

**BUSINESS
RETENTION
&
EXPANSION
Strategies
Program**

MONTICELLO

Business Retention and Expansion Summary Report

January 2011

Sponsors:



**INTEGRATED RECYCLING
TECHNOLOGIES**



Chapter II provided by:



Monticello

Business Retention and Expansion Strategies Program

Summary Report
January 2011

Written by:

Brigid Tuck
University of Minnesota Extension Center for Community Vitality

For more information about the Monticello BR&E Program contact:

Megan Barnett-Livgard
City of Monticello, Minnesota
(763) 271-3208
Megan.Barnett@ci.monticello.mn.us

Or

Adeel Ahmed
Extension Educator in Community Economics
University of Minnesota Extension
(320) 203-6109
ahme0004@umn.edu

Monticello Business Retention and Expansion Program

Communities recognize that helping existing businesses to survive and grow is a vital economic development strategy. The Monticello (Minnesota) Business Retention and Expansion Program (BR&E) is designed to assist Monticello's businesses in thriving and expanding. While the attraction of new businesses and new business start-ups are important components of any economic development strategy, research has shown that 40 to 80 percent of new jobs are created by existing businesses rather than by new businesses.

The Monticello BR&E Program is a comprehensive and coordinated approach to assisting existing businesses. Visiting current businesses and learning their concerns is only one component of the process. The BR&E program builds awareness of issues that face businesses and builds capacity for the community to address these issues. The program assists local leaders and community members in working together to provide solutions to business concerns.

Objectives

The Monticello 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

The Monticello BR&E Program is coordinated locally by the following organizations: City of Monticello, Monticello Chamber of Commerce and Industry, the Minnesota Department of Employment and Economic Development, and University of Minnesota Extension.

The Monticello BR&E Program is sponsored by the following organizations: FiberNet Monticello, Xcel Energy, Initiative Foundation, Monticello Chamber of Commerce and Industry, Monticello Economic Development Agency (EDA), RiverWood Bank, Dahlheimer Beverage, Cub Foods, Cargill Kitchen Solutions, Schlenner Wenner & Company, TDS Telecom, Karlsburger Foods Incorporated, Standard Iron, and Integrated Recycling Technologies.

BR&E History

The City of Monticello began organizing to participate in the University of Minnesota Business Retention and Expansion program in fall 2009. Monticello applied for and was accepted into the program in November 2009. The leadership team held its first training meeting on January 28, 2010.

Business Visits

The leadership team assembled a comprehensive list of businesses in Monticello using available databases including the Economic Development Authority, the Chamber of Commerce, InfoUSA, and D&B Million Dollar. The final business list contained approximately 500 businesses. From this list, the leadership team selected 102 businesses. The leadership team put an emphasis on manufacturing businesses, businesses considered to be of relative importance to the business

community, and businesses that were deemed likely to participate in the BR&E interview process. This approach to sampling is known as a “convenience sample”, typical of many BR&E programs. It is not statistically representative of the greater business population yet represents the businesses that were interviewed.

Businesses were visited from April 6 to July 1, 2010. Two members of the task force visited each business. In total, 60 businesses completed the BR&E survey and visitation.

Warning Flag Review

The leadership team held a series of warning flag review sessions. The sessions were held on May 4, 2010, June 2, 2010, and June 30, 2010. During each session, the leadership team reviewed every survey to find issues that needed to be addressed immediately. No major warning flags were uncovered but smaller issues did include requests for information regarding Occupational Safety and Health Administration (OSHA) rules, financing information, and commercial recycling.

State Research Review

After the surveys were completed, they were forwarded to University of Minnesota Extension for data entry and tabulation. The results were then shared with a state research review panel of economic development professionals, University of Minnesota faculty, and task force members at the state research review. Conducted on July 12, 2009, the state research review team examined the survey results for strengths, weaknesses, opportunities, and threats. The review team then suggested projects the task force may want to consider to address identified issues.

Research Report Development

Following the state research review, a research report was prepared. The research report presented four overarching strategies the Monticello BR&E Task Force could consider adopting to address general issues reported by the businesses. Under each of these strategies, the report provided a list of potential projects based on suggestions of the state research review team.

