Professional Practice of Business Retention & Expansion (BR&E)

Research Findings from Interviews with Economic Development Officials (EDOs) in Minnesota

Authored by Michael Darger, based on research by Katrina Becker
Professional Practice of Business Retention & Expansion (BR&E)

RESEARCH FINDINGS FROM INTERVIEWS WITH ECONOMIC DEVELOPMENT OFFICIALS (EDOS) IN MINNESOTA

February 2018

Authored by Michael Darger, Director of Business Retention & Expansion Program, Extension Center for Community Vitality, based on research by Katrina Becker, Graduate Research Assistant

Editor:
Elyse Paxton, Senior Editor, Extension Center for Community Vitality

Report Reviewers:
Colleen Eddy, Economic Development Specialist, City of Elk River
Guy Fischer, Economic Development Coordinator, Becker County
Bruce Schwartau, Community Economics Program Leader, Extension Center for Community Vitality
Scott Chazdon, Research and Evaluation Specialist, Extension Center for Community Vitality
Joyce Hoelting, Assistant Director, Extension Center for Community Vitality

Partners/Sponsors:
University of Minnesota Crookston EDA

© 2018 Regents of the University of Minnesota. All rights reserved. University of Minnesota Extension is an equal opportunity educator and employer. In accordance with the Americans with Disabilities Act, this material is available in alternative formats upon request. Direct requests to 612-625-8233. Printed on recycled and recyclable paper with at least 10 percent postconsumer waste material.
# Table of Contents

**Executive Summary**  
Why this study? ........................................................................................................................... 1  
What did we find about BR&E practice? ....................................................................................... 1  
  - Overview .................................................................................................................................. 1  
  - What works or doesn’t work? ..................................................................................................... 1  
  - BR&E strategies/metrics. ........................................................................................................... 1  
Data Collection and Analysis ......................................................................................................... 2  
Needs and opportunities .................................................................................................................. 2  

**Methods**  
Overview ....................................................................................................................................... 3  
Who was interviewed? .................................................................................................................... 3  
Interview guide ............................................................................................................................... 5  
Interviews ....................................................................................................................................... 5  
Qualitative and quantitative analysis .............................................................................................. 6  
Limitations and caveats ................................................................................................................... 6  

**BR&E Overview**  
What is it? ....................................................................................................................................... 7  
Why is BR&E important? .................................................................................................................. 7  

**Findings from BR&E Interviews**  
Activities performed by the EDOs ................................................................................................. 8  
Formal vs. informal BR&E ............................................................................................................... 8  
Key steps and activities in formal BR&E programs ........................................................................ 10  
Use of volunteers in BR&E ............................................................................................................ 11  
How systematic are the visits? ....................................................................................................... 11  
Methods for data collection and analysis ....................................................................................... 12  
BR&E vs. business attraction ........................................................................................................... 13  
Strategies used in BR&E ............................................................................................................... 14  
Metrics ............................................................................................................................................ 15  
Grow Minnesota .............................................................................................................................. 16
EXECUTIVE SUMMARY

Why this study?

The University of Minnesota Extension Center for Community Vitality initiated this research to explore the hypothesis that today's on-the-ground professional practice of Business Retention & Expansion (BR&E) tends to happen in a continuous fashion, with a focus on relationship building and learning the status of individual businesses. “Continuous” is defined as visits to businesses taking place throughout the year rather than during a concentrated period of weeks or months. “Relationship building” means the primary purpose of business visits is to create goodwill and understanding so the business can be assisted as needed by the Economic Development Official (EDO). According to this hypothesis, gathering information about individual businesses is a higher priority for EDOs than aggregating data across many businesses for the purposes of analyzing the big picture. See the methods section below for a full description of interviews with 23 Minnesota EDOs.

What did we find about BR&E practice?

OVERVIEW

BR&E is regarded as an activity central to the mission of the responding EDOs. Those interviewed were generally more focused on growing businesses “from within” the community/region than “attracting outside businesses.”1 Most interviewees stated they have “formal” BR&E programs. A large majority conduct business visitation on an ongoing basis rather than conducting many visits within a short season. Business visits are typically conducted by professional EDO staff rather than volunteers.

WHAT WORKS OR DOESN’T WORK?

Far and away, the positive theme (i.e., things that are going well) described most often in the interviews was relationship building with businesses (15 respondents). Among the things that could use improvement, however, interviewees most often mentioned the need for more staff time and larger budgets. Other concerns about activities not going well in communities included: multiple EDOs/organizations visiting the same businesses, a need for more consistent visits and follow-ups, and a lack of coordination with partners. For more details, see the findings section.

R&E STRATEGIES/METRICS

In terms of “BR&E strategies,” the EDOs regarded partnering with government, and separately with chambers, as the two most important BR&E strategies.2 Moreover, EDOs reported using these two strategies the most, followed by BR&E surveys. Among a list of International Economic Development Council (IEDC) metrics used to measure the success of BR&E, interviewees regarded the number of

1 The quotes in this sentence are verbatim from an actual interview question posed to the EDOs (question 13 in Appendix 1).
2 The list was identified from a 2013 International Economic Development Council (IEDC) survey and replicated into the interview guide for this research.
businesses expanded as first, and the number of jobs expanded as second most important. For some respondents, the use of metrics for BR&E is clearly an unfamiliar, or even unused concept.

DATA COLLECTION AND ANALYSIS
There was a notable variation among the EDOs in terms of data collection and aggregation. Most respondents utilize some type of software program for data collection. In fact, a third of respondents use Salesforce, a customer relationship management (CRM) software system. However, another third don’t use any software for data collection and aggregation. In terms of data analysis, few respondents discussed data aggregation and analysis.

