Alexandria

Business Retention and Expansion Summary

May 2006

Local Sponsors:

AEDC
Alexandria Area Economic Development Commission

West Central Initiative

University of Minnesota Extension Service
Community Vitality

Research Report
Chapter II provided by:
Alexandria

Business Retention and Expansion
Summary Report

May 2006

Written by
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for the Business Retention and Expansion Strategies Program,
University of Minnesota Extension Service

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University of Minnesota Extension Service
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Alexandria Business Retention and Expansion Program

Even growing cities like Alexandria need to pay attention to their existing businesses. The Alexandria Business Retention and Expansion (BR&E) Survey is a key effort for 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, most communities now recognize the need to do a lot more to assist existing businesses to grow and survive.

As a city, it is useful to think of Alexandria 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, Alexandria must be looking for ways to provide a better environment for their premium paying customers—local employers.

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

Objectives:
The Alexandria BR&E Program has five objectives:

1. To demonstrate to local businesses 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 productive.

4. To establish and implement a strategic plan for economic growth.

5. To build community capacity and cooperation to sustain growth and development.

Sponsorship:
This program is sponsored locally by the following entities: The Alexandria Area Economic Development Commission (AAEDC), the West Central Initiative, and the University of Minnesota Extension Service.

Alexandria BR&E History:
The Alexandria BR&E Program officially got underway on December 20, 2005, when Ryan Pesch, Regional Extension Education, Community Economics, and BR&E Consultant, conducted the Leadership Team Orientation with the Alexandria Area Economic Development Commission. The AAEDC decided to be the lead sponsoring entity for a BR&E program focused on the manufacturing sector in Alexandria/Douglas County after Jason Murray, Executive Director of the AAEDC, participated in an Extension “Getting Started With BR&E” workshop. The AAEDC applied to the BR&E Strategies Program and was approved in January 2006.

During December 2005, a leadership team was recruited to lead the BR&E project. Members include: Jason Murray, Executive Director, AAEDC,
Overall Coordinator and Visitation Coordinator; Pat Kalina, Marketing and Communication Coordinator, AAEDC, Media Coordinator; Coni McKay, Executive Director, Alexandria Chamber of Commerce, Milestone Coordinator; and Corliss Stark, West Central Sanitation, and Robert Neal, Community Leader, At-Large Members. Business Resource Coordinators include: Kevin Kopischke, President, Alexandria Technical College; Marty Schultz, Planner, City of Alexandria; Mark Grandgenett, Commercial Banker, Bremer Bank; and Chad Coauette, Dean of Customized Training, Alexandria Technical College.

Matching funds for the project fee or in-kind contributions were successfully obtained from the West Central Initiative, the AAEDC, and the University of Minnesota Extension Service.

The Leadership Team selected the manufacturing firms in Alexandria as the primary focus for visits and the Visitation Coordinator organized Task Force members into two-person volunteer calling teams. There are over 1,800 businesses currently licensed to operate in the Alexandria Area, 59 of them are manufacturers.

**Firm Visits:**
Firm visits were conducted from February 23 to March 21, 2006. A total of 39 visits were conducted, including two pilot test visits. Prior to the visits, Jason Murray, Visitation Coordinator, sent copies of the survey instrument to the 59 firms with a cover letter, alerting them to the upcoming visits. Volunteer Firm Visitors worked in teams of two, taking responsibility for arranging and conducting the interviews.

**Red Flag Reviews:**
After the first 10 visits had been completed, the Leadership Team conducted a “red flag” review of those surveys on March 8. Additional red flag reviews were held on March 15, March 29, and April 6. A number of issues that required immediate attention were identified and referred to the AAEDC, Alexandria Technical College, Alexandria Light and Power, and the Minnesota Department of Employment and Economic Development (DEED). Red flag issue categories included: labor problems and training; job training grants; expansion, mergers, and business acquisition; moving; and loss of electric power during storms.