Task Force Retreat

A five-hour Monticello BR&E Task Force retreat was held on September 28, 2010, in Monticello. At this retreat, the task force was presented the research report. The presentation included an overview of demographic and economic changes and trends in the community and county, the composite results of the business surveys, and the four strategies.

The task force reviewed and discussed the written potential projects and developed a few new potential projects. In the end, the task force established and adapted four priority projects. These priority projects are featured 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 Monticello BR&E Program

Leadership Team

The BR&E leadership team is responsible for the overall coordination of the program and also participates fully in the program. The leadership team is as follows:

Overall Coordinators -

Megan Barnett-Livgard, City of Monticello; and Sandy Suchy, Monticello Chamber of Commerce and Industry

Business Resource Coordinators –

Kevan Sorenson, RiverWood Bank; and Kurt Zweifel, Cargill Kitchen Solutions

Milestone Meeting Coordinator –

Joni Pawelk, New River Medical Center

Visitation Coordinators –

Brad Durfee, Department of Employment and Economic Development; Chris Kruse, Edward Jones Investments; and Tim Zipoy, Minnesota Workforce Center

Media Coordinators –

Rachel Wernsing, Monticello Chamber of Commerce and Industry; and Terri Sweet, Monticello Times

Monticello BR&E Task Force

Many community leaders participated as task force members. This group addressed warning flag issues, set priorities for action, and will assist in implementing the chosen projects. Task force members (listed below) also participated in business visits.

John Belde, Belde Chiropractic & Body Shop
Scott Bosacker, Verizon Wireless
Mark Branson, Schlenner Wenner & Co.
Luke Dahlheimer, Dahlheimer Distribution
Brett DeMarais, FiberNet Monticello
Bill Demeules, Standard Iron
Ann Dragsten, Healing Ground
Rod Dragsten, Dragsten Development
Heather Eidem, New River Medical Center
Wayne Elam, Commercial Real Estate Solutions

Paris Fadden, Cub Foods

Dan Frie, Monticello EDA

Nancy Friesen, New River Medical Center

Amanda Galindo, Colonial Life

Mary Gregory, Uptown Eyecare

Kraig Gunwall, Integrated Recycling Technologies

Zona Gutzwiller, Premier Bank

Rich Harris, Midwest Precision

Michelle Hertwig, Majirs Advertising & Design

Lloyd Hilgart, Hilgart Painting

Tracy Hinz, EDA/Central Minnesota Health Care

Jim Johnson, School

Jason Kallevig, Kaltec Technology Center

Noel LaBine, Wright County Partnership

Mike Maher, Karlsburger Foods, Inc.

Mari Lou McCormic, RiverWood Bank

Joel Meyer, Walmart

Dan Olson, State Farm Insurance

Wes Olson, Wes Olson Electric

Don Roberts, Cargill

Bill Seefeldt, Electro Industries

Perry Sloneker, Best Western

Adam Stolpestad, Resident / Graduate Student

Bill Tapper, Westlund Distributing

Laurie Tennesen, Von Hanson's Meats

Dick Van Allen, IEDC

Anthony Velishek, Apollo Insurance

Tony Wernsing, Verizon Wireless

Businesses Visited

Sixty businesses were visited as part of the Monticello BR&E Program. The community greatly appreciates their willingness to help the community understand their needs. The businesses' survey responses are confidential, yet it is important to credit their participation by listing their names here.

A Glorious Church
Action Plus Temporary Service
Agosto Law Office
American Family Insurance
Anytime Fitness
BBF Properties
Belde Chiropractic & Body Shop
Best Western/ Chin Yuen
Bondhus Corporation
Bullseye Properties
Cargill Kitchen Solutions
Caribou Coffee
Central Minnesota Jobs
Conroy Law Office, LTD
Cornerstone Cafe & Catering Co.
Cub Foods Monticello
Dahlheimer Distributing Company, Inc.
Dragsten Development
Electro Industries, Inc.
Fastenal Co
First Minnesota Bank
Foster, Carlson & White Agency
Gartner's Card & Gift Shop Inc
General Rental
Genereux Fine Wood Products
Gould Chevrolet
Hoglund Bus and Truck Co.
Integrated Recycling Technologies
Kaltec Technology Center
Karlsburger Foods, Inc.
Kwik Trip
Little Caesars Pizza
Loch Jewelers, Inc.
MAJIRS! Advertising and Design
Martie's Farm Service, Inc.
Midwest Precision Machining
Mississippi Shores
MN Northland Real Estate, Inc.
Monti 4 Theatre (Monticello Theatre)
Monticello Country Club
Moon Motorsports

