



Executive Summary
Business Retention Survey
2010

The Clay County Development Council (CCEDC), with the assistance of the Liberty Economic Development Corporation (LEDC), conducted extensive surveys with the executives of 78 existing Clay County businesses by means of one-on-one confidential interviews during the past twelve months. This 2010 report includes 50 interviews conducted by the CCEDC and 28 by the LEDC. This is the eighth consecutive year that the Business Synchronist Information System, supported by Kansas City Power & Light Company, has been employed to expand and enhance retention efforts in Clay County.

The Business Synchronist Information System questionnaire was developed by Blane, Canada, Ltd., of Chicago, and has been tested nationally and is employed in 39 states and provinces. With the support of KCP&L, the Synchronist System forms the basis of the Kansas City metro-wide Business Retention Council program. Over 900 economic development organizations now use Synchronist to provide an accurate picture of business retention and expansion opportunities.

The Synchronist Survey is a structured business information system focused on understanding a business through the use of four tools:

- Problem identification questions
- Predictive questions
- Marketing intelligence
- Business assessment

The result is hard data that provides information designed to help answer specific questions of concern to every economic development decision-maker and community or government leader. These questions include:

- What is the company's value to Clay County?
- Is the company at risk of relocating or downsizing?
- What is the growth potential of the company?
- What is the company's level of satisfaction with Clay County and its services?
- Do any existing or emerging problems in the community pose a threat to existing or potential businesses?
- Are there untapped marketing opportunities (e.g., industries, companies, strategies) that could be leveraged for attracting new businesses to the community?

In addition to providing more than 300 different reports about business conditions in Clay County, the Synchronist instrument serves as a contact management system for follow-up activities and relationship building with Clay County businesses.

The data from these confidential interviews is entered into a system that analyzes the responses to provide information on the status of business as a whole in Clay County and identifies issues that need to be addressed as a county to create and support an environment where businesses can succeed. This data also provides decision-makers critical insight for allocating resources and creating public policy by identifying growth companies, predicting companies at risk, and forecasting economic investment.

The businesses survey in 2010 covered the geographical spread of Clay County, representing a diversity of businesses. In 2010, for the fourth year in a row, there was an increase in surveys conducted in Smithville, Kearney, and Excelsior Springs. The respondents in this eighth survey again represented a wide variety of Clay County businesses—manufacturing, retail, and service. They range from a sole proprietorship to a firm employing 3,950. It is significant to note that KCSourcNet reports that 94% of the more than 4,000 Clay County businesses have fewer than 20 employees. Included in this survey are start-ups, emerging firms, and long-established businesses, with longevity ranging from one to 170 years, with ten firms exceeding 100 years each.

The charts and graphs of the data that form the basis of this analysis are contained in the section that follows this executive summary.

Business Expansion

In spite of a continued down economy in 2010, Clay County businesses continued to grow and, most importantly, are positioned for future growth with improving economic conditions. While growth has slowed, 2010 results indicate a slight uptick, and local firms are growing and report conservative expansion plans and anticipated future growth. In identifying their greatest achievements in the last three years, 64% included growth, expansion, and launching of new products and services. For the first time in the eight years of this survey, retention of business was reported as the greatest achievement, with 31% emphasizing this achievement.

Additional areas of achievement that auger well for continued development and expansion include improved customer service, survival of the credit crunch, new products, technology advances, and personnel development. Business facilities are also in place for expansion with 92% in good to excellent condition, and 68% reporting room for expansion.

More than 32% of the businesses reported plans to expand in the next three years, down 11% from last year. More importantly, these companies project more than \$251,510,000 in capital investment and the creation of 433 new jobs by 2013. This represents a dramatic 4%

increase in new jobs. Economic recovery, along with attractive real estate and construction prices, are major factors in the optimistic projections.

Technology Impact

It is not surprising that a large majority of companies of all sizes and in all areas report heavy investments in new technology. New and advanced technologies are emerging for 80% of the companies, and these technologies will change either their product or how it is produced or marketed. This figure represents a slight increase of 3% from 2009. It is significant to note that 95% of the respondents report that the county's technology infrastructure is adequate to meet their needs.

