Roseville Business Retention and Expansion Strategies Program

Summary Report
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SUMMARY REPORT

April 2014

Authored by Michael Darger, University of Minnesota Extension

For more information on the Roseville BR&E Program, contact Jeanne Kelsey, Roseville HRA, at 651-792-7086 or jeanne.kelsey@ci.roseville.mn.us

Sponsors:
Roseville Housing and Redevelopment Authority
Xcel Energy
University of Minnesota Extension
Minnesota Department of Employment and Economic Development

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ROSEVILLE BUSINESS RETENTION AND EXPANSION PROGRAM

Communities recognize that helping existing businesses to survive and grow is a vital economic development strategy. The Roseville Business Retention and Expansion Program (BR&E) 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 2012 showed four times as many new jobs created by existing business as from either business attraction or entrepreneurship.

The Roseville 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 in the community 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 Roseville 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 and
- To develop and foster a relationship with our existing businesses.

Sponsorship

This program is sponsored locally by the Roseville Housing and Redevelopment Authority (HRA), the City of Roseville and Xcel Energy. The Minnesota Department of Employment and Economic Development also participated in the Roseville BR&E program.

BR&E History

The Roseville BR&E began with city staff Jeanne Kelsey and Patrick Trudgeon participating in the BR&E Course offered by the University of Minnesota Extension in winter 2013. Subsequently, the community contracted with Michael Darger, Extension’s BR&E Specialist, to provide applied research and limited consulting assistance. Jeanne Kelsey, Acting Executive Director of the HRA, is the overall leader for the Roseville BR&E. She was assisted by Josh Hill, Community Development Intern in launching the BR&E.

Survey Instrument

Roseville created a new interview guide by combining elements of both Extension’s and the Grow Minnesota! program’s interview guides. The Roseville interview guide was used by volunteer visitors on the business visits.
Business Selection & Visits

With as many as 1,500 businesses in town, Roseville decided to select locally-owned businesses with ten or more employees for visits. Retailers, medical businesses, public entities, and schools were excluded. After much compiling of lists, sorting and screening, an initial target list of 101 businesses was created. These businesses were invited by letter on November 6, 2013 to be interviewed. An additional 28 businesses were invited by letter in a second wave on November 15, 2013. For more information on this process see the BR&E research report.

A total of 41 businesses were interviewed by volunteers during the business visitation phase from November to December 2013. Visitors worked in teams of two and took responsibility for arranging and conducting the interviews. This is one of the highest numbers of completed business visits in the metro area seen by Extension in the last decade.

Warning Flag Review

Reviewing the surveys 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.

Research Report Development

Roseville sent copies of the surveys to the University of Minnesota for tabulation and analysis. A summary of the data was prepared for the January 9, 2014 state research review meeting, where a group of seventeen individuals (listed later in this report) reviewed the results and ideated projects that might respond to the businesses’ 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 three overarching strategies as a strategic framework of issues for Roseville to consider for implementation. The Research Report provides a list of potential project ideas under each strategy. The Roseville HRA and BR&E Task Force have the knowledge of their community and what projects are suitable locally. The potential projects are only suggestions for Roseville to consider.

Task Force Retreat

A 2.5 hour Task Force retreat was held on February 18, 2014 in Roseville. At this retreat, the Task Force was presented with the Research Report. The presentation included an overview of the Roseville and Ramsey County economy and demographic situation, the composite results of the business interviews, and the three strategies. The Research Report can be viewed by contacting Jeanne Kelsey, Roseville HRA, at 651-792-7086 or by contacting one of the Task Force members.

The Task Force reviewed and discussed the potential projects and developed new project ideas. In the end, the Task Force made its recommendations to the HRA board. These recommendations were considered in a joint meeting of the HRA and City Council on March 3, 2014. These priority projects chosen for near term implementation are featured in this summary.
PEOPLE IN THE ROSEVILLE BR&E PROGRAM

Three groups of people have been very important to Roseville’s success in its BR&E program. These are: 1) the Roseville HRA 2) the Task Force and 3) the businesses visited. The Campus Review participants also deserve acknowledgement for their participation in the process.

