

Business Retention, Expansion and Attraction

Industrial Retention and Expansion

Retention and expansion strategies provide significant benefits when compared to strategies based on attracting new business development. In general, fewer resources are required to retain industry than to attract new industry to an area. Retention works to anchor firms to where they currently conduct operations and thus enables area residents to benefit from associated jobs and revenue. Retention initiatives in Hillsdale County need to match the production and other needs of businesses with resources available within the community, while developing a commitment among local businesses to support the community.

Although state and local officials are already engaged in substantial amounts of industrial retention activities, Hillsdale County should step-up industrial retention efforts. Existing efforts reach larger local companies, but more effort is needed to make sure that smaller firms (less than 100 employees) are regularly reached. Such contact should be made on an annual basis to help maintain open lines of communication to learn about potential expansions or contractions in business activity and/or closures or relocations.

Successful implementation of this retention strategy requires collaboration on a number of levels based on a reinforcing cycle of support between the community residents and industry. It requires creating a more favorable environment to build a better place to live and do business such as improving the infrastructure such as roads. It also requires gathering necessary resources to meet industry's needs and a sustained long-term effort.

A structured business retention and expansion visitation program is an effective means of:

- Communicating with the business community;
- Identifying urgent business issues and opportunities;
- Establishing initiatives to support business growth; and
- Identifying of strategic actions for economic development

Provided below is an outline of steps for a long-term retention effort:

1. **Inventory** – HCIDC should prepare a computerized inventory of all industries in the community with information about principals, type of business, numbers of employees, products and services. The inven-



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tory should include all industries regardless of the number of employees. This list should be updated on an ongoing basis.

2. Business Retention and Expansion Site Visits – A formalized “Hillsdale County Retention and Expansion Team” should be established with leadership for the team provided by HCIDC. HCIDC should expand and formalize site visits to analyze the current problems experienced by all private sector companies on an annual basis, not just the larger firms.

In addition to expanding the number of firms visited, the team leading the visit should be expanded based upon the particular industry and current relationships. For example, it may be appropriate for the Hillsdale County Chamber of Commerce representing the Center for Entrepreneurship or representatives from South Central Michigan Works! to participate in selected team visits. In other instances it may be appropriate for trained volunteers to participate in a team visit. Embedding this component in a more collaborative and formal approach is necessary to ensure the program’s long term success. The parties involved should constantly share information about their current and upcoming needs to create effective solutions for all parties involved.

3. Technical Assistance - In response to individual needs and in cooperation with other organizations such as the Hillsdale County Chamber of Commerce and South Central Michigan Works!, HCIDC should aggressively provide and/or facilitate support to companies planning to remain in the County and those wanting to expand. Assistance should match the individual needs of companies and could include:

- Help in securing financing or direct lending;
- Help in securing improved infrastructure and other improvements;
- Intervening with local governments and helping companies navigate their way through government bureaucracy;
- Help in finding sites and developing expanded space;
- Technical assistance with general management, marketing and technology;
- Networking, including joint purchases and peer learning;
- Job training for new and current employees;



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4. **Problem Solving** – Establish assistance mechanisms that engage all parties in problem solving efforts on an ongoing basis. Regular meetings, business activity summaries, newsletters, etc., are recommended forums for addressing such vital issues such as improving buildings and sites for business use and development, renovating underutilized commercial properties, accessing local, state and federal funding sources and making use of new technology.

Industrial Attraction Policies

Hillsdale County must continue to recruit and do everything possible to entice every industry interested in locating in the area to do so. At the same time, extra efforts need to be put forth for those prospective industries that meet one or more of the criteria described below. “Extra efforts” might include proactive marketing efforts and packaging additional financial incentives to entice a firm to locate in Hillsdale County.

- Industries that will help diversify the local economy, resulting in less dependence upon manufacturing in general and more specifically, the automobile industry. Continuation of the current local trend toward attracting industries within manufacturing clusters will exacerbate current problems;
- Industries that will have the potential to grow more rapidly than the general economy because of new technology;
- Industries that will pay a livable wage;
- Industries that will help support an existing business as a supplier or business partner. The industry survey results provides a list of products in which local businesses are using suppliers outside Hillsdale County;
- Industries not requiring direct interstate access;
- Agricultural related industries.



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Industrial Attraction Strategies

1. Improve the County's Web Page of Industrial Sites – Web sites are increasingly used for prospecting industrial locations. HCIDC's current web site is a fine starting point for a needed upgrading:

- Include a more compelling profile of the advantages of the Hillsdale community including quality of life issues;
- Include a more extensive profile with photographs of available properties within the industrial parks. There should be separate profiles of available land and available buildings regardless of ownership;
- Include a more extensive profile of all vacant land and vacant/underutilized buildings outside of the industrial parks that are on the market. This phase of the inventory should be completed and continuously updated in cooperation with all local governments and commercial realtors;
- Create an interactive system to allow prospects to identify their criteria and be provided a list and profile of all properties that meet their stated needs.

