

# Implementation

The following strategy is comprehensive. While many of the program elements are not completely mutually exclusive, certain elements are independent and can be implemented whether or not the other pieces or total program is pursued. The items are identified in the order in which they were identified in the “Implications & Suggestions” and are not listed in terms of priorities. Where the lead entity would or should not be the Village or its EDC, the entities that should coordinate an individual component are listed.

To reiterate, the program focuses upon 11 strategic opportunity areas. As identified in the “Implications and Suggestions”, these are:

- ✓ Establishment of an entrepreneurial/apprenticeship program.
- ✓ Facilitation of the sale of property from willing property/building owners to business owners that are willing to purchase the properties/buildings.
- ✓ Facilitation of the expansion of existing businesses.
- ✓ Expansion of the season, using natural resources, winter sports, and new activity within Mackinaw City as a base.
- ✓ Expansion of the range of housing opportunities for senior citizens.
- ✓ Aggressive pursuit of additional housing in a manner compatible and complementary to maintenance of the areas quality of life.
- ✓ Expansion of year-round commercial activity by positioning the Village as a hub of the tri-county region.
- ✓ Pursuit of six appropriate identified broad areas of Research and Development.
- ✓ Development of a consistent business recruitment process.
- ✓ Creation of incubator space.
- ✓ Establishment of the area as a “mecca” for home-based businesses serving larger markets through technology.

The text which follows provides additional information. Unless noted as such, it does not attempt to repeat the information conveyed in the “Implications & Suggestions”.

## 1. An Entrepreneurial/Apprenticeship Program.

**(1A) Recruitment of “new ownership” can be effectuated through community’s colleges, vocational and technical schools, and other colleges throughout Michigan or even a larger multi-state area.** Through the institutions, students can be identified with potentially successful entrepreneurship profiles. Relationships with the institutions should be established on a one-to-one basis. **(1B) Current owners can also identify current employees with potential.** The **(1C) “training” process** would include:

- ✓ **Certain required business curricula courses.**

- ✓ **An internship with introduction and at least part-time work while attending school or training.**
- ✓ **An apprenticeship of 1 to 3 years working and learning in the business.**
- ✓ **Purchase, with previous ownership staying on for 1 to 2 years.**

Business scholarships to attend and graduate with business management, specific industry skills, or entrepreneurship skills could be arranged through cooperative partnerships to sponsor the student apprenticeships, assist with financial planning, and procure resources for the purchase and financing of businesses.

## **2. Facilitation of Sale from Willing Property to Willing Business Owner**

Facilitation of the sale of property from a willing property/building owner to a business operator within the building has a significant benefit to Mackinaw City. Importantly, it helps to maintain a diverse ownership base and likely enhances the prospect of the maintenance of independent business operations. Based on the expressed attitudes of the business community identified in the survey, **(2A) the interaction should be coordinated by the Chamber of Commerce** and not what might be perceived as a government entity.

It is not necessary for the Chamber to be involved with negotiations, just assist with fostering the dialogue through consistent contact through the negotiation process. **(2B) The activity involves:**

- ✓ **Contacting both parties.**
- ✓ **Coordinating an initial discussion or meeting.**
- ✓ **Expressing interest.**
- ✓ **Follow up with assistance as needed, but at least maintaining contact with both parties.**
- ✓ **“Trouble shooting” as needed.**

## **3. Facilitation of the Expansion of Existing Businesses**

**(3A) Facilitating the expansion of existing businesses differs little from the above.** However and in addition to the above, **the (3B) Chamber should coordinate with the Village to assist with attempts to keep businesses within the Village boundaries,** should a site change be necessary to foster the investment process.

## **4. Expansion of the Season**

As noted, **expansion of the season,** using natural resources, winter sports, and new activity within Mackinaw City as a base, **could be facilitated through:**

