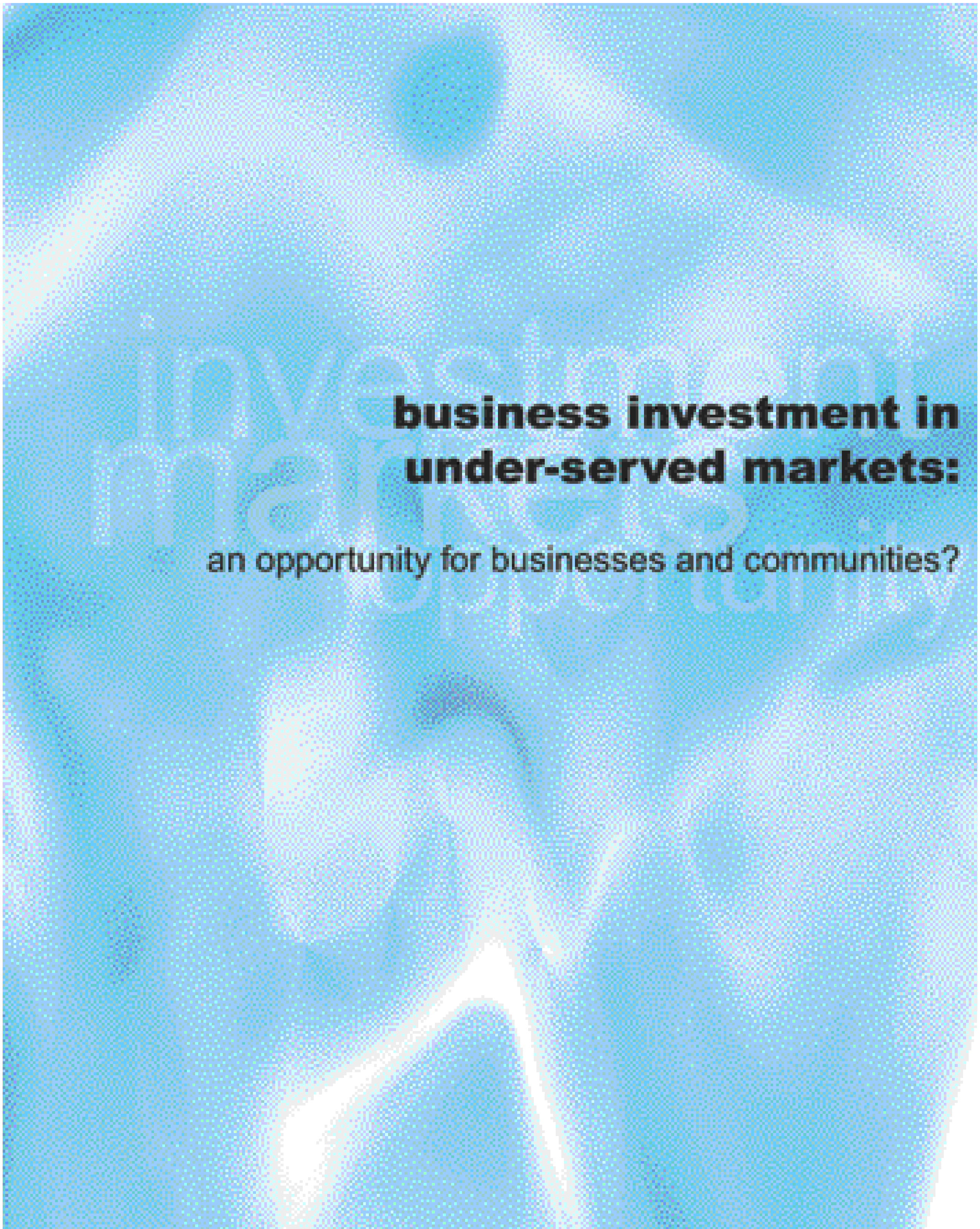


business investment in under-served markets:

an opportunity for businesses and communities?

REPORT PRODUCED BY BUSINESS IN THE COMMUNITY ON BEHALF OF THE DTI

dti
Department of Trade and Industry

BUSINESS in the COMMUNITY

Contents

1 Executive Summary

There are business benefits to be found in assisting the rebuild of weak inner-city economies. These neighbourhoods are now being re-evaluated as missed opportunities in the US, and cases are emerging in the UK demonstrating the business benefits of entering under-served markets. By investing in these markets companies can expect to build a new customer base, locate new suppliers, and build community relations; whilst the community benefits from improvements in retail, leisure and job opportunities, a related reduction in crime and improved community pride.

The case studies included in this paper, two from the US and five from the UK, demonstrate the variety of approaches which can be applied to investment in under-served markets:

- Magic Johnson Theatres

On his retirement from basketball Johnson has proved to be an astute businessman, recognising the untapped market for cinemas in African American neighbourhoods. By understanding the communities needs Magic Johnson Theatres have survived the current economic difficulties faced by US cinemas, and are now investing in real estate with both investment and social aims.

- Pathmark - New Community Corporation

The success story of a joint venture between a US supermarket and a non-profit developer. The key message is the business opportunity held in an untapped market, and the benefits of a joint venture, both for the retailer and the community.

Such strategies cannot be imported piecemeal to the UK due to cultural and political differences, for example UK community organisations are not as proactive as those in the USA in selling their neighbourhoods to big business. Adaptation is required, but home-formed examples are already up and running in the UK. Case studies included are as follows:

- Merry Hill – Chelsfield plc

*Merry Hill and the Waterfront is a story of a long-term **partnership** development on a brownfield site in the centre of an urban conurbation. The customer and employee base is predominantly local but the retail and office site is still surrounded by areas of deprivation**. Chelsfield are continuing** to share its success with these communities for mutual **training , employment and environmental benefits.***

- Tesco - Seacroft

This partnership demonstrates the building of an effective link between the community and those investing in it. This study will look at the Seacroft project and examine the transferability of the model to partnerships in Durham and Glasgow.

· Sainsbury's, Jaguar and Castle Vale

Another example of the impact a retailer can have on an under-served market, this time in Birmingham. The Castle Vale Housing Action Trust, worked with multiple employers (including Sainsbury's and Jaguar) to build a sustainable economy as part of the wider regeneration programme.

· Lloyds TSB - PART

This winner of the Neighbourhood Renewal Award in the Business in the Community Awards for Excellence 2001 illustrates the potential created if companies are willing to adapt their core business to the needs of an under-served community.

· McDonalds (UK)

Non-governmental organisations (NGO) can play an important part in informing businesses of new markets. The opening of a McDonald's outlet in South East London was triggered by a Prince of Wales' 'Seeing is Believing' visit by the McDonald's CEO to the area. It will also demonstrate that the commercial benefits of under-served markets can be reaped through the mainstream store development and operation strategy.

These case studies illustrate different factors within the new paradigm for business and social innovation.

The US has taken the lead in identifying under-served markets, and there is a need here in the UK to build knowledge of the characteristics of under-served markets and where they exist. This will help communities to sell their location, assist the incoming companies to understand the marketplace, and help the local government to ensure that the needs of the community are met.
The business drivers for this type of investment is diverse - from the return on investment of property development, through to the human and infrastructure resources available in urban areas.

This process is not without obstacles in the formulation and the execution of implementation strategy. The characteristics of under-served markets, such as low employment and skills, low income and higher than average crime rates, mean that many companies are both unable and unwilling to use existing site development strategies.

A number of public and private sector partners may be involved in order to ensure that the entrant to the market can 'Act locally', and maximise the business and community benefits of such a move. Community relationships and public policies can facilitate this type of investment.

The recommendations focus on the shared factors in successful investment in under-served markets, and on the need for knowledge development and sharing - with a commercial focus.

2 Case Studies

Each case study will focus on a single project, and bring in examples from similar projects where appropriate. The case studies bring out both the generic impacts of business-led investment and highlight the differing uses of companies' core competencies to follow this new model for investment. The cases were chosen for their diversity in sector, location, use of community partnerships and differing market entry strategies.

1.1 Magic Johnson Theatres

Magic Johnson made his first fortune in the 1980s as a NBA player, but it is his second fortune that is now making the news, this time in the business arena, demonstrating the benefits of investing in under-served markets.

The mission of the Johnson Development Corp (partnered with Loews Cineplex Entertainment) is to ‘operate first run multiplex theatres in under-served communities throughout the United States and provide patrons superior state of the art facilities and amenities’. The criteria for a Johnson theatre development are shown below, all of which are important in brand-building but it is the last point that is the unique selling point of this enterprise.

- **Minimum 60,000 square foot freestanding complex**
- **10 – 15 screens**
- **Seating Capacity range 3,200 – 5,000**
- **High quality customer comfort**
- **Latest technology**
- **Computerized box office stations**
- **Multiple concession stalls**
- **Stadium-style seating**
- **State-of-the-art SDDS stereo sound**
- **Demographics:**
    - **Target audience of at least 200,000-250,000**
    - **Minority urban and suburban markets**

The target demographics hold two-fold importance for the Johnson Development Corporation. Firstly, economically, the target areas are densely populated, and therefore, potentially, hold a high density of theatre-goers; 25% of all filmgoers in the USA are African-Americans; rental rates per square foot are cheaper than in the suburbs; and yet there are virtually no cinemas in African-American neighbourhoods, so little competition exists. Secondly, these markets are recognised as being under-served by sectors other than cinema and the positive impact of Johnson’s service to a community endorses his status as a role model. The success he has had with a black-run inner-city business is an achievement that he wishes to encourage in others.

However, the empowerment of the community has been held back, as brand-building and geographical expansion require a commercial focus.

Before opening the theatre in Atlanta, in 1995, Johnson received calls from companies such as Starbucks and TGI Fridays seeking sites near the theatre. Johnson Development Corporation later formed partnerships with these two companies, controlling their entry into the under-served communities. Each joint venture is designed to bring jobs, quality leisure facilities and new refreshment options to under-served markets through combining the original brand with the vision of Johnson Development Corporation. In this way the host community is reflected in the restaurants of TGI Fridays and in Starbucks' coffee shops through incorporation of culturally-relevant décor. Representatives oversee the finances, development, marketing and operations of each joint venture alongside Johnson Development Corporation. Johnson realises that the success of his Corporation is down to its 'Act Locally' approach, and companies working alongside the Corporation are required to do likewise. Cinemas in America are struggling, four chains have filed for bankruptcy, but Johnson's is riding the storm due to its bond with the communities which it serves.

The next step is the Canyon-Johnson Urban Fund – a partnership created between Johnson Development Corporation and long-time ally Canyon Capital Realty Advisors – worth $300 million. Bobby Turner, co-managing director of the fund, makes it clear that this is a money-making opportunity: 'Institutional capital companies have missed a huge opportunity to invest in these communities. What we think we can do is make money here by taking advantage of an overlooked market'. However, the objective of the fund is twofold, with both investment and social aims. The investment strategy is to 'develop, redevelop and acquire properties in urban markets across the country, predominantly in minority communities', whilst the socially responsible aim is not to gentrify these areas but to develop projects which will serve these untapped markets, fostering opportunities for the residents.

This fund is still in development stages, and while in the long-term it may prove property development is more profitable than running retail and leisure outlets the results of the latter have already showed economic and social benefits, as shown overleaf.

