

Barber County Development Inc. Business Retention & Expansion Survey Report

August 2009

Visiting our past embracing our future
BARBER
COUNTY
DEVELOPMENT INC.
Medicine Lodge * Sun City * Isabel * Sharon
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kansas
KANSAS BUSINESS RETENTION &
BREES
EXPANSION EVALUATION SURVEY

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Barber County Business Retention Survey Report

Summary

A recent study of 46 businesses in Barber County provided insight on what the business climate looks like from an industry perspective. The survey revealed that Barber County has a positive employment trend. In fact, over the past two years, these businesses have created 31 net new jobs. This trend is expected to continue as 12 of these businesses anticipate creating 20 new jobs over the next two years. Perhaps this growth could be attributed to the attitude and productivity of the current workforce. When asked to rate the attitude and productivity of their employees, 91 percent of survey respondents viewed the attitude of their workforce as being excellent or good. Another 95 percent rate the productivity of their workforce equally high.

When asked to identify barriers to growth in Barber County, a few key concerns arose. Many businesses had no trouble recruiting or retaining employees. But of the businesses that did, they indicate having trouble in very specific areas (see page 4). Another area of concern includes local banks not being able to meet the financing needs of businesses that are prepared to expand. Other companies point out specific regulatory concerns (see pages 11 & 12).

Although telephone service, the public school system and quality of life in Barber County were rated extremely high, some items were viewed as less-than-adequate in the community. These items included:

- Availability of Housing
- Training Services
- Air Transport

While there are areas that have room for improvement, the survey participants indicated that they genuinely care for the well-being and growth of the community. The businesses in Barber County indicated they would benefit from more economic development and more jobs, which is a common concern in any community, as well as tax abatements for new businesses and increased marketing efforts to promote the county. Companies also see potential opportunities, as evidenced by many new product ideas that could be expanded on to generate additional wealth (see page 6).

Barber County was one of five communities selected to participate in the Kansas BREES business retention and expansion evaluation survey program in 2009. Barber County Development Inc. demonstrated a commitment to excellence by initiating this program in Barber County. The findings in this report are estimates of the actual business population characteristics. Community leaders and all participating businesses should be praised for working together to address existing strengths and problems. By proactively learning about what businesses need to grow and expand, Barber County has positioned the community for future development and prosperity.

Barber County Business Retention Survey Report

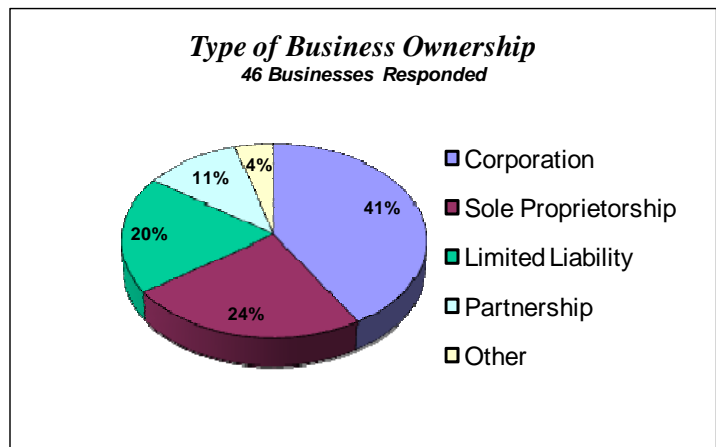
Surveyor _____

Forty-six Barber County businesses completed a BREES survey in 2009. The survey was sponsored by Barber County Development Inc. in partnership with the Kansas Department of Commerce. Opinions and data were collected from a widespread industry group including: 17 service industry firms; 11 retail trade establishments; eight finance, insurance/ real-estate companies; five agriculture businesses; three transportation companies; and two manufacturing plants. The purpose of the survey was to determine business perspectives on:

- Employment conditions and employee relations
- Services offered by government
- Educational and vocational training
- Business climate
- Quality of life

Business Ownership _____

Businesses were asked to indicate their ownership type or company structure. The businesses surveyed are organized as follows: 41 percent Corporations, 24 percent Sole Proprietorships, 20 percent Limited Liability Corporations, 11 percent Partnerships and 4 percent Other.



Information about Employees _____

Forty-five of the surveyed businesses in Barber County are staffed by an average of 13 full-time employees. The number includes the survey respondent and ranged from a maximum of 116 to a minimum of one.

