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Belle Plaine Business Retention and Expansion Strategies Program



Summary Report
October 2015



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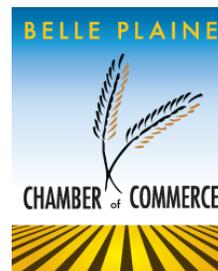
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BELLE PLAINE BUSINESS RETENTION AND EXPANSION PROGRAM

Communities recognize that helping existing businesses survive and grow is a vital economic development strategy. The Belle Plaine Business Retention and Expansion Program (BR&E) is designed to assist local businesses in thriving and expanding in the city. While attracting businesses from outside the community or encouraging new business start-ups are important components of any economic development strategy, research shows that up to 86 percent of new jobs are created by businesses already existing in the community¹. Minnesota data from first quarter 2014 showed 85 percent of new jobs in the state were created by existing business, with the rest created by new establishments.²

The Belle Plaine 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 also assists local leaders and community members in working together to provide solutions to business concerns.

Objectives

The Belle Plaine BR&E Program has five objectives:

- To demonstrate support for local businesses
- To help solve immediate business concerns
- To increase local businesses' ability to compete in the global economy

¹Henry M. Cothran, *Business Retention and Expansion (BRE) Programs: Why Existing Businesses Are Important*. University of Florida. Revised January 2009. Reviewed January 2012.

² Source: Minnesota DEED, QCEW program

- To establish and implement a plan for economic growth
- To build community capacity to sustain growth and development.

Sponsorship

This program is sponsored locally by the Belle Plaine Economic Development Authority, Belle Plaine Chamber of Commerce, Scott County Community Development Agency, Xcel Energy, Minnesota Department of Employment and Economic Development, and University of Minnesota Extension

BR&E History

The Belle Plaine BR&E Leadership Team approved participation in the Business Retention and Expansion program after a successful application to University of Minnesota Extension. The first Leadership Team meeting occurred on September 29, 2014, thus officially launching the program. One of its first orders of business was to create a Belle Plaine BR&E Task Force comprised of Leadership Team members, as well as a broad-based group of local leaders.

Business Visits

The BR&E Leadership Team recommended to the Task Force that a purposeful sample of businesses be chosen for visits, including all large employers, all manufacturers, and a random sample of remaining businesses in commercial or industrial locations. All the known business names in Belle Plaine were compiled using lists from the city, the Chamber, and InfoUSA (an online reference source from the Hennepin County Library). Home-based enterprises were excluded from the list. The largest employers (i.e. more than 20 employees) were identified as the first target group for visits (a total of 18 in this group). Any manufacturers not included in the largest employers list were added as the second target group for visits (total of 11 in this group). Finally, the names of other businesses were randomly drawn, as needed, as the task force worked its way to the goal of a total of 50 visits. The Belle Plaine BR&E almost achieved

this goal as it totaled 46 visits to local businesses. The total number of businesses that were invited to do visits was 78, plus two businesses that asked to be visited. Therefore, the response rate was $46/80 = 57.5\%$. The Belle Plaine Task Force conducted business visits from the middle of November 2014 to early January 2015. Two members of the Task Force generally participated in each business visit, effectively capturing the information shared by businesses during the visits.

Warning Flag Review

After the surveys were completed and returned, the Task Force met to review each survey and decide how to handle the immediate follow-up. This Warning 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, builds goodwill among survey participants. A confidential review of the business surveys happened on December 16, 2014.

Research Report Development

The BR&E Leadership Team sent copies of the surveys to the University of Minnesota for tabulation and analysis. A summary of the data was prepared for the January 15, 2015 state research review meeting, where a team of individuals reviewed the results and suggested projects that might respond to the businesses' needs. John Bennett then prepared the Research Report based on the input of the state research review panel, as well as economic development research.

The Research Report identifies three overarching strategies that Belle Plaine could adopt to address general issues reported by businesses. The Research Report then provides a list of potential project ideas under each of these strategies. The Task Force has the knowledge of the community and what projects are suited locally. The potential projects are only suggestions for the Task Force to consider.

Task Force Retreat

A Task Force retreat was held on February 23, 2015 in Belle Plaine. At this retreat, the Task Force was presented the Research Report. The presentation included an overview of the Belle Plaine economy and demographic changes, the composite results of the business surveys, and the three strategies. The Research Report can be obtained by contacting one of the Task Force members whose names are listed later in this report.

Following the presentation, the Task Force reviewed and discussed the potential projects, as well as offered new project ideas. In the end, the Task Force established and adopted priority projects which are featured in this report.

