

# DOWNTOWN BUSINESS RECRUITMENT



## Chapter IV



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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*

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“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*

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“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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NDM, April 2005

# TABLE OF CONTENTS

i PREFACE

iii ABOUT THE AUTHOR

1 CHAPTER I INTRODUCTION

1 A. Who This Book Is Written For

1 B. Selling and Having Products To Sell

4 C. The Downtown Business Recruitment Function

5 D. Recruitment And The Revitalization Arc

5 E. Approaches To Designing Downtown Business  
Recruitment Programs

15 F. Affordable Economic Revitalization Strategies

16 CHAPTER II NETWORKING: THE PRIMARY TOOL OF  
DOWNTOWN BUSINESS RECRUITMENT

16 A. Your Personal Network

18 B. Landlords

24 C. Commercial Brokers, Developers and Tenant Prospects

48 D. Contacts at City Hall.

50 CHAPTER III MARKETING COMMUNICATIONS TOOLS

50 A. Overview

52 B. Public Relations

64 C. The Business Recruitment Package

70 D. Brochures and Tomes

73 E. High Tech Tools

89 F. Investment Conferences

91 G. Exhibiting at Conferences

95 CHAPTER IV PUTTING IT ALL TOGETHER

95 A. Accurate Targeting Requires A Strategy

99 B. Niche Strategies For Downtown Revitalization

102 C. Staffing and Budget

110 D. Now, It's Your Turn

## 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  
March 2005

## 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.

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## CHAPTER IV

### PUTTING IT ALL TOGETHER

#### A. Accurate Targeting Requires A Strategy

The argument that the best business recruitment programs are those designed to implement an economic revitalization strategy was introduced in Chapter I and will be expanded upon in this chapter. Proactive recruitment programs, those that try to woo and win tenant prospects, must make important choices about which firms they will focus their attention and resources on. These choices can be made in a number of ways. The managers of too many downtown business recruitment programs are unaware of the targeting that they do and the reasons why they are targeting in that particular manner. A critical issue is will this targeting be made based on solid evidence and sound analysis or on some far less reliable basis that may be capricious, political, copycat, etc.

1. Copying. Some targeting is arbitrary or whimsical and nothing more needs to be said about that approach. Another and far more valuable route to targeting is to copy what other downtown organizations have done. If a similar downtown has succeeded in attracting retailers A, B and C, then you also might reasonably go after retailers A, B and C. This is a practice that a good business recruiter certainly should use, but it is an incomplete approach. It may indeed lead to some recruitment successes -- but, not always. Sometimes it is not that easy to identify a comparable downtown or the essential analytical dimensions on which to establish the comparability. In other instances, the retailers may have changed their positions on downtown locations. Case in point: for several years The Gap was putting a lot of its stores (including Old Navy and Banana Republic) in downtown locations. But, after years of disappointing sales chain-wide, it now is opening far fewer new stores and putting less of them in downtown locations.

Most importantly, the “copy the other downtown approach” to filtering tenant prospects avoids the issue of: are these the best businesses your downtown can attract? Do the aspirations of your downtown have to be constrained by what succeeded in some other downtown? It is quite possible that both downtowns might be able to recruit stronger and higher quality businesses.

2. Popularity. Other business recruiters may focus on the types of firms that they perceive local consumers, political leaders or their board members want. These views often reflect fads and demands for the most popular stores. Demands for a Starbucks, Gap, Old Navy, etc. are common, if not pandemic. With the recent popularity of lifestyle malls, local demand has increased for such trophy retailers as Williams Sonoma, Coach, Tiffany, Polo, Chico's, Brooks

Brothers, etc.<sup>75</sup> Much the same often happens with office tenant prospects. Local political leaders may want to attract a corporate headquarters, back office operations or firms with lots of knowledge workers. This approach to filtering avoids the absolutely essential issue of feasibility, i.e., which firms does a particular downtown have a real chance of attracting and which will have no interest in the community?

Having the wish lists of local consumers, downtown leaders or municipal officials structure the focus of a recruitment program is asking for failure. Their political advantage is fleeting. Based on countless telephone surveys, focus groups and meetings with many civic groups in numerous communities over many years, the author has concluded that local shoppers and community leaders usually have either unrealistic or very vague ideas about the kinds of stores they would like to have in their downtowns.

