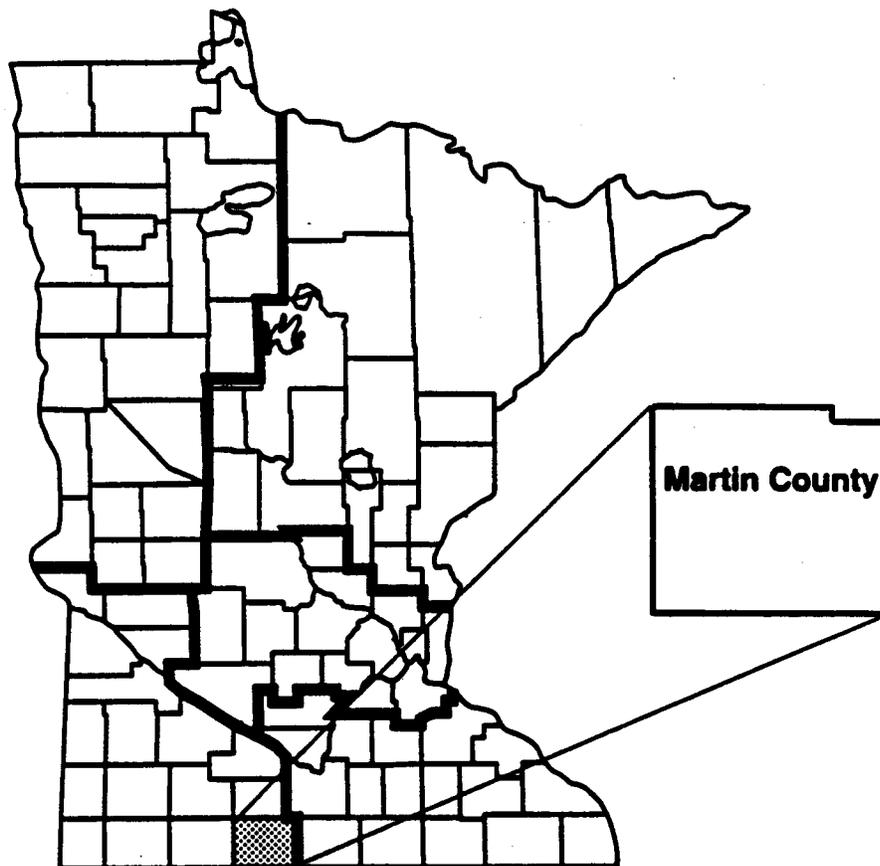


# EXECUTIVE SUMMARY

## Martin County Business Retention and Expansion Strategies Program 1993-1994



### **State Sponsors:**

**Minnesota Extension Service / University of Minnesota  
Minnesota Department of Trade and Economic Development**

### **Local Sponsors:**

**Fairmont Economic Development Authority  
Fairmont Chamber of Commerce  
Minnesota Extension Service, Martin County**

## MARTIN COUNTY BUSINESS RETENTION AND EXPANSION EXECUTIVE SUMMARY: MARCH 1994

*"Helping Martin County Firms Survive and Grow"* was the idea behind the Business Retention and Expansion Strategies Program initiated by Fairmont Economic Development Authority, Fairmont Chamber of Commerce, and Minnesota Extension Service. The program had three primary objectives:

- (1) to demonstrate the community's pro-business attitude;
- (2) to assist, if possible, with the individual concerns of local firms; and
- (3) to develop community programs to address those concerns mentioned by a number of firms.

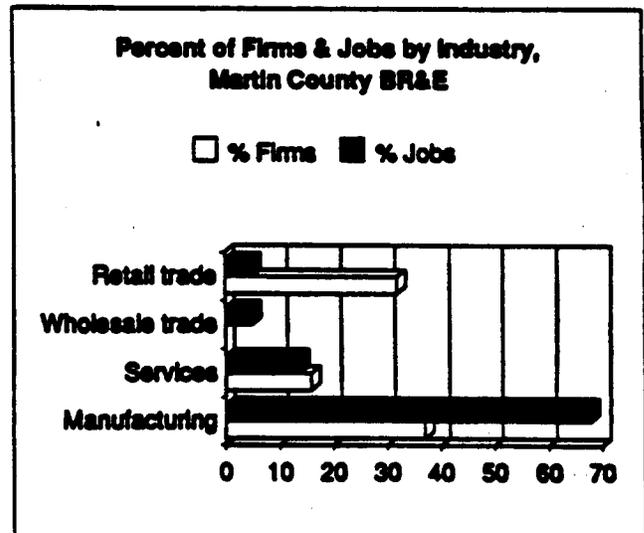
Demonstration of a pro-business attitude is integral to any business retention efforts. Businesses are more likely to stay if local leaders convey the message that they want to collaborate with business owners in creating a healthy work environment. Eighty-three Martin County volunteer visitors met this objective by personally visiting 94 firms in the county.