2. Marketing Materials – Prepare professional marketing material to promote Hillsdale County as a community that welcomes new commercial and industrial development. Promotional materials should emphasize the quality of life, the availability of sites within industrial parks and elsewhere and the availability of financial incentives.

Hillsdale College's widely circulated *Imprimis* publication provides a special opportunity to market Hillsdale County and reach economic development prospects. Meetings should be held with Hillsdale College representatives to discuss the preparation of feature articles discussing the vision and plan for economic development as well as an ongoing linkage to promote the County as part of *Imprimis* or as a special Hillsdale College publication to its extensive mailing list.

3. Process for Meeting with Prospects – In meeting with business prospects, both Hillsdale County and the availability of multiple sites within various jurisdictions should be promoted. The Executive Director and/or Board leadership of the Hillsdale County Industrial Development Commission should lead a collaborative team in promoting the County and various sites. Based upon the prospect, Hillsdale County Chamber of Commerce leadership, and/or Board representatives should participate. The intent is to first sell the County as a place



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to do business and then help the prospect select a site within the County that best meets their needs.

4. Target Sites – In addition to the sites within the industrial parks and the proposed Economic Renewal Corridor discussed later, here is a list of priority sites that create special opportunities and/or directly affect various communities in Hillside County. These sites have potential to be catalysts for other community investments and should receive priority attention in seeking developers and creating reuses for these properties.

The Hillsdale County Industrial Development Commission, in partnership with the local communities, should aggressively seek qualified developers for these properties. Based upon the particular property and discussions with area developers and realtors, an incentive package should be prepared to encourage interest from the development community. Subsequent to the incentive package being assembled, a Request for Proposals seeking qualified developers to undertake the project should be prepared. The RFP should be distributed to developers via e-mail and advertisement in newspapers within the region.

- Three former SKD buildings and a vacant school building south of in North Adams business district. Similar to the Economic Renewal Corridor described later, these properties should be marketed together as a larger redevelopment project.
- Yukon Building, 900 Anderson Road, City of Litchfield – former automotive industry facility.
- Other strategic properties should be continually identified and targeted for redevelopment.

5. Secure Stable, Long-term Funding for Infrastructure Programs – Infrastructure development is critical to effective economic development in Hillsdale County. Rural areas have the greatest need and the least capacity to pay for such improvements. As confirmed by the field surveys and the results of the survey of industries that showed roads as the public service with the least favorable ranking, there is a need for improved infrastructure in Hillsdale County. Securing a long term investment for infrastructure improvements needs to be a priority. A special committee comprised of county and other local engineering staff, elected officials and economic development staff should meet to prepare a strategy for addressing this important issue. A comprehensive infrastructure plan and implementation is a prerequisite for long term economic development success in Hillsdale County.



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6. Broadband – While most industrial sites have wireless, high speed, broadband internet capacity, survey results and interview have suggested that there is a lack of adequate high speed fiber optic broadband to attract some firms to the County. HCIDC in cooperation with local utility companies should further explore the adequacy of high speed fiber optic broadband within the County. Strategies for attracting private investment in upgrading the County's wireless, high speed, broadband internet capacity should be explored.

7. Skilled labor – Most industry survey respondents had problems with recruiting and/or retaining employees, particularly skilled employees. This issue was also a theme during interviews and the visioning sessions. Michigan Works!, in cooperation with area High Schools and Jackson Community College's Clyde LeTarte Center branch located in Hillsdale College should convene a special task force to create a plan to expand its training programs in Hillsdale County to better meet the needs of current and future employers.

8. Hire Locally – The success of the retention and attraction strategies may rely on its ability to match community businesses and residents as part of a Hire Local program in which Michigan Works! interviews and screens neighborhood residents looking for employment and matches them with the needs of local businesses. To complement the matching process, Michigan Works! needs to expand its education and training program that trains new employees in various high skilled manufacturing activities, offers customized training programs for employers, provides supervisory and management training and, in cooperation with the Hillsdale County Center for Entrepreneurship, holds regular workshops on topics such as marketing, technology, human resources and management.

Economic Renewal Corridor

Several communities have clusters of visible, abandoned and strategic properties that present opportunities for large scale redevelopment initiatives at a transformational scale. As a pilot approach to larger redevelopment projects within the County, the several vacant and/or underutilized buildings and properties along the fringes of Downtown Hillsdale that are in close proximity to each other should be marketed and redeveloped as part of an initial Economic Renewal Corridor.