For example, in 1997 DANTH was asked to analyze a trade area survey done for the Rutland Partnership. Our client was particularly interested in respondents who had household incomes of \$50,000+ per year. The survey showed that a plurality of this group, 41.8%, wanted a reputable traditional department store chain to open downtown.<sup>76</sup> Recruiting such retailer to downtown Rutland was extremely improbable.

Startling as it may sound, nearly 80% of the new products offered by American industries fail in the marketplace, despite all of the market research that corporations carried out to develop them. Gerald Zaltman claims that a major reason for these failures is the reliance on self-reporting research methodologies, such as telephone surveys, focus groups and personal interviews.<sup>77</sup>

One of the biggest challenges a consultant usually faces when preparing a revitalization strategy or designing a business recruitment program is to educate the board members of the client organization and local politicians about the types of firms that they can realistically hope to attract. Almost invariably, the local leadership overestimates the quality of the tenants that can be attracted. Sometimes they act like spoiled teenagers with a bad case of the “give me’s.”

**3. Retail Luddism.** In some wealthy suburban communities, the public has tried to impose another kind of filter on tenant prospects, one that makes it very difficult for a business recruitment program to succeed -- they are strongly opposed to recruiting any retail chains. The residents and small businesses in Katonah, NY, for example, succeeded in preventing a Starbucks from opening in

<sup>75</sup> Trophy retailers can be viewed as a niche and they can fit nicely into a niche revitalization strategy.

<sup>76</sup> N. David Milder, *An Updated Retail Marketing Strategy For Downtown Rutland*, (Kew Gardens: DANTH, Inc: 1998), p.30. These survey responses still can be very useful if analyzed within an appropriate conceptual framework. It is their *prima facie* uses that we have learned to distrust.

<sup>77</sup> Gerald Zaltman, *How Customers Think*, (Cambridge, MA: Harvard Business School Press, 2003), p.10.

their downtown. Happily, that downtown continues to be charming and bustling. But, Retail Luddism does not always have such a happy outcome. Consider the extremely charming, small downtown in an affluent NJ suburban community that is having its retail base hollowed out by personal service operations. It has no chains and there has been a vocal anti-chain store sentiment among vocal local activists. If there had been just a few chains in the downtown, it would have been a far more desirable location for quality independent retailers, who would have competed more arduously with the personal service firms for the available commercial spaces.

4. Opportunistic Targeting. The primary reason that so many recruitment programs deny that they are engaged in some form of targeting, though they are really doing it, is that they have not completed any of the analytical work that would provide solid evidentiary support for selecting the types of tenant prospects that they are focusing on.

This sometimes happens because the leaders of the downtown organization are effective and successful managers who believe firmly in the benefits of district management, but who see little need to have a proactive recruitment effort -- and hence no operational benefit from a formal market or economic analysis. As a result when they recruit, it is opportunistic and undirected.

However, there is a potential danger in such an informal approach and it raises an important underlying issue. The primary behavioral imperative of both landlords and brokers understandably is to sign up paying tenants. This might translate into a pattern of signing up whoever it is easiest to make the best deals with. In downtowns at the successful end of the revitalization arc, this might be quite rational and functional.<sup>78</sup> But, for downtowns in the midst of the revitalization journey, the downtowns that most need the downtown organization to run a successful recruitment program, this posture can be outright dangerous. It can, for example, lead to a huge influx of personal services that threaten to erode the downtown's retail base or the signing of shady or marginal retail operators who are out-and-out liabilities for the downtown's image and appeal. Downtown recruitment programs that have filling vacancies as their primary objective, by definition, will not be concerned by the infusion of 10 or 15 nail salons,<sup>79</sup> 10 dollar stores or 15 merchants that have questionable returns policies. But, for most other recruitment programs, such scenarios would be plainly disconcerting.

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<sup>78</sup> It was also functional back in the days when downtowns were on rampant decline all across the nation. But, those days are thankfully gone. In many parts of the country downtown business locations are now hot!

<sup>79</sup> It must be noted that in some circumstances nail salons can be part of very strong "pamper" niches that are real assets. Beverly Hills, CA, for example, has loads of spas, hair salons and nail salons. Usually, though, their growth signals that downtown retail operations are very weak and being displaced by personal services.

5. Making A Difference. As mentioned in Chapter I, most of the recruitment programs operated by downtown organizations in the midst of their revitalization arcs share the same operational mission: to bring in *the best firms that it is economically feasible to attract*. The recruitment programs are there to make a difference, to do what the existing array of downtown landlords and brokers have not been able to do -- bring in quality tenants.

