

Executive Summary

Business Retention Survey

2008

The Clay County Development Council (CCEDC), with the assistance of the Partnership for Community Growth and Development (PCGD), conducted extensive surveys with the executives of 75 existing Clay County businesses by means of one-on-one confidential interviews during the past twelve months. This 2008 report includes 45 interviews conducted by the CCEDC and 30 by the PCGD. This is the sixth 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 600 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?

In addition to providing more than 250 different reports about business conditions in Clay County, Synchronist 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 2008 covered the geographical spread of Clay County, representing a diversity of businesses. In 2008, for the second year in a row, there was significant increase in surveys conducted in Smithville, Kearney, and Excelsior Springs. The respondents in this sixth survey again represented a wide variety of Clay County businesses— manufacturing, retail, and service. They range from a sole proprietorship to a firm employing 3,081, for a total of 13,311 employees, with an average of 211 per business. It is well to remember that KCSourceNet reports that 94% of the businesses in Clay County have fewer than 20 employees. Included in this survey are start-ups, emerging firms, and long-

established businesses, with longevity ranging from one to 141 years. The total accumulation of business experience in this survey is 3,202 years, and nine firms exceed 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 down economy in 2008, Clay County businesses continued to grow and, most importantly, are positioned for future growth with improvement in economic conditions. While growth has slowed, local firms are growing and report conservative expansion plans and anticipated future growth. In identifying their greatest achievements in the last three years, 51% included growth, expansion, and launching of new products and services.

Additional areas of achievement that auger well for continued development and expansion include improved customer service, survival of the credit crunch, maintenance of market share, technology advances, and personnel development. Business facilities are also in place for expansion with 88% in good to excellent condition, and 59% reporting room for expansion.

More than 51% of the businesses reported plans to expand in the next three years, up 13% over last year. Most importantly, these companies project more than \$194,420,000 in capital investment and the creation of nearly 400 new jobs by 2011.

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 76% of the companies that will change either their product or how it is produced or marketed. However, this is a slight slowdown from 2007 and represents a 4% decrease.

The primary areas of emerging technology for Clay County firms are automation, Internet applications, paperless records, robotics, imaging, electronic financial processing, digital printing, and GPS applications. For the first time, nanotechnology was reported.

International Business Trends

The markets for Clay County companies in 2008 reflected an increase in local market emphasis and a decrease in regional and national market share. The international market share remained constant at 4%. Many firms report that they have placed greater emphasis on local markets as opposed to regional and national markets in an effort to maintain or grow sales in 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, lending regulations, taxes, Medicare/Medicaid, environmental issues, development incentives, Family Medical Leave, Workmen's Compensation, and OSHA.

Anticipated legislative changes that might benefit business primarily include lending regulations, health care, mortgage reform, sales tax collection procedures, infrastructure

stimulus, and Medicare/Medicaid.

Community Evaluation

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

For four consecutive years, there have been increasing requests for coordinated planning among all Clay County governmental entities—county and municipal, including user friendly codes 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 new vision and cooperative leadership.

Additional areas needing attention include infrastructure, especially county roads and bridges, image, bureaucracy, diverse housing, public transportation, and the need to brand the Northland.

Public Services

The quality of public services rated high among existing industries, with 97% rating police protection and 100% rating fire protection above average to excellent. The areas of concern centered on public transportation, property tax assessment, and community planning. Schools and the entire educational system continue to receive very high evaluations. Overall, Clay County public services in 2008 were rated 4% above 2006 and 2007. Inclusive figures for 2008 indicate that Clay County exceeded the national average by 24%.

<u>Clay County</u>		<u>National</u>	<u>Clay County</u>	<u>Clay County</u>
2008	2006		2006	2007
Police Protection			6.13	
6.30	6.30	5.81		
Fire Protection			6.32	
6.46	6.60	6.20		
Ambulance/Paramedic			6.25	
6.46	6.63	6.06		
Health Care Services			6.16	
6.05	6.29	4.39		
Child Care			4.37	
5.05	5.06	3.22		
Schools (K-12)				6.51
6.35	6.22	5.09		
Tech College			6.16	
6.14	6.14	4.10		
Community College			6.08	
6.08	6.31	3.27		
Colleges & Universities			5.95	
6.14	6.57	3.97		
Public Transportation				2.69
2.80	3.23	4.16		
Traffic Control				3.75
3.92	4.35	4.54		
Streets & Roads (local)			4.24	
4.57	4.87	4.04		
Highways (state & federal)			4.70	
4.76	5.20	4.71		
Airline Passenger Service			6.13	
6.03	6.00	4.18		
Air Cargo Service			6.11	
5.67	5.89	2.78		
Trucking			5.97	

5.85	5.89	4.28		
Property Tax Assessment			4.64	
4.36	4.26	4.36		
Zoning Changes/Building Permits			5.27	
5.23	5.29	5.31		
Regulatory Enforcement			4.69	
4.57	5.11	4.93		
Community Planning				4.65
4.48	4.59	4.60		
Community Services			4.85	
4.70	4.92	N/A		
County Services			5.20	
5.18	5.44	5.15		
Chamber/Business Association			5.64	
5.69	6.02	3.96		
Economic Development Council			6.10	
6.08	6.23	4.02		
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===	===			
	Comprehensive Average		5.36	5.37
5.56	4.48			

Workforce

The 2008 economy has been characterized as “Stuck between weak and soft,” and in Clay County new hires were down 16.3%. However, total employment was up 1.5%. This was the result of high job retention and increased population. Clay County population was up 2.4% over the last year and 14.7% in the last seven years.

The Clay County workforce continued to be rated very high with regard to availability, quality, stability, and productivity. The projection of stable and increasing employment opportunities at the 90% level indicates that the Clay County economy held its own, even though more workers

were available and fewer entry level/unskilled workers were needed because of layoffs.

Major areas of employee recruitment needs included tellers, math skills, nurses, sales, industrial maintenance, managers, cooks, collision specialists, skilled labor, engineers, customer service, warehouse, 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 will continue to account for the lion's share of job growth, especially in educational services, health care, and social assistance. Construction jobs will 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.

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. Eighty-five percent of the respondents to this year's survey reported that they had experienced or anticipated significant changes in the make-up of their workforce, an increase of 8%, and one major employer reported that 60% of the company workforce would be eligible to retire in 10 years.

Trends

Six 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 92%, 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. 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 funds budgeted for R&D by Clay County businesses have increased only slightly 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 six years of this survey.

This survey confirms that Clay County has “Simply More,” and business executives have identified the major strengths to be the diverse economy, 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 2008 include the need for coordinated county/cities planning, fresh vision, 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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