisfaction, predictive information, and marketing research. Some predictive information and market research data cannot be easily captured in a written (mail out) survey. Some of these questions do not lend themselves to multiple

choice or short answers. Question choice and presentation are very important in the survey instrument design. To maximize gathering of strategic information, use telephone or personal visit interviews which allow for open-ended responses. Each interviewer should be prepared to probe for clarification by following responses with a probing question such as: How will that impact the company? or Can you give me an example?

Type of Interview

Blane, Canada Ltd. 's experience indicates that in general telephone interviews are as effective as personal visits. The critical ingredient, person- to-person contact, exists in both methods. Telephone interviews have a number of advantages: they tend to be more efficient, they can be scheduled for the convenience of the respondent, they can be completed in less time, and they greatly reduce non-productive downtime required for travel between interviews. Telephone interviews also provide a sense of comfort because the respondent is not being directly observed and, consequently, is less aware of the interviewer 's actions.

On the other hand, in personal interviews it is often easier to establish a rapport with the respondent than in telephone interviews. In addition, a personal visit allows for the use of props, which might be needed to clarify a question or facilitate an answer. Regardless of the method – mail, phone, or personal – to affect the change being proposed, it is essential to dramatically overhaul the types of questions posed to company executives. The following sample questions cover three areas of interest: customer satisfaction, predictive information and market research. Brief explanations highlight the nature of these sample questions.

Customer Satisfaction

Attitude is an important indicators of customer satisfaction. If attitudes have changed, it is important to know how they have changed. For example, negative trends help identify problems, whereas positive trends could indicate progress has been made in improving services or resolving past problems.

Sample Questions

1. Has your attitude toward doing business in this community changed during the last two years?
2. If yes, has it improved or deteriorated?
3. What contributed to this change in attitude?

Predictive Information

To begin to predict company behavior, it is essential to learn about factors that drive expansion and relocation. For example, if a sister facility (facility with the same production capabilities) is already in place, production can be shifted quickly in response to changes in business conditions. The possibility of a quick shift increases the risk level for communities with a sister facility. Not knowing is unacceptable for an economic development professional.

Sample Questions

1. Does your company have a sister facility producing the same or similar products? (List city and state or country)
2. Are the plant and equipment at the sister facility older or newer?

For many companies, the driving force in plant location is proximity to market. When growth is in a different geographic region than production, pressure increases to move or expand production within the new market. Being unaware or complacent about a company's geographic growth patterns could cost a development organization expansion opportunities. Valuable insight is gained through understanding a company's market area and direction of growth.

Sample Questions

1. Where are the company's top three markets served from this facility?
2. Where is your company's market growing fastest?
3. What is the company's top international market?

Market Research

Understanding advantages and disadvantages of doing business in a community from the executive's point of view can provide valuable marketing insights. Problems can be addressed, and opportunities can be leveraged. The traditional weakness question, "What are the disadvantages of doing business in this community?" is of limited value. Consider the following example. Company A is the highest paying manufacturing employer, offers a generous benefits package, and has an employee centric culture. Every job opening at Company A has a long line of applicants. The CEO of Company A is a prominent member of the Chamber Board. Company B is a mid-sized manufacture with average to low wages, basic benefits, and a dingy, chaotic work environment. Company B struggles to fill job openings. Company B's CEO is not actively involved in the community. During the BR|E interview, both CEOs responded that workforce was a critical weakness for the business

community. Why does the CEO of Company A think there is a workforce issue? Responses to this question – community weaknesses for business – are essentially asking for a personal opinion. And, opinions can be shaped or influenced by current events. For example, if the Chamber has recently mounted a comprehensive workforce development program and the CEO is aware of it, he could assume the program addresses a significant problem in the business community. By saying workforce is a weakness in the BR|E interview, he is lending his voice to the issue even though it has no direct impact on him or his company.

To truly understand the community's weakness, it is important to have a response in the context of the company. Company A's business decisions are not being impacted by workforce issues. The response is not in the context of the company. Rephrasing the question in search of "barriers" to growth, changes the context of the question. The implied response is now company specific. This accomplishes two very important goals. First it refines the results down to significant issues that impact company decisions. Second, it separates those companies with no significant barrier issues allowing them to be seen and counted.

