

DOWNTOWN BUSINESS RECRUITMENT



Chapter I



2005

N. David Milder
DANTH, Inc
718-805-9507
danthinc@yahoo.com

Some Reviews of
DOWNTOWN BUSINESS RECRUITMENT

“In the world of commercial area revitalization, the subject most often talked about and less often acted upon is business recruitment. If a commercial area lacks sufficient commercial enterprises, then it is to that degree not a center of commerce at all, a sad place indeed. David Milder has produced a work such that no Downtown activist will any longer have the excuse that the subject is muddy, confusing, impenetrable; here is the comprehensive source. From costs to cautions, from messages to media, Milder lays out the practical steps to enable Business Improvement Districts and others to fill commercial space with winning tenants. Should be on the desk of every self styled economic development professional.”

Lawrence O. Houstoun
The Atlantic Group

“Excellent job! Comprehensive, thorough and chock full of good examples and insights. This should be required reading for both ‘newbies’ and ‘seasoned veterans’ alike.”

Victor S. Grgas
VSG & Associates

“It’s great. I wish this book had existed when I went to manage the Red Bank River Center. I would have slept with it under my pillow and referred to it constantly. And not just for recruitment. I think there are a lot of insights into how to manage a downtown organization overall. The chapter on networking pretty much covers how to survive in this field.”

Mary Mann
Springfield Avenue Partnership

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PREFACE

This book has a definite point of view. I believe that many more downtown organizations, be they large or small, can have successful business recruitment programs. I also firmly believe that the best recruitment programs, those that will genuinely contribute significantly to the revitalization process, are programs that are informed by a sound economic revitalization strategy.

A lot of downtown leaders do not completely understand the full extent of the recruitment process, so their mental focus is mostly on finding tenant prospects and they do not pay sufficient attention to local landlords and the municipality's permissions and approvals process. Many downtown managers also employ business recruitment marketing tools without evaluating how they can help the program reach its objectives. Often this is because the managers do not really understand which program objectives each marketing tool can support. This book is intended to address these and similar issues.

One of my colleagues was surprised at the book's length. Frankly, so was I. However, my experience as a consultant strongly suggested that most of my potential readers would greatly appreciate a fairly detailed discussion. For example, one early reviewer suggested that I cut out all cost estimates, since they would be time sensitive. But, other readers, such as Cathy Jakubowski, the district manager of the Bayonne Town Center Management Corporation, strongly felt that the cost estimates were invaluable pieces of information and that they could make whatever adjustments were needed to cope with the time sensitivity issue. Similar debates on other topics also ended in decisions to retain the details.

Some readers may ask why I am not charging any money for this book and why I am "publishing" it in such an unusual manner as .pdf downloads from an Internet website. The answer is simple: I want a lot of downtown managers, their staffs and their board members to read the book, and I believe that the method I have selected for publishing and distributing it is the best way to accomplish that objective.

I am engaging in a bit of "guerrilla marketing." My last book cost about \$70, so readers will not have that disincentive with the new one. This book has been reviewed by many experts in the field -- including downtown managers, experienced brokers and a developer -- and professionally edited, so there is an assurance of quality. Most potential readers are familiar with .pdf files and feel comfortable downloading them. Knowing downtown managers as I do, I am betting that, if this book is as good as I hope it is, word-of-mouth will stimulate strong reader interest. The combination of a quality product, strong reader interest, no cost and easy downloading sounds like a successful publishing strategy to me.

I am a very lucky person -- I have a lot of people to acknowledge and thank. First amongst them is my wife, Lady Laura. During the summer of 2001 I was stricken with a virulent form of pneumonia and the infection spread from my lungs to other vital organs. I was in the hospital for three months and rehab for another four weeks. Lady Laura was at the hospital every day, dealing with me and the doctors, while somehow managing to maintain an arduous fulltime job in the highly competitive fragrance industry. She and my daughter, Anne Megan, brought in my favorite foods from my favorite restaurants, encouraged friends to visit and call, and arranged a birthday party. For that reason -- and because every day she helps me to be more of the person I aspire to be -- this book is dedicated to Lady Laura.

For many weeks, during the initial part my hospital stay, I was in a coma-like state. When I began to be conscious, I was often terribly disoriented, not knowing what was real and what was hallucinatory. It was very scary. Anne Megan grasped my fears and quickly addressed this problem. She brought in a bulletin board on which daily the day, date and nurses' names were written. She would spend hours engaging me in conversations that always nudged me to think about the future, especially about my career and doing more writing. It was during those conversations that my plan for this book emerged and my commitment to the project was sealed. Consequently, this book is also dedicated to Anne Megan.

There are many others who have helped me on this project and deserve my deepest thanks. Mary Mann, who edited my niche strategy book, also edited this one and did so with her usual blend of professional skill and support. Mark Waterhouse has been a thoughtful and demanding reader of numerous drafts, who provided another level of insightful editorial assistance. I also received helpful feedback on early drafts of one of more chapters from Peter Beronio, Stephanie Greco, Jim Glennon, Beth Lippman and Michael O'Connor.