The primary areas of emerging technology for Clay County firms are automation, social media, Internet applications, paperless records, robotics, electronic financial processing, real time data collection, green energy, electronic health records, RFID, digital applications, and telemedicine. For the first time, nanotechnology and webinars as business tools were reported as emerging technologies.

International Business Trends

The markets for Clay County companies in 2010 reflected an increase in local market emphasis along with increases in national market shares of 50% and 120% respectively. The international market share decreased only slightly. This trend counters the previous two years when many firms depended on local markets to weather the down economy.

Legislative Issues

The survey requests business executives' input regarding pending federal, state, or local legislation changes what will either benefit or adversely affect their businesses in the next five years. Business leaders reported that legislative issues most likely to adversely affect business are health care, Cap and Trade, Card Check, tariffs, bank and lending regulations, taxes, EPA, FMLA, E-tax, Medicare/Medicaid, and Workmen's Compensation.

Anticipated legislative changes that might benefit business primarily include lending regulations for small businesses, mortgage reform, sales tax collection procedures, Emerging Infectious Diseases legislation, infrastructure stimulus, energy savings tax credits, health care reform, tax credits, and food safety legislation.

Community Evaluation

Business executives continue to give Clay County high marks as a place to do business. Diverse economy, location, workforce, educational system, population growth, quality of life, and community pride continue to be identified as primary strengths, followed closely by stability of business ownership and management, low cost of living, cooperation, and a low crime rate.

For six consecutive years, there have been increasing requests for coordinated planning among all Clay County governmental entities—county and municipal, including user friendly codes, regulations, and permitting processes that are transparent. The need for this coordinated planning has been identified as a serious weakness. The issue of coordinated planning is related to strong concerns for a progressive outlook and cooperative leadership.

Additional areas identified as needing attention include infrastructure, especially county roads and bridges, image, bureaucracy, regional cooperation, high-end housing, and public transportation.

Public Services

The quality of public services rated high among existing industries, with 100% rating police protection and fire protection above average to excellent. The areas of concern centered on public transportation and property tax assessment. Schools and the entire educational system continue to receive very high evaluations. Overall, Clay County public services in 2010 were rated 9% above 2006 and 2007, 5% above 2008, and 4% above 2009. Inclusive figures for 2010 indicate that Clay County exceeded the national average by 30%.

	CLAY COUNTY						
	2006	2007	2008	2009	2010	NAT.	
Police Protection	6.13	6.30	6.30	6.43	6.38	5.81	
Fire Protection	6.32	6.46	6.60	6.67	6.61	6.20	
Ambulance/Paramedic	6.25	6.46	6.63	6.31	6.56	6.06	
Health Care Services	6.16	6.05	6.29	5.88	6.26	4.39	
Child Care	4.37	5.05	5.06	5.00	5.53	3.22	
Schools (K-12)	6.51	6.35	6.22	6.26	6.36	5.09	
Tech College	6.16	6.14	6.14	6.18	6.14	4.10	
Community College	6.08	6.08	6.31	6.30	6.15	3.27	
Colleges & Universities	5.95	6.14	6.57	5.92	6.12	3.97	
Public Transportation	2.69	2.80	3.23	3.03	3.32	4.16	
Traffic Control	3.75	3.92	4.35	4.73	4.53	4.54	
Streets & Roads (local)	4.24	4.57	4.87	4.98	4.89	4.04	
Highways (state & federal)	4.70	4.76	5.20	5.21	5.13	4.71	
Airline Passenger Service	6.13	6.03	6.00	6.06	6.13	4.18	
Air Cargo Service	6.11	5.67	5.89	6.13	6.11	2.78	
Trucking	5.97	5.85	5.89	6.04	6.10	4.28	
Property Tax Assessment	4.64	4.36	4.26	4.61	4.48	4.36	
Zoning Changes/Bldg. Permits	5.27	5.23	5.29	5.54	5.11	5.31	
Regulatory Enforcement	4.69	4.57	5.11	5.43	5.22	4.93	
Community Planning	4.65	4.48	4.59	5.33	5.51	4.60	
Community Services	4.85	4.70	4.92	5.62	5.24	N/A	

