

Center for Entrepreneurship

During the Community Visioning sessions and other community meetings, the need for more support for small businesses and entrepreneurship was identified as a high priority. Small businesses are the fastest growing segment in American commerce and create most of the new jobs. These businesses have historically had high failure rates as entrepreneurs often know how to produce the product or service, but lack the skills and resources necessary for successfully operating a business. Equally important are start-up costs and fixed expenses of operation, which drain hard pressed capital. Currently, there is minimal support for small business development in Hillsdale County.

The Hillsdale County Center for Entrepreneurship should to be established and managed as a Division of the Hillsdale County Chamber of Commerce. The management of the Center is discussed further in Management section of this plan.

Vision

The broad vision of the Hillsdale County Center for Entrepreneurship would be to provide a place where the spirit of entrepreneurship is celebrated and where a supportive environment is provided for people who wish to pursue the dream of success in the modern business world. More specifically, the Center's purpose would be to increase the success rate, and the number and diversity of viable small businesses in the County with high quality, readily accessible support and resources. It would clearly build upon the community's and Hillsdale College's entrepreneurial values.

An outline of the primary elements of a Hillsdale County Center for Entrepreneurship follows.

1. Business Training A wide variety of workshops/courses to help small businesses succeed would be offered. Specific training topics would be designed for individual business needs and could include:

- How to start a business
- How to write a business plan
- Financing a business
- Marketing your business successfully
- Record keeping and taxes

2. Business Development Counseling and Technical Assistance Counseling and support services for new and existing businesses would be available on an as-needed basis to act as a source



of hands-on technical assistance and a sounding board for ideas and concerns businesses may have.

3. Mentoring The Center would help new and existing businesses secure mentors to provide support, encouragement and guidance by meeting with them regularly to listen and to share knowledge and experience. Volunteer retired executives formally organized as a local SCORE chapter, or an informal network of people from Independence Grove at Hillsdale College would be involved.

4. Lending and Venture Capital Business lending is designed to fill the gaps created by the traditional banking and financial system. Many customers who are defined as start-up, pre-bankable, or un-bankable cannot access the necessary business capital through banks or even credit unions to start and expand their business or improve profitability. Lending product design would flow from a future analysis of the specific gaps in local lending services. The local program may need to establish a full-service lending program, venture capital or may need only provide small revolving loan pools for un-served groups.

5. Small Business Incubator Business incubators are facilities that provide small, entrepreneurial businesses with affordable space and shared support and business development services. Incubators can play a nurturing role in helping young businesses survive and grow during the start-up period when they are most financially vulnerable. Incubators typically offer their small business tenants a wide range of shared services, as well as access to financial and professional assistance for a set period of time to give the business the opportunity to “get on its feet.” While the mix of services can vary, they could include the following:

- Co-location of entrepreneurs to assure the cost-effective delivery of services, management assistance, and ongoing tenant networking.
- Shared services and facilities such as: administrative and secretarial services; receptionist/answering services; conference rooms; computer rooms; photocopying; word processing; A/V equipment; telecommunications equipment and services; warehousing, shipping, and receiving.
- Management assistance, video libraries, and on-site access to consultants.
- Professional services such as accounting and legal resources.
- Relationships with financial institutions and venture capital funds.



Financing/
Venture
Capital



- Access to government and economic development resources and funding sources.
- Technology transfer and access to university resources.
- Foreign trade assistance

The small business incubator would be sponsored by a nonprofit organization with formal alliances with key organizations. It would be housed at a central location in the City of Hillsdale by redeveloping and adaptively using one of the vacant commercial/industrial properties on the fringes of Downtown within the proposed Economic Renewal Corridor. Hillsdale County Industrial Development Commission should provide the leadership to establish the physical space associated with the Hillsdale County Center for Entrepreneurship and contract with the Hillsdale County Chamber of Commerce for small business development services.

Potential Partners

Establishing a Hillsdale County Center for Entrepreneurship will require a broad partnership. Below is a list of potential partners needed for its success.

- Hillsdale College – support could include: 1) a new “Entrepreneurial Chair” to secure venture capital and provide technical assistance; and 2) retirees at the future Independence Grove at Hillsdale College retirement community to provide technical assistance, serve as mentors and be a potential source for venture capital;
- Hillsdale County Chamber of Commerce;
- Hillsdale County Industrial Development Commission
- South Central Michigan Works! – this State agency has funding for a “Resource Room” that could serve as the start of a base of small business information materials for the incubator and other small businesses. In addition, South Central Michigan Works! currently has staff resources to assist small businesses on a demand basis that could become the starting point for the more formal and comprehensive Center.
- Hillsdale County, local units of government and other potential partners.



Potential Funding

Financial support for the Hillsdale County Center for Entrepreneurship will require both a realignment of existing resources as well as new financial support. The primary additional cost will be for a new position of Center for Entrepreneurship Manager within the Hillsdale County Chamber of Commerce. Potential sources of this additional financing are discussed within the Organizational Management Recommendations section of this report. In addition to funding, other resources, particularly from Hillsdale College, retirees at the future Independence Grove at Hillsdale College and South Central Michigan Works! will need to be key parts of the resource base of the Center.