Special thanks go to Victor Grgas, Mary Mann and Larry Houstoun for their pre-publication reviews.

Finally, I have to thank a number of people on the client side who gave me such interesting opportunities to engage in business recruitment activities: Dick Anderson, Peter Beronio, Ray Molski, Michael O'Connor, Kathleen Prunty and Carlisle Towery.

NDM
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ABOUT THE AUTHOR

N. David Milder is the president of DANTH, Inc., a consulting firm based in Kew Gardens, NY, that specializes in the revitalization of downtown and neighborhood commercial districts. He holds a Ph.D in Government from Cornell University and taught at Cornell and the Ohio State University. He was the vice president for marketing for ManData Corp. At the Ohio Department of Economic and Community Development he designed the Ohio Housing Needs Plan and created and managed the Ohio Cities Consortium, a 16-city public management technology transfer network funded by the National Science Foundation. He then went on to direct the Urban Institute at the University of North Carolina at Charlotte, where he created a downtown revitalization technical assistance program.

In 1977 Mr. Milder formed his own consulting company, which in 1996 adopted the name of DANTH, Inc. His clients have included the City of Charlotte, various municipal agencies in New York City, the National Institute of Justice and countless downtown organizations in New York, New Jersey, Vermont, Pennsylvania and other parts of the nation.

Some of Mr. Milder's significant projects include:

- A major study on the causes of the fear of crime in downtowns and how downtown organizations can diminish such fears
- Downtown revitalization strategies for: Jamaica Center, NY; The Bronx, NY; Englewood, NJ; Rutland, VT; Carlisle, PA; Garden City, NY; White Plains, NY; Cranford, NJ; Elizabeth, NJ; Bayonne, NJ and Maplewood, NJ
- Managing SIDs in Teaneck, NJ, and Bayonne, NJ
- A study for the mayor's office on how to get more developer's interested in projects in New York City's outer borough downtowns
- Business recruitment programs in: Jamaica Center, NY; The Bronx, NY; Englewood, NJ; Teaneck, NJ; Cranford, NJ, and Bayonne, NJ.
- Redevelopment public relations campaigns in Englewood, NJ; Jamaica Center, NY and Bayonne, NJ
- Niche marketing campaigns in: Rutland, VT; Englewood, NJ; Teaneck, NJ; Elizabeth, NJ; and Bayonne, NJ
- Façade improvement programs in Teaneck, NJ and Bayonne, NJ designed to increase the participation of existing businesses.

Mr. Milder has numerous articles in such publications as Urban Land, Main Street News and the Downtown Idea Exchange as well as chapters in books published by the American Planning Association and the International Downtown Association. His book, Niche Strategies for Downtown Revitalization was published by the Downtown Research and Development Center.

You can reach Mr. Milder at danthinc@yahoo.com or by visiting www.danth.com.

CHAPTER I

INTRODUCTION

A. Who This Book Is Written For

The intended audience for this monograph is composed of the managers, staff members and boards of directors of small and medium-sized downtown organizations. They operate on annual budgets that are less than \$750,000 -- most will probably have annual budgets under \$250,000.¹ Among these organizations are a lot of small operations with staffs of one to three persons, some of whom are part-timers. Also, many of the downtown organizations in our target audience are managed by “newbies,” i.e., people who are new to the field of downtown revitalization. In most of these organizations, business recruitment will be just one of many responsibilities assigned to one or two particular staff members. This is even true of some of the larger and stronger downtown organizations in our target audience. Most of the people given the responsibility for business recruitment typically have little or no prior experience with this function.

Leaders of many small and medium-sized downtown organizations want to improve their business recruitment programs. They want to know basic things such as what to do, who should do it and what can be achieved with their limited budgets. The objective of this monograph is to help these small and medium-sized downtown organizations create and operate effective business-recruitment programs -- programs that are calibrated to an organization's realistic objectives and available resources, both human and financial.

B. Selling And Having Products To Sell

One of the first things a good business school teaches you is that it's important to properly scope out and understand any problem you are trying to deal with. So at the outset, it is important to establish a clear understanding about the subject of this monograph, downtown business recruitment.

On a broad, conceptual level, there is agreement about what downtown business recruitment is all about -- it involves activities related to bringing new businesses into a downtown. But, when you try to get more specific, widely different answers emerge to such basic questions as:

- Do you target specific businesses and, if so, which ones?
- Who should do the “recruitment”?
- What should they (whoever they are) do?

¹ Larry Houston uses an annual budget of \$250,000 as the cutoff point for small districts. See Lawrence O. Houston, Jr., Business Improvement Districts, Second Edition, Urban Land Institute, (Washington, DC: 2003), pp.248, p.118

1. Selling. However, beneath these complications is one point about downtown business recruitment that is utterly essential to understand: at the core of this vital downtown management function are a bundle of activities associated with *selling*. Consequently, it is absolutely crucial that downtown organizations assign their proactive business recruitment functions to amiable and persuasive people who like to interact with other people, know their downtown's assets, can communicate them effectively verbally and in writing, are skilled at networking, -- and can take rejection. Recruitment is not a task for the meek, weak or shy.

