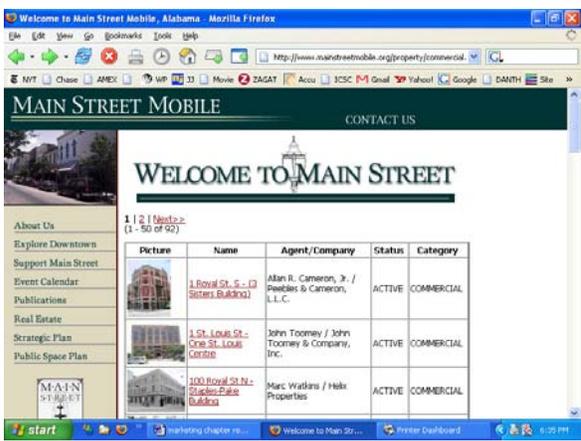


DOWNTOWN BUSINESS RECRUITMENT



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2005

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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NDM, April 2005

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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 Mary Mann, Victor Grgas 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 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 Houstoun uses an annual budget of \$250,000 as the cutoff point for small districts. See Lawrence O. Houstoun, 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.

CHAPTER II

NETWORKING: THE PRIMARY TOOL OF DOWNTOWN BUSINESS RECRUITMENT

A. Your Personal Network

Who do you know? and what will they do for you? How you answer these two questions defines your personal network. Everyone's career -- wherever they work, be it in business, government or even academia -- is strongly structured by their personal network. This, of course, includes everyone involved in downtown recruitment programs -- a fact too often overlooked when such programs are designed and staffed.

Personal networks are dynamic: their extent and potency are very situational and will vary over time. The extent of your network is determined by the people who are in it and the organizations they belong to. The potency of your network is defined by its power, i.e., the ability of the people in your network to get things done, to make things happen.

How the person responsible for operating a downtown business recruitment program acts immediately impacts on their power. Political scientists will tell you that the use of power is often analogous to investing money: the wise use of your power will give you even more power; inept power investments will decrease the balance in your power bank account. For example, if you are able to help a landlord to get a quality tenant to sign a lease, not only will that landlord probably want to work again with you, but other downtown landlords probably will then become interested in your services. Similarly, if you can develop a reputation for facilitating façade improvement projects, while thereby showing downtown landlords that you are a capable person and serious player within city hall, it will be much easier for you to interest these landlords in your business recruitment services. Conversely, the power of the "downtown recruiter" will be seriously diminished if he or she has dropped the ball on a landlord's attempt to get municipal approvals for a façade improvement project or failed to deliver on a promise to land a specific tenant prospect. This is one of the reasons that it is often dangerous for downtown organizations to load their business recruitment functions on the shoulders of inexperienced personnel.

The advantage of a network is that your power is augmented by the powers of the other people in it -- you don't have to know everything or do everything. Knowledgeable, well-educated people, such as lawyers, real estate brokers, architects, consultants, etc., have a lot of potential power because of their ability to get things done -- and who they know, i.e., the members of their personal networks. Even more powerful are the key decision-makers within influential local organizations such as the municipal government, local banks, large local

corporations and real estate companies with large local holdings; the decisions they make will have enormous impacts on a downtown business recruitment program. Quality tenant prospects also wield an enormous amount of power: they have what your recruitment program wants and is tasked to get.

You can extend your network by meeting people and developing relationships with them. When you add a person to your network you also link the members of their personal networks to yours.

While good interpersonal skills can help create and cement the relationships between you and the members of your network, these relationships are fundamentally “instrumental” in nature, based on mutual self-interest -- i.e., you help me and I help you. Influential people will be more interested in establishing a relationship with you if:

- Your organization is influential
- You have credible and useful professional skills
- You have a good set of interpersonal skills
- You have a strong personal network.

With time and experience, these relationships may become stronger when an “affective” or friendship dimension is alloyed to them.

Before trying to add someone to your network, it is a very good idea to scope out what precisely you (including your network) and/or your organization have to offer them -- and what, realistically, you want from them.

Sometimes it is possible to “hire” a person who will help you extend your network. For example, one very large BID in New York City hired a well-known and respected real estate broker who had very strong contacts with major retail chains. This broker helped introduce the BID’s staff to the “locators” of many retail chains. Other downtown development organizations have hired consultants to help attract serious developers to their redevelopment sites.

As we saw in Chapter I, there are different types of downtown business recruitment programs and they will vary in the degree to which they engage in the component areas of the business recruitment function. Consequently, the type of personal networks that an adept downtown business recruiter will need to have will vary according to the type of recruitment program he or she is implementing. Nevertheless, the personal networks of the Deal-Makers and the persons managing Table Setting and Targeted Programs will be most congruent with their program’s tasking if they include:

- Landlords or their representatives
- Tenant prospects, commercial real estate brokers and developers
- Key people at City Hall.

The remainder of this chapter is aimed at helping the aspiring downtown business recruiter identify the people they should try to include in their personal networks and recommends ways of finding, meeting and cultivating them.

B. Landlords.

Property owners are essential participants in the deal-making phase of the downtown business recruitment process -- without them commercial space deals cannot be made! No serious recruitment program can walk away from the need to develop working relationships with downtown property owners.

Yet, in the experience of this author, many small and medium-sized downtown organizations have boards that are dominated by merchants -- and this happens even in states where the BID/SID enabling legislation requires property owners to be members of their boards of directors. Too often the largest and most important property owners are not even on the board of directors of the downtown organization.

Furthermore, field experience indicates that many of the managers of small and medium-sized downtown organizations have negative mindsets about local landlords, based on one or more of the following perceptions:

- *They're Lone Wolves:* Landlords are uncooperative, don't want to participate in the organization and prefer to act independently
- *They're irrational:* Landlords don't act in an economically rational manner. They demand unreasonable rents, rent to low-quality or marginal merchants, refuse to properly maintain their properties, subdivide their spaces to the point that they have destroyed its ability to attract a good tenant, etc. It is hard for the downtown organization to form working relationships with such irrational and irascible characters
- *They're Absentees:* The landlords live in another town and perhaps are even retired and live in a far away state. It's hard enough just to communicate with them, never mind trying to work with them.

The truth is that most property owners in small and medium-sized downtowns are not real estate professionals and some are indeed lone wolves, irrational and/or absentees. However, in some downtowns, such as Red Bank, NJ, the property owners have been the driving force for change and very active on the downtown organization's board. Furthermore, in most downtowns, there usually are at least a few property owners who are committed to attracting quality tenants¹³ and willing to take the steps needed to sign them. Sometimes, the owners are even real estate investment trusts or other types of corporations with large real estate holdings. With the right approach, a downtown business recruitment program can get landlords to work with it, even in an ownership environment filled with such a varied cast of characters.

¹³ But not always, not 100% of the time.

1. The Performance Leadership Response. It is critical that the downtown organization recognizes these realities and establishes relationships with potential performance leaders among the landlords:

- Your organization has limited resources in terms of staff and money. Even if it wanted to, it probably could not spend the staff time and money needed to cultivate all of the downtown property owners in a limited period of time, e.g., a year
- There usually are, at any point in time, only a few commercial spaces in your downtown that either already have the characteristics required to attract quality tenants or that can be renovated at a reasonable cost into Class-A space. Spending a lot of time and effort on attracting quality tenant prospects and then showing them inferior spaces can only waste your organization's scarce resources and corrode the reputation of your recruitment program. These disappointed tenant prospects are likely to perceive your program as amateurish and not return your future calls. In their eyes you have committed a serious crime: you have wasted their valuable time. Such incidents also have a way of being communicated to their colleagues in the profession. This can be devastating for a new recruitment program
- Though there may be thousands of potential retail and office tenant prospects, at any point in time, there are usually just a handful that are really likely to find that your downtown has the array of locational characteristics they are looking for
- Consequently, it is operationally prudent for a recruitment program to identify the most marketable spaces in the downtown -- as seen by these real tenant prospects -- and to focus its relationship building efforts on the landlords who own them. These landlords can be your recruitment program's *performance leaders* -- *they lead by doing*. Such leaders set examples for other downtown landlords through their recruitment activities -- which should include working with the downtown organization's recruitment program. The successes of such performance leaders can be leveraged into greater landlord interest and participation in your recruitment program
- In effect, this is saying that a recruitment program should not waste the downtown organization's scarce resources on inferior spaces that have little probability of attracting a quality tenant
- The quality spaces may currently be occupied. Just remember that their leases will expire, possibly within a year or two or three. Such time can be wisely used to establish and cultivate relationships with these key property owners. With absentee owners, this time can be a blessing, if it is used effectively to establish a relationship. The expiration dates of the leases for your downtown's quality spaces set an important parameter for your downtown recruitment program's operations and what can be expected from them
- If you don't have quality spaces, then a determination has to be made whether it is worthwhile to help market inferior spaces. Today, with

downtowns reclaiming stature as business locations, these secondary commercial spaces are often filled by independent small firms. Many of them will be marginal operations that may not be desirable in the long-term -- but, it is unlikely that most of them will be around in the long-term. Meanwhile, they might serve as “placeholders,” occupying the spaces and providing landlords with income. In such situations, the downtown organization has to decide what extra value its recruitment program could bring to the situation and whether scarce funds might be better spent on a different program

- “Value spaces” can be strong growth assets and worthy of a marketing effort by a downtown business recruitment program. Value spaces, for retail or office uses, provide a combination of space in decent condition, acceptable rents, access to small pipe broadband telecommunications and good geographic location that many promising small and medium-sized firms find appealing. Value spaces can help build strong niches such as antiques and small-pipe “cyberdistricts” tenanted with small firms in knowledge-based industries
- Some downtowns will have high vacancy rates because of a decayed building stock and unattractive environment. In such instances, the downtown organization must ask whether scarce funds would be best spent on business recruitment efforts or on planning and stimulating critically needed physical improvements
- If the landlord of a key property that has significant quality or “value” commercial space lives out-of-town, then common sense demands a visit from the downtown recruiter. The potential benefits entered into an informal cost/benefit analysis will justify a surprising dollar investment. Is it worth \$500, \$700 or even \$1,000 to get a key absentee landlord on board? Absolutely yes!
- The costs of such a trip normally can be held to a reasonable level. Often they can be done in one day and require limited dollars for food and lodging. Sometimes you can piggyback visiting an absentee landlord onto another trip -- e.g., visiting a “snowbird” landlord who lives in Miami when attending an IDA conference in South Beach¹⁴
- The performance leadership approach puts the focus on getting something done -- actually bringing new businesses downtown -- and prevents the recruitment program from getting mired down just in the wooing of local landlords.

2. Meeting Landlords. Simply put, to have relationships with landlords, you have to meet with them and get to know them. It’s not going to happen unless the staff of the business recruitment program is proactive in this regard.

¹⁴ Attitude is important here. If there is an assumption that visiting the absentee landlord can not be done, it won’t happen. If there a real attempt to see how it can be made to happen, then it usually will occur.

Having landlords on the board of your downtown development organization can provide a good starting point for networking with downtown landlords, especially if they own Class-A properties and are forward thinking. If landlords are not on your board, thought should be given to remedying this situation.

Inviting downtown landlords to a group meeting can also be an efficient and effective way to meet landlords. In both Teaneck and Englewood, NJ, such meetings drew a high percentage of the landlords. In both instances the staff members of the downtown organization were able to introduce themselves and to present details of their recruitment efforts. Most importantly, they were able to meet, face-to-face, many key landlords. But the real payoff of the meetings was that it facilitated individual follow-up meetings, where some real and detailed work could be accomplished.

Individual meetings and telephone conversations are where relationships with landlords are built and the downtown business recruiter has to make them happen. Nothing substitutes for picking up the phone, calling landlords and asking to meet with them.

If they are out -of- town, then the recruiter should make a trip and visit them.

3. Developing Trust And Confidence. A downtown recruitment program's ability to get landlords to work with it depends on the ability of the recruiters to win their trust and confidence.

It is always easier to add recruitment to a well established working relationship with a landlord than it is to initiate a new relationship. Consequently, the first places to look for potential performance leaders for your recruitment program are among the:

- Landlords on the board of directors of the downtown organization who have attractive commercial spaces
- Landlords who have benefited from and liked other programs and services provided by the downtown organization such as security, street sanitation, façade improvements, consumer marketing and promotions, etc.

Of course, when the programs and services of a downtown organization anger or annoy local property owners, it will be very hard to get them to participate in a recruitment program. For example, one SID in a medium-sized city in New Jersey made itself responsible for enforcing the municipal code on signage and façade improvements. After a few years there was a noticeable improvement in the downtown's appearance, but some of the important landlords would not work with the SID to recruit quality new businesses because they viewed the SID as a cop.

Even if landlords have not directly benefited from the downtown organization's programs, the downtown recruiter usually can get a meeting with a landlord if the

downtown organization has established a strong reputation for operating successful programs.

The reputation, experience and personality of the business recruitment staff also are critical factors in developing a solid network with downtown landlords. Persons with successful track records for attracting quality tenants, obviously will have an easier time in getting a hearing from landlords.

Of course, success leads to more success. When a business recruitment program can show that it has helped a landlord or two reel in quality tenants, many other landlords will be willing to participate in the program.

4. There Are Different Types Of Landlords With Different Sets Of Needs. A downtown recruiter also will have a better chance of winning the trust and confidence of key landlords if he or she can display both an understanding of a landlord's needs and knowledge of relevant aspects of the real estate business. There are likely to be different types of landlords in a downtown and each will have different needs that the business recruiter must respond to. The discussion below will focus on two types that business recruiters will most likely find in small and medium-sized downtowns.

Small, non-professional owners typically want to quickly get a tenant that is willing to pay the rent they are demanding and are not that concerned about the quality of the tenant's business operations. Their primary occupation is normally not real estate. This type of owner has no professional realtor on their payroll and often dislikes working with a broker -- they generally don't like spending any money to get a tenant. They have no network of contacts with retail or office site selectors. They typically make the availability of their commercial spaces known through signs on their properties and perhaps newspaper advertising. Their recruitment efforts are reactive and not targeted. They don't go looking for quality tenants, often because they don't have quality commercial spaces to lease or sell. They are just plain lucky if a quality tenant comes to their door.

However, when they have quality or "value" commercial spaces, these are the landlords that could benefit most from the services offered by all types of recruitment programs. The prevalence, importance and power of such owners usually varies inversely to the size of the downtown.

The key to helping these small landlords recruit quality tenants is to make it easy for them to do so. Small businessmen often lack the professional skills to identify, court and sign quality tenants and also often lack the resources or inclination to acquire those skills.

The author learned about the importance of making things easy for small business operators back around 1990 while doing a study on why small manufacturing firms were leaving New York City for locations in NJ, PA and

beyond. From telephone interviews and a survey of newspaper and magazine articles, it appeared that the main reason these firms moved away was that economic development organizations in the other states had approached them with locations that met their space needs, offered financial incentives and, most importantly, provided a plan that made the move easy to do. The busy owners of these small firms -- they were usually expanding -- did not have much time to look into finding a new business location. Nor did they have real estate professionals working for them who could help. The out-of-state economic development organizations stepped in, providing easy and attractive answers to the space problems of these small manufacturing firms. That's why they moved. If New York City's economic development agency had made it easy for these firms to move to new plants within the city, many would have stayed.

Here are some things a recruitment program can offer that might make it easier for these small unprofessional landlords to sign quality tenants:

- Providing accurate information on market-rate rents, nearby tenant mixes and competitive spaces
- Introducing them to relevant tenant prospects who come to the downtown organization looking for commercial spaces
- Providing them with marketing materials that sell the whole downtown as a business location, thus enabling these landlords to make a better pitch to tenant prospects
- Listing their available spaces on the downtown organization's website at little or no cost. For examples of such listings visit the website of the Rutland Partnership or the Downtown Albany Improvement District
- Preparing a marketing package and pitching their spaces to the people networked with the downtown organization's recruitment program who make decisions about leasing or buying retail and office spaces
- Help their tenants get through the municipality's permissions and approvals process
- Providing linkages to any relevant public sector programs offering financial incentives and helping them with the paperwork.
- Information about the types of quality tenants other landlords are signing.

Larger and more professional landlords also want to get a tenant quickly, but they are more likely than the smaller landlords to:

- Be concerned about getting a quality, credit-worthy tenant
- Know and use commercial real estate brokers
- Spend some money to market their commercial spaces
- Have more accurate information on market rents and competitive spaces
- Have some links with the people who make decisions about leasing or buying retail and office spaces.

Because they are canner, these landlords are likelier to appreciate and properly use PR materials that market the downtown as a business location. They are

also more likely to be interested in meeting competent commercial brokers who can help fill the gaps in their own networks of retail and office tenant prospects.

While the more substantial landlords may be fairly adept at finding tenants, they, too, will have limits on their network contacts with tenant prospects, so they often appreciate downtown organizations that can provide *real assistance* in this regard. Furthermore, tenant recruitment can be an expensive venture. Some of the big landlords and developers have started to look for opportunities to cost share their business recruitment activities. For example, Downtown Works, the downtown consulting subsidiary of the big mall developer, Kravco Company, now publicly avers that it prefers to be active in Central Business Districts where the downtown organization can provide substantial help with recruiting tenants to its projects.

A downtown recruitment program can make itself useful to the larger and more professional landlords by:

- Providing a strong and effective marketing campaign focusing on the advantages of the downtown as a business location
- Supplementing their contacts with strong commercial brokers
- Supplementing their direct contacts with desirable tenant prospects
- Helping their tenants get through the municipality's permissions and approvals process
- Providing linkages to public sector programs offering financial incentives.

It is critical that whatever the downtown recruitment program does, it must be done with a degree of professionalism that meets the expectations of these landlords.

C. Commercial Brokers, Developers and Tenant Prospects

While attracting new quality tenants is the ultimate goal of a business recruitment program, developers and savvy commercial real estate brokers can be so instrumental in helping a downtown business recruiter establish strategic linkages to important tenant prospects that it is best to discuss them all together. Discussing them together also demonstrates how important it is for downtown recruiters to develop strong support teams that will serve as the cores of their networks.

1. Networked Commercial Brokers. Savvy, well-networked commercial brokers can be real treasures for any recruitment program.¹⁵ For example, the impressive revitalizations of the downtowns in Englewood and Westfield, NJ, were strongly impacted by the work of two commercial real estate firms, Greco & Associates and Relocation Realty.

¹⁵ Admittedly, they sometimes also are real pains in the butt.

Brokers earn their livings from commissions on the deals they make. Consequently, they are strongly motivated to make deals. For most recruitment programs, this poses no problem as long as these brokers are bringing in quality tenants. However, targeted recruitment programs may find themselves in conflict with some of the savvy brokers -- the brokers want to make a deal, any good deal, as quickly as possible, while the targeted recruiter only wants deals that involve targeted tenants. With professionalism on both sides, these conflicts usually can be worked out with the understanding that the broker will earnestly try for some mutually agreed upon period of time to attract the type of tenants the targeted program wants; after the specified time period, the broker is free to make the best deal he or she can deliver.

A very important lesson for any business recruitment newbie to learn is that all real estate brokers are not functionally equal.

First, you want to work with commercial brokers, i.e., people who specialize in commercial, not residential properties. Moreover, not all commercial brokers are equal: avoid the "passive reactors," the ones who -- though they may put a sign out in front of the property or even place an ad in the local newspaper -- basically wait for tenant prospects to walk in. They have few contacts that they reach out to and many don't even know where or how to start looking for tenant prospects.

If you are from a relatively small town, look for commercial brokers who have successfully found quality tenants for spaces similar to the ones you want to market. This probably will require a search of the surrounding region. The search can involve:

- Reading articles in local newspapers
- Reading articles in the regional weekly, monthly or quarterly publication that focuses on real estate. They can provide a lot of useful information. Some examples: the New York Real Estate Journal, which covers New York City, Long Island, the Hudson Valley and other parts of upstate New York, and the NJPA Real Estate Journal, which covers New Jersey and Pennsylvania
- Asking your local brokers to find out the names of the key real estate publications in your area. Or go to your local library or a large newsstand in your regional commercial center and peruse their racks
- Contacting capable downtown revitalization officials in other downtowns in your region
- Contacting competent landlords and residential brokers who you know and trust
- Driving around your region, identifying similar spaces and finding out which broker was involved in their leasing.

Recruiters in downtowns of all sizes will want to look for local commercial brokers who have successfully signed significant national and/or regional retail chains or corporate office tenants. They usually have a network of contacts with relevant

business location decision-makers. Their networks are never comprehensive, so they may or may not have links to the types of tenant prospects that you want. But they probably have their feet in doors that you don't. If they don't have the direct personal contacts you are looking for, they may be able to refer you to another broker who does or to give you good advice about how you can achieve your objective. Again, for recruitment programs in smaller communities, this probably will require a search of the surrounding region. See above.

