Jefferson County

Wisconsin Business Retention & Expansion Study 2004

Jefferson County Economic Development Consortium

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FORWARD

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I. FOREWORD

As Wisconsin's economy continues to face change, it is imperative that government and economic development agencies at state and local levels work collaboratively to assist local businesses. Gathering data and feedback from business CEOs provides valuable information that can help communities develop strategic plans aimed at strengthening their local economies. In support of this philosophy, the Wisconsin Department of Commerce created a business retention program.

Commerce believes that economic development initiatives implemented at the municipal level hold the key to the successful revitalization of Wisconsin's economy. Furthermore, efforts designed to help local administrators gain a better understanding of local business needs should serve as a key component of all local economic development programs.

Economic development activities that focus solely on attracting new businesses often yield insufficient returns for the investment. Efforts to retain and expand existing businesses can aid in stabilizing a community's economic base and create an environment conducive to attracting business. Another component of local economic development activity is the promotion of small businesses. A study, called "The Job Creation Process," conducted at the Massachusetts Institute of Technology under the direction of Dr. David Birch, revealed that 60 to 80 percent of all new jobs are generated from the expansion of existing businesses, and the creation of new small businesses. In addition, a survey conducted by the American Economic Development Council and Arthur D. Little, Inc. showed 41 to 61 percent of the jobs in Wisconsin were created by the expansion of existing business. Therefore, the retention and prosperity of existing businesses is extremely vital to the economic stability and growth of any community.

The Jefferson County Economic Development Consortium demonstrated enthusiastic support for a business retention program; therefore the Department of Commerce agreed to co-sponsor a study in Jefferson County.

The data obtained will serve as the foundation for planning and implementing sound economic development strategies in the area. This information will be invaluable in defining municipal efforts to improve Jefferson County's economic stability today and in the future.

This project would not have been successful without the advice, assistance and support of all individuals involved. Their efforts are greatly appreciated.

Cory L. Nettles, Secretary
State of Wisconsin Department of Commerce

ACKNOWLEDGEMENTS

II. ACKNOWLEDGMENTS

The Wisconsin Business Retention and Expansion Study (WIBRES) -- Jefferson County 2004 was conducted through the joint sponsorship and sustained support of:

Jefferson County Economic Development Consortium
Village of Johnson Creek
City of Watertown
City of Whitewater
City of Lake Mills
City of Fort Atkinson
City of Jefferson
City of Waterloo
Jefferson County

and
Wisconsin Department of Commerce

This study could not have been accomplished without the expertise and cooperation of a variety of individuals. Special gratitude is extended to all those participating as volunteer interviewers or survey committee members. We wish to thank RoxAnne Witte for her assistance with administrative details.

A special thank-you is extended to those firms participating in the study. Without their time and candid responses, this project would not have been possible.

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INTRODUCTION

III. INTRODUCTION

BACKGROUND

A healthy and diverse business community has been the economic backbone of Wisconsin's major cities and is vitally important to the overall well being of the state. With the nature of competition, technology and consumer choices continually changing, it is necessary for businesses to respond to these changes in a timely manner. If not, the potential loss of employment and the accompanying hardships this can cause the community, not only in terms of tax dollars, but also in terms of impact on other area businesses, is significant. Therefore, local governments must address the current and future needs of the businesses in their area as a part of their on-going strategic economic development activities.

In light of the fiscal reality affecting most municipal budgets, it has become even more important that the public sector dollars available for economic development are used to gain the greatest return on investment. We must also acknowledge that our continuing local economic success cannot be taken for granted; it must be worked at. The significance of dedicated leadership and well-funded economic development programs has never been greater than in challenging economic times such as today.

Many Wisconsin business executives have been inundated over the last several years by aggressive campaigns from other states (particularly the Sunbelt states) offering impressive financial packages and tax incentives, it has become imperative for communities to develop strategies aimed at maintaining a healthy economic base.

One such strategy has been to focus on retaining those businesses established in the area and to create an environment, which encourages growth of those firms. Expansion of existing facilities can have a ripple effect on the community's economy. Expanding and retaining firms can be the simplest and most efficient way to increase local employment and production. The subsequent multiplier effect will increase the tax base of the community and upgrade the quality of life of all who live there.

A key focus in adding jobs to relevant business sectors is on bringing in revenue from outside the community. Companies with products (hard or soft) for sale beyond Wisconsin's borders create jobs that are paid for by out-of-state customers. This adds new money to the local economy, enlarging the local pie rather than dividing it, which benefits the community and its locally focused businesses.

Ultimately, if retention and expansion efforts prove effective, and a healthy, positive business environment prevails, the stage will be set for new business attraction. Reasonable operating costs, a good infrastructure, and a local government with the reputation of responding to the needs of its existing businesses increase the odds that business attraction efforts will succeed.

An examination of Wisconsin's economic development efforts revealed a pattern of limited public resources available for economic development initiatives at local levels. In addition, limited emphasis on business retention resulted in the loss of some businesses from the state. The

Wisconsin Department of Commerce, Division of Business Development offers this business retention and expansion survey program to enhance state initiatives.

Jefferson County was chosen as a project site for several reasons: 1.) There is a significant business base, 2.) The Jefferson County Economic Development Consortium requested that the WIBRES survey project be implemented in Jefferson County, and 3.) Jefferson County Economic Development Consortium expressed confidence in their ability to coordinate the necessary volunteers and administrative support to successfully complete the project.

A survey committee was established in the community by the sponsoring agencies and organizations. The members of the survey committee were drawn from city and county government, local educational institutions, and the business community. The functions of the survey committee were to: 1.) Determine if an addendum questionnaire was needed to address community specific issues, 2.) Develop the list of business contacts, 3.) Recommend and obtain survey volunteers to conduct personal interviews, 4.) Monitor survey responses, 5.) Develop recommendations based on survey results, and 6.) Identify follow-up measures.

PURPOSE OF THE REPORT

The purpose of this study is to create a confidential, comprehensive data profile on businesses in the community in order to develop a systematic approach to retention. Re-studies also serve as a follow-up; indicating how economic changes have impacted the business community, determining current needs and plans, and verifying past situations have been corrected. These programs enable the community to develop targeted marketing and retention programs as well as identify those areas where expansion and retention efforts can be improved.

OBJECTIVES OF THE REPORT

The major objectives of the study are to:

1. Conduct personal interviews with chief executive officers of the businesses.
2. Develop a data base profile of businesses in the county.
3. Gain an understanding of the business community's view of the local economy.
4. Determine companies' business plans for the future (i.e., expansion and/or relocation), and thereby set up an early warning system for local action.
5. Acquaint business leaders with assistance available through various economic development programs.
6. Improve the communications bridge between local/county government and the business community.
7. Identify specific concerns and problems of the local businesses and provide solutions to those problems in a swift and effective way.

An overall objective of the business retention and expansion project is related to the process itself. By conducting the study, business executives are provided an opportunity to have their opinions listened to and passed directly on to municipal representatives in a highly confidential manner. It is a positive step for local government toward understanding the implications of their policies for this very important segment of the community. The underlying goal is to be responsive to business needs.

PROCEDURES & METHODOLOGY

IV. PROCEDURES & METHODOLOGY

The survey committee reviewed the WIBRES survey instrument to verify it was appropriate for Jefferson County's business region. The questionnaire contains 12 categories:

I. History and Status of Present Location
II. Nature of Business
III. Physical Specifications of Plant
IV. Markets and Customers
V. Competitors
VI. Future Plans
VII. Labor and Manpower
VIII. Assessment of Government Services (Infrastructure)
IX. Financial Matters
X. Energy Matters
XI. Community Linkage
XII. Overall Impressions

Both objective and subjective questions are included in the survey. A short form of the questionnaire containing several key questions was developed for use by respondents unable to complete the long form. Two short form questionnaires were completed. All completed short forms were evaluated, but not entered into the database.

The Jefferson County survey committee developed a list of businesses to interview. Businesses participating in the study ranged in size from five to more than 1,000 employees.

DATA COLLECTION PROCEDURES

Interviewers were selected who had experience with the business community. Due to the confidential nature of the survey questions and the fact that the overall success of the project was heavily dependent upon the effectiveness of each volunteer, the committee gave careful consideration to choosing the individuals who were to perform in this capacity.

