



Gig Harbor, WA Resource Team Report March 2012



Washington State
MAIN STREET
PROGRAM

The Washington State Main Street Program is a program of the Department of Archaeology & Historic Preservation, managed by the Washington Trust for Historic Preservation

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- **All photos courtesy Gig Harbor Historic Waterfront Association**

Introduction

The Resource Team Visit is a service provided by Washington State Main Street Program to newly-designated Washington Main Street communities. The purpose of the Resource Team Visit is to examine current revitalization efforts, address emerging issues and opportunities, and suggest ways to make the overall effort more effective. This report presents the findings and conclusions of the Resource Team Visit to Gig Harbor held December 2011.

The team methodology involved four steps:

1. First, the team reviewed materials such as the Main Street application, current work plans, promotional materials, historic information, etc., supplied by the Gig Harbor Historic Waterfront Association, Inc. (GHHWA).
2. Second, the team conducted interviews with individuals and committee and board members of GHHWA.
3. Third, the team toured the city on foot and by car and examined the built and physical aspects of the downtown and surrounding community.
4. Fourth, the team interviewed key stakeholders identified by GHHWA: Merchants; City Officials; Property Owners.
5. Finally, the team held a public meeting to report back to the community the team's initial findings about how the Main Street Approach can continue to revitalize downtown Gig Harbor.

The Resource Team consisted of two members:

TODD BARMAN: PROMOTION & ECONOMIC RESTRUCTURING

Todd Barman is a senior program officer for the National Trust Main Street Center who has more than 19 years of experience in the development field and more than 14 years of firsthand Main Street experience. With a background in landscape design and urban planning, Mr. Barman served as the assistant state coordinator for the Wisconsin Main Street Program from 1999 until 2006, where he provided comprehensive technical assistance in the field of downtown revitalization to Wisconsin's Main Street communities. He has continued that role nationally since 2006. He is a leader at the Center in the area of economic restructuring, including research and applications in the area of entrepreneurship and market position. Mr. Barman coordinated the market analysis technical support service in Wisconsin and led efforts to develop the nationally recognized Downtown and Business District Market Analysis Toolbox.

SARAH HANSEN: ORGANIZATION & DESIGN

Sarah Hansen is the Program Coordinator for the Washington State Main Street Program, which is housed in the Department of Archeology and Historic Preservation and administered by the Washington Trust for Historic Preservation. Sarah first discovered her love of historic preservation as an undergraduate history major at Connecticut College and went on to get a Masters in Historic Preservation from Boston University. While in Boston she worked with Boston Main Streets and stayed involved in the program as a Program Officer for the National Trust for Historic Preservation's

Mountain/Plains Regional Office in Denver where she covered the states of South Dakota, Wyoming and Montana. Since leaving the National Trust, Sarah has worked with Colorado Preservation, Inc. in Denver and most recently as a Project Manager with Architectural Heritage Foundation in Boston, a small non-profit developer. Sarah hails from the great State of Maine and is loving living in the Pacific Northwest.

The Main Street Four-Point Approach®

The observations and recommendations of the Resource Team report are based on the National Trust Main Street Center's Four-Point Approach® to downtown revitalization.



Organization establishes consensus and cooperation by building partnerships that will allow the development of a consistent revitalization program. Diverse groups from both the public and private sectors (bankers, city officials, merchants, chamber of commerce, property owners, community leaders, and others) must work together to create and maintain a successful program.

Promotion creates a positive image of the district to attract customers and investors, and to rekindle community pride in the district. Promotion includes the development of sophisticated joint retail sales events, festivals, and a consistent public image. This can be accomplished through graphic and media presentations, as well as through programs that attract investors, developers, and new businesses.

Design enhances the visual qualities of and takes advantage of the visual opportunities inherent in the traditional business district by directing attention to all physical elements: buildings, storefronts, signs, public improvements, landscaping, merchandising displays, and promotional materials. Its aim is to stress the importance of design quality in all of these areas, to educate people about design quality, and to expedite improvements downtown.

Economic Restructuring strengthens the business district's existing economic assets while diversifying its economic base. Activities include retaining and expanding existing businesses, recruiting new businesses to provide a balanced commercial mix, converting unused or underutilized space into productive property, and sharpening the competitiveness and merchandising skills of business people. The Main Street Approach is a process through which the four points are integrated into a comprehensive program designed to build upon local opportunities and to build community self-reliance for business district economic development. This involves not only attention to all four points of the Main Street Approach, but also careful adaptation of the Main Street Approach to each community's specific needs.

Eight Principles of Main Street

While the Main Street approach provides the format for successful revitalization, implementation of the four-point approach is based on eight principles that pertain to the entire revitalization effort. The most successful Main Street revitalization programs use these principles to guide and strengthen their endeavors.

Comprehensive. Downtown revitalization is a complex process and cannot be accomplished through a single project. For successful long-term revitalization, a comprehensive approach must be utilized.

Incremental. Small projects and simple activities lead to a more sophisticated understanding of the revitalization process and help to develop skills so that more complex problems can be addressed and more ambitious projects can be undertaken.

Self-Help. Local leaders must have the desire and will to make the project successful. The National Trust Main Street Center and Main Street Arkansas provide direction, ideas and training, but continued and long-term success depends upon the involvement and commitment of the community.

Public/Private Partnership. Both the public and private sectors have a vital interest in the economic health and physical viability of the downtown. Each sector has a role to play, and each must understand the other's strengths and limitations so that an effective partnership can be forged.

Identifying and Capitalizing on Existing Assets. Downtown districts must capitalize on the assets that make them unique. Every district has unique qualities--like the distinctive buildings and human scale environment that give people a sense of place. These local assets must serve as the foundation for all aspects of the revitalization program.

Quality. Quality must be emphasized in every aspect of the revitalization program. This applies equally to each element of the program, from storefront design to promotional campaigns to educational programs.

Implementation-Oriented. Activity creates confidence in the program and ever greater levels of participation. Frequent visible changes are a reminder that the revitalization effort is under way. Small projects at the beginning of the program pave the way for larger activities as the revitalization effort matures.

Change. Changes in attitude and practice are necessary to improve current economic conditions. Public support for change will build as the program grows.

ECONOMIC DEVELOPMENT PHILOSOPHY

The National Trust Main Street Center is reasserting that all of Main Street's Four Points (Design, Promotion, Economic Restructuring, and Organization) play an economic development role. The Main Street Four-Point Approach® is an asset-based economic development strategy. The assets common to historic commercial districts are heritage assets and human assets. Heritage assets encompass both built and cultural history. Human assets encompass both entrepreneurs (local/independent owner operators) and an engaged public (locals with a sense-of-ownership/buy-in). While each Point within the Four-Point Approach ideally makes use of all four assets, each Point takes the lead in leveraging one of the four assets.

- Heritage assets
 - Design takes the lead on leveraging built history.
 - Promotion takes the lead on leveraging cultural history.
- Human assets
 - Economic Restructuring takes the lead on leveraging entrepreneurs.
 - Organization takes the lead on leveraging an engaged public.

In this way, a Main Street program can operate as a *nonprofit* commercial developer. Private, for-profit commercial developers often structure their operations around four development tasks; property development/management, marketing, leasing, and human/financial resource management. Here again, while each Point within the Four-Point Approach ideally assists with all four development tasks, each Point takes the lead on one of the four tasks.

- Design takes the lead on property development and management;

- Promotion takes the lead on marketing;
- Economic Restructuring takes the lead on leasing; and
- Organization takes the lead on human and financial resource management.

A Main Street program is a grassroots, volunteer-driven nonprofit business. Its volunteers are mobilized through committees or teams that reflect the Main Street Four-Point Approach®. For successful asset-based economic development, each committee or team must embrace its development role.

- The design committee or team must take the lead on developing **space** by leveraging built history and other related local assets;
- The promotion committee or team must take the lead on developing **markets** by leveraging cultural history and other related local assets;
- The economic restructuring committee or team must take the lead on developing **businesses** by leveraging entrepreneurs and other related local assets; and
- The organization committee or team must take the lead on developing **partners** by leveraging an engaged public and other related local assets.

The focus on entrepreneurs rather than business owners is intentional. Entrepreneurs by definition are never satisfied and forever working **on** their business (tinkerers). Business owners may be satisfied simply working **in** their business Monday-Friday from 9-5 or less. To be successful in an ever-changing market, historic commercial districts need more entrepreneurs. It takes a concrete and compelling vision of a fully functioning future downtown marketplace (see Downtown Development Plan Philosophy below) to attract the entrepreneurs and investors who will eventually realize that vision.

The Organization, Promotion, Design and Economic Restructuring recommendations that follow reflect this Economic Development Philosophy. In other words, the recommendations are intended to help GHHWA and each committee embrace and fulfill their development role.

DOWNTOWN DEVELOPMENT PLAN PHILOSOPHY

The Downtown Development Plan Philosophy picks up where the Economic Development Philosophy leaves off; with the concrete and compelling vision of a fully functioning future downtown marketplace. Successful private, for-profit commercial developers attract investors and tenants by helping them see a vision of themselves making money as part of a successful place. That vision is founded on:

- A sound market position and marketing plan;
- Well-developed and managed leasable space; and
- A well-designed clustering/leasing plan.

It also helps if the private, for-profit commercial development company is a credible, trusted, and well-run business. Similarly, a Main Street program can be a credible, trusted, and well-run *nonprofit* business operating as a commercial developer, and can attract entrepreneurs and investors by understanding how its own marketplace functions and proactively designing its own dream marketplace.

Successful private, for-profit commercial developers define a market to go after, and use numbers (e.g. demographics) to inform their decision-making. They position their developments within regional and local markets and do targeted market research to gauge if there are enough of the right customers available to support the amount of leasable space. They don't do business-specific market research;

leaving each potential business tenant and investor to run his or her own numbers to inform their own decision-making. Similarly, a Main Street program should use numbers to inform its decision-making and shape how they:

- Develop space (design);
- Develop markets (promotion);
- Develop businesses (economic restructuring); and
- Develop partners (organization)

Main Street programs can use the numbers along with local experience and a little gut intuition to settle on a market position — a commercial district specialization or niche based on a primary consumer segment served and/or a primary set of goods and services offered (what the district is best at selling and to whom). The goal is to differentiate; to be memorable and remarkable so consumers consistently choose your commercial district over the competition.

Successful private, for-profit commercial developers develop their space to visually communicate a brand message and to encourage exploration. They attempt, through science and art, to script people's movement into and through their development to their advantage; script the "theater" of their space. Think about a mall, for example. Its floor plan includes commercial spaces on the edge of the development that serve as points-of-entry and accommodate anchor businesses. Parking is concentrated near those points-of-entry. The majority of interior commercial spaces (called inline spaces) are arranged between those anchor spaces. The goal is for potential customers to find (or, really, be exposed to) as many businesses as possible through a sequence of storefronts that is interesting and uninterrupted. Research shows that breaks in the sequence will cause a person to lose interest, stop, and turn around. People won't find businesses beyond that point so won't shop those businesses. Therefore inline storefronts are designed to be narrow, frequent, with proximity to and lots of visibility from the pedestrian traffic flow (just like the way historic commercial districts originally developed).

Likewise, Main Street programs need to develop space that stimulates strolling so that customers shop the district and not just a single destination business. Single destination shopping misses opportunities to share customers and strains on-street parking spaces. With a strong commercial district brand and space that stimulates strolling, customers and parking can be shared and parking can work well located near the gateways to the district. For downtowns, anchors can be a little further removed (e.g. residential units, employers), so proactively designing for multimodal transportation is also key. If I can walk or bike between where I live and work, and if that path takes me past downtown storefronts, I am a downtown customer waiting to happen.

Successful private for-profit commercial developers also use science and art to lease their space to create not only a critical mass, but an effective combination of businesses to attract the available customers. The collective — all of the businesses in the district together — determines commercial district success. It's not just design that makes a storefront interesting (and keeps a person strolling/shopping); it's the business visible through the storefront.

In today's global economy, downtowns rarely become strong marketplaces thinking about one property at a time, one lease at a time, or one business at a time. Independent and impulsive leasing results in weaker marketplaces than cooperative and strategic leasing. The axiom for real estate has always been location, location, location. The fact is that locating a business downtown is simply not enough; its

placement on the street strongly affects its chances of success. Businesses need to be clustered and should consider paying more rent to locate closer to complementary businesses. Remember, customers are often attracted to a commercial development by an anchor and look for parking near that anchor, but will stroll from that anchor all the way to another anchor if they find each business and attraction they pass interesting. Part of the challenge is that different consumer segments will find different businesses and attractions interesting.

While Main Street programs won't likely be able to actively cluster businesses through lease management (they don't own or control the properties), they can indirectly inspire owners to cluster by communicating (selling) the downtown development plan. Three-way communication among the Main Street Program, property owner, and business owner about the financial benefits of following a clustering plan is the key to success. (For more information see www.uwex.edu/ces/cced/downtowns/dma/18.cfm.)

Finally, successful private, for-profit commercial developers are good at communicating their development vision and selling their development proposals to potential reviewers, funders, and tenants by using verbal descriptions, architectural renderings, and diagrams or schematics. That is why they are able to get approval, attract investors, and lease space even before they break ground. Main Street programs need to use similar tools to attain similar results. The downtown development plan should communicate a vision for the physical development of the district as well as a strategy for leasing; the more specific, the more useful. The leasing plan should include strategies for arranging or locating current and future businesses within the mix to positively impact foot traffic and sales. The clustering/leasing work session included in the visit was designed as a participatory process involving creative brainstorming and hypothetical rearrangement and addition of businesses within the district to visually map out or model the ideal business district.

ORGANIZATION

Organization establishes consensus and cooperation by building partnerships among the various groups that have a stake in the commercial district. By getting everyone working toward the same goal, your Main Street program can provide effective, ongoing management and advocacy for your downtown or neighborhood business district. Through volunteer recruitment and collaboration with partners representing a broad cross section of the community, your program can incorporate a wide range of perspectives into its efforts. A governing board of directors and standing committees make up the fundamental organizational structure of volunteer-driven revitalization programs. Volunteers are coordinated and supported by a paid program director. This structure not only divides the workload and clearly delineates responsibilities, but also builds consensus and cooperation among the various stakeholders.

ORGANIZATIONAL ASSETS

- An engaged public – there is great community ownership of the historic waterfront
- Potential buy-in into the Main Street revitalization effort
- Clear track record of organizational success:
 - Open House & celebration of Main Street designation
 - Financial support from the City – the City is clearly investing in the GHHWA
 - Initial success with the Main Street Tax Credit Incentive Program

- Membership plan/benefits of membership: streamlined to waive fees for individual events and projects

ORGANIZATION RECOMMENDATIONS

The following recommendations are presented in a recommended order of priority. However, GHHWA is the best judge of district needs, available resources, political opportunities/constraints, and volunteer interests, so they are the best judge on order of implementation.

Recommendation 1: Create a new organizational brand and logo.

GHHWA needs to collectively settle on a single brand in which you will invest volunteer and financial resources to strengthen and promote. A strong brand will be necessary for the organization to have a strong presence within the community and the region. The current organizational name, the Gig Harbor Historic Waterfront Association, doesn't indicate what the organization does in terms of economic development, preservation, small business support, etc. The historic waterfront is key to the identity for Gig Harbor, so a name like: "Gig Harbor Waterfront Inc." with a tagline: "A Main Street Community", would better indicate the comprehensive nature of the group. Whatever name you choose, make sure it's simple, easy to remember and self-explanatory. The current logo, while a good design, doesn't create a snapshot of what the organization is all about.

All of GHHWA's promotional materials, marketing campaigns, logo, messaging, social media/website presence, design aesthetic, and business development efforts should reflect and reinforce this brand. GHHWA's current graphic designs are wonderfully done, but will be more effective if there is continuity and a clear identification of the organization in all of the materials. All of the committees will be supporting this brand in their projects and tasks. GHHWA's investment in establishing a strong and effective brand will be a valuable service to merchants along The Historic Waterfront.



A corporate identify for GHHWA is different from a brand for The Historic Waterfront. GHHWA should consider hiring brand consultants to help guide this process or help develop the brand and associated messaging (including a succinct and clever tagline) and graphical images (including a well-designed logo, color schemes, etc.). It is GHHWA's job to establish a commercial brand for The Historic Waterfront (Recommendation > in Promotions) and this brand should be both compatible with and integral to the Gig Harbor brand. As noted in the Promotion section, it is highly recommended that GHHWA hire an independent consultant to facilitate this creative process.

Recommendation 2: Establish a GHHWA Advisory Board.

The creation of an Advisory Board will allow a larger contingent of stakeholders to participate and to provide expertise to the Main Street program regarding downtown revitalization. An advisory board is a group of individuals who bring unique knowledge and skills which complement the knowledge and skills of the formal board members in order to more effectively meet the goals of the organization. An advisory board does not have formal authority to govern the organization, but serves to make recommendations and provide key information and materials to the formal board of directors. This board can be as many as 20-30 individuals who meet one or twice a year and represent such organizations as the Chamber of Commerce, the Harbor History Museum the Gig Harbor Boat Shop and

other non-profits, companies and organizations who have a stake in the health and vibrancy of downtown.

