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Program**



BIG LAKE

Business Retention and Expansion Summary Report

October 2007

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Big Lake

Business Retention and Expansion
Summary Report

October 2007

Written by

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Big Lake Business Retention and Expansion Program

Supporting existing businesses is important for towns of all sizes. Keeping an existing business is often easier than recruiting new firms. The Big Lake Business Retention and Expansion Strategies (BR&E) program helps community leaders and communities work together to address barriers local businesses face as they try to survive and grow. Forty to 80 percent of new jobs are created by existing firms, rather than by attracting new firms to a community.

Just as businesses gain competitive advantage by providing better service to their customers, Big Lake must look for ways to provide a better environment for their premium local customers—local employers.

BR&E Strategies programs don't only help businesses though. They also build a team of local leaders that is broader than many other economic development efforts because it includes representatives from education and government in addition to business and economic development leaders. Because of its diverse membership, the local BR&E Task Force is able to bring more resources, ideas, and contacts to address needs identified in the survey. Quite often, this local team will also find itself working together to address other community concerns that arise over time.

The BR&E survey conducted by the Big Lake Task Force is a way to get to know the needs and aspirations of Big Lake's businesses. The survey results are used to develop strategies to help businesses expand in Big Lake and remain there. Because the BR&E process strengthens community ties, ideas turn to action.

Objectives

The Big Lake BR&E Program has five objectives:

1. To demonstrate support for local businesses.
2. To help solve immediate business concerns.
3. To increase local businesses' ability to compete in the global economy.
4. To establish and implement a strategic plan for economic development.
5. To build community capacity to sustain growth and development.

Sponsorship

This program is sponsored locally by the following entities:

Connexus Energy, Xcel Energy, First Federal Bank of Big Lake, Connections Etc., Big Lake Chamber of Commerce, Big Lake Economic Development Authority, City of Big Lake, Great River Energy, Big Lake Township, West Sherburne Tribune, First Financial Bank of Elk River, Coborns, Minnesota Department of Employment and Economic Development (DEED), and University of Minnesota Extension.

Big Lake BR&E History:

The Big Lake Economic Development Authority (BLEDA) approved 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 in September 2006.

Leadership Team members worked to find local sponsors to help pay the University of Minnesota BR&E fee and other costs needed to conduct the program. The University of Minnesota also contributed a substantial

amount to the Big Lake BR&E Program because the Big Lake Task Force agreed to participate in a social capital research project on BR&E.

Firm Visits

The Task Force learned about BR&E techniques, reviewed the survey and received training on how to effectively conduct firm visits. Firm Visits were conducted during March and early April of 2007. Volunteers carried out a total of 40 visits which was a good 64 percent response rate from the 62 firms selected for visits. 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 Reviews

After the surveys were completed and returned, the Task Force met in April 2007 to review each survey and decide on how the immediate follow-up would be handled. Some of the individual business issues, or “red flags”, that were highlighted were: employee skills, training and availability; zoning issues; building and land costs; transportation issues; financing; taxes; health care; recreation; higher education access; communication with city staff; state regulations; and requests for more information in a number of areas. The longer-term issues that were highlighted included financing and land cost, information dissemination, a need for more retail and recreation, a need to connect small businesses to resources, and a need to market the community.

Research Report Development

The BR&E survey results were tabulated and analyzed by University of Minnesota

staff. University of Minnesota student Shelley Reber entered the data into a spreadsheet and word processing files. A summary of the data was prepared. At the research review panel meeting on June 4, 2007, Michael Darger led a team of fifteen individuals (listed later in this section) in reviewing the data summary and suggesting projects that might respond to the firms’ needs. Ms. Kovach then drafted the research report based on the input of the review panel and other ideas.

Task Force Retreat

The survey research was reported at a four-hour Task Force Retreat on July 12, 2007. This included over 20 project ideas generated at the State Research Panel Review Meeting. At this retreat, the Task Force selected four priority projects for continuing action.

Teams were formed for each of the chosen priority projects. The initial reports from these four teams are included in this summary report.

Additional expertise and assistance is needed and welcomed. If you have ideas, time, and talents to contribute to any of the four 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 Big Lake Community Economic Development Department.

Post-Retreat Activities

Since the July retreat the four priority project teams have worked on developing their priority projects. In September, a special meeting of the Task Force was held

to generate forward progress on the priority projects. This meeting was facilitated by Extension educator Rachel Hefte with assistance from Claudia Cody and regional Extension educators Adeel Ahmed and Liz Templin. They used the Technology of Participation™ (TOP) methodology in the meeting.