The barriers question was created for the Synchronist interview form designed in 1996. Based on the analysis of Synchronist interview data, the results show that 70% of the issues identified as community weaknesses have no bearing on company growth decisions. Focusing on barriers to growth filters out the noise. In the 2016 survey analysis, the barriers question has since been adopted by others, appearing in a number of interview forms.

Sample Questions

1. What are the advantages of doing business in this community?
2. What are the company's barriers to growth in the community?
3. Where are your primary competitors located? Why?

The questions provided are just a few examples of the approach developers could use to predict behavior, evaluate satisfaction, and improve economic development strategy. They represent the types of questions development professionals should ask during a retention interview.

This list of sample questions is not complete. For example, in the Synchronist survey design, we utilize 19 questions of a 36 question interview to determine a company's value to the community. Each question provides a piece of a much larger puzzle defined by the goal of determining a company's value to the community. Therefore, these questions are not intended to be pasted on the end of an existing BR|E survey instrument. These

questions are part of a different approach. To maximize their value, they are to be considered as part of a total redesign of the BR|E interview. Every BR|E question should be reevaluated using these concepts as a guide.

Stage 3 - Conduct CEO Interviews

The executive interview in the proposed approach is more structured. It is not a free-wheeling conversation bouncing from one top-of-mind topic to another. It is not about exploring 6 very general topics. Yet, adding structure does not mean the interview cannot be conversational.

The survey questions have been carefully written to elicit specific information. Question should be arranged to flow from beginning, to middle, ultimately arriving at the end. To mimic a conversation in survey design, two conditions must be met. First, the survey should switch question format frequently and randomly. A conversation does not follow a firm pattern, i.e. all multiple choice then, open-ended questions. Mixing the question format is a more natural conversational style. Plus, mixing question formats generates positive energy which is important to a successful interview. Second, the format must allow and invite the interviewee to speak. For example, on a multiple choice question, after the response, invite the interviewee to comment on the answer. The result will be a far more rewarding interview and significantly more useful information.

We will publish more on interview design in our forthcoming article, *The Art of Inquiry: Preparing for and Conducting Executive Interviews*.

Stage 4 - Compile and Analyze the Data

Each survey form has value and provides insight as each describes one company's situation and one executive's view. This information must be analyzed separately. The first step of the analysis is to perform a "risk" assessment. Based on the company information gathered, a determination must be made regarding the following questions:

1. Is there any reason to believe that this company is at risk for downsizing, closure, or relocation?
2. Is there evidence the company is considering expansion locally or elsewhere?
3. Is the company committed to the community?
4. Regarding these findings, what steps, if any, should be taken by the organization?

Company risk analysis should be completed immediately following the personal or telephone interview, and any required action should be scheduled as soon as possible

thereafter. This is a traditional BR|E process step. It is a very important step.

Aggregate Data Analysis

The real power of a retention program designed as a market research tool is gained from the aggregate result of numerous surveys. By comparing the answer given to each question, it is possible to identify trends among clusters of companies. The clusters used for analysis can be made up of companies grouped by size, industry, location, market, or other shared characteristics. The goal of this cluster analysis is to find recurring comments that identify opportunities or suggest potential problems. The condition of the community's product, community services, and attitudes, is of particular concern during cluster analysis. The search for competitive advantages also takes place in the cluster analysis.

A cluster analysis should be conducted regularly as new surveys are added to the information base. Results should be compared to data from a prior time period. Cluster analysis can be performed manually or electronically depending on the number of surveys involved and available resources.

Since this whitepaper was originally published, detractors have argued that the proposed approach is too data driven. They argue the relationships are more important than the data. While I agree the relationships are important, if the only goal of BR|E is form relationships then, we should be taking our CEO's out to dinner. Yet, sadly, a large percentage of economic development professionals must agree. In our subsequent research published in 2002 (Missing Link), a full 70% of respondents do not tabulate responses. They make decisions based on "impressions" gained from interviews.

Data Matters

It's never about the data unless you want to a) provide value added services; b) offer leadership factual information; and c) build a context for making decisions. Relationships will always be part of the puzzle, but data is an integral element of BR|E. Data is critical to making informed decisions and winning support for important decisions.

