

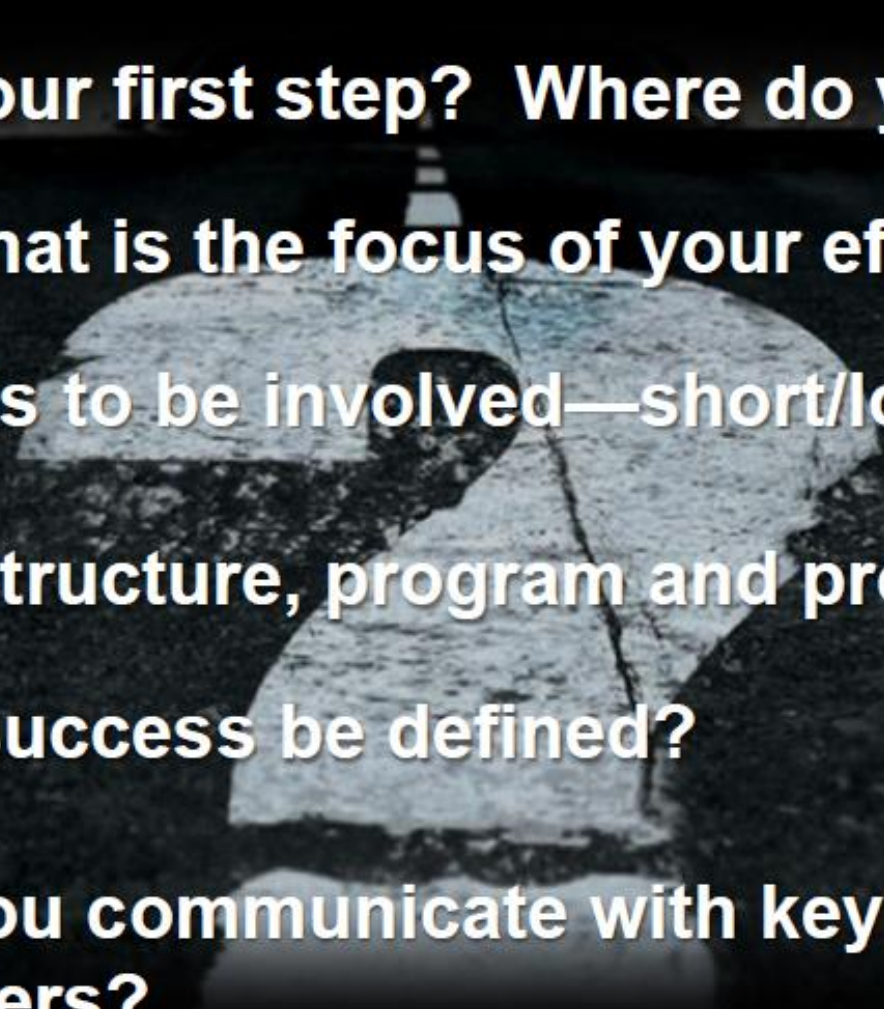
Lombard Business Retention & Engagement

**ECDC Presentation
January 9, 2017**

What is Economic Development?

“Economic
Development is more
than just throwing
money at a project”

William Heniff
Daily Herald, May 9, 2011



What is your first step? Where do you start?

Who or what is the focus of your effort?

Who needs to be involved—short/long term?

What do structure, program and process entail?

How will success be defined?

How do you communicate with key stakeholders?

How long will it take to see tangible results?

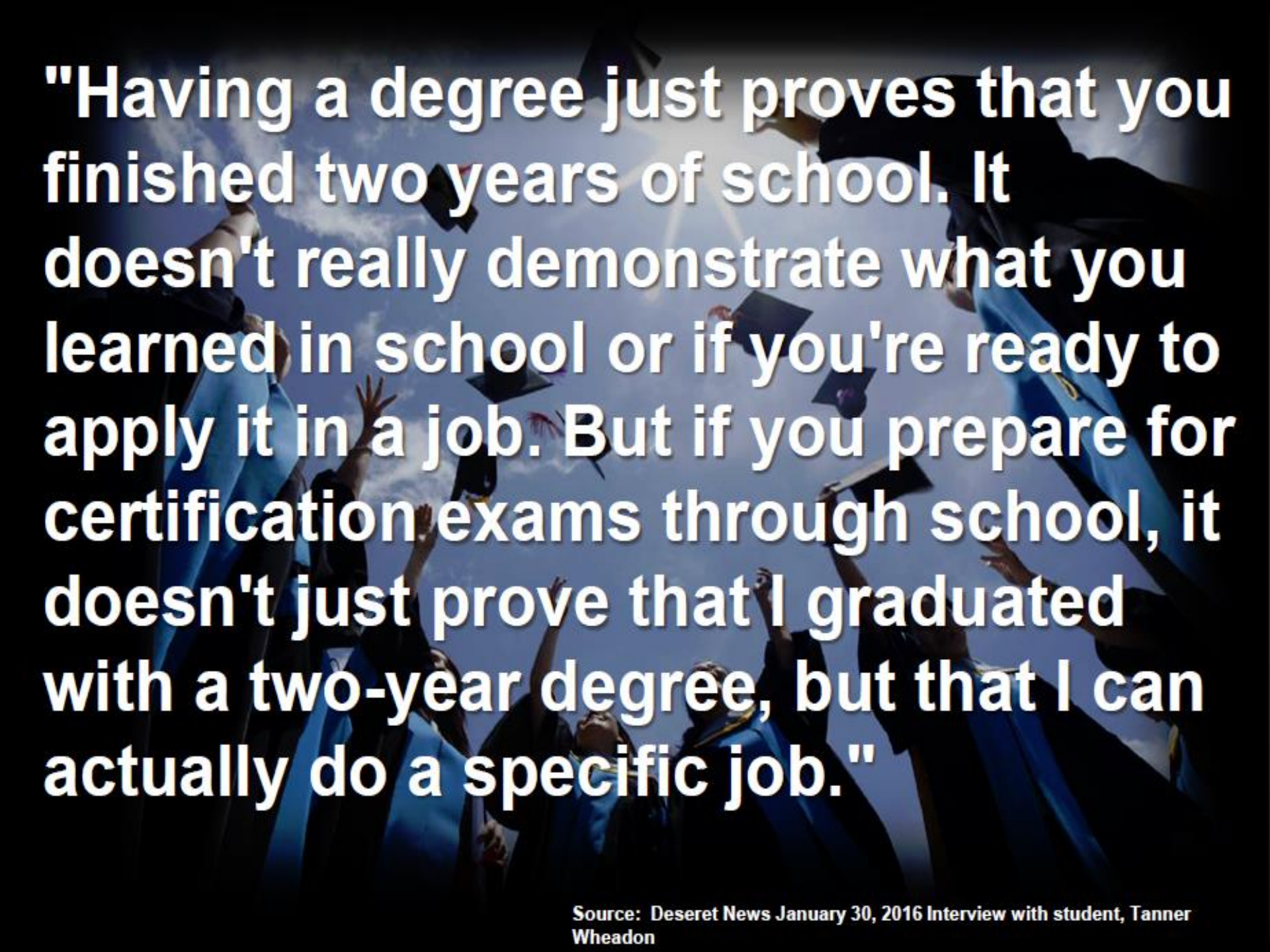
Workforce Trends

Skills-Education Gap

A recent Deloitte report on manufacturing identified a shortage of critical talent at all levels.



