

**BUSINESS  
RETENTION  
&  
EXPANSION  
Strategies  
Program**



# PRINCETON

## Business Retention and Expansion Summary Report

May 2008

Local Sponsors:



Chapter II Prepared by:



# Princeton

## Business Retention and Expansion Summary Report

May 2008

*Written by*

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## **Princeton Business Retention and Expansion Program**

The Business Retention and Expansion (BR&E) economic development strategy focuses on the retention and expansion of existing businesses to assist them in navigating today's global economy as they develop and expand. While the attraction of new business and fostering of start-ups are important parts of an overall economic development strategy, many communities—including Princeton—recognize that helping existing businesses to survive and grow is vital.

Princeton, in launching this BR&E visitation program, has the potential to improve its business climate and benefit from the continued presence and growth of the businesses already in the city.

Another benefit of a BR&E visitation program is the information provided by the survey on the community's strengths and weaknesses. The strengths can be highlighted in community promotional material, while the weaknesses give the community an opportunity to make important changes and show businesses it is responsive.

A final benefit of a BR&E visitation program, like the one conducted in Princeton, is the local team or task force created. The task force is much broader than many other local economic development teams since it includes representatives from education and government in addition to business and economic development leaders. This diverse membership allows the local BR&E task force to bring in more resources, ideas, and contacts to address problems identified in the survey. Quite often, this local team will interact in addressing other community concerns that arise over time and is a lasting legacy of the BR&E program.

## **Objectives**

The Princeton BR&E Strategies Program has five objectives:

1. Demonstrate support for local businesses
2. Help solve immediate business concerns
3. Increase local businesses' ability to compete in the global economy
4. Establish and implement a strategic plan for economic development
5. Build community capacity to sustain growth and development

## **Program Sponsors**

The program is sponsored by the following organizations:

- City of Princeton
- Princeton Area Chamber of Commerce
- Princeton Economic Development Authority
- Minnesota Department of Employment and Economic Development
- University of Minnesota Extension

## **Princeton BR&E Program History**

The Princeton City Council, Princeton Economic Development Authority and Princeton Area Chamber of Commerce each supported entering into the Business Retention and Expansion Program after being accepted into the program by the University of Minnesota Extension. The first Leadership Team meeting took place October 23, 2007.

### **Task Force Meeting/Volunteer Training**

On December 3, 2007, the Task Force held its first meeting, combined with Volunteer Visitor Training. At this session, the Task Force learned about the BR&E program, reviewed the survey, and received training on how to effectively conduct firm visits.

### **Business Visits**

From December 4, 2007 through April 14, 2008, the Leadership Team and Task Force conducted 47 business visits. Two members of the Task Force participated in each business visit to capture the information shared by the businesses during the visit.

### **Warning Flag Review**

After the surveys were completed and returned, the Task Force met monthly in February, March and April to link firms with resources to assist them with their individual concerns. By removing identifying information from each survey before the Task Force's review, the firm's identity was not revealed. The City of Princeton provided the firms with a custom list of resources to assist with their concerns.

### **Research Report Development**

The University of Minnesota tabulated and analyzed the completed surveys. Michael Darger, Director of the University of Minnesota Extension's Business Retention and Expansion Program, supervised the data entry. At the state research review meeting on April 24th, 2008, a team of 14 individuals reviewed the results and suggested projects that might respond to businesses' needs. Patricia Love and Liz Templin drafted the research report, *Princeton Business Retention and Expansion Research Report*, based on the in-

put of the state research review panel and other ideas.

### **Task Force Retreat**

A four-hour retreat was held May 15, 2008. At this retreat, the Task Force reviewed the research report and set priorities. The task force adopted four projects on which it will focus its implementation efforts.

Teams were formed for each of the four projects. The teams have begun planning the implementation of their respective projects. Information from their plans is included in this summary report.

Additional expertise and assistance is needed and welcomed. If you have ideas, time, and/or talents to contribute to any of the four projects, please contact one of the team members listed with each priority project.

