

**BUSINESS
RETENTION
&
EXPANSION
Strategies
Program**

LYON COUNTY

Summary Report

March 2011

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Chapter II provided by:



Lyon County

Business Retention and Expansion Strategies Program

Summary Report
May 2011

Written by:

Brigid Tuck
University of Minnesota Extension Center for Community Vitality

For more information about the Lyon County BR&E Program contact:

Cal Brink
Marshall Area Chamber of Commerce
(507) 532-4484
calb@marshall-mn.org

or

Neil Linscheid
Extension Educator in Community Economics
University of Minnesota Extension
(507) 337-2800
lins0041@umn.edu

Lyon County Business Retention and Expansion Program

Communities recognize that helping existing businesses to survive and grow is a vital economic development strategy. The Lyon County Business Retention and Expansion Program (BR&E) is designed to assist the county's businesses in thriving and expanding. While the attraction of new businesses and new business start-ups are important components of any economic development strategy, research has shown that 40 to 80 percent of new jobs are created by existing businesses rather than by new businesses.

The Lyon County BR&E Program is a comprehensive and coordinated approach to assisting existing businesses. Visiting current businesses and learning their concerns is only one component of the process. The BR&E program builds awareness of issues that businesses face and builds capacity for the community to address these issues. The program assists local leaders and community members in working together to provide solutions to business concerns.

Objectives

The Lyon County BR&E Program has five objectives:

1. To demonstrate support for local businesses
2. To help solve immediate business concerns
3. To increase local businesses' ability to compete in the global economy
4. To establish and implement a strategic plan for economic development
5. To build community capacity to sustain growth and development.

Sponsorship

The Lyon County BR&E Program is sponsored by: Lyon County, Marshall Economic Development Authority, Cottonwood Economic Development Authority, Tracy Economic Development Authority, Marshall Area Chamber of Commerce, Minnesota Department of Employment and Economic Development, and University of Minnesota Extension.

BR&E History

Organizing and launching a BR&E program in a community typically takes initiative from a core group of community members who are interested in seeing the program implemented. As community members begin planning for the program, they identify five to eight individuals willing to serve on the Leadership Team. The Lyon County Leadership Team held its first meeting on August 24, 2010, thus officially launching the program.

Business Visits

Participants in the Lyon County BR&E Program visited 87 businesses. The Task Force used a combination of random and convenience sampling to select businesses targeted for visits. A list of all businesses in Lyon County was obtained from InfoUSA. The businesses were assigned a random number and then sorted from highest to lowest. The top fifty businesses on the list were selected for visitation. The Task Force examined the list of selected businesses and added businesses they felt were critical in the BR&E process. Any business not included on the list could "opt in" and request to be visited by the team. As a result of this business selection process, the sample of businesses visited was not entirely random; rather it was a "convenience" sample. Convenience samples are

typical of many BR&E programs. They are not statistically representative of the greater business population, yet represent the businesses that were interviewed. The Task Force's goal was to visit 100 businesses.

Out of 100 businesses targeted to participate in the Lyon County BR&E program, 87 completed the survey visits. This represents an overall response rate of 87%, which is considered a strong response rate. The strong response rate is likely due to a variety of reasons, including: 1) The program's reliance on volunteer visitors, instead of mailing the survey; 2) The involvement of community leaders, which demonstrates the program's commitment to businesses and action; 3) the promotion of the program in local media sources; and 4) the dedication of the visitation coordinators in each participating city. An 87 percent response rate could also be considered strong given that local businesses had recently been interviewed for a strategic planning effort in Marshall.

Warning Flag Review

The Warning Flag Review session is an opportunity for the Task Force to identify individual business concerns that need immediate attention. The Task Force held Warning Flag Review sessions on October 20, October 27, and November 17, 2010. A sub-set of the full Task Force met to review the surveys for warning flags. The group also discussed general trends and themes in the warning flag data.

State Research Review

After the surveys were completed, they were forwarded to University of Minnesota Extension for data entry and tabulation. The results were then shared with a state research review panel of economic development

professionals, University of Minnesota faculty, and Task Force members at the state research review meeting. Conducted on January 10, 2011, the state research review team examined the survey results for strengths, weaknesses, opportunities, and threats. The review team then suggested projects the Task Force may want to consider to address identified issues.

