

**BUSINESS  
RETENTION  
&  
EXPANSION**  
*Strategies  
Program*



**Department of  
Applied Economics**

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**University  
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# ISANTI

## Summary Report May 2001

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# **Isanti**

## **BUSINESS RETENTION & EXPANSION Strategies Program**

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## **City of Isanti Business Retention and Expansion Program**

Business Retention and Expansion (or simply BR&E) is increasingly being seen as an important local economic development strategy. While the attraction of new businesses and the encouragement of new start-ups are important, helping existing firms survive and grow is an essential part of economic development. With financial support from Connexus Energy, the City of Isanti BR&E Task Force came together to initiate this process designed to help their existing businesses prosper and expand.

### **Overview of the City of Isanti BR&E Program**

The City of Isanti BR&E Program has five objectives:

1. Demonstrate the community's appreciation for firms and their economic contributions.
2. Assist businesses in using available programs to enhance their competitive advantage.
3. Help businesses solve problems.
4. Develop strategic plans for long range BR&E activities.
5. Build community capacity to sustain growth and development.

### **Program Sponsors**

This program is sponsored by Connexus Energy. Other resources were provided by the City of Isanti, the Isanti Chamber of Commerce and Landmark Community Bank. Technical and research assistance was provided by the University of Minnesota's Department of Applied Economics, the University of Minnesota Extension Service, and Connexus Energy.

### **Program Organization**

The City of Isanti BR&E Program started in July, 2000, when citizens from the cities of Braham, Cambridge and Isanti, and officials from Connexus Energy and East Central Energy met to discuss a proposed Isanti County BR&E program. Duane Arens and Larry Peterson of Connexus Energy were instrumental in initiating these preliminary efforts. While Braham and Cambridge chose not to participate, the City of Isanti decided to

push ahead on its own. A leadership team was formed in October to lead the project. They met several times to learn about BR&E and plan the Isanti program. The Isanti City Council approved the city's participation in the Fall of 2000. Isanti was very fortunate to receive 100% of the program funding from Connexus Energy. The University of Minnesota BR&E strategies program approved the application in December, 2000. Duane Arens of Connexus and Michael Darger of the University of Minnesota's BR&E Strategies Program agreed to serve jointly as project consultants.

A Task Force of 14 people was appointed by the leadership team. Task force membership is listed below.

The first Task Force meeting was held December 9, 2000. The Task Force decided to target 44 firms. These were the five top employers among professional service and retail businesses, all the manufacturers and financial institutions, and a random selection of 23 other firms in the retail, professional and service categories (excluding four firms headed by members of the leadership team). A survey instrument was prepared by Michael Darger, of the BR&E Strategies Program. The leadership team tested the survey instrument during two practice firm visits. After the initial test visits several modifications were made to the survey. The Task Force offered several suggestions to improve the survey.

### **Task Force Orientation and Volunteer Training**

In January, 2001, the Leadership Team conducted the first meetings of the Task Force. The Task Force learned about BR&E techniques, reviewed the survey, and received training on how to effectively conduct the firm visits. Eleven people attended the first session, and 23 attended the second. Visitation began on the 24<sup>th</sup> and was completed by the end of February.

### **Firm Visits**

Between January 24<sup>th</sup> and the end of February, the Leadership Team and Task Force conducted 34 firm visits for a total of 36 (including the Leadership Team visits). Prior to the visits, the Leadership Team sent copies of

the survey to the firms. Visitors worked in teams of two and took responsibility for arranging and conducting the interviews. Eighty two percent of the targeted firms were interviewed, a very strong rate of participation for which the visitors should be proud.

### **Red Flag Review**

After the surveys were completed and returned, the Task Force met to review each survey and decide on how to handle the immediate follow-up. The first meeting was on February 19, with an additional meeting March 19. The Red Flag review is designed to identify and deal with immediate issues or problems discovered during the survey process, without the need to wait for formal analysis of the survey data. Prompt attention to issues raised, even when the issues may be intractable, creates a positive response from survey participants and builds good will.