If you would like to review the Research Report, ask a Task Force member or contact the City of Princeton.

### **Implementation Phase**

After presenting the proposed projects to the businesses prior to the July 10<sup>th</sup> City Council meeting, the project work groups will focus their efforts on implementing their specific projects. The Task Force will meet quarterly over the next year to discuss progress on the projects and how they might overlap. The project teams report on their progress and solicit input from other Task Force members.

## **People Involved in the Princeton BR&E Program**

Three groups of people have been very important to Princeton's success in its BR&E program. These include the Leadership Team, the Task Force, and the businesses visited.

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

The Leadership Team coordinates the BR&E program as well as participates in all planning meetings and activities, including business visits. Specifically, the team initiated and secured funding for the program, recruited the Task Force, identified businesses, and coordinated the visits. It also organized training for the visitors, conducted a practice visit to test the survey, and coordinated a warning flag review process regarding businesses' immediate concerns. In addition, some of the team members participated in the state review panel at the University of Minnesota and coordinated the Task Force retreat. The team will continue to lead the group as it works on the implementation phase of the program. All members of the Leadership Team serve on the Task Force as well.

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

- Overall Coordinator: Jay Blake, Community Development Director, City of Princeton. Assisted by interns Jake Huebsch (fall, 2007) and Thomas Terrio (winter and spring, 2008)
- Visitation Coordinator: Ginger Glenn, Glenn Metalcraft
- Business Resources Coordinator: Business Services Representative, Minnesota Department of Employment and Economic Development (Terry Dalbey until his retirement in March, then Bradley Brzezinski)

- Media Coordinator: Executive Director, Princeton Area Chamber of Commerce (Cindy Belkhom, then Cheryl Brindle)
- Milestone Meeting Coordinator: Chris Weise, Northstar Access

### **Princeton BR&E Task Force**

Many community members participated as Task Force members. This group addressed the warning flag issues, set priorities for action, and will lead implementation of selected projects. Task Force members also participated in business visits.

- Cindy Belkholm, Princeton Area Chamber of Commerce
- Jay Blake, City of Princeton, Community Development
- Shelly Botzek, Princeton Realty
- Cheryl Brindle, Princeton Area Chamber of Commerce
- Bradley Brzezinski, Minnesota Department of Employment and Economic Development
- Terry Dalbey, Minnesota Department of Employment and Economic Development
- Dick Dobson, Princeton City Council and VFW
- Tim Enger, EMC Publishers
- Char Gatewood, Crystal Cabinets
- Ginger Glenn, Glenn Metalcraft
- Vicki Hallin, Princeton City Council and Economic Development Authority
- Ben Hanson, Princeton Planning Commission and Economic Development Authority
- Brenda Hoffman, School Board

- Jake Huebsch, City of Princeton, Community Development
- Brian Johnson, Sherburne State Bank
- Sue Johnson, Spire Federal Credit Union
- Tim Kavanaugh, Federated Coop
- Jerney Riddle, Mayor and NW Animal Hospital
- Rob Riedel, Bremer Bank
- Chuck Snustead, Princeton Economic Development Authority
- Thomas Terrio, City of Princeton, Community Development
- Curt Van Oort, State Farm Insurance
- Chris Weise, North Star Access
- Paul Whitcomb, Princeton City Council and Economic Development Authority

### **Businesses Visited as Part of the Princeton BR&E Program**

The Princeton BR&E Strategies Program's Leadership Team decided to focus on for-profit non-home-based businesses located downtown and in the industrial park. All businesses that ReferenceUSA identified as having 5 or more employees located in the industrial park and downtown were invited to participate in the program. In addition, a random sample of downtown businesses with fewer than 5 employees was also included.

