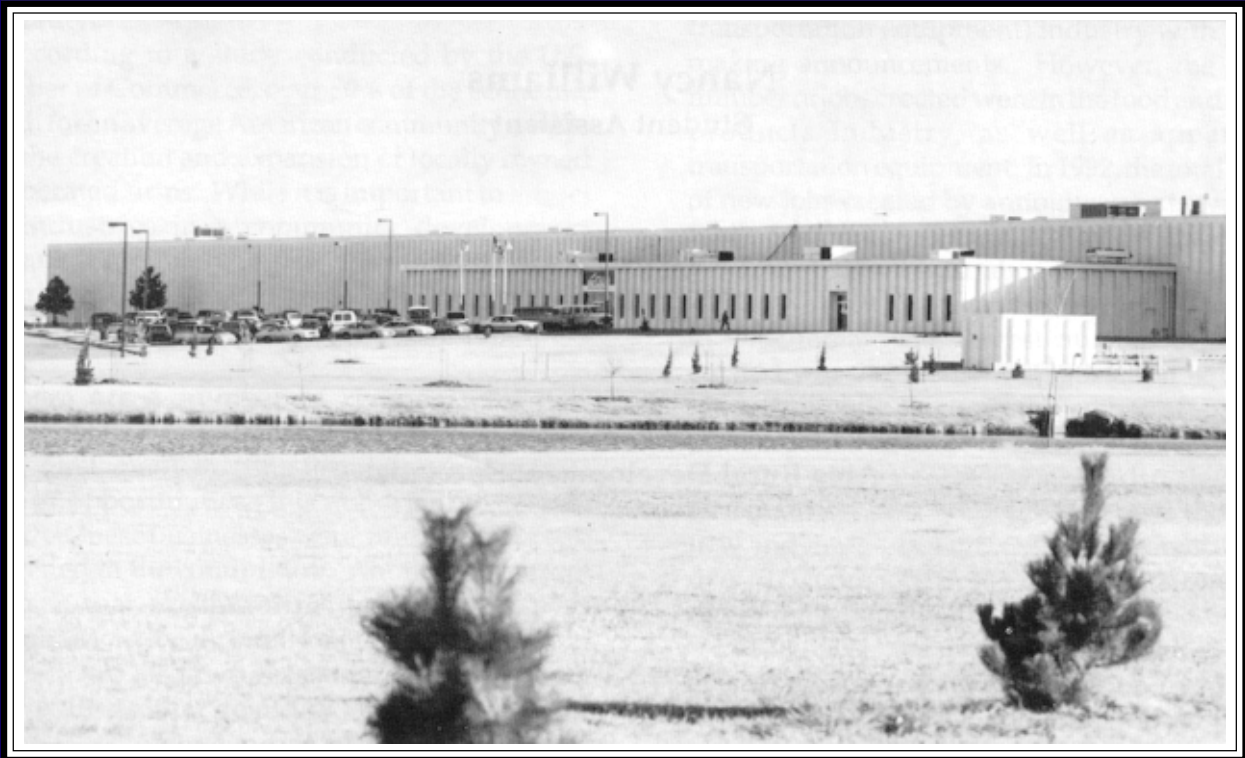


# Retention and Expansion: A Local Economic Development Strategy



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# Introduction

It is evident there is a need to stimulate economic activity in Oklahoma communities and rural areas. In the past, most of the efforts have concentrated on attracting outside industries. However, there is a commonly overlooked alternative to economic development—retention and expansion of local firms. This alternative will be explored in this publication.

According to a study conducted by the U.S. Chamber of Commerce, over 80% of the economic growth for an average American community results from the creation and expansion of locally owned and operated firms. While it is important to attract new industries in a community development program, it is equally or perhaps more important to work with existing firms in assisting them in competing more effectively and expanding more easily.

There are a number of reasons why it is important to begin with existing firms (Olsen and Blair). First, many existing firms grew out of local needs or opportunities. It is important to keep in mind that these businesses were, and probably still are needed in the community. Another important reason is that existing firms have proven their adaptability to local conditions.

There are also two reasons for working with existing firms that relate to attraction of new industry. One reason is that an industrial development effort frequently gets quicker results dealing with local firms than by negotiating with outside interests. The second reason is that satisfied firms in the community can be the best advertisement in attracting new firms to the area. Both of these factors are important, but no matter what the reasoning, it is important to remember that to maintain a healthy economic base, a community needs to support its existing industries and also to encourage their growth.

## Oklahoma Data

The Oklahoma Department of Commerce provides information quarterly and annually on the announcements of new and expanding manufac-

turers in the state of Oklahoma. Included in this information is the number of announcements, number of jobs created, and type of industry.

Table 1 lists the 1992 Announcements of New and Expanding Manufacturers grouped by Standard Industrial Classification (SIC) category and ranked according to the number of firms. The largest number of firms that announced new openings and expansions were in the fabricated metal products (except machinery and transportation equipment) industry with 19 firms making announcements. However, the greatest number of jobs created were in the food and kindred products industry, as well as apparel and transportation equipment. In 1992, the total number of new jobs created by announcements was 3,066, while 3,947 jobs were created by expansion.

