



City of Seattle
Office of Economic Development

Memo

Date: February 24, 2012

To: Councilmember Sally Clark
Councilmember Tom Rasmussen
Councilmember Richard Conlin
Councilmember Jean Godden

CC: David Yeaworth, Legislative Assistant to Councilmember Sally Clark

From: Steve Johnson, OED
Brian Surratt, OED

Re: Business Retention and Expansion Program

OED's business services model is based on the premise, widely supported among economic development experts, that retaining existing businesses is the most effective way of supporting new business development and has prioritized the delivery of direct business assistance to individual businesses. OED has developed a comprehensive service delivery program to help businesses, including the development of the "GrowSeattle Business Services Web Portal" to help businesses navigate government regulations and access business resources to help grow their market base and the deployment of nearly \$70 million in financing for micro, small, and large businesses.

2011 Business Retention and Expansion Program Outcomes:

In 2011, OED and its partners conducted 474 visits to Seattle businesses representing 31,653 employees. 231 businesses connected to resources and assistance. Technical assistance made up almost half of the businesses request for service, as business sought assistance in repositioning their companies to adapt to the economic downturn. In addition, request for assistance with regulations and permitting increased, while request for assistance with financing and marketing and government services decreased significantly.

The top three challenges expressed by businesses in priority order in 2011 were:

- **Business climate:** The majority of businesses visited across all targeted sectors in 2011 indicated that Seattle's general business climate still makes it very challenging for them to operate in the city. While the lack of confidence in the national government raises concern over the pace of the nation's economic recovery, many businesses feel that challenges of doing business in Seattle is becoming more challenging and complex.

- **Workforce development:** Concerns about the future workforce competency and availability, is still a major concern for businesses across all targeted sectors. Particularly in the manufacturing sector, where long time employees are starting to retire, which raises the concern that the labor pool to replace these employees is low. For established clean technology companies, the most acute shortages were project managers and people skilled in understanding energy system designs in the built environment
- **Access to Capital:** Access to capital still remains one of the most important issues facing Seattle businesses, particularly when it comes to clean tech and life science companies. After three years of the recession, several issues are affecting start-ups and company operations in these sectors.

2012 Program Overview

Last fall, OED issued an RFQ to identify partners with strong industry expertise and the capacity to support the retention and growth of companies in the central business district and the manufacturing and maritime, life sciences and global health, and clean technology sectors. The primary goal of the RFQ process was to align our contracted partners with OED-led direct services and support deeper service delivery in the targeted business sectors. The RFQ specifically required the following functions to be performed:

- Business retention and expansion assistance and case management
- Counsel existing companies on business growth opportunities and to leverage competitive advantages
- Connect target industry businesses with other companies, organizations, and resources in the region essential to growing their businesses
- Visit Seattle businesses in targeted industry and business sectors to identify issues and trends impacting businesses, such as permitting, regulations, workforce development, and general business climate issues
- Coordinate with OED staff on results of their business assistance visits to Seattle-based companies and identify strategies to support these companies and address broader issues in the targeted sectors

The Downtown Seattle Association, ECOSS, enterpriseSeattle, Manufacturing Industrial Council of Seattle, the Russell Group, Washington Biotechnology and Biomedical Association, and Washington Clean Technology Alliance were selected as 2012 partners. Below are highlights of the major work items for each of the partners.

enterpriseSeattle

- Coordinate with OED and all our partners to provide business attraction and recruitment services.
- Partner with Washington Clean Technology Alliance and assist early-stage and established companies in clean technology sectors.
- Provide corporate strategy and research expertise to companies in information technology and financial services.

Washington Biotechnology and Biomedical Association (WBBA)

- Support the growth of promising life sciences companies by connecting firms with start-up and expansion capital and providing coaching and technical expertise.

DSA

- Assist street level retail and professional service businesses.
- Work with enterpriseSeattle and businesses in the financial services sector to identify opportunities to support the emerging financial services cluster.

ECOSS and Manufacturing Industrial Council of Seattle

- Provide direct assistance to Seattle-based manufacturing, logistics, maritime, and shipbuilding companies.

The Russell Group

- Provide corporate strategy and research expertise to companies in manufacturing and industrial and retail industrial

Reporting

Outcome measurement is a critical part of this work and OED will coordinate with its partners on results of business assistance activities and help our partners identify strategies to assist companies and identify broader issues impacting businesses, such as permitting, regulations, workforce development, and general business climate issues. The partners are required to use OED's business contact management system and will work with OED to generate quarterly and annual reports that shall include economic impact data for Seattle specific business assistance activity, including:

- Descriptions of the Seattle-based businesses visited
- Number of business issues identified and resolved
- Identification of issues and trends impacting businesses in these sectors
- Number of businesses accessing debt or equity capital and amount of capital

Next Steps

OED is in the process of developing detailed scopes of work. We will look forward to reporting back in later in the year on the progress we have made and the businesses we assisted.

Attachments

Business Retention and Expansion PowerPoint presentation