



# NEWS & VIEWS

ECONOMIC DEVELOPMENT



## Performance-based Business Development

Small Business Development Centers (SBDC) across the nation may soon offer a financing program for small businesses once a pilot program is rolled out in California.

Ray Bowman, director of the SBDC, plans to take it nationwide. In addition to teaching businesses about funding and financing options, it shows business owners how to become better operators and create successful exit strategies.

The SBDC network provides individualized consulting and training to new and growing businesses; it's part of the national Small Business Administration (SBA). Global Private Funding, Inc. will provide the financial packaging services for SBDC clients through workshops and one-on-one step-by-step guidance.

The goal is to help business owners to present their businesses in the most positive light and capture the attention of venture capital (VC), private investors, underwriters and revenue financiers.

Global is an equity-based lender that specializes in incubating businesses and financing. Global does not take equity in their clients' businesses. Instead, venture capital firms pay Global for its incubation services which nurture their acquisitions. Global connects investors directly to their investments without charge. Clients and Global are both compensated if the companies they are nurturing perform well; they are paid with the income their protégé's generated with their help.

## Regional Development in Michigan

Southwest Michigan First (SMF), a Kalamazoo-based economic development organization, is changing the way economic development groups in Michigan think and act. The goals are to stimulate regional collaboration by sharing best practices throughout the state.

Community economic development offices in the seven counties served by SMF receive guidance in responding to requests for proposals from consultants. One of the ways it does this is by conducting seminars that teach how to develop winning proposals. During the seminars, meetings are held for economic development officers and consultants who tell companies the best places to locate.

The Michigan Economic Development Corp. split the state into 10 defined areas based on input it received from economic development officials across the state. The next step was to help local and state development agencies and business support groups to improve teamwork. To facilitate this, software is being developed that lets state, local and regional economic development agencies share data on contacts with companies.

In addition, a new website ([www.greatlakesbaysites.com](http://www.greatlakesbaysites.com)) was launched by Saginaw Future for the entire 11-county region. It will provide the latest data on available commercial property, workforce demographics, business info and interactive maps.

The MEDC has developed contracts with regions so it can provide them with support. Smith said efforts in other parts of the state include marketing, executive education, innovation and employability skills training. About \$1 million is available to help enhance regional efforts.

## EDA's Need to be... Flexible

The key function of an economic-development authority is to develop existing and new businesses. Often, especially in our challenging business environment, this is done with revolving loan funds that offer low-interest loans. Other financing vehicles are state and federal grants.

But, the more successful EDA's do more. For example, when a food processing plant in St. Charles Minn. burned down, the local EDA did everything it could to get the 30-year-old business back up and running. Perhaps its most challenging task was to find a suitable new site that would keep its 200-plus jobs in the city.

Unfortunately, the company eventually decided to move out because it found a better site in another location.

However, the work that the St. Charles EDA had done to keep the plant was repurposed to develop an industrial park on the site of the proposed new plant. This industrial park is now serving a variety of businesses in different industries instead of just one. The city now has a more diverse business base that promises to provide even more jobs than the food processing plant did.

## Midland Tomorrow Honored as a Top EDA

Midland Tomorrow (MT) was cited as a top economic development organization in America among communities serving between 50,000 and 200,000.

In the past two years, it has helped generate more than \$900 million in business investments in Midland, Mich., creating more than 3,000 jobs. About 1,000 of them were the result of Dow Chemical Company's partnership with Tata Consultants.

## Virginia Development Plan: Jobs, Jobs, Jobs

Virginia's Governor Bob McDonnell wants to create an economic development zone and provide grants to maritime-related companies that locate or expand in the zone. He's enlisted the support of 33 localities, chambers of commerce and business groups.

The proposed grants would be awarded to businesses that create at least 25 jobs in the Port of Virginia Economic and Infrastructure Development Zone in the first year. It has proved to be a hard sell after the General Assembly rejected an earlier tax credit proposal because many legislators said tax credits are difficult to track. McDonnell warned them that incentives are needed to promote economic development and job creation since other, surrounding states are offering them.

Under the amendment, grants would be awarded to maritime companies, or those involved in exporting and importing of goods through the Port of Virginia, that create at least 25 jobs in the first year of expansion or operation within the zone.

Grants of \$1,000 for every full-time job created would be given to companies that add 25 to 49 employees. They increase to \$1,500 per job when companies add 50 to 74 jobs, \$2,000 per job for companies adding 74 to 99 jobs, and \$3,000 per job for companies adding at least 100 jobs. A single company grant is capped at \$500,000 per year, or cash awards for up to 166 new jobs. Five millions dollars would be allocated annually to fund the grants program.

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