

ASK THE EXPERT

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Know When To Hold 'Em

When a project gets put on the shelf, key players shouldn't put themselves on hold. They should be ready to leverage the situation to their advantage.

Q: In the current financial crisis, in which many projects have been indefinitely put on hold, what steps can be taken to keep a development on track and avoid having to start from "square one" if and when it is reactivated?



The Expert Says: In order to fully address this potential issue, one fundamental question must be answered: has the project actually been put on hold or is the alleged postponement only expediency to avoid informing a candidate community they have lost?

Believe it or not, sometimes the true nature of a project is not always fully disclosed. Market changes may require the company to refocus its strategy, and public disclosure by a company could result in a competitive disadvantage.

Once you have determined that you have an actual project, you can begin to take steps to ensure your viability if the project starts up again in the future. First, it is critical to make sure that your relationship with the client (or their consultant) is one that is based on professionalism and trust. This relationship is critical not only to assure that you are honestly and accurately informed of the present situation, but also to assure that you are apprised of developments as they occur. Obviously, it is your responsibility to follow up in a timely fashion, but nevertheless, if you have this relationship, odds are that you will be informed to the extent that you can be without them compromising their fiduciary requirements.

The next step is to make sure you have a full understanding of where your location stands relative to the competition, and why. There is a significant difference between being one of six potential candidates compared to being the winner. Being the winner usually means that you have not only met all the necessary criteria for the project's success, but it also means you have probably expended a considerable amount of effort and commitment to incentives-sometimes expending political capital or financial resources in the process. Regardless of where you are in the site selection process, you need to do your best to understand why you were a candidate in the first place, and if you won, what were the deciding factors in your location being selected over others.

This may be a prime opportunity to leverage the situation to your advantage. Gracious acceptance of the company's decision followed by an inquisitive display of interest in pursuit of continuous improvement changes the dynamic considerably. The next step is to assess your chances of winning in the event the project is reactivated. More important, however, is an understanding of the conditions that must continue to exist for the prospect to remain interested. In some cases, this may be a fully developed site; while for others, it may be funding for a specific customized training program. Regardless, there may be a combination of required factors that could be difficult to preserve indefinitely, but having a potential prospect sitting on the shelf does not hurt and could actually be helpful to your economic development efforts. In summary, first make sure your relationship with the company (or its consultant) is firmly established. Second, understand where your community stood in the site selection process and use this as tool for improvement. Finally, be realistic about your chances for winning the project at a later date, but in no event should you diminish the importance of having gone through the process for other prospects and the importance of maintaining support among your own partners.