The advisory board will address a need that is outside the normal roles and responsibilities of the GHHWA board, and it is important to clearly establish the role of this board in the formal by-laws. You will want to address the advisory board's purpose, guidelines for membership, how it contributes knowledge and skills, and any structures/policies from which the advisory group interacts with the formal board of directors and organization members.

The Advisory board should have a chair that provides leadership to the group and this individual should act as the point of contact between the Advisory and GHHWA's formal board of directors.

Recommendation 3: Develop and Expand Volunteer Recruitment

Volunteers are the key to the organization's success and function as the workers. In order to recruit the most successful group of volunteers it is essential to identify skill sets needed and to make sure each committee has an effective leader serving as committee chair to manage.

Given that GHHWA doesn't have a deep volunteer base at this point; work plan development is a good tool to use when recruiting volunteers. Work plans are essentially "to do" lists of the tasks necessary to implement the project. (See sample committee work plans in the appendix.) They list the specific task, who is responsible for ensuring that task is completed, a deadline, income/expense, and measure of completion.

Developing plans isn't generally what people volunteer for anymore, however, start-up organizations that have a lot of excitement attached to their work, such as GHHWA, often have ONE opportunity to get the public at large engaged in such an effort.



The challenge of work plan development is keeping people involved once they've helped you set your program of work. Even fairly simple, realistic projects such as holding a storefront clean-up day, which people endorse as good ideas only get done if people show up to do the work. Groups such as the core committed volunteers who make up GHHWA must be careful to 1) not burn themselves out, and 2) not get into the STP (Same Ten/Twelve/Two People) rut. Recruiting volunteers on a project or event-specific basis will help avoid these two problems.

Volunteers for any one cause usually have a 'volunteer lifespan' of approximately six years, so remember to keep diversity, including age, in mind when recruiting volunteers. Boards and committees should reflect the make-up of the community. Consider adding Junior Board Members to the organization. Some of the most successful revitalization organizations have full voting seats for high school students. Youth involvement establishes investment in the community and naturally leads to parental participation as well.

Develop a formal volunteer recruitment plan to make sure you have a strong base of ready volunteers. Rotate volunteers so that you are not exhausting the same pool of people again and again. As with board members, analyze the skill sets you need for projects and events. It is often helpful to develop volunteer “job descriptions” that describe the specific task the volunteer is being asked to complete and a project/event timeline to illustrate the block of time they’re being asked to commit. The face of volunteerism is changing – recruiting volunteers for a committee or board is getting more and more challenging. Main Street’s across the country are finding success in recruiting volunteers on a project and event-specific basis. This allows individuals who may not have the time or the inclination to commit themselves to serving on a committee to share their expertise and leadership in a clearly defined way. The following are suggestions of how to expand volunteer recruitment:

- Along with specific volunteer “job descriptions” include a volunteer sign-up component on Main Street’s website; this could be an electronic submission form, or a downloadable Word or PDF file.
- Use Main Street’s Facebook page to issue specific and timely volunteer requests and be specific as to how many volunteers you need, for what project and when and where to meet.
- As committees are developing their project implementation plans, be sure to brainstorm potential individuals and/or organizations that could assist with the project. Each committee should make a habit of asking “Who else can we involve?” and then pursuing those individuals and organizations accordingly.
- Set up an account with VolunteerMatch: <http://www.volunteermatch.org/>
- Consider holding regular volunteer “mixers” for recruitment and consider being part of a community-wide volunteer fair with other non-profits. These could be an evening reception, morning breakfast, etc. Invite prospective volunteers to attend to learn about the organization, as well as available volunteer opportunities. This is a great opportunity for existing volunteers to invite friends and colleagues to learn about the organization in a fun environment.
- Develop a volunteer recognition program, including individual thank-you’s and an annual volunteer celebration/recognition event.
- *For more ideas, please see the attached Main Street News from November 2007 on Volunteer Recruitment (ATTACHMENT ONE).*

Recommendation 4: Expansion and Tracking of Fundraising Efforts

The most important part of fundraising is saying ‘Thank You’. GHHWA needs to better manage donor relationships. One way to do this is to make sure that each donor receives a thank you letter from the organization specifying the donation amount and what percentage, if any, is tax deductible. Build a database to track when the donation was received, when the letter was sent, etc. It would be a good idea for the Board President to send an additional thank you note or make a follow-up phone call. This system is especially important during specific fundraising campaigns and for the Main Street Tax Credit Incentive Program donors.

Develop a quarterly donor recognition program. This could be a “donor feature” article in the newsletter or on the website. This will increase function as an additional ‘thank you’ to the donor, highlight donor and sponsor opportunities and help define and document the intangible reasons for getting involved in GHHWA. These stories about why organizations, businesses and individuals donate to the GHHWA will speak to the importance of the organization and its role in the community.

Part of tracking and expanding your fundraising efforts is evaluating your events and public engagements. Track sure measurements as attendance figures, retail sales during the event, economic

impact on the community, and whether or not participants intend to return next year. Be willing to drop events if they are no longer successful; but before you do so, spend at least one year trying to improve the event. Remember, too, that some events are designed as image promotions, and the success of those events may not show up in retail sales figures.

Create sponsorship packages that generate excitement about the event from potential advertisers. Go into each event with fixed expenses covered by sponsorship sales, grants, or other contributions, so that additional revenue generated during the event is net profit. Remember that event revenue is not stable and should never be used to cover the organization's operating expenses – this holds true for Main Street Tax Credit Incentive donations as well. GHHWA should consider taking a second look at the Downtown Diva software to see if this can fulfill the functions the organization is looking for.

Recommendation 5: Develop a Communications Strategy

GHHWA currently uses Constant Contact and this program can be used to track who reads the newsletter. You should also set up an analytics program to track traffic to the organization's web page, making sure to differentiate between unique and repeat visitors. Depending on these results, tweak your communications and marketing to better target your specific audience. Develop marketing messages to reach specific target audiences, such as baby boomers, office workers, tourists, etc. Remember, if you take aim at your target, you are more likely to hit it than if you take a random approach.

GHHWA should be communicating with the City of Gig Harbor and the Chamber of Commerce on a regular basis. At least once each quarter attend a City Council meeting and give a brief presentation updating the Council on what the organization is working on, its successes and future work plans. Send copies of the Quarterly Performance Reports required by Washington State Main Street to the City as well and make these available on your website. Also begin to identify key community organizations and request time to present updates at their board or annual meetings. Developing a standardized power point presentation and/or talking points will allow various board members to be the presenter. In addition to listing the organizational work plans on your website, also celebrate the organization's successes. Follow-up communication to members through the newsletter, website and social media letting the community know how successful specific events and projects. Post photographs and quotes from participants highlighting the event/project's impact.

Review the list of newsletter subscribers to ensure that the newsletter is sent to all board and committee members, other volunteers, city officials (elected and key staff), all downtown business and property owners, key staff of partner organizations, members/donors, and others as appropriate. If not all subscribers can or want to receive the newsletter in electronic form, consider providing a limited print edition to those recipients.

Recommendation 5: Clarify Membership Definition

Consider using a membership program that functions more like a cooperative, so that membership fees would provide for inclusion into key events like Girls Night Out. This way, business members can understand this membership fee as a clear business expense and the GHHWA won't have to ask for financial participation numerous times throughout the year.

PROMOTION

The goal of the Promotion point of the Main Street Four-Point Approach™ is to create a positive image that will rekindle community pride and improve consumer and investor confidence in your commercial district. Advertising, retail promotions, special events, and marketing campaigns help sell the image and promise of Main Street to the community and surrounding region. Promotions communicate your commercial district's unique characteristics, business establishments, and activities to shoppers, investors, potential business and property owners, and visitors.

PROMOTION ASSETS (HERITAGE ASSETS, CULTURAL HISTORY)

- Croatian ethnic heritage (and story)
- Boat building heritage (and story)
- Fishing heritage (and story) including:
 - Net sheds
 - Harbor History Museum
 - Maritime Heritage Area (in development)
- The harbor itself, for both its use and its role as a visual icon (The Gig Harbor experience/view including of Mount Rainier)
- The peninsula, for both natural resources and outdoor recreation
- The City of Gig Harbor Tourism and Marketing Department
- Track record of Promotion success including:
 - Popular events
 - Art of Chocolate Walk - February
 - Chalk the Walk – July (with plans to work with the Peninsula Art League to enhance the event and increase interaction between the two organizations)
 - Wine & Food Festival – August (fundraising event for GHHWA)
 - Trick or Treat in the Harbor with Pumpkin Decorating Contest Add On – October
 - Girls Night Out - November
 - Waterfront district Christmas party – December
 - Hark the Harbor Community Caroling – December
 - Candlelight Christmas in the Harbor – 2nd weekend in December
 - Promotional partnerships
 - Partnership with Gig Harbor Gallery Association on Monthly Art Walk and Salmon Chanted Harbor
 - Partnership with Gig Harbor and Peninsula Area Chamber of Commerce on Maritime Gig Fest – June (collaboration with city to have watering truck in parade to promote flower basket program)
 - Partner with the City of Gig Harbor on tree lighting ceremony – December (serve refreshments)
 - Quality graphics

PROMOTION RECOMMENDATIONS

The following recommendations are presented in a recommended order of priority. However, GHHWA is the best judge of district needs, available resources, political opportunities/constraints, and volunteer interests, so they are the best judge on order of implementation.

Recommendation 1: Perform promotion related targeted market research.

As discussed in the Economic Restructuring section of this Resource Report, each GHHWA committee can ask questions about the market to drive its asset-based economic development work. The promotion committee should ask, “What are customer perceptions, preferences, and brand awareness?” For example, before developing a new event (like a new spring event as proposed in the 2011 Promotion committee work plan), answer questions about how events appeal to the districts target market. Do existing events meeting demand? Where and how is the best way to market to customers? The 2011 Promotion Committee work plan also includes the project to “utilize survey measurements for events to assess effectiveness.” This form of targeted market research is a good first step, but don’t just assess, improve.

Recommendation 2: Brand the Historic Waterfront commercially.

Creating a commercial brand starts with identifying commercial assets. Out of those assets comes a “promise” – a brand statement declaring what The Historic Waterfront will deliver (products/services) to its customers. What kinds of products, services, and experiences can I spend my money on? Furthermore, The Historic Waterfront’s promise to the consumer should be distinct from Gig Harbor’s, Uptown Gig Harbor’s, etc.’s promises to the consumer. Positive commercial brand awareness will increase the probability that customers will choose The Historic Waterfront when selecting a shopping or tourist destination (not just when selecting a heritage destination). Before communicating the chosen brand, be sure you are prepared to fulfill the promise and expectations created (to avoid an unhappy customer).

A brand statement (external audience) is different from a market position statement (internal audience), but the two must be compatible. A commercial brand for The Historic Waterfront is also different than a corporate identify for GHHWA. GHHWA can work on this with its partners (e.g. the City of Gig Harbor Tourism and Marketing Department, the Gig Harbor and Peninsula Area Chamber of Commerce), but should consider hiring brand consultants to help guide this process and help develop the brand; this includes associated messaging (including a succinct and clever tagline) and graphical images (including a well-designed logo, color schemes, etc.) and could be the same consultant that helps create an organizational brand and logo for the GHHWA as mentioned in the Organization Recommendations.



Gig Harbor’s current marketing and communication material includes two tag lines, “The Maritime City” and “Washington’s Maritime Village” www.gigharborguide.com. Neither of these taglines conveys much about the essence of what kinds of products, services, and experiences an individual can spend money on in Gig Harbor, or along the Historic Waterfront, other than a maritime experience, but that isn’t their intention. They are intended to convey a whole community brand for the purpose of attracting new residents, new visitors, and new businesses. Please note that “maritime experience” will promise different things to different people, and Gig Harbor may not be

able to fulfill all those implied promises and expectations. Plus, there are many communities around the Puget Sound that offer a maritime experience. It may be more distinct and more accurate to use “Gig Harbor: The Quintessential Croatian American Fishing Village.”

The Historic Waterfront is a commercial district that needs a commercial brand/identity for it to be a choice that is on the consumer's radar screen (both nearby residents and distant visitors). "Gig Harbor Historic Waterfront" communicates that Gig Harbor's waterfront is a heritage destination. Beyond that, it is difficult to get an overall sense for the business mix downtown even after exploring GHHWA's online business directory (simple lists don't communicate strengths or overall essences well). Therefore, it is difficult to get a sense for The Historic Waterfront commercial brand.

It is GHHWA's job to establish a commercial brand for The Historic Waterfront (with the Gig Harbor Tourism and Marketing Department establishing Gig Harbor's community brand). The Historic Waterfront brand should be both compatible with and integral to the Gig Harbor brand. GHHWA needs to collectively settle on a single brand in which you will invest volunteer and financial resources to strengthen and promote. A strong brand will be necessary for The Historic Waterfront to have a strong presence within regional collaborations and cooperative marketing ventures with the City of Gig Harbor Tourism and Marketing Department, the Gig Harbor and Peninsula Area Chamber of Commerce, and other partners. Commit for the long haul. All of GHHWA's promotional materials, marketing campaigns, logo, messaging, social media/website presence, design aesthetic, and business development efforts should reflect and reinforce this brand. All of the committees will be supporting this brand in their projects and tasks. GHHWA's investment in establishing a strong and effective brand will be a valuable service to merchants along The Historic Waterfront. Coach those businesses on co-branding themselves with The Historic Waterfront brand and show them how to benefit from collective promotions.

Recommendation 3: Write a Historic Waterfront marketing plan.

Business and district sustainability requires finding ways to promote and building brand awareness 365 days a year (24/7). GHHWA needs to create a marketing plan (*ATTACHMENT TWO*) and market-driven promotions. This is best done in partnership and collaboration with the City of Gig Harbor Tourism and Marketing Department, the Gig Harbor and Peninsula Area Chamber of Commerce and other potential marketing partners including:

- Harbor History Museum
- Uptown Gig Harbor
- Wesley Inn Stepping Up Conference (already identified in 2011 Promotion committee work plan)
- Other hotels

Decide the who, what, when, where, why, and how of your advertising (branding/image campaigns) and your events (special events and business promotions). Target new promotions and retarget existing promotions. Tailor promotional activities (types and timings) to attract target customer segments (e.g. residents of Tacoma and even Seattle). Help existing and future businesses along The Historic Waterfront do the same. Two specific marketing projects identified in GHHWA's 2011 work plan are worth special attention:

- "Continue encouraging customer and merchant involvement in the 3/50 'buy local' program." This project is currently part of the Economic Development committee scope of work, but is more appropriately a marketing activity that should be under the Promotion committee and part of the marketing plan.
- "Educate the public about what is available downtown through enhancement of our district map." The district map/directory is a great branding/marketing vehicle.

It might be helpful to clarify marketing roles within GHHWA and with its' partners. This clarification must ultimately involve the players themselves, but the following bullets might be a place for the conversation to start. From an outsider's viewpoint:

- Promotion committee – brands/markets The Historic Waterfront as a commercial district destination to targeted customers.
- Economic Development committee – markets The Historic Waterfront as an investment opportunity to targeted investors (see attraction program discussion above).
- Organization committee – markets GHHWA to its many stakeholders (for public relations, fund raising, and volunteer recruitment).
- City of Gig Harbor Tourism and Marketing Department – brands/markets Gig Harbor for the purpose of attracting new residents, new visitors, and new businesses.
- Gig Harbor and Peninsula Chamber of Commerce – markets in a way that creates value for its business members. Depending on what those members prefer, there may be opportunities to jointly/cooperatively market with the GHHWA Promotion committee and Economic Development committee.

Recommendation 4: Reposition promotions/event calendar to communicate the brand and be more market-driven.

GHHWA needs to be very strategic with respect to The Historic Waterfront's annual promotion calendar. Promotions have a way of taking on a life of their own. There is a phrase "run your promotions, don't let them run you." Reposition The Historic Waterfront's promotions/events calendar to communicate The Historic Waterfront's brand. This will not only improve the overall effectiveness of GHHWA's marketing, but may free up staff, volunteer and financial resources. Ask the tough questions like "Which events, if any, communicate the brand? Do they fit? Are they distinct" (both in name and in nature). As an example, the Donkey Creek Chum festival, the Gig Harbor Lighted Boat Parade, and the Gig Harbor Chowder Cook-Off all appear to communicate "The Maritime City," "Washington's Maritime Village," and even "The Quintessential Croatian American Fishing Village" brands.

It is likely that The Historic Waterfront's new commercial brand will lend itself to a new signature event (for example a Croatian Ethnic Festival or some other heritage event showcasing a different signature heritage asset). When developing that event it is important to assess the regional event market. For example, there is a Croatian ethnic festival in Seattle (Croatia Fest www.croatiafest.org). It would certainly be worth partnering with Croatia Fest or recruiting the festival to The Historic Waterfront. A Croatian Ethnic Festival would provide an opportunity to leverage and showcase the Blessing of the Fleet, currently part of Maritime Gig Fest. Maritime Gig Fest has become an entertainment spectacular, "Your favorite activities and events are back, including the Fun Run, the Kiwanis Pancake Breakfast, the Grand Parade, and the Round Rock Contest. Get ready for music and entertainment, food vendors, historic boat displays, and loads of children's activities. It's a jam-packed weekend, with activities all day Saturday and Sunday." (From www.gigharborchamber.com/about/major-annual-events/maritime-gig/)

Recommendation 5: Reposition graphic communication.