Table 2 lists the number of new and expansion jobs by type of industry in the metropolitan counties in Oklahoma. The largest number of new jobs created was 262 in the transportation equipment industry, while the largest number of expansion jobs created was in the lumber and wood products industry with a total of 703 jobs. Also, the number of expansion jobs were greater than those from new industry. In fact, expansion accounted for over 700 more jobs in the metropolitan areas than did in the new industry.

Table 3 lists the number of new and expansion jobs that were created in the non-metropolitan counties in 1992. The food and kindred products industry had the largest number of new jobs. It created 900 new jobs. Apparel reported the largest number of expansion jobs. Another area that created a large quantity of new and expansion jobs was the transportation equipment industry with 421 new jobs and 105 expansion jobs. Overall, expansion created 153 more jobs in the nonmetropolitan areas than did the new jobs.

Table 4 lists the announced new and expanded manufacturers by year. The table shows the number of companies, investment dollars and the number of jobs created from 1980 to 1992. As can be seen by the totals, the number of jobs reported from expansion during this 13-year-period is almost 12,000 greater than jobs created by the new industry. This again points out the importance of working with existing business to support economic development in a community.

**TABLE 1: 1992 Announcements of New and Expanding Manufacturers Ranked by Number of Firms.**

<b>Type of Industry</b>	<b>Count</b>	<b>SIC</b>	<b>New Announcements Jobs</b>	<b>Expansions Jobs</b>
Fabricated Metal Products Except Machinery & Transportation	19	34	122	383
Transportation Equipment	18	37	683	325
Industrial & Commercial Machinery & Computer Equipment	14	35	90	185
Apparel & Other Finished Products made from Fabrics & Similar Materials	12	23	370	852
Food & Kindred Products	11	20	900	196
Electronic & Other Electrical Equipment & Components, Except Computer Equipment	9	36	75	139
Measuring, Analyzing, & Controlling Instruments; Photographic, Medical & Optical Goods; Watches & Clocks	8	38	59	213
Rubber & Miscellaneous Plastic Products	7	30	20	35
Lumber & Wood Products Except Furniture	5	24	110	708
Miscellaneous Manufacturing Industries	5	39	37	480
Chemical & Allied Products	4	28	84	0
Paper & Allied Products	4	26	250	135
Printing, Publishing & Allied Industries	4	27	0	119
Petroleum Refining & Related Industries	3	29	133	66
All Others	12	—	133	111
<b>TOTALS</b>	<b>135</b>	<b>—</b>	<b>3,066</b>	<b>3,947</b>

SOURCE: Oklahoma Department of Commerce, Announced New and Expanded Manufacturers and Processors, Annual Report, 1992.

**TABLE 2: New and Expanding Manufacturers In Metropolitan Counties In 1992.**

Type of Industry	Number of	
	New Jobs	Expansion Jobs
Fabricated Metal Products, Except Machinery & Transportation Equipment	65	104
Transportation Equipment	262	220
Industrial & Commercial Machinery & Computer Equipment	50	97
Apparel & Other Finished Products Made From Fabrics & Similar Materials	20	25
Food & Kindred Products	0	46
Electronic & Other Electrical Equipment & Components, Except Computer Equipment	75	89
Measuring, Analyzing & Controlling Instruments; Photographic, Medical & Optical Goods, Watches & Clocks	5	53
Rubber & Miscellaneous Plastic Products	20	20
Lumber & Wood Products, Except Furniture	50	703
Miscellaneous Manufacturing Industries	37	0
Chemical & Allied Products	34	0
Paper & Allied Products	130	0
Printing, Publishing & Allied Industries	0	119
All Others	62	62
<b>TOTAL</b>	<b>810</b>	<b>1,538</b>

There are a number of things a community can do to aid existing businesses (Crawford):

1. Identify sites or buildings suitable for expansion
2. Locate financial services
3. Locate capable subcontractors
4. Locate suitable employees
5. Secure engineering or research assistance for improved or new products
6. Arrange for improved transportation, utilities, and safety services
7. Provide civic action on housing, education, utilities, and safety

**TABLE 3: New and Expanding Manufacturers In NonMetropolitan Counties In 1992.**

Type of Industry	Number of	
	New Jobs	Expansion Jobs
Fabricated Metal Products, Except Machinery & Transportation Equipment	57	279
Transportation Equipment	421	105
Industrial & Commercial Machinery & Computer Equipment	40	88
Apparel & Other Finished Products Made From Fabrics & Similar Materials	350	827
Food & Kindred Products	900	150
Electronic & Other Electrical Equipment & Components, Except Computer Equipment	0	50
Measuring, Analyzing & Controlling Instruments; Photographic, Medical & Optical Goods, Watches & Clocks	54	160
Rubber & Miscellaneous Plastic Products	0	15
Lumber & Wood Products, Except Furniture	60	5
Miscellaneous Manufacturing Industries	0	480
Chemical & Allied Products	50	0
Paper & Allied Products	120	135
Petroleum Refining & Related Industries	133	66
All Others	71	49
<b>TOTAL</b>	<b>2,256</b>	<b>2,409</b>

8. Provide vocational training programs
9. Maintain a positive climate and attitude for business
10. Express appreciation to the business for being a part of the community.

A business retention and expansion program could have an impact on local economic development. Broad community involvement and clearly defined goals may contribute to the success of the program.