- A. **(4A) Expanded marketing.** Most resources should continue to be put toward the “tourist season”. Hopefully, the changes in the school year, starting after Labor Day, will expand the season in and of itself. However, there are much greater opportunities to expand well into and including the winter months. Additional marketing resources should be spent on promoting “off-season” activity and visitations to the area. The focus should be on “nature” and “health” and “nature” related activity. Quality interstate access makes this extremely possible when coupled with the number and range of nearby activities. It is noted that initial off-season marketing funds are not likely to be made available from the Tourism Board, but from other sources, including the State and local governments. However, **(4B) the process could and should be facilitated through the Visitors' Bureau and staff support should be sought from that entity as well.** The potential rewards, which will take a few years to surface, will likely far outweigh the costs. Should this be the case, additional “room tax” funds, generated during the off-season should be targeted toward this marketing purpose.
- B. **(4C) Enhanced linkages to winter activity.** The area has an abundance of nearby fall, winter and spring activities and there are others internally, such as the indoor water park, that could be used to foster expanded off-season tourism. Those mostly outside the Village but often contiguous or nearby, within a reasonable drive, include trails, nature photography opportunities, winter bird and animal observation, skiing, cross country skiing, etc. **(4D) Bus trips could be organized and initiated to strategic activity during the day in much the same manner that in-season visitors leave Mackinaw City and return to stay overnight at present.** **(4E) Promotional packages could be designed to target a range of activities and lengths of stay and (4F) largely be promoted via the internet.**
- C. **(4G) Creation of additional anchor activity.** There are several new anchor opportunities that should be sought. **One is (4H) a resort,** with potential spa and some meeting facilities for year-round activity. The resort concept could take time and potentially morph from **(4I) a “condo/hotel” facility.** The second option is this latter, whether or not it evolves further. This function would likely expand year-round “foot-traffic” and “pioneer” additional such efforts, taking Mackinaw City to the “next level” in the vacation/resort arena.
- The third option is to create an additional year-round anchor or activity, other than or in addition to a resort. Mackinaw City envisions itself as a family oriented destination. Within this context, historical oriented educational experiences along with water-based recreation are dominant. The area also takes pride in its enhancements to its education system and the high proportion of college-bound high school students. Thus, it is suggested that a new anchor be developed, **(4J) a family entertainment center,** focused on youth, education and fun experience. **One such opportunity would be to recruit an institution like “WannadoCity”.**
- D. **(4K) Expanded residential development.** To assist with generating year-round activity by stimulating year-round foot traffic, additional housing should be pursued, the opportunity for which has been identified. Not only does expanded housing afford for the above enhancement, but it assists in creating additional part and full-time human resources and stimulates or creates the opportunity for all other economic development activity.

- E. **(4L) Exploring alternative energy sources and use in facilitating favorable winter environmental conditions downtown.** One of the obstacles with “northern climate” resort areas is pedestrian movement during the winter months. This is particularly true for areas on waterfronts. Mackinaw City is fortunate that it has some advantages over other such areas in that its “lake effects” precipitation levels are relatively low by comparison. **(4M) Enhancing pedestrian activity could come from landscaping improvements that provide better protection from wind.** On the other hand, below surface climate control that prevents freezing via a range of systems, could also improve the opportunity; but is often expensive. Because of this expense, it is suggested that **(4N) Mackinaw City seek a pilot effort to determine feasibility and costs for installation of a system that would be linked to on-site alternative energy production, utilizing either wind, fuel cell, or both technologies.**

## 5. Expansion of the Range of Housing for Senior Citizens.

The market forces have been previously noted. Like other components they create off-season foot traffic. The process could be facilitated by changes in regulations that follow from the comprehensive planning process now underway. **(5A) Zoning bonuses and waivers should be explored to foster such activity.**

## 6. Pursuit of Compatible Housing

As noted, aggressive pursuit of additional housing in a manner compatible and complementary to maintenance of the areas quality of life is important to Mackinaw City for a variety of reasons, including creating additional foot traffic off-season. Another is the potential to become a regional hub for commercial activity; while the third, and just as important, is the preservation and enhancement of “political clout” in the two counties in which Mackinaw City is located.

Unlike other suggestions that involve “pursuit” of one or more activities, **(6A) this should focus more on assuring that ordinances do not create hardship**, that **(6B) the development process is smooth**, and that **(6C) attitudes of Boards, etc. indicate the desire to grow, welcoming complementary housing, and facilitating not hindering the review process.** The latter could be implemented immediately, while the first should be addressed in the recently initiated comprehensive planning process and changes to its implementation tools that follow.

## 7. Positioning the Village as the Hub of the Tri-county Region

Expanding year-round commercial activity by positioning the Village as the hub of the tri-county region would create hundreds of new jobs and provide better nearby services for current and future part and full-time residents of Mackinaw City. As previously defined, Mackinaw City should:

- A. Seek the development of a community scaled shopping area or center, anchored by or including a supermarket, pharmacy, smaller hardware/home improvement center and vehicle parts and service dealer.
- B. Promote the development of about 50,000 square feet of office space oriented toward professionals practicing in the area part and full-time, including but not limited to medical offices.
- C. Seek additional food service opportunities, including between 2 and 4 restaurants.