These properties create an opportunity for a vibrant mixed use and unified development at a scale to dramatically transform the surrounding community. A comprehensive redevelopment plan should be prepared for these properties by engaging a planning / architectural firm to work with local owners and stakeholders to prepare the



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plan. The intent is to create a unified, realistic and market driven redevelopment plan building upon the improvements to Downtown and other nearby activities such as the bike path. The plan should result in a mixed use development and include housing, commercial development and possibly be the site for the proposed Business Incubator and Arts facilities discussed later. The plan should also include unifying design elements such as street lighting, pedestrian spaces, signage, and bike trail connections.

Here is a listing of some of the properties that could be included within this “Economic Renewal Corridor”.

- 16 N. Hillsdale Street, City of Hillsdale – at Hillsdale and Carleton Road, two adjoining underutilized buildings including the Hillsdale Feed Company Building.
- 49 E. Carleton Rd, City of Hillsdale – this vacant one-story building is next to the property described above.
- 25 N. Hillsdale Street, City of Hillsdale – three story brick warehouse type building adjoining a large two-story former residence. This property is a potential site for an arts facility or business incubator. One of the issues to resolve in redeveloping this property is the overflow parking from the adjoining service station that diminishes the appeal of the property.
- 103 E. Carleton Road, City of Hillsdale—three adjoining brick buildings, two are 2-stories and the third building is 5-stories. This present an opportunity for a mixed use redevelopment possibly including the site for the proposed business incubator and housing.
- 101 E. Bacon, City of Hillsdale – the largest and most visible of these properties is the former Pillsbury/General Mills/Stock buildings. This 8.7 acre property includes several buildings including a five-story structure and the silos. This property, across from the bike path and Stock Park, presents an opportunity for a mixed-use development that could possibly include loft housing, hotel facilities, commercial, office and light manufacturing.
- Connecting vacant parcels.

Based upon the results of the planning process, there are several scenarios for redevelopment including:

These properties create an opportunity for a vibrant mixed use and unified development at a scale to dramatically transform the surrounding community.

The plan should result in a mixed use development and include housing, commercial development and possibly be the site for the proposed Business Incubator and Arts facilities discussed later.



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- Hillsdale County Industrial Development Commission acquiring all of the properties and seeking a qualified developer for redeveloping all of the sites based upon the overall plan;
- Marketing and developing the properties individually consistent with the overall plan for the Economic Renewal Corridor, with technical assistance being provided by the Hillsdale County Industrial Development Commission.

Regardless of the approach, a special “Economic Renewal Corridor” incentive package should be assembled for these properties, consisting of both local and state resources. Subsequent to the incentive package being assembled, a Request for Proposals seeking qualified developers to undertake the project(s) should be distributed to developers via e-mail and advertisement in newspapers within the Ohio and surrounding states.

In addition, HCIDC, in cooperation with the City of Hillsdale, should seek State funds for conducting Phase I environmental assessments for all of the properties within this corridor to help facilitate the redevelopment process.

Tourism

The further development of tourism is recognized as an important component of the new local economic development strategy. This strategy has several elements, including:

- Establish a Convention and Visitors Bureau to be housed at the Hillsdale County Chamber of Commerce (discussed further under the organizational management section). Capitalizing on tourism will require organizational capacity that can be achieved with staff dedicated to this mission as part of Convention and Visitors Bureau working cooperatively with other organizations such as the recommended Allen Antique Association.
- Promoting the current attractions including the Chicago Road Corridor as a destination, the Allen cluster of antique-related attractions (discussed further in business district section), the various clusters of water-related recreational activity and the Lost Nations area.

Regardless of the approach, a special “Economic Renewal Corridor” incentive package should be assembled for these properties, consisting of both local and state resources.



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- More purposefully define all tourist draws and explore potential relationships between them.
- Improved and expanded hotel/motel facilities are needed to support increased tourist activity. The more likely opportunities for expanded lodging facilities may be focused on:
 1. The Allen antique corridor;
 2. Downtown Hillsdale. To accomplish the latter, the upper floors of the Keefer House should be evaluated for conversion to a hotel;
 3. Part of the Economic renewal Corridor previously discussed.

Agriculture

Discussions at visioning sessions confirmed the idea that agri-business can be a viable part of the economic development future of Hillsdale County. Unlike other economic activities, local agriculture is uniquely Hillsdale and can't be easily replaced or outsourced. Among the many resources of Hillsdale County is an ample supply of relatively inexpensive, but high quality agricultural land. Some of these agricultural land resources are threatened however, as larger land holdings are divided into rural building sites. This trend was recognized in the Hillsdale County Comprehensive Plan, adopted late in 2002. This document reported that between 1982-1992, the number of farms in the County decreased by 25% and the total number of acres devoted to farming dropped from 264,630 acres in 1982 to 231,557 acres in 1992, a loss of 33,073 acres (-12%). The Hillsdale County Planning Commission and other local leaders are currently looking at possible farmland preservation options.

