

## NVDC/Waterbury ITZ

The City of Waterbury and the Naugatuck Valley Development Corporation focused on developing an Information Technology Zone (ITZ) in downtown Waterbury. NVDC commissioned a survey that covered the 17 towns in the NVC area. Extensive research by a private research group indicated that if managed, packaged, and marketed properly, the proposed Waterbury ITZ could be successful. The quantitative and qualitative research indicates that there is some interest in the ITZ concept and the local area firms can be enticed into the downtown area given certain conditions and requirements. Moreover, the research firm believed that any minor differences in macroeconomic and microeconomic opinions on relocation factors expressed throughout the interviews should not be interpreted as being in conflict with one another, but should be seen as additional, supplementary information as seen from a slightly different perspective on the same issue. In the real world, the ordering of relocation factors and priorities by individual businesses, and the way businesses perceive what is attractive to the business world at large, may turn out to be slightly different since most interviewed would probably consider their businesses and associated needs as being unique.

The data now indicates that ITZ Officials must focus on five primary areas in order to make the ITZ attractive as a place for relocation. Those five factors, derived from the ranked orderings and verbatim commentary, include the overall cost of space within the ITZ, adequate security, state-of-the-art telecommunications products and services, sufficient parking, and adequate electrical services. These factors were selected based on the collective research and represent some degree of subjective interpretation. In addition, the research found it highly interesting that of these five factors, three of them can arguably be classified as being “non-high tech” in nature, while two can be seen as being technology-oriented. The three non-technical factors that are important in the relocation decision process are obviously adequate parking issues and logistics around proper security, and the overall cost of moving into the ITZ.

With respect to the latter, accounting for both the direct costs of space, as well as the opportunity costs of leaving existing cost structures that businesses are now working under, it is likely that if after all costs are weighed and perceived cost of doing business is not noticeably lower, then area businesses will have incentive to stay put and pass on relocation. In other words, if the approximate cost of doing business in their current place of business is roughly equal to that offered by the ITZ, then why move? On the other hand, once those cost differentials have been made tangible and concrete and the ITZ can clearly demonstrate significant savings due to the proposed relocation, then area businesses can and will be motivated as a result. Therefore, ITZ officials must be prepared to provide cost comparisons and relevant data to those businesses that need to crunch numbers and produce tangible financial calculations as part of the decision making process. Intangible factors must be considered as well (i.e. longer commute times, unfamiliar surroundings, new routines, etc.)

The design team worked with these other two factors in the design phase of the ITZ, namely providing the quality infrastructure for top notch electrical services and state-of-the-art technology.

Therefore, given these five aforementioned factors, it is one of the main conclusions of this study that basic economic development practices and procedures must provide an underpinning for the Waterbury ITZ to be successful. The Winchester VA ITZ Model, one of the most successful ITZ's in the US, now seeks to promote economic revitalization within the Winchester, VA, region by focusing in on the basics of organization, promotion/outreach, and proper design. The NVDC team came to understand very early on that while the "high-tech" aspect of the Winchester, VA ITZ was one contributor to the project's viability and overall success, while technology was seen as supplementary. In addition, it was clear that quality leadership within the ITZ made a big difference in general business perceptions about the ITZ itself.

Based on the initial report, the Waterbury ITZ leadership now embark on the development of a strategic marketing campaign for the ITZ, identifying in the most specific terms possible, how it will deal with each of these top 5 business considerations when area firms are contemplating a relocation. The marketing of the ITZ should be done face-to-face with decision makers from each business that is seeking to be recruited for the downtown area. Moreover, the research to date underscores the fact that although those firms surveyed may all have the common bond of being either an "information-intensive" or "high-tech" business, there is considerable diversity from both a sectoral and space-requirement standpoint.

This "customized marketing" of the Waterbury ITZ will also allow ITZ officials to take stock on the wide range of space needs articulated by area businesses in the survey. Without question, the ITZ officials would do well to plan for business locations of many different sizes with both multiple and specific uses, in effect anticipating the diversity on space needs and special requirements, such as adequate satellite access, for instance.

In addition, the NVDC might also want to consider forming a "liaison committee" of key area business leaders to act as informal advisory board designed to assist the Waterbury ITZ in its initial phase of development to ensure efficient operation. In so doing, ITZ officials would be able to stay abreast of local business concerns and better tailor the ITZ to the needs of the immediate community.