### **Research Report Development**

The BR&E Leadership Team sent copies of the surveys to the University of Minnesota for tabulation and analysis. Julie Schuch entered the data into a spreadsheet and word processing files. Michael Darger prepared a summary for the state research review meeting. At the state research review meeting, a team of fifteen (listed later in this section) reviewed the results and suggested projects that might respond to the firms' needs. Laura Kalambokidis, Earl Netwal, and Michael Darger drafted this report based on the input of the state research review panel and other ideas.

### **Task Force Retreat**

A four-hour retreat was held on April 26, 2001. At this retreat, the Task Force established priorities on which major projects they wished to undertake. A committee was set up on each of the four priority projects shown in this report. If you have ideas, time, or other talents to contribute to these projects, then please contact one of the people listed.

### **People Involved in the City of Isanti Area BR&E Program**

Three groups of people have been very important to the success of the BR&E visitation

program. These include: 1) the Leadership Team, 2) the Task Force and 3) the firms visited.

### **City of Isanti BR&E Leadership Team**

The Leadership Team coordinated the BR&E program and participated in firm visits. Specifically, the team initiated and secured funding for the program, worked with the University of Minnesota to finalize the survey, recruited the Task Force, identified firms, and coordinated the visits. They also organized training for the visitors, conducted practice visits to test the survey and actual visits, and coordinated the red flag review process regarding firms' immediate concerns. In addition, some of the team members participated in the state review panel at the University of Minnesota and coordinated the task force retreat. The team will lead the group into the implementation phase once the retreat is completed.

### **BR&E Leadership Team**

Debbie Bray, Isanti Area Chamber of Commerce President, Direct On Target Marketing - Owner/CEO, Overall Coordinator and Media Coordinator

Nikki Sjodin, Isanti Chamber of Commerce Executive Vice President, Miller Automotive, Inc – Owner/President, Visitation Coordinator

Laverne Peter, Isanti Area Chamber of Commerce Treasurer, Peter & Assoc., LLC – Owner, Business Resource Coordinator

Louise Fuhol, Isanti City Council Member, Milestone Coordinator

Jill Reller, Jill Reller Signs – Owner

Mark Ziebarth, Isanti Middle School - Principal

### **City of Isanti BR&E Task Force and Volunteer Visitors**

The Leadership Team and many other community leaders participated as Task Force members. This group addressed red flag issues, and set priorities for action and implementation of selected projects. Task Force members also participated in firm visits.

**Table 1: Task Force Members**

Name	Category
Irene Bauer	Government
Ben Bjornson	Business
Debbie Bray	Business
Terry Dallek	Membership org.
Sue Edin	Business
Louise Fuhol	Government
Clark Joslin	Government
Sue Larson	Government
Cathy Lund-Ziebarth	Education
Brad Nikodym	Business
Alice Paulus	Business
Laverne Peter	Business
Susi Peterson	Business
Lyle Ranum	Business
Jill Reller	Business
Ken Runberg	Education
Nikki Sjodin	Business
Brian Strike	Business
Chris Stueve	Education
Mark Ziebarth	Education

In addition, the following people also made visits to firms.

**Table 2: Visitation Volunteers**

Duane Arens	Sharyl Haider
Deb Barblen	Lon Hollister
Sheri Barnes	Clark Johnson
Sue Beckman	Kevin Johnson
Clell Bone	Ann Lewandoski
Ed Bradley	Larry Peterson
Rick Christensen	Pat Schleeter
Angel Gruebele	Joanne Welcome
Brenda Gotz	

**Firms Visited**

Thirty-six firms were visited. The community wishes to thank the firms for their willingness to help the community understand the needs of existing firms.