Roseville HRA Board

Bill Majerus
William Masche
Dean Maschka, Chair
Vicki Lee
Kelly Quam
Susan Elkins
Robert Willmus

Roseville BR&E Task Force

Bryan Schmidt, Affinity Plus
Carol Maloney, Western Bank
Chad Commers, Roseville Properties
Dan Roe, Roseville Mayor
Dean Maschka, RHRA Chair
Dick Klick, MN&WI Insurance Agent
Lisa Laliberte, Roseville Council Member
Duane Poppe, Transwestern
Julie Wearn, Roseville Visitors Association
Megan Barnett-Livgard, Greater MSP
Jeanne Kelsey, Acting Executive Director of RHRA
Sylvia Garcia, MN DEED

Tim Roche, Twin Cities North Chamber
Tammy McGehee, Roseville Council Member
Jonathan Weinbrenn St. Paul Chamber
Brian Hayes, Western Insurance Agency
Dennis Welsch, Retired Community Development Dir.
Pat Trudgeon, Roseville City Manager
Katherine Phoutthaphaphone, Affinity Plus Credit Union
Jake Sedlacek, Xcel Energy
Zachary Crain, Batten & Beasley Law Firm
Denise Beigbeder, Ramsey County
Joshua Hill, Roseville Community Development Intern
Arlette Cuevas Renteria, CLUES

Businesses Visited

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

Advanced Circulatory
AirCorps, LLC
ARC - Arthur’s Residential Care
B.O.S. Corporation dba: Best Outdoor Services
Building Restoration Corp.
Camelot Metals
Cardinal Health- NPS 414LLC
Certified Painting, Inc.
Charles Cabinet
Chris Electronics Distributors
CMD-Catheter & Medical Design, Inc.
Color Technologies
Cortec Enterprises
D&M Iron Works, Inc.
Commercial Fixtures
Delta Management Group, Inc.
Environmental Restoration
Fair Isaac
Fastest Inc.
Gausman & Moore
Horton
Lee F. Murphy
Linn Building Maintenance
LKYB Engineers
Lubetech
Maguire Agency
Meritide, Inc.
Minnesota Industrial Battery
Motion Industries
Northstar Computer Forms
Old Dutch
Premium Carpet Installations
Pro Media Productions Inc.
Respiratory Tech
Siemens Industry, Inc.
Stantec
Sullivan Riehm Construction
Symantec
The Specialty Lab, Inc.
Torgerson Print Finishing
Wheeler Hardware

Economic Development Professionals
Paul Ammerman, City of North St. Paul
Megan Barnett-Livgard, Greater MSP
Kathi Schaff, Minnesota Chamber of Commerce
Jake Sedlacek, Xcel Energy

University of Minnesota
Michael Darger, Extension Center for Community Vitality
Josh Hill, Graduate Student Assistant, Extension Center for Community Vitality
Matt Kane, Extension Center for Community Vitality
Kristin Mastel, Extension Librarian
Lee Munnich, Humphrey School of Public Affairs
Ward Nefstead, Department of Applied Economics
Elizabeth Templin, Extension Center for Community Vitality

ROSEVILLE'S ECONOMIC AND DEMOGRAPHIC PROFILE

A profile of Roseville’s economy and demographics was prepared for the Research Report and presented at the Task Force retreat in February. The profile was created and written by Tim O’Neill of the Minnesota Department of Employment and Economic Development. The profile contains statistics on population, employment, income, commuting and labor sheds, occupations, and education attainment.

A full copy of the profile can be viewed by contacting Jeanne Kelsey, Roseville HRA, at 651-792-7086 or by contacting one of the Task Force members.
ROSEVILLE BR&E SURVEY RESULTS
Characteristics of Businesses Visited

The majority of the visited businesses (70 percent) are locally-owned. Fifty-one percent of the visited businesses have other locations as well.

Roseville decided on a mixed sector sample of businesses to invite to have a BR&E visit (see chapter 1 for details, p. 3). The final mix of visits to 41 companies resulted in the most common visits being to manufacturing (13), construction (7) and professional/scientific/technical services (7). See Chart 1.