Results

- **Impact on local retailers (Greenbriar Mall, Atlanta):**
  - **Mall Occupancy has recovered from 65% to 98% since theatre opening**
  - **Sales increased by 30% - 70% in the first 18 months of opening**
- **Employment**
  - **850 jobs for construction of each cinema**
  - **100 permanent jobs in each city (3,000 total)**
  - **Job development and financial empowerment to residents**
- **Starbucks Joint Venture:**
  - **All perform in the top five in their respective region**
  - **All have met or exceeded start-up expectations**
- **Sense of Community**
  - **Lack of vandalism**
  - **Social Centres for their local communities**
  - **Health advice made available to all**

The future, as shown by the development of the Canyon-Johnson Urban Fund, is about empowerment. So whilst Johnson has eased the way for traditionally white companies to move into urban areas, he is now trying to open the way for black entrepreneurship – saying that the black minorities must own businesses and employ their own people rather than just 'taking the money'. Another entrant to the cinema market has had similar thoughts - the Naz 8 Cinema in Fremont plays films from India, Pakistan, Afghanistan, China, Taiwan and Korea. In a time when multiplexes are closing down, the Naz 8 Cinema has found success by going after the Asian American demographic, just as Magic Johnson has succeeded with the African American community.

Comment

So, how does this case relate to the UK? Existing cinemas are now recognising the opportunities held by ethnic markets, for example Star City in Birmingham has a Warner Village cinema with 6 screens dedicated to Bollywood – but the trend remains for new cinemas to be sited in out-of-town sites. These sites are proving popular, with the renaissance of the cinema continuing in 2001 with the highest number of admissions since 1972 (156 million). This quote highlights the reason for this raised attendance:

'The popularity of multiplexes shows that there is a voracious appetite for film-going in Britain that had previously been smothered by the flea pit conditions of the nations cinema estate. In retrospect it was obvious that so many years of minimal investment had dulled enthusiasm for cinema'. (Newton, 1998)

Hence it is not the existence of facilities per se which serves a market. Rather the customer service, comfort and cleanliness must meet the market demands and so products and services (whether food, leisure or other retail items) need to be adapted to the local taste and wallet. The next case study, also from the US, introduces the concept of partnerships with community organisations.

The next case reiterates this existence of untapped markets in the US inner cities. Data collected by Business for Social Responsibility shows the business benefits of such areas:

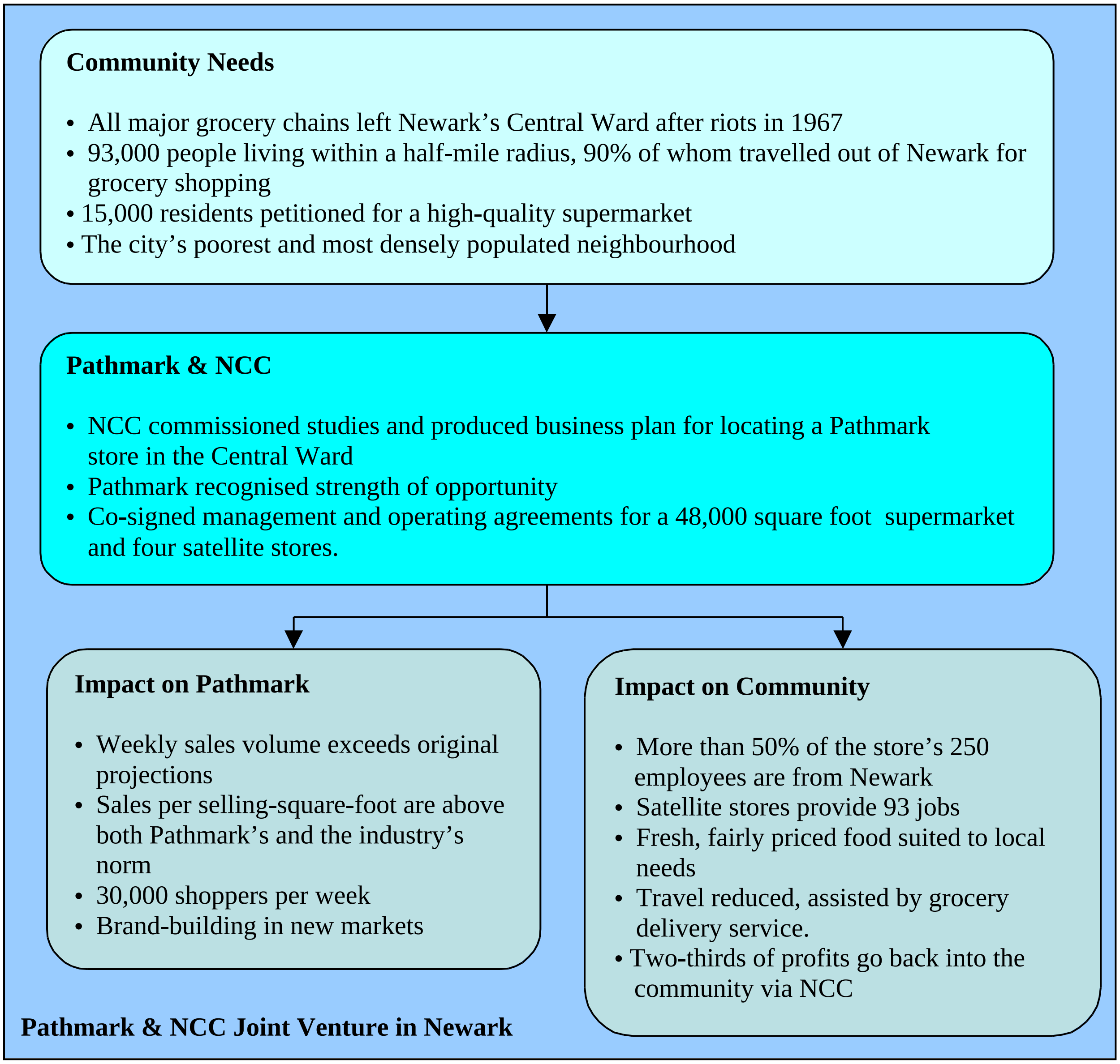
- The spending power per square mile is six times that of suburban areas
- Inner-city inhabitants are generally more brand-conscious, and will outspend other consumers on clothing and electronic items (whatever their income)
- Lack of competition: high-priced groceries or taking buses or taxis to suburban markets
- US retail chains have reported more urban stores than rural or suburban in the upper 10 percent of their top-performing stores (as reported in a study by Strategic Mindshare)

1.2 Pathmark

Pathmark is the twelfth largest grocery chain in the US, operating in New York, New Jersey, Pennsylvania and Delaware. In addition to the qualities of the inner city mentioned above the consumers have also proved to be loyal, provided there are no compromises in quality and service. As with the Community Pride stores in Richmond, VA, the store concept is to instil pride in the area as a foundation for rebuilding the local economy. This may be done personally through strong levels of customer service, environmentally through a clean store, or economically through provision of employment and training.

The original spur for UK supermarkets to leave city centres was the growth of product ranges, the introduction of additional convenience items (kitchenware, cosmetics, non-prescription drugs) and the rise in city centre rental prices. Inner-city areas are now able to compete with out-of-town retail parks (e.g. Sheffield town centre rents are cheaper per square metre than Meadowhall) whilst the need for fresh, fairly priced food continues. It is the latter which is the basis of the Pathmark product mix, although the tastes of inner-city consumers require local customisation. For example, in Bergenfield, New Jersey, which has a large Jewish population, the Pathmark store carries nearly 150 Kosher brands, including 50 of its own. Pathmark also considers suggestions from the local community on product assortment in order to ensure that the mix will cater for local tastes. This knowledge of the community extends to the recognition of the impact of social service payments on spending patterns.

Several of Pathmark’s urban stores have been set up with local community development corporations, such as the non-profit New Community Corporation (NCC). An outline of the Newark project is shown below, a much-needed store which proved beneficial to both Pathmark and the community.



This is not to say that there are not challenges involved in inner-city investment. In Pathmark’s case the most common is that of space – both for development and for operating logistics. Requirements for a development in Harlem meant that Pathmark had to build around a fire station and a post office, and put the car park on the roof. Other problems posed have included clashes between ethnic minority community leaders over who would control project development, opposition from small retailers fearful of losing business, and disputes over the proportion of new jobs that would be set aside for local residents. Each of these factors could be seen as an opportunity: the high-density of buildings indicates a dense population of potential customers; the involvement of community leaders allows a knowledgeable formulation of a local marketing mix; small merchants may benefit from consumers being encouraged to shop in their local area and, finally, job creation schemes are the surest way to build the local economy, and therefore the customer base for that store.

Finally, it is important that this investment is sustainable through changing economical, social and environmental constraints. In addition to the economical requirements of any business, the store should also keep to an environmental and social code of conduct. The Newark store discussed above has become an integral part of the community through healthy food and energy conservation promotions, health screenings and ethnic pride festivals. But most importantly it is helping to rebuild the local economy through the provision of employment.

Comment

In the mid-nineties there was much publicity about the desertion of UK town centres by the major supermarkets, in favour of out-of-town sites. More recently the stores have returned to the inner-city to fill the vacuum left in their absence. However, the product mix is largely restricted to ready-meals, snacks and a selection of convenience foods while the location of these stores tends towards retail and office districts rather than residential areas.

The Pathmark case study demonstrates that an extension of the current return to the inner-city in the UK could bring benefits to both the supermarkets and to under-served communities. UK supermarkets, as shown below, are already demonstrating that moving into under-served markets can reap commercial benefits.

1.3 Tesco

Contact: Martin Venning - UK Regeneration Manager

Due to maturing suburban markets and planning restrictions on greenfield sites Tesco supermarkets have had to develop a scheme that allows for the difficulties encountered when entering an under-served market. The original Tesco Regeneration partnership in Seacroft, Leeds (launched July 1999) was awarded an Innovation Award in the BITC Awards for Excellence in 2001, and its successes are well documented:

- 320 employees have been drawn from a 2 mile radius
- 243 unemployed people have been brought into work
- The drop-out rate after 6 months is only 2%
- The training programme has a 91% success rate, compared with 40% for other work based learning schemes
- At March 2001 Seacroft had the largest reduction in unemployment in Leeds in the last 12 months
- Awareness of how to help the unemployed get back to work.

This case study will focus on the challenges faced by the Partnership in the development of the store, and look at the impact on the various stakeholders.
Seacroft was a pilot initiative and 12 such partnerships have now grown on the back of its success. Two of the stores that have now opened on the back of the partnerships are shown overleaf:

DRAGONVILLE (Durham) - Launched September 2000	**ST. ROLLOX (Glasgow) - Launched November 1999**
Opened August 6th 2001 Creating 450 jobs Including 296 previously unemployed, 147 of which came through the Partnership training programme. The Partnership comprised: Tesco, Durham County Council, Durham City Council, The Employment Service, Sherburn Road Regeneration Initiative, USDAW.	Opened November 19th 2001 Creating 600 jobs Including 300 long-term unemployed. The partnership comprised: Tesco, Glasgow Chamber of Commerce, Glasgow North (employment), North Glasgow College, USDAW.

According to Tesco, the implementation process for these Partnerships is highly transferable - and, indeed, is only differentiated from a standard Tesco store development in three key areas - site selection, site development and staff recruitment.

For Tesco, the business driver for the development of any store is that it will be financially viable. Increasingly the major supermarkets are required to develop brownfield sites - sites in run-down areas with low employment, with potentially contaminated land - but Tesco does not necessarily select an area for its current demographics but rather for its future potential. The communities are supportive of the overall principle of the development of a food store, although they may be apprehensive regarding the impact of visiting shoppers on the locality. For this reason the model is being adapted through building Partnerships with Councils, training providers and local community groups.

The process begins with site selection by the Tesco Property group, which will examine the catchment area for sites through a combination of drivetime (there is a national average of 15 minutes but there are significant regional differences), competing stores, other Tesco stores and household statistics. Once an area has been pinpointed for its financial viability the primary hurdle is getting planning permission for a store. This is where the pressure of public policy regarding brownfield development comes into play. For example, given the option the Seacroft site may have been passed over in favour of a greenfield site nearer the M1, reducing development costs and increasing the catchment area. Instead the company had planning permission accepted for a store at Seacroft, which had a clearly defined catchment area but posed issues which required adaptation of Tesco strategy.