Going beyond Degrees

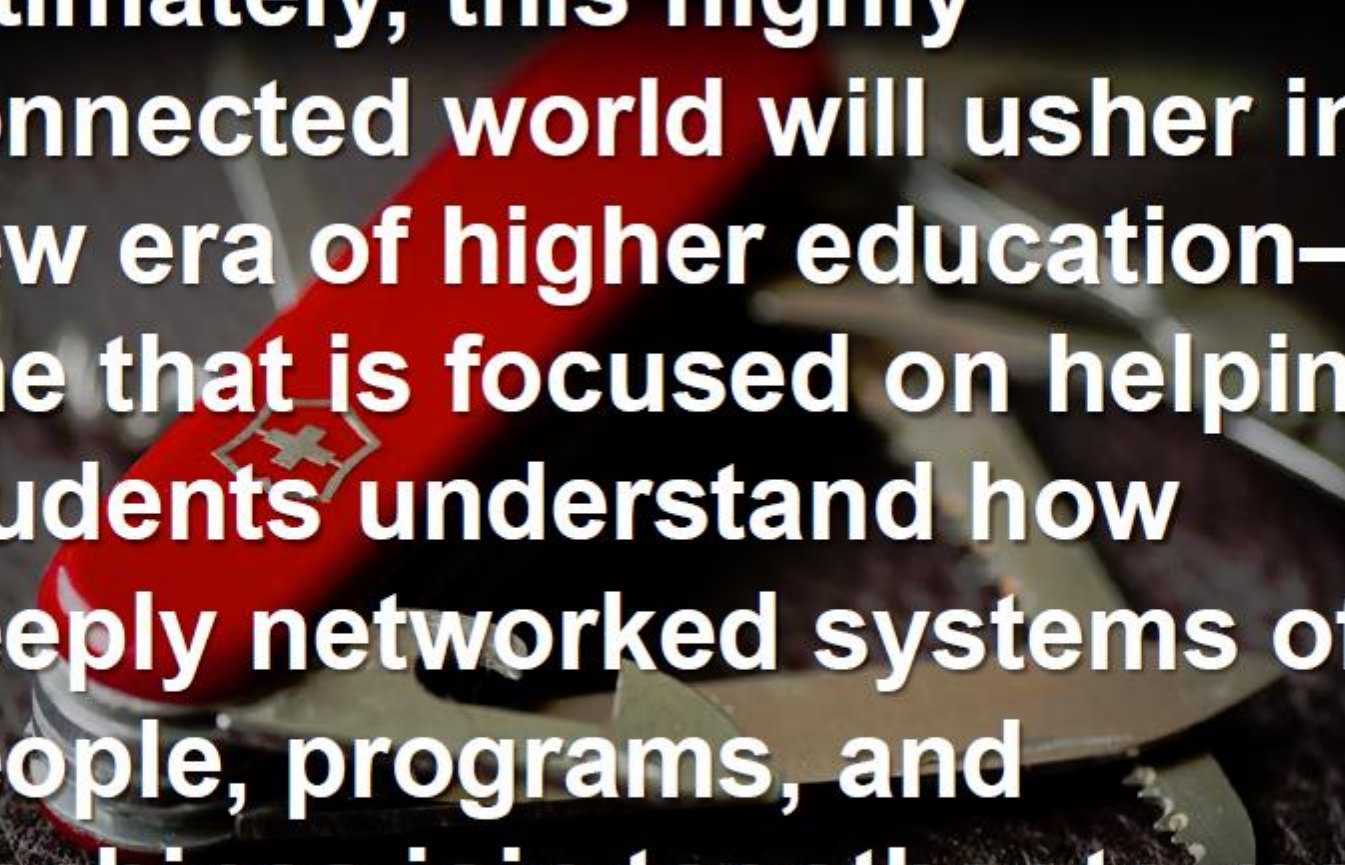


"Having a degree just proves that you finished two years of school. It doesn't really demonstrate what you learned in school or if you're ready to apply it in a job. But if you prepare for certification exams through school, it doesn't just prove that I graduated with a two-year degree, but that I can actually do a specific job."

Source: Deseret News January 30, 2016 Interview with student, Tanner Wheadon

Going beyond *S-T-E-M...*

Science, Technology, Engineering, Math



Ultimately, this highly connected world will usher in a new era of higher education—one that is focused on helping students understand how deeply networked systems of people, programs, and machines join together to make our workplaces function.

Part-Timers

The Labor Department has been collecting (*part-time workforce data*) since 1968, a time when only 13.5% of US employees were part-timers. That number peaked at 20.1% in January 2010. The latest data point—over five years later—is only modestly lower at 18.6% last month. If the pre-recession percentage is a recovery target, we're only about half-way there.

Nearly half of the 26.5 million Americans (46%) who work part-time are desperate to work full-time, according to a new report — “A Tale of Two Workforces: The Benefits and Burdens of Working Part Time” — by Rutgers University. The vast majority of the nation’s 26 million part-time workers — from college students working in coffee shops between classes to freelance computer software designers working for multinationals — receive no benefits beyond their paychecks and almost one-third say their financial condition is flat out poor.

Boomers

Over 74 million baby boomers will exit the workforce in the next 15 years.

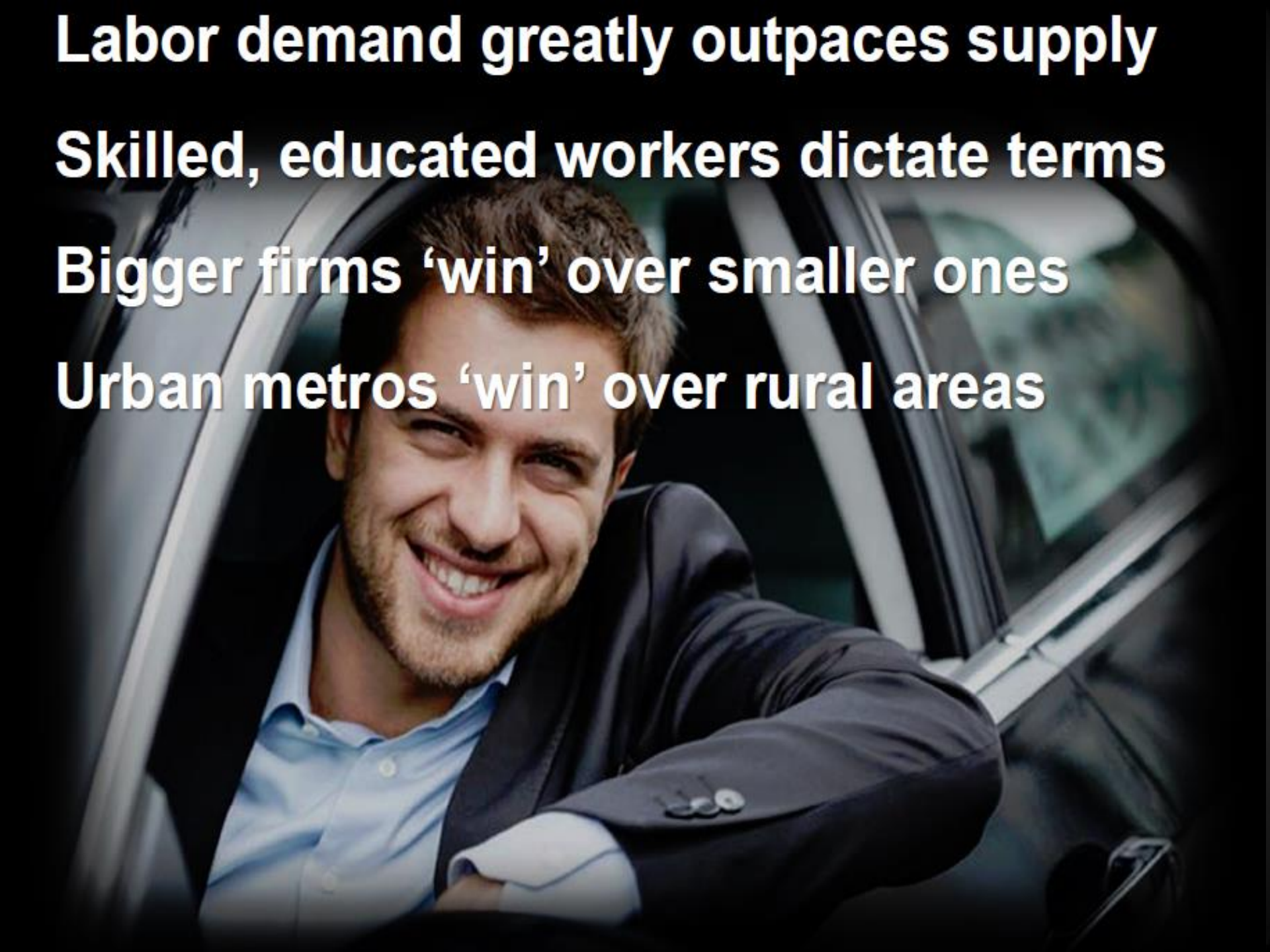
A photograph of four middle-aged men standing in a row, all with their arms crossed. The man on the far left is older, with a white beard and glasses, wearing a white button-down shirt. The other three men are slightly younger, wearing light blue button-down shirts. They are all looking towards the camera with serious expressions. The background is a plain, light-colored wall.