Increasingly, many of these well-connected commercial brokers are being hired by retail chains to find new business locations. For example, Michael Antkies Real Estate, based in Danbury, CT, a few years ago represented in NY, NJ, CT, and MA the following retailers: Starbucks, Grow Biz, John Harvard's Brew House, Old Country Buffet, Once Upon a Child, TSI Soccer, Houlihan's, Boston Billiards, Chico's, Whole Foods Market, Party City, Olympia Sports, Bally's Health & Fitness, Computer Renaissance, Silver Diner, Score Kaplan, Play It Again Sports, Lakeshore Learning, Ground Round, and Tinalley Grill.¹⁶ There are many similar firms across the nation and they have different rosters of retail clients. Obviously, linkages to such commercial brokers are essential assets for downtown recruitment programs.

One of the best ways of identifying well-connected retail brokers is through the International Council of Shopping Centers (ICSC),¹⁷ since most of them belong to that organization. The ICSC has many national and regional meetings, including numerous deal-making meetings, where shopping mall developers and owners, retail brokers and representatives of retail chains come together to match tenant prospects with retail spaces. In recent years, the ICSC has made a strong effort to bring municipalities and downtown organizations into its membership. Many cities and downtown organizations now attended these meetings. At the 2004 national convention in Las Vegas, over 30 of them set up booths to offer retail spaces and development opportunities.

The largest¹⁸ of these meetings is the annual convention in Las Vegas, but other meetings in 2004, for example, were scheduled in: Tulsa; Los Angeles; Chicago; Atlanta; Hollywood, FL; New York City; Boston; San Antonio, etc. The ICSC also has Alliance programs where local chapters work with other local organizations. For example, Downtown New Jersey is involved in an ICSC Alliance program. These meetings provide networking and some deal-making opportunities. Sometimes they also produce directories of attendees that provide valuable contact information. A typical downtown organization can join ICSC for \$100/yr.¹⁹

Here are some other ways to identify and/or meet these "locator" retail brokers:

- Review articles and ads in real estate publications

¹⁶ http://www.property.com/broker_guide/brokers00/eastern_states.htm

¹⁷ Visit www.icsc.org to find out more about this organization.

¹⁸ In 2004, about 40,000 people attended the ICSC's annual convention in Las Vegas.

¹⁹ In 2005.

- Find out the names of the brokers who helped tenant new shopping centers in your region
- Obtain referrals from developers and large landlords
- Obtain referrals from downtown recruiters in other communities in your region
- Obtain referrals from other commercial brokers.

While it is very unlikely that small and medium-sized downtowns can attract large corporate office installations, it sometimes can be useful to network with the large commercial brokers (e.g., Cushman & Wakefield, Grubb Ellis) and consulting companies who specialize in finding large amounts of office space for big corporate clients (e.g., The Wadley-Donovan Group). Sometimes the large brokerage firms will have a specialist in finding smaller office spaces for corporate clients.

These consulting and commercial brokerage firms may be different faces of the same firm. One way to identify these brokers and consultants is through CoreNet Global, "the world's premier association for corporate real estate and related professionals."²⁰ It, too, has state and local chapters and it is at their functions that a business recruiter from a small or medium-sized downtown is likely to have productive networking experiences -- getting contacts with brokers who do deal in district and regional offices of major national corporations. Other sources of information about these office space specialists are the same as listed above for finding information about the savvy retail commercial brokers.

Smart, well-connected commercial brokers are serious players in the real estate game. They are busy, often bright and very task oriented. They want:

- To make money
- To make big deals rather than small ones
- To make easy deals rather than hard ones
- To get the deal done as quickly as possible
- To deal with professionals
- Not to have their time wasted.

It is extremely important that the downtown recruiter be professional with these important commercial brokers:

- Don't bring them second-rate spaces, landlords who don't like paying commissions, deals where they can't make a reasonable commission, etc.
- Give them the information they need, packaged short and sweet²¹
- While these folks are normally very busy, they also are schmoozers -- after they get to know and trust you. Your budget should include some money to take them to lunch or dinner. Taking them to a major league

²⁰ You can find out more about this organization at its website: www.corenetglobal.org

²¹ See Chapter III on marketing

baseball, football or basketball game can also be effective. So can arranging a game of golf at your local country club.

Where your downtown is located along the normal revitalization arc will have a strong impact on your ability to interest these savvy brokers. They are very unlikely to be interested in your downtown if it is still dominated by decay, with few quality commercial spaces and in need of a lot of new infrastructure improvements -- unless you are working them to be the broker for a huge "turn around" project. Some of them will be interested in downtowns at the midpoint of the arc, where the downtown appears well on the road to revitalization -- a key here is to get them to believe that the downtown is definitely on the right track. All of them are interested in downtowns that have successfully revitalized -- in these instances you don't have to work hard to get them, but then you probably don't even need a recruitment program.

2. Developers. In a large number of downtowns, business recruitment requires the redevelopment of key properties.²² One reason for this trend is that so many downtowns lack the Class-A commercial spaces demanded by desirable retail and office tenants. A second is that developers are now more interested in doing downtown projects than at any other time since the end of WW II.

A capable developer, who is experienced in large commercial and mixed-use projects, typically has a network of contacts, direct and indirect, with the types of tenant prospects the firm normally tries to cultivate and sign. For example, a mall development company will have employees who:

- Either personally know people in retail chains who look for new store locations or know how to identify them and get to know them
- Know and work with commercial real estate brokers who are well-networked with retail chains.

Similarly, a developer specializing in large office projects will have a staff with contacts in the departments of large corporations where decisions about leasing new office spaces are made and/or to commercial brokers who have such contacts.

Developers are also important because successful real estate projects of significant size can immediately legitimize the downtown as a business location and heighten the marketability of nearby existing commercial spaces.

Developers can solve two important problems that many downtowns face at the same time: providing Class-A commercial space and attracting new quality businesses.

²² Too often downtown organizations are in denial about the need to develop new commercial space, but still engage in vainglorious recruitment efforts. The overlap of recruitment and redevelopment functions can also have important internal organizational impacts.

Many developers are also owners -- they not only build, but they keep and maintain what they build. They consequently often become important stakeholders in a downtown, with a vested interest in seeing new quality tenants locating in other downtown properties. As a result, some of these developers will help a downtown recruiter network with savvy commercial brokers and key tenant prospects. For example, in Englewood, NJ, The Real Estate Company (Treeco), a developer headquartered in the town, not only built several important downtown commercial projects, but it helped the city's redevelopment team meet other developers and savvy commercial brokers. Sometimes a local developer has allowed a downtown organization to use part of its booth at the ICSC's national convention.

Developers differ from the normal landlord in that they are constantly looking for opportunities to build new commercial spaces. Their interest in your downtown will be a function of:

- The number of potential development sites in your downtown
- Their knowledge of these sites
- The potential scale and value of the projects they believe they can put on those sites
- The money they believe they can make from a project(s) in your downtown
- Their belief that they can get control of one or more of those sites within a reasonable time period and at a reasonable cost
- The amount of money they already have invested in your community.

Developers will be interested in working with a downtown organization to the degree that it can provide accurate and succinct information about potential development sites, including:

- The size, valuation and zoning of the properties
- Data on relevant retail and office markets, crime rates, traffic counts, nearby parking facilities, etc.
- Information on an array of quality of life issues.

More importantly, developers will also be drawn to downtown organizations that can help them gain control of potential development sites --- or provide access to and influence with city officials who have legal authority over development sites.

Successful developers heavily leverage their investments, so "front-end" costs can be a critical variable for them. A downtown organization that can help developers keep their front-end costs down will be considered an effective and valuable partner.

It is often easier to develop a relationship with local developers who live or work in your community than with developers from other towns, but the "outsiders" may be more capable and better networked with tenant prospects. In Livingston, NJ, for example, Jacobs Enterprises, Inc. and Eastman Management, both

owned and managed by local residents, partnered the development of a major downtown project (under construction at the time of writing) that will create a major pedestrian node featuring trophy retailers and restaurants.

To identify and meet capable developers:

- Review articles and ads in real estate publications
- Find out the names of the developers of new retail, office and mixed-use buildings in your region's downtowns
- Obtain referrals from large landlords
- Obtain referrals from downtown recruiters in other communities in your region
- Obtain referrals from commercial brokers
- Join the ICSC. Many of the developers who do retail projects belong to this organization. In the past two years, for example, the author met six developers at the ICSC Las Vegas meetings and brought four of them to visit various potential development sites in Bayonne, NJ, including one in the downtown. From these visits we got confirmation about the basic soundness of our planned project. While all four passed on our project, they did tell us about other developers to contact, who were indeed interested. That's the value of networking!
- Join the Urban Land Institute. This is the developers' national organization and one of the best around. It has state and local chapters and you can obtain the names of their members. For more information visit their website: www.uli.org. Full membership is comparatively expensive for most small and medium-sized downtown organizations, but associate memberships are more affordable. I have found the developers at ULI conferences to be very helpful. For example, at a session on developing movie theaters, the author asked about chains that might be interested in operating a theater featuring independent movies in Bayonne, NJ. After the session, a prominent developer from Ft. Worth, TX, came over and recommended a chain he had worked with that, while based in the west, he believed was very interested in obtaining East Coast locations.

Another mechanism for meeting and cultivating developers is to hold an investment conference, where developers are invited to tour redevelopment sites in your downtown and possibly elsewhere in your community.²³ Such conferences run by the Charlotte Chamber of Commerce (NC) and the Englewood Economic Development Corporation resulted in significantly increased developer and major corporate interest in these two cities and a number of new development projects. Getting developers to attend such conferences is dependent on where you are on the revitalization arc. If you are just beginning, you will have a tough time getting them to show up -- unless you offer them the opportunity for a large "turnaround" project. If you are midway on

²³ You might also want to invite savvy commercial brokers, well-networked consultants, bankers, the media, etc., to the Investment Conference.

the arc and your city has a good reputation as a place to do business, then they will come.

3. Independent Retail Tenant Prospects: Dregs, Satisficers and Strivers.

In every downtown, most of the retail tenants are small independent operators. These business people are a mixed breed. One might legitimately wish that some of them would disappear, since they sell low quality merchandise, have dirty stores, cluttered windows, bad sales policies, and usually have marginal financial viability. These business operators are the “retail dregs.”

Others run a decent operation and squeeze out an acceptable living. Unfortunately, they are usually “satisficers.” Satisficers are satisfied with things that are good enough. They can be contrasted with maximisers, who seek the biggest, or with optimizers, who seek the best. Satisficers, behind all their typical merchant complaints, are doing okay financially and won’t put in the extra time and effort required to make more money. Satisficers are not interested in growth and often are the root of a whole syndrome of downtown problems, such as poor marketing, weak merchandising, marginal customer service, and downtown manager burnouts.²⁴

The satisficer’s perspective is exemplified by the owner of an apparel store in an urban shopping district in New York City. He refused to participate in a BID advertising program because it would bring in too many customers, and he then would need more space! Similarly, the owner of a restaurant in a suburban downtown in New Jersey also refused to advertise, for fear that it would bring in more customers, which would mean she would have to grow and possibly lose direct control of her operation.

In strong downtowns you can be sure to find some popular, vibrant and unique independent retailers. These are usually run by “strivers.” Strivers are independent merchants who are intent on increasing or maximizing their sales and incomes, building a very successful store, or creating a chain. They are consequently more likely to have quality merchandise, be strong marketers and merchandisers, and provide good customer service. Many immigrant entrepreneurs and merchants are strivers.

Recruiting strivers requires a lot of time and effort to research good merchants in other locations and interview them and those who have worked with them. This kind of recruitment is harder than recruiting retail chains, and ultimately more important, because it’s the quality independents who give a downtown its distinctiveness, charm and competitive edge.

In the normal course of events, the recruitment of small independent retailers is demand driven -- the tenant prospect just walks in the door of a landlord,

²⁴ This analysis is taken from my article “Downtown retailers shouldn’t settle for good enough,” in the July 2003 issue of [Downtown Idea Exchange](#) ,

commercial broker or downtown organization. The statistical probabilities are that most of these tenant prospects will be retail dregs and satisficers, while only a few will be strivers.

If the recruitment goal of the downtown organization is to lower the vacancy rate, then the primary recruitment concern is simply to have a constant flow of tenant prospects without regard to the proportions of retail dregs, satisficers and strivers. If the actual flow of tenant prospects is acceptable, then there really is no need for a downtown recruitment program. If the flow is low, then there can be debate about whether a downtown recruitment program is a good use of scarce resources. On one hand, it might fill vacancies; on the other it might fill the vacancies with less than desirable operations that just further demean the downtown's image and frighten away quality retailers -- good retailers look to see who is coming into a downtown and when they see a trend of poor quality stores, they look somewhere else to locate their stores. Shops filled with bad retailers are worse than vacancies.

When it comes to independent retailers, most downtown business recruitment programs don't want to fill vacancies with dregs. They definitely prefer having tenants who are strivers, though they would settle for a decent satisficer. For these recruitment programs, the operational issues are:

- How do you tell a striver from a satisficer? -- the dregs are obvious
- How do you find strivers?
- How do you woo strivers?

A satisficer can operate a successful, popular and attractive retail store, but is not entrepreneurial or interested in growth, improvement or change.²⁵ Satisficers, consequently are less likely to want to open a new shop in another downtown. Strivers are usually a subset of the independent retailers who have successful, popular and attractive stores. The major differences between a striver and a satisficer are attitudinal and managerial and thus can not be detected by simply visiting a store. Consequently, to differentiate these types of retailers you must talk directly to the retailers themselves.

One tactic for attracting strivers is to try to market to them through the appropriate media, such as stories and "infomercials" in the print media, the downtown organization's website and local TV stations. More about this in the chapter below on marketing.

Another tactic is an outreach effort that identifies and woos strivers. To find strivers, you first must find a pool of quality independent retailers who run successful, popular and attractive retail stores. If you are running a targeted recruitment program, then this pool also must be sifted to find operators in your targeted groups. To find independent retailers for this pool:

²⁵ In such instances, the owner is often the son or daughter of the person who founded the store.

- Write down the names of quality retail stores that you know within a 15 to 45 minute drive of your downtown. If the retailer is less than 15 minutes away, there is a potential problem of cannibalizing the existing store; if the retailer is more than 45 minutes away there are likely command and control issues until they learn how to scale up
- However, with restaurants, look first for strivers who are either already downtown or nearby. Sometimes thriving restaurant owners will open another restaurant nearby, using another concept
- Ask your board members and the strivers already in your downtown to make similar lists
- If you are targeting restaurants, look at ratings by Zagat's and the AAA and ExxonMobil tour guides
- Ask your friends in downtown organizations within your target geographic area if they have any striver retailers who want to "chain;" it's a smart move to offer reciprocal information
- Make a list of the downtowns within a 15 to 45 minute drive and go visit them. On these trips shop the stores and talk to customers. Be sure to visit the stores recommended by your board members and your own strivers.

Then you have to talk to the business operators, selling them on your downtown and evaluating them at the same time.

- It is best to make this approach in person or by phone
- Do not send a "recruitment package" first; it is liable to end up, unopened, in the "circular file"
- Bring the recruitment package with you, so it is there if it is needed. Have at the ready a good press clipping about your downtown's revitalization -- if there is one-- and a one page opportunity statement
- Your minimal objective in the initial meeting is to pique the prospect's interest in your downtown, so that you can really sell him or her on it later in the conversation or in another meeting
- You will probably face time constraints, so be prepared to make your case succinctly, politely and with some charm
- You can probably get more time and a more favorably predisposed prospect, if you can get an introduction from someone he or she likes and respects
- Don't try to interest the prospect in a specific space until there is an expressed interest in your downtown and you know how much space will be required. Expect that prospects will not know how much space they need
- If the prospect is interested, try to tease out his growth plans and find out about his marketing and customer service efforts.

Here is one example of how such a recruitment effort might unfold. A few years ago, DANTH, Inc. was hired by the Elizabeth Development Company to formulate a recruitment strategy for renovated historic railroad station. A

restaurant appeared to be a logical and feasible use. From field visits, it was known that downtown Englewood had a number of good restaurants. With introductions by Peter Beronio, then Englewood's Director of Community Services, it was possible to talk to two of the owners. One came and toured the site in Midtown Elizabeth and gave it very careful consideration, returning several times to look at it with his investment partner. Although he decided not to lease the property, DANTH established a good relationship with him, so he can be contacted when other opportunities arise. DANTH also generated a contact list that combined names from Zagat's and a list provided by the New Jersey Restaurant Association and sent out letters. After more interviews, it was determined that a local Elizabeth restaurant owner, who was already familiar with the local market, would be the likeliest to sign a lease and DANTH recommended some names. A lease was signed with one of these local operators, who had a very strong business and was eager to expand. This operator understood the site's unique market opportunities. The fact that he could do the "prep" work at his original location allowed him to have more seating capacity than an "outside" operator would have had -- and more financial viability.

A combination of both the PR and outreach tactics can really be effective -- the media stories arouse the necessary curiosity and interest that then can be expanded and tailored during the visits.

4. National And Regional Retail Chains. For many recruitment programs, the Holy Grail is getting reputable national and regional retail chains to open stores in their downtowns.

A good public relations effort that features positive stories demonstrating that your downtown's revitalization is well underway and that also names other retail chains who are coming in can grab the interest of retail chains or the commercial brokers who work for them -- if the key decision-makers in the chain or the brokers who work for them frequently visit your area or live or work there. A retail chain headquartered in Columbus, OH, is unlikely to know about an article in the Star Ledger, a regional paper, about downtown revitalization in Cranford, NJ.

Given that there are thousands and thousands of retail chains, using a brute force, shot-gun outreach effort will be prohibitively expensive, even considering just the costs of recruitment packages and postage, never mind staff time and other costs. Consequently, it is essential that recruitment programs, especially those in small and medium-sized downtowns, have some way of paring the number of retailers to contact down to an affordable and manageable size.

For this task, a downtown economic revitalization strategy that designates the type of retailers that are most likely to succeed in your downtown and are most likely to be attracted to it can be very useful. It's one of the advantages of a targeted recruitment program.

If such a strategy is not available, then visits to comparable downtowns can be useful. Below is a list of national and regional chains found in Jamaica Center, in New York City, in October 2002. If these chains were there it was likely that they were in other downtowns with similar demographics and commercial spaces. This was indeed the case: many of the retailers listed below were found on Fulton Mall in Brooklyn and Fordham Road in The Bronx. Some of this information can be obtained from CDs, from firms such as InfoUSA,²⁶ that have lists of businesses and their addresses. Some of this information also is available on the web from the same companies that produce the CDs.



Figure 1

Many retail chains have "preferred cotenants," i.e., other retail chains that they like to be close to. For example, The Gymboree Corp. likes to cotenant with Ann Taylor, Pottery Barn, Banana Republic, Talbot's, Coldwater Creek and Williams Sonoma.²⁷ If your downtown already has some chains, then finding out who their preferred cotenants are can give you strong hints about who else to try to recruit. The Dealmakers, a retail real estate publication, is one source of information on preferred cotenants, but most of the information on them probably will have to come from web searches and field visits to other commercial centers.

²⁶ For more information about this company visit www.infousa.net

²⁷ "Apparel Chains Expanding Nationwide," The Dealmakers, June 11, 2004, p.1

Another way of narrowing the field is to find out from special databases which retail chains are looking for space in your vicinity. Retail Lease Trac²⁸ provides computer readable data by state on retailers who are looking for space, the amount of space they want, the demographics they like, the persons to contact and their contact information. Dealmakers also features chains that are looking for new locations.²⁹ The Retail Tenant Directory is another resource that claims to have information on 5,400 expanding retail chains and the types of spaces they like.³⁰

If you have strong commercial brokers and developers on your team, they will be a source of recommendations about who else to recruit-- and they may help you reach them.

Many of the retail chains have booths at ICSC functions, but most do not. Nevertheless, attendance at the ICSC functions can lead to real contacts with a number of important retailers -- e.g., Starbucks, Wal-Mart, Dunkin Donuts, Game Stop, Quizno's, etc.

An investment conference can also attract representatives of retail chains.

The real estate executives in retail chains are very deal oriented and very busy. They are inundated with mail from landlords, brokers and development organizations. They are not tourists, so they don't want to come visit your downtown -- and they are not very interested in receiving PR pieces or newsletters that sell your downtown -- unless you have a suitable retail space for lease or sale. Then, they might read or listen to your pitch. Maybe. You still are competing for their attention with a lot of other recruitment packages and calls.

In the short-term, mailings and cold telephone calls can be expected to have a very low success rate. One might anticipate getting about a 3% to 5% response rate on recruitment packages mailed out cold to retail chains. Considering that the mailing may only be to about 35 carefully targeted retailers means that the pickings from a specific mailing can be pretty thin. Cold telephone calls are likely to have about the same success rate. Over time, however, the number of retail locators visiting might begin to add up and, after two or three years, it can be easier to attract their attention -- especially if you have an attractive downtown, quality commercial spaces and a reputable chain or two that recently opened up.