The greatest cost in this type of development is the reclamation of the land, and whilst tax relief is available for cleaning up contaminated land this is outweighed by the tax costs of disposing of contaminated material. The reclamation costs for the stores developed by the Partnership scheme has fallen between £2million and £20million. The work for one store could be as high as £15million - the site is the location of an old household waste tip, which says Shaun Edgeley of Tesco's Corporate Affairs Department 'would remain contaminated if Tesco had not decided to develop the site'.

With any new store development the planning officers and the Council are important stakeholders in the early stages, but other than the minor tax relief for cleaning contaminated land, there is no financial support from the public sector towards building costs. Once the land has been identified, the recruitment process starts to look at the available skillsets in the local areas. With Partnership stores the Corporate Affairs department acts as project managers as the programme works across the business functions and with community partners. For example, they need to get involved with the Personnel department as recruitment is focussed on areas suffering high levels of long-term unemployment. This demographic requires more training than the Tesco course for new staff, so in an effort to get this group back into work the Government funds a 12 week course. This programme covers basic retail skills, but most importantly it helps the group to understand the fundamental expectations of the company regarding its employees (timeliness, cleanliness etc.) and what the employees can expect from an employer.

Local training providers are key partners in the success of the Partnership, as they deliver the course using a framework that has been approved by Tesco. One major obstacle in other back-to-work schemes is the loss of benefits once a scheme takes up more than 16 hours of the week. This has been sidelined by the Employment Service in order to assist the residents of Partnership areas get back into work. So, not only do the Government pay 100% of the course costs[1], they also allow the participants to continue to claim benefit whilst on the training[2].

From the participants there is initial concern that the course is 'just another training scheme', unlikely to reap the rewards stated by Tesco. This is consolidated by the time that it takes a store to get through the planning stages - a process which can take a number of years, undermining the confidence the community may have placed in it after the initial announcement of the store location. However, once the course members have been whittled down by offers of other employment, the decision they do not want the type of jobs offered by Tesco or simply the realisation that 'it is not for them', the courses have proved successful. Staff trained by the Partnership are proving to be extremely loyal, with a turnover of 2%, as opposed to the 20% turnover among other staff.

It is the above elements, of site selection, development and staff recruitment, which have been significantly altered due to the location of the stores in run-down areas. The store concept is the same as any Tesco of an equivalent size, whilst the products carried are adapted for any store - and so, in line with the locality, stores in these areas will carry a predominance of value products. However, Tesco have discovered that mid-range products are selling better than expected. In the past it has been perceived that consumers in low income areas look at cost over quality and so 'food deserts' have been created where little fresh food is available, and what is available, while cheap, is of a poor quality. This is a defining example of an under-served market - the consumers were not getting the supply they wanted, and it has only been through delivery that the demand has been realised. The consumers are not sticking to the value brands, but have been taking advantage of the luxury of choice to buy other fresh, reasonably priced items.

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[1] Funding streams vary from case to case

[2] [illegible]

Impact on Stakeholders

- **Shareholders** - Profitable, low turnover of staff, facilitates store openings in new areas
- **Members of the Partnerships**:
- **Employment Service** - Meet targets for getting the long-term unemployed into work
- **Council** - Regeneration of the ward
- **Training Provider** - Input into back-to-work training courses & build reputation with the local community
- **Community Groups** - Community needs are accounted for in store development
- **Customers** - Fresh food, good quality at a reasonable price Served by local people
- **Staff** - 3 - 400 people removed from the 'benefit trap'
- **Suppliers** - There are few local suppliers in Partnership areas to benefit from the stores' development.
- **Community** - Lower crime, cleaner environment and community pride. Increase visitors to the community opening opportunities for entrepreneurial ventures.
- **Environment** - Derelict buildings, pollutants and harmful waste are removed.

The impact of the Partnership on the various stakeholders is clear, with substantial benefits for the disenfranchised communities into which Tesco has moved. Not only have the Partnerships realised the economic responsibilities of profitability, but they have also developed a training programme with a high success rate, delivering loyal staff. Finally, each community is benefiting from a cleaner environment, job prospects, £2million worth of wages, and the dignity that comes from work.

1.4 Castle Vale, Birmingham

Contact: Tess Randles PR Officer, CVHAT
Julie Shrimpton, Corporate Affairs Manager, Sainsburys
James Andrew, Corporate Communications, Jaguar

Castle Vale was built over 5 years from 1964, six miles north-east of central Birmingham, and is now home to 11,000 people over 2.5km^2. Untried construction methods were used, and the estate suffered 30 years of problems caused by the chosen design and construction methods. The estate was sited in such a way that it is isolated from its neighbours by major roads and railway lines, and the design favoured high-rise blocks. The buildings suffered widespread damp and condensation, and were difficult to heat, causing health and financial problems for the residents.

The local economy failed to get off the ground, with a rate of unemployment averaging 25% in 1993 compared to the city figure of 17 – 18%, as the large 1970 shopping centre never realised its full potential. Its poor design, accessibility and image resulted in low usage and trading levels. In 1993, when Castle Vale Housing Action Trust (CVHAT) was established, 30% of the 42 units were vacant. One of the major reasons for the decline and failure of the shopping centre to meet the needs of Castle Vale is the fact that it had no identifiable frontage to the Chester Road, and the significant passing trade potential that this important 'corridor' brings. Along with theft and vandalism, poor shopping facilities were considered a major problem in Castle Vale by over 50% of the residents in the baseline studies carried out by the HAT in the autumn of 1994.

This case study is going to examine the success story of the CVHAT that was set up in 1993, with the primary aim of the complete and lasting regeneration of Castle Vale, putting itself out of business in 2005. The HAT was a Conservative initiative, taken up by Labour Councillors, worth around £275 million over 12 years from central Government, estate's tenants and funds levered in from the private sector (£86.3m). The bulk of the award was to be spent on the replacing of the 32 out of 34 high rise blocks with 2 - 4 storey homes. The approach by the HAT was:

' to stimulate employment, involve and empower local people and community groups, address health and social needs, improve the environment as well as provide new homes and a major retail shopping centre. The HAT's preferred approach is one that is 'holistic', focusing not only on improving the physical fabric but addressing all the issues that affect people's quality of life.'

The improvement in the condition of housing association properties is such that concerns have been voiced regarding the future of owner-occupiers - who have not benefited individually in the wave of regeneration activity. This is now being addressed by access to repair schemes and low-interest loans, and the improvement of the area's environment will improve the sales opportunities.

Residents have been involved throughout, whether as members of the Board or through participation on development projects. All this 'in an area where you were lucky if you got more than a 30% turn out in a general election' (Rod Griffin, Castle Vale's former Director of Economic and Community Development). Of particular importance, in terms of building a sustainable local economy, are the developments of employment opportunities:

- Partnerships with local employers, Castle Vale schools and other agencies
- Encouragement of alternative entrance to employment through volunteering, involvement in community initiatives, sports and arts

Motivation proved to be a major hurdle, where people have been unemployed for up to 35 years there was a tendency to adhere to a culture of state dependency. Two major employers (one local, one entrant to the area) have assisted in the regeneration of the estate through employment initiatives:

Jaguar:

In 1998 Jaguar needed to recruit 600 people to build its new sports saloon, the S-type. Due to the scale of the recruitment a city wide customised training programme was developed involving a range of partners such as Employment Service, TEC, Colleges and CVHAT to co-ordinate the programme.

Julie Haywood (Training Manager, CVHAT) aimed to give residents an edge by putting them through GNVQ courses in manufacturing, and an intensive paint shop programme. A 16 week 'Jaguar best practice model' programme was developed in manufacturing processes giving participants an NVQ level 2 in manufacturing. A number of the jobs were to be created in the paint shop and following discussions with Jaguar, the HAT negotiated an additional two week intensive training programme in paint shop techniques which would be added on to the end of the city wide programmed for Castle Vale residents. Jaguar was keen to recruit locally and in particular was keen to recruit women.

HAT recruited 31 onto the programme of which 8 were women. 29 successfully completed the city-wide programme, 27 completed the paint shop programme, psychometric and dexterity tests and health checks. 22 were successful in obtaining employment, 81% success rate, earning approximately £22,000 per annum.

This customised training programme cost £18,000 and was part funded with an ESF grant of 45%, leaving the actual cost to the HAT of £10,000.

This example is one of the customised training schemes which was run successfully at the HAT for Castle Vale residents, others included Lewis Woolf Griptight and Betterware. The following points detail the implementation of such schemes:

- Customised Training Programmes are developed in association with employers looking to recruit new staff and this concept has been used successfully at the HAT for Castle Vale residents over the past few years. Employers' commitment to the programme is that they must guarantee a job interview for participants who successfully completed training.

- The programme is usually delivered at the employer's premises, if possible, to allow both the participant to see where he/she could be employed and to give the employer the opportunity to see if the potential employee will be able to travel to work on time.

- The programmes tend to be short normally no more than 4 weeks depending on the employer's requirements. The content is flexible normally including an insight to the employer, history, background, terms and conditions and working practices. Jobsearch and interview techniques training are provided as well as some skill-based training. In addition, generic training such as health & safety, customer care and first aid are also included. All training provided is certificated.

- The employer's requirements are built into both the selection and content of the programme. If psychometric and dexterity tests are required, general training in the test processes is provided for the participants.

- An external Training Provider (approved by the employer) can deliver the programme or in some cases the employer can provide their own personnel and training staff to work on the programme. This gives the employer the opportunity to get to know the participants before they attend the job interview.

Sainsbury's also benefited from working with the HAT in their recruitment drive, and the opening of the store in July 2000 brought not only employment but also retail opportunities to the estate:

Sainsbury's

Redevelopment

Following the recognition of poor shopping facilities, planning approval for the redevelopment of the Castle Vale shopping centre began in August 1999 by Sainsbury's, the HAT's preferred developer. A year later Sainsbury’s Supermarkets opened a £35 million shopping centre at Castle Vale Birmingham. The development included a 50,000 sq ft food store, other retail units, a petrol station and created up to 500 jobs for local people. CCTV was installed in the shopping centre. The food store included 20,000 product lines with a wide choice of fresh food from bakeries, deli, fresh fish and meat counters. Sainsbury’s Economy range was also featured which enables customers to buy the most popular and essential items at lower prices.

The shopping centre considerably increased the choice and quality of goods available to residents and potential customers in the local area. It was designed to be the focal point of the area's regeneration programme. The centre also includes Thomas Cook, Comet, Argos and TKMAXX as well as a Post Office, Chemists and Dental Surgery. In addition, the elected estate residents group, the Tenants & Residents Alliance (TRA) and One Stop Centre providing a jobs, education and training advice service, all moved to the shopping centre in 2000.

The new retail site appeals not only to residents but also brings in external revenue. The influx of visitors is catered for by finance for road improvements and traffic calming measures (including speed restrictions).

Community Stakeholders

Sainsbury’s worked closely with the Castle Vale Housing Action Trust who had managed the housing estate since 1993. Angus Kennedy, CVHAT Chief Executive, said in 1999: “The redevelopment of the shopping centre will be the largest part of the Trust’s programme to regenerate Castle Vale. In the agreement the Trust have negotiated with Sainsbury’s, it has secured a redevelopment which represents not only best value in financial terms but also guarantees the best possible long-term benefits for Castle Vale residents.”

Sainsbury’s also established close links with the local community and maintained dialogue with local residents and continued consultation during building work. A Community Liaison Group was formed which provided key community members with the opportunity to discuss important issues directly with the site under construction.