**Table 3: Firms Visited**

Manufacturers/ Industrial Park	Respondents
Advanced Telemetry	Larry Kuechel
Bauerly Companies	Mitch Vidor
Classtique Upholstery	Colleen Loye

EnComm Midwest. LLC	Lon Hollister
Freeport Finishing	Mike McColley
Granger Machine	Angie Parker
Metal Coatings	Randy Polzin
North Anoka Control Systems	Bill Doty
Prints Charming	Mike Miller
Proto Tech Design, Inc	John Swanson
Rum River Ornamental Products	Walter Hartland
Summit Packaging	Bob Carlton
Team Powder Coating	Martin James
UPS	Kevin Ewert

<b>Retail</b>	
Creamery Cafe	Paul Peterson & Roger Fox
Elaine's Flowers & Gifts	Elaine Strike
Federated Co-op, Inc.	Dan Marshall
Green Barn	Cathy Sparks
Isanti Custom Meats	Sandy Larson
Isanti Hardware Hank	Mike & Arlene Urban
Isanti Rental	Wayne & Nancy Neifert
Isanti Subway	Tim Meinert
Jimmy's Pizza	Beth Krzes
Johnson Decorating	Melissa Rush
Mr. Pete's	Mark & Susi Peterson
Reichel's Meats & Grocery	Terry Reichel
Rum River VFW	Bill Binger
Sylvester's East Central Supply	Sue Larson
Wooden Churn	Audrey Anderson

<b>Financial Institutions</b>	
Landmark Community Bank	Kevin Johnson
MinnCo Credit Union	Rick Christenson

<b>Service</b>	
Caribbean Tan	Christine Traeger
Family Dentistry-Gordon Fredeen	Cindy Schockman & Jen Johnson
Isanti Tire & Auto Care	Bob Scheele
Teddy Bear Care	Jackie Dame & Terri Freman
Turpen Realty	Larry Turpen

## State Review Panel

This panel reviewed the tabulated survey results and suggested potential actions that might be taken by City of Isanti leaders in response to local firm concerns. The participants were:

Barbara Lukermann, Humphrey Institute, University of Minnesota; Larry Peterson, Connexus Energy; Michael Darger, Business Retention & Expansion Strategies Program, University of Minnesota; Bob Voss, East Central Regional Development Commission; Barb Chaffee, Central Minnesota Jobs & Training; Steve Sussman, Minnesota Dept. of Trade & Economic Development; Steve Reckers, Minnesota Department of Planning; Michelle Ostrom, Minnesota Dept. of Economic Security; Duane Arens, Connexus Energy; Sue Edin; Landmark Community Bank; Laura Kalambokidis, Dept. of Applied Economics, University of Minnesota; Nikki Sjodin, Isanti Chamber of Commerce; Susi Peterson, Mr. Pete's & SOS; Louise Fuhol, Milestone Coordinator and Isanti City Council; Earl Netwal, Dept. of Applied Economics, University of Minnesota.

## City of Isanti's Economic Profile

An economic profile of City of Isanti and the regional economy was prepared for the BR&E Task Force's use in the BR&E retreat on April 26, 2001. This profile gave an overview of population, income and employment trends in the City of Isanti. The economic profile is included in the City of Isanti BR&E Research Report, which is available for review at Isanti City Hall or from a Task Force member.

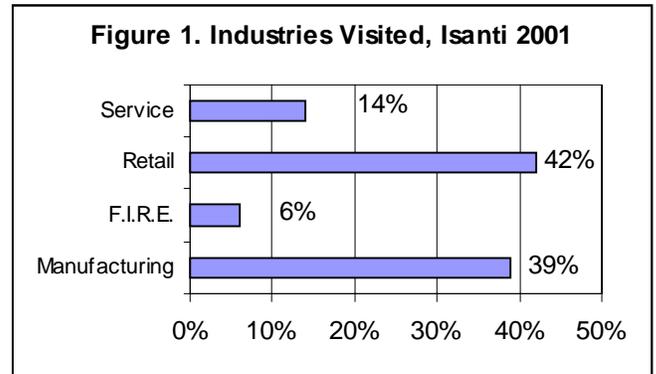
## BR&E Survey Results

This section presents the survey results from the 36 firms visited by City of Isanti community leaders in January and February. The characteristics of the firms visited are described first, followed by the strategies and priority projects selected by the Task Force. Selected survey results related to these projects are included in this summary. Additional survey results are in the Research Report.