Funding for the acquisition and rehabilitation of the proposed Small Business Incubator's physical space will require a mix of public and private financing. Public financing could include State of Michigan funding through MEDC, Community Development Block Grant, Economic Development Authority (EDA) and the Community Economic Development National Philanthropic Institutions competitive grant program managed by the US Department of Health & Human Services' Office of Community Services (OCS). Private bank financing will also be a likely part of the project's financing. To minimize debt service, particularly during the incubator's early years, New Markets Tax Credits should be used to enhance the private financing.



Branding Hillsdale County

A good brand evokes an emotion. Think of Campbell's Soup, the red and white label, cherubic children, and the phrase "Mmm, Mmm, Good!" Nearly everyone has a memory associated with Campbell's Soup, be it the chicken soup that mom served us when we were sick or the tomato soup and grilled cheese that we had when we came in from building the season's first snowman. It is that kind of visceral pull Hillsdale County needs to create with its brand.

Many communities have developed brands as part of their marketing efforts. The purpose of these efforts is to have the community name instantly convey images and thoughts far beyond the physical place itself. Think of Atlanta; recent marketing efforts have successfully imprinted "Hot-lanta" in our collective psyche, and we instantly have an image of a place that is young, fun, sporty, vibrant and sexy. Toronto is another city that readily evokes images: walkable neighborhoods, fun, and shopping. This works in smaller communities as well. Consider Golden, CO, the town in which Coors Brewing Company is located. Other communities have a brand or image that is a reflection of dominant aspects of the community. The dominant presence of the University of Michigan in Ann Arbor clearly imprints an avant guard, cosmopolitan, educated and progressive image in the popular mindset.

It is important to note that most people involved in marketing recognize that branding is an ongoing process that requires continued fine tuning. Most importantly however, these processes try to build trust so that expectations are met or exceeded. Breaching this trust is clearly something to be avoided at all cost, so that the brand consistently meets or exceeds expectations. This is accomplished by building on core internal strengths and undisputed leadership opportunities.

Recognizing that communities do offer a "brand" of sorts and taking deliberate steps to define how that brand is developed, shaped and communicated is something to be considered in the context of economic development planning efforts. A brand defines the county's personality. Think of developing a brand as you would developing a character in a novel. What are its primary traits? Is the county: authentic, serene, friendly? Menacing, dark, brooding? Describe both who the county is and who it wants to be, then develop a brand that embodies those characteristics. During the visioning elements, some emerging aspects of a "brand" for Hillsdale County began to become evident. These elements include concepts such as a quality natural environment, "ruralness," entrepreneurial spirit and education. Along with this, the project logo developed for this work communicates some of the same feelings and images that members of the steering committee could identify with.

The name "Hillsdale" clearly creates an image in the minds of people across the nation. Hillsdale College is nationally well known for its



conservative philosophy. Therefore the name “Hillsdale” already has a certain brand and image that can be built upon. Without a doubt, this image is uniquely local and highly reflective of local character. It is logical therefore to try to build on this image for economic development purposes. This may include solidifying the connection between Hillsdale County as a physical place and a mental image of entrepreneurial spirit, positive expectations, can-do attitude, and belief in the future. Such a brand is highly supportive of the conclusion that a centerpiece of economic development strategy in Hillsdale County should be to look both outward and inward for future economic development opportunities. Inward opportunities mean cultivating local creativity, inventiveness and business start-ups that can lead to local job and wealth creation. Outward opportunities mean looking outside the immediate area toward existing companies or individuals who might be drawn to the area for various reasons. In both cases, a well defined image or brand can help convince people to make an investment in Hillsdale.

Along with the image of entrepreneurial spirit and positive expectations, rural and environmental aspects of Hillsdale County are clear aspects of local identity. People often use the word “quality environment” to describe the natural landscape of Hillsdale County. This aspect of a Hillsdale County brand provides a strong element of local identity that should be woven into marketing efforts. Because, Hillsdale County does in fact offer a beautiful natural landscape, meeting expectations would not be difficult. This image can be used as the foundation of efforts to market Hillsdale County as a destination for conventions, tour groups and individual travelers

Among the recommendations from this Economic Development and Visioning Plan is the need to deliberately and consciously shape the image of Hillsdale County over time. If the various other initiatives and policies provided in this plan are to have maximum impact, they need to be supported by a growing and wide spread recognition that Hillsdale County is a unique place with attributes all its own. Creating this uniqueness will help build a lasting foundation for economic development. It is thought that this effort will take some time to develop, perhaps even years as local leaders accept this image of their community and take steps to live up to the high expectations that will be conveyed in local marketing efforts.