**TABLE 4: Announced New and Expanded Manufacturer and Processes 1980-1991.**

Year	Companies		Investment		Jobs	
	New	Expanded	New	Expanded	New	Expanded
1980	57	67	\$50,366,000	\$162,234,000	2,881	3,534
1981	42	61	\$169,671,000	\$96,483,000	2,580	2,502
1982	29	50	\$60,980,000	\$191,695,000	1,478	1,446
1983	25	37	\$28,440,000	\$390,991,000	991	4,117
1984	20	33	\$69,075,000	\$428,537,000	998	2,375
1985	41	64	\$58,542,000	\$62,784,000	1,496	2,560
1986	40	63	\$84,610,000	\$213,609,000	1,819	3,619
1987	64	156	\$74,162,394	\$395,818,855	1,804	5,584
1988	66	108	\$194,622,928	\$506,121,010	5,299	4,743
1989	63	85	\$286,111,149	\$417,915,600	5,231	3,935
1990	62	125	\$67,556,020	\$247,922,500	2,461	3,497
1991	45	80	\$42,196,000	\$267,973,700	2,424	2,526
1992	50	85	\$341,801,000	\$296,185,000	3,066	3,947
TOTAL	604	1,014	\$1,528,133,491	\$3,678,269,665	32,528	44,388

SOURCE: Oklahoma Department of Commerce, New and Expanded Manufacturers and Processors, Annual Report, 1991.

The following sections of this publication review goals of business retention and expansion, and also describe how to conduct a business visitation. The material is based on similar work in Nebraska and other business visitation programs. In particular, the business visitation questionnaire and cover letters presented in Appendix 1 are based on the Nebraska work of Olsen and Blair. Appendix 2 presents an annotated bibliography of business retention and expansion work from other states.

## Goals

A successful business retention and expansion program should satisfy the following goals:

1. Stabilize or increase job opportunities.
2. Identify strengths in the business climate.
3. Identify weaknesses that need to be over-

come.

It is important to remember that each community is unique in terms of types of business and their business climate. Some variations may be necessary in the type of retention and expansion program used.

Nevertheless, there are some program objectives that apply to all communities:

1. Establish a pro-business attitude.
2. Build an effective communication system between employers and community leaders.
3. Clarify the contribution these firms make to the local economy.
4. Identify the business climate strengths and weaknesses.
5. Detect as early as possible business expansion, contraction and closure plans which have a community wide impact.

One method that could be used to achieve the above listed goals and objectives is to conduct a business visitation project. The following section describes the steps in organizing such a project.

## Organization for Business Visitation

After drawing clear objectives, a community should schedule an organizational meeting whereby members may define the program, build interest and awareness, and inform the communities about the effort. During the meeting, it is also important to obtain the participants' commitments for key positions such as a project leader and coordinating council members. The project leader's position is very important in creating a successful program. The leader provides communication, encouragement, and coordination for project volunteers; therefore, the leader should be a person who communicates well and one who can bring different groups together.

A coordinating council is needed to recruit visitation team and task force members, make policy decisions, and design suitable procedures. This council could be newly formed or could come from an existing organization such as the Chamber of Commerce. These members should be influential, knowledgeable business and community leaders representing a broad range of community interests.

Duties of the coordinating council include the following:

1. To recruit business and community leaders for visitation teams
2. To select the target firms or employers to be interviewed
3. To prepare a survey
4. To prepare a list of addresses and phone numbers of target firms
5. To prepare a calendar or schedule with the date, time, and place for each interview
6. To select time to train visitation team

After the coordinating council has chosen the visitation team, a meeting should be held to help the members understand the objectives and procedures of the program. The visitation team members may need an interview format that would enable them get useful information. The coordinating council and visitation team should review

the interview schedule to be sure that enough time is allowed for each visit. They should also ensure that there are enough surveys for each interview and also establish deadlines for completing all visits. Again, the project leader plays a critical role in making sure all tasks are performed.

Visitation teams should send each firm a letter explaining the purpose of their visit and suggesting a time for an appointment. Team members should confirm appointments by phone. This early warning gives employers time to think about the community's business climate and what needs to be done thereby improving the quality of the information obtained. It is important to reassure the employees that the information gathered during the survey would be strictly confidential.

The visitation team members should use the survey as a guideline for their interviews. It is important that they record responses during each interview or immediately after each interview when recollections are fresh. In fact, it is recommended that each team member take a moment immediately after each interview to jot down his/her comments about the interview. The team members should remember to keep the reports secure and confidential and to return them to the project leader promptly. It is suggested that a subcommittee of coordinating council members be used to further ensure confidentiality. The subcommittee should work with the visitation team to make sure that information is interpreted accurately. A business visitation questionnaire, a planning packet, a cover letter and a news releases are included in Appendix 1. This information should be used as a beginning model by the communities. However, it should be adapted to meet the community's specific needs.

## Analyzing Results

The results should be analyzed immediately. In the analysis, the first step should be to compute statistical measures for the data provided as well as to list the subjective responses for each question. Be sure to guard the sources identity and restrict any editorial changes except those which improve clarity. The analysis results should be presented to the coordinating council for review and suggestions for improvement. Finally, the information should be organized into a report that describes the visits with employees, identifies the community's

strengths, opportunities, problems and concerns. Proper use of this report can create an environment where business, labor, and the community can work together on economic development.