**Research Report Development:**
The BR&E survey results were tabulated and analyzed by University of Minnesota staff. Michael Darger presented a summary at the State Research Review Panel Meeting on April 12, 2006. The review panel members included University faculty, government analysts, Task Force members, and others. SWOT (strengths/weaknesses and opportunities/threats) analysis was used to review survey results and to suggest projects that might respond to local firms’ needs and concerns.

**Task Force Retreat:**
The survey research was reported at a four-hour Task Force Retreat on May 9, 2006. This report included over 20 project ideas generated at the State Research Panel Review Meeting. At this retreat, the Task Force selected five priority projects for continuing action.
Teams were formed for each of the five priority projects that were chosen. The initial reports from these five teams are included in this report.

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

If you would like to review the Research Report, ask a Task Force member or contact the Alexandria Area Economic Development Commission.

**People in the Alexandria BR&E Program**

**Leadership Team:**
- Overall Coordinator: Jason Murray, Executive Director, Alexandria Area Economic Development Commission (AAEDC)
- Media Coordinator: Pat Kalina, Marketing and Communication Coordinator, AAEDC
- Visitation Coordinator: Jason Murray, Executive Director, AAEDC
- Business Resource Coordinators: Kevin Kopischke, President, Alexandria Technical College; Marty Schultz, Planner, City of Alexandria; Mark Grandgenett, Commercial Banker, Bremer Bank; and Chad Coauette, Dean of Customized Training, Alexandria Technical College.
- Milestone Coordinator: Coni McKay, Executive Director, Alexandria Chamber of Commerce

**At-Large Members:** Corliss Stark, West Central Sanitation, and Robert Neal, Community Leader.

**Alexandria BR&E Task Force Members:**
Many community leaders participated as Task Force Members. This group visited with firms and set priorities for implementation of selected projects.

**Table 1. Task Force Members**

<table>
<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
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<tr>
<td>Scott Allen</td>
<td>American National Bank</td>
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<tr>
<td>Brad Barth</td>
<td>Alexandria Technical College</td>
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<td>Al Crowser</td>
<td>Alexandria Light and Power.</td>
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<td>Ric Dressen</td>
<td>I. S. D. 206</td>
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<td>Lee Helgense</td>
<td>DEED</td>
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<td>Margaret Kalina</td>
<td>Douglas County Hospital</td>
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<td>Yvonne Kinney-Hockert</td>
<td>Consulting Solutions</td>
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<tr>
<td>David Kjos</td>
<td>Bremer Bank</td>
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<tr>
<td>Lynette Kluver</td>
<td>Alexandria Extrusion Company</td>
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<tr>
<td>Rick Kvasager</td>
<td>Minnesota Technology</td>
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<td>H. Dan Ness</td>
<td>City of Alexandria</td>
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<td>Mary New</td>
<td>AAEDC Board</td>
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<td>Jason Olsen</td>
<td>Wells Fargo</td>
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<td>Rick Paulsen</td>
<td>Douglas Machine.</td>
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<td>Terry Quist</td>
<td>I. S. D. 206</td>
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<td>LaDeen Schillinger</td>
<td>DEED</td>
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<td>Christine Schroeder</td>
<td>Merrill Lynch</td>
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<td>Sue Skoglund</td>
<td>Viking Savings Association</td>
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Firms Visited:
Thirty-nine firms were visited. The community greatly appreciates their willingness to help the community understand the needs of local businesses. Their survey responses are confidential but it is important to acknowledge their contribution by listing their names in this report.

