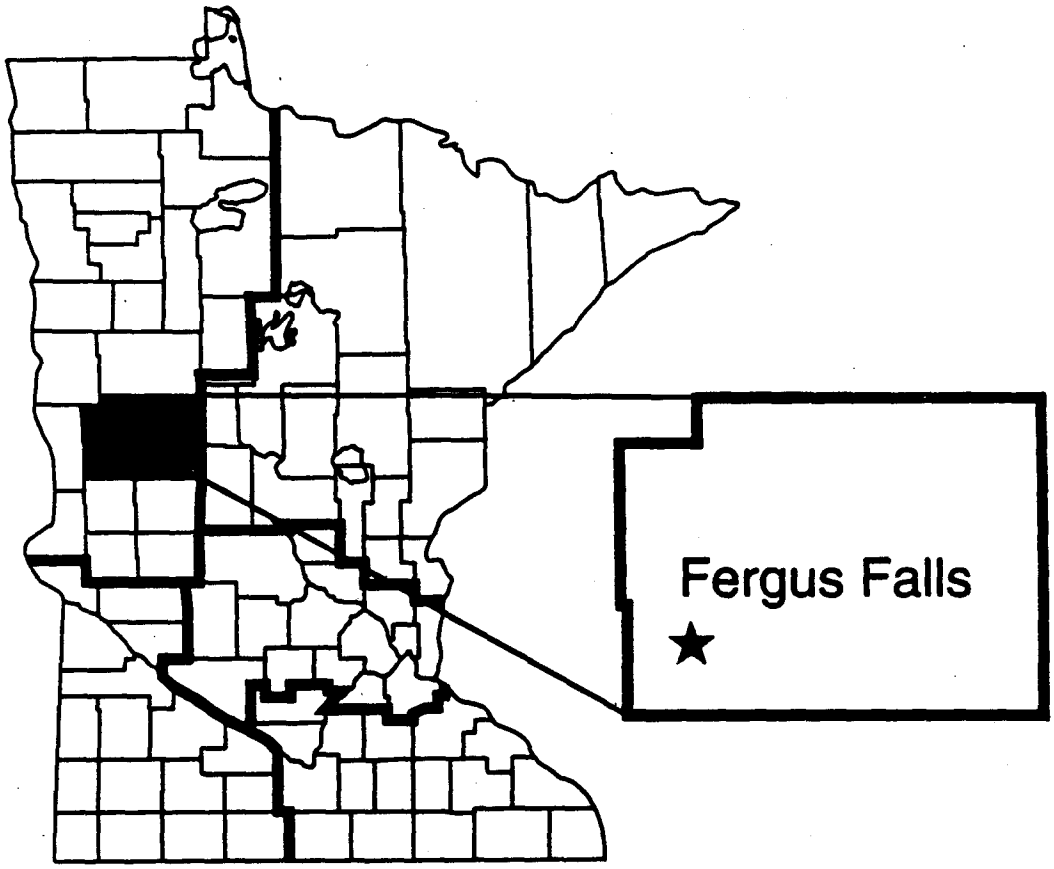
MINNESOTA EXTENSION SER
UNIVERSITY OF MINN

EXECUTIVE SUMMARY

FERGUS FALLS BUSINESS RETENTION AND EXPANSION STRATEGIES PROGRAM

DECEMBER, 1993



State Sponsors:

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

Local Sponsors:

Fergus Falls Community College
Fergus Falls Chamber of Commerce
Otter Tail County Extension Service

FERGUS FALLS BUSINESS RETENTION AND EXPANSION
SUMMARY REPORT: DECEMBER, 1993

Community leaders from the Fergus Falls Community College, Fergus Falls Chamber of Commerce, City of Fergus Falls and Minnesota Extension Service, Otter Tail County initiated a Business Retention and Expansion Strategies program in 1993. The program's three primary objectives were:

(1) to demonstrate the community's pro-business attitude;

(2) to assist, if possible, with the individual concerns of local firms; and

(3) to develop community programs to address those concerns mentioned by a number of firms.