A network of personal contacts is a more direct and powerful approach. Having brokers or developers who can introduce you to the retailers you are interested in

²⁸ Contact info: Phone: 706 864-9121, Toll Free: 866 758-4636 ,Fax: 706 864-0924, Email: sales@rltrac.com

²⁹ Contact info: P.O Box 2630, Mercerville, NJ 08690, voice 609-587-6200 fax 609-587-3511 e-mail ted.kraus@dealmakers.net

³⁰ Contact info: <http://www.retailtenants.com> ;45 Danbury Road, Wilton, CT 06897 (203) 563-300

or who will help you network can get you to where no mailing or cold call can -- and faster.

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Real Estate: Free-standing/Conversion
Pad Site (Build to suit)
End Cap
In-Line - will consider only in "A" markets.

Preferred Center: Power Center
Community
Entertainment
Life Style Centers

Size: 4,000 – 5,000 square feet

Dimensions: Minimum Width: 40 feet
Minimum Depth: 60 feet
Maximum Depth: 100 feet

Parking: 60 cars

Preferred Co-Tenancies: Theatre
Super Bookstore
Video
Bed/Bath/Home Store
Home Electronics/Computer Superstore
Home Improvement Stores

Access/Visibility: Unobstructed visibility/Prominence to road
Signalized access preferred
Good ingress/egress

Demographics: Daytime Employment: 25,000 + people within 8 minutes
Population: Minimum 45,000 people within 5 minutes
Traffic Count: Minimum 25,000 VPD

Other: Room for placement of an approximately 500 square foot freezer/cooler attached to the exterior of the building

Contact: **Jeff Streett or Mark D'Addabbo**
860/529-9000



New England
Retail Properties, Inc.

1160 Silas Deane Highway, Wethersfield, Connecticut 06109
Phone: (860) 529-9000 Fax: (860) 563-9667
www.newenglandretail.com

Figure 2

When the retail chains look at a potential new downtown store location, here are some of the factors they review:

- Is the space the size they want? Don't waste their time if it's not
- Is it in "vanilla box" condition? Chains want a space that they can move right into, that has low or no "build-out" costs or that offers a tenant build out work letter. That's what the malls offer. They are not interested in fixer-uppers!
- What other chains are in your downtown and how are they doing? Are other chains coming in? This is a biggie. If other chains are doing well, this fact can validate your downtown as a business location in the eyes of other chains
- What are the population densities? Pedestrian and auto traffic counts?

- What are the non-retail traffic generators?
- How much parking is there and where is it? As a rule of thumb, you'll need at least 2.5 spaces for every 1,000 s.f. of gross leaseable area you are offering. More is better. Much more is much better
- Is the rent commensurate with the customer traffic they would be able to tap at that location and the condition of the space they would rent? That's why a retailer might pay \$500/SF on East 57th Street in Manhattan and only \$20/SF at another location
- How safe is the area?
- What are the mass transit assets?

Many retail chains want landlords and their brokers to know their specific site selection criteria --see Figure 2 -- hoping such information will ease their work loads by reducing the number of offers of unsuitable spaces.

5. Small Office Tenant Prospects. Small and medium-sized downtowns can usually expect that most of their current and potential office tenants will be firms with local clients, probably within the county, that have relatively small space requirements. Such tenants tend to be in traditional downtown functions. Included in this group are firms in: finance and insurance (NAICS 5200), real estate (NAICS 5300), legal services (NAICS 5411), accounting (NAICS 5412), architecture and engineering (NAICS 5413), management consulting (NAICS 5416), advertising (NAICS 5418) market research (NAICS 5419), management of companies (NAICS 5500), and ambulatory health care services (NAICS 6211).³¹

The strongest assets of many medium-sized downtowns are derived from their historical development as county seats. Because of these assets, most county seats once were substantial office centers. In the post WW II era, county seats went into decline -- as did most downtowns. Today, many are again poised to be office centers that can attract significant numbers of SMEs,³² especially those in the traditional downtown types of office functions described above.

The governmental functions of a county seat are magnets that constantly draw professionals, business people and county residents into the area. These functions thereby provide strong incentives for many types of businesses to locate nearby. Consequently, these government functions provide a development spine on which a well-rounded commercial center can be grown. Furthermore, while many downtown economic functions, e.g., retail stores and corporate headquarters, can be moved, county seat functions are much harder to relocate.

County seats typically have county, municipal and perhaps state and Federal offices. They are joined invariably by various courts and sometimes by

³¹ NAICS is a recently implemented industry coding system that is used by the U.S. Bureau of the Census. It supplanted the SIC system and is also used by all the governments in North America.

³² Small and medium-sized enterprises.

independent agencies. On top of them many county seats also emerge as regional financial centers, with many banks, brokerage and real estate firms. Because of their central locations, county seats are often major transportation hubs and the sites of large hospitals.

Because doctors and lawyers like to be near the hospitals and courts in which they frequently must work, county seats also usually attract many offices of lawyers and doctors.³³ They in turn help attract other professionals such as accountants, auditors, and management consultants who are drawn by the proximity of government agencies, financial firms and the rest of the professional community.

Consequently, among the small and medium-sized downtowns, county seats stand out in their potential to be significant office centers.

If your program is trying to help fill 100,000 SF of office space, you need to recruit 20 tenants if they are each taking 5,000 SF, but only five tenants if they are each taking 20,000 SF. The cost of contacting and recruiting a business for a 5,000 SF space can be comparable to the cost of contacting and recruiting a firm for a 20,000 SF space. Experienced realtors know that filling a large space with a lot of small companies is likely to be a complicated, time-consuming and expensive task -- there are just so many more deals to make. That's why office developers usually must have a large anchor tenant for each of their projects before they put a spade in the ground. Consequently, when many small tenant prospects are involved, it is usually prudent and cost effective for a recruitment program to focus on marketing the downtown as a small-office location in the local media rather than undertaking a full blown outreach campaign.

Recent field observations indicate that the primary concerns of the traditional set of office users in small and medium-sized downtowns now are:

- Proximity to critical work venues --courts, government offices, hospitals-- and clients. Doctors, for example, often want their offices to be no more than a 10-minute walk or drive from the hospital they are affiliated with³⁴
- A compact, multi-functional activity area, where one can easily walk from home to work, to restaurants, to boutiques, to coffee houses, to art galleries, to the movies, etc.
- On-street security, especially after dark and around parking and mass transit facilities. The lack of security is why office demand declined so precipitously in many of the old county seats. Without security, the compact, multi-functional activity area, which are based on strong pedestrian activity, cannot function

³³ Doctors, for example, like to be within a ten-minute walk or drive from the hospital they are affiliated with. Consequently office spaces within a half-mile of a hospital usually attract a lot of doctors.

³⁴ The important thing here is the total time of the trip, portal to portal, not the transportation mode.

- Attractive downtown housing, perhaps even live-work buildings. A vibrant cyberdistrict, for example, emerged in the Over The Rhine neighborhood outside of downtown Cincinnati because it had such an attractive stock of old, affordable housing that could be renovated and the installation of a fiber cable around the area
- Reasonable prices and “value” spaces
- Adequate, proximate, safe and reasonably priced parking
- Rail access is an increasingly appreciated locational feature of suburban downtowns in large metropolitan areas
- Availability of broadband telecommunications. Large fiber communications pipes are not required. High speed DSL (including T1 lines), cable, and T3 lines will satisfy most needs.

These traditional downtown office users are usually “stuck” in the region because that is where most of the customers or clients are and where the owners and managers live. Their key locational choice is where to locate their offices within that region. Consequently, factors such as energy costs, labor pool and airport access, which tend to not have much variation among sites within the same county, are not likely to have much sway. But, factors associated with convenience, amenities, costs and security will.

These are the “buttons” to push if you want to attract these office tenant prospects to your downtown. Stories in the local media showing how your downtown scores high on these factors can be very cost effective. Many downtown organizations have on staff people who are adept at placing stories with the local media. When this is the case, the cost of the PR can be negligible, while the value of the media coverage can be enormous.

The lawyers, doctors, accountants and others in professional services who already have offices in your community are folks who probably are very familiar with your downtown. They can be a wonderful megaphone within the community and an effective word-of-mouth campaigns among them can help rent downtown office spaces. This can be done without incurring great expense:

- A good way to cultivate good word-of-mouth is by going to numerous professional, church and civic group meetings and plugging your downtown as an office location and highlighting your available office spaces
- In particular, establish relationships with such groups as the county medical society and bar association
- Strong consideration should be given to advertising in their publications Presentations to local chambers of commerce, Rotary and Lions groups can also be cost effective
- Creating PowerPoint presentations and distributing them on CDs³⁵ also can be cost-effective if used correctly (see Chapter III).

³⁵ CD in this monograph is used as an acronym for compact disks.

For a more formal outreach effort, you can find the names, addresses and telephone numbers of firms in these categories on the CD business databases mentioned above. This database information can be used for mailings and telephone canvassing which can identify the firms that are looking for space and the types of spaces they want.

Canvassing is a very effective way of identifying “hot” tenant prospects for office space. For example, a few years ago DANTH canvassed by phone over 1,800 small firms with offices in Midtown Manhattan and completed 627 interviews. About 110 of the firms were going to move within the next two years and 41 were judged to be good immediate tenant prospects for our client. DANTH identified other firms that should be targeted by the client’s long-term campaign to cultivate tenant prospects. The canvassing can obtain the following types of information:

Firm 9101: Currently occupies 16,000 SF and has 60 employees; now pays between \$16 and \$25/sf; most concerned about the cost of new space and mass transit access; willing to relocate to Queens County; the CEO and top managers live in Queens, Nassau and Suffolk Counties; firm has many computer terminals and needs good electrical lines. On the seven key locational questions, had six positive answers.

However, the costs of canvassing can be a big drawback. For instance, to contact 1,500 firms in the New York Metropolitan Region with the expectation of completing 500 interviews might cost over \$15,000. This might produce a “qualified” prospect list of 50 to 100 firms.

Pushing The “Quality Of Life” Button. For an increasing number of small and medium-sized downtowns, modern telecommunications combined with attractive quality of life conditions (especially a good housing stock) has given them another desirable segment of the office market that they can capture: knowledge workers.

Richard Florida has developed a theory that emphasizes the importance of “quality-of-place” in attracting high tech employees.³⁶ He has concluded that our past view that technology workers follow technology jobs has the relationship backwards. The workers have highly desired skills and can pick where they want to live. They go to an area where they can get a job, with some additional opportunity if that job doesn’t work out, but they primarily pick the community because they want to live there. Seeing that cluster of workers, other companies with more jobs follow the workers to the location. More workers come because they like the place, more jobs follow, etc. As Florida has written:

“Quality-of-place - particularly natural, recreational, and lifestyle amenities – is absolutely vital in attracting knowledge workers and in supporting leading-edge high technology firms and industries.

³⁶ I thank Mark Waterhouse of Garnet Consulting Services, Inc for this write-up of Florida’s views.

Knowledge workers essentially balance economic opportunity and lifestyle in selecting a place to live and work. Thus, quality-of-place factors are as important as traditional economic factors such as jobs and career opportunity in attracting knowledge workers in high technology fields. Given that they have a wealth of job opportunities, knowledge workers have the ability to choose cities and regions that are attractive places to live as well as work."³⁷

He has developed his Bohemian Index that rates communities based on presence of museums, art galleries, concert venues, the vibrancy of nightlife, clubs and nifty little restaurants, and other indices. His theory is that "Bohemianism" indicates a community that welcomes a diverse array of people, which is a category many of the techies fit into.

Knowledge workers are now being drawn to even small, out of the way communities -- if they have good quality of life and sufficient broadband access. Philip M. Burgess, the president of the Annapolis Institute, has coined the term "lone eagles" to denote those who are able to live far from their job sites or clients because of their use of computers, modems, fax machines and telephones. Others refer to this group as "open-collar workers."³⁸ While some of the "lone eagles" are still on corporate payrolls, others are "independent consultants, advisors and other professionals who sell their services to a variety of clients." Some also start firms that have more than one employee. Many of these free-lancers are the "victims of down-sizing, relayering and other forms of corporate re-engineering."³⁹

Another defining feature of "lone eagles" is their concern for high-caliber, quality of life environments, and their utilization of computers and sophisticated communications devices which allows them to move to any geographic area that has the kind of living conditions they are looking for.

Several communities have developed into aeries for "lone eagles." Kotkin and Siegel refer to such communities as "Valhallas." Valhallas capitalize on the lone eagles' desire to maximize their quality of life, nostalgia for village or small-town values and easy access to modern telecommunications. As Kotkin and Siegal remark: "(N)ew technologies allow the ultimate in Valhallan fantasies—an engaged business and intellectual life combined with almost immediate access to top-flight recreation and even wilderness experience."⁴⁰

³⁷ Richard Florida, Competing in the Age of Talent: Quality of Place and the New Economy, January 2000, pp. 55, p.5. This report was prepared for the Mellon Foundation, Heinz Foundation and Sustainable Pittsburgh.

³⁸ See "Office Telecommuting Goes Long-Distance," The Washington Post, March 26, 1994.

³⁹ Philip M. Burgess, "Lone Eagles Are a Varied Species", The Rocky Mountain News, April 12, 1994.

⁴⁰ Kotkin and Siegal, p.21

Today's telecommunications and transportation have made many business functions far more "portable and brought rapid growth among a vast network of smaller, more remote communities, creating idyllic Valhallas capable of serving the expanding postindustrial economy. This odd mixture of high technology and a longing for a bygone time has created a boom market in a veritable archipelago of Valhallas from the rocky shores of Maine to the Rocky Mountains."⁴¹

Some Valhallas are starting to attract more than clusters of lone eagles. Jackson Hole, WY, for example, now is the headquarters location for two important financial-services firms, the Brandywine Fund and Data Broadcasting Corporation.

Access to adequate telecommunications is absolutely essential for the lone eagle denizens of Valhallas. Though their bandwidth needs are often relatively modest, capable of being met by Digital Subscriber Lines (DSL), cable broadband or satellite wireless, many rural communities will be unable to fill their needs, since only about 7% of the nation's rural communities now have any broadband access.⁴²

If Florida is correct, then a sound strategy for recruiting knowledge workers --*and the firms that want to employ them* -- is to effectively market your community's quality of life and telecommunications assets. Particular assets to emphasize, if you have them, are

- An attractive housing stock, with a good cost/quality ratio
- Good schools
- Low crime
- Lots of attractive open space and waterfront
- Good restaurants
- Strong cultural facilities
- A network of Wi-Fi hotspots, easy access to cable and DSL broadband, and POP sites.⁴³

Many large and important downtown employers, such as a hospital or county government, often have a strong vested interest in seeing that the areas around their facilities are safe and economically vibrant. This often means having a lot of professional people with nearby offices. Consequently, there is the potential for a

⁴¹ *ibid.*, p. 20

⁴² This situation may be changing with technological improvements such as distributing broadband through the electric power distribution system (known variously as B.P.L, for broadband over power lines, or as HomePlug) and the ability of wireless to cover far longer distances.

⁴³ POP (point of presence) sites allow access to big fiber telecommunications "pipes"

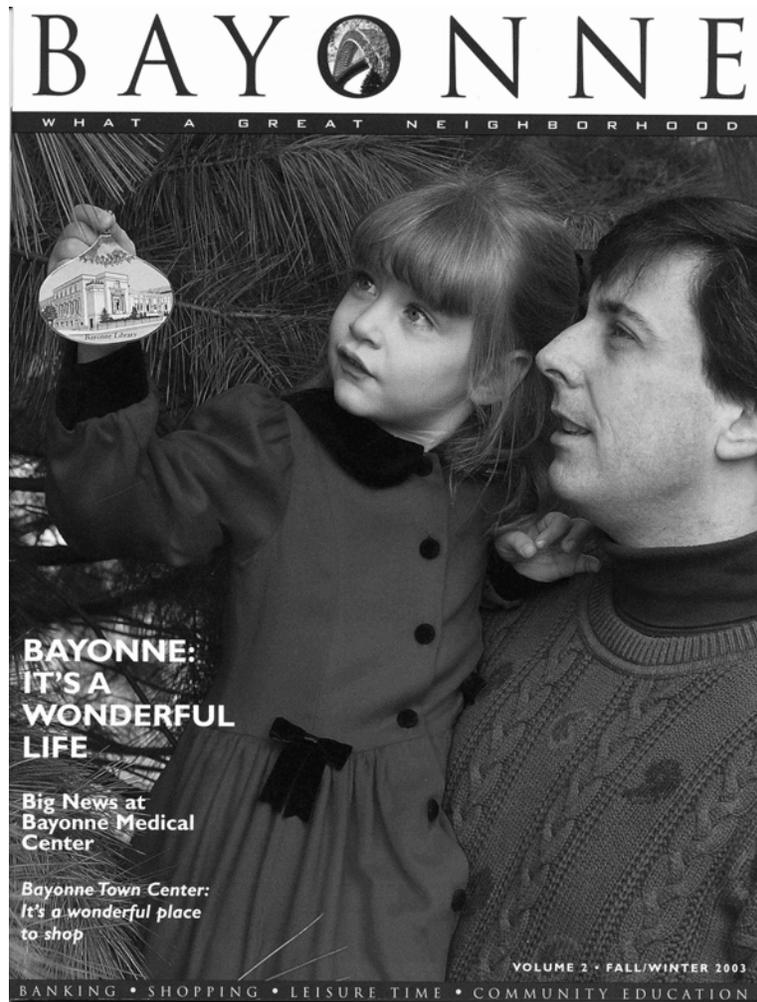


Figure 3

convergence of interests -- and efforts -- with those of the downtown recruitment program and the possibility of joint venturing some of the marketing efforts. Furthermore, the local chamber of commerce and city government are likely to want to promote the community's quality of life assets and they, too, might be brought into a marketing effort. Together, these entities constitute a quality of life coalition that can support a much bigger and more ambitious marketing campaign than the downtown recruitment program by itself could ever muster. By itself, the downtown program might be able to afford local coverage, but the quality-of-life coalition probably can finance a strong regional campaign.

A good example of such an effort has emerged in Bayonne, NJ, where the Bayonne Economic Development Corporation (BEDC), supported by the mayor's office, has provided funding for a new publication, *Bayonne: What A Great Neighborhood* (see Figure 3). This publication's initial two issues featured the city's quality of life assets, such as healthcare, educational opportunities, leisure

time activities, charming shopping areas and waterfront redevelopment in a 4-color, attractive and professionally designed format. It is distributed throughout Bayonne and in neighborhoods adjacent to the new Hudson Bergen Light Rail Line. While the BEDC provided the financial spine for this venture, additional funding came from the Bayonne Medical Center, Pamrapo Bank, the Bayonne Local Redevelopment Authority and the Bayonne Town Center Management Corporation.

The Bayonne Town Center (BTC), which manages a SID, had previously tried to reach the same audience with its own publications. However, the BTC's participation in the joint venture allowed it to reach the same households, but with a more attractive publication, at much lower cost and none of the financial exposure and organizational stress that can be attached to producing such ventures on your own.

6. Corporate Office Tenant Prospects. Downtowns in small and medium-sized communities have little or no chance of attracting a large corporate headquarters or significant back office operations. They typically lack an existing office building that could accommodate a large headquarters or sites where they can be easily constructed. Many back offices⁴⁴ are going offshore or to parts of the USA where there is a hard-to-find population of highly educated, hardworking and modestly paid white collar workers, such as in North Dakota and Nebraska. Small and medium-sized suburban communities continue to attract large amounts of office growth, but to "green field" developments that are on the outskirts of these communities and not in their town centers -- there is now sprawl on the outskirts of these formerly sprawl communities!

Many small and medium-sized downtowns, especially if they are county seats, can be regional financial centers. Rutland, VT is an example. They can attract some significant corporate headquarters from *local or regional corporations* such as banks and utilities. In Rutland, for example, the headquarters of Central Vermont Public Service is just at the edge of the downtown. Again, the lack of available large office spaces or development sites is a key limiting factor.

It is possible that the regional and district offices of large corporations might want to locate in these downtowns -- provided that there are appropriate spaces.

The decisions large corporations make about where to place their new offices are increasingly being determined by two interrelated factors: the size and quality of the local labor pool and the quality of life factors mentioned earlier. This is not surprising, given their interrelationship as observed by Richard Florida. They are

⁴⁴ Traditionally, most back office operations have been generated by corporations in the FIRE industries (finance, insurance and real estate) and by large government agencies such as the Social Security Administration, the IRS, etc. Major US corporations now have back office operations in such places as India, Ireland and the West Indies. Call centers only account for a small proportion of the total office space occupied by back office operations.

looking for employees that will increase productivity and lower costs, people who are well-educated, with a strong work ethic and modest salary demands. They also are increasingly concerned -- especially when highly skilled people are involved -- that their employees have the sorts of environment they want to live in. Attractive housing, good schools and low crime in your community are musts. Appealing open spaces and cultural amenities can be clinchers. The downtown also must have good quality of life features -- safety, attractive appearance, a compact multi-functional activity area, and attractive downtown housing.

