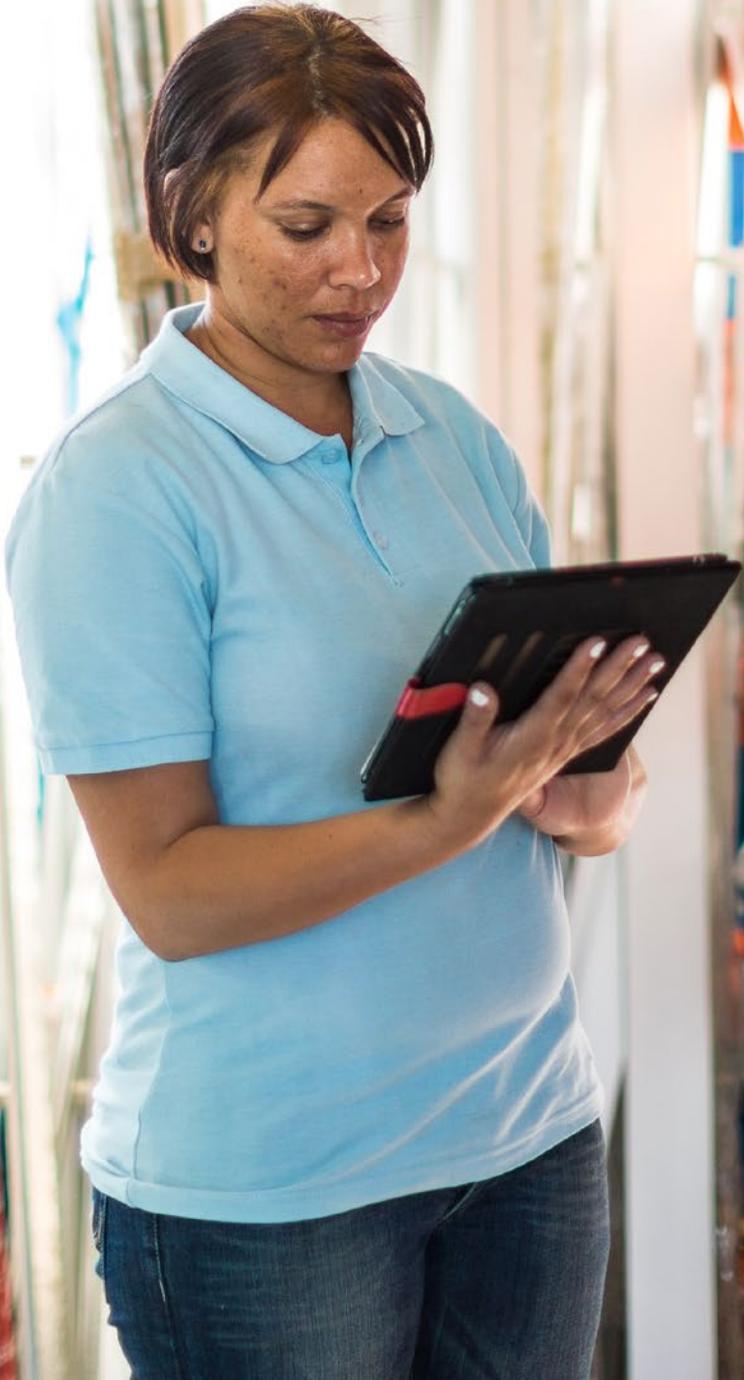


Bloomberg Associates

Business Retention Strategies

July 2020

A ten-point plan to create a business retention and expansion/aftercare program, to make your city's economy more resilient.



Why does business retention matter?

A community's existing employers form the foundation for local employment opportunities, stabilize its tax base, and serve as engines for economic health and mobility. Business retention is, therefore, critical to a city's economy, particularly during an economic downturn.

Moreover, it makes little sense to have spent time and resources attracting businesses to a city, which could now be lost during an economic downturn, due to lack of attention to changing needs or emerging obstacles.

What is a business retention program?