Of course, the pivotal question then becomes “how does one determine who are the best tenant prospects?” That analytical framework is optimally provided by a market-driven downtown economic revitalization strategy that is developed using solid data and sound analysis. This type of strategy helps assure that a downtown recruitment program can make a difference. Without such a strategy to guide it, a business recruitment program will be less effective and efficient than it could be -- and possibly capricious, political, or imitative.

6. Why More Districts Do Not Have Strategies. A frequently offered explanation for not having a market-drive revitalization strategy is the lack of sufficient funds, but the fact is that workable strategies and action plans for small downtowns can be done for as little as \$10,000.<sup>80</sup> The real reasons for not having a strategy are:

- The downtown organization’s leaders do not understand its importance or appreciate its usefulness. In part, this is due to the fact, that such “products” as managerial focus, direction, insight, efficiency and effectiveness are not as visible and tangible as a sidewalk sale, a newsletter, a brochure, a street cleaning machine, Christmas lights, etc., that can be shown as achievements to the organization’s membership
- The vast majority of their members do not have a business plan or strategy for their own firms; many are even unfamiliar with them conceptually. If planning and strategic functions are not salient to the members at that basic level, it is unlikely that they will understand why the downtown organization needs or wants them
- Because of this, strategy development is given a low priority within the downtown organization -- especially when it comes to allocating scarce discretionary operational funds.

The argument presented in Chapter I is worthy of repetition here: “The really critical question here is whether or not a small or medium-sized downtown organization can afford to be *without* a market-driven economic development strategy? What are the benefits of an organizational rudder? What are the true costs and implicit dangers of organizational drift?”

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<sup>80</sup> In 2005 dollars.

## B. Niche Strategies For Downtown Revitalization<sup>81</sup>

Downtown revitalization strategies are more effective if they are very explicit about the types of businesses that should be targeted -- and can explain why on the basis of sound evidence and analysis. Using a niche-based approach will help assure that a revitalization strategy is specific and well-grounded.

Most successful downtowns have been built upon the strengths of at least two or three economic niches. The more niches a downtown has, the more reasons it provides for people to visit and the greater the likelihood that their trips downtown will be "multi-purposed." Being able to provide a compact and easily walkable venue for multi-purpose trips is what gives a downtown its true competitive advantage over shopping centers and malls.

Niche development and maintenance are forms of economic specialization. If downtowns must continually face some kind of "900 lb gorilla,"<sup>82</sup> then a niche analysis can identify the parts of the bed the gorilla isn't sleeping on and in which they can become dominant. A good niche analysis can also unearth existing niches and identify ways in which they can become stronger.

A niche can be defined as a special market segment. Niches can be based on many things:

- A particular group of customers, such as office workers, the elderly or Latinos
- A specific kind of goods or services, such as children's clothing, furniture and home furnishings, food-for-the-home, or entertainment
- Or, they even can be built upon a shopping environment; malls have been very successful in this regard, but so have places such as Soho in New York City and South Beach in Miami Beach.

While niches are usually thought of within the context of consumers and retailing, there are also industrial niches and niches in the office space market (e.g., back offices, headquarters, regional and district offices, county seat functions, etc.)

In discussing niches, it is often helpful to differentiate between:

- *Potential niches* in which a market opportunity exists, but a significant number of downtown businesses have not yet emerged
- *Unorganized niches* in which a significant number of downtown businesses have emerged, but they do not act together

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<sup>81</sup> This section is based on my book on this subject. I directly use many paragraphs from that publication. See N. David Milder, *Niche Strategies for Downtown Revitalization*, (New York, NY: Downtown Research & Development Center, 1997).

<sup>82</sup> For instance a regional mall, power center or Wal-Mart super store.

- *Organized niches* in which a significant number of downtown businesses have emerged and they have joined together on advertising, promotional and business recruitment efforts.

A proper analysis can use the niche concept to identify currently unmet market demands (potential niches) of both consumers and tenant prospects for downtown commercial space and downtown organizations can take advantage of such information to attract businesses capable of responding to these needs.

For example, in downtown White Plains an analysis showed that local retailers had not responded to a significant amount of consumer demand for specialty foods. The niche-based retail revitalization strategy formulated for this downtown consequently recommended recruiting more specialty foods retail chains. It also recommended that the downtown organization should bring these specialty food shops together to conduct co-op advertising and joint promotions.