Needs and opportunities
As stated above, among the things working well in BR&E, building trust and relationships was mentioned most often. The EDOs view building relationships as their most important responsibility. This is encouraging because working with businesses in an EDO’s “backyard” is arguably the “lowest hanging fruit” for economic development success.

Several EDOs wish they had more time and money to enhance their BR&E efforts. To a lesser extent, they expressed concerns about overlapping BR&E outreach (by different organizations) and a need for enhanced coordination with partners. This suggests opportunities for program improvement by the EDOs and their partners or potential partners. EDOs might consider implementing more systematic procedures for data collection and analysis, more proactive engagement with overlapping organizations to share BR&E data and coordinate visits, or strategies to increase contact and communications with businesses between visits.

An EDO focus on learning from and responding to individual businesses, as stated above, makes sense. However, EDOs who do continuous visitation without periodically pausing to look at the big picture may miss an opportunity to convert BR&E data into strategic opportunities. If businesses in a community are essentially the “customers” for an economic development organization, then it follows that analyzing BR&E data and discussing it with key stakeholders is market research. Disciplined analysis informs the EDO organization so they can respond to general business needs (i.e., their customers).3

Finally, it will be no surprise to informed readers that this research confirms that workforce shortages are the preeminent concern in economic development today. This is apparent from interviews and from other sources in Minnesota4 and nationally. Employers are having a difficult time finding, hiring, and retaining qualified employees in Minnesota, and the situation will only become more critical over time.5 BR&E methods present a valuable opportunity for EDOs and workforce providers in Minnesota to identify needs and collaborate on short term and long term

As EDOs point out, if existing businesses cannot attract and retain qualified workforce, the prospects for business attraction are almost nil.

**METHODS**

**Overview**

University of Minnesota Extension conducted this study to explore the hypothesis that BR&E is now conducted in a continuous manner (see full explanation in executive summary above) and to learn more about contemporary professional practice of BR&E. Graduate student Katrina Becker conducted interviews with 23 EDOs in April 2017 to learn about their professional practice of BR&E and its place in the work of their organizations. The study used qualitative methods to analyze responses by EDOs and deepen our understanding. While the number of observations here is not statistically significant regarding general economic development activities in Minnesota, these findings are likely indicative of the situation for many, perhaps even most, practicing EDO professionals in the state.6

**Who was interviewed?**

The EDOs interviewed for this study represented a variety of organizational structures, types, and service area scope. In terms of type of entity, the single biggest group of respondents (10) were local governments followed by corporations (6), EDA/HRA (i.e., economic development authority or housing and redevelopment authority) (5), and other (2). In terms of organizational service area, most respondents served cities (13), but county (6), regional (3), and state (1) employees were also interviewed. Organizational size varied from one employee (8) to more than five (7). The remaining had two to five employees (8). Finally, there was a fair amount of geographic dispersion among the EDOs. Northeast, Southeast, West Central and North Central regions of the State were underrepresented. (See Figure 1.)

---

6 This insight is based on Extension BR&E staff’s long-time experience conducting BR&E and participating in professional associations like Business Retention and Expansion International (BREI).
Interviewees were selected from the 2015-16 Economic Development Association of Minnesota (EDAM) member directory, as well as a few other sources. When selecting interviewees, study designers avoided EDOs who had worked previously with the University of Minnesota Extension BR&E program while holding the positions that they held at the time of the research. The study targeted EDOs that were known to be doing BR&E. These intentional selections mean the study used a convenience sample (i.e., not a scientific sample) of professionals who were predicted to be, or known to be, conducting BR&E in their professional practice.

A decent conversion rate occurred for the interviews. Out of 60 email invitations sent by study designers to prospective interviewees, 23 completed interviews for a 38 percent conversion rate (23/60). It is not known how many of the other 37 contacts were aware of this opportunity, because it is not known whether email addresses were correct/operational, nor whether the person contacted was still in the EDO position through which they became a professional member of EDAM (or other position). There is also no way of knowing whether the contact received or read the email. Therefore, it is fair to assume the acceptance rate is, in fact, probably greater than 38 percent. Another consideration is that there may have been a selection bias. That is, non-respondents may have been
less likely to be BR&E practitioners than respondents. In other words, it is reasonable to assume that EDOs doing BR&E were more likely to accept the interview request than EDOs not doing BR&E.

Part of the appeal for those who took time to participate in this research was their desire to contribute to the research, as well as to learn about professional practice in Minnesota. This research paper will be shared with all study participants.

Although no individuals are quoted by name, names of contributing respondents are listed in the appendices.

**Interview guide**

Katrina Becker constructed an interview guide (survey instrument) to use during one-to-one conversations with participating EDOs. The guide was designed to use open-ended questions to capture answers about the context EDOs were working in, and to go deep on BR&E-specific practices. The tool was reviewed and critiqued by Community Vitality’s Michael Darger and Scott Chazdon before being used in the EDO interviews. Although the interview guide should be adjusted if future research is conducted, study designers believe it served its purpose in eliciting thoughtful responses. The interview guide had a total of 32 questions, but depending on whether or not there was a “formal BRE program,” each interviewer answered up to 22 questions. See Appendix 1 for a copy of the interview guide.

The interview guide was designed with a skip pattern that allowed the interviewer to skip ahead if the interviewee reported not having a formal BR&E program at their organization. A definition of “formal business retention and expansion visitation program” was provided in the written interview guide as follows:

> Business retention and expansion includes all community economic development efforts aimed at helping local businesses survive and grow within the community. BRE typically involves outreach efforts by an economic development organization to understand the needs, concerns, and aspirations of businesses in a service area.