Teams of volunteers interviewed representatives of 31 downtown businesses and 16 manufacturing firms as part of the survey. The following 47 businesses graciously agreed to be interviewed as part of the BR&E visitation:

Ace Hardware  
Airway Products Inc

Auto Value  
A-Z Restaurant Equipment Co  
Becker Machine & Tool  
Brand Manufacturing Inc  
Bremer Bank  
Cartwright Realty  
Centrasota Oral Surgeons  
Country Treasures Quilt Shop  
Crystal Cabinet Works Inc  
Distinctive Door Designs  
E W Tooling  
ECM Publishers Inc  
Edward Jones  
Federated Co-Op  
First Street Deli  
Flanigan & Associates  
Glenn Metalcraft Inc  
Heartland Electric  
Hierlinger's Shoe Store  
Howard Homes Inc  
Infinity Woodworking  
K-Bob Cafe  
Keil Insurance  
Matrix Mfg Co  
Michael Willams Law  
Mycull Fixtures  
NAPA Auto Parts  
Ossell Department Store  
Philip J Lingle LTD  
Princeton Antiques  
Princeton Book and Bible  
Princeton Health & Fitness Metro  
Princeton Insurance  
Quickstrom Real Estate  
Robert Beattie and Associates  
Rum River Automotive Inc  
Rum River Land Surveyors Inc  
Rum River Mortgage  
Sherburne State Bank  
Sidmar Manufacturing Inc  
Sylva Corp  
Twin City Co-Op Federal Credit Union  
United States Distilled Products  
US Bank  
Zapp Sporting Goods

## **Assistance from the University of Minnesota and Other Organizations**

The University of Minnesota and other organizations are providing the Princeton BR&E program with a variety of technical assistance, which is highlighted below.

- Liz Templin, Extension Educator of Community Economics from the University of Minnesota Extension, is serving as BR&E consultant. Her roles include coaching and advising the leadership team, conducting visitor training, assisting the leadership team in developing firm selection criteria, customizing the survey, and facilitating the Task Force Retreat.
- The University of Minnesota BR&E program provided the local team with training materials, analysis of the survey results, a written report of suggested strategies based on the survey results, and a written summary report.
- The City of Princeton, Princeton Area Chamber of Commerce, Minnesota Department of Employment and Economic Development, University of Minnesota Extension, and other organizations provided staff time to plan and conduct this program.
- Money to pay the University of Minnesota BR&E Program's fee for this program was provided by the Princeton Economic Development Authority.

### **State Review Panel**

The state review panel included a team of university faculty, state agency representatives, and Princeton Task Force members. The panel reviewed the survey data and suggested actions the community might

pursue to address firms' concerns and needs. Panel members also provided information on programs and resources available to help the community meet the needs of area firms. Panel members included:

- Adeel Ahmed, University of Minnesota Extension, Community Economics
- Jay Blake, City of Princeton
- Claudia Cody, University of Minnesota Extension, Community Economics
- Michael Darger, BR&E Strategies Program, University of Minnesota Extension
- Sherri Gahring, University of Minnesota Extension, Dept. Design Housing and Apparel
- Dentley Haugesag, Minnesota Dept. of Employment and Economic Development
- Laura Kalambokidis, University of Minnesota, Dept. of Applied Economics
- Diane Knutson, Minnesota Dept. of Employment and Economic Development
- Elton Mykerezi, University of Minnesota, Dept. of Applied Economics
- Ward Nefstead, University of Minnesota, Dept. of Applied Economics
- Richard Stone, University of Minnesota Extension, Housing
- Liz Templin, University of Minnesota Extension, Community Economics
- Thomas Terrio, City of Princeton
- Kyle Uphoff, Minnesota Dept. of Employment and Economic Development

## Background on the Princeton Economy

The *Princeton Business Retention and Expansion Research Report* includes information on the area's demographics and economy, including employment and wages. The report also includes background information of some of the key manufacturing industries in the city. These include Wood Kitchen Cabinet and Countertop Manufacturing (NAICS code 33711); Printing (NAICS code 32311); Plastics Products Manufacturing (NAICS code 32619) and Wine, Brandy, and Brandy Spirits Manufacturing (NAICS code 31213). Please see the full report for more information.

