



UNIVERSITY OF MINNESOTA | EXTENSION



# New London – Spicer Business Retention and Expansion (BR&E) Strategies Program

Summary Report  
May 2015



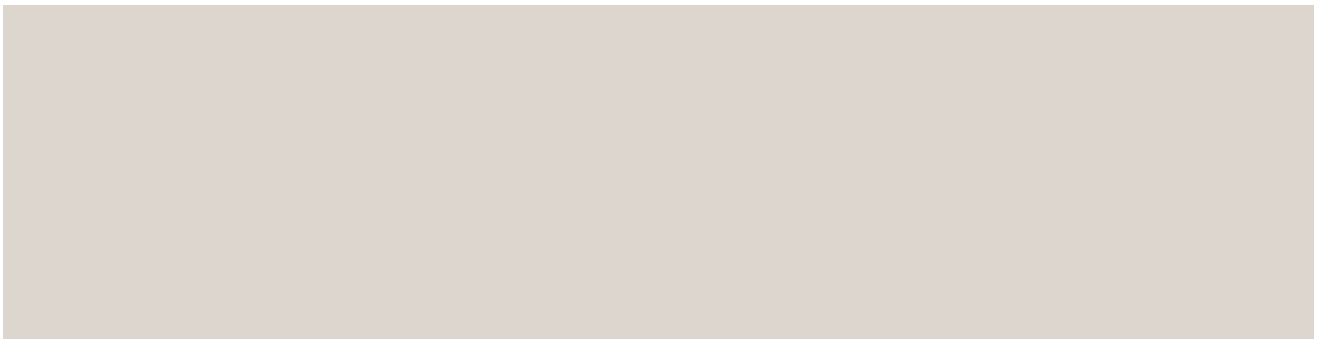


# New London – Spicer Business Retention and Expansion Strategies Program

SUMMARY REPORT

May 2015

Authored by Michael Darger, University of Minnesota Extension



## Sponsors:



© 2015 Regents of the University of Minnesota. All rights reserved. University of Minnesota Extension is an equal opportunity educator and employer. In accordance with the Americans with Disabilities Act, this material is available in alternative formats upon request. Direct requests to the Extension Store at 800-876-8636. ♻️ Printed on recycled and recyclable paper with at least 10 percent postconsumer waste material.

## **NEW LONDON – SPICER BUSINESS RETENTION AND EXPANSION PROGRAM**

Communities recognize that helping existing businesses to survive and grow is a vital economic development strategy. The New London – Spicer Business Retention and Expansion (BR&E) Program 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 has shown that up to 86 percent of new jobs are created by businesses already in the community. 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.<sup>1</sup>

The New London – Spicer BR&E Program is a comprehensive and coordinated community approach to assisting existing businesses. Visiting local businesses and learning their concerns is only one component of the process. The BR&E program builds awareness of issues that face businesses 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 New London – Spicer BR&E Program has six objectives:

- To demonstrate support for local businesses

- To help solve immediate business concerns
- To increase local businesses' ability to compete in the global economy
- To establish and implement a strategic plan for economic development
- To build community capacity to sustain growth and development
- To develop and foster a relationship with existing businesses

### **Sponsorship**

This program is sponsored locally by the by the following organizations:

City of Spicer

City of New London

Township of Green Lake

Township of New London

Kandiyohi County and City of Willmar  
Economic Development Commission

Kandiyohi Power Cooperative

Xcel Energy

Minnesota Department of Employment and Economic Development and University of Minnesota Extension also sponsored or participated in the program

### **BR&E Timeline and Key Meetings**

November, 2013 – Several economic leaders from New London – Spicer attended a U.M. Extension BR&E workshop in Hutchinson. A decision was made that it was time for a full-fledged BR&E initiative in New London – Spicer. This was confirmed in February 2014 at a joint meeting of the EDA boards for the two communities. Thereafter, the school district and the townships of New

---

<sup>1</sup> Source: Minnesota DEED, QCEW program

London and Green Lake decided to join the initiative.

April through June, 2014 - Several meetings were convened of the Leadership Team and, subsequently, the full Task Force, to make decisions, recruit volunteers, and lay plans for the BR&E. Although it was summer in lake country, the team decided that the moment was ripe to move ahead and launch the visitation program July through August.