Following the Task Force retreat, the individual project committees met to discuss methods for implementing the projects. The project committees continue to meet. If you have ideas, time, or other talents to contribute to these projects, please contact one of the committee members listed in the project description or one of the overall coordinators. Your participation would be appreciated.

PEOPLE IN THE BELLE PLAINE BR&E PROGRAM

Leadership Team

The Leadership Team coordinates the BR&E program, as well as fully participates in program execution, including business visits. The team leads the group into the implementation phase. The Leadership Team is part of the Task Force.

Holly Kreft, Business Resource Coordinator,
City of Belle Plaine

Chelsea Alger - Overall Coordinator, Milestone Meeting Coordinator, (formerly with) City of Belle Plaine

Laura Blue - Co-Visitation Coordinator, Media Coordinator, Milestone Coordinator, City of Belle Plaine

Mike Pingalore - Overall Coordinator, City of Belle Plaine

Kelly Melo – Visitation Coordinator, Belle Plaine Chamber of Commerce

Belle Plaine BR&E Task Force

Many community leaders participated as Task Force members. This group visited businesses, addressed warning flag issues, set priorities for action and will assist in implementing the chosen projects. Task Force members are listed below:

Aston Pankonin, Phil Fischer, Mike Jacobs, Rick Krant, Ed Townsend, Dick Peterson, Dave Kreft, Lisa Fahey, Matt Fogarty, Josh Selbrade, Kathleen Klehr, Jeff Heine, and Neil Bhakta

Businesses Visited

Forty-six businesses were visited during the BR&E process. The community greatly appreciates their willingness to help the community understand their needs. Their survey responses are confidential, yet it is important to credit their participation by listing their names here.

Ag Power Enterprise Inc

American Family Insurance - Allen Houdek Agency

Anderson Skubitz & Coryell PLLC

Andy's Bar & Grill

Belle Plaine Food Shelf

Belle Plaine Herald

Belle Plaine Motorsports

Cambria

Car Co Auto Parts Inc

Cenex Store

Coborn's Superstore

CornerStone State Bank

Cully's Coin Laundry

Curtis G Koepp LTD

Dairy Queen

Divine Touch Massage

Domino's Pizza

Ediger Auction Service Belle Plaine Commission Co LLC

Edina Realty

Farmers Insurance

Genesis - Hardware Hank

Home Town Inn & Suites

Invest Financial

Kingsway

Kolden Funeral Home

Kwik Trip

Lisa Fahey Agenay

Lutheran Home Hope Residence

Matt Saxe Chevy Buick Inc

North American Safety

Prairie Farm Supply

Pro Auction Realty

Red Door Bar

Ruck's Meat Processing Inc

Skelly Towing

Snap Fitness

Sparetime Investment Group Inc

State Bank of Belle Plaine

State Farm Insurance

Steffen "Do It Best" Hardware

Stier Transportation

The Lutheran Home Association

Twistwire Marketing

Valley View Golf Course Bar & Grill

Verizon Wireless (LTE Communications Inc)

Waddell & Reed

Consultants

Michael Darger, University of Minnesota Extension, served as the BR&E consultant for the Belle Plaine 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 leading in the state review panel.

State Research Review Panel

The panel reviewed tabulated survey results and suggested potential actions that might be taken by Belle Plaine leaders in response to local business concerns. The participants of the January 15, 2015 meeting were:

- Belle Plaine BR&E Leadership Team: Holly Kreft, Chelsea Alger, Laura Blue
- Minnesota Department of Employment and Economic Development: Tim O’Neill, John Shoffner
- Economic Development Professionals: Kathi Schaff, Minnesota Chamber of Commerce; Megan Livgard, Greater MSP Partnership; Trisha Rosenfeld, Xcel Energy; Mark Jacobs, Dakota-Scott County Workforce Investment Board.
- University of Minnesota Extension: Michael Darger, Liz Templin, Ward Nefstead (Applied Economics), Matt Kane, and Nich Tremper.

BELLE PLAINE ECONOMIC AND DEMOGRAPHIC PROFILE

A profile of Belle Plaine’s economy and demographics was prepared for the Research Report and presented at the Task Force retreat in February, 2015. The profile was created and written by Tim O’Neill of the Minnesota Department of Employment and Economic Development. The profile contains statistics on population, employment, income, commuting and labor sheds, occupations, and education attainment.

A full copy of the profile can be viewed in the Research Report which can be obtained by contacting the City of Belle Plaine.