A business retention program is an economic development effort to connect proactively to existing local businesses, to understand their current and anticipated needs, and to address those needs through coordinated resources, partnerships, and tools.

A business retention program's goals are to make a city's economy more resilient by:

- Developing and maintaining relationships with existing employers
- Helping existing employers to survive economic difficulties
- Keeping existing employers from relocating to other areas
- Helping existing employers to grow, and become more engaged with local communities
- Increasing existing employers' competitiveness, and serving as an economic catalyst for job growth and economic mobility.

When should you implement a business retention plan?

If your city doesn't currently have a BRE/aftercare program, a good place to begin is identifying and tracking won projects and major employers. For communities with an existing BRE/aftercare program, the effects of economic shocks can be lessened by a more robust program.

The COVID-19 crisis is highlighting the importance of functioning BRE/aftercare programs, and communities with strong employer networks are more likely to recover quicker than those without.

The key to a successful program is building and maintaining good relationships with target employers.

How do you create a business retention plan?

The following steps can help you create a successful business retention plan:

1. **Create a business retention advisory council and key accounts team**

Consider the following stakeholders for an advisory council: city/ county and/or state economic development organization, metro chamber of commerce, retired business executives, city and/or state government official, utility representative, education entity, financial institution, professional services company, business owner/operators. Council members should be chosen for their skills, knowledge, expertise and connections.

Staff your key accounts team with key account managers from your economic development organization, chamber of commerce and/ or government officials. Each target business should have a key account manager, who is always available for the business to contact and should touch base at a regular interval (every 3-6 months). Ideally, the key account manager would have actively worked to land the project and has a relationship with senior management of the business.

It will also be important for the key accounts team – with the advisory council's help – to build meaningful partnerships with organizations which can make a significant contribution to the program's success, for example the Mayor/ city administrator, chamber of commerce, state economic development agency, local economic development organization, and other supporting organizations, which are willing to collaborate for the greater good.

2. Create a database of existing employers, to which you will target your efforts

Your business retention program will focus on:

- **Large corporate employers** - which provide major capex and job creation numbers for your economy
- **Smaller and medium sized businesses** - which make up the baseline of your city's economy.

Your target employers should be businesses which create large numbers of good and promising jobs for local residents (and, from an equity perspective, jobs that don't require bachelor's degrees).

Brookings Institution defines "good and promising jobs" [here](#). These are jobs that pay the median wage for sub-baccalaureate workers, and provide stable employment and employer-sponsored health insurance. (US metro statistical area median wage figures can be found [here](#).)

"Good job" employers are likely to be concentrated in maintenance, construction, production, transportation, management, business, computer, engineering and healthcare industries.

You may also want to target:

- Businesses which have received incentives in the past
- Businesses which are likely to thrive in a post-pandemic economy and during a significant economic downturn (e.g. because of limited disruption to their personnel, operations, supply chains or revenue; or demand for their goods/ services is relatively inelastic; or their products might need to be "near-sourced" in the future)¹
- Businesses in industries in which the city has a competitive advantage (for US county location quotient data, see [here](#))
- Businesses which are in emerging industries, or are doing unique and innovative things, which may be growth opportunities for your city; and/or
- Businesses in industries which have a lower share of tasks that are susceptible to automation (see [here](#))
- Businesses in priority neighborhoods

Pay special attention to small businesses that employ between 10 to 99 employees, which are often major drivers of local job growth

If you have limited resources, segment your employers as follows:

- 50x priority 1 employers, which will be account managed
- 200x priority 2 employers, which will receive surveys and lighter touch support.

Choose whether to separate out tourism and hospitality businesses, if they can be supported better by your local destination marketing organization/convention bureau.

¹ Many consulting firms, ratings agencies, think tanks and academic institutions are publishing research and insights on this topic, for example, [Moody's Analytics](#), [McKinsey](#), [Avasant](#). Their work is being constantly being refined as the crisis progresses and better data becomes available.