Apart from simply raising crops and livestock, agricultural activity might contribute more substantially to the local economy with the following potential endeavors and activities:

- In some cases, specialty food production can grow to represent a substantial industry. Local residents with entrepreneurial inclinations can capitalize on a popular recipe and produce for a commercial market. Such an endeavor might be supported by the Center for Entrepreneurship discussed separately. The production of Amish baked goods might also fit into this general category, along with organically grown foods.



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- Apple orchards and other fruit production operations are another area of potential economic growth that also offers tourist destinations.
- The conversion of biomass into ethanol provides farmers an additional market for their crops. Over the years, federal and state rules have been developed to promote ethanol production for use in industry and reformulated gasoline. Apart from ethanol production at a large scale, there are some incentives and rules that encourage ethanol production on a small scale. A decentralized, rural ethanol industry tends to favor a greater number of farmers over a wider area and smaller ethanol facilities also promote the formation of farmer-owned ethanol cooperatives that further increase returns to farmers. Ethanol facilities have been proposed in nearby counties.
- Farms support wildlife such as deer, turkeys and small-game and thereby sustain hunting as a source of tourism to the area. Although no county-specific statistics are readily available, it is likely that annual hunting seasons bring in thousands of dollars to the local economy as hunters from outside the area buy food and various supplies.
- An increasing number of farm businesses are opening their doors to visitors today. Farm tours, farm-based Bed and Breakfast operations, farm vacations, seasonal festivals, and other forms of agri-tourism are attracting growing numbers of local, regional and even international visitors. Agricultural tourism is increasingly popular in farming communities near urban areas as farm operations can offer educational and recreational services such as school tours, hay and sleigh rides, crop mazes, petting zoos, restaurants, ranch vacations and bed-and-breakfast facilities. These services bring in new customers and promote farm products.
- Organic food production can also be encouraged to and take advantage of the growing demand for processed food products made from organic ingredients.
- Since marketing and distribution accounts for much of the retail price of food, selling directly to food retailers can help local farmers capture more profit. Specialty food stores can offer local farm products, and local efforts can help establish links between growers and local restaurants. Additionally, encouraging restaurants to use local



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produce and meats and promote them on their menus may help build a retail customer base for both local farms and dining establishments.

- In some areas, larger confinement operations are a source of economic activity, but also often a source of controversy, as concerns are raised about pollution threats. Confinement operations might include large scale poultry raising, hogs, and dairy operations.
- Specialty plant nurseries might also fit well into the landscape of Hillsdale County, and be a source of jobs. This might include ornamental trees and other plant material.
- Agricultural feed and seed operations could capitalize on the ample supply high-quality farm ground.
- Food distribution and processing firms located in Hillsdale County could utilize local agricultural products.
- Agricultural equipment production and/or repair firms would benefit from being within a large market of agricultural producers and users of equipment. Local farms are obviously consumers of equipment, parts, machinery, fuel, and related materials. Supplying these materials locally obviously helps local money stay local.

Art, Culture and Entertainment District

During the visioning sessions, the fact that there is an active arts community in Hillsdale County was identified. This was brought-up in the context of potential economic development activity that could be generated as a result of art sales, performances and in terms of providing additional local tourist attractions. Establishing a major conference center and school for the performing and fine arts similar to the Interlochen Center for the Arts, located in Interlochen, Michigan, in the northwest corner of the Lower Peninsula, was also discussed during the visioning sessions.

An informal committee, Culture and Arts throughout the County of Hillsdale (CATCH) has been discussing the establishment of an Arts Commission for the County. Such a Commission is necessary to coordinate and sponsor arts related activities in the County. Further, the Intermediate School District is reviewing the feasibility of an Arts facility as an option for redeveloping a 24 acre property they control.

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nesses. At this point, we have a large amount of anecdotal information concerning the arts community in Hillsdale, but little hard evidence and objective insight into its relative strength and depth. This information is, of course, crucial to developing and implementing a meaningful plan.

- Visioning sessions are recommended to explore development opportunities and constraints. Topics of these sessions include parking, pedestrian circulation and linkages, signage, lighting and other urban design elements. Consideration of these elements should contribute to the development of a unique district identity and “image” to help define this area.
- Effort should be put forth to explore the desirability of creating a county-wide Arts Council to provide on-going nurturing of this project as it progresses toward ultimate redevelopment.

To elevate the importance of this effort, and to generate excitement, a public presentation of this plan is recommended, before it is formally offered to the community for adoption. Such a presentation could also help build consensus around this concept, before it is formally considered.

A brief market study is recommended to help to identify unique niche markets that exist for arts-related businesses.