Labor demand greatly outpaces supply

Skilled, educated workers dictate terms

Bigger firms 'win' over smaller ones

Urban metros 'win' over rural areas



Factors

Leaving a deficit in total, net employment

Creating a shortage of skills/knowledge

New burdens on pensions, healthcare, etc.


Huge loss in consumer demand/spending

Changing the face of “retirement”

Bad in US, worse throughout the globe

Freelancers

By 2020, 40% of the US workforce (or 60 million people) will be freelance workers.

A woman with curly hair is lying on her side on a white couch, smiling while using a laptop. She is wearing a white tank top and blue jeans. The laptop is resting on her lap. The background is a plain, light-colored wall.

Factors

Ubiquitous high speed web access

Explosion of mobile applications

New acceptable workplace ecosystems

Culture of Millennials/Generation Y

Business cost containment (healthcare)

Factors

Largest, most diverse generation in the US

Have been shaped by technology

Value community, family and creativity


High investment in human capital

Likely to stay with early stage employers

longer

Delay or forgo marriage and home

Education Gaps



“...starting school behind makes it likely that early disadvantages will persist as children progress through school—and last into their entire adult lives.”

Source: Economic Policy Institute June 17, 2015

**SO, WHAT DOES
ALL THIS MEAN?**

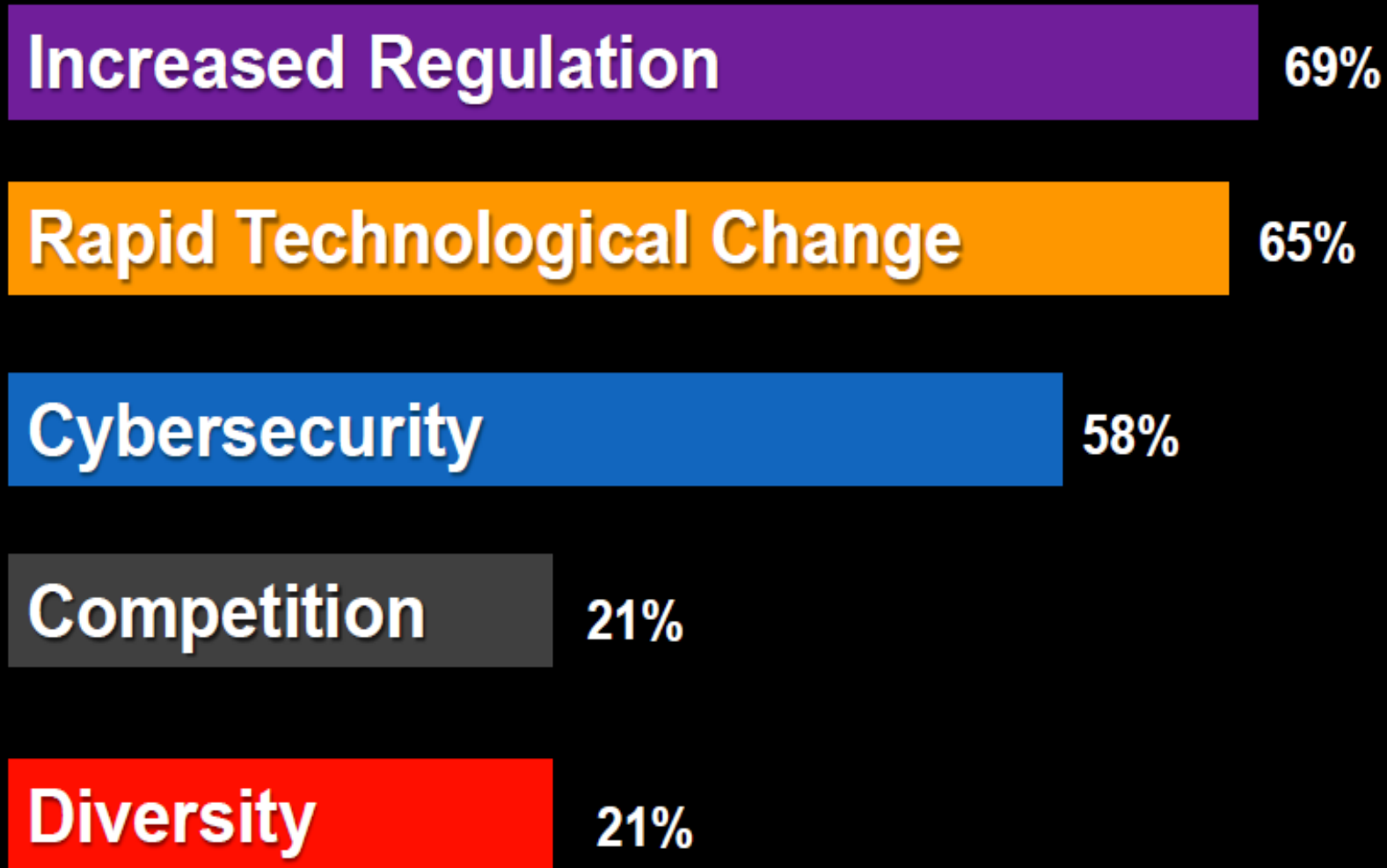


**As economic
developers, we have to
adapt to this change or
become irrelevant to
the private sector.**

**So, what keeps
them up at night?**



Fortune 500 Challenges



Economic Development

Growing the Economy

Three A-frame sawhorses are positioned against a dark red brick wall. The sawhorse on the left is yellow, the one in the middle is red, and the one on the right is green. They are all standing on a wooden surface. The text is overlaid on the image.

Entrepreneurial Development

Business Recruitment

Business Retention/Expansion

The vast majority of jobs are created by businesses that start up or are already present in a state — not by the relocation or branching into a state by out-of-state firms. Jobs that move into one state from another typically represent only 1 to 4 percent of total job creation each year, depending on the state. Jobs created by out-of-state businesses expanding into a state through the opening of new branches represent less than one-sixth of total job creation. In other words, “home-grown” jobs contribute more than 80 percent of total job creation in every state.

Moreover, most startups fail. Within five years, more than half are gone and many others go out of business a few years later. **Among the survivors, most start small and stay small.**

New Firms

High birth rates

High mortality rates

Low impact (*jobs, investment, wages*)

Resource and cost intensive

Inexperienced, unsophisticated decision makers

Low multiplier effect (*economic spin*)

Low ROI

Prospect (FDI) Firms

Extremely competitive market

Economic development inflation

Moderate-to-high impact (*jobs, investment, wages*)

Resource and cost intensive

Highly experienced, sophisticated decision makers

High multiplier effect (*economic spin*)

Moderate ROI

Existing Firms

Home court advantage

Moderate-to-high impact (*jobs, investment, wages*)

Resource and cost effective

Moderately experienced, sophisticated decision makers

High multiplier effect (*economic spin*)

High ROI


Customer Retention



**Customer retention is
relationship based.**



**It occurs when you
consistently meet
customer expectations.**

A red pushpin is pinned to a calendar page. The calendar shows dates from 3 to 13. The text is overlaid on the calendar.

