

**REGIONAL ECONOMIC DEVELOPMENT INITIATIVE – REDI**

**For the benefit of the towns of Auburn, Bedford, Candia, Derry, Goffstown, Hooksett,  
Londonderry, and Manchester**

**Located at the**

**CHAMBER OF COMMERCE OFFICE IN MANCHESTER, NEW HAMPSHIRE**

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## CED PROJECT --- REDI---Table Of Contents

- A. Abstract
- B. Summary
- C. Goal/Current Conditions
- D. Project Purpose/Outputs
- E. Conclusions
- F. Adverse Factors
- G. Unexpected Events
- H. Suggestions
- I. Project Contract
- J. Problem Statement
- K. Project Goals
- L. Project Purpose
- M. Major Outputs
- N. Results
- O. Conclusions
- P. Suggestions for people doing a similar project

### Appendices

- Q. Statistics for Micro & Small business training and lending program
- R. Web Site Report
- S. Research material
  - 1. Shapiro Library
  - 2. Internet
  - 3. The Carolina Network
  - 4. Existing Regional Economic Development Centers
- T. Stakeholders
- U. Stakeholders Questionnaires
- V. Fundraising- the process
- W. Executive Director
- X. Demographics of the eight communities

## ABSTRACT

The objective of the Regional Economic Development Initiative serving the communities of Auburn, Bedford, Candia, Derry, Goffstown, Hooksett, Londonderry, and Manchester is to insure employment opportunities are available for the estimated 7,000 jobs that become available in these communities annually due to restructuring, downsizing, consolidation, bankruptcies and relocation of existing business. An additional component is to organize a training center and revolving loan fund to assist micro and small business owners for start up and expansion of their businesses. This office will serve as a hub for information such as demographics for each of the eight towns and the state of NH. Availability of work force, commercial real estate accommodations, capital and credit sources availability and the appetite of the individual communities for new or expanding business will be accessible at this office or on their web site. The vision is a one stop shopping center for the region in encouraging new business to locate in the area and existing businesses to expand to provide jobs for the 7,000 people displaced annually. Inquiring businesses coming to the center will be welcomed by the staff and would be invited to review the computerized information available regarding available sites, workforce, real estate tax structure, community attitude relative to their business, competition, transportation, tax incentives, if available, financing opportunities, maps and visual aids. After the visit, interested businesses would be connected with economic development officers in the designated community of their interest.

## Summary

1. The Targeted Community will include those individuals who become unemployed during the calendar year through no fault of their own, but as a result of the economy and changes in the general employment conditions. Also included are Micro and Small businesses that are in need of capital for start-up businesses and expansion in the towns of Auburn, Bedford, Candia, Derry, Goffstown, Hooksett, Londonderry, and Manchester

2. Individual community Economic Development efforts in the smaller towns has been less effective due to inadequate staffing, lack of funding, territorial boundaries and inefficiencies. This would continue and the overall effort to continue community economic development for this region would decline without this effort. Its impact will have a positive effect for the overall economy of these eight communities. As this study began, the State of New Hampshire was not doing an adequate job at marketing its assets. This has been a conviction of many business leaders in the communities in the area. They have been very vocal about the state's inability to do an adequate job marketing our state outside New Hampshire. This is the primary reason there has been overwhelming support for this project. Private business has been financially supportive. New Hampshire has an excellent education system, some of the finest colleges are located here as well as throughout the rest of New England, other assets include an adequate labor force, both skilled and unskilled, an excellent hospital system, superior roads and available seaports and airports, proximity to major financial areas; i.e. Boston, Mass., 50 miles to the south, excellent air and water quality, adequate open land for development and expansion, available commercial and industrial rental and leasable space and a favorable tax structure.

## GOAL

To establish a successful Regional Economic Development Initiative serving the communities of Auburn, Bedford, Candia, Derry, Goffstown, Hooksett, Londonderry, and Manchester which will be headquartered in Manchester at the Chamber of Commerce office, this REDI shall have adequate funding for an initial two-year period. Because the job is not being done at the State level, it is necessary to form a privately funded organization to complete the task. The REDI shall be adequately staffed with a full time director and support staff. This group will be partially responsible for filling the estimated 7,000 jobs that become available in these communities annually due to restructuring, downsizing, consolidation, bankruptcies and relocation of existing business. Another component will be to organize a revolving loan fund to assist micro and small business owners for start up and expansion of their businesses.