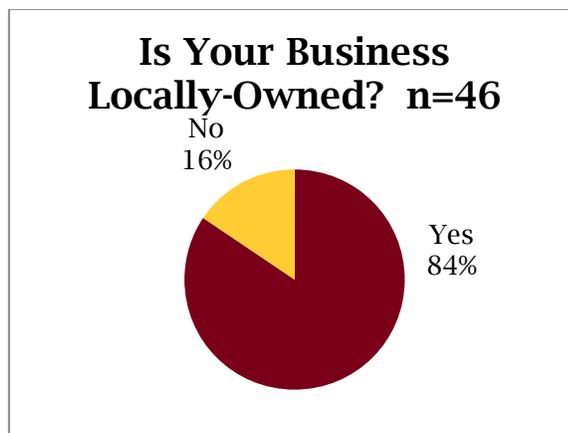
BELLE PLAINE BR&E SURVEY RESULTS

Following are results from the survey of the 46 businesses visited. The businesses’ characteristics are summarized first, followed by priority projects selected by the Task Force. Survey results related to those projects are included in this summary. Additional survey results, including the three strategies, are in the Research Report.

Characteristics of Businesses Visited

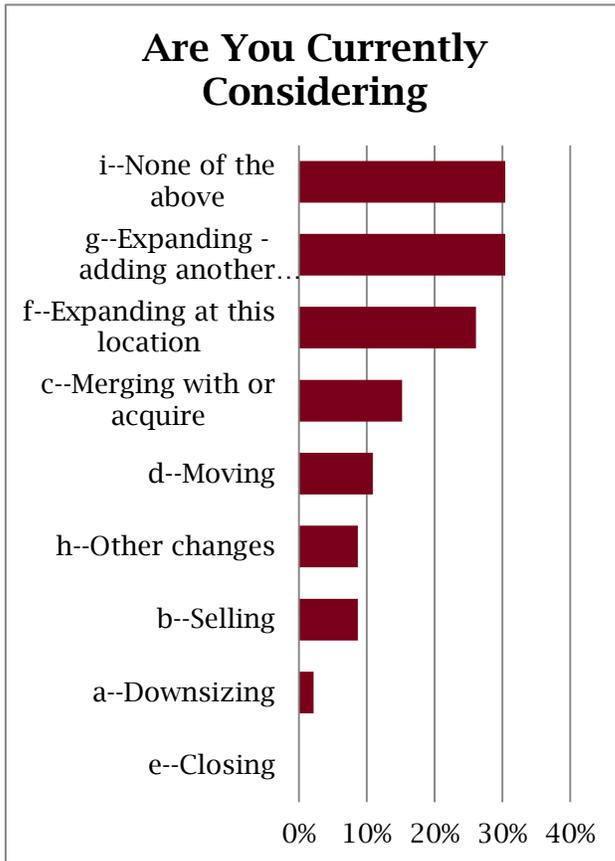
Participants in the Belle Plaine BR&E program visited 46 businesses. The Task Force selected businesses to visit from a purposeful sample, including all large employers, all manufacturers, and a random sample of remaining businesses in commercial or industrial locations.

The vast majority of businesses that responded to the interview request (84 percent) are locally owned and almost three quarters (72 percent) began their operations in the community. Of those businesses that did not start their operation in Belle Plaine, all but one relocated from another city within Minnesota, and most from within a relatively short drive from the area. Strikingly, 46 percent of the businesses operate in multiple locations.



Many Belle Plaine businesses visited for BR&E are currently considering a change at either their current or a different location. Only 30 percent indicated they are not considering a change. While 26 percent are considering an expansion at their existing location, 11 percent mentioned that they are considering a move,

and 30 percent have considered an expansion at another location, as seen in the chart below. Thirty-four percent of those that are moving or expanding at another location are considering remaining in Belle Plaine or Scott County, while 20 percent are thinking about moving to a new county or state. None of the businesses interviewed have considered closing.



OVERVIEW OF BR&E PROJCTS FOR BELLE PLAINE

Profits are the key to the retention and expansion of firms. While the owners of a business might be attracted to a place because it is a nice place to live or raise a family, a business can only survive if it makes a profit. The same is the case for businesses that start in the community. The owners may be loyal to the community, but if they cannot make their business profitable they will close or move it; they do not have a choice.

In a market economy, making a profit is the responsibility of business management and its

employees, not community groups, local, or state governments. However, the actions of these groups can sometimes help businesses become slightly more profitable. The priority projects outlined below are aimed at helping businesses become more profitable and thus be able to survive and grow in the community.

BELLE PLAINE BR&E PRIORITY PROJECTS

The following priority projects were selected at the Task Force retreat held in Belle Plaine on February 23, 2015.