3. Conduct site visits to target employers

Visitations are particularly helpful for identifying at-risk businesses, or those that are considering contraction, closing or relocation.

Visits should be centered on understanding the businesses' concerns and needs and learning how the public sector might be able to support the business. Your focus should be on both urgent problems for the local employer, as well as longer-term plans to improve the local business climate.

You can also use the visit to make the business aware of any US Workforce Innovation and Opportunity Act (WIOA) dollars that can be used for staff training.

4. Address target employers' needs by sharing information, providing support and finding solutions to problems

Site visits should be followed up within 24 hours with a communication outlining how you plan to address the employers' needs – for example, by sharing information and advice, unblocking an obstacle, and/or providing access to assistance, contacts, networks and/or a sales opportunity.

Examples of supports include:

- **Information:** Providing access to economic data and demographic information
- Providing information and advice on the availability of appropriate buildings and sites
- Providing information and assistance on regulations and permits
- **Technical assistance:** Providing access to technical assistance programs, e.g. to increase firm efficiency
- Providing support/funding to restructure for a post-pandemic economy
- **Access to funding:** Providing access to tax exemptions and incentives for retention/expansion
- **Workforce training:** Providing access to training dollars to train the business' employees
- **Access to talent:** Providing opportunities to shape talent pipeline plans
- Providing access to graduate students
- **Innovation support:** Facilitating research collaborations
- Facilitating support for product development, innovation and/or collaborations with tech startups
- **Supply chain support:** Facilitating access to local suppliers (and supporting those suppliers to deliver scale and quality)





- **Access to markets:** Providing marketing assistance (e.g. use your website and social media channels to promote local businesses)
- Identifying opportunities to sell goods and services to the city
- Providing support to enter new sales channels (e.g. overseas)
- **Lobbying:** Making a case to city officials to reform/relax land use planning, zoning and/or building regulations, local ordinances and/or permitting rules where these are no longer fit for purpose for a pandemic/post-pandemic economy
- Helping local management make the case to HQ why the local office/ plant should be retained, or expanded
- Lobbying state and federal officials for supportive policies and programming
- **Corporate social responsibility opportunities:** Identifying ways in which the business can support the city's crisis response, for example, by connecting a business to charities and nonprofits; or asking it to provide pro-bono training or technical assistance for small business owners.

Also use the site visits to improve the accuracy of your business data and contact information.