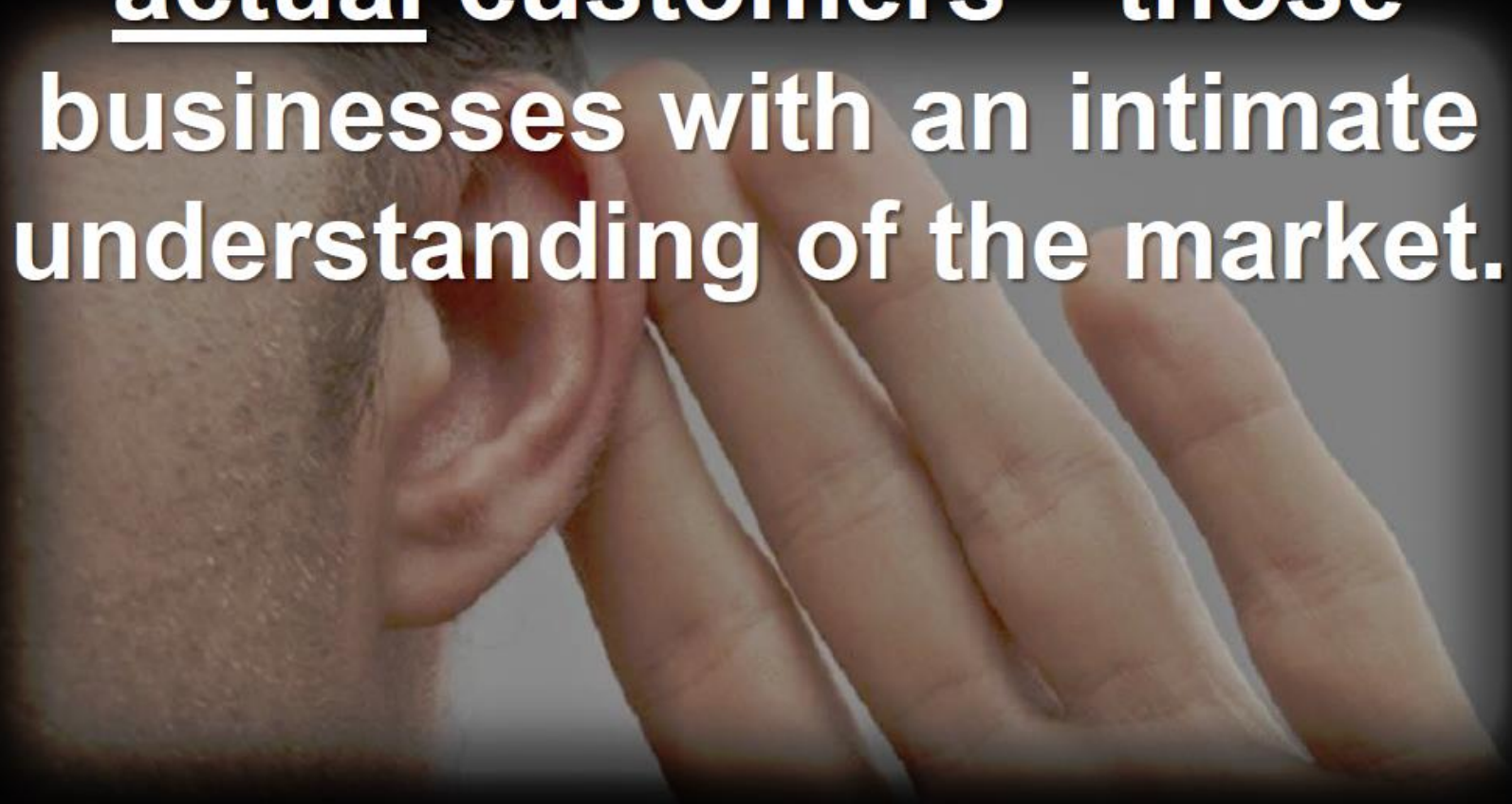
**It takes 12 positive
customer experiences
to overcome a negative
one.**

Why Business Retention?

**It generates 70-85% of all jobs
and investment impact in your
trading area—regardless of
your success with recruitment
and entrepreneurial
development**



**It allows you to interact with,
and get feedback from, your
actual customers—those
businesses with an intimate
understanding of the market.**



**It is up to 10 times cheaper to
keep and grow resident firms
than to attract or start new ones**



**It provides leverage—
facilitating smart recruitment
and entrepreneurial
development**

1.

2.

3.

4.

5.

6.



It is a “team sport” that facilitates a cohesive and collaborative approach to economic development



**It drives creation of relevant
policies, strategies and
programs—all with impact
beyond existing industry**



BR&E

Yesterday

and Today

“Old School” BR&E

Richmond Starting Business Retention and Expansion Program



By Dan DeBaun January 15, 2015 12:00 AM



Share on Facebook



Share on Twitter



Photo: Joshua Akkerman, WJON News

RICHMOND - Richmond is starting its area business retention and expansion program on Thursday.

The program will work with area businesses to give them feedback on how to be more competitive. A group of 20 to 40 volunteers will visit about 80 businesses.

During a visit, two volunteers will gather information on business strengths and weaknesses using a 10-page questionnaire. After results are gathered, a task force will review the findings to present to the city.

Adeel Ahmed is an associate extension professor at the University of Minnesota Extension Center for Community Vitality and will be leading the program. He says they are still looking for about 20 volunteers.

Anyone interested can send Ahmed an email at ahme0004@umn.edu, they can also attend the first training session on Thursday at 6:00 p.m. at Jerry's Firehouse Grill in Richmond. A second training session will take place on January 20th before the program gets started.

The “S” Word



99.5%

**Percentage of newly
created digital data that's
never analyzed.**

Source: MIT Technology Review

“We are focusing more on providing assistance to companies and not so much on gathering individual company data. Therefore, we streamlined the survey so that our partners focus more on problem solving.”



Mr. Lance Randall
Former Program Manager, Grow Seattle
City of Seattle, Washington

**Survey-based BR&E is not
agile enough for globally
competitive markets and
companies today.**



Aftercare

Aftercare Begins

A photograph of a baseball field, showing a section of the red dirt base path and the adjacent green grass. The image is used as a background for the text.

The day after you win an FDI or investment/attraction project, your aftercare program should begin .

One-To-One

Dear Amazon.com Customer,

We've noticed that customers who have purchased or rated books by Michael E. Porter have also purchased *Climate Change and the World Bank Group Phase 1: An Evaluation of World Bank Win-win Energy Policy Reforms (Independent Evaluation Group Studies)* by World Bank. For this reason, you might like to know that *Climate Change and the World Bank Group Phase 1: An Evaluation of World Bank Win-win Energy Policy Reforms (Independent Evaluation Group Studies)* will be released soon. You can pre-order yours by following the link below.

Drucker on Customers and Resources



**“In an economic cause, one asks:
Is this the best application of our
scarce resources? There is so much
work to be done. Let’s put our
resources where the results are.”**

**Peter Drucker
Managing the Non-Profit (1992)**

Customer Relationship Management (CRM)




**Not a technology
or set of technologies**

Source: Peppers and Rogers

Customer Relationship Management (CRM)

An approach that takes you toward customers--backed up by a thoughtful investment in people, technology and business processes.

A close-up photograph of a hammer striking a nail. The hammer head is dark and metallic, and the handle is light-colored wood. The nail is being driven into a wooden surface, and a bright burst of orange and yellow sparks is visible at the point of impact. The background is dark and out of focus.

**"If the only tool you
have is a hammer, you
will see every problem
as a nail."**

Source: Abraham Maslow, Motivational Theorist

“Old” Marketing Model

The “old model” treats all customers the same.

The endgame is increased market share.



“New” Marketing Model

The “new model” treats all customers differently.

The endgame is increased *share of the customer.*

A dark-colored Ford Mustang is shown from a rear three-quarter view, driving on a road that curves through a hilly, dry landscape. The car is dark, possibly black or dark blue, and has a 'GT' badge on the rear. The background consists of rolling hills under a bright sky.



Reward Zone customers account for only 30% of transactions at Best Buy but spend more than twice as much as regular customers.

(\$850 versus \$400 per year)



Consumer Research Partners found that Amazon *Prime* members spend \$1,500 a year on average, compared to non-members who spend \$625 a year.

The Learning Relationship

Operate on a “need to know” basis.