Recent work has focused on the question of which local policies are important to businesses considering expansion or relocation. A study by Gruidl and Walzer found that public services are more important than tax levels in influencing community employment growth. The findings suggested that local leaders “should focus on the quality of public services to businesses and ensure that services compensate businesses for tax payments” (Gruidl and Walzer, page 64). Efficient service delivery is critical and an effective retention and expansion program could be very helpful in the effort.

Another study by Loveridge and Smith looked at the factors which are critical for a successful retention and expansion program. They found that the most successful programs had coordinators who did not try to do all the work themselves but instead engaged in a broad community effort. Moreover, coalition building and dialogue allowed long-term goals to be addressed. A survey and a written report, such as the one described in this publication, could be a vehicle for beginning this long-term dialogue. Community involvement and awareness from all sectors will greatly enhance the efforts of a retention and expansion program.

## **Working with Small or Nonmanufacturing Firms**

This publication has focused on retention and expansion efforts for manufacturing firms. It should be noted that similar efforts can be focused on service firms such as retail businesses. Also, there may be special considerations for small firms or new firms. The following discussion is based on work by Crawford (Ohio) and addresses these special areas of business retention and expansion.

### **Working with Small Firms**

The retention and expansion programs are often used only with the larger firms of a community. However, some of the small firms have a high potential of generating jobs. It is important that

the team offers the small firms the same services it offers the larger firms. The needs and concerns of the small firm are often different from those of the larger firm; therefore, the coordinating council may want to develop a special program for small firms.

In order to avoid having a “sleeping giant” move to another community to expand their operations or to go out of business, the team should develop the expertise or contacts to help business stay, grow, and prosper. For example, the team should become familiar with the financial and other services of the Small Business Administration (SBA), Farmers Home Administration, and other Federal and State agencies.

### **Working with New Firms**

The team needs to be aware of the opportunity to establish new firms. Almost every community has entrepreneurs with ideas for business opportunities. With help, these “idea people” could be the source of a new firm in the community. It is important that the team members be alert and attempt to identify these people and offer any possible assistance. The goal is the same as with small existing firms; that is, to avoid these entrepreneurs taking their ideals elsewhere and developing them, or worse yet, not doing anything.

The team might want to co-sponsor a series of “Pre Business Workshops” with the Small Business Administration. If there is a college or university nearby, the team could contact their business school to investigate ways to jointly conduct educational meetings for the potential entrepreneurs.

Young or new firms often have problems in raising venture capital. The team should become familiar with the different funding sources. Contacts should be made with federal agencies, state development agencies and local bankers.

Team members should be aware that many, if not most, entrepreneurs are independent and will try to finance their firm by personal means rather than seek community assistance. Many will only have ideas for a product or service and will not have thought out the management, financing, or marketing aspects of operating a business.

Once the entrepreneur has been identified, a team member might help the entrepreneur in a number of ways. The team member and the entrepreneur could visit a local loan officer, a Certified

Public Accountant, lawyer, and some established firms who might help plan the venture in a systematic way. This approach may reduce the chances of firm failures that often occur due to poor record keeping, lack of financial planning, or poor management. Assistance in the early stages could help to ensure that the new firm would grow and prosper in the community.

The team could also help the entrepreneur find the proper facilities for the new firm. Some thought should be given to developing a "matchmakers" service in which the team could arrange to have the "idea person" meet and possibly join up with someone who has some experience that fits the proposed venture.

A team that decides to work with an entrepreneur should be prepared to work with a innovative, creative, and independent person. Conversely the team should be prepared to be innovative and creative.

## Working with Service Firms

Most economic development programs concentrate on manufacturing firms and overlook service and commercial firms. Yet, in recent years, service industries have grown very fast. Some examples of service industries include health care, recreation, banking, retailing, government, education, and utilities. The Coordinating Council should be aware of the increasing growth in the service sector and offer them the same assistance that they offer the industrial sector.

## Summary

It is quite clear there is need for a retention and expansion program as part of a local economic

development strategy. The material in this publication included goals and objectives for a successful program. Organization of a business visitation program was covered including an example of a survey instrument. Appendix 2 includes an annotated bibliography of publications dealing with retention and expansion. For further information or assistance regarding this type of program contact the authors or your County Extension Office.

## References

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# APPENDIX 1

## BUSINESS VISITATION QUESTIONNAIRE AND PACKET

### Business Visitation Questionnaire

#### Interview Procedures

This questionnaire asks employers about their firm's local economic impact, their views of the business climate, problems, and anticipated changes in operations.

#### Guidelines for Interviewers

To ensure the success of your interview make sure to explain:

- a. Who is sponsoring this program.
- b. That the objectives are to recognize the contributions of target firms to the local economy and to identify strengths and weaknesses in the local business climate.
- c. That responses will be carefully handled to protect their identity. Let them know several firms will be interviewed and only summaries of several respondents' replies will be made public.
- d. That these personal contacts are considered the best way to obtain information and to learn of people with special interests and expertise to improve prospects for expanding or retaining local employment opportunities.

#### Remember

- Ask all questions on the form.
- Consistent interpretations of the questions are essential. It's usually best not to offer additional explanations.
- Don't argue with the employer's answers.
- A professional demeanor tends to increase accuracy and reduce the time necessary for the interview.
- Check the survey to be sure all questions have been answered and replies accurately recorded.