The volunteers participated in a training session, which was conducted by the Wisconsin Department of Commerce. The training session is designed to orient the interviewers to the business retention program, the survey instrument, the interview process, and the strict confidentiality of the project. The interviewers were charged with recording the subjective as well as objective information obtained during the interview.

The Wisconsin Business Retention and Expansion Study questionnaire was distributed to 140 Jefferson County businesses accompanied by a letter explaining the program and urging each individual to participate. Shortly after the questionnaires were received, volunteers scheduled appointments for follow-up interviews with the chief executive officers of participating companies assigned to them. The purpose of the interview was to provide the opportunity to discuss key questions and collect the completed questionnaire. A total of 74 main questionnaires were completed in the county.

DATA ANALYSIS

The interviewers returned each completed questionnaire to Dennis Heling, project manager for the survey. Based on the interviewer's written comments and preliminary inspection by the project manager, businesses requiring immediate attention were identified. The questionnaires were then forwarded to the Department of Commerce for analysis of the objective as well as narrative questions.

CONFIDENTIALITY

Due to the in-depth nature of the survey questions, confidentiality was strongly emphasized throughout this project. Interviewers were selected on this basis and confidentiality was stressed during the training session. Once the interviews were completed, only the survey committee members and the Wisconsin Department of Commerce employees working on the project had direct access to the individual questionnaires. Each survey participant remained anonymous.

MAJOR FINDINGS

V. MAJOR FINDINGS

The Wisconsin Business Retention and Expansion Study (WIBRES) conducted in Jefferson County targeted a business population consisting of 140 firms; 74 firms completed the survey questionnaire representing 53% participation. Respondents who were unable to complete the long form provided information to interviewers using a short form. Those responses are evaluated by the project manager, but are not entered into the database.

This section is based on the summary of the 74 survey instruments compiled between April and June 2004. It contains chart illustrations and a brief narrative description highlighting selected items of significance. Appendix A of this report presents a complete and detailed listing of the numeric questionnaire results. Tallied responses to community specific issues listed on the addendum questionnaire are also printed in the Appendix. Addendum responses are not discussed in this Major Findings section.

Composite data, which is cited in this report, is a compilation of survey answers collected from other Wisconsin communities during the previous two years. Those communities include the following: Berlin, Neenah, Douglas County, Juneau County, and Shawano County.

Please note that all percentage figures are based on the number of responses to that question, unless otherwise indicated. Due to rounding, percentage totals may not always equal 100%.

NATURE OF BUSINESS

The Jefferson County business interests are diverse with a slightly higher percentage focusing in food/food products and the miscellaneous manufacturing industries. Figure 1 illustrates the top six focuses among the participating businesses. This information can be helpful in guiding business attraction efforts in order to maintain a diverse business base while complementing the existing industries doing business in the county.

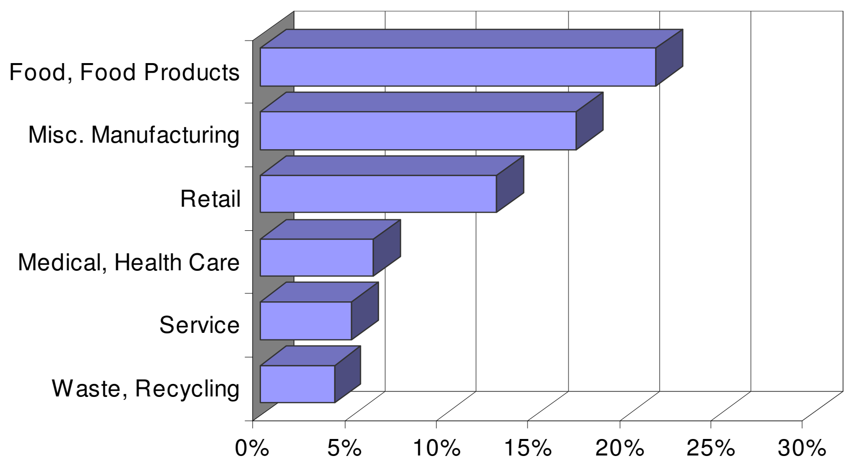

Figure 1 - Types of Business

BACKGROUND

The location of the corporate headquarters in the immediate area is a significant factor for business retention and expansion since, historically, a firm is less likely to relocate if its headquarters is already established in the community. Respondents report the local facility is the headquarters for 69% of the firms. This figure is nine points below the composite average (78%) of other communities surveyed in the past two years. Of the responding businesses, 11% are headquartered elsewhere in Wisconsin, 19% out of state, and 1% out of the United States. Figure 2 shows the distribution of headquarters locations.

Of those surveyed, 58% have locations in addition to the local community site, compared to the 42% of those surveyed over the past two years. More than three quarters (79%) are incorporated.

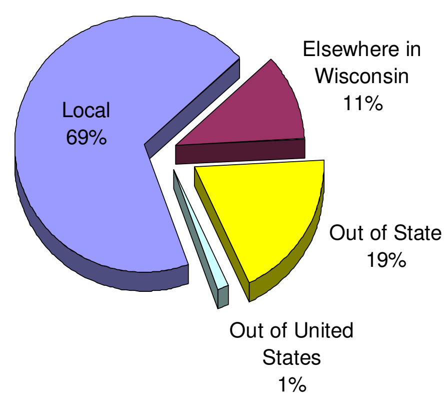

Figure 2 - Location of Headquarters

There are many well-established businesses in the county; 76% have been in operation more than 20 years. There has been little start-up activity over the past 5 years. Figure 3 shows business start-up patterns for the Jefferson County business region.

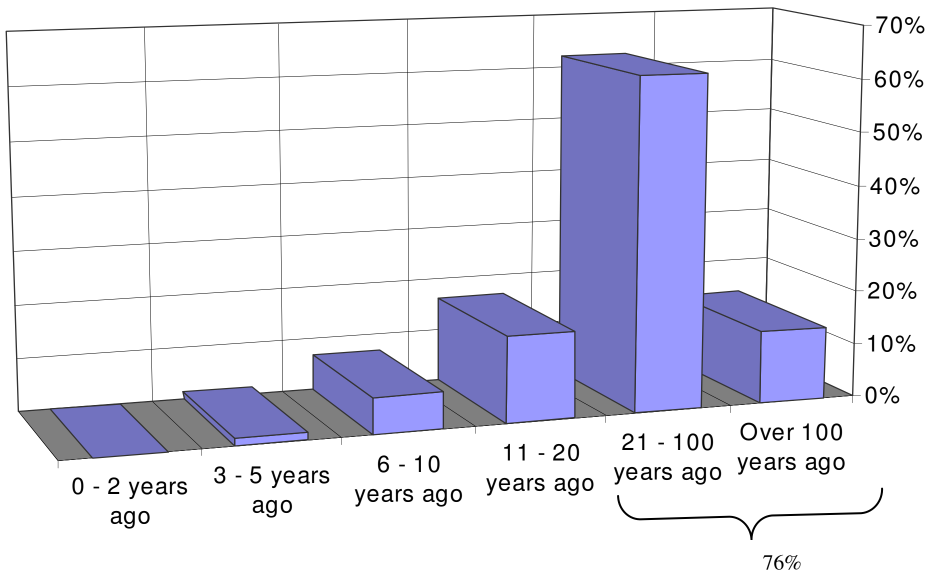

Figure 3 - Year Business Established

Building ownership is a complex issue regarding business retention and expansion. Some businesses may own real estate as a strategy for building owners' wealth. Other companies may acquire real estate to protect a large investment in equipment. High growth knowledge-based companies may not acquire real estate because they expect to outgrow facilities in a short period of time. Figure 4 shows percentages of the Jefferson County businesses that own, lease, or do both. Four firms' leases will expire within two years and four more within five years. Three others hold leases that don't expire for at least five years from now. The composite figures for building ownership are: 73% own, 21% lease, and 6% combine ownership and leasing.

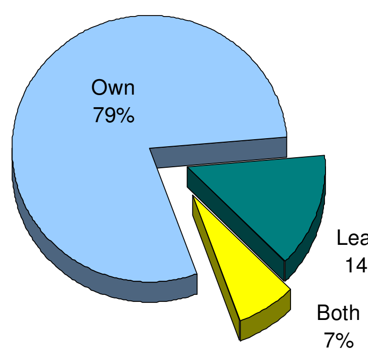

Figure 4 - Facility Ownership

The executives are asked to rank ten factors as they negatively impact the current or future development of the company's product (meaning its business activity). The factors they rank highest in importance are market condition/economy and domestic competition, illustrated in Figure 5. Overall, the Jefferson County executives' view and that of others surveyed across the state are very similarly.