### **Volunteer Training**

Two volunteer visitor training sessions were held on July 15 and 17. The sessions oriented volunteer visitors to the BR&E process and trained them how to interview businesses. Volunteers work in teams of two during business interviews. One person holds primary responsibility for asking the questions while the second person records the responses.

### **Interview Guide**

New London - Spicer adopted Extension's interview guide (aka survey instrument). The interview guide was used by volunteer visitors on the business visits.

### **Business Selection & Visits**

Participants in the New London - Spicer BR&E Program visited 61 businesses. Visits were conducted from July to August 2014. This number of completed visits is one of the higher numbers of BR&E visits that have been completed with UM Extension in the last decade. Here is the selection process for the businesses: Each Community's EDA reviewed and selected businesses based on knowledge of existing businesses with longevity, new, and expanding businesses. Businesses were selected from within the city and township areas, being mindful of keeping selection numbers even

throughout the communities. This sample was designed to select businesses that represent the variety of business types within each community. Although not statistically representative of the entire business population, it does represent the 61 businesses that were visited.

### **Warning Flag Review**

Reviewing the completed interview forms individually for follow-up opportunities is an important community opportunity in a BR&E program. This is probably the single most important activity that a BR&E initiative can do - responding appropriately and confidentially to businesses on issues such as business relocations, concerns with public service, needs for resources, etc. New London - Spicer Task Force members conducted warning flag review sessions each week while business visits were being conducted.

### **Research Report Development**

New London - Spicer sent the completed interview guides to the University of Minnesota for tabulation and analysis. A summary of the data was prepared for the September 3, 2014 state research review meeting, where a group of 22 individuals (listed later in this report) reviewed the results and composed project ideas that might respond to business and community needs. Michael Darger 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 four overarching strategies as a strategic framework of issues for New London - Spicer to consider for implementation. It also provides a list of potential project ideas under each strategy. The New London - Spicer BR&E Task Force has the

knowledge of its community and what projects would be suitable locally. The potential projects in the report were only suggestions for New London – Spicer to consider.

### **Task Force Retreat**

A five-hour Task Force retreat was held September 25, 2014 in Spicer. At this retreat, the Task Force was presented with the Research Report. The presentation included a DEED overview of the New London – Spicer area economy and demographic situation, the composite results of the business interviews, and the four strategies. The Research Report can be viewed by contacting Leslie Valiant, Spicer EDA, or Jeff Vetsch, New London EDA, or by contacting one of the Task Force members.

The Task Force reviewed and discussed the potential projects and developed new project ideas. Ultimately, three priority projects were created, as well as two topics of special concern (see below).

### **PEOPLE IN THE NEW LONDON – SPICER BR&E PROGRAM**

Four groups of people have been very important to New London – Spicer’s success in its BR&E program. These are: 1) the Leadership Team 2) the Task Force 3) other volunteers and 4) the businesses visited. The State Research Review participants also deserve acknowledgement for their participation in the process.

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

<b>Name</b>	<b>Affiliation</b>
Julie Redepenning	Minnesota DEED
Ron Fake	Spicer EDA
Denny Baker	Spicer Mayor
Helena Lungstrom	New London – Spicer School Board
Leslie Valiant	Spicer Administrator
Beth Anderson	Spicer EDA
Paul Carlson	New London – Spicer Schools
Todd Erickson	Granite Community Loan Center
Steve Maher	Johnson Funeral Home
Connie Schmoll	Kandiyohi County & City of Willmar EDC
Dave Henle	Heritage Bank and Spicer EDA
Jeff Vetsch	New London EDA
Margaret Sheldon	Heritage Bank

### **New London – Spicer BR&E Task Force**

- Ruth McDonnell
- Diane Maurice
- John Bergman
- Ann Winge Johnson

## **BR&E Volunteer Visitors**

In addition to the Leadership Team and Task Force members listed above, these community members also conducted business visits.