One of their favorite sources of information on quality of life is The Places Rated Almanac, published periodically by John Wiley & Sons. It is a good idea to see where your area rates nationally. One expert claims that if your area is in the top 10 percent, your business recruitment efforts will be like a hot knife going through butter; conversely, if you are in the bottom 10 percent, you'll have an impossible row to hoe.

Getting access to the people who make locational decisions in a Fortune 500 company can be much more difficult than getting access to an executive with similar responsibilities in a local or regional corporation -- especially if you are geographically distant from a major corporate headquarters center such as New York City, Chicago, Los Angeles, Washington, DC and Silicon Valley. Though networking is advised in both cases, your local team of savvy commercial brokers, developers and friendly revitalization officials is not likely to be too helpful with the really big corporations. They will require a more sophisticated kind of networking and support materials that are more complicated and expensive.

There is a very significant difference in the initial outreaches to large corporations and to small and medium sized companies. Large corporations are often sent recruitment packages that have, for example, comparatively elaborate and expensive "brochures," that at times resemble small four color magazines. Some consultants refer to them derisively as "Tomes." They can cost well over \$70,000. Tomes can weigh quite a bit and their postage costs consequently can be significant. CDs containing professionally prepared PowerPoint presentations are sometimes also included. Consequently, most downtown development corporations in small and medium-sized cities can not afford them. Some large downtown organizations also hire firms who specialize in offering site selection services to large corporations, to provide introductions and prepare their pitches. Most downtown development corporations in small and medium-sized cities also can not afford to hire them. For an inexperienced business recruiter, trying to pitch a major corporation can be very daunting.

Outside of the major corporate headquarters centers it is hard for modestly funded recruitment programs to mount effective media marketing campaigns. While the offices of the corporate real estate executives are distributed nationally:

- The recruitment program's personal contacts with people in the media are usually just with local people
- Budgets usually are large enough to support ads and "infomercials" in local media.

One possible way around this is to find specialized print publications that might have national distributions, but affordable ad costs. If, for example, you are interested in high tech corporations in the electronics field, then you might want to place an ad in one of the IEEE's many publications. You might also want to exhibit at one of its meetings.⁴⁵

Another possibility is to partner with state and regional agencies and utility companies that have larger marketing budgets, making sure that the downtown and its available properties are included in these larger marketing efforts.

If you are in a major corporate headquarters area, then getting access and being able to pitch your site to the big boys is much more possible. Besides using your existing network of contacts, you might also try to network with some prestigious nonprofit organizations who are active in the community and economic development area and that have important corporate executives on their boards of directors. For example, the Greater Jamaica Development Corporation since its birth in the late 1960's, has had close ties with Regional Plan Association (RPA). The board of RPA has traditionally had an illustrious list of CEOs from some of the nation's largest companies that are based in the NY-NJ-CT metropolitan region. Greater Jamaica's board contains a list of business luminaries that is quite unusual for a development corporation in an outer borough commercial center. This is due, to a significant degree, to its RPA parentage and the networking opportunities it provided.

With the big corporate tenant prospects, it is wise for the downtown organization to actively bring in the municipal government early in the recruitment campaign. The corporate executives are bound to raise a host of issues that only municipal decision-makers can address, so it's best to have them in the dialogue from the beginning. Being able to talk directly to the mayor often convinces corporate real estate executives -- and their bosses -- that the town really wants their company and is prepared to take the necessary steps.

Another reason for involving the municipality is that it might provide additional funding for a recruitment campaign aimed at such trophy tenants.

⁴⁵ The IEEE (Eye-triple-E) is a non-profit, technical professional association of more than 360,000 individual members in approximately 175 countries. The full name is the Institute of Electrical and Electronics Engineers, Inc., although the organization is most popularly known and referred to by the letters I-E-E-E.

D. Contacts at City Hall.

A business is “recruited” when it moves into a downtown commercial space and opens its doors. Between the time that the landlord and the tenant prospect begin negotiations and the time that the doors of the new business open, there will be countless instances when the participation of municipal officials will be essential. Consequently, they must be considered as *de facto* and absolutely essential participants and partners in any downtown business recruitment program.

In terms of the actual deal-making, municipal participation can provide all kinds of investment incentives that are conducive to closing the deal. These can include: direct grants, low-cost loans, land write-downs, help in site assembly, infrastructure improvements, access to parking, job training, help with finding workers and the use of sophisticated financing techniques such as tax increment financing. Some of these might be provided directly by the municipality. Others may be available through state or Federal programs, but it is highly probable that the municipality will have a pivotal role in accessing such programs.

The downtown recruiter must know about and be able to bring these government provided incentives to the table.

After the deal is done and the lease or sales agreement is signed, much still remains to be done -- there is the gauntlet of the municipality’s permissions and approvals process that the new business must traverse. The importance of this element of the recruitment process cannot be underestimated. For example, some years ago the mayor’s office of New York City asked the Regional Plan Association to find out what could be done to make developers more interested in undertaking projects in the city’s outer borough downtowns. The study found that the key barrier was not markets, financing or sites, but the city’s Urban Land Use Review Process (ULURP). One developer reportedly lost well over \$10 million in front-end costs trying to get a project started in one of those downtowns.

To help new businesses through this process the downtown recruiter might want good working relationships with officials in the planning, zoning, buildings, health, parking, transportation, fire, and police departments. These are not always easy to establish because the natural proclivity of bureaucracies is to be bureaucratic, i.e., acting slowly and rigorously adhering to rules and regulations, while the downtown recruiter is mandated to make things happen in a quick, yet reasoned manner. This situation can result in serious tensions. Usually the cutting of the “red tape” requires the direct intervention of the mayor or city manager. Their intervention, in turn, requires that they be both aware of the problem and committed to helping the recruitment process be successful.

In recognition of the importance of reducing the “red tape” that all too often surrounds a municipality’s approvals and permissions process, many towns and cities have instituted “one-stop” or “green tape” programs. When these programs emerge, they are almost always pushed or blessed by the jurisdiction’s chief executive officer. In many instances, such as in Millburn, NJ, the idea for them has come from the downtown organization.

In Providence, RI, for example, developers can now get approvals for their projects’ fire alarm inspections and fire code plan reviews by going to just one office instead of two. According to Mayor David Cicilline, “In the past developers and contractors had to go to two different locations to have the same plans approved by the fire code and alarm inspectors.” The mayor directed the fire department to find ways of streamlining the permitting process without compromising public safety and that is what they did.⁴⁶

In Maryland, the Montgomery County Department of Permitting Services instituted a “green-tape” program to expedite the land-use and building permit processes in business districts, such as downtown Silver Springs, that have been designated by the state as Enterprise Zones. Each applicant is assigned a “Green Tape permit technician” who helps with the various filing requirements, regulatory reviews and inspections, including pre-design consultations and assessment inspections. As a result permits are now issued in a few days -- instead of the weeks and months of the past.⁴⁷

Of course, downtown organizations must also be careful about their own involvement in this process. In Red Bank, NJ, for example, there is a gentlemen’s agreement by which the Planning and Zoning Department requires all people seeking permits to gain the approval of the RiverCenter SID’s Visual Improvement Committee (VIC) as part of the Borough’s approval process if they are making exterior changes. The VIC is committed to keeping the process moving. It meets every other week and promises quick turnaround time (it will even have special meetings to expedite projects) so as not to bog down the permitting process. Once the owner/operator gets VIC approval then they go back to the Borough and the official Borough process begins.

⁴⁶ “‘One-stop shop’ for fire alarms” Downtown Idea Exchange, Vol. 51, No 12, June 15, 2004

⁴⁷ “Permit Process: Downtown permitting facilitated by ‘green tape’”, Downtown Idea Exchange, Vol. 51, No 11, June 1, 2004

CHAPTER III

MARKETING COMMUNICATIONS TOOLS

A. Overview

One simple and easily understood definition of marketing is “The process of identifying and communicating with qualified prospects.”⁴⁸ The personal networking discussed in the last chapter certainly falls within this definition of marketing and a considerable portion of Chapter II was devoted to explaining how to identify and meet developer and tenant prospects. This chapter will focus on other marketing communications tools, i.e., methods of sending “messages” to developers and tenant prospects.

Networking differs from other marketing tools in one profound respect -- it is based on one-on-one, face-to-face interactions. The marketing communications tools spotlighted in this chapter utilize other ways to reach target audiences. These communications channels include an assortment of print and electronic media as well as various types of group meetings. The discussion that follows is not exhaustive, but covers many of the marketing tools that a downtown recruitment program in a small or medium-sized commercial district might want to consider. All of the marketing tools discussed in this chapter have been observed either being used by a significant number of small and medium-sized downtown organizations or being considered by them.

1. Viable Program Objectives. Many newbies -- and quite a few experienced program managers -- have an incomplete understanding of the marketing function in a business recruitment program. They only tend to see marketing as a way to build new interest in their downtowns and to get more people coming through their doors who are hungry to lease space or build new real estate projects. But, the marketing function is also needed, in one form or another, after the prospects appear at your door, until the leases or development contracts are signed.

Indeed, a good argument can be made that the marketing associated with deal making is at least as important as the marketing efforts aimed at generating more interest in downtown real estate. In a small or medium-sized downtown, if 100 tenant prospects for retail and office space show up in a year, local leaders will probably be reporting a flurry of interest in downtown real estate. But, the bottom line for the downtown is not how many prospects show up, but how many sign on the dotted line. If you have 100 prospects show up, but you only sign 10, then you are not doing as well as another downtown where only 30 prospects appear,

⁴⁸ www.factorfast.com/htm/glossary.htm

but 15 sign leases or development contracts. Effective marketing can find prospects, but it must also convert them into tenants.

Additionally, signing desirable new tenants and having attractive new real estate projects constructed are the best ways to get the type of media coverage that will stimulate even more interest in investing in your downtown.

As a group, marketing communications tools can be used to achieve a variety of objectives. Among them are:

- Piquing the interest of developers, savvy commercial brokers and tenant prospects in your downtown's real estate opportunities
- Establishing or expanding a positive image of your downtown
- Reinforcing an existing interest in your downtown, while expanding the person's knowledge about it
- Supporting deal-making by providing critical information about opportunities, sites, markets, infrastructure, incentives, etc.

However, no marketing tool can achieve all of these objectives. Each is best suited for achieving one or perhaps two of them. Frequently, the difference between a marketing program's success and failure comes down to the ability of the selected marketing tools to achieve the objectives established by the program's managers. All too often, managers do not give enough thought to this consideration. One explanation is that they do not properly understand what a tool can and cannot be expected to achieve. This is especially likely to happen with tools that involve a new technology; program managers then can be gripped by a technology rapture that severely clouds their analytical judgments.

2. The Recipient's Effort Level. Most downtown recruitment programs – and especially those in small and medium sized downtowns -- do not think enough about how much time and effort it will take for the busy business people they want to reach to “consume” the information sent to them. A Xerox of a newspaper article may be a page or two long, can be easily carried around in a jacket pocket or handbag and read in a few minutes, even while “on the run.” A handsome, expensively produced pocket folder jammed full of various materials will be harder to carry around and take much longer for all of the materials to be read. An expensively produced VCR tape about your downtown will probably take 5 to 20 minutes of the viewer's time and require easy access to a VCR machine. A PowerPoint or Flash presentation will probably take 10 to 20 minutes; require a computer with the relevant program installed and perhaps someone who knows how to run the PowerPoint program. A 50 to 100-page glossy publication about the wonders of your downtown may look great, but weigh a ton and take an hour or two to read.

It is imperative to:

- First match your marketing objectives with the proper communications tools

- Then match those tools with the amount of effort your target audience is likely to expend on reading, listening or viewing your messages.

A good general rule to follow is that the amount of time and effort a business person is likely to spend on your marketing tools is proportionate to their existing interest in your downtown's business opportunities. For example, someone who does not know or care much about your downtown is not likely to spend an hour reading about it or even put up with 15 minutes of watching a snazzy Flash presentation on a CD-ROM that celebrates its marvels. Conversely, a retailer who is interested in locating in your downtown will probably want all sorts of information about available properties, zoning, traffic, parking, consumer markets, investment incentives, etc., and be prepared to spend many hours, if not days, going through it.

B. Public Relations

When people hear the term "public relations" or its shorthand moniker, PR, the response is often a snicker or a roll of the eyes, as if some tawdry or superficial topic is being discussed. Some of PR's pejorative reputation is perhaps deserved: too many self-proclaimed PR experts have a very shallow knowledge of downtown revitalization and too often they lack an essential familiarity with the nuances of local politics, yet they are prepared to pontificate authoritatively about both subjects. Their main attraction in the eyes of many downtown leaders is simply their contacts with reporters in the print and electronic media. Often, it's up to the downtown leaders to effectively manage the PR experts and to provide them with the substantive and political knowledge that they may lack. That said, it is a big mistake to be dismissive of how much an effective PR campaign can do to interest developers, investors and new business operators in your downtown.

All of the public relations tools discussed below communicate their messages to comparatively large audiences. Reaching the target audiences of a business recruitment program, who may represent a relatively small proportion of all readers or viewers, can be very challenging. Also, these PR tools are best suited to two overall program objectives:

- To pique interest in investing or doing business in the downtown
- And to build a positive image of the downtown as a place to invest and do business.

1. A Brief Case Study. DANTH, Inc. has had a large number of assignments in Englewood, NJ, dating back to 1993. As a matter of standard operating procedures, DANTH periodically conducts a "lessons learned" review of past and current projects. In looking at the impressive revitalization successes the leaders in downtown Englewood, NJ, have been able to achieve, it suddenly became very apparent that Peter Beronio, the city's Community Services Director, had fashioned a remarkable, long-term PR campaign that effectively established downtown Englewood in the minds of many developers, commercial

brokers and retailers as a great place for new real estate projects and new shops because its revitalization was definitely succeeding.

The capstone of Beronio's efforts -- and what initially caught our attention in the lessons learned review -- was an article published in the Commercial Real Estate: Regional Market column of the New York Times on April 9, 2003, written by Terry Pristin, that headlined: "Englewood, N.J: Where Downtown Redevelopment Paid Off."

The commercial real estate columns in the Times are read with great regularity by professionals in the industry in the NY-NJ-CT Metropolitan Region. And here was this article in a real estate column in *the* most powerful and prestigious newspaper in our region (and perhaps the world) lauding and anointing the success of Englewood's downtown revitalization efforts. This article provided a kind of third party legitimation that no ad could even hope of achieving. It is hard to think of another marketing effort that could do more to establish a strong positive image of downtown Englewood in the minds of real estate professionals and key business operators. It is also hard to think of another marketing effort that could better trigger their interest in possibly doing business in downtown Englewood. And all of this was achieved at relatively little expense!

What is really impressive about Beronio's efforts is not simply this powerful article, but that:

- It was just one of eight articles in the New York Times between 1996 and 2003
- All or a substantial portion of each article focused on downtown Englewood and presented a favorable view of its revitalization progress.

Moreover, the eight positive articles in the New York Times were just a part of Beronio's overall marketing activities:

- Numerous presentations at meetings of Downtown New Jersey, the International Downtown Association and the National Main Street Center. These presentations helped established downtown Englewood's reputation among downtown revitalization specialists as a place where revitalization was succeeding and novel and effective things were being done
- An article in the Main Street News, the monthly magazine of the National Main Street Center, that portrayed downtown Englewood's comprehensive approach to revitalization as model for other communities⁴⁹
- Countless articles in The Record, which is the major newspaper for Bergen and surrounding counties. Most, though not all of the articles were favorable, since some did report on opposition to a few projects

⁴⁹ N. David Milder, "On The Right Track. Englewood, New Jersey: A Model Comprehensive Revitalization Program", Main Street News, July 1999, Number 155, pp. 1 -7

- Countless articles in The Suburbanite, a weekly paper for Englewood, Teaneck and parts of several other abutting communities. Here again, most of the articles were favorable, though some did report on opposition to a few projects
- An article in the Star Ledger that portrayed downtown Englewood as a revitalization success and model for other communities. This paper is the major local daily newspaper for the Newark metropolitan area, which does not include Englewood
- A number of positive segments on the evening news programs of the local cable TV station
- Englewood Expressions, a newspaper insert that went to 65,000 households in Englewood and surrounding communities. It was very effective in improving name and brand recognition
- Englewood was named as one of New Jersey's top communities to live in by New Jersey Monthly magazine⁵⁰
- Two investment conferences were held in 2000 and 2002
- Downtown Englewood exhibits at the annual NJ League of Municipalities meeting in Atlantic City
- An article in the Real Estate Weekly, a regional publication with subscribers in the real estate industry
- Exhibiting at the ICSC sponsored NJ Alliance meetings.

2. Regional Newspapers. In most small and medium-sized communities, the regional newspaper is the most effective public relations vehicle for a downtown recruitment program. These publications can cover one or more counties and have readerships in the hundreds of thousands or even millions. Small and medium-sized communities within a large metropolitan area usually will be covered by such a regional newspaper, though most of its ink will probably focus on the largest city in the region.

In more rural areas, the major regional city may have a relatively modest population size. Rutland, for example, is the major city in central Vermont and in 2000 had a population of 17,292. Nevertheless, the daily newspaper in such communities is often a regional newspaper. The Rutland Herald, for example, has a daily circulation of 20,851 -- which is larger than the city's entire population. The paper's circulation area covers 64 zip codes. Eighty percent of its daily sales come from 21 of the 64 zip codes, with the City of Rutland accounting for only about 30% of the sales. Other important sales areas can be relatively distant, some 30 or even 50 miles away.⁵¹

Developers, commercial real estate brokers and tenant prospects in the region will constitute only a small percentage of the regional newspaper's readership.

⁵⁰ Jay Levin, "Top Towns," *New Jersey Monthly*, March 2001, pp.66-67

⁵¹ Bill Dedman and Stephen K. Doig, *Does Your Newspaper's Staff Reflect The Racial Diversity Of The Community It Serves?* John S. and James L. Knight Foundation, May 2004, downloaded from <http://powerreporting.com/knight/>

Nevertheless, the regional paper can be an efficient vehicle for reaching these people. For most small and medium-sized downtowns, these are the prospects you are most likely to attract.

Within the region, stories published in the regional paper usually will carry more clout than stories carried in other local publications. They are usually the local “paper of record.” Reprints of articles in the regional paper, if they have the right messages, can be a useful component of the package of materials a recruitment program distributes to developers, brokers and tenant prospects, even for those located outside of your region. They also can be effective pages on a website.

Sometimes the regional paper will have weekly columns on real estate or neighborhoods. Some even have a separate real estate section with “editorial content,” i.e., stories as well as ads. These columns and sections are usually the best places to try to get stories placed because they are most likely to be read by members of the business community that your recruitment program wants to influence.

The amount of space usually devoted to such stories is not particularly large, probably between 800 and 1,500 words. However, you sometimes can get various types of graphics-- photos, maps, charts, etc. published with the article, so having them available can be worth the effort.

Marketing communications tools can differ in their abilities to achieve various objectives. Your PR efforts with regional and local papers are most likely to succeed when they are aimed at improving your downtown’s image or arousing interest in downtown business opportunities, because these objectives can be accomplished in the 800 to 1,500 word story that you are likely to get. That story is likely to be written to be read by more than just the very few, select readers a recruitment program is really aiming at.

Downtown organizations normally have significant image building missions, covering consumers as well as businesspeople. Sometimes building the downtown’s image among consumers can have an echo impact among developers, commercial brokers and commercial tenant prospects. This will occur when there is a substantial amount of word-of mouth communications relating to a limited set of themes. Routine stories about sidewalk or back to school sales, Christmas decorations, car shows, historical walks, bike rides, and various holiday promotions may have favorable impacts on local consumers, but they will not have much impact on the key actors in the business recruitment process. To have their buttons pushed, they need to hear echo messages such as:

- The downtown is coming back; things are really changing for the better
- People like going downtown because there’s a lot to do; it’s a great place to hang out
- Your community has an enviable quality of life

- The downtown is safe
- The downtown is often crowded with visitors
- There is plenty of available parking
- Major businesses are moving into the downtown
- Lots of money is being invested in significant downtown projects
- There are a lot of attractive new stores and restaurants
- A lot more people are living downtown
- Your downtown offers an enviable quality of life.

Getting a recruitment-related PR story placed in a regional newspaper is best accomplished when you:

- Have an existing working relationship with key reporters and editors
- Can make it easy for them to do their jobs
- Have a relevant story.