People in the Big Lake BR&E Program

Leadership Team:

Overall Coordinators:

Jim Thares, Community Economic Development Department, City of Big Lake (since May 2007)

Annie Deckert, City of Big Lake (until May 2007)

Visitation Coordinator: Phil Rondeau, CentraSota Commercial

Business Resources Coordinator: Kevan Sorenson, First Federal Savings Bank

Milestone Meeting Coordinator: Lauri Robinson, Caring Rivers United Way

Media Coordinator: Karen Barta, Big Lake Chamber of Commerce

Leadership Team Assistant: Jan Creed, Heritage Montessori School

Big Lake 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. Leadership Team members are also members of the Task Force.

Duane Arens, Connexus Energy
Karen Barta, Big Lake Chamber of Commerce
Debra Bultnick, Department of Employment & Economic Development, Minnesota Precision Manufacturing Association
Andrew Christensen, Heritage Construction
Jan Creed, Heritage Montessori School
Annie Deckert, City of Big Lake
Brian Ertel, Envision Corporation
Dave Gast, KleinBank
Ketti Green, John C. Weicht & Associates
Rande Gustafson, Big Lake School District
Doug Hayes, Bakken Building
Bob Hoenie, Monticello Workforce Center
Randy Knudsen, Wallen Woodworking
Brandon Laubach, Direct Financial
Norm Leslie, Big Lake Township
Aaron Maciej, CentraSota Commercial
Michelle Riley, Monticello Workforce Center
Lauri Robinson, Caring Rivers United Way
Phil Rondeau, CentraSota Commercial
Ryan Rothwell, Coborns
Conrad Sandahl, CentraSota Commercial
Kevan Sorenson, First Federal Savings Bank
George Wallin, Connections, Etc.
Tim Zipoy, Monticello Workforce Center

Firms Visited:

Task Force members visited 40 firms. The community greatly appreciates their willingness to help the community understand the needs of local businesses. Firms' survey responses are confidential but it is important to acknowledge their contribution by listing their names in this report.

American Family Insurance
Anytime Fitness
Audio Communications
Auto Stop, Inc.
Bakken Building & Remodeling
Big Lake Lumber Inc. (Do it Best)
Boone Family Chiropractic & Wellness PLC
Caroussel Works

China Inn
 Chris Lommel Photography
 Coborn's
 Dan's of Big Lake
 Double Bull Archery, LLC
 Dynamics Development & Land Co.
 Family Dollar
 Heritage Montessori School
 Hornet Country
 Industrial Molded Rubber Products
 James Zwilling-American Family Insurance
 JC's U-Lock Storage
 Jerry's Auto Salvage
 Ken Geroux Construction Corp.
 KWPH Construction Services
 Liberty Title
 McPete's Sports Bar & Lanes
 Northstar Chiropractic & Wellness
 Options, Inc.
 Paragon Store Fixtures
 Ray's Abbey Carpet of Big Lake
 Remmele Engineering, Inc.
 Sand Prairie Dental
 The Stone Company
 Sunny Fresh Foods, Inc. (Cargill)
 Tiremax Service Centers
 Tropical Brew, Inc.
 Victory Sports Grill & Bar
 Viper Motorcycle Company
 Wallen Woodworking
 West Sherburne Tribune
 Westrum Electric, Inc.

BR&E Consultant

Claudia Cody, of the University of Minnesota Extension, serves as BR&E consultant for the Big Lake BR&E program. This includes coaching and advising the local Leadership Team; conducting training sessions with the Leadership Team, Task Force, and firm visitors; and facilitating quarterly implementation meetings as the Task Force moves into implementation.