- Create a centralized source for local employers and those seeking employment to connect
- Create business workshop series
- Enhance the annual EDA/Chamber Banquet
- Analyze change contemplated by business respondents to better determine needs

PRIORITY PROJECT #1: CREATE A CENTRALIZED SOURCE FOR LOCAL EMPLOYERS AND THOSE SEEKING EMPLOYMENT TO CONNECT

Analyzing and focusing on the training and recruiting needs to ensure that a community has an appropriately skilled workforce is often overlooked as an appealing strategy for smart economic development. In many cases, labor is the single most important resource that businesses invest in and rely upon to make the business profitable. For this reason, it is critical that communities reach out to local businesses to be sure that current and future labor recruitment and retention needs are being met.

Related Survey Results

Businesses were asked what resources are currently being used to locate new employees. The responses indicate that businesses vary in the type of method that they use to advertise open positions. The most common method was

to advertise through word of mouth at 76 percent. The next most common was to advertise in the local paper, which is currently being done by 52 percent of the businesses interviewed. Fifty percent take referrals from existing employees and 46 percent get the word out through potential employees who walk into the business. Surprisingly, only 37 percent advertise through social media, 43 percent on internet job boards, and 33 percent on the business' own website.

What resources are you currently using to locate new employees?	
76%	Word of mouth
52%	Ad in local community papers
50%	Referrals from existing employees
46%	Walk-in
43%	Internet advertising on job
37%	Internet advertising on social media
33%	Internet advertising on our own website
30%	Promote from within
22%	Hire people who were initially temporary employees
20%	Sign in the window
13%	Ad in metro / state-wide papers
13%	Hire our own apprentices
13%	Placement office of four-year, community and / or technical colleges
11%	Job fair
11%	Professional associations
7%	Minnesota Workforce Center
7%	Temp agency/staffing service business
4%	Private search firm
4%	Other
0%	Union

Plans from the Committee: The Committee will work with the City of Belle Plaine in creating a link on their website to job opportunities within the community. Local employers can submit job openings; which will then be posted in one convenient location. It's not intended to compete with for-profit employment listing agents—the jobs page is intended to provide another avenue in which employers can reach out to the general workforce; and provide those looking for employment an added opportunity for job searching. Additionally, the Committee hopes that providing this page may provide advertising incentive for small-business employers who might otherwise be unable to post employment opportunities in a more traditional manner due to budgetary constraints.

Action steps identified by the Committee include, but are not limited to, the following:

- The committee will work on the logistics for new software programming that may be necessary to facilitate this program on the city's website. High priority will be ease of data entry and on-going maintenance of the web page.
- Determine estimated costs, if any, to create this program on the city's website.
- Work with Belle Plaine Chamber of Commerce to announce this new opportunity for businesses, as well as posting on the website, the *Bridge*, the EDA insert, and the cable channel.
- Set up a schedule for monitoring, feedback, etc.

PRIORITY PROJECT #2: CREATE A BUSINESS WORKSHOP SERIES

This project is intended to help address workforce needs by providing educational training and business workshop opportunities within the business community.

Project Plans from the Committee

Related Survey Results

Survey respondents made it clear that there are plenty of opportunities to help fill the needs businesses have for additional training for employees. The data below demonstrates that one task that the Belle Plaine BR&E Task Force should strongly consider is gathering information about what types of trainings currently exist that could help fill this gap. Sixty-seven percent indicated the need for additional training.

Survey results indicate that most of the training for businesses is done in-house by a supervisor or existing employee, but that training is not quite enough. Meanwhile, only two percent of the businesses utilize a government-supported program, such as the Minnesota Job Skills Partnership. In addition, just two percent of the businesses work with a public vendor (such as a technical college) for on-site training and just four percent for online training.

Making the connection between some of the training needs and the existing resources that are available through Minnesota State College and Universities (MnSCU) and other public training institutions seems like low-hanging fruit that could benefit the entire community.

Do You Require Additional Training in the Following Categories? If Yes, Please Indicate the Number of Employees		
Topic	Percent of Businesses Selecting	Number of Employees
Other Skills	26%	69
General Skills	37%	316
Computer Skills	28%	233
Sales and Marketing	41%	104
Managerial Skills	33%	99

This project is, among other things, intended to help address workforce needs by providing educational training and business workshop opportunities within the business community. The Committee intends to work with the Chamber of Commerce, which has previously established a “Lunch and Learn” series, to determine what business needs are in various topic areas. These topic areas could include workforce, marketing, business creation, or succession planning, etc. The Committee would also help enhance those efforts already established by the Chamber. The goal is to provide local employers with information pertinent to their business industry and the local business climate; establish connections with regional agencies, such as DEED, Grow Minnesota, First Stop Shop, Open to Business, and the Dakota-Scott County WorkForce; and create another networking opportunity for local businesses.

