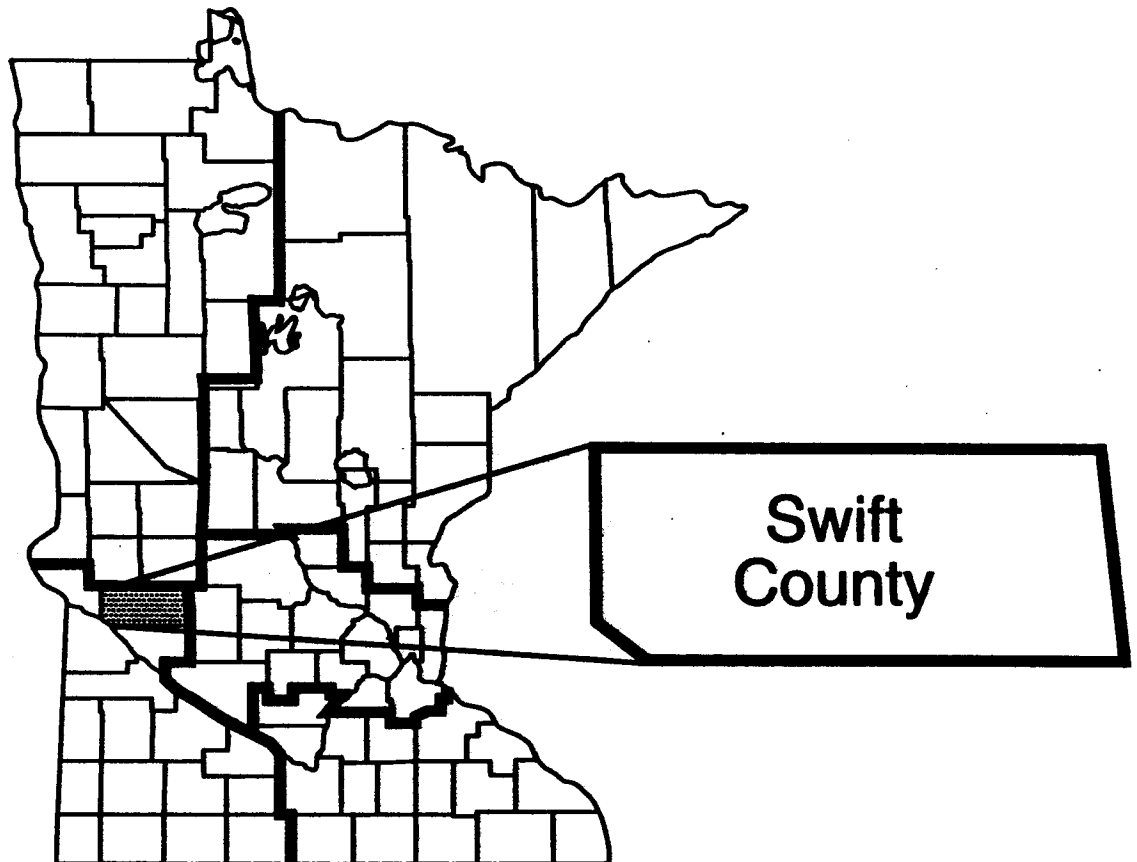


**EXECUTIVE SUMMARY  
SWIFT COUNTY  
BUSINESS RETENTION AND EXPANSION  
STRATEGIES PROGRAM 1994**



**State Sponsors:**

**University of Minnesota/Minnesota Extension Service  
Minnesota Department of Trade and Economic Development**

**Local Sponsors:**

**Appleton Association, Appleton Lions Club  
Benson Area Chamber of Commerce  
Benson Retailers Association, Cities of Benson and Murdock  
Greater Rural Opportunities Working  
Minnesota Extension Service, Swift County  
Upper Minnesota Valley Regional Development Commission**

**This summary and the full report for this project were written by Theresa Heiland, Research Fellow and George Morse, Extension Economist and Professor, Community Economic Development, Department of Ag. & Applied Economics, University of Minnesota. The Task Force wrote the final recommendations that appear in this summary.**

**We express our gratitude to the following individuals for their part in reviewing the Swift County BR&E survey results, and the recommendations they suggested to address the issues presented.**

**John Bernhagen, Minnesota Technology, Inc.**

**Bart Bevins, Regional Team Leader, Office of Regional Initiatives, Department of Trade and Economic Development**

**John Crooms, Southwest Private Industry Council**

**Dario Menanteau, Rural Sociology, U of MN**

**Carole Yoho, Department of Agriculture and Applied Economics, U of MN**

**SUMMARY REPORT  
SWIFT COUNTY BUSINESS RETENTION AND EXPANSION  
STRATEGIES PROGRAM: JULY 1994**

The Swift County Retention and Expansion Program began in February, 1994, with three primary objectives:

- (1) to demonstrate the community's pro-business attitude;
- (2) to assist, if possible, with the individual concerns of local firms; and
- (3) to develop community programs to address those concerns mentioned by a number of firms.