Sales

- Like for like sales have increased 20% in 2001/02
- 26,000 customers come from within a 4 mile radius
- 25% of customers are local (Castle Vale)- twice the company average for local / drop-in use.

Jobs & Training

- The HAT worked closely with Sainsbury's in their recruitment drive, in order to optimise residents' chances of competing for the 420 jobs that were available once the store opened.
- Sainsbury's aimed to fill 15% of its 420 vacancies with residents from Castle Vale. The actual number of employees who live in Castle Bale is 33%. A training centre was established beforehand to help residents complete the application form and tests.

These employment initiatives have reaped the following rewards:

- Jobs created: 1,260
- Assisted training places: 2,318
- Castle Vale unemployment is down to 5.2% compared to the city's average of 7.6%

Castle Vale HAT has received the following awards:

- The HAT won the prestigious Charter Mark Award for excellence in public service for the second time in December 2000, the Investors in People (IIP) Award and, in March 2000, was runner up in the first ever TNT Modernising Government Partnership Awards.

- In October 2000, the HAT was awarded the Secretary of State for the Environment, Transport and Region's Award for Partnership in Regeneration.

- In September 2001, the Fresh Start Tenant Decorator Scheme, set up in partnership with the CVCHA and Mercian, won the NHF (West Midlands) Regeneration Awards 2001, Economic Development Category.

CVHAT has just over three years left of its twelve year life, and is determined to do all in its power to ensure that the physical infrastructure and life opportunities are maintained. An enterprise park of 43 units has been built on previously derelict land– both to encourage outside businesses to come in to the area, and to stimulate local entrepreneurs. All the units are full at the time of writing. Castle Vale Business Group has been set up to continue to address the economic issues of the area: working to improve perceptions of the B35 postcode, and to raise the image of the area as a retail and commerce destination. The Group's theme for this year is Corporate Social Responsibility - demonstrating the integration of social awareness into everyday business life in Castle Vale, and the confirming the area's focus on sustainable regeneration.

Comment

The developments in Castle Vale and in Seacroft demonstrate the power that retailers and their regeneration partners have when starting a new development, where operating strategies can be built based on hindsight and an understanding of society's needs. The following example moves away from this social innovation: Merry Hill is an example of a brownfield development that has been successful in regenerating an area that suffered from the downturn of manufacturing industries. The question is now how to share that wealth with the remaining deprived wards in the region.

1.5 Merry Hill

Contact: Julie Haney, Head of Marketing, Merry Hill and the Waterfront

Merry Hill and the adjacent Waterfront development are amongst the UK's most successful retail, leisure and office developments; yet 20 years ago the area was the site of an iron and steel works, which had closed due to the national economic downturn. Since then the area has seen gradual development and expansion, and is now home to 220 stores and a business development (with both private and public sector tenants). The historic perception of Merry Hill is of an out-of-town shopping centre, but in fact it draws some 77% of its 21 million visits from a 5 mile radius. It forms part of the traditional Black Country town of Brierley Hill and is surrounded by areas of significant deprivation. This case study will look at the impact of the development on the local community, and highlights the obstacles in sharing the economic success with the surrounding areas.

Merry Hill

- 125 acre site
- 2 levels of covered mall shops
- Retail warehouse park
- 10 screen multiplex
- 8000 parking spaces
- Lettable area of 1.5 million square feet
- 4000 retail jobs
- 77% of visits are from within a 5 mile radius
- 21 million visits per annum

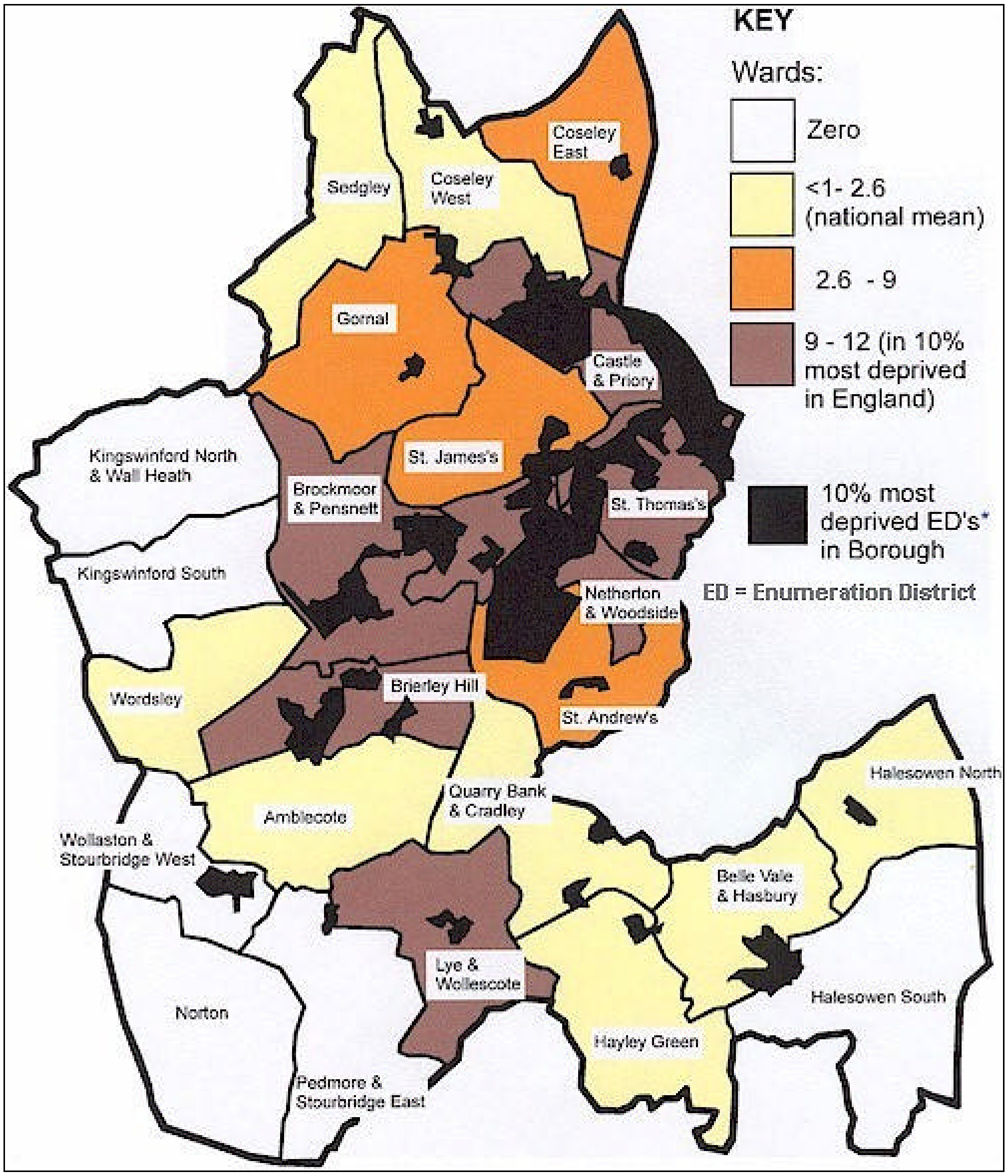
The town of Brierley Hill grew up in response to the economic activity at the local Earl of Dudley's Iron & Steel works, which prospered during World War I and World War II. These works closed in 1980, due to the industrial restructuring of the West Midlands at the time. In 1981, the Government granted Enterprise Zone status to the area, and the zone was enlarged in 1984. It is this location that is now covered by Merry Hill and the adjoining Waterfront. Development of the area started in the mid-eighties, with the first phase of Merry Hill opening in 1985, and it continues today. Chelsfield Plc bought Merry Hill in 1993 and went on to purchase the Waterfront office development in 1998.

Recognising the extent to which Merry Hill and the Waterfront have been principal economic drivers within the Borough over the past ten years (see insets), Dudley MBC is now seeking to designate Brierley Hill as a primary sub-regional retail and commercial centre. Dudley's Unitary Development Plan will consolidate 'Merry Hill as a primary retail centre, Brierley Hill as a local centre and the canal corridor as a leisure corridor'. The proposals have been given much public attention and a significant level of support has been gained. The work received special commendation for the quality of its urban design in the 1999 Royal Town Planning Institute national awards for planning achievement.

The Waterfront

- 60 acre site
- Constructed 1990 - 1994
- Private sector tenants include Barclays, egg.com and Telewest
- Public sector tenants include the Child Support Agency and the Inland Revenue
- Lettable area of 700,000 square feet
- 82.5% of employees are in full-time service sector work

Chelsfield Plc and the Merry Hill management team are committed to supporting Dudley MBC in developing a sustainable environment through the regeneration of the wider Brierley Hill area. In particular, the team wishes to open the success of the Merry Hill and the Waterfront urban environment to the surrounding areas of deprivation, which are shown in the following map.



Source: DETR Index of Local Deprivation, 1998.

Despite the high level of economic activity at Merry Hill and the Waterfront, it is clear that the benefits are not being shared across the area. Two major obstacles to this are the available workforce and the needs for enhancements to public transport to meet the needs of the local area.

· Human Resources

The tenants of Merry Hill and the Waterfront struggle to find sufficiently skilled employees and the service industry, particularly retailing, does not have an attractive image to the local population as it is seen as part-time and for women, as well as poorly paid. This is compounded with the historical employment culture of the area: where past generations have been employed in manufacturing industries the available workforce is not attuned to the opportunities of the service sector. Within Dudley Borough, the service sector now accounts for 70% of jobs yet the available workforce is largely unskilled. Projections show that this proportion is unlikely to change and so there is a need to foster a change in attitudes amongst the available workforce, alongside provision of training. Facilitating the hiring of local resources will not only begin to fill the (local) hiring gap for Merry Hill and Waterfront tenants but will also form the foundations for a sustainable local economy. Without intervention it is likely that this group will continue to be under-served by the local facilities, as they cannot afford to shop at Merry Hill and will probably never use the services of the banking tenants at the Waterfront.

The Merry Hill management team has been and continues to work with stakeholders such as the Dudley Learning Partnership, Learning and Skills Council, Dudley's Education Authority and Education Action Zone through various programmes, to look at how employment opportunities can be matched with the available labour resource. These programmes will look to change attitudes alongside building skill sets. Concurrently the management team has built and continues to strengthen community involvement in Merry Hill, with art programmes and musical performances from local schools and groups. It also supplies redundant materials to organisations which find them of use, and assists schools and students with study visits and material for project work. The Merry Hill team recognises that regeneration is not about financial assistance alone, preferring instead to share knowledge and expertise, in return for business benefit.

The immediate business benefit of community involvement in Merry Hill and the Waterfront is the increased footfall and a related growth in spending, while longer term it may foster a change in attitudes to employment in the Merry Hill and Waterfront environments.

- Accessibility

At this point it is worth returning to the historic perception of Merry Hill as an out-of-town centre. Currently, the predominant method of getting to the area is by car – a fact which will have fed the out-of-town belief – due to the insufficient transport options. Whilst the buses are safe, and provide a service of 98 movements each hour during on weekdays – evening and weekend services do not meet the area's needs. The service to/from the Waterfront is particularly in need of development and work is now in hand to extend and improve the public transport network. Chelsfield Plc is supporting the improvements planned by Dudley MBC, particularly the light rail network.

- Bus – Work with bus operators, such as Travel West Midlands, is underway to improve the public transport network increasing services, reducing travel times (and increasing their reliability) and increasing the level of service into the evening and at weekends.
- Light Rail Network – Donation of £35m to Midland Metro by Chelsfield to facilitate greater use of public transport over the longer term, connecting Birmingham, the Waterfront, Merry Hill and Brierley Hill High Street.
- Pedestrian & Cycle – Planning approval has been received for enhancements to pedestrian routes in Brierley Hill, whilst improvements to the Dudley Canal towpath and the wider pedestrian network have been implemented and more are planned in order to encourage more pedestrian and cycle traffic.