Following visits to firms, the BR&E Task Force met to review concerns raised by local businesses. The University of Minnesota analyzed the survey data and presented "suggested recommendations" to the Martin County BR&E Task Force, which developed the action recommendations outlined here. The full Research Report, with all of the data and results, is available on loan from the Martin County Extension Office.

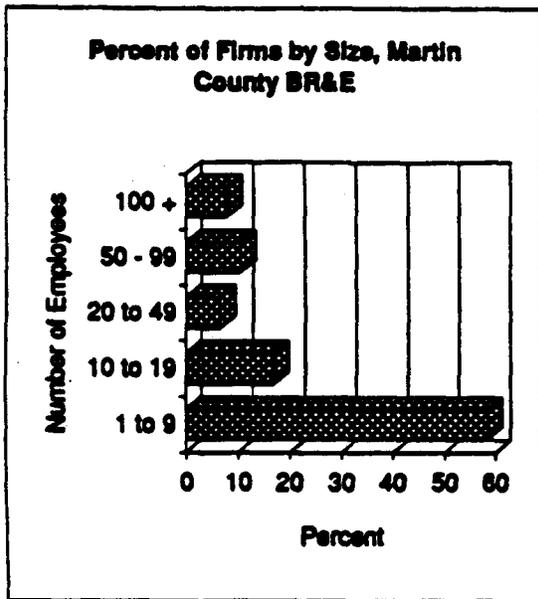
A leadership team comprised of Julie Ahrens, Steve Saggau and Billee Rabbe, along with a 31 member Task Force made the Martin County BR&E a success.

**Characteristics of Firms Visited:** Manufacturing firms provided most of the jobs (68%), while services provided 14%, wholesale trade provided 5%, and retail trade 5%. Most manufacturing jobs were in food and kindred products (18%); transportation equipment (17%); and industrial machinery and equipment (16%) (Graph 1).

Thirty-seven percent of the firms surveyed are in manufacturing; 32% in retail trade and 16% in services. The other industries make up between 1 to 5 % of the firms.



All firms averaged 34.5 full-time employees. Small firms with 1-9 employees made up 58% of the firms in the BR&E survey. Firms with 50-99 and 100 or more employees had the highest percent change in jobs in the last 5 years (18% and 11% respectively). Seventy nine percent of the firms have 1-9 part-time employees (Graph 2).



Most firms increased their number of part-time employees, or maintained the same number. Over half (61%) of the firms surveyed were located in Fairmont, accounting for 83% of the jobs. The remainder of the firms are located in eleven other communities in Martin County. Only somewhat over half (57%) of the full-time employees, and 63% of the part-time employees reside in the same city where the firm is located.

**Task Force Priority Strategies:** The Martin County Business Retention and Expansion Task Force considered four

strategies. Each of these is described below as they relate to survey results. The priority recommendations set forth by the BR&E Task Force are included for each strategy. Community leaders wishing to contribute to the implementation of these recommendations are encouraged to contact any member of the leadership team.

**Strategy One: Improve competitiveness of Martin County firms by sharing information on State and Federal programs.**

**Overview of Strategy:** Firms can become more competitive by reducing production costs or by improving quality and services. This implies new technology, low input costs, higher quality management and improvements in labor productivity. Through the BR&E Strategies Program, local leaders can provide timely information about state and/or federal programs that can help firms remain competitive. A partial list of resources is provided in section seven.

**Survey Results:** Martin County firms, like firms across the nation, compete in a global market with sales occurring locally (41% in county, 25% in state); nationally (33%); and abroad (2%).

A key factor in remaining competitive is understanding the nature of your competitors. Of those firms visited, the mid-size firms appear to be more concerned about the impact of their competitors than smaller or larger firms. (See Research Report for details).

In line with actively working to remain competitive, Martin County firms have

already taken advantage of services provided by state and federal agencies. Nearly half (46%) of the firms said they would recommend Job Services Offices to other firms. Sixteen percent said they would recommend the Job Training Partnership Act Program (JTPA), and 15% recommended the Minnesota Pollution Control Agency (MPCA). However, ten percent of the firms reported problems with Job Services, 2% with JTPA and 8% with MPCA.