Demonstration of a pro-business attitude is integral to any business retention efforts. Businesses are more likely to stay if local leaders convey the message that they want to work with business owners in creating a vital business environment. The Swift County volunteer visitors met this objective by personally visiting 53 firms in the area.

Following visits to firms, the Swift County BR&E Task Force met to review concerns raised by local businesses. Fact sheets explaining various assistance programs were sent to all those who asked for information. In addition, 21 follow-up contacts were made to businesses experiencing a need for firm expansion, moving or remodeling.

University of Minnesota staff analyzed the survey data and presented "suggested recommendations" to the BR&E Task Force. The task force

then developed the action recommendations outlined in this summary report. The full Research Report, with all of the data and results, is available on loan from the Greater Rural Opportunities Working office and the office of the Minnesota Extension Service - Swift County. Each of the BR&E Task Force members also has a copy of the full report.

BR&E Coordinator Sue Pirsig and 24 additional Task Force members kept the BR&E process moving forward to success.

Characteristics of Firms Visited The following data are based on the results of the Swift County BR&E survey conducted in 1994. Fifty-three firms participated. These firms provide 868 full-time jobs and 382 part-time jobs. This accounts for about 15% of the firms and 28% of the jobs.

Wholesale and retail trade firms account for 42% of the jobs and 44 of the products/services produced by the firms participating in this survey. Manufacturing accounts for 28% of the jobs and 19 of the products. Service industries represent 15% of the jobs and 16 of the products/services. Two-thirds of the firms surveyed are small in size, employing 1-9 workers. Nineteen percent of the firms have 10-19 employees. Only 4 mid-size (20-49 employees) and

4 large firms (100 + employees) are represented in the survey.

All firms increased the number of full-time employees in the past five years. Most notably are the mid-size and large firms, which increased their average number of employees from 20 to 31, and from 78 to 118, respectively.

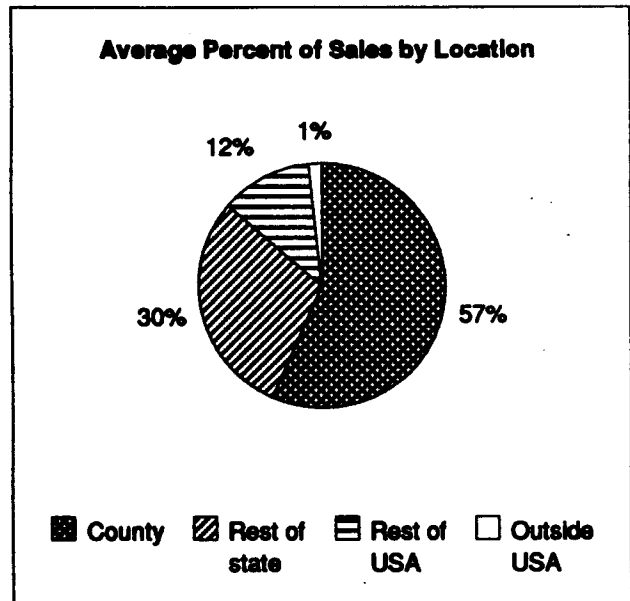
Firms participating in the survey were located throughout Swift County. Over one third (38%) of the firms surveyed are located in Benson. Twenty-six percent are in Appleton and 15% in Kerkhoven. Other firms are located in Murdock, Clontarf, DeGraff, Holloway and Danvers.

