



Business Retention and Expansion (BRE) Programs: Responding to Business Concerns¹

Henry M. Cothran²

Introduction

During the course of a business interview, opportunities to learn about critical issues and concerns may arise. Typical business retention and expansion (BRE) survey instruments are constructed in such a way as to encourage the business owner to identify those critical issues so that the BRE partners can respond in an attempt to address and resolve the issue for the business. This publication addresses how that process might occur by outlining a procedure for identifying and tracking issues identified during a business survey. Depending on the urgency of the issue, these issues are often referred to as red flags.

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What Is a Red Flag?

A red flag is typically an issue of immediate concern to the business that, left unaddressed, might negatively impact the business. Most red flags can be identified through a properly constructed and

analyzed questionnaire. The following are some typical red flags and are not intended to be exhaustive.

- Business moving or closing
- Business expanding/downsizing
- Regulatory issues
- Employee training
- Access to suppliers
- Equipment/technology out-of-date
- Sales increases/decreases
- Labor availability
- Community quality of life issues

How Are Red Flags Identified?

Red flags are generally identified in one of three ways: responses to individual survey questions, responses to probing questions, or an in-depth analysis of survey responses through a cross-tabulation of multiple question responses. It

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2. Henry M. Cothran, Associate In, Food and Resource Economics Department, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida, Gainesville, FL.

may also be possible to identify a red flag simply by observing conditions at the business site as indicators of potential problems (e.g., the facility is in a declining state of repair).

A typical survey instrument should be constructed in such a way as to readily identify questions where certain responses would indicate a potential red flag. An example of a red flag question is: "Are you considering moving or closing this business?" A yes answer would be considered a red flag. Other red flags might be identified in the survey notes when the business responds with strong dissatisfaction when asked about a particular type of program or service available (or unavailable) from the public sector, the ability to find and retain employees, or the presence of amenities that contribute to the quality of life for the firm's employees. Red flags may also be identified during the analysis of survey results when firms respond to a series of questions that can serve as indicators of planned or potential changes in the business.

Are There Other Issues, Not Necessarily "Red Flags", That May Deserve Attention?

During the course of an interview, the business may ask for additional information about a program or service available from the BRE program or its partner organizations. While this type of request may not need an immediate, partner-based response, it should be handled with the same sense as when dealing with a red flag.

How Do You Respond?

The BRE program should have a plan in place to respond to all business requests before the first business visit occurs. The plan need not be elaborate, but it should include a specific process for identifying issues and responding in a timely manner. The plan should address how requests for information (not a red flag) will be handled; who will assign partner agencies for responses; and a follow-up reporting process that ensures the partner met with the business, when that follow-up occurred, and the outcome of the follow-up visit. Developing a tracking sheet is a simple way to identify information requests,

red flag questions and responses, person(s) assigned to respond, when the response occurred, and the outcome of the response.

Responding to information requests begins before the interview by compiling information and materials based on the survey questions that can be easily transmitted to businesses. For example, if the interviewer asks the business owner if he wants more information on a particular program or service, then the information on that program or service should already be on hand and available to be mailed to the business. The material could be included in a letter thanking the business for agreeing to the interview and noting that the enclosed material is being sent in response to a specific request.

Responding to red flags is more complex in that it requires a pre-visit agreement from the BRE program partners to respond to requests for follow-up and assistance. While there is no hard-and-fast rule about how to respond, the credibility of the BRE program, and by extension that of the program manager, is at stake. Thus the program manager might want to be included in the initial response contact by a partner agency.

Does Responding to a "Red Flag" Violate Confidentiality?

Virtually all interviews with businesses are undertaken with an implicit or explicit understanding that the information shared is to be kept confidential. Some survey instruments include a written statement that clearly states that individual business responses to questions will not be used and that survey results will only be presented in aggregate form. So does identifying and responding to a red flag violate the expectation of confidentiality? The consensus among most economic development professionals is that it does not. Typically, the issue of confidentiality pertains to proprietary information and responses to opinion questions (e.g., How would you rate this community as a place to live?) and, as noted above, the non-disclosure pledge refers to reporting individual responses. One sure way to ensure that you do not violate the expectation of confidentiality is to ask the person being interviewed if it is permissible to pass information along to the BRE

program leader for follow-up when you deem a response to be a potential red flag. If you choose not to ask that question each time a red flag is identified, the interview can conclude with a final question that asks “Do you mind if we share your requests for information, assistance, or identification of concerns to the appropriate professional who can address these issues?” Regardless of how you choose to approach responding to red flags, having a clear process that meets both your need to respond and the business owner's expectation of confidentiality is an important part of your program's success.

Conclusion

Responding to red flags is crucial to the credibility and success of the BRE program. Learning about a problem or a need for information and failing to respond is almost certain to generate ill will and leave you with a very dissatisfied customer. Responding, even when the issue cannot be resolved to the satisfaction of the business owner, is better than no response at all. Having a plan to identify and respond to red flags, together with a properly designed questionnaire and trained interviewers, makes the process of identifying and dealing with red flags work more smoothly and efficiently and allows you to know when issues are addressed, the timeliness of the response, and the outcome of the follow-up action.

References

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