

# **Municipal Approaches to Retail Recruitment: Research Project Report**

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## **Statement of Purpose**

A primary goal of this research project was to examine municipal approaches to tenant recruitment programs across the United States. An initial plan was to learn about as many city programs as possible to envision how the City of Boulder could establish a tenant recruitment program. Also, the research project included an examination of non-city programs to collect more information about the programs and products of recruitment programs in general. The research project will inform the City of Boulder Citywide Retail Strategy, which aims, among other objectives, to attract the types of businesses identified by Boulder residents and workers as unmet needs.

Retail recruiters (a.k.a. retail advocates) identify and develop relationships with qualified retail business operators, e.g. those who are adept at creating a compelling shop or eatery, and that appeal to the municipality's target market groups. The recruiter acts as a matchmaker between prospects and property owners and/or brokers. When the recruitment programs are first initiated, the recruiter typically meets with landlords to discuss an overall recruitment strategy and begins building their trust.

## **Research Questions**

The research included interviews with retail recruiters over the phone.

The questions below are an example of what each retail recruiter was asked.

- How is the recruitment program organized?
- What are your responsibilities?
- Who does the recruiter report to at the city?
- What is the annual budget for the recruitment program?
- Are there any lessons that you have learned since the start of your job?

## **Research Findings**

Based on the phone interviews and additional research online, it was possible to obtain detailed information on six recruitment programs from across the country. Most of the programs that were listed in the report are operated by non-profit organizations, but there is one example that represents a municipal program. Below is a summary of how each program was organized and key considerations from the recruiters for possible future approaches in Boulder.

### **Example 1. Economic Development Department of the City of Coral Gables (Coral Gables, FL)**

The Economic Development Department of the City of Coral Gables helps to establish, maintain, and fund economic development services that help reinforce and grow the City's image and meet the needs of the business community. In 2016, the City of Coral Gables' Economic Development Department, in partnership with the Coral Gables Chamber of Commerce and the Business Improvement District (BID) of Coral Gables, engaged a retail consulting firm to provide strategic retail services focused on their Miracle Mile commercial district and key surrounding streets. At the recommendation of the consulting firm, the three partner organizations decided to jointly fund a retail recruiter position and related initiatives.

In November 2016, the City hired Francesca Valdes to implement City-wide initiatives to strengthen the economic base, attract and retain quality businesses, and effectively market Coral Gables for success, including oversight of the City's property assets. Francesca reports her work to the Economic Development Director and attends monthly board meetings with the BID and the City Chamber. While Francesca does not report to the Chamber, she works closely with them by sharing her updates and providing them opportunities to participate in the retail recruitment process. For instance, the president of the Chamber and the Executive Director of the BID were invited to be part of the committee that selects the winning tenants for the incubator program. Francesca has worked hard to maintain a strong relationship with the Chamber and BID because the original retail strategy was a joint effort between the three organizations.

Francesca also works more broadly on marketing and advertising for Coral Gables, and she supports businesses by working with the Zoning Department for the City. She operates retail-focused workshops that are supported by \$20,000 in annual funding from the City, Chamber and BID, and she administers a \$15,000 micro-marketing grant as part of a three-part Holiday Workshop Series. The grant is funded with \$10,000 from the City and \$2,500 each from the Chamber and the BID.

In 2019, Francesca introduced a citywide Pop-up Incubator program to bring new vibrancy to City-controlled retail spaces by engaging retail start-ups with 6-month leases. She worked with the City Manager to receive permission to use one of the City's spaces for short term leasing, and then she set up an application process for leasing the space. The program was advertised through an Instagram page, City and Economic Development Department email blasts, and through the City's partnership with the Chamber. The winning applicant was selected

by a committee. The intent of the program is for the winning start-up business to build relationships in the downtown, to then move onto a permanent space after the six-month lease period.

Lastly, Francesca provided recommendation for a municipal retail recruitment program based on her experience:

- It is essential to have a travel budget for the retail recruiter to travel outside the city and participate in various retail recruitment events

### **Example 2. The Alliance for Pioneer Square (Seattle, WA)**

The Alliance for Pioneer Square is a nonprofit organization that works to help preserve Pioneer Square as an authentic, engaging and dynamic commercial area through business development, communications and marketing, advocacy, public realm improvements, and coordinated leadership. In November 2011, the Alliance worked with a consulting firm to develop a strategy and implementation program to help create and sustain a vibrant mix of shops and restaurants in Seattle’s historic “first neighborhood.” The consultant recommendations included hiring and training a retail recruiter. In May 2012, Karen True was hired as the Director of Business and Community Development for the Alliance.