DESIGN

The Design component of the Main Street Four-Point Approach® means getting Main Street into top physical shape and creating a safe, inviting environment for shoppers, workers, and visitors. It takes advantage of the visual opportunities inherent in a commercial district by directing attention to all of its

physical elements: public and private buildings, storefronts, signs, public spaces, parking areas, street furniture, public art, landscaping, merchandising, window displays, and promotional materials. An appealing atmosphere, created through attention to all of these visual elements, conveys a positive message about the commercial district and what it has to offer. Design activities also include instilling good maintenance practices in the commercial district, enhancing the district's physical appearance through the rehabilitation of historic buildings, encouraging appropriate new construction, developing sensitive design management systems, educating business and property owners about design quality, and long-term planning.

DESIGN ASSETS

- The harbor and historic, working waterfront
- The view (Mount Rainier) & waterfront setting
- Vernacular, frugal fishing village architecture
 - Historic net sheds
 - Historic (Croatian) homes
 - Eddon Boat & marinas
 - Infill – there are great modern & midcentury resources that tell a strong and interesting visual story
 - Easy to read linear district
- Track record of design success
 - Skansie Park
 - Connie's Clock project
 - Jerisich Park entrance
 - Flower Baskets (in partnership with the City)

DESIGN RECOMMENDATIONS

Recommendation 1: Broader discussion of historic preservation & the relationship between the Waterfront and other key development areas.

What are the most important buildings and structures in Gig Harbor to preserve, protect and enhance? The community has completed an inventory of historic resources in the community, which is a perfect base off of which to lead this discussion. There are many historic resources in the community, from the Eddon Boatyard, Skansie Net shed to the collection of vernacular commercial buildings. All of these reflect the simple and utilitarian history of the community. It is important to understand which specific resources are crucial to understanding the communities' heritage as reflected in the built environment and how those resources correlate to other buildings and structures that serve as a good opportunity to introduce sensitive and creative alterations and infill projects. It is clear that the community values the architectural heritage of the community and wants to retain that essence while still moving forward in a positive way with new development.



This discussion easily moves into a broader look at the current Master Plan for the entire City of Gig Harbor. It is important to avoid isolated decision-making when looking at different areas of the community, such as Uptown. This area has one specific developer but could benefit by a more cohesive

look and feel that relates to the rest of the community. A definite part of this is looking at diverse leasing structures and making sure that retail space in the downtown district is competitive both financially and from a design perspective. Work with property owners to structure leases that will allow tenants to invest in combating deferred maintenance and outdated design issues.

The long corridor of the downtown district is definitely a challenge – it doesn't easily translate into a compact district and most visitors and residents won't walk the entire length to shop. Reframe the image of the district as destination – this relates back to the concept of The Waterfront as having a branded identity.

Strive for a shared vision and work plan. Continue to hold public meetings and joint meetings with other organizations including the City and Uptown developers. Developing a cohesive and concrete vision for downtown district/corridor and other areas of development in the City will allow the community to have a clear branded identity. Let everyone know what you want the district to achieve and how they can help.

Recommendation 2: Create Financial Incentives – stimulate private investment, facades, visual
Developing financial incentives to stimulate private investment is essential to promoting a visual experience that is cohesive and focuses on key architectural style elements. Supporting property owners in their reinvestments will in turn support a strong business mix. Developing assistance and incentives for visual merchandizing, windows displays and signage can be a great way to start and gain momentum with small successes.

- **Facade Improvement Program.** With its broad scope of work and the future potential for development, the GHHWA should be administering a facade improvement program. This can take the form of either a grant or a revolving loan fund. Work with local financial institutions and the city to determine feasibility and discuss the procedures for getting a grant or loan fund up and running. The Main Street Tax Credit Incentive Program can be a great source of revenue to get this program off the ground and is a clearly focused project to use when soliciting donors.
- **Visual Merchandising.** GHHWA should consider hosting workshops that are designed to help business owners take better advantage of their storefronts & display space to attract customers. Businesses could volunteer to participate as a 'guinea pig' for the designer, or this could be a great 'award' or special resource for members.
- **Other economic incentives for property development** include varied lease models between tenants and property owners as a mechanism for directing designated money back into property improvements. Other incentives to stimulate property reinvestment include tax credits and donated 'soft costs' such as architectural and design fees, marketing, and legal work.
- **Education** - Help develop a better understanding of the benefits of National Register listing and the importance of the design review process. This should include making property owners aware of the 20% Federal Rehabilitation Tax Credits for appropriate rehabilitation of National Register Properties. To be eligible, properties should be listed on the National Register of Historic Places (or listed as a "contributing" structure in a National Register historic district), and work should follow the US Secretary of the Interior's Standards for Rehabilitation. (ATTACHMENT THREE & FOUR)

Recommendation 3: Visually Translate Design Guidelines

The design guidelines as currently written are well done, but a visual interpretation would help communicate exactly what the standards are and will be more user-friendly. We are aware that the City of Gig Harbor is working on this. When this is complete it will serve as a wonderful tool for the Design committee and should act as a guideline for the potential Façade Improvement Program.

ECONOMIC RESTRUCTURING

The Economic Restructuring point works to strengthen your community's existing economic assets while diversifying its economic base. This is accomplished by retaining and expanding successful businesses to provide a balanced commercial mix, sharpening the competitiveness and merchandising skills of business owners, and attracting new businesses that the market can support. Converting unused or underused commercial space into economically productive property also helps boost the profitability of the district. The goal is to build a commercial district that responds to the needs of today's consumers. Coincidentally, the four points of the Main Street approach correspond with the four forces of real estate value, which are social, political, physical, and economic.

ECONOMIC RESTRUCTURING ASSETS (HUMAN ASSETS, ENTREPRENEURS)

- The business mix along Gig Harbor's Historic Waterfront (The Historic Waterfront) is predominantly independently owned and operated. Many of those business owners are clearly entrepreneurial and some of their businesses are waterfront anchors.
- The Historic Waterfront has distinctive businesses.
- The Historic Waterfront has access to market demand/opportunity. There are customers to be had from the Tacoma metro region and beyond to Seattle.
- The Gig Harbor Historic Waterfront Association (GHHWA) has a track record of Economic Development success. Completion of their project to "recommend parking code and availability enhancements," a partnership with the City of Gig Harbor, is worth special mention.

ECONOMIC RESTRUCTURING RECOMMENDATIONS (FOR GHHWA'S ECONOMIC DEVELOPMENT COMMITTEE)

The following recommendations are presented in a recommended order of priority. However, GHHWA is the best judge of district needs, available resources, political opportunities/constraints, and volunteer interests, so they are the best judge on order of implementation.

Recommendation 1: Develop and maintain a property and business inventory for The Historic Waterfront.

It is good to see that the Economic Development committee has "develop and implement a procedure and database of property and tenant information" on their list of committee projects. The Economic Development committee should work with the Design committee to manage a single inventory that meets both their needs and includes business data. A property and business inventory will provide a foundation for describing, understanding, and restructuring the economy of The Historic Waterfront. A database will help GHHWA staff members and volunteers truly manage their district. With a database, they can better serve as an advocate for renting and selling property. They can better assist the community, realtors, developers, and new businesses in efficient site selection (they must not replace or compete with local realtors or brokers, just make referrals). GHHWA will want an inventory ready at hand in its own office, or better yet, a web based property and business inventory software solution. The chosen inventory should be compatible with any inventory maintained by the City of Gig Harbor.

Recommendation 2: Be market driven and perform targeted market research.

The Economic Development committee work planned the 2011 project to “evaluate the current economics of the downtown area.” The Resource Team would like to reposition their thinking in this area. Market information has an important role to play within GHHWA’s entire Main Street program. It provides each of the committees with knowledge that guides smart decision making. By understanding the market, each committee can act strategically. So while this recommendation is included here, targeted market research is an initiative across all committees.

Targeted market research should become part of your whole organization’s operations. GHHWA’s economic development strategy should be based on The Historic Waterfront’s unique heritage and human assets. So start by having each GHHWA committee help research what they are.

- What are The Historic Waterfront’s built history (Design) assets?
- What are The Historic Waterfront’s cultural history (Promotion) assets?
- What are The Historic Waterfront’s entrepreneur (Economic Restructuring) assets?
- What are The Historic Waterfront’s engaged public (Organization) assets?

Understanding the collective marketplace of The Historic Waterfront’s commercial district as a whole is the responsibility of GHHWA; defining and refining the district’s market position. Step-by-Step Market Analysis, a book available through the www.mainstreet.org bookstore, or the Downtown and Business District Market Analysis Toolbox at www.uwex.edu/ces/cced/dma/index.html, both include an overview of how to collect market data and analyze it. There have also been many useful articles on this topic in Main Street News over the years, many of which are available online at www.mainstreet.org. However, you should be sure to first assemble Gig Harbor’s past market research efforts, including those that were part of larger planning efforts (e.g. the City of Gig Harbor Comprehensive Plan revised October 2010). For each, digest and distribute useful knowledge such benchmarking of economic conditions, key conclusions, and identified market opportunities (this important step may not have been done before). Being knowledgeable about The Historic Waterfront’s market will help you strengthen your assets and focus your efforts on revitalization work that enhances your position in the regional and local market.



You can next answer specific questions such as: “what are the primary goods and services offered by The Historic Waterfront?” and “who are the primary consumer segments served by The Historic Waterfront?” In other words, what is The Historic Waterfront best at selling and to whom? Answering these questions will help you define the district’s market position. In Gig Harbor, it used to be that if you had a business it was along The Historic Waterfront and if you needed or wanted to do business, including to shop, you went to The Historic Waterfront. Back in its hey day, The Historic Waterfront could probably be all things to everyone, but not today.

The 2008 Downtown Gig Harbor Business Strategy by Spinnaker Strategies proposed a competitive strategy for Downtown Gig Harbor based on a positioning statement. “This strategy positions downtown as the ‘un-mall’, as an authentic, walkable village or town center where people can live, work, walk, play, shop and worship all in the same place.” GHHWA shouldn’t confuse this positioning statement with the market position statement recommended in this Resource Report. While the Spinnaker positioning statement does distinguish The Historic Waterfront from other Gig Harbor area commercial districts, it doesn’t distinguish The Historic Waterfront from any other historic commercial districts in the area (or in

the world for that matter). An exercise for developing a market position statement along with a focus group facilitator note sheet is included as ATTACHMENTS FIVE & SIX.

A commercial district's position within the market can only be understood relative to its competition, so shop The Historic Waterfront's primary competition. This also is targeted market research. When shopping the competition, make note of what they are best at selling and to whom and their competitive advantage; in other words, judge their market position.

There are two aspects to the local market; the collective marketplace of the commercial district as a whole and the unique market of any particular business. To illustrate the difference, every business within a commercial district is going to have a unique trade area from which it targets and draws the majority of its customers. Convenience businesses may target and draw almost exclusively from the neighborhood while destination businesses may target and draw from a large region. Their individual trade areas will be impacted by the location of their nearest and strongest competition as well as their marketing strategies. To further illustrate, two businesses drawing from the same trade area may be targeting and attracting completely different customers from within that area. The existing trade area for the commercial district as whole results from an averaging of all those unique trade areas.

However, don't settle for The Historic Waterfront's existing trade area; current and future waterfront businesses may not be able to survive, let alone thrive, on that market alone. Define the market that The Historic Waterfront will go after; proactively, confidently, and aggressively. The Historic Waterfront's dream marketplace has the potential to capture a higher percentage of potential customers from a larger trade area. Like for an individual business, your targeted trade area will be impacted by the location of your nearest and strongest competition as well as your marketing strategies. Purchase secondary data on the demographics and psychographics (buying personality) of customers within your targeted trade area from vendors like ESRI (www.esri.com/data/find-data.html) and Nielsen Claritas (www.claritas.com/sitereports/demographic-reports.jsp).

A good way to keep a finger on the pulse of the local economy is to follow the health of "district indicator businesses." Choose a few businesses that you could argue "as they go, so goes The Historic Waterfront"; these are often your anchor businesses. They must be willing to share information that can indicate the relative health of The Historic Waterfront, such as how their sales changed from the same time last year and by what percent (given a range), how foot traffic in the district changed, and if they are seeing a shift in the makeup of customers. Track trends throughout the community related to property values, prevailing rents, space availability, and sales tax revenues. The Economic Development Committee's 2011 work plan projects to "develop building occupancy, retail sales and visitor information to allow evaluation of the economic health and performance of the downtown area" falls within this strategy and is endorsed.

Communicate what you find with local businesses, but be sure to respect the confidentiality of your sources. But don't stop there. Teach business owners how to collect and analyze market information on their own so they can act strategically, too. Your district-wide market research cannot replace business-specific market research. Understanding the unique market of any particular business is the responsibility of each respective business. You really need a detailed understanding of a business's concept and marketing strategies before you are able to understand, research, or test its market through targeted research. Through capacity building, you can help existing businesses identify ways to sell more products and services to existing customers, respond to market trends, and identify new

customers and ways to attract them. The Historic Waterfront has a lot to gain simply by having each and every business along the waterfront more in tune with their market.



Targeted market research will help business owners understand their competition and sharpen their own market position. It will also help them understand the motivation and rationale behind their customers' purchasing decisions so they can better work their business concept to meet those needs. Every downtown business should make an ongoing practice of posing and answering questions about their own customers and market in order to make more informed decisions; from how to design and locate their businesses to which products and/or services to offer. For example, focus groups could help a business uncover what

product or service features are important to current and potential customers right now and why those customers are or aren't purchasing from them. In the least, businesses should maintain a detailed customer database or zip code/area code tally of their customers.

Being market driven and performing targeted market research shouldn't stop with defining The Historic Waterfront's market position. Each GHHWA committee can ask questions about the market to drive its asset-based economic development work.

- The Design committee should ask, "What kind and how much space do we need?" For example, before advocating for infill housing, answer questions about the housing market and infill housing demand.
- The Economic Development committee should ask, "What kind of businesses do we need and how many?" For example, before desperately trying to fill vacancies with any business, determine which businesses will strengthen the district's market position. Attracting customers from a larger geographic area (e.g. day trippers) will only be possible if The Historic Waterfront collectively can achieve the right combination and critical mass of businesses. The right combination and critical mass of businesses will also be necessary to draw more local residents (much of whose spending is currently not taking place along The Historic Waterfront).
- The Promotion committee should ask, "What are customer perceptions, preferences, and brand awareness?" For example, before developing a new event, answer questions about how events appeal to the district's target market. Do existing events meeting demand? Where and how is the best way to market to customers?
- The Organization committee should ask, "Who else is developing space, businesses, and customers and how?" Before trying to partner with everyone, answer questions to strategize and prioritize partnerships and make successful pitches to potential sponsors.

Summary of Recommendation 2

- Research The Historic Waterfront's unique heritage and human assets (have each GHHWA committee help).
- Assemble The Historic Waterfront's past market research efforts. Digest and distribute useful knowledge.

- Draft The Historic Waterfront's working market position statement. It can change over time but must represent reality so that you deliver what you promise and downtown lives up to expectations.
- Shop The Historic Waterfront's primary competition. Judge their market position
- Define The Historic Waterfront's existing trade area
- Define the market that The Historic Waterfront will go after (target trade area)
 - This is where GHHWA would most benefit from hiring an outside consultant. These targeted market research strategies are designed to be well within the capabilities of GHHWA staff and volunteers since the goal is to make targeted market research part of ongoing operations. The targeted market research work load should also be well within the tolerance of staff and volunteers since that load is spread between all committees.
- Purchase secondary data
- Follow the health of "district indicator businesses"
- Teach business owners how to collect and analyze market information on their own
- Have each GHHWA committee ask questions about the market

Recommendation 2A: Perform a Business Mix Analysis.

Examine the current business mix of The Historic Waterfront to provide a snapshot of the types and number of establishments and compare it to the business mix in a sample of comparable and successful downtowns, or better yet waterfronts, in economically vibrant communities to determine possible business opportunities. For more information see <http://fyi.uwex.edu/downtown-market-analysis/analysis-of-opportunities-by-sector/retail-service-businesses/#Tool1>.

Recommendation 3: Start to develop entrepreneurs.

As introduced in the economic development philosophy above, the economic restructuring committee or team (in GHHWA's case, the Economic Development committee) must take the lead on developing businesses by leveraging entrepreneurs. Independent and local owners (of property and businesses) are a key asset for The Historic Waterfront. To be successful in an ever-changing market, historic commercial districts need more entrepreneurs. Developing entrepreneurs will not only reestablish the economic health but also the social health of The Historic Waterfront. More locally-owned properties and businesses, more family owned and operated businesses, and more independent owned businesses will translate into more civic minded owners. It will also reinforce The Historic Waterfront as the center of commerce, culture, and community life. Developing entrepreneurs, particularly small ventures, is a way to differentiate GHHWA's Economic Development committee from other Gig Harbor area economic development players. The following entrepreneurial development strategies are recommended for GHHWA and its' partners:

- *Plant the seed for entrepreneurship and grow Gig Harbor's entrepreneurial spirit/culture.* The majority of owners that are attracted to historic commercial districts are independent mom & pop entrepreneurs with some existing tie to the community that are ready to plant roots and grow. The more Gig Harbor area residents that see business ownership as a viable career path, the larger the pool of potential entrepreneurs to fill downtown vacancies. It is also usually necessary to tend the seed of entrepreneurship in existing downtown property and business owners (not all are entrepreneurial). Entrepreneurs by definition are never satisfied and forever working on their business (tinkerers). Business owners may be satisfied simply working in their business Monday-Friday from 9-5 or less. Suggested strategies include:
 - Show and tell people about the value and importance of homegrown, independent, and entrepreneurial businesses. Specifically celebrate entrepreneurial activity.