Some EDOs had difficulty deciding whether or not they had formal BR&E programs. Thus, there is some overlap in the data. A majority reported formal programs (16) but several others said informal (9). This totals 25 (more than the 23 participants) because a couple people said both formal and informal. It is not surprising that there is this level of ambiguity since BR&E is sometimes infused throughout the work of EDOs. Also, they knew that this was an explicit study about BR&E, so some participants may have felt that they should be explicit about BR&E practice even if they are more implicit about it while they do their work. In other words, they may have been “naming it” here whereas they don’t while actually doing it.

**Interviews**

Before their scheduled interview, participants were emailed the interview guide so they could think about their answers. The interviews were conducted over the phone, with the interviewer following the script but also asking probing questions as needed. Each interviewee agreed to be recorded to
make sure that the data analysis would be as complete and accurate as possible. See Appendix 2 for list of interviewed EDOs.

**Qualitative and quantitative analysis**

Researchers primarily used qualitative analysis to deepen their understanding of BR&E. However, some questions provided an opportunity for quantitative analysis. Qualitative analysis was done using the online software Dedoose. Interviews were recorded, transcribed into text documents, and then uploaded into the software. Text analysis and coding was then used to find themes and answer patterns. Findings of this analysis are discussed in the findings and discussion sections below.

**Limitations and caveats**

The number of interviews (23) is not sufficient to achieve statistical significance. In other words, the findings are not necessarily representative of economic development as a whole in Minnesota. However, based on the author's 24 years of BR&E experience and participation in various economic development networks, these findings seem indicative of aspects of professional practice for many, probably even most, EDO professionals in Minnesota who participate in BR&E.

Beyond the statistical limitations, this study was not designed to, nor did it, evaluate the EDOs' BR&E activities or their results. As such, it is not appropriate to make recommendations or prescriptions for BR&E practices based on the findings. Rather, this paper reports observations and insights
BR&E OVERVIEW

What is it?

Business retention and expansion is a broad topic with many varied aspects. Here is an illustrative quote from a recent special BR&E journal that collects research, case studies, and program reports:

This special issue explores economic development activities and methodologies targeted to businesses that already exist in a community or region. These activities and methodologies have come to be collectively known as business retention and expansion (BRE). BRE has formally existed as a central activity and priority for economic development practitioners for at least three decades, with roots going back to the 1960s and 1970s. A wide variety of public and private organizations in communities, regions, and states/provinces in North America and beyond have incorporated BRE programming into their community economic development programs. A 2009 national survey in the US found that 62% of cities and counties were doing BRE surveys with their businesses and 82% were partnering with chambers of commerce or others on BRE. Business Retention and Expansion International (BREI) has existed as an association for BRE professionals for over 20 years to promote best practices and build capacity through education. The International Economic Development Council (IEDC) also offers BRE education and finds that “Surveys of U.S. economic development organizations rank it (BRE) as the number one economic development activity.”

Why is BR&E important?

BR&E is important because the bulk of economic activity in any jurisdiction in terms of jobs, economic impact, fiscal impact, etc., is generated from existing business. That is, the vast majority of activity comes neither from firms that were recently attracted to the jurisdiction nor from firms that were recently incubated in the region. Rather, the bulk of economic activity is generated by businesses that have existed in the community for some time. Often these are businesses that started and developed in the jurisdiction. Given this reality, a program emphasizing the support of local business makes sense and is a much less risky investment of public resources than recruitment efforts.

---

FINDINGS FROM BR&E INTERVIEWS

Activities performed by the EDOs

The EDOs reported their primary work included the following activities and resources. Please remember this list of activities was compiled when coding the many statements said in the 23 EDO interviews.

- Industrial parks
- Business assistance
- Workforce development
- Attract businesses
- Retain businesses
- Marketing
- Economic development
- County services
- City services
- Housing & redevelopment
- Expand/grow businesses
- Entrepreneurship focus

Formal vs. informal BR&E

As previously mentioned, economic development professionals were asked whether they have formal BR&E programs. The following definition of formal business retention and expansion visitation program was provided:

Retention and expansion includes all community economic development efforts aimed at helping local businesses survive and grow within the community. BRE typically involves outreach efforts by an economic development organization to understand the needs, concerns, and aspirations of businesses in a service area.

Given that definition, 16 said yes and nine said no. Since the total number of responses was 25, this means that a couple EDOs said both yes and no to the question.

Key quotes:
YES quote: “I’m gonna say that we do, uh because we're very intentional about ya know, BRE that’s our number one, that’s at the core of everything that we do I mean that’s the first thing on my list to take care of our existing family of businesses. So to that end we're very intentional about cultivating
relationships with those folks and doing whatever we can to help them be successful. So short answer is yes."

NO quote: “I would say no. We used to engage with Grow MN with the chamber program, we share office space with the chamber but the chamber itself does not go out and do the Grow MN program either. And so the last two years we've not paid to be a paying member of Grow MN. I personally, I was hired within my job description to focus on manufacturing, and we have 38 manufacturers in the county so I do my best to keep up with their activities, I don't go out and visit every retail store or whatever, to me that's the chamber's job but. And our philosophy is that if manufacturing is strong the rest of the community is doing well.”

The EDOs were asked about the seasonality of their BR&E visits. The majority of visits take place continuously over the year (15/24,) regardless of whether they are doing BR&E formally or informally. Only a few of the EDOs with formal visitation programs have cycles shorter than a year. (Figure 2 and Table 1).