Location of Firms and Jobs Surveyed by City

Location	% of Firms	# of Jobs
Swift	7.5	19
Benson	37.7	409
Murdock	3.8	15
Clontarf	1.9	15
DeGraff	1.9	20
Kerkhoven	15.1	50
Appleton	26.4	175
Holloway	1.9	32
Danvers	1.9	14

On the average, 57% of the sales for the 53 firms take place in Swift County. Thirty percent occur in the rest of Minnesota, and 12% in the rest of the U.S. Only 1% of the sales occur outside of the U.S. The sales pattern varies, however, when considering the size of the firm. For firms with 1-19

full-time employees, 62% of the sales occur in the county and 31% in the rest of the state. Firms with 20-99 full-time jobs sell 43% of their products/services in the county, and 36% in the rest of the U.S. Firms with 100 or more full-time employees had 46% of their sales in the rest of the U.S. and 33% in the rest of Minnesota.



Thirty-two percent of the firms expanded jobs due to a new product line or service. Another 32% increased the number of jobs because of an expanded market share, and 11% expanded due to entering new markets. Ten percent of the firms decreased jobs due to labor-saving technology, and 4% of the firms lost jobs due to declining sales.

## Priority Strategies

The BR&E Task Force considered four strategies. Each of these is described below as they relate to survey results. The priority recommendations set forth by the Task Force are included for each strategy. Community leaders wishing to contribute to the implementation of these recommendations are encouraged to contact any member of the leadership team. A complete account of strategies and recommendations is presented in the full report for your reference.

**STRATEGY ONE: Improve Competitiveness of Swift County Businesses by Sharing Information on State and Federal Programs.**

**Overview of Strategy:** Firms can become more competitive by reducing production costs or by improving quality and services. This implies new technology, low input costs, higher quality management and improvements in labor productivity. Through the BR&E Strategies Program, local leaders can provide timely information about state and/or federal programs that can help firms remain competitive.

**Survey Results:** Swift County firms requested an average of 2.6 information topics per firm. The most requested topics include: new state regulations (by 32% of the firms); business management (32%); marketing strategies (30%); labor/management relations (28%); and financial management (28%).

## Recommendations for Strategy One

**Task Force Recommendation #1: Conduct Monthly Business Forums or "Eggs & Issues" Programs.**

At these monthly breakfasts, speakers from regional and state programs (DTED, MTI, RDCs, Project Outreach, etc.) will provide a short presentation followed by a question and answer session. The informal aspect provided by having these over a meal provides valuable networking among local business owners. Another option is to hold these meetings in conjunction with other meetings, i.e. chamber monthly meetings.

### **Top Information Requests**

<u>Topic</u>	<u>Percent of Firms</u>
New State Regulations	32
Business Management	32
Marketing Strategies	30
Labor/Management Relations	28
Financial Management	28

**Task Force Recommendation #2: Promote the Small Business Development Centers Satellite Office Available Through the GROW Office.**

GROW (Greater Rural Opportunities Working) has a satellite office of the Small Business Development Center (SBDC). The purpose of this SBDC is to provide technical assistance on management and marketing to small businesses.

This office can assist Swift County firms in learning about

the small business management and marketing courses offered at Southwest, Willmar or Alexandria technical colleges.

The technical college provides educational programs in both group sessions and in individualized sessions at the business site. The topics can cover business planning, record systems, financial analysis, marketing, and other areas. Ninety percent of the firms participating in these programs have less than 10 employees.

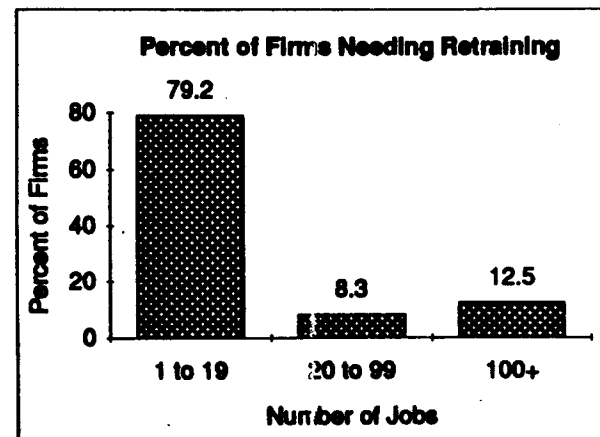
**STRATEGY TWO: Upgrade the Labor Force as a Means of Enhancing the Attractiveness of Swift County Communities.**

**Overview of Strategy:** Firms will locate in a particular area for a variety of reasons; an important one being the availability of an adequate labor force. As economic sectors constantly change to remain competitive in a global economy, firms must increasingly address training and re-training of their employees. Quality management, educational opportunities and adequate benefits are essential to maintaining a quality labor force.

**Survey Results:** When asked if there were plans to introduce technological innovations that may affect their operations, 53% of the small firms, 75% of the mid-size firms, and 75% of the large firms responded "yes".