Often, in small and medium-sized downtown organizations, you find that the persons assigned to do recruitment are focused on the "mechanics" -- their primary attention is paid to putting together a glossy brochure or a recruitment package to send out to prospects, using a computerized database of tenant prospects to send out letters, creating a database of downtown properties, placing ads in specialty trade publications, creating a videotape, CD or DVD on the downtown, etc. While such mechanics are definitely useful, a recruitment program focused on them suggests the presence of a debilitating weakness -- the people assigned to do the recruiting do not feel comfortable with networking and/or face-to-face selling.

If the focal point of your recruitment program is on networking with property owners, brokers, developers and tenant prospects, then it is probably on track. If it also has good "mechanics," then it is also doing all of the right things and is probably effective.

Of course, if a recruitment program is not capable of doing either the required networking or properly executing the mechanics of recruitment, then it is probably in deep, deep trouble and needs a complete overhaul.

2. Products To Sell. Logic dictates that selling is only possible when there are products to sell. Obviously, it is easier to sell products with features desired by consumers. Downtown business recruitment usually entails the selling of two distinct, but connected products: the downtown as a business location and the commercial spaces for retail, entertainment and office functions that are available within that downtown. Downtowns with high quality "products" often sell themselves, without any formal recruitment efforts by a downtown organization. For example, downtown Westfield, NJ, attracted a number of major retail chains, such as Starbucks and The Gap, when its Main Street program was nascent and before it created a Special Improvement District. Similarly, downtown Ridgewood, NJ, attracted a number of "trophy" retailers without either a SID or a Main Street program. What both had in common were:

- Trade areas dominated by high income households
- Basically safe and fairly attractive downtowns
- Available retail spaces of the requisite size, condition and price.

Most downtowns are not so fortunate. Among small and medium-sized downtowns, the lack of suitable space is a perennial and often overlooked problem. Without commercial spaces of suitable size and condition, business recruitment efforts become impractical, since there is no “product” to sell. For example, in Cranford, NJ, which is just a few miles down the road from Westfield, the average size of existing retail spaces in 1998 was about 1,000 S.F., with a few having about 2,000 S.F. and fewer still with larger spaces in the 5,000 S.F. to 8,000 S.F. range. Despite impressive streetscape and façade improvements, a safe downtown and a trade area filled with upscale consumers, retail revitalization in Cranford was stalled by the absence of commercial spaces of sufficient size and condition to meet the needs of popular retail chains. In such instances, retail recruitment programs are stressed by trying to attract good independent retailers to fill very small spaces, usually in the 1,000 SF to 2,000 SF range. This can be a disheartening task. Recognizing this problem, the Cranford Downtown Management Corporation has spearheaded two significant redevelopment projects that are creating new retail spaces of sufficient size and quality to suit major retailers -- be they popular chains or quality independents.

The quality of the downtown as a “product” also has important impacts on the feasibility of a recruitment program. Many medium-sized downtowns, especially in highly urban areas, such as Midtown Elizabeth in NJ and Fordham Road in The Bronx, NY, have problems such as the fear of crime, the lack of adequate parking, a visual cacophony of signage and unattractive facades. Local office workers and trade area residents with relatively comfortable incomes may desert these shopping districts. Low-income, young and immigrant shoppers then often dominate such districts. The retail mix then is apt to be characterized by low-priced general merchandise stores, “gear stores” featuring the clothing favored by the Hip Hop culture and low-priced furniture stores. Many of these stores may have annual sales revenues that rival the sales figures for shops in regional malls. Nevertheless, such situations constrain what a business recruitment program can achieve or aspire to. Though there may be ample market support, main stream, middle-market retailers are likely to find the existing conditions in these downtowns to be inconsistent with their needs and corporate images. The only way to attract them is through redevelopment projects of sufficient cumulative size to alter the magnitude and mix of the downtown’s foot traffic.²

Newbies, when they get involved in business recruitment, often expect that getting access to the “reps” of the retail chains or corporate office tenant prospects will be their most daunting challenge. What they usually find is that getting the access is difficult, but certainly possible. Instead, the major barriers to their success usually prove to be the inadequacy of their downtowns as a retail or office location and/or the lack of appropriate commercial spaces.

² See, for example, Gary E. Handel, Blake Middleton, and Glenn Resclavo, “Vertical Urbanism,” *Urban Land Archives*: May 2002 downloaded from the ULI website, accessible by members only.

It is absolutely essential that the goals of a downtown recruitment program be consistent with the quality of the locational and commercial space “products” it has to sell.

C. The Downtown Business Recruitment Function.

Downtown business recruitment is an economic function with a distinct array of component parts. It involves a lot more than identifying, wooing and winning tenant prospects.

1. Involving The Landlords. Local landlords control the downtown’s commercial spaces. Without their cooperation and participation, a downtown organization’s recruitment efforts will have very limited success.