New River Medical Center
Premier Bank of Monticello
River City Extreme
Schlenner Wenner & Co.
Schluender Construction, Inc.
SMA Elevator Construction Co.
Smith, Paulson, O'Donnell &
Associates
St. Benedict's Senior Community
Standard Iron & Wire Works
Suburban Machine Company
Sweet Dreams Mattresses
TDS Telecom
Tire Service Equipment Manufacturing
Co. Inc. (TSI)
Twin City Die Castings Co.
Ultra Machining Company
VonHanson's Meats
Walmart
Washburn Computer Group

Consultant

Adeel Ahmed, University of Minnesota Extension, served as the BR&E consultant for the Monticello BR&E Program. This included coaching and advising the local leadership team, conducting volunteer visitor training with the task force, assisting the leadership team in business selection, facilitating the warning flag review meetings, and participating in the state research review panel.

State Research Review Panel

The panel reviewed the tabulated survey results and suggested potential actions that might be taken by Monticello business and community leaders in response to local business concerns. Participants in the July 12, 2010 meeting were:

Minnesota Department of Employment and Economic Development (DEED):

- Diane Knutson, Business Development
- Rachel Vilsack, Labor Market

University of Minnesota Extension Center for Community Vitality:

- Adeel Ahmed, Regional Educator
- Lisa Brownstein, Support Staff
- Michael Darger, Program Leader
- Denise Trudeau, Leadership Development Specialist

University of Minnesota:

- Kent Gustafson, Tourism Center
- Elton Mykerezi, Applied Economics
- Ward Nefsted, Applied Economics

Monticello Task Force:

- Megan Barnett-Livgard, City of Monticello
- Brad Durfee, DEED
- Joni Pawelk, New River Medical Center
- Don Roberts, Cargill
- Kurt Zweifel, Cargill Kitchen Solutions

Other:

- Noel LaBine, Wright County Economic Development Partnership

Monticello Economic and Demographic Profile

An economic and demographic profile of the City of Monticello and Wright County was prepared for the research report, which was presented at the Monticello BR&E Task Force Retreat on September 28, 2010. The profile was written by Rachel Vilsack of the Minnesota Department of Employment

and Economic Development. The profile contains statistics on population, employment, income, commuting means, and educational attainment.

A full copy of the profile can be viewed in the research report, which is available from Megan Barnett-Livgard, City of Monticello.

Monticello BR&E Survey Results

Following are survey results from the 60 businesses visited. The businesses' characteristics are summarized first, then priority projects selected by the task force are outlined. Survey results related to those projects are included in this summary report. Additional survey results, including four strategic themes, can be found in the research report.

Characteristics of Businesses Visited

Seventy-eight percent of the visited businesses are locally owned and operated. Forty-two percent of businesses have more than one location. The majority of those other locations are in Minnesota and the Midwest, with a small number of far-ranging businesses.

Businesses were asked to indicate which industry category best described their business. Twenty percent of businesses indicated they were involved in manufacturing, 18 percent in retail trade, 13 percent in "other services," and 13 percent in "other." "Finance, Insurance and Real Estate" was also a common category, at 12 percent.

The businesses visited in Monticello employ a total of 1,666 full-time employees and 975 part-time employees. This equates to a trimmed mean (or trimmed average) of 15.38 full-time employees, slightly down from 15.52 three years ago. The trimmed

average number of current part-time employees is 7.76, up from 6.96 per firm three years ago. Seasonal employment is up from three years ago (80 currently; 72 previously), while the trimmed average number of seasonal employees per firm is down slightly (2.85 currently; 3.38 previously). Total employment by

industry category is displayed in Chart 1.