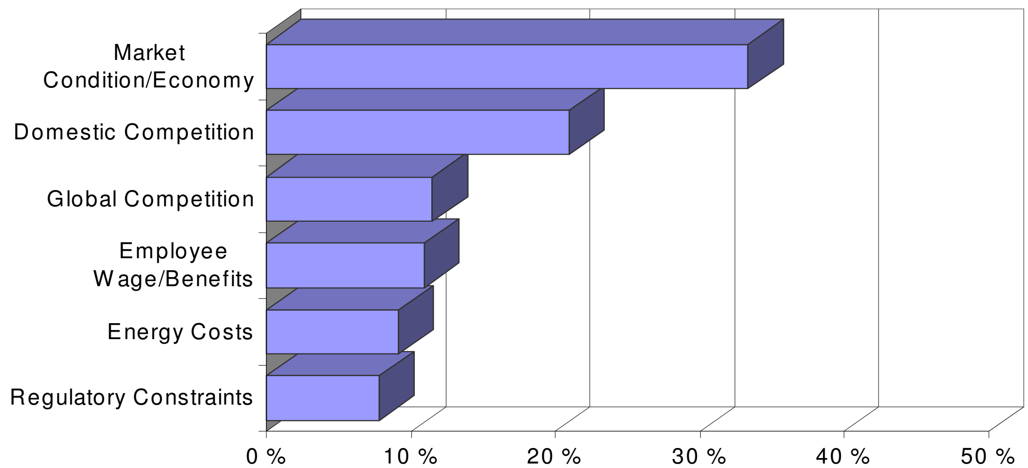

Figure 5 - Negative Factors Affecting Product Development

The survey participants identified the geographic location of raw materials and supplies utilized by their business. Tallied results reflect 20% of supplies come from the local area/county, 29% elsewhere in Wisconsin, 22% from Midwestern states, and 21% from across the nation. Some supplies (8%) are obtained from international locations.

Satisfaction with the method used to transport supplies and finished products may be a factor when a firm decides where to locate. The executives report that 71% of supplies are transported via truck, 22% by common carrier, and a small amount of supplies via air, ship, rail, or personal/company vehicle. The majority (61%) of finished products are transported by truck as well; 18% are delivered by common carrier, 18% by personal or company vehicle, and a small portion of finished products are transported via air, ship, or rail. Table A demonstrates how well the modes of transportation serve the executives' needs.

	Excellent	Good	Fair	Poor
Truck	34	26	1	1
Common Carrier	31	22	3	1
Rail	1	4	2	5
Air	5	5	1	6
Ship	2	4	4	4
Personal/Company Vehicle	20	9	1	1

Table A - Methods of Transportation

MARKETS AND CUSTOMERS

Many (59%) of the respondents describe the number of customers they serve as increasing while 30% say the number remains stable. However, data collected shows that 11% describe the number of customers they serve as decreasing.

The Jefferson County executives report one third (32%) of their customers are located in the local area. They say 25% are located elsewhere in Wisconsin and 17% are located throughout the Midwest. Additionally, 23% are located nationally while a small percentage (3%) of their customers are situated outside of the U.S. Figure 6 illustrates the distribution of customers in these locations.

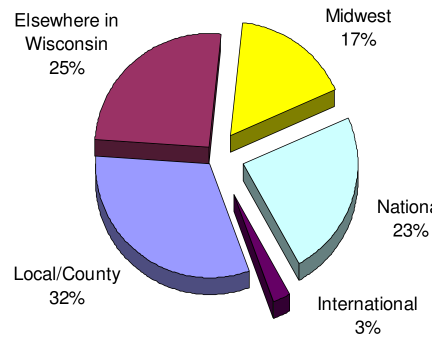

Figure 6 - Customer Location

The executives are asked if they supply finished products directly to the federal, state, or local government. Currently, 24% supply products or services to federal government, 25% supply the state, with 34% having contracts with the local government. The percentage reporting federal government contracts is higher than the composite average of 16%; the state contracting percentage is very similar to the composite average (26%) and the figure for local government contracts is just below the composite average of 37%. Figure 7 illustrates the percentage of executives who currently supply to government and the percentage who are interested in initiating or expanding government contracts. Twenty-six percent said they have interest in federal contracts, 34% state contracts, and 36% local.

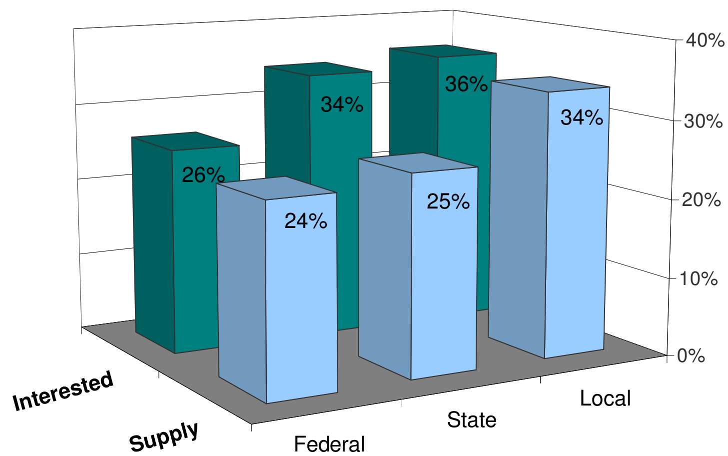

Figure 7 - Government Contracts

The Internet has become a vehicle for some of the Jefferson County companies to conduct business sales. While 60% say none of their sales come from Internet transactions, 36% report up to 10% of sales are conducted over the Internet. Another one percent use it for between 25% - 50% and three percent of survey respondents use it for between 10% - 25% of sales transactions.

COMPETITION

Almost one half of participants (45%) describe their company's market share as increasing. While 42% say it is stable, 13% report a decrease in market share. Figure 8 shows where competitors are located. The majority of the respondents' competitors (just over 50%) are located within Wisconsin: 22% in the county and 29% elsewhere in the state. Sixteen percent of competitors are located in the Midwest, 26% across the nation and 7% are in international locations.

Jefferson County executives also responded as to how they view their competitors. Less than one quarter (22%) feel competitors are making significant inroads (see Figure 9) and nearly half (49%) see them as a future threat to their business. Statewide, 17% said competitors were makings significant inroads and 34% saw them as a future threat. Other local executives surveyed (25%) feel competitors have no real impact and 4% respond that competitors have never been a consideration.

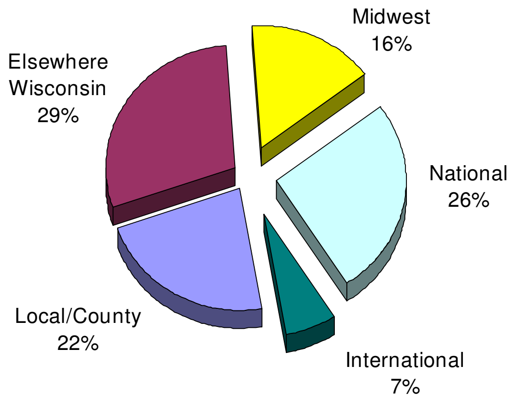

Figure 8 – Competitor Locations

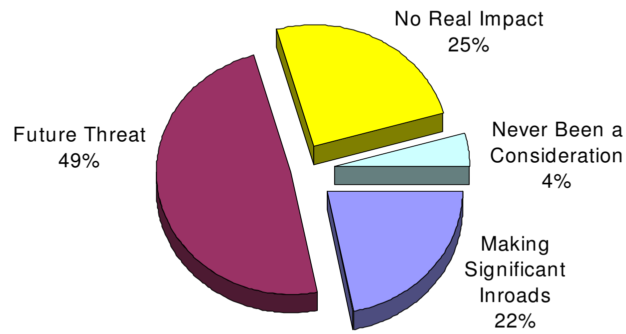

Figure 9 - Competitive Threat

BUSINESS GROWTH AND EXPANSION PLANS

Executives interviewed in the study shared ideas related to potential growth and expansion of their business operations at the present site or some other location. Many (77%) of the responding businesses currently have sufficient property to allow for expansion of their existing building(s), which is much higher than the composite average (60%). Twenty-three firms (31%) report plans to expand an existing building(s) at the site; the composite average is 23%. Expansion plans would add a total of 401,850 square feet to business sites in Jefferson County. Executives were asked when expansion construction would take place. One executive indicated that construction is now in progress and five others say it will begin sometime this year. Ten executives reported having plans for expansion within the next five years, while one respondent said construction would start beyond five year and two were unsure of the timeframe.