Surveyed businesses in Roseville currently employ a total of 3,020 individuals. According to DEED data, there are 36,921 jobs in Roseville. Total employment in the interviewed firms grew by 1,212 jobs over employment three years prior to the visits. On average, each visited business employs 59 full-time workers and 11 part-time workers. On a per-business basis, the number of full-time and seasonal jobs is up substantially but part-time and temp positions are stable.

There are many reasons for this huge increase in employment in the companies. Growth in demand was cited by 29 percent, expansion by another 20 percent and New Products/Services by 17 percent.

![Chart 1: What Industry Classification Best Describes Your Business? (number of firms)](chart1.png)
Businesses in Roseville are planning for change. Only seven of businesses indicate they are not contemplating any location change, as shown in Chart 2. Twenty-one businesses are planning to expand. None of the visited businesses are planning on downsizing or closing yet two are considering selling, five are looking at a move and seven are considering merging with or acquiring another business.

On average, businesses feel Roseville is a slightly better place to live than to do business. On a scale where five equals “excellent” and one equals “poor”, Roseville earned an average score of 4.00

Twenty of the investments contemplated will occur in the current location in Roseville and eight would be elsewhere in the community. However, as many as nine of the investments would occur elsewhere (see Chart 3).
as a place to do business. For perspective, the University of Minnesota BR&E program has a benchmark weighted average score for this question of 3.82 from over 36 previous BR&Es in communities.

As a place to live, Roseville earned a 4.12 average rating from the businesses. In 27 previous BR&E communities, the weighted average score on this question was 4.09 so Roseville is right on the average.

**Strategic Themes**

Three primary themes emerged from an analysis of the survey results and from discussions by the state research review panel. These themes, called strategies, provide a framework for studying the issues raised in the Roseville BR&E process. The three strategies identified are: 1) Enhance, Promote & Develop the Roseville Business Environment, 2) Create Identity, Community & Networking for Roseville Businesses, 3) Develop Roseville’s Workforce and Connect Business to Qualified Workers

The Task Force, during their February retreat, expressed interest in many potential projects to address the business concerns. In particular, they recommended three projects to the HRA and City Council. The HRA and City Council agreed with these three recommendations, which are described below. This includes the survey data which highlight the need for the project.

**STRATEGY: ENHANCE, PROMOTE & DEVELOP THE ROSEVILLE BUSINESS ENVIRONMENT**

Businesses thrive in attractive, accessible communities. These communities draw resources the businesses require, whether those resources are quality employees, infrastructure improvements, technology, or desired goods and services. Businesses need these resources to be successful and profitable. Roseville has these resources at its disposal yet it cannot afford to take them for granted or ignore warning signs. It can consider ways to further capitalize on these resources, promote the stronger resources and improve the weaker ones. It can also celebrate the strong business climate and continue to build on the city’s success.

**Related Research Results**

Forty-six percent of the interviewed companies have a succession plan and 59 percent have a written business plan.

Local Business Support Ratings from the businesses seem fairly high on community attitude, community promotion and chamber of commerce but the other two factors do poorly. Of course, this should be no surprise since there is no Economic Development Authority in Roseville nor are business incentives offered. See Table 1.

<table>
<thead>
<tr>
<th>Average Score</th>
<th>1 to 5 Scale</th>
<th>1 = Least Favorable</th>
<th>3 = Neutral</th>
<th>5 = Most Favorable</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5</td>
<td>Community Attitude towards Business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3</td>
<td>Community Promotion of Itself &amp; Business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3</td>
<td>Chamber of Commerce</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.8</td>
<td>Economic Development Authority</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.4</td>
<td>Incentives for Business Investment in Facilities, Worker Skills, or More Workers</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

About a third of the interviewed businesses are exporting. At least 56 percent are not. See Chart 4.
**Priority Project #1: Establish a Business Liaison Position for the City and Connect Businesses to Outside Resources**

A Business Liaison Officer or officers would be responsible for establishing relationships with businesses in Roseville, prioritizing those who contribute significant revenue to the city in terms of taxes paid and numbers of people employed. This officer would make sure that Roseville’s premium paying customers understand the value of the business environment that they are paying for. This function would also be charged with communicating critical needs and concerns of Roseville’s businesses to city economic development staff.