Management Plan

This section describes current economic development roles and responsibilities and proposed changes to establish a more comprehensive economic development system in Hillsdale County

Below is an outline of current organizations in Hillsdale County engaged in economic development and their primary existing roles:

Hillsdale County Chamber of Commerce

- Limited marketing of the County;
- Member services;
- Supporting the Economic Growth Group;
- Promotion of Commerce

Hillsdale County Industrial Development Commission

- Industrial retention;
- Industrial attraction;
- Industrial Association, serving as a trade association.

South Central Michigan Works!

- Job training;
- Workforce development;
- Research and studies, including the annual Labor Market Information and Strategic Initiatives report;
- Resource center for small businesses.

Community Action Agency

- Microenterprise lending;
- Home ownership and home rehabilitation programs.



City of Hillsdale

- Manages TIFA, façade improvement program,
- Economic Development Corporation, lending program,
- Special economic development utility rates

Village of Camden

- Local development finance authority – for industrial park

Village of Jonesville

- Downtown Development Authority, Façade Improvement Program
- Local Development Finance Authority for industrial park

City of Litchfield

- TIFA
- Downtown Development Authority (DDA), provides funds for 50% of the cost of new awnings, first 3 months of rent

City of Reading

- TIFA, manages a low interest loan for store front improvements
- Downtown Development Authority (DDA)

It is believed that in order to make meaningful and substantial progress toward the vision for Hillsdale County, we should rethink the existing economic development roles and responsibilities. In Hillsdale County (as in other many places) organizational roles and responsibilities often evolve over time in response to problems, issues and emerging programs. However, as a result of this process, and a sharpened vision for desired economic development outcomes, community leaders are afforded an important opportunity. This opportunity is essen-



tially the chance to re-examine the existing organizational framework and decide if it is best suited to meet current needs and expectations.

In the context of the proposed vision elements, the following material is offered for consideration as the basis for recommending a reorganization and expansion of economic development roles and responsibilities:

1. Improving all Downtowns, Business Districts and Commercial Corridors in the County

- Improving all downtowns (Cities of Hillsdale, Litchfield and Reading), smaller business districts (Allen, Camden, North Adams, Pittsford, and Waldron) and commercial corridors are important elements of the local economic development strategy and long-term vision. We need to see downtowns and business districts that are both economically viable and provide a physical environment that is rich in historic context and community identity. These areas should expand and redevelop with changing retail trends and a population that is likely to grow. We also need to see commercial corridors grow in a controlled and purposeful manner.

Three categories: Downtowns, business districts and commercial corridors are purposefully divided into three distinct areas. Hillsdale, Litchfield and Reading are considered to be actual downtowns with clear boundaries, unifying themes, and a critical mass of physical space that supports a considerable amount of existing or potential business activity. Allen, Camden, North Adams, Pittsford, and Waldron are essentially business districts with generally more nebulous boundaries, fewer unifying themes, less overall business activity and less physical space. Nonetheless, these business districts are important anchors in the rural landscape of Hillsdale County. Commercial corridors include places such as the area between Hillsdale and Jonesville and the commercial strip in Somerset Township along US 12. These areas have much different characteristics than downtowns and business districts and are focused nearly exclusively on auto-oriented retail and service activity.

Distinguishing between downtowns/business districts and commercial corridors is important because the focus of economic development efforts for each area should be different, but related. Economic development efforts in downtowns and business districts should be oriented toward building reuse, historic preservation, special commercial niches, unique identity, and public uses. Commercial corridor economic development should be focused on coordination of public improvements, careful expansion of areas to meet growing demand and issues such as access management. The relatedness of the two subjects is found in terms of supply and demand of commercial space. Downtowns/business districts and commercial corridors compete to some extent to capture a certain market for commercial space. Obviously they would not compete for all types of commercial space, but



service-related uses and specialty retail uses are activities that could potentially locate in either a downtown/business district or corridor. It is therefore important that matters of supply and demand are monitored. It is also important to note that typically, newer suburban-scale business districts provide the sites for development which often exist for only about 20 years. Fast food restaurants, big box retail, and similar uses found in suburban-scale business districts might best be viewed in the context of being temporary in a relative sense, and subject to change in response to retail trends.

In summary, the focus of economic development efforts in downtowns/business districts and commercial corridors include the following:

Downtowns and Business Districts

- marketing the districts;
- recruiting/retaining businesses;
- establishing and managing financial incentives;
- securing public improvements for the districts;
- real estate development;
- improving the appearance of the districts (landscaping, façade improvements, increased curb appeal of businesses);
- organizing and supporting downtown improvement organizations

Current responsibility: Only a few of the ten communities with downtowns and business districts have an organization and staff devoted to enhancing their respective district. In most of these instances, their roles are generally limited to managing financial incentives. As it is unrealistic to expect smaller communities to have the capacity and resources for their individual program development – there needs to be a shared/cooperative approach to providing marketing, technical assistance and financial support to help enhance these districts.

Commercial Corridors

- Coordination of improvements and amenities (i.e., landscaping, pedestrian access).