The ideal downtown niche not only provides growth potential, but also an opportunity for the downtown to dominate a particular market. This is most likely to occur in economic areas in which the downtown has a comparative competitive advantage. Such a competitive advantage can be based on a variety of factors, though proximity to specific types of customers (e.g., office workers, nearby residents) is perhaps the most basic. The people who live in and around a downtown, combined with the people who work there, have an extraordinary impact on its image and economic activity simply because they visit the downtown so frequently.

Yet downtown revitalization organizations often either ignore or are quite ignorant about these crucial consumer groups and the niche markets they can support. For example, a study of a community on Long Island (NY) found that about 62% of the local household expenditures for groceries were being “exported” outside of the community. It also found that about \$14.8 million of the approximately \$32 million local residents and office workers spent on dining out was being lost to eating and drinking establishments in other communities.<sup>83</sup>

Significant market share is easiest to achieve from the perspectives of both business recruitment and attracting more consumers, when the downtown already has a group of shops that are currently operating in the same retail function and they are either already strong, or at least potentially capable of becoming strong. For example, there are 12 children’s clothing shops that comprise an unorganized niche on Bergenline Avenue in West New York (NJ) and they draw more shoppers to the area than any other group of shops in the area.

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<sup>83</sup> DANTH, Inc. *et al*, A Strategy To Reposition And Revitalize Garden City’s Business Districts, (Kew Gardens, NY:1996)

When a downtown niche has many attractive shops it can potentially serve as a specialized shopping center, capable of providing the consumer with a large choice of merchandise and price within its specialized product area. Consequently, such strong niches are destinations that can draw customers from a fairly wide geographic area. For example, the home and hearth niche in West Hollywood draws customers from all over the Las Angeles urban area.

But, most often, such niches are not organized and do not engage in joint promotions, advertising or business recruitment. Consequently, they are not as strong or dominant as they could be.

All too frequently, downtown business operators do not know that such an unorganized niche even exists. For example, leaders in one New Jersey downtown did not know that they had over 35 shops in a furniture and home furnishings niche.

Sometimes, the shops in a strong existing downtown niche are located very close together. The "lighting district" in lower Manhattan is a good example of this. Such proximity produces a "cluster" which is attractive to consumers because it makes it easy to comparison shop by strolling from store to store. Clusters have been the basis of revitalization strategies proposed for Danbury, CT and Boise, ID.<sup>84</sup>

By enabling them to organize and act in concert a niche strategy can be used to make downtown retailers far more competitive than they would be if they acted alone. For example, downtown shops in a niche, even one of modest size, can band together in a joint advertising and promotional campaign. Together they have the resources for a campaign that would be beyond what each could individually afford. And, together, they are able to project a more solid and robust image that stimulates in the consumer the impression of a broad selection of merchandise. This promotional tactic is often used by clusters of antique and crafts shops. Downtown Red Bank, NJ has done it with its "jewelry" niche and downtown Rutland operated a similar campaign for its "wedding" niche.

Niches can also be used as an effective business recruitment tool. As real estate brokers are fond of saying, "retailers are like sheep" and the existence of a niche demonstrates a proven level of customer traffic and expenditures. And strong existing niches can be used to recruit complementary firms. For example, the proven power of the children's clothing shops in a downtown to attract customer traffic may stimulate not only the interest of other children's clothing shops, but also of retailers selling toys, computer training services for youngsters and women's clothing (after all, who buys most of the children's clothing?).

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<sup>84</sup> "Retail Action Strategies Based on Clustering and Recruitment", Downtown Idea Exchange, Dec.1, 1990, pp.2-6; "Downtowns Cluster To Bolster Retailing Strength," Downtown Idea Exchange, May 15, 1991, pp. 5-8.

A niche strategy can also provide a basis for concerted action among a large number of businesses that previously had been thought of as having nothing in common. For example, in downtown Rutland the “wedding niche” was able to bring together travel agents, florists, printers, men’s and women’s clothing stores, jewelers, restaurants, caterers, etc., under one advertising and promotional umbrella. Similarly, in Bayonne, NJ, a children’s niche, Kids Row, is being promoted that contains 20 businesses, including apparel stores, a bike shop, a hobby shop, an electronic game shop, a dance studio, martial arts studios, a McDonalds, several dollar stores, a Carvel and a pet store.

### **C. Staffing and Budget**

Staffing decisions have an enormous impact on the success of a downtown recruitment program. A really good recruiter can not only get the job done, but also will not squander scarce financial resources. The salary or fee paid for a business recruiter can have significant budgetary implications. Conversely, budget size impacts on the type of people your organization can hire and how much “program money” your recruitment effort will have for its networking and media marketing activities.