- Talk with staff at The Peninsula Gateway about including a regular feature column on the “The Historic Waterfront Entrepreneur of the Month.” Economic Development committee volunteers can write these features and provide them as press releases.
 - Hold ribbon cutting ceremonies for important entrepreneurial events within The Historic Waterfront (e.g. a grand opening or anniversary, a business improvement or expansion, the purchase or rehabilitation of a property).
 - Host open houses to showcase successful entrepreneurs and their investments.
- Establish or support entrepreneurship coursework in schools (elementary on up).
 - Engage Kevin Davis in GHHWA. This will become clear in the next two bullets.
 - Set up presentations by entrepreneurs within The Historic Waterfront to school kids; ideally as part of school curriculum (e.g. Gig Harbor High School’s Entrepreneurship course within Business and Marketing taught by Kevin Davis). This could be partnered with a field trip to the actual property or business. At least get entrepreneurs within The Historic Waterfront to speak to Gig Harbor High School’s YES (Young Entrepreneurial Society) Club. “The goal of the club is for all members to obtain raw business skills, as well as leadership and speaking skills, which will be vital to their future.” Gig Harbor High School’s YES advisor is Kevin Davis.
 - Partner with DECA. “DECA (Distributive Education Clubs of America) is a national organization offering experiences in competitive marketing and business at the local, state and national levels.” Gig Harbor High School’s DECA advisor is Kevin Davis.
 - Develop a high school job shadowing program. Exposing students to the lifestyle choice of an entrepreneur would be a nice addition to Gig Harbor High School’s “Post High School Options”
http://ghhs.psd401.net/index.php?option=com_content&view=article&id=157&Itemid=245. Their “Apprenticeship” option is the closest thing to being an entrepreneur, but is currently focusing on learning employee skills primarily in construction related fields and health care. Make sure job shadow sites are the properties or businesses of true entrepreneurs and make sure to time the visit to expose the student to the entrepreneur’s tinkering.
- Create and maintain an entrepreneurial network. Begin proactively connecting with local and regional entrepreneurs and prospects. This is a challenge because these individuals may not see themselves as entrepreneurs and may not be part of the mainstream. The key is to take advantage of every opportunity where entrepreneurship is being celebrated and showcased (see above) and to provide GHHWA contact information to “learn more.” Each and every individual who makes an inquiry should be put on the “entrepreneurship mailing list” and efforts should be made to maintain regular, meaningful contact. Suggested strategies include:
 - Include downtown property and business owners that are entrepreneurial on the “entrepreneurship mailing list” and maintain regular, meaningful contact with them as well.



- Large group meetings/entrepreneur clubs. The Economic Development committee's 2011 work plan project to "coordinate relevant business education and forum opportunities" falls within this strategy. GHHWA's monthly roundtable could be repositioned to serve a stronger networking role by making it a peer to peer roundtable and to use the roundtable discussion to strategize solutions to issues of common interest. In addition, engage the Young Professionals Network of Tacoma-Pierce County but also consider starting a more local Gig Harbor entrepreneurs club.
 - One-to-one mentorships. The key is finding the right mentors. Connect new entrepreneurs with both another new entrepreneur and a successful entrepreneur. It can make all the difference in the world for new entrepreneurs to be able to talk with someone who is in the same boat. In the same way, it is important to be able to talk with someone who has already made it. Nonlocal mentorships could be facilitated through a Sister-Store mentoring program.
 - Contact Gig Harbor High School (Home of the Tides!) alumni www.alumniclass.com/gigharbor. Many alumni email/ mailing lists are extensive. Alumni who have left the region may have made their fame and fortune as entrepreneurs and may be ready to come back home. Even if they don't come home, their story could serve as inspiration and they may be willing to mentor.
 - Inventory hidden or home-based talents. Put them on the "entrepreneurship mailing list" and maintain regular contact. Foster growth of this talent (e.g. by creating or expanding social clubs based on those talents or through supportive infrastructure like commercial kitchens).
 - Host workshops covering personal skill building topics that will be of interest to business owners and their employees as well as Gig Harbor residents (e.g. the art of negotiation, dealing with difficult people, managing personal finances, planning for retirement, setting and achieving goals). Broad appeal, should translate into higher attendance, which will make for a better workshop atmosphere and increases the number of downtown stakeholders who will benefit and become engaged with GHHWA.
- Be entrepreneurial as a committee and organization (another initiative across all committees).
 - Facilitate entrepreneurial volunteering. Describe the needs but then put out a call for people with creative ideas for how to meet them. Some people are more attracted to being innovators than to filling an established assignment. Pre-developed assignments (volunteer position descriptions) do not welcome totally new approaches to the problems at hand. From Susan J. Ellis, www.energizeinc.com/hot/2005/oct05.html
 - Explore GHHWA for-profit ventures.
- *Grow entrepreneurial ventures (Phase 1)*. Growing includes starting, improving, expanding, spinning-off, and transitioning. While the Economic Development committee must take the lead on developing businesses by leveraging entrepreneurs, growing entrepreneurial ventures includes helping businesses develop their own partners, spaces, and markets; so growing entrepreneurial ventures is an initiative across all committees.
 - Learn how good businesses work then communicate best business practices

- Read Why We Buy: The Science of Shopping by Paco Underhill. Ellensburg (WA) Downtown Association created Brown Bag Business Basics. The Brown Bag Business Basics was a book review based seminar series. Each month a member of their Economic Restructuring committee or other local business owner reviewed a new business related book (Why We Buy for example). The review was followed by a general discussion of the featured topic and a list of other related titles.
- Help businesses to keep pace with the market (see targeted market research recommendation above), including repositioning when necessary. Many businesses could reposition by adjusting their hours and days of operation (e.g. evening and Sunday hours) to better reach the visitor market. Many others could reposition by raising their prices to match the buying power of visitors to Gig Harbor while at the same time offering a “resident discount” (e.g. 25%) to keep their products and services within reach of local customers.
- Learn the six best business practices that can make a business more valuable at the time of sale, but also more profitable right now. Communicate these via a series of workshops/newsletter articles.
 - Write down the business processes
 - Set financial goals/cleanup financial statements
 - Have a marketing budget
 - Keep track of customer information
 - Keep employees in the loop
 - Do a literal housekeeping, cleanup
- Develop business guidelines for The Historic Waterfront. Business guidelines would “set the bar” for business greatness along The Historic Waterfront. They could include the above six best business practices, but also:
 - Ideal hours of operation
 - Ideal frequency of window display turnover
 - Ideal level of investment in marketing
 - Ideal customer service policies
 - Ideal hospitality policies
 - Ideal parking practices
 - Ideal referral policies including knowledge of neighbors
 - Ideal cleanliness and maintenance standards
 - Ideal attitude (positive and appreciative)
 - Ideal level of buy-in to The Historic Waterfront Development plan



It is in the best interest of property owners and the businesses themselves to make adhering to business guidelines part of any lease (as is done with most shopping center leases). Agreeing to follow best

business practices increases the probability of business survival and has been shown to improve chances for getting a business loan. Business guidelines, like design guidelines, are not mandated; but should be used as a tool for educating and encouraged through incentives. In fact, receipt of business incentives should be tied to business guideline adherence.

As an extension of business guidelines, GHHWA is encouraged to develop a Historic Waterfront Business Pledge (or Promise or Guarantee) and get business to adopt and prominently display the pledge in their front windows. Run ads marketing the pledge and the businesses that are participating. During initial “sign up” ensure business owners that you will only hold them to the pledge if you get at least 25% of the businesses signed up. Of course strive for 100%. Possible components to a Historic Waterfront Business Pledge:

- [insert business name] pledges to join our business neighbors in opening no later than ____ and closing no earlier than ____ during the week, opening no later than ____ and closing no earlier than ____ on Saturday, and opening no later than ____ and closing no earlier than ____ on Sunday.
- We pledge to reserve (or leave) the best parking spaces for our customers and our neighbor’s customers.
- We pledge to refer you to our neighbor businesses if you can’t find everything you need with us.
- We pledge to positively promote our progress toward achieving our shared vision for The Historic Waterfront.
- We pledge to personally (or graciously) welcome any and all potential customers including youth.
- Be a Business Information Center
 - Create a web based lending library of electronic resources and links on being an entrepreneur and for growing a business. Check out Main Street Orrville’s (OH) EntreprenOrrville www.mainstreetorrville.org/entreprenorrville-center-business-innovation for an example (including their entrepreneur in residence). GHHWA’s efforts in this area should coordinate with the Economic Development Board for Tacoma-Pierce County (EDB)’s Business Assistance webpage <http://www.edbtacomapierce.org/Page.aspx?nid=6> and the Pierce County Economic Development Division webpage www.co.pierce.wa.us/pc/abtus/ourorg/exec/ecd/home.htm.
 - Create a physical lending library of printed and recorded resources on being an entrepreneur and for growing a business; ideally in GHHWA space, since the Gig Harbor Library is quite a ways from the district.
 - Offer training that matches local entrepreneur training needs and interests. Collect feedback on possible training topics through a survey and then offer the topics in highest demand first. Partner with the workshops offered by the Washington State University-Small Business Development Center-Bates Technical College and The Clover Park Technical College-Center for Business Development.
- Facilitate access to existing human and financial capital. Identify and communicate all human and financial capital available to develop entrepreneurs. Be knowledgeable of all existing technical and financial assistance resources and providers and make referrals.

Walk prospects through the entrepreneurial process (literally). Suggested strategies include:

- Develop a “Being an entrepreneur in Gig Harbor” brochure. Develop a brochure to market the availability of all assistance including the assistance available through partners (e.g. historic rehab tax credits; counseling through the Washington State University-Small Business Development Center-Bates Technical College, the Tacoma SCORE (Service Corps of Retired Executives) South Sound chapter, and The Clover Park Technical College-Center for Business Development). Develop a simple “entrepreneurial venture start-up checklist” that provides local, state, and federal contact numbers entrepreneurs will need as well as other information pertinent to establishing a business. Host a local Entrepreneur Workshop. Use local service business owners or employees as instructors. Have resource materials (e.g. publications on developing a business plan, marketing on a shoestring, etc.) available to check out.
 - Foster networking between technical and financial assistance providers such as quarterly roundtables.
 - Develop a marketing campaign to get the word out to the right people, including individuals on the “entrepreneur mailing list.”
- *Attract entrepreneurs to the Main Street district and field entrepreneur inquiries.* The best way to find today's and tomorrow's entrepreneurial property and business owners is to let the world know how attractive you are and let them find you. By identifying and promoting The Historic Waterfront's assets, including the success of the GHHWA, the Economic Development committee will essentially create an entrepreneur attraction program. The public needs to see and hear about the entrepreneur-friendly efforts of all four of GHHWA's committees. Projects from all Four Points have the ability to make The Historic Waterfront more attractive to entrepreneurs and the employees they need. So while the Economic Development committee must take the lead on developing businesses by leveraging entrepreneurs, attracting entrepreneurs is an initiative across all committees.



Efforts by the Organization committee to develop partners will result in everyone working toward the same vision for The Historic Waterfront. Efforts by the Design committee to develop space will result in The Historic Waterfront being in top physical shape. Efforts by the Promotion committee to develop markets will result in The Historic Waterfront being the center of commerce, culture, and community life. Efforts of the Economic Development committee to develop entrepreneurs will result in properties within The Historic Waterfront that offer a return on investment and businesses that are busy with the potential to be

busier. In other words, what The Historic Waterfront needs most is a successful base of existing entrepreneurs supported through a visible entrepreneurial development program along with effective organization, design and promotion activities that help entrepreneurs make more money. Communities and districts that have these ingredients are preferred over those that don't. Don't forget to be prepared to field investor/entrepreneur inquiries. Those inquiries will increase with an organized entrepreneur attraction program.

- Document and communicate your tangible (quantitative) and intangible (qualitative) successes. The best way is through the publication of a GHHWA Annual Report.
- Market your Business Information Center and available human and financial capital. Check out “A Guide to Starting your Business in Biddeford” (ME) www.mdf.org/documents/Biddefordbusinessretention-3.pdf for an example.
- *Continue growing entrepreneurial ventures (Phase 2).* These are longer range recommendations and should be tabled until early entrepreneurial development recommendations are implemented.
 - Create new financial capital. Require adherence to business guidelines.
 - Develop a Business Improvement Grant Program such as a small specialty training grant to keep business up to date in their sector. Check out Jackson (TN) Downtown Development Corporation www.downtownjackson.com/about/downtown_jackson_incentive_programs.php for an example.
 - Set a future goal of providing personal training/coaching. Personal trainers/coaches help people who are looking to get into better shape. Personal business trainers/coaches could likewise provide businesses along The Historic Waterfront who are looking to get into better shape with help setting goals, exercises (best practices) to try, gentle (or not so gentle) pushes, feedback (reality check), and pep talks. In many ways the best business coaches help businesses troubleshoot and connect with local financial and human resources (network). Business coaching is the preferred approach or tactic for an organization like GHHWA to provide business assistance. Leave counseling and consulting to professionals. For more information on coaching see:
 - BizFizz www.bizfizz.org.uk
 - Center for Rural Entrepreneurship www.energizingentrepreneurs.org
 - Coach U www.coachinc.com
 - The Coaches Training Institute (CTI) www.thecoaches.com
 - Set a future goal of making The Historic Waterfront an incubator-without-walls.
 - Reduce disincentives as they are discovered. The Economic Development committee would first have to uncover one or more disincentives to business along The Historic Waterfront. For example not enough marine support infrastructure along The Historic Waterfront including not enough overnight lodging accommodations within walking distance, not enough moorage on Jerisich dock, lack of a visitor harbormaster, etc.
 - Set a future goal of incentivizing targeted entrepreneurial ventures. For example, it is foreseeable that Gig Harbor’s Historic Waterfront Development Plan will include more marine support infrastructure including overnight lodging accommodations than are present today. GHHWA could incentivize those entrepreneurial ventures. For a related example, see how some communities have incentivized restaurants (e.g. Bristol (CT) Development Authority Downtown Restaurant Attraction/Incentive Program and Pawtucket (RI)’s Restaurant Loan Program).
 - Be aware of the potential to develop community-owned and supported businesses. If GHHWA’s dream marketplace includes a particular business concept not currently of interest to private investors, they could develop the business themselves. When ready, check out the following resources:
 - Community Owned Businesses: How Communities Become Entrepreneurs (MSN)
 - Community-Owned Stores: New Anchors for Older Main Streets (Forum)
 - How to Launch a Community-Owned Store, www.bigboxtoolkit.com

- Be aware of the potential to create leasable space. Again, if GHHWA's dream marketplace includes space not currently of interest to private investors, they could develop the space themselves. When ready, check out Community Initiated Development: A Manual for Community-Based Real Estate Development by Donovan Rypkema.
- Proactively recruit entrepreneurs
 - Prioritize entrepreneurs within your entrepreneurial network. Particularly managers who are ready to be owners.
 - Prioritize entrepreneurs running business outside the downtown. Entrepreneurs in "competing" commercial districts within trade area that better fit your district's market position. Entrepreneurs in neighboring communities outside primary trade area (ideally with 2 or more stores).
 - Prioritize entrepreneurs running home based businesses
 - Build relationships with priority entrepreneurs
 - Celebrate successful entrepreneur recruitment

Recommendation 4: GHHWA staff and volunteers should begin and lead Gig Harbor's journey toward developing and advancing a Historic Waterfront Development Plan.

Ultimately the Plan should communicate a vision for the physical development of the district as well as a strategy for leasing; the more specific, the more useful. The leasing plan should include strategies for arranging/locating current and future businesses within the mix to positively impact foot traffic and sales. The goal should be for The Historic Waterfront to be visually distinct and for there to be a fit between the message delivered through that distinction and the customer focus The Historic Waterfront is trying to achieve. While it is understood that this journey is difficult to complete without a guide, GHHWA can and should at least begin helping The Historic Waterfront stakeholders see the district from this bird eye viewpoint and begin the very important conversation about how everyone and everything within the district is connected. The Downtown Development Plan Philosophy will help along with "Designing a Marketplace" from Main Street NOW (ATTACHMENT SEVEN).



This doesn't mean usurping the planning roles and responsibilities of city staff and elected officials. However, municipalities often follow the lead of the public, and usually welcome public input and participation. Everyone involved with GHHWA can and should be leaders. Partnerships (in particular with city and county staff and elected officials) are crucial for implementation of Downtown Development Plans, especially since cities have official planning authority.

It must be stressed that Downtown Development Plans as recommended here are a vision not a prescription. Compliance is voluntary. However, the specificity of Downtown Development Plans is new to most Main Street Programs. It is understood that there will be a certain level of discomfort and growing pains associated with their use. To understand the pros and cons (to argue the pros and be

prepared to address the cons) GHHWA is directed to ATTACHMENT EIGHT - Downtown Development Plan Pros and Cons.