- Retail and Service supply and demand issues.
- Access Management

Current responsibility: Commercial Corridor issues are not now addressed in the context mentioned above. However, attention to the issue of how these corridors grow and redevelopment is an important economic development issue. For example, the corridor between Hillsdale and Jonesville could benefit from planning for improved pedestrian access (perhaps in conjunction with an extended bike trail) and with consistent landscape treatments along the right-of-way. Improvements of this nature help to create a more quality urban environment and bolster property values. Growth of these areas should also be monitored in the context of competition with downtown areas and in terms of property reuse and redevelopment.

2. Small Business Development – Apart from looking outward and trying to attract business activity to the area, the vision for the economic future of Hillsdale County includes taking steps to develop economic activity from within. We know that a more than half of the local high school seniors have some level of interest in starting their own businesses someday, and we have local institutions and philosophical attitudes that are very supportive of entrepreneurial activity. The centerpiece of small business development efforts is to establish a Hillsdale County Center for Entrepreneurship to ensure that the needs of existing and new businesses are met. Apart from lower cost physical space, such a center is envisioned to include supportive services and business development counseling. Complementary efforts that market and brand Hillsdale County as a place where entrepreneurial activity is encouraged and supported is also envisioned. Specific roles could include:

- Business training
- Business development counseling and technical assistance
- Mentoring
- Lending and Venture Capital
- Small Business Incubator



Current responsibility: Existing business development programs are few in Hillsdale County, and no such Center for Entrepreneurship now exists.

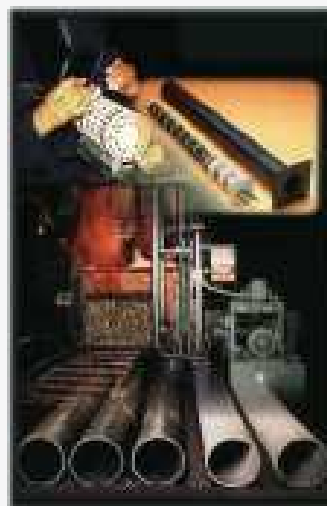
3. Industrial Retention – Apart from internal business development, the vision for Hillsdale County includes creating and sustaining a positive business climate. This begins with reaching out to existing business and industry in a more substantial way to pro-actively address local problems and to serve as an early warning system if there is the potential to lose a company. Expanded retention efforts include providing more attention to smaller industries and businesses that are not now reached with current retention efforts.

Current responsibility: Hillsdale County Industrial Development Commission (HIDC), in cooperation with state officials. Although state and local officials are already engaged in substantial amounts of business retention activities, Hillsdale County should step-up business 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. HIDC has an annual budget of \$100,000, primarily financed by membership dues, for both industrial retention and attraction. This budget level is viewed as being insufficient for an aggressive countywide industrial retention program, and needs to be stretched and supplemented as much as possible to accomplish this important task.

Further, retention initiatives should be in collaboration with other organizations, particularly the Hillsdale County Chamber of Commerce, to create a link with their programs and relationships.

4. Industrial Attraction – The vision for economic development efforts in Hillsdale County includes sustained and deliberate steps to attract new industry to Hillsdale County. It is understood however, that this will be an increasingly difficult task as manufacturing activity nation-wide is unlikely to grow at rates seen in the past, and may even continue to decline as a result of factors far beyond local control. However, while continuing to seek all new industry prospects, those that offer more synergistic and long-term benefits, such as greater diversification of the local economy, the potential to grow, and those that pay livable wages should receive the most attention and effort from local officials.

Current responsibility: Hillsdale County Industrial Development Commission. HCIDC's efforts are often supplemented by the individual



communities. HIDC has an annual budget of \$100,000, primarily financed by membership dues. As discussed above, this level of budget is viewed as being insufficient for an aggressive countywide industrial attraction program and resources need to be stretched and supplemented as much as possible to accomplish this increasingly challenging task.

5. Job Training and Workforce Development – Trained and capable workers are the fuel for an expanding local economy in Hillsdale County. Attaining the vision for economic development depends on a growing quality workforce for new and existing industries. Existing and potential unmet needs would be defined and job-specific training services would be provided and coordinated.

Current responsibility: South Central Michigan Works! provides workforce services in Hillsdale County as well as two adjoining counties.

6. Real Estate Packaging Financing and Development – Many elements of the vision for the future economic development of Hillsdale County will require increased level of activity in the arena of real estate development. This could include many facets of the development process including assembling key commercial and industrial properties to accommodate specific project opportunities; conduct feasibility analysis; work with other organizations to assemble project financing; take the lead in selecting a developer and if necessary serve as the developer for strategic community projects.

Current responsibility: While a few communities have financial incentive programs and have real estate packaging capacity, there is no primary organization in the County that fulfills these roles.

7. Tourism and Marketing – The vision for economic development includes an important tourism element. Included in this, is the notion that Hillsdale County should be marketed as a destination for conventions, tour groups and individual travelers. The goal of these marketing efforts is to enhance the employment opportunities and economic prosperity of the County. In concert with such marketing efforts is the idea that local leaders should work toward developing a consistent “brand” or County-wide identity that all can embrace and build upon.