Jodi Bergman  
Scott Guptill  
Trudie Guptill  
Pam Haverly  
Chris Hofstad  
Roger Imdieke  
Bonita Kallestad  
Sabrina Lere  
Pam Lindemeier  
Mike Malone  
Josh Meyer  
Lindsey Meyer  
Vickie Radel  
Robin Ryks  
Bernadine Schwaegerl  
Kathy Schwantes  
Jean Spaulding  
Tiffany Wachtler  
Dawn Weber

## **Businesses Visited**

Sixty-one businesses participated in the BR&E process. Their willingness to help the community understand its needs is greatly appreciated. Their interview responses are confidential, yet it is important to honor their participation by listing their names here:

Affiliated Community Medical Center (ACMC)  
Aqua-Therm  
Ali J's  
Alternative Micrographics Inc.  
American Legion Post 545, Spicer  
American Legion Post 537, New London  
Baker Printing  
Big Kahuna Park  
Concrete Products of New London  
Country Stop C-Store  
Crow River Construction  
Dahmes Stainless  
Donnerite Co  
El Conquistador/La Baja

E-Markets  
Glacial Ridge Winery  
Grace Living Community of Glen Oaks  
Granite Community Loan Center  
Green Lake Liquors  
Green Lake Nursery Inc.  
Happy Sol/Rugged Son  
Heritage Bank  
Independent Technologies  
Kandiyohi Power Co-Op  
Kelly's Heating & Ac Inc.  
Laib's Gunsmithing & Custom  
Lake Country Mechanical  
Lake Region Bank  
Lake Region Home Health Care  
Lieser Insurance  
Little Crow Country Club  
Madden Upholstery  
Marketing Concepts  
McKales Restaurant  
Mel's Sport Shop Guns & Gifts  
Middle Fork Cafe  
Midwest Auto Body & Sales  
Mill Pond Mercantile  
Mord's Hardware Store  
New London Realty Inc.  
Palmer Bus Service  
Park Lane Resort  
Perkins Lake Region Lumber  
Pioneer Heritage Insurance, LLC  
Rambow, Inc.  
Re/Max Preferred Realty  
River Country Restoration  
Riverview Refrigeration Heating  
Spicer Power Products  
State Farm  
Subway  
Teal Markets  
Thein Well  
Three Sisters Furnishings  
Thrivent Financial-Lutherans  
Town & Country Tire  
United Prairie Bank  
Urban Escape  
West Central Bait & Fishery  
Westwood Cafe  
Zorbaz

## **BR&E Consultant**

Neil Linscheid, Extension Educator, is serving as BR&E consultant for the New London – Spicer BR&E Program. This includes coaching and advising the local



Leadership Team, conducting Volunteer Visitor training, assisting the Leadership Team in business selection, facilitating the Warning Flags review meetings, participating in the campus review meeting, and encouraging New London Spicer as it enters the most important step of BR&E: implementation.

### **State Research Review Panel**

The panel reviewed tabulated interview results and suggested potential actions that might be taken by New London – Spicer leaders in response to local business concerns. The participants of the September 3, 2014 meeting included the following:

#### *New London – Spicer BR&E Task Force*

Julie Redepenning  
Ron Fake  
Denny Baker  
Leslie Valiant  
Paul Carlson  
Steve Maher  
Connie Schmoll  
Dave Henle  
Jeff Vetsch

#### *Minnesota Department of Employment and Economic Development*

Lisa Hughes, Economic Development Program Specialist  
Tim O’Neill, Research Analysis Specialist (labor market information)  
Julie Redepenning, Business Service Specialist

#### *Economic and Community Development Professionals*

Greg Jodzio, Southwest Minnesota Foundation  
Jane Leonard, community development consultant  
Kathi Schaff, Grow Minnesota program, Minnesota Chamber of Commerce

#### *University of Minnesota*

Kelly Asche, U.M. Morris Center for Small Towns  
Michael Darger, U.M. Extension BR&E Program Director  
Jeff Corn, Center for Urban and Regional Affairs  
Laura Kalambokidis, Professor of Applied Economics and Minnesota’s State Economist  
Matt Kane, Program Leader – Community Economics  
Neil Linscheid, Extension Educator – Community Economics  
Joe Ritter, Associate Professor of Applied Economics (labor economics)

### **NEW LONDON – SPICER’S ECONOMIC AND DEMOGRAPHIC PROFILE**

A profile of New London – Spicer’s economy and demographics was prepared for the Research Report and presented at the Task Force retreat in March. The profile was created and written by Luke Greiner of the Minnesota Department of Employment and Economic Development. It contains statistics on population, demographics, employment, wages, commuting and labor sheds, unemployment, and occupations.