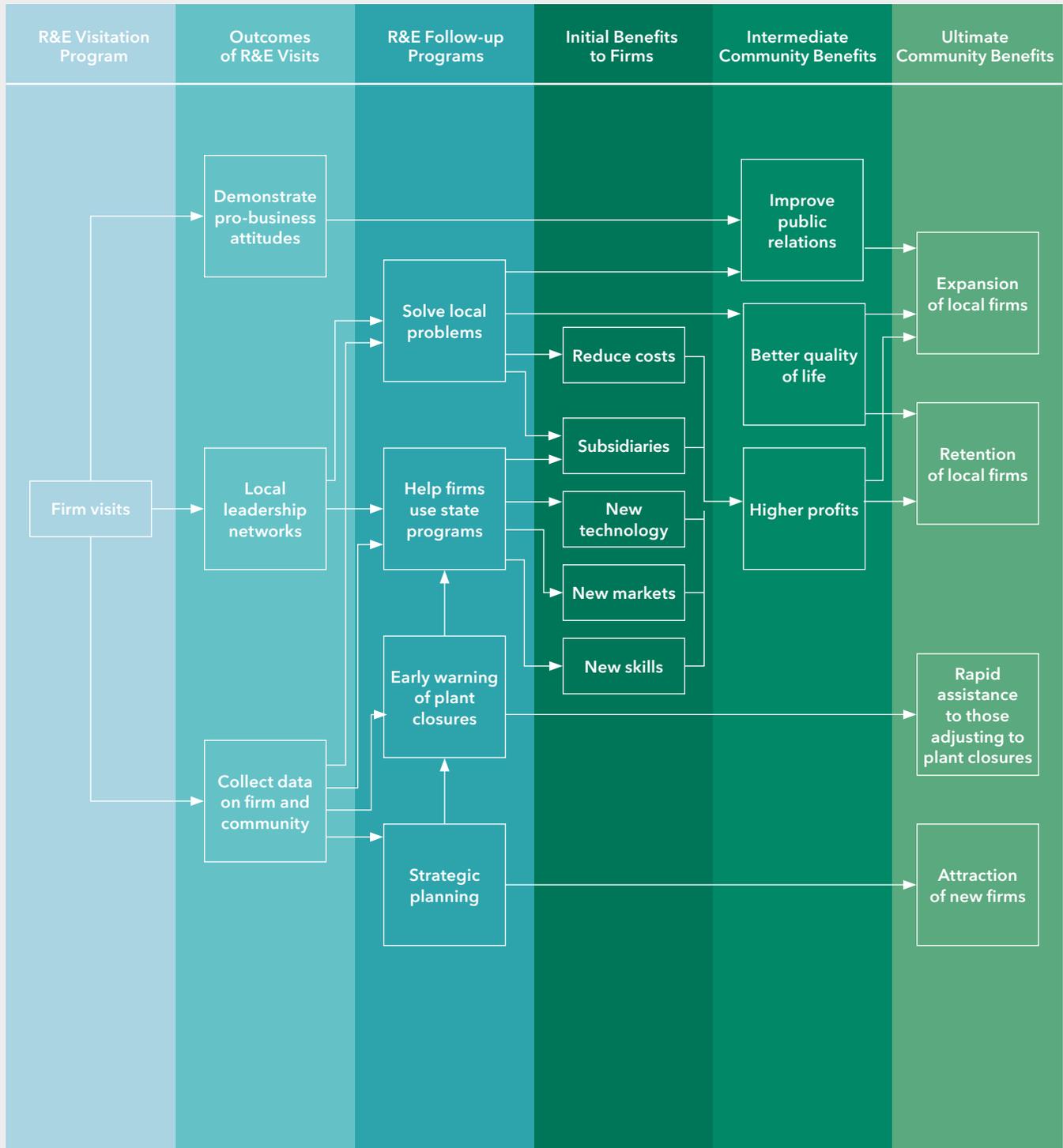
Benefits of a business retention visitation program:

- Identification of at-risk companies
- Identification of business issues and concerns impacting competitiveness
- Updating of data including employment levels and recruitment/ retention issues
- Discovery of future plans for contraction, closing, or expansion and capital investment
- Establishment of an ongoing communication process
- Making employers aware that they are a valued part of the community
- Indicating the willingness of the city to work with firms and solve problems

Use a CRM tool, such as free [HubSpot](#), or [Salesforce for Economic Developers](#) to manage your relationship with the employer, and record the program's impact.

Consider asking around to see which CRM tool your state and/ or regional EDO partners use. By using the same platform as key partners, it may be easier to share and integrate data.

Model of a Retention and Expansion Business Visitation Program



Source: George Morris, Community and Rural Development Institute, Cornell University

5. Create an early warning system

Create a red-yellow-green flag scoring system for the businesses in your CRM tool, based on the company-specific situation (e.g. plans by the parent company to consolidate, disrupted supply lines, virus outbreak at site), the impact of the pandemic and related economic downturn on the industry sector, and/or the business' ability to reform and restructure to survive and thrive in a post-pandemic economy.