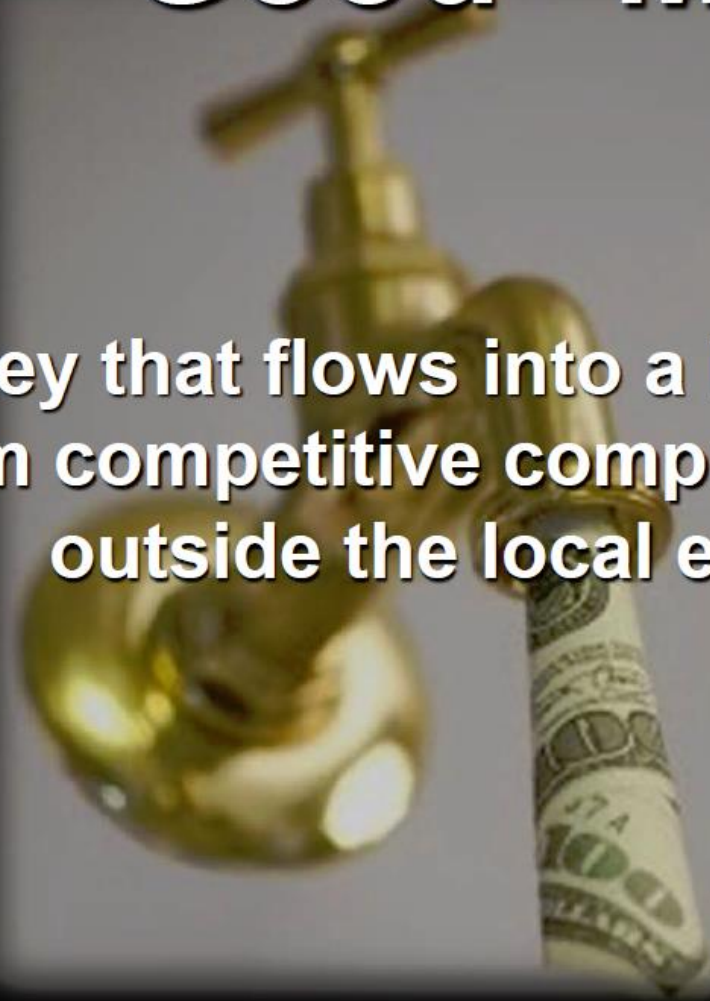
KNOW EVERYTHING
ABOUT YOUR
CUSTOMERS.



Customers

“Good” Money

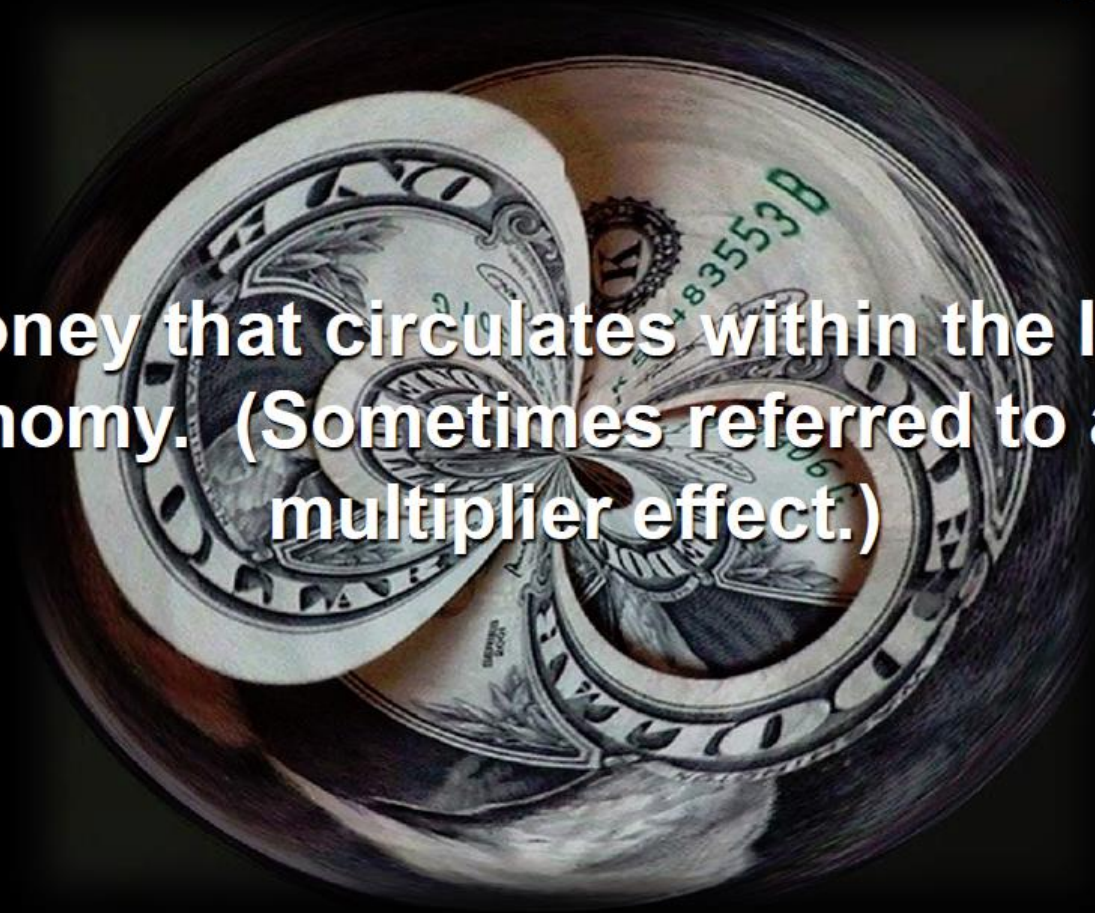
**Money that flows into a local economy
from competitive companies that sell
outside the local economy.**



David Morgenthaler-Morgenthaler Ventures

“Neutral” Money

Money that circulates within the local economy. (Sometimes referred to as the multiplier effect.)



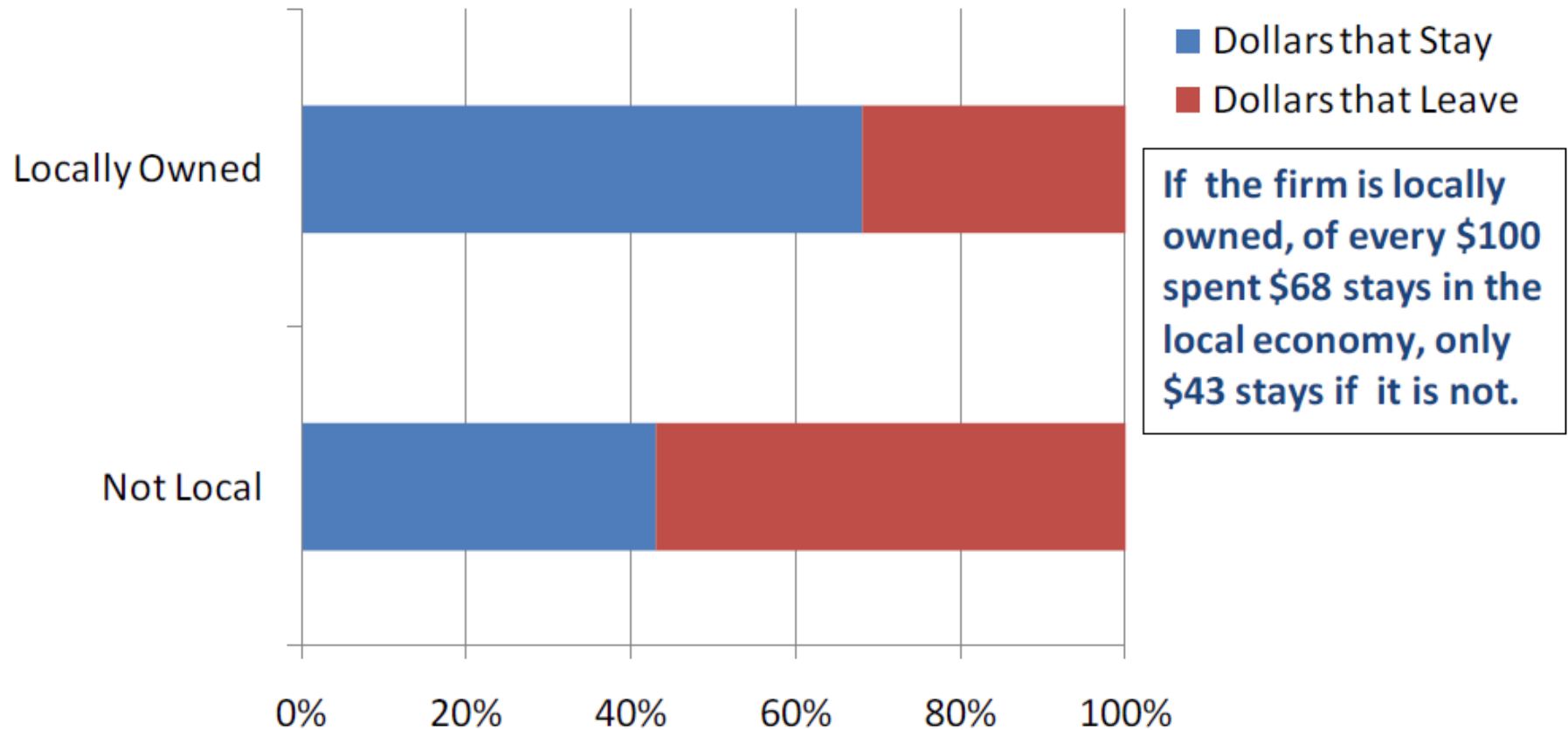
David Morgenthaler-Morgenthaler Ventures

“Bad” Money

Money that leaks out of the local economy in the form of people or purchases.