The median starting wage for all businesses ranges from \$8.50 an hour for youth employees to \$28.00 an hour for professional and management employees. For unskilled workers, the

Chart 1. Current Employment by Industry for Surveyed Monticello Businesses

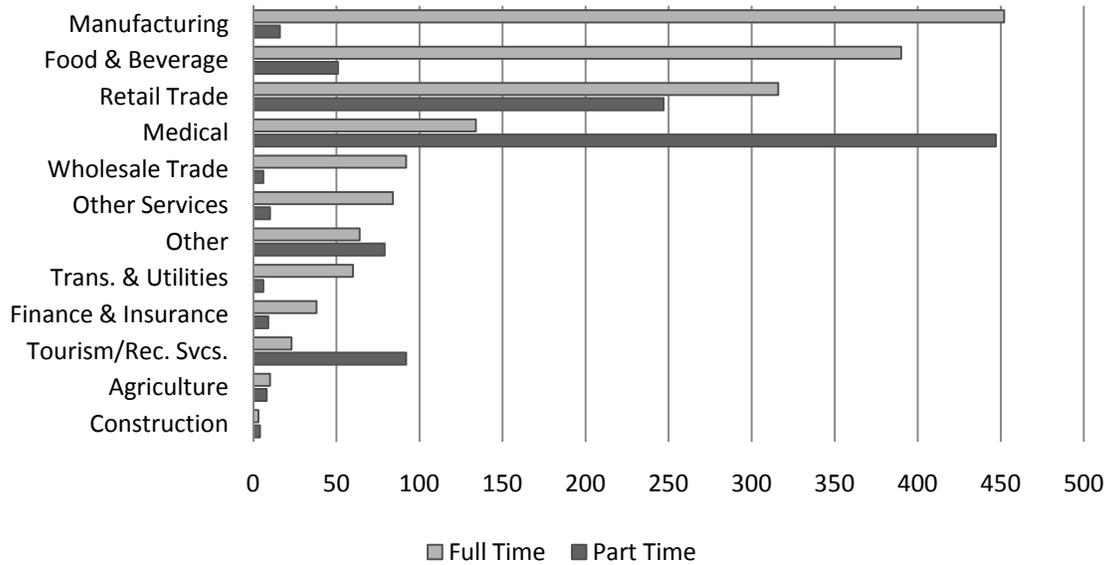
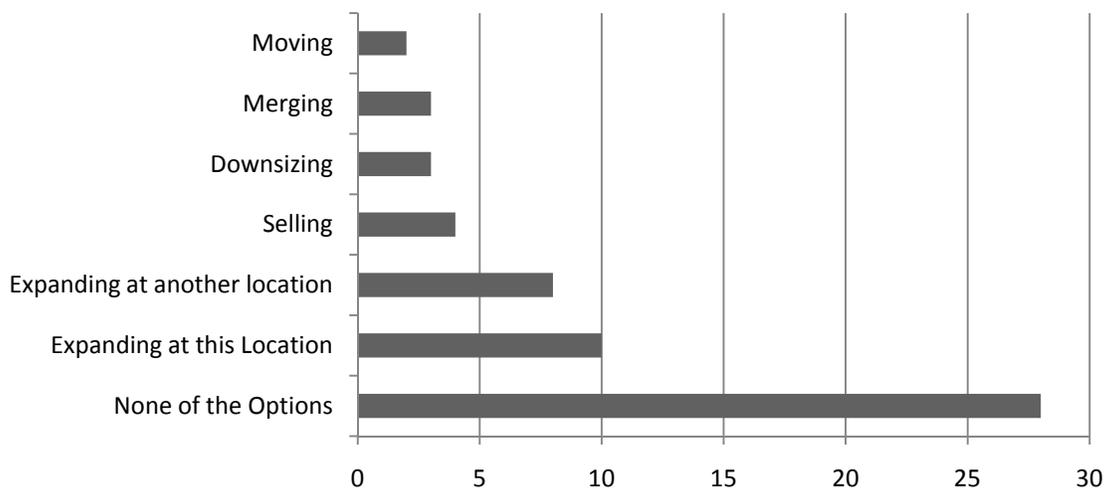


Chart 2: Future Plans?



median starting wage is \$10.00 an hour. These rates translate into weekly starting wages for full-time employees of \$340 for unskilled workers to \$1,120 for professional and management employees.

Businesses in Monticello are remaining fairly stable, with about half expecting some type of change. It is excellent news that zero businesses reported plans to close. Thirty percent of businesses are considering expanding either at their current location or by adding another location. See Chart 2. With half of businesses expecting some type of change, use of business retention and expansion strategies is clearly warranted, but results indicate no cause for distress.