Finally, carefully guard the confidentiality of these replies and promptly turn them over to the program coordinator.

Immediately after completing the personal visit to a firm, the visitation team should record their impressions and opinions including:

- a. The key problem(s) identified,
- b. Need for follow-up, and
- c. Any additional observations

**Business Visitation  
Questionnaire**

Firm \_\_\_\_\_

Address \_\_\_\_\_

Name, Title of Officer(s) Interviewed \_\_\_\_\_

Date of Interview \_\_\_\_\_

**Contribution to the Local Economy**

1. What is the general category of goods or services sold? Specify Standard Industrial Classification Code (SIC) if applicable.

Agriculture . . . . . \_\_\_\_\_

Manufacturing . . . . . \_\_\_\_\_

Transportation, Utilities or Communication . . . . . \_\_\_\_\_

Finance or Insurance . . . . . \_\_\_\_\_

Retail or Wholesale Trade . . . . . \_\_\_\_\_

Other (please describe):

\_\_\_\_\_  
\_\_\_\_\_

2. What year did this firm start business in this TOWN? \_\_\_\_\_

3. Estimate the number of jobs \_\_\_\_\_ as well as the total wages and salaries \$ \_\_\_\_\_ the firm provided in the community last year?

4. Accounting for part-time and seasonal jobs, how many full time equivalent (FTE) jobs \_\_\_\_\_ did the firm provide last year?

5. What percentage of the firm's employees live:

In TOWN . . . . . \_\_\_\_\_ %

In COUNTY . . . . . \_\_\_\_\_ %

Outside COUNTY . . . . . \_\_\_\_\_ %

6. Has the firm's local employment increased \_\_\_\_\_ decreased \_\_\_\_\_ or remained about the same \_\_\_\_\_ in the last three years?
7. Have sales increased \_\_\_\_\_ decreased \_\_\_\_\_ or remained about the same \_\_\_\_\_ in the last three years?
8. What portion of the firm's annual sales are made to customers:
- In COUNTY? . . . . . \_\_\_\_\_ %
- Outside COUNTY but in Oklahoma? . . . . . \_\_\_\_\_ %
- Outside Oklahoma but in the U.S.? . . . . . \_\_\_\_\_ %
- Outside the U.S.? . . . . . \_\_\_\_\_ %
- 100%
9. Where are most of the firm's major competitors located:
- In COUNTY? . . . . . \_\_\_\_\_ %
- Outside COUNTY but in Oklahoma? . . . . . \_\_\_\_\_ %
- Outside Oklahoma but in the U.S.? . . . . . \_\_\_\_\_ %
- Outside the U.S.? . . . . . \_\_\_\_\_ %
- 100%

**The Local Business Climate**

10. What is your overall opinion of TOWN as a place to do business?
- Excellent \_\_\_\_\_ Good \_\_\_\_\_ Fair \_\_\_\_\_ Poor \_\_\_\_\_ No Opinion \_\_\_\_\_
11. Describe your satisfaction with these business climate factors. Are you very pleased, satisfied or wish for improvement.

	<b>SATISFACTION</b>		
	<i>Pleased</i>	<i>OK</i>	<i>Improve</i>
Financial services . . . . .	_____	_____	_____
Other business/professional services . . . . .	_____	_____	_____
Land/site costs . . . . .	_____	_____	_____
Proximity of customers . . . . .	_____	_____	_____
Proximity to suppliers . . . . .	_____	_____	_____
Labor (costs/training/availability) . . . . .	_____	_____	_____
Tax rates . . . . .	_____	_____	_____
Permit processes . . . . .	_____	_____	_____

12. Rate the quality of transportation and public services the firm requires (good, adequate, poor). Then consider cost of those services (high, fair, low).

	Quality of Service			Cost		
	Good	Adequate	Poor	High	Fair	Low
<i>Transportation</i>						
Air	_____	_____	_____	_____	_____	_____
Rail	_____	_____	_____	_____	_____	_____
Truck	_____	_____	_____	_____	_____	_____
Inland Port	_____	_____	_____	_____	_____	_____

	Quality of Service			Cost		
	Good	Adequate	Poor	High	Fair	Low
<i>Public Services</i>						
Water	_____	_____	_____	_____	_____	_____
Sewer Services	_____	_____	_____	_____	_____	_____
Waste Disposal	_____	_____	_____	_____	_____	_____
Electricity	_____	_____	_____	_____	_____	_____
Natural Gas	_____	_____	_____	_____	_____	_____
Phone Services	_____	_____	_____	_____	_____	_____
Fire Protection	_____	_____	_____	_____	_____	_____
Police Protection	_____	_____	_____	_____	_____	_____

13. Several organizations offer specialized assistance to business and industry. They include chambers of commerce, local development groups, trade associations, public agencies, and educational institutions.

A. Have you asked such organizations for help Yes \_\_\_ No \_\_\_

B. Which one was most helpful? (briefly identify)

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C. What other types of specialized assistance would you recommend to improve the area's business climate. (Describe briefly.)