Recommendation 4A: GHHWA staff and volunteers need to become students of successful marketplaces.

First, they can read and discuss Paco Underhill's Call of the Mall. Second, they can study the malls and lifestyle centers (including collecting their maps/directories) where they are already shopping, applying the lessons learned from Call of the Mall. Third, they can organize group field trips to successful downtown and waterfront marketplaces.

Recommendation 4B: Identify existing and potential anchors along The Historic Waterfront and brainstorm business concepts to cluster around and between those anchors.

An anchor is a private business or a public attraction that draws the most customers to the district (preferably the target customer) or has the greatest impact on people's perceptions of the district (the district's brand). For example The Harbor History Museum could be considered a current anchor with the future Cushman trail connector a future anchor. Marine support infrastructure including moorage could also be considered an anchor. The 2008 Downtown Gig Harbor Business Strategy by Spinnaker Strategies identified the following business concepts/clusters:

- A constellation of restaurants, including higher-end establishments (a white-table cloth restaurant that serves lunch), brew pubs (with live music), more coffee houses, and sit-down family restaurants
- Another downtown bookstore or a magazine store that provides a place to read and drink coffee
- A small inn or boutique hotel (with a rating of at least three stars) that caters to business travelers as well as to tourists
- A library branch, reading room or homework center in the Bogue Building
- A community hall that would be both a senior center and a place to take classes
- A public boathouse for youth sports and masters-level rowing and paddling

MainStreetNews

THE MONTHLY JOURNAL of THE NATIONAL TRUST MAIN STREET CENTER

in this issue

8. Funding Your Streetscape Project

Planning a streetscape project? Learn how you can get financing from the federally funded Transportation Enhancement Program and check out some creative fund-raising ideas Durant, Oklahoma, used in its project.

13. Director's Column

NTMSC Director Doug Loeschler shares the Center's big agenda for the next year as we reach out to work with new partners that can benefit communities throughout the nation.

14. Network Notes

Congratulate Henderson, North Carolina, and Oskaloosa, Iowa, on their \$1 million HOPE VI Main Street grants. Bid farewell to retiring Mississippi Main Street Director Beverly Meng. Find out how Winter Haven, Florida, is using YouTube to promote its downtown, and see how you can nominate a site to the National Trust's 2008 11 Most Endangered Historic Places list.

16. Welcome Aboard!

The National Trust Main Street Center is pleased to announce three new staffers who will play an important role as we expand our services and programs in the year ahead.

volunteers

RECRUIT, TRAIN, AND RECOGNIZE: THREE STEPS TO DEVELOP AN EFFECTIVE VOLUNTEER WORK FORCE

By Dave Lewis and Stephen Versen, *Virginia Main Street*

They are the most important part of your organization, but chances are you may not have a single line item in your budget for them. It is also likely that they aren't among your organization's top three priorities for the upcoming year. Yes, everyone knows volunteers are the heart and soul of the Main Street approach to commercial district revitalization, yet budgets and action plans often don't reflect this reality. *continued on page 2*

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RECRUIT, TRAIN, AND RECOGNIZE: THREE STEPS TO DEVELOP AN EFFECTIVE VOLUNTEER WORK FORCE

While the United States has always been a nation with a strong and unique volunteer tradition, it can be difficult for Main Street organizations, which are often competing with other groups for the same volunteers, to develop a volunteer work force sufficient to achieve the program's goals. It is critical, therefore, to create a superior volunteer experience from start to finish by effectively recruiting, training, and recognizing volunteers.

RECRUITMENT

The first step to developing an effective volunteer work force is, of course, getting people to commit their time in the first place. Fortunately, research shows that there are a large number of individuals out there ready to give their time to a cause – the trick is making it your cause.

According to Independent Sector, an organization that serves as a meeting ground for the leaders of America's charities and philanthropic groups, an estimated 44 percent of Americans volunteer their time on a yearly basis. This constitutes 83.9 million Americans, whose time volunteered represents the equivalent of a million full-time employees at a value of \$239 billion dollars. In 2005, the estimated dollar value of volunteer time was \$18.04 per hour.

To effectively recruit today, Main Street programs must adapt to the changing nature of volunteerism. In the past, volunteers generally wanted to serve on boards or committees on an ongoing basis. In today's busy and over-scheduled world, people often look for more specific, ad hoc volunteer opportunities. This may mean breaking down projects into smaller parts and distributing duties to more volunteers.

Also, volunteers may prefer performing duties at home or on their own schedules. For example, when it comes to doing a mass mailing, consider allowing volunteers to take letters and envelopes home to stuff on their own time. That will likely get a better response than asking someone to come by the

office during business hours to stuff the envelopes there.

People who have never volunteered for your organization before may be hesitant about getting involved. A good way to deal with this reluctance is to ask new volunteers to give a specific block of their time, three hours for example, with a clear start and stop time. When the time is up, thank them and let them go. Later, you can ask them to volunteer again. Acting professionally and respecting their time will make people more likely to come back.

For many individuals, helping their organization build an effective volunteer base is a daunting task. They fear rejection or just feel uncomfortable asking others to donate their time to the cause. This attitude needs to change. Volunteers for Main Street give their community a gift that gets repaid over and over again through a higher quality of life and the satisfaction of aiding a worthy cause.

There are many sources in your community from which to recruit volunteers; try to tap into them all. This includes your existing volunteer base. Be sure to include volunteer opportunities in all of the organization's regular communications and ask people currently associated with your organization to recruit new volunteers from their family, friends, neighbors, and colleagues. Other fruitful resources can include the volunteer coordination programs of universities and large, local employers.

Other important sources of volunteers are local charitable and service organizations, such

as the Lions Club, the Jay-Cees, etc. Working with these groups to find similar priorities and projects is an excellent way to leverage your town's volunteer resources to achieve your program's goals. Two good ways to begin a relationship with other service organizations is to recruit them to help with an upcoming event or to speak at one of their meetings about your revitalization efforts and the kind of help that is needed.



VOLUNTEER SUCCESS STORIES: MARTINSVILLE UPTOWN

The Martinsville Uptown Revitalization Association (MURA) successfully accessed this southern Virginia town's volunteer organizations through its Uptown Window Walk program. The program involved convincing property owners with vacant Uptown storefront properties to allow volunteers to clean their storefronts and put up displays. The goal was to quickly and inexpensively make a significant visual improvement to the streetscape. Once permission was granted, MURA worked with local artists to show their artwork in the storefront windows and with nonprofit organizations to display information about their mission and accomplishments. One property owner was so enthused by the experience that he is working with MURA to get a mural painted on his building's large, exposed wall.





RECRUITING VOLUNTEERS ON THE WEB

The Internet can be a powerful tool for volunteer recruitment; however, for many organizations, this opportunity is largely underutilized. The case for using the web to solicit volunteers is compelling. A recent study by *the Journal of Volunteer Administration* on one online volunteer referral site, VolunteerMatch.org, found that 85 percent of the nonprofits posting volunteer opportunities on the site said it helped them recruit people whom they otherwise would not have been able to find.

Further, 90 percent of these nonprofits stated that they were satisfied with the quality of the volunteers they had found using the site. Such websites are also a good resource for people seeking to volunteer. The same survey found that 86 percent of those using the site agreed that it made it easier to find volunteer opportunities. Even more impressive, one out of four site users had not volunteered before.

While your organization may be eager to put its volunteer opportunities on the web, there are a few things you should consider first. The basic questions in determining whether the web is the appropriate place for your organization to recruit volunteers are:

- Can the opportunity be adequately explained using the brief bits of information Internet users expect?
- Will your organization be able to quickly and adequately respond to inquiries from prospective volunteers?
- Are you able to update your listings frequently as new opportunities arise and others are filled?

If you answered yes to these questions, recruiting volunteers online may be a good choice for your program. Keep in mind, however, that yours is not the only group looking for help; you must present your opportunities well. To do so, you should:

- Make sure the volunteer opportunities page is easy to find and use:
 - Include a link on the home page;
 - Don't bury the page under layers of other pages;
 - Be clear and concise; and
 - Make sure any forms are easy to use.
- Provide enough information for potential volunteers to decide whether to pursue the activity by including duties, qualifications, time needed, where activity takes place, benefits, etc.
- Use a specific, catchy title and include a detailed description of the opportunity along with what is expected of the volunteer.
- If you are using an online application, don't ask for more information than you need in an initial inquiry.
- If you do not have an online application, tell users how to apply or contact you. Be sure to provide an e-mail address, a name, and a telephone number.

Here are some popular websites for recruiting volunteers:

- Volunteer match – www.volunteermatch.org
- Network for Good – www.networkforgood.org
- Idealist.org – www.idealists.org
- National Mentoring Partnership – www.mentor.org
- National Trust for Historic Preservation – www.nationaltrust.org/volunteer/Search.asp

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When it comes to building a strong base of volunteers, it helps to match the recruiter with the audience. For example, you will be more successful if a high school student recruits other students and a Rotary Club member asks other Rotarians to get involved than if it were the other way around. Make sure your recruiters will be strong ambassadors for the organization. At a minimum, they should be able to briefly describe the program's goals, key accomplishments, and significant ongoing projects – and be knowledgeable about the specific task for which they are recruiting.

Another important lesson is not to make assumptions about the people you want to recruit. Often, an organization decides that a person has too many other obligations to volunteer, never giving the individual the chance to say “yes” because they were ruled out from the beginning. Also, don't assume that a banker

wants to serve on the economic restructuring committee or that an architect wants to be on the design committee – they may feel that they do enough of that type of work already. It is best to find out what people want to do as volunteers and match their interests with the needs of your organization.

You can do this through a formal survey, by having people rank their interest in the various upcoming projects or just taking them out to lunch to discuss their interests. The better you can match volunteers with the type of work they prefer, the better job they will do and the more likely they will come back to help your organization again.

Perhaps an organization's most effective tool for volunteer recruitment is also its most powerful tool for running the entire organization: a solid,

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Look for volunteers from all different age groups and walks of life. And remember to match the recruiter with the audience. A high school student will have greater success recruiting other students than a banker or member of the Rotary Club.



(continued from page 3)

detailed work plan that is based on the program's vision for the commercial district and demonstrates how each project contributes to achieving that vision. Volunteers are looking to do more than just help; they are donating their time and talent because they want to be part of a larger effort that is bringing long-term, positive change to the community. The more clearly an organization can demonstrate to its volunteers how they are contributing to something greater, the better they will feel about giving more of their time.

Additionally, a detailed work plan allows an organization to create a clear job description for prospective volunteers, the benefits of which flow two ways. Volunteers have greater certainty about their role, and the organization can be more targeted in its recruiting. Main Street programs should not just use their work plan to run the organization; they should share it with the community as a way to broaden support and enlist volunteers.

TRAINING

Once a volunteer has been recruited, it is critical that the organization train and use this individual effectively. Remember, volunteers want to be effective and have a meaningful impact – that's why they became involved in the first place. The organization committee, or whoever is primarily responsible for volunteers, should strive to quickly bring new volunteers up to speed about the organization, their tasks, and their responsibilities.

An effective way to do this is by holding an orientation session that reviews policies and procedures, project and program goals, and other relevant information. To complement this session, many Main Street programs have created new board and committee member

handbooks. Typically, these handbooks include the following:

- A letter of welcome;
- History of the program;
- Descriptions of each committee;
- Work plan;
- Telephone numbers and e-mail addresses;
- Guidelines for volunteers;
- Job specific information;
- Emergency procedures; and
- Forms to facilitate feedback.

Ongoing training is important, not only for educating volunteers on how to accomplish specific tasks, but as a way to develop volunteers and deepen their personal investment in the organization. That way volunteers can grow from simply being helping hands to becoming an integral part of the community's Main Street effort.

Consider sending volunteers to seminars or workshops covering topics that pertain to their work. State and other coordinating Main Street programs often offer quality, in-depth training sessions as does the National Trust Main Street Center.

While many of today's volunteers prefer to help out from time to time with a specific task, it is still good policy to give all volunteers the opportunity to become more involved. Accordingly, volunteers should be made aware of upcoming board and staff meetings, as well as future training sessions.

If the training or meeting is directly related to the work they commonly do for the program, then a personal invitation from the committee chair is appropriate. That being said, it is critical that the meetings volunteers attend be organized, efficient, and end on time. There is nothing like being stuck in a meeting that drags on endlessly and without direction to make someone lose enthusiasm about the revitalization program.



VOLUNTEER SUCCESS STORIES: LYNCH'S LANDING

Lynch's Landing, Inc., in Lynchburg, Virginia, has made setting its volunteers up for success a priority, which is one reason why more than 50,000 volunteer hours have been contributed to the program since 2000. Friday Cheers™, an after-work concert series that regularly draws thousands of people downtown during the summer months, is one event in which volunteers play a critical role.

Each week, Lynch's Landing partners with area nonprofits to work at the event and share in its proceeds. It takes a lot of people to make these events run smoothly, so Lynch's Landing relies on volunteer supervisors to oversee everyone involved. Being a supervisor is no small task, so in order to prepare these crucial volunteers for success, Lynch's Landing holds an extensive training session. During the session, volunteers go over step-by-step what happens when and what each supervisor's responsibilities are throughout the event. Additionally, Lynch's Landing provides supervisors with an easy-to-use guide that includes phone numbers and other information on how to deal with a variety of emergency situations, such as weather evacuation or a lost child.





Find out what type of work people want to do as volunteers and match their interests with the needs of your organization. Some people like to work quietly behind the scenes, while others enjoy the excitement of volunteering at a special event, and still others can bring special talents to specific projects.



It is also vitally important to keep your volunteers busy once they agree to help. The quickest way to lose volunteers is to have them show up for an event and not have a job for them to do. People need to feel that they are contributing to the effort; otherwise they will believe that you don't need their help.

Organizations should have a "volunteer ladder" that allows volunteers to earn greater responsibility over time. For example, lay out a path so a volunteer can go from working the gate at an event to coordinating other volunteers for the event to serving on the promotion committee to ultimately serving on the board. Tell your

volunteers about these opportunities during their orientation. Individuals who feel empowered and know that others are counting on them are more likely to keep showing up and contributing positively.

Good supervision is key to ongoing volunteer development. Volunteers should be given a supervisor or mentor who is responsible for keeping the organization informed of the progress of the volunteer. The supervisor, in turn, should provide clear instructions and be able to answer any questions volunteers may have. Volunteers should not be made to sink or swim on their own.

RECOGNITION

It is far easier to keep an experienced volunteer happy and busy than it is to recruit and train a new one. Once an organization has gone through the processes of recruiting and training people, it is important to retain them by rewarding and recognizing their accomplishments. In addition to keeping your volunteers coming back, a well-structured and meaningful recognition program can be one of the most effective ways to motivate people to do even more.

Everyone agrees that recognizing volunteers is important, but there is no such unanimity on how best to do it. This is understandable because recog-

nizing volunteers can be done in so many different ways. It can be as simple as an earnest thank-you and a handshake to something as grand as a formal award at a black-tie gala. However you do it, your plan for recognizing and rewarding volunteers should not be a one-size-fits-all operation. It is important for it to be personal: treat volunteers as individuals and thank them in the way they want to be thanked.

For example, the last thing your hardworking, but shy, star volunteer wants is to be dragged up on stage, given an award, and asked to make a speech. However, if you have a town council member among

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Develop a "volunteer ladder" that enables people to earn more responsibility over time. A volunteer should have the opportunity to go from taking tickets at an event to serving on a committee to ultimately serving on the board.



Recognizing and rewarding people for their accomplishments are essential for any successful volunteer program. Recognizing volunteers can range from a simple thank-you note or certificate to an elaborate reward ceremony.

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your volunteers, this might be the best way to keep him or her coming back to help. Often, a small bouquet of flowers delivered with a note saying thanks can be more effective than a big cash prize and a person's face splashed across the newspaper. The important thing is to know your volunteers and be thoughtful in recognizing them. Another rule of thumb is, whenever possible, to make the reward immediate. A simple thank-you as soon as the job is done can mean more than a grander gesture of thanks given weeks later.

More traditional ways to show appreciation and recognition are to give plaques, host luncheons, run ads in the paper, or send handwritten notes. Some communities hold special volunteer recognition events, such as breakfasts, evening events, or special downtown shopping days. Creating a "volunteer of the month" award or some other incentive that would include a special prize is a great way to reward volunteers who go beyond the call of duty.