2. The Identification, Cultivation And Attraction Of Tenant Prospects. Some tenant prospects are like wild flowers and weeds -- they just appear at the door of the landlord or the downtown development organization without any “seeding”. Most have to be identified, wooed and then finally signed up. Some of these tenant prospects will be desirable firms, but many others may be of questionable value.

3. Marketing The Downtown And The Available Commercial Spaces. This can be done by the landlords, the chamber of commerce, the downtown development organization, the municipality. some combination of the above, or by nobody.

4. Making The Deal. Getting signed leases from new businesses is the bottom line for any recruitment program; getting renewed leases from quality business operations that are already situated in the downtown is the prize of any retention effort. These deals will always involve the tenant and a landlord or their respective representatives. ALWAYS! They may or may not involve the downtown organization’s “business recruiter.”

5. Getting Required Government Approvals And Permissions. The number of approvals -- and the length of the gauntlet that must be negotiated to obtain them -- will vary from deal to deal and the ordinances of each community. For example, new retail tenants in the Bayonne Town Center will need approvals from the Town Center SID and the City’s Zoning Officer for new signs and façade improvements and approvals from the building department for any structural work, be it inside or just on the façade. A restaurant would also have to get approvals from the City’s Health Department. A new development project would have an even more extensive list of approvals from the Planning Board and the City Council to negotiate. Some cities develop a reputation for having a “red tape” approvals and permissions process that makes tenant prospects and developers unwilling to even consider them as business locations. Such reputations can be absolutely poisonous to recruitment efforts.

D. Recruitment And The Revitalization Arc

There is an arc to downtown revitalization that usually starts in a state of economic decline and physical decay and emerges after many years in a physically rejuvenated district that is enjoying sustained economic growth. In the early stages of the process a business recruitment program has the least chances for success and the organization’s scarce resources are probably best spent on getting infrastructure improvements done and on programs that reduce crime and the fear of crime. In the final stages of the revitalization arc there is a diminishing need for the downtown organization’s recruitment program as capable commercial brokers and landlords probably will be active in the district. It is in a large middle portion of the arc that there may be a strong need for a downtown organization to operate a recruitment program.

Most of these mid-arc recruitment programs will share a common operational mission: they are tasked not just to fill vacancies, but to bring in the best firms that it is economically feasible to attract. *The programs are there to make a difference, to help bring in retailers and office tenants that the existing array of downtown landlords and brokers can not.* This mission demands melding a portion of civic aspiration with a huge dose of market realism. It strives to attract the *best possible* commercial tenants.

E. Approaches To Designing Downtown Business Recruitment Programs

Table 1. Some Approaches To Downtown Business Recruitment Programs

Program Characteristics	Do-Nothing	Active			
		Downtown Marketer	Deal Maker	Table Setter	Targeted Program
Are Types of Firms Targeted?	No	No	No	No	Yes
Downtown Org does overall PR and advertising	No	Yes	Yes	Yes	Yes
Downtown Org does prospect cultivation	No	No	Yes	Opportunistic	Yes
Who does the deal-making	Brokers & landlords	Brokers & landlords	Downtown org & landlords	Brokers & landlords	Brokers & landlords
DT Org role in deal-making	None	Referrer	Deal-maker	Match-maker	Match-maker
Downtown Org has strong quality of life programs	Maybe	Maybe	Maybe	Definitely	Probably
Downtown Org has strategy	No	No	No	Often Implicit	Some

1. A Typology Of Recruitment Programs. There are a number of broad approaches to designing downtown business recruitment programs. Some of the major approaches are presented in Table 1. Most existing downtown recruitment programs, at the minimum, approximate one of its “types.” Table 1 helps to

demonstrate the key factors that differentiate how downtown recruitment programs are designed, be it by intention or, as more frequently occurs, by happenstance. This can be helpful to readers who want to either design a new recruitment program, or redesign an existing one -- especially since the issues presented in Table 1 are usually not overtly addressed when most recruitment programs are designed.

Approaches to the design of downtown recruitment programs are affected by seven basic characteristics, as shown in the first column of Table 1.

The second column in the table presents the “null,” do-nothing version of a recruitment program for the purpose of contrast. Under the do-nothing scenario whatever business recruitment efforts exist in the downtown are the result of the independent actions of local brokers, landlords and developers. The downtown organization, if it exists, does not even engage in programs to advertise and publicize the overall downtown as a business location. If there are security, street-sanitation and signage programs, they are motivated to please local merchants or to attract more shoppers, but not seen as important tools in the business recruitment process.

Evidence, solid though incomplete, suggests that many downtown organizations may fall into this category. For example, a national survey of 404 BIDs conducted in 1999 by Jerry Mitchell found that 42% had no “economic development” services, while 33% reported being only somewhat involved in such programs.³ The author’s field experience in New York and New Jersey, strongly suggests that many small and medium-sized Business Improvement Districts (BIDs) and Special Improvement Districts (SIDs) do little to attract new businesses.⁴ Notably, affiliates of the National Main Street Center are less apt to fall into this category because of the built-in comprehensiveness of their “four point” programs.

