

Ashland's Business Retention and Expansion Program
Ashland Chamber of Commerce
Report of the 2005/06 BR&E Survey Findings and Actions
and Program Plans 2006/07

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What is a Business Retention and Expansion Program?

The most common objectives of economic development policies are to increase employment and income levels of an area's residents. Examples of development strategies to reach these objectives include recruiting new businesses to the area, supporting entrepreneurial development of business start-ups, or increasing trade between area industries to reduce spending outside the community, often called "leakages." One of the most effective approaches to economic development encourages the survival and growth of businesses already located in an area. Existing businesses are more likely to have linkages with other area businesses and to be familiar with the area's labor force, regulations, and its institutions. Unlike newly-locating firms, existing firms are more likely to employ residents and to be invested in the broader business and social community. It is likely that if local businesses are successful, new businesses will be attracted to the area without higher risk economic development programs focusing directly on recruitment. Improving the efficiency of existing businesses enhances the area's competitive advantage. Some consider existing businesses the engine of local economic growth.

A popular and widely-used approach for supporting existing businesses is the Business Retention and Expansion (BR&E) program. The central feature of the program is a survey of businesses to identify major business issues that can be addressed by the BR&E committee and other organizations and agencies. The program involves five major steps. First, leaders in business, education, the community and public sectors convene a BR&E committee. The committee then develops a survey aimed at uncovering issues that may limit local businesses' success and determines which businesses to invite into the program. Next, teams of two volunteers, usually other local business owners and community leaders, visit the business and interview them on site. Analysis of the survey responses generates a detailed profile of characteristics of local businesses and reveals "red flag" issues that are major business obstacles to growth identifying and addressing. Based on the survey findings, the BR&E committee meets with businesses facing pressing issues, often involving other community and business leaders. With local and detailed information, the BR&E committee develops immediate and longer-term strategies to assist businesses. The visitation survey is repeated periodically, rotating to other businesses and industries on an annual or bi-annual basis.

Major objectives of the BR&E program are:

- To identify business issues and help existing businesses solve problems.
- To assess an area's business climate.
- To build community capacity in order to better address business issues through greater collaboration between development organizations, governments, educational institutions, and local businesses.
- To express appreciation for the contributions made by existing businesses and to demonstrate that the City and the Chamber of Commerce (and other businesses) are interested in the concerns of businesses community.

In early 2005, the Ashland Chamber of Commerce and its Economic Sustainability Committee (ESC members are listed in Appendix C), in partnership with the City of Ashland, embarked on a BR&E program. This report describes Ashland's BR&E program, its 2005/06 survey process and findings, and its plans for 2006/07. The discussion of the 2005/06 survey results is separated into two sections. The first part offers general highlights of survey results and the second explores the survey data in more depth in five topic areas: employment and workforces issues; markets, suppliers and outsourcing; business dynamism; the role of online sales; and "red flag" issues. The final section discusses plans for the 2006/07 BR&E program. Before describing the city's BR&E program and the findings of its 2005/06 business survey, a discussion of employment and income data from the 2000 Census will provide background about the economic characteristics of Ashland residents.

The Setting: Economic Characteristics of Ashland Residents (Census 2000)

The most recent detailed demographic data for Ashland comes from the 2000 Census. The data describe a population that was particularly well-educated, actively engaged in the labor force (rather than retired), and working in high-skill occupations. More than half of residents ages 25 years and older held bachelor's, graduate, or professional degrees, more than twice the national percentage of 24%, or Jackson County's share of 22%. While many think of retirees dominating the local demographic, Ashland had only a slightly higher share of "senior" residents (ages 65 years or older) than the nation (15% vs. 12%), its labor force participation rate (the percentage of working-age people who are either employed or seeking employment) was analogous to rates national and state rates. Nearly two out of three residents 16 years or older participated in the labor force in 2000 (64%), which is comparable to the rates for United States and Oregon (64% and 65%, respectively). Most employed residents also worked in Ashland (63%), a percentage similar to the 65% of employed Medford residents working in that city.