David Morgenthaler-Morgenthaler Ventures

Local Ownership



Your *Best Bet* Customers

Create wealth by exporting goods/services (good money)

Provide quality jobs and high wages

Generate capital investment in the community

Incorporate technology into products and processes

Are eligible for ED programs and resources

Want our help to stay and grow

Grown locally

Objective, Outcomes & Benefits

Outcomes

Thank the CEO (*show the love*)

Learn about the company and match needs to available programs

Use CEO views and opinions to create a better business climate

Benefits

Directs ED resources to your 'best' firms

Assists firms in becoming globally competitive

Creates a more accountable ED 'system'

Galvanizes the ED Community

Stretches limited ED resources



Customer Outreach Checklist



Systematic and sustainable

Relationship based

Value (ROI) for the customer

Recency and frequency of interactions

Focused on tangible outcomes

Strategic focus on select customers

Driving programs, policies, strategies

Customer Care Checklist



Capable of filling all company needs

Is wide and deep

Dynamic, agile

Team protocols/rules of engagement

Regular team meetings/accountability

Provides transparent client service

No sacred cows!

A sales, marketing and tech function

Must have “street cred”

Based on metrics/measurements

Not chasing moving targets

Promoting direct & indirect outcomes

Not a popularity contest!

The key determinant of success

Customer Outreach

A Static Approach...

October 2012			
Sunday	Monday	Tuesday	Wednesday
	1	2	3
7	8 Columbus Day	9	10
14	15	16	17
21	22	23	24
28	29	30	31

October 2013			
Sunday	Monday	Tuesday	Wednesday
		1	2
6	7	8	9
13	14 Columbus Day	15	16
20	21	22	23
27	28	29	30

October 2014						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4	
5	6	7	8	9	10	11
12	13 Columbus Day	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31 Halloween	

A Dynamic Approach...

2016

JANUARY

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

FEBRUARY

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
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14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					

MARCH

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
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6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

APRIL

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
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17	18	19	20	21	22	23
24	25	26	27	28	29	30

MAY

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2	3	4	5	6	7
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

JUNE

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
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18	19	20	21	22	23	24
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JULY

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
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10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

AUGUST

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1	2	3	4	5	6
7	8	9	10	11	12	13
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21	22	23	24	25	26	27
28	29	30	31			

SEPTEMBER

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
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11	12	13	14	15	16	17
18	19	20	21	22	23	24
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OCTOBER

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						1
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

NOVEMBER

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
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13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

DECEMBER

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
					1	2
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10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

New Framework

Social Media

Business Walks

Focus Groups

High Value Content

Traditional Outreach

100+

1

Formal Visitation

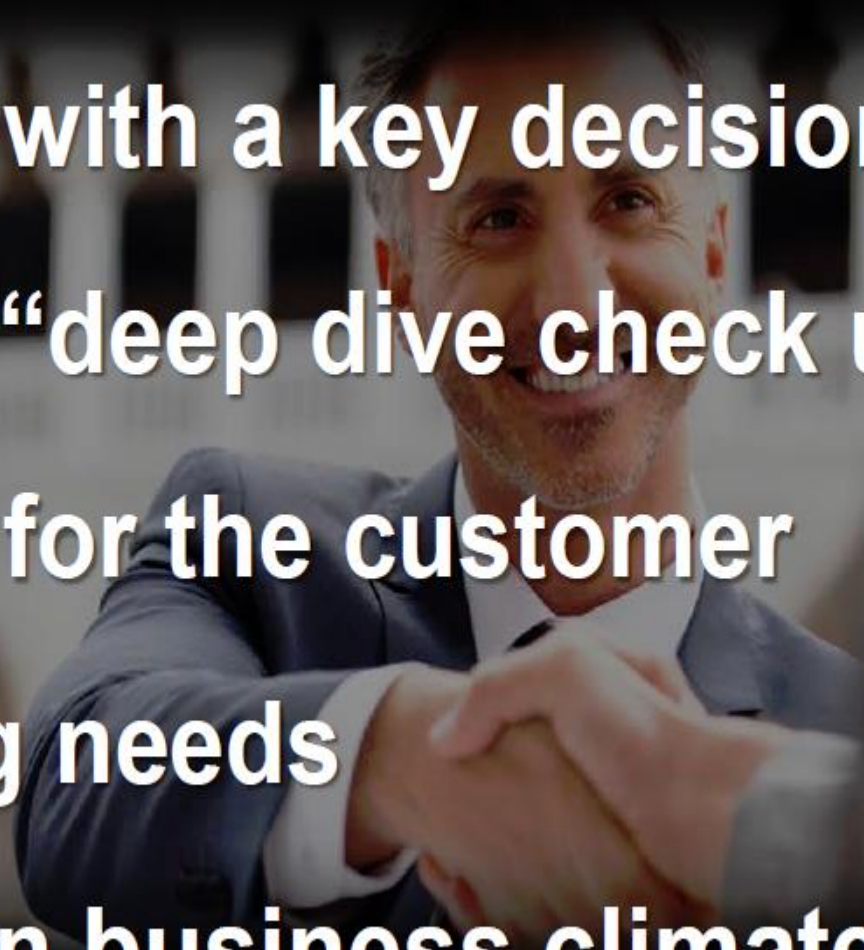
One-to-one with a key decision maker

The annual “deep dive check up”

