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LTD.



WHY IS AN EXISTING BUSINESS STRATGY + BR|E IMPORTANT?

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Why is an Existing Business Strategy + Business Retention | Expansion Program Important?

A community's best companies are your competitor's best prospects!

1. **Target marketing.** Your competitors do it and they pick the best growth opportunities wherever they find them... even in your back yard!
2. **Business strategy.** Business is constantly evolving to remain competitive and grow. As strategy at the corporate level changes, impacts are felt in communities.
3. **Growth.** The #2 barrier to expansion in a community nationally is the lack of affordable land and buildings.
4. **Business climate.** Companies do not stay/grow where they are unappreciated, unwanted, or abused. When the risk exceeds the value, companies respond.

Stopping here translates into a focus on just counting visits, “relationships” and scoring responses to questions. This draws only about 25% of the value of the BR|E effort. Write a report on findings and the value increases to about 45%. It's a good start, but focusing on bullets 1 through 4 is short-term thinking. This thinking lulls the economic developer into a false sense of security with a mantra, relationships, relationships, relationships. Assumption. They will call when they need us.

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Fear is less than half the BR|E picture. The real reason BR|E is important is much more complicated. Below are the opportunities that will extract an additional 55% or more from the BR|E effort.

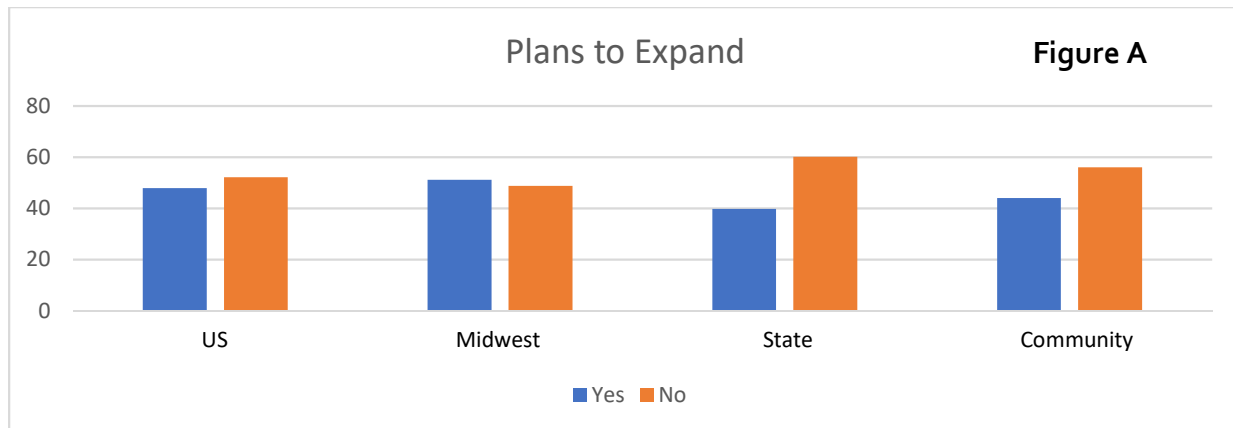
- A. **Resources are limited.** Not all companies are equal. Some have greater value and greater growth potential. Knowing the difference allows resources to move to where they can have maximum impact, maximum value.
- B. **Organizational strategy.**
 - a. **Business needs change.** Knowing those needs early allows the organization to take advantage of new opportunities that can be revenue producers.
 - b. **Competitive position.** Every community must compete for investment and jobs. Knowing why a community is not competitive by using accepted national benchmarks, provides insight needed to redirect strategy to improve competitiveness.
- C. **Business climate.** Knowing which local problems - among dozens of candidates - really restrict business growth allows the organization and community to respond before existing jobs or new job opportunities are lost.
- D. **Anticipate needs and opportunities.** A good interview process will help identify needs the executive does not or will not articulate.
- E. **Influence.** Everyone has an opinion. Backing an opinion with validated evidence creates a winning argument that can change the way decision-makers inside AND outside the organization use resources to improve the community's product for business.
- F. **Resource allocation.** The value of a portfolio – your base of existing businesses – is greater and more productive when managed than the portfolio is ignored.

Bullets A through E take a long-term view and place a value on both relationships and quality data.

Any number...