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### Business Plans and Expectations

14. Do the officials responsible for the firm's expansion and retention plans live in TOWN?  
 \_\_\_\_\_ Yes \_\_\_\_\_ No

If no, where are they located? \_\_\_\_\_

15. Briefly describe changes which are planned for the next three years in:

A. Employment \_\_\_\_\_

B. Facilities size or location \_\_\_\_\_

C. Production Processes \_\_\_\_\_

D. Other (please explain) \_\_\_\_\_

16. Rank the importance of the following factors in choosing and/or remaining in TOWN:

	<i>Essential</i>	<i>Convenient</i>	<i>Unnecessary</i>
Business and professional service . . . . .	_____	_____	_____
Land/site costs . . . . .	_____	_____	_____
Proximity to customers . . . . .	_____	_____	_____
Proximity to suppliers . . . . .	_____	_____	_____
Distribution/collection costs . . . . .	_____	_____	_____
Labor costs . . . . .	_____	_____	_____
Education . . . . .	_____	_____	_____
Health Care . . . . .	_____	_____	_____
Quality of Life . . . . .	_____	_____	_____

17. In terms of dollar value, estimate the percentage of raw materials or goods needed for production and the percentage of goods sold that are shipped by:

	<i>Goods Needed for Production</i>	<i>Goods Sold</i>
Truck . . . . .	_____ %	_____ %
Rail . . . . .	_____ %	_____ %
Air . . . . .	_____ %	_____ %
Inland Port . . . . .	_____ %	_____ %

18. Do you buy or sell goods or services that could either be locally produced or further processed locally to increase local employment? (Describe briefly.)

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**IV. Expansion and Retention Challenges**

19. In general, are new entry level workers adequately trained to meet your needs?  
 Yes \_\_\_\_\_ No \_\_\_\_\_

20. Have you had difficulty recruiting or retaining employees in the following categories?

(Cross out those that don't apply)	<u>Recruiting</u>		<u>Retaining</u>	
	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>No</i>
Professional	_____	_____	_____	_____
Managerial	_____	_____	_____	_____
Sales	_____	_____	_____	_____
Services	_____	_____	_____	_____
Agriculture	_____	_____	_____	_____
Machine operatives	_____	_____	_____	_____
Precision production	_____	_____	_____	_____
Technical	_____	_____	_____	_____
Handler/laborer	_____	_____	_____	_____

21. Do you anticipate needing employees who are either better or differently trained in the next two or three years. Yes \_\_\_\_\_ No \_\_\_\_\_ If Yes, please explain.

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22. Do you presently have room to expand at your present location? Yes \_\_\_\_\_ No \_\_\_\_\_ If not, why?

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23. Do you have excess space you would be willing to lease? Yes \_\_\_\_\_ No \_\_\_\_\_ If Yes, how many square feet \_\_\_\_\_?

24. Do you have concerns or suggestions for improvement in TOWN facilities or services?

Police \_\_\_\_\_

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Fire \_\_\_\_\_

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Water \_\_\_\_\_

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Sewage \_\_\_\_\_

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Zoning/Permits \_\_\_\_\_

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Other: \_\_\_\_\_

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25. Are there any additional comments you would like to make? \_\_\_\_\_

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**THANK YOU FOR YOUR COOPERATION**

**Business Visitation Packet**

Letter of Introduction

News Releases or Background Information for Interviews:

- 1. Announcement of the Expansion and Retention Program
- 2. Announcement of the Business Visitation Interviews
- 3. Description of Final Report

**Sample Letter of Introduction**

Dear \_\_\_\_\_,

The well-being of the residents of \_\_\_\_\_ depends upon a healthy, growing economy. Efforts to attract new employers and encourage others to start new firms are important. However, we recognize that the expansion and retention of established firms is the foundation of our economic development efforts.

During the next few weeks we will be initiating a "Local Business Assistance" program to improve the community's business climate. Established business owners or managers will be interviewed concerning their firm's contribution to our economy and their views about strengths and weaknesses of the local business climate.

A report will be prepared to summarize information obtained from the firms we plan to interview. One section will emphasize the importance of these firms and the comparative advantages of doing business in this community. The second section, "Future Challenges," will address the need for improvements. This is a joint effort between the \_\_\_\_\_ Chamber of Commerce and the City of \_\_\_\_\_. We are being assisted by the Cooperative Extension Service, Oklahoma State University.

One of our Business Visitation teams will be calling you to arrange an appointment. We appreciate your help and want to assure you that the information you provide will be treated confidentially.

Sincerely,

\_\_\_\_\_

**NEWS RELEASE**

**When Program Begins**

For Release \_\_\_\_\_(date)

For More Information Contact:

\_\_\_\_\_ (full name)

\_\_\_\_\_ (office phone number)

Business visitation teams will be formed through a joint effort between the Chamber of Commerce and the City to study factors affecting the community's business climate \_\_\_\_\_ (full name) announced today \_\_\_\_\_(date).

"Using a model business retention and expansion process developed by Oklahoma's Cooperative Extension Service, the Business Visitation Teams consist of volunteers from both the business and public sector. Visitation Teams will be formed to survey selected \_\_\_\_\_(name of town) business owners," \_\_\_\_\_ (last name) said.

"The expansion retention survey is designed to obtain data on the contributions, needs and perceptions of businesses in our community," he said. "With this information, we can direct our resources more effectively toward solving business problems and improving the business climate of our community."

According to \_\_\_\_\_(last name), "the bottom line" is more jobs and a strong municipal base.

This study is being sponsored as a joint effort between the \_\_\_\_\_ Chamber of Commerce and the Oklahoma State University Cooperative Extension Service.