In addition, efforts will be taken to proactively connect Roseville business to public resources for business development. This potentially would include: Twin Cities SBDC and its SCORE chapter, the Minnesota Trade Office that offers services and education for exporting, training available from the Roseville Library (computer skills), the University of Minnesota’s College of Continuing Education, Hamline University, etc. The initiative could start by collecting resource information and promoting them via city websites and information racks in city hall.

A step up would be to sponsor information sessions over coffee, breakfast or end-of-day networking receptions. The providers would be invited to attend the event to make presentations and be available for Q&A in person. A further step up would be for the Business Liaison officer(s) to get to know these resources in depth and then conduct a personal outreach campaign targeted to companies likely to benefit from these resources. A further note, the Economic Gardening Program in Ramsey County is something to watch. It is not open for more enrollees at this time but it will possibly have another class starting in fall of 2014.

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**Chart 4: Is Your Business Currently Exporting Internationally?**

- Yes, directly: 32%
- Yes, indirectly: 7%
- No: 56%
- No response: 5%
STRATEGY: CREATE IDENTITY, COMMUNITY & NETWORKING FOR ROSEVILLE BUSINESSES

There are two local chambers serving the Roseville area. There also is a business networking group, the Roseville Business Council. A theme in the survey data and in other recent community BR&E initiatives is that business people desire opportunities to network with others.

Related Research Results

Unsolicited, three of the Roseville businesses mentioned an interest in networking in the catchall question at the end of the survey. At seven percent of the sample, this is notable since it was not an enumerated topic.

As shown in Table 1 above, the businesses gave a score of 3.3 for “chamber of commerce”. The question did not specify a particular chamber.

Priority Project #2: Increase Networking Opportunities for Roseville Businesses

The Roseville Business Council meets monthly with attendance typically in the 10-20 person range. With 1,500 or so businesses in Roseville, there is a need and opportunity to create both more events as well as more variety of opportunities for networking. Roseville Business Council members were a big part of the BR&E Task Force and expressed interest in working with the HRA and others to get more business networking going in the community.

The HRA and Roseville Business Council could host a business forum to kickstart the network. The city has plenty of topics that it is knowledgeable about that would serve as ample bait to attract local businesses to attend. With some continental breakfast and coffee and business networking will happen. Future events could feature speakers from DEED, Greater MSP, the University of Minnesota, Minnesota Chamber, etc. A few examples: in Eagan, after their BR&E, the mayor hosted periodic “breakfasts with the mayor” open to local business owners. In Coon Rapids, they cooperate with Anoka-Ramsey Community College and others to bring in local speakers from DEED, or educational institutions, etc. quarterly to present on topics of mutual interest.

Hugo launched a business breakfast series out of its BR&E, and this helped to bring the Hugo Business Association back to life. Hugo always has a spot on their agenda for a report from the city official to increase town-business communications and rapport.

STRATEGY: DEVELOP ROSEVILLE’S WORKFORCE AND CONNECT BUSINESS TO QUALIFIED WORKERS

There is no more important resource for business than its workforce. With the tremendous recent hiring in Roseville by the visited firms and more planned hiring, this strategy pertains.

Related Research Results

The businesses plan to add 223 new positions over the next three years after adding over 1,000 jobs in the past three years. See Table 2.

The companies have experienced challenges in hiring workers. Aside from competition for employees, the next three biggest cited factors relate to employee skills, attitude and training costs. See Table 3.

