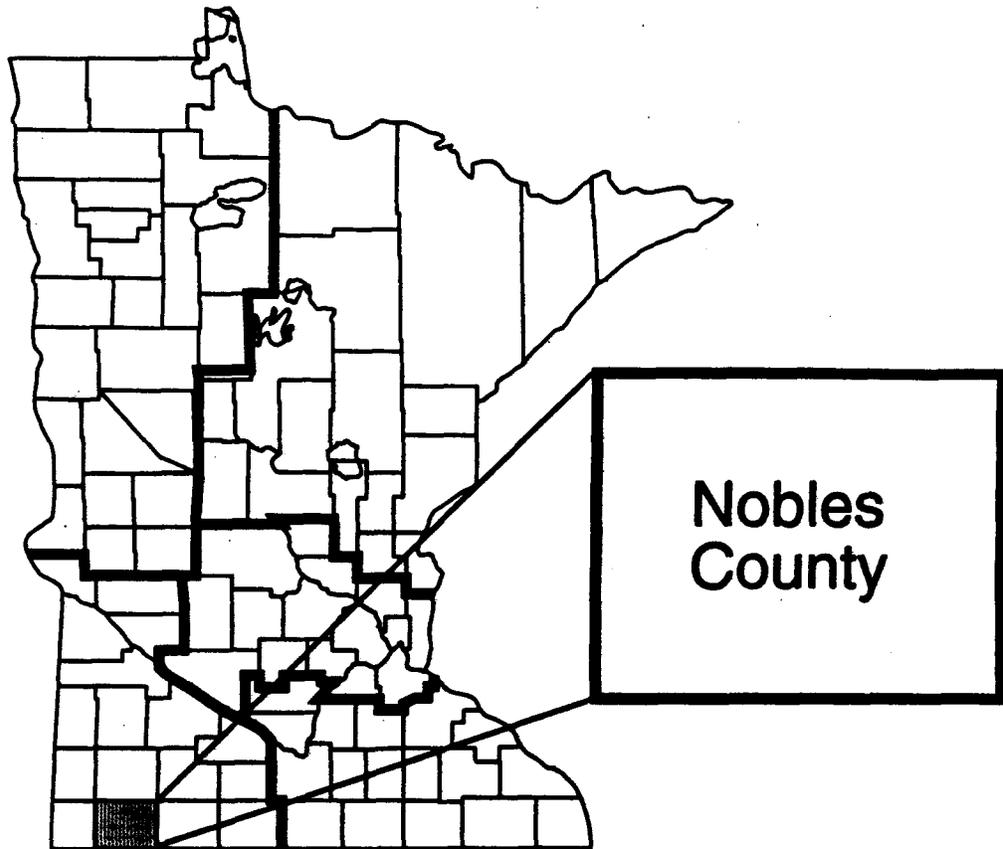


# BUSINESS RETENTION AND EXPANSION BUSINESS PLAN SUMMARY REPORT 1993-1994



**State Sponsors:**

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

**Local Sponsors:**

**Worthington Area Industries, Inc.  
Worthington Chamber of Commerce  
Star City Committee  
Nobles County Extension Service  
Southwest Minnesota Initiative Fund**

## **Executive Summary**

# **NOBLES COUNTY BUSINESS RETENTION AND EXPANSION BUSINESS PLAN**

**The Nobles County Business Retention and Expansion Business Plan** is an economic development strategy aimed at helping the area's existing businesses. Following visits to 87 local firms and a survey of their needs, BR&E task force members reviewed the survey results to identify issues that affect BR&E in Nobles County. The BR&E leadership team and its task force members established a framework to bring all of the community's and county's BR&E efforts into one business plan called the "Nobles County BR&E Business Plan." This plan will bring governmental, private, and community agencies and its residents together to develop and implement beneficial and productive BR&E programs. With this in mind, the following Nobles County BR&E Business Plan mission statement was developed.

**"To develop and institute programs that coordinate existing and new countywide BR&E programs that will enhance a pro-active business environment between all county industries including agricultural, manufacturing, retail and service components."**

The BR&E strategies contained in this Executive Summary were developed and then enhanced by the leadership team and the task force members. The BR&E organizational format was developed to identify key agencies and volunteer groups that would help implement each strategy of the Nobles County BR&E Business Plan.