## CURRENT CONDITIONS:

At the time this paper is being written unemployment in NH is at an all time low at 2.8% (September'97). This rate was .1 percentage points higher than the August rate at 2.7%. the seasonally adjusted September rate one year ago was 4.3%, at the time this concept was initiated. The national unemployment rate for September 1997 is 4.7%. The NH economy has made a remarkable recovery over the past 12 months. The current conditions mirror the desired conditions with respect to NH, however it is quite by coincidence that employment has increased since this concept paper was an embryo. NH is currently fifth in the nation for level of employment. In the two counties where the 8 towns are located, unemployment in Hillsborough is 2.5% and in Rockingham County the level is 3.5%. Profiles of unemployment within the individual towns were not available.

The desired conditions would be to keep the level of unemployment currently, however we would like to create more opportunities for the Micro and Small business owners by creating the training for them and the revolving loan fund to invest in these smaller enterprises.

## **PROJECT PURPOSE:**

Economic activities such as this REDI cooperative effort to have a number of towns working together toward regional economic development for the benefit of all the towns in that group, instead of each individual town focusing on their needs alone without regard for growth and development of the economy in neighboring towns. These efforts are encouraged by the State in New Hampshire. Grant funds for as much as \$100,000. are available for regional economic development agencies on a first come basis. The grant also encourages a revolving loan fund which could be used to further CED efforts for smaller businesses where assistance is not as available as it is for well capitalized more profitable businesses. The towns identified in this contract are located in south central New Hampshire. Manchester is the economic hub of this region. Many of the smaller towns feed from Manchester as a source of employment, shopping centers and cultural activities. This city also has a well organized, strong Chamber of Commerce staff and membership willing to spearhead the project.

## **MAJOR OUTPUTS (If the project is successful)**

1. REDI will be established within the Chamber office.
2. An Executive Director will be hired.
3. The \$625,000.00 in private funding will be raised.
4. The individual responsible for economic development in each community will support the regional initiative.
5. The existing web site for the chamber will be reconstructed to include the REDI effort and link the 8 communities.
6. A micro and small business training and lending center will be established at the REDI office.
7. Employment opportunities will be enhanced for the residents of the 8 communities.

## **OUTPUTS WHICH HAVE BEEN FULLY ACHIEVED**

1. The REDI has been established.
2. The Executive Director was hired in June of this year.
3. At present, commitments have been received which span over a two-year period for \$702,000.00

4. Most individuals responsible for economic development have been very supportive of the regional concept; two are supportive to a lesser degree in the smaller communities.

5. Employment is at an all time high, however the credit does not rest with this initiative; it is a result of a robust local and national economy.

#### MAJOR OUTPUTS THAT HAVE BEEN PARTIALLY ACHIEVED

1. The web site for the chamber is under construction and the regional initiative is included in detail, links are being established between the individual towns and the State of NH sites that are relative to the project.

#### MAJOR OUTPUTS FOR WHICH NO TASKS HAVE BEEN INITIATED

1. The proposal to establish a micro and small business training and lending center within the REDI office.

#### CONCLUSIONS AND RECOMMENDATIONS

1. The goals within my project have changed since I began the project. Initially, I was concerned about the efforts on behalf of the State of NH being inadequate. I saw them as not fulfilling the economic development needs at the state level, but also at a local level. Furthermore, I was not aware of the need for an intensive effort for a micro and small business training and lending center in the community. At this time I have found that smaller businesses are being ignored by most financial institutions.

#### FACTORS THAT ADVERSLY EFFECTED MY ABILITY TO COMPLETE MY PROJECT

1. I was not an employee of either the Chamber or REDI.
2. I did not have any direct control over the process.

## UNEXPECTED EVENTS THAT SIGNIFICANTLY AFFECTED MY ABILITY TO COMPLETE THE PROJECT AND ACHIEVE MY GOALS

1. The Chamber staff included me as part of their advisory team.
2. My classmates were very encouraging, especially our study group.
3. Two surveys I conducted within two of the communities that had an effect on my project and my view about CED.
4. I developed technology skills with my computer through classes and on the Internet that I did not know existed 18 months ago.

## SUGGESTIONS TO SOMEONE DOING A SIMILAR PROJECT

1. Keep it simple. My project seemed to grow in size and intensity as time went on. At times I felt overwhelmed by the size of the project. I believe I could have focused on a portion of the project or a single aspect and still have been successful.