Value (ROI) for the customer

Determining needs

Feedback on business climate



High Value Content

Many-to-many interactions/dynamic

Relevant, value added topics

Informal, social networking

Understanding needs

Feedback on business climate

Allows for customer segmentation

Focus Groups

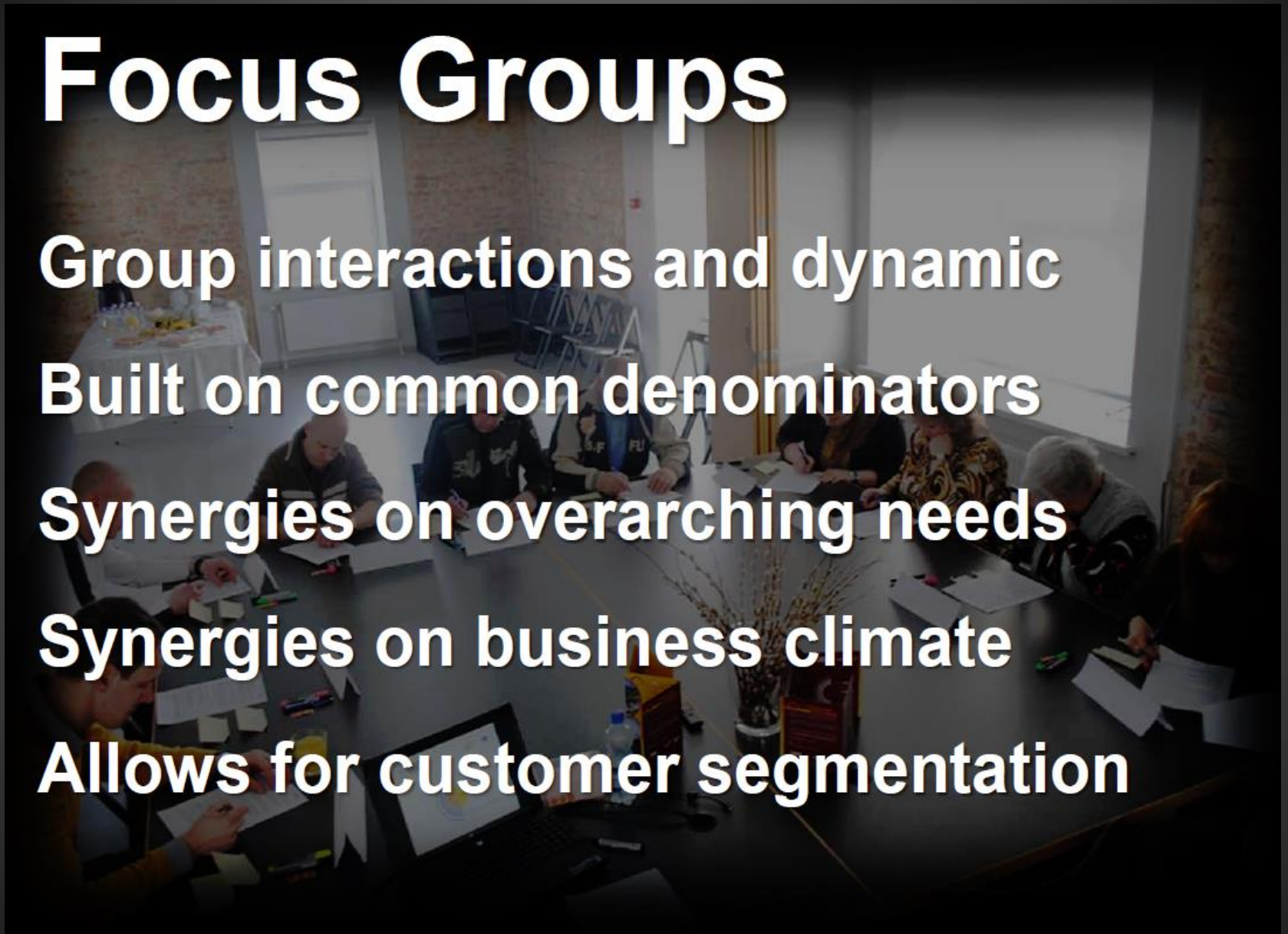
Group interactions and dynamic

Built on common denominators

Synergies on overarching needs

Synergies on business climate

Allows for customer segmentation



Focus Group: Logistics

A row of white folding chairs is shown from a high angle, receding into the distance. One chair in the middle of the row is yellow, standing out from the others. The background is dark and slightly blurred.

Develop a working committee

Examine “Best Practices”

Conduct a “Compression Planning Session”

Employ Creative Staffing Solutions

Business Walks

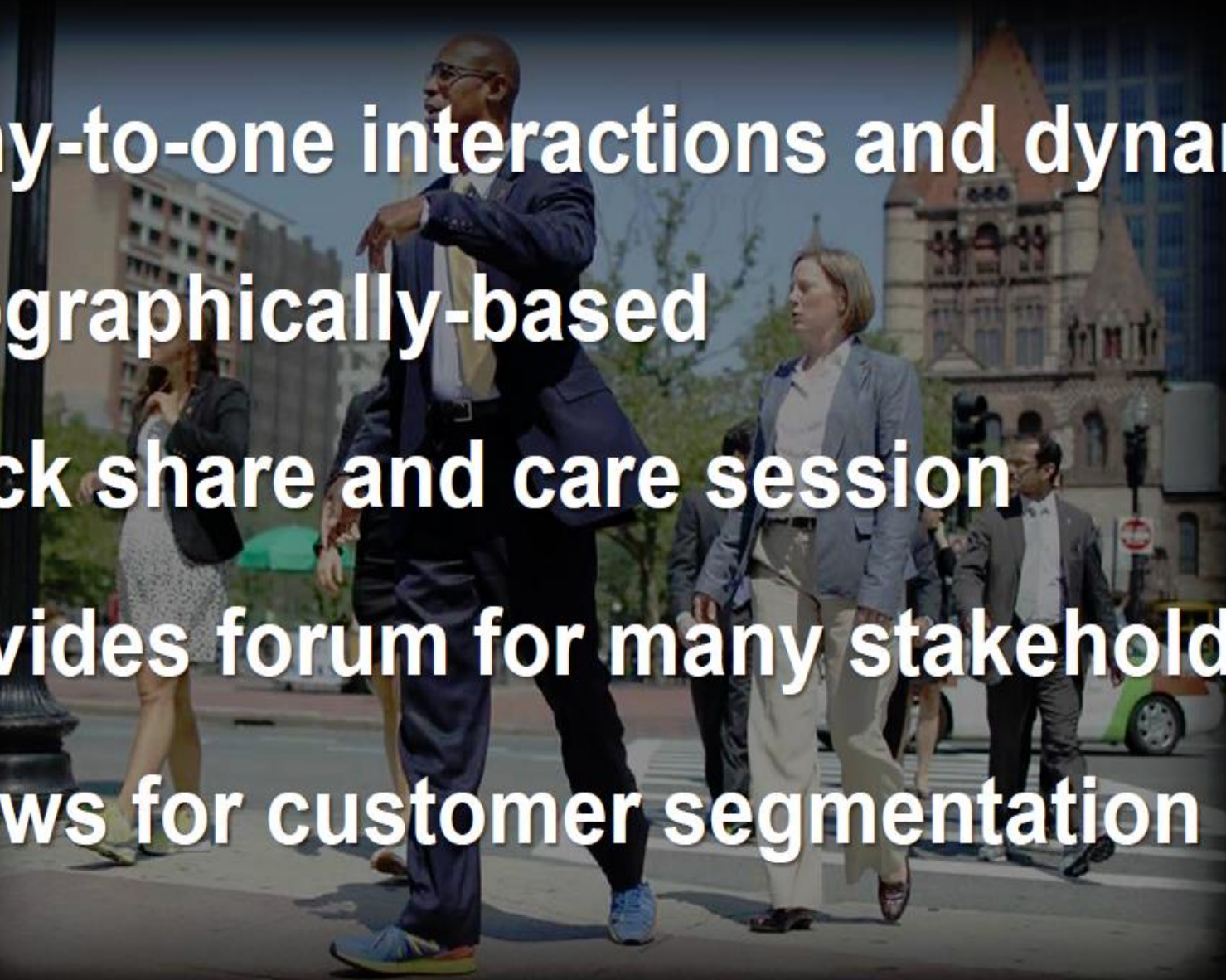
Many-to-one interactions and dynamic

Geographically-based

Quick share and care session

Provides forum for many stakeholders

Allows for customer segmentation



Questions

The background of the slide is dark with a light gray circular glow in the center. Scattered throughout the glow are several 3D question marks. Most are black, but one in the lower-middle section is a vibrant blue. The question marks vary in size and orientation, creating a sense of depth and inquiry.

How is Business?

What do you like most about doing business in the region?

What can be done to make your business thrive?

What specific information would you like to have access to?

Social Media

All types of interactions

Various “channels”