## Characteristics of Firms Visited

Thirty-six firms were visited during the winter of 2001. These firms had 404 full time employees

and 231 part time employees. The industries represented in the sample were primarily from the manufacturing and retail sectors with a number of finance and service sector firms as well. See Figure 1.



Of the surveyed businesses, the manufacturing sector had the most full-time jobs (36.9%), followed by services (18.3%), and "other" industries (17.6%). Part-time jobs were most common in retail trade (33.3% of total part-time jobs), services (24.2%), and restaurants (22.5%).

Fifty-six percent of surveyed firms began operation in Isanti, and 69 percent were not a branch plant, a satellite, or a franchise. Most of the firms were closely held corporations (67%). Fourteen percent of firms were sole proprietorships, another 14 percent were an "other" form of business organization, and the remaining six percent of firms were evenly divided between public corporations and partnerships.

## Overview of BR&E Projects for the City of Isanti

Profits are the key to the retention and expansion of firms. While the owners of a firm often are attracted to nice places to live, a firm can only survive if it makes a profit (revenues exceed costs).

In a market economy, making a profit is the responsibility of the firm management and its employees, not community groups or local or state governments. However, the actions of these groups can sometimes help firms become slightly more profitable. The projects outlined below are aimed at helping firms

become more profitable and thus survive and grow in the community.

**City of Isanti BR&E Priority Projects:**

1. Help connect Isanti businesses with existing financing programs and management training resources.
2. Strengthen existing ties between businesses and schools.
3. Improve and promote the quality of life in Isanti by using tools like the Chamber of Commerce Web site to promote cultural and community activities.

4. Promote a positive community identity by developing a community theme or image.

**Project One. Help connect Isanti businesses with existing financing programs and management training resources.**

While the motivation for being more productive, reducing costs, and learning to better organize operations has to come from the firm owners, managers, and employees, there are a variety of programs that can help firms achieve meaningful results. It is often difficult, however, for businesses, especially small ones, to keep up-to-date with all of these programs and to know which ones fit their particular needs. Therefore one key strategy for business retention and expansion focuses on getting information to businesses on programs for increasing productivity and reducing costs.