![BRE Formality vs. Seasonality](image)

**Figure 2. Visitation Cycles of Formal and Informal BR&Es**
Table 1. Selective Quotes about BR&E Visitation Cycle

<table>
<thead>
<tr>
<th>Visitation Cycles (verbatim from interview guide below)</th>
<th>Number EDOs</th>
<th>Quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>b. Continuously over the year</td>
<td>14</td>
<td>Quote 1: Our goal is one a week, so we want to do 52 visits per year. And that doesn't necessarily mean that is one a week, I mean it can be 10 one month and none the next month depending on what I have going on. Quote 2: In most cases we try to do like 3 or 4 a month. But ongoing. So I would say continuously over the year? Maybe that’s the best way to say it.</td>
</tr>
<tr>
<td>c. Continuously over several months (long season)</td>
<td>3</td>
<td>We do continuous visits over several months and the plan right now is to try to do most of the visits in that time, that May - September time period.</td>
</tr>
<tr>
<td>d. Continuously over 1-3 months (short season)</td>
<td>1</td>
<td>I said both c. and d., continuously over several months for one we're doing right now which is on diversity in the community. Most of the ones we've done are short season.</td>
</tr>
<tr>
<td>e. Other</td>
<td>5</td>
<td>Basically throughout the whole year we'll do different visits but they'll be for a variety of different reasons they're not structured BRE visits.</td>
</tr>
</tbody>
</table>

Key steps and activities in formal BR&E programs

Among EDOs who have formal BR&Es, a number of key steps were identified. With 16 people claiming formal BR&Es, about half of them identified three core steps: 1. identifying businesses to visit (8 EDOs), 2. surveying the businesses (9), and 3. collecting the data (7). To a lesser extent, they identified other key steps of follow up (5), providing tools/resources (3) and assessing the need to do BR&E upfront (1). (Table 2). In addition, these EDOs mentioned some attributes or features of their formal BR&E programs. Engaging with partners and regular visits were noted by almost half of the respondents with formal BR&E. (Table 3).

Table 2. Key Activities/Steps Identified by EDOs with Formal BR&E Programs

<table>
<thead>
<tr>
<th>Assess need to do BRE</th>
<th>Sequence #</th>
<th># EDOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify business to visit</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Survey</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Data collection</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Follow-up</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Provide tools/resources</td>
<td>6</td>
<td>3</td>
</tr>
</tbody>
</table>
Table 3. Attributes or Features Described by EDOs with Formal BR&E Programs

<table>
<thead>
<tr>
<th>#EDOS</th>
<th>Engaging partners</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regular visits</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Open communications</td>
<td>2</td>
</tr>
</tbody>
</table>

Key quotes:
- Identifying businesses: “The general idea is that we set a goal each year at the beginning of the year for which businesses we want to visit."
- Follow-up: "Of course the most important part of the business visit is following up afterwards."
- Assessing the need for BR&E: “We usually start with some kind of workshop or community group to assess the need and if we’re gonna do one or sometimes there’s a community group that says there’s a need and then we respond with a BR&E.”

Use of volunteers in BR&E

EDOs were asked about their use of volunteers to visit businesses and perform related activities (see questions 8-9 in the Interview Guide). However, it seems that some may have interpreted the question to mean any use of volunteers in their activities, including board member service. About half (12) reported that only paid staff conduct BR&E activities. Among those using volunteers, eight reported using EDA (economic development authority) members, followed by those who use board members (6), business owners (5), local government officials (3), utility company reps (2), and all of the above (2). Three used “other community citizens.”

How systematic are the visits?

There were a variety of responses to a question about systemic visitation. EDOs reported they most frequently responded to specific needs (15) or regularly scheduled visits (10). (Figure 3).
Figure 3. Assessing the Regularity of Visits

Key quotes:

- “It may be that they have a specific need and we’ll meet with them over that,”

- “Our main focus had been outreach to those primary sector businesses in our region,”

- “I attempt to do them regularly scheduled but also in response to a specific need. So if we hear that like maybe there’s some issues with the business or whatever it might be then I would reach out to see if they’d be open to a visit from myself.”

- “It’s not too systematic, we’ll just try to get to it every month.”

Methods for data collection and analysis

There were a range of responses about data collection and analysis. Some EDOs (7) don’t collect and aggregate data, at least not in a formal fashion. Of those who do collect data, Salesforce (10) was by far the most cited software system mentioned. This is attributable to organizations such as Greater MSP and Grow Minnesota that work with many EDOs and have created systems based on the Salesforce platform. Others (4) used Microsoft Excel for analyzing their data. (Figure 4). Finally, four other systems were each mentioned once including: Synchronist, EcoDev. Tracker, Microsoft CRM, and bringing in an outside research firm every four years. Although little interview time was spent on this subject, it appears that few of the EDOs do systematic analysis and written reporting on the collected data from their BR&E visits.
Key quotes:

- “Yeah we don’t use any software, and I would not really say that I have a systematic means of collecting and analyzing data. I mean usually it’s just a visit and I’ll just ask them questions in terms of how things are going, in the course of the conversation I’ll get a sense of where they’re around in terms of their employment, what challenges they might be facing, and so forth. So there’s no systematic collection of data. It’s really anecdotal data I guess if anything.”

- “No software, analyze the survey using Excel, carefully developed survey questions to be effective.”

- “We use Salesforce, GreaterMSP provides that for us so we take advantage of it, and so we have a survey with that, and then my office puts that information ya know, in the data. And if somebody else goes and we don’t, they still send us their surveys and we can put that information in.”

