ExecutivePulse

12 Essential Steps for Jumpstarting the Business Retention Process

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Creating an effective, sustainable business retention program looks easy on paper.

Actually implementing it is easier said than done.

Providing an ongoing retention program that delivers value to your customers is a significant accomplishment and a major competitive advantage for your community.

Over the past three years, economic development professionals and community leaders across the nation have turned to ExecutivePulse for guidance in starting a local retention program and help in strengthening an existing program. Typically, we talk about the four essential elements of a retention program.

Today, we approach this assignment from a more elementary perspective. We've identified 12 essential steps that economic development and community leaders can take to create an effective program sustainable over the long term.

Again, we offer a note of caution: these steps only look easy on paper. Creating and then maintaining an ongoing retention program is not easy. Here's another caveat: this is not an a la carte line where steps can be taken – or missed – at will. Building an effective, sustainable retention program is a systematic process. Each step in the process is critical and essential.

There's no question that retention takes a substantial investment in time, energy and willpower. While the investment is high, the potential return on investment is equally high – keeping wealth and job creating companies in your community and growing job opportunities for area residents.

Remember what every private sector company already knows: satisfied customers – your community's employers – typically don't leave.

Step #1: Recognize the value of retaining existing businesses.

Attraction or retention? Consider that up to 80% of job growth in any community is generated by firms already located in the community.[1] Can you really afford to ignore the customers – your community's existing employers – that you already have?

Step #2: Generate a commitment from key service providers. Build the team.

Retention requires a team of dedicated service providers who are ready (and willing) to respond to customer needs identified through the interview or outreach process. Don't bother with outreach without a strong, committed, dedicated team in place. And, don't expect the team to coalesce immediately. Team-building takes time so start early.

Step #3: Focus on a common objective: job growth through retention and expansion of existing businesses.

The objective is simple: create more jobs at existing firms. How is this done? First, use outreach to build relationships and identify the firm's needs. Second, deliver required services efficiently, enhancing the firm's bottom line. Third, maintain open lines of communications with CEOs to ensure that they are happy and satisfied.

Step #4: Target specific business segments yielding the highest return on investment.

Economic development organizations have limited budgets, staffs and time. It makes sense to target limited resources to those firms that have the highest propensity to create jobs and wealth. Retention is Darwinistic. Focus limited resources on winners, not losers.

Step #5: Create an efficient team communications network.

Winning teams know each player's strengths and weaknesses. Winning teams communicate efficiently. Today, winning teams in business use technology and email to communicate quickly and efficiently.

Step #6: Initiate customer outreach

Why talk to your community's business owners? You want to accomplish specific goals: 1) learn more about the companies that employ area residents; 2) identify the needs of the company and then deliver those services efficiently; 3) learn what business owners like and dislike about the business climate in your community and state; and, 4) use this knowledge and intelligence to constantly improve service delivery and the business climate.

Step #7: Create a useable, accessible, dynamic customer database.

Empower your team to efficiently meet the needs of businesses by giving them the data, knowledge and intelligence gathered through outreach. Databases are useless unless they are used. Allow service providers on the local retention team to access company profiles and satisfy customer needs faster, smarter and better.

Step #8: Respond to customer needs consistently and promptly.

Train your team to respond to pre-qualified company needs quickly. The service provider receiving a referral should contact the CEO within 24 to 48 hours for a follow-up meeting. This demonstrates to the CEO that the local economic development team understands the real time constraints that the firm faces in today's dynamic business environment.

Step #9: Use the database to anticipate needs.

The data from your outreach effort is current, accurate and highly specific to your community and region. Analyze it for opportunities to add services, improve existing services, and identify programs and policies that can make your community and state more competitive. You're gathering relevant, accurate information from your business owners so use it!

Step #10: Measure customer satisfaction.

Adopt another technique from the private sector: call companies requesting assistance and ask if they were happy with the assistance provided to them. Follow-up with the customer to ensure customer satisfaction. This strengthens the customer relationship and provides valuable feedback about the quality of programs and service delivery.

Step #11: Make necessary changes to increase customer satisfaction.

Follow-up with the customer provides a good checks and balances for the team. It identifies those service providers who are doing a superior job – and those who are not. Use this information to strengthen the team and replace non-performers with service providers totally committed to superior customer satisfaction. Customer follow-up can identify opportunities to improve program. Use this feedback to make programs more user-friendly.

Step #12: Constantly strengthen the team to benefit the customer.

Once you have a team in place, use it to benefit the customer. Tap the expertise of your multi-organization team as an informal economic/community development "think tank." Analyze gaps in resources and programs. Create and/or suggest new programs or program enhancements. Respond to recurring problems or opportunities. And, always remember: satisfied customers typically don't leave.

About the Author Laith Wardi CEcD is a founder and principal in ExecutivePulse, Inc., a consulting firm specializing in business retention. Laith is a long-time BR&E practitioner, having conducted hundreds of BR&E visits with business owners of large and small firms, manufacturing and non-manufacturing firms, and firms located in urban and rural areas in Northwest Pennsylvania. He works with clients throughout the United States and Canada; he provides business retention training for the professional certification program sponsored by the International Economic Development Council.

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1. Job Creation in America. Dr. David Birch. 1987