2. The Downtown Marketer. The primary function of such programs is to advertise and publicize the downtown as a business location. Specific types of firms are usually not targeted. Attention is usually focused on the production of a glossy brochure or a series of print, radio or cable ads. The implicit objective is to fill vacancies, though without too much concern about who comes in. Local brokers, landlords and developers take on complete responsibility for identifying and cultivating tenant prospects and making the deals with them. A Downtown Marketer program does not try to identify and cultivate desired tenant prospects. The generation of tenant prospects is left to the dynamics of the free market. The Downtown Marketer will refer “walk-ins” or “call-ins” to local brokers and landlords -- if they know of any available spaces. The Downtown Marketer’s organization may or may not have quality of life related programs. If they do,

³ As reported in Lawrence O. Houston, Jr., Business Improvement Districts, Second Edition, Urban Land Institute, (Washington, DC: 2003), pp.248, p.9

⁴ Such organizations are typically absorbed by running consumer-oriented marketing and promotional efforts and/or operating clean and safe programs.

these typically are not seen as strategically important tools to attract quality businesses -- except for streetscape and façade improvement programs. The Downtown Marketer program usually is adopted by a downtown organization that has little or no use for a formal revitalization plan or strategy, but with a strong need to prove it is doing something.

This type of recruitment program can be run by someone who is adept at some of the mechanics of downtown business recruitment. Much of the work can be contracted out. The program does not require a manager with networking and selling skills. Nor does it require any relatively sophisticated understanding of downtown revitalization. For “newbies,” this is the easiest type of recruitment program to run.

Recruitment programs of this kind typically do not achieve much because they aspire to so little, their activities are unfocused, and their managers have a very modest array of relevant professional skills. The *de facto* measures of success that they employ are usually in terms of the ads produced rather than the businesses attracted.

The advantages of such programs are that they are relatively cheap, don't require a well-trained staff, yet still enable the downtown organization to claim that it is doing something about bringing new businesses in to the downtown.

3. The Deal Maker. This type of program is fairly rare. It deserves mention because it is frequently suggested by newly appointed board members of downtown organizations and local political leaders. It is implemented in response to one key challenge: local brokers and landlords are so inept in their networking, prospect cultivation and deal-making activities that the downtown organization has to take them on. In these instances, the downtown organization usually hires someone it believes has a lot of experience and skill in making real estate deals. The person might be a successful broker, developer or real estate consultant -- or a person who can sell themselves as having such expertise.

Under this approach, recruitment activities customarily are not informed by an overall revitalization plan or strategy. “Let's make a deal” is the chief operating principle and filling vacancies the primary action objective. Such programs usually anger the local brokerage community -- which can be a good thing, if it gets local brokers to improve their acts. More problematically, such programs entail participation in real estate functions that are of dubious legitimacy for a nonprofit downtown organization.

The individual performing the Deal Maker role in this type of recruitment program is usually very experienced in doing business with a limited range of tenant prospects, e.g., independent retailers, retail chains, small office operations, major corporate office tenants, manufacturers, or warehouse operations. The deal maker is prone to trying to bring in the types of tenants he or she feels most

comfortable courting. This is not a problem until the downtown organization wants different types of tenants than those their deal maker is networked with.

Under this model, the Deal Maker can become a very powerful and influential figure within the downtown organization. The Deal Maker decides who to court, does the wooing *and is an active participant in the negotiations between tenant and landlord*. The Deal Maker also establishes a *de facto* recruitment strategy. This power can ultimately erode the support of the downtown organization's board for the deal maker and create enemies in city hall.

For example, a few years ago, the Deal Maker in Downtown "X"⁵ was successful in helping to attract some reputable retail chains, but by the end of his tenure, downtown businesspeople were floating rumors that he had improperly benefited financially from these transactions. Local brokers were also furious because they were not involved in these deals. Additionally, by the end of his tenure, the Deal Maker's board members were ready to fire him and his relationships with key officials in city hall were extremely frigid.

The life of Deal Maker type program is, almost invariably, relatively short, in the one to three year range. It usually ends after the Deal Maker leaves. This is an absolutely inappropriate type of program for a newbie.

Because the Deal Maker is an experienced professional, the staff costs are usually significant for these programs.

Also, while the Deal Maker may know a lot about real estate transactions, he or she may know very little about quality of life programs, parking, mass transit, niche marketing, etc. In a relatively small organization, where the deal maker is also likely to have responsibility for some or all of these programs, this can have serious negative repercussions.

Under a Deal Maker program there is an increased probability that new commercial tenants will be attracted to the downtown.

Regarding the Deal Maker, the bottom line questions for the downtown organization are:

- Are the new businesses worthy additions that not only fill downtown vacancies, but also help entice other quality firms into the district?
- Can the downtown organization and local brokerage community put up with the strong and abrasive personalities that Deal Makers often have?
- Does the Deal Maker model really build the recruitment capacity of the downtown organization or the local brokerage community? Where is the downtown when the deal maker leaves?