Table 2. Businesses Interviewed

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<tr>
<th>Aagard Group LLC</th>
<th>ORB Management</th>
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<tr>
<td>Alexandria Concrete/JME Companies</td>
<td>ORB Management</td>
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<tr>
<td>Alexandria Extrusion Company</td>
<td>ORB Management</td>
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<td>Alexandria Pro-Fab Company, Inc.</td>
<td>Pro-Tainer</td>
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<td>Beartracks Products</td>
<td>Quick Attach Attachments, Inc.</td>
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<td>Bridge America, Inc.</td>
<td>Reprocessed Plastics, Inc.</td>
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<td>Central Tool Industries</td>
<td>Rosenow Technologies</td>
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<td>Continental Bridge</td>
<td>Rural Cellular Corporation</td>
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<td>Donnelly Custom Manufacturing Company</td>
<td>Standard Iron</td>
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<td>Douglas Machine, Inc.</td>
<td>SunOpta Aseptic</td>
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<td>D &amp; W Construction</td>
<td>SunOpta Ingredients</td>
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<td>Fastenal Company</td>
<td>Tastefully Simple</td>
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<td>Gardner Bender</td>
<td>3M</td>
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<td>Garfield Truss Systems, Inc.</td>
<td>Triton Truss, Inc.</td>
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<td>GCI</td>
<td>TWF Industries</td>
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<td>H. Boyd Nelson Incorporated</td>
<td>Varitech Industries</td>
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<td>Henry’s Foods, Inc.</td>
<td>West Central Bearing</td>
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<td>Heritage Transportation/Heritage Properties</td>
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<td>IRD</td>
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<td>Juno, Inc.</td>
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<td>Lakeland Manufacturing</td>
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<td>Leader Supply</td>
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<td>Lind-Rite Precision, Inc.</td>
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<td>Massman Automation Designs</td>
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BREI Certified Consultant:
Ryan Pesch, Regional Extension Educator, Community Economics, is serving as the BR&E Certified Consultant. His role includes coaching and advising the local Leadership Team; conducting training sessions with the Task Force; and facilitating quarterly implementation meetings when the Task Force and Priority Project Teams move into the priority project implementation phase.

State Research Review Panel:
Sixteen panel members reviewed the tabulated survey results and suggested potential actions that might be taken by Alexandria leaders to respond to local businesses’ needs and concerns. Panel participants were:

Alexandria BR&E Task Force:
Chad Coauette, Alexandria Technical College
Pat Kalina, AAEDC
Coni McKay, Alexandria Lakes Chamber of Commerce
Marty Schultz, City of Alexandria
Alexandria BR&E Survey Results

Characteristics of Firms Visited:
Thirty-nine firms were visited during the BR&E survey. The firms visited represent about 66 percent of the 59 manufacturing firms currently licensed to operate in Alexandria.

Nearly three-quarters of the firms interviewed self-identified themselves as manufacturers. The next largest industry category is wholesale trade (10 percent), followed by construction (8 percent), transportation, communication, and public utilities (5 percent), and other (3 percent). Eight firms out of the 39 employ 100 or more people and four of these employ over 300. Thirty-one smaller firms report having between two and 79 employees.

Businesses value Alexandria most favorably as a business location because of its accessibility to Interstate 94 and its recreational opportunities. Other business climate factors that were rated above average include local technical training programs, availability of credit, labor management relations, worker stability, crime rate, worker productivity, wage rates, proximity to colleges/universities, and availability of unskilled and skilled labor.

Approximately 62 percent of the firms indicate that merger, acquisition, and divestiture activity in their industry is increasing. More than a third also indicate that there are major technological innovations on the horizon in their industry that might affect their company. More than a third of those anticipating major technological innovations said these new technologies...
will require retraining their labor force. Some of the technological innovations anticipated are new software and more automation, robotics, and electronic controls.

Ninety percent of Alexandria manufacturers expect that their product or service sales will increase in the next three years. Expectations for total company profits in the next three years are “Increase,” 72 percent, “Stay the Same,” 20 percent, and “Decrease,” eight percent.

Over half of the firms (51 percent) are currently considering making major changes in their businesses. More than one-quarter (26 percent) are considering merging with or acquiring another business. Fifteen percent are contemplating moving and another 15 percent are considering making changes in their business plans.