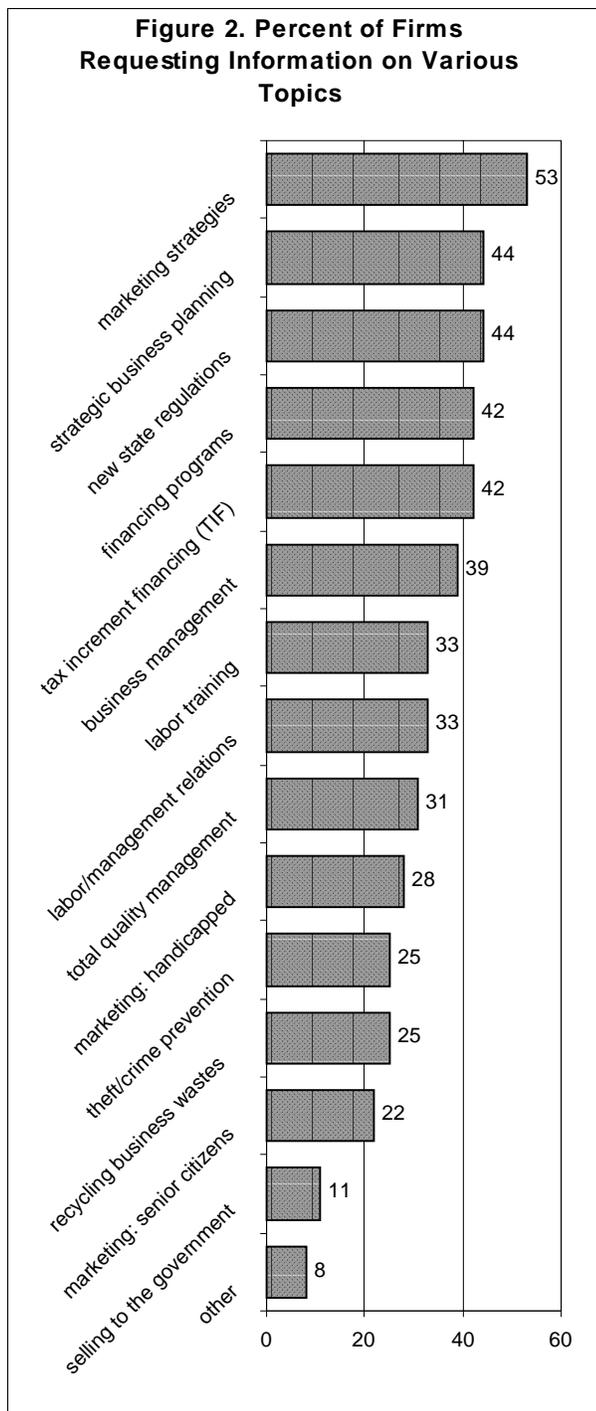
**Related Survey Results**

Firms in Isanti are eager for information on how to improve their businesses. Seventy-two percent of the surveyed firms requested information on one or more topics. In total, the firms made 173 information requests in 15 different areas of interest, averaging 6.7 requests per firm making a request.

Figure 2. shows the percentage of firms surveyed that requested information on various topics. Businesses also prioritized their top three areas of interest. Business management was named as one of the top three areas of interest by 39 percent of firms. Firms were also very interested in information on marketing strategies and financing programs, both of which were ranked in the top three by 33 percent of respondents. These topics were followed by strategic business planning, which was named in the top three for 30 percent of firms. These four topics were of broad interest, with at least 39 percent of surveyed businesses requesting information on them. The less frequently requested information may still be critical information for the firm(s) that needs it.

**Description of the Project**

The Task Force decided to create a project which would connect firms with sources of business financing; develop strong links with



the Small Business Development Center to obtain access to technical business assistance; and connect Isanti firms with management education resources.

The project team has already begun work. As a result, the Isanti EDA will be preparing a summary of financing programs available for businesses. Preliminary meetings have been held with additional resources which have demonstrated that there is a variety of potentially valuable information available.

Plans include the development of a business/economic development fair later this summer, probably in the school. The project team also expects to hold a series of meetings to address some of the various topics of interest disclosed by the survey and reported in Figure 2.

This project team consists of Nikki Sjodin, Louise Fuhol, Laverne Peter, Ben Bjornson, and Clark Joslin. They welcome your active support and participation.

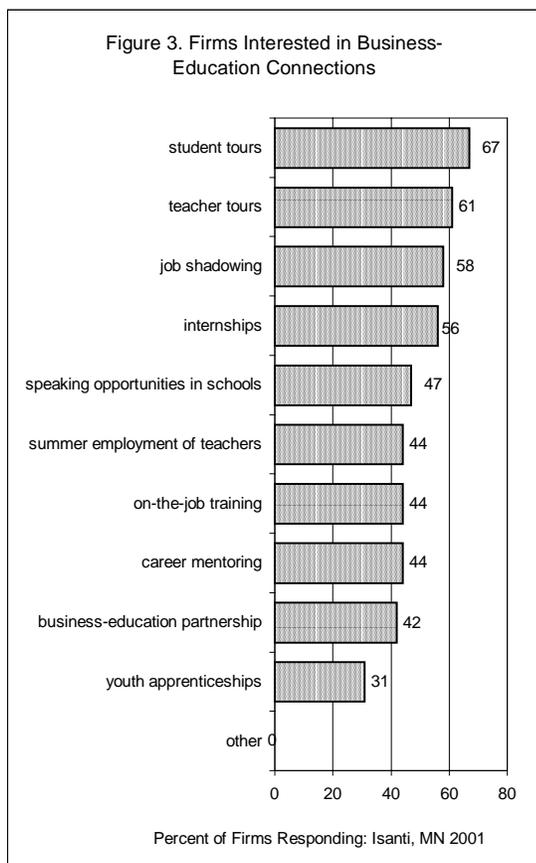
**Project Two. Strengthen existing ties between businesses and schools.**

