

**BUSINESS  
RETENTION  
&  
EXPANSION  
Strategies  
Program**



# **TRAVERSE COUNTY**

## **Summary Report**

**September 2003**

Local sponsors:

Blandin Community Investment Program

Traverse County

University of Minnesota Extension Service – Traverse County

West Central Regional Sustainable Development Partnership

**Department of  
Applied Economics**



**University  
of Minnesota**



# **Traverse County**

## **BUSINESS RETENTION & EXPANSION Strategies Program**

For more information contact

Dale Hurni  
Wheaton Area Schools  
(320) 563-8282

David A. Nelson  
University of Minnesota Extension Service  
(320) 523-3713

Michael Darger  
University of Minnesota BR&E Strategies Program  
(612) 625-6246

## **Traverse County Business Retention and Expansion Program**

Every community needs to pay attention to their existing businesses. The Traverse County Business Retention and Expansion (or simply BR&E) program is a key element in staying in touch with local businesses and developing strong local economic development efforts. While the attraction of new businesses and the encouragement of new business start-ups are important parts of an overall economic development strategy, many communities now recognize the need to do a lot more to assist existing businesses survive and grow.

It is useful to think of Traverse County and its various communities as a provider of input services to firms located here—similar to other vendors that firms use. Just as businesses gain competitive advantage by continuously aligning their operations to provide better service to their better customers, the community must be looking for ways to provide a better environment for their premium paying customers—businesses.

The survey conducted by the Traverse County BR&E Task Force is a way to get to know the needs and aspirations of Traverse County's businesses. The survey results are used to develop strategies that help businesses to remain and expand in Traverse County.

### **Objectives**

1. To demonstrate to local business that the community appreciates their contribution to the local economy.
2. To help existing businesses solve problems.
3. To assist businesses in using programs aimed at helping them become more competitive.
4. To establish and implement a strategic plan for economic development.
5. To build community capacity to sustain growth and development.
6. To assess area telecommunications and information technology infrastructure.
7. To contribute to the assessment of Traverse County's prospects for tourism development.

### **Sponsorship**

This program is sponsored locally by these organizations: Blandin Community Investment Program, Traverse County, University of Minnesota Extension Service – Traverse County, West Central Regional Sustainable Development Partnership.

### **Traverse BR&E History**

The Traverse County BR&E Program's roots trace back a few years with BR&E presentations made in 1999 and 2001 to groups in Traverse County. Melissa Persing contacted the University of Minnesota BR&E Strategies Program (U.M. BR&E), in August 2001. In 2002, Ms. Persing arranged the funding for the program through the Blandin Community Investment Program and the West Central Regional Sustainable Development Partnership.

In late 2002 and early 2003 a Leadership Team and Task Force was recruited. Volunteer recruitees included business persons, educators, local government officials, economic development officials and citizens at large. The Leadership Team decided to work with Certified BR&E Consultant David A. Nelson, a regional Extension educator. Mr. Nelson worked with the leadership team to orient them, to plan the program, and to prepare an application to U.M. BR&E. In February, Traverse County's application to U.M. BR&E was accepted.

The Leadership Team decided to target a cross section of the business community in Traverse County. A survey instrument was selected with assistance from U.M. BR&E and Cynthia Messer of the University's Tourism Center and Thora Cartlidge of the University's Center for Rural Design. It was tested with a visit to a local firm.

The first Task Force meeting was held on March 3<sup>rd</sup>. They reviewed the survey, the program objectives, and the target list of firms as well as learning about BR&E techniques. Task Force members then recruited additional volunteers to help perform the visits. A visitor training session was held on March 13<sup>th</sup>. This training enabled them to effectively conduct the firm visits.

### **Firm Visits**

Fifty-six firms were visited during March-May, 2003. The firms visited comprise over a third of the identifiable businesses in Traverse County (approximately 140 firms, as estimated by the Leadership Team using the local phone company white pages). The firms were selected as follows. The overall population of firms was compiled in a list using the white pages. The Leadership Team removed certain kinds of businesses from the list such as home-based businesses and/or other businesses deemed inappropriate for a visit. Finally, a sample of about 80 firms was consciously selected for visits (all six manufacturers in the county plus 74 other businesses).