A full 55% of the value of the BR|E process hinges on data. Fifty-five percent of the value is a lot to leave on the table after making 100% of the investment in the process. The difference is a substantial part of why BR|E gets a bad rap for low return on investment.

Stage 5 – Blend Findings into a Strategy

The next step in the retention information system proposed is to decide how the new information affects strategy.

- What are the implications for future organization activities?
- What is the highest impact use of resources for existing companies?
- How can the information learned be used to increase investment in the organization?
- Are local companies at risk?
- Do local plant managers need community information packaged specifically for off-site decision-makers?
- Is more internal marketing needed with local executives?
- How should the organization respond to changing attitudes about doing business in the community?
- Are there new opportunities for business attraction to be researched or pursued?
- Can area executives open doors through affiliations to help business attraction?

Conclusions drawn from the analysis of the interviews should be systematically blended into the current economic development plan.

Stage 6 – Push Findings into the Community to Influence Decisions-Making

The value of good quality BR|E, strategic information is not limited to the organization's internal operations. One of the most significant values of BR|E data as reported by leading organization's is influencing the decisions of economic development partners as well as community leaders. By providing data derived from a broad executive interview process, the economic development organization can position itself as the authority on business within the market. This positioning builds credibility and provides other values representing 55% of the value (Stage 4) lost by those who ignore the value of quality information.

Without data community decisions are made based on the opinions of the individuals making those decisions. By generating and distributing data, the economic development organization creates value for the community, business leaders, and the organization.

Jumping the Gun

In the original article, we anticipated that some development professionals would plug these sample questions into their current retention survey. There was some evidence of this in our subsequent analysis of other survey tools. This has benefitted many organizations. However, to break the “er” improvement cycle – *newer, bigger, better, and shorter*, – common in business retention survey instrument design, more work is necessary.

We believe economic development needs a comprehensive strategic information approach for BR|E. The system envisioned will bundle value laden questions, with information gathering techniques including the retention process, new information sources, information management tools, and structured analysis procedures.

The ability to gather strategic information for economic development strategy should become a top priority for every development organization. Internal information resources should create opportunities and anticipate changes that impact businesses within a community.

Reality Test

Does the proposed strategy work? Yes!

When this article was written in 1996, it was a concept supported by evidence from the business community. Now, the framework proposed here has been tested in more than 350,000 executive interviews. The Strategic Information Research Consortium crafted the survey instrument that has been the backbone of Synchronist Software since 1998. Synchronist has evolved into a comprehensive strategic intelligence management platform for economic development.

Today we have 20 years of data validating the approach proposed in 1996. This invaluable data set and Blane, Canada Ltd. 's ongoing research in this area continues to lead to breakthroughs including:

- Competitive Intelligence Analytics
- Key Performance Indicators (National, Regional, and Local)
- True Predictive Analytics (patented)

Conclusion

While this seminal work has influenced the design of BR|E survey questions and the integration of business information, the fundamental approach to BR|E for the majority of economic development organizations remains rooted in the past as proven by the 2016 research. Lethargy fights change. Business retention programs can play a greater role in providing company, industry, and marketing intelligence needed to build the foundation for solid economic development strategies.

The current short-term focus – good will, relationships, assists, and expansions – have only limited value for self-defense. Essentially, a 45% return on effort at best. This highly unremarkable performance leaves economic development organizations vulnerable and open to criticism. While, the more significant long-term benefits – better information for faster and better decisions on strategy and resources – are well within reach.

To capture the potential of this shift, development professionals must challenge traditional methods. They must increase experimentation to build better retention interview and data analysis tools, or be left behind.

References

- Canada, Eric P., *The Art of Inquiry: Preparing for and Conducting Executive Interviews*, pending publication.
- Canada, Eric P. 2016, *Business Retention Survey Analysis*.
- Canada, Eric P. and S. Dunnigan. 2014. "International Business Retention and Expansion Benchmark Study," *Business Retention Expansion International Annual Conference, 2015*
- Canada, Eric P., Stuart, Kevin W., *North American Data Study, 2014*, Blane, Canada Ltd.
- Canada, Eric P., *Economic Development: Marketing for Results!* Chicago Spectrum Press and Blane, Canada Ltd., 1995.
- Combs, Richard E. and John D. Moorhead, *The Competitive Intelligence Handbook*, The Scarecrow Press, Inc., 1992.
- Mathey, Charles J., *Competitive Analysis*, (article) American Management Association, 1991.
- Strategic Information Research Consortium Participation Proposal, December, 1995.
- Synchronist Users' Group, 1998-Present.