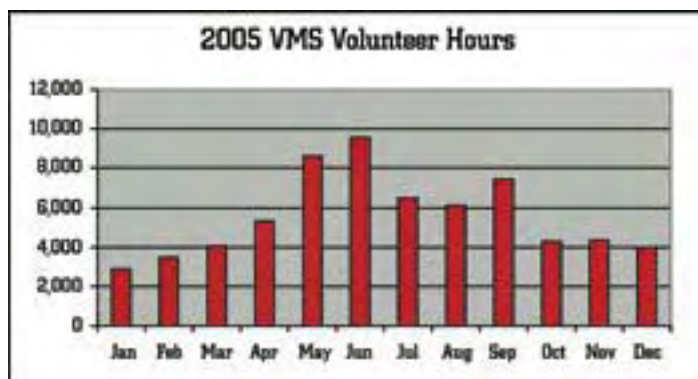
25 WAYS TO REWARD AND ENCOURAGE VOLUNTEERS

- Encourage a sense of pride and ownership in the project.
- Promote team building.
- Encourage volunteers to involve friends and family.
- Create budget items for volunteer recognition.
- Set volunteers up for success.
- Establish a plan to best utilize volunteers' time.
- Make it fun!
- Encourage friendly competition.
- Show care and concern for your volunteers.
- Make it your goal to encourage volunteers to ask to participate again.
- Remember to say THANK-YOU!
- Smile.
- Let volunteers train new members.
- Take time to explain tasks fully.
- Offer to write recommendations to prospective employers.
- Praise your volunteers to their friends.
- Give them free tickets to downtown events.
- Provide scholarships to volunteer conferences or workshops.
- Invite participation in policy formation.
- Send letters of appreciation to employers.
- Provide good working conditions.
- Be fun and creative in the ways you thank your volunteers.
- Celebrate outstanding projects and achievements.
- Enlist them to train other volunteers.
- Allow volunteers to grow into new responsibilities.



VOLUNTEER SUCCESS STORIES: HARRISONBURG DOWNTOWN RENAISSANCE

Harrisonburg Downtown Renaissance keeps a line item in its budget for volunteer appreciation. The Virginia community's revitalization program also hosts an annual reception to honor the service of their volunteers. This year it was held at a brewpub downtown, where in addition to free hors d'oeuvres and beverages, the program included a slideshow highlighting past accomplishments, updates on new projects downtown, and the organization's plans and volunteer opportunities for the upcoming year.



This chart tracks the contribution of volunteer hours to all Virginia Main Street programs in 2005. As the chart indicates, the volunteer needs of a program vary dramatically. Keep these monthly variations in mind as your organization plans the timing of its volunteer recruitment, training, and reward programs.

PUTTING IT ALL TOGETHER

Effectively managing the interrelated tasks of recruiting, training, and rewarding volunteers can be a job in itself. Because of this, many Main Street programs have created a dedicated volunteer coordinator position. While this may just be a volunteer position, having someone whose sole focus is to develop a pool of volunteers is a wise investment of time.

The organization should select someone who is not just dedicated and energetic, but also well organized and detail oriented. Because it is such an important position, the board or the organization committee should consider actively recruiting and interviewing for the position. If your organization does not already have a dedicated volunteer coordinator, finding one should be a priority, as he or she can strengthen your volunteer program at every level.

Another overarching theme for a strong volunteer program is fostering a dialogue with your organization's volunteers. While integrating good communication and feedback mechanisms into all aspects of your Main Street program is good policy, it is particularly important when dealing with volunteers. Being clear and straightforward about what needs to be done, when, and

why it is important will not only get a better response from your volunteers, it will add to their sense of accomplishment. It is also good policy to keep volunteers in the loop and abreast of organizational changes or important news, especially when it pertains to work they commonly do for the program.

Good communication after a volunteer has finished an assignment is also important. An annual review process for certain key volunteers, such as board members, is one way to do this and will serve the organization well. These reviews should remain confidential, one on one, and most importantly, two-way. They should recognize what the volunteer is doing well, as well as providing ideas on how he or she can be more effective. Most importantly, the organization should listen to the volunteer's suggestions about what it can do better. Besides this annual look at volunteers, ongoing feedback throughout the year can be just as important.

In conclusion, Main Street programs in Virginia and other states, indeed the entire Main Street movement, owe their success to volunteers. Every organization involved in commercial district revitalization from the most sophisticated to those just starting out, can benefit by working harder to recruit, train, and reward their volunteers. True to the interconnectedness

of the Main Street methodology, the most effective thing you can do to help your organization in each of these three key areas is to successfully implement all four points of the Main Street approach.

People will be more likely to sign up to help, enjoy the work more, and be even prouder of their accomplishments if they know the group they are giving their time and efforts to is bringing positive change to their community.

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VOLUNTEER DATABASE

While there is no *one, best way* to keep track of all the important information about your volunteers, it is crucial that you keep the information in some form, and databases are an effective means to do this. Not only do they aid in accessing volunteer resources, they ensure that important information is not lost if the staff or volunteer coordinator changes.

While all databases should include basic information about your volunteers, e.g. name, e-mail address, telephone number, etc., any additional information depends upon the way your organization interacts with its volunteers. For example, the Microsoft Excel spreadsheet used by Lynch's Landing in Lynchburg, Va., includes the volunteer's shirt size, birthday, allergies, and which weeks each person is available to work the Friday Cheers™ event. Volunteer databases do not have to be fancy to be effective – they can grow over time as conditions change. Some additional items your organization might consider adding to your volunteer database include:

- Spouse's name;
- Food allergies or preferences;
- Which days and hours they are willing to volunteer;
- Preferred type of volunteer work;
- Other organizational affiliations;
- Notes on how they prefer to be recognized;
- Events they have worked in the past; and
- Trainings or workshops they've attended.

Creating a Marketing Plan

The purpose of a marketing plan is to define your market, to outline a strategy for attracting and keeping customers, and to identify and anticipate change. Defining your market (or market position) includes identifying a specialization or niche based on a primary consumer segment served or a primary set of goods and services offered. With this competitive advantage (or brand awareness) in-hand, the Promotion Committee should evaluate and reevaluate existing promotions to determine their fit (e.g. do they draw the same markets that downtown businesses are attempting to draw). Based on this evaluation, some promotions may need to be refocused. Also, look for gaps and opportunities in the local promotional calendar; including promotions in which the Main Street program partners. Those gaps can be categorical in nature or they may be seasonal.

If the Promotions Committee decides to develop downtown tie-ins as complements to larger community wide promotions, it should make sure those add-ons focus on the downtown's target markets. The Promotion Committee may also need to create new, appropriately sized promotions designed specifically for a target market or a business niche/cluster identified in the market position. The National Trust Main Street Center generally recommends that Main Street programs balance their annual promotional calendar by focusing on three special events, producing six business promotions, and addressing image development with one project. It is important not to overload or overtax the available human and financial resources. The Promotion Committee's annual action plan taken as a whole, if it is comprehensive enough, could serve as a marketing plan because it will contain all the considerations that are part of a marketing plan - the strategies for attracting and keeping customers.

It will be necessary to establish pre-determined, measurable goals for each promotional activity as relates to effectively reaching the target market. Those goals should reflect whether the given event or activity is an image campaign, special event, business promotion or tourism campaign. Having specific goals will allow the group to be more effective when planning and more objective when evaluating. Most often, goals should focus on:

- 1) Participation/identification by targeted groups or individuals (quantified if possible, e.g. number of impressions, number of people exposed to downtown window displays, or attendance numbers/foot traffic)
- 2) Income generated either by promotions or contributing activities
- 3) Business sales figures and/or percentage increases in sales during *business* promotions
- 4) Secondary measures may include the amount of publicity (or media coverage) generated and the general perception of the audience (as indicated through surveys during/after the promotion).

One way to strengthen the connections between your promotional efforts and downtown businesses is to develop a one or two page protocol sheet for each promotion. The promotion protocol sheets can be hand delivered or mailed to downtown businesses so they clearly know what to expect and how they can get involved/benefit. Clearly defining each promotion can help you avoid a perception of ineffectiveness on the part of the business community (e.g. special events have value even though they don't typically ring the cash registers). Send the promotion protocol sheets to businesses far in advance of the event, so they can build any related marketing expenses into their budgets. The protocol sheet should include:

- 1) Name and description of the event (including the dates)
- 2) Whether it is an image campaign, special event, business promotion, or tourism campaign
- 3) Goals of the event (see above)
- 4) Targeted customer market (for example, local versus tourist)
- 5) How the promotion will be promoted: tv, radio, newspapers, flyers, etc.
- 6) Ways that businesses can participate/piggyback
- 7) Volunteer needs

Promotional development is extremely volunteer intensive. For this reason it is important to evaluate each event and eliminate what is not working based on your original expectations and goals for the events. Did you accomplish your goals? Should the promotion continue or be altered? Of course, those expectations and goals must exist (see above). One or two volunteers should be assigned to collect the information necessary to measure promotion success. Promotions should be evaluated on a variety of points, including (but not limited to):

- 1) *Whether or not the promotion achieved its goal(s) as identified above*
- 2) *Participation/identification by targeted groups or individuals (whether this was a goal or not).* This will require strategies for determining viewership of advertising and the makeup of event attendees. What were traffic counts? Are they local residents or visitors? Are they coming specifically for the event or do they just happen to be in the area? What is downtown's signature event, or the event that either draws the most attendees or creates the most lasting and far reaching impressions? The answers to these questions can provide valuable information for future marketing (help the Promotion Committee and individual downtown businesses target the appropriate media to utilize for advertising). One strategy for gathering this kind of information is to have a free giveaway that would require entry. Entry forms will include name, address and one or two simple questions relating to the marketing questions of the committee. Other communities have done intercept surveys of tourists at events.
- 3) *The cost-benefit ratio of the amount of money and/or volunteer hours necessary to implement the promotion versus the income, good will, recognition, etc. that the promotion generates.* The goal of every promotion may not be to generate revenue (particularly image campaigns). For example, if the primary goal of an event is to attract visitors to the community, it may be in the best interest of the organization to allocate more dollars to advertising if it results in higher attendance. If the event only breaks even (or costs money) it will still be successful if attendance reaches the targeted goal. The economic impact of promotional efforts is normally measured by estimating/calculating the lodging, food, beverage, souvenir, and other spending by visitors to the event.
- 4) *Business satisfaction and feedback (not just sales figures).* Strategies would include a short evaluation survey or a focus group of businesses (especially, if you are evaluating business promotions). The Promotions Committee should not include questions like "how were your sales?" on the evaluation form for a special event (no point in contributing to misperceptions). In contrast to business promotions, the cash register is not expected to ring the day of a special event. However, the Promotion Committee needs to consciously strengthen the connections between those events and downtown business/economics (via the market position). Business owners need to look at special events as opportunities for personal contact with potential customers, the best kind of advertising (if the event attracts the target market). For retail businesses, special events often lead to future sales when giving people a reason to come back downtown, and when attendees have a positive experience admiring window displays, browsing open shops, and chatting with friendly staff.
- 5) *Audience/attendee satisfaction and feedback.* One strategy would be a short attendee evaluation survey (see item 2 above for an example).
- 6) *To what extent the promotion contributes to the mission of the organization*



2011

BY ERICA STEWART AND JOHN LEITH-TETRAULT

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The New Deal FOR Main Street's HISTORIC TAX CREDIT PROJECTS...

Tips on how
you can apply
for tax credits.
=
SUCCESS

The federal historic tax credit (HTC) is a powerful economic engine. By providing developers of historic properties with a dollar-for-dollar reduction in taxes owed, the HTC gives them a strong incentive to take on historic rehab projects that otherwise would not be financially feasible. These projects transform vacant properties, help revitalize local downtowns, and, collectively, create a vast economic multiplier effect nationwide. Rutgers University, with support from the Historic Tax Credit Coalition, proved the program's economic impact unequivocally in its recent report: over the credit's 30-year history, the HTC has created 1.8 million jobs, attracted \$85 billion in new private investment, and stimulated the local economy to a far greater extent than new construction.

Identification Number

TOTAL \$

Revitalization

Unfortunately, small towns and rural areas do not get their fair share of the federal tax credit's economic benefits. This stems from the relatively small size (less than \$1 million in total development costs) of historic real estate projects in Main Street districts and the fact that the dollar amount of the credit is equal to 20 percent of the project's eligible rehabilitation costs (i.e., a small project yields only a small tax credit amount). As a result, both of the major ways to utilize the historic tax credit are difficult for Main Street developers to pursue:

1 One way to utilize the HTC is for the developer to reduce his or her annual tax bill by filing for the credit after the

historic rehab project is complete. But many Main Street developers and property owners have insufficient tax liability, earn too much annual income (\$250,000 or more), or are limited in their ability to use the credits (per the passive loss limitations of the Internal Revenue Code).

Still others are subject to the Alternate Minimum Tax (AMT), a tax paid by individuals and corporations that would otherwise have enough credits and deductions to zero out their federal tax liability. Until recently, the AMT could not be reduced by the historic tax credit. Furthermore, some developers need the money the tax credit represents while

they are developing the project, not once it is complete. In all these scenarios, the historic tax credit offers little benefit to the developer or owner, prompting many to consider the second option for utilizing the credit.

2 Those who can't fully utilize the credit themselves can transfer the rights to the tax credits to a corporate investor in exchange for cash invested in the project. This cash infusion is often an essential piece of the project financing that enables the project to move forward, while the tax credits can prove highly beneficial to corporate investors with onerous tax burdens. However, the accounting and

legal fees involved in transferring tax credits are high — regardless of the deal size — so if the credit value is relatively low, as is the case with smaller deals, the net benefit of the transaction may not be worth the effort.

Typically, the lack of interest in these small deals by corporate investors or the inability of the property owner to utilize the full value of the credit has prevented many Main Street developers from taking advantage of this powerful incentive.

NEW HOPE FOR THE SMALL DEAL

Fortunately, help has arrived for Main Street building owners and developers. Signed in the waning months of the Bush Administration, the Housing and Economic Recovery Act of 2008 provides a simpler, less costly method of utilizing the federal historic tax credit. The law enables individuals to use the historic tax credit to lower their Alternative Minimum Tax. This effectively makes the credit a true incentive for individual local investors who are subject to the AMT.

What's the bottom line? It's easier than ever to employ the historic tax credit to benefit a Main Street-scale historic rehab project.

HOW IT WORKS

Thanks to the new legislation, if Main Street property owners cannot, for the reasons stated above, use the credits or if they simply want to trade the credits for cash up front, they have the option to convey them to individual “real estate professionals” (REPs) who enjoy a unique exemption from passive loss limitations.

To make this connection happen, the developer can work with a local accounting firm — preferably one that knows a lot of real estate professionals — to identify an individual in the community who could use the credits in exchange for cash. This person should be a high net-worth real estate professional with substantial federal tax liability. If the real estate professional is also subject to AMT, his or her motivation will be especially high. After admitting this individual into a limited partnership or limited liability company, the real estate professional can pay the property owner cash in exchange for the right to use the credits.

An example:

In 2010, the City of Wyandotte, Michigan, (population: 25,000) renovated the 1911 Masonic Temple building into a community arts center and arts incubator. The developer, Dudley Ventures, also a prominent national syndicator of historic and new

markets tax credits, was able to identify a local real estate professional who could benefit from the historic tax credits generated by the \$1.5 million rehab, but only because the credits could be used to offset the investor's Alternative Minimum Tax. The individual invested \$180,525 into the project in exchange for the right to use the tax credits. This key financing made the project financially feasible.

Partnering with a local investor also has the benefit of building a network of support for historic preservation on Main Street. The local investor is more likely to invest any profits from the partnership with the developer locally, unlike a national corporate investor with a distant headquarters and limited connection to the community.

► The Masonic Temple, in Wyandotte, Michigan, has been transformed into the Wyandotte Regional Arts Center, thanks in part to historic tax credit equity invested by a local real estate professional and made possible by the 2008 legislative changes. The Center offers 12 affordable artist studios; provides performance space and galleries; and hosts poetry readings, lectures and classes.



**SIGN
HERE
FOR HELP**

WHAT IS A REAL ESTATE PROFESSIONAL?

A Real Estate Professional (REP) is defined as a person who:

- 1 Spends more than 50 percent of his or her time and more than 750 hours per year engaged in real estate activities; and
- 2 Owns at least 5 percent of the real estate business where he or she works.

Qualifying real estate activities include work performed by:

- Real estate developers
- Construction contractors
- Property managers
- Real estate brokers
- Leasing agents
- Architects

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Things to consider.

ROLE OF THE MAIN STREET ORGANIZATION: HOW YOU CAN HELP SEAL THE DEAL

Main Street organizations, armed with the details on how the historic tax credit can be used and by whom, can work with property owners and local developers to better understand how the tax credits function and also help identify real estate professionals. Better information in the hands of property owners about ways to use the credits is essential to achieving greater use of the HTC on Main Street.

One idea is for the Main Street organization to develop and promote a “directory” of local REPs who may be potential investment partners for property owners, as well as a list of developers who do not qualify as REPs.

MORE HELP ON THE WAY?

The National Trust and its for-profit subsidiary, the National Trust Community Investment Corporation (NTCIC), are currently heavily invested in advocating for provisions to the federal historic tax credit that would further simplify the use of tax

credits in small transactions. If adopted by Congress, these provisions would increase the use of the historic tax credit. One major change that would have an immediate impact is to increase the value of the federal credit from 20 to 30 percent for smaller deals.

THE FEDERAL HISTORIC TAX CREDIT: A USER'S GUIDE

If you're still trying to get some bearings on how the HTC operates, some background information is in order.

The federal government created this incentive in 1981 to encourage and increase the financial feasibility of historic building rehab projects. The federal government offers a 20 percent credit (for historic and architecturally significant buildings) and a 10 percent credit (for nonresidential, nonhistoric buildings built before 1936; a mixed-use project, however, can take the 10 percent credit on the commercial portion of the rehab).