A full copy of the profile can be viewed in the BR&E research report by contacting the New London or Spicer EDAs, or by contacting one of the Task Force members.

### **NEW LONDON – SPICER BR&E INTERVIEW RESULTS**

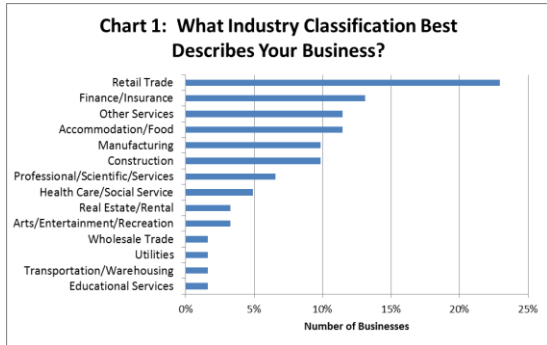
#### **Characteristics of Businesses Visited**

Of the 61 businesses visited, 87 percent are locally-owned. Thirty-eight percent of the companies have other locations as well.

New London – Spicer decided on a mixed sector sample of businesses to invite to have a BR&E visit (see p. 2 for details).



The final mix of visits to 61 companies resulted in the most common visits being to: retail trade (23%), finance/insurance (13%), other services (11%), accommodation/food (11%), and manufacturing and construction (12% each). See Chart 1.



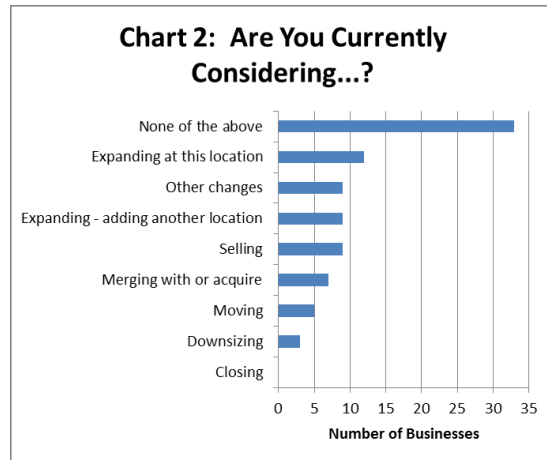
Interviewed businesses in New London – Spicer currently employ a total of 1,375 individuals; this is up from 1,117 three years ago. Total employment grew by 258 jobs over employment three years prior to the visits (a 23 percent increase). The median jobs per business went up by one job in all categories over the last three years except in seasonal employment, which held even.

Fifty-two businesses in New London – Spicer are planning for change. While 33 responding businesses indicated no change, 12 are considering expanding at this location, nine are considering other changes, nine are considering expanding - adding another location and nine are considering selling. There is an opportunity for the community to convince some of these businesses to re-invest in New London – Spicer. See Chart 2.

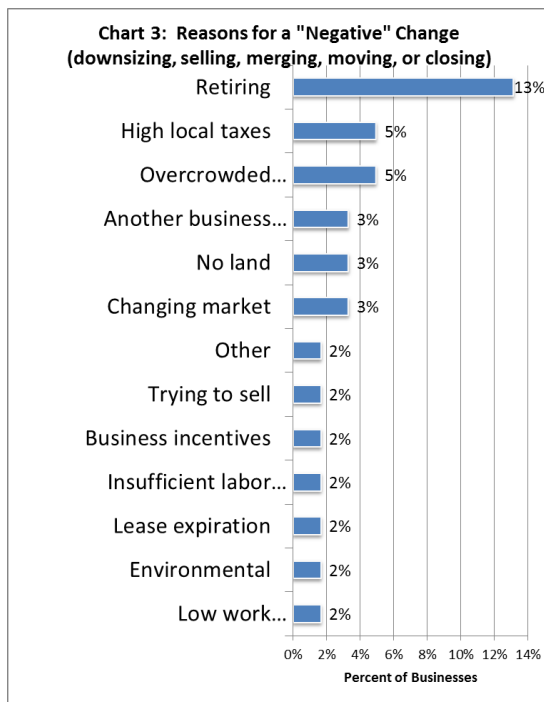
Fifteen percent are considering expansions outside of New London – Spicer and eight percent a possible move. Thus, there is an opportunity for the community to try to maximize these

moves or expansions to occur inside of New London – Spicer.