Survey results indicate 12% of the responding executives (9 firms) have plans for a new building either at the present site or elsewhere in the community. This is only slightly less than the composite average, which is 18%. The executives estimate the new building construction would total 221,000 square feet. One executive stated they planned to build within the current year and one plans to build next year. Additionally, five respondents plan to construct new buildings within the next five years.

Of the responding executives, 11% (8 firms) report plans to expand their businesses elsewhere in Wisconsin; this finding is near the composite average of 14%. When asked about out-of-state expansion, 10% (7 executives) report having such plans – the same as the composite average. Figure 10 demonstrates survey participants' expansion plans.

Some of the responding Jefferson County executives (5%) report immediate or future plans to move all or part of the operation to another location; an additional 3% indicate this is a possibility. The composite average is 6% with plans to move and an additional 8% indicating moving was possible.

Many of executives (44%) report plans to modernize or improve their present building(s) now or in the near future and 81% plan to improve their equipment. The study found that 74% of the respondents say there are technological innovations that they plan to put in place within the next two years.

As part of their economic development, states attempt to persuade companies to relocate or expand in their state. This survey indicates that 19% of the Jefferson County firms responding report being contacted by another state's representative in an attempt to have the business relocate. This is nine points above the composite average. States mentioned most were Alabama, Iowa, Missouri, North Carolina, and Nebraska.

When asked to estimate the chances for phasing out or shutting down the operation with no plans for expansion elsewhere, five of the Jefferson County business executives said it is "possible," 30 said the likelihood is "remote," and 38 estimated the probability of shutting down is "non-existent."

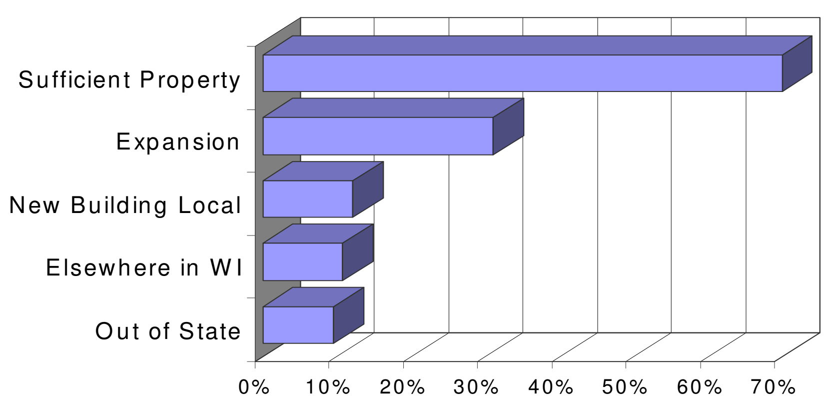

Figure 10 - Expansion Plans

LABOR AND MANAGEMENT

Seventy-two Jefferson County businesses currently employ a total of 10,289 full-time people. The firms range in size from five to 1,160 employees.

A series of questions were asked about employment history and projections over a ten-year period, from five years ago to five years into the future. As shown in Figure 11 (next page), data collected reflects moderate growth over the past five years. Executives anticipate a more aggressive rate of growth over the next five years. Data gathered from those responding to all five questions in the series about employment (51 firms) reflects the following: Overall, current employment is at the same level it was one year ago, but 4% higher than five years ago. The executives anticipate an increase of 2% next year and an increase of 11% over the next five years. Business attractions and start-ups will also affect employment in the county.

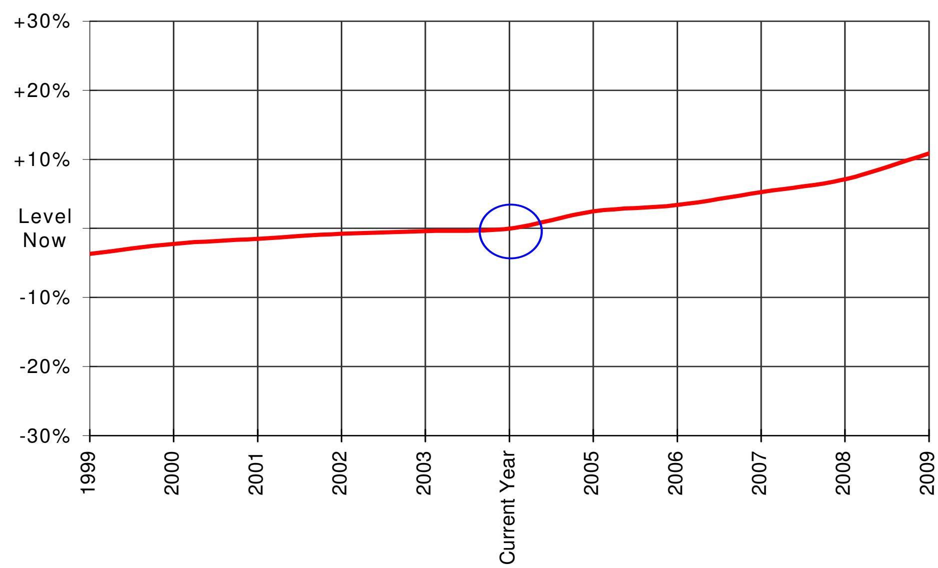

Figure 11 - Ten Year Employment Data

Composite figures indicate part-time positions play an important role in business operations; 76% of interviewed firms statewide report the use of part-time positions. Jefferson County findings, with 77% of the firms utilizing part-time people, are very similar to their interviewed counterparts. The total number of part-time employees reported by survey respondents is 2,184. Of firms using part-time workers, the majority (60%) employ nine or fewer with 48% of the executives citing seasonal fluctuations as a factor impacting the quantity of part-time workers. This is somewhat different than those citing seasonal fluctuations in the composite (38%). Forty-five percent feel economic fluctuations have an impact, which is near the composite average of 41%.

The Jefferson County executives were asked to supply the average overall wage for various positions. The average hourly rate offered by employers in Jefferson County for professional/technical staff positions is $24.35 and $13.37 hourly for office staff. The average rate offered for highly skilled positions is $16.92 per hour; semi-skilled positions average $12.60 hourly; and rates for unskilled positions in Jefferson County average $9.88 per hour.

Executives report that 68% of their employees reside within the county. High employee turnover rates generally are perceived as being a costly problem for employers because of the significant cost of hiring and training. Of the Jefferson County executives who responded to the question regarding total annual turnover rates, 64% report a turnover rate of between 1-10%; 25% from 11-25%, and 6% have an annual turnover of more than 25% of their employees, all shown in Figure 12 (next page). Employers find the most common reasons for employee turnover are other opportunities and termination due to performance or work ethic. Poor performance and work ethic bring about a higher percent of termination in Jefferson County than composite averages reflect for other recently studied communities.