County Services	5.20	5.18	5.44	5.48	5.39	5.15
Chamber/Business Association	5.64	5.69	6.02	5.93	5.76	3.96
Economic Development Council	6.10	6.08	6.23	6.34	6.28	4.02
Workforce Services	N/A	N/A	N/A	5.32	4.73	N/A
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Comprehensive Average	5.36	5.37	5.56	5.63	5.84	4.48

Workforce

The Clay County workforce continued to be rated very high with regard to availability, quality, stability, and productivity. On a scale of 1-7, with 7 being high, Clay County employers ranked workforce 5.94. On this scale, 3.5=average, 4.0=above average, 5.0=good, 6.0=excellent, and 7.0=perfect.

Availability-----	6.08
Quality-----	5.76
Stability-----	5.99
Productivity-----	5.91
Comprehensive average---	5.94

Though down slightly from 2008, the projection of stable and increasing employment opportunities at the 100% level indicates that the Clay County economy is holding its own, even though more workers were available and fewer entry level/unskilled workers were needed:

Employment Needs

	2008	2009	2010
Increasing	43%	35%	40%
Stable	54%	62%	60%
Decreasing	3%	9%	0%
Inc./Stable	97%	91%	100%

Major areas of employee recruitment needs included sales, math skills, nurses, industrial maintenance, skilled labor, engineer, housekeeping, radiologists, custodial, research chemists, computer technicians, management, nurse practitioners, card dealers, automotive technicians, loan officers, cashiers/tellers, online sales, customer service. and environmental health and safety.

It is important to note that the U.S. Department of Labor Bureau of Labor Statistics predicts that service jobs in the areas of educational services, health care, and social assistance will continue to account for the lion’s share of job growth. Construction jobs are predicted to continue to lag, and manufacturing positions will decline by about 5%. Nine in 10 of the fastest-growth occupations are forecast to be in computers and health care. The Missouri Strategic

Initiative for Economic Growth task force predicted in December, 2010, that the state's fast-growing industries for the future include transportation, information technology, and financial services, along with aerospace and defense manufacturing, energy solutions, biosciences, and health sciences.

In order to insure that the right workforce is available in the future, the educational and job training systems need to plan for training and retraining that will prepare for the changes brought about by advances in information technology and computerization. Six in 10 of the fastest growing occupations will require an associate's or bachelor's degree. The respondents to this year's survey reported that 96% had experienced or anticipated significant changes in the make-up of their workforce.

Trends

Eight years of data now provide a picture of a number of trends and changes. The stable business organizational climate continues as evidenced by little turnover in ownership and in top management, with ownership stability at 96%, advancing from 79% in 2005. However, merger and acquisition activity has shown a steady increase since 2005.

Sales and market share growth, though strong, had stabilized in 2005. Total company sales rebounded in 2006, increasing 13% over 2005, but sales declined in 2008 and 2009. Sales and market share are generally considered to be influenced by research and development, and Clay County businesses have an opportunity to increase efforts in R&D, whether performed locally or contracted nationally through professional associations. Currently, the low level of funds budgeted for R&D by Clay County businesses has remained static since 2005, and, in 2010, 54% performed no R&D activities, an increase of 20% since 2005.

Projected utility needs have also stabilized, with the exception of Internet access and cellular service which have both been increasing since 2005.

Positive labor conditions and union relationships have been reported each of the seven years of this survey.

This survey confirms that Clay County is "maximizing economic well-being and economic opportunity," and business executives have identified the major strengths to be the diverse economy, population growth, quality of life, sense of community, workforce, quality educational system, low cost of living, and a low crime rate. Primary areas of concern specified for improvement in 2010 include the need for coordinated county/cities planning, progressive outlook, cooperative leadership, and improved and expanded infrastructure.

Future

The goal of this project and the mission of the Clay County Economic Development Council remain "to maximize economic well-being and opportunity in Clay County, Missouri,"

by attracting and retaining business and industry for the county and to promote a positive economic development climate. The information in this report provides an overview of Clay County's strong and diverse economy and identifies specific areas for planning for our community's continued improvement, growth, and development.

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