In recent years the US, Minnesota, and Isanti County unemployment rates have been at or near record lows. The need for skilled workers is becoming an increasingly important aspect of business site selection considerations. At the same time new careers and new fields are emerging so rapidly, it's difficult for youth to evaluate their interests and aptitudes in these new fields. A sound business retention and expansion strategy focuses on increasing labor availability and productivity.

**Related Survey Results**

Surveyed businesses showed a great deal of interest in creating more connections between schools and businesses. Nearly all the firms expressed interest in at least one of the suggested programs, with student tours, teacher tours, job shadowing, and internships being the most popular. (See Figure. 3)

Linking Isanti's youth with area employers can help both parties and may build a long term economic link that can help build the community today and tomorrow. Connecting Isanti's youth to skilled jobs in Isanti has the added benefit of increasing the possibilities for them to build their lives and careers in Isanti.



**Description of the Project**

The task force decided that rather than attempt to create a new program, effort should be directed to exploring ways to work with existing programs such as the "Community as a Classroom" initiative now in place in the Cambridge/Isanti school system, as well as with the efforts of the East Central Workforce Partnership, a highly regarded non profit corporation charged with integrating the needs of employers with the resources of educational institutions (including high schools, technical and community colleges.)

The project team will contact and meet with representatives of the various existing programs, and schools including Cambridge Community College and Pine Technical College. They will distribute information on the various programs to area businesses in an effort to increase the level of business participation with the programs. They will be inviting representatives of various educational agencies to meetings in the city where they will

facilitate connections and recruit Isanti business people to become active in the programs and on The Community as Classroom committee. The project team for this strategy consists of Sue Edin, Mark Ziebarth, Alice Paulus, Cassie Bray, and Ken Runberg. Your assistance would be most welcome.

**Project Three. Improve and promote the quality of life in Isanti by using tools like the Chamber’s Web site to promote cultural and community activities.**