According to the Census, higher shares of Ashland residents worked in two major industry and occupational groupings. Given the presence of a university, a hospital and the city's cultural, artistic and visitor-oriented activities, it is not surprising that compared to the nation, higher percentages of workers were employed in educational, health and social services (34% vs. 19%) and the arts, entertainment, recreation, accommodation and food services industries (17% vs. 8%). Relative to the nation, a higher share of Ashland's

workers were employed in higher-skill occupations: half of Ashland residents worked in management, professional and related occupations compared to one third of workers nationwide, while 20% versus the nation's 15% of workers were employed in service occupations, such as healthcare support, food preparation and serving-related occupations.

Ashland also distinguishes itself in terms of the share of its residents who earned income through self-employment activities. Nearly one-quarter of Ashland's households reported self-employment earnings (24%), a rate twice that of the nation, and notably higher than the 18% rate for Jackson County households. Between 1990 and 2000 the number of households in Ashland increased by 24% but those reporting self-employment earnings increased by almost twice that rate (52%). The relative increase in the city's households with self-employment earnings during the 1990's significantly surpassed this change in household characteristics for Medford and the United States: between 1990 and 2000 the number of households in Medford and the nation increased by 35% and 15%, respectively, while households earning self-employment income increased only 4% in Medford, and fell by 2% nationally. Ashland's average self-employment earnings of \$27,920 were 15% higher than the nation's average, 8% above the state's average, and 63% greater than average self-employment earnings in Jackson County.

Aside from the finding that two out of three employed residents work in Ashland, the Census profiles economic and income characteristics of residents without consideration for their place of work. A more complete picture of the economic activity that occurs within the city limits, regardless of where workers live, will be presented in an Economic Opportunities Analysis of Ashland. The study, prepared by EcoNorthwest, draws from state employment records and personal interviews and offers an in-depth analysis of employment, industrial composition and economic activity in Ashland. The report is expected to be delivered to the City in early 2007.

2005/06 BR&E Program Focus on Industrial Clusters

When the ESC decided to undertake a Business Retention and Expansion program, committee members agreed to target the business visitation program to local businesses that might be a part of "industrial clusters." Industrial clusters are groups of businesses which are geographically-concentrated and related in various ways that benefit member businesses by reducing costs, increasing competitiveness and market reach, and encouraging specialization. Businesses in clusters may be linked in a product's supply chain, such as the wine industry's grape growers, wineries, bottle makers, and distributors. Businesses in a supply chain cluster benefit from lower transportation costs when these activities are concentrated in a given geographic area. Some clusters draw from an area's raw materials, such as the lumber and wood products industries in Oregon, or from a concentration of specialized suppliers, such as the auto industry in Detroit. Businesses which sell to similar customer markets, use similar production processes and technology, or share a similar knowledge base, are likely to be more competitive when they collaborate to reach new markets or address production or technological issues. Some businesses in industrial clusters benefit from local concentrations of labor with

specialized skills or knowledge that reduce hiring and training costs. Some business groupings become clusters when they share a regional brand recognition or loyalty, such as microbreweries in the Northwest, shoes from Italy, or Native-American jewelry from the Southwest. Over the past fifteen years, economic development organizations across the country have sought to identify industrial clusters in their areas and to develop strategies to support and strengthen the relationships between businesses within clusters as a way to increase their competitive advantage and ultimately bolster the area's employment, income and economic stability.

Oregon's Economic and Community Development Department (OECDD) has undertaken several cluster-related initiatives, including a study to identify specific industrial clusters in the state (*Oregon Industry Cluster: A Statistical Analysis*, Cortright, 2003). The report spotlighted eleven cluster opportunities including the high technology/software, food processing, recreation, and biomedical industries. Joining OECDD's effort is the Oregon Business Plan, a private/public partnership of businesses, business associations, and public agencies. Recently Southern Oregon University's School of Business completed an analysis of regional clusters entitled *Industrial Clusters in Jackson and Josephine Counties* (Reid et al, 2007). The study found eleven potential clusters, including food and beverage production manufacturing and sales; electronic shopping; elder/health care; creative industries; and tourism and recreation industries. Ashland's BR&E program takes the region's cluster development efforts to the next step to learn more about specific businesses within clusters and the challenges they face, and to assist businesses to overcome obstacles that impede their growth and development.