⁵ The identifying facts about this example are being intentionally hidden, though the description of the situation is otherwise accurate.

Deal Maker recruitment programs are relatively rare. The author has encountered just a handful of such programs in 29 years. In every instance, the downtown organization was non-existent or moribund, the local brokers were not networked with national or regional retail chains, and downtown revitalization efforts had gone nowhere. In such circumstances, it is understandable that local leaders might be lured by the idea of hiring someone who could allegedly “make things happen.”

But, the author has encountered many more instances where hiring a Deal Maker was considered by a downtown organization. The usual rationale presented for hiring a Deal Maker is that if the local brokerage community was inadequate, then it was almost patently obvious that the downtown organization should “fix” the situation by hiring a capable commercial real estate broker or developer.

If your organization is not a Main Street program, but in the initial stages of designing a recruitment program, or reconfiguring an existing one, chances are someone will suggest adopting the Deal Maker model.

There is another solution to the problem that the Deal Maker is meant to address -- networking the downtown organization with commercial brokers who are linked to major retail and corporate tenant prospects. This might also raise hackles among the local brokers, but it will not create political problems within the downtown organization -- especially if the net is thrown out to several adept commercial brokers. Furthermore, the network of brokers is likely to cover a wider range of tenant prospects than a single deal-maker. But then the challenge may shift to getting these brokers to work in a manner that is consistent with the downtown organization’s recruitment strategy.

4. The Table Setter. Some downtown organizations -- of all sizes -- see their business recruitment role in terms of being “table setters.” They believe that by taking care of such things as the streetscapes, signage, public spaces, security and sanitation they help create a downtown environment in which businesses will want to locate. They are also usually concerned about transportation infrastructure, such as parking, highway access, light rail lines, bus and rail terminals, etc. Almost invariably, they have a relatively comprehensive overall approach to downtown revitalization, with a strong emphasis on physical improvements. Reflecting the range of their concerns, they usually have a wide array of programs, with all being predicated on some revitalization plan or strategy, though it may not be formally written down or adopted by the board. The Table Setter is usually very adept at advertising and publicizing the downtown and very concerned about the image projected to the public.

Table Setters also tend to be among the better managed downtown organizations, a trait substantiated by their comprehensive approach and the number of programs they are able to successfully operate.

Smaller downtown organizations are often stressed by their lack of resources when they try to play a Table Setter role. It is essential that they carefully set and adhere to priorities.

The Table Setters tend to let the natural selection of market forces determine which types of businesses will move into their downtowns and rely on the normal deal-making activities of local real estate brokers, landlords and developers. In an opportunistic fashion, they may try to cultivate tenant prospects -- usually because they are quality operations and an opportunity emerges to lure them or because economic conditions are so bad that recruitment needs a jump start.

When Table Setters do become actively engaged in business recruitment, it is usually in some clearly limited manner designed to supplement, but not compete with the dynamics of the free market. It's as if they feel that under the right conditions, the market forces will bring the right businesses into their district, but every now and then a little organizational intervention is appropriate -- if it's limited and well conceived.

In tone, their approach is more akin to opening doors and making it easy for quality tenant prospects to walk in than proactively targeting and courting specific types of tenant prospects. The 34th Street Partnership in Manhattan is a good example of this approach. The Partnership hired a very well-known broker to help network them with the reps of major retailers and to get their district better known within the community of Manhattan's elite commercial brokers. They also frequently have a booth at the ICSC's⁶ annual regional deal-making conferences in New York City.

As active participants in the recruitment process, Table Setters will try to match the walk-ins and call-ins that they have husbanded with appropriate brokers and/or landlords. The deal making is done between them.

Table Setters also tend to be adept at networking. Besides having good contacts with major landlords and links to major retailers and retail brokers, they also often can facilitate deals by connecting tenant prospects or landlords to municipal incentive programs and by helping to smooth the city's approvals process.

The Downtown Millburn Development Alliance's recruitment program is a good example of a Table Setter approach that was implemented in a medium-sized downtown. Millburn, NJ, has a population just under 20,000, but its residents are among the wealthiest in the state. The downtown is close to the powerful, upscale Short Hills Mall. Back in 1992, when the alliance was created, the downtown had limited appeal and many vacancies. The Alliance adopted a business recruitment strategy composed of the following elements:

- Improved parking signage and increased capacity

⁶ ICSC are the initials of the International Council of Shopping Centers.