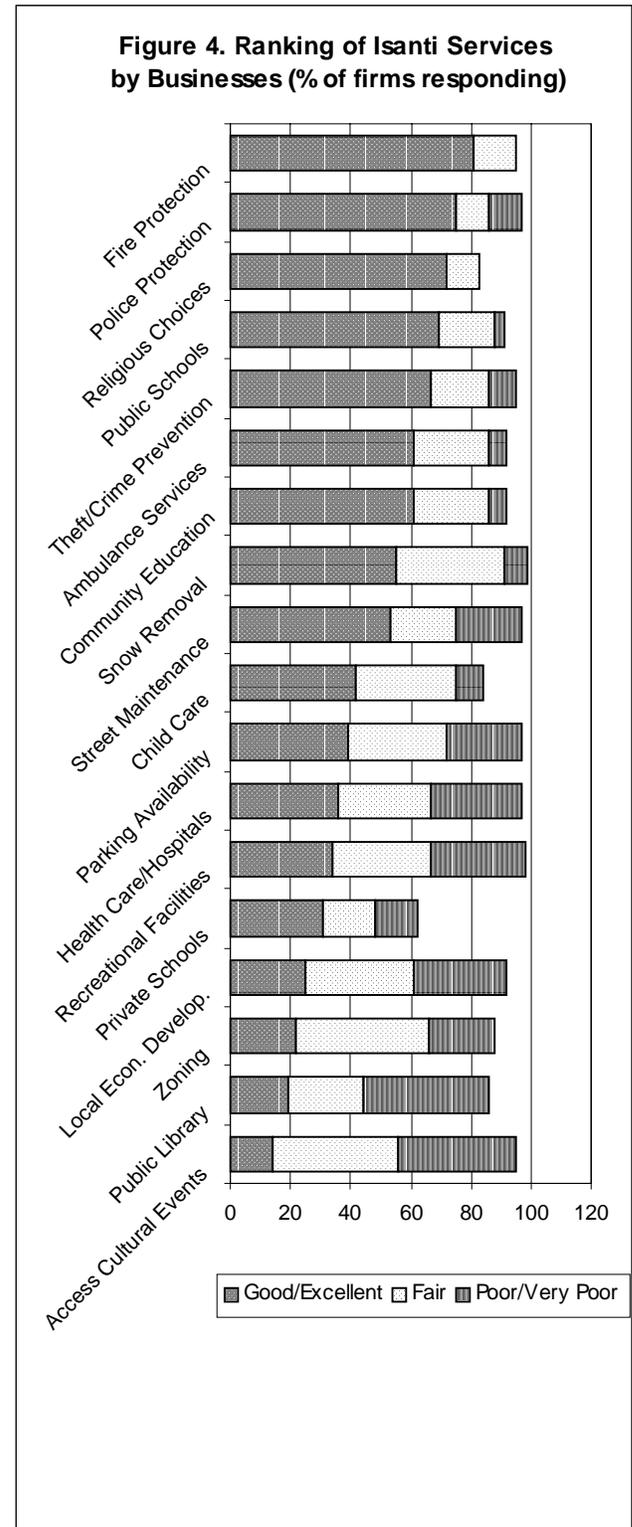
Profits are necessary for a firm to survive and grow in a community, but small business owners often consider other factors in their location decisions. In addition to profit potential, quality of life is a key factor in the location decisions of many firms. Local businesses rely heavily on local residents as customers and employees. The higher the quality of life, the greater the likelihood of a stable or increasing pool of labor and customers. A strong quality of life is an asset that a community can promote as a way of encouraging business expansion and recruiting new workers. Building Isanti’s “Quality of Life” is one of the key strategies for business retention and expansion.

The quality of life in a community is affected by the quality of public and private services for daily living (education, the arts, transportation, health care, recreational opportunities, etc.) Publicly provided services are financed through taxes, and residents are wise to compare the value of the services they get for their tax dollar. Improving the quality and efficiency of public services so that taxpayers receive more value per tax dollar is one way of improving the quality of life and increasing the value of the community asset.

**Related Survey Results**

Figure 4. shows how firms rated the various community services in Isanti. The Excellent and Good responses were grouped together as were the Poor and Very Poor responses to make the chart easier to understand. Most services were rated in the good to fair range, but four services were rated from poor to fair. Those were access to cultural events, public library, local economic development, and zoning. Recreational facilities and health care

and hospitals were rated fair, on average. Making improvements in the services that are lacking and promoting the services that are strong should make Isanti more attractive to current residents and potential new residents alike.



## Description of the Project

The Task Force decided that it was a priority to actively work to build the quality of life in Isanti. Their initial project will be to develop an informational Web page designed to promote existing and future community, social, and cultural activities. Through the Web page, the Task Force plans to facilitate local organizations as well as local businesses in their electronic outreach to the community. Effectively done, the Web page will help create a sense of community and pride in all the area's activities, by participants and non-participants. The challenge will be to develop a central site capable of meeting the diverse needs of the community, and the means to keep it current.

The project team will outline a Web page structure and will establish the initial scope and range of content to be included, identify the technical and human resources to operate and maintain the page, and establish procedures and policies to govern the site. They will set goals and timetables, make sure things get done, and monitor and report on progress over time.

This team consists of Debbie Bray, Brad Nikodym, Sue Larson, and Irene Bauer. They welcome your active support and participation.