Monticello BR&E Priority Projects

The following four priority projects were selected at the September 28 Monticello BR&E Task Force retreat.

Priority Project #1: Business Concierge Service

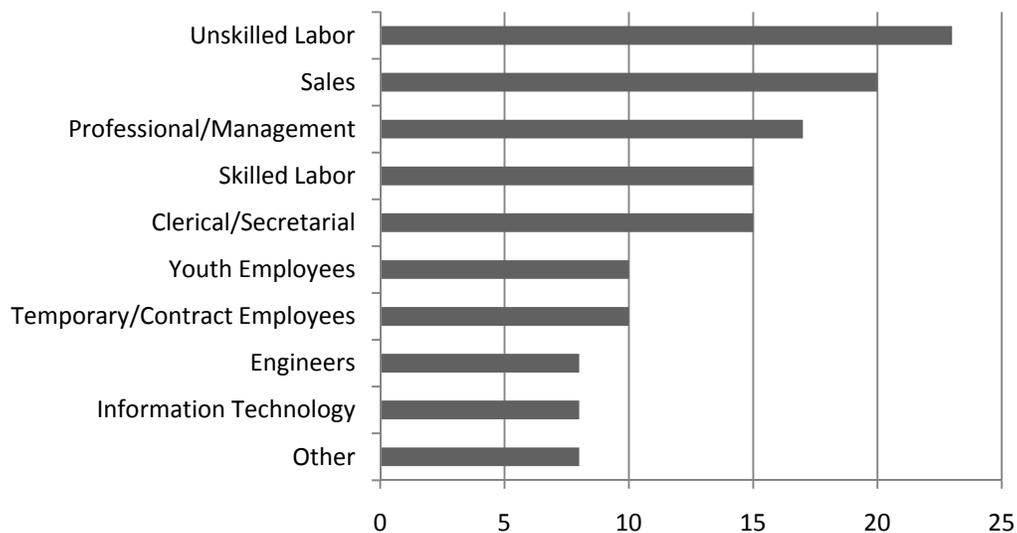
Ideally, businesses have access to workers with the right skills and the right attitude, and use the most effective recruitment and training methods.

Related Survey Results

Monticello showed a mix of strong and moderate survey results regarding labor force availability and productivity.

The attitude and productivity of existing employees were rated fairly high in the survey. Both factors received above average ratings, with “attitude toward work” garnering a 4.43 average score and “productivity” a 4.37 average score (on a scale where 5 equals “excellent” and 1 equals “poor”). However, when asked separately for the source of problems in recruiting employees, “poor work attitudes” was the most common response after “other”.

Chart 3: Types of Employees Expected to Be Hired in Next Three Years



Thirty percent of the surveyed businesses reported plans to expand in the next three years. The top two categories where hiring was expected were unskilled labor (23 percent) and sales (20 percent). See Chart 3.

Businesses were further asked to consider a list of training options and select those that were needed, but not already provided. The areas of needed training include both technical skills and relational skills, such as management, interpersonal communication, and customer service.

While recruitment itself does not appear to be causing problems for Monticello, some of the reasons businesses provided for their recruiting problems may be cause for concern. The most common answer, "other", encompassed written explanations that included: cuts in educational programs currently training employees with a specific skill set, job applicants with inadequate labor skills, and a tough economy.

Project Plans from the Committee:

The goal of this project is to promote and raise awareness of the wealth of labor force and other resources available to businesses in Monticello. The project team plans to create a "one-stop shop" location for businesses offering concierge services for meeting rooms, education, jobs, and training. The service will aim to improve communications among the business

community, the city, and the general public.

The team plans to begin the project by taking an inventory of resources and services currently available to businesses. The information will then be consolidated and published on a website and in a resource book. A survey is also planned.

This committee will be led by Michelle Hertwig, Tim Zipoy, Kurt Zweifel, Brad Durfee, Chris Kruse, and Sandy Suchy. Please contact one of the committee members if you would like to become involved in this project.