The latter is most appropriate for downtown. The process involves **(7A) the identification of appropriate sites and (7B) the recruitment of quality development interests to facilitate development.**

## **8. Pursuit of 6 Defined R & D Broad Areas of Research**

As previously defined, there are six appropriate broad areas of Research and Development identified that represent opportunities for Mackinaw City that should be pursued. Entities associated with that research are found in the appendix to this report. It is noted that they fall into generally four categories. These are:

- ✓ Some of the largest international corporations.
- ✓ Smaller start-up operations, some of whom will either be absorbed by other entities, fail to achieve fiscal success, or merge in with entities.
- ✓ Universities from around the globe.
- ✓ Non-profit associations and other entities.

**There are two methods and two tools suggested for expanding research and development. (8A) The first method is to directly recruit individual companies through a coordinated, continual process that will be generally described. (8B) The second method is to form a partnership or consortium that has economic development implications to Mackinaw City beyond R & D because of the incorporation of higher education institutions.**

The following proposal was put together and selected for the following reasons:

- ✓ It helps to form and solidify a partnership between the Federal, State, County, and municipal levels of government, insuring greater contact than now occurs or expanded relationships.
- ✓ It helps to expand higher education opportunities and potentially gives Mackinaw City an additional important new focus and image that could be a distinct advantage.
- ✓ It potentially brings in large corporate interests and dollars.
- ✓ It has staying power, likely to be around for fifteen to twenty years.
- ✓ It is “cutting edge” by definition.
- ✓ It is likely to yield at present and in the future high levels of employment for highly skilled individuals, increasing the potential to enhance “permanent resident” trends.
- ✓ The approach has proven to be successful elsewhere.

It is suggested that Mackinaw City pursue the following consortium associated with “8B”, involving:

- ✓ Focused research into products or product research and development unlikely to yield a private sector return for 15 years. The time frame is important since the time frame is such that no one company is likely to bear the cost on their own.

- ✓ Because of the high costs and time frame, more than one company would likely be needed to share research; state and federal government funding and involvement is likely to be important as is the potential interest of one or more universities.
- ✓ Developing a research facility (incubator) to pursue either a new or speed the development of existing R & D, coordinated through universities or one of the identified non-profit entities.

The focus of attention would be on one or more of the noted or other areas of research. **One or more of the colleges or universities associated with research already in the upper part of Michigan could be the catalytic entity in partnership with the Village.**

Similar research efforts, upon which this is modeled, are being pursued elsewhere, most notably in New York state. In researching the State of New York's successful private, public and educational R & D efforts, partnerships were identified that have produced a confluence of events and knowledge that worked to benefit each other. The initial effort was initiated by Kodak and has since been duplicated and fostered in other locations by the state government in New York. Eastman Kodak, for about the previous 10 years, had been developing technology partnerships with the Federal government as well as some other private corporations to fund and to collaborate on research efforts.

Under the leadership of Corning, Kodak, Xerox and the State of New York, the "Center of Excellence" collaborates with 20 academic institutions, including the University of Rochester, the Rochester Institute of Technology, Monroe Community College, the University at Albany, Rensselaer Polytechnic Institute, Alfred University, Cornell University, Columbia University, NYU, and the City University of New York, to secure New York's leading position in photonics, optics and fiber optics. The use of light to transfer energy and information is making ever-faster and smaller devices possible, with wide applicability from medicine to telecommunications.

## **9. The Development of a Consistent Business Recruitment Process**

As defined above, the first methodology entails the direct recruitment of businesses. Importantly, the establishment of a recruitment process has broader purposes including the recruitment of:

- ✓ Research entities.
- ✓ Commercial entities.
- ✓ Housing developers.
- ✓ Commercial developers.
- ✓ Artisans and craftspeople.
- ✓ New year-round anchor activity.

Thus, much of the success with the proposed economic activity is dependent upon recruitment of the specific niche activity, whether that includes the to be noted home businesses, Research and Development, new retail, etc. The following are the "advance steps" for establishing a successful recruitment effort.