Small to large firms anticipate needing retraining

for their employees for new technologies. Small firms (79%) in particular, said they'd need retraining, affecting 126 full time jobs. Thirteen percent of the large firms would require retraining, affecting 331 full time jobs. Eight percent of the mid-size firms require retraining, affecting 80 jobs.



Approximately 51% of the firms surveyed reported difficulty in recruiting skilled employees. Twenty-eight percent had difficulty recruiting semi-skilled employees, and 25% said they had problems finding professional/management level employees.

While some firms may experience difficulty in getting the desired skill level of employees, still 96% of the firms reported good to excellent attitudes toward work, affecting 98% of the jobs. Ninety percent of the firms had good to excellent attitudes toward productivity, affecting 97% of the jobs.

**Recommendations for Strategy Two**

**Task Force Recommendation #1: Explore Training Program Possibilities.**

Technical schools (e.g. in Willmar, Granite Falls, Alexandria) will be contacted to discuss a customized training program for a particular firm's needs.

Firms that expect training needs for technical innovations can work with Minnesota Technology, Inc. on training possibilities.

New employees, with certain eligibility requirements, may be provided training opportunities through the Southwest Private Industry Council.

Survey results show that the majority of businesses needing retraining are small, with 1 - 19 employees. The Regional Small Business Development Centers can be contacted to discuss training programs specific to small businesses.

**Task Force Recommendation #2: Develop School/Business Partnership Programs.**

Swift County firms gave elementary and secondary schools high importance and quality ratings. Businesses will be encouraged to show their support for what they value by their involvement in work-related educational opportunities for youth.

These programs can be organized in a variety of

ways. Mentorship programs, school-based enterprises, vocational education courses - all with emphasis on skill building through hands-on experience in business operations.

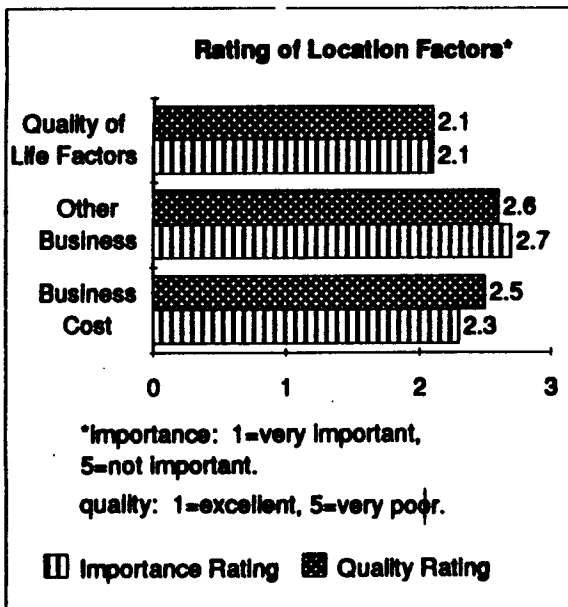
The development of school/business partnerships has blossomed in the past decade throughout the U.S. Minnesota Extension Service Project Future produced a video, "Seeds of Change", describing how schools in Minnesota small towns became active participants in their local economy through innovative partnerships. The Center for School Change at the Humphrey Institute - University of Minnesota has publications of recent school-business projects throughout greater Minnesota. Programs have been tailored to fit local needs.

**STRATEGY THREE: Enhance the Quality of Life in Swift County.**

**Overview of Strategy:** To attract quality employees, employers are concerned with adequate housing, health care, police and fire protection, educational and recreational opportunities. In addition, good fire protection can reduce fire insurance rates and directly reduce the firms' cost of doing business. For the purpose of this study, community factors are discussed in three categories: business cost factors; other business factors; and quality of life factors.

**Survey Results:** Businesses were asked to give importance and quality ratings to business cost factors, other business factors, and quality of life factors. Weighted by the number of jobs, businesses rated other business factors the highest in both in importance (2.3) and quality (1.6). Business cost factors and quality of life factors were given equal importance (2.5) and quality ratings (1.9).

Factor ratings vary however, when not considering the number of jobs in each firm. Given the overall average, quality of life was the highest in importance (2.1), followed by business cost factors (2.3) other business factors (2.7).



Among the quality of life factors, elementary and secondary school (1.5); health care/hospitals (1.6); fire

protection (1.6); police protection (1.7); and ambulance service (1.8) were given the highest importance ratings.