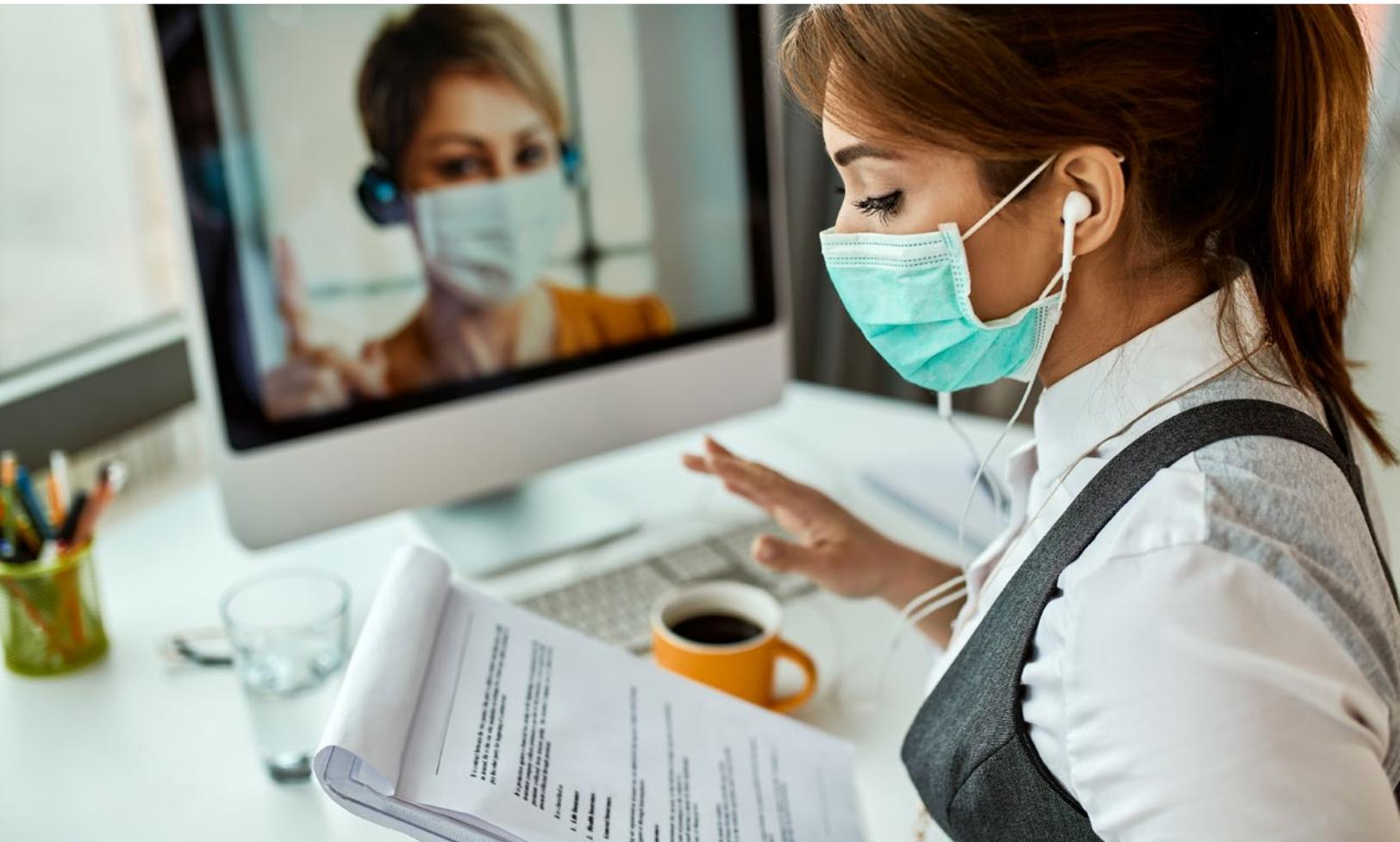
It may also be useful to ask your US State dislocated worker unit, or local government official in which the site is located to share Worker Adjustment and Retraining Notification Act (WARN) notices about plant closings and mass layoffs.

Target your incentives and supports, and communicate state and federal supports towards the target employers most at risk of plant contraction, closings and relocations.

6. Conduct surveys of local employers

Periodically, survey your local employers to better understand their current and projected needs in areas such as declining consumer/business demand, transportation, workforce development, and regulatory issues. Your key accounts team should also serve as a touch point for information and warnings about any potential problems.

Key questions might include: what challenges are you currently experiencing, what information or assistance could you use, what business assistance have you used or plan to use, do you plan to reduce/ expand operations, etc.