1. Some Considerations. Very few downtown organizations have a position on their organizational chart that is solely tasked with doing business recruitment -- and these rare instances only occur either in very large, big-budget operations or in Deal Maker-type programs. For the vast majority of programs run by small and medium-sized downtown organizations, business recruitment is a task that is assigned to the organization’s executive director or district manager -- or farmed out to a consultant. In small organizations, with a one-person professional staff, possibly supported by part-time clerical help, this means that business recruitment constantly competes with marketing, promotions, board operations, budgeting, fund-raising, etc., for staff time and funding. It also means that adding a business recruitment program might significantly enlarge the skill set required for the organization’s manager to be effective.

Stressed Small Organizations. Many small downtown organizations, with small staffs, are already badly stressed by the duties they are tasked to perform -- especially if the staff is relatively inexperienced. The fact that so many small downtown organizations are reportedly stressed probably explains why so few of them have taken on economic development programs. In such situations, adding a recruitment program might be viewed as the straw that would break the camel’s back. Some downtown experts, for example Commissioner Robert W. Walsh of the Department of Small Business Services of the City of New York, argue that such organizations should not even think of taking on a real economic development role. This seems to be prudent advice for small, stressed downtown organizations.

Fortunately, not all small downtown organizations are stressed to the breaking point. A few, such as the Maplewood Village Alliance in Maplewood, NJ, even can mount an impressive array of programs with a part-time manager and a budget that is under \$50,000/yr. Main Street organizations usually do not have large budgets, yet a significant number of them (e.g., Gardiner, ME) have impressive elements of a business recruitment marketing effort.

Budget Threshold? Is there an annual budget below which it makes no sense to try to do business recruitment? Operationally, the author has observed a number of effective recruitment campaigns mounted by organizations having budgets of about \$130,000/yr (in 2004 dollars). These programs did not have inflated goals and were centered on networking and placing PR stories, while spending limited or no dollars on complicated or expensive media marketing efforts. *This is the formula for an effective, low-cost business recruitment effort.* If this formula can be followed by downtown organizations with budgets below \$130,000, then they, too, can have effective recruitment programs.

The key is the emphasis on networking. Not only is it the most important aspect of the business recruitment process, but it sometimes only requires modest incremental costs. A good example of this is the recruitment of a BBQ restaurant to the Springfield Avenue business district in Maplewood, NJ. The president of the Springfield Avenue Partnership (SAP), the local SID, frequently dined at a BBQ restaurant in a neighboring community. The restaurant had a big delivery business in Maplewood.<sup>85</sup> The SAP's president persistently courted the owner about opening a branch on Springfield Avenue and eventually, after much effort, arranged a tour of the commercial district and a meeting with the owner of an attractive potential location. A deal was made.

The out of pocket costs of this successful recruitment story were negligible. There were no media marketing costs. There also was no expense for special additional manpower. Someone already a part of the organization did the legwork. In the case of the BBQ restaurant, it was the SAP's president. But, the SAP's executive director also is adept at courting developers and tenant prospects. When she engages in recruitment activities there also are no additional manpower expenses for the SAP.

Such a low cost business recruitment effort can be replicated if a downtown organization's leadership (and that includes its paid management) *know what to do*. Knowledge about business recruitment, not budget, is really the key variable in the equation.

That said, there usually is a relationship between the skill sets of a downtown organization's staff and its budget. Empirically, field experience indicates that as downtown organizations get smaller, they are less likely to be able to afford the salary required by skilled, recruitment savvy managers. One important exception:

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<sup>85</sup> Its annual budget is in the \$130,000 range.

in a number of affluent, high quality-of-life communities, there are pools of very well educated young mothers with impressive professional credentials and well honed skill sets, who are looking for part-time positions that are located within just a few minutes drive of their homes and kids. These mothers are willing to trade lower salaries for limited and flexible work schedules and close proximity to their children. They can be excellent part-time managers of nearby small downtown organizations and very adept business recruiters.

Chains Versus Independents. Conventional wisdom holds that recruiting retail chains and large corporations is more difficult than recruiting small independent operators. As a result, a lot of the smaller downtown organizations, who feel that their best recruitment opportunities are with the small independent operators, conclude that they do not need a very capable or experienced business recruiter. Actually, the reverse is normally true. The big boys are professionals who will have active programs that look for sites and who know the kinds of spaces they need and the quality of life, demographic and transportation characteristics a desirable site should have. The small operators usually are not certain that they want to expand, if they can financially afford it, how much space they need, what demographics they want or how many parking spaces they really need, etc. Beth Lippman -- who manages the SID in Livingston, NJ, and who has been actively recruiting tenants for a major downtown mixed-use project -- estimates that it takes four or five times as much effort and money to recruit a mom and pop independent as it does a national or regional retail chain. Over the years, the author has heard many developers make similar statements.