## **CED PROJECT CONTRACT**

### ***BACKGROUND:***

The towns identified in this contract are located in south central New Hampshire. Manchester is the economic hub of this region. Many of the smaller towns feed from Manchester as a source of employment, shopping centers and cultural activities.

Economic activities such as this cooperative effort to have a number of towns working together toward regional economic development for the benefit of all the towns in that group, instead of each individual town focusing on their needs alone without regard for growth and development of the economy in neighboring towns is encouraged by the State in New Hampshire and grant funds for as much as \$100,000. are available for regional economic development agencies on a first come basis. The grant also encourages a revolving loan fund which I would suggest could be used to further CED efforts for small business where assistance is not as available as it is for well capitalized more profitable ventures.

The team organizing the effort is spearheaded by some influential local businesses and their CEO's who believe a regional effort will be more successful than the present structure at the individual town's level. Presently, a town like Manchester, NH has a full time economic development officer. He is an employee of the city of Manchester and is restricted by his employer from encouraging development and expansion in contiguous communities, even though there may be greater opportunities for a certain business in the neighboring community. The regional initiative would overcome that problem and concentrate on what is best for the business prospect.

The effort at the local level, that is the individual economic development officer employed by each town will continue in their present role, however some of their funding has been cut back or eliminated. For example, in the town of Derry, the budget has been cut from \$60,000. to \$30,000. It would be extremely difficult to support any effort with such a small budget. Therefore, we anticipate that community would support the regional concept.

The individual responsible for initiating this effort, that is the idea to add a regional layer to the existing economic development structure, is the President of the Greater Manchester Chamber of Commerce. His experience in seeing this type of structure in place in other communities across the country has encouraged him to advocate it for these selected communities in southern New Hampshire.

He has organized a nucleus of business leaders from some of these communities to serve on a steering committee to initiate a fund raising drive to underwrite the project for a two year period with private non-government contributions.

This group which is a sub committee for economic development at the Greater Manchester Chamber of Commerce served as the human resource group to hire an

Executive Director with a background and experience in community and economic development to organize and implement their plans and run the regional initiative.

### *PROBLEM STATEMENT*

The regional effort makes a great deal of sense because the efforts of individual towns are not getting the job done. Budgets are being cut at their level and towns are reliant on a part-time person to get a full-time job completed. Cooperative efforts have proven much more fruitful in other areas of the country. A prime example is the Carolinas Partnership. The organization manages economic development among 16 counties spanning North and South Carolina. This initiative boasts a wonderful record of successes. They have a five-year plan for regional growth and a marketing plan both nationally and internationally. Their plan was launched in 1996 and their financial support is also private. The REDI project is capable of growing in much the same manner. The program could expand northerly to Concord and easterly to Portsmouth, NH, however that is another chapter. The Manchester Chamber is currently involved in a very active program for International Development and has been hosting business leaders from other countries for a number of years. This is an exchange program where local business owners interact with their counterparts in other countries. It is a cultural and learning experience which has resulted in investments both ways and exchanges of business philosophies beneficial to all. The inclusion of the larger group in this exchange should prove very helpful to those communities joining the group.

The target community for the micro and small business training and lending program are the estimated 3,997 small businesses within the REDI communities. There are a number of small business people who are not trained in business. They can not read or understand a balance sheet and profit and loss statement. This group is not able to write an acceptable business plan in order to obtain credit. Local bankers intimidate many. I believe the problem is two-fold. The business people are not confident enough to approach the bankers and the bankers need to make an adjustment in their attitude toward addressing smaller credits. As a result of these situations, it is necessary to offer training and assistance in these areas for the small business owner. After they have gone through an education process, they could be allowed to apply for loans under the program. Two surveys were conducted in connection with this paper; a survey was done on November 8<sup>th</sup>, 1997 at Grandview Flea Market in Derry, NH. Discussions were held with five different concession managers using a questionnaire designed for small and micro business people. The other survey was done earlier this year in an East Manchester, NH neighborhood, surveying low to middle income proprietors of small businesses who are racially mixed.

The needs of the business people I interviewed were varied. Approximately 50% were in need of financing to one degree or another, but all of them were in need of financial counseling. Not one was familiar with the mechanism for writing an acceptable business plan. Most of them could not interpret a financial statement. Some of them could not hold a conversation in English. They were all genuine and hard working. They were very co-

operative about answering questions and 80% of them asked if I would be returning with follow-up information to start a group or just distribute financial information.