Building relationships with reporters in regional papers can often be challenging. Reporters generally prefer stories about conflict. However, reporters that specialize in real estate are often looking for a positive story to tell. This frequently converts to an interest in new projects and significant new business openings. Many times they are really hungry for such stories. These are the reporters in regional papers with whom the managers of business recruitment programs recruitment programs have the best chance of developing good working relationships. Sometimes offering them background briefings can be very productive.

Beat reporters in some regional papers change frequently, so every year or two, you may have to establish new relationships with them. Columnists and reporters specializing in real estate, community affairs, neighborhoods, etc. usually stay around longer.

There is usually a strong separation between the advertising department and reporters and columnists, so doing a lot of advertising with the regional paper may not have much impact on when and how your program is covered.

Increasingly, successful downtown business recruitment is tied in with redevelopment projects. These projects have a high probability of generating conflicts. You can bet that the regional newspaper's reporters will jump on stories about negative project impacts such as displaced residents and/or small businesses, increased traffic, more air pollution, etc. If your organization is into redevelopment, it must be prepared to deal with these problems, having a fairly elaborate game plan, preferably before a project is announced.⁵²

⁵² For a larger discussion of this topic see: N. David Milder, "The politics of downtown redevelopment projects," in the May 15, 2004 issue of the [Downtown Idea Exchange](#).

Writing a good press release can help a busy reporter produce both a well-written story and one that makes the points you want made. If you can not write a good press release, hire someone who can. A poorly written press release is bound to get you in all sorts of trouble.

For many downtown program managers, follow-up interviews with a reporter are nerve racking. But they also offer important opportunities to make your case. They also are good opportunities to make sure that the reporter has the facts straight --don't assume this -- and understands your release. Before being interviewed it is a good idea to:

- Thoroughly know your press release
- Have a list of the key points you want to make
- Prepare answers to potential troublesome questions the reporter may ask.

The amount of effort it takes for the staff of a recruitment program --and the associated financial costs-- to get relevant and effective articles placed in a regional newspaper can range from moderate to high: high if there is no existing relationship with a reporter or if such a relationship is adversarial; moderate if there is an existing productive relationship.

3. Local Newspapers. These papers are usually weeklies, have small staffs and very few, if any, reporters. They appear in small and medium-sized municipalities and as neighborhood papers in large cities. Their circulations may reach into many tens of thousands. The Bayonne Community News, for example, has a circulation of 28,000. Its newspapers are delivered "every Wednesday, by adult carriers, to every home and business in Bayonne" and the nearby Country Village, Society Hill and Franklin Park neighborhoods in Jersey City. Increasingly, these weeklies are part of regional chains. Worrall Community Newspapers, Inc. is typical of these chains: it publishes 18 weekly newspapers that cover 24 communities in Essex and Union Counties in New Jersey.

For business recruitment programs these local weeklies offer limited, though sometimes productive opportunities to reach local business people who might be interested in opening a business office or retail store. But, they are relatively poor communications channels to reach retail and office tenant prospects who live outside of town -- or the developers and savvy commercial brokers who are also likely to live out of town.

Press releases sent to these papers are very likely to have all or substantial parts of them printed, especially if the weekly is small and has no reporters. Among the weeklies there is not as much separation between the advertising and editorial functions as in the regional papers, though those that are part of chains are more able and likely to rebuff an advertiser's attempt to influence story lines. Many actors in the business recruitment process know how easy it is to get a positive story placed in a local weekly, so they often discount such stories as puff pieces.

Such articles, consequently, are not very effective parts of the recruitment package you send to prospects -- unless you have nothing else to use.

It can be argued that small weeklies have a greater potential for creating problems for a business recruitment program than for helping it. This is likely to occur when your recruitment efforts become a matter of local political debate. Redevelopment projects, financial incentives and rezoning are some of the actions that might cause controversy. Because there is conflict, the local weekly is likely to cover it. Press releases from opponents are likely to find their ways into the weekly's printed stories. The weekly's readers are local voters and political actors. Perversely, these stories about such conflicts will have credibility with out of town developers, savvy brokers and tenant prospects -- if they see them. Also, the regional paper might pick up the negative story. The net result can be the scaring away of quality developers and tenant prospects and a real negative hit on the downtown's reputation as a good place to do business.

It's a sound policy for a downtown organization to do a good deal of shopper-oriented advertising with a strong local weekly and to be in close and frequent contact with its editors and reporters. While this cannot prevent negative stories from appearing, it can help assure that the downtown organization's side of things will be fairly and adequately presented in print.

Sometimes, though, there is little one can do. Today, it does not take much money to produce a weekly. Because of this, weeklies have appeared in some communities that are the expressions of a very politically motivated publisher/editor/reporter. They don't have many ads, but may have behind the scenes political funding. Some have been known to "crusade" by attacking the downtown organization and its projects. In one community, such a weekly was instrumental in defeating a proposal to build a badly needed parking deck. Before such situations occur, it is wise for the downtown organization to have in place:

- Strong membership support
- Strong support from City Hall
- Good working relationships with community groups that are based outside of the downtown
- Good working relationships with other local media operations.

4. Newspaper Inserts. Many downtown organizations have learned the value of using inserts in their local and regional newspapers that focus a good deal of their page space to positive stories about the downtown. Inserts have become one of the most effective PR tools for building a downtown's image. Shoppers, normally, are their primary target audience. However, inserts also can serve as an effective tool for building up your downtown's image as a place to do business in the minds of developers and tenant prospects who can be reached within the newspaper's circulation area. Inserts given a recruitment function are best placed in a regional paper or in a group of local papers that can provide a sizeable readership. Perhaps most importantly, inserts also can be an important

component of the recruitment package given to business people who have expressed an interest in locating in your downtown, whether they are located within your region or not.

In some communities, distribution is an important issue. Finding that the newspapers are not able to reach their targeted readers, some downtown organizations have their “inserts” distributed by direct mail. This usually happens in high income communities. Obviously, this involves higher distribution costs, but they may be worthwhile if the direct mail does indeed get more of the target audience to read the publication.

To serve a business recruitment function, inserts must have the right kinds of stories, those that address themes salient to developers, savvy brokers and tenant prospects. (See above the themes mentioned in the discussion of regional newspapers.) One of the usual advantages of inserts is that they provide a lot of “editorial” space, which means there is usually ample opportunity to have stories on a variety of topics. Most can be shopper -oriented; one or two can be structured to help business recruitment.

The inserts provide an opportunity to:

- Have more space than you are likely to get in a newspaper to tell your story, so you can convey more information and nuances
- Tell your story the way you want to tell it; the downtown organization has complete editorial control
- Present the story about your downtown as a business location in an attractive, professionally produced format. The format both entices the reader to read the articles in the insert and demonstrates to the reader that your organization knows what it is doing
- Present your business opportunity story in a format that is fairly easy for your target audience to consume. An article in the insert will not take a burdensome amount of the developer’s or tenant prospect’s time. Nor will it require special skills or equipment.

Inserts require low to moderate effort by the recipient. Just one article in an insert can have a meaningful impact for a recruitment program and that article will not take long to read. Inserts are often treated as magazines, kept around an office or household for a month or more, and read in a piecemeal, opportunistic manner. You probably will get more than one bite out of the insert apple.

Inserts are sometimes referred to as “tabs” because of their tabloid shape. They can be as small as 10 or 12 black and white pages produced on typical newsprint paper. Others resemble magazines -- they are printed in four colors on glossy paper, stapled and have as many as 60 or 70 pages. The key advantage of these self-contained inserts is that they combine real articles about the downtown with advertisements by downtown shops and their suppliers. Some inserts do not

have any editorial content; they have a much lower image-building capability and offer little to a business recruitment program.

Publishing an insert is a real entrepreneurial effort. It can pose substantial risks for a downtown organization. Financing an insert can be complicated and uncertain. The cost of a typical insert is in the \$25,000 to \$65,000 range, though one with very high production values, lots of pages and a direct mail distribution may cost substantially more. Despite these potential problems, a significant number of small downtown organizations have done inserts.

There are numerous marketing firms that specialize in putting such publications together. As might be expected, their sales pitches often present a rosier picture than is warranted about project costs and complications. Expect to be told that your only costs will be some staff time and possibly someone to write the downtown stories -- who, of course, the marketing firm would be happy to supply. The ads supposedly will pay for the publication -- if they don't, then the downtown organization must cover the loss.

The marketing firm will usually pitch their ability to sign up advertisers, "with just a little bit of your help." In reality, expect that your staff will have to spend a lot of time signing up advertisers and may indeed end up doing most of the real legwork. Two factors can guarantee that this will happen -- an insert with high production values and the need to sign up people for a lot of relatively small ads. The high production values means high costs, so you have to raise a lot of money. Lots of small ads mean that there is a heck of a lot of work that must be done to sell the ads and collect the money.

The best way around this situation is to sign up three or four major sponsors for the insert who, combined, can provide enough money to make the insert happen. Of course, they will get their page ads, but at a hefty price. They are willing to pay because they realize what the insert can do to build the downtown's image -- and that of their firms'.

Without such support, producing an attractive insert can be like trying to rent out a 100,000 SF spec office building to a hundred tenants: lots of work, lots of time, lots of baloney and lots of frustration. In such circumstances a small or medium-sized downtown organization, with a small staff, can be absolutely consumed by an unexpected entrepreneurial endeavor that diverts it from other essential management operations.

If the insert has editorial content, the downtown organization probably will have to subvent the publication. The page space inside an insert where the downtown's stories are told has to be paid for, it's not free. If the ad income is supposed to cover the cost of the editorial space, then chances are that the ad costs will be relatively high and you then can bet your bottom dollar that downtown businesses will loudly complain and resist paying them. This is especially likely to

occur if the insert has high production values -- and commensurately high production costs.

Local newspapers sometimes will entrepreneur the inserts. However, if the insert is not going to attract more ads than usual from downtown businesses, then the local newspaper will be reluctant to undertake the venture. In such instances, the downtown organization may want to “guarantee” the tab, thus reducing the costs for each advertiser and making the whole venture more attractive to the newspaper.

The River City Tab⁵³ provides an interesting case study. For many years, it was printed seven times a year by one of the local newspapers in cooperation with the downtown development organization, which managed the downtown special district. It reached a print run of 50,000 copies and an estimated readership of 145,000. It had a multi-faceted distribution: in addition to 34,950 newspaper inserts, 3,050 were delivered drop-point/bulk and 12,000 copies were delivered by direct mail.

The River City Tab is now kaput. Basically, it was losing money for the local paper, so the paper bowed out. The downtown organization solicited bids for a replacement and selected someone who was going to do a start-up publication for the organization. This resulted in much controversy -- all the local papers (for some reason, there are a lot of them in River City) threw a collective hissy fit and charged that the downtown organization was going into direct competition with them by starting its own paper.

The proposition of the downtown organization doing its own tab was dropped. Instead, another marketing firm was hired to do a twice a year map/guide/calendar of events. This glossy publication has grown to become something of a magazine with some editorial content. Pains, though, are taken to describe it as a brochure, so the local newspapers won't be incited.

From the perspective of the manager of a downtown recruitment program, a newspaper insert certainly can provide useful, though limited opportunities to reach developers and tenant prospects within the region and good collateral material to woo those who are already interested. Nevertheless, these benefits are not large enough to outweigh the time, effort and financial costs of producing the entire publication or of providing all of the editorial content. A wisely managed recruitment program certainly will want to be part of any insert that is published by the downtown organization if it has editorial content, is professionally produced and has effective distribution channels -- but, the recruitment program should ride on an effort that is spearheaded by other programs within the organization.

⁵³ River City is a pseudonym used by the author to protect the name of the real community. The name of the publication is a similarly motivated fiction.

5. Magazines. For many downtowns, especially those trying to reach affluent households, direct mail can be the best way to achieve their advertising objectives. Functionally, the publications they send are similar to inserts, but they are not distributed in newspapers. Instead they are either sent through the USPS or are delivered by a private service directly to the mailboxes of targeted households. Some may be distributed at carefully selected retail stores. The Downtown Magazine Group, for example, publishes “lifestyle” magazines for high income communities in New Jersey, such as Englewood, Millburn/Short Hills, Montclair, Princeton, Ridgewood, Summit and Westfield. Each of their 12 bimonthly magazines is mailed to affluent homes (HHI \$100,000+) in the target area, with additional copies distributed at high-traffic retailers in each community. Such magazines offer the same advantages and limitations of a well-produced and effectively distributed insert.

Placing relevant stories or getting useful mentions in “real” magazines is certainly possible, but the probabilities are so low that it is usually hard to justify expending the required effort and money. For a small or medium-sized downtown, the best approach is usually to be prepared to take advantage of any good magazine articles that might appear. Such articles are most likely to be printed in relatively local or regional magazines such as New Jersey Monthly, Ohio Magazine, Santa Barbara Magazine, etc. For example, New Jersey Monthly mentioned both Bayonne and Englewood as two of the state’s top communities to live in. Englewood had done some advertising with the publication. Bayonne had no prior contact with the publication. The downtown organizations in both communities have made extensive use of this designation in their PR efforts.

Of course, there are exceptions. If you have an extraordinary story to tell and an able writer to tell it, then it is possible to get favorable stories about your downtown placed in some special national publications that are read and/or respected by relevant people in the business community. For example, Urban Land is published by ULI and read by many influential people in the development community. It will not publish an article that is a puff piece or focused on plans and possibilities. It does like stories about completed real estate projects and certain topics such as downtown housing, parking, security, office development, smart growth, etc. If you want an article placed in this publication it is a good idea to peruse the recent issues published over the last year or so to get a sense of the stories they like. You will also need someone to write the article. If you have a ULI consulting team visit your downtown and do a report, then there also is a good chance of getting a story about it in Urban Land.

The ICSC publishes Shopping Centers Today, which is the publication of record for the developers and managers of shopping centers. It is a very hard magazine to place a downtown story in. It has reporters and does not take submitted articles. Unless your downtown has or is building a major retail complex, it will not draw the attention of this magazine. Of course, if a major retail complex is

already coming to your downtown, then the benefit of having an article in this publication may be marginal.

The American Planning Association publishes *Planning*, which is read mostly by planners. Reprints of an article placed in this publication can be useful collateral material in your business recruitment package. Such an article also can help establish a positive image of your downtown among planners, which might have an effective echo impact within the business community. However, getting relevant articles placed is not easy and has become more difficult over the years. Again, this publication does not print puff pieces -- the articles must address issues and problems relevant to the planning community.

Another potential publication is the *Main Street News*, which is produced by the National Main Street Center. It is mainly for the managers and board members active in the local Main Street programs that are scattered all over the nation. The echo impact within the business community of an article appearing in this publication may not reach a wide audience, but they may be business people who are willing to look at opportunities in small and medium-sized downtowns. More importantly, the article can be used to show that your revitalization program has been legitimated by the National Main Street Center, which can be very useful politically and in your other PR efforts. For example, the article could be an attractive and useful component of your recruitment package.

Articles in these national publications will not unleash a horde of eager tenant prospects at your door. Their "validation function" is their primary benefit. A respected national organization is mentioning your downtown in a favorable light -- and they consequently are validating, in some informal and even unstated manner, what you are doing. That can reinforce and strengthen the existing interest in your downtown among developers, savvy brokers and tenant prospects.

6. Television. The sane approach is to forget about getting your downtown on a national television program. If it happens, it happens. And sometimes, when it happens, it is not positive. For example, a few years back, Tom Brokaw, on NBC's evening news program, featured a federally financed garage in one New England downtown in a *Fleeing of America* segment.

Local news shows, especially on cable channels, are easier to interest. They will prefer stories about conflict, but they will do "good news" stories about new real estate projects, major public improvements and significant new business openings. These stories will not have much air time, so they do not communicate a lot of information. Nor will they reach many people targeted by a recruitment program. But, they can have echo impacts on the downtown's image and political consequences as well.

In many communities, public access programs cover the proceedings of the municipality's governing body and provide interviews on local political issues. Their viewers can be statistically significant and politically potent. If your business recruitment program requires political support and municipal approvals -- and it should if it is effective-- then these cable TV programs can provide important opportunities to present your story and shape local public opinion.

They are relatively low cost and easy to get on. For example, in Bayonne, NJ, the downtown organization has frequently been approached by the local cable company about stories to cover. Also, the chairperson and executive director appeared on a 30-minute interview program that allowed them to present a positive image of the Town Center and its revitalization potential. It is important that your spokesperson is properly prepared and a good speaker. Good graphics are a very worthwhile investment.

One possible downside is that some downtown organization leaders become so enamored with their "face time" on TV that they then want to have their own cable TV programs.

C. The Business Recruitment Package

Among the small and medium-sized downtown organizations that do have a recruitment effort, many spend a lot of time, money and effort on designing and creating their recruitment packages. The recruitment package is a bundled batch of information that is given to developers, savvy commercial brokers and tenant prospects. It usually encompasses a handsomely produced pocket folder, with an attractively designed cover, that contains a brochure and other printed materials that "sell" the downtown, the trade area and last, but certainly not least, one or more downtown commercial spaces. Some packages are thicker and heavier than others, apparently put together under the mistaken assumption that the more information you provide, the more likely you are to succeed. Thick or thin, a recruitment package normally contains a lot of information that takes a reader a lot of time to go through. The more information it contains the more effort it requires from the reader, the higher the likelihood that it will end up in the circular file. Expensive printing and good design will, at best, marginally increase the chances of a heavy recruitment package being read.

1. Uses And Objectives. Traditionally, the packages have been used in two ways:

- They are given out to the "already interested," i.e., the people who have expressed an interest in investing in the downtown and either lease retail or office space or do a development project. They may have expressed this interest by mail, over the phone, by email, or by just showing up at the door of a local broker or the downtown organization

- They are mailed “cold” to tenant prospects. Usually the prospects are retailers, especially national and regional chains. The objective is to interest them in leasing downtown commercial space.

Both of these uses of the recruitment package have the same ultimate objective: stimulating a deal to lease downtown commercial space. However, the “cold” package has a very strong additional barrier it first must clear -- it must pique the reader’s interest in doing business in the downtown sending the package. Unfortunately, reading the cold recruitment package requires a significant amount of effort by the recipient, while the recipient probably will lack the level of interest needed to motivate such an effort. It is no wonder, then, that the vast majority of the mailed cold recruitment packages go directly into the circular file upon delivery. It is why doing a lot of large cold mailings is a waste of precious time and money -- unless, you have nothing else going for you.

In contrast, the recruitment packages distributed to the “already interested” can be very effective. In fact, many developers, savvy commercial brokers and tenant prospects expect and want such a package when they express their interest in a particular downtown location or the downtown in general.

2. Some Do’s And Don’ts. Having a well thought out and assembled package can increase its utilization. Those who are already interested will still appreciate a package tailored to their specific interests and needs, though sometimes you will not have the opportunity to do the tailoring, e.g., someone just shows up unannounced on your door. A well crafted cold package can increase the chances of it being looked at, though the overwhelming probabilities remain that it will still be ignored -- for heuristic purposes, let’s say that your chances might go up from three in a hundred to one in twenty.

Another major mistake to avoid is to think that you need just one recruitment package. While the overall structure will remain the same, it is prudent to expect that you will have to tailor your package to meet the needs of a particular prospect. This should not be surprising. An office prospect will be looking at different variables or the same variable in a different way than a retail prospect. Moreover, you can expect that a prospect looking for space for an antique shop will have a somewhat different mind set than a site locator for Best Buy or the Gap.

Nevertheless, even well-crafted tailored packages should consider the following components:

- *The opportunity statement(s).* By far, this is the most important component of any business recruitment package -- especially those that are sent out cold. Ideally it, too, should be tailored for each prospect. For example, in trying to recruit retailers to specific downtown niches, DANTH creates an opportunity statement for each niche. The statement should take up just one page and present your

case in a cogent, concise and persuasive manner. This one-pager⁵⁴ can be worth its weight in gold. Here is where you tell the reader about the business opportunity you are offering in your downtown and why it is better than others the reader may be getting from other locations. If the recruitment program's staff cannot write these opportunity statements, it is essential that someone is hired who can. Among consultants, the ability to write a good opportunity statement is what separates the men from the boys

- *The pocket folder.* This is what holds everything together. Visually it is what the recipient sees first after the package is taken out of its envelope. It should make a good impression. Unfortunately, this is the part of the package that most recruitment programs wrongly spend

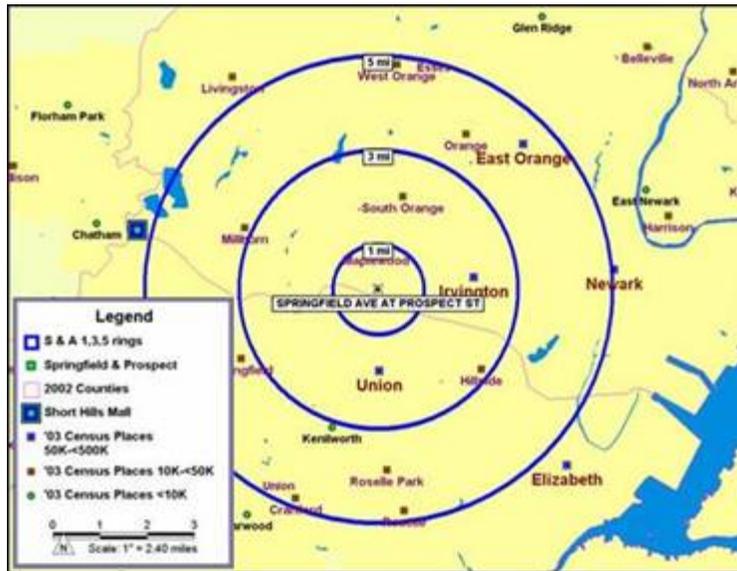


Figure 4
1, 3 and 5 Mile Ring Map

most of their time on-- as well as a lot of scarce money. Too often, the result is an overly produced, overly designed and overly expensive pocket folder. After a certain level of attractiveness, the increment in expense does not correlate at all with an increment in impact. Without doubt, you want an attractive folder, but remember that it's the opportunity statement that really counts, that really sells

- *Maps.* These are essential, especially for prospects who are located outside of your region. You need one map near the top of the information you are offering that shows where your downtown and your site is in the region. You also will need another map showing your trade area(s). See Figure 4

⁵⁴ Sometimes you can cram more words on the one page by using a smaller front size, but I've found that anything smaller than 11 pt will diminish the piece's effectiveness.

