

HARTFORD

INNER CITY BUSINESS STRATEGY INITIATIVE

CREATING JOBS, INCOME, AND
WEALTH FOR INNER CITY RESIDENTS



CREATING JOBS, INCOME, AND WEALTH

A market-oriented approach

The Hartford Inner City Business Strategy Initiative is a bold effort to tackle the city's most pressing challenge – extending today's economic prosperity to citizens who have been left behind. In a unique collaborative effort, business, government, and community leaders in Hartford have worked together to identify market-based opportunities for inner-city business growth that can create jobs, income, and wealth for local residents.

The Initiative represents an entirely new approach to inner-city revitalization. Rather than focusing on barriers to development, this approach identifies and taps the economic competitive advantages inherent in Hartford's inner city and emphasizes private, for-profit business development.

From June to December 1999, Hartford leaders have worked with the Initiative for a Competitive Inner City (ICIC), a national nonprofit organization founded by Harvard Business School Professor Michael Porter, to conduct a rigorous assessment of Hartford's existing business base and its business environment. Their efforts have resulted in a strategic action plan for inner-city business growth and job development. Art Marquardt, Chairman, President & CEO of CTG Resources, Inc., has championed this effort, committing his personal time and attention to ensuring its success. Andersen Consulting provided pro bono research and project management services for the project.

In less than one year, the Hartford Inner City Business Strategy Initiative has accomplished the following results:

- More than 50 corporate, government, and community leaders are actively committed to inner-city economic development and ready to drive recommendations to implementation.
- More than 50 interviews have been conducted with inner-city companies, providing in-depth knowledge of the competitive advantages and disadvantages specific to Hartford's inner city.

- A detailed analysis of Hartford's inner-city economy, based on the industry clusters that drive its growth, is now available to guide decision-making.
- Detailed strategies and action plans have been developed for inner-city business growth in Hartford's five key clusters: financial services/information technology; health services/medical devices; heavy construction; transportation/import-export and retail.

A call to action

The recommendations that follow present a clear timetable, laying the groundwork for action, accountability, and results. But recommendations alone are not enough. They must lead to action by community, business, and government leaders.

The Advisory Board urges leaders from all three sectors to join in an unprecedented collaboration to pursue results. With today's strong economy, there has never been a better moment to harness the power of free markets to renew Hartford's inner city, creating sustainable economic opportunities for its residents.

RECOMMENDATIONS

Hartford's action plan for inner-city revitalization focuses on bolstering the following three key building blocks of inner-city economies: competitive urban businesses, competitive inner-city residents, and a competitive city environment.



I. BUILD COMPETITIVE URBAN BUSINESSES

Create the Hartford Enterprise Partnership to accelerate the development of new and/or growing businesses in inner-city locations

Significant opportunities for business development in Hartford exist in commercial services (such as printing, security, temporary staffing, and building maintenance) and the health care and medical devices cluster. Small and medium-sized businesses will be the primary engines driving growth in these industries. In order to tap the growth opportunities, however, many of these businesses must overcome significant hurdles, including inadequate access to capital, lack of management expertise, high overhead expenses, weak brand recognition, and limited e-commerce capacity. The Hartford Enterprise Partnership will help small and medium-sized businesses overcome these disadvantages.

The Partnership will work with existing business service providers to bring new funding to the table and develop customer-driven, focused, and integrated processes. The Partnership will:

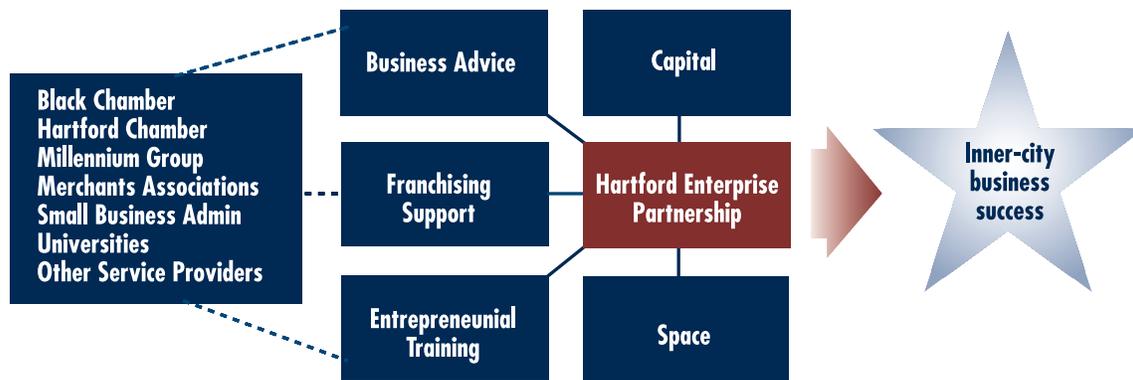
- Coordinate the provision of business advice.
- Provide incubator space and shared services.
- Link businesses to equity and debt capital sources.

- Expand commercial services franchising.
- Link businesses to entrepreneurial education and training.
- Assist in creating a comprehensive neighborhood retail development strategy.