There were a number of interviews in the Manchester community where it would have been relatively easy to grant the credit request of the business owners who had been declined by local banks. One case involved purchasing commercial real estate, another could have been granted with a SBA guarantee and a third \$7,000.00 loan probably could have extended through a micro-lending program. The borrowers were not sophisticated enough to pursue the proper financing out of ignorance.

Some of the negative impacts due to not being trained about business planning include the inability to borrow or refinance out of a higher interest rate loan that cost some businesses additional interest for borrowings. There also exists an inability to grow the business, loss of discounts, and inability to add employees to the workforce. In the long run the entire community suffers from these impacts.

### *PROJECT GOALS*

1. To establish a successful Regional Economic Development Initiative serving the communities of Auburn, Bedford, Candia, Derry, Goffstown, Hooksett, Londonderry, and Manchester, which will be headquartered in Manchester at the Chamber of Commerce office, this REDI shall have adequate funding for an initial two-year period.
2. The micro and small business training and lending segment of the program is to encourage 25% of the targeted businesses to become aware of the services at the REDI office and to become familiar with the micro and small business training and lending program. The other 75% of the small business people will probably not use the program because they do not have a need or are being serviced elsewhere. I would be satisfied if I could go back out in the same communities in three to five years and get much more positive results from a similar survey. The program would be successful if proprietors were comfortable with the fact that they could borrow money if they were credit worthy, could get financial training when it was needed and interact with peers about basic business problems that need to be talked about and solved on a daily basis. I would utilize the grant money (\$100,000.00) to purchase computers, employ a small staff and purchase printed material to distribute among the business members. Targeting 25% of the potential members, we can expect an enrollment of 1,000 small businesses from all eight communities over the first three years. I would expect 400 to join the first year and 300 in each of the following two years. I would anticipate membership to level off after the third full year, with new members replacing those leaving. An average of 30 members per month would seek some form of counseling or training. Many of them would return for additional sessions. Six separate courses will be offered, they are Operating a Small Business for Profit, Business Planning, Understanding Basic Financial Statements, Profit & Loss Summaries, Business Plans, Marketing and Talking Business with your Banker. I anticipate offering 260 classes over the 3-year period and expect to issue 272 certificates for people completing classes. I expect to close and fund 5 micro loans per month at an average of \$5,000.00 each and 2 larger small business loans per month at an average of \$20,000.00 each. The office will be physically located within the Chamber office in

Manchester. Rent and utilities would be paid to them and we will utilize some of their administrative and professional staff including accountants and attorneys.

The program should also have a focus on graduation. Members that achieved the desired results would be educated in the ways of running a business, apt at reading and analyzing financial information and be capable of obtaining conventional financing in order to grow their business. I would expect those graduates to be the future volunteers and advisory board of directors for this organization.

### *PROJECT PURPOSE*

Economic activities such as this REDI cooperative effort to have a number of towns working together toward regional economic development for the benefit of all the towns in that group, instead of each individual town focusing on their needs alone without regard for growth and development of the economy in neighboring towns. These efforts are encouraged by the State in New Hampshire. Grant funds for as much as \$100,000. are available for regional economic development agencies on a first come basis. The grant also encourages a revolving loan fund which could be used to further CED efforts for smaller businesses where assistance is not as available as it is for well capitalized more profitable businesses. The towns identified in this contract are located in south central New Hampshire. Manchester is the economic hub of this region. Many of the smaller towns feed from Manchester as a source of employment, shopping centers and cultural activities. This city also has a well organized, strong Chamber of Commerce staff and membership willing to spearhead the project.

### *MAJOR OUTPUTS*

1. Unemployment will be more controllable on a local level, because there will be a coordinated effort to bring new economic initiatives to the area.
2. The workforce will have more choices regarding employment if we are successful at attracting a more diverse group of employers to the area.
3. The expense of coordinating economic development at the local community level will be less because the funding for this initiative comes from private industry.
4. Small and micro business owners will have an opportunity to learn and be educated about operating a business. Also they will have access to more capital through the loan program.

### *Background*

The chamber became involved in the program because they recognized the need for a larger incentive with private control if economic development in southern NH is expected to move forward. These successes have been proven in many other areas of the country. I became involved as a result of my enrollment in the

CED program. I selected the REDI project because I have an interest in small business development and the local economy.

Other major players include Public Service Company of NH, Manpower Incorporated, most of the local and regional banks who have a branch in the area, local restaurants, manufacturers, construction and construction servicing organizations and many smaller businesses.