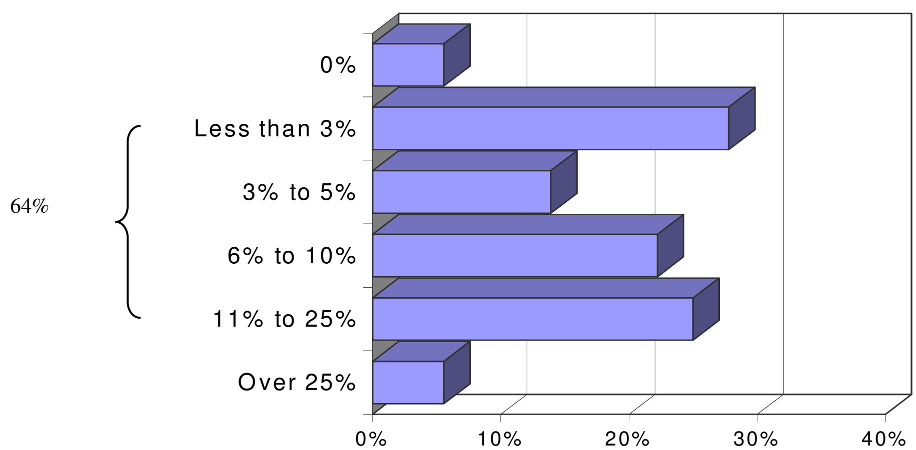

Figure 12 - Turnover Rates

The survey indicates that 74% of executives responding state their employees need skills training in order to perform their job responsibilities at the required level, which is only slightly higher than the composite average (77%). In regard to dollars budgeted to training, 60% say the company's investment in training programs is increasing, 1% say it is decreasing, and 39% report there is no change. A majority of companies (75%) invest up to 3% of their annual sales in employee training.

One source of training has been made available through government sponsored job development programs. The federal government has attempted to get employers to hire disadvantaged unemployed workers by providing financial incentives. Almost one half (48%) said they were not familiar with jobs development/training programs sponsored by county, state, or federal government. Executives rate the programs available as seen in Table B.

	Useful	Not Useful	No Opinion
Job Center	47%	14%	40%
WI Mfg. Outreach Center	10%	18%	72%
WI Mfg. Extension Partnership	19%	17%	63%
Technical College	61%	5%	34%
University	46%	11%	43%
Apprenticeship	38%	14%	48%
School-to-Work	52%	12%	37%

Table B - Employee Training Programs Perceptions

EMPLOYMENT OF WORK FORCE

Data was collected to determine the positions employers have the most difficulty filling. The Jefferson County executives report they are having the greatest difficulty recruiting for professional/technical staff positions. The survey finds that 49% report difficulty recruiting in this area. Blue-collar positions are reported as difficult to fill by 27%, and 14% express difficulty recruiting for office support staff.

The Jefferson County executives believe the most positive factors dealing with recruiting employees in the area are the quality of life and K-12 education system, shown in Figure 13. The factors considered to have the most negative impact are personal taxes and climate.

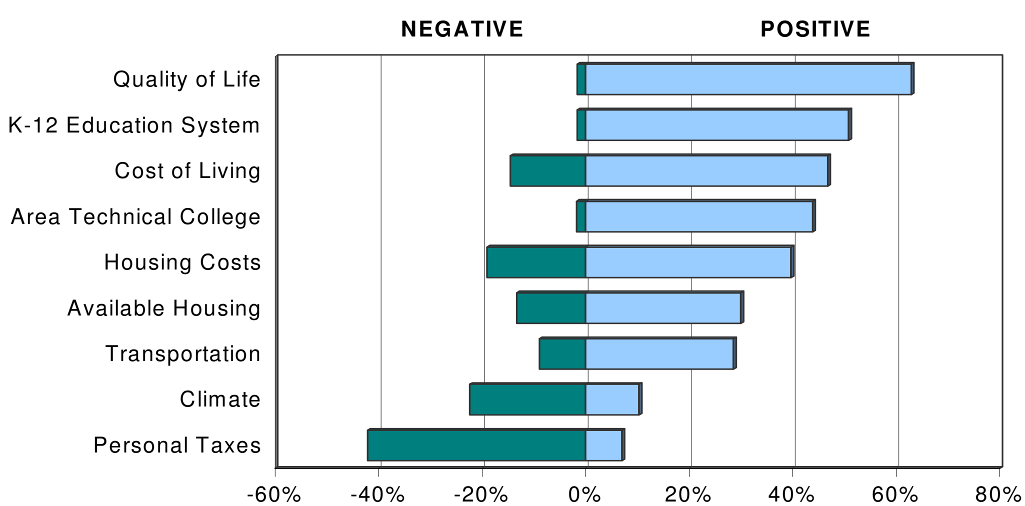

Figure 13 - Labor Unionization

Employers feel word of mouth and local newspaper advertisement are the best sources for seeking new and replacement employees. The most frequently used second choice options include the Internet and Job Service. (See Appendix A, Question 77.)

The quality of labor management relations can be a key factor when companies are making local decisions. Figure 14 shows that 20% of the surveyed Jefferson County firms are associated with a union. This encompasses 21% of the total full-time employment base reported by survey participants. The two-year composite shows only 11% of firms are associated with a union.

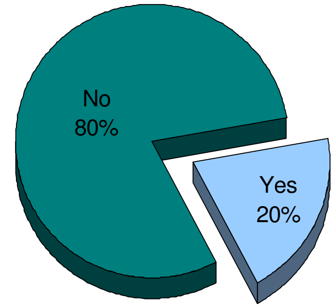

Figure 14 - Factors Affecting Recruiting

ASSESSMENT OF GOVERNMENT SERVICES

Government services can play a role in the success of a firm's operation in the area. Firms rated their levels of satisfaction with site, environmental and physical plant services provided by the community. Water pressure and supply provided to the building is expressed as adequate by 97% of the study participants while 95% respond they are satisfied with storm water drainage and sanitary sewer services provided.

When asked if voice lines provided by the local phone company are adequately meeting business communication needs 96% said “Yes.” Data lines provided in the area are considered adequate by 86% of the executives and wireless communication services were reported as adequate by 74%.

Crime in the area is similar to what other surveyed communities in the state have reported; 7% report employees have been victims of crime near the facility within the past 12 months. When responding to a question on vandalism or burglary, 26% say the facility has been targeted within the last year. While this is unfortunate, the figure is lower than the composite average of 31%. The vast majority (93%) say they feel local law enforcement agencies are doing all they can to protect employees and property. Satisfaction with local fire protection capabilities is expressed by nearly all (98%) of respondents.

Some (14%) report serious potholes in the pavement near their facility and a few (4%) experience flash flooding on nearby streets. Snow removal is considered to be adequate by 97% of the respondents, and 86% are satisfied with streets near the facility being cleaned regularly. A majority (87%) of the executives feel code enforcement efforts are being adequately and evenly applied. (See Appendix A, Questions 86 through 102 for a complete list of tallied results.)

TRANSPORTATION

The majority of workers drive their own car as their primary means of transportation to and from work; others (5%) car pool, 1% use bus or public transportation, 2% walk or bike and 1% use yet some other type of motorized vehicle. The survey found that 83% of the executives responded that public transportation is not available to and from the work site; 8% would like it to be available.

The importance of public transportation services used for business travel is suggested by the degree of usage. This study found many of the surveyed firms (61%) use the company automobile for business travel and 88% use personal vehicles in this capacity. Air travel to and from General Mitchell International is used by 56% of the respondents; 40% travel through Dane County Regional; and the Watertown Municipal Airport is utilized by 10%. Six percent use some other mode of transportation for business purposes.

ECONOMIC DEVELOPMENT PROGRAMS

An effort was made to determine the extent of familiarity or personal contact the firms had with the various economic development programs, and their degree of satisfaction. Table C shows how respondents feel about various financing options available. The local lending institutions are seen as some of the more useful options available to executives in Jefferson County. A number of the executives responded "No opinion" to options offered, which could indicate they are unfamiliar with the array of financing alternatives open to them.

	Useful	Not Useful	No Opinion
Local Lending Institutions	68%	13%	19%
Targeted Jobs Tax credit	14%	20%	66%
Small Bus. Admin. Financing	29%	16%	56%
Industrial Revenue Bonds	28%	14%	59%
County/City Revolving Loan Fund	18%	12%	70%
Tax Incremental Financing	27%	17%	56%
WI Housing & Econ. Dev. Authority	19%	17%	64%

Table C - Financing Options Perceptions

Figure 15 shows that 53% of the responding executives' rate local economic development as excellent or good, 19% rate it as fair, and a rating of poor is given by 11%. The rating of excellent or good is eight points above the composite average, which is 45%. Though not all are satisfied, comparing local findings to the state averages indicates the ratings are more favorable than composite average figures and that most local executives are fairly satisfied with the direction taken by those involved in economic development in Jefferson County.