Research Report Development

Following the state research review, a research report was prepared. The research report presented four overarching strategies the Lyon County BR&E Task Force could consider adopting to address general issues reported by the businesses. Under each of these strategies, the report provided a list of potential projects based on suggestions of the state research review team.

Task Force Retreat

A four-hour Lyon County BR&E Task Force retreat was held on March 16, 2011 in Marshall. At this retreat, the Task Force was presented the research report. The presentation included an overview of demographic and economic changes and trends in the community and county, the composite results of the business surveys, and the four strategies.

The Task Force reviewed and discussed the written potential projects and developed a few new potential projects. In the end, the Task Force established and adapted four priority projects and made one project endorsement. These priority projects and the endorsement are featured 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 in the Lyon County BR&E Program

Leadership Team

The BR&E Leadership Team is responsible for the overall coordination of the program and also participates fully in the program. The Leadership Team is as follows:

Overall Coordinator – Cal Brink,
Marshall Area Chamber of
Commerce

Business Resource Coordinator –
Shirley Hiller, Job Jockeys

Milestone Meeting Coordinator – Gayle
Bofferding, Brown & Brown
Insurance

Visitation Coordinators – Robert
Gervais, Tracy Economic
Development Authority and Charles
Seipel, Cottonwood Economic
Development Authority

Media Coordinator – Marcia Loeslie,
City of Marshall

Lyon County BR&E Task Force

Many community leaders participated as Task Force members. This group addressed warning flag issues, set priorities for action, and will assist in implementing the chosen projects. Task Force members (listed below) also participated in business visits.

Joe Andries	US Bank
Bill Archbold	Northwestern Mutual
Gary Becker	Becker Iron and Metal
Mike Boedigheimer	Wilson O'Brien
Dick Boerboom	Murrayland Agency, Inc.
Kim Boom	Southwest Minnesota State University

Brian Bromen	Bromen Office Supply
Greg Bucher	Stoneberg, Giles & Stroup
Chad Buysee	Agriliance
Robert Byrnes	City of Marshall, Mayor
Chris Carl	Ghent City Council
Jay Cattoor	Cattoor Oil
Bill Chukuske	Chukuske Handyman
Shauna Davis	Tracy Economic Development Authority
Rebecca Day	Minneota Chiropractic Clinic
John DeCramer	BH Electronics, Inc
Alisa DeSaer	Southwest Minnesota State University
Linda Dieken	Extreme Panel Technologies
Larry Doom	D&M Implement
Mike Dulas	Dulas Construction
Dave Edens	Schwan's
Linda Erb	Marshall Area Convention and Visitor's Bureau
Jacob Fahl	Bremer Bank
Stacy Frost	Southwest Minnesota State University
Dennis Fultz	Fultz Farms, Inc
Norm Gregerson	Greig-Gregerson Management
Katrina Gregor	Tracy Economic Development Authority
Al Greig	Greig-Gregerson Management
Claire Hannasch	Mayor of Tracy, Retired
Lori Hebig	Sanford Tracy Medical Center
Peter Hellie	North Star Insurance
Mike Henle	Henle Printing
Dan Hermann	Runnings
Andrew Hlubek	Southwest Minnesota State University
Jennie Hulsizer	Marshall City Councilmember
Brian Jones	Marshall Public Schools
Pat Leary	Lyon County Community Member
Mike Lee	Lee Taekwondo
Cathy Lee	City of Marshall
John Lenz	Professional Dental Lab
Ellen Lenz	Mayor of Cottonwood
Chet Lockwood	Lockwood Motors

Val Lubben	Tracy Chamber of Commerce
Erik Luther	Burger King
Pat Lutterman	Prudential Elite
Roger Madison	Bremer Bank
Mary Maertens	Avera Marshall Regional Medical Center
Linda Magnuson	Cottonwood City Council
Ben Martig	City of Marshall
Chris Moede	Lyon County Community Member
Tracey Mork	US Bank
Ken Mukomela	Southwest Minnesota State University
Ken Noyes	Grand View Financial
Amed Omar	Hindi Store
Tony Peterson	Salmon Automotive
Bruce Remme	Marshall Public Schools
Mike Rich	Southwest Minnesota State University
Tom Ries	HyVee
Dan Ritter	SW Sanitation
Brad Roos	Marshall Municipal Utilities
Sammie Saldendine	Downtown DD
Charlie Sanow	C & C Cleaning
Larry Schiavo	Vader Hagen, Skogrand & Associates
Ken Schiller	Midwest Supply Store
Jeff Schemmel	Schwan's Food Company
Randy Serreyen	Wells Fargo
Al Smith	Cottonwood Economic Development Authority
Charlie Snyder	Sanford Tracy Medical Center
Walter Strangman	Minneota
Brad Strootman	KARL Marshal Radio
Liz Struve	Southwest Minnesota State University
Jeff Thompson	Schwan's
Jackie Turner-Lovsness	Southwest Initiative Foundation
Dawl Vlamincik	City of Ghent
Klint Willert	Marshall Public Schools
Scott Williams	Bisbee Plumbing and Heating
Bernard Wing	Grace Life Church
Bill Ziegenhagen	Marshall Small Engines