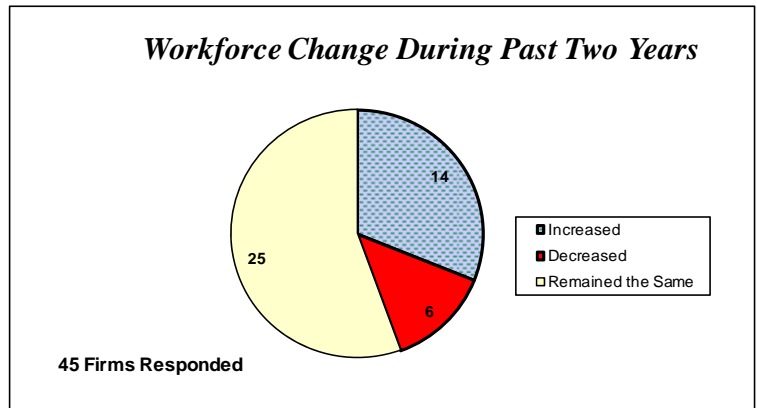
	Full Time Employees	Part Time Employees	Living outside the County
Firms Responding	45	36	22
Average	13	6	5
Maximum	116	40	25
Minimum	1	0	0

Thirty-six businesses employ an average of six part-time employees. As reported, part-time employees range in number from a maximum of 40 to a minimum of zero.

Among the 22 businesses reporting employees who live outside the county, the average number was five. The largest number of staff members living outside the county for any one business is 25, and the smallest is zero.

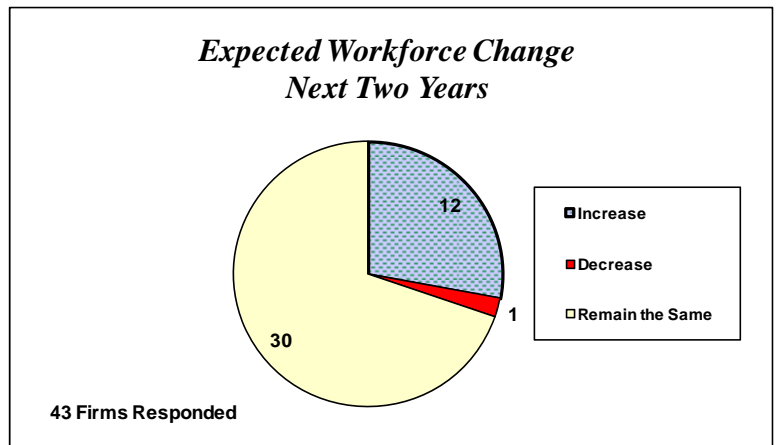
Workforce Fluctuations

The survey asked businesses if, during the past two years, employment had increased, decreased or remained the same. Respondents reported no change at 25 of the firms surveyed, while employment increased at 14 of the businesses, adding a total of 57 new jobs. Employment decreased at six businesses by a total of 26 jobs.



	Firms Reporting a Change	Total Jobs	Average
Increased	14	57	4.1
Decreased	6	26	4.3

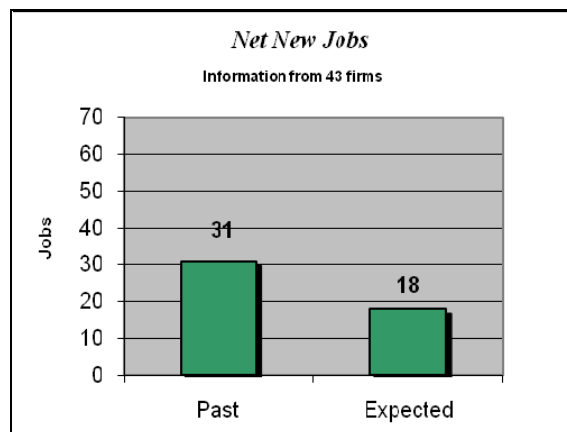
Asked to anticipate the expected workforce change in the next two years, 43 firms responded. Of those, 12 of the firms expect to increase employment, adding up to 20 total jobs. One firm anticipates employment decreasing by a total of two jobs, and the remaining 33 firms believe their workforce will remain the same.



Expectation	Firms Reporting a Change	Total Jobs	Average
To Increase	12	20	1.7
To Decrease	1	2	2.0

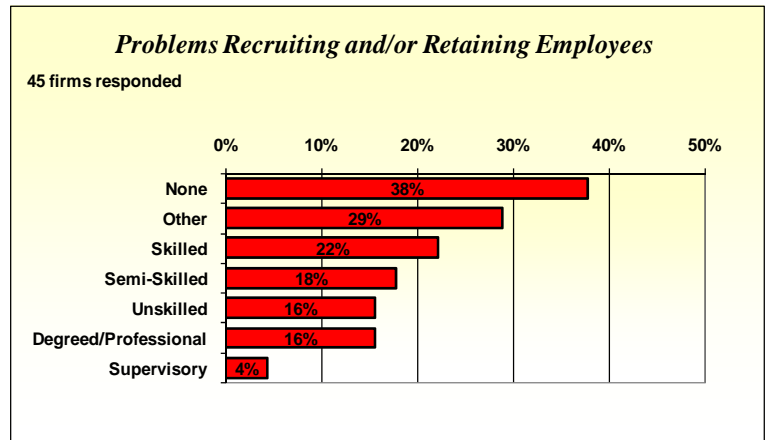
When looking at the net employment change over the two time periods studied (past two years and future two years), the trend indicates that Barber County is experiencing job growth. According to the survey, 31 net new jobs were created over the past two years.