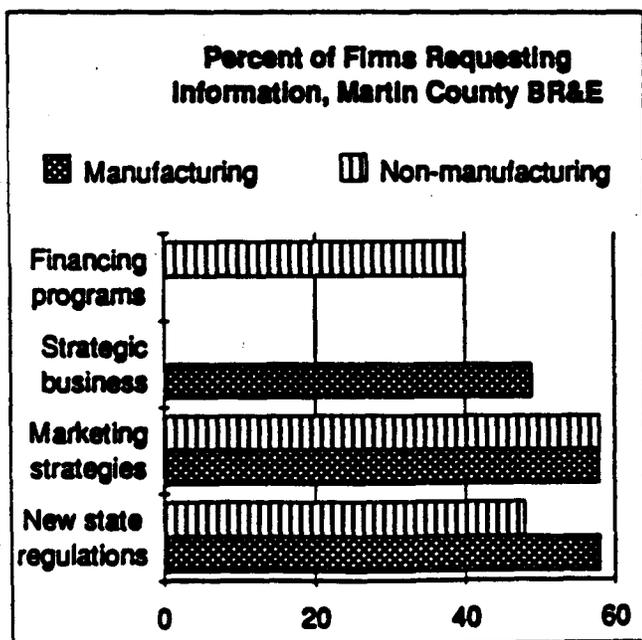
Both manufacturing and non-manufacturing firms requested information on programs that provide resources for existing businesses. Of the 33 manufacturing firms that responded to the information requests, the most frequent requests for information were: new state regulations (58%); marketing strategies (58%); upgrading manufacturing systems (49%); and strategic business planning (46%). Manufacturing firms averaged 6.6 requests per firm.

Of the 52 non-manufacturing firms, the most frequent requests for information were for: marketing strategies (58%); new state regulations (48%); financing programs (40%); and business management (37%). Non-manufacturing firms averaged 3.9 information requests per firm.

**Task Force Recommendations: Study Feasibility of Network for Retail Firms**

One of the best sources of ideas on which state and federal programs will be the most useful and finding new ways to become more competitive are peers in the same industry. Just as a manufacturer's council has been established in Martin County to help owners and operators trade ideas, it might be beneficial to have a similar network for retail and/or service firms. There are obvious differences between these sectors that might require some differences in the program. Retail firms often compete locally while manufacturing firms seldom do. Yet, increasingly, it appears that a number of competing retail stores can benefit from joint promotions that offer customers a wider selection of goods and services. The initial steps in the project will be to contact the Minnesota Retail Merchants Association for suggestions on alternative formats for this network. Then a small task force will be set up to explore the practicality of this concept.

**Task Force Recommendation: Provide Guidebooks on State and Federal Programs** Copies of "A Guide to Starting a Business in Minnesota", "Rural Investment Guide: Programs and Policies for Rural America", and other descriptions of state and federal programs will be obtained and made available in local



libraries, and the local development offices. Efforts to publicize the availability of these through the local media will be explored.

**Strategy Two: Enhance the attractiveness of Martin County communities by improving the available work force.**

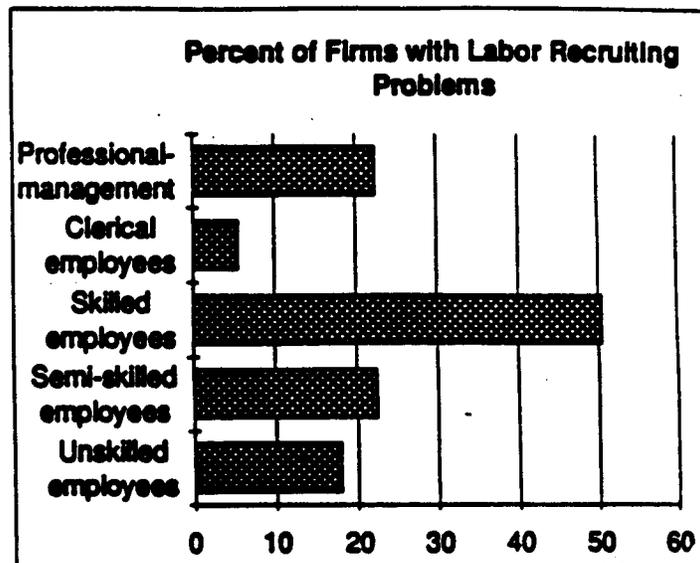
**Overview of Strategy:** Firms locate in an area for a variety of reasons: an important one being the availability of an adequate labor force. As economic sectors constantly change to remain competitive in a global economy, firms must increasingly address training and re-training of their employees. Quality management, educational opportunities and adequate benefits are essential to maintaining a quality labor force.