State Research Review Panel

Fifteen panel members reviewed the tabulated survey results and suggested potential actions that might be taken by Big Lake's leaders to respond to local businesses' needs and concerns. Panel members also provided information on programs and resources available to help the community meet the needs of local businesses. Participants in the research review panel meeting included:

Duane Arens, Connexus Energy
 Karen Barta, Big Lake Chamber of Commerce and BR&E Leadership Team member
 Debra Bultnick, Department of Employment & Economic Development, Minnesota Precision Manufacturing Association
 Scott Chazdon, Community Vitality Department, University of Minnesota Extension,
 Claudia Cody, Community Economics, University of Minnesota Extension
 Jan Creed, Heritage Montessori School, Big Lake and BR&E Leadership Team member
 Michael Darger, BR&E Strategies Program, University of Minnesota Extension
 Joyce Hoelting, Community Vitality Department, University of Minnesota Extension
 Melissa Kovach, BR&E report writer
 Lee Munnich, University of Minnesota Hubert H. Humphrey Institute of Public Affairs
 Lauri Robinson, Caring Rivers United Way, Elk River, and BR&E Leadership Team member
 Phil Rondeau, Centrasota Commercial, Big Lake, and BR&E Leadership Team member
 Kevan Sorenson, First Federal Savings Bank, Big Lake, and BR&E Leadership Team member

Jim Thares, Big Lake Economic
Development Authority
Kyle Uphoff, Minnesota Department of
Employment and Economic
Development

Big Lake Area Economic Profile

Rachel Hillman, Regional Labor Analyst, Minnesota Department of Employment and Economic Development (DEED), prepared an economic profile of the Big Lake area. The Research Review Panel and the Task Force used it in their analyses. This profile provides an overview of population, income, and employment trends in the Big Lake area, compared with other communities and the state. The economic profile is included in the Big Lake BR&E Research Report that is available for review at the Big Lake Community Economic Development Department or from any Task Force member.

Big Lake BR&E Survey Results

The following is a short summary of the research results. For more results and the survey itself, see the BR&E Research Report. Forty firms were visited during March and April of 2007. Firms surveyed represented 20 commercial, 9 service, and 11 industrial businesses. Eighty-five percent of the firms that completed surveys are locally owned. Sixty-three percent of the firms' total sales come from Sherburne County, and the firms report that 14 percent of their total sales come from the Sherburne County region.

These firms employ 466 full-time and 222 part-time workers. The average number of full-time employees of firms in the visited sample was 11.6, and the average number of part-time employees was 7.9.

More than half (63 percent) of firms surveyed reported that the market share of their key products or services was increasing. Furthermore, an overwhelming share of firms (90 percent) expect sales of their products to increase in the next three years.

Firms reported some difficulty recruiting employees with precision production/specialty skills (18 percent), for professional/management roles (13 percent), and sales roles (13 percent).

Nearly half of firms surveyed (48 percent) affirmed that there are major technological innovations on the horizon in their industry that might affect their company. Of those reporting new technology, 61 percent responded that the new technologies would require retraining of the firms' labor force.

Nearly half of firms surveyed (43 percent) also responded that they planned to modernize or expand their present buildings or equipment.

While Big Lake firms revealed some needs regarding labor, especially skilled labor, the survey also revealed some positive news. Eighteen percent of firms chose the availability of skilled labor as a strength of Big Lake, and 10 percent chose worker availability. A great majority of firms also rated worker attitude and productivity as "good" or "excellent."

Over half of firms surveyed indicated that they were currently considering some change to their location or business plan. While it appears alarming that 20 percent of firms are considering moving, the good news is that three-fourths of those considering moving are considering a move within Big Lake. Despite the amount of anticipated change reported in the survey, it

is worth noting that 45 percent of firms are not considering any changes. This lends an important stability to Big Lake's business sector.

The survey asked firms to rate business climate factors that they view as the top strengths and weaknesses in Big Lake. The top reported strength was clearly highway accessibility. The availability of skilled labor, cost/availability of land, and worker stability were also highly rated. The top reported weakness was a tie, with 15 percent of firms reporting proximity to major markets and 15 percent of firms reporting local taxes.

The open-ended questions in the survey were revealing in terms of how many comments suggested a lack of retail, retail diversity, and dining options in Big Lake.

Overall, only two community services were rated as below "average": cultural opportunities and zoning and permitting. Those services with the highest averages include law enforcement, housing availability, fire protection, and public elementary and secondary schools. All of these had scores averaging right around "good" (on a scale where 5 = excellent, 4 = good, 3 = average, 2 = poor, and 1 = very poor).

Big Lake community features that stood out as showing significant positive impacts in the survey (with low negative impacts selected) include: small town atmosphere (48 percent of firms chose as a "positive impact"), natural environment (40 percent), festivals or events (40 percent), and seasonal tourism (33 percent).