In three years, the Hartford Enterprise Partnership can:

- Provide year-long strategic consultations to 30-45 businesses, provide workshops to 300 businesses, and help 100 businesses integrate e-commerce into their operations.
- Provide incubator space to 60 businesses.
- Assist 30-45 businesses in obtaining loans or other forms of financing.
- Link 20-30 businesses to major franchises.
- Train 150 students in semester-long entrepreneurial education courses.
- Develop portfolio analysis for 2-3 neighborhoods, attract one major retail store or improve the performance of an existing major retail store, help 10-15 inner-city retailers start or expand retail establishments, and create 50-100 jobs in inner-city neighborhoods.
- Establish a joint purchasing cooperative serving 20-40 retail businesses.

Hartford Enterprise Partnership: Providers, Services, and Customers



II. DEVELOP COMPETITIVE RESIDENTS

Provide additional funding to expand job-retention services, job-readiness training, and self-sufficiency programs

Hartford's existing demand-driven skills training programs are successfully preparing residents for jobs with a future. The Advisory Board recommends leveraging these programs by providing additional funding for job-retention services that can dramatically improve performance and decrease attrition on the job. In addition, the Advisory Board recommends that retention services be provided as part of comprehensive job-readiness and self-sufficiency programs. These services teach the basic skills and familiarity with the workplace that employees need to succeed.

In three years, Hartford can:

- Fund organizations to provide job-retention and job-readiness services for 300-450 residents.
- Fund training and technical assistance programs in community and economic development, enabling 450 residents to attend workshops and 75 residents to complete a 10-week program.

III. CREATE A COMPETITIVE CITY

Market Hartford's business opportunities

The Advisory Board recommends that a small team of professionals develop compelling data and case studies demonstrating the benefits of doing business in Hartford, with a particular focus on inner-city locations. These advantages should be marketed not only to executives in the identified clusters, but also to the general public, whose perceptions and misperceptions of the city are impediments to economic development.

In three years, this effort can:

- Attract 30 new small to medium-sized businesses to Hartford, creating 200 new jobs.
- Encourage 30 businesses to remain or grow in Hartford, retaining or creating 200 jobs.

Improve municipal services

In addition to marketing Hartford, the Advisory Board recommends that Hartford city government work to improve its delivery of city services, especially its permitting process. The Advisory Board strongly supports the recommendations contained in the City of Hartford Action Planning Report, prepared by the Public Strategies Group, July 18, 1997 (often referred to as "The Osbourne Report"). This report, commissioned by the City of Hartford, recommends that the City adopt a performance measurement and management system, define accountability for city agencies, develop a one-stop permitting process, and develop a public-private partnership for economic development.

Increase the stability of the economic development system by providing funding for Hartford 2000 and the Hartford Economic Development Commission

The economic development system can be thought of as a three-legged stool, represented by business, the community, and city government. All three legs are present in Hartford, but each needs to be strengthened and the coordination among them enhanced. Hartford 2000, which provides an important channel for the voice of the community, needs funding for its core staff and activities. The Hartford Economic Development Commission, which represents the city government, has been established but also needs stable core funding. The corporate community has several important groups working on economic development, such as the Millennium Group, the Growth Council, and the Chamber of Commerce. These groups must continue to work together to ensure that the economic development process is not fragmented.

Increase access to transportation

Hartford's major business clusters are expected to create a significant number of job opportunities in suburban locations. Limited access to public transportation presents a problem for many inner-city residents who wish to take advantage of these jobs. Many public sector agencies, nonprofit organizations and commissions are currently working to address this issue. The Advisory Board recommends that the State provide funding to the Capital Region Council of Governments (CRCOG) to enable it to increase its Jobs Access Program by 50 percent. Currently, the Jobs Access Program assists 2,000 individuals per day with transportation to work. The Advisory Board further recommends that the Hartford Enterprise Partnership work closely with CRCOG to ensure that the needs of inner-city residents and inner-city businesses are addressed as the CRCOG expands its Jobs Access Program.

BUILD A COMPETITIVE STATE

In addition to creating a competitive City of Hartford, the Advisory Board recommends creating – statewide – an environment that encourages investment in the inner cities.

Limited access to capital, particularly equity capital, is a critical barrier to growth for many inner-city businesses. The public and private sectors should work together to:

- Develop a media campaign that highlights successful inner-city businesses.

- Provide state tax credits for equity investments in the inner city.
- Support the creation of a privately managed equity fund targeted at investments in the inner city.

In three years, these efforts can lead to:

- Equity investments in 40-50 inner-city businesses across Connecticut.

MOVING FORWARD

Through the Hartford Inner City Business Strategy Initiative, more than 50 leaders from all parts of the city have come together to produce a unique, multi-faceted strategy to build a healthy inner-city economy and promote opportunities for inner-city jobs, income, and wealth creation.

By taking decisive action to implement this strategy, Hartford can:

- Prepare hundreds of inner-city residents to compete for skilled jobs with strong career paths and opportunities for advancement.
- Boost the competitiveness of its inner-city business environment, facilitating business growth and attracting new business.

- Create a strong base of inner-city businesses with access to the resources and assistance they need to expand and adapt to competitive pressures.
- Develop a pool of inner-city entrepreneurs poised to take on new business opportunities.
- Solidify ties among business, government, and community leaders, building the institutional infrastructure needed to promote and sustain long-term business development.
- Fundamentally alter the opinions and attitudes of customers, investors, and business professionals regarding viable business opportunities in Hartford's inner city.



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