

# BUSINESS SYNERGY PROGRAM

PROJECT REPORT

PHASE 1





# **BUSINESS SYNERGY PROGRAM**

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The Business Synergy Program connects in-city businesses in order to grow revenue by having SeaTac merchants buy locally rather than from out-of-town entities.

## EXECUTIVE SUMMARY

### Introduction:

The City of SeaTac created the Business Synergy Program to connect in-city businesses in order to grow revenue by having SeaTac merchants buy locally rather than from out-of-town entities. By supporting each other, the City of SeaTac believes, local businesses can more efficiently grow and thrive.

### Objectives:

In order to create a baseline, and to better understand the current business ecosystem, the City Community and Economic Development staff:

- Studied the local economy
- Surveyed the local business sector
- Analyzed the various local business interactions

The City had three objectives:

- Connect in-person with the business community
- Understand the challenges the businesses face
- Identify opportunities for growth

In order to gather the most relevant data, City staff spent six months during the fourth quarter of 2017 and the first quarter of 2018 actively and strategically canvassing the City in order to collect information by:

- Distributing approximately 300 Confidential Business Outreach Surveys
- Performing more than 250 business site visits
- Logging and analyzing hundreds of interviews and conversations
- Collecting more than 50 written survey recommendations

### Outcomes:

Phase 1 of the project fostered improved collaboration between local businesses and the development of mutually beneficial working relationships. The process enables the City to develop a directory of in-city businesses broken down by services and manufactured goods categories. The directory will be distributed free of charge to all SeaTac based businesses. This will further increase local business interaction, and recapture spending within the City, augmenting the tax base. Future considerations include making the directory available to the surrounding cities in order to bring additional business transactions to the City of SeaTac.

### Funding:

The Port of Seattle Economic Development Partnership Grant assisted with the funding of the project, which included the business survey, while the City of SeaTac Community and Economic Development Department provided staff resources to perform the work.



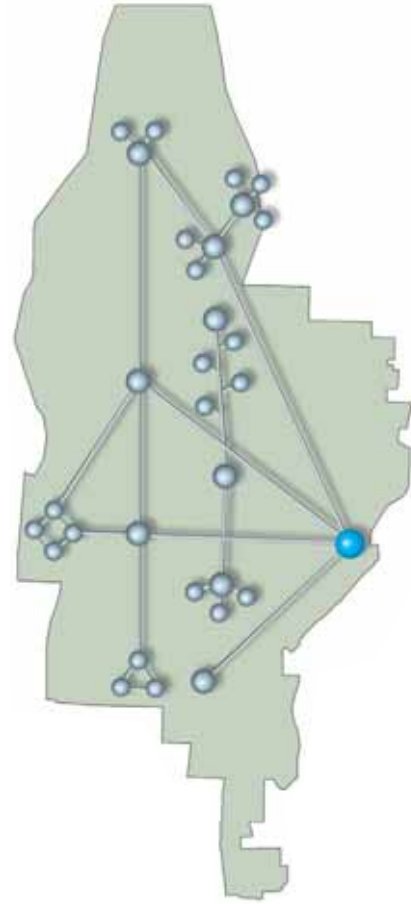
PROLOGIS	
18900 8th Avenue South	
100	DPI Specialty Foods
300	Communications Test Design, Inc.
500	Denali Group, Inc.
700	Morrison Express
800	Purolator
900	SCR Air, Inc.
1000	MIQ Logistics
1100	Eagle Transport, Inc.
1300	Kuehne & Nagel, Inc.
1400	



## OBJECTIVES

The City's objective was to meet face-to-face with the business community, learn of any challenges they are facing, and facilitate viable solutions to capture and maximize discovered opportunities. The Business Synergy Program will identify potential matches between in-city businesses and connect those businesses with one another to provide goods and services that are currently being provided by entities outside the City.

More than 600 licensed commercial businesses within the City of SeaTac municipal boundaries make up a vibrant ecosystem. Many businesses naturally interact with each other, while others have perceived or real barriers to collaboration. One of the most common reasons local businesses use out-of-town service providers is lack of working relationships or knowledge of the other local companies within the city that could provide the needed service. Proactively raising awareness of the other members of the local business community and available resources sparked productive conversations and resulted in new business collaboration. Although it is difficult to calculate direct financial impacts, these interactions have already expanded intercity business activity.



## OUTCOMES - PHASE 1

### In-City Collaboration Opportunities

The Business Synergy Program initiative identified multiple in-city collaboration opportunities. From basic discovery of potential local vendors, to the expansion of several businesses' customer bases within the city. One prominent example is briefly described below.