The Minnesota Extension Service/ University of Minnesota assisted the community leaders with the initial organization, volunteer training, and the research on the survey results. Minnesota Technology, Inc. and the Department of Trade and Economic Development also provided assistance.

**Key Leaders in the Program:** Four sets of local leaders played key roles in the Business Retention and Expansion Business Plan. They were the: (1) BR&E leadership team; (2) BR&E task force; (3) volunteer visitors; and (4) participating firms. The leadership team provided overall direction to the program. The volunteer visitors visited 87 Nobles County firms, seeking their opinions on their challenges and concerns. The task force has already addressed several of the problems identified by the firms and assisted in and developed the recommendations in this report.

## BR&E SURVEY RESULTS

### Characteristics of Firms Visited:

The majority of jobs in this survey (58%) were in the manufacturing firms. However, non-manufacturing firms were included so that each of the communities in the county would be included. On average, the 17 manufacturing firms had 181 employees, with 11 of these having less than 50 jobs. In contrast, the 68 non-manufacturing firms averaged 26 jobs, with 40 percent of these having an average of under five jobs (Table 1).

**Table 1**  
**Size of Firms Surveyed**

Number Jobs	Manufacturing Firms	Others
1 - 9	7	27
10 - 19	1	16
20 - 49	3	18
50 - 99	0	5
100 + up	6	2
Total	17	68

### **STRATEGY ONE: To Establish a Common Resource Center of BR&E Information for the Active Propagation of Economic Opportunities**

**Overview of Strategy:** National and global competition is impacting nearly all firms, whether they are in manufacturing, the retail sector or other businesses. In order to successfully compete in this changing market, all

types of firms must become more competitive. To improve their competitiveness, firms must either be able to: (1) enhance the quality of their products or services without major increases in their prices; or (2) reduce costs per unit.

### **Survey Results on Strategy One:**

Competition is a fact of life for Nobles County firms. Over 66 percent of the eight firms with over 100 employees reported that their competitors were either making significant inroads to their business (17%) or were a future threat to it (50%). Smaller firms were not as worried about competition, but were interested in becoming more competitive.

Nobles County firms are already taking steps to become more competitive. New product lines and services and labor-saving technologies were adopted by 29 percent and 20 percent of the firms, respectively. Many Nobles County firms (39%) are expecting major new technologies in their industries. Nobles County firms are eager to learn about state and federal programs that might help them become more competitive. They requested nearly 280 pieces of information on 22 topics, or an average of 3.2 pieces of information per firm. In descending order of importance, the most frequently requested items were: new state regulations, marketing strategies, strategic business planning, total quality management, adopting new technology, small business planning, marketing to seniors, and financing programs (Table 2). More detail on the survey results are in the project's Research Report.

**Table 2**  
**Firms' Top Information Requests**

Topic	# Firms
New state regulations	23
Total quality management	17
Adopting new technology	17
Small business planning	16
Marketing to seniors	16
Financing progress	15

**Task Force Recommendation:**

**Establish a Countywide Business Information Center.** This Business Information Center would organize the following specific initiatives to help Nobles County businesses learn about new programs and become more competitive. These are: (1) Initiate a countywide technical assistance program. This program would have local leaders interested in helping small to medium-sized firms volunteer some of their time and experience on specific topics to assist these firms. It would also provide ongoing assistance to minorities wanting to start new businesses. (2) Publicize state and federal programs on business planning (i.e., SCORE, Small Business Centers, Small Business Management). (3) Provide fact sheets on the workshops and seminars pertaining to state and federal labor training programs. (4) Develop outreach programs on public financing programs. (5) Improve the awareness of environmental issues that impact the retention and expansion of Nobles County firms. (6) Cultivate the networking of private companies in Nobles County.

**STRATEGY TWO: Establish and Maintain Cooperative Relationships With All Levels of Government to Support BR&E Within Nobles County**

**Overview of Strategy:** Local governments provide the infrastructure necessary for businesses to thrive and expand. Strong schools provide a well-trained, motivated, and disciplined labor force. City and county governments decisions on land use, transportation, and other services impact on firm competitiveness. Likewise, local businesses can contribute much to the operation of these local services and educational institutions.

