

Business Attraction, Retention, and Expansionⁱ

Although start-ups and entrepreneurial efforts are the current economic focus as the world changes rapidly, there are myriad other types of business that exist in Connecticut and elsewhere. In order to retain businesses of all types, aid with expansion, and attract new resident businesses, organizations need to be thoughtful and effective in their economic development approach. Economic development organizations with both experience in historical economic development strategies and active participation in the current innovative environment are best positioned to lead new initiatives.

Connecticut has seen many challenges in the areas of business expansion and attraction in the past several years. For instance, in 2013, 1.3% of resident businesses moved out of Connecticut, resulting in 4600 jobs lost through company moves. Positively, in 2013, 9500 jobs moved into the state with companies that relocated to Connecticut, so there was a net gain in jobs from state-to-state company moves in that year. However, with appropriate retention efforts, not only can Connecticut benefit from companies moving into state, bringing new jobs, we can also benefit from keeping our existing businesses here. Additionally, in 2013, more than 36000 jobs were lost to business closings in the New Haven area alone. With the right retention supports, some establishment closings can be avoided.

Expansion support is also an area where there could be a better concentrated effort. In the New Haven region in 2013, 5200 jobs were lost to contraction. There were 7100 jobs created from expansion efforts, but the net gain was only ~1900 jobs. Many companies in Connecticut have been announcing layoffs in 2015, including large organizations like ESPN and RBS.ⁱⁱ Additionally, there are many small businesses that, with access to an organization with enough capacity to provide support, that could add positions. While in recent years there have been some positive trends in the New Haven Region and Connecticut, as a whole, there are still improvement areas that could have large impacts.

Opportunities in the Region

Within the New Haven Region, we know that bioscience organizations provide a natural opportunity for attraction, retention, and expansion. Many of the existing businesses in this cluster are poised for growth, a great example being Arvinas, which recently secured \$41.6 million in financing.ⁱⁱⁱ We are also aware that the region has recently been successful in attracting businesses from this sector to the area with the arrival of Mt. Sinai in Branford.^{iv} In order to continue to grow and retain this cluster in the New Haven Region, it is crucial that the colleges and universities continue to be integral partners, with programs like Southern Connecticut State University's bioscience career ladder.^v

Technology firms are another emerging and important focus area for the New Haven Region. Businesses like Continuity, which has automated the banking compliance process and has expanded from its founding in 2008 to almost 60 employees currently, are indicative of the potential in the area.^{vi} There are many other technology companies in the region, including SeeClickFix, Technolutions, and Core Informatics. With a comprehensive strategic plan, and a knowledgeable and experienced economic development agency, this cluster can be expanded and retained, while looking outward at other organizations that might consider the region their new home. There are many other opportunities in the

region, including manufacturing, but these opportunities will be best utilized with a thoughtful and intentional plan for business attraction, retention, and expansion.

Tackling Business Retention and Expansion

As with most fields, those with expertise and current knowledge in economic development are best equipped to design and execute strategies related to business retention and expansion efforts. The EDC of New Haven/REX Development has long pursued the capacity to adequately address the concerns of existing businesses in the New Haven Region. It is EDC/REX's position that the most effective strategies will involve municipalities as partners, with the economic development organization providing the framework and leadership for a concerted and thorough effort.

The first step in an effective business retention and expansion strategy is a comprehensive assessment of businesses in the area. Businesses should be appropriately catalogued according to type, size, sector, etc. Additionally, businesses should be categorized using qualitative information, including whether businesses have recently reached out for support, have specific expressed concerns, or if there are any current unknowns about a business's status, size, leadership, etc.

Once a current scan and a catalogue have been done of businesses within the New Haven Region, a schedule should be created to visit and meet with businesses in a strategic and coherent manner. Businesses should be given appropriate initial supports and their needs should be assessed and analyzed in order to provide comprehensive follow-up supports. In addition to providing individualized one-on-one supports in this stage, the economic development organization should be gathering feedback in order to identify any patterns that may emerge. Once patterns are identified, a policy solution can be drafted and pursued.

Ultimately, it is a combination of both individualized assistance and guidance, coupled with aggregate public policy solutions that will best enable business attraction, retention, and expansion in the region. There are several strong areas poised for further economic growth and with the correct supports, EDC/REX is especially well positioned to assist these businesses and yield significant impact in the area.

ⁱ All data in this section, unless otherwise noted, is from youreconomy.org

ⁱⁱ <http://money.cnn.com/2015/10/20/media/espn-layoffs/>

<http://fortune.com/2015/03/03/rbs-layoffs-investment-banking/>

ⁱⁱⁱ <http://www.arvinas.com/news/arvinas-secures-416m-series-b-financing-%E2%80%93-appoints-new-board-members>

^{iv} <http://www.nhregister.com/general-news/20141023/icahn-school-of-medicine-at-mount-sinai-opens-genomics-research-facility-in-branford>

^v <http://www.nhregister.com/article/NH/20150504/NEWS/150509805>

^{vi} <http://wnpr.org/post/new-havens-continuity-fastest-growing-tech-firm-connecticut#stream/0>