

R.A. Smith Study

Executive Summary

Primary Sector Company Research

In 2006, Webster County Development retained R.A. Smith & Associates, Inc., to conduct research related to existing businesses in the county. Specifically, Webster County Development wanted to assess perceptions of the business climate, gain an understanding of local business needs, and identify future plans which may have an impact on the economic vitality of the county. This analysis focused on *primary businesses*, that is, those businesses selling a majority of their goods or services to markets outside of the immediate region.

Executive Summary

Webster County Development identified a total of fifty primary businesses with operations in the county. Between November of 2006 and February of 2007, the consultant team from R.A. Smith & Associates met with representatives of 28 of these businesses to discuss their future plans and their perceptions of the local business climate. Companies located within Webster County are generally pleased with most aspects of the community. These companies tended to be successful, many having a significant share of their respective markets. Furthermore, several of the companies indicated near-term plans for expansion, and nearly all of them indicated a desire to grow their operations within Webster County. Those indicating an intent to grow their operations elsewhere frequently cited wage pressures as their over-riding concern, and tended to offer jobs at the lower end of the pay scale.

Many of the companies participating in interviews expressed concerns related to the work force. A tight labor force has led to upward pressure on wages, and has spurred a handful of companies to enhance their benefit packages. Work force issues appear to vary according to the level of skill required in the position. For jobs requiring minimal skills and paying low wages, the primary concern is work force quality. The untapped portion of this work force often lacks the same work ethic and ability to learn on the job, which is a distinguishing characteristic of the remainder of the work force. For those positions requiring technical skills, and often filled by persons within a commuting distance, the most-often cited issue is the competitiveness of the market. Workers at this level are most frequently hired away from positions at other companies in the area.

Finally, there were several companies which noted the difficulty they experience recruiting for the most highly-skilled positions, which often require a college degree and are recruited from a multi-state or national market. Both pay scale and the difficulty of recruiting people to live in a rural area are concerns.

On average, companies have a good opinion of the capabilities and reliability of the local work force. This is in no small measure a reflection of the efforts of Iowa Central Community College, which has established an outstanding reputation among the businesses with which it collaborates. Iowa Central has crafted several noteworthy programs to develop a workforce which meets the needs of businesses in its service territory. Among the concerns noted by businesses, a handful stood out. These included the general appearance of downtown and commercial strip, the isolation of the county (i.e., its distance to major metropolitan markets), a lack of appealing social and cultural activities, and a negative community image encountered in other parts of the state.

During the interview process, it became clear that it would be necessary to conduct additional research to quantify the extent to which companies experienced difficulty in recruiting an outside work force, and to gain an understanding of issues which contributed to this experience. To achieve this, Webster County Development and R.A. Smith & Associates conducted additional research with human resource professionals at several local businesses. Additionally, the team prepared and conducted a survey of workers recently hired both from inside and from outside of the region. This survey was designed to gain an understanding of the perceptions which influenced their decision, particularly in regard to whether they chose to live within Webster County, or elsewhere in the region.

Webster County initially identified fifty *primary sector* companies in the county, selling a majority of their products or services outside of the immediate region. Two more companies were added at a later date. Between November of 2006 and February of 2007, the consultant team interviewed 28 of these businesses. Nearly all of these interviews were conducted in-person at the company's primary facility in Webster County. A small number of interviews were conducted via telephone. The remaining companies were contacted, but encountered scheduling difficulties, did not respond, or chose not to participate in the interview process. The resulting 54% response rate is typical for similar types of studies, and is sufficient to provide a good overall picture of the business community's perceptions.

Updated RA Smith Study Analysis:

The Development Corporation of Fort Dodge and Webster County requested the assistance of the Institute for Decision Making (IDM) at the University of Northern Iowa to gather input from Webster County employers regarding initiatives launched by the Development Corporation since 2007 and to find out the employers' greatest needs for the future. Employer input was sought utilizing a survey which was jointly developed by the Development Corporation and IDM. In June 2010, a cover letter and survey was mailed to 137 of the Development Corporation's investors and other key employers. Each employer was given the option of completing a paper copy of the survey and returning it directly to IDM or to complete the survey online. A total of 45 employers representing 14 different industry sectors completed the survey.