- “We use Salesforce, and I would say it’s purely used as a data repository, we don’t analyze the data much. We do have Salesforce, we purchased it about 3 years ago and it really has taken three years to actually build that program up to be useful, and now we have that information stored so we can start using it for analysis. We did actually work with a third party person out of Michigan and they helped customize our Salesforce so it’s truly collecting the statistics that we want and that we will find useful.”

**BR&E vs. business attraction**

To get a sense of business attraction vs. BR&E, EDOs were asked where on a 10-point scale they fell between two poles: “attracting from outside” (with a value = 1) and “growing within” (value = 10). Only 15 answered because of the skip pattern in the interview guide. These respondents are the EDOs who also said they have “formal BR&E.” Of these 15, the majority tilted hard to the right side of the scale with most saying eight or nine (10 EDOs said this). Two said six or seven and there were
three in the middle with a score of five. This question may illuminate that most respondents were oriented toward “growing within.” (Table 4).

Table 4. Assessing BR&E vs. Business Attraction

<table>
<thead>
<tr>
<th># responding</th>
<th>1 “attracting from outside”</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10 “growing within”</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDOs</td>
<td>3 EDOs</td>
<td>2 EDOs</td>
<td>10 EDOs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Strategies used in BR&E

EDOs were asked to choose from a list of strategies replicated from an International Economic Development Council (IEDC) survey in 2013. The IEDC survey data were analyzed in a recent article. The IEDC list was used in this research to see if Minnesota EDO responses are similar to the IEDC data. Figure 5 shows what the EDOs actually used in their BR&E work. Figure 6 shows what the EDOs listed as among the three most important strategies. From these responses, it is clear EDOs “walk the talk.” The four strategies ranked as the most important are identical to the four most used strategies. The biggest disconnect here appears to be that 10 EDOs use “calls on local companies” as a strategy, yet none of them listed that strategy among their three most important.

Figure 5. BR&E Strategies Used

Figure 6. Most Important BR&E Strategies Used

Metrics

A list of metrics from the IEDC survey (2013) was presented to the EDOs. Figure 7 shows the metrics they actually use. Figure 8 shows the metrics deemed as among the three most important. There are only slight differences between what the EDOs perceive to be important and what they actually use as metrics in their work.

Figure 7. BR&E Metrics Used
Figure 8. Most Important BR&E Metrics

GROW MINNESOTA

The Grow Minnesota Program of the Minnesota Chamber of Commerce conducts business visits in partnership with local chambers around the state. Its goals are to collect information about the businesses and assist them in overcoming problems and succeeding/growing in Minnesota. Eight of the EDOs mentioned Grow Minnesota.

Key quotes:

- “Our chamber does participate in an initiative called Grow MN, and their contacts are somewhat similar to BRE”

- “I obviously do BR&E visits, but the chamber has Grow MN. And in the past our chamber did Grow MN but for some reason in the past couple of years they haven’t been, but like why are we doing, I just feel like with them doing it and with me doing it that that’s not the best way to use our resources. So there could be some clarification and I don’t know who you could even talk to about why Grow MN does one thing or the chamber does one thing and we as an economic development association do another.”

- “So I know with Grow MN on their visits they collect a little bit different information and I know that it’s mainly if not all just for their members,”
REASONS FOR VISITS

EDOs identified a few reasons for doing business visits. Again, this was not a question explicitly presented to them, but their reasons emerged organically in the data. The four reasons include: identifying opportunities (4), identifying needs (4), responding to an issue (4), and showing appreciation (3).

UNIVERSITY OF MINNESOTA EXTENSION (OR THE GREATER UNIVERSITY OF MINNESOTA SYSTEM)

Although the author is not aware of any interviewees that have done BR&E with Extension, a few EDOs mentioned it. By design, this research project was intended to learn about other approaches to BR&E aside from Extension’s. Presumably, these mentions are about other U of M resources instead of Extension’s BR&E Strategies Program.

Key quotes:
• “I mean the University of Minnesota is a big partner, all the educational institutions are partners, industry organizations, wow trade organizations, I can’t forget them they’re extraordinarily helpful.”
• “We do use the University of MN Extension to do a report every couple of years,”

Funding sources and who we engage

Regarding funding sources, the biggest EDO funding source was tax levies (18), followed by grants (12), fees (8), other (7), members (5), and donations (2). The EDOs engaged with several types of entities in their BR&E work, including chambers of commerce, the Department of Employment and Economic Development, EDA (Economic Development Authority) members, Greater MSP, board members, local government officials, members/investors. Others included the “Shovel right” site and utility companies.

WORKFORCE IS A KEY ISSUE

Six EDOs mentioned workforce as a key issue for businesses these days. The consensus seemed to be that workforce is the issue of concern. Although it only concerned a small subset of the EDOs interviewed, they were forthright about the importance of this particular issue.

Key quotes:
• “We are in desperate need of more employees. All of our businesses, it’s going deeper and deeper the struggle to find employees. And we actually, in partnership with our workforce development group are probably at the end of the summer going to do a summit and bring in an outside speaker to give some ideas on attraction of employees
and we're gonna try and get a few of our businesses that seem to have better luck than others and ask them to share what they're doing to attract employees and probably more so we're gonna ask them to share what they're doing to retain their employees. But employees are probably number one on my radar right now.”

- “So we have a workforce housing issue that we've been increasingly hearing about over the course of the last few years.”

- “Yeah I mean if you go to a business, what we determined from looking at the chamber information is that they're all talking about the same thing - they're talking about there's not enough workers you know we're in rural Minnesota and we're in an area where people you know enjoy living in but the job market is extremely, there's a lot of jobs but there's not a lot of people to fill those jobs. They don't pay that great,”

- “I go visit the companies, every one of them says ‘workers I need workers.’”