- ✓ **(9A) Decide who will administer and provide staff support for the recruitment effort in general.**

- ✓ **(9B) Develop marketing materials oriented toward the types of entities to be solicited.** (R & D differs in emphasis from home based or retail entities.) (Materials should be flexible, alterable, and reproducible by the Village.)
- ✓ **(9C) Obtain the ability to reproduce the materials on demand internally.** (Acquire color laser printing capabilities if not available.)
- ✓ **(9D) Develop lists of those to be solicited.** (List provided for R & D activity as well as potential targeted home-based operations.)
- ✓ **(9F) Develop a set schedule for phasing of the recruitment process so that the work load is distributed over time.**
- ✓ **(9G) Establish a funding mechanism to insure that the effort is continual.**

The marketing activity associated with recruitment would include:

- ✓ **(9H) Distribution of developed materials** via direct mail, advertising in select professional journals if affordable, internet contact, and “cold call” door knocking for restaurant and other select interests.
- ✓ **(9I) Follow-up contact** via telephone and internet and site visits to answer questions, gauge interest, etc.
- ✓ **(9J) In the case of retailers, establish relationship with landlord, or property owner, or other appropriate party.**
- ✓ **(9K) In the case of developers, preparation of Request for Qualifications and Proposals, review and evaluation of the responses, and establishment of the relationship (such as between the development interest and the Village, or the developer and private property owner).**
- ✓ **(9L) Continue follow-up, acting as an “ombudsman” for the process.**

**(9M) As one of the two tools, it is suggested that the formation of an Economic Development Capital Fund be explored for this use as well as other economic development activity.** An Economic Development Capital Fund would be identical to any traditional “mutual fund,” with a few critical exceptions. The fund would be established by and as part of any traditional brokerage. Money is invested, not “given” to the fund. It can be removed by the individual investors. However, unlike other funds, a proportion of the earned income is “given” to a designated 501(c)(3) organization that would invest the money in economic development activity. The investor would get an annual tax deduction for the contribution as well as the return on the remainder not given to the tax-exempt entity.

While the direct funds reinvested would be lower than in a traditional fund, the total “return” is only marginally different because of the accrued tax benefit.

The new resources could be used for a variety of purposes, including but not limited to any and all that follow:

- ✓ Direct capital expenditures for infrastructure and buildings.
- ✓ Marketing or recruitment activity.

## 10. Creation of Incubator Space

The second tool would be the creation of incubator space or an incubator. The associated needs as previously defined include:

- ✓ 10 spaces for labs or related activity with direct linkage to additional office spaces of about 1,500 square feet.
- ✓ Have a shared conference room and reception area, consisting of about 1,250 square feet.
- ✓ Outdoor areas that can be isolated from each other.

It could be limited to R & D activity or include other professional activity as well.

## 11. Establishment of Home Based Business Activity

An important tool and would be a potential push to establish the area as a “mecca” for home-based businesses serving larger markets through technology. The Small Business Administration shows that only 44% of all business start-ups are still running after five years. Yet, the survival rate of home business launches is 57% after five years. With home-business franchises, the survival rate is over 95%.

The purpose for attracting home-based businesses is to afford the opportunity to increase incomes for the current retail and service work force, provide for reasonable transition of existing aging ownership, provide economic activity for new residents of the area, and experience a year-round business base, with the latter helping to replace the visitor-based seasonal peaks and valleys that exist today. This year-round activity will nurture well-being, extending to all facets of the community.

It is noted that:

- ✓ The wide range of home-based businesses that are included provide for all demographic options, including part and full-time incomes, those requiring minimal experience and education, and those geared specifically for early-retired professionals.
- ✓ In many instances early-retired professionals will be starting second careers that provide income and continue their participation in the business arena. The income will be in addition to pensions, investments and other retirement planning devices received from their previous careers. Thus, these are secondary incomes, not necessarily at levels that totally support the home and lifestyle.
- ✓ Those businesses providing a smaller income will be well suited to the many younger residents that perhaps are looking to make a change from their tourism oriented jobs to a business they can develop and build on their own, or as a second or tertiary incomes in a household.
- ✓ Since this activity exclusively involves home-based businesses, there is no need for additional buildings or facilities. In the review, any business requiring materials or product storage, multiple vehicles or any other type of “new structure” was rejected to meet this requirement. On the other hand, **(11A) the Village must insure that its development regulations and zoning not just allow but support and facilitate appropriate home-based activity.**
- ✓ The businesses selected are also sensitive to the environment. None were recommended that have any significant amounts of waste, toxins, or high degrees of chemicals. The preponderance are business, professional and office services.