Businesses Visited

Eight-seven businesses were visited as part of the Lyon County BR&E Program. The community greatly appreciates their willingness to help the community understand their needs. The businesses' survey responses are confidential, yet it is important to credit their participation by listing their names here.

Action Sports
ADM
Affiliated Community Medical Center
Avera Morningside Heights Care Center
Awards Plus
BH Electronics Inc
Bisbee Plumbing & Heating
Bofferding Flower Shop Nursery
Breezy Meadow Retreat
Breezy Point Tavern
Bremer Bank
Buenas Store
Burger King
Butterfly Playhouse
C&N Sales Company Inc
Car Toyz Signs Plus Graphix
CHS Inc
Cottonwood Body Shop
Cottonwood Building Center
Cottonwood Co-Op Oil Company
Cottonwood Grocery
D & G Excavating
Deanna Marie's
Empire Realty
Extreme Panel Technologies
Farmers Cooperative Elevator
Fieldcrest
Floor to Ceiling
G&R Electric
Gislason Hardware, Inc
Greenwood Nursery, Inc
Hardees
Hardware Hank

HiRel Systems LLC
 Hitching Post of Marshall Inc
 Housing & Redevelopment Authority
 West Prairie Apartments
 Hydroswing Inc
 HyVee
 James R Kontz Insurance Service
 John Domine Equipment
 John's RX Drug
 LA Voy's Repair
 Lakeview Schools
 Lyon County Farm Service JV
 Marshall Municipal Utilities
 Marshall Floral
 Marshall Independent
 Mc Laughlin & Schulz Inc
 Mears Electric
 Mid Continent Cabinetry
 Mike Buysse Construction
 Morey's Small Engine Specialists
 Norm's GTC
 North Star Mutual Insurance Company
 Northwestern Farm Management
 Papa John's Pizza
 Paxton Signs
 Prairie Designs
 Prairie Pride
 Professional Dental Lab
 R H Sealcoating
 Ralco Nutrition Inc
 Rem Southwest Svc Inc
 Rick's Taxidermy & Bait
 Robert L Carr Company
 Runchey, Louwagie & Wellman
 Schwan's Food Company
 Secondwind CPAP LLC, Midwest Sleep
 & Respiratory
 Shopko
 Silver Dollar Bar
 Southwest Minnesota State University
 Southwest Minnesota Technology
 Titan Machinery Inc

TNT Plus Inc
 Town & Country Hearing
 Tracy Floral Gifts & Garden
 Tracy Lanes
 Ufkin's Furniture & Appliance Inc
 United FCS
 United Southwest Bank
 US Bank
 Wal-Mart Supercenter
 Wells Fargo Bank
 Wooden Nickel
 Xcaliber

Consultant

Neil Linscheid, University of Minnesota Extension, served as the BR&E consultant for the Lyon County BR&E Program. This included coaching and advising the local Leadership Team, conducting volunteer visitor training with the Task Force, assisting the Leadership Team in business selection, facilitating the warning flag review meetings, and participating in the state research review panel.