While the federal rehab tax credit program has changed several times over the years, most of the program's basic elements have remained the same:

CASE STUDY: Moeszinger/ Marquis Hardware Co., Clinton, Iowa

The Moeszinger-Marquis Hardware Co. project in Clinton, Iowa, demonstrates the significant financial hit a project suffered under the previous legislation — before the 2008 changes. The \$3 million rehab of the upper floors of the building into affordable housing was substantial enough to attract an investor. However, the first-floor office space was created as a separate condominium unit within the building, and could not attract a national tax credit investor because the credits generated were deemed too small to be worthwhile. Without the tax credit payments of approximately \$98,000, the project needed to take on more debt: \$98,000 more to be exact. With a larger bank loan, the project paid \$10,530 more to the bank in a year than it would have if its loan principal was \$98,000 less.



- To be eligible for the 20 percent tax credit, buildings must be listed, or eligible for listing, in the National Register of Historic Places or be “contributing” buildings in a National Register historic district. Property owners file Part 1 of the National Park Service’s Historic Preservation Certification Application to seek property approval for the tax credit.
- To be eligible for the 20 percent credit, the property owner’s building plan must meet certain design and construction standards, as outlined in the *Secretary of the Interior’s Standards for Rehabilitation* (www.nps.gov/hps/tps/standguide/rehab/rehab_index.htm). These standards ensure that the building’s architectural and/or historic significance will not be damaged. Property owners file Part 2 of the Historic Preservation Certification Application to seek approval for their rehabilitation plans.
- The building has to be an income-producing building. Most Main Street commercial buildings are therefore eligible, but private homes are not. However, because it’s income-producing for the property owner, rental housing is eligible for the 20 percent credit.
- The property owner gets a tax credit equal to 20 percent — or 10 percent for the nonhistoric credit — of the total rehabilitation cost, provided the rehabilitation costs are equal to or greater than the “adjusted basis” of the building (adjusted basis is generally defined as the purchase price, minus the cost of the land, plus the value of any capital improvements made since the building acquisition, minus any depreciation of the building since purchase) or \$5,000, whichever is greater.
- The tax credit is applied against tax liability. So, a property owner who has a \$20,000 rehab tax credit and owes \$20,000 in federal income tax can apply the tax credit to the amount of tax owed — and, in this example, not have to pay any tax. The credit can also be divided up and carried back one year and forward 20 years.

There are some other requirements and limitations, of course. For example, individuals who earn more than \$200,000 cannot claim the full value of the credit, and people earning more than \$250,000 cannot use the credit at all. Additional information, including an interactive guide to determine if your project would qualify, is available at www.ntcicfunds.com.



► Built in 1883, the Town Hall Theater in Middlebury, Vermont, was the heart of community life for nearly 75 years. In the 1950s, the town offices relocated, the ornate stage and balcony were ripped out, and exquisite stained-glass windows were covered with brick. Federal historic tax credits helped finance its glorious return to the center of the Middlebury arts and social scene, enabling the project to proceed with no foreclosable debt.

TURNING CREDITS INTO CASH

People and businesses that own property in historic commercial districts have three choices when it comes to using the federal rehabilitation tax credit.

1. They can do a certified rehabilitation project, earn the 20 percent tax credit, and use it to reduce their taxes.
2. If the building was built before 1936 and is neither historic nor residential, they can bypass the National Park Service’s Part 2 certification process, earn a 10 percent tax credit, and use it to reduce their taxes.
3. They can sell the tax credit to an investor.

Who buys tax credits? Banks and other large corporations are the primary buyers of credits generated by large projects. They have lots of tax liability, and the tax credit reduces their taxes while also bringing capital (in the form of the money they pay for the credits) to historic commercial districts and other places that need it. As explained above, the 2008 Housing and Economic Recovery Act also enables individuals and corporations to use the historic tax credit to offset the AMT.

SHOULD YOU USE THE TAX CREDIT? A CHECKLIST FOR PROPERTY OWNERS

For a variety of reasons, a third of the property owners who receive design approval (Part 2 of the tax credit application) from the National Park Service do not proceed to final approval (Part 3) and use of the tax benefits. While no surveys have been conducted, it’s fair to assume that many of these building owners discovered — after they had committed predevelopment time and resources — that it was in their best interests to forgo the credits.

To help property owners in your commercial district avoid this loss of time and money, ask them the following questions at the beginning of the development process:

- **Do you have the right building?** Is your property a contributing structure in a historic district or is it listed or eligible for individual listing in the National Register of Historic Places? Only such properties can take advantage of the 20 percent historic tax credit. A nonhistoric, nonresidential building built before 1936 is eligible for the 10

THE TAX CREDIT TEAM

Assembling an experienced development team is critical to the success of any tax credit transaction. Be sure to include:

- Tax attorney
- Tax accountant
- Preservation consultant
- Experienced architect
- Rehab contractor
- State historic preservation officer

percent credit. Ask your local municipal planning department, preservation commission, or State Historic Preservation Office (SHPO) to help determine the building's eligibility.

- **Can you live with the design constraints?** The State Historic Preservation Office and National Park Service reviewers are not trained to consider practical issues such as retail visibility, parking access, optimum use of floor space, or building code compliance. To avoid less than optimum results for your

business, walk through the property with a state reviewer or a preservation consultant before you submit an application so you will be aware of what is required by the Secretary of the Interior's Standards.

- **Will the net tax credit benefit justify the additional costs?** Historic rehabs cost more than contemporary improvements, and selling the credits to an investor will generate transaction costs you would not incur otherwise. If you sell your credits, the investor will buy one dollar of credits for a discounted price, typically paying between \$0.80 and \$0.90 per \$1.00 of credits. Be sure to factor in these hidden costs before making a decision.
- **Are you in a tax position to use the HTC or will you need to transfer it to an investor?** Using the credit to offset your own tax liability is the most efficient type of small tax credit transaction. But depending on your tax position, you may be better off selling your credits to an investor. The key difficulty in doing small tax credit projects centers on the sometimes complicated and expensive process of selling the credits. Is it worth it to spend \$25,000 in legal and accounting fees to obtain a \$50,000 credit? The answer may be

“no,” given the other constraints tax credit use may impose on your business. Be sure to calculate the net tax benefit (the value of the credits less all transaction and additional construction costs) before committing to a project that depends on the sale of tax credits.

- **Do you need the equity to make your financial package work?** You may need the equity provided by the credits to meet lender cash requirements. You may need the HTC to finish the rehab because the project does not qualify for a loan large enough to complete the work. Or you may need the cash to reduce the size of the bank loan. If your financing package works without the equity from federal and state tax credits, make sure the net credit amount is worth it before committing to an HTC transaction.
- **Do you have access to the right professional expertise?** Your current legal and accounting advisors may not be familiar with the use of tax credits. The contractor and architect you use may have never worked on a rehab that takes advantage of federal and state tax credits. You will have to get your team the advice they need, or find new resources with specialized experience you can rely on.

► After a \$5.9 million historic rehabilitation, the 250-seat Town Hall Theater hosts plays, dances, wedding receptions, classes, exhibits, and even a very popular winter farmer's market.



- **Do you have the extra time?** Under the best of circumstances, preparing an application and obtaining approval of Parts 1 and 2 of the application from the SHPO and National Park Service is a 120-day process. If you have to submit an amended application to obtain final approvals, the process could stretch out to four months. You will need to factor this extra time into your schedule.
- **Are there additional benefits, such as state historic tax credits or tax abatement, that go along with federal historic tax credit use?** If your state and locality provide additional benefits for historic rehabs, such as property tax relief, a piggy-back state HTC, or preservation grant programs, be sure to add these extras into your net benefit calculation.

CALCULATING THE VALUE OF THE TAX CREDIT

It is useful to know certain rules of thumb to estimate the value of a HTC benefit before spending time and money in pursuit of the credits. Generally speaking, the federal HTC is 20 percent of the eligible rehab and rehab-related “soft costs.” These rehab-related soft costs include construction loan interest, appraisals, construction lender points, architectural and engineering fees, and environmental evaluations. Excluded items include any expenses related to a permanent loan, such as appraisals, points, and interest; acquisition expenses and related costs; site improvements, furniture, fixtures, and the costs of any additions to the existing building.

For a quick and dirty estimate of the federal tax credit’s value, a building owner should calculate the sum of hard construction costs and 95 percent of the total soft costs, then multiply this amount by 20 percent. If the owner plans to sell the federal credits, multiply this sum by \$0.80 for a conservative estimate of value on the market as investors will typically pay between \$0.80 and \$0.90 cents for every dollar of credits. If your state has a historic credit, multiply the percentage of that credit times the same tax credit basis number and, if the owner intends to sell it, multiply by 65 percent for the conservative value of your state’s hard construction costs. Selling the credits will require formation of a limited liability company or limited partnership that will allow the building owner to transfer the credits to a third party investor. Combined tax accounting and tax counsel fees can range from \$15-20,000 if local resources are used.

► This 22,000-square-foot former bank building in downtown Rocky Mount, North Carolina (population: 56,341), was converted into office space for nonprofits and small businesses by the Self Help Ventures Fund at a cost of \$3.5 million.



► The \$5.8 million historic rehabilitation of the Dalton Building, a former bank, created 23,000 square feet of upper-floor apartments and first-floor retail and office space in Rock Hill, South Carolina (population 69,210). The rehabilitation project has helped cement the character of the downtown, while providing first-rate upper-floor housing.



FINDING AN INVESTOR IN A SMALL TOWN

If you estimate that the tax credits for a rehab project are worth less than \$500,000 and the building owner's individual or corporate tax position does not justify keeping the credits, it will be difficult to find a buyer in the national historic tax credit marketplace. Companies such as Chevron and Sherwin Williams, which actively solicit direct tax credit investment opportunities typically buy credits in units of no less than \$2 million.

The market for projects that total less than \$2.5 million in development costs and \$500,000 in credits is your own community. A small community bank with which the Main Street program or the building owner already has a business relationship is one of your best bets. Banks may see the credits as a way to improve the return on a construction or permanent loan.

A local bank with state tax liability may be interested in investing in both the federal and state credits. A utility company or a major local employer might also be potential investors. And of course, as explained previously, a real estate professional, such as a developer, contractor, property manager, appraiser, or architect, is a potential tax credit investor and may be someone the building owner already trusts and does business with. The importance of experienced legal and accounting advisors comes into play most importantly when approaching local investor prospects who may be unfamiliar with the credits.

IDENTIFYING A TAX CREDIT TRANSACTION TEAM

Failing to assemble an experienced development team is the most common mistake made by first-time users of the HTC.

But where does a building owner find an architect and contractor with preservation experience and accountants and attorneys who've done a tax credit transaction? Is it necessary to throw away existing relationships with local professionals because they are unfamiliar with the complexities of the HTC? Well, you have a choice.

You can help the owner pull together a new team. The State Historic Preservation Office and your local preservation commission are good places to find people who've helped out on similar projects in your area. Your statewide or local preservation advocacy group can recommend qualified architects. For a list of statewide preservation organizations, consult the National Trust web site at <http://www.preservationnation.org/about-us/partners/statewide-local-partners/>. Contact the American Institute of Architects

at <http://architectfinder.aia.org/> for a qualified preservation architect in your state. Local developers who've done similar projects can also recommend architects, tax accountants, and tax attorneys.

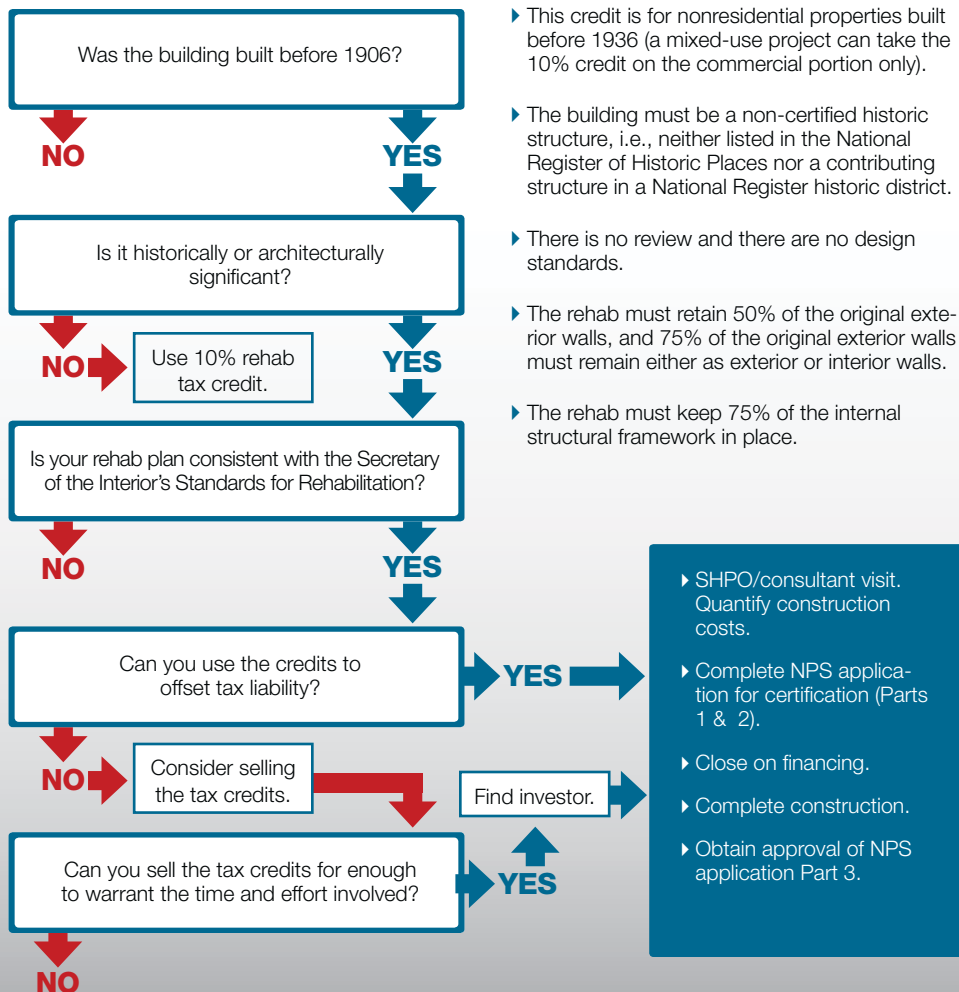
Your second option is to train the real estate team the building owner already has by connecting them with firms and individuals who have tax credit experience. A local tax attorney or accountant can obtain advice from a larger firm that specializes in tax credit work. An architect who hasn't done a historic rehab can be paired with a preservation consultant who can prepare the tax credit applications and provide advice on how to meet the Secretary's Standards. The building owner will spend less money on this second option because it limits the billable time of the higher-priced firms and consultants. Just make sure the experienced resource people ultimately certify the work and recommendations of the local team.

AUTHOR BIOS

Erica Stewart has supported the communications and marketing of the National Trust for Historic Preservation's community revitalization programs and its for-profit subsidiary, the National Trust Community Investment Corporation (NTCIC), for 10 years. She currently serves as Outreach Coordinator for the Communications and Marketing Department of the National Trust.

John Leith-Tetrault has 32 years' experience in community development financing, banking, community organizing, historic preservation, training, and organizational development. He has held senior management positions with Neighborworks, Enterprise Community Partners, Bank of America, and the National Trust for Historic Preservation. Mr. Leith-Tetrault is the founding president of the NTCIC and serves as the chairman of the Historic Tax Credit Coalition.

Steps in the Tax Credit Feasibility Process



10% Federal Tax Credit Basics

- ▶ This credit is for nonresidential properties built before 1936 (a mixed-use project can take the 10% credit on the commercial portion only).
- ▶ The building must be a non-certified historic structure, i.e., neither listed in the National Register of Historic Places nor a contributing structure in a National Register historic district.
- ▶ There is no review and there are no design standards.
- ▶ The rehab must retain 50% of the original exterior walls, and 75% of the original exterior walls must remain either as exterior or interior walls.
- ▶ The rehab must keep 75% of the internal structural framework in place.

20% Federal Tax Credit Basics

- ▶ The credit is a dollar-for-dollar reduction of federal tax liability for 20% of eligible costs to rehabilitate a certified historic structure.
- ▶ The property must be listed in or eligible for listing in the National Register of Historic Places or a contributing building in a National Register historic district.
- ▶ The application consists of Parts 1, 2, and 3 and must be submitted to the State Historic Preservation Office, which makes recommendations and submits the application to the National Park Service for final approval.
- ▶ The rehab over a 24-month period must be "substantial," defined as \$5,000 or the building's adjusted tax basis (acquisition cost + cost of improvements – value of land – depreciation taken) whichever is greater.
- ▶ The exterior and interior rehab must meet the Secretary of the Interior's Standards as interpreted by the State Historic Preservation Office and the National Park Service.
- ▶ The credit may only be claimed by building owners after the property is placed in service (generally a certificate of occupancy); an investor may claim the credit only if he or she is admitted to the partnership before the building is placed in service.
- ▶ Transfer of ownership or adverse change to a character-defining feature of the building during the five-year compliance period triggers recapture of the credits (20% recapture for every year left in the compliance period).
- ▶ The credit may be taken by the owner or be transferred to an investor.