A commercial glazer and window fabricator had been researching opportunities to expand their business into the property management and services segment of the industry. Upon running into challenges to identify immediate entry points to the market, no further action was taken. In the process of implementing the initial phase of the Business Synergy Program, during an operations overview meeting, there was a discussion about





the business park where the glazer had been operating. This opened up the opportunity for the business to reach out to their current landlord and offer their services. Approaching the challenge from a different perspective allowed the business to expand within the existing relationship.

### Other examples include:

- Connecting a few traditional dry cargo logistics providers to the in-city perishable freight forwarders, effectively expanding their business capacities and services they can offer to their existing and new clients. This significantly reduced the research analysis and the time-to-market needed from the original idea of offering expanded options to actually providing these services.
- Connecting an importer and distributor with a local packaging design and supply company. Previously the importer relied heavily and almost exclusively on a regional provider.
- Facilitating introductions of multiple small and minority owned businesses to the services provided by the City's partnership with advisors at Small Business Development Center (SBDC) and StartZone at Highline College.
  - One of these introductions will likely expand a granite fabricator's shop capacity by approximately 50%.
  - Another referral project aimed at expanding a local business into e-commerce and online selling, growing their customer base regionally and nationally.
- Facilitating multiple analyses of relocation options within the City of SeaTac to accommodate for growing and changing business operations. Providing input and overview of the local real estate market options, trends and economic development activity.
- Informing a local siding company through the overview of development pipeline of local projects, which allows developers to collaborate with local subcontractors and reduce project costs.
- Working with seafood processing and logistics companies to start developing a "complex" concept to maximize synergies and collaboration between similar businesses. These are airport related, as most seafood is perishable and needs to move quickly.
- Working with airport operations support businesses including: logistics, airfreight cargo processors, flight kitchen/airline food services, and other vendors serving the airport businesses and customer base.
- Identifying opportunities for collaboration between an auto detailer/cleaner and a new partnership with an operator who had excess shop space.
- Raising awareness of tourism related businesses about the resources available through the Seattle Southside Regional Tourism Authority.

Based on observation and analysis of findings, the City’s Economic Development Division will work to identify and recruit businesses that are “Missing Links” within the business community.



**Utilities & Infrastructure Improvement Opportunities**

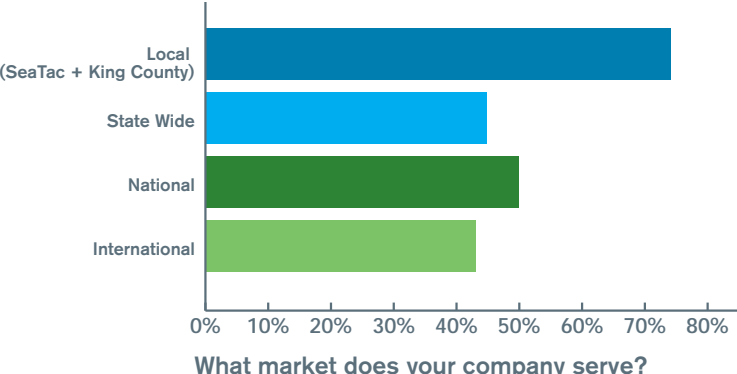
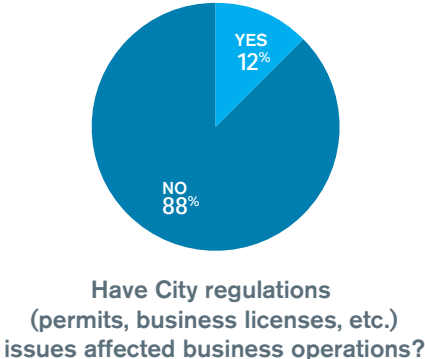
During the operational overview meetings and interviews with the businesses in Zone 2 (see map on page 8), a number of business tenants expressed their need for reliable high-speed fiber optic internet access. This input prompted the City to reach out to the franchise internet service provider for the area. In response to the enquiry, the provider reviewed their fiber optic coverage in the area and determined that service capacity was limited in these commercial industrial parks. Currently, the internet provider is proceeding with planning and preparation to make the necessary infrastructure build-out capital investments.

**Customer Relations Management Database**

Another direct outcome is the newly created Customer Relations Management (CRM) database. This system streamlines communication with the business and developer community and ensures timely and accurate follow up. Throughout the project, a database was created, refined and utilized to:

- Log accurate customer contact information
- Document brief meeting notes
- Set action items and follow-up requests
- Enhance communication management
- Maintain outreach campaign management and track basic statistics for further analysis

Sample Survey Responses



## BASIC FRAMEWORK

### Approach - Data Collection Methods and Tools

To assess the approximately 10 square miles within the city limits, aerial maps of the City of SeaTac were utilized and helped identify geographic business clusters. By analyzing the type of buildings, geographic locations and logistical connectivity of the different business hubs, the City was segmented into eight (8) business zones. The businesses located within the secured area of the Sea-Tac International Airport are excluded from the project at this time. Future outreach may include this group of businesses.