Information from the 43 firms that responded to future employment expectations anticipate that up to 18 net new jobs will be created over the next two years. The net new job trend is presented in the table to the right.



Workforce Recruitment

Businesses were asked to specify employee skill-level problems they encounter with regard to recruiting and/or retaining employees. Thirty-eight percent of respondents indicated they had no problems recruiting or retaining employees. The firms reporting trouble with the current available workforce indicate having trouble due to specific or “other” reasons. Recruiting/retaining skilled workers was also noted at 22 percent.



Some businesses indicated that the recruiting troubles they are having consist of reasons “other” than the choices that were given. The reasons they cited are listed in the table to the right.

Recruiting Problems Specific

- Quality employees
- Housing is limited
- Confidentiality
- Experienced sales and safety trainer
- Lack of education and math skills
- Qualified people who want to work
- Shortage
- CDL licensed drivers
- Physically fit

The businesses were then asked to indicate the nature of the top three recruiting problems they encounter. Among the 35 businesses responding, the areas ranked highest were:

- Shortage of labor pool for entry-level jobs
- Skilled labor is reluctant to migrate here
- Poor work attitudes

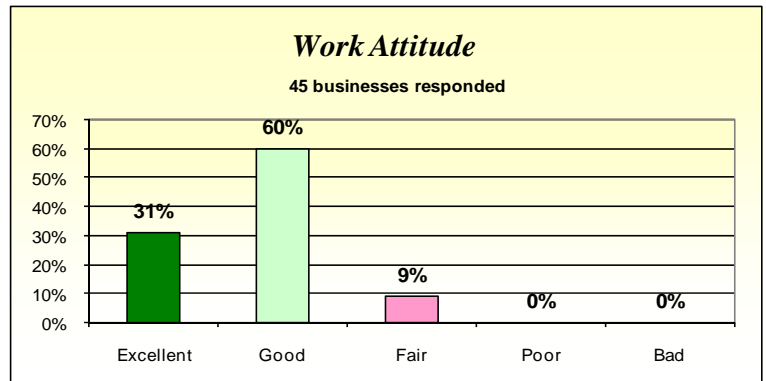


Business that indicated they had other recruiting problems listed the following reasons.

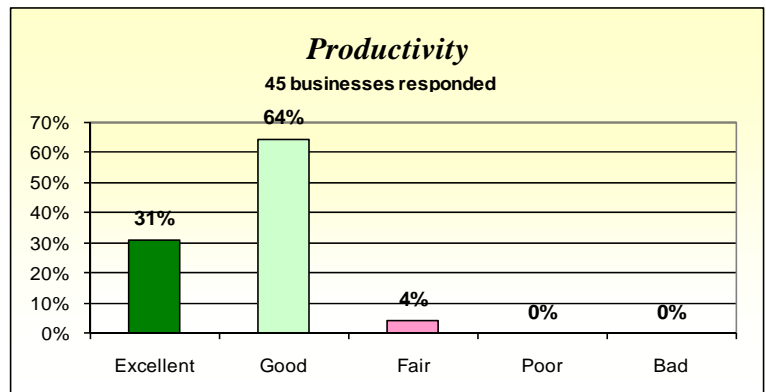
- Community and infrastructure
- Some just don't want to work
- Time
- Small labor pool
- High cost of testing (drug and background)
- Skill set
- Local labor unskilled

Workforce Quality

The quality of the Barber County workforce was rated according to attitude and productivity. Forty-five businesses responded, and 41 (91 percent) ranked their workforce's attitude as good or excellent. The remaining four (9 percent) rated the attitude of the workforce as being fair.



Similarly, when asked to rate the productivity of the workforce, 45 businesses responded, and 43 businesses (95 percent) indicated a good or excellent rating for their workforce's productivity. Two businesses (4 percent) rated the productivity of their workforce as fair.



Procurement-Related Issues

The survey asked businesses to identify any raw materials, components, products, or services presently purchased out-of-state that they would consider replacing with goods produced in Kansas if a reliable supplier could be found. Their specific comments included:

Products businesses would buy

- Software programs
- Use what is available from KS -example- mattresses (Haven); couch (LaCrosse)
- Fiber optic cable & associated supplies
- Internet banking
- Methanol, mineral spirits
- Insurance products
- Whatever is available
- Steel products, rubber tubing and twine
- Most supplies
- Fertilizer, feed proteins

Product/Service Development

When asked if there are any products or services the businesses could offer that are not currently offered, 19 answered “yes,” and 17 contributed the following ideas:

New Product or Service

Different gift items
 Oilfield chemicals
 Rope sandals, rope art, bull whips, cattle ropes, calf ropes
 Catering
 Want to expand new healthcare services
 Not interested, maybe health insurance
 More technical services web-based green environmental services
 More retail sales item, more technical advice
 Manufactured jerky
 In house MRI, specialty physician services
 Adding new products
 Bill pay, video, dry clean
 Programming, content to be delivered over internet (t.v.)
 Wood flooring
 Insurance agency
 Would like to expand existing inventory and add retail items product diversification
 Internet banking; more accounting; sorting checks, and insurance services