**Survey Results:** Firms participating in the Martin County BR&E survey account for 3,038 full time jobs and 754 part time jobs. The average hourly wage is \$7.33.

The majority of the firms said they had good to excellent attitudes toward work (96%), and productivity (91%), showing that labor/management relations are fairly harmonious in the county.

Of 64 smaller firms, 41% expect major technological innovations to occur, as do 59% of 17 mid-size firms, and 43% of the 7 large firms. The smaller firms in particular (69%) reported new technologies in their plants are requiring retraining of their employees. Twenty-seven percent of the mid-size firms and 4% of the large firms also have technologies that require retraining. In total, 596 full time jobs require retraining.

When asked about labor recruiting problems, Martin County firms had most difficulty recruiting skilled employees (51%). Twenty-three percent of the firms had difficulty finding both semi-skilled and professional/management employees.



**Task Force Recommendation: Identify Specific Skilled Labor Needs** As a first step in reducing recruiting problems for skilled labor, the Task Force recommends identifying the specific needs for skilled labor in those firms that indicated this was a problem. Staff from the Small Business Development Center at Mankato State University and the Mankato Technical College will be asked to meet with each of the businesses to explore their specific needs and the types of options for either providing training or facilitating additional training.

**Task Force Recommendation: Establish a Martin County School Business Partnership** The partnership will include

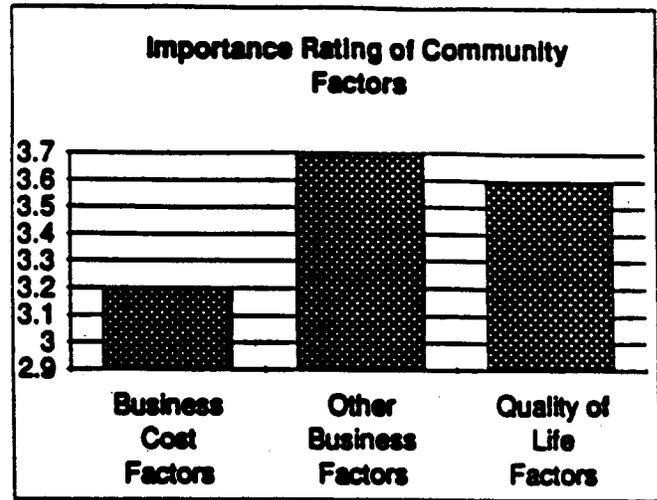
the secondary schools and the technical and community colleges serving Martin County. The overall goal will be: (1) to facilitate the feedback from the firms to the schools on their current and future labor needs so the schools can prepare a labor force that better matches local needs and (2) to explore ways that the firms can provide technical and financial support to the school's labor training efforts.

**STRATEGY THREE: Enhance the Quality of Life in the Community.**

**Overview of Strategy:** "Quality of life" factors (defined as educational and recreational opportunities, health care, public services, and adequate housing) impact the location of new firms and, sometimes, impact their ability to remain competitive. . An employer is wise to facilitate the quality of such factors, making it easier to recruit high quality employees. In addition, good fire protection can reduce fire insurance rates and directly reduce the firms' cost of doing business.

**Survey Results:** Firms were asked to rate the importance of 29 factors in their community that might influence their decision to remain or expand in the community, with a 1 = not important, 2 = less important, 3 = somewhat important, 4 = important, and 5 = very important. While Martin County firms rated business cost factors (rating =4) as slightly more important than quality of life factors (rating = 3.9), the importance of quality of life factors is clear. Larger firms rated other business factors as the most important but again, quality of life was a very close second place.

Among the business cost factors listed, workers compensation (4.6), local and state taxes (4.3); and employee health care (4.3) were rated the most important.



Quality of life factors given high importance ratings included: fire protection (4.4); police protection (4.3); health care and hospitals (4.2); and elementary and secondary schools (4.1).

Martin County firms gave community services a an overall average quality rating of 2.3. (1=excellent, 2=good, 3=fair, 4=poor, & 5=very poor). Better quality ratings were given to fire protection (1.7); ambulance service (1.8); and elementary and secondary schools (1.8). Average ratings were given to recreational facilities (2.8); higher education (2.6); vocational schools (2.6); and day care (2.5). The poorest rating was given to street maintenance (3.3).

**Task Force Recommendation: Quick Response Business Team** These team, composed of selected community leaders would take a pro-active role in identifying potential business problems that could threaten the firms survival or growth. If problems in local and/or state government arose the team would explore ways to help the local firms understand and resolve these.