## Princeton BR&E Survey Results

The following is a short summary of the survey results and analysis. For a more detailed summary or to view the survey used in the program, please see the *Princeton Business Retention and Expansion Research Report*.

Of the 47 firms included in the survey, 83 percent are locally owned and operated. Of the manufacturing firms, that figure is 88 percent. Thirteen percent of the firms are branch locations. However, all of their headquarters are in Minnesota. Thirty-two percent of firms stated that they have multiple locations, and 55 percent said they did not. Most of these additional locations are situated in Minnesota.

Thirty-two percent of firms identified their business as manufacturing, 26 percent as retail, and 15 percent as finance and insurance.

## Types of Firms Visited

Industry	Firms
Manufacturing	32%
Retail trade	26%
Finance and insurance	15%
Health care and social assistance	11%
Real estate, rental and leasing	9%
Wholesale trade	4%
Professional, scientific, and technical services	4%
Other Services	4%
Construction	2%
Arts, Entertainment, and Recreation	2%
Accommodation and food service	2%

Data: Princeton BR&E Survey

The firms visited have a total of 1,048 full-time employees, with the manufacturing firms employing 903 of these workers. The firms also employ 160 people on a part-time basis. Sixty-four of those part-time workers are employed by manufacturing firms. The manufacturing firms have an average of 31.3 employees, up from 23.2 just three years ago.

## Number of Employees

(Numbers in parentheses are manufacturing firms only)

	Full Time	Part Time	Seasonal	Temp
Current	1,048 (903)	160 (64)	26 (19)	59 (59)
3 years ago	557 (424)	106 (18)	12 (7)	34 (34)

Data: Princeton BR&E Survey

The average starting wage for all of the firms ranges from \$8.00 an hour for youth employees to \$20 an hour for professional/management employees. For unskilled workers, the average starting wage is \$9.50 an hour. These rates translate into weekly starting wages ranging from \$380

for unskilled workers to \$800 for professional/management employees.

### Average Starting Wages Paid by Firms

	All Firms	Manuf
Professional/Management	\$23.03	\$21.21
Information Technology	\$17.95	\$19.78
Precision production/specialty	\$16.74	\$15.86
Engineers	\$13.75	\$17.13
Sales	\$13.70	\$16.86
Clerical/Secretarial	\$11.64	\$12.71
Unskilled labor	\$9.54	\$10.33
Temporary/Contract	\$9.00	\$9.50
Youth Employees	\$7.99	\$9.50
Other	\$15.77	\$12.17

Data: Princeton BR&E Survey

Princeton is in an enviable position in that no firms stated that they are planning to move out of the city. The couple of firms that are considering moving plan to remain in Princeton. No manufacturing firms are planning on closing. Of the five downtown firms considering closing, all but four listed changing market conditions as the reason. The operator of the fifth selected “retiring” as the reason for considering closing. Thirty percent of all firms and 56 percent of manufacturing firms said they are considering expanding.

## Princeton’s BR&E Priority Projects

Profits are the key to the retention and expansion of firms. While the owners of a firm might be attracted and committed to an area, a firm can only survive if it is profitable. In a market economy, making a profit is the responsibility of the firm management and its employees, not the government or community groups. However, the actions of these organizations can sometimes help

firms become more profitable. This project includes four projects aimed at helping firms become more profitable and, thus, better able to survive and grow in the community. The projects were adopted at the BR&E Program’s Task Force Retreat on May 15, 2008. The task force will spend its time now working on implementing the projects, which include:

- 1) **Develop a Marketing Strategy for the City of Princeton**
- 2) **Attract an Anchor Store**
- 3) **Expand and Better Promote Festivals and other Events**
- 4) **Expand Vocational and Technical Classes and Promote Robotics and Related Clubs in the High School**

The implementation of the projects will require collaboration among various sectors in the area—no one group can do all of the work itself. This collaboration is a benefit in itself to local businesses since it provides a forum for addressing important issues, efficiently links businesses to policy makers, minimizes the duplication of services, and helps inform a cross-section of the community about economic and business issues.