7. Become an information clearinghouse and provide access to contacts and networks

Strive to become a trusted adviser to the employer, as well as a single repository of the information and technical assistance that the employer needs. It should be your aim to be able to introduce the business to anyone in the city, find the answer to any of the business' questions, and identify the opportunities which can support the business' local operations. A good way to build a relationship is to educate your employers about federal and programmatic dollars which they can access.

Provide regular networking opportunities for local employers, for example, business roundtables with the Mayor/council members/senior officials, networking lunches, and meetings with local banks and university heads, etc.

8. Redesign your business attraction, expansion and retention incentives

During an economic downturn, you should consider refocusing the financial incentives that were used to recruit new businesses, such as tax breaks, attractive loan financing and grants, to support retention and expansion of existing businesses.

Examples of US financial incentives include²:

- Industrial development bonds
- HUD CDBG revolving capital fund
- EDA loans
- Revolving capital fund
- SBA 504 loans
- Restoration tax abatement
- Business retention and modernization tax credits (e.g. payroll, sales/use, investment, clean energy)
- FastStart/on the job/incumbent worker training program





9. Refresh your business attraction sector propositions and collect lead generation insights

While opportunities to attract businesses to your city will be significantly reduced during an economic downturn, there may still be opportunities, either in industries that are seeing a demand surge, or are being restructured.

Revisit your sector propositions and update your commercial real estate database (assessed value and taxes, last sale date and amount, availability for sale or rent, total square footage, amenities, zoning classes, historic status, condition, current tenants) for a post-pandemic economy.

Also, maintain relationships with industry leaders, “multipliers” (such as professional services firms, and real estate brokers) and site selectors; and/or get early intelligence from investment attraction platforms, such as [ROI Gazelle](#), [Conway Analytics](#), or [FDI Markets with investor signals](#).

10. Continue to communicate your city’s appeal

Finally, the current crisis is creating opportunities to stand out from the crowd.

Communicate that you have a plan, are responding quickly, and working as one team.

Continue to communicate your city’s positive attributes and trends and your supports for local businesses. Also, explain how you are continuing to invest in the city’s underlying strengths (infrastructure, transportation, talent pipeline, workforce skills, science base, etc.) and that you hope to emerge more sustainable, equitable and resilient.



About Bloomberg Philanthropies COVID-19 Response

Bloomberg Philanthropies' multi-pronged COVID-19 Response supports public health professionals and local leaders around the world in their efforts to mitigate the health, economic, and social consequences of the pandemic. Our response includes immediate support in low-income and middle-income countries most at-risk, resources for mayors and other local leaders, and support for social services and cultural organizations in the communities where the Bloomberg L.P. and Bloomberg Philanthropies' team lives and works.

- Globally, we are funding rapid response efforts - including equipment and training for frontline healthcare workers - in Africa and other low-income and middle-income countries around the world. We are also supporting vulnerable refugee populations around the world
- In the U.S., we are working with New York Governor, Andrew Cuomo, to launch a COVID-19 contact tracing program to help control the infection rate of the disease. We've also created a robust platform through our COVID-19 Local Response Initiative to support mayors and other local leaders
- In New York and London, we've helped launch funds to support local cultural and social service organizations affected by the pandemic and provided funding to feed frontline healthcare workers in 16 NYC hospitals
- We are also supporting research, including studies at Johns Hopkins University and NYU Langone Health

Learn more about our efforts at bloomberg.org/covid-19-response

About Bloomberg Associates

Bloomberg Associates is the philanthropic consulting arm of Michael R. Bloomberg's charitable organization, Bloomberg Philanthropies. Founded in 2014, we work side by side with client cities to improve the quality of life for residents, taking a strategic, collaborative, and results-oriented approach to make cities stronger, safer, more equitable and more efficient. Our team of globally recognized experts and industry leaders has worked with cities across the globe on hundreds of projects in order to ignite change and transform a dynamic vision into reality.



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