Current responsibility: Hillsdale County Chamber of Commerce provides marketing support on a limited basis along with its primary member supported services. The Chamber is primarily financed through membership dues and special events and does not have adequate financing for a broader marketing initiative. The community lacks a traditional Convention and Visitors Bureau to provide a comprehensive marketing campaign and program.

Recommendation

An overarching and very significant recommendation of this plan involves substantial changes to the structure of the two primary countywide economic development organizations in Hillsdale County. These thoughts were not arrived at quickly, but only after careful reflection of the fact that while there are very good reasons to have two organizations focused on different aspects of economic development, the need to be as efficient and well coordinated as ever has never been more important. As a smaller rural County, Hillsdale simply can't afford to waste even one hour or any money on anything duplicative or inefficient as it moves forward with the list of economic development initiatives provided later.

The proposed organizational changes are based upon three basic principles. The first principal is that the Hillsdale County Chamber of Commerce should focus on programmatic and organizational economic development activities. These include activities such as marketing and promotion, small business development, member services and special events. The second principal is that the Hillsdale County Industrial Development Commission should be reorganized to focus more on real estate development – both commercial and industrial, while broadening its industrial retention and attraction activities. Third, there needs to be improved cooperation and coordination between the two primary economic development organizations as well as more sharing of resources and overhead. In essence;

- The Hillsdale County Chamber of Commerce should expand its current marketing activities into a broad based program through a Convention and Visitors Bureau, and expand its historic focus on small business development;
- The Hillsdale County Industrial Development Commission should focus on real estate development at several levels, broadening its industrial retention and attraction programs, and expanding into a resource for local downtown and business district development organizations within the County. It is also envisioned that that HCIDC should manage the physical space for the Small Business Incubator, while most



services are being provided by a service contract with the Hillsdale County Chamber of Commerce and other organizations;

- A Hillsdale County Economic Development Partnership Board should be formed, consisting of representatives from the two above organizations, to help coordinate all economic development activities within the County. In addition, these two organizations, through a strategic alliance / restructuring, should share resources and support staff.

Hillsdale County Chamber of Commerce

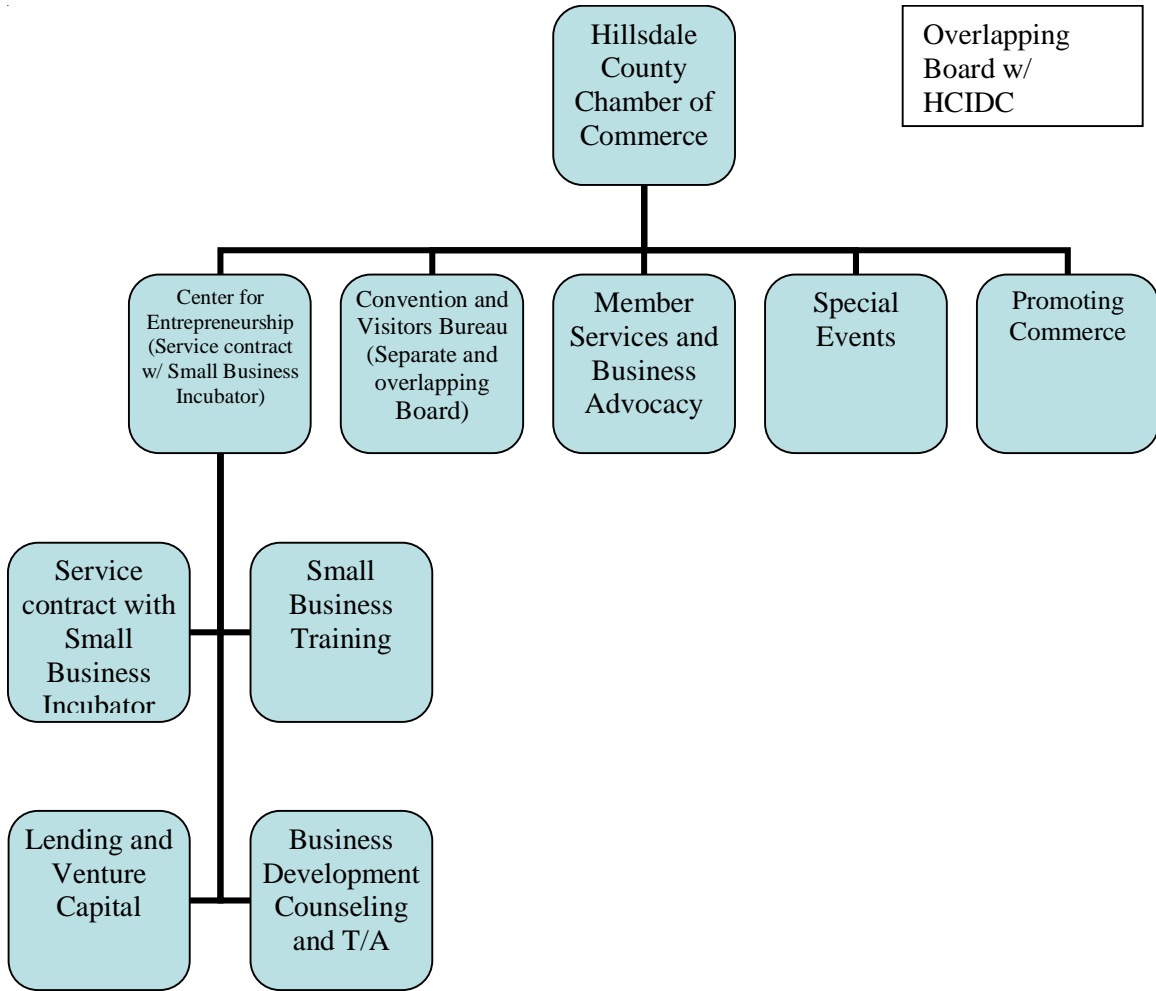
Hillsdale County Chamber of Commerce responsibilities should expand to include marketing and tourism through the creation of a Convention and Visitors Bureau. Establishment of the Convention and Visitors Bureau will require an affirmative vote of the primary hotel and motel owners in the County. If approved, this Bureau would then be financed through a hotel/motel tax and should be housed at the Chamber offices and share staff services. The newly formed Convention and Visitors Bureau should have a separate Board of Directors to include members of the Hillsdale County Chamber of Commerce Board to promote coordination. Its primary role should be marketing Hillsdale County area as a destination including, for example, Chicago Road Corridor, the Allen cluster of antique-related attractions, the various clusters of water-related recreational activity and the Lost Nations area.