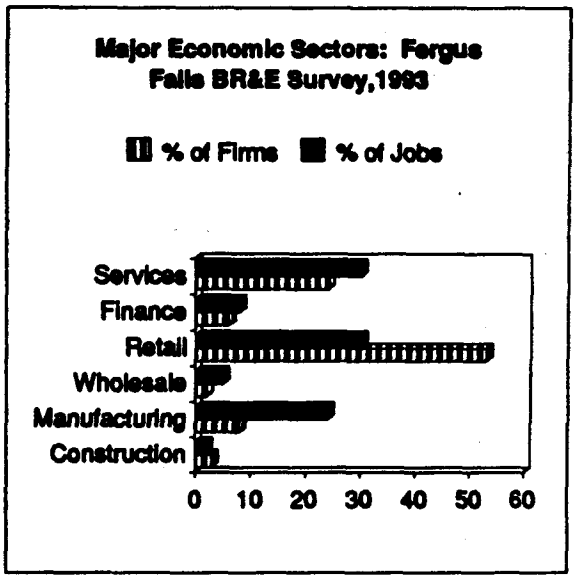
Demonstration of a pro-business attitude is integral to any business retention efforts. Businesses are more likely to stay if local leaders convey the message that they want to collaborate with business owners in creating a healthy work environment. Twenty-two Otter Tail County volunteer visitors met this objective by successfully completing 90 personal interviews with firm managers/owners in the Fergus Falls area.

Following visits to firms, the BR&E Task Force met to review concerns raised by local businesses.

The University of Minnesota analyzed the survey data and presented "suggested recommendations" to the Fergus Falls BR&E Task Force. The task force then developed the action recommendations outlined in this summary report. The full Final Report, is available on loan from the Otter Tail County Extension Office.

A leadership team comprised of Gordon Hydukovich, Eric Larson, Laurel Sorlie and Harold Stanislawski along with a 20 member Task Force kept the BR&E process moving forward to success.

Characteristics of Firms Visited Of those firms surveyed for the Fergus Falls BR&E program, service and retail sectors provided the major percentage of jobs, with 30% in services and 29.8% in retail. Of the 90 firms



surveyed, 48 were in retail, 22 in services and 7 in manufacturing. Since only seven of the firms were in

manufacturing, the results are not presented separately for manufacturing and non-manufacturing. A separate set of tables were run for these two sectors and are available at the Otter Tail County Extension Service Office, the Fergus Falls Chamber of Commerce, and the Fergus Falls Community College.

Approximately half (51.5%) of the firms visited were originally located in Fergus Falls. Over half (65.6%) of the firms interviewed in Fergus Falls had no other locations in Minnesota. Approximately 12% of the firms have locations in other states.

Over one third (36.5%) of the firms visited are 21 years or older. New firms represent 12.2% of those surveyed.

Almost half (45.5%) of the firms surveyed were closely held corporations, while 14.7% were public corporations. Sole proprietors comprised one fourth of the firms visited.

Regarding the economic impact these firms have in Fergus Falls, nearly 70% of the firms have an average of 3.9 full time employees, while only 2 firms have 100 or more employees on the average. The smaller firms with employees from 1-9 make up 66.7% of the total firms represented in the survey. Firms with 50 or more full time employees have experienced the greatest percent change in jobs. By comparison, 60% of the *total* number of firms in Otter Tail County have 1-4 employees, while 19% have 5-9 employees, and 4% have 50 or more employees (County Business Patterns, 1990).

Firms with less than 10 part time employees make up 79.7% of the firms represented in the survey.

Priority Strategies

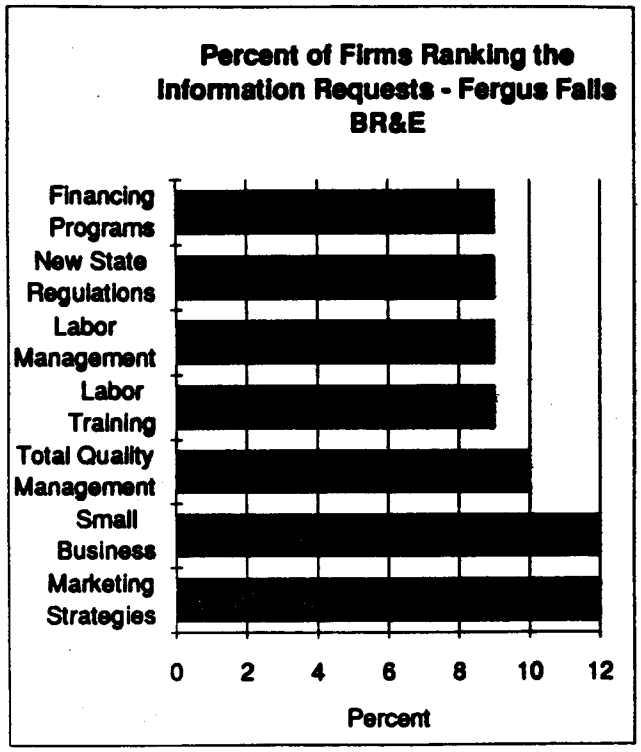
The Fergus Falls Business Retention and Expansion Task Force considered four strategies for promoting economic development. Three of the four were selected as priorities at this time. Each of these is described below as they relate to survey results. The priority recommendations set forth by the BR&E Task Force are included for each strategy. Community leaders wishing to contribute time and talent to the implementation of these recommendations are encouraged to contact any member of the leadership team. A complete account of strategies and recommendations is presented in the full report for your reference.