Authors

Eric P. Canada, Blane, Canada Ltd. is a recognized authority on economic development marketing and business retention and expansion (BR|E). He is a psychologist by training, an entrepreneur at heart, and a developer by choice.

Before consulting, he led local, regional, and state-wide economic development organizations and programs. Today, he brings a fresh perspective to strategy and planning for clients.

Canada has a reputation for leadership and innovation.

His 2nd book, ***Economic Development for the Team*** written to provide a big-picture view of economic development for staff, volunteers, board members and elected officials was released January 2018. His previous books were, *Economic Development: Marketing for Results!* and *Marketer's Planning Guide*. He has also published numerous research whitepapers on BR|E and economic development marketing.

He is the developer behind the award-winning *Synchronist Suite*[®] software designed to help economic developers manage client relationships, business retention and expansion, and prospect tracking. He created national BR|E key performance indicators.

Over 15,000 economic development professionals have attended his workshops. He has taught at IEDC, EDI, 7 Basic Courses, BREI, and CDI as well as University of Southern Mississippi's Masters economic development course. He founded the ProLearning Lab to insure high quality economic development education without commercial bias and co-founded Engage, a CEO gathering for top economic developers, 2003-2015.

He publishes the *Economic Development Marketing Letter: 13 Tips* and distributes news via Twitter: @edmarketingpro. He can be reached in Wheaton, IL at 630-462-9222 x 700 or ecanada@blanecanada.com.

Teresa A. Rendleman, is the former Research Director, Blane, Canada Ltd.

Synchronist Suite®

Business Development Program Management

Synchronist is a powerful, easy to use cloud based platform for managing the mission of a business development organization.

- Allows you to strategically know your clients and to create personalized value for them
- Helps solve the issues faced by those who fund your organization – business and public investors
- Tames complex projects and business relationships seamlessly across all interactions
- Allows you to focus limited time and resources on the highest value activities

Synchronist CRM – Our client relationship management (CRM) tool provides full functionality. One-click reporting of all your work with clients. Manage thousands of contacts with or without BR|E interviews. Bring together client information in a single location accessible to all staff members from anywhere. Eliminate duplicate data entry.

Synchronist PRIME – Primary sector business retention expansion (BR|E) module contains industry researched + custom questions, embedded analytics, preformatted reports and more. Only tool in the industry to predictively and objectively manage findings. Drive objective decision-making.

Synchronist Talent – In depth exploration of current workforce, recruitment and retention strategies, training and future talent needs. This tool shines a light on specific problems that deliver value to employers now. Moves the organization from a supply strategy to demand-driven.

Synchronist OpMgr – Project management module for managing expansion and attraction opportunities. Manage a project, the project team as well as client interactions, then produce up to the minute reports with built-in reporting. OpMgr can be used with Synchronist PRIME or CRTS to manage projects.

Synchronist CRTS/Main Street – Your Local Company BR|E module with industry researched + custom questions, designed around the economic drivers and risk factors for non-primary sector businesses. Use in conjunction with PRIME or independently.

Industry Leading Attributes

- One license fee, no additional costs to add users
- Low, predictable operating costs
- Automatic updates for all users: no waiting, no added cost
- Flexibility with built-in tools to add custom information as desired

You really impressed our team yesterday with the Synchronist review. They didn't believe that we could manage primary sector BR|E, retail BR|E, attraction and expansion prospects, for fee MEP client projects, entrepreneurship plus 3,000 contacts all in one program – without spending time and money on customization! They are pumped. Tom, IA

Start with one... add modules as you expand your program!

Eric P. Canada

Wheaton, IL
630.462.9222 x 700
ecanada@blanecanada.com

Joe M. Raso

Colorado Springs, CO
630-462-9222 x 701
jraso@blanecanada.com