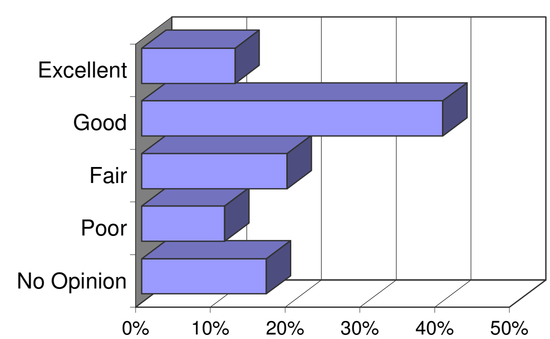

Figure 15 - Local Economic Development

LOCAL GOVERNMENT

The same effort was made to determine the level of contact and degree of satisfaction with the various local boards. A high degree of satisfaction is a good indicator of a strong community. The fire department, the police department, the fire inspector, and public works department received the highest satisfactory ratings from the executives in Jefferson County. The complete results are shown in Appendix A, Question 111.

When asked their opinion of the local government, 75% of the respondents say it is excellent [21%] or good [54%], which is 19 points higher than the 56% composite average. Another 11% responded it is fair and a few of the executives (10%) rate local government as poor. The ratings are illustrated in Figure 16.

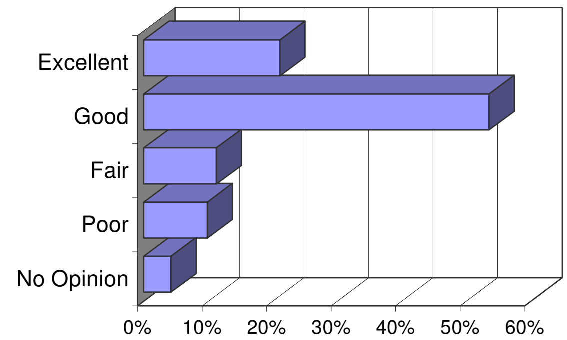

Figure 16 - Satisfaction with Local Government

FINANCIAL MATTERS

The executives were asked to provide several items under the title of financial matters, including how stable sales are for the company. Examined as a whole, this data can help to paint a picture of the business climate in the local area and in the region. Firm sales are reported as "increasing" by 68% of the respondents, which is higher than the composite average of 59%. Others, (24%) report sales are "stable," while 8% say sales are "decreasing." Study participants were also asked to indicate the percentage of annual sales that is dedicated to research and development (R&D). An allocation of up to 5% was indicated by 57% of respondents. Some (18%) report that 5% -10% goes for R&D; 3% dedicate 10% - 20%. On the other hand, 22% dedicate nothing to this area.

Figure 17 displays the responses received when the executives were asked to rank the factors they feel are most negatively impacting their present financial condition. The factor they rank highest in importance is market condition/economy, followed by material costs, employee wage/benefits, and energy costs. In the two-year composite findings, market condition/economy rated first, with employee wage/benefits rating second, energy costs third, and property/liability insurance costs fourth.

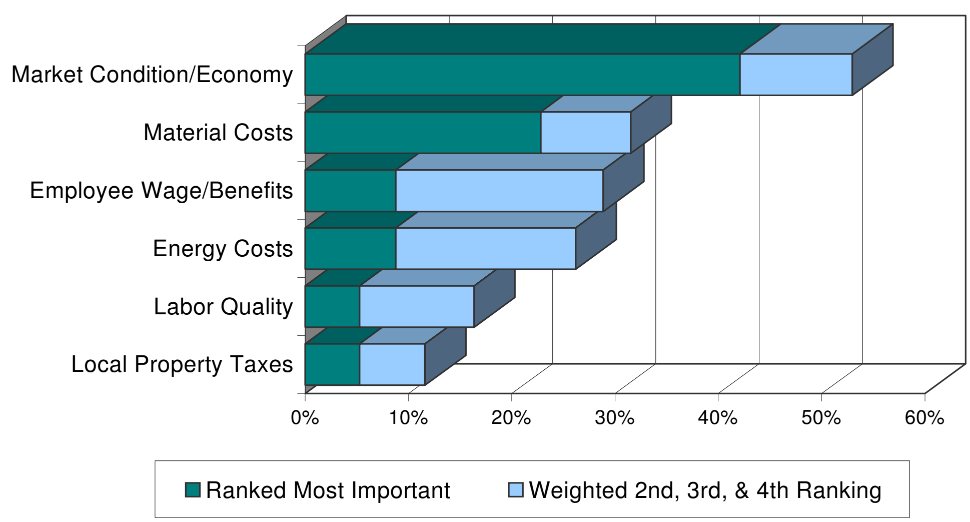

Figure 17 - Factors Adversely Affecting Financial Condition

The executives were asked where the company's primary banking institution is located. Figure 18 shows that 56% of the executives indicate financial transactions for the company are handled locally, 27% say they are handled elsewhere in Wisconsin and 17% indicate most banking is done out of state, which coincides with the percentage of firms having out-of-state headquarters.

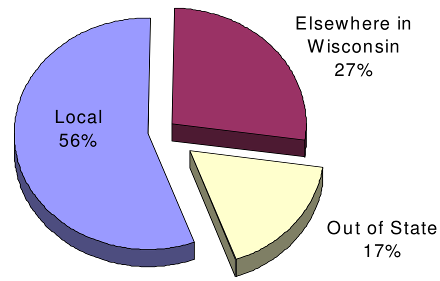

Figure 18 - Primary Bank Locations

As reported in this Major Findings section, under the heading of Future Plans, many of the executives intend to expand, improve equipment or incorporate technological innovations. As shown in Figure 19, cash flow and conventional financing are the most likely options for financing such expansions and improvements

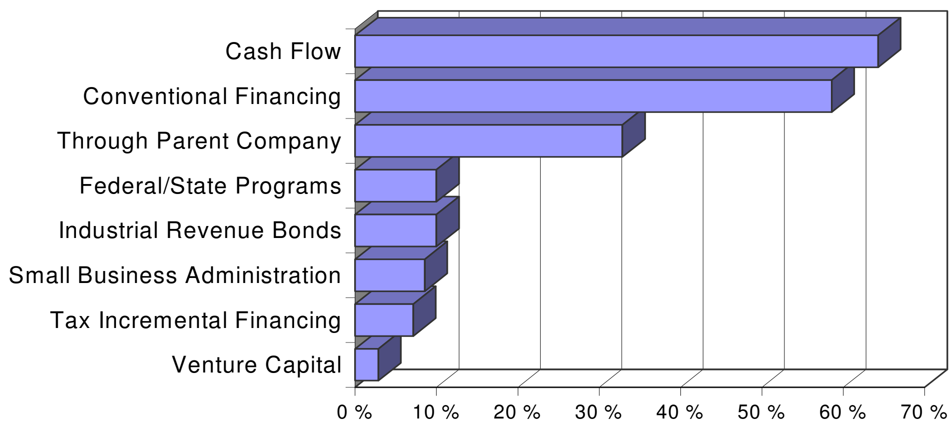

Figure 19 - Prefeed Financing Methods

ENERGY MATTERS

Data was collected to determine projections in utility needs for the next three years. Executives indicated how business needs might change in regard to energy, water, sewer, voice lines, data lines, and wireless service. The biggest change in usage is expected to occur with wireless service and electricity. The results are shown in Appendix A, Question number 119. Jefferson County executives are more prepared for unexpected power loss than their Wisconsin counter parts; 33% report having an energy back-up system compared to the 17% statewide average. Only 14% report difficulties working with local utilities.

COMMUNITY LINKAGE

Community involvement through memberships and affiliations in local organizations serve to develop a company's ties with the community. Figures indicate the Jefferson County executives are quite involved with the community. Of the respondents, 86% have a membership with the Chamber of Commerce, which is much higher than the composite average of 55%. Forty-four percent of the executives are members of other business organizations and 59% are expressing interest in participating in community organizations.

Most of the executives (79%) responding to this survey indicated that they reside in the local area. Another 20% reported that they live elsewhere in Wisconsin while one percent reported living outside of the state.

OVERALL IMPRESSIONS

The executives were asked to give their overall opinion of their local community and the state as a place to conduct business. As Figure 20 displays, 78% of the responding executives feel the community is an excellent or good place to do business. The composite average for an excellent or good rating is 71%. Many feel the workforce is a positive factor for doing businesses here saying it offers hard working, honest people. Other mention factors such as the local government, location and quality of life as positive factors. When rating the state as a place to do business, 58% of the responding Jefferson County executives say it is excellent, or good. The composite figure for an excellent or good rating for the state is 62%.