Local taxes (2.0); state taxes (2.0); and interest rates (2.0) were given the highest importance ratings among the business cost factors.

Swift County firms also rated the quality of the community services as higher than business costs factors and other business factors, with ratings of 2.1, 2.5, and 2.6 respectively.

For the quality of life factors, which were largely community services, both the positive and negative differentials between importance and quality were quite small.

### Recommendations for Strategy Three

#### Task Force Recommendation #1: Publicize community strengths.

Firms in Swift County felt that the community services were important (averaging a 2.1 rating overall). Elementary and secondary schools received the highest importance rating (1.5). Quality ratings were comparable to importance ratings. Others with high ratings include: ambulance service; health care/hospitals; and fire and police protection. These positive ratings can be used to market the community, both internally and externally.



**Task Force Recommendation #2:**  
**Explore Other Indicators of**  
**"Quality of Life".**

Swift County has been experiencing population decline over the years. While there are many factors that can contribute to decline, availability and quality of employment is a key concern. For example, in the fourth quarter of 1992, the average weekly wages in Swift County were \$324 compared to \$603 in the Twin Cities and \$534 statewide. While cost of living differentials compensates for some of this difference, it does not handle all of it. This large wage differential is likely to be the prime factor leading to out-migration of young people.

Under this project, the Task Force would explore the types of local economic development strategies which would encourage the growth of firms with higher wages. The Task Force recognizes that higher wages in some local firms would have negative impacts on other local firms which could not afford to match these. The resultant loss of existing local firms could equal or exceed the gains from new high wage firms. Thus, rather than trying to attract new outside firms with higher wages, the Task Force will study ways to help the existing firms become more profitable and thus be able to offer higher wages and benefits.

**STRATEGY FOUR: Continue**  
**Business Retention and**  
**Expansion Efforts.**

**Overview of Strategy:** Even one business moving or closing can contribute to economic decline. Rather than losing important pieces of the local economy, providing technical assistance before it is too late can retain a local source of jobs and revenue. An assessment of services and resources available to local businesses and implementation of timely initiatives must be an on-going process.

As Federal dollars for smaller towns and rural regions decline, the economic success of rural places weighs heavily on collaboration of services and cooperation of community leaders.

The BR&E Strategies program provides a forum for such multi-community and local business networking. Community leaders and business owners can discover their interdependency and develop new working alliances.

**Survey Results:** Out of 53 firms surveyed, 11 firms are considering moving or closing. Five firms are considering moving outside of the county, affecting 285 full-time and 76 part-time jobs.

Two firms are considering moving to another county in the state, affecting 113 jobs. Three firms are considering moving to another state affecting 172 jobs.

Overcrowded buildings, high state taxes, and changing market conditions, were the top three reasons firms indicated for considering moving. Others include: environmental concerns; rigid code enforcement; and high local taxes.

While plant expansions and other business changes (i.e. changes in the mix of goods/services; adding production lines; or changing production technology) could potentially add 246 jobs to the firms participating in this survey, the plants considering moving or closing affect 292 jobs, resulting in a total expected change of a minus 47 jobs.

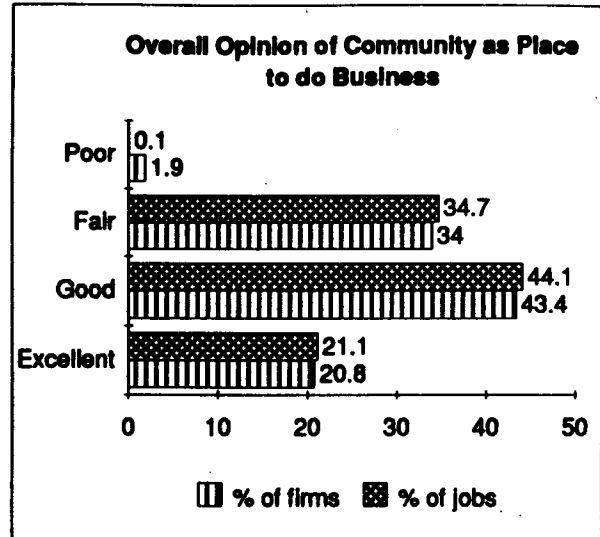
**Expected Changes in Employment**

Source	Number of Firms	Change in Number of Jobs
Plant moving outside county	5	-285
Plant closing	2	-7
Plant expansion	38	130
Other business changes*	28	116
<b>Total Expected Changes</b>		<b>-47</b>

\*Other business changes - changes in the mix of good/services; adding production lines; or changing production technology.