State Research Review Panel

The panel reviewed the tabulated survey results and suggested potential actions that might be taken by Lyon County business and community leaders in response to local business concerns. Participants in the January 10, 2011 meeting were:

University of Minnesota Extension Center for Community Vitality:

- John Bennett, Regional Educator
- Michael Darger, Program Leader
- Neil Linscheid, Regional Educator
- Brigid Tuck, Analyst/Writer

University of Minnesota:

- Ingrid Schneider, Tourism Center

- Laura Kalambokidis, Applied Economics
- Ward Nefstead, Applied Economics
- Nathan Paine, Applied Economics

Lyon County Task Force:

- Gayle Bofferding, Brown & Brown Insurance
- Cal Brink, Marshall Chamber of Commerce
- Shirley Hiller, Job Jockeys
- Marcia Loeslie, City of Marshall
- Ben Martig, City of Marshall
- Charlie Seipel, Cottonwood Economic Development Authority

Lyon County Economic and Demographic Profile

An economic and demographic profile of Lyon County was prepared for the research report, which was presented at the Lyon County BR&E Task Force retreat. The profile was written by Cameron Macht of the Minnesota Department of Employment and Economic Development. The profile contains statistics on population, employment, income, commuting means, and educational attainment.

A full copy of the profile can be viewed in the research report, which is available from Cal Brink, Marshall Area Chamber of Commerce.

Lyon County BR&E Survey Results

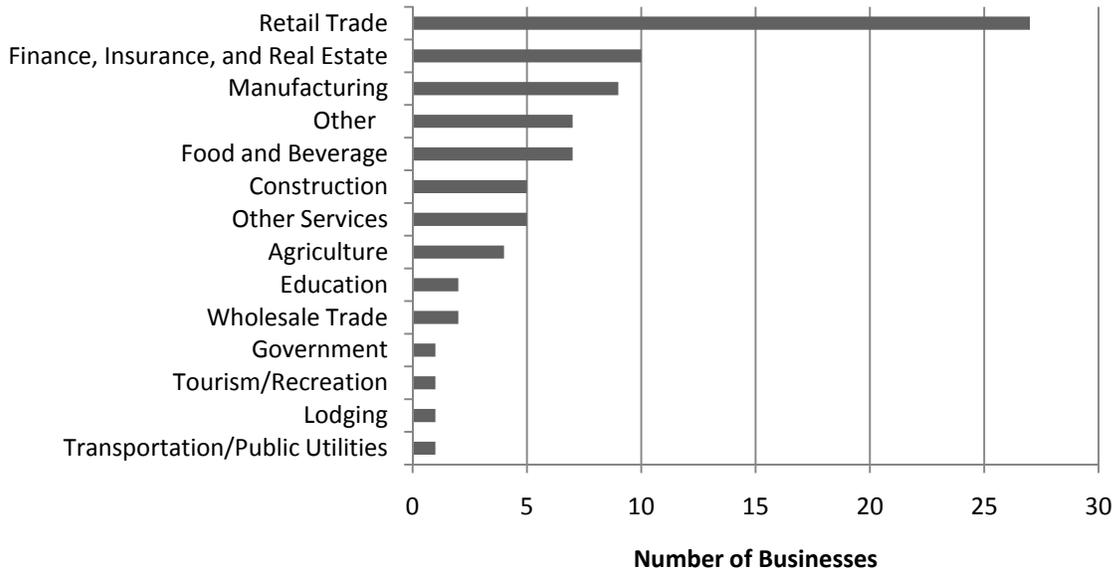
Following are survey results from the 87 businesses visited. The businesses' characteristics are summarized first, then priority projects selected by the Task Force are outlined. Survey results related to those projects are included in this summary report. Additional survey results, including four strategic themes, can be found in the research report.

Characteristics of Businesses Visited

Of the eighty-seven businesses visited, 74 percent reported local ownership. All of the non-locally owned businesses have headquarters in the United States. Thirty-six of the businesses have multiple locations. While the other locations are distributed across the United States, more than half include other locations in southwestern Minnesota. Locally-owned companies reported approximately one-third of total employment in the survey.

Respondents were asked to indicate which industry category best described their business. Nearly a third of the responding businesses reported being involved in retail trade, making it by far the most represented industry (see Chart 1).

Chart 1: Which Industry Classification Best Describes Your Business?