On implementation, these changes will increase the accessibility of the retail, leisure and employment opportunities of Merry Hill and the Waterfront. This factor highlights the timeliness of the education programmes, as improved public transport will facilitate access (for work or leisure) to those without cars.

The Brierley Hill area cannot be called an under-served market, given the success of Merry Hill and the Waterfront as a retail and employment centre, but pockets of deprivation remain. Instead, this case study has highlighted how the most deprived areas can be left out of local long-term economic success due to physical and educational obstacles. The investment by Chelsfield Plc in time and financial terms in supporting the development of the public transport infrastructure and local education initiatives is hoped to bring the following commercial benefits:

- Increase penetration of current catchment area, and therefore the number of shoppers, to establish a more sustainable shopper base
- Encourage increased evening use of the areas leisure outlets
- Expand skill sets available locally
- Raise average spend through regeneration of local deprived areas
- Break cycle of unemployment in areas that previously relied on manufacturing jobs.

The example of Merry Hill and the Waterfront can be used to demonstrate the long-term impact of developments on urban landscapes, and highlights the business need for utilising resources from local deprived areas in order to sustain the Brierley Hill economy.

Comment

The above case considers a business that is considering its existing socio-economic geography in changing strategy, whereas the next case is one where a business has adapted its product prior to entering the targeted market.

1.6 Portsmouth Area Regeneration Trust

Contact: Jo Lewis, Head of Public Affairs, Lloyds TSB

Financial exclusion – the lack of access to mainstream financial services – is a real and growing problem in Portsmouth. People affected are from the most disadvantaged groups in society such as people on low income, the unemployed, people in debt, single parents and the elderly. Without access to mainstream sources of finance, they can become caught in a spiral of poverty. These people may only need the springboard of micro-credit – a couple of hundred pounds for a suit to go to a job interview, or for equipment for mobile

The effects of financial exclusion:

- For any unforeseen financial emergency there is no alternative to private money lenders, where interest rates of 300% are commonplace.
- Cashing a cheque typically costs around 8 per cent
- The disadvantages of not having a bank account have grown - the real price of utilities are more expensive to those without access to direct debits
- With nowhere to deposit cash, this group are vulnerable to theft, and do not earn interest on their savings.

hairdressing equipment – but due to reliance on private money-lenders the cost can be subject to interest rates of up to 500%, and the cycle of poverty is enforced.

The Portsmouth Area Regeneration Trust (PART) is an initiative that provides a range of accessible and affordable loans to people who are financially excluded. The main effects of this position are that people without a bank account do not have access to savings facilities or reasonably priced credit. This has knock-on effects on their financial positions (shown above) which perpetuates poverty.

The project is supported by a broad base of community organisations in Portsmouth; with Lloyds TSB providing financial resources and project management skills in the development of a new legal framework for community finance. It is the first community-based financial institution in the UK to offer a number of services (shown below) meeting both business and individual needs, and it has provided a blueprint which has already been replicated in Salford. A further rural version is currently being researched where issues such as access to affordable housing create additional problems.

Services:

- Training and employment loans
- Support for small business; start-ups and new enterprise
- Loans for home improvements
- Urgent personal and family loans eg for school uniforms, furniture or bereavement costs
- Refinancing to helping individuals to reorganise and better manage debt
- Loans to fund energy efficiency programme
- Cheque cashing

The successful development of PART was dependent on the co-operation, expertise and support of many local community, public and private partners, providing a wide range of knowledge, skills and competencies. Widespread community consultation preceded development of a strategy for PART. An assessment of local community need was conducted throughout 1998-9 and a business plan was based on these objective assessments. Community stakeholders then formed a PART steering committee to oversee project development.

Lloyds TSB's support for PART has consisted of both resources and the dedicated business expertise of senior management, including:

- Office premises in Portsmouth city centre, with a peppercorn rent, over a nine-year period. Worth £50,000 to £70,000 for the full term of the agreement
- Funding equivalent to more than £100,000 for the development of PART, including project management by a Lloyds TSB secondee and working capital for the provision of new loans

Further funding has been secured from a range of sources, including:

- Over £1 million from the Single Regeneration Budget (SRB) and £300,000 from the Phoenix Fund.
- Portsmouth City Council has provided funding of £30,000
- Portsmouth Housing Association has also awarded a £50,000 grant and secured additional funds through Hampshire Training and Enterprise Council and the European Social Fund
- £165,000 from charitable trusts

Since PART opened its doors in July 2000 it has made over 350 loans totalling over £200,000. As well as providing the first step on the ladder to mainstream financial services, it has also helped to build local confidence in development and involvement in local schemes, and has acted as a catalyst for the development of additional forms of community finance such as local community credit unions.

The customer base is restricted to those on low incomes, on benefits or those without bank accounts. These customers are able to apply immediately for a loan (at APR 15%), and although deposit accounts are not available members are encouraged to open a credit union account with Portsmouth Savers Credit Union, which was established in February 2001.

One satisfied PART customer is Richard Bailey of Hayling Island who used a £300 PART loan to pay for an MoT for his car that he says is his lifeline. He said 'Since my serious illness I have been out of work and the £300 from PART has helped me carry on with my everyday life'.

In four years, PART aims to be lending £4 million a year, doubling to £8 million in seven years to become self-sustaining. Locally, the aim is to assist in excess of 6,000 people in disadvantaged areas of Portsmouth over the first ten years and collectively save them more than £2.5m in interest charges compared to private money-lenders.

For Lloyds TSB the benefits are:

- Extension of customer base
- Product development
- Meet responsibility to community

Comment

Barclays Bank are another financial service provider that recognises the importance of small enterprises in rebuilding local economies and that some may face difficulties in accessing credit. They are also working in conjunction with Bob Paterson of Salford University to reduce financial exclusion in selected communities by building partnerships with community development financial institutions (CDFIs). The CDFIs which they currently support are the Aston Reinvestment Trust, Salford Money Line and the Local Investment Fund.

Having looked at strategies using partnerships, and changes in product mixes/store concepts the final case study examines the simplest way to enter a market – treating all customers (and therefore all socio-economic areas) alike, and depending on the global popularity of the product.

1.7 McDonalds

'*It is important to have an involvement in the life & spirit of a community & the people around you'* Ray Kroc, McDonald's founder

From the mid 1990's McDonald's Golden Arches began to appear in diverse locations such as motorway service areas, football grounds and in the drive-thru format - but the company does not see the move into under-served markets as diverse. Rather it is seen as a continuing service to its target market, identified by family groups rather than income. 'Lads, mums, young kids, families, tweens and grandparents with their grandchildren' are target segments unconstrained by economic or geographical mapping.

Whilst expansion has slowed down there were still 80 restaurants opened in 2001, creating 5000 new jobs. Each of these restaurants takes the company into more communities, and McDonald's recognises the part it has to play in each of these neighbourhoods - 'Behaving as a responsible business leader is part of McDonald's culture and heritage and a core business value'[3]. As part of this recognition in 1997 the Chief Executive, Andrew Taylor, went on a Seeing is Believing Tour run by Business in the Community. The tour 'invites senior business leaders to see for themselves how business can play a role in tackling Britain's most pressing social issues in some of the UK's most deprived areas'[4]. This particular tour focused on the educational needs of the Thamesmead neighbourhood, southeast of London (with their customer profile centred on families, McDonald's has a long-term commitment to education). During the visit, Andrew Taylor met some of those responsible for a regenerative property development scheme and, feeling that the community could benefit from McDonald's presence (and vice versa), suggested the site to the Property team.

Another example of store development in a regenerating area is at Harperhey, a suburb of Manchester. Retailers had deserted the area by the early nineties, and it was as part of a regeneration scheme that the local council approached McDonald's Property department. McDonald's still did not perceive the market as that different from other urban areas. Planning permission may have been easier to get, as the council was actively attracting businesses to the area, and competition was low, helping both the employment drive and the level of sales. Training programmes were the same as for other stores, although there may have been a higher proportion of long-term unemployed, and a greater need for basic retail training than in other store openings. Security checks were no more than with other stores, and involvement of stakeholders was equal to that in other store development and operation. Both Harperhey (opened 1995) and Thamesmead (opened 1998) are showing satisfactory performance, with similar consumer patterns to the national norm, whilst the communities are benefiting from higher employment, new retail opportunities, and the additional community programmes that McDonalds are committed to.

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[3] 2001, McDonald's Fact File 2001, London: Corporate Affairs Department, McDonald's Restaurants Ltd, 24

In terms of interaction with the community and other stakeholders, the programmes that McDonald's run nationally may hold more resonance in deprived areas - but the philosophy of community action is held nationwide. These programmes, such as reader volunteers, educational store tours and litter initiatives, may be adapted to local needs but, as with the rest of the store operation, can be run in line with national guidelines. Equally relationships with stakeholders are no different in these areas, as the store models are no different to the national norm.

This case shows that adaptation is not always imperative in reaching untapped markets. The need to 'act locally' is dependent on the needs (and wants) of that market and the products and services offered. McDonald's has had success in altering the product mix according to a nation's tastes, but regional differentiation (such as a promotion in Luton where halal meat was used in restaurants) does not appear to benefit the sales performance. McDonald's recognises that their product is not confined to a social class or a certain environment - rather the company knows its consumers, and its consumers may choose to visit the store for a number of reasons. Prior to the mid-nineties the typical model was an urban setting, in a dense retail environment, where consumers made a last minute decision to drop-in to McDonald's. It is now clear that the restaurants' user groups will continue to visit McDonald's wherever it is convenient, not only during shopping, but after leisure activities, whilst travelling long distances, and as a treat for the children, where McDonald's itself becomes the destination. By recognising, and appealing to, the profiles of consumers by age rather than income, the McDonalds property selection process does not deny itself the benefits of tapping under-served markets such as Harperhey or Thamesmead.

2.1 Case Study Summary

The strongest message from these cases is the divergent nature of methods of market entry. Commercial opportunity may lie either in innovative identification of new markets; or under-served markets may prove to be a profitable market for existing products, in existing store concepts, and it is the image of these marketplaces that has, to date, hindered business interest. Dependent on the sector, the nature of the product and the needs of the market, opportunities can be identified and the following section looks to formalise an understanding of this new paradigm.

3 The Model for Investment in Under-served Markets

This section will give an overview of the drivers, issues and impacts encountered in business investment in under-served markets, together with examples drawn from the UK, the USA and Europe. The following diagram (Figure 1) is designed to illustrate the different areas of focus that have emerged from the case studies of this investment model.

It reflects the way in which business drivers and community and government initiatives come together to influence market entry strategies and the benefits for business and communities.

Figure 1: The Model for Investment in Under-served Markets

3.1 Business Environment

In the US the significant lesson learnt is that the marketing rule 'Act Locally' has never been so applicable as during the move to inner-city renewal. The competitive advantages found in under-served markets are the key to economic opportunity. Acting locally can be applied to regions, towns or wards for commercial gain - through adaptation and extension of core products and services, taking advantage of local and central government initiatives, and partnering with NGOs .

The drivers for such investment are varied, but first this paper will look at the definition of an under-served market, and where they are to be found in the UK.

3.1.1 Definition of an Under-served Market

Further research and development is required regarding market indicators, following the lead set by Shorebank and BSR in the US. The research is required not only to assist in the identification of under-served markets but also to strengthen the business case for investment.