Over half (64%) of the firms stated that their community was an excellent or good place to do business, representing 65% of the jobs. Thirty-four percent of the firms felt

their community was a fair place to do business, representing 35% of the jobs.



**Recommendations for Strategy Four**

**Task Force Recommendation # 1: Study Local Conditions for Retaining Businesses.**

Five firms are considering moving outside the county, affecting 285 jobs. Two firms are considering closing. Overcrowded buildings, high state taxes, and changing market conditions are the three most common reasons given for considering moving.

The Task Force will organize a committee to address short-term and long-term initiatives to help Swift County communities become desirable places to operate a business.

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

Susan Pirsig, BR&E Coordinator/GROW Executive Director  
Greg B. Pruszinske, Assistant BR&E Coordinator/GROW Shared Administrator  
Dorothy Rosemeier, BR&E Public Relations/MN Extension Service Educator, Swift County  
Richard Hanson, BR&E Red Flag Coordinator/Swift County Commissioner  
Mark Kettelkamp, BR&E Advisor/President, First Security State Bank  
Scott Williams, BR&E Red Flag Coordinator/UMVRDC Economic Development Planner

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### **BR&E Task Force**

Candace DeHaan, Educator  
Karen Evenson, Banker  
Don Flolo, Mayor, Business Owner  
Craig Grey, County Engineer  
Richard Hanson, County Commissioner  
Bob Hawley, Business Owner  
Jon Hawley, Business Owner  
Norma Iseminger, City Council Member  
Jim Just, Banker  
John Kelly, Business Owner  
Lola Kennedy, Retired  
Wayne Knutson, County Assessor Staff  
Carolyn Lee, Business Owner  
Jan Lundebreck, Banker  
Jim Masseur, Banker  
Ray Millett, Electric Co-op Manager  
Elaine Mittenness, Personnel Manager  
Marty Peterson, Banker  
Susan Pirsig, Non-profit Director  
Greg Pruszinske, Shared City Administrator  
Jim Rittenour, Banker  
Dorothy Rosemeier, Extension Educator  
Belinda Sanders, Banker  
Sandy Thompson, Manager, Chamber of Commerce  
Scott Williams, Regional Economic Development Planner

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### **Volunteer Visitors**

Rob Anfinson  
Donna Christenson  
Cathy Gilmore  
Sue Hoium  
Bob Kiefer  
Marty Kosman  
Greg Lee  
Katie Maurer  
Bonnie Mikkelson  
Darlyne Morton  
Pete Risdahl  
Galen Teichert  
Chuck Whiting  
Dorothy Williams

### **Firms Visited**

#### **Appleton**

Appleton Building Center  
Appleton Hospital & Nursing Home  
Appleton Motel  
Appleton Press  
Appleton Sport Center  
Christianson, Ruff & Tosel CPA's  
Del Dee Foods  
Econar Energy Systems Corporation  
Hoppe True Value Hardware  
Mark Stromswold  
The Meat Center  
Pioneer Public Television  
Tubbs of Soft Water  
Vaala Funeral Home

**Firms Visited, cont.**

**Benson**

Agvise Laboratories  
Bausman Real Estate and Insurance  
Benson Body Shop  
Breen's Snyder Pharmacy  
Chamberlain Oil  
Clark's Rexall Drug  
Community First Bank  
Custom Ag Products  
Do-Mat's Fairway Foods  
Future Products  
Haugen Equipment Company  
Huston-Vadnais Ltd.  
Jergenson Trucking  
KSCR Radio  
Loen Electric  
Lor-Al  
Medicap Pharmacy  
Midwest Cylinder  
New Prairie Knitting  
Ron Carlson Machine  
State Bank of Danvers  
Swift Co-op Oil  
Swift County Implement  
Swift County Monitor News  
Tom's Mobil  
Tyler Limited Partnership  
Zosel's Our Own Hardware

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**DeGraff**

Cenex Agronomy Center  
Supreme Pet Foods

**Holloway**

West Con Co-op Elevator

**Kerkhoven**

Carlson Manufacturing  
Dave's Family Foods  
Finco  
Freetly Electric  
Kerkhoven Banner  
Lindberg Rest Home  
Rustad Bus Service  
State Bank of Kerkhoven

**Murdock**

Dooley's Petroleum  
Jack's Cafe