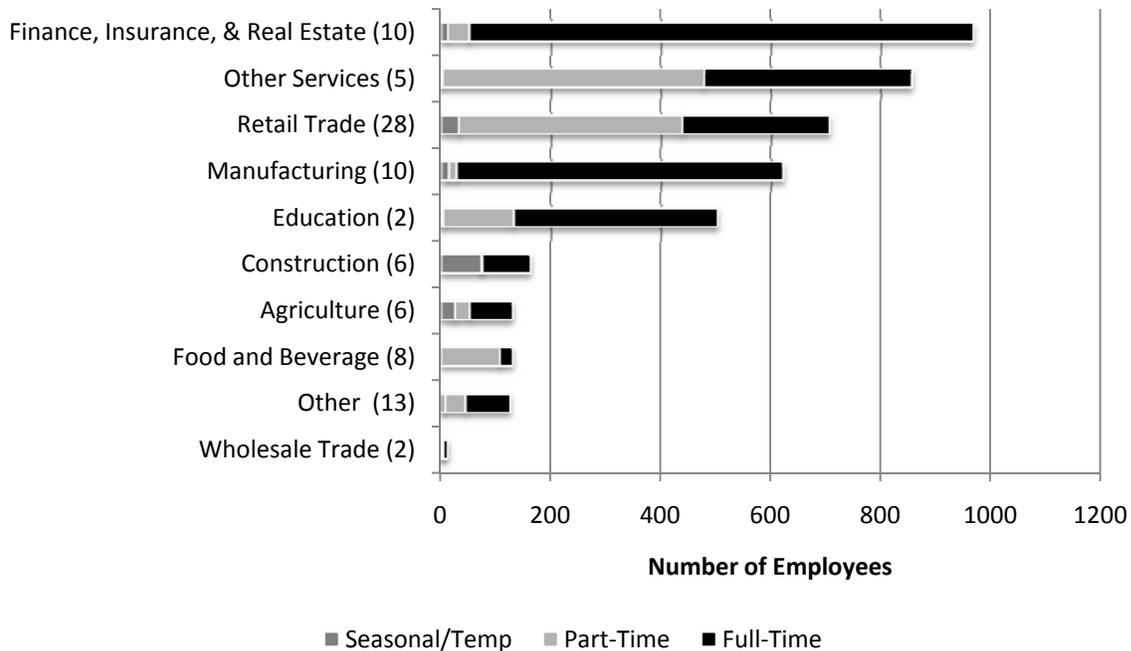


Businesses surveyed in Lyon County currently employ a total 4,177 individuals. The businesses report employing 356 more employees than

three years ago. The majority of this increased employment is in the form of part-time employment.

The ten finance, insurance, and real

Chart 2: Employment by Industry Classification



estate businesses that participated in the survey had both the highest share of total and full-time employment (Chart 2). The other services industry, which includes medical and health care facilities, provided the second highest share of total reported employment, followed by the retail trade industry.

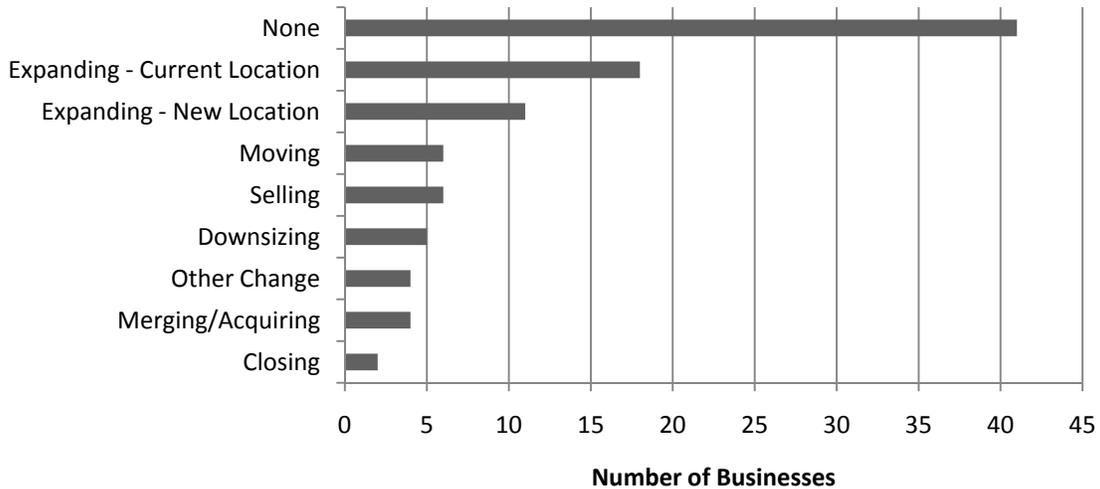
Businesses surveyed in Lyon County are planning for change, as shown in Chart 3. Over half of the businesses are considering expanding, moving, selling, downsizing, merging/acquiring, or

downsizing report 146 total employees. The two businesses considering closing have total employment of four people.