**WHAT IS WORKING WELL?**

EDOs were explicitly asked what is working well, and a clear response emerged. As previously mentioned, relationships and trust building were mentioned positively by more than half the participants (14). Visitation to business (7) was the other frequent response. (Figure 9).

Figure 9. Assessing What Worked Well
WHAT COULD BE IMPROVED?

This question elicited a greater variety of responses. (Figure 10). Combined, staff time/budget were overwhelmingly the biggest issues of concern, yet others were reported as well. Multiple players (aka EDOs) visiting the same businesses, or multiple business visitation programs in the same area, concerned six EDOs. Improving the consistency of visits, follow-ups, and other touches (i.e. contact and communications with businesses in between formal or informal visits) were mentioned by five people. Coordinating with partners (4) and communications (2) were also reported, as well as workforce tools needed, measure and track metrics, “offer financial incentives”, “spec. (e.g., “speculative”) buildings”, utility served sites, broadband, visits to business in townships, and communicating the very importance of BR&E visits themselves (not just economic development transactions or “deals”).

Figure 10. Assessing Areas of Improvement
Discussion
Findings appear to confirm the hypothesis that BR&E in Minnesota today is largely conducted in a continuous fashion, with a focus on relationship building and interest in the status of individual businesses. With a non-random sample and 23 interviews, there is not statistical evidence to prove this theory. However, the findings do square with recent anecdotal evidence among EDO organizations and networks. Furthermore, the conversations with EDOs deepen and enrich understanding of BR&E in a modern context. This section discusses the most notable needs and opportunities that can be induced from this research. It also includes some opinions from the author, based on experience with BR&E programming, teaching, and research since 1995.

RELATIONSHIPS AND TRUST BUILDING
The goal of building relationships and trust emerged as a key theme. Interviewees overwhelmingly identified this as what is working well. Though it was not a topic enumerated in the interview guide, a total of 15 EDOs brought up this topic on their own. About half of EDOs who mentioned this have formal BR&E and the other half do not.

Key quotes:
• (Formal): “Personalized relationships with companies works exceptionally well. Businesses who know us learn to trust us. Which means they will call us when business is changing such that they need to 1) relocate, 2) finance something, 3) find employees.”
• (Formal): “I think the real secret to our success is just the personal relationships. I mean every one of the companies knows me on a first-name basis and when I go out and I talk to them I said hey I want you to pretend I’m your employee that happens to work at City Hall. So if you have a concern or an issue or anything, you call me first and then I’ll work it cuz I work for you in that respect.”
• (NOT formal): “Maintaining regular contact with them and informal, because it’s about developing the relationship, to us it’s not about gathering a bunch of metrics and data and things like that, it’s about building a relationship that can be trusted but also monitoring their ongoing activities and anticipating any needs they may have rather than waiting for their call to you. So it’s more of a friendly relationship as opposed to oh well we need to check the box that we met with you this year and fill out these 30 questions so that we can put it in our software system, it’s not about that. So that they can trust us in the future when they do have an issue who to call and feeling like the city is in their support.”
• (NOT formal): “I’ve developed a trust amongst the businesses, I’ve been here 21 years. You do what you say and people trust you so that helps. Another working well is I have good relationships with all the business owners and high level managers.”

THINGS WORKING WELL OR NOT SO WELL
Besides an emphasis on relationships and trust building, a few other practices are working well—visits to businesses, communications, and tools/resources for business. These three items were mentioned by interviewees at least four times each. This is encouraging because working with existing businesses is the most efficient and cost-effective EDO route for success in economic development. This is true in terms of efficiency but also in terms of making under-appreciated investors in the local economy (i.e. long term businesses) feel appreciated.
From a “what isn’t working well” perspective, EDOs hinted at some problems with BR&E in terms of lack of coordination and missed opportunities. Several EDOs wish they had more time/money for BR&E. A decision could be made to internally reallocate more resources to BR&E from their existing budget (and away from other activities). They could even choose to invest more resources overall so that increases in BR&E strategies do not come at the expense of other legitimate activities. BR&E and business recruitment are not necessarily mutually exclusive. If an EDO succeeds at BR&E programming, they are more likely to be successful at recruitment, and vice versa. Businesses wish to be located and expand in areas where they can be successful. This is true for existing business, as well as those that may consider moving into the community.

Looking beyond the resource issues, EDOs expressed some concern about overlapping BR&E outreach (by different organizations) that could cause businesses to be frustrated by multiple solicitations for surveys and/or visits. This suggests a need for enhanced coordination with partners. It also suggests opportunities for program improvement by EDOs and their partners or potential partners. Respondent comments suggest three general ideas for upping their game in the BR&E arena: 1. better systems and better adherence to those systems for data collection and analysis, 2. communicating and coordinating with overlapping EDOs or allied organizations to share BR&E data and coordinate visits, and 3. devising ways to increase contact and communications with businesses in between formal or informal visits (e.g., “touches”).

OTHER NEEDS AND OPPORTUNITIES

Many of the EDOs emphasized the importance of BR&E visits, follow-up contact, and other business “-touches.” Their purpose is to understand and assist individual businesses. Visits are designed to develop relationships and create visibility for the EDO’s organization so business people can contact them as needed. The business visitation season for virtually every respondent was over the entire year, or at least over several months of the year. In other words, continuous visitation of businesses is the norm for most. Most of the respondents utilize a software program for data collection or analysis. A third of respondents said they are using Salesforce, a CRM software system. A third don’t use any software. Indeed, few respondents discussed data aggregation, analysis, or detailed reports as part of their methods. Keeping the EDO focus on individual businesses makes sense. However, it may be that EDOs who focus on continuous visitation are missing an opportunity to analyze and exploit their BR&E data for systemic issues and strategic opportunities. These lost opportunities are lost not only to the EDO and their organization, but also to allied organizations and individuals. In other words, a little analysis of BR&E data can go a long way.