Used to disseminate information

For policy and/or strategy positions

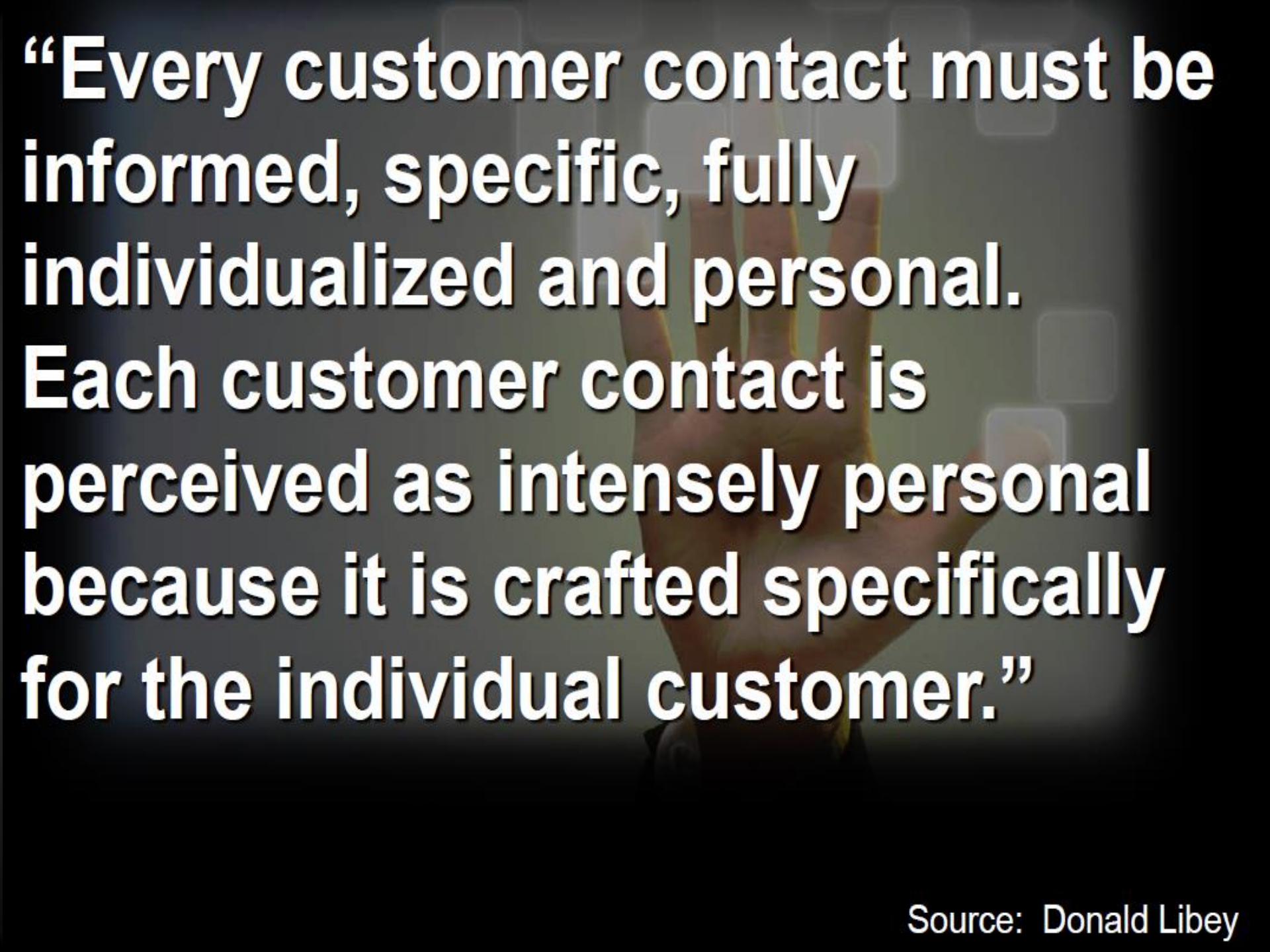
To send “trial balloons”

Used to promote the market area



Typical Frequency

<u>TYPE OF OUTREACH</u>	<u>ANNUAL GOAL</u>
Formal Visitation	500
High Value Content	24
Focus Groups	12
Business Walks	24
Social Media	1,500

A hand is shown reaching upwards from the bottom center of the frame. A vertical path of light, composed of several glowing square shapes, extends from the hand towards the top of the image. The background is dark and textured.

“Every customer contact must be informed, specific, fully individualized and personal. Each customer contact is perceived as intensely personal because it is crafted specifically for the individual customer.”

Source: Donald Libey

Early Warning Signals

The background of the slide is a dramatic, dark sky with a bright yellow-orange glow at the bottom, suggesting a sunset or sunrise. Several bright white lightning bolts are visible, striking down from the clouds. The overall mood is ominous and urgent.

Declining employment and/or sales

Larger non-local corporate ownership

Recent ownership changes

Lease of property

Other facilities making same product or service

Negative attitude about community

Unbearable regulatory burdens

Union contract expiration

Expanding employment and/or sales

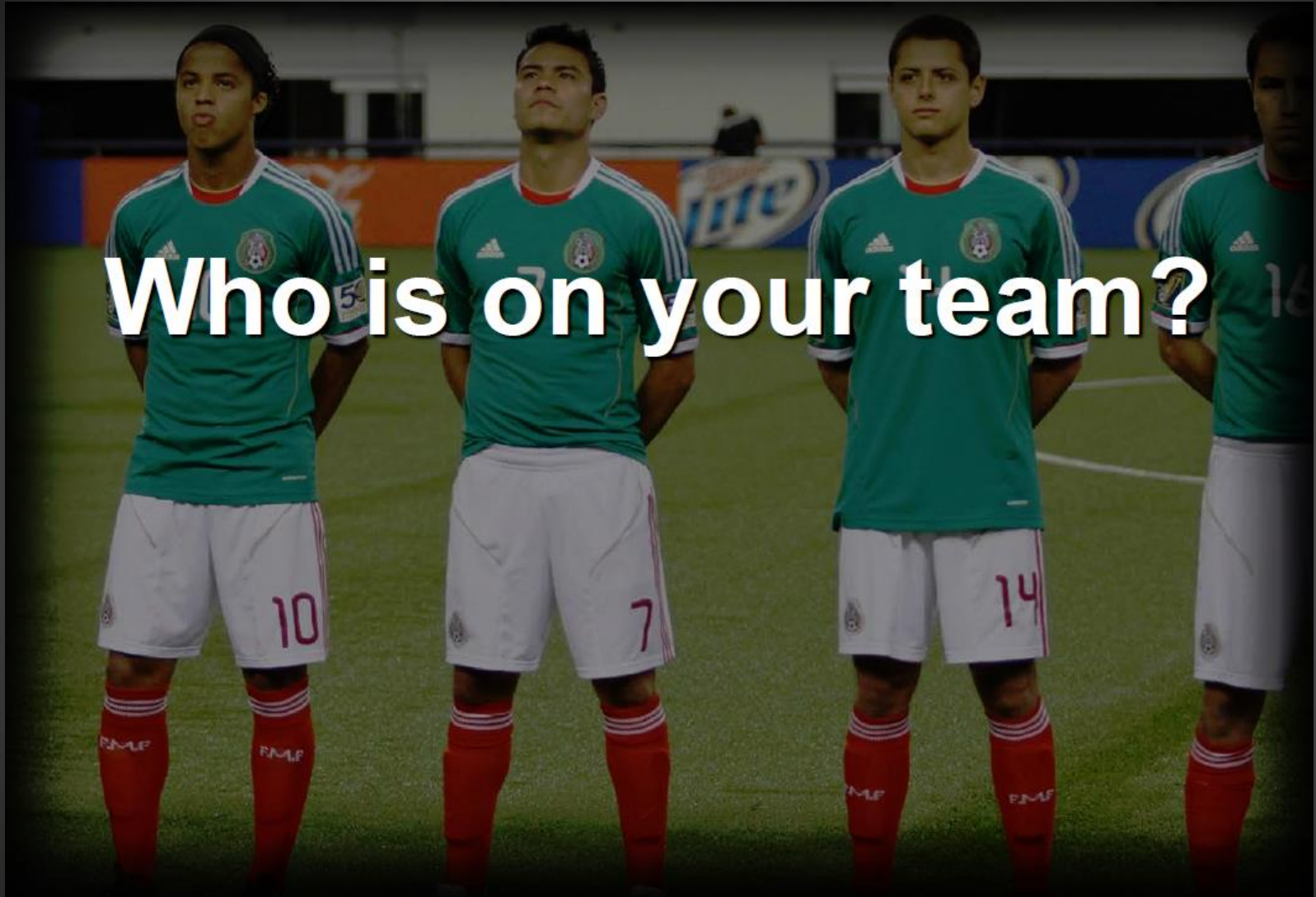
Facility and site expansions

A group of Mexican soccer players in green jerseys are celebrating on a field. Some players have their arms raised, and one player in the foreground has his mouth open in a shout. The jerseys feature the Mexican national flag and the name 'CORTES' on the back of one player. The background is a blurred crowd of spectators.

**Focus on the
actionable,
focus on the
winnable.**

Customer Care

Who is on your team?



A chalkboard with a dark green background. The words 'My role' are written in white chalk at the top, and 'is' is written below them. A horizontal white chalk line is drawn across the bottom of the board.

What role do they play?

ECDC 2017 Next Steps

- Bring in and engage “teammates”
- Determine Priorities
- Actions/Implementation

What is Economic Development?