Lyon County BR&E Priority Projects

On March 16, 2011, the Lyon County Task Force met to discuss the survey results and to generate project ideas designed to address some of the themes identified during the survey process. As a result of this meeting, the

Chart 3: Are You Currently Considering?
(Select All That Apply)



closing. Thirteen of the visited businesses are contemplating more than one of these changes.

Businesses contemplating change control a considerable amount of employment in the county. Businesses considering expanding in their current location reported having total current employment (including full-, part-time, seasonal, and temporary) of 1,970. Businesses considering expanding at a new location employ 1,110 people. Businesses considering merging have 1,428 employees. Those contemplating

Task Force identified four priority projects for implementation. The Task Force also endorsed one project currently under progress in Marshall.

Endorsed Project: Build Amateur Sports Center and Expand the M.E.R.I.T. Center

Survey results indicate a need for additional retail and tourism opportunities in Lyon County. The Task Force recognizes that an effort, with significant support from the community, is currently underway to build the

amateur sports center complex and expand the M.E.R.I.T. (Minnesota Emergency Response and Industrial Training) Center in Marshall. Many members of the Task Force are also involved in some way in this project, therefore, the Task Force decided not to select this project for implementation. However, the Task Force does recommend that this project be implemented as it has potential to assist the business community in Lyon County.

Priority Project #1: Host a Lyon County Business Summit

All businesses, despite their local environment, are subject to competing in the global marketplace. Economic trends at the national, state, and local level are of critical importance to businesses. A common understanding of the current economy among businesses, local economic development professionals, and citizens can help the community be poised to assist local businesses.

Related Survey Results

Survey results indicate that businesses are concerned with, but optimistic about, the economy. When asked to indicate why employment had changed over three years prior, a third of businesses (34 percent) indicated it was due to changes in demand. An additional ten percent stated profit changes were a contributing factor. Businesses are also planning to hire in the next three years. Nearly a quarter of businesses plan to add employees.

Project Plans from the Committee:

The goal of this project is to host an event to inform local businesses and citizens. Topics to be discussed include the BR&E survey results, updates on the BR&E projects, new U.S. Census demographic data, and updates from CEOs on local business conditions.

This committee is led by Cal Brink, Shirley Hiller, Gayle Bofferding, Robert Gervais, Charles Seipel, and Marcia Loeslie.

Priority Project #2: Strengthen Local Capacity to Be More Resourceful to Businesses

Businesses spend a considerable amount of time and resources preparing plans for the future. Both moving and expanding require a business to be proactive. Often, during the planning process, businesses encounter obstacles that make their planned move and/or expansion difficult or impossible. By developing local capacity to assist businesses in these transition periods, communities can increase their ability to retain and grow local businesses.

Related Survey Results

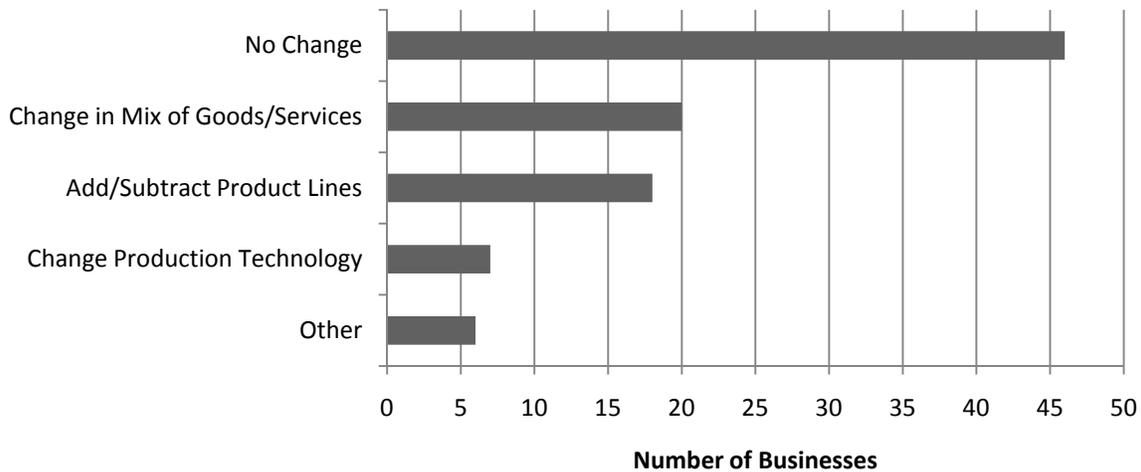
Survey results indicate that businesses in Lyon County are preparing for change, either in location, production, and/or technology. As depicted in Chart 3, more than half of all businesses indicated they would be making some kind of location change. When asked why they were considering downsizing, selling, moving, and/or closing, the most popular responses were changing market conditions, retiring, and overcrowded building(s).