- Improved appearance through a design review process, new gateway signs, street cleaning and improved pedestrian lighting
- Helping businesses get through the permitting process
- Working with eight local banks and the county's economic development corporation to create a \$1.9 million business loan program
- A visioning process that produced a consensus for some key physical improvements and the need to attract additional high quality destination retail
- Regular surveys of downtown shoppers and business operators to determine how they perceive "downtown offerings, conditions, parking," etc
- The collection and dissemination to local realtors of relevant regional economic information
- A high quality, specially designed presentation folder "intended to reflect its goal of recruiting upscale retailers. It carries a special brochure that highlights the strong consumer purchasing power of Downtown Millburn's 3-mile trade area
- A public relations campaign that successfully keeps news of Alliance events and programs in the local press
- A strong program of special events such as book fairs, holiday celebrations, car shows, etc.⁷

Table Setter approaches are most easily successful in downtowns rich in development assets (even if raw or unburnished) and pedestrian traffic. The 34th Street Partnership is a good example. It has three enormous markets:

- More than 130,000 office workers
- The residents of its primary trade area annually spend over \$10 billion -- yes, that's billion with a "b" -- on department store type merchandise
- It attracts over 3 million tourists a year to such venues as the Empire State Building and Madison Square Garden.

It also has abundant pedestrian traffic, e.g., about 14,000 persons *per hour* at the northwest corner of Seventh Avenue and 34th Street.

For downtowns poor in development assets (e.g., adequate parking, mass transit, class A commercial space, etc.) or pedestrian traffic, attempting to follow a Table Setter model can result in very disappointing results. Unfortunately, many small downtowns have fallen into the "decorated coffin" trap. They lack too many development assets, especially attractive commercial spaces, to attract quality businesses just by making the downtown's common areas and store facades more attractive. This is true for both retail and office operations. An ardent adoption of a decorated coffin business recruitment strategy is one of the

⁷ The information on the Downtown Millburn Development Alliance is taken from Lawrence O. Houston, Jr., Business Improvement Districts, Second Edition, Urban Land Institute, (Washington, DC: 2003), pp.248, pp121-124

worst mistakes a small or medium-sized downtown can make, because it leads both to the destruction of hope and the waste of scarce financial, organizational and human resources.

5. The Targeted Program. This can be the most proactive and thoroughly planned type of business recruitment program. As the name suggests, its most distinguishing feature is that it “targets” specific types of retail, office and/or entertainment functions to cultivate – and ignore the others. Here are some examples of targeted recruitment prospects:⁸

- Firms that fit into wedding, hearth and home, and restaurant niches
- Small, high tech firms for a downtown cyber district
- Corporate back office operations
- Small professional firms, such as doctors, attorneys, accountants, planners, etc.
- Quality independent retailers
- Trophy retail chains such as Tiffany, Polo Sport, Chico’s, Williams Sonoma, Coach, etc.⁹

Targeting has enormous implications over the full range of a business recruitment program’s potential activities. It structures marketing and public relations efforts – their contents, formats and distributions are tailored to appeal to the interests and needs of the decision-makers in the targeted businesses. Targeting also focuses networking activities and impacts on the professional skills that the people hired to run the recruitment program should have. Targeted programs are prone to be more proactive in tenant prospect identification and cultivation than Table Setter programs.

The Need To Choose. There is a strong managerial imperative for some sort of targeting. The plain fact is that the number of really viable tenant prospects normally available at any point in time for a small or medium-sized downtown is comparatively low. Furthermore, finding these “needles” can require going through many large “hay stacks” of potential tenant prospects. For example, according to the publisher of the Retail Tenant Directory, there are over 10,000 retail chains in the USA that have four or more locations.¹⁰ In Franklin County, OH, in 1997, there were 4,276 retail establishments and at least 6,507 companies that were prone to use office space.¹¹ For the person responsible for business recruitment in a small or medium-sized downtown in that county, with a modest staff and a limited budget, these numbers would be staggering. It is plainly impossible to reach all of these firms. To maintain personal sanity and avoid organizational paralysis, choices have to be made about who to contact and how to do it.

⁸ For more details, see the chapter on targeting below

⁹ Remember, to target these trophy retailers successfully, you must have the requisite affluent market potentials and suitable commercial spaces packaged in a safe and attractive environment.

¹⁰ http://www.tradedimensions.com/prod_rtd.asp#rq4. Only about 5,400 are looking actively to expand.

¹¹ 1997 Economic Census: Summary Statistics for Franklin County, OH. 1997 NAICS Basis.

How The Choices Will Be Made. Targeting means making choices about the types of firms the recruitment program will try to cultivate and attract. Such choices can be made in a variety of ways, including:

- A completely arbitrary or whimsical selection process, which means that the recruitment program is essentially rudderless -- and very probably inefficient and ineffective. Those who pursue a “shotgun” approach to recruiting, who go after everyone and anyone, by default, fall into this category
- Copying what other downtown organizations have done. If a similar downtown has succeeded in attracting retailers A, B and C, then you might reasonably also go after retailers A, B and C. While this approach is definitely useful, it has clear-cut and strong limitations. It also is often incorporated in the strategically-informed approach to targeting described below.
- Focusing on the types of firms that local consumers, political leaders and/or the downtown organization’s leadership want. These views often reflect fads, voice demands for the most popular stores and prove to be unrealistic
- The downtown recruitment program is informed by an economic development strategy that has identified the types of economic functions that are most likely to be attracted to that particular downtown. The firms performing those economic functions are obviously the types of businesses that the recruitment program should focus on. The recruitment program is the means of implementing the strategy. Among the Targeted Recruitment programs, those that are designed to implement a strategy are usually the most successful.