Site Detail

Zoom In ●●●●●●●● Zoom Out

TERRA VISTA COMMONS

Retail Sites
 Sites to Develop
 Sites Found
 Regional Amenities

click on the map to select a site

3.5, 10-mile Demographics

5, 10, 15-mile Demographics

Available Sites		
restaurant pad	7,000	Bill Worsley
retail pad	8,060	Bill Worsley
retail pad	6,000	Bill Worsley

Terra Vista Commons

Address: 10680 Foothill Boulevard
Major Cross Street: Milliken Avenue
Daily Traffic Count: FOOTHILL, 47,000. MILLIKEN, 13,800 .
Zoning Designation: MFC - Financial (Mixed-use), TVPC - Terra Vista
APN: 22715153
Site Acreage: 21.51
Project File: CUP 99-25
Major Tenants: Cingular Wireless, Texaco.
Building Sqft: 36,000
Year Built: 2001

Real Estate Broker

Company: Lewis Retail Centers
Address: 1156 N. Mountain Ave. Upland, CA 91785-0670
Phone: (909) 949-6744
Fax: (909) 949-6740
Broker: Bill Worsley

[Back to Retail Sites](#)

INside Rancho Home
Help
Feedback
Application Developed by GIS Planning

Prepared by the Rancho Cucamonga Redevelopment Agency
 10500 Civic Center Drive, P.O. Box 807, Rancho Cucamonga, CA. 91729
 Phone: 1-877-5-Rancho/1-877-572-6246
 E-mail: rda@ci.rancho-cucamonga.ca.us
www.insiderancho.com

Figure 5
A Site Information Sheet

Downtown Hollywood, Florida

Hollywood is a city of 140,000 residents located in a metropolitan county of over 1,700,000



Downtown at Night

Committed Projects

- \$13 million ArtsPark
- 900 new residential units
- 95,000 sf of new retail space
- 55,000 sf of new office space
- New Academy of Arts
- New Holocaust Center
- New Live Performance Theater



Young Circle Arts Park (Underway)

Hollywood Downtown CRA
Phone: 954.921.3016
Fax: 954.921.3040
 or
jedwards@hollywoodfl.org



Hollywood, Florida is located at the center of Dade, Broward and Palm Beach counties in South Florida. This region is experiencing continued growth and is now home to over 5,000,000 permanent residents plus millions of visitors annually. Downtown Hollywood is located between Miami and Fort Lauderdale, 1.5 miles from the beach and 1.5 miles from Interstate 95 at Hollywood Boulevard and U.S. Highway 1. Within a 5 mile radius of Downtown Hollywood, the population grew by over 50,000 residents between 1990 and 2003.

Population	1 mile	3 miles	5 miles	20 minutes
2003	24,309	135,771	291,254	319,797
2008	25,680	144,502	312,560	342,266

Households & Income				
Households	11,547	65,077	129,185	138,061
Avg. Household Size	2.06	2.06	2.23	2.29
Avg. Household Inc.	\$42,920	\$51,968	\$56,641	\$55,875
Family Household Inc.	\$55,414	\$64,550	\$68,604	\$67,226

Age				
Age 0 to 17	19.46%	17.54%	20.01%	20.77%
Age 18 to 54	56.16%	47.78%	48.67%	49.11%
Age 55 to 74	16.04%	20.80%	19.65%	18.99%
Age 75 and over	8.34%	13.87%	11.66%	11.11%
Median Age	39.44	43.84	41.70	40.93
Average Age	40.07	44.64	42.45	41.75

Traffic Counts	
Young Circle	50,000+ ADT
US 1 / Federal Highway	31,650 ADT

Sources - Claritas / Sept. 2003; Broward County Engineering

Figure 6
Downtown Hollywood, FL, Demographic Information

- *Basic Info.* Downtown organizations sometimes forget to include some very basic information about the space being offered, such as size and condition. A photo of the space is also frequently useful. See Figure 5
- *Who else is there and how well are they doing.* This is especially important for retailers. Knowing which retailers are in your downtown and which are located close to the site being offered is a key concern of site selectors. It is one of the first things many of them will ask
- *Site information.* You need to provide information about the size, zoning, traffic counts and location of the space being offered. If there is a retail niche, it is a good idea to mention it and detail who is in it. Information on the downtown's retail sales overall and niche sales in particular can also be advantageously included
- *Trade area information.* This can include a map of the trade area and data on its population size and demographics. Information about consumer expenditure potentials may also be useful. Remember that some retailers will have particular consumer groups that they are interested in, e.g., college students, the elderly, Latinos, etc., and information about them should be provided. For most small and medium-sized downtowns, retailers will be interested in demographic information for 1, 3 and 5 mile radii (see Figures 4 and 6). The use of drive-sheds may be more accurate and present a stronger case for many downtowns, but presenting this information is best kept for situations where personal communications have been established with the prospect. The presentation of this information does not have to be drab and boring, as shown by the one page information sheet distributed by Downtown Hollywood, FL in Figure 6
- *Quality of life Information.* Information on schools, crime, open space, cultural assets, hospitals, restaurants, etc. can be very important for office tenant prospects who are located outside of your region
- *Labor shed information.* Office tenant prospects will appreciate information about the local labor pool and the highway and mass transit assets that can tap it
- *Potential customer traffic.* This can include information on automobile traffic counts and speeds. Increasingly, site selectors are learning to again appreciate high pedestrian counts. It also includes information about large generators of customer traffic, e.g., a downtown supermarket, Wal-Mart, movie theater, museum, concert hall as well as information about the people who live downtown and within a 5-minute walk of it
- *Accessibility.* Information on the amount and location of parking, the proximity to major highways and interstates and the presence of mass transit will be a necessity.
- *Positive trends.* Information that shows your downtown's economy is growing and there are prospects for additional future growth. Information about physical improvements and capital investments can also be persuasive

- *Attitudes towards business.* Retailers want to be assured that they will not have to spend too much time trying to cut local government red tape on permits, approvals, signage, etc.

This is a lot of information to convey. Experience suggests that the recruitment package should not try to exhaustively deliver all of it. Remember, the easy use of relevant information is the key to a successful recruitment package. Stay away from drenching recipients in “data.” Remember, the recipients are business-people, not data jocks.

3. Costs. In the New York Metropolitan Region, \$2,300 can get you a folder designed by a top graphics designer and the production (the cost of the folders plus printing) of 300 attractive folders. The estimated first time cost of doing a mailing to 50 prospects (see Table 2) is \$3,469, or \$69.37 per prospect.

Table 2.		
Estimated Cost of 50 Package Mailing		
First Time		
	Per unit	For 50
folders	\$ 7.66	\$ 383
postage	\$ 1.50	\$ 75
inserts -writing	\$ 60.00	\$ 3,000
inserts -copying	\$ 0.21	\$ 11
	\$ 69.37	\$ 3,469

The estimated first time cost of doing a mailing to 50 prospects (see Table 2) is \$3,469, or \$69.37 per prospect. The major cost component, \$3,000, is for the staff and professional time needed to write and assemble the opportunity statement, maps and information sheets that will go inside the folder.

The total estimated costs of a second mailing to 50 prospects should drop to about \$2,000 or \$40.00 per prospect. This reduction is mainly the result of less time being needed to write and assemble the materials inserted into the folder, with a commensurate \$1,500 reduction in cost. Other costs remain the same. Tailoring means that the information inside your folder will be tweaked with each mailing, so the cost of this function will never entirely disappear.

D. Brochures and Tomes

For decades, brochures have been a staple of downtown marketing efforts and they can be one of the most important components of an effective recruitment package. They also can stand on their own and be distributed alone. This distribution can be by hand, mail or, increasingly of late, over the Internet.

A good way of thinking of a business recruitment brochure is that it is an opportunity statement with great graphics and appearance, that pitches the downtown, but without the information about a specific site. Generally, for a business recruitment program, the primary objective of a brochure is to interest relevant business people in the downtown and the economic opportunities it might offer. It is not to stimulate a deal.

A well-designed and produced brochure can have a positive impact on readers, be easily distributed and will not cost an arm and a leg. If it is relatively brief, it often can be easily and inexpensively posted on your website.

Publications of various sizes and formats are referred to as brochures. However, my experience suggests that brochures were initially relatively visually inviting, brief and easy to read. Today the really effective ones remain so. As the following definitions of the term brochure indicate, such publications are understood to be relatively short -- like a pamphlet -- and attractively produced:

- “Strictly defined, a high-quality pamphlet, with specially planned layout, typography, and illustrations; also used loosely to describe any promotional pamphlet or booklet”⁵⁵
- “A pamphlet that is bound in booklet form.”⁵⁶

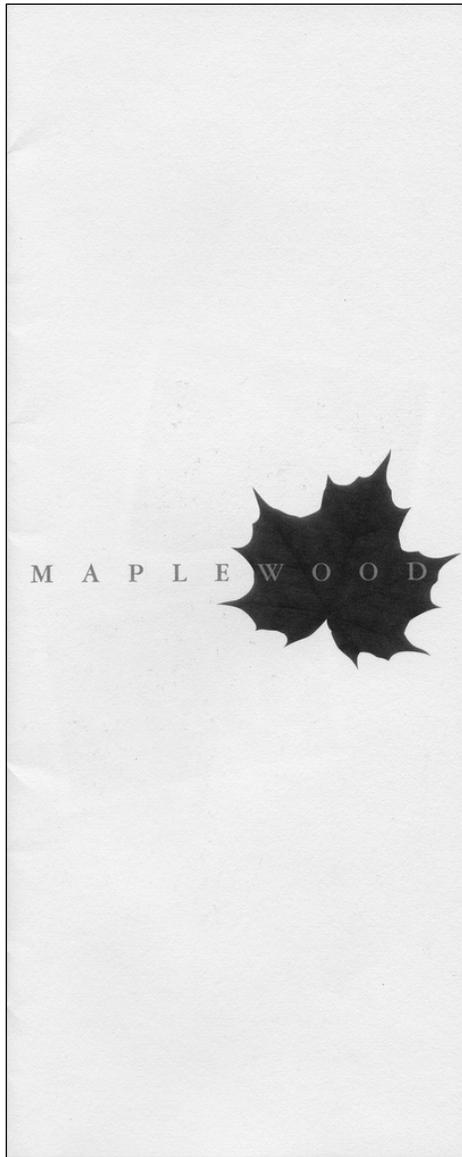


Figure 7
Maplewood, NJ, Brochure

Brochures do not normally take on an 8.5 X 10 inch page format, but they can, if the number of pages is kept down. Trifolds or bound versions of pages of trifold size (see Figure 7) are not uncommon and indicate a frequently used page size for a brochure. However, it is not unusual to receive publications that are called brochures that have a much larger format. One, for example, that was produced by a well-known public relations firm, is 16 pages long and has an 8.5 X 11 format. Though packed with photos, it had a very general tone and seemed to be assiduously trying to avoid presenting “data.” While data drenching is to be avoided, a good brochure needs to present key pieces of information that are numeric in nature. The challenge is to present the data in a manner that makes them easy to digest. Consequently, this 16-pager is not nearly as effective as a more factually detailed six page recruitment brochure

that can be downloaded from the website of the Charlotte Center City Partnership⁵⁷ and no more effective than an even smaller, but more detailed brochure, that can be downloaded from the website of the Rutland Partnership,⁵⁸ which is the equivalent of a 2-page 8.5” X 14” trifold.

⁵⁵ <http://www.nmoa.org/Library/glossae.htm>

⁵⁶ http://www.digitaldynamix.com/resources/glossary.html?db_item=glossaryterm&glossary_item=B

⁵⁷ <http://www.charlottecentercity.org/>

⁵⁸ <http://www.rutlanddowntown.com/>

Downtown Oakland has an effective recruitment brochure with a large page format, because it is still relatively short and concise and has very high production values. It is basically an unfolding trifold with 8.5 X 11 pages that has six pages of text and graphics on one side and a large map on the other.

The size, brevity and graphical nature of brochures make them easy to distribute by mail and to post on a website.

The costs of producing an effective brochure depend on a number of variables:

- Size of publication
- Amount and quality of the graphics
- Number of brochures printed
- And today, the costs of posting them on your website.

An effective brochure can cost between \$5,000 and \$7,500. A very graphically aspiring brochure, with four colors and lots of pages, can easily cost over \$20,000.⁵⁹

Brochures can be valuable components of a recruitment package even if they substantively focus on one of many possible relevant topics such as quality of life, a new cultural center, a new light rail line, etc. However, with these brochures it is especially important that they be relatively brief.

Tomes are brochures on steroids. Some tomes cost over \$70,000 to produce and distribute. One tome prepared years ago for a major city in Florida reportedly cost over \$120,000 to research, write, print and distribute. Tomes can have a lot pages and have lots of graphics. Since they can weigh quite a bit, their distribution costs can be significant. Often, tomes either are a report on a downtown revitalization plan or incorporate substantial portions of such a report, but have lots of graphics to make them more appealing to the reader. A report tome will be very detailed and have a lot of words. Reading them is usually not a leisure-time activity, so they are not a good marketing tool for stimulating interest in a downtown's business opportunities. They are often produced and distributed by downtown development organizations that want to attract the interest of large corporations.

However, tenant prospects who already are interested in a downtown – especially those in corporate real estate departments-- may find a tome to be filled with information relevant to their tasks of evaluating various potential downtown locations. Planners also tend to like tomes; sometimes they even help write them.

⁵⁹ Again, these are 2005 dollars

It probably would be a lot cheaper and just as effective if some reports were produced in a more traditional and simpler fashion, without glossy paper, loads of graphics and fancy binding. Enough copies should be printed for distribution to the relatively low number of corporate tenant prospects who might usefully read them.

Tomes do not have to be based on a report. At the 2004 ICSC convention a publication was being distributed by a Chamber of Commerce from a California city that was called a magazine. It was printed in color, with a heavy glossy cover, 84 pages and lots of advertisements. But its articles lacked the personalization associated with magazine stories, while they covered many of the topics typically found in recruitment brochures. The key factors that make a publication a tome are its weight, difficult portability and how much time it takes to read. It is not the type of document one is likely to find on a bedside or living room table, which is read, article by article, over a week or two.

Too often tomes are erroneously tasked with increasing or arousing interest in a downtown's business opportunities among developers and corporate tenant prospects. Tomes just take too much effort to digest to be able to complete that task.

E. High Tech Tools

1. The Siren Calls Of New Technologies. Many would-be masterminds of downtown public relations efforts are usually enchanted by the prospect of having a strong visual presentation, better yet, one with voice overs and music, delivered directly into a tenant prospect's home or office. Modern technology, especially personal computers and the Internet, have created a number of new marketing communications tools that downtown business programs might use to this end. Without doubt, these marketing tools are potentially powerful. Not only are they able to deliver snazzy presentations, but some believe that the technology used can itself help build an organization's image as being hip and "with it." For example, one might argue that if you are trying to recruit firms with lots of knowledge workers, you will be more likely to succeed if your presentation is technologically sophisticated than if it is just printed on paper. However, it is very prudent to keep in mind the following comment by Steve Jobs, CEO of Apple and Pixar: "It is chiseled in stone at our studio (Pixar) that no amount of technology can ever turn a bad story into a good one."⁶⁰

There is an important inherent danger: the allure of a technology may cloud the fact that these marketing communications tools are best suited for achieving a limited number of objectives and work best in a narrow set of circumstances. The improper use of these tools can lead to the waste of significant amounts of time, effort and money. For example, a hard to use high tech presentation on a CD

⁶⁰ Randall Stross, "Pixar's Mr. Incredible May Yet Rewrite the Apple Story," *New York Times*, October 24, 2004, downloaded from <http://www.nytimes.com/2004/10/24/business/yourmoney>

may overwhelm and frustrate technologically unsophisticated prospects, while infuriating those who are technologically proficient.

2. Thinking Back On VCR Tapes. There is much to be learned from this out-of date technology about what you should not do. For a while, about a decade ago, it was not unusual to come across a VCR tape with a video about some downtown or downtown project. By now they have almost entirely disappeared. However, they are a good case study of what happens when program managers become overly infatuated with a technology.

Some of the VCR tapes were produced at significant expense. For example, one cost about \$15,000 to produce and had a video lasting about eight minutes. The city agency that paid for it hoped the tape would attract many new companies through its ability to project images of the community as a great place to live and the downtown as a wonderful place to do business. It was a kind of warm and fuzzy presentation that was weak on facts, but strong on lots of sophisticated, if amorphous visuals. It was distributed by mail to a list of tenant prospects and to prospects who arrived in town and expressed an interest in downtown properties. In the end it did not meet the agency's expectations. The VCR tape was just too complicated for the people to whom it was mailed cold to use, so it did little to stimulate interest, while its content was so superficial that it wasted the time of serious tenant prospects.

Complicated use and superficial content are the Scylla and Charybdis of all high tech marketing communications tools.

Other tapes were copies of TV shows or news segments about a downtown. Some were sent cold by mail to prospects as part, or in lieu of a recruitment package. Others still were distributed at various kinds of meetings, usually to people who expressed some kind of interest. The latter were more effective.

No matter how they were distributed, VCR tapes faced one big problem -- they were a pain because their usefulness is tethered to having easy access to a functioning VCR machine. The recipient of a VCR tape about Downtown Pretty City probably knows little or nothing about it, could care less and probably does not have a VCR machine in his or her office. The time it takes to look at a tape is already demanding, but looking at the tape also involves a disruption of the recipient's work flow to track down and use a VCR machine --probably to take the tape home to view on a VCR machine there. This handicap, of course, precluded the tapes from being a good tool for increasing the interest of targeted business people in a downtown.

These VCR tapes turned into just a brief fade as the difficulty in using them became obvious to all and as the CD-ROM technology emerged as a rival.

3. CDs and DVDs. Whereas VCR machines were often hard to find in a business environment, today, personal computers are ubiquitous in the office and the home. CD and DVD drives are now standard computer equipment. To learn more about presentations distributed on CDs the author obtained a number of them to review and talked to a digital graphics expert, who creates them for a living.

More and more corporate presentations are going to Flash because:

- They are easily animated, so more interesting visually
- Flash files are smaller, so easier to distribute
- The presentations are easy to auto-launch
- Flash works easily on many platforms, e.g., PC, Apple, and Linux.

One downside of using Flash is that you or your staff probably lack the technical skills needed to update your presentation. Another is that it also allows more animated Internet ads that can bypass popup ad blockers.

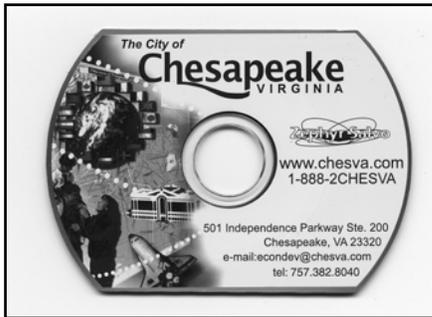
It also should be noted that some economic development experts are not enamored by the bells and whistles that Flash and similar programs enable. As Mark Waterhouse has commented, "Flash allows you to add much more music, animation and other special effects--all the things that distract people's attention from the actual information you are trying to show them."

Flash is a program from Macromedia, a company many find very annoying, because on website after website, it pops up and insists that you download its Flash plug-in. Will target audiences have Flash already installed? If not, will they, too, find downloading Flash as annoying as having to find a player for a VCR tape? Reports indicate that the vast majority of new computers have Flash installed. Putting it to the test, Flash proved easy to both download and use, though extremely annoying because of the Internet ads it ushered in.