Just under half (47 percent) of the surveyed businesses reported preparing for changes in their business plan in the next three years (see Chart 4). When asked what impact the business plan changes would have on the number of employees, twenty-three percent of businesses reported they would be adding employees for a total of 192 projected new jobs. Three percent of businesses said they would reduce employees for a loss of nine jobs. Five percent of businesses indicated they would reduce employee's schedules by

Priority Project #3: Retain Students, Attract Newcomers, and Centralize Communications

Businesses owned and operated by skilled, well-trained individuals can achieve a greater level of efficiency. This efficiency can then translate into higher productivity and eventually higher profits. Business owners and workers are constantly learning and developing. This drive to enhance and develop workplace skills is an indication of, and a necessity for, a successful business.

Chart 4: Business Plan Changes in Next Three Years? (Select All That Apply)



an average of 13 hours per week.

Project Plans from the Committee:

The goal of this project is to develop a "Why Lyon County" toolkit. This countywide toolkit would be designed for businesses considering expanding or modernizing. A key task of the committee will be to compile a list of resources available to the businesses in the county and provide to each city.

This committee is led by Gayle Bofferding and Linda Magnuson.

At the same time, businesses need productive employees to generate profits. In order to attract these workers, businesses must be skilled at recruiting.

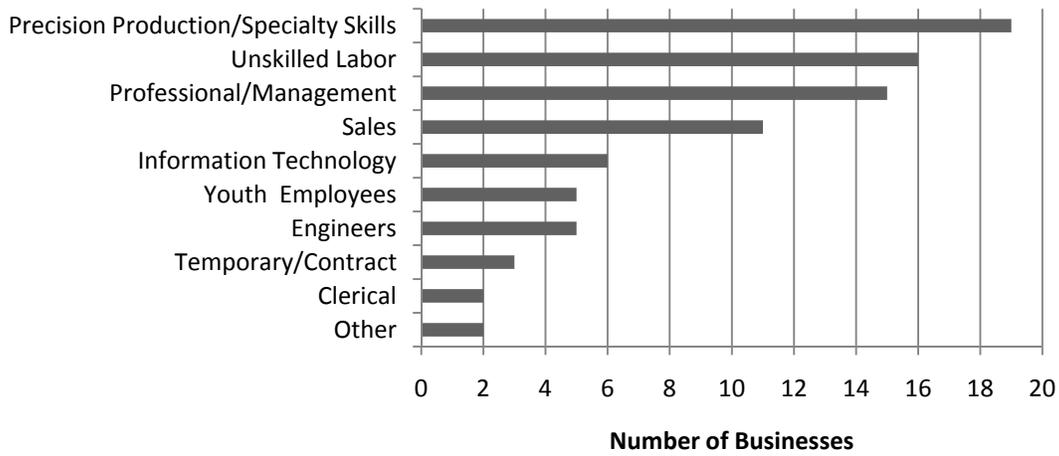
Related Survey Results

Survey results indicate a need for additional training. Forty-six of the 87 businesses surveyed (52 percent) indicated they had a need for one of the 32 training topics listed on the questionnaire. Popular training categories included sales/marketing and managerial skills. Further, 38 percent of

businesses indicated there were major technical innovations on the horizon in their industry. Of those, eighteen percent said the new technologies would require retraining of their labor force.

through matching with businesses, and 2) to recruit and retain newcomers. The second goal of the project is to increase collaboration among individuals, agencies, organizations, and businesses that provide business

Chart 5: Does Your Business Have Problems Recruiting the Following?



Businesses were questioned about their ability to recruit employees in a series of different employment categories. The responses are depicted in Chart 5. The most frequently cited employment category of concern was precision production and specialty skills. Nineteen businesses reported trouble recruiting this type of employee. Also frequently cited were unskilled labor, professional and management, and sales. Note that three of the four top categories with recruiting issues require some level of skill, training, and education.