The issue of benchmarking and metrics for BR&E was another topic of inquiry with EDOs. Among those who use metrics, four of the six metrics that are most used are “outcome” oriented. In other words, they are about businesses or jobs staying, or even being expanded, in the community, ostensible reasons for BR&E. The other two were “outputs” by the EDO organization (amount of assistance or financing provided). Several of the EDOs said they really don’t use metrics much or at all. For those that do, it is unclear how they use metrics internally and how they benchmark themselves against external metrics. U of M Extension has created a database of its community BR&E data (dating back to 1994) so communities can compare themselves to overall metrics, as well as data filtered to create sub-sets more directly comparable to a particular situation. Using
benchmarks and metrics is an emerging technique that presents opportunities for professional practice improvement.\textsuperscript{9} Finally, this research confirms that workforce shortage is the preeminent concern in the field today. This is apparent from interviews, as well as media reports and discussions with EDOs in Minnesota. Employers are having a difficult time finding, hiring, and retaining skilled employees in Minnesota. The situation is projected to become increasingly critical over time.\textsuperscript{10} This is a multi-faceted issue involving the need to provide employability skills to potential employees; resolve barriers such as housing, childcare, language skills, and criminal records; and think about the future of work itself. EDOs have an opportunity to use BR&E to engage businesses and workforce providers to learn about business needs and work toward solutions. At the Invest in Workforce Conference in October 2017, a researcher from the Federal Reserve Bank in Atlanta reported that, of 200 workforce agencies in the Atlanta region, only 30 percent were currently conducting outreach to learn from and engage with businesses.\textsuperscript{11} If this pattern also holds in our region (which is unknown), then it represents a tremendous opportunity for EDOs and workforce providers in Minnesota.

\textsuperscript{9} The U.M. Extension’s BR&E benchmark database website has a great deal of data from BR&E surveys (1993-2016 data) in Minnesota. It appears to be underutilized. Retrieved from: http://www.extension.umn.edu/community/business-retention/research-development/benchmarks/


Appendices

Appendix 1. Professional Practice BRE: Interview Guide

University of Minnesota Extension offers a business retention and expansion (BRE) program, including education and applied research that focuses on community development and engages a broad base of community stakeholders.

We have done a great deal of research on this approach. Now, we are researching other activities and professional practices related to BRE in Minnesota. Our goal is: one, to identify promising professional practices of BRE, and two, to identify gaps in educational and applied research resources for economic developers.

All names and any other identifying information will be kept confidential and will not be shared with any other participants in the study or anyone outside of the study. You will be given a copy of the final report of the research findings.

You may skip any question you don't want to answer, no explanation needed.

Thank you for your participation.

Name of interviewer: Katrina Becker
Date of interview:
Name of interviewee:
Title:
Organization:

What are your role and responsibilities within the organization?

What is the primary work of the organization?

What is the size of the organization (# of employees)?
What types of funding does your organization receive?
Tax levy
Member dues or investments
Grants
Fee for service
Donations
Other: _______________________

Who is engaged with your organization to help meet its mission? (local officials, utility companies, community residents, etc.) Please describe how they are involved.

Does your organization have a formal business retention and expansion (BRE) visitation program (even if you don't call it that)? (see definition sheet)
YES (continue to question 7)
NO (skip to question 23)

What are the key steps and activities involved with the visitation program?
Does your organization use community volunteers (see definition sheet) for any of the above activities or is it strictly paid staff?

Use volunteers
Use only paid staff
Other: _________________________

If you use volunteers, who are they? (Circle all that apply.)
Board members from your organization
Representatives from utility companies
Local business owners
Local government officials
Other community citizens (please describe.)

How often are business visits conducted?
Never
Continuously over the year
Continuously over several months (long season)
Continuously over 1-3 months (short season)
Other: _________________________________

How systematic are the visits?
In response to a specific need
Organized by business sector
Regularly scheduled
Other: ________________________________

What methods are used for collecting and analyzing data from business visits?
What software is used?(CRM, analysis, reporting)
On a scale of 1-10, how focused is the program on growing the local business community from within vs. attracting businesses from the outside? (1 being completely focused on attracting outside businesses and 10 being completely focused on growing businesses locally)
(attracting from outside) 1 2 3 4 5 6 7 8 9 10 (growing within)

Which strategies does your organization use in the business retention & expansion program? (Circle all that apply) (List from ICMA survey, 2014)
Surveys of local businesses
Ombudsman program (see definition sheet)
Local business publicity program (community-wide)
Replacing imports with locally supplied goods
Export development assistance
Business clusters/Industrial districts (see definition sheet)
Technology zones
Energy efficiency programs
Business improvement districts
Main street program
Business roundtable (see definition sheet)
Revolving loan fund program
Partnering with Chamber, others
Partnering with local governments
Local government representative calls on local company
Local government representative calls on national company headquarters
Achievement awards
Other: _____________________________

From the list in question 14, what are the top three most important strategies for your program?
1st:
2nd:
3rd:

Which metrics does your organization use to measure the impact of your BRE program (if any)? Circle all that apply. (List from IEDC survey, 2013)
Number of businesses expanded
Number of jobs expanded
Number of businesses assisted
Number of jobs retained
Number of businesses retained
Amount of financing provided
Ratings of the local business climate
Businesses remaining and growing in region amid risk of departure/closure/downsizing
Past utilization of and satisfaction with business assistance
Percent/number of “jobs at risk” retained
Number of residents/businesses assisted in distressed communities
Relocation of suppliers or customers
Percent of revenue growth for businesses receiving economic development assistance
Local business-to-business investment levels
Other: ____________________________

From the list in question 16, what are the top three metrics you feel are most important for measuring the impact of your BRE program?