Karen took a leading role in retail recruitment, matchmaking, and community building. She provides reports about her accomplished work to the Board of Directors that consists of the Business Improvement District and Business Owners. While leading business development efforts, Karen seeks retail businesses consistent with the retail strategy developed with community stakeholders. She connects prospective businesses with neighborhood property owners, lenders, and resources to create strong proposals. She also helps retailers and property

owners navigate Preservation Board issues, permitting, and finding capital. But it's not all about new business. She believes that supporting existing businesses and their growth, retaining them in Pioneer Square, is just as important.

Karen has now worked in retail recruitment for over seven years, and therefore was able to offer recommendations for best practices:

- Communication is an essential component of retail recruitment
- Listen to property owners rather than tell them what the city needs
- Spend more time learning about how to help existing businesses because the city's reputation benefits from retailers that have been in the community for a long time
- Engage with property owners in a conversation about retailers that are needed in the community by telling them that they will be heroes of the community if they choose to bring certain type of business
- Retail recruitment is about building strong connections around your neighborhood

### **Example 3. The Downtown Bellingham Partnership (Bellingham, WA)**

In September 2017, the City of Bellingham engaged a consulting firm to develop a retail strategy focused on Bellingham's downtown core. Together with the Downtown Bellingham Partnership, City leadership recognized the need to work strategically to evolve the shopping and dining experience offered in Downtown to ensure it remains relevant in a changing retail world, and to help support the City's goals for a thriving local economy. The City and Downtown Bellingham Partnership (DBP) collaborated on the effort, including jointly funding a contract for a retail advocate position (within the DBP office) to recruit businesses and pursue the other recommendations outlined in the retail strategy. According to the current retail advocate, Jennifer

Walters, she receives \$3,000 for training and \$5,000 for travel, and her average salary is \$45,000.

Informed by the adopted retail strategy, Jennifer's responsibilities include working with current retailers to optimize operations and improve storefronts; helping property owners and managers find strong tenants; and recruiting new retailers to open in downtown. Also, she has done a lot of research, traveling, and examined current trends. Since the City of Bellingham and DBP share her contract, Jennifer provides the business reports in verbal and written forms to both the City and Executive Director of Downtown Bellingham Partnership.

Although Jennifer has been working as a retail advocate for only about two years, she had useful lessons to share based on her experience:

- The retail recruitment program is based on a relationship and transparency with clients
- Its primary goal is to establish relationships with local businesses, landlords and brokers
- It is also important to retain local businesses and support them rather than just focus on recruiting new retailers
- A retail advocate position is not so much about having certain college degree as it is about having enough experience
- Knowledge about real estate can help to resolve leasing issues that arise with landlords
- When stakeholders express doubts about how much progress has been made toward the retail strategy goals, providing a detailed explanation of the retail recruitment position helps others to better understand the purpose of a retail recruitment program
- The advantage of a retail recruitment program is that cold calling to potential retailers is rarely effective

#### **Example 4. The Downtown Tacoma Partnership (Tacoma, WA)**

The City of Tacoma contracts with the Tacoma-Pierce County Chamber of Commerce to manage the day-to-day activities of its Business Improvement Area (BIA), and provide administrative support to its board. The Tacoma City Council annually approves the organization's assessment rates, budget and work plan. In March 2018, a consulting firm recommended that the City of Tacoma hire and train a retail advocate. In April 2019, the BIA, now known as the Downtown Tacoma Partnership (DTP), hired a retail advocate named JD Elquist. According to JD, the DTP role is entirely funded by property owners (not the BIA assessment), and JD's estimated compensation varies between \$63,000-\$69,000 per year, with all travel expenditures are covered.

As far as oversight of the DTP recruitment program, JD provides progress reports to the DTP Executive Officer. JD's responsibilities include identifying and building relationships with successful and independent operators from throughout the region by sharing the vision for a unique destination retail and dining experience in Downtown Tacoma. He works with prospective retailers from initial contact through store opening. JD also works with property owners and their representatives to serve as a point-of-contact between them and prospective tenants. He develops a database of prospective tenants and properties and businesses within the BIA district and seeks out developers with a track record of creating quality, successful projects in an urban setting. JD's responsibilities also cover the development of marketing material and management of social media accounts. Another important part of his job is to support existing operators in areas such as merchandising, window display, marketing and connecting to existing community resources.