Strategy 1: Improve Firm Competitiveness in Sharing Information on State and Federal Programs.

Overview of Strategy: Firms can become more competitive by reducing their costs of production or expanding their revenues. To reduce the cost of production they must find more efficient ways of using the labor required per unit of output. This typically requires the adoption of new technology and/or labor-training programs. To expand their revenues, they must

either find new market niches or improve their quality; thus be able to charge premium prices. A number of state and federal programs provide assistance to small firms that are exploring ways of taking these steps. While Fergus Falls may not be able to implement these programs directly, they can help small firms to use those state and federal programs which would improve the firm's competitiveness.

Survey Results: The 90 firms surveyed requested a total of 252 pieces of information on 23 different business topics.



The most frequently requested items were recycling business waste, new state regulations, small business planning, business management, marketing strategies. However, the topics requested reflected a very diverse set of interest, rather than being concentrated heavily in one area. Additional details are in the full report.

Recommendation #1.1: Committee of Business Owners, and Business Technical Assistance and Mentoring Program

Business owners will be invited to convene to meet on a periodic basis to identify their primary concerns and needs in the area of technical assistance. Based on their input, state and federal agencies will be asked to develop specific programs to address their needs.

The Business Technical Assistance and Mentoring Program will be formed to provide individual assistance to small firms on a wide range of topics i.e. inventory control, store layout, business plans in addition to the educational opportunities business people often need. The technical assistance provided, however, will be of an introductory nature and will not replace commercial services which are available in Fergus Falls. In many cases this introductory assistance will better prepare a small business to hire the services of professionals in that area if they need in-depth work. Thus, this assistance will tend to expand the market for commercial sectors rather than to compete with it. A committee of small business owners/managers, including both the mall and main street, will be developed to meet on a periodic basis to identify their primary needs in the area

of technical assistance to ensure the intent of the program. This committee will also serve as a clearinghouse to link businesses with others in the same business on a regional basis who can offer assistance.

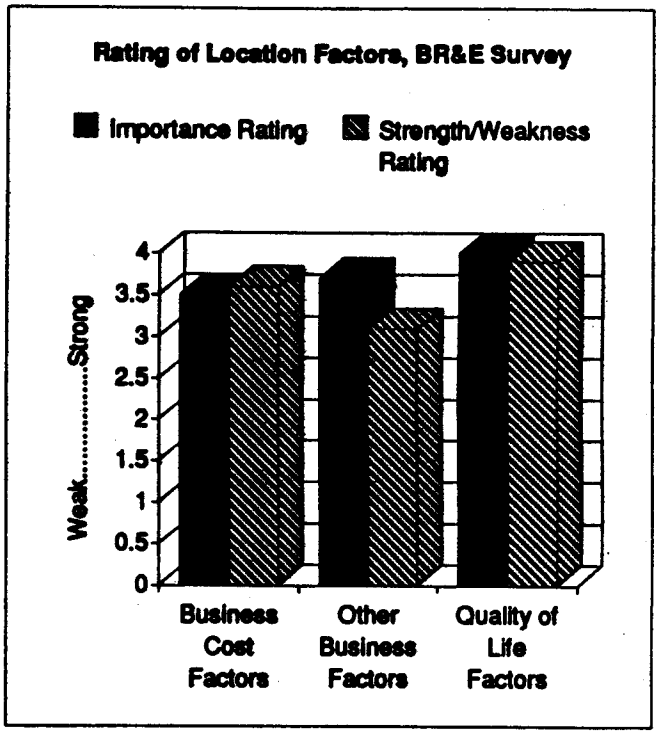
Recommendation #1.2: Review of State and Federal Programs

As the rules and regulations change with governmental programs, local businesses need to be kept in touch with the changes, the consequences, and their implications. Representatives from state and federal programs will be asked to meet with interested business owners and review their programs and policies with that group. Not only do the businesses need the information, **they also need to know how to comply and where to go for assistance.** After sharing the results from the Business Retention and Expansion Survey with the agency, the agencies would be asked to suggest specific ways of providing additional technical assistance to the Fergus Falls businesses that need assistance.