The first three projects on the list above are part of a strategy to enhance the value of the downtown area to both businesses and residents. Making the city a place where people can both gather and purchase the goods and services they need is a win-win strategy for businesses and residents.

Additionally, by expanding what is offered locally, the city can bring in people from outside the community. These visitors will not only spend money and increase demand for more stores and restaurants, for example. Firms will enjoy the expanded customer base, and residents will benefit

from the greater mix of businesses to visit as well as the additional sales tax revenue.

The adoption of these three projects reflects the Task Force’s desire to address some key issues that arose during the BR&E survey process. For example, as part of the survey, firms were asked to rate 26 community services as they relate to the desirability of Princeton as a place to do business. Only two were rated clearly as below average: cultural opportunities and recreational activities. Some of these projects will help address this deficit.

Another issue that arose was the quality of the downtown area. A whopping 35 percent of the downtown merchants rated both the variety of stores and the variety of places to eat in Princeton as poor. No one rated the variety of stores or merchandise, or the prices of retailers as excellent. Additionally, none of the firms rated the overall atmosphere of the local shopping as excellent. Only 3 percent rated it as very good, 35 said it was good, 45 percent rated it as fair, and 10 percent found it to be poor.

**Downtown Firms’ Rating of Other Retail and Service Businesses**

	<b>Excel</b>	<b>Good</b>	<b>Fair</b>	<b>Poor</b>
Appearance of street & sidewalks	19%	48%	26%	6%
Customer service by other retailers	16%	65%	6%	3%
Quality of merchandise handled by other retailers	6%	52%	23%	3%
Exterior appearance of buildings	3%	48%	35%	10%
Variety of places to eat	3%	19%	39%	35%
Competitive prices by other retailers	0%	32%	48%	13%
Variety of merchandise by other retailers	0%	29%	48%	13%
Variety of stores	0%	19%	45%	35%

Data: Princeton BR&E Survey

These results sent a strong message that improvements to the downtown area are needed. The Task Force received this message, and their projects reflect their commitment to addressing this need. The city has a lot to offer: its setting on the Rum River and its proximity to the Twin Cities coupled with the commitment and initiative of the community leaders and volunteers who made this BR&E program a priority.

**Project 1. Develop a Marketing Strategy for the City of Princeton**

Seventy-seven percent of the downtown merchants thought promoting the area to visitors would be beneficial. The Task Force took this as a pretty clear mandate from businesses to at least begin researching and drafting a marketing plan for the city. Additionally, the survey revealed that many local firms rely heavily on word of mouth for marketing. A marketing effort on behalf of the city and its businesses would be a good way to introduce the city to a large number people who might otherwise not stop downtown. These people can then go home and help spread the word about what a great place Princeton is.

The working group on this project decided to try to find and use a hook or unifying theme to organize their efforts to promote the city. One idea discussed centers on building on and promoting Princeton as the “City of Flowers.” Another idea is to use tag lines like “Half-way to the Lake” in marketing efforts. These efforts would focus on the benefits of stopping in Princeton on the way to the cabin.

Project team members include: Bob Soule, Vicki Hallin, Shelly Botzek, Ben Hanson, and LeeAnn Hartigan.

## **Project 2. Attract an Anchor Store**

One of the key issues that came out of the survey was the limited hours of businesses in downtown Princeton. During their busiest months, 65 percent of firms are open on Saturdays, and 29 percent are open on Sundays. On average, the firms are open from roughly 8:00 a.m. until 5:30 p.m. on weekdays during their busiest months. The average closing time on the weekend is approximately 2:30 p.m.

To help make the City more vibrant and able to meet the needs of residents and others from the larger region, local businesses will need to increase their hours. However, many are not interested in doing this since it doesn't seem to be worthwhile. Approximately a quarter of firms report that they would be open more hours if everyone else was (23 percent) or if they were sure of sales (29 percent). However, 26 percent said they had been open in the past, but it was not worthwhile.