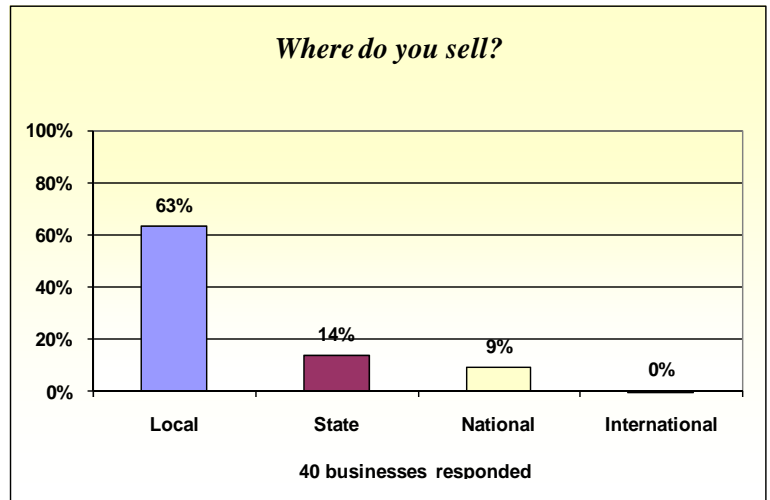
The businesses with new product ideas were then asked to mark a listing of possible problems to indicate why the products or services aren't currently offered. The following list indicates the reasons most frequently marked:

Why don't you offer it now?

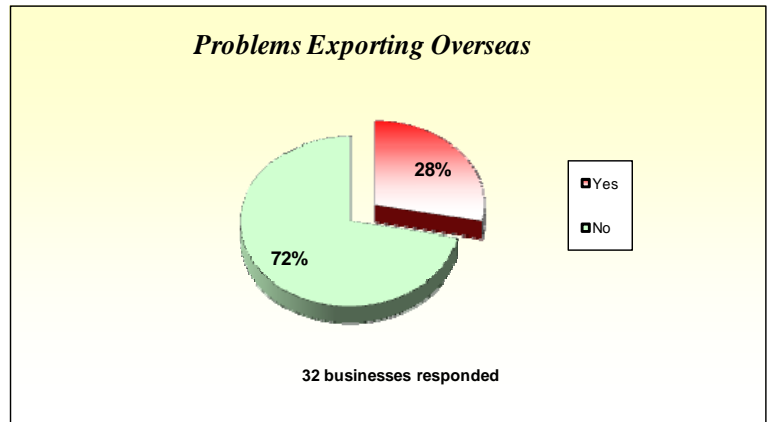
Lack of affordable financing	4
Lack of adequate skilled labor	4
Lack of specific equipment technology	4
Product requires research and development	3
Have no interest in offering this product	3
Lack of specific know-how	2
Currently introducing product	0
Other --	9
Not enough room, not enough people	
Services	
Need Space & More Financing	
Content providers not willing to negotiate in small markets	
Security and funding	
(3) Lack of space	
Lack of time	

Exporting

Businesses were asked what percentage of their product/service is sold in local, state, national and international markets. A majority of Barber County products are sold locally. However, there are businesses in Barber County that are currently catering to markets across the state and nation.



When asked if there were any problems exporting their product(s) overseas, 32 businesses responded, with 72 percent signifying they have no problem exporting their product overseas.



The reasons businesses cited for not being able to export product(s) overseas are as follows.

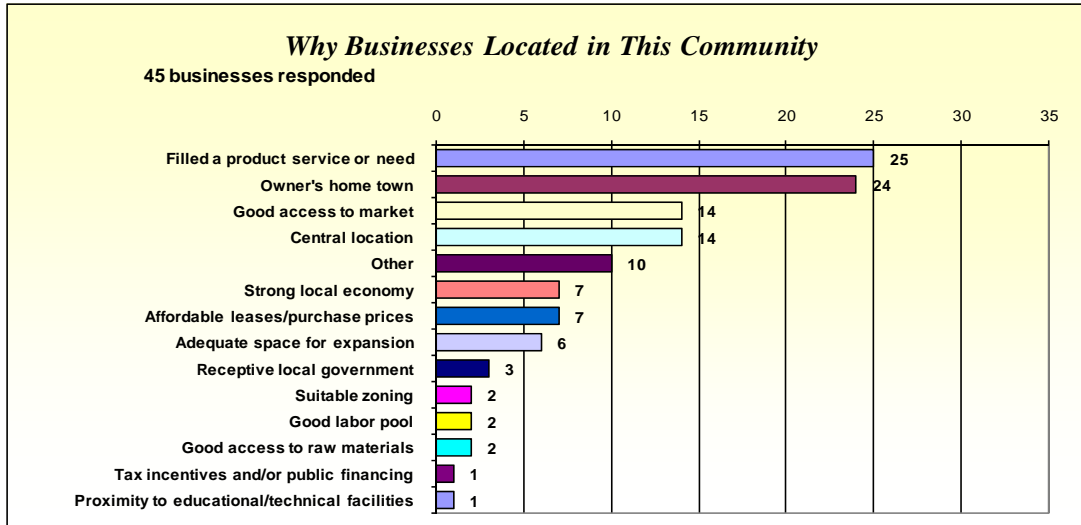
Exporting Problems:

Unfavorable exchange rates	2
High tariffs and/or trade barriers	2
Restrictive export regulations	2
Lack of affordable export financing	1
Inadequate knowledge of foreign countries/markets	1
Inadequate knowledge of exporting procedures	0
Other	5
Can't make enough	
Cost of shipping	
Language	
Transportation costs	
Perishable products	

When asked if the business felt its product or service is one that could be exported at a profit, 33 responded, and five said “yes.”