A CD from a city in Ohio with a population of 22,000 immediately tried to make Windows Media Player 9 the default video player on the viewer's computer. This may be considered to be threatening, presumptuous and annoying. It definitely was not a good way to entice someone to watch the presentation. One might reasonably conclude that the people who produced the CD were intoxicated by the technology and oblivious to user needs. Many of their viewers are likely to want nothing more to do with them.

Another CD, from a capital city in the Midwest, used Internet Explorer and Active X, apparently under the assumption that most recipients have them on their computers and therefore would be able to view the presentation without having to download any additional programs. Unfortunately, the Active X caused the author's anti-virus program to immediately issue a security warning. Such an experience is apt to leave the viewer with the feeling that the agency that sent

the CD was not professional and was certainly mindless about endangering the computer system of potential business prospects.



**Figure 8
A Mini CD**

Another presentation was on a CD distributed by two neighboring suburban chambers of commerce in a large metropolitan area in the South. It came with a nice printed cardboard enclosure that also had on the back cover instructions for using the CD. At the bottom was a small add-on sticker, with words in small, hard to read type. An attempt to play the presentation evoked a message that the computer was missing the movie plug-in needed to see it, which finally was determined to be QuickTime. Closer scrutiny of the aforementioned little

sticker revealed instructions for installing the QuickTime Movie Player. However, QuickTime had been installed on the author's computer for over a year. So far, the prime impact of the CD presentations was to reinforce an awareness of the difficulty of use issue.

One large Midwestern city had a very professional presentation. It came with QuickTime and Authorware from Macromedia. Nothing had to be downloaded to view it. The presentation itself was relatively easy to navigate. It had lots of video and voice-- which unfortunately meant a lot of talking heads.

A good test for the content of a presentation is what you remember about it the next day. From memory, the presentation focused on three topics: a business friendly government, quality of life and an emerging biotech cluster. The biotech segment was thin and did not present a strong case, proving that the Impressions made by such presentations are not always positive! The quality of life segment was all talking heads; no audio of the city's world class symphony orchestra or visuals of its exceptional museums, terrific theater district, sports stadiums, an increasingly interesting waterfront, world class hospitals or scads of attractive new and rehabilitated housing. The business friendly government segment had lots of face time for the mayor and city economic development officials. It was fairly effective, though more testimonials from the business community would have been even better.

Without some pre-existing interest in this city, it was unlikely that a business prospect would view this presentation. If for some reason the prospect did look at it, there was no discernable reason why he or she would then be motivated to look for a business location in that city.

A prospect who was already interested in looking at locations in this city probably would be tempted to view the CD's presentation. However, the impact of the presentation on the prospect was likely to be marginal, because of the content.

The segment on the business friendly city government would probably have the biggest impact on such prospects. A CD with just that segment on it, and sent only to interested business prospects, would probably have cost less and still had the same effectiveness.

Up next was a mini-CD from Chesapeake, VA (population of 200,000). It could not be used on the author's desktop because the "mini" required a spindle that the desktop's CD-ROM drive lacked (see Figure 8). However, it did work on a laptop's CD-Rom drive. The presentation was put together using a Macromedia program, which appeared to be Authorware, and the CD had a runtime version of QuickTime to view it. On it went as soon as the CD went in the laptop's drive. Some navigation was required, but the effort was certainly not onerous. The presentation was short, sweet, hit most of the right buttons and was easy to digest. Functionally, it was like a digitized and efficient recruitment package. For some one unfamiliar with the city, the presentation could evoke an interest in finding out more about the community's business locations -- and the presentation provides contact information, including a link to an appropriate website. However, some one who is already familiar with the city probably would not find the presentation of much value. The best audience for this CD is prospects who may have previously heard something positive about the community, but who know little about it. The presentation could reinforce and expand that interest.

A PowerPoint slide presentation will cost about \$100/slide to prepare and less than \$3/cd to burn, label and place in a jewel box. So burning 100 CDs with a 25 slide presentation might cost about \$2,800; each CD would cost about \$28. If it is to be mailed, then there is the mailer and postage on top of that. If you are sending the CD in a jewel box, you will need a more expensive mailer than if you are just sending the disc alone. With regard to Flash presentations, they would roughly work out to about \$100-\$150 per slide, with similar costs for burning, packaging and mailing.⁶¹

A summary assessment of CD-based presentations is that:

- It is useful to think of three kinds of possible recipients for these presentations: the interested prospects, the somewhat aware prospects and the truly detached prospects
- CD presentations are most likely to be viewed by prospects who are already interested in the community and have some knowledge of it; presentations targeting such prospects are also the most likely to be effective
- These prospects will want some depth to the information. Presentations targeting them might focus on specific subjects, e.g., the downtown as the community's central social district, its knowledge workers or its quality of life. They also could be virtual tours of a building or a major project. To see what this might look like, type in "real estate virtual tours," or some variant of that phrase, into your search engine, and see what you find. For

⁶¹ Again the caution that these are 2005 dollars.

- example, AIM⁶², a firm in Arizona that offers to do e-brochures that display virtual tours of properties and can be posted to your website
- The presentations should take full advantage of the available graphic possibilities and be something much more than a slide show. It must tell a story in a strong visual manner, yet not shy away from presenting key maps, facts and statistics. Such CD-based presentations can be a valuable component of a recruitment package
 - Prospects who maybe marginally aware of your downtown and have scant knowledge about it probably account for a sizeable number of the people who might receive a cold mailing of a CD-based presentation. Getting them to use the CD faces huge hurdles, but requires a foothold of interest that might be leveraged further. A good cover letter, alluring packaging and easy use will be critical. The CDs should not arrive naked. Just as a recruitment package needs an acceptably attractive folder, the CD needs to have an attractive container. Once they are viewing, the best way to snag them is with a presentation that is like an opportunity statement for the downtown that is in an attractive, relatively brief graphical format. Such a presentation should resemble a good magazine article more than some kind of data drenched technical report
 - Probably most of the recipients of a CD-based presentation will be completely detached prospects, who know little about your downtown and care less. A technique to lure these prospects is the Holy Grail of business recruitment. It has not been found! The prospects for finding it in the foreseeable future are not promising
 - Technologically- based barriers to using a CD, such as having to download a program, can both strangle utilization and generate a negative image. Doing anything that poses a threat to the security of the recipient's computer or demands control over some portion of its operations is also extremely counter productive. Great care should be taken to avoid these dangers
 - Consequently, the CD's should have runtime versions of the program that enable the presentation to occur almost effortlessly. There also should be clearly written directions in at least 10 pt type for using the CD and starting the presentation.

4. Websites. Of all of the high technology tools that have been introduced over the past decade, none has had greater adoption or impact on downtown business recruitment than Internet websites. Evidence suggests that this trend will be even stronger over the coming decade. One possible reason for the growing number of business recruitment -related web pages is that the business people that recruitment programs want to reach have a high utilization of broadband Internet connections. Broadband connections significantly reduce the time required to download relevant files. Consequently, it is easier to make web pages interesting and attractive. According to a report in April 2004 by the Pew

⁶² AIM is the acronym for Arizona Internet Marketing. Its website was www.aimaz.com. At the bottom of the homepage there's a link to virtual tours.

Internet & American Life Project, their telephone survey found that “64% of Americans who are employed full or part time go online in the workplace.” They also found that,

**Table 3
Types of Business Recruitment Web Pages**

Type of Web Page	Downtown Organization	City Population
Economic Development First Page	City of Chandler, AZ	177,000
Investment Kit	InTown Livingston, NJ	27,000
Brochure	-Rutland Partnership, VT -Charlotte Center City Partnership, NC	17,000 541,000
Demographics	-Hollywood Florida Community Redevelopment Agency, FL -InTown Livingston, NJ	139,000 27,000
Real Estate Listings	-Downtown Partnership of Baltimore, MD -Main Street Mobile, Inc -Downtown Sioux City, IA -Rutland Partnership, VT -Red Bank RiverCenter, NJ	651,000 199,000 84,000 17,000 12,000
Recent Projects	-Downtown Partnership of Baltimore, MD -Downtown Sioux City, IA --Indianapolis Downtown, Inc.	651,000 84,000 782,000
Downtown Economy	Downtown Partnership of Baltimore, MD	651,000
Development Plans	-Downtown Racine Corp, WI -Ithaca Downtown Partnership, NY --Downtown Helena BID, MT	82,000 29,000 26,000
Virtual Tours	-Hollywood Florida Community Redevelopment Agency, FL -Downtown Statesville Development Corporation, NC	139,000 23,000
Prospect Questionnaire	Clarksville Downtown District Partnership, TN	103,000
Aerial Photos	Hollywood Florida Community Redevelopment Agency, FL	139,000
Tenant and Developer Wish Lists	Ithaca Downtown Partnership, NY	29,000
<p>NOTE: Placing the full web addresses of these pages in this table is very cumbersome. However, with the information provided, they can be easily found in a Google search. Furthermore, links to almost all of them can be found elsewhere in this chapter and on the IDA website: http://ida-downtown.org/km/DesktopDefault.aspx?tabindex=155&tabid=115</p>		

“of this group, fully 67% go online using a high-speed connection....”⁶³ That translates into over 42% of America’s workers using broadband connections at work to access the internet. The better educated workers and those in the upper levels of the company are more likely to have broadband.

Most companies with 500+ employees have broadband access and it is integrated into their day-to-day management operations. Broadband adoption by small and medium-sized companies has been growing rapidly and promises to accelerate as the regional Bells begin to address the “last mile” problem and bring fiber lines into homes and the basements of smaller office buildings.⁶⁴

Back in 1996, it was still fairly innovative for a downtown organization to have a website. Moreover, few of those downtown organizations had figured out how to effectively use their web pages to support their business recruitment efforts. Today, a host of downtown organizations have websites and an increasing number of these sites have pages dedicated to economic development.

Types of Business Recruitment Web Pages. Table 3 presents a list of some of the types of business recruitment-related web pages that might be found while trawling on the Internet and the names of some the downtown organizations that have done an interesting version of them. This list is not exhaustive. Interested readers are advised to make their own surveys of downtown websites. A good place to start is on the website of the International Downtown Association (<http://ida-downtown.org>), where you can double click on Member Links to easily find lots of downtown website addresses.

If you roam the Internet searching for web pages related to downtown business recruitment, one that might stand out is a graphically lean, text sparse, data free, silent, unanimated page on the site of the City of Chandler, AZ.⁶⁵ It is the first of a number of economic development pages. It tells what the other pages are and provides navigation links to them. That all sounds rather mundane, but from a marketing perspective, the page isn’t. The relevant part of this web page is presented in Figure 9 on page 62 below. The need to provide navigation links has been leveraged into an opportunity to sell by providing a series of tag lines, such as “An Amazing Quality of Life,” “A Dynamic Retail Market” and “An Office Market That Is In Demand.” Together, these tag lines present a terse, yet effective outline of an opportunity statement. They also enable visitors to quickly find out more information about any of the points that interest them.

⁶³ Pew Internet & American Life Project, “Pew Internet Project Data Memo: 55% Of Adult Internet Users Have Broadband At Home Or Work,” www.pewinternet.org , April 2004. pp.10, p.3.

⁶⁴ Ken Belson, “Phone Line Alchemy: Copper Into Fiber,” *New York Times*, October 11, 2004. Ken Belson, “Verizon to Extend Fiber Optics to Parts of Six Eastern States,” *New York Times*, October 22, 2004. The “last mile” problem, i.e., bringing fiber lines from the local central office/POP site into offices and homes, has been a major impediment to more wide spread broadband adaptation and prevented the really fast service (15 mb/sec) that can be found in countries such as South Korea.

⁶⁵ Visit <http://www.chandleraz.org/default.aspx?pageid=303>

Most recruitment -related sites lack this strong initial overview of the case for a business locating or investing in their downtowns. To the contrary, most of the words that appear on them are for navigation or are substantively vapid. That's a huge wasted opportunity.

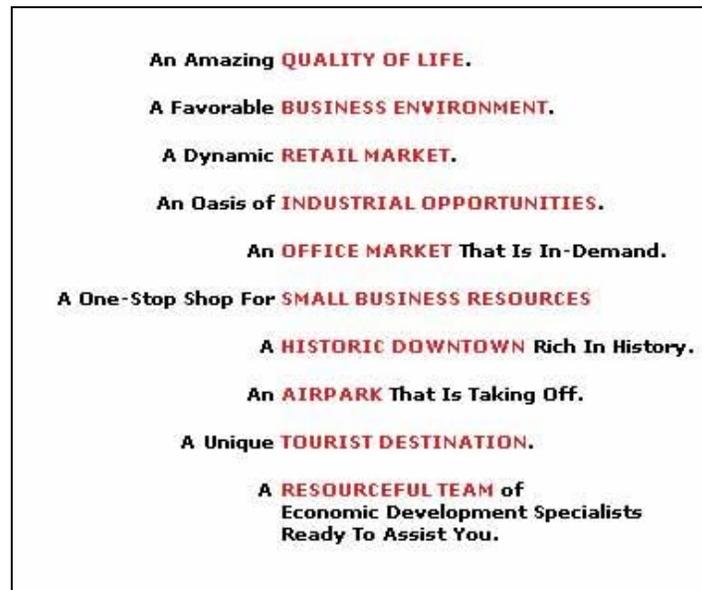


Figure 9
Part of 1st Economic Development Page
Chandler, AZ, Website

Another to the point and effective site is that of InTown Livingston, an organization that manages the citywide SID in Livingston, NJ.⁶⁶ Although not perfect, the site is effective. Visiting this site can be an excellent learning experience because of the way it uses language and its overt and capable marketing orientation. It has two economic development related pages: Available Retail Space and Our Investment Kit. The latter is long and has page navigation aids and photographs. As its title indicates, this page uses the vocabulary of its target audience. It is neither complicated nor arcane. The text also provides a clear, concise sales pitch, which hits the right buttons. Surfing the web, it is astonishing how many downtown sites present information, but do not make a sales pitch, much less a sales pitch that is concise and well thought out.

⁶⁶ Visit <http://www.intownlivingston.com/investmentKit.htm>

Figure 10 below is an excerpt from Livingston's Investment Kit page. It gets right to the point and tries to tell tenant prospects why their businesses will succeed in Livingston.

The Investment Kit page also provides a good deal of trade area demographic data. While the data presentation is not graphically sophisticated, it certainly avoids suffocating the reader's interest.

KEY FACTORS THAT WILL HELP YOUR BUSINESS SUCCEED IN LIVINGSTON:⁶⁷

- A diverse, upscale educated population
- Households with disposable income well above the national average
- Strong family units
- A talented, experienced, educated work force
- A favorable business climate supported by the mayor, town council, town manager and the business improvement district
- A CERP facade/signage matching funds grant program
- Convenient parking for all commercial and professional locations
- Town-wide business directory and web site
- Attractive, competitively priced commercial and professional space available for sale or rent

Figure 10
Excerpt From InTown Livingston's Investment Kit Page

The site of the Hollywood Florida Community Redevelopment Agency (<http://www.downtownhollywood.com/>) has a very effective demographics page that can be downloaded as an Acrobat .pdf file to print hard copies or be viewed later on your computer (see Figure 6 on page 85). The hard copies then function much like the demographic inserts found in traditionally printed recruitment packages. The page, besides tables of demographic data, has interesting graphics and presents traffic counts and recent development projects. It has a lot of information that an interested prospect would be looking for and presents it in an attractive, compact, and easy to digest fashion.

The fastest growing downtown recruitment-related web pages appear to be those listing vacant commercial spaces. Just a few years ago, they were hard to find; today they seem to be everywhere. This should not be surprising, given the growing importance of the Internet within the residential real estate industry. Over 91% of the realtors surveyed in 2004 by the California Association of Realtors reported using the Internet to access the Multiple Listings Service.⁶⁸ Speaking about brokers, one commentator has written:

⁶⁷ The format has been changed slightly to facilitate the print presentation, but the words remain the same.

⁶⁸ 2004 REALTOR® Use of Technology Survey - Highlights
<http://www.car.org/index.php?id=MzQyMjk=#>

“Today, if you’re not on the Internet, you’re not in the game. Your Web site is a 24–7 resource for your clients, and an ever-growing number of clients expect their agents to be on the Web; even among non-Internet buyers, fully 75 percent of clients think it’s important for their agents to be at least somewhat Internet-savvy.”⁶⁹

Table 4.
Some Of The Downtowns That Have
Available Commercial Space Website Pages⁷⁰

Town	Population
Red Bank, NJ	12,000
Rutland, VT	17,000
Ithaca, NY	29,000
Santa Cruz, CA	55,000
Lancaster, PA	56,000
Racine, WI	82,000
Sioux City, IA	85,000
Fargo, ND	91,000
Springfield, MA	152,000
Mobile, AL	199,000
Indianapolis, IN	789,000

Even downtown organizations in relatively small communities, such as Red Bank, (NJ), Rutland, (VT) and Ithaca, (NY), have pages that present information about their available commercial spaces (see Table 4). It should be noted, however, that these organizations have been known to have some very capable managers.

Various page formats are used. One of the most involved and potentially helpful to a tenant prospect is on the site of the Downtown Partnership of Baltimore. This is a large downtown with a lot of available properties. Just presenting a long list might be very off-putting to a tenant prospect, so a search engine is provided which, after you type in some information about the type of space you are looking for, and then directs you to a list of appropriate locations. Each location can have a photo, a map showing where it is located in the downtown and information about the owner/broker, size of the space, asking rent, zoning, parking, etc. Rutland is a much, much smaller city with fewer available properties, so the Rutland Partnership’s page is shorter and simpler, with each property having a photo and information about the amount of space and who to contact. Red Bank’s page has even fewer properties listed and does not have photos of them. Providing a commercial space search engine on the Rutland and Red Bank sites

⁶⁹ Pat, Zaby, “Mastering E-Marketing,” [Real Estate Business Online](#), March April 2001

⁷⁰ To see what these pages look like, find them on the Internet.

would be an absolute waste of the downtown organization’s money and the tenant prospect’s time, but in Baltimore it is essential.

Downtown Sioux City, IA, also has an interesting and effective property listing system that gets down to photos of the buildings. One building has its own special presentation showing its floor plans and photos arrayed into a kind of virtual tour. (See <http://www.downtownsiouxcity.com/property.html>).

Downtown Projects						
Project	Location	Investment (Millions)	Sq ft/Size	Parking Spaces	Start Quarter	Projected Opening Quarter
NE Quad						
1. Chatham Kynett Court	716 N. East St.	\$1.10	11 Condominiums	8	2Q/2003	4Q/2004
2. Chatham Pointe Condominiums in The Bellouny Bldg.	757 Massachusetts Ave.	\$12.00	27 Condos/retail space	43	3Q/2004	2Q/2005
3. College Avenue Condos	College Avenue & 16th Street	\$1.20	7 Condominiums	19	1Q/2004	4Q/2004
4. Federal Court House: Space Buildout	46 E. Ohio St.	\$0.75	2,750 sq. ft.	N/A	3Q/2002	TBD
5. Fifth Third Bank branch	145 N. East St.	TBD	New bank	N/A	1Q/2004	TBD
6. Hudson Place Townhomes	St. Joseph and Hudson streets	TBD	8 Townhomes	N/A	4Q/2003	2Q/2004
7. Indianapolis-Marion Co. Public Library Expansion	40 E. St. Clair St.	\$102.70	280,000 sq.ft.	409	4Q/2002	TBD
8. Lockerbie Terrace	225 New Jersey St.	\$12.00	42 Condominiums	85	3Q/2002	4Q/2004
9. Mill No. 9: phase I	College Avenue and Walnut Street	\$8.50	44 Condominiums	72	2Q/2004	3Q/2005
10. Miller Photography Studio	Delaware Street and Ft. Wayne Avenue	TBD	New Facility	N/A	4Q/2003	2Q/2004
11. Scholars Inn Bakehouse	720 N. College Ave.	\$1.50	5,500 sq. ft.	60	3Q/2005	TBD
12. The DeSoto	East New York Street	\$12.00	31 Condominiums	66	4Q/2004	TBD
13. The Hudson	Ohio and New Jersey streets	\$20.50	70 Condominiums	100	3Q/2004	TBD
14. The Market Square District	Market and Alabama streets	TBD	100,000 sq. ft. retail	700	4Q/2004	2Q/2007
15. The Packard	New Jersey and Ohio streets	\$13.00	62 Condominiums	90	4Q/2002	2Q/2004
16. The Residences at Market Square	Market and Alabama streets	\$175.00	417 Condos	700	4Q/2004	2Q/2007
17. The Waldorf	704 N. Park St.	\$7.00	6 Custom Brownstones	N/A	3Q/2004	TBD
18. Veterans Memorial Plaza renovations	Meridian Street	\$1.10	Plaza renovations	N/A	2Q/2004	3Q/2004
19. Volunteers of America renovations	927 N. Pennsylvania St.	TBD	Renovations	N/A	1Q/2004	3Q/2004
Sub Totals	Projects 19	Investment \$368,350,000	Parking Spaces 2,352			

Figure 11
Part of the Downtown Projects Page
From Indianapolis Downtown, Inc. Website

One of the most important pages that the economic development/ business recruitment section of a website can have is one devoted to describing recent projects. Potential investors in your downtown want to know that they can jump aboard a moving train, that revitalization is really happening in your district, and that they will not be alone if they locate there. They want their investments to be secure and knowing that a significant amount of investment is already flowing in can reduce their perceptions of risk. If you have a success story to tell, a good recent projects page can be very powerful. Many downtown organizations have impressive recent projects pages. Among them are the Downtown Partnership of Baltimore, (MD), Downtown Sioux City, (IA) and Indianapolis Downtown, Inc. (IN). Figure 11 is an excerpt from the Indianapolis Downtown page. It gives information about each project’s name, location, size, parking, and expected completion date. The entire list has 66 projects representing a total of over \$2.1 billion in new investment in that downtown!