Action steps identified by the Committee, and subsequently modified to better fit within the work already completed by the Chamber, include, but are not limited to, the following:

- Meet with Chamber of Commerce to discuss opportunity to partner and/or assist in efforts.
- Create/add-to list of session ideas based on feedback from BR&E and businesses already attending Lunch and Learn series.
- Create a calendar of sessions to be marketed to local businesses through Chamber and EDA.
- Discuss possibility of sponsors and business incentives for attending all sessions established in a series (such as free EDA ad, Chamber membership and/or recognition at the Annual EDA/Chamber banquet).
- Run series on an annual basis, with a survey provided at the end of each year to gauge interest for future topics, usefulness of information provided, etc.

Project Plans from the Committee

PRIORITY PROJECT #3: ENHANCE THE ANNUAL EDA/CHAMBER BANQUET

In response to some of the survey results, which indicated a lower than average satisfaction with Belle Plaine as a place to do business, the Task Force felt there may be an opportunity to build on the annual EDA/Chamber Banquet.

Related Survey Results

Businesses shared their opinion of Belle Plaine as a place to do business and as a place to live. In summary, businesses feel Belle Plaine is a better place to live than to do business, which is typical from previous BR&E surveys that have asked this question. On a scale where five equals “Excellent” and one equals “Poor,” Belle Plaine earned an average score of 3.38 as a place to do business (see Chart 3-13). For perspective, the University of Minnesota BR&E program has a benchmark weighted average score for this question of 3.82 from previous BR&Es in communities dating from 2014 back to 1993. Thus, Belle Plaine comes out a bit below average based on that comparison. Only 41 percent of the businesses rated Belle Plaine either “Above Average” or “Excellent” as a place to do business.

Project Plans from the Committee

In response to some of the survey results, which indicated a lower than average satisfaction with Belle Plaine as a place to do business, the Task Force felt there may be an opportunity to build on the annual EDA/Chamber Banquet. Engaging more of the business community could occur, perhaps, by involving more of the businesses in the program and creating additional award categories which would be based upon a community nomination effort. The current program has been the same for the last several years and is substantially focused on award categories for new businesses and those who have completed an expansion, renovation, or new building project the previous year. In 2015, the Chamber of Commerce added a “Business of the Year” category. New programming ideas, and additional award categories, nominated

and driven by the business community, may be essential in getting revised interest and engagement in the annual event.

Action steps identified by the Committee include, but are not limited to, the following:

- The Committee will meet with the Belle Plaine Community Development Department and Chamber of Commerce Executive Director to review existing programming and brainstorm and plan new programming ideas.
- The Committee will help engage and recruit additional business participation in the program, including, but not limited to, speakers, award nominations, and entertainment.
- The Committee will follow up with participants via a survey to gauge overall satisfaction and solicit suggestions for improvement.

PRIORITY PROJECT #4: ANALYZE CHANGE CONTEMPLATED BY BUSINESS RESPONDENTS TO BETTER DETERMINE NEEDS

The goal of this project is to complete follow-up visits with the businesses that have identified a proposed change to better identify needs.

Related Survey Results

Seventy percent of Belle Plaine businesses visited are currently considering a change at either their current or a different location. Thirty percent are considering adding another location, and twenty-five percent are considering expanding at their current location.

Project Plans from the Committee

The goal of this project is to complete followup visits with the businesses that have identified a proposed change to better identify needs. As an outcome, the committee hopes this process will help determine what growth and expansion needs are lacking in Belle Plaine and to create a subsequent plan for how the City, Chamber,

Grow Minnesota, and any other local or regional agencies may assist in expansion efforts.

Action steps identified by the Committee include, but are not limited to, the following:

- Review business surveys in which the respondent indicated they are considering some type of change and categorize the changes proposed.
- Assign committee members with specific sectors of follow-up, such as those considering expansion at the current location and those considering expansion at another location.
- Work with Grow MN and University of Minnesota Extension to create a follow-up interview guide in order to ascertain specific information about proposed change and the needs associated with such.
- Respective committee members will contact businesses within their sector to schedule follow-up interviews.
- Subsequent survey information will be compiled and analyzed for trends and a summary provided to the Belle Plaine Chamber of Commerce, EDA and City Council.
- Committee members will work with respective Chamber and City staff to establish project priorities as a result of the information provided.