For the manufacturers the sample is statistically representative since the entire population of this type of business was selected for visits and five of the six were actually visited. Since a non-random selection process was employed for the selection of the other firms, the sample is not statistically representative of the non-manufacturing business population. Nevertheless, the number of non-manufacturers visited (51) constitutes a strong sample since over a third of the non-manufacturers identified in the county were visited. Furthermore, the overall response rate of 70 percent of the surveys being completed out of the target list is outstanding in an era of “survey fatigue”.

Prior to the visits, the Leadership Team sent copies of the survey to the firms. Visitors worked in teams of two and took

responsibility for arranging and conducting the interviews.

### **Red Flag Review**

After the surveys were completed and returned, the Leadership Team met in May to review each survey and decide on how the immediate follow-up would be handled.

### **Research Report Development**

The BR&E Leadership Team sent copies of the surveys to the University of Minnesota for tabulation and analysis. Megan Kappers entered the data into a spreadsheet and word processing files. A summary of the data was prepared by Elaine Reber for the state research review meeting. At the state research review meeting on June 6, 2003 a team of eleven individuals (listed later in this section) reviewed the results and suggested projects that might respond to the firms’ needs. Mr. Darger prepared the research report based on the input of the state research review panel and other ideas.

### **Task Force Retreat**

A four-hour retreat was held on August 12, 2003. At this retreat, the Task Force established priorities on which major projects they wished to undertake. A committee was set up on each of the three priority projects shown in this report. If you have ideas, time, or other talents to contribute to these projects, then please contact one of the people listed.

## **People in the Traverse County BR&E Program**

### **Leadership Team**

Dale Hurni, Overall/Milestone Meeting  
Coordinator  
Jay Backer, Business Resources Coordinator  
Norma Holtz, Visitation Coordinator  
Chere Rikimoto, Media Coordinator  
Melissa Persing, University of Minnesota  
Extension Service  
David A. Nelson, University of Minnesota  
Extension Service

## Traverse County BR&E Task Force

Many community leaders participated as Task Force members. This group addressed red flag issues, set priorities for action and will lead implementation of selected projects. Task Force members (listed below) also participated in firm visits.

Jay Backer – Business person  
Jeff Backer – City Council  
Roy Bartz – Business person  
Connie Benson – Retired teacher  
Michelle Boe – Chamber officer  
Joyce Cole – Former County Commissioner  
JoAnn Conroy – Teacher and farmer  
Marcie Conroy – Business person  
Robert Crandall – Business person  
Edith Foren – City staff  
Norma Holtz – County Commissioner  
Dale Hurni – Wheaton Area Schools  
Diane and Jerry Johnson – Area business persons  
Melissa Persing – University of Minnesota Extension Service, Traverse County  
Melanie Peterson – Retired teacher  
Brenda Reed – School staff  
Chere Rikimoto – Nonprofit  
Ellen Vollmers – Social worker  
Father Stan Weiser – Priest  
Trevor Wright – Deputy sheriff

## Volunteer Visitors

In addition to the Task Force members, the following people also participated in the firm visits:

Anita Anrim  
Mary Erlandson  
Amy Haanen  
Ann Hansen  
Mark Hansen  
Deb Hurni  
Joanne Kremer  
Kathie Larson  
Robert Martz  
Edna Mae Niss  
Dan Rinke  
Janine Schmidt  
Vere Vollmers  
Stephanie Warren  
Ken Warren

## Firms Visited

Fifty-six firms were visited. The community greatly appreciates their willingness to help the community understand their needs. Their survey responses are confidential yet it is important to credit their participation by listing their names here in Table 1.