Recruit Only When You Are Ready. As mentioned several times in earlier chapters, downtown organizations that are in the early stages of the revitalization process should not give serious thought to creating a business recruitment program. Instead, they should focus on such things as infrastructure and quality of life improvements, etc. Also, remember that if the downtown does not have competitive commercial spaces available, it is not ready to do business recruitment.

2. Some Staffing Scenarios. For most small downtown organizations that typically have limited budgets, there is a strong impetus to hire a newbie and let him or her learn on the job. In the New York-New Jersey- Connecticut Metropolitan Region, in 2005 prices, a newbie can be hired for around \$35,000.<sup>86</sup> Recruitment will be just one of the programs they will be called upon to operate. Newbies fit in best with a Downtown Marketer type of recruitment program, in which the requisite professional skills are usually provided by outsiders such as printers, graphics designers, copy writers and public relations specialists. In Table Setter or Targeted Programs, newbies often will be stressed by the complexity of the tasks they are called upon to perform and their lack of appropriate skills.

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<sup>86</sup> There are all sorts of cost of living calculators available on the Internet that will allow readers to translate these numbers for their part of the country and later years.

Hiring an experienced, recruitment savvy downtown manager full-time to handle recruitment as well as a wide array of other organizational tasks is not cheap. In the New York-New Jersey-Connecticut Metropolitan Region, in 2005 prices, hiring such a manager would probably cost a minimum of between \$60,000 and \$80,000 per year plus benefits. If, as a dimensioning exercise, we assume that the manager gets benefits worth 30% of salary, has full-time clerical support, and staff salaries and benefits account for about 40% of the annual budget, then an annual organization budget of between \$262,000 and \$328,000 would be needed to hire such a manager.<sup>87</sup> Hiring an experienced manager is a sound move for a medium-sized downtown organization, since it gets the organization immediately into business recruitment while avoiding the time and financial costs associated with training a staff person or hiring an outside consultant to mentor them. However, hiring an experienced full-time manager is probably well-beyond the means of smaller organizations.

A possible variant of this scenario is for two small downtown organizations to share an experienced, recruitment savvy manager. Frankly, many small downtown organizations would not need a full-time manager, if they had someone who really knew what they were doing. These organizations normally suffer organizational stress and have managers working long hours because the managers are newbies who are learning on the job or people who just lack the skill set required by the position.

Another staffing option is to out-source the recruitment function to a consultant. The chief advantage of this option is that there is no learning curve for the consultant, so the organization can instantly enter the recruitment game. Other advantages are that the consultant's fee may be affordable, since the consultant will only work for the organization a man-day or two each week and is not paid for benefits. In the New York-New Jersey- Connecticut Metropolitan Region, in 2004 prices, hiring a consultant for such an assignment would probably cost between \$15,000 and \$50,000 per year for the consultant's time. A problem with this scenario is that there may be little organizational learning. When the consultant leaves, the organization is back to square one -- no one in it knows what to do.

Still another option is to hire a consultant to mentor the downtown manager as he or she learns the business recruitment business. The cost of the consultant might be in the \$12,000 to \$25,000 range. The combined cost of the consultant and the downtown manager usually is less than that of hiring a downtown manager who is experienced in business recruitment. There will be organizational learning.

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<sup>87</sup> In this instance the manager's recruitment activities might be considered as "program" expenditures which would alter the annual budget needed to support such a hiring. Also, some organizations may be satisfied with more or less than 40% of the annual budget paying for staff. Readers can do their own dimensioning exercise, making adjustments in the calculations as they deem appropriate to local conditions.

This staffing option will work best when business recruitment is a top priority of the board of directors and they truly understand that they are putting their manager through a learning process.

Of course, as downtown managers get trained as business recruiters, they are noticed and become attractive to other downtown organizations -- and possibly even developers and savvy commercial brokers. Accordingly, the danger inherent in the mentoring scenario is that your newly trained business recruiter will be hired away just after he or she really becomes valuable -- and after the organization has spent a significant amount of money on professional development.