Finally, it is recommended that the ITZ leadership develop linkages to the State's "Cluster" initiative on economic development as guided and espoused by Michael Porter of Harvard University. Such a relationship would keep ITZ officials tied into changing State economic development policies and resources, and would allow local officials to fully leverage available resources. Along those same lines, new workforce development programs are now being developed by organizations such as CBIA, DECD, CERC, and CT Labor Department, and others. These programs also have the potential to benefit firms relocating into the ITZ.

## WATERBURY ITZ SPACE:

- 146 ACRES AVAILABLE WITHIN THE WATERBURY ITZ.
- THE AVERAGE AMOUNT OF SQUARE FOOTAGE DESIRED WAS IN THE RANGE OF 17,700 SQUARE FEET PER FIRM.
- A TOTAL OF 1,172,000 SQUARE FEET OF SPACE WAS REQUESTED BY THE 66 BUSINESSES THAT DID ANSWER THE QUESTION ABOUT REQUIRED SPACE FOR THE FUTURE,
- HOWEVER, NOT ALL FIRMS INTERVIEWED EXPRESSED A DESIRE TO ACTUALLY RELOCATE WITHIN THE ITZ.
- PRIOR RESEARCH SHOWS THAT BUSINESS OPINIONS AND ATTITUDES EXPRESSED ARE SOMETIMES DIFFERENT FROM ACTUAL BEHAVIOR.

## CONCLUSIONS:

- THE RESEARCH INDICATES THAT IF MANAGED, PACKAGED AND MARKETED PROPERLY, THE WATERBURY ITZ CAN BE SUCCESSFUL.
- MACROECONOMIC/MICROECONOMIC RESPONSES OFFER SLIGHTLY DIFFERENT PERSPECTIVES AND BUSINESS PRIORITIES ON THE WATERBURY ITZ.
- DATA INDICATES THAT ITZ OFFICIALS MUST FOCUS ON 5 PRIMARY AREAS IN ORDER TO MAKE THE ITZ ATTRACTIVE FOR RELOCATION:
  - THE OVERALL COST OF ITZ SPACE
  - ADEQUATE SECURITY
  - STATE-OF-THE-ART TELECOMMUNICATIONS PRODS. & SVCS.
  - SUFFICIENT PARKING
  - ADEQUATE ELECTRIC SERVICE

- 3 OF THE TOP 5 FACTORS ARE “NON-HIGH TECH” IN NATURE.
- BASIC ECONOMIC DEVELOPMENT MUST BE AN UNDERPINNING FOR THE WATERBURY ITZ TO BE SUCCESSFUL.
- ITZ LEADERSHIP IS ESSENTIAL, AS IS REGIONAL COOPERATION.

## RECOMMENDATIONS:

- WATERBURY HAS NOW EMBARKED ON THE DEVELOPMENT OF A STRATEGIC MARKETING PLAN FOR THE ITZ, IDENTIFYING HOW IT WILL DEAL WITH EACH OF THE TOP 5 BUSINESS CONSIDERATIONS.
- THE MARKETING OF THE ITZ SHOULD BE DONE FACE-TO-FACE WITH TOP DECISION MAKERS FROM EACH BUSINESS, ADDRESSING THE UNIQUE NEEDS OF EACH FIRM.
- RESEARCH INDICATES A WIDE RANGE OF SPACE NEEDS ON BEHALF OF AREA BUSINESSES. THEREFORE THE BUILDOUT SHOULD REFLECT THIS DIVERSITY.
- THE NVDC SHOULD CONSIDER FORMING A “LIAISON COMMITTEE” OF AREA BUSINESS LEADERS TO ACT AS AN INFORMAL ADVISORY PANEL.

- THE WATERBURY ITZ SHOULD DEVELOP LINKAGES TO THE STATE'S CLUSTER INITIATIVE ON ECONOMIC DEVELOPMENT AND LEVERAGE RESOURCES THERE. OTHER COMMUNITIES MIGHT FOLLOW THE ITZ CONCEPT PARTICULARLY THE NVC COMMUNITIES WITH VACANT AND UNDERUTILIZED SPACES IN THE DOWNTOWN AREA THAT CAN BE SUPPORTED BY FIBER AND/OR TECHNOLOGY ADVANCES.
- ESTABLISH RELATIONSHIPS ON WORKFORCE DEVELOPMENT PROGRAMS AND HOW THEY CAN BENEFIT WATERBURY AREA FIRMS (I.E. CBIA, CERC, DECD).