**Table 1**

<b>Business Name</b>	<b>Town</b>
American Press / Gazette Publishing	Wheaton
B.W. Inc.	Browns V.
Bartz Collision & Glass	Wheaton
Ben's Service	Browns V.
BJ's Part Depot, Inc.	Wheaton
Browns V. Community Elevator Inc	Browns V.
Browns V. Hardware Hank, Inc.	Browns V.
Browns V. Municipal Liquor Store	Browns V.
Community First National Bank	Wheaton
Country Partners Cooperative	Browns V.
Culligan Soft Water Service	Wheaton
Curves for Women	Wheaton
Dale's	Wheaton
Dick Thomsen & Associates	Wheaton
Dueber's Dept. Store	Wheaton
Dumont Bar & Grill	Dumont
E Z Loader North Central	Wheaton
Eyster Realty	Wheaton
Family Health Care	Wheaton
Goodhart Bros.	Browns V.
Hansen Chevrolet Inc.	Browns V.
Hoffman Electric	Browns V.
J&K Tool Company	Wheaton
Lake Valley Trucking Inc.	Wheaton
Larson's Inc.	Wheaton
Little People Day Care	Browns V.
Lundquist Seed Inc.	Wheaton
Main Street Motors	Wheaton
Maynard's Food Center	Browns V.
Mike's Alignment & Brake	Browns V.
Mitteness Chiropractic Clinic	Wheaton
Olivers on Broadway	Wheaton
Raguse Sales	Wheaton
Ranney Funeral Home	Wheaton
Ranney's Furniture	Wheaton
Reed Fish Company	Browns V.

Sag's Hardware	Wheaton
Serocki Excavating, Inc.	Browns V.
Spectrum Aeromed, Inc.	Wheaton
Star Bank	Wheaton
State Bank of Wheaton	Wheaton
Steve Raguse Manufacturing	Wheaton
Super Value	Wheaton
Synergy Advantage Group Inc.	Browns V.
The Affair	Wheaton
The Flower Shoppe	Wheaton
Traverse Care Center	Wheaton
Traverse Electric Cooperative Inc.	Wheaton
Tropical Tan & Fitness	Browns V.
UBC Building Center	Wheaton
Union State Bank	Browns V.
Wheaton Community Hospital	Wheaton
Wheaton Dental Office	Wheaton
Wheaton Drug	Wheaton
Wheaton Dumont Coop Elevator	Wheaton

### BREI Certified Consultant

David A. Nelson served as the Certified BR&E Consultant to the project. This includes coaching and advising the local Leadership Team; conducting training sessions with the Leadership Team, Task Force, and volunteer visitors; and facilitating quarterly implementation meetings when the Task Force moves into implementation.

### State Research Review Panel

The panel reviewed the tabulated survey results and suggested potential actions that might be taken by Traverse County leaders in response to local firm concerns. The participants were:

Traverse County BR&E Task Force:

- Dale Hurni, Wheaton Area Schools
- Melissa Persing, University of Minnesota Extension Service-Traverse County

University of Minnesota:

- Michael Darger, BR&E Strategies Program
- Laura Kalambokidis, Applied Economics

- Rob King, Applied Economics
- Dario Menanteau, School of Social Work
- Cynthia Messer, Tourism Center
- David A. Nelson, University of Minnesota Extension Service-West Central Region

Minnesota and Federal Agencies:

- Joe Folsom, USDA Rural Development
- Helen Conde, Minnesota Department of Employment and Economic Development
- Steve Reckers, Minnesota Department of Administration

## Traverse County's Economic Profile

An economic profile of Traverse County was prepared for use by the Task Force at its August 12th retreat. This profile gave an overview of population, income, and employment trends in Traverse County, comparing it with other communities. The profile is included in the Traverse County Research Report, which is available for review at Traverse County Extension Office, Wheaton Public Library, or from a Task Force member.

Briefly, Traverse County continued its long term population down-trend in the 1990s. The rate of decline was much slower than previous decades, however, as three of the four towns were stable or even growing in population. The county had a much slower growth in personal income than its neighbor counties, Minnesota, or North or South Dakota. With over twice as high a proportion of seniors among its population as the state as a whole it is understandable why Traverse's income growth is lagging. One bright spot in the data is the four percent growth in Traverse's workforce over the last couple years.

## Traverse County BR&E Survey Results

Following are the results of the survey of 56 firms by Traverse County community leaders during March through May of 2003. The firm characteristics are summarized first and followed by priority projects selected by the Task Force. Survey results related to those projects are included in this summary. Additional survey results including four strategic themes are in the Research Report. Priority projects were selected from three of the four strategies.

### Characteristics of Firms Visited

The Traverse County Leadership Team determined a target list of about 80 firms. Fifty-six firms were actually visited during March through May, 2003 for an overall 70 percent response rate. This response rate is much stronger than you would expect to see in a telephone or mail survey.