**Survey Results on Strategy Two:**

First, results related to labor and education are examined. Nobles County labor appears to be very productive and the labor/management relations quite strong. Over 90 percent of the firms reported their employees had a good to excellent attitude toward work, and 88 percent said attitudes toward productivity were good to excellent. However, almost half (45%) of the firms reported problems in recruiting skilled employees. Firms employing 1,840 persons reported the need for additional labor training programs (Table 3). While elementary and secondary schools were rated as strong, the vocational schools were only given average ratings.

Related to land use and environmental issues, hazardous waste disposal was seen as a problem by some firms. But overall, this was rated about average compared to other communities. Next transportation is considered. Few firms found major problems with the transportation infrastructure. Street repair was the only item rating slightly below average.

**Table 3**  
**Labor Retraining Needs**

Firm's # Jobs	Total Jobs
1 - 19	168
20 - 99	290
100 +	1,382
<b>Total</b>	<b>1,840</b>

**Task Force Recommendations:**

**(#1) Expand and Enhance the Educational Partnership Program.** The Chamber of Commerce Business Education Committee will expand its work on education with technical colleges, public and private schools, and state universities.

**(#2) Encourage the Coordination of Land Use and Environmental Regulations Within Nobles County.** The Chamber of Commerce will continue to educate elected officials on business and development issues related to land use and environmental regulations.

**(#3) Develop and Coordinate Improved Transportation Networks.** The Chamber Transportation Committee will examine issues related to Highway 60; the airport; farm-to-market roads, railroads, and city streets.

**STRATEGY THREE: Develop Initiatives That Support Our Existing Business, Service, and Manufacturing Capabilities**

**Overview of Strategy:** The retention and expansion of existing businesses has become a key strategy for keeping local economies strong. Research on local growth patterns has found that much of the net change in the employment in a region is due to the changes in existing businesses. Further, industrial recruitment strategies often depend on first having implemented a successful local BR&E program. Few firms are likely to move into a community if the existing firms are unhappy with the local business climate.

**Survey Results on Strategy Three:** When asked "What is your overall opinion of this community as a place to do business?," 80 percent of the firms reported that it was a good to excellent place to do business. Only two firms, employing less than 1 percent of the jobs, felt the area was a poor place to do business (Table 4).

**Table 4**  
**Opinion of Nobles County**  
**As Place To Do Business**

Opinion	Percent Firms
Excellent	14
Good	66
Fair	17
Poor	2

One larger firm indicated it was considering moving outside the county. However, 47 other firms reported that they were planning expansions, resulting in a net gain of 290 jobs. When considering the number of jobs impacted, the factors which are most likely to influence profits were: new products (54%), government policies (44%), raw material costs (37%), raw material shortages (35%), and domestic competition (21%).

The BR&E survey suggests it might be desirable for communities to collaborate in promoting economic development. Fully one-third of the firms have less than 60 percent of their employees living in the same city as the firm is located. Much of the county will benefit from growth in many firms, due to this commuting pattern. Many of the key raw materials for firms in this survey are purchased outside of the county. While it might not be economically feasible to produce some of these materials locally, firms suggested 21 cases in which they thought local production was feasible.

#### **Task Force Recommendations:**

##### **(#1) Develop a Countywide Manufacturer's Network.**

The purpose of a Manufacturer's Network is to assist small and medium-sized manufacturers in meeting their quality, productivity, and profitability goals. The network membership includes leaders from manufacturing and often includes the finance community, local economic development professionals, and post-secondary educational institutions.

The Minnesota Technology, Inc. provides technical and organizational support. The BR&E task force will provide leadership in forming a Manufacturer's Network. Some of the specific activities of the Manufacturer's Network could be: sponsoring total quality management seminars; hosting workshops on current labor training programs; providing a forum for local, state and federal development professionals to explain their services and for business people to ask questions; promoting the needs of all Nobles County employers; and encouraging the purchase of local products and services.

**(#2) Produce a Countywide Marketing Strategy.** This recommendation includes several important marketing activities: programs on marketing to senior citizens; focusing on targeting economic development opportunities; coordinating agencies that currently market and promote our trade area (i.e., Chamber of Commerce, Star City's Program, CVB, and Worthington Area Industries, Inc.).

