

EDAWN's Renewed Effort to Keep Quality Jobs in the Region

Customer retention is more important now than ever and that's why EDAWN has put renewed emphasis on the retention and expansion of our existing businesses. In the past several columns I have detailed the process by which we, here at EDAWN, work to attract quality jobs and new companies to the community. While announcing a new business coming to the region is the exciting part of economic development, the retention and expansion of our existing companies is an equally effective way of adding jobs to the region. So why is retention and expansion so important?

Existing Businesses Create More New Jobs - A number of studies have documented the net new job growth attributable to existing businesses. In *Job Creation in America* (Birch, 1987), the author reported that up to 80 percent of net new job growth comes from existing businesses. In *Retention First, Ohio's Challenge* (Kraybill, 1995), the author reported average Ohio job growth of 70 percent from existing businesses, with rural areas experiencing as much as 86 percent of net job growth from existing businesses. In summary, these studies concluded that job growth from existing businesses far exceeds job growth that was the result of industry attraction.

Existing Businesses Invest And Support The Community - Existing businesses have a stake in the community and are contributing to the economic vitality of the community. They already have business connections and relationships in the community and are vested in the overall success of the community. Additionally, keeping what you have is good for the development and growth of smaller firms. Businesses that export goods and services generate the revenue that funds smaller, local, service businesses.

Existing Businesses Are The Best Ambassadors For New Industry Recruitment - What better way to promote the strengths of the community to a company considering relocating or expanding than to have an existing businesses explain why they are located here. Satisfied existing businesses can be a community's best ambassador when recruiting new firms to the area, as well as serving as a source of leads when seeking new firms to recruit.

Successful Businesses In Our Community Are Attraction Targets For Other Communities - If an existing business is thriving and growing or is viewed as having growth potential, it may be the target of recruitment activities by another community. In this current recession other communities are more aggressive than ever at locating potential attraction candidates and then offering them generous relocation packages to attract those quality jobs to their community. If we are not visiting and working with our companies to ensure that they feel appreciated, we are likely to lose them. Retaining those jobs is much easier than trying to replace them.

The retention and expansion of existing businesses is very important to the economic vitality of the region and is an area of renewed emphasis for EDAWN going forward. The plan for this effort is laid out in the recently completed Regional Economic Development Strategic Plan (online at EDAWN.org) and will be explained in more detail in our next article.