All 39 firms obtain raw materials or other components from a variety of sources, most of them outside Minnesota. A third of Alexandria firms obtain raw materials, components, and services from other countries. Principal markets where products made in Alexandria are sold are locally (nine firms), regionally—within Minnesota (15 firms) or multi-state (nine firms), U. S. (16 firms) and internationally (nine firms).

Thirty-six firms provided employment data for their Alexandria location. The total number of people employed is currently 2,933 full-time, 146 part-time, and 203 full-time temporary workers. Firms currently average 81 full-time employees compared to 74 people three years ago. The range in the number of employees per firm is from two to 450.

Some firms report difficulties recruiting workers in various categories. Thirty-three percent have difficulty recruiting precision production/skilled workers as well as professional/management workers, 23 percent said sales people, 18 percent said general production labor, and 15 percent said information technology workers as well as engineers.

Overview of Business Strategies and Priority Projects for Alexandria:

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

In a market economy, making a business profitable is the responsibility of the firm’s management and its employees—not community groups or local and state governments. However, the actions of these entities can sometimes help business firms become somewhat more profitable. The BR&E strategies and specific project suggestions that follow are aimed at helping Alexandria firms become more profitable and thus be able to survive and grow in the community.

The following three BR&E strategies were chosen for action to help address
Alexandria firms’ most important needs and concerns.

1. **Improve Labor Availability and Productivity**
2. **Improve Firm Profitability Through Technical and Development Assistance**
3. **Improve Alexandria’s Community Services**

Five priority projects—each related to one of the three strategies—were chosen for implementation by the Task Force on May 9, 2006. See below.

**Strategy 1. Improve Labor Availability and Productivity**

**Priority Project #1: Wages & Benefits for Recruitment & Retention—“The Benefits of Benefits”**

The group believes that Alexandria and the greater Douglas County area manufacturers and supporting industries offer competitive wages and benefit packages when compared to similar communities or “micropolitans” in Minnesota. This group’s task is to validate the wage and benefit packages of Alexandria manufacturers and supporting industries to develop ways of promoting information to increase worker recruitment and retention.

The group’s plan of action is to review DEED labor/wage data and compare it to other rural regional hub communities in Minnesota and to metropolitan areas of Minnesota to better compare where we appear in the larger picture. We will also use the Society for Human Resources Management (SHRM) “Wage and Benefit Survey” that was done in the fall of 2004. The SHRM survey will give us additional information on tuition reimbursement, internship, and apprenticeship programs. To give us a better understanding of what is being offered in those areas, we will work with SHRM to include some additional questions in their upcoming survey. We have sent a mini-survey to the SHRM group of 70 different businesses inquiring about tuition reimbursement.

This information will allow the Task Force to determine how Alexandria companies compare on benefit packages, wages, and tuition reimbursement, internship, and apprenticeship programs. We will be able to show how benefits substantially add value to wage rates. Next steps will include developing a plan to promote the information. We want this information to reach both current and future workers, so that we can effectively laud the opportunities and benefits of working and staying in Alexandria. We plan to promote or share this information with private training resources and other secondary training facilities in Alexandria as well.

**Team members:** LaDeen Schillinger, Jason Olsen, Kris Willert, Mark Grandgenett, Lynnette Kluver, Anthony Schaffhauser, and Heather Andersen

**Strategy 2. Improve Firm Profitability Through Technical and Development Assistance**

**Priority Project #2: Create Alternative Education Pathways for Incumbent Workers at ATC**

This team will create a corporate college educational model with career paths developed with and for business and industry in the Alexandria region. The
The career path model will focus on manufacturing careers and will create stop-in and stop-out points for incumbent workers. The career paths will consist of multiple certificates and associate degrees that can lead to Bachelors degrees with four-year Universities. The design will take into consideration current programs at ATC including: the Individualized Professional Studies AS degree; Industrial Technology AS Degree; and Supervisory Management certificates and degrees. The team will also investigate alternative programming to be held at ATC that will accommodate the incumbent workforce, such as evening coursework, on-line instruction, and partnerships with four-year Universities.