Business Location Determinants

Businesses were asked to select three major factors from a listing of possible reasons for their decision to locate or remain in Barber County. The reasons most frequently selected by the 45 responding businesses are ranked below:



The businesses indicating there were reasons other than the choices listed above described them as follows:

Other Location Reasons

- Business was established 1976
- Started two businesses in our town
- Moved here 22 years ago
- Client base
- Community Owned
- Has been in community for 105 years
- Service to customers
- Purchased pre-existing business
- Market location
- Business has been here since 1910

When asked if the company planned to move or close in the next year, two companies indicated they are planning to move, and two are planning to close. Of the businesses that are planning to move, one will remain in the same community, and one wants to relocate outside the county but remain in Kansas.

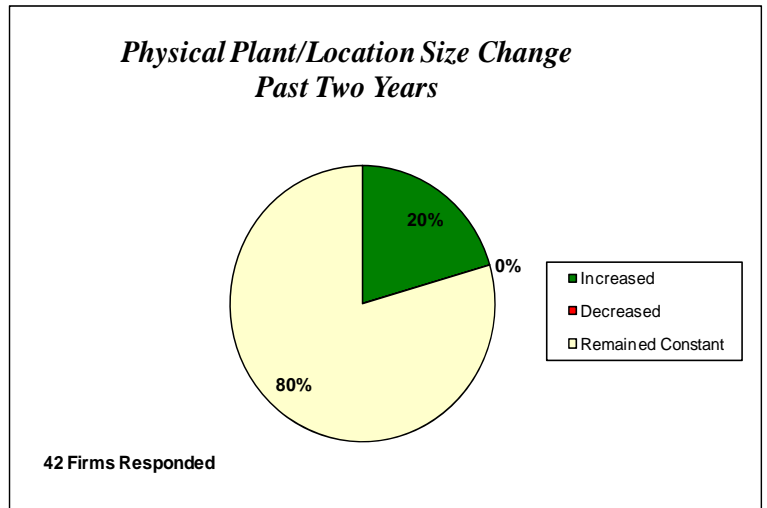
Reasons for moving

- Owner retirement
- Lack of space to expand
- Difficulty in obtaining financing
- High cost of utilities
- Difficulty in finding labor
- Other reasons
 - Finding help – show up for work
 - Lack of transportation

Many respondents (83 percent) reported that there were no plans to move or close.

Plant Size

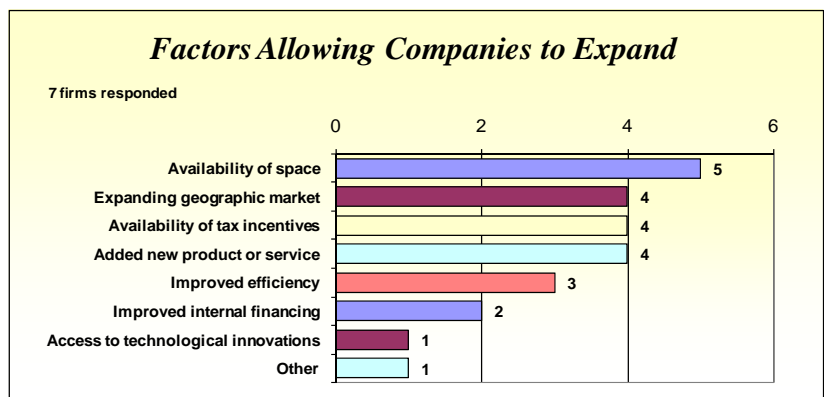
The physical plant/location size has increased for 20 percent of survey respondents during the past two years. Eighty percent of the businesses remained constant in their plant/location size, and none of the businesses surveyed experienced a decrease in space.



In the past two years, nine businesses have expanded in Barber County and these businesses reported increased augmented footage totaling 43,000 square feet.