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Q & A: Local and National Historic Districts

By Amanda B. West | From *Main Street Story of the Week* | March 1994 | 98

Q&A: Local and National Historic Districts

The Main Street News Q&A column highlights solutions to questions we receive on the Network Exchange.

Q: How are local historic districts different from national ones? Are they important?

A: Many people understand the process of National Register nomination and listing designated by the National Historic Preservation Act of 1966: A property or site is nominated based on its architectural or historical merits. What probably is the greatest public misconception about the register is that once properties are on it, they are safe from destruction. While national laws designate, local laws protect. The National Register offers a property two benefits: eligibility for federal income tax credits; and protection against damage or loss of integrity by federally funded projects. The strongest protection for a designated property is typically provided by preservation ordinances enacted by local governments. It is up to local jurisdictions to protect historic properties.

Preservation ordinances are local laws through which owners of historic properties are usually prohibited from altering or demolishing their property without local government approval. These restrictions are compatible with the many zoning and housing regulations in place across the country. Ordinances can protect individual landmarks only, entire historic districts, or both. A local designation is a valuable tool when the Main Street program is negotiating with a local property owner or an absentee owner such as a chain.

Q: How are local historic districts structured?

A: In order to regulate development in a designated area, the ordinance requires, among other elements, the establishment of a historic district commission or architectural review board to administer the ordinance and review development plans for the area. Many ordinances require commission members to have expertise in various fields related to historic preservation and development. All commission members are volunteers.

The ordinance should also establish boundaries for the district, define terms, set guidelines that establish design 'rules' for property owners and outline the design review process, including submission of property owners' plans for building alterations, demolitions or new construction in the district. It also includes the right of owners to appeal decisions if they are dissatisfied, and an economic hardship clause that states that owners cannot be deprived of reasonable economic use of their property. Some communities have addressed local problems through these ordinances, including automobile dominance, demolition by neglect, surface parking lots and uses of historic structures.

A local historic district can be created in response to a threatened historic building or insensitive infill construction, or it may be developed as a planning tool that will regulate development, along with zoning restrictions. Whatever the goals, a local historic district is but one component of a community's

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comprehensive strategy for maintaining its character.

Q: Property regulation can be controversial. How can I convince my community that a local historic district will be a benefit, not a detriment to the area?

A: Inevitably, there will be conflict from property owners over the legality of regulating their property. The authority to regulate private property through historic preservation and land-use laws is derived from the state's police powers. The states have generally delegated these powers to cities and towns, and every state except Wyoming has empowered local governments to regulate development affecting historic sites. The legality of local ordinances has been upheld because owners are able to make reasonable use of their property.

Because of the sensitivity of the issue of property rights, timing and educating the community are essential. The benefits of creating a local historic district must be clearly articulated to government officials and the public. Property owners must fully understand what the designation will mean to them, since use of their property will be restricted. Controversy between supporters of a local district and opponents can often be avoided by explaining the benefits that other communities have realized from local historic districts. It will be important to have the participation of the city attorney in developing the local preservation ordinance. Local districts:

- Protect the investments of owners and residents of historic properties. Property owners are protected from devaluation by badly planned developments. Protection of the community's integrity through a local district provides long-term protection of a property owner's investment.
- Enhance business recruitment potential. Maintaining the integrity of a commercial core and surrounding neighborhoods attracts new business and quality industry to the community.
- Create a positive impact from tourism. Maintaining an aesthetically cohesive district provides a defined destination and a sense of place for tourists. The U.S. Travel Data Center predicts that tourism will be the world's leading industry by the year 2000 and that tourists' major goal is to experience history and culture. Thus, retaining and protecting historic areas can attract tourist dollars.
- Encourage better quality design and help the environment. By promoting prudent development practices and quality construction compatible with the given environment, local districts protect an area's sense of place, and prevent sprawl, which leads to auto dependency and tax-wasteful duplication of infrastructure construction.
- Provide educational, social and psychological benefits. Historic districts provide a tangible link to the past, providing meaning and history to people's lives. The desire to live and work in attractive surroundings, the sense of place gained by maintaining a recognizable and human-scale environment and the galvanizing effect of community-based group action are all direct results of most local historic district ventures. A sense of empowerment and confidence develops when community decisions are made through a structured participatory process, rather than behind closed doors.

Thirty-one percent of Network Members polled in 1993 had established local historic districts, and to date over 1,800 communities nationwide have established them. Twelve percent have Certified Local Government status.

Q: What are Certified Local Governments (CLGs) and how do they relate to local districts?

A: A 1980 amendment to the National Historic Preservation Act created the Certified Local Government program, which links local programs to national preservation activities. Most states have developed procedures which give CLG status to communities that comply with a number of preservation activities, including adopting a preservation ordinance and establishing a preservation commission. CLGs and local preservation districts go hand in hand because many communities that are already protecting their historic assets can readily apply for CLG status.

State CLG procedures vary, particularly in different regions of the country. But, as a general rule, a Certified Local Government works in partnership with the state historic preservation office and the National Park Service to identify, evaluate and protect historic resources within the CLG's political jurisdiction. CLGs are eligible for a number of special benefits, including:

- ability to compete for 10 percent of the annual federal allocation to each state from the State Historic Preservation Fund.
- direct participation in the process for nominating properties to the National Register.

- opportunities for training and technical assistance from their SHPO, the National Park Service and other federal agencies.

This Q & A is meant to provide a general overview of local historic districts and Certified Local Governments. Interested communities should contact their State Historic Preservation Office for information on CLG status and local preservation.

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MARKET POSITION FOCUS GROUP FACILITATOR NOTESHEET

Setting the discussion: Thank you for agreeing to participate in this focus group on downtown _____'s market position. My role as facilitator will be to stimulate a thought provoking, lively, but polite discussion on that topic between all of you, the local experts. To do this, particularly since we all have limited time, I may need to stop and redirect our discussions at times. Please don't take it personally. (*spend about four minutes on each question*)

Market position defined. It might be helpful if I define the term market position. A market position is essentially a competitive position for a business, or in our case a commercial district, relative to the competition. A market position includes two components, a primary set of goods and services offered and a primary consumer segment served, that define a downtown specialization or niche. To illustrate: What is the market position of Las Vegas? (primary set of goods and services "evening entertainment/nightlife", primary consumer segment "adults, 20-40?", across the US/international). How about the market position of ____? (*use a more local or regional example*). A market position must also be current and realistic because we will begin promoting the position tomorrow, and we must meet the expectations of any customers or new businesses we attract. That said, you have the power to choose from a range of possible market positions based on your vision for downtown _____ and strengthen it over time. Any questions?

Name downtown _____'s competition. However, make sure its apples to apples competition. Focus on other commercial districts.

Now let's discuss the current business mix of downtown _____ as compared to the competition we've listed.

- What is strong about downtown _____'s business mix? *Prompts: anchors, clusters, owner operators, diversity, specialty*
- Is there a primary set of goods and services offered or a niche where downtown dominates? *Prompts: there will always be secondary and supporting goods and services*
- Who might be the best customer base for that primary set of goods and services? *Prompts: may or may not be the current downtown customer base*
- As a whole, what is the downtown's competitive advantage when it comes to selling that set of goods and services? *Prompts: quality, uniqueness, value, service, experience*

Now let's discuss the current customer base for downtown _____ as compared to the competition we've listed.

- What is strong about downtown _____'s customer base? *Prompts: loyalty, volume, wealth, proximity*
- Is there a primary consumer segment served or a niche where downtown dominates? *Prompts: there will always be secondary and supporting consumer segments*
- What unique or specialized products or services might this consumer segment want or need? *Prompts: may or may not be a current set of goods and services*
- As a whole, what is the downtown's competitive advantage when it comes to attracting that consumer segment? *Prompts: positive and negative image*

Now, more quickly since you've got the hang of it, let's discuss the current business mix of downtown's competition.

- Is there a primary set of goods and services offered or a niche where they dominate?
- As a whole, what is their competitive advantage when it comes to selling that set of goods and services? *Prompts: newer, bigger, friendlier, better merchandised*

Now let's discuss the current customer base for downtown's competition.

- Is there a primary consumer segment served or a niche where they dominate?
- As a whole, what is their competitive advantage when it comes to attracting that consumer segment? *Prompts: positive and negative image*

Finally, are there any trends that might impact downtown _____'s market position in the future?

BRIEF EXERCISE FOR DEVELOPING A MARKET POSITION STATEMENT

Instructions:

1. Explain and illustrate the concept of a market position to your Economic Restructuring Committee, Promotion Committee, and businesses key to downtown's market position (group or homework exercise).
2. Have everyone answer the Market Position Questions on the next handout (group or homework exercise).
3. Collect all the Market Position Question answers.
4. Have a volunteer wordsmith draft a market position statement by drawing inspiration from the Market Position Question answers, the downtown vision statement, and any market information that is available.
5. Give everyone who answered the Market Position Questions the opportunity to mark up a copy of the draft market position statement (homework).
6. Have the same volunteer wordsmith combine the edits into a revised market position statement (homework).
7. Have the Economic Restructuring Committee adopt the market position statement (homework).

Definition: Market Position Statement

A market position statement identifies a district's current niche based on the primary consumer segment served, or on a primary set of goods and services offered. It distinguishes the district's competitive advantage versus options like Wal-Mart, the Internet, but more directly like other commercial district destinations within the trade area (an apples to apples comparison). The goal is to be memorable and remarkable so consumers consistently choose you over the competition. It must be clear and compelling in order to sell downtown's potential to new businesses and investors. Defining a market position statement requires market information; however, there is often an abundance of insightful market knowledge already in the minds of downtown business owners and community residents. That wisdom can be gleaned through focus groups designed to collect the information necessary to take a first stab at drafting a market position statement.

Example: Market Position Statement for Tigerton WI

"Tigerton provides the basic necessities of life in a warm, friendly manner. Businesses stress good customer service, moderate prices, and an adequate selection of goods and services. Low to moderate income families and retired residents enjoy the natural beauty of the surrounding area and a fine collection of historic residences and commercial buildings. Southwest Shawano County customers living within a ten mile radius of Tigerton benefit greatly from its quality health care facilities, schools, churches, food services, and entertainment opportunities. Local residents and tourists take advantage of the many acres of forested and scenic lands near Tigerton."

Example: Market Position Statement for Newtown, PA

"Residents and visitors of Newtown have enjoyed an experience of dining, shopping, and culture from colonial days to today. Authentic, historic nuances flow through first class restaurants, downtown specialty shops and boutiques, theater and art galleries." (2004-2007 Report to Stakeholders, Newtown Main Streets, www.newtownpa.org)

Example: Market Position Statement for Easton (a lifestyle center in Columbus, Ohio)

"A great place where creative individuals can choose from an eclectic selection of women's and children's apparel and accessories, home goods, and personal care products." (They called this statement their Anthropologie)



MAIN STREET AT WORK

By Todd Barman, Program Officer,
National Trust Main Street Center



DESIGNING A MARKETPLACE

What's happening on Main Streets now? What are the best practices, the newest strategies, the lessons learned? In this column, National Trust Main Street Center staff will share the latest trends and successes from the field.

Communities need to transform knowledge of the market into proactive design of a marketplace. A lot of communities hope that a market analysis can dictate which businesses (including real estate investments) are likely to be successful. Market opportunities are often “calculated” *one business at a time* according to generic classifications of business types. But it is the collective, not the individual, that determines commercial district success. Your downtown will not become a strong marketplace thinking about one property at a time, one lease at a time, or one business at a time.

It will take a concrete and compelling vision of a fully functioning future marketplace to attract the entrepreneurs and investors who will eventually realize that vision. Commercial districts that outcompete downtown attract businesses by using a sound market position and a well-designed clustering or leasing plan to sell potential business owners on their ability to become part of a successful place.

In Chapter 9 of *Revitalizing Main Street*, entitled “Improving Commercial Dynamics,” I wrote a section on clustering businesses in which I stated that a clustering plan would help entrepreneurs decide where best to locate in your district. In hindsight that statement did not go far enough. You need to more fully understand how your downtown marketplace functions and can function to help investors decide how best to invest.

I noted that Main Street programs probably won't be able to actively cluster businesses through lease management. While that may be true, Main Street should develop a leasing plan. Independent, impulsive leasing produces weaker marketplaces than cooperative, strategic leasing. While it remains true that Main Street's Economic Restructuring Committee must be strategic, it may not need to be patient or subtle. It will not pay to present downtown as being desperate. To be successful, downtown needs to approach revitalization from a confident position of strength; it must be proactive not reactive.

Successful commercial developers lease their space to create the right combination and critical mass of businesses to attract

available customers. They use the numbers – the demographics – to understand their position in the regional and local markets and to ensure that enough of the right customers are available for the assembled businesses to break even or better. They don't do business-specific market research. Main Street needs a similarly choreographed process to stimulate reinvestment by many independent and neighboring property and business owners. This is an art of combination that must be consistent with the market position and checked against the science of the market and the reality of any given space.

Market analysis pursued by a Main Street organization needs to inform that program's decision making in all areas:

The best strategies or steps for filling vacancies in historic commercial districts are to:

- 1 **Retain existing businesses** so you don't have new vacancies and can help businesses expand or spin off. The business owners who are already successful in your district are the best prospects for starting new enterprises. They can open a second business that perfectly complements their first and adds to the critical mass of businesses necessary to attract customers to the district.
- 2 **Passively recruit prospective businesses** that find you without any targeting on your part. Inquiries will increase with an organized business owner attraction program.
- 3 **Establish a business owner attraction program.** Recruited businesses can fail even if a market opportunity exists and businesses that you didn't recruit can flourish even if a market opportunity wasn't identified. It all comes down to the quality of the business owner.
- 4 **Develop and support entrepreneurs.** The majority of businesses that are attracted to historic commercial districts are independent “mom & pop” entrepreneurs with some existing tie to the community that can be captured through steps 1-3 and then supported and grown through step 4.
- 5 **Actively recruit (last, and in many ways, least).** Any effort or expenditure to actively recruit new businesses will fail if steps 1-3 are not in place and may not be necessary if steps 1-4 are in place.



Todd Barman worked with Altavista, Va., to help the Main Street program, Altavista on Track, transform its knowledge of the downtown market into proactive design of a marketplace. During an Economic Restructuring Technical Assistance visit, he facilitated a brainstorming exercise to flesh out a downtown market position: "Downtown Altavista specializes in establishments that make life simpler. Neighborhood residents, downtown employees, visitors to the many civic gathering spots, and rural retirees, have easy and convenient access to the basic products and services they need everyday and want with personal attention from independent businesses."

shape how it develops space (design), develops businesses (economic restructuring), develops customers (promotion), and develops partners (organization) – actions leading to the right combination and critical mass of businesses to attract that commercial district's available customers. Main Street programs should expect all potential investors to run their own numbers to make their own decisions.

Thinking like a commercial district developer involves:

- Defining and refining a market position for the downtown;

- Managing the downtown business mix and clusters; and
- Fully utilizing valuable space; and
- Selling development proposals to potential reviewers, funders, and tenants.

Successful commercial developers are good at communicating their development vision using verbal descriptions, architectural renderings, and diagrams/schematics. That is why they are able to get approval, attract investors, and lease space even before they break ground. The NTMSC is working to empower Main Street programs to use similar tools to attain similar results.

After helping Altavista on Track develop a market position, Todd Barman worked with the group to draft a Clustering/Leasing Plan for the Virginia Main Street community's downtown.



Downtown Development Plan Pros and Cons

The specificity of Downtown Development Plans is new to most Main Street Programs. It is understood that there will be a certain level of discomfort and growing pains associated with their use. It may be helpful to understand the pros and cons; to argue the pros and be prepared to address the cons.

Pros

- Help entrepreneurs evaluate potential locations
- Help property owners evaluate potential tenants
- Help investors decide how best to invest
- Increase investor confidence
- Tackle the market and downtown revitalization from a confident position of strength, proactive not reactive. It does not pay to present downtown as being desperate.

Cons

- Potential negative response of business owners who are relocated in the dream scenario
 - The Development Plan does not require the relocation, just presents what may be a better future location as a means to inform and improve future decisions.
- Potential negative response of property owners whose tenants are relocated in the dream scenario
 - Again, the Development Plan does not require the relocation and does not leave the property owner without a tenant. It presents what may be a better future tenant as a means to inform and improve future decisions (the potential for a more successful tenant who can eventually pay a higher rent and can survive a longer term lease).
- Potential for the dream scenario to hinge upon investment by individuals who are not able or willing to invest
 - We face that con now. The Development Plan may attract investment partners or buyers who will be more willing and able to invest.
- Potential escalation of asking prices for property
 - This is certainly a possibility and would make it harder to assemble properties and could hinder individual project feasibilities. However, we want properties values to rise and if they rise simply by having a Development Plan we will have evidence of the power of the vision provided by a Development Plan.

By inviting input and helping others achieve their collective vision, you add value far in excess of your individual power. This is the basis of the Main Street Four-Point Approach®; to coordinate the definition of long-term goals, involve local individuals and organizations in determining the near-term projects, and find ways/resources to help make those projects happen. How can you implement your Downtown Development Plan? Drawing from the Downtown Development Plan Philosophy, you can attract investors and tenants by helping them see a vision of themselves making money as part of a successful downtown. A vision founded on:

- A sound market position and marketing plan
- Well-designed and managed leasable space
- A well-designed clustering/leasing plan