Any number is a good number until a public official disagrees or you have a substantive point of comparison. BR|E generates lots of numbers. Unfortunately, nearly all sit in isolation. They can't be compared because your program, your methodology, and your questions are unique to your community or your region. Year to year comparisons help, but they do not provide a context.

In sharp contrast, the graphs in Figure A put a community into context with its State, its Region and the United States. In terms of companies with plans to expand, the Midwest is performing slightly better than the US and significantly better than the State. The community is better off than the State, but not significantly.



The value of the national benchmarks is they provide a context for what you learn locally. Benchmarks help us understand local results. Taken at face value, most economic developers would report to investors and leadership that having 42% of their companies planning to expand is terrific news. It is a good sign. We are doing great! With a seemingly strong positive number, it is easy to accept the good news and move on to the next topic. Sadly, as a Midwestern community, this community has an 8% disadvantage within its region. This raises an important question that does not come up otherwise.

Why?

This question has the power to change economic development strategy.

A Good BR|E Program

A good BR|E program has both a short and long-term focus by necessity. A good program looks for a 100% plus return on investment. A good program looks to capture the position of business intelligence center for the organization and the community by becoming recognized for delivering high value, decision influencing information to leadership within the organization and beyond in the community.

A good program looks to drive meaningful metrics...

- Jobs, capital investment, square footage added as a result of hands-on problem solving with clients
- Grants and incentives delivered to clients
- A significant pipeline of potential growth
- Value added services to clients
- The source for business information
- Identification of revenue generating programs and services
- Recognition within the service area
- Relationships

And form relationships. 55% of the value of a BR|E program is after the interview. From 13 Tips, Blane, Canada Ltd.'s economic development newsletter post....

Dumbing Down Business Retention... spent 90 minutes recently on a national BR|E webinar where the primary message was "Relationship, Relationship, Relationship – it is not about the data." True, *it's never about the data unless you want to a) identify value added services; b) offer leadership factual information; or c) build a context for making decisions.* Relationships will always be part of the puzzle. But, when they are the goal, 55% of the value of the work put into BR|E is lost. *January 14, 2018*

Let's talk about meaningful BR|E goals!

100% of the jobs lost come from the community.

Value Added Services to Clients

Economic development is a service business.

Services rendered depend on the client. For this discussion, the only three client groups (there are eight by my count) that matter are: prospects, existing businesses, and investors.

Prospects | A business that is considering investing in the community

Existing Businesses | Companies that have operations within the service area

Investors | Entities who voluntarily contribute funds to the operation of the EDC.

The client cutting across all three categories is the existing business. An existing business can be a prospect – business expansion, a valued member of the community, and an investor in economic development. This simple truth makes existing business executives the most important economic development client and the center of attention for client services or what I refer to as existing business programs.

Existing business program are about touching and engaging clients at multiple levels.

Marketing – news, info on resources, success stories, networks

Newsletter, alert, magazine, website, social media channel

Service – a program designed specifically to meet the needs of businesses or executives with shared characteristics

Workforce attraction/development, industry councils (human resource, CEO, industry specific), advocacy (general and/or political), business development (networking, trade shows, missions, events, research, consultation)

Product – a product intended for businesses or business executives (such as employee recruiting website or how-to books and publications)

A Move to the Center

A well-designed BR|E program gets information flowing from clients into the organization. That information helps us understand who they are, what they are doing and planning, as well as what problems they are wrestling with. The first rule of successful business is understanding the client's needs. But it's more than needs. It is really trying to understand your client's "point of view." Point of view is the attitude or way of considering a matter. Gaining point of view reaches way beyond the answer to simple questions. It can take time to break through the simple exchange of information to discern real interests and needs. Therefore, interview design is a central element of probing point of view. See, *Locked in the Twilight Zone: Business Retention Fails the Strategic Value Test!* available for free on the Blane, Canada website.

Information gained from the business retention interview can inform marketing, services rendered, and products developed for existing businesses. As these become more closely aligned with the needs of business executives in the community, their value increases to those executives. As perceived and actual value increases, these executives become more willing to support, endorse, and fund the organization and its programs.

*Perceived and actual value drive executives to
support, endorse, and fund the economic
development organization.*

Given it's potential, the BR|E program in an economic development organization should sit in the center of the organization and INFORM all other aspects of the organization.

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