Ashland's BR&E Program

The ESC adapted a BR&E model developed through the University of Minnesota Extension Service (University of Minnesota, 2005). In early 2005 it formed a BR&E Subcommittee to assume responsibility for planning the BR&E program and executing the survey (members are listed in Appendix D). The subcommittee consulted with other communities which had BR&E programs in place, such as City of Grants Pass. They worked with BR&E program manuals provided by the University of Minnesota Extension Service to plan their BR&E effort and to train volunteer business owners and community leaders to interview targeted businesses. Ashland's BR&E program was initiated prior to the release of the regional cluster industry report (Reid et al, 2007) and focused on surveying and assisting businesses in potential clusters in industries such as accommodations and restaurants; food and beverage manufacturing and sales; other manufacturing; health care; fitness, sports and recreation, retail trade; educational services; and professional, scientific and technical services. Some of these sectors were later identified by the regional cluster report as industrial clusters in the wider Rogue Valley region.

The BR&E Subcommittee developed Ashland's survey instrument following a comprehensive review of other communities' questionnaires and recommendations of an economic consultant. Following a standard survey with the assurance of confidentiality, interviewers queried businesses along topic areas such as general business characteristics,

employment characteristics and issues, workforce training, sales and materials markets, changes in business activities, and businesses' evaluation of public services and amenities in Ashland. The BR&E's use of volunteer business owners as interviewers yielded important benefits for uncovering local business issues. Not only did most respondents easily relate to the interviewers, but they spoke openly about their challenges of doing business in Ashland. A copy of the survey instrument is included in Appendix B.

The subcommittee invited forty companies to participate in the BR&E program. Thirty-three businesses agreed to be interviewed and completed the confidential questionnaire. Teams of two volunteers met with business owners or managers for the 44-question, hour-long interview (list of interviewers is provided in Appendix E). One team member interviewed the survey participant while the other recorded the answers on the questionnaire. An economic consultant was hired to computerize and analyze the survey data. In January 2006, the consultant presented the ESC with the BR&E survey findings, and the Ashland Chamber of Commerce compiled a two-page summary of the results (included in Appendix A).

It is important to keep in mind that Ashland's BR&E program seeks to interview and learn more about characteristics and issues of local businesses in industrial groupings that the BR&E group feels may be members of industrial cluster. That is, that selected businesses may be particularly concentrated in Ashland and may share similar technological challenges, labor force needs, raw materials, and growth potential, such as specialty food processing or information services. But because of the selection criteria, the sample of businesses surveyed is not drawn from a random, representative sample of the city's businesses and should not be expected to reflect characteristics of Ashland businesses overall. Nonetheless, the information garnered from the BR&E provides a profile and exposes major issues of some of the city's most successful and dynamic companies.

2005/06 BR&E Survey Results

The BR&E Subcommittee selected local businesses to participate in the survey that they expected might belong to local industrial clusters. Businesses who participated in the survey were drawn from the following sectors: accommodations and restaurants; food and beverage manufacturing and sales; other manufacturing; health care; fitness, sports and recreation, retail trade; educational services; and professional, scientific and technical services. Thirty-three Ashland businesses, together employing over 1,600 workers, were interviewed by BR&E teams between June and September 2005. A two-page brochure summarizing survey results can be found in Appendix A. Highlights of the 2005/06 survey are listed below, followed by a closer examination of findings in five topic areas.