**NEWS RELEASE**  
**When Interviews Begin**

For Release \_\_\_\_\_ (date)

For More Information, Contact:

\_\_\_\_\_ (full name) at \_\_\_\_\_ (office phone number)

Beginning this week, \_\_\_\_\_ (town name) area business people will be given an opportunity to voice their concerns about the local business climate. Interviews will be held as part of a business retention and expansion program, \_\_\_\_\_ (full name) announced today \_\_\_\_\_ (date).

"Much of the economic well-being of our city depends on the growth of our existing businesses," \_\_\_\_\_ (last name) said. "Because of their importance to our community, positive steps are being taken to identify and meet the needs of these firms."

In-depth surveys of \_\_\_\_\_ (name of town) firms will be conducted under the sponsorship of \_\_\_\_\_ (sponsoring agent) in cooperation with the Oklahoma State University Cooperative Extension Service.

\_\_\_\_\_ (full name) said \_\_\_\_\_ (number of volunteers) business and community leaders have been recruited to conduct interviews with the \_\_\_\_\_ (number of firms) firms targeted for the study. The surveys will be done over a period from \_\_\_\_\_ (date) to (date). "We've only got a small team so it may take us awhile to reach some firms. They can call \_\_\_\_\_ if they want additional information," said \_\_\_\_\_ (last name).

"Our survey has several objectives," \_\_\_\_\_ (chairman's last name) said. "We want to understand better how local business people view \_\_\_\_\_'s (name of town) economy and how we can improve \_\_\_\_\_ (name of town) as a place to do business.

"We also hope to establish a system that provides early warning of local business problems to prevent needless business losses and to retain jobs and tax dollars for public services." "The majority of new jobs created in communities like ours come from expansion of existing successful business."

This business retention and expansion program was designed by the Cooperative Extension Service to assist communities. The \_\_\_\_\_ (name of town) program is part of a statewide initiative to aid communities in economic development efforts.

"We want to work in partnership with \_\_\_\_\_ (name of town) businesses to help solve their problems," \_\_\_\_\_ (last name) said. "The strength of our local economy is our common concern. I urge all business people contacted to take advantage of this opportunity to share their views."

**NEWS RELEASE**  
**When Final Report Is Available**

For Release \_\_\_\_\_ (date)

For More Information Contact:

\_\_\_\_\_ (full name)

\_\_\_\_\_ (office phone number)

\_\_\_\_\_ (town name) is an excellent (good, fair, poor) place to do business, according to the final report of the \_\_\_\_\_ (town name) Retention and Expansion Committee. The Retention and Expansion report is based on surveys with \_\_\_\_\_ (number of firms surveyed) firms over the past \_\_\_\_\_ months. The committee consists of volunteers from the local business community and development agencies. Key findings of the survey were as follows:

\_\_\_ percent of the firms have been in the community more than \_\_\_\_\_ years.

\_\_\_ percent had expanded their employment during the past \_\_\_\_\_ years.

\_\_\_ percent had lost employees.

\_\_\_ percent had experienced no change in employee numbers.

\_\_\_ percent of the firms had specific suggestions on ways the community could improve local services of the business climate.

Based on the survey results, \_\_\_\_\_ (full name) says the Chamber has recommended that the city take the following actions to encourage growth.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ (chairman's last name) will present the full report at a public meeting \_\_\_\_\_ (day of week) at \_\_\_\_\_.

The meeting will held at the \_\_\_\_\_ (name of building at \_\_\_\_\_ (street address)).

# APPENDIX 2

## RETENTION AND EXPANSION BIBLIOGRAPHY

- (1) Olsen, Duane A. and Robert F. Blair. *Adapting Business Retention and Expansion Models To Rural Communities: A Nebraska Case Study*. University of Nebraska-Lincoln, University of Nebraska at Omaha. July, 1990.

This publication looks at two models for local business assistance in Nebraska. The first is S.T.A.R.T. - Strategic Training and Resource Targeting. This program is administered by the Center for Public Affairs Research at the University of Nebraska at Omaha. In the S.T.A.R.T. program, communities are required to collect information to build a local economic profile and data base. A general business survey is part of this data base that includes questions on firm characteristics, expansion plans, sources of competition, ratings on city services, and work force issues. Also, a community attitude survey collects information on local retail and service leakage. After analysis for this information by the local planning group, an action plan is prepared by the community. This program is part of a comprehensive economic development planning program and self-help is emphasized.

The second model is Improving the Climate for Business Expansion and Retention. This program directs attention to the local business climate and factors expected to influence business performance. A local coordinating council selects at least 30 target businesses emphasizing those with substantial non-local sales and those who are major employers. A volunteer business visitation team comprised of both business and community decision makers conducts interviews with the chosen businesses. University faculty analyze the results and prepare reports in business climate, strengths and challenges. This program can be characterized as utilizing a targeted business interview approach and relies on a strong consultative role.

Both programs emphasize a community based approach to existing business assistance. However, their difference lies in the level of input from consultants. Minimal input is provided in the S.T.A.R.T. program but in the targeted interview approach (Improving the Climate) recommendations for action are part of the approach.

- (2) Crawford, Sam J., *Rural Development Creation, Expansion, Retention-Economic Development of Local Firms*. Ohio Cooperative Extension Service: Reprinted for use in Oklahoma.