In retail terms, under-served markets are communities that have inadequate access to products and services. An extension of that, focussing on the low-income element of such a community is the low number of jobs in the area, in retail or any other commercial sector. The difficulty at present is the market data available, as national targets for tackling deprivation are currently set at the Local Authority level, rather than at the neighbourhood level. The Government is keen to address this with:

- The internet publication of a ward level dataset covering as much information as is currently available
- An expansion of this dataset, following the publication of the 2001 Census results in 2002-2003. The aim being that this information will be underpinned by a flexible geographical referencing system that will enable analysis by any geographical unit, such as a neighbourhood.

The current measure of a neighbourhood is based on the Index of Multiple Deprivation, which measures deprivation at ward level. The Neighbourhood Renewal Unit and organisations such as the New Economics Foundation have used this measure to pinpoint areas for action. The poorest 10% of neighbourhoods as shown by this index have the following characteristics:

- 2 in 5 are on benefits
- 75% of young people fail to get 5 good GCSEs
- 43% of housing is not in a decent state
- Life expectancy is 10 years shorter
- 30% unemployment is common with a large pool of long term unemployed and disaffected youth
- Ethnic minorities are twice as likely to be unemployed.

What is not obvious from this Index is the wider economic environment in which the wards sit. Different opportunities are held in wards that are encircled by wealthier areas (such as Gospel Oak in Camden, or Hesters Way in Cheltenham) to those which are centred in a wider landscape of deprivation.

Tools such as Local Futures *localknowledge* enable the mapping of these areas by socio-economic indicators, permitting companies to view the wealth of a catchment area larger than the ward identified as an under-served market. Research by Experian, the market information solutions provider, would provide a valuable view of retail opportunities across the UK.

3.1.2 Business Drivers

The Millennium Poll, sponsored in 1999 by the Conference Board and the Prince of Wales Business Leaders Forum, found that the social responsibility displayed by a firm is key to a company's reputation. Yet, whilst companies are aware of the importance of their corporate citizenship, their primary economic responsibility remains. The following drivers, identified by the Ford Foundation in their study 'Win-Win: Competitive Advantage through Community Investment', are the basis for the business case:

- Untapped markets

Suburban markets are saturated while demand for goods and services is unmet in inner-city and rural markets, and inner-city communities are the fastest-growing customer base. So, not only is there a demand there but there is a lack of competition – an environment which will give early entrants an advantage in establishing and building market share.

- Available labour

In some sectors, demand for qualified employees has increased more quickly than the supply - particularly in IT and other service industries. Traditional methods of hiring, training and retaining workers are not meeting the needs of employers – who now need to train workers specifically for their needs and create a loyal workforce. Under-served markets with low employment levels hold a high availability of human resources. Whilst training costs in these areas may be higher, the case studies show that companies who have chosen to recruit in these areas have not been left wanting.

- Return on Investment

Physical and financial investment can add both to a company's competitive positioning and add value. Community and consultancy groups can assist in identifying business opportunities in new markets which can put these assets to work.

- Reputation

Investment in an under-served market, coupling business and community needs, will deliver not only competitive advantages but also a strong brand image.

- Location

An additional factor is that of the trend for urban-living both in the UK and the USA. The US is seeing a city revival, says Michael Porter, Professor of Business Administration and Head of the new Institute for Strategy and Competitiveness at Harvard business school. This is reversing a 50 year long trend towards suburbanisation and opens the door to a new marketplace. "Inner cities are not forgotten places you see in the rear-view mirror. Many of the logistics of the new economy, such as instant service and just-in-time delivery, play to their strengths," he says. Policy makers, argues Professor Porter, have for too long viewed urban problems "through the social rather than the economic lens”, but he does not dispute the importance of social issues, rather the way they are tackled. "If inner-city areas lack a viable economic base and a pool of enterprise, all the social initiatives in the world are not going to pay off".

The location also offers access to transport and communication hubs, as well as to business, leisure and tourist facilities.

3.1.3 Local and Central Government Initiatives

There are a range of initiatives in place, or in development, which can help businesses to identify and take advantage of the opportunities in under-served markets. The following list is provided by the Neighbourhood Renewal Unit and the Department of the Environment, Transport and the Regions.

Note that these initiatives, funding sources and tax breaks will complement a business strategy, rather than drive one, and the driver for strategy is in fact market information. A deprived area will not be made attractive through funding, but if it can be demonstrated that it is a community of under-served consumers then the above initiatives can assist ironing out obstacles to investment.

- **Business Brokers**

A pilot Business Broker initiative has been developed to support Local Strategic Partnerships (LSP) in engaging the private sector to help deliver their neighbourhood renewal strategies. Business Brokers will focus their efforts on initiatives, which support the achievement of the jobs floor target, build enterprise in deprived neighbourhoods and support the regeneration of shops in these areas. However, there may well be significant variation in the work of different Brokers depending on the particular needs of each LSP. The Business Brokers pilot is funded by the NRU, the Phoenix Fund and the Home Office. It has been developed by Business in the Community and the British Chambers of Commerce in partnership with government departments and the Regional Development Agencies. It will fund one Business Broker in each region and a central support unit, the Partnership Academy, based at Business in the Community. This Partnership Academy will not just support the pilot Brokers but also any other LSP wanting to develop its own form of business brokerage.

- **Phoenix Fund**

The Phoenix Fund, worth £96m over four years, has been set up to encourage enhanced business support for entrepreneurs from disadvantaged groups or neighbourhoods, including social enterprises. It is administered by the Small Business Service. Activities being financed include mentoring, community finance initiatives and innovative methods such as business incubation.

- **City Growth Strategies**

City Growth Strategies intend to encourage towns and cities to develop and implement inner city strategies which put enterprise and business at the heart of regeneration, focusing on the competitive economic advantages of inner city areas rather than the social disadvantages.

The Strategies have a number of keen aims. They will:

- Forge links on the ground between economic development and regeneration, putting enterprise and business at the core of the strategy;
- Link inner-city and regional economic development strategies
- Bring together all the key players engaged in encouraging enterprise in each area, including business, government and community players
- Build a fact base of the competitive advantages and disadvantages in each city or large town
- Develop locally-driven action plans for business development and growth

- **Index of Inner-city Business**

The Chancellor, Gordon Brown, launched the Inner-city 100 Index in February 2001 in order to highlight the business benefits of inner-city entrepreneurial activity. The index was to rank the 100 fastest growing (measured in turnover growth 1996 - 2000) companies in deprived areas across the UK and was published in November last year. These areas are stigmatised as derelict, tough and crime-ridden; but equally they have 5.5 million residents, that is to say, 9% of the UK population.

With average growth of 274%, and the creation of 3,541 jobs in some of the most rundown areas of the UK's cities, these businesses demonstrate that inner cities are not the enterprise no-go areas of initial perceptions. The New Economics Foundation, which administers the index, is keen to provide a platform for recognition for these entrepreneurs who have succeeded in spite of rather than with the assistance of public policy and public expenditure. The 'bidding culture favoured by civil servants' is not supportive of the entrepreneur who, says the New Economics Foundation, are 'the key to inner-city business'.

TechnoPhobia

This e-business consultancy, established in 1995 won the first prize in the Inner-city index due to its turnover growth from £40,000 in 1996 to £1million in 2000. Clients, including the Co-operative Bank, BT, Henry Boot, and the NHS Executive, employ the group for internet technology, design and consultancy work.

The consultancy was set up by Amelia and Pip Thorne without venture capital and has ridden the rollercoaster of the IT downturn through controlled growth and reinvestment of profits each year. The turnover of staff is low, and it is only now that the Thorne's feel the time is right to employ a sales force in order to expand, where previously they won business through word-of-mouth.

Sheffield is the base for this business, which is housed in the Workstation - Britain's largest media and cultural business centre. This managed workspace has proved to be ideal for TechnoPhobia's needs: the consultancy has moved four times within the centre as it has expanded, and it is located in a prime position between Sheffield's main railway station and the town centre. The consultancy does not see any gain to be had in relocating to London, and with the regeneration of Sheffield City Centre by Sheffield One, one of only three pilot Urban Regeneration Companies in England, it could have much to gain from remaining close to the city. Part of the vision for the city is to reinvent itself at the heart of the modern economy with a focus on attracting information and telecommunications sectors.

The above example is the success story of a late 20th-century business, technology consulting, but the IC100 contains a range of activities - service and manufacturing businesses, profit-making and social enterprises. All of these businesses are benefiting from the competitive advantages available to businesses working in these areas:

- Available workforce
- Local market demand
- Location (close to customers), location(close to workforce), location (transport infrastructure)

Profiling of the IC100 businesses shows a social involvement surpassing that of large companies. Nearly two-thirds of the companies are involved with their communities through schools, work placements, environmental initiatives or sponsorship of community groups, all in addition to charity contributions. One business, Happy Computers in London, gives 20% of its profits to the community. Entrepreneurship alone is not a cure to ills of inner-city - as business activity can sit alongside poverty with little interaction between the two - so this type of involvement not only serves the business' interests (staff development, reputation assurance and crime prevention) but also serves those of the community.

- **Community Investment Tax Credit**

The Community Investment Tax Credit, currently under consultation, would aim to stimulate enterprise growth in deprived neighbourhoods by providing a tax credit to external investors on investments into intermediaries (qualifying Community Development Finance Initiatives). These intermediaries would then be able to lend at favourable rates to social enterprises and individual businesses in deprived neighbourhoods.

· **New Deal for Communities**

This programme was launched to tackle multiple deprivation in communities that are increasingly run down and crime ridden, cut off from jobs and other services. It is delivered to neighbourhoods of between one and four thousand homes through partnerships formed between local people, community and voluntary organisations, public agencies, local authorities and business. The partnerships are tackling five key areas:

- Worklessness and poor prospects
- Improving health
- Tackling crime
- Raising educational achievement
- Housing and the physical environment

They are to work with national, regional and local agencies and service deliverers to provide 'joined up solutions to joined up problems'.

Other policy changes have reduced the cost of brownfield development:

- Abolition of stamp duty on properties worth less than £150,000 in deprived areas
- Immediate tax relief for cleaning up contaminated land
- Tax relief to create flats above shops and other commercial premises
- VAT to be cut from 17.5% to 5% for residential conversions
- VAT exemption for developers renovating and selling houses that have been empty for at least 10 years

3.2 Strategy Formulation

There are three players found in this area - the investing company, the community and business brokers. An overview of the latter has been included in the last section; the steps taken by a company in the formulation of strategy are detailed below, followed by the challenges and commercial opportunities faced by such a company. Historically, focus has been placed on the obstacles to commercial gain, but with saturation of wealthier markets, and planning restrictions on out-of-town development, the opportunities have to be considered.

3.2.1 The Company

The following steps were first documented by Business for Social Responsibility[5] in response to the growing trend for locating retail facilities in low-income markets.

3.2.1.1 Market Analysis

In the US, traditional market analysis, using indicators such as household income, has proved insufficient in forming strategy for entry into under-served markets. In the UK market entry is still formed through these techniques, with ad hoc strategy formulation to allow for local differences. Across the Atlantic, industry groups and research organisations have begun to look at buying power and expenditure measures of communities, to take account of both the hidden cash economy, and the concentration of households within communities. Companies are then sharing information on their results in order to encourage other companies to locate nearby.

3.2.1.2 Adapt Store Concepts

Companies have found, again in the US, that suburban-style stores do not transfer to inner-city markets and are adapting their store concepts. In Paris, Carrefour has adapted its stores in deprived areas in the *banlieue* to account for local needs: within the stores there are separate stores developed for low income customers. Having signed up to use the scheme, these customers can purchase goods, which have passed their sell-by dates but not their use-by dates, at a discount. The store also offers training opportunities to those who sign up for the scheme, and is staffed by volunteers so incurs little cost.

