

## A Targeted BR&E Case Study

Midville was like a lot of other communities in its part of the country—a medium-sized city whose “glory days” were clearly visible in the rear-view mirror. Until the 1970s, Midville was the proud home of the Beltline Manufacturing Company (BMC): supplier to the automotive industry and employing the majority of adults in the community. By the mid-1970s, BMC had begun to experience significant competition from foreign manufacturers and had begun downsizing. By the mid-1980s, Midville had shuttered much of its operation, and in 1992, BMC closed its last production line.

Other smaller companies that had served as suppliers to BMC struggled as the big company declined. Some were able to recast themselves and their products to service; however, most were paying lower wages than before. Some enterprising individuals were able to leverage intellectual property they developed from BMC and use it to start new companies. These companies have a relatively low profile within the community but are selling unique products in markets around the globe.

Greater Midville Economic Development (GMED) was founded in the early 90s and charged with growing the economy. GMED had been very successful early on with an aggressive industrial recruitment effort, developing a business park on the edge of town. A major interstate was close enough that the community had attracted warehousing and distribution companies, employing a number of Midville residents. Attracting new industry, however, had become increasingly difficult, and it had been years since a new company had moved in.

Around 2003, GMED partnered with the local university extension office to launch a Business Retention and Expansion (BR&E) program. With help from specialists from the main campus, a core group of civic leaders were trained to make industry visits and the community then mobilized to help meet the needs of the companies they visited. They had several exciting early successes from their BR&E efforts. They partnered with a nearby community college to meet some workforce needs and helped one company get abatement on some new equipment. Over the years, however, the BR&E program has lost some steam. Volunteer civic leaders had stopped making company visits, and now Mary, the GMED executive director, who has great relationships with most of the major employers, took care of any issues as they arose.

Recently Mary had learned from the local extension office that the BR&E program had been refreshed. A new component, *Targeted* BR&E, had been designed to target companies with growth potential and help provide support services to accelerate that growth within those companies and within the industry cluster to which these firms belong.

Mary decided to explore this idea further by attending a half-day *Targeted* BR&E workshop. The information about the workshop encouraged a **regional approach** to *Targeted* BR&E so Mary reached out to her counterparts in two adjacent counties. The three counties together had a great deal in common and had even done some joint marketing together referring to themselves as the *Pleasant Valley Partnership*.

Mary, Bob and Tyler, the other economic development directors, attended the workshop and learned a lot about the new program. They also learned a great deal about the growth potential of specific subsets of their regional economy. First they learned that their region

was **highly specialized** in the *Agribusiness and Food Processing Technology* cluster. In fact, their region was three times more concentrated with firms in this cluster as compared to the U.S. and even more concentrated than their state. They also learned about the number of **second-stage companies** in their overall economy and in this agribusiness cluster. Second-stage companies are those firms that typically have from 10-100 employees. Data shows that significant growth comes from firms of this size.

They also learned about the new features of *Targeted* BR&E, like the **Green Flag Review**. The traditional BR&E program uses the term “red flag” to identify companies that are in jeopardy of leaving the community or have significant needs. This new approach uses green flags that have an immediate opportunity for growth. They also learned that the resource network that supports business growth includes some new partners that were not necessarily part of their existing BR&E team. Lastly they found out that there is a new **software app** that enables those making *Targeted* BR&E visits to gather data electronically on a tablet, laptop or even smartphone. The device, while in the field, does not even have to be connected to the Internet. It simply stores the data until the next time it is connected and then transfers the data to the server.

At the end of the workshop, Mary, Bob and Tyler were convinced that *Targeted* BR&E was for them. They put a plan in place to launch the new program immediately, quickly identified 10 different second-stage firms within their agribusiness cluster and scheduled their visits over the next few weeks. They also reached out to new partners to ask them to join their *Pleasant Valley Targeted BR&E Network*. These new partners included their regional Small Business Development Center (SBDC) director, the director of the closest incubator, an attorney with expertise in intellectual property and a representative from the state manufacturing extension partnership program (MEP).

As they made their visits and began to gather data, several immediate opportunities emerged to help these companies. **One company really needed some market data** that the SBDC was able to provide and **another small company had a new innovation** they were interested in patenting so the attorney was able to help with that. They also found that due to a new contract, **a small food processor needed to increase production** by 25% but was not sure his existing equipment could meet the new demand. The MEP rep helped him reconfigure his existing production line to meet the new need without a new investment in equipment.

Beyond this one-on-one assistance, Mary, Bob and Tyler learned a lot about the agribusiness cluster and identified an opportunity for **a new relationship between two firms**, one of which was producing something another firm needed but was currently going outside the region to purchase. Their new knowledge also began to help them **target industrial recruitment and entrepreneurship efforts**, recognizing a gap in the regional agribusiness supply chain. They could then begin looking for a firm to recruit or for an entrepreneur looking for a new venture to help fill that gap.

Six months after their *Targeted* BR&E efforts, the faculty from campus did a follow-up evaluation and learned that there was a definite return on their efforts. An additional **seven full-time jobs** had been created among the existing businesses and some new investment was on the way with a **potential for another 12 jobs**.