Project Plans from the Committee:

The first goal of this project focuses on methods to attract and retain talent in Lyon County. The committee will explore ways to 1) keep students who want to stay in the community, perhaps

training in the county. The plan is to bring training providers together to develop a centralized location for promoting training opportunities. This could include a central website with access to a calendar. Other ideas being discussed include communicating more clearly to businesses about the benefits of training (give examples of successes), addressing issues that might limit businesses from participating (employee time off) and the possibility of a Chamber-sponsored customer service award to encourage business participation in customer service trainings.

This committee is led by Shirley Hiller, Amber Crowley, Andrew Hlubek, Al Smith, Bernie Wing, Cathy Lee, and Mike Lee.

Priority Project #4: Improve Retail Trade, Infrastructure, and Tourism Opportunities in Lyon County

Businesses thrive in attractive, accessible communities. These communities draw resources that businesses require, whether those resources are quality employees, tourists, or desired goods and services. Businesses need these resources to be successful and profitable. By working together to position Lyon County as an attractive, accessible community, the Task Force can assist businesses in prospering.

Related Survey Results

As a whole, the Lyon County businesses surveyed value foot traffic through the community. When asked “do you think promoting the area to visitors is in the best interest of your business”, 59 percent of businesses responded yes. When asked to elaborate on how promoting the area helps their business in an open-ended question, many of the responses

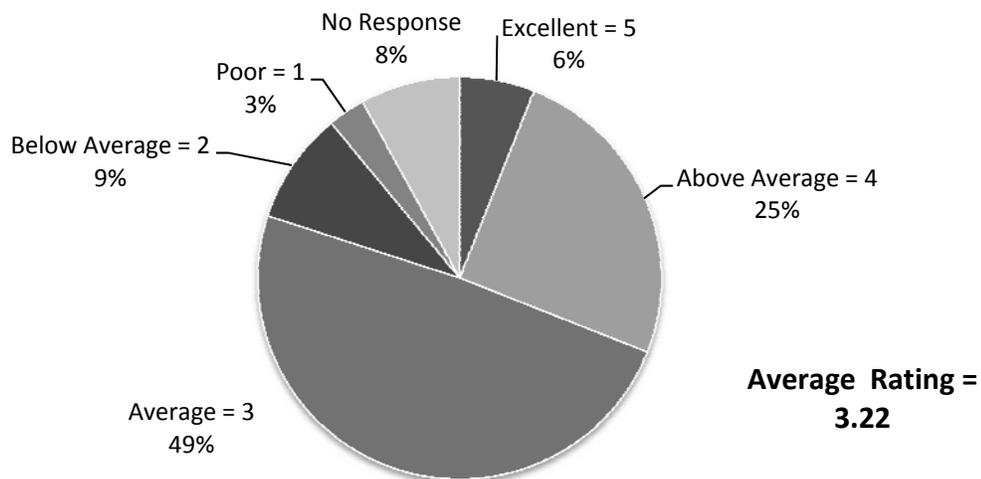
revolved around the theme of bringing new people into the area and exposing them to the community. A sample of those open-ended comments include “the more people in town, the more they will shop at our business”, “exposure to us is always positive, our challenge is to get people to come and take a look, those who do visit are always impressed”, and “more people, more business, everyone does well”.

Businesses were asked to rate the overall atmosphere of the local shopping area. The majority of businesses (49 percent) rated shopping in Lyon County at “average” on a scale where 1 equals “poor” and 5 equals “excellent”. See Chart 6. The average rating was 3.22. Clearly, businesses feel there is room for improvement in the retail market in Lyon County.

Project Plans from the Committee:

The effort to build the amateur sports center complex and expand the M.E.R.I.T. (Minnesota Emergency Response and Industrial Training)

Chart 6: Rate the Overall Atmosphere of Local Shopping Area



Center in Marshall has significant support in the community.

The goal of this project is to continue to support those efforts. The project team will use retail trade analysis to identify potential gaps in retail in the county. The analysis can be considered in conjunction with the amateur sports center initiative to improve marketing of the community.

This committee is led by Cal Brink, Marcia Loeslie, Roger Madison, and Norm Gregerson.



The Lyon County BR&E Task Force selected the priority projects. Brigid Tuck prepared this summary report. Editorial assistance was provided by Michael Darger. Task Force members also contributed to this report.

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