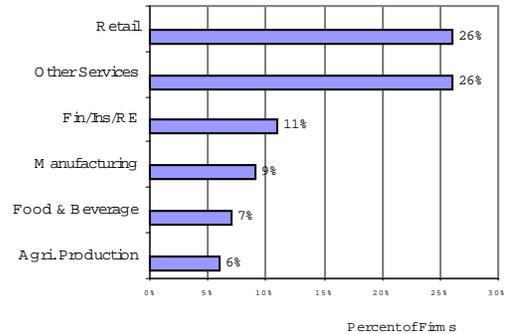
The Leadership Team, to the extent possible, tried to make sure the visited firms were distributed around the county fairly in proportion to town size. The numbers of firms visited in the two larger towns of Wheaton (66 percent) and Browns Valley (32 percent) indicate that they were well represented. But despite the best intentions, the two smaller towns may have been slightly underrepresented.

Seventy-four percent of the surveyed firms are locally owned. The largest numbers of firms are closely held corporations (54 percent), public corporations (16 percent) and proprietorships (15 percent).

The firms employ 381 full-time and 314 part-time people. Twenty-six percent of the firms are retailers and an equal number identified themselves as other services. The remaining firms were finance, insurance, and real estate (11 percent); manufacturers (9 percent); food & beverage (7 percent); agriculture production (6 percent); and several other business categories each

composing less than five percent of the sample. See Figure 1.

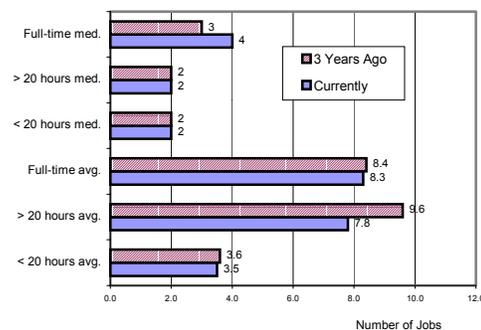
Figure 1: Firms Visited by Largest Categories, Traverse County, 2003



Seventy percent of the firms are locally owned. The largest number of firms are sole proprietorships (39 percent) and S corporations (33 percent), but there are also “other” (15 percent) and C corporations (11 percent).

The firms reported a median number of four full-time employees and an average number of 8.3. The median was up from three years ago (three) yet the average slipped slightly as a result of larger employers losing a lot of employees. The median in both part-time categories (under or over 20 hours/week) was stable over the last three years but the average part time positions over 20 hours dropped significantly, again because of a major decline at larger employers. See Figure 2.

Figure 2: Full and Part-time Jobs, Traverse County, 2003



## Overview of BR&E Projects for Traverse County

Profits are the key to the retention and expansion of firms. While the owners of a firm might be attracted to an area because it is a nice place to live or to raise a family, a firm can only survive if it makes a profit (revenues exceed costs). The same is the case for businesses that start in the community. The owners may be loyal to the community, but if they cannot make their business profitable they will close or move it; they do not have a choice.

In a market economy, making a profit is the responsibility of the firm management and its employees, not community groups, local or state governments. However, the actions of these groups can sometimes help firms become slightly more profitable. The priority projects outlined below are aimed at helping firms become more profitable and thus be able to survive and grow in the community.

## Traverse County BR&E Priority Projects

The following three priority projects were selected at the ½ day retreat August 12<sup>th</sup>:

1. **Enhancing Retention and Expansion by Establishing a Traverse County EDA**
2. **Promoting Tourism by Providing “At Your Service” Training**
3. **Improving the Physical Environment**

### Priority Project #1: Enhancing Retention and Expansion by Establishing a Traverse County EDA

The Traverse County firms have significant expansion plans for the next three years. If the firms make these changes and expand their operations in the area, they will be an important source of economic growth for the community. The community has the opportunity to help the firms grow and expand in Traverse County.

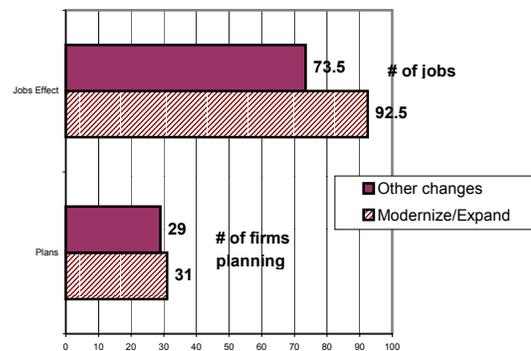
## Related Survey Results

Sixty-three percent of the firms predict increased sales over the next three years and another 26 percent report stable sales.