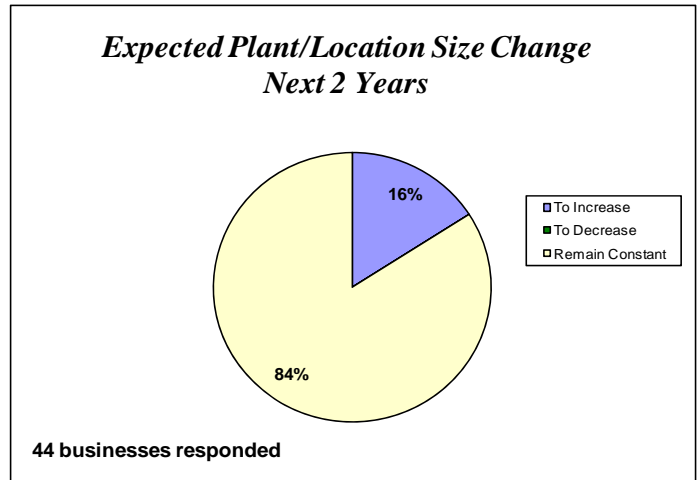
Expansions in past two years	
Total square footage of expansion	43,000
Businesses reporting expanded sq. ft.	9
Average increase in square footage	4778

Seven businesses marked multiple factors they felt had an impact on their decision to expand. The factors as marked are presented in the graph to the right.



One company cites government mandates as “other” reasons that allowed them to expand.

When asked if Barber County companies intend to increase or decrease the physical size of their facility in the next two years, 44 businesses responded. Seven businesses (16 percent) expect to increase in size. Thirty-seven of the remaining 44 businesses that answered (84 percent) expect the size of their business to stay the same.



Seven businesses indicated they expect to expand. Of those businesses, five foresee the expansion to occur within the same community, one company plans to expand within the county, and one will expand outside the county but wants to remain in Kansas.

Where will expansion occur?	
In the same community	5
In the same county	1
Outside county, but still in Kansas	1
Outside Kansas	0
Internationally	0

When asked if there were specific local advantages that influenced the company's decision to expand in Barber County, the expanding businesses cited reasons in the adjacent table.

Advantages to locating in this community	
Good local labor pool	1
Space was available	1
Low utility rates	0
Tax incentives/public financing	2
Strong local economy	1
Other	0

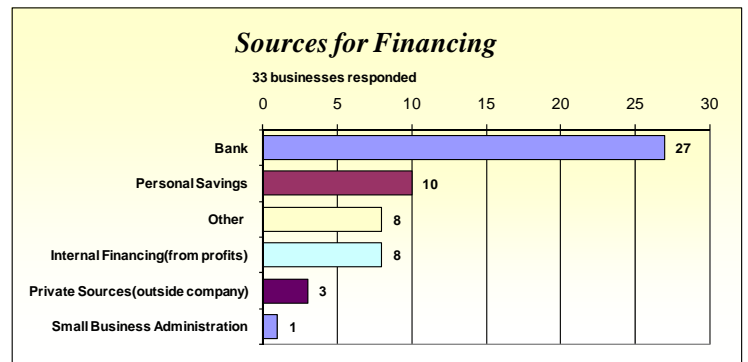
When asked if there were specific problems with expanding in the community, one business answered yes. The specific reason is cited in the table below.

Problems causing expansion outside this community?	
Yes	1
No	2

Specific Problems	
City taxes	0
Zoning Regulations	1
County taxes	0
Other reasons	1
Property and utility availability	

Financing and Government Regulations

Firms that obtained financing for an expansion, start-up capital or major capital investment within the past five years were asked to specify all sources of financing used. Primarily, businesses used banks for financing, but various other types of sources were also used.



A number of the businesses indicated more than one source of financing was used. In addition to the financing vehicles that are charted above, some companies used other ways to finance their expansion.

Number of Financing Sources Used	
Used 3 or more sources	7
Used 2 sources	10
Used 1 source	17

Other Resources	
Owner finance (4)	
Revenue Bonds	
USDA	
Not used anything used own	
Cooperative	

The businesses were asked what financing needs local financing institutions are not presently meeting. Responses included the following:

What financial needs are not presently being met by local financing institutions?

- Operating capital
- Limitation on what they can loan
- All of it
- Can't get college students because do not have internet banking

Also, the questionnaire asked if businesses had been forced to forgo expansions in the past five years due to lack of financing. Four businesses said "yes," and two indicated they are still interested in obtaining affordable financing for an expansion.

Have you foregone an expansion in the past five years for lack of financing?	
Yes	4
No	39
Not Answered	3

Still Interested?	
Yes	2
No	12
Not Answered	32

Surveyors were interested in knowing whether any legislation had a negative impact on Barber County businesses profitability. Eight companies indicated that local and state legislation does have a negative impact (see table below):

City or state regulations, laws or procedures have negative impact on your business' profitability?	
Yes	8
No	36
Not Answered	2