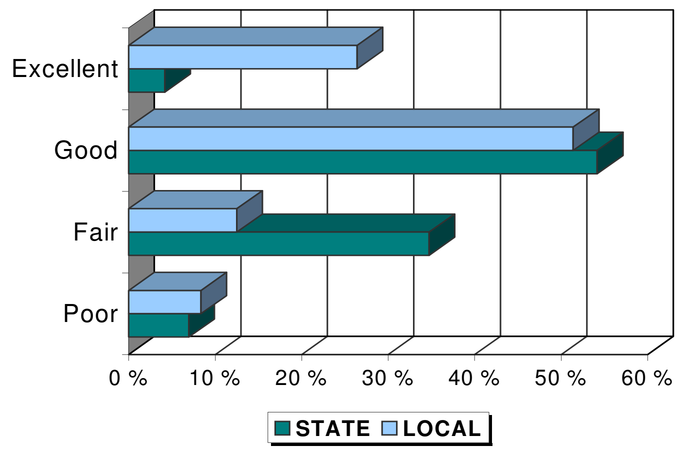

Figure 20 - A Place for Business

Survey respondents also were asked to give their overall opinion of the State of Wisconsin Department of Commerce. Ratings, which range from excellent to poor, are illustrated in Figure 21. The executives made suggestions for working with the Department of Commerce (Comments are available in Appendix A, Question 137).

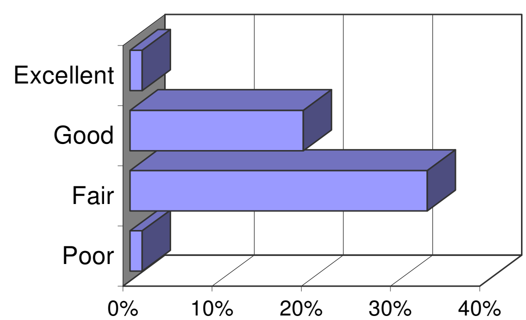

Figure 21 –
Department of Commerce Ratings

The Department of Commerce Division of Business Development administers several programs in effort to stimulate commerce in Wisconsin. Executives were asked to rate these programs as to their usefulness. The results are shown in Table D below. The executives expressed key issues facing the firm in the next 3-5 years; the most frequently given responses were related to competition, employee benefits, or labor. These and a variety of other concerns are listed in Appendix A, Question 134. The executives were asked about improvements in Wisconsin as a place to do business.

Program	Useful	Not Useful	No Opinion
Business Planning Assistance	10%	15%	75%
Financing Programs	22%	11%	67%
Labor Training Programs	14%	17%	68%
Community Development Zones	13%	14%	73%
Main Street Program	20%	16%	64%
International Trade Program	13%	15%	72%

Table D - Administered Programs Perceptions

As Figure 22 shows, 11% of the Jefferson County executives feel the business climate has improved over the past few years, 26% feel conditions have gotten worse, and 58% feel conditions have remained stable.

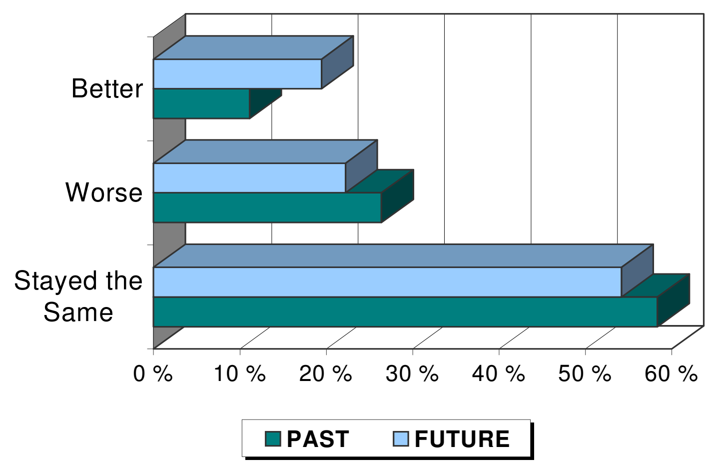

Figure 22 Improvements in Business Climate-Past/Future

With regard to the state's *future* business climate, 19% feel conditions will improve, 54% feel they will stay the same, while 22% feel conditions will worsen. Jefferson County predictions are a little less optimistic than others surveyed in the state; composite findings for expectations are 27% - improve 40% - stay the same, and 22% - worsen

CONCLUSION & RECOMMENDATIONS

VI. CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

The results of the Jefferson County Business Retention and Expansion Study are discussed in detail in the preceding Major Findings section. There are several conclusions that can be drawn from the data results. These include:

1. The interviewed Jefferson County business region is diverse with the largest percentage of those interviewed dealing with food, food products and the miscellaneous manufacturing industries.

2. More than two thirds of the interviewed firms (69%) serve as the company headquarters, with 58% stating there are additional facilities located in other communities. Of the businesses responding, 79% are incorporated.

3. More than three quarters (76%) of the surveyed businesses have been in business more than 20 years. Only one business in this survey group has been in existence less than five years.

4. The top factors negatively impacting the companies' current or future development are market condition/economy and domestic competition.

5. Of the interviewed executives, 24% report supplying a portion of their products to federal government, 25% to state government, and 34% locally. Jefferson County executives are expressing an interest in initiating or expanding government contracts: 26% - federal; 34% - state; and 36% have local interest.

6. The majority of respondents' customers reside in the local area. Most of the executives describe their customer base as increasing.

7. When asked where competitors are located, the majority of the executives respond they are within Wisconsin. Almost three quarters of the executives (71%) feel competitors are "making significant inroads" or are a "future threat" to their business.

8. When describing market shares for the companies' products/services, 45% say it is increasing, 13% say it is decreasing, and 42% feel it has remained stable.

9. The study finds that of the Jefferson County businesses responding, 79% own the business facility, 14% lease, and 7% combine ownership with leasing.

10. Many of the businesses (77%) reported having enough property to expand at the present location, and 31% have definite expansion plans.

11. Of the responding executives, 12% have plans for a new building either at the present site or elsewhere in the community.

12. Some of the executives (44%) have plans to modernize or improve their present building(s) within the next two years, and 81% have plans to modernize or improve their equipment.

13. Results indicate 11% of the executives have plans to expand the business in another Wisconsin community; 10% reported plans to expand out of state.

14. The study found that 5% of the executives (four persons) indicated plans to move all or part of the operation, either now or in the future. An additional 3% say a move is possible.

15. Other states have contacted 19% of the interviewed businesses in an attempt to persuade them to relocate.

16. Of the interviewed executives, 72 responded that they currently employ 10,289 full-time people. Data gathered from those responding to all five questions in a series about employment (51 executives) reflects the following: Overall, current employment is the same as one year ago and 4% higher than five years ago. The executives anticipate an increase of 2% next year and an increase of 11% over the next five years.

17. A total of 2184 part-time workers are employed by 77% of the executives.

18. Employees in professional/technical roles earn an average of $24.35 hourly, while office staff average $13.37 per hour. Highly skilled employees in Jefferson County receive an average hourly wage of $16.92, semi-skilled employees receive an average of $12.60, and unskilled workers receive an average of $9.88.

19. The Jefferson County executives report they are having the greatest difficulty recruiting for professional/technical workers. The survey finds that 49% report difficulty recruiting for professional/technical staff, 27% say they have difficulty recruiting for blue-collar workers, and 14% express difficulty recruiting for office support positions.

20. The Jefferson County executives believe the most positive factors dealing with recruiting are the quality of life and K-12 education system. The factors considered to have the most negative impact are personal taxes and climate.

21. Investment in training programs is increasing for 60% of the executives, decreasing for 1%, and staying the same for 39%.

22. Of the respondents, 20% report an association with a union, encompassing 21% of the full-time employment base.

23. The study finds 53% of the executives' rate their local economic development efforts as excellent or good, 19% responded "fair," 11% said "poor," and 17% expressed no opinion.

24. Of the executives responding to this survey, 75% rated their local government excellent or good, 11% responded "fair," 10% "poor," and 4% had no opinion.