Strategy #2: Enhance the Quality of Life in the Community

Overview of Strategy: Quality of life factors in the community where firms are located can impact the firm's ability to remain competitive. For example, employees are concerned with adequate housing, health care, police and fire protection, educational and recreational opportunities. In addition, the quality of public services frequently impacts on the profitability of a firm. For example, good fire protection can reduce fire insurance rates and directly reduce the firm's cost of doing business.

Survey Results: Firms rated the quality of life factors in Fergus Falls as more important than either other business factors or business cost factors. Further, they also gave very high ratings to the public services listed as specific components of the quality of life factors. Additional details on these survey results are available in the full report.



Recommendation #2: Publicize Positive Community Attributes or Quality of Life to Fergus Falls Citizens

Under this proposal, the chamber of commerce or other local group would develop an information brochure or campaign which highlights positive attributes of Fergus Falls using the information collected through the business retention and expansion survey. The target would be primarily local Fergus Falls employees and citizens. The reason for focusing on this audience is that every citizen of Fergus Falls ultimately is an ambassador for the city. If they are aware of those aspects of the city which are strengths, they can assist in efforts to promote the area.

STRATEGY #3: Developing Contingency and Strategic Plans for Local Economic Development

Overview of Strategy: Providing assistance to local firms requires both a timely response and is an ongoing process. As federal dollars for small towns and rural communities decline, the economic success of rural places depend heavily on cooperation of agencies and community leaders. It is necessary to find a way to develop new working relationships among the various groups working on economic development and to develop long range strategic plans related to this area.

Survey Results: Nine firms were considering moving, but only two were going to move outside the county. When considering both those firms moving and those expanding, the firms interviewed expected to grow by 162 jobs over the next three years. Overall, 68% of the firms employing 89% of the jobs reported that Fergus Falls was an excellent or good place to do business. Additional details on these survey results are available in the full report.

Recommendation #3: Re-initiate "Good Morning Fergus Falls"

This program, implemented through the Chamber of Commerce, will be re-instituted. Economic development practitioners and others with an interest in this area would be invited to a monthly breakfast meeting to discuss economic development issues. The purpose of these meetings would be to simply keep all of the key actors up-to-date on what is happening in economic development in Fergus Falls. This would build the linkages and trust levels necessary to stimulate additional cooperation between groups. These meetings would not be decision-making meetings, however, and would only be done to bring all of the actors and programs together on a periodic basis to share information.

ACKNOWLEDGEMENTS

In addition to the local leaders listed here, Minnesota Extension Service/University of Minnesota staff provided suggestions for the recommendations.

BR&E Leadership Team

Brad Howland, Otter Tail Power Co., Fergus Falls
Eric Larson, Manager, Ben Franklin Crafts, Fergus Falls
Laurel Sorlie, Director, Business Ed. Center, Fergus Falls
Harold Stanislawski, OTC Extension Service, Fergus Falls
Gordon Hydukovich, Director, Fergus Falls Port Authority

BR&E Task Force

Steve Emerson, Director, Chamber of Commerce, Fergus Falls
David Groshong, CEO, Community First National Bank of F.F.
Allen Gundberg, CPA, Swenson Gundberg Saurer & Co., Fergus Falls
Brad Howland, Otter Tail Power Co., Fergus Falls
John Hunkele, Manager, Park Inn International, Fergus Falls
Carmon Jackson, Administrator, Pioneer Home, Fergus Falls
Leonard Krolak, Instructor, Fergus Falls Community College
Eric Larson, Manager, Ben Franklin Crafts, Fergus Falls
Roy Larson, V.P., Otter Tail Power, Co., Fergus Falls
Michael Leonard, Loan Officer, Security State Bank, Fergus Falls
P. Wayne Pastir, Dir. of Admin., F.F. Public Schools
V. (Ginny) Portmann, OTC Commissioner, Fergus Falls
Joann Prischmann, Owner, Music Staff
Nina Sand, Assistant Administrator, Fergus Falls Medical Group
Laurel Sorlie, Director, Business Ed. Center, Fergus Falls
Harold Stanislawski, OTC Extension Service, Fergus Falls
Arna Stedjan, Owner, Nordic Galleri, Fergus Falls
Judy Stringer, Director, Convention & Visitors Bureau, F.F.
Gordon Hydukovich, Director, Fergus Falls Port Authority
Jo Weatherly, Owner, Nelson Bros Printing Inc.