The businesses indicating that they are not considering expansion were asked why. The leading reasons can be roughly categorized as: they see no need to expand (17). Lack of demand (6), lack of skilled workers (5), and cash flow/debt load (5) were other leading reasons.



Among the reasons for possible “negative changes” in the businesses, retiring (13 percent), high local taxes (5 percent) and overcrowded building (5 percent) are the leading reasons. That is, these are the reasons given for potential changes at the businesses that could be negative for New London – Spicer in terms of downsizing, selling, moving, or closing. See Chart 3.



Finally, businesses shared their opinion of New London – Spicer as a place to do business and to live. On average, businesses feel New London – Spicer is a better place to live than to do business, which is a fairly common result. On a scale where five equals “excellent” and one equals “poor,” New London – Spicer earned an average score of 4.11 as a place to do business (for details, see Chart 3-8 in the BR&E Research Report). For perspective, the University of Minnesota BR&E program has a benchmark weighted average score for this question of 3.82 from 38 previous BR&Es in communities dating from 2014 back to 1993. Thus, New London – Spicer comes out significantly above average based on that comparison. Eighty percent of the businesses rated New London – Spicer either above average or excellent.

For the question “What is your opinion of your community as a place to live?” New London – Spicer earned a 4.37 average rating. In 29 previous BR&E communities, the weighted average score on this

question was 4.07, so New London – Spicer is well above the average here as well. Eighty-nine percent rated it as above average or excellent on this question. This is the first community to score that high since the years of 2003 through 2007, when six Minnesota communities exceeded 4.3 on this metric.

### Strategic Themes

Four primary themes emerged from an analysis of the interview results and discussions by the State Research Review panel. These themes, called strategies, provide a framework for studying the issues raised in the New London – Spicer BR&E process. The four strategies identified are:

1. Improve labor force availability and quality through training and networking
2. Promote the New London – Spicer community and businesses to tourists, visitors and potential residents
3. Improve business retention and expansion by developing and strengthening local capacity
4. Analyze utility, municipal cooperation, and business district issues

Under each strategy, the Research Report listed potential projects the New London – Spicer BR&E Task Force could select to help accomplish its strategy. The Task Force, during their September 25, 2014 retreat, developed three priority projects to address business concerns. The Task Force built on project ideas as written in the Research Report to create projects that were suitable for New London – Spicer. These priority projects are described below. In addition, two other issues of special concern were identified.

Each description below was created by the project team. They include the

general reasoning for each project and the plans developed by the project committee. In addition, the interview results which highlight the need for the project, are included, if appropriate. If you are interested in assisting in any of the project implementations, please contact one of the committee members listed.

### **Priority Project #1: Connecting Students and Parents with Information about Local Opportunities**

Plans submitted from the committee: *Our BRE committee attended the NLS School-to-Career Opportunity Partnership Endeavor (SCOPE) Committee meeting to learn more about what they do and explain the BRE Program and our project goal to connect with schools and parents regarding career opportunities. Everyone felt the communication was good and that there was great opportunity to work together, as there are a number of common interests. SCOPE meets quarterly, and our committee will continue forward with a presence at their meetings.*

*As a result of our meeting with SCOPE, we were then invited by the NLS Middle School to be panel presenters for 8th Graders at their Career Day on Friday, February 27. We spoke on three topic areas: 1) Career paths 2) Soft skills needed in the workplace and 3) Interviewing skills. It was a fun day and we all enjoyed the students and were impressed by their attention and interest. It had to be a long day for them, but they were attentive through it all.*

The committee is led by: Julie Redepenning, Chris Hofstad, Jean Spaulding, Paul Carlson, and Denny Baker.