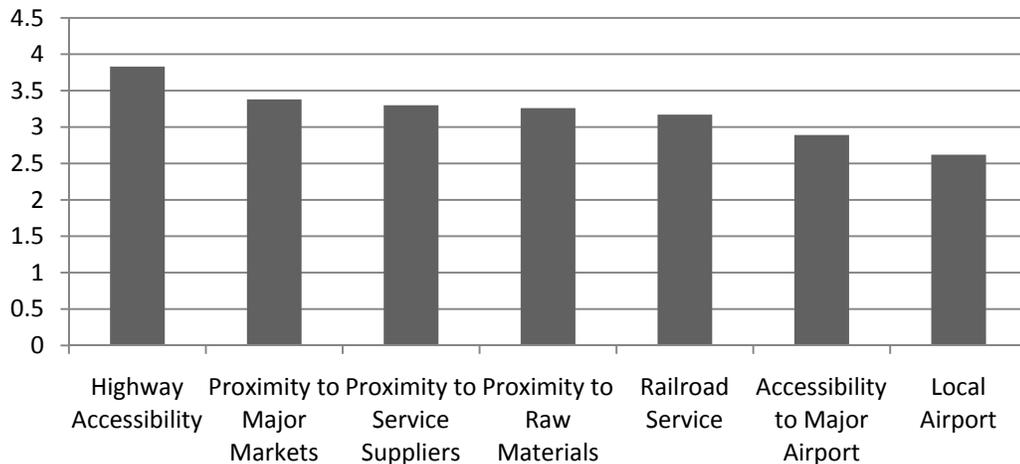
Priority Project #2: Improve Transportation Infrastructure

As a river crossing city in a region that has experienced significant growth in the past 50 years, Monticello requires infrastructure upgrades to match its increased size. Efforts are under way to meet these needs through a number of road projects.

Related Survey Results

Survey results repeatedly demonstrated that businesses are frustrated with traffic flow issues. It is clear options are required to connect the needs of the business community to infrastructure planning, as well as methods for helping businesses in overcoming road construction challenges.

Chart 4: Ratings of Transportation-Related Factors Compared to Competitors



When asked to pick three sample initiatives that would increase a business' probability of expanding in Monticello, the two top answers related to infrastructure. They were "bridge over river", selected by 37 percent of businesses and "expansion of I-94" (3rd lane), selected by 33 percent.

Monticello transportation related factors scored near an average of three on a 5-point scale (where 5 = much more favorable than similar communities). Highway accessibility came close to the "somewhat more favorable" category, scoring the highest of all factors (see Chart 4). When businesses were asked to rank the three greatest strengths and weaknesses of Monticello as a location for their company, 50 percent of businesses chose highway accessibility, the top-rated strength. Interestingly, the factor "proximity to major markets" was rated as both the second-highest strength and the second-highest weakness.

Among businesses considering downsizing, selling, moving or closing, one business selected "transportation problems" as the reason for the change,

and two businesses mentioned "business disruption during building projects" in the open-ended answer area.

Project Plans from the Committee:

The goal of this project is to provide improved and smoother traffic flow in, out, and through Monticello. The project team will do this by lobbying, networking, and influencing the transportation infrastructure in Monticello. Specifically, the project team will work to build consensus for the Fallon Avenue plans and work to get the construction of Fallon Avenue completed. The project team will also work to gain approval for the current transportation plan.

This committee will be led by Luke Dahlheimer, Megan Barnett-Livgard, Don Roberts, Rod Dragsten, Rachel Wernsing, and Tom Perrault. Please contact one of the committee members if you would like to participate in this project.

Priority Project #3: Create Recreation Opportunities on the River and Embrace Downtown

Business owners typically want to locate in areas with high quality of life and rich cultural and social opportunities, and employees usually prefer to work and live in such areas.

Related Survey Results

Monticello businesses already believe in the city's small town atmosphere. This positive endorsement can be used to promote the community.

Sixty-eight percent of businesses rated the city as an "excellent" or "above average" place to conduct business. The average score was 3.86 on a scale where 5 equals "excellent" and 1 equals "poor". Businesses also have positive feelings about Monticello as a place to live. Seventy-two percent of businesses listed the community as an "excellent" or "above average" place to live (see Chart 5).