This article stresses the importance of creation and expansion of locally owned and operated businesses. It identifies the key components of an economic development plan which include "Who Will Do It?" and "What Will We Do?" The author identifies the key ingredient to forming an economic development team as having respected community leaders who are willing to serve, to take an active part, and to make a long term commitment.

Once an economic development team is developed there are five steps communities should follow:

1. Community inventory-identify existing forms of business, possible sites, services, existing and potential labor supplies, housing, utilities, transportation, and taxes.
2. Visitation and follow-up committee. They will interview the firms to determine problems or concerns of the firm, plus plans or potential of the firm for expansion.
3. Develop a plan of action.
4. Meet with company officials to discuss plans and problems and offer local solutions whenever possible.

5. Remember that no strict guidelines apply universally to economic development strategies. Each problem area or project has its own unique characteristics.

This article in conclusion, also stresses the importance of working with small firms, new firms, and service firms. Each are a unique part of communities business activity.

Most of a community's economic expansion is likely to come from existing or new firms. Therefore, the community which desires economic expansion needs a strong, active, and organized retention and creation program.

- (3) *MO-GRO Business Retention and Expansion Project Report: St. Charles*, University Extension, University of Missouri System, Lincoln University.

This report is a summary of information gathered concerning business retention and expansion in St. Charles, Missouri. The report includes information on 23 of 30 businesses. Among the information included is: basic employer background, rating the state and community as a place to do business, employment, future plans, goals of the project, interview processes and financial information on the participating business. A series of graphs and tables illustrate the survey findings. The report concludes with a section on accomplishments that have already taken place and recommendations for further improvement.

- (4) *"R&E=Jobs"*, The Ohio Business Retention and Expansion Program, Ohio Cooperative Extension Service and Ohio State University.

This pamphlet introduces the Ohio Business Retention and Expansion Program by explaining why such a program is important. A brief outline of the Retention and Expansion Process and explanation of the task force, project coordinator, R&E Consultant, interviewing for information analyzing interview re-

sponses, and a local government/business partnership is also included.

- (5) *"Champaign County Business Retention and Expansion Visitation Program Report."* Ohio Cooperative Extension Service, Ohio State University, 1986.

This report is a summary of information gathered by a group of Champaign County citizens who participated in the Ohio Business Retention and Expansion Programs. Included are employment trends and recommendations for business retention and expansion in Champaign County. Eight long run issues are discussed: continuing economic development; local raw material supply; land use planning; providing up-to-date information; management and marketing strategy seminars; new date regulations; labor/management relations; and expert expansion.

- (6) *Certified Business R&E Training Program*. Community Economics Program, Ohio Cooperative Extension Service, Ohio State University.

This paper discusses (1) major skills and knowledge, (2) assignments for local project coordinators, (3) assignments for R&E Consultants, and (4) who should enroll in the Certified R&E Training Program which prepares you to start a local retention and expansion program and to train volunteers in the act of surveying firms.

- (7) *Certified Retention and Expansion Consultants*. Community Economics Program, Ohio Cooperative Extension Service, Ohio State University.

This paper discusses the importance of three economic development professionals in the development and implementation of a successful local retention and expansion program. These are: Local R&E Coordinator, R&E Consultant and Research Economist. The roles of these professionals are explained in detail.

- (8) Ferris, Pamela. *Retention and Expansion: Business Visitation Programs*. The North Central Regional Center for Rural Development, Iowa State University; Ames, Iowa.

This pamphlet takes a look at the benefits and costs of business visitation programs. Information is included on training volunteers, tips on starting business visitation programs and finally an example survey is included.

- (9) Olsen, Duane A. and Robert F. Blair. *Improving the Climate for Business Expansion and Retention: Guidelines for Communities*. Nebraska Cooperative Expansion Service, EC 87-880.

This guidebook begins with an overview of what an Expansion and Retention program is. This includes the purpose, basic concepts, and distinguishing characteristics. Chapter II provides information on how to organize for action including the project leader, target firms, visitation teams and study-action task force. Chapter III discusses the information base, getting organized, training visitation teams and summarizing and analyzing information. Chapter IV discusses the benefits to be captured and finally a sample survey and business visitation packet is included.

- (10) *Existing Industry-Key to Success in Industrial Development*, Alabama Cooperative Extension Service, Auburn University, Circular CRD-22.

This publication discusses the key components of a successful industrial development process. Among these areas that need to be considered are the use of a visitation team,

recognition and communication, labor, sites and buildings, financing, regulations, and technical services. It also discusses the factors that need to be considered before initiating an existing industry program.

- (11) Olsen, Duane A. *North Platte Business Climate Challenges: A Nebraska Business Assistance Program*. University of Nebraska Cooperative Extension Service, May 1990.

This report focuses on the challenges or opportunities for improvement in the local business climate of North Platte. This project discusses local business climate strengths and weaknesses that local leaders can build and improve on. These strengths and weaknesses have been described by owners or managers of 59 established North Platte businesses.

- (12) Olsen, Duane A. *North Platte Business Climate Strengths: A Nebraska Business Assistance Program*. University of Nebraska Cooperative Extension Service, May 1990.

This report is a continuation of the North Platte study that included 59 established business firms in the North Platte area. The report includes contributions to the local economy; the local business climate; business plans and expectations; and expansion and retention challenges.