The Chamber should also establish and manage a Hillsdale County Center for Entrepreneurship, providing a comprehensive system of support including business training, business development counseling and technical assistance, mentoring and lending and a venture capital for small businesses. The Center's purpose should be to increase the success rate, and the number and diversity of viable small businesses in the County with high quality, readily accessible support and resources. It would clearly build upon the community's and Hillsdale College's entrepreneurial values. These services should be available too all small businesses in the County and not be restricted to Chamber members.

Hillsdale County Chamber of Commerce should also provide all business development services as part of a service contract with the reconfigured Hillsdale County Industrial Development Commission managing the Small Business Incubator.

An organization chart of primary responsibilities is shown on the next page.





Hillsdale County Industrial Development Commission

Hillsdale County Industrial Development Commission should expand its role and revise its board composition to reflect expanded responsibilities. HCIDC should also change its name to, for example, Hillsdale County Industrial and Commercial Development Commission. to convey a clear message regarding its expanded mission, focused mainly on physical development – both industrial and commercial.

The organization should have four primary responsibilities –

- 1) Industrial retention, in close cooperation with the Hillsdale County of Chamber of Commerce;
- 2) Industrial expansion;
- 3) Real estate packaging, financing and development for both commercial and industrial developments and
- 4) Enhancing all downtowns and business districts in the County.

HCIDC's retention program should embrace a more a collaborative model and work in close cooperation with other organizations, particularly the Hillsdale County Chamber of Commerce, to build upon their relationships and small business programs to ensure the retention 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.

