

## Business Recruitment

### *Attracting Retail and Service Businesses*

Communities can influence business investment decisions by drawing attention to local market characteristics that might otherwise be overlooked. A business recruitment team can assist by identifying high potential retail sectors, compiling information of interest to retail prospects, and marketing to those prospects. The key is to demonstrate that the community is a profitable place to do business.

#### Getting Started

Before beginning a business recruitment effort, it is important to understand its objectives. For most districts, the program should help:

- Encourage entrepreneurship;
- Maintain and develop the district as a mixed-use, multi-purpose center; and
- Strengthen existing businesses and the business mix.

To begin the recruitment process, a proactive business recruitment team needs to be assembled. This team should have a realistic understanding of the market, skills in economic development and real estate, and have an ability to sell and follow through. A team of 5-7 participants could include business owners, real estate professionals, building owners, bankers, chamber and economic development representatives and elected officials.

The team will help serve as a management entity for recruitment efforts, focusing on those properties and areas that are critical for the economic success of the business district. Through the process, the team should coordinate efforts with local real estate professionals.

For a recruitment program to be successful, the team must be ready to articulate a clear market position statement for the district. A market position statement describes the type of retail mix, the shopping environment, and the target customer market. The statement distinguishes your district from surrounding shopping districts.

A wish list of potential businesses should also be developed by the team. These potential businesses should complement and strengthen the existing

businesses and reflect the market position statement. Realistic annual recruitment goals should be set.

#### Creating an Attractive Business Environment

Before actual recruitment can begin, the team must make sure that the district presents itself as an inviting place to do business. To attract investment, the district must be visibly active, attractive, convenient and safe.

According to the Vermont Forum on Sprawl, downtown and other in-town commercial areas need to recognize and overcome barriers to business investment in their districts including higher land costs, title problems, permitting complexity, zoning limitations, site preparation and construction costs, etc. The team should understand these barriers, both perceived and real, and work with business and community leaders to minimize them.

It is also important that the team fully understand what the community can offer the prospective business. Incentives might include technical assistance, financing of building improvements, counseling with local financial institutions, district wide image and marketing programs, an effective business to business networking system, etc.

#### Assembling Recruitment and Marketing Materials

Attractive recruitment and marketing materials should be developed to convey the market potential of the business district. Business recruitment materials must help convince a business operator that your district is unique and that it offers a competitive edge over other locations.



Market analysis data from a recent market study will help potential business operators evaluate the potential for their venture. When developing marketing materials, avoid information overload. Consider including a community overview with photos, market position statement, wish list of new businesses supported by demand and supply data; trade area, economic statistics, demographic and lifestyle data; and descriptions of target market segments.

Graphs and maps are particularly effective ways to describe the region, the local area, retail competition, and development trends. A summary of local incentives and other business assistance should be included. The packet should be customized to fit the needs of the prospect.

### Generating Leads

The team's next responsibility is to find appropriate businesses that might be interested in a site in your market area or need new space to expand. Leads can include:

1. *Existing Businesses Within or Near the Business District* - Often the best leads are found near home. Leads might include existing businesses seeking more space or a better location in the business district.
2. *Emerging Entrepreneurs* - Downtowns and business districts are attractive to independent businesses. Leads might include home-based businesses seeking more fitting space and a convenient location for their customers. These leads might include management of existing businesses wanting to start their own venture.
3. *Existing Local or Regional Businesses* - Local or regional businesses, particularly those that have branch stores and are ready to expand, are often excellent prospects. They typically have a good knowledge of the market area and may be interested in expansion to improve their market penetration.
4. *National Chains* - If local or regional businesses are not interested in expanding, larger national chains can be contacted. It is important to be realistic about the chains that might be interested in a small community as their market, store size and parking requirements may preclude them from considering your district.

### Courting Prospects

The recruitment team must now focus on a personalized sales effort. Initial contacts with a prospect can be made through a personalized letter. In the letter, explain why your district would be an excellent place to do business. Identify selected incentives and summarize the most relevant market data that would interest the prospect.

Your recruiting and marketing materials can be enclosed or included as a link to a web site with the information.

After the letter of introduction, a call should be made to the business to set up an appointment for a personal visit by a person on the recruitment team. During this appointment, explain why their business would be profitable in your community and what incentives that might be available.

Prospects should be invited to tour the community including stops at possible available sites, residential neighborhoods, employment centers and City Hall. Set up visits (including lunch or dinner) with local business operators, public officials and others. After the visit, have thank you letters sent from community leaders. Make sure the recruitment team answers follow up information requests in a prompt and professional manner.

A leader on the recruitment team should try to close the deal by selling the merits of locating in the business district. Remind the prospect that your district is looking for a business with their characteristics. Practice effective sales presentation skills and focus on key selling points:

- Key market data (such as a population density);
- Findings from an analysis of demand and supply;
- Businesses in the district that have prospered; and
- Why the district is a great place to do business.

Continue to stay in contact with the prospect. If the prospect is interested, follow-up immediately with an action plan and necessary assistance.

After businesses have been recruited, they must be welcomed and supported, as are existing businesses. Ongoing advocacy and follow-up are essential.

For more information, see the Business Recruitment section of the Downtown and Business District Market Analysis Toolbox. <http://www.uwex.edu/ces/cced/dma/>

The March 2000 issue of Let's Talk Business provides additional information on preparing for the recruitment process. <http://www.uwex.edu/ces/cced/lets/Mar00ltb.pdf>

#### Sources:

- Fill-in-the-Blank Business Recruitment published by the National Main Street Center of the National Trust for Historic Preservation;
- Successful Retail Recruitment Strategies published by the consulting firm of HyettPalma, Inc;
- Making Downtowns & Village Centers More Attractive For Development, a conference report prepared by the Vermont Forum on Sprawl, 1998; and
- Wisconsin Main Street Program – business recruitment workshop notes and work of Jim Engle, Todd Barman and JD Milburn.

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