1st:

2nd:

3rd:

In regards to retaining and expanding businesses in your community…

What is working well?

What could be improved?
What would your organization need to make these improvements?

Any other comments?

Is there anyone else you know who could inform this research and would be willing to be interviewed?

(End of “formal BRE program” section. If you answered YES to question 6, there are no more questions.)

(Beginning of “no formal BRE program” section. If you answered NO to question 6, the following are the rest of your questions.)

Does your organization conduct any activities focused on retaining or expanding existing businesses in the community?

YES – please describe:

NO

Does your organization use community volunteers (see definition sheet) for any of the above activities or is it strictly paid staff?

Use volunteers
Use only paid staff
Other: _______________________

If you use volunteers, who are they? (Circle all that apply.)
Board members from your organization
Representatives from utility companies
Local business owners
Local government officials
Other community citizens (please describe.)

Does your organization conduct business visits?
YES
How often?
Continuously over the year
Continuously over several months (long season)
Continuously over 1-3 months (short season)
Other: ______________________
How systematic are the visits?
In response to a specific need
Organized by business sector
Regularly scheduled
Other: ______________________
NO

What methods are used for collecting and analyzing data about businesses in your community (if any)? What software is used? (CRM, analysis, reporting).

In regards to retaining and expanding businesses in your community:
What is working well?
What could be improved?

What would your organization need to make these improvements?

Any other comments?

Is there anyone else you know who could inform this research and would be willing to be interviewed?

Definitions of Key Terms:

**Formal business retention and expansion visitation program** –

Business retention and expansion includes all community economic development efforts aimed at helping local businesses survive and grow within the community. BRE typically involves outreach efforts by an economic development organization to understand the needs, concerns, and aspirations of businesses in a service area.

**Volunteers** –

Volunteers in this context refers to anyone who actively engages with and participates in the BRE process (typically with data collection & business visits) who is not paid staff. This includes both people with professional experience in economic development and average citizens (and anyone in between.)
Ombudsman Program –
Ombudsman programs typically have one person as a key “go-between” and point of contact for local government, economic developers, and the business community.

Business Clusters / Industrial Districts –
Geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions. (Zhang & Warner, 2017)

Business Roundtable -
Small business networking roundtable meetings. Includes networking with other business owners and discussions of topics relevant to business operations. Often, roundtable meetings operate within a Chamber of Commerce, but they can also operate independently.

Business Improvement Districts –
Areas of a city where special services (sidewalk snow removal, holiday lighting, etc.) are performed with a tax assessment to the property owners in the district.
## Appendix 2. Participating EDOs and their Affiliations

With thanks for their participation and contributions to this research.

<table>
<thead>
<tr>
<th>EDO</th>
<th>Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guy Fischer</td>
<td>Becker County EDA</td>
</tr>
<tr>
<td>Carie Fuhrman</td>
<td>City of Maple Grove</td>
</tr>
<tr>
<td>Nancy Hoffman</td>
<td>Chisago County HRA-EDA</td>
</tr>
<tr>
<td>Matthew Bachler</td>
<td>City of Arden Hills</td>
</tr>
<tr>
<td>Skip Nienhaus</td>
<td>City of Burnsville</td>
</tr>
<tr>
<td>Paul Gorte</td>
<td>City of East Grand Forks</td>
</tr>
<tr>
<td>Colleen Eddy</td>
<td>City of Elk River</td>
</tr>
<tr>
<td>Linsey Preuss</td>
<td>City of Fairmont</td>
</tr>
<tr>
<td>Miles Seppelt</td>
<td>City of Hutchinson</td>
</tr>
<tr>
<td>Rob Anderson</td>
<td>City of Mountain Lake</td>
</tr>
<tr>
<td>Paul Ammerman</td>
<td>City of North St. Paul</td>
</tr>
<tr>
<td>Chris Heineman</td>
<td>City of Northfield</td>
</tr>
<tr>
<td>Cathy Mehelich</td>
<td>City of St. Cloud</td>
</tr>
<tr>
<td>Chris Giesen</td>
<td>Community and Economic Development Associates</td>
</tr>
<tr>
<td>Megan Livgard</td>
<td>Greater MSP</td>
</tr>
<tr>
<td>Larry Hosch</td>
<td>Greater St. Cloud Development Corporation</td>
</tr>
<tr>
<td>Connie Schmoll</td>
<td>Kandiyohi County and City of Willmar Economic Development Commission</td>
</tr>
<tr>
<td>Lisa Hughes</td>
<td>MN Department of Employment and Economic Development</td>
</tr>
<tr>
<td>Brian Tohal</td>
<td>New Ulm Economic Development Corporation</td>
</tr>
<tr>
<td>Julie Rath</td>
<td>Redwood Area Development Corporation</td>
</tr>
<tr>
<td>Brenda (&quot;B&quot;) Kyle</td>
<td>Saint Paul Port Authority (formerly)</td>
</tr>
<tr>
<td>Dan Weber</td>
<td>Sherburne County</td>
</tr>
<tr>
<td>Abraham Algadi</td>
<td>Worthington Regional Economic Development Corporation</td>
</tr>
</tbody>
</table>