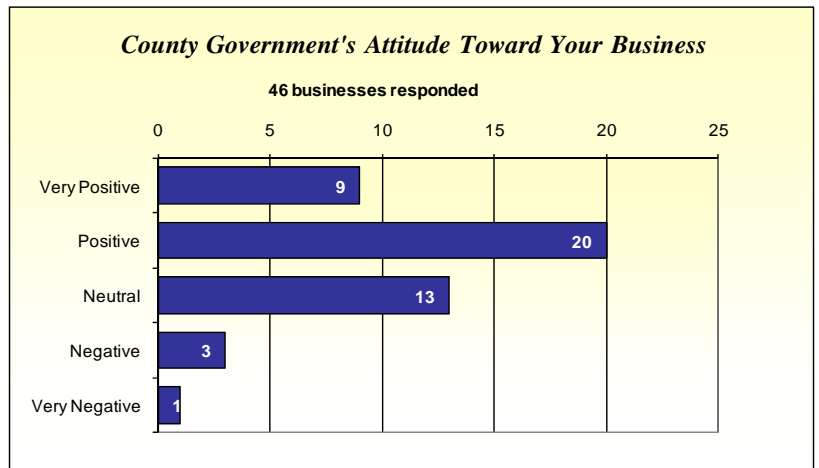
When invited to respond further about significant negative impact of city or state regulations, laws or procedures (e.g., zoning, environmental regulations, etc.), the businesses pointed to the following specific problems:

Negative impact items

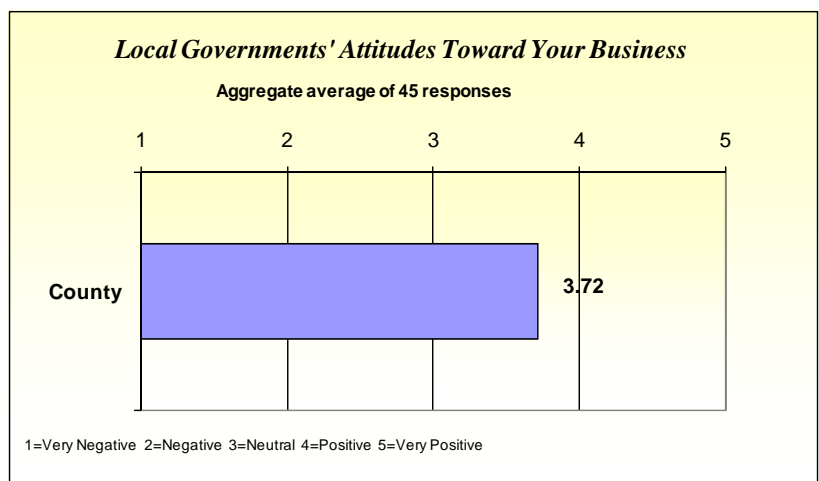
- Heavily regulated industry, spend a lot of money meeting requirements.
- The state funded a curb and guttering project. Our city administrator was in charge of the plan. The city administrator took away our front parking lot. The state later told us that the project was not handled correctly by our City Administrator and we were lied to. The state told us that if our City Council will write a letter requesting our parking lot back that the state will fund it. Our City Council has not followed through.
- HIPPA, Medicare regulations, fire/life safety codes
- Town council refusal to allow Sunday beer sales, refusal to be supportive
- Medicare D
- Banking regulations; high commercial tax; FDIC
- Federal laws
- Landfills - not lined county permits for right away work, state air quality

Community Attitudes and Quality of Life

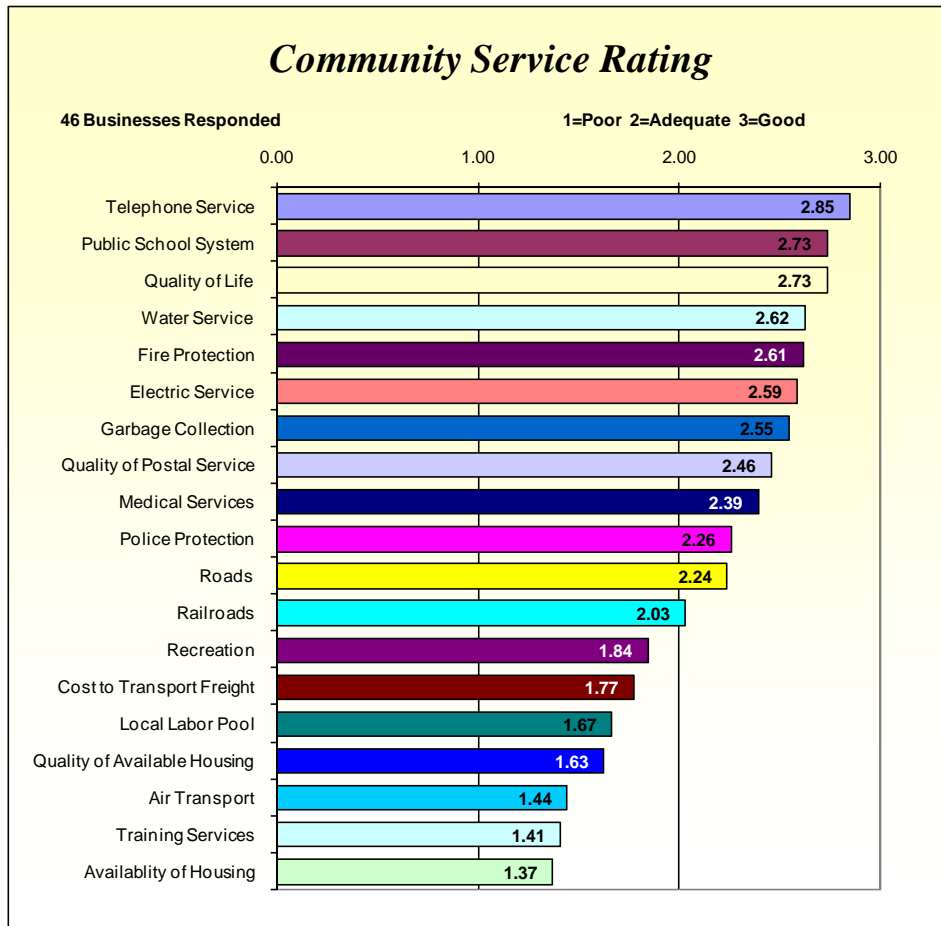
When asked to rate the county’s attitude toward their business, slightly more than half of the responding businesses felt the county had a positive or very positive attitude toward their business. Many responding businesses did not feel strongly positively or negatively, and four had a negative feeling about the county’s attitude toward their business.