JD is new to retail recruitment, but he has worked in retail for ten years. He shared some important lessons that every retail recruiter needs to know:

- A retail advocate should focus on building relationships
- It is important to have the trust and respect of property owners, because the quicker you build trust, the quicker they become open to your advice

**Example 5. The Nashville Downtown Partnership (Nashville, TN)**

The Nashville Downtown Partnership (NDP) is a private-sector nonprofit corporation whose core purpose is "to make Downtown Nashville the compelling urban center in the Southeast in which to live, work, play and invest." Organized in 1994, the NDP has transitioned into a downtown leadership organization that focuses on business recruitment and retention, residential and retail development, public space management, access and transportation, communications and marketing. In 2007, the NDP retained a consultant to evaluate retail conditions in downtown Nashville and craft a retail strategy and implementation program. In January 2008, the NDP hired Crissy Cassetty to implement the retail strategy and merchandise mix plan as NDP's retail recruiter and economic development director.

According to Crissy, her position reports to the Vice President of Economic Development for NDP and is funded through the business improvement district. As both retail recruiter and economic development director, Crissy has a lot of responsibilities. For instance, she builds consensus and commitment to the strategy among property owners and real estate brokers and brings viable prospects to them. She also maintains current databases of downtown commercial properties and tenants and targeted retail prospects. Other responsibilities include helping the property owners with the reconfiguration of available ground floor space, streetscape, and

storefront improvements through cooperative work with the Civic Design Center, exploring options for incentive packages to jump-start new retail businesses and developing appropriate retail design guidelines for new development and renovations.

Crissy has worked in retail recruitment at the NDP for over 11 years, and she provided several recommendations based on her experience:

- Establishing relationships with property owners is a priority in the process of retail recruitment
- It is important to gather a lot of information about the local market to develop a strategic plan for the recruitment program
- Maintaining database is useful for tracking contact lists and reports that were published in the past

#### **Example 6. The Iowa City Downtown District (Iowa City, IA)**

Iowa City Downtown District (ICDD) is a nonprofit organization representing property owners and stakeholders in the Downtown and Northside Neighborhoods of Iowa City. It is funded through contributions from property taxes assessed to properties in Downtown Iowa City and the Northside Marketplace and financial support from The University of Iowa. In July 2014, the ICDD engaged a consulting firm to develop a retail strategy focused on the core of downtown Iowa City, which included a recommendation to hire a retail recruiter. In April 2015, the ICDD hired Nate Kaeding as its director of retail development. In March 2017, based on evolving organizational priorities, Nate was moved into a special projects role.

In February 2019, the consulting firm updated the retail strategy and suggested again to hire and train a retail recruiter, among other recommendations. The City of Iowa City responded

by contracting with a retail consultant, Retail Strategies, from Birmingham, AL, to operate a retail recruitment program for the entire city. According to the Retail Development Director, Clay Craft, who serves as the face of the company for Retail Strategies clients in the Midwest and Florida, the retail consulting firm works with the City of Iowa City, Iowa City Area Chamber of Commerce, and business development organizations. Besides, retail recruiters, who are assigned to specific geographic areas, do not constantly stay in the city, and therefore most of their work is done remotely through phone calls or emails. Clay also stated that he supervises the work done by retail recruiters and reports about their progress to the Economic Development Department and Assistant City Manager of the City of Iowa City. The retail recruitment program is funded by the city, and all the fees and expenditures are stated in the contract. Overall, Retail Strategies are working on the retail recruitment program suggested by the City of Iowa City, but they can always implement a new strategic plan depending on the city's decision.

### **Conclusion**

The first thing that was noticed during the research project is how few tenant recruitment programs are operated by municipalities, rather than by non-profit downtown district organizations. The research identified one municipal program from the City of Coral Gables, and therefore, the research findings show that a retail recruitment program is more likely to be organized and led by nonprofit organizations, which are funded through either business improvement districts (BIDs) or property owners.

In speaking with the retail recruiters, it also became clear that previous work experience in retail enhanced their ability to launch and implement a retail recruitment program. Retail recruiters also mentioned that retail recruitment is a marathon, not a sprint. It is a long-time process of actively identifying potential tenants, who are suitable for your community, and

meeting with property owners and coordinating a recruitment and retention marketing piece. The programs are largely based on relationships and transparency because it is essential to build trust and respect with property owners, so they support the implementation of the retail strategy.

According to many of the retail recruiters, the contribution of time, learning how to help existing businesses, is just as important as coordinating recruitment. It is in the interest of retail recruiters to support the retention of existing businesses to avoiding the loss of retailers that could harm a city's reputation as a successful retail location. They spend a lot of time "knocking on doors" of property owners and existing businesses, educating them about retail recruitment and building strong connections. They expand their network through communicating with businesses, landlords, and brokers, and maintaining a database of contact lists and previous retail reports, so they have higher chances to be contacted by potential tenants.