Survey Highlights

- Over half of the businesses were established in Ashland since 1990, and two thirds began their businesses in Ashland.
- Nearly three quarters of businesses sell their products or services at the retail level, and 39% sell through wholesale channels.
- Three out of four companies were small businesses employing fewer than 50 employees, and nearly one third had fewer than 10 employees.
- Surveyed businesses reported a 23% average increase of employment over the previous three years.
- Businesses expressed a number of advantages of doing business in Ashland, advantages principally related to “quality of life,” outdoor focus, small town beauty and sense of community.
- Businesses rated Ashland’s parks, restaurants, schools and health care with an average grade of B+ or better, and the city’s availability of parking, and Building/Inspection/Zoning/Land Use with average grades of C to C-.
- As a place in which to live, surveyed businesses graded the city with an average grade of B, but as a place in which to do business, respondents delivered an average grade of C+.

Specific Themes from the 2005/06 BR&E Survey

Employment, Hiring, and Worker Issues

One of the BR&E Subcommittee’s priorities was to learn more about working conditions for employees in Ashland’s businesses and how labor issues affected those businesses. Questions focused on employee costs, including benefits, and business’s experiences with recruiting, hiring and training employees. Responses by the thirty-three surveyed business related to more than 1,600 employees working for these Ashland businesses.

Local businesses draw workers from Ashland and the surrounding area. Almost half of all employees hired by surveyed firms (46%) lived in Ashland and most business owners/managers lived within 4 miles of Ashland (75%).

Wages and salaries typically account for a major share of the costs of running a business, especially in industries that depend on higher employee skills and know-how. Average hourly wages by occupation reported by the interviewed businesses were notably lower than wages paid nationally (U.S. Department of Labor, 2005) but compare favorably with the “living wage” of \$11.89 defined by the City of Ashland for the purposes of contracting with the City. Hourly wages averaged \$7.92 for unskilled or unskilled

production positions, \$12.71 for skilled or skilled production jobs (vs. \$12.91 nationally), \$11.97 for clerical and office workers (vs. \$14.98 nationally), \$14.17 for sales and marketing occupations (vs. \$15.77 nationally), and \$19.71 for management positions (vs. \$42.52 nationally). Income earned directly by businesses owners was not reported, but for small businesses, owners' income may include "wages" for owner's management responsibilities and account for a significant portion of the business's economic impact.

Most of the businesses surveyed (85%), both large and small, offered benefits to their full-time employees, covering 94% of all full-time employees working for the surveyed businesses. In particular, over three out of four businesses offered their full-time employees health insurance (94% of employees), and 85% of businesses, covering 96% of full-time employees, offered vacation leave. Sectors with the highest percentages of businesses offering benefits to both full and part-time employees were information services; professional, scientific and technical services; health care; and fitness, sports and recreation industries.

Over one half of the businesses reported problems recruiting qualified employees from the Rogue Valley and over a third reported that they hired employees from outside the area. Nearly one out of four companies hired management positions outside the Valley. Most cited reasons included applicants' lack of specialized skills or not meeting necessary qualifications, weak work ethic, the area's limited labor pool, and the gap between local wages and the costs of living. On the other hand, several companies offered that they gave preference to local job applicants.

Most local business provided various types of training to their employees but acknowledged that their employees needed to augment skills in some areas. All companies reported that they provided some training, principally on-the-job training, but 75% offered classes and seminars to employees, and one quarter accessed the Internet as a means of job training. Between 30% and 40% of respondents mentioned the need for additional managerial, computer, production and sales skills.

Markets, Suppliers and Outsourcing

Sales to and purchases from regional customers increases linkages and strengthens potential advantages of a regional supply chain. However, industries which principally target regional markets are limited by the size of demand for a given industry, and challenged by competition from new businesses and/or Internet sales. On the other hand, serving markets beyond the region broadens a given industry's growth potential, augments demand for regional products, and provides the opportunity for companies to specialize in products or services in which they enjoy niche markets or cost advantages. Serving external markets exposes companies to a wider field of national and international competition, stimulating firms to seek cost savings, to adopt new technologies or make timely market and product adjustments. Survey findings about sales to and purchases from regional and external markets provides a sense of how connected businesses are to local customers and suppliers, and the degree to which local companies trade in wider markets where they benefit from vast growth potential and face competition straight on.