In small and medium sized downtowns, where the focus is usually on retail recruitment, it is important to keep in mind the old adage about retail chains: they are like sheep and like to be together. If you have some retail chains, it is important to note them somewhere on your business recruitment pages. If there has been a recent influx of them, it is very helpful to note that trend as well.

If your downtown does not have a lot of development projects, then tenant prospects will want to know that there is at least a viable plan for improving the area. A number of downtown websites have pages that display and/or describe their redevelopment plans. Among them are those of the Downtown Racine Corp, (WI), the Ithaca Downtown Partnership, (NY) and the Downtown Helena BID, (MT).

Another way to assuage prospect fears is to directly establish the fact that your downtown’s economy is strong and growing. The Downtown Partnership of Baltimore has a page on its website that is devoted to the downtown’s economy.



Figure 12
Downtown Hollywood, FL, Virtual Tour Page

A number of downtown websites offer “virtual tours,” which sounds very technologically hip. Many of the virtual tours are on web sites for downtowns

managed by Main Street programs. The tours were a slide show of photos that take you around the commercial district. A good example of such a tour can be found on the website of the Downtown Statesville Development Corporation (NC). The Hollywood Florida Community Redevelopment Agency has a different approach that starts with a zoning map that peels down to specific buildings. (See Figure 12.) Soon, as faster broadband access becomes more widespread, you can expect animated virtual tours will start appearing on downtown websites.

The Clarksville Downtown District Partnership (TN) has a page that asks prospects for a lot of information, ostensibly to help guide the prospect to appropriate properties. The recruitment program can certainly learn a lot from completed questionnaires, but a large number of prospects prefer to remain as anonymous as possible for as long as possible.

A significant number of developers and tenant prospects have come to appreciate the value of aerial photography when they evaluate a potential new location.⁷¹ The Hollywood Florida Community Redevelopment Agency offers such photographs on its website.

The Ithaca Downtown Partnership has something novel and interesting on its website: tenant and developer “wish lists.” These lists describe the types of tenants and projects this downtown organization would like to see come into its district. If such wish lists also indicate quick paths through the municipality’s approvals and permissions process, it may be very effective. If, on the other hand, it simply indicates how the downtown hopes to be “gifted,” then its impact is likely to be more limited.

As mentioned earlier, some downtown sites, such as those of the Charlotte Center City Partnership and the Rutland Partnership, have recruitment brochures that can be downloaded. The Internet provides an inexpensive way to distribute the brochure and the people who download it are obviously interested. Having a brochure in a print version that also can then be posted on a website and then downloaded squeezes a lot of value out of the dollars invested in designing it.

Costs. Compared to the use of other marketing communications tools, building a website might not be seen to cost an arm and a leg. For \$3,000 or less, you can get an acceptably robust website designed and posted. Hosting it might cost another \$95 per year. Costs can, of course, go much higher if you want a larger site with higher production values.

However, the true costs of a website must cover maintenance and here many costs can quickly mount. Some are somewhat hidden, so they often are not properly considered by program managers. Adding a new page or substantially revising an existing page can cost between \$25 and \$1,500+ depending on how

⁷¹ Google offers its Keyhole service, which for about \$30 year provides access to aerial photography. You need a very good graphics card and at least cable or T1 broadband speed (1.5 mb/s) to use it effectively.

much work must be done, how much of it the downtown organization will do and how much the web designer must handle. For example, when DANTH adds a new page to its website, the staff writes it in MS Word, converts the file to an HTML or .pdf format and then sends it to our website designer. DANTH also sends along any graphics and indicates where in the text they should appear. The page will not have any animation, video or voice overs. Our website designer inserts any photos, maps or charts and adds page navigation features and visitor counters. Then he posts the file to our website. Our web designer usually charges between \$25 and \$100 per page for this. Further up on the price range, the website designer for one of our clients charges \$3,000/yr for maintenance and charged on top of that \$850 for revising a home page and about \$1,500 for adding an economic development section that would include listings of available commercial spaces, demographics, and information on recent projects and development incentives. In both instances, the work involved the creation of a new design concept and three rounds of working with the client to revise it.

But, to calculate the true costs of a website, the expenditures for the staff time needed to research, write and edit the text for each page also must be included. So, too, should the costs of finding or creating appropriate graphics. Needless to say, the internal staff costs associated with creating and maintaining a website can be substantial -- larger than those for your outside webmaster.

Keeping web pages up to date is essential. Failing to do so can be very annoying to your site's visitors and result in negative image building. Recruitment -related web pages often have lists for such things as: the commercial spaces for lease or sale; properties that can be redeveloped; completed development projects; available investment incentives; maps, and contact information for key people in the downtown's recruitment process. They can quickly go stale. Staff time -- and budget-- has to be allocated to make certain that the recruitment program's web pages remain current, accurate and useful. Downtown organizations with relatively large websites and annual operating budgets under \$350,000 are likely to be frustrated by the work needed to keep their website information current.

What Are Websites Good For? An appropriately designed website can be a very effective tool for reinforcing and/or expanding a prospect's interest in your downtown's commercial spaces. A well organized site can also allow visitors to easily access the information they want and disregard the rest-- and they can do so in their own offices or on the road. A website could provide a lot of the data that someone might need when evaluating a new business location, but probably not all of it. Websites that facilitate the downloading of web pages also can be a very cost effective mechanism for distributing recruitment materials such as brochures, maps, demographics, etc. They can nudge prospects further down the deal-making path by helping them find appropriate commercial spaces, development sites and providing relevant contact information.

A website can also easily carry a lot of the material that might spark new interest in a downtown's business opportunities. The Bayonne Town Center, for example, frequently posts favorable stories from the Jersey Journal on its website. It also posted a story on its Kids Row niche that had appeared in the Bayonne Magazine, which was initially distributed as an insert.

Usability Problems. Surfing downtown websites, surprisingly few usability problems were found. Quite a contrast with the VCR tapes and CD presentations. In fact, using the Internet made the retrieval of information about many downtowns much easier and certainly faster than other information gathering methods. Ease of use is also the main reason that over half of the people who are shopping for a new home use the Internet at some time or another in their search, a fact that may be an omen for the future of downtown commercial real estate transactions.

Nevertheless a word of caution is in order. Many web pages depend on browser plug-ins (e.g., Java by Sun, Java by Microsoft, Acrobat Reader, Real Player, Flash, etc.) to operate properly. If the plug-in is not installed on the visitor's computer, then the page cannot be properly viewed or downloaded. The visitor then must decide to either ignore the page or to download and install the requisite plug-in. To be user friendly, it is wise for your web site designer to use:

- The most popular and widely distributed plug-ins⁷²
- Plug-ins that are easy to install
- Plug-ins that are well-mannered after installation, i.e., they do not try to grab big pieces of your icon tray and desktop, constantly urge you to purchase an upgrade or "report home" on your computer behavior.

The New York Times uses Flash and Real Player on its website almost daily. It's a good site to visit to get a feel about these plug-ins, how they are used and their ease of use. Note they are never used for the main body of any major story.⁷³

They Need To Find You! Of course, for a website to achieve its objectives, it first must be found! There are over 4,285,199,774 web pages.⁷⁴ The analogous medium in the print world is a book, not a newspaper: there may be one or two newspapers in a town compared with thousands of titles in a bookstore. It's easy to find the local newspaper, harder to find a bookstore and then the few books that might help you. Search engines can be some help. Google, for example, easily found the websites of all of the downtown organizations discussed in this chapter. However, if you "Google" to find information about the available retail

⁷² Macromedia offers the results of an online June 2004 survey done by a market research firm that shows that Flash content can reach 98% of Internet enabled computers compared to Java 87%, Acrobat Reader 79%, Windows Media Player 63% and RealOne Player 62%.
http://www.macromedia.com/software/player_census/flashplayer/.

⁷³ I found that Flash allowed animated ads that by-passed my pop-ad blockers and annoyed me greatly when I read the NYT on line. So I uninstalled it. To uninstall you first have to download the uninstall program from the Macromedia site. This is not good programming etiquette.

⁷⁴ Google home page. See also: Campbell, K. K. "Click through the clutter." Profit. May 2000. Lexis Nexis. September 8, 2000

spaces in these cities, you can not find their web pages that list such spaces. Apparently, the day is still not here when someone can type into a search engine a simple English phrase, such as “retail space for lease in downtown Pretty City,” and then be quickly directed to the downtown organization’s website real estate listings. In the meantime, it is essential that a downtown organization’s website be listed with the major search engines and that the key words they use be carefully selected.

The number of unique visitors that a downtown organization in a small or medium- sized community might reasonably expect to attract to its website is probably no more than 3,000 to 10,000 a year. Furthermore, many of these visitors may have landed on your site while looking for a completely different type of website; many more may be interested in your downtown, but not in either leasing commercial space or investing in real estate. Others may be geographically too remote to be viable prospects.

A website is probably best used when teamed with networking efforts. After being contacted, prospects can be referred to the website. The website’s address should also be featured on all printed materials distributed to prospects, especially if this is done in face to face meetings.

Today, whoever finds your website by searching the web is the whip cream on top of the sundae.

F. Investment Conferences

1. Overview. An investment conference is a marketing tool that:

- Has a small target audience
- Aims to stimulate deals
- Demands a lot of effort from attendees
- Can cost between \$5,000 and \$25,000+
- And demands a lot of time and energy from the downtown organization’s staff.

The target audience of an investment conference is composed of real estate developers and corporations who can be the anchor tenants for large projects, be they retail, office or mixed use. While other types of guests may be invited, they will be there mainly because of their links to developers and corporate tenant prospects.

In small and medium-sized communities, the size of the audience will usually range between 15 and 50 people. In larger communities it could range between 50 and 100 attendees.

The goals of the conference are to:

- Motivate quality developers to do significant projects in your downtown

- Lure corporations into locating new office or retail facilities in your downtown.
- Speed up the pace of revitalization.

The conference demands a lot of effort from participants. They have to be willing to devote a considerable part of one of their workdays to attending the event and traveling to and from it. For busy and important people – precisely the type you want at an investment conference -- this will be a major “cost” factor when they decide whether or not to attend. To attend, the invitees need to know that the conference offers them substantial potential benefits. That conclusion will mostly be formed by your downtown’s current public image. To a lesser, but still significant extent, it will also depend on the effectiveness of your invitation and the agenda it presents.

The invitation should be very attractive, on good paper stock and printed in color. Considerable care should also be given to the envelope it arrives in. You want the invitation to send the message that this conference will be a very special event meant for important and powerful people.

Investment conferences can be a great tool for some downtowns and an absolute waste of time in others. In and of themselves they are not magical. They certainly are not for downtown's that are still in the early stages of the revitalization process. They are also not for communities with bad business climates or weak downtown organizations.

Investment conferences can not be used to start a viable revitalization process, but they can be used to accelerate the pace of a revitalization process that is well under way. Consequently, they are most useful for downtowns where:

- Meaningful development progress has already been achieved
- This progress is reflected in the image it has within the real estate community, especially developers and savvy commercial brokers
- Attractive opportunities for additional redevelopment exist. The downtown must have one or more significant redevelopment sites to show.
- Downtown leaders have their act together and know how to talk to and negotiate with developers, retailers, brokers, etc.

2. The Englewood Example. On March 27, 2000, the City of Englewood held a day-long investment conference, *Investing In Englewood*, at the John Harms Center For The Performing Arts. Englewood's City Manager, Bob Benecke wanted to bring together all those who are major players in economic development projects and to interest them in downtown development sites as well as the 150 acres along Route 4 that the City had designated as an Office Enterprise Zone.

DANTH, Inc. suggested an investment conference as a way to effectively and efficiently achieve these objectives. DANTH worked closely with Peter Beronio,

Englewood's director of community services, and his staff in planning for the conference.

Great care was taken in preparing for the conference. Most important was creating the invitation list. City officials selected developers who had done attractive downtown projects in other communities. Retail representatives and commercial brokers were selected because they had a proven track record of working effectively in downtown environments and delivering “added value” to the overall revitalization process. Consultants were invited who had good contacts with developers, retailers and corporate tenant prospects. State officials were invited because some of the financial incentives that might be offered to developers would come from state agencies.

The conference was a great success. It was attended by:

- 12 developers
- 12 real estate brokers
- 9 retailers
- 3 financial institutions
- 5 planning/economic development consulting firms

Three of the developers who attended the conference later presented project proposals to the City.

The agenda was also carefully planned so that participants would not feel that it would take too much of their time -- or waste it. The agenda was structured so that attendees could learn about the community and the potential redevelopment sites. Most importantly, it also encouraged them to start thinking and talking about possible deals.

Participants toured Englewood's development sites in vans. A staff “guide” was on each van to provide a tour narrative. Later, over lunch, local officials briefed them about the City's development strategy, planned infrastructure improvements, one-stop shopping permitting and approvals process, and investment incentives. Then there were opportunities for private one-on-one meetings between city officials and attendees. The whole event took less than four hours.

G. Exhibiting at Conferences

1. Overview. Being able to identify and easily contact “qualified” prospects is always a big plus for any marketing effort. Exhibiting at the conferences of some organizations, such as ICSC and ULI can facilitate that for downtown recruitment programs. Exhibiting at the conferences of IDA, NMSC and APA can be good places to build a positive image of your downtown among planners and other downtown revitalization activists.

Cushman & Wakefield
CVS/Pharmacy
CWCAPITAL
D.F. Pray, Inc.
Developers Diversified Realty
Developers Realty
Development Design Group, Inc.
DJM Asset Management
DLC Management Corp
Dollar Tree Stores, Inc.
Dress Barn
Duke Realty Corporation
Eastern Development
Eckerd Drugs
Edens & Avant
Edgewood Properties
EMB Associates, Inc.
Environmental Compliance Services, Inc.
Equity Properties
ERT Development Coporation, c/o New Plan
Excess Space Disposition, Inc.
Exxonmobil
Fairmount Properties
Faison
Family Dollar Stores, Inc.
Famous Footwear
Federal Realty Investment Trust
Feldco Development Corp.
Ferrara Jerum International, L.L.C.
Fidelity Properties, LLC
Finard & Company, LLC
First Interstate Properties, Ltd.
Forest City
Freeport Economic Development Corporation
Fulton Mall Association
Galli Engineering, P.C.
Gamestop, Inc.
Garden Commercial Properties
Garrick-Aug Associates
General Growth Properties, Inc.

Figure 13
Some Exhibitors
ICSC New York Meeting 2004

As mentioned earlier in Chapter II, ICSC's meetings bring together a large number of real estate companies who build and/or manage retail centers, many of the savvy commercial brokers and the representatives of many retail chains.

2. The NYC ICSC Meeting. A good example of these regional meetings is the New York Idea Exchange & Deal Making meeting that was held on December 06 - 08, 2004, at the New York Hilton & Towers in Manhattan. The ICSC holds similar meetings all around the country. A quick visit to the ICSC website <http://www.icsc.org/cgi/mtlist> will tell you where and when one is scheduled near you.

The registration fee in NYC for the 2004 meeting was \$390.00 for members, \$490.00 for non-members. The registration allowed you to walk around and meet people, attend panels and visit exhibitor booths.

Among those exhibiting were the 34th Street Partnership, Fulton Mall Association, Red Bank RiverCenter, Downtown Stamford and the New York City Economic Development Corporation. These downtown organizations represented a small percentage of the exhibitors. Some of them are very sophisticated downtown retail recruiters. About 15 downtown organizations and public sector agencies also participated by being a part of a booth rented by a private sector company that they work closely with.

There were about 270 exhibitors at this meeting. Figure 13 shows a partial, but representative listing. As can be quickly discerned, retailers represented a small proportion of the exhibitors. There were lots and lots of developers, management companies and brokers. This is the normal pattern.

Each of the 10 X 10 booths available to public sector organizations cost \$450 in 2004. There were no staff passes, so each person manning an exhibit had to pay the regular registration fee. There is an additional cost of \$300 to \$400 for tables and chairs. The exhibition space was booked solid and renewals for the following year's event are usually very high, though some openings do occur. The ICSC distributed sign up forms for next year on the last day of conference. The form was then posted on its website and distributed by a mailing to membership.

3. The ICSC Spring Meeting. The Spring Convention is similar in structure, but on a much, much bigger scale. It brings in over 36,000 delegates and has a gallery exhibition area called The Public Sector Showcase. According to the ICSC brochure, the Showcase "provides city, state and economic development agencies with an opportunity to showcase their municipality or latest project....This program provides maximum exposure to over 36,000 Convention delegates...."

Over 30 organizations participated in this showcase at the May 2004 convention. By October of 2004 all the booths had been rented for the May 2005 Convention and there was a waiting list. At the annual convention renewal forms for exhibition space for the following year are handed out on the last day.

For the 2005 Convention, the registration fee varied from \$315 for "early bird" members to \$890 for non-members on-site. The cost of participating in the Public

Sector Showcase is \$600 for a 10x10 space. This fee covers floor passes for up to four persons to man your booth. Costs for tables and chairs will be another \$300 to \$400.

Contact ULI, IDA and APA to find out about their conferences and exhibition fees. They are always eager to find new exhibitors. But be sure to do a cost benefit analysis before you decide to exhibit at these meetings. Some tend to have high charges. Others are only good for image building objectives and the persons who attend them usually are of tertiary importance in the normal scheme of business recruitment.

To exhibit at ICSC or ULI, you need to have attractive commercial spaces and/or redevelopment sites to offer. If you do not have them, you are not in a deal-making mode and really do not have anything relevant to exhibit. ICSC and ULI events are not good for just image building exhibits. However, if your exhibit does well with its deal-making functions, it will as a side benefit also help build a positive image of your organization and your downtown in the minds of some very important people in any downtown recruitment process.

Wherever you exhibit, your organization will need suitable materials to distribute and displays to present them in an attractive and alluring manner. Your recruitment package materials should do the trick. Many of the exhibitors in the real estate industry have a "traveling exhibit," which incorporates signage and photographs and folds up into a nice protected package for transport. A few downtown organizations also have them. The costs for a decent one probably start around \$4,000 and go up from there.

You also need to staff the exhibit. If you have ever done it, you know that such work can be tiresome and boring. Having a bored, tired or listless representative negates the whole purpose of the exhibit. In addition, most of the real work will not be done in your booth, but at appointments in restaurants, bars and hotel suites. More than one person certainly will be needed to properly man an exhibit, especially if it lasts three days. This can amount to a significant cost factor. Staff travel expenses, including meals and hotel, may be an additional cost factor.

There is a major caveat to exhibiting -- getting people to see and stop by your booth. This is always a challenge for exhibitors at any conference. However, the fact that such canny downtown organizations as the 34th Street Partnership and Red Bank RiverCenter return to ICSC events indicates that there can be significant benefits that outweigh the costs and problems associated with exhibiting.

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.⁷⁵ 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.⁷⁶ 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.⁷⁷

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

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

⁷⁶ 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.

⁷⁷ 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.⁷⁸ 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,⁷⁹ 10 dollar stores or 15 merchants that have questionable returns policies. But, for most other recruitment programs, such scenarios would be plainly disconcerting.

⁷⁸ 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!

⁷⁹ 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 \$10,000.⁸⁰ 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?”

⁸⁰ In 2005 dollars.

B. Niche Strategies For Downtown Revitalization⁸¹

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,"⁸² 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

⁸¹ 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).

⁸² 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.⁸³

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.

⁸³ 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.⁸⁴

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?).

⁸⁴ “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.⁸⁵ 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:

⁸⁵ 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 \$35,000.⁸⁶ 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.

⁸⁶ 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.⁸⁷ 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.

⁸⁷ 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."⁸⁸ 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.

⁸⁸ 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.⁸⁹

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

⁸⁹ This description comes from:
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

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