Survey respondents were also asked what level of priority they felt the Development Corporation should place over the next three years on six of the initiatives (see Table 3). The vast majority of the employers (82.5 percent) who answered this question believe that the Development Corporation should increase or significantly increase the level of priority it is placing on the Image initiative. Well over two thirds of the employers also believed that there should be an increase or significant increase in the level of priority placed on the Retail initiative (78.6 percent) and the Workforce initiative (73 percent). This is not surprising since these two initiatives had the highest percentage of employers stating that there had been no progress made toward them.

The survey showed that 18 employers (40 percent) stated that their organization expects to have job vacancies over the next three years. Unfortunately, five employers skipped this question, so the percentage of employers who will have vacancies could be slightly higher. The 45 employers who completed the survey employed nearly 4,100 employees at the time of the survey in 2010, which represent a significant part of Webster County's employment base.

Overall, the survey results show the Development Corporation in a positive light with the community's employers. There were few, if any, negative comments about the Development Corporation or its economic developments efforts. Based upon the input provided by these employers, IDM has developed the following observations and suggestions for the Development Corporation of Fort Dodge and Webster County's Board of Directors and staff to discuss and evaluate.

1. ***"Validate the Findings"*** – The Development Corporation's Board of Directors and staff should thoroughly review and discuss the survey results and suggestions provided by IDM.
2. ***"Help Wanted"*** – Job vacancies are anticipated by a significant number of employers; an estimated 137 full- time and part-time positions over the next three years. Almost all of the positions identified by employers will require at least an associate's degree or technical training and a significant number will require an undergraduate degree.
3. ***"Communicate, Communicate, Communicate"*** – The Development Corporation should examine its communication efforts to investors, area employers, economic development partners and allies, and the general public to determine where enhancements and tweaks could be made.
4. ***"Do We Narrow Our Focus?"*** – Multiple employers commented that they felt the Development Corporation should narrow the focus for its primary initiatives, or fields of activity, to business retention and expansion, business attraction and entrepreneurial development. All of the Development Corporation's current initiatives were identified as a priority when they were launched and are likely still critical for Webster County's economic development efforts. Therefore, if the Development Corporation does narrow its fields of activities, it may need to encourage other community organizations to take a lead role in addressing the priorities which the Development Corporation will no longer have a focus on.
5. ***"Continue to Improve Our Image"*** – Many of the respondents believe that Webster County and Fort Dodge need to continue to improve their image, both to internal and external audiences. It is clear that efforts are underway and progress has been made but more needs to be done and 82.5 percent of the respondents feel the Development Corporation should increase or significantly increase the priority placed on image efforts. The respondents' comments and suggestions focused both on the physical image and appearance of the community and the reputation of the community. A community's reputation can be difficult to change but if there is a positive story to be told it should be shared and promoted.
6. ***"We Want to Shop!"*** – Based on the level of retail store suggestions provided, employers believe the retail mix in Webster County needs to be enhanced. Nearly 80 percent of the respondents feel the Development Corporation should increase or significantly increase the priority placed on retail development. Retail development is not a traditional activity for many economic development corporations; however, the Development Corporation may want to consider actions to spur additional targeted retail offerings in the community. An enhanced retail mix could improve the attitudes about or perceptions of the community by existing area residents and potential residents.

7. *There are Housing Challenges!* – The availability and affordability of housing is a problem in communities across Iowa and Webster County is no exception. Employers feel their employees are experiencing challenges in locating housing in the area and many feel the Development Corporation has made little or no progress toward addressing the community's housing issues. The housing challenges are not limited to any single employee type. A majority of the respondents believe the Development Corporation should increase or significantly increase its efforts related to housing. However, the respondents feel a priority should be placed on “move-up housing for sale” and “entry level housing for sale.”