### **Priority Project #2: Establish a Recreational Activities Focus Group**

Plans from the committee: *The group discussed development of a mission statement and decided on the following:*

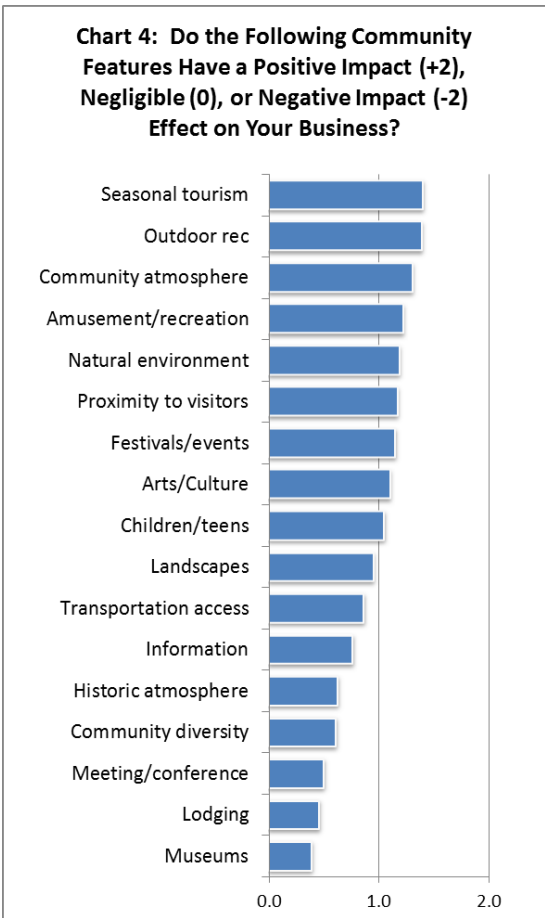
*The Recreational Activities Focus Group will meet regularly in order to identify under-promoted existing local recreational activities, and they will develop strategies to promote, support, enhance, and expand these recreational activities with the intent of increasing usage of these activities by local residents and tourists.*

*The group identified the activity of canoeing and kayaking as an under-promoted activity in the area. The committee wishes to conduct research of existing promotion of this activity by the DNR of Minnesota and research of other advertisements and promotions on the internet.*

The committee is led by: Beth Anderson, Beth Fisher, Pam Haverly, Ron Fake, and Leslie Valiant.

### **Related Research Results**

Of community tourism features having a positive impact in the interview results, outdoor recreation was the second highest rated feature (average score of 1.39 when 0=negligible and 2=very positive), and it was barely behind seasonal tourism (average score of 1.4) in the ratings. See Chart 4. Further, recreational opportunities scored the highest among ratings of quality of life factors in the area. It received an average score of 3.8 where 4 = Very Satisfied.



On April 7, 2015 the two EDA boards met jointly and discussed possible areas of cooperation including a new hotel (see below). From the minutes: *The Boards discussed developing marketing strategies and branding needs for the Spicer-New London markets. This included developing a joint website for business marketing and business recruitment to bring our city's name to the top of Google search.*

*All agreed that this is needed and a joint committee was formed to research and bring back information in six weeks. Committee EDA members Stacy Roberts and Beth Anderson will contact other members from the merchant group, commercial club, and arts community for the balance of the committee. The committee will have three members from each community.*

*Possible tag line: "Two Communities, One Destination!"*

This committee is led by: Stacy Roberts and Beth Anderson

**Priority Project #3: Joint New London – Spicer Cooperation on Economic Development**

Plans from the Committee: *The Group discussed the merging of the two EDA's and decided that this may not be the time to do that since the two cities were still separate. The Committee will continue to meet as an avenue to bring all the other various special interest groups that have been established such as Arts Community, Citizens in Action, Spicer Commercial Club, etc. The purpose would be to bring one to two people from the various groups and to try and focus more on business needs and marketing needs of the two cities and townships.*

**Related Research Results**

At the end of the interviews, the businesses were asked a catchall question to suggest things "we should work on to help all of our existing businesses grow and expand." Although it is always a little tricky to quantify open-ended responses, Table 1 provides a loose grouping of these responses by the author. Groups of comments about filling retail gaps, cooperative promotion and advertising, and tax & budget concerns had about six comments each. Encouraging cooperation between New London and Spicer and more/better promotion of the communities each had about five comments. It is notable that there were so many comments suggesting cooperation between the two cities.