Finally, the interviewed firms require only a high school diploma for the majority of their entry level employees (54 percent). See Chart 5.
Table 2: Predicted Hiring Over Next Three Years by Occupational Category

<table>
<thead>
<tr>
<th>Category</th>
<th>By How Many? Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Support and Assistants</td>
<td>39</td>
</tr>
<tr>
<td>Executives, Managers</td>
<td>36</td>
</tr>
<tr>
<td>Retail Sales, Sales Agents, Real Estate Agents</td>
<td>33</td>
</tr>
<tr>
<td>IT and Web, Actuaries, Statisticians</td>
<td>32</td>
</tr>
<tr>
<td>Architects, Engineers, Cartographers</td>
<td>24</td>
</tr>
<tr>
<td>Production—Assembly, Chemicals, Metals, Plastics, Textiles, Wood</td>
<td>17</td>
</tr>
<tr>
<td>Transportation and Material Moving Personnel</td>
<td>16</td>
</tr>
<tr>
<td>Construction, Extraction, and Trades Workers</td>
<td>9</td>
</tr>
<tr>
<td>Scientists: Life, Earth, Physical, and Social</td>
<td>6</td>
</tr>
<tr>
<td>Human Resources, Accountants, Finance, and Insurance</td>
<td>6</td>
</tr>
<tr>
<td>Healthcare Practitioners</td>
<td>4</td>
</tr>
<tr>
<td>Education/Training—Teachers, Professors, Trainers</td>
<td>2</td>
</tr>
<tr>
<td>Artists, Designers, Entertainers, Sports and Media</td>
<td>1</td>
</tr>
<tr>
<td>Total new jobs</td>
<td>223</td>
</tr>
</tbody>
</table>

Table 3: Most Important Reasons for Recruitment Challenges

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition for employees</td>
<td>54%</td>
</tr>
<tr>
<td>Inadequate labor skills</td>
<td>24%</td>
</tr>
<tr>
<td>Poor work attitudes</td>
<td>20%</td>
</tr>
<tr>
<td>High cost of training employees</td>
<td>17%</td>
</tr>
<tr>
<td>Workers cannot pass screening (drug, criminal record check, etc.)</td>
<td>12%</td>
</tr>
<tr>
<td>High wage rates for labor</td>
<td>12%</td>
</tr>
<tr>
<td>Workers will not commute into the area</td>
<td>5%</td>
</tr>
<tr>
<td>Lack of worker education</td>
<td>5%</td>
</tr>
<tr>
<td>Workers will not relocate into the area</td>
<td>2%</td>
</tr>
<tr>
<td>Workers lack documentation of legal work status</td>
<td>2%</td>
</tr>
</tbody>
</table>

Chart 5: What Level of Training Needed for Majority of Entry Level Employees?
Priority Project #3: Develop Education to Employment Connections among Business and Education Providers

The Itasca project (a group composed of the leaders of Minnesota’s largest and most well known companies) issued a 2012 report Higher Education Partnership for Prosperity that indicated that increasingly some form of higher education will be necessary for Minnesota workers:

Future economic growth and prosperity will require deeper and more relevant skills from the workforce and increased innovation from researchers, entrepreneurs, and businesses. It is estimated that Minnesota jobs requiring post secondary education will grow by nearly 8% from 2008 to 2018, while jobs requiring not more than a high school diploma will grow by only 3% over the same period. By 2018, 70% of Minnesota jobs will require post secondary education.

Minnesota is not there yet in terms of numbers of jobs needing post-secondary education (it’s only 2014). Census and recent MN Office of Higher Education data show that the majority of Minnesota jobs still require a high school diploma despite the high degree of education attainment (39.5% in Ramsey County, see chapter 2 of research report). In concert with that, 54 percent of the interviewed businesses require a high school diploma for the majority of their entry level workers.

Local School Districts. The school districts that serve the communities that are sending the most workers to Roseville may be the best people to talk with. In order, that is St. Paul, Minneapolis, Roseville, and Blaine (each community contributes 1,000+ employees).

Suggested projects include: sharing the employment data from the BR&E research report with the superintendents or secondary ed. administrators, inviting these people to meet with a Roseville business network and tour local businesses and, at the highest level, develop as many on-the-job training experiences as possible (business tours, job shadowing, internships, mentorships, scholarships, apprenticeships, other?). Real world experience with employers is what all future workers need.

Roseville’s Task Force, HRA and City Council all agreed that developing education to employment connections with the Roseville Area School District is the best first step in this topic area.

CREDITS

The Roseville HRA and City Council selected the priority projects. This summary report was prepared by Michael Darger with the University of Minnesota’s Center for Community Vitality.