Strategically-informed targeting has long been employed by economic development experts, especially by those dealing with industrial development. Cluster analysis and targeting firms that can result in cluster development have been popular since at least the early 1970s. The advantages of strategically-informed targeting are a focus on the firms most likely to be interested in a particular business location and an efficient use of an organization’s scarce resources. Targeting is the antithesis of a shotgun approach to business recruitment. As a well-known consultant, Mark Waterhouse, of Garnet Consulting Services in Pleasant Valley, CT, states:

“Very few economic development organizations have unlimited budgets, and marketing is one of the most expensive things they do. Targeting marketing efforts to business sectors and clusters, or to types of operations (for instance, distribution and logistics) where your community or area can offer a superior location, is a smart way to focus a limited marketing budget on company contacts with the highest potential interest and return on investment.”

In many other respects, Targeted Programs resemble the Table Setter programs:

- Deal-making is left to brokers and landlords
- They operate with quality of life programs, though streetscape and façade improvements are sometimes tied into the completion of a significant development project or the arrival of a positively impacting retail or office tenant
- The downtown organization plays a key match-making role bringing together tenant prospects with landlords and brokers, city incentive programs and helping to ease the prospect's journey through the city's approvals process.

Strategically-informed Targeted Programs are typically adopted at a midpoint in a downtown's development process, when it is strong enough and has the appropriate commercial spaces to attract some kinds of economic functions, but is not strong enough for a Table Setter program to flourish. With success, Targeted Programs may evolve into Table Setter Programs, though their downtown organizations retain the capacity to resurrect them should a particular need for them emerge.

Example of A Strategically-Informed Targeted Program. Downtown Englewood, NJ, is a good example of a strategically-informed targeted recruitment program. In 1994, when the downtown was suffering from numerous vacancies, the Englewood Economic Development Corporation created a recruitment program that over the ensuing years had the following features:

- Retail niches were identified that could be grown and developed
- Specific retail tenant prospects were identified in each niche
- Workshops were held for local landlords, commercial real estate brokers and developers to encourage them to go after the targeted tenant prospects
- Members of the city council were briefed annually on the city's economic development strategy
- A recruitment package was created and sent out to targeted retailers.
- Key decision-makers, including the city manager, city planner and executive director of the Englewood EDC began attending ICSC meetings to network with national retailers, developers and brokers
- Redevelopment projects were encouraged that would provide the Class-A retail space needed to attract more of the targeted tenant prospects
- A marketing and public relations campaign was developed to tell Englewood's story in the real estate section of the New York Times, local newspapers such as the Bergen Record, in real estate trade publication such as Real Estate Weekly, and in the Main Street News
- Streetscape and façade improvements were used as incentives for redevelopment projects or the signing of key retail tenants.

By 2001, with the arrival of such chains as Ann Taylor, Nine West, Starbucks, The Children's Place, Group USA and Victoria's Secret as well as the continued

influx of quality independent retailers and restaurants, there was a decreased need for a targeted program -- downtown Englewood was "hot," with developers and commercial brokers bringing in quality tenants without any further instigation from the city. Today, vacancy rates are low and four significant redevelopment projects, providing over 100,000 SF of new retail space, either have been completed or are in some stage of construction.

F. Affordable Economic Revitalization Strategies

Just as a jet plane needs an accurate flight plan to get to its destination, so, it can be argued, a downtown organization needs a market-driven economic revitalization strategy to provide insight, focus and direction. Without such a strategy, it is less likely that the downtown organization's programs -- especially business recruitment-- will be effective and truly contribute to the district's revitalization.

Many smaller downtown organizations believe they cannot afford to pay for such a strategy. True, in larger downtowns, with hundreds of retail spaces and millions of square feet of office space, such an effort can cost anywhere between \$25,000 and \$250,000,¹² depending on the client's requirements. Usually, for medium-sized downtowns, the price is in the \$20,000 to \$60,000 range.

But, most smaller downtown organizations can benefit from far more modest efforts that have costs in the \$10,000 to \$15,000 range. They are smaller, less complex and normally the research activities they require have a commensurately smaller scale and lower cost. While it may not be possible to produce a comprehensive full-blown strategy at a low cost, it is almost always possible to provide a partial, market-driven portion of the strategy that can ground a viable, if limited, business recruitment effort.

Many consulting firms can provide such affordable services. Also, the National Main Street Center sends out Technical Assistance Teams to innumerable small communities all across the nation that produce similar products.

While countless downtown organizations will say that they do not have enough money for a market-drive revitalization strategy, in most instances, the real reason for not having one is that the leaders of these organizations do not understand a strategy's importance or appreciate its usefulness.

The really critical question here is whether or not a small or medium-sized downtown organization can afford to be *without* a market-drive economic development strategy? What are the benefits of an organizational rudder? What are the true costs and implicit dangers of organizational drift?

¹² The costs cited in this and following chapters are in 2005 dollars.