3.2.1.3 Merchandising

Just as stores may account for different consumer preferences, so should the products they sell. In the UK, the past five years have seen the return of supermarkets to urban areas (e.g. Tesco Metro, Sainsbury's Central). These will generally concentrate on selling convenience and pre-prepared meals, in line with the needs of those working long hours in urban centres. This product mix can be altered to meet the needs of ethnic communities (residents in these centres) who require more fresh produce and meats.

3.2.1.4 Cross-functional Teams

Companies are recognising that cross-functional teams are required to plan entry into under-served communities. Community relations and operations functions are becoming involved earlier in the site evaluation process to determine the viability of the location, and to develop site-specific strategy (particularly hiring and training processes).

3.2.1.5 Securing a Site

Restrictions on greenfield development mean that companies need to adjust their traditional site selection model. This may mean reusing existing buildings or clearing contaminated land to create a suitable site.

3.2.1.6 Financing

Further research is required on the impact of government funds on a businesses decision to invest in a regeneration programme. In addition, what market indicators would serve best to attract investment in under-served markets?

3.2.1.7 Operating Cost Offsets

Costs for rent, utilities, taxes and insurance may be higher in UK inner cities than in suburban areas. US stores have found that these higher costs are offset by greater profitability and Government incentives. Operating costs should be included in future research, accounting for regional differences.

3.2.1.8 Hiring & Training

The structure of inner-city areas is such that under-served areas are home to a high population density and unemployment rates. In order to build a strong local economy companies want to recruit locally but find that applicants will require training of a greater depth than the norm. For example, in the Seacroft development in Leeds, Tesco found that recruitment of the long-term unemployed required two-stage training. The trainees had to be introduced to the concept of the employer – employee relationship and taught the basics of employment before going on to be taught the job specific skills required of them.

3.2.1.9 Community Relations

Communities can view an incoming company with suspicion, and so, in order to enjoy greater acceptance, community relations need to be considered early in the implementation process. Community input can be given to not only the site selection, but also to store design, product mix and hiring strategies.

This has proved possible in the US due to the positive attitude towards communitarianism. A US poll on communitariasm showed that 3 in 4 Americans help their neighbours and 8 in 10 donate to charity. Many community organisation s assist in local development. San Francisco has 4500 Neighbourhood Economic Development Organisations (NEDO's), addressing a variety of issues. There is generally not a similar strength of support behind UK community groups.

Empowering existing community groups with an understanding of the opportunities they hold for businesses may encourage greater community involvement in regeneration programmes.

3.2.1.10 Security Concerns

An extension of community relations, security is an issue in inner-city markets. A strong relationship with the community, particularly through local employment, builds a sense of community ownership and mitigates security challenges. Magic Johnson Theatres have opened in African American inner-city neighbourhoods across the US and combat crime in this way. The only rule to entry to the leisure complexes is that gang colours cannot be worn.

Additional solutions include partnerships with the police, local security companies and working with community organisations.

3.2.2 The Community

Historically, the Government and corporate organisations have focussed on the challenges posed by under-served areas, rather than seeing the opportunities hidden behind the measures of deprivation. With the increased polarisation of society, these opportunities need to be highlighted, and the obstacles recognised and tackled.

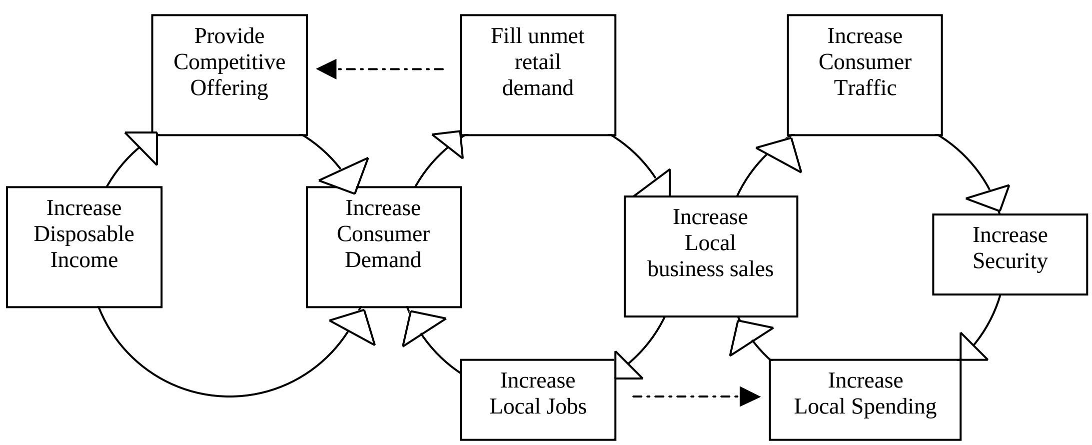
Challenges

- Lack of suitable premises
- Crime prevention
- Resources:
    - Management skills
    - Staff skills
- Access to capital
- Attitudes to business
- Lack of role models
- Not ‘typical’ customer profile
- Lack of childcare
- Lack of transport

Opportunities

- Low cost land
- Planning permission more likely
- Strategic location
- Local market demand
- Little competition
- Available workforce
- Access to growing ethnic markets
- Brand-building
- Distribution and Supply chain development
- Corporate Reputation

The three tangible obstacles are related to site selection, recruitment and backing from investors. The first of these requires a change in site selection processes. As greenfield sites are no longer an easy option for development, companies will need to adapt their thinking to the available options. As for the hiring and training exercise, if companies (particularly retailers) are viewing their location in the area as a long-term commitment they need to focus on the long-term economy of the community. Through a local employment programme a business can assist the build of a sustainable economy:



Source: Business for Social Responsibility

This model gives a positive high-level picture of the impact of business-led regeneration on local stakeholders. This impact on society will be further explored in the following section (3.4 Impact on Stakeholders).

Finally, backing from investors: without significant numbers of case studies and without detailed market research in this area, capital will be difficult to raise. This is overcome through partnerships with community groups and other private sector investors.

3.3 Market Entry

A further element of the implementation strategy is the ownership issue: are businesses set up as franchises, are they owned by a company, a co-operative or a joint venture, or are they locally-owned? At present there is little evidence to say that one will prove more commercially successful, and UK examples are primarily company-owned.

3.4 Impact on Stakeholders

The following sections outline the impact on the stakeholders of investment in under-served markets, as detected in the case studies.

3.4.1 Customers

- Better service due to recognition of their needs
- Less time and money spent travelling to retail sites
- Improved health due to availability of fresh groceries and other services
- Additional businesses are attracted to the area, offering further retail and leisure opportunities

3.4.2 Staff

- Dignity through work
- Foundation for future employment
- Qualifications
- Increase income

3.4.3 Suppliers

- There are not as many opportunities for local suppliers as there may be in the US. Due to the size of the UK, national suppliers are able to cover new sites.
- Opportunities where start-ups locate

3.4.4 Community

- Improved health and wealth
- Increased employment
- Crime reduction
- More attractive for incoming investors

3.4.5 Environment

- Increased car traffic
- Clean-up of contaminated land
- Incoming firms aware of need to act responsibly
- Improved transport infrastructure where investment is made as part of a larger regeneration scheme

3.4.6 Business Partners

- Expand customer base

3.4.7 Local Businesses

- Increased sales due to increase in consumer traffic
- Lose business where their product mix does not meet the needs of the local market, and the incoming business does.

3.4.8 The Business

- Extensions and development of their customer base
- Brand-building in the community
- Tap new market revenue
- Build a model that can be transferred to similar areas
- Develop alternative ways-of-working across business functions

The following table, supplied by Business for Social Responsibility, demonstrates how each function of a business plays a part in community economic development.

<table>
<tr><th></th><th>Business Area</th><th>Business Function</th><th>Sample Practices</th></tr>
<tr><td rowspan="8">FIRM

Variations by:

· Sector
· Size
· Location</td><td>Governance
- Board
& Top Executives</td><td>What it values
How resources are allocated</td><td>Allocate resources for corporate role in community</td></tr>
<tr><td>Siting
- Real Estate
- Govt. Affairs</td><td>Where it locates
What it locates there</td><td>Siting facilities (distribution, back office, headquarters, manufacturing) in under-served communities</td></tr>
<tr><td>Human Resources</td><td>Who it hires
How it develops them</td><td>Employing under-utilised workers
Increasing workforce diversity</td></tr>
<tr><td>Product & Service Development
- R&D, Business Units</td><td>Who it sells to
What it sells</td><td>Target under-served markets
Designing products & services for low-income communities</td></tr>
<tr><td>Supply Chain
- Procurement
- Outsourced Services</td><td>How it buys or contracts services
Who its vendors are
Where it buys from</td><td>Buying from local suppliers
Buying from/ partnering with ethnic minority- and women-owned firms</td></tr>
<tr><td>Product & Service Distribution
- Franchises/Licences
- Marketing/Sales
- Business Units</td><td>How it delivers
Where stores are located
How it provides access to products and services</td><td>Siting retail stores in under-served communities.
Employing local or diverse distributors
Partnering with under-served community organisations</td></tr>
<tr><td>Investments & Profit
- Finance Department</td><td>Where it borrows money
Where it invests</td><td>Investing in financial vehicles and institutions that are diverse or invest in under-served communities</td></tr>
<tr><td>Community Relations
- Public Affairs
- Foundation</td><td>Who it gives money to
Who it helps
Who & what it influences
What resources it offers</td><td>Supporting community development through monetary, time and product donations
Lobbying for policies that support community economic development</td></tr>
</table>

These functions were seen in practice in the accompanying case studies. The scale of impact on society is daunting, once a company recognises its need for a holistic approach to social awareness. Assistance for each function is provided by organisations such as Business in the Community, aiding business functions to recognise and improve their impact on the environment, the workplace, the marketplace and the community. This support needs to be used as part of a strategic cross-functional vision if the company is going to make a difference to society. This needs to be managed like any change programme with strong leadership across business functions, and an awareness in all employees in the reason for change - so that they recognise not just the impact of the company on their community, but also the part they play in that impact. This realisation promotes the can-do attitude and an enthusiasm for the project that is essential to cross-functional working, and in building relationships with local community partners.

4 Conclusion

Many inner city neighbourhoods have been perceived by business as places of neglect, poverty and crime, and therefore not as places to do business.. The cases presented from the US and the UK show that such places can be seen as opportunities for the private sector. Behind the façade of empty shops there lies a market needing to be served, often well located for transport and wider access, and a pool of people who lack job opportunities and could become loyal employees. The businesses represented have found a sufficient market opportunity or competitive advantage in these under-served markets to locate in them, bringing benefit to both the business and the local community.

However there is not an emergence of a single investment model - workable solutions are divergent in nature, and are not sector-specific. Instead the success of investment strategies in under-served markets appears to be based on [6]:

- Clear attention to what is possible in the targeted marketplace and catchment area
- Strong leadership in the regeneration initiative
- Respect for residents needs and aspirations
- Articulated vision for the quality of life
- Commercial strategy implemented as part of a broader neighbourhood strategy

The cases also demonstrate that adjustments to the entry strategies of businesses, working in partnership with the local community, can help to address factors such as low skills which, along with negative perceptions have been barriers to such investment. Both public sector bodies and local communities themselves can take action to help increase the attractiveness of the offer. The City Growth Strategies Initiative in particular is seeking to bring about such change and the joint initiative of Business in the Community and British Chambers of Commerce could help to engage local and national businesses with this process.

The drivers of commercial regeneration involve stakeholders across the private and public sector. It is therefore not surprising that the majority of those projects which have achieved success have done so as part of a wider regeneration initiative. It is of key importance that the company understands the community's needs; that the community understands, and accepts, the company's needs; and that public policy instruments reflect their role as facilitator rather than driver of market forces. This is not a study of altruism, but of the necessity to recognise and reach untapped markets, reaping both community and commercial benefits.