**(#3) Continue Business Retention and Expansion Emphasis.** The following activities will be undertaken to promote Nobles County existing local businesses: publicize stories highlighting business partnerships and successes; develop media programs that can provide a pro-active image for local business as well as generating ideas for other businesses; and publicize the strengths of Nobles County public services.

**(#4) Maintain a Balanced Economic Development Program Which Includes the Development and Recruitment of New Industry and Continued Efforts to Assist Local Industry.** This will include efforts to coordinate economic development efforts in the southwest region of Minnesota and continued support of Worthington Area Industries, Inc. (WAI) in their efforts to assist local industries. WAI will focus on local business retention and expansion and serve as a catalyst in helping local businesses in the regional community.

**STRATEGY FOUR: Develop Initiatives to Support Countywide Activities That Will Enhance and Retain Local Businesses by Improving the Quality of Life and Cultural Unity Within Nobles County.**

**Overview of Strategy: "Quality of life"** factors in the community where a firm is located can impact that firm's ability to remain competitive. Adequate housing, health care, police and fire protection, educational and recreational opportunities not only impact on labor recruitment, but sometimes have direct cost implications to firms (i.e., fire insurance). Another key component of the quality of life is the cultural harmony and unity within the community. Further, as rural labor supplies become tight, minority populations provide an opportunity for furnishing the labor needed for expanding local businesses.

**Survey Results on Strategy Four:** Firms were asked how important each of nine cost factors, 12 other business factors, and 15 public services were to their profitability and whether each of these 36 factors was a strength or weakness in their community. Firms rated "quality of life" factors as slightly more important than costs or other business factors in making location decisions. Commendably, the survey points to no major problems in these quality of life factors. However, the ratings suggest that improvements could be made in street repair, the vocational schools serving the county, and hazardous waste recycling.

**Task Force Recommendations:**

**(#1) Build Cultural Awareness in Nobles County.** In order to strengthen the county's cultural diversity, the task force recommends that minority business persons be added to local committees and that a committee be developed to investigate the need for cultural awareness that enhances community unity.

**(#2) Recruit Physicians and Professionals.** A program to respond to the need to recruit skilled labor should be explored. While the survey provided no direct data on the need to recruit physicians, the task force felt this was also a critical need.

**(#3) Encourage Community Wellness.** The task force recommends that the following steps be taken to improve the quality of life or community wellness in Nobles County: support efforts for land use planning and controls within Nobles County and Worthington that can improve the quality of our environment; place a high priority on protecting and enhancing passive open space around Okabena Lake and throughout the community and county; work towards the creation, enhancement, and preservation of countywide recreational facilities; continue programs to provide adequate supplies of water and support services essential for community wellness; and develop and provide programs for adequate housing.

**(#4) Develop an Awareness by the Public of the Importance of Agriculture in Nobles County.** The manner in which agricultural producers, agricultural service industries, and food processors are interrelated to the rest of the local economy needs to be better understood by both the public and local decision makers.

### **Nobles County BR&E Task Force Members**

- Marv Baumgard, Nobles County commissioner  
David Benson, Nobles County commissioner  
Kathy Brandt, Minnesota Extension Service  
Dr. Conrad Burchill, president, Worthington  
Community College  
Bob Demuth, Sr., mayor, Worthington  
Steve Dusek, Southwest Regional Dev. Center  
Arlen Foss, Lutheran pastor
- \* Norm Gallagher, owner, Fleet Family Center
  - Don Habicht, general mgr., city public utilities
  - John Johnson, chairman of the board, WAll
  - Bonnie Karl, owner, Karl's General Trading Co.
  - Ron Lawrence, mayor, Adrian
  - \* Pam Ludlow, consultant
  - \* Darlene Macklin, executive vice president,  
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  - Chuck Mausback, president/CEO,  
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  - Mel Moret, past chairman, WAll, and  
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  - George Morse, extension economist, University  
of Minnesota
  - \* Dr. Conrad Schmidt, Oxford Laboratories
  - Greg Sparks, city administrator
  - Lyle Ten Haken, past president, Worthington  
Area Chamber of Commerce and  
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  - Dr. Bruce Thomas, school superintendent
  - Karen Tommeraasen, MN Extension Service
  - Marnie Will, president, Brewster Bank
- \* Denotes leadership team member