Nearly all Ashland businesses served a local or regional market to some extent. Over 80% of respondents reported sales to customers within the Rogue Valley region, and half sold principally (over 75% of sales) to regional customers. But nearly two out of three businesses also served external markets, and for one out of three Ashland businesses, the majority of their sales (over 75%) went to customers outside the Rogue Valley. Nearly one out of three businesses sold in international markets. A majority of firms in manufacturing (including food and wine), information services, professional, scientific and technical services, educational services, accommodations and food services reported that the majority of their sales went to customers outside the Rogue Valley.

Increasing the regional purchases by businesses is a common strategy to strengthen and stabilize a regional economy. Increases in regional business purchases stimulate regional economic activity, and if vendors are competitive on pricing and quality, transportation and transactions costs are reduced. Three quarters of the companies interviewed reported that they purchased some materials from suppliers within the region, but only 20% said they purchased the vast majority of their supplies (over 75%) regionally. In fact, information services, professional, technical and scientific services, fitness sports and recreation, accommodations, and food services reported that they purchased over 75% of their supplies within the Rogue Valley. On the other hand, over half of Ashland's businesses said they purchased the majority of their supplies (over 75%) from out of the area. One third mentioned that they purchased some of their materials from international markets.

Since most of the businesses surveyed had fewer than 50 employees, three out of four reported that they outsourced some type of business activity. Nearly one third of Ashland companies turned to other companies specifically for assistance in technology-related services, and accounting and tax services. Other outsourced activities included manufacturing, marketing, packaging, and training. Outsourcing needs point to types of business activities that are in demand regionally, and comprise an important link in a regional supply chain.

Business Dynamism

The selected grouping of businesses was chosen, in part, because the BR&E Subcommittee perceived them as successful companies. The survey results support their hunch. Nearly two-thirds of these Ashland businesses had remodeled or physically expanded their business in the prior three years (2002-2005), and over two-thirds planned to do either kind of improvement within the next three years. Over half of employees (56%) worked in businesses which expanded since 2002, and 63% work for firms who expected to expand physically between 2005 and 2008. As a group, the surveyed businesses increased employment by 23% between 2002 and 2005. Over the same period, private sector employment increased by 8% in Jackson County (Oregon Department of Employment, 2002, 2005). Between 2005 and 2008 all but the largest companies (with over 100 employees) expected to employment to rise an additional 20%.

Further evidence of the surveyed businesses' dynamism comes from more than their physical expansions and employment increases. In the prior three years, 66-80% of surveyed companies across all of the industrial groupings reported that they had added products or services, made product or market adjustments and/or adopted new or improved technologies, such as labor-saving and telecommunications technologies. To a lesser yet notable extent, 40-50% of businesses reported that they had subtracted products or services or entered new markets. Over the next three years, the shares of businesses which plan to add products or services, enter new markets, and adopt labor-saving technologies increased substantially.

The Role of Online Sales

Businesses and shoppers alike increasingly turn to the Internet to gather information about product and service choices and make purchases. A newly released study by JupiterResearch (JupiterResearch, 2007) reports that over the past three years, online retail sales have grown at a 25% annual pace, and projects that over the next five years online retail sales will increase annually by 11%, and account for 10%-15% of the nation's total retail sales by 2011. The article argues that the value of retail websites comes not only from increased sales and reaching wider markets, but from sites' advertising and marketing driving offline sales. The study expects that by 2011 nearly half (40%) of all U.S. retail sales will be influenced by online research.

Aware of these retail trends, the BR&E subcommittee included questions about businesses' use of the Internet and their current and future online sales. The findings confirm most businesses (82%) are actively using the Internet and it was helping their business grow. However, not even half of Ashland businesses (40%) transacted sales using the Internet in 2005, and most of those who did (85%) said they transacted only a small share of their sales using this means (less than 20%). However, a majority of companies in the professional, scientific, and technical services, educational services, and accommodations industries indicated that they depend on the Internet for company sales. Over the next three years all surveyed businesses expected growth in online sales. In fact, taken together, the surveyed business forecast an average 25% increase in their online sales.

Major Survey Issues and BR&E Actions