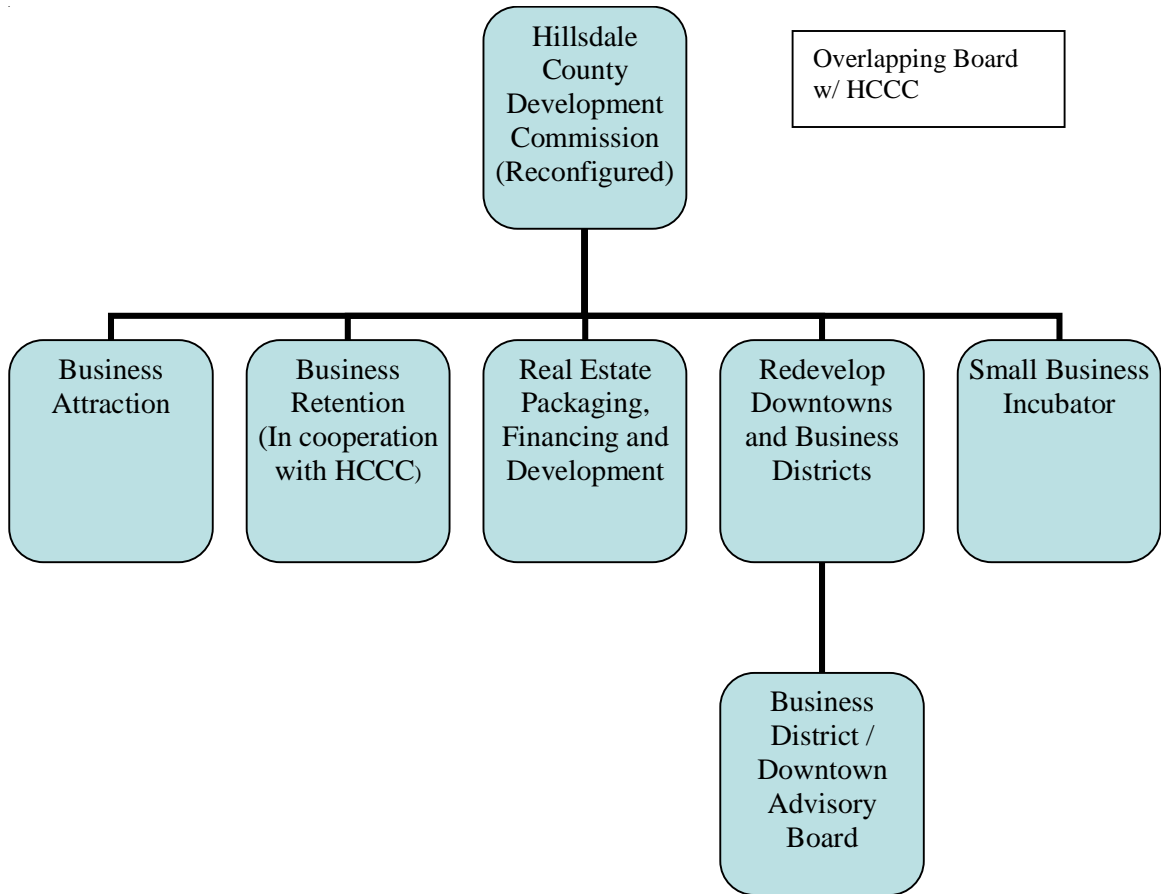
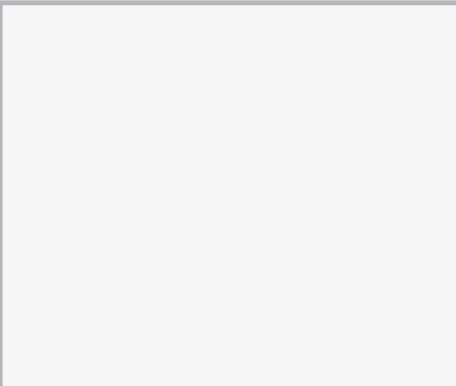
To carryout the business district component, the expanded agency should provide technical and financial support for the participating business districts. The agency should also engage in real estate development for key properties within the various business districts and Downtowns. It should also provide staff support to various TIFA and Downtown Development Authorities. An advisory board, comprised of all participating jurisdictions, should be established.

Hillsdale County Industrial Development Commission should provide the leadership to establish the physical space associated with the Hillsdale County Center for Entrepreneurship (HCCE). The HCCE should function as a business incubator providing small, entrepreneurial businesses with affordable space and shared support and business development services. Incubators can play a nurturing role in helping young businesses survive and grow during the start-up period when they are most financially vulnerable. Incubators typically offer their small business tenants a wide range of shared services, as well as access to financial and professional assistance for a set period of time to give the business the opportunity to "get on its feet." While



being operated by HCEDP, it should have formal alliances and service contracts with several key organizations and agencies including:

- Hillsdale County Chamber of Commerce
- Hillsdale College
- Hillsdale County
- Local governments



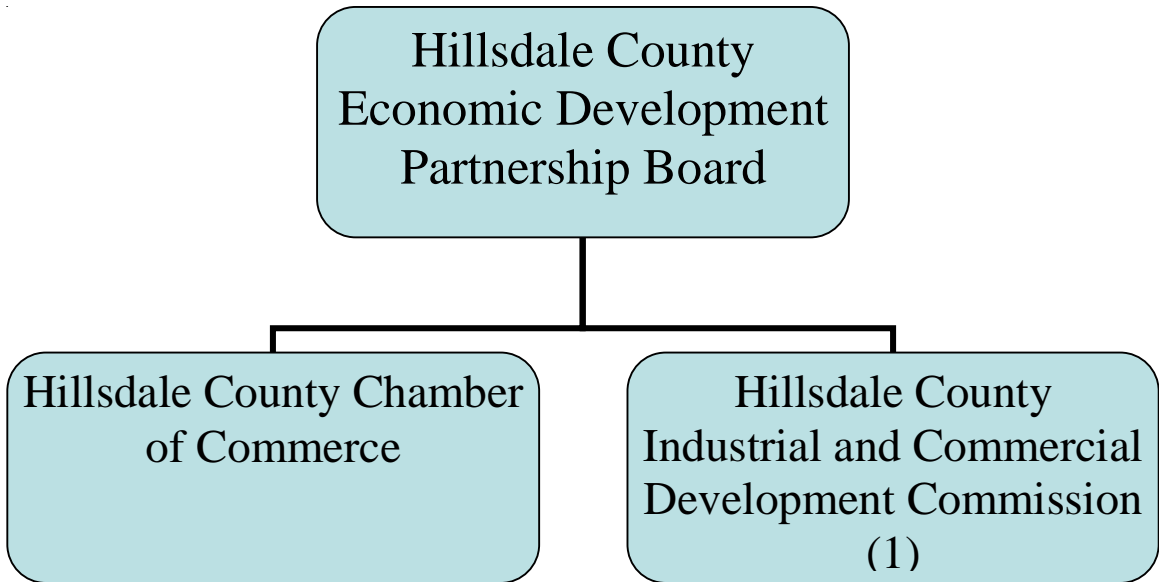
- Community Action Agency
- South Central Michigan Works!