One important development coming to Big Lake that was not covered by the BR&E survey is the Northstar Commuter Rail Line, expected to be completed in 2009. This project will provide 40 miles of commuter rail service between downtown Minneapolis and Big Lake, parallel to highways 47 and 10. Big Lake will be one of six stations and the western terminus. This rail line has the potential to increase tourism and retail business in Big Lake, increase the overall population of Big Lake, create a new reputation for Big Lake, and increase name recognition of the town. The City of Big Lake has a Transit-Oriented Development Committee that works to assess the potential impacts of the upcoming rail line and maximize related positive development opportunities.

Effective city communication with and responsiveness to local businesses can enhance business retention and expansion and can get the message across that Big Lake appreciates its local businesses. Many responses in the open-ended portions of the Big Lake BR&E survey were negative comments about some aspect of the City's policy or communication with businesses.

Table 1 below represents the open-ended responses grouped into categories that had three or more responses. This table shows that many of the open-ended comments on the survey related to city policy as seen in the shaded rows B (with 10 responses), D (with 4 responses), and F (with 3 responses), respectively. These 17 total comments in the open-ended section dominate the results for this question.

Table 1. We have covered many issues. Help us set some priorities on how we can help your business or what we should work on to help all of our existing businesses grow and expand. Please give your additional comments.
 (Only categories with 3 or more responses shown here. Note that some businesses offered more than one comment, N>40, i.e. they went into different categories)

	Category of response (sorted by report writer) with sub-topics, from greatest frequency of responses to least	Number of Responses
A.	Need business attraction, more restaurants and more upscale dining, more “shopping” types of businesses, medical clinic, etc.	12
B.	Improve planning & zoning procedures/communications, fees, permits, code compliance, signage ordinance, sidewalks	10
C.	Improve image of the community and downtown, create downtown, improve first impression areas, continue green space and aesthetics work	6
D.	Business climate, city staff attitude and/or customer service, City & County more agreeable, more cooperative with businesses	4
E.	More recreation year round, lack of things for children to do, Community Center	3
F.	Economic development policy issues: help existing businesses, not just new; better city planning	3
G.	A variety of other comments which did not include 3 or more similar remarks, therefore not shown	18

Source: Question 56 of Big Lake BR&E survey, p. 18, 2007.

Customer service communication is always challenging, and enforcing complex codes and rules is likely not pleasurable for either the city staff or the businesses. However, the specificity and number of comments about communication with the city suggest that if communication is not at least addressed as a potential problem, small issues could grow into large issues and affect business retention and expansion success over the long run.

Firms completing surveys overall have a positive impression of Big Lake. Seventy-five percent of firms report an overall opinion of Big Lake as an “excellent” or “good” place to conduct business. Additionally, 76 percent of firms report that Big Lake is an “excellent” or “good” place to live.

Overview of Business Strategies and Priority Projects for Big Lake

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, and may be highly loyal to the community, a firm can only survive if it makes a profit (revenues exceed costs). If owners 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 or the local or state government. However, the actions of these groups can sometimes help firms become slightly more profitable. The strategies and specific projects outlined below aim at helping firms become more

profitable and thus more able to survive and grow in the community.

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

The following four BR&E strategies were chosen for action to help address Big Lake firms' most important needs and concerns:

- 1. Improving Big Lake's Labor Availability and Productivity**
- 2. Improving Firm Profitability Through Technical and Development Assistance**
- 3. Improving and Promoting the Quality of Life in Big Lake**
- 4. Improving City Communication With and Responsiveness to Local Businesses**

The Task Force chose four priority projects for implementation on July 12, 2007. See below.

Strategy 1. Improving Big Lake's Labor Availability and Productivity

Priority Project #1: Pursue workforce development strategies that a) retain and motivate young potential employees in Big Lake, and b) inform businesses of workforce attributes to aid recruitment.

While general responses regarding labor issues were positive, firms did report difficulties in some areas. Eighteen percent

of firms surveyed reported that there were problems recruiting employees with precision production/specialty skills. Thirteen percent reported problems recruiting professional/management roles, 13 percent reported problems recruiting employees in sales roles, and 10 percent reported problems recruiting employees for general production labor.

This priority project team seeks to strengthen Big Lake's workforce through retaining young people in the area and making sure young people are well informed about local workforce options. The team will devise a strategic way to communicate with juniors and seniors in Big Lake high schools. The project will convey information to them regarding local workforce opportunities while at the same time marketing an impression of Big Lake as a good place to work and build an adult life.