One more alternative is for the current downtown manager to jump into business recruiting while taking one or more of the training programs offered by such organizations as the International Council of Shopping Centers (ICSC), the Urban land Institute (ULI), the National Main Street Center (NMSC) or the International Economic Development Council (IEDC). The cost of this training should be, with travel expenses, under \$2,500/yr. This scenario will succeed when:

- The board of directors understands that it will take time
- The manager has demonstrated a high level of skills in other management areas
- The manager has demonstrated networking and communications skills.

IEDC's training programs spotlight economic development subjects and utilize three delivery mechanisms. IEDC itself offers over 15 courses a year across the country that focus "on a diverse body of knowledge and provide an intense focus on current trends in economic development."<sup>88</sup> These courses are meant to help economic development specialists keep up to date.

IEDC also partners with a number of universities to provide accredited training that can handle newbies or lead to professional certification as a Certified Economic Developer (CEcD). Currently IEDC accredits the courses taught at the University of Oklahoma's Economic Development Institute as well as 19 Basic Economic Development Courses which are taught at other institutions across the country. The basic courses are meant to provide a solid foundation for entry-level economic development practitioners and volunteers.

The courses provided by the University of Oklahoma Economic Development Institute have greater depth and are best-known. The Institute has trained at an advanced-level more than 2,400 economic development professionals over the past 35 years.

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<sup>88</sup> [http://www.iedconline.org/prodev\\_top.html](http://www.iedconline.org/prodev_top.html)

The training is offered in Oklahoma City, Indianapolis, and Phoenix. The course consists of 3 one-week sessions of instruction and research. Most students complete the program over three calendar years.<sup>89</sup>

ICSC's program is oriented to mall management and real estate development subjects. For beginners and those having less than three years of experience in the field, ICSC has the John T. Riordan School for Professional Development that holds a six-day course of classes in Scottsdale, AZ, and East Lansing, MI. There are separate tracks for management, marketing and leasing.

The University of Shopping Centers, which is now located at the Wharton School of the University of Pennsylvania, is the ICSC's advanced curriculum for credentialing shopping center professionals.

Some state agencies are also offering relevant economic development training programs that are associated with the National Main Street Center. For example, the Main Street New Jersey Program, which is part of New Jersey's Department Of Community Affairs, has created a Downtown Revitalization Institute (DRI). The DRI holds four, two-day workshops each year. These workshops are heavily imbued with NMSC staff and outlook. Three other state Main Street programs have followed suit.

3. What To Look For In A Business Recruiter. You obviously have to look for different qualifications depending on whether you are looking for an experienced recruiter or searching for a newbie who can become one. With the former the critical qualifications, not surprisingly, are his or her:

- Track record
- Existing network of contacts
- Knowledge of downtown revitalization
- Knowledge and understanding of your organization's mission and revitalization strategy
- Ability to work with other people in the organization.

With newbies the qualifications are less a matter of proven record than of characteristics that might be good indicators of an aptitude for the business recruitment task: Here is what to look for in a newbie business recruiter:

- An ability and willingness to sell. Bottom line, this is what the job is all about
- Good verbal and written communications skills. You do not need an Ernest Hemingway or a Mark Anthony -- just someone who can effectively get their messages across
- Evidence of the effective use of the networking technique in some aspect of their prior work or educational activities. For example, one young

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<sup>89</sup> This description comes from:  
[http://www.iedconline.org/prodev\\_edj.html?PHPSESSID=361b66aec8dee7a5432e326baca68f76](http://www.iedconline.org/prodev_edj.html?PHPSESSID=361b66aec8dee7a5432e326baca68f76)

college student used the networking technique to find out how to put a concert together and then sign a star singer as the headliner

- A record of being a “doer,” someone who gets things done
- Good social skills, leavened by a strong backbone and an ability to take rejection. People in the real estate business often can be strong willed and abrasive. The newbie must be able to get along with them and stand up to them
- Evidence of being a self-learner. A newbie, almost by definition, must be a self-learner
- Basic intelligence. They do not have to be rocket scientists, but they will have to understand and often explain many complex matters.

4. Besides Staff Costs, How Much Program Money Do You Need To Start An Effective Program? The answer to this question, of course, will vary according to your program’s objectives and the size of your organization’s budget. There are numerous possible variants. Nevertheless, it might be illuminating to go through a “dimensioning” exercise for a scenario that involves a small downtown organization, with a newbie manager/recruiter who will either have a mentor or enter a formal training program, and that has a *de minimus* budget for an effective targeted -type recruitment program.