**Strategy Four: Develop contingency and strategic plans for local economic development.**

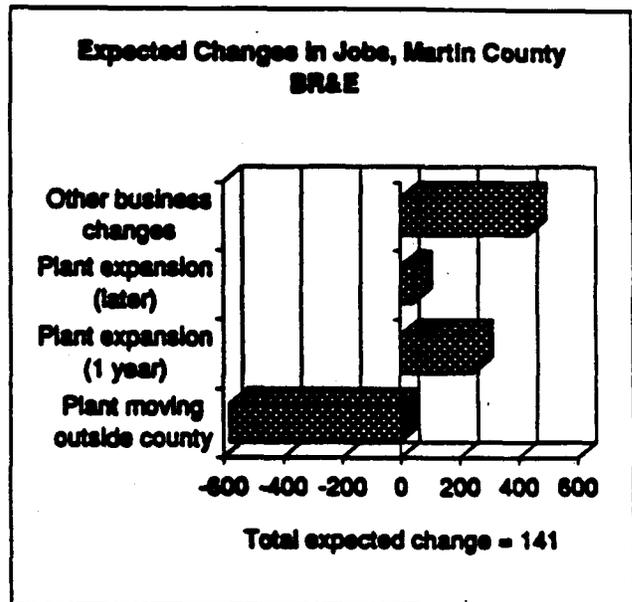
**Overview:** With a community development practitioner or committee in place, firms with bottlenecks to growth or considering moving can be targeted for assistance before it is too late. Providing technical assistance in a timely fashion is essential for retaining local jobs and revenue. An assessment of services and resources available to local businesses and implementation of timely initiatives must be an on-going process.

As Federal dollars for smaller towns and rural regions decline, the economic success of rural places weighs heavily on collaboration of services and cooperation of community leaders. Continuing efforts at business retention and expansion can take many forms, but are essential to the continued health of local economies.

**Survey Results:** Eighteen firms were considering moving or closing. Eight of these firms were considering moving outside of Martin County, affecting 579 full-time jobs, and 70 part-time jobs. Five of the firms are considering moving out of the state, affecting a total of 565

jobs. The reasons most cited for considering relocation include: high state taxes; high local taxes; rigid code enforcement, over crowded building; and changing market conditions.

Despite the loss of these jobs, the overall picture is positive. Given plants moving outside the county, plant expansions, and other business changes (i.e. changes in the mix of goods or services; adding production lines; or changing production technology) the total expected change in employment is an addition of 141 jobs. Obviously, the net growth would be much greater if the losses due to potential moves can be reduced (Graph 5)



Although the above information concerning plant relocation warrants serious consideration, 67% of the firms said the community in which they were located was a good to excellent place to do business. Another 20% said the community was a fair place to do business.

**Task Force Recommendation: Establish "Adopt A Business Program"** Each member of the BR&E Task Force and other local development groups would adopt one or more businesses, contacting them at least twice a year, although not a much less formal survey. Since early warning of problems is essential to their successful resolution, each member would use the "U.S. Industrial Outlook" to stay current with business trends in their adopted key industries. In some cases, the entire team would invite a firm to lunch to update the team on trends and the outlook in the industry. An annual Business Appreciation Day breakfast would be held.

**IMPLEMENTATION STRATEGY:** The BR&E Task Force will share the responsibilities of implementation of these strategies with other groups. To avoid duplication and fragmentation in local development efforts, the BR&E Task Force will meet quarterly to review the process being made in the implementation each strategy. Community leaders and groups which see some overlap in the recommendations put forward in by the Task Force with their own programs are encouraged to talk with any of the BR&E programs leadership team or task force. New ideas and approaches for moving these broad strategies and recommendations to implementation are very welcome.

**BR&E Leadership Team:**

Julie Ahrens, Peoples Natural Gas  
Steve Saggau, Gril-Del, Inc.  
Billeye Rabbe, Martin County Ext. Service

**Task Force Members:**

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Charlie Draper, Draper Foods  
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Allen Kahler, Auctioneer Alley  
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Lucile Knapp, SCORE  
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Jack Mackey, New York Life Insurance  
Dr. Ralph Miller, Fairmont Public Schools  
Mitch Peterson, Holiday Inn  
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Duane Rieland, Fairmont Glass and Sign  
Sandy Roberts, Fair Mall Shopping Center  
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Dale Schumann, Casey's, Sherburn  
Lloyd Swalve, Lakeview HHC  
Karen Theobald, Fairmont Chamber of Commerce  
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