Team members: Chad Coauette, Jason Murray, and Margaret Kalina. Other potential members who will be invited to participate include: Lynnette Kluver, Sam Wagner, David Wells, and Jan Doebbert.

Potential Project #3: Pool resources between large and small firms to make high quality training available to all. Expand community I.T. model to other firms and types of training.

This team learned that a working model for pooling individual resources and creating synergistic results is currently underway at Alexandria Technical College. It features the I.T. Consortium, a group of nine local businesses who have pooled individual resources to finance a series of highly cost-effective training sessions for their I.T. personnel. This program is very content focused, and is being utilized by businesses across the industry spectrum. The organizational model for this program is highly adaptable to other types of training, including Safety, HR, Strategic Management, etc.

In an effort to create a greater awareness of existing professional groups and roundtables in the region, a listing of group names and contact information is being compiled for distribution and publication on the Alexandria Area Economic Development Commission website. This list will be updated with additional information as it becomes available.

This team will be working to create a greater awareness of current training programs and professional groups/roundtables while seeking to meet additional unrepresentative needs.

Team members: Brad Barth, Lee Helgensen, and Pat Kalina

Strategy 3. Improve Alexandria’s Community Services

Priority Project #4: Leadership Succession Planning Via Community Mentoring

The goal of this project is insuring that we plan adequately for leadership succession in our community. Recognizing that we already have an informal mentoring system, we will utilize current leadership and networking groups to communicate the importance of our mission. Information will be compiled into a pamphlet at a meeting on June 8, 2006.

The following action items were identified:
• Team will meet four times each year.
• We will insure that we will identify key contacts/groups including but not limited to government, schools, and non-profit, service, leadership, and business organizations.
• Each team member will meet with two identified contacts/groups each quarter to communicate the importance of our mission.
• By the third quarter each year, each member will choose and mentor a future committee member to take over their position for the following year.
• Community Conversations may be used.
• The team recognizes funds may be needed to expand current or new programs.
• Active community leaders have been identified to help mentor.
• Chamber/AAEDC will identify future contacts for potential leaders.

Team members: Coni McKay, Linda Roles, Yvonne Kinney-Hockert, Kevin Kopischke, Corliss Stark, Jennie Hevern, and Susan Skoglund

Priority Project #5: Complete a Multi-Modal Transportation Needs Assessment

The goal of this project is to determine important transportation needs for employers by gathering existing data and surveying large firms within the community. The team expects to find carpooling and transit opportunities, with an expectation that additional important regional transportation planning issues will emerge as well.

The team will complete the following tasks as part of the needs assessment:
• Summarize available transportation services (Airport Shuttle, Rainbow Rider) and future transportation planning efforts (Airport Task Force, MNDOT Transportation Plan).
• Review BR&E survey and compile follow-up data related to (1) workforce transportation needs and (2) location of workforce.
• Review and analyze Rainbow Rider ridership data, in particular ridership of Glenwood-Alexandria commuter shuttle.
• Evaluate potential of additional scheduled routes by Rainbow Rider.
• Survey large employers (25+ employees) to determine (1) number of employees currently carpooling (by shift), (2) level of interest in carpooling, (3) impact transportation costs are having, if any, on employee retention.
• Produce summary document.

Group members: Marty Shultz, Jeff Wild, Coni McKay, and Chris Schroeder

*****

The Alexandria Area BR&E Task Force selected/created the five priority projects described in this summary report.

Marilyn Grantham, Consultant, wrote this report with the assistance of Michael Darger and Ryan Pesch, University of Minnesota Extension Service, Community Development and Vitality
Capacity Area. This publication is available in alternative formats upon request. Please contact Michael Darger at 612-625-6246.

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