Having discussed personnel costs above, in this exercise let us just look at the non-staff costs. First, what do we want to buy with our money? What kind of program can we get that is very affordable, yet still meaningfully effective? In Chapters II and III, the implicit argument was that:

- Networking activities are the best way to have a successful business recruitment program and they should be given top priority
- Some marketing communications tools can be used effectively to support networking efforts. They should be given high priority
- Some marketing communications tools also can be used effectively to help sell tenant prospects who are already in the “pipeline.” Those tools should also be given high priority
- Many marketing communications tools are used to try to stimulate more walk-in tenant prospects, but, aside from PR techniques, these attempts are often costly and have questionable impacts. They also are sometimes dangerous because they are so complex and/or costly that they distract the organization from its programmatic objectives.

Applying this argument to the newbie scenario has the following programmatic and budgetary implications:

- The newbie will need training and it must be covered in the program’s budget
- The newbie will need money to cover local travel costs within the region to identify and meet at good independent business operations and to meet savvy brokers and quality developers

**Table 5. Dimensioning Exercise.**  
**Low Budget Non-Staff Costs**  
**For First Three Years**

<b>1st Year</b>				
\$ -	web site			
\$ 500	demographics and other info			
\$ 2,300	recruitment package/brochure			
\$ 3,500	training, conferences, local travel			
\$ 6,300	Total			
<b>2nd year</b>				
\$ 3,000	web site			
\$ 500	demographics and other info			
\$ 500	recruitment package/brochure			
\$ 3,500	training, conferences, local travel			
\$ 7,500	Total			
<b>3rd Year</b>				
\$ 1,000	web site			
\$ 500	demographics and other info			
\$ 500	recruitment package/brochure			
\$ 3,500	training, conferences, local travel			
\$ 5,500	Total			

- The newbie will need money to cover attendance at an ICSC or ULI conference, such as a regional ICSC deal-making event
- The newbie will need marketing communications tools that are affordable and can strengthen networking activities and/or help convert prospects into tenants. The marketing tools that meet these criteria are the recruitment package, possibly a brochure and a website. All of these tools will have to present some recent and reliable demographic information, so that, too, will have to be purchased
- The only marketing communications tools that the

newbie should use to stimulate more walk-in tenant prospects are 1) placing stories in the local and regional newspapers and 2) a website. The newspaper PR can be accomplished at little or no cost and does not require a line item in the budget.

The recruitment package/brochure and the website will have significant start-up costs and lower annual maintenance costs. To initiate both of them in the program’s start-up year would balloon costs. Consequently, the dimensioning exercise presented in Table 5 covers a three-year period. The recruitment package is scheduled to be created in the first year at a cost of \$2,300 for the design, stock and printing of 300 pocket folders. These folders should last a small downtown organization at least three years. In the second and third years \$500 is allocated for this line item to keep the materials up to date or to improve them.

The website is scheduled to be built in the second year at a cost of \$3,000. By delaying it the first year’s budget for non-staff expenses is kept at \$6,300 instead of \$9,300. In the second year, when the organization is more experienced, the total of non-staff costs rises to \$7,500.

By the third year the two big ticket items have been paid for and the budget is down to \$5,500.

Each year \$3,500 is budgeted to cover training, local travel associated with networking and expenses associated with attending a major regional conference.

Yearly allocations of \$500 have also been made to cover the costs of demographic and related types of information.

5. Watch Out For.... The KISS principle (which stands for Keep It Simple, Stupid!) is a great rule to follow as you design and operate a downtown business recruitment program. Dangerous and costly mistakes seem to occur when the people who design and/or produce marketing materials have the lead on a project, such as creating a website or printing a brochure. For them, the end concern is the website or the printed material. They usually will want to maximize “production values” which supposedly will make their marketing tool prettier and more effective. In reality most of these service vendors know little or nothing about business recruitment or what makes their tools effective in that activity arena. Their quest for higher production values usually only means higher costs.

Be extremely suspicious of marketing projects that are large and complex, because they will certainly be costly and probably will have a low cost-benefit ratio.

#### **D. Now, It's Your Turn.**

Business recruitment is an important and challenging task, but it also can be fun and extremely rewarding. There are lots of good people to meet. And there are few things that can make you feel as proud as looking at new businesses that have opened in your downtown and knowing that you have played an important part in landing them.

The best of luck in your recruitment ventures. Hopefully, reading this book will facilitate, in some measure, your success.