- ✓ **(11B) Each of the businesses should or are likely to be required to obtain an occupational license and pay business taxes.**
- ✓ Many of the businesses are able to perform services for clients in other counties across the country, or potentially internationally. Therefore, while the Mackinaw City area may have a marginal demand for the services offered, there is still demand for the operations. These “distance” businesses are often dependent upon the computer and reasonable communication technologies. Some may require travel, but none on a daily or even weekly basis. Should the business require travel, air linkage through Pellston is available.
- ✓ **(11C) An aggressive marketing campaign should occur to announce and educate potential home-business owners of the advantages to living and working in Mackinaw City.** This can be a managed campaign, structured over time to include, but not be limited to:
  1. **(11D) Partnering with Realtor Groups.**
  2. **(11 E) Attendance at Michigan Franchise Shows.**
  3. **(11F) Awareness Advertising throughout the State of Michigan.**
  4. **(11G) Public Relations news releases** announcing the (a) recruitment and promotional campaigns, (b) population changes as they occur, and (c) resulting successes.

The numerous businesses detailed in the tables found in the appendix are an amalgam of three primary sources. These were specifically culled from a wide availability of publications, on-line directories, associations and organizations, government departments and independent consultants. They provided the most thorough appraisals, with carefully structured and measured evaluations of the pros, cons and expectations for the businesses' success.

Different sources used different criteria important to Mackinaw City. For example, in the first source, the businesses selected all exhibit a successful at-home track record that provides a steady, full-time income, and have a reasonable ease of entry (no specific college degree is required), a low or modest start-up cost, and high job projections from the Bureau of Labor Statistics.

Those selected for inclusion with in the second source met the following criteria:

- ✓ Can be operated as a home-based business.
- ✓ Relatively inexpensive franchise fee and start-up costs.
- ✓ Type of business with a strong future.
- ✓ Well established with many franchises sold.
- ✓ Long business history as a business and a franchise.
- ✓ Available in a broad geographic area.

From the third source, the criteria used to select these businesses included:

- ✓ Providing a reasonable income for the time investment.
- ✓ Easy to start, not requiring special academic degrees.
- ✓ Variety, a diverse selection of interests, businesses and services.

There are basically three types of home-based operations defined in this text. These are franchises, “business opportunities” and “network marketing” companies.

Franchises provide a business system, concept and product line that is “tried and tested”. The significant difference between a franchise and “business opportunity” is the disclosure law designed to protect the franchisee from false claims. In order for a company to operate as a franchise, the company must disclose its business practices. Under the franchise regulations, the company is restricted from making claims as to the financial benefits a franchisee will receive. The Federal Trade Commission (FTC) is the federal agency that has jurisdiction over the franchise industry and regulates the selling and managing rules. The FTC requires each franchise to give The Uniform Franchise Offering Circular (UFOC) to each potential franchisee. The UFOC contains the financial information on the company, the financial information on the officers, disclosure on any legal actions, a current franchisee listing, and those that have left the system within the past 12 months.

By comparison, “business opportunities” and “network marketing” companies are under no obligations or restrictions as to what they can claim about potential earnings. The term ‘business opportunity’ has come to mean a company that sells a business concept but is not a full-fledged franchise.

**(11H) One unique niche within the home based context that can effectively be promoted through cooperative marketing efforts is in the artist and crafts arena.** It is noted that this niche was pursued unsuccessfully at an earlier time. One of the primary reasons for the previous failure was that:

- ✓ The primary means of marketing was to and through local retail operations.
- ✓ “Mass production” of one product (large quantities of any individual product was sought by their retailer to insure supply).
- ✓ The artisan could not meet nor had any desire to meet the “demand” associated with mass production of limited items.

**Pursuit of this niche would flourish if:**

- ✓ **(11I) Marketing were cooperative and collective among the artisans, with and through one entity** (existing or to be established).
- ✓ **(11J) Marketed via the internet and catalogue** (the latter existing or formed).
- ✓ **(11K) Each item not mass marketed, but limited in numbers as a “collectible”.**
- ✓ **(11L) Signed and numbered by the artisan** when and if appropriate.

## 12. Other Critical Suggestions

The following are additional suggested implementation program elements that will assist with creating sustainable economic activity for Mackinaw City.

**(12A) Technology availability. Free WiFi throughout downtown and potentially the entire Village should be pursued.** The Village should push for linkages to Broadband activity as soon as possible.

**(12B) Focus on positives.** Based on the various survey findings, there are not many negatives expressed by the area's patron base. The business community leadership should focus more on positives than negatives.

**(12C) Increased promotion of non-water outdoor activity.** Whether hiking and biking, renewed sense of the historical setting, and other land based outdoor activity, additional marketing and focus should be on these other assets.

**(12D) Enhanced dialogue, communication and avoid duplication of efforts between Village, Tourism Board, and Chamber of Commerce should be sought.** It is suggested that there be a regular "information exchange" meeting of staff and potentially leadership of the government and the two other entities that now play or can play a significant on-going role in the economic development process.