#### ■ Four Industrial zones (1 - 4):

logistics & distribution, air cargo, manufacturing, production, light industrial, service, construction, export/import related businesses, food production/processing, car rental operations, seafood processing and exports, and flight kitchen operators

#### ■ Two Retail / Service zones (5 - 6):

stores, retail services, cafés, restaurants, and professional services

#### ■ Two Hospitality / Office / Retail zones (7 - 8):

hotels, motels, offices, restaurants, cafés, professional services, food production, and notable multifamily housing presence

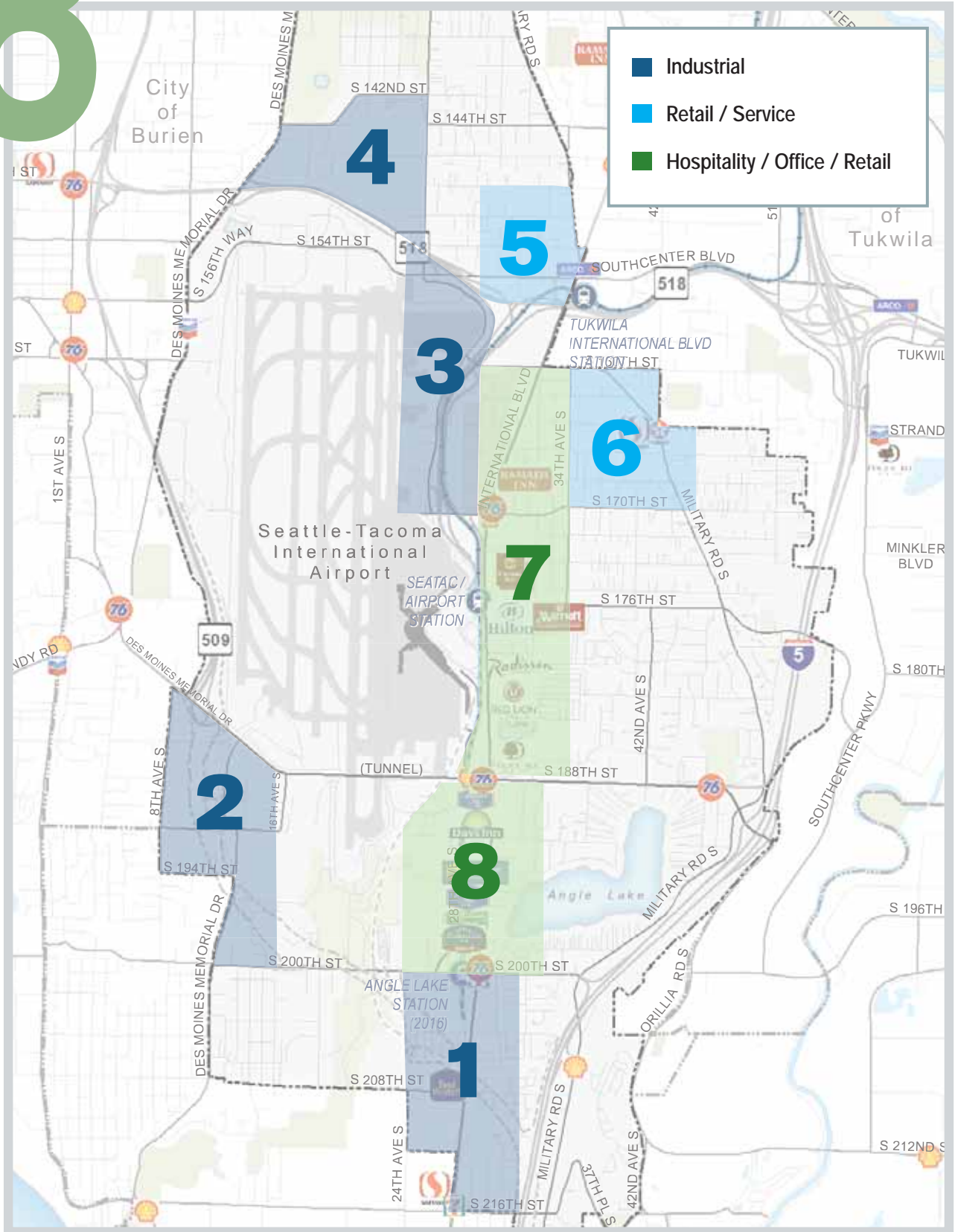
The process overlaid the territory with business lists from various sources. To ensure the use of the most accurate data, the City of SeaTac current business license list was cross-referenced with the list of current business tenants in the commercial real estate database CoStar and other business directories. Additionally, a third party research consultant Weis Communication was hired to perform a related external research project, which included a City of SeaTac Verified Business List.

