

LOUISIANA COMMUNITY DEVELOPMENT NEWSLETTER



Business Retention and Expansion

Community leaders and the media rightly get caught up in the excitement of luring new companies to their area. While it may not garner the same amount of attention, every bit as important is the support local, regional and state leaders provide to the companies already doing business in their communities.

The economic development community knows: Existing businesses that create jobs, pay taxes and invest in facilities are at the heart of strong local economies.

Studies have shown that nationwide up to 80 percent of net new job growth comes from existing businesses. In terms of job creation and tax contributions, the expansion of businesses and operations has the greater impact in most communities over time.

Every economy loses about 10 percent of its jobs annually due to factors such as retirements, business closings and product life cycles. Existing businesses are ideally positioned locally to replace those jobs.

Keeping a business in a community is also cost-effective, infrastructure to support the existing company is usually already in place.

Communities began to focus on the retention of existing businesses as an economic development strategy in the 1970s, when many manufacturing firms began to move in search of reduced operating costs. Since then, several new approaches have emerged.

Today, two broad approaches are in operation throughout the United States: “traditional” and “continuous” approaches to developing strategies to improve the local business climate. Professionals and volunteers who have established and implemented business retention programs using one or both of these approaches have modified them to fit the needs and capabilities of the communities in which they live and work, resulting in a variety of programs focused on existing businesses.

Whether a community chooses to do a large survey program every three to five years, visit a limited number of businesses annually, or combine the two approaches, fundamental elements are common to each. These include:

- Leadership
- Development-community support
- Partner organizations
- Visitation teams
- A community assessment
- A survey process and questionnaire
- Data analysis and interpretation skills
- Measures to assess program success
- Regular reports documenting activities and progress

Existing businesses create more new jobs, invest in their communities, and are ambassadors for new investment. A deliberate effort to visit, serve and retain existing business is a best practice for successful community and economic development in any municipality. To learn more about the approaches of business retention and the common elements of each approach, visit <http://www.opportunitylouisiana.gov>.

To begin building your community support network, click [here](#) to visit our partners page.