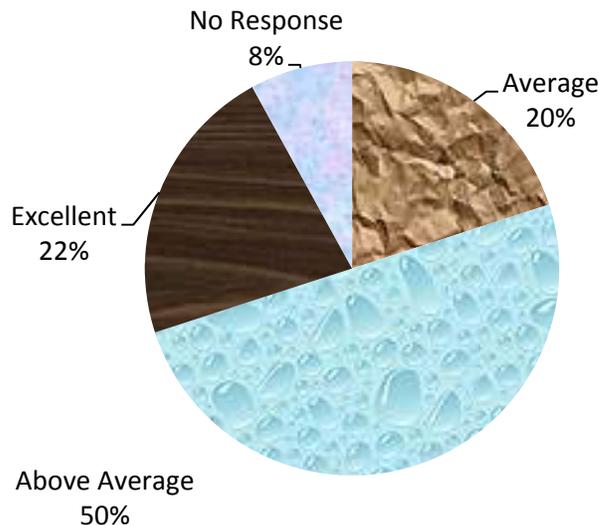
These positive feelings about the community also translate into positive impacts on businesses. When asked about the community features that have a positive, negative, or negligible impact on the business, businesses gave "small town atmosphere" the second highest ranking, after freeway.

When asked at the end of the survey to provide any additional comments, nine of the 48 businesses responding mentioned "downtown". While the comments were wide-ranging, one business response was, "redevelop downtown area with a solid personality – make it a destination".

Project Plans from the Committee:

This project will focus on activities and resources that enhance the community as a whole, as well as enhance the downtown business district. The long-term goal of the project team will be to attract private investment to redevelopment and catalyst projects. In the short-term, the project team will

Chart 5: Businesses' Overall Opinion of Monticello as a Place to Live



work to bring activities to downtown, such as music in the park and monthly events like kayaking and canoe races on the river. The project team will further collaborate with the McComb Agency on the Embracing Downtown study currently under way.

The committee will be led by Kevan Sorenson, Amanda Galindo, Wes Olson, Lynne Dahl-Fleming, and Susie Wojchowski. Please contact one of the committee members if you have time or talents to share on this project.

Priority Project #4: Form a Business Roundtable

Business profits are the key to the retention and expansion of businesses. While current profitability is important, businesses must also make strategic, coordinated, and proactive plans to remain profitable. In order to formulate plans, businesses must have a strong sense of their own industry, as well as future trends in technology and economics. In addition, strong business communities often have many businesses that are well-connected to each other.

Related Survey Results

Survey results indicate that half of Monticello businesses will be facing changes in the next few years. Only 47 percent of businesses are not expecting to expand, move, sell, downsize, or merge in the future. Forty-five percent of businesses report major technological innovations on the horizon that might impact the business, and 38 percent expect to modernize or expand buildings or equipment.

Regarding other types of changes in the next three years, 23 percent of businesses foresee adding or subtracting product lines; 10 percent

predict a change in the mix of goods and services; 10 percent selected “other”; and 7 percent predict a change in production technology. The “other” responses include updated technology, changes to regulations, and the constantly changing nature of the economy.

About half of businesses surveyed (53 percent) predict that upcoming changes will have no effect on their number of employees. Twenty-seven percent believe the changes will influence them to add employees – an estimated 110 jobs combined. Only 3 percent believe the changes will influence them to reduce employees – an estimated six jobs lost. While many Monticello businesses will experience changes, it is an extremely encouraging sign that many more jobs are predicted to be added rather than lost.

Project Plans from the Committee:

The goal of this project would be to increase communication between businesses and city leaders. This would allow businesses and city leaders to share experiences and ideas for confronting change. The project team is working through the IEDC and is planning to arrange one-on-one breakfast meetings with individual businesses and the major and city administrator.

This project is led by Zona Gutzwiller, Joni Pawelk, Bill Tapper, Terri Sweet, and Tony Velishek. If you would like to help with this project, please contact one of the committee members.



The Monticello BR&E Task Force selected the priority projects. Brigid Tuck prepared this summary report.

Editorial assistance was provided by Adeel Ahmed and Mary Vitcenda. Task force members also contributed to this report.

In accordance with the Americans with Disabilities Act, this material is available in alternative formats upon request. Direct requests to the University of Minnesota Extension Store at 800-876-8636.

University of Minnesota Extension is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, color, creed, religion, national origin, sex, age, marital status, disability, public assistance status, veteran status, or sexual orientation.