This information provided the basic roadmap for distribution of a 16-question Confidential Business Outreach Survey. The survey was initially directed to businesses within industry segments most likely to benefit from the Synergy Program. Some examples of segments in the initial outreach

included: light manufacturing, food processing, aerospace, logistics, distribution, packaging, printing, machine tooling, and hospitality. However, the ultimate goal for the survey is to personally contact 100% of the City's more than 600 licensed in-city commercial businesses.

Data Collection Methods and Tools included: in-person conversation, operation overview meetings, group interviews, facility walk-throughs, and a confidential survey. The meetings typically involved decision makers such as owners, vice presidents, general managers, operation managers and staff. Throughout the conversations, information and other data was gathered on current business challenges, recent successes and opportunities for future growth.

# 8 BUSINESS ZONES



Zones 1-4 included in Phase 1





## NEXT STEPS

Upon completion of the initial outreach phase of the Business Synergy Program, the City will perform a thorough analysis of the findings. This information will further guide the City of SeaTac's economic development strategy and planning. Immediate next steps include the following:

### 1. Recruitment of Significant "Missing Links" within the Business Ecosystem

Based on observation, analysis of findings, frequency of repeat enquiries and recurring needs, the City's Economic Development Division will work to identify and recruit businesses that are "Missing Links" within the business community. Some potential industries include: airline ground services equipment maintenance providers, shuttle service fleet maintenance companies, temperature-controlled warehousing facility developers and operators, craft breweries and expanded food options, hospitality related service providers, commercial glass cleaning company, commercial car washing operators and others.

### 2. Longitudinal Study

A longitudinal study is an observational research method in which data is gathered for the same subjects repeatedly over a period of time. The initial phase of the Business Synergy Program provides the baseline analysis of the SeaTac in-city businesses and their interactions. The customer relationship management (CRM) database will facilitate communication and follow-up on identified challenges and opportunities. This process will enable monitoring of the discovered collaboration partnerships and promote further growth. Ongoing conversations and periodic

outreach surveys will maintain continued healthy interactions and provide open communication channels between the members of the business community and the City.

### 3. Complete Phase 2 of Outreach Process

Phase 2 of the outreach process will include 100% coverage of the businesses in zones 5 through 8. The office, hospitality, retail and professional service tenants make up the business community within this segment of the City. Additionally, these commercial areas intertwine with the single-family residential and multifamily neighborhoods. Analysis of this dynamic interconnectedness will guide future opportunities for economic development and planning.

## SUMMARY

Phase one of the Business Synergy Program laid the foundation for the analysis of the extensive business ecosystem in the City of SeaTac. The data gathered provides the framework for establishing the best and most specific services to the local businesses. With the objective of facilitating in-city collaboration and economic development, the site visits initiated valuable connections and enabled new and expanded partnerships of local businesses.

Additional outcomes will include a thorough directory of in-city businesses by the category of the services they provide or the goods they manufacture that will be distributed to all SeaTac based businesses. This will further increase local business interaction, and recapture spending within the City, augmenting the tax base while diversifying the economy.

# A GLIMPSE AT SOME OF OUR BUSINESSES

AIR CARGO EXPRESS



KUEHNE+NAGEL



DPI Specialty Foods



NIPPON EXPRESS USA, INC.



DELEX CARGO SERVICES



NORTHWEST Kidney Centers



DELTA GLOBAL SERVICES



Llantera El Paisano



M.D. Moore Co., Inc.

Northwest Powder Coatings, Inc.



EAGLE TRANSPORT INC.



NORTHWEST AIR CONDITIONING



El Mercadita



NANIQ GLOBAL COLLECTION



FACADE TECH USA

INNOVATIONS



NEXGEN



METROPOLITAN ROOFING

P & K Trading



GENERAL DYNAMICS

Jim's Detail Shop PROFESSIONAL CAR CLEANING



CESCO EQUIPMENT

Gless Trucking

KWE Global Logistics Partner



Proline Marble & Granite

Clipper Ship Inc

Grayzone Seafood & Trade LLC



**SARAN**  
AFRICAN MARKET  
& BEAUTY SUPPLY

**YOUNG'S MARKET**



**KAISER  
PERMANENTE**



SeaTac Collision Center

**Yusen Logistics**



**THE CONCORD GROUP**

SeaTac Market & Smoke Shop  
Indian Bazaar



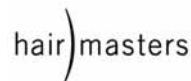
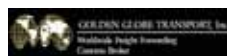
SEATTLE AIR CARGO



Guru Auto Tech Inc



**SHJ ELECTRIC**  
Quality Electrical Construction



Want to add your  
business logo to the next  
publication for free?  
See contact info on back cover.

For more information on the Business Synergy Program  
and doing business in the City of SeaTac please contact:

Community and Economic Development Department at **206.973.4750**

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