Thirty-one of the firms (57 percent) have identified expansion opportunities! On the other hand, seventeen firms (32 percent) indicated a possible downsizing, sale of the business, merger, move or business closing.

The modernizations or expansions to their buildings and equipment, if implemented, would result in an estimated net employment increase of 92.5 jobs. In addition, other changes in business plans at 25 firms (46 percent) were expected to add a net total of another 73.5 jobs. See Figure 3.

Figure 3: Expansions, Other Plans and Jobs Impact, Traverse County, 2003



The final question of the survey (#47) provides some other pertinent insights. In this wrap-up question the firms were asked to express some priority concerns. Besides a major concern about the outmigration of young people and the related issues of youth employment, activities and education, the biggest concern of the firms was about the retention and expansion of existing businesses in the county. There were a relatively high amount of other concerns expressed that also relate to a theme of existing businesses not having enough attention paid to them. See Table 2.

**Table 2**  
**What Should We Work on to Help all of our Existing Firms Grow and Expand?**

(Open-ended responses were aggregated into loose categories and listed in descending order of frequency)

Category	Frequency (# of firms)
Youth retention, employment & activities; keep K-8 school (Browns Valley); maintain schools	13
Lack of existing business focus, priority is recruiting outside business yet lots of good businesses already here	11
Industry, manufacturing, farm-related industry attraction, industrial park	8
Shop local, hometown loyalty, promotion of local business areas	8
Increased cooperation amongst retail business, between businesses & professionals, community-wide; more positive attitude	8
Tourism promotion	7
Diversity & variety of businesses	6
State, federal regulations and taxes	5
Telecommunications issues, cell phone line upgrades, high speed internet	5
More people needed as residents and employees	5
Health care, more providers, collaboration among providers, affordability	4
City zoning needed, infrastructure improvements, buildings cleaned up, downtown rehab.	4

**Project plans from the team:**

The project team plans to provide additional technical and economic resources to existing businesses and firms in concert with the

current city EDA(s). Team members include: Jay Backer, Marcie Conroy, and Norma Holtz. For more information, to join the committee or to offer other assistance please contact one of them.

**Priority Project #2: Promoting Tourism by Providing “At Your Service” Training**

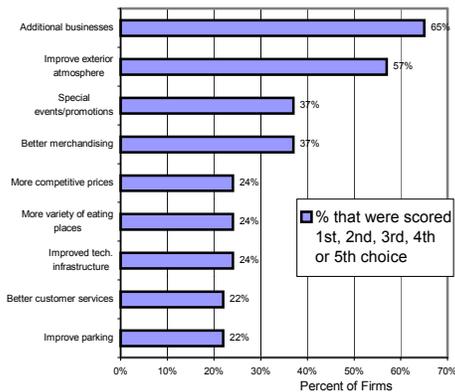
One of the stated goals of the BR&E project is to contribute to the assessment of Traverse County’s prospects for tourism development. Tourism is an export industry. To the extent that visitors can be persuaded to spend their money, Traverse County would increase its "exports". This would be valuable because it would increase the dollars captured from beyond the local market.

**Related Survey Results**

The firms indicated a very strong preference for “additional business which result in greater variety” for their business district. Sixty-five percent rated this as one of their top five priorities for business district improvements, whereas 57 percent rated “improvements in the exterior atmosphere of the area” as a top priority. Special events/promotions and better merchandising tied for next highest (37 percent) followed by several items at 22 to 24 percent, including “improved customer services”. See Figure 4.

The firms were further asked which of the several features should be the focus of a marketing image for the county. The overall favorite was “small town atmosphere”, which ranked even above Lake Traverse. See Table 3. Overwhelmingly, the firms think that promoting the area is in the best interests of their business (83 percent). Further, seven of the firms mentioned tourism promotion as a priority in the wrap-up question at the survey’s end (Table 2 above).