Many of the above mentioned gave their support, both in time and financially because they felt the need to develop a sound economic development program on a local level from private funding. The effort at the state level was not having the needed impact and the business group wanted more control over the program. Their expectation is the program will generate additional profits for their companies and hasten growth in the southern portion of the state. Many of these interests are selfish and without CED foundations, however if the economy does grow and better jobs are more available, the community will benefit.

I became more aware of the needs of smaller business people as I conducted my surveys, which was a new experience and very rewarding. The micro and small business piece is my own idea and will take time to put in place. The concept is well thought out and workable. It satisfies the needs of many in small business and also accommodates the local lenders in helping to satisfy their CRA requirements.

### *RESULTS*

If the project were successful, the major outputs that would exist are:

1. Unemployment will be more controllable on a local level, because there will be a coordinated effort to bring new economic initiatives to the area.
2. The workforce will have more choices regarding employment if we are successful at attracting a more diverse group of employers to the area.
3. The expense of coordinating economic development at the local community level will be less because the funding for this initiative comes from private industry.
4. Small and micro business owners will have an opportunity to learn and be educated about operating a business. Also they will have access to more capital through the loan program.

## OUTPUTS WHICH HAVE BEEN FULLY ACHIEVED

1. The REDI has been established.
2. The Executive Director was hired in June of this year.
3. At present, commitments have been received which span over a two-year period for \$702,000.00
4. Most individuals responsible for economic development have been very supportive of the regional concept; two are supportive to a lesser degree in the smaller communities.

## MAJOR OUTPUTS THAT HAVE BEEN PARTIALLY ACHIEVED

1. The web site for the chamber is under construction and the regional initiative is included in detail, links are being established between the individual towns and the State of NH sites that are relative to the project. The finishing touches needed to complete the site include inputting information for each category on the page. The format is fully designed, although further modifications are under way. The modifications are all improvements that transpire as a result of further exploring avenues that improve the page. Grolen communications is working with Bill Hamilton, the VP at the chamber and Jack Messer, the Executive Director of the REDI project.

## MAJOR OUTPUTS FOR WHICH NO TASKS HAVE BEEN INITIATED

1. The proposal to establish a micro and small business training and lending center within the REDI office. I have been working on this segment of the project since October 1997. I have recently completed the plan and have not made a formal proposal to have it considered by the REDI. I have discussed the plan in principle with the Executive Director at REDI. He has an interest, and I expect to be working with him to write a grant through the NH state Department of Resources and Economic Development. I believe that could be an opportunity for a continuing discussion about the micro and small business training and lending center.

## CONCLUSIONS AND RECOMMENDATIONS

### Changes in goals or project purpose:

1. The goals within my project have changed since I began the project. Initially, I was concerned about the efforts on behalf of the State of NH being inadequate. I saw them as not fulfilling the economic development needs at

the state level, but also at a local level. I believe the state of NH has come a long way at improving the delivery and services connected with the state Department of Resources and Economic Development. They have taken the initiative of adding to their staff and improving the quality of personnel. They have improved their web site and links. The Department has been extremely helpful in assisting the REDI toward completion of their project. Furthermore, I was not aware of the need for an intensive effort for a micro and small business training and lending center in the community. At this time I have found that smaller businesses are being ignored by most financial institutions. The project goals now include the development of the micro and small business training and lending program.

Different conditions that would have increased my ability to complete the project:

1. I was not an employee of either the Chamber or REDI, if I had been an employee, I could have spent more time at the project, would have been more accepted regarding changes and suggestions. I was a volunteer at the project and the staff was very helpful to my project and me.
2. I did not have any direct control over the process for the same reasons mentioned above. Many times I became frustrated because I felt I could contribute more to the success of the project if I was an employee.

Unexpected happening that significantly affected my ability to complete the project and achieve the goals:

1. The Chamber staff included me as part of their advisory team.
2. My classmates were very encouraging, especially our study group.
3. Two surveys I conducted within two of the communities that had an effect on my project and my view about CED.
4. I developed technology skills with my computer through classes and on the Internet that I did not know existed 18 months ago.

Suggestions to anyone doing a similar project:

1. Keep it simple. My project seemed to grow in size and intensity as time went on. At times I felt overwhelmed by the size of the project. I believe I could have focused on a portion of the project or a single aspect and still have been successful.
2. Start early.
3. Do a little every month
4. Keep a diary or log in chronological order outlining your progress.
5. Join a study group.
6. Do not get behind in your assignments.
7. Ask for support.