While the first part of this project will go straight to the future workers, the second part of this priority project will target employers. The project team will create a method of educating Big Lake firms about their future workforce. This information will cover areas such as demographics and the culture of the future workforce. When businesses are better informed about their potential workforce, they can improve recruitment by being conscious of what makes an attractive place to work. This can also improve employee satisfaction and retention.

Team Members: Duane Arens, Brad Schnitzler, Tim Zipoy, Judy Manetas, Valerie Larkin

Strategy 2. Improving Firm Profitability Through Technical and Development Assistance

Priority Project #2: Form a Business Roundtable.

This project seeks to help Big Lake firms communicate with each other and form a strategic response to mutual concerns. The project's team will establish an informal peer-to-peer business roundtable that meets on a regular basis. The roundtable's purpose will be to dialogue and develop business "needs/response" strategies driven by pertinent topics that benefit existing and new businesses of all sizes.

While this project will focus mainly on inter-business dialogue, the roundtable meetings are also an opportunity to convey needed information to firms. The Big Lake BR&E survey provided a wealth of results showing what types of information firms were interested in receiving and where potential needs were in terms of resources and referrals. The team will work to provide resources, information, and delivery channels to businesses in Big Lake.

The increased support offered by this project should assist Big Lake firms in enhancing and promoting common issues and opportunities. When networks among area firms are strong, business retention is enhanced and firms can often work together to achieve mutually beneficial goals.

Team Members: Kevan Sorenson, Tim Zipoy, Ketti Green, Jim Thares, Jan Creed, Val Larkin, Aaron Maciej

Strategy 3. Improving and Promoting the Quality of Life in Big Lake

Priority Project #3: Improve cultural and recreational opportunities by creating a "Passport" program for area residents and visitors.

This priority project responds to the Big Lake BR&E survey's negative responses regarding cultural opportunities. Among ratings of Big Lake community services, firms rated cultural opportunities lower than any other community service, with a below-average overall score. Cultural and recreational opportunities can be important components of both employee and business recruitment and retention in that they contribute to the town's quality of life.

The passport program will be a recreational program for area visitors or residents. "Explorers" will use the passport as a guide to visiting area businesses, landmarks, and recreational activities. They will get a "stamp" in their passport for visiting listed locations or participating in listed activities. Participating businesses and organizations will be encouraged to provide incentives to "Explorers" such as coupons, discounts, or promotional items. "Explorers" completing the passport program can enter to win a prize drawing.

Some proposed locations and activities to incorporate in the program include: Lakeside Park, Coborn's, Sherburne National Wildlife Refuge, Sherburne County History Center, Big Lake Library, Big Lake Business Expo, Easter Egg Hunt, National Night Out, and Spud Fest events. Passports could be marketed and distributed through the Big Lake Chamber of Commerce, Big Lake City Hall, Big Lake Library, Big Lake Public Schools and local businesses.

Team Members: Jean Eveslage, Karen Barta, Lauri Robinson, Debra Bultnick

Priority Project #4: Strive to serve as a resource to the City of Big Lake Transit-Oriented Development (TOD) Committee.

This priority project was selected to respond to the projected economic impact of the Northstar Commuter Rail on the local business community.

This project seeks to increase local awareness of the business opportunities that will be created by the commuter rail and to provide businesses in Big Lake with the opportunity to participate in the project. To achieve this goal, the project's team will work directly with the City of Big Lake Transit-Oriented Development (TOD) Committee to create a plan that will demonstrate support for local businesses. Possible options include:

1. Offering local businesses the opportunity to become partial sponsors in the marketing and advertising efforts of the City TOD committee.
2. Providing the local businesses with the necessary information to possibly relocate or expand their current business into this new development.

Team Members: Phil Rondeau, Scott Johnson, Ketti Green, Naomi Koecheler, Jim Thares, Brandon Laubach

Strategy 4. Improving City Communication With and Responsiveness to Local Businesses

For this strategy, the group selected an alternative response in lieu of a formal project. The Leadership Team will issue a resolution to the city/EDA about this

strategy's topic, improving communication with and responsiveness to local businesses.



The Big Lake BR&E Task Force selected/created the four priority projects described in this summary report.

Melissa Kovach, Consultant, wrote this report with the assistance of Michael Darger of the Community Economics area of expertise at the University of Minnesota Extension. This publication is available in alternative formats upon request. Please contact Michael Darger at 612-625-6246.

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