Hillsdale County Economic Development Partnership (HCEDP)

A Hillsdale County Economic Development Partnership Board should be formed consisting of four to six representatives from both the Hillsdale County Chamber of Commerce and the Hillsdale County Industrial Development Commission. In addition there should be a few at-large members that could include representation from the non-profit sector and a Hillsdale County Commissioner. The HCEDP board should serve in an advisory board to these organizations. The purposes of this organization should be to:

- Help coordinate all economic development activities within the County, particularly the activities of the Hillsdale County Chamber of Commerce and the Hillsdale County Industrial Development Commission;
- As part of the alliance between the two organizations, the Hillsdale County Economic Development Partnership Board should be responsible for reviewing the local resources necessary to manage an effective countywide economic development program and directing funds based upon these needs and priorities.
- Create an environment in which it is understood that economic development successes are shared and viewed as being the result of effective partnerships and not solely the work of any one agency or individual.
- Provide a common message and a sense of cohesiveness regarding economic development in the County;
- Monitor and assess the community's ongoing progress in meeting the economic development vision and plan;
- Serve as the organization to formulate and prioritize State funding request for projects and programs within the County;
- Deliver an annual report to the community about the state of the economy.





(1) Reflects proposed name change of the Hillsdale County Industrial Development Commission to better reflect its expanded mission and responsibilities.

Organizational Alliance / Restructuring

In an increasingly competitive environment, the Hillsdale County Chamber of Commerce and the Hillsdale County Industrial Development Commission should seize the opportunity to leverage the resources and talents of their respective organizations by increasing their ability to work together. In addition to the proposed Hillsdale County Economic Development Partnership Board, an organizational alliance or restructuring should be established between the two organizations to 1) further promote coordination and cooperation between the two organizations and 2) reduce operating costs and overhead by sharing staff, facilities and equipment.

Strategic restructuring occurs when two or more independent organizations establish an ongoing relationship to increase the administrative efficiency and/or further the programmatic mission of one or more of the participating organizations through shared, transferred, or combined services, resources, or programs.

While there is a continuum of examples of strategic restructuring, including but not limited to mergers, joint ventures, administrative consolidations and joint programming – it is recommended that the two organizations initially take measurable steps towards an administrative consolidation. To accomplish this objective, the existing HCIDC staff and operation should move and share space and facilities at the more central and recently renovated Hillsdale County Chamber of



Commerce offices. These organizations should also share support staff.

A strategic alliance agreement should be outlined in a formal document that sets out what each party expects to bring to the alliance. This alliance should be periodically reviewed by all organizations including the Hillsdale County Economic Development Partnership Board with a three-year goal of creating one primary economic development organization in Hillsdale County.

Financial Support

Economic development is currently underfunded in Hillsdale County. HCIDC's operating budget of about \$100,000 and the HCCC's operating budget of about \$150,000 are insufficient to carryout this more aggressive and comprehensive vision.

Despite anticipated long term efficiencies to be gained from Hillsdale County Chamber of Commerce and Hillsdale County Industrial Development Commission co-locating, the current level of investment in economic development in Hillsdale County is still thought to be inadequate to meet the community's needs. Here is an outline of new revenue sources to carryout this reorganization and expansion of economic development roles and responsibilities:

- Hotel/Motel tax to help support the Convention and Visitors Bureau – with in-kind contributions from the Hillsdale County Chamber of Commerce
- New countywide economic development levy shared by both the Hillsdale County Chamber of Commerce and the Hillsdale County Industrial Development Commission – based upon priorities and needs identified by the Hillsdale County Economic Development Partnership Board
- Seek support from local, state-wide and national foundations to help finance specific economic projects. It is understood that long term operating support is unlikely from these sources.

Current Private Revenue Sources

- Short term, Hillsdale County Chamber of Commerce membership fees will continue to support membership services and business advocacy.



- Short term, Hillsdale County Industrial Development Commission membership fees will continue to support the business retention and attraction services of the new organization, supplemented by the County economic development levy.

While individual membership fees would continue short term – there should be a plan to coordinate, consolidate and direct the two existing private revenue streams. As part of the alliance between Hillsdale County Chamber of Commerce and the Hillsdale County Industrial Development Commission, the Hillsdale County Economic Development Partnership Board should:

- Define local resources necessary to manage an effective countywide economic development program and
- Direct funds based upon these identified needs and priorities.

The intent is to establish a funding system reflective of the collaborative approach to strengthening the economy of Hillsdale County. Instead of businesses within the County having to choose which component of economic development to support – there should be one funding system with the resources distributed on the basis of needs and priorities. Within three years, the Hillsdale County Economic Development Partnership Board should successfully accomplish the goal of one consolidated private funding source to support county wide economic development priorities.