### Project Four. Promote a positive community identity by developing a community theme or image.

The fourth project arose out of a sense by the Task Force that the community would benefit from a strong vibrant image or theme that could accentuate the positive essence of the City of Isanti. This would serve to not only build pride in the community, but can become the unifying marketing theme area businesses use to promote Isanti as a shopping destination to metro and non-metro visitors.

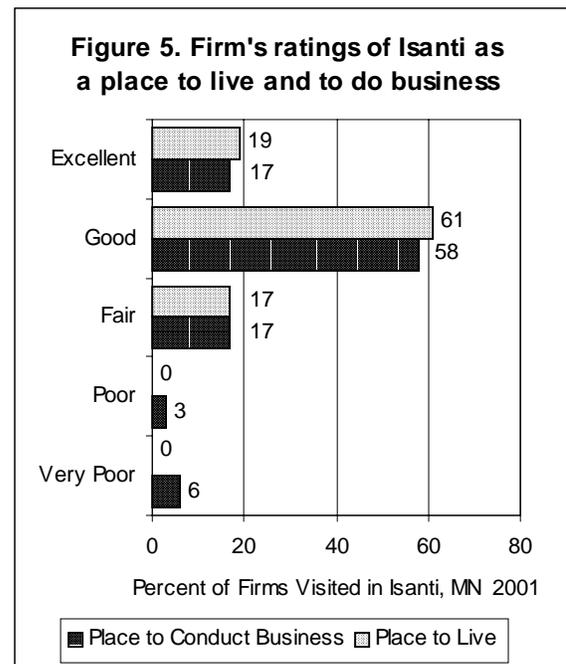
A community that has the ingredients to make most of its businesses happy has something going for it. Identify it, Name it, Celebrate it and Build it into a tradition that will be meaningful to future generations.

The effective use of an image or theme can serve as a useful strategy for business

retention and expansion, to the extent it helps local firms expand their customer base.

## Related Survey Results

There were no directly related survey results, although several merchants supported doing more cooperative advertising in the open-ended question portion of the survey. One piece of data from the survey does supply an underpinning for this strategy. The business owners who responded to the survey like to live here and they like to do business here. For the most part they are optimistic about the area and their business's future. (See Figure 5.)



Isanti firms had an overall positive opinion of the area as a place to do business and as a place to live. Seventy-five percent of the firms rated it as an excellent or good place to do business. Eighty percent rated it as an excellent or good place to live!

## Description of the Project

The project team has started brainstorming ideas and is initially focusing on a theme/image building on the Isanti City logo of a tree by the river. They suggest that a Theme of "Trees", with a Motto "Rooted in History, Branching out to the Future" with the Color "Green" as a central element in any designs may serve as a useful start.

They have developed a list of positive images associated with trees and applicable to Isanti. They have also discussed several ideas on how the images could be reflected in the business community and on city promotional materials.

They are also discussing several ideas that could be developed into annual seasonal events that could be built around the theme.

The project team will brainstorm ideas and concepts and draw up potential ways each concept could be executed, it will consult with interested parties in all sectors. A community image cannot be established over night or changed frequently. Thoughtful attention must go into the selection of a theme and a lot of hard work to establish it, maintain it, and keep it fresh over time. The project team will identify an appropriate theme/image and will secure overall community support for it. It will then implement a series of steps to promote the theme.

This team consists of Brian Strike, Jill Reller and Susi Peterson. They would welcome your support and participation.

**Additional Information:** See the City of Isanti BR&E Research Report, April, 2001, for this project. Copies are available for review at Isanti City Hall or from a Task Force Member.

**Your Role:** Everyone in the community has a responsibility to help retain and expand existing businesses. To explore how you can help, check with the individuals on the project teams for the four priority projects.



**Prepared by:** The Task Force, listed on page three, selected the priority projects. This summary report was written by Earl Netwal, with assistance from Michael Darger and Laura Kalambokidis all from the Department of Applied Economics, University of Minnesota. This publication is available in alternative formats upon request. Please contact Michael Darger at (612) 625-6246.

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