Perhaps the greatest barrier to new investment in the UK is the lack of knowledge of these markets, and of the community players who can assist. For this reason the following recommendations are based around building and sharing market knowledge, between communities, the Business Brokers and most importantly business. They are centred on the players in the investment process - the investing business, central and local government, market research, business brokers and the community.

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[6] Carley, M., Kirk, K., & McIntosh, S., 2001, 'Retailing, sustainability & Neighbourhood

5 Recommendations

Business in the Community plans to follow up this initial review by exploring with a market information organisation and some major UK businesses the kind of information which could be gathered and presented to increase business awareness of the opportunities. However the case studies have also highlighted a wider list of actions which should be considered by those who have an interest in promoting such developments in the UK.

5.1 Business

- Identify peer group champions

Experience in the US has shown that when tapping new markets, businesses find that investing as a group will leverage the impact of their market entry. It is not only more appealing to consumers once fully-developed but there is also synergy in implementation costs such as recruiting and training. To encourage more retailers to examine the needs of under-served markets, businesses who have already accepted the business benefits of this investment should share the concept – with the potential benefit of finding joint investors who complement their store.

- Create a site selection working group

This group should contain two types of business – those who have had success in investing in under-served markets and those who wish to learn more about the potential in this type of investment. The latter may have already seen the benefits of corporate social responsibility, but this is a new way of viewing a traditional business function. The members of the working group should be those charged with opening new stores/premises and expanding the physical reach of their company's brand rather than Community Affairs managers, who nevertheless play an important role later in the process. Companies who have invested successfully in US under-served markets would be particularly useful for sharing experiences directly from business-to-business.

- Determine obstacles to investment

Having identified a group of companies there is no suggestion that they will need to share proprietary information on site-selection, and information made public following the meeting will be agreed by all contributors. Rather, the need is to understand what the obstacles are to investment in under-served markets. These obstacles must be fed back to the DTI and the Neighbourhood Renewal Unit (NRU), in the first instance, whether they relate to public policy instruments, or to location, culture or infrastructure.

- Develop focused datasets

These companies should act as a sounding-board to assist the NRU in developing a dataset which shows most readily what the market opportunities are in under-served markets. UK market information researchers, such as Experian, should be invited to feed this process – which may benefit from input of the experiences of Business for Social Responsibility, Shorebank and ICIC in the US. One of the main lessons from the USA is the need to look at new data sources, and to view data from different viewpoints. Following this approach in the UK will lead to different issues and data more appropriate to the UK context.

5.2 Government

- Facilitate investment

On identification of obstacles to investment the public sector will benefit from direct dialogue with businesses. It is important that there is clear feedback, and that the dialogue is maintained whilst working on solutions. Local Strategic Partnerships will also voice their needs for Government assistance, and there needs to be a single point of contact for this incoming information. On determining solutions it is important to take into account wider factors in building a local economy. Whilst major retailers are a significant step, in terms of employment and provision of products, there is a recognised need to support entrepreneurialism and SMEs who play an important part in sustaining the local economy.

- Develop datasets

Development of datasets which pinpoint where there are untapped markets is key to this process. The US experience has revealed that historically market research has not revealed market potential, but rather it enforced perceptions as it identified certain types of market which were already seen as attractive to investors. Datasets used in the UK are different, as are the characteristics of the potential markets – so the US experience cannot be imported, but the methods used by Shorebank Advisory, for example, should be tested in the UK context.

- Clarify policy instruments

Just as businesses need to clarify the obstacles in investing in under-served markets, so there is a need for the public-sector to clarify the support network, and to remove some of the discrepancies between policy instruments – such as that relating to taxes on clearing contaminated land. Talking up the US experience will not be sufficient!

5.3 Business in the Community

- Form a working group

Business in the Community needs to bring together a group of key individuals in companies who will champion this work. It is very much down to businesses to lead the process, and Business in the Community must support their needs in terms of resources. This is not a Corporate Social Responsibility-led agenda, but a product and services vacuum in certain areas and markets in the UK where businesses can extend their brand, their consumer base and their business, with a positive impact on the local economy.

- Marketing Communities

As well as identifying the obstacles in investment in under-served markets, Business in the Community needs to work with community leaders to develop their thinking regarding the opportunities in their areas and how to promote them. The more knowledge that communities have of what businesses are looking for, the more powerful they can make the case for investment in their location.

· Business Brokers
The business brokers should play a key role in the capture of knowledge from businesses, incorporating their experiences in the nine pilot areas.

5.4 Community

Identify community groups with success in assisting inward investment
Whilst this has to be a business-led approach, one important key to US success is the proactive nature of community development groups. Similar groups in the UK need to be identified and assisted where possible in terms of resources, advice and contacts. Where investment in under-served markets has been a success have the lessons been shared? What data would have assisted their process? And has there been an effort to support the investors in understanding new sites?

Overall, the initial focus needs to be on enthusing business with the investment opportunities which lie in UK under-served markets, but equally there is a need to understand what makes an under-served market a suitable prospect for an investor. This is an iterative process which requires input, and action, from the public, private and community sectors.

Liz Lainé Business in the Community
27 February 2002

6 Appendix: Resources

6.1. Case Study Sites

Company	Website
Pathmark	www.pathmark.com
New Community Corporation	www.newcommunity.org
Johnson Development Corporation	www.johnsondevelopmentcorp.com
Tesco	www.tesco.com
Jaguar	www.jaguar.com
Merry Hill	www.merryhill.co.uk
Lloyds TSB	www.lloydstsb.com
Sainsbury's	www.j-sainsbury.co.uk
McDonald's Restaurants Ltd:	www.mcdonalds.co.uk

6.2. Further Internet-based Resources

Organisation	Website	Comment
British Chambers of Commerce:	www.britishchambers.org.uk	The British Chambers of Commerce comprise nationally a network of quality-accredited Chambers of Commerce, all positioned at the heart of every business community in the UK.
British Urban Regeneration Association:	www.bura.org.uk	An organisation promoting best practice in regeneration, this site includes listings of events and conferences in the regeneration sector and details of the association's regeneration awards
Business for Social Responsibility:	www.bsr.org	BSR, a US organisation provides the latest data, tools, thought leadership and collaborative opportunities on CSR, including research on business investment in under-served markets

Organisation	Website	Comment
Business Impact:	www.business-impact.org	This resource bank, set up by Business in the Community, includes case studies of business investment in under-served markets in the UK.
Business in the Community:	www.bitc.org.uk	Business in the Community is a unique movement of companies across the UK committed to continually improving their positive impact on society, with a core membership of 700 companies, including 75% of the FTSE 100.
Castle Vale Housing Action Trust:	www.cvhat.org.uk	Castle Vale Housing Action Trust is working with residents on Birmingham's largest post war housing estate to build a sustainable community living in high quality homes in a pleasant and safe environment
Changing Places:	www.changingplaces.org.uk	Changing Places is Groundwork's £60 million Millennium programme. All 21 projects have helped local communities tackle the legacy of post-industrial decay in the UK, breathing new life into over 1,000 hectares of derelict and neglected land.
Civic Trust:	www.civictrust.org.uk	The site of the organisation dedicated to high standards of planning and architecture in Britain's town and cities. The site details the work of the trust's regeneration unit.

Organisation	Website	Comment
Department for Transport, Local Government and the Regions - Regeneration Information:	www.regeneration.dtlr.gov.uk	This site includes all the government's consultation documents on the subject of regeneration, along with facts and figures from the Index of Deprivation. Information on grants and the government's neighbourhood renewal unit are also provided.
English Partnerships:	www.englishpartnerships.co.uk	This site of the national agency for regeneration and development has extensive links including those to all the regional development agencies - the new and urban regeneration companies.
Experian	www.experian.com	Experian is an information solutions company. They help organisations use information to reach new customers and to build customer relationships. They are also able to identify potential retail opportunities.
Groundwork:	www.groundwork.org.uk	Groundwork is a leading environmental regeneration charity making sustainable development a reality in many of the UK's most disadvantaged communities.

Organisation	Website	Comment
Indices of Deprivation:	www.regeneration.dtlr.gov.uk/research/id2000/index.htm	The Indices of Deprivation 2000 are measures of deprivation for every ward and local authority area in England. It combines a number of indicators which cover a range of domains (Income, Employment, Health Deprivation and Disability, Education, Skills and Training, Housing and Geographical Access to Services) into a single deprivation score for each area.
Inner City 100	www.theinnercity100.org	A project of the New Economics Foundation, a leading think-tank on neighbourhood renewal, the Inner City 100 is first national listing featuring 100 of the fastest growing companies based in core urban areas.
Joseph Rowntree Foundation:	www.jrf.org.uk	JRF's ***Findings*** programmes on regeneration include research papers, government initiatives and the foundation's response to those initiatives.
Local Futures	www.localfutures.com	The Local Futures Group is a research and strategy consultancy that provides a geographic perspective on economic and social change.

Organisation	Website	Comment
National Policy Association study ' The European Response to Public Demands for Global Corporate Responsibility', 2002, Dr. Susan Ariel Aaronson and James Reeves	www.npa1.org	The National Policy Association is one of America's oldest and most respected public policy organisations. With a 68-year history of providing public policy advice, NPA is a source of information on contemporary policy choices for America and the world.
Neighbourhood Renewal Unit:	www.neighbourhood.dtlr.gov.uk	A New Commitment to Neighbourhood Renewal: A National Strategy Action Plan' was launched by the Prime Minister in January 2001. This plan is to be implemented by the NRU with the aim of delivering economic prosperity, safe communities, high quality education, decent housing and better health to the poorest parts of the country.
New Economics Foundation:	www.neweconomics.org	The New Economics Foundation is a radical think tank. It is unique in bringing together the ideas, people, resources and influence to challenge business-as-usual. They create solutions to the social, environmental and economic challenges facing the local, regional, national and global economies. The IC100 is one of their projects.
Office of National Statistics:	www.statistics.gov.uk	The official UK Statistics site.

Organisation	Website	Comment
Prince of Wales Business Leaders Forum: Millennium Poll.	www.pwblf.org	The International Business Leaders Forum is an international educational charity set up in 1990 to promote responsible business practices internationally that benefit business and society, and which help to achieve social, economic and environmentally sustainable development, particularly in new and emerging market economies.
Regeneration UK:	www.regeneration-uk.com	A reference guide to regeneration information that is available over the internet, with links to more than 350 sites from local projects to national agencies. There are also several discussion forums.
Small Business Service:	www.sbs.gov.uk	The Small Business Service (SBS) is an agency within the United Kingdom's Government that champions the interests of small businesses.
Shorebank	www.shorebankadvisory.com	SAS helps local institutions in challenging areas and emerging economies around the world identify and invest in untapped local markets, develop strategic plans, create profitable investment and credit programs, rebuild neighbourhoods and provide affordable housing.

Organisation	Website	Comment
Guardian	society.guardian.co.uk/regeneration	Covers the latest regeneration news, the ongoing big issues and a guide to the latest policy announcements

6.3. Additional Resources

Benjamin, A., ‘Closing the gap between the rich and the poor’, The Observer, July 8, 2001
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Levitt, T., ‘The damages of Social Responsibility’, Harvard Business Review, September – October, 1958
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Newton,R., 'The silver screen turns to gold: The days of the flea pit cinema have gone', Sunday Telegraph, 25 Jan 1998
Platt, L., 'Wake up and smell the coffee', The Observer, March 4, 2001
Porter, M., 'The Competitive Advantage of the Inner-city', Harvard Business Review, May – June, 1995
Ramsden, P., Potts, G., Mayo, E., & Raymond, P., 2001,'The Competitive Inner-city', London:New Economics Foundation
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