Volunteer Firm Visitors

Kirby Anderson
V.J. Block
Pat Braaten
Bruce Clark
John Coleman
Steve Emerson
Merald Enstad
Lanny Hendrickson
Brad Howland
John Hunkele
Carmon Jackson
Karen Kreiser
Leonard Krolak
Kurt Langbehn
Eric Larson
Duane Larson
Michael Leonard
Dan Lieser
Harlan Lysne
Randall Mann
L. (Bud) Nornes
Delvin Norris
Roger Ophus
P. Wayne Pastir
Dave Peters
Craig Peterson
V. (Ginny) Portmann
Joann Prischmann
Nina Sand
Laurel Sorlie
Harold Stanislawski
Arna Stedjan
Melissa Stemen
Edward Thornberg
Ben Underwood
Chris Van de Voort
Tom Verhelst
Jo Weatherly
R. (Bob) Welle
David Whipple
Gerry Worner
Ellen Zenner
Robert Williams

Firms Visited

All Building Corporation
Allison Mickelson Pribbernow
Anderson Land Surveying Inc.
Anderson Transfer & Storage
Andrews & Meister Uptown
Ann's Hallmark Shop I
Archie's
Auto Glass Associates
BJ's East Food Market
Bahama Gold
Ben Franklin Crafts
Bergen's Flower Center
best Business Systems Inc.
Beyer's Body Shop Inc.
Big A Auto Parts
Bonnie's Dog Grooming
Broen Memorial Home
C & C Electronics Center
Caplson Music Center
Century 21 Vista Inc.
Clara B. Wright Shop Inc.
Clausen's Tailor Shop
Coffee Cup Fuel Stop
Community First Bank, Fergus Falls
Companion Animal Hospital
Cooper's Office Supply, Inc.
Craig's Mr. Steak
Curl Up and Dye
Dairyland Drive-In
Debbie's Home Style Kitchen
Designs by Dave
Dixie Dont
Doug's Frontier Amoco & Coffee Shop (Dalton, MN)
Farmers Feed Mill
Fergus Brick & Supply, Inc.
Fergus Falls Monument Co. Inc.
Fergus Glass Co.
Fergus International
Fergus Locker
Fergus Tire Center - Goodyear
Flanigan Photography
Floor to Ceiling Store
Forer Corners
Frontier Equipment Inc.
Gettel Chiropractic Clinic
Golden Lakes Pawn Shop
Hardee's of Fergus Falls
Harvest States Cooperative
Herberger's
Hintgen-Karst & Associates, Inc.
Interstate Inc.
Jaeger Furniture
Jenoff Inc.
KBM Futons
KBRF Radio
Kinney Shoes
Kraning Jewelry
Laney's, Inc.
Victor Lundeen Co.
Lysne Insurance Agency
Mabel Murphy's
Mark Sand & Gravel Inc.
Medicine Shoppe
Mexican Specialties
Mid Am Dairy
Midweek
Minnesota Motor Co.
MN Man Men's Store
Music Staff
Nature's Garden World
Northern Aire Bowling Lanes
Nutri/System Weight Loss Center
Nygaard, Pickett & Co.
Oakwood Gallery
Olson Auto Electric Service Inc.
Olson's Furniture Store
"Our Place"
Pamida Discount Center
Park Region Mutual Telephone Co.
Party Perfect
Pepsi Cola Co.
Perkins Restaurant
Peters Jewelers
Pioneer Home
Plum Creek
The Promise Shop
Productive Alternative
Quality Auto Sales
Quernemoen Dairy Service
Rainbow Cleaners
Riverfront Video
Riverside Repair
Rolandson Computer Center
Sherwin Williams, Inc.
Shoremaster
South Mill Service
The Spot
Sternerson Lumber
Steve's Cycle & Marine
TCI of Minnesota
TEAM Electronics
The Sandpiper
The Viking Cafe
Travel Gallery - AAA Travel Agency
Ugstad Plumbing & Heating, Inc.
Vanity
Wal-Mart
#100
West Tool & Design
F.W. Woolworth Co.
Worner Auto Center