To help address this issue, the Task Force decided to work to attract an anchor store to the city that would have longer hours and would help create enough traffic and interest to get other businesses to expand their hours of operation.

Project team members include: Bob Soule, Paul Whitcomb, and Vicki Hallin.

## **Project 3. Expand and Better Promote Festivals and Other Events**

As mentioned previously, 77 percent of downtown firms said it would be beneficial to promote the area to visitors. Many thought that the small town atmosphere of Princeton (39 percent) or festivals and events (23 percent) should be the focus of such efforts. As the firms also found the city lacking in cultural and recreational events in the city, the Task Force decided to make a

concerted effort to enhance links between existing events and local businesses.

The working group on this project will consider many options, including ways to enhance the existing Farmers Market and the Rum River Festival. They will explore ways to tie these in more with local businesses. For example, one idea is to move the Farmers Market to a time when businesses are open.

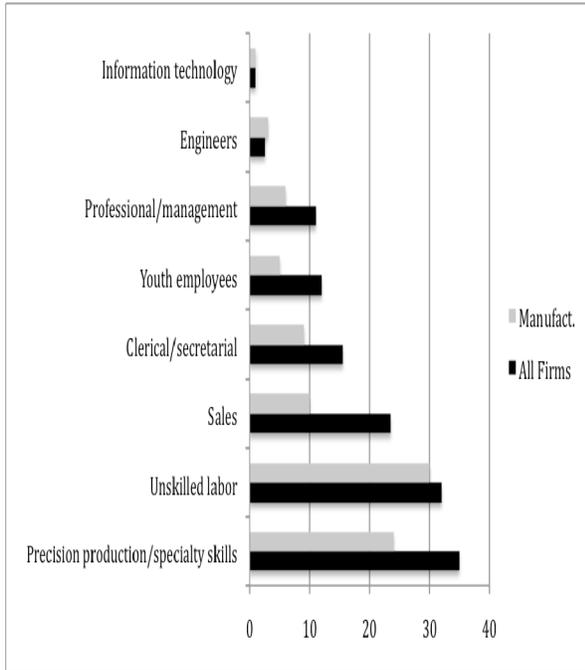
Project team members include: Shelly Botzek, Damien Toven, Curt VanOort, Ginger Glenn, Deb Ulm, and Thom Walker.

## **Project 4. Expand Vocational and Technical Classes and Promote Robotics and Related Clubs in the High School**

As part of the survey, many firms reported considerable difficulty in finding workers. Half of the manufacturing firms surveyed reported that they have problems recruiting employees with precision production and/or specialty skills. Thirty-eight percent have trouble finding even unskilled workers.

Most of the firms that saw their number of employees increase attributed it at least in part to a growth in demand for their goods and/or services. Indeed, all of the manufacturing firms with increased employment attributed it in part to a growth in demand – therefore, they anticipate continued demand for employees. Those who saw a drop in their employment tended to attribute that change at least in part to a change in the firm's efficiency.

**Expected Total Number of Employees to Be Added by Firms Within Three Years**



Data: Princeton BR&E Survey

The effort to expand vocational and technical offerings in high school is part of a larger strategy to increase the supply and improve the skills of workers needed in manufacturing.

To help address this issue, the task force decided to focus on one aspect that they hope will provide long-term benefits to both businesses and residents of Princeton: education.

The working group for this project will explore having the school system fund and/or support vocational, technical, and business-related classes in the high school as well as various clubs, such as a Robotics Club, that would use these skills. Through its efforts, the working group plans hopes to help engage youth in programs that build science, engineering, and technology skills; inspire innovation; and foster well-rounded life capabilities including self-confidence, communication, and leadership. Many of

these skills are exactly what local businesses say they are looking for in employees.

Project team members include: Ginger Glenn, Curt Van Oort, Vicki Hallin, Craig Johnson, Brad Brzezinski, Deb Ulm, and Lisa Fobbe.

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 This publication is available in alternative formats upon request. Please contact Michael Darger at 612-625-6246.

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