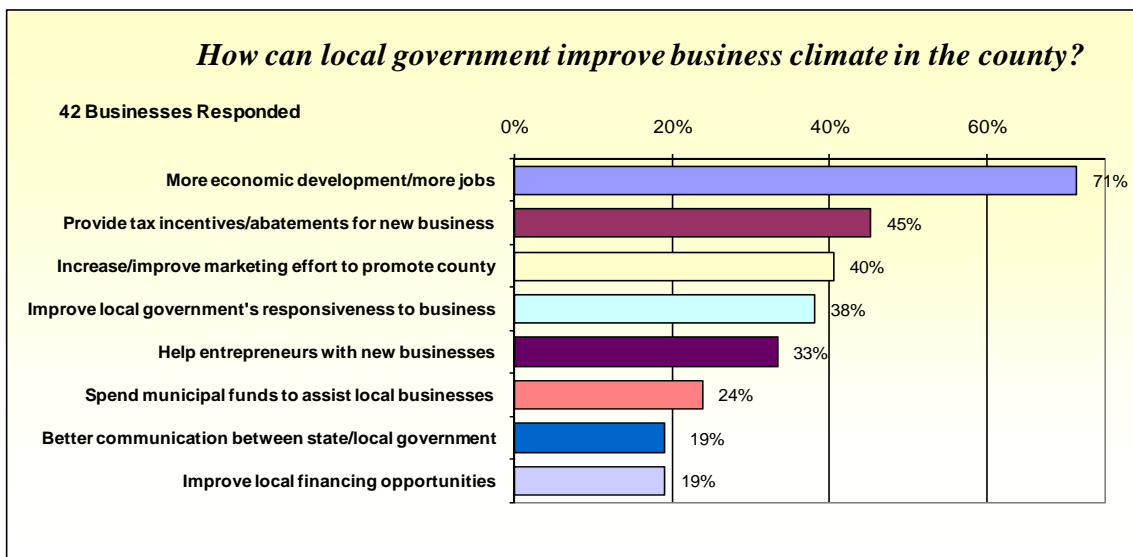
On a scale of one to five, with one being “very negative” and five being “very positive,” responses suggest the aggregate feeling of the local government’s attitude toward businesses is between neutral and positive.



The following services in the community were ranked by the businesses as illustrated in the chart below:

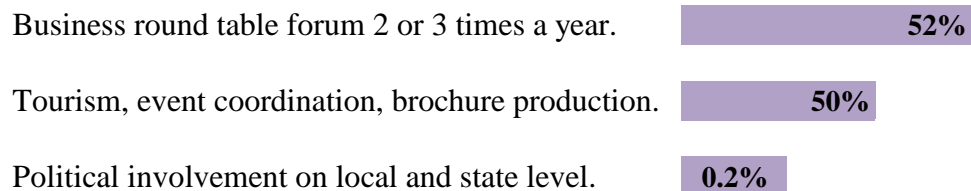


And finally, the businesses were asked to select from a list of actions that city or county government could take to improve the business climate. The chart below demonstrates what businesses felt were the most important of the choices given.



Barber County Development Community Information Statistics

Businesses were asked what areas of interest they would like their local Chamber to focus on.



41 businesses use an internet connection to conduct business.

More than half of these businesses connect with a speed **greater than 1.5 mbs.**

The top three business transactions conducted on the internet are:

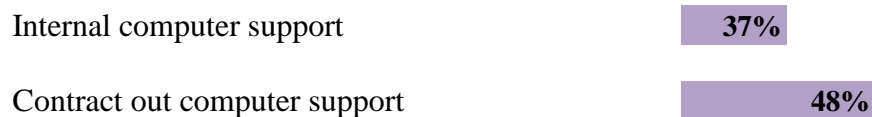
Purchasing
Research
Marketing

16 businesses have multiple locations.

The average business phone lines are 5.

21 businesses have an established website.

Businesses were asked about their computer maintenance.



Businesses in general stated response time for computer maintenance is acceptable.