25. Responses indicate that 68% of businesses have seen an increase in gross sales, 8% have seen a decrease, and 24% report gross sales remain stable. Of those responding to the question regarding research and development, 78% dedicate a portion of annual sales to research and development.

26. Two factors most negatively impacting the firms' present financial condition are market condition/economy and material costs.

27. Of the respondents, 86% are Area Chamber of Commerce members, 44% are members of other business organizations, and 59% signify an interest in participating in community organizations.

28. Of the executives responding to this survey, 78% feel their local community is an excellent or good place to do business. The state received an excellent or good rating from 58% of the respondents.

29. The study finds 11% of the executives feel Wisconsin's business climate has improved over the past few years, 58% feel it has not changed, 26% feel conditions have gotten worse, and 4% respond "no opinion."

30. Where Wisconsin's future business climate is concerned, 19% of the respondents feel the climate will improve over the next few years, 54% feel it will stay the same, 22% feel conditions will deteriorate, and 4% assert no opinion.

RECOMMENDATIONS

A successful Economic Development Program is a mixture of many factors. It calls for an in-depth understanding of the local community. It entails assessment of numerous facts about the area in which it operates. It involves up-to-date knowledge of all aspects of the community, as well as regional, national and international trends. It requires good communication and the art of persuasion. It involves thorough research and the ability to anticipate opportunities. It demands patience.

A well-designed program involves all aspects of the community. It is designed to promote the components that positively affect the ability of businesses to remain profitable, recruit qualified employees and expand operations, to support start-up businesses, recruit new companies and to curtail, in so far as it can, the factors that weaken the local economy.

This study was undertaken to:

- Identify the key challenges Jefferson County businesses (agricultural, commercial, industrial, and tourism) face in remaining competitive and sustainable.
- Discover commonalities among businesses
- Explore how area organizations can assist in business growth
- Assess the business climate within Jefferson County
- Gather information about the perceived strengths and weaknesses of local government efforts from local business leaders
- Provide information necessary to assist JCEDC in its efforts for planning for the benefit of Jefferson County and its quality of life for the citizens of Jefferson County

The recommendations that resulted from interviews and the survey can be categorized into five areas:

1. Communication and Business Networking
2. Marketing
3. Support a Positive Business Climate
4. Workforce Development, Training and Education
5. Facilitation and Coordination

Information gathered from the survey questionnaires and interviews enabled the Survey Committee and the Jefferson County Economic Development Consortium (JCEDC) Board of Directors to identify a pattern of common concerns and suggestions and then to develop a general action plan.

The survey will additionally provide data useful to such organizations as the UW Extension, Madison Area Technical College (MATC), Workforce Development and other organizations that support and interact with Jefferson County and the communities therein...

I. COMMUNICATION

The JCEDC must continue its efforts to inform the public and private sectors on its role and function. This includes clarifying perceptions and communicating information on issues, regulations, policies and other issues that impact the business community in Jefferson County. The JCEDC wants to be recognized as a problem and information clearinghouse on economic development issues. The JCEDC will assist in maintaining and promoting open and free lines of communication between local government officials, area businesses, and local and state agencies.

Developmental Steps

1. Educate local community leaders on the importance of economic development.
2. Work with existing organizations to foster youth and family quality of life opportunities.
3. Encourage the development of the business community by involving business people in current and future community issues.
4. Present the survey findings to local officials to foster a clearer understanding of the needs of local businesses and the need to maintain a reasonable, responsive attitude toward business.
5. Host information sessions to disseminate the business retention survey results.
6. Inform communities of municipal services and infrastructure problems identified in the study and monitor appropriate follow-up.
7. Develop a media plan for communicating projects and accomplishments of economic development organizations, area businesses, and communities.

II. MARKETING JEFFERSON COUNTY

The JCEDC must develop and promote the County and its communities. Promotion includes working with existing business, networking with regional and state representatives, recruiting new business, marketing Jefferson County, and supporting a high quality environment.

Developmental Steps

1. Develop community profiles to distribute information about Jefferson County.
2. Promote business through business events and networking.
3. Attend intergovernmental planning meetings, i.e. 10 Counties Organization.
4. Represent Jefferson County in other state and national organizations.
5. Develop strategies to attract business to Jefferson County that will support and enhance existing businesses.
6. Make Jefferson County information available to the public and private sector outside of Jefferson County.
7. Develop networks with national state and regional organizations.
8. Promote Jefferson County as an attractive tourism destination.
9. Inform local businesses, governments, and educational institutions of the products and services available from area businesses.
10. Contact businesses to organize and facilitate meetings.
11. Host a Business Summit for area Corporate Executive Officers which fosters creative and mutual beneficial problem solving, including supplier linkages, local purchases and exploring other networking opportunities every three to five years.

III. SUPPORT A POSITIVE BUSINESS CLIMATE

JCEDC will promote modernization of business (agricultural, commercial, industrial, and tourism) and attract supporting businesses to Jefferson County. Promote positive government and business environment and maintain high quality public infrastructures. Explore strategies and partnerships to bring more financial resources for business expansions and start-ups.

Developmental Steps

1. JCEDC should sponsor a business summit every three – five years. (Format to be determined).
2. Support business modernization efforts and act as a resource to all business sectors.
3. Continue expansion of JCEDC's revolving loan funds (RLF) program. Explore the feasibility of partnerships between RLF's, local banks and other financial resources.
4. Work with communities to leverage Tax Increment Financing, with local banks, state and federal programs and other financial resources to provide needed incentives to assist business expansions and recruitment.
5. Invite agencies to inform appropriate organizations and communities of available programs.
6. Encourage local banks to develop strategies for working with small businesses, which promote start-ups and expansions.
7. Explore development of venture capital funds and/or angel investor networking.
8. Follow-up on issues and concerns of companies highlighted by the study
9. Monitor and periodically update the business retention and expansion study.
10. Implement and maintain a visitation program that calls on each executive officer of local industries on a regular basis.
11. Promote and support cooperation between local governments and businesses.
12. Remain a central contact source for economic development inquiries, providing all available resource information for business issues regarding retention, expansion or new businesses. Support and assist any business in expansion and property issues.
13. JCEDC will assist by identifying properties, buildings, financial, and other available resources.
14. Work with the utilities to address utility improvement needs.
15. Develop a support and resource system that fosters entrepreneurial success. Through such programs as available through the SBDC's and also expanded effort for growing the Entrepreneurs and Inventors Connection.
16. Provide information about regulations to the business community.
17. Facilitate the "Entrepreneurial Spirit" through education training and seminars.
18. Support and encourage quality of life opportunities.

IV. WORKFORCE DEVELOPMENT, TRAINING AND EDUCATION

JCEDC will promote workforce development through education, training, and strategies that will foster a quality labor pool. Education and training will focus on basic skills including English as a Second Language (ESL), leadership training, problem solving, and skills upgrades.

Developmental Steps

1. Relay to the Madison Area Technical College business issues and concerns with training needs identified in the survey.
2. Provide businesses with information on educational and training resources available at the county and state level.
3. Work with education and training organizations to develop a guide on the educational opportunities available to the citizens of Jefferson County.
4. Work with agencies and businesses to develop employee training and retention programs noting the skill deficiencies identified in the survey.
5. Continue working with the UW Extension to coordinate with local and state organizations to develop educational programs.
6. Identify resources for continued professional and technical training.
7. Enhance career planning by educating and informing the community about local career and economic trends.
8. Work with area schools to gather and distribute information.

V. FACILITATION AND COORDINATION

JCEDC will act as the voice for Jefferson County both at the regional and state level. In its role as facilitator and coordinator, JCEDC will provide assistance with financial, startup, and regulation information.

Developmental Steps

1. Utilize technical resources of JCEDC to maintain individual community profiles. The community profiles will provide enough information to assist in recruiting businesses and professional employees.
2. JCEDC will work with county communities to coordinate and support the various programs that may be available.
3. Educate local leaders and government officials about the importance of economic development and the benefits to each community within the county.
4. Continue to work with state and local agencies to address housing issues.
5. Continue to provide Jefferson County communities with a central forum to exchanging and developing economic development policies to guide and enhance the efforts of member communities.
6. Continue to provide leadership for the on-going development of the State Highway 26 corridor.
7. Work with existing organizations to foster youth and family quality of life opportunities.
8. JCEDC will work cooperatively with area youth organizations, cities and schools.