**Table 1: What Should We Work On to Help All of Our Businesses Grow and Expand (rough aggregation of open-ended answers)**

Comments clustered loosely by topic	Count
More retail businesses, keep the existing ones, steakhouse, food truck, grocery store, produce & meat	6
Promote events cooperatively (2 comments), county chamber (1), cooperative advertising (3)	6
Control tax burden, reduce costs, budget & tax issues	6
Cooperation between New London & Spicer, get to know business, share these BR&E results, create paid EDA position	5
Promote community, attract people, improve web presence	5
Training, retraining, & creating awareness of resources for doing this	4
Improve building appearance—downtown & Lake Ave., inviting for visitors, sizable beautification budget needed for Spicer	4

**Topics of Special Concern**

There were two topics of special concern identified by the BR&E Task Force. It was decided in each of these situations that a separate BR&E Priority Project committee is not warranted. This is because pre-existing efforts were underway already. Representatives from the BR&E Task

Force would act as liaisons to these two efforts.

**Special Concern #1: Support the County-Wide Vision 2040 Broadband Group**

Since the issue of broadband infrastructure is critical to future economic development, the Task Force discussed providing its support for the work of the County-Wide Vision 2040 Broadband Group. This group has been at it for almost fifteen years. BR&E Task Force members Mike Malone and Leslie Valiant will be the liaisons to the Vision 2040 group. Here is a synopsis of the most recent meeting provided by Leslie Valiant: *The group was going to do a survey of who the primary providers were for the county but that has now been put on hold because they may be working with the Blandin Foundation to complete a feasibility study. The survey would become part of that study, thus there would be no need to double the work.*

*The County has been selected as an Alumnus Blandin Broadband Community and will receive \$30,000 over the next two years. A brainstorming session has been held, and it resulted in next steps and potential projects – Wi-Fi for United Way Growmobile, Willmar public Wi-Fi in City Parks, and Wi-Fi on New London-Spicer and Willmar’s activity buses.*

*The committee met with Federated Telephone Cooperative and discussed what it takes to deploy fiber into areas where there is low population density and how FTC has been working on other projects throughout the State. The key to a broadband project is receiving the 50% matching grant through DEED’s program. FTC’s return on investment is for a longer term than a for profit provider, as it is more tied to the life of the*

asset than the return on investment (ROI) for a shareholder.

### Related Research Results

Broadband speed received the lowest average score of the area utility ratings, 2.7 (where 4 = very satisfied and 1 = very dissatisfied). See Table 2.

**Table 2: Utilities Ratings for New London – Spicer**

Average Score	Utilities
3.3	Energy reliability
2.9	Telecomm reliability
2.8	Energy cost
2.8	Telecom costs
2.7	Broadband speed

### Special Concern #2: Support the Development of a New Lodging Facility

The interview results suggested that lodging is a relative weakness in the area. Related to that is a low rating for meeting/conference facilities. Therefore, the Task Force discussed providing its support for the work of the independent group that has started working on developing a new hotel facility. Here is a description of the work to date, as submitted by Leslie Valiant: *This independent project came about because of hearing from businesses during the interview process that they felt there was a need for an additional hotel. As a joint effort to get a feasibility study completed, Spicer and New London EDA's, along with the Kandiyohi County/City of Willmar Economic Development Commission and the New London Township, agreed to contribute funding. Currently, the private*

*investor group has received both feasibility studies and is continuing efforts to move the project forward.*

### Related Research Results

Chart 4 above illustrates that lodging received an average score (.46) closer to Negligible (0) than Very Positive (2). In parallel, the meeting/conference facilities average rating was about the same (.5). Although there were positive scores for both of these items, they also received the most “high negatives” from interviewed businesses (20% negative ratings on lodging facilities and 13% negative ratings on meeting/conference facilities).

### CREDITS

The New London – Spicer BR&E Task Force selected the priority projects. This summary report was prepared by Michael Darger with the University of Minnesota Extension's Center for Community Vitality. Leslie Valiant provided major assistance in collecting and compiling the reports from the Task Force committees.