Figure 4: Business District Improvement Issues, Traverse County, 2003



**Table 3**  
**Do the Following Features have an Impact, No Impact or Negative Impact in Attracting Customers to your Business?**

(ranked in order of largest positive impact)

Feature	Pos.	No Impact	Neg.
Lake Traverse	72%	22%	4%
small town atmosphere	69%	20%	7%
seasonal tourism	67%	31%	0%
wildlife	63%	33%	2%
fishing	61%	35%	2%
natural environment	50%	48%	0%
festivals or events	50%	48%	2%
activities for kids	43%	50%	0%
farm landscapes	41%	56%	2%
community diversity	41%	43%	15%
distance from large metro areas	28%	26%	43%
historic buildings (barns, downtowns, etc.)	22%	70%	4%
museums/historic sites	19%	78%	2%

A big part of successful tourism business is effective customer service. Some communities have determined that customer service and even friendly service to visitors who aren't customers is very important to creating a welcoming atmosphere for outside visitors. A welcoming atmosphere will make visitors more inclined to stick around and spend some of their money here instead of somewhere else. These communities have established customer service training for front-line employees who deal with the public. Some areas have even created signs (e.g. "tourism spoken here") that businesses and other establishments post to let visitors know they are welcome to ask "dumb questions" there.

**Project plans from the team:**

The project team intends to provide employees the tools to provide A+ customer service by developing an effective personal service style; promoting our county to visitors; and viewing service through the eyes of the customer. Three educational tiers will be pursued including: youth training, private employee training and training for public employees. Team members include: Melissa Persing, Chere Rikimoto and Joann Conroy. For more information, to join the committee or to offer other assistance please contact one of them.

**Priority Project #3: Improving the Physical Environment**

The Task Force considered several tactics with the goal of improving the built environment of Traverse County. The tactics include: downtown facelifts, improved telecommunications infrastructure, housing improvements, regional cooperation, and others. In the end, the Task Force decided to consider the vision for downtown beautification developed with community input by the University of Minnesota Center for Rural Design (*Lake Traverse Community Vision, May 2003*).

## Related Survey Results

Table 2 above reveals concerns from the firms about three infrastructure issues: telecommunications, city zoning/infrastructure/downtown rehab. and housing. While lower down on the list than some other categories, these general concerns shows that businesses have some physical infrastructure issues on their radar screen. The downtown rehabilitation issue becomes greatly amplified considering that it was a strong second in terms of priorities for business district improvements. See Figure 4 above.

The firms had an overall positive opinion of the area as a place to do business and as a place to live. Eighty-seven percent of the firms rated it as an excellent or good place to do business and the same percentage gave it a similar rating as a place to reside. There was stronger satisfaction with the residential conditions, but this is typical of all communities that U.M. BR&E works with. See Figure 5.

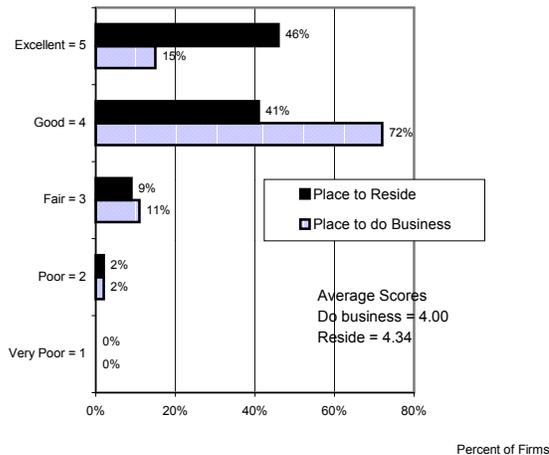
University of Minnesota Center For Rural Design for the Lake Traverse Community. Team members include: Dale Hurni, Joyce Coyle and Michelle Boe. For more information, to join the committee or to offer other assistance please contact one of them.



The Task Force selected the priority projects. This summary report was written by Michael Darger, from the University of Minnesota Department of Applied Economics. Elaine Reber, of the Department of Applied Economics, and Dale Hurni, Overall Coordinator, also contributed to the report. This publication is available in alternative formats upon request. Please contact Michael Darger at 612-625-6246.

The University of Minnesota is an equal opportunity educator and employer.

Figure 5: Opinion of the Community as a Place to Reside and do Business, Traverse County, 2003



## Project plans from the team:

The project team intends to provide a systematic plan and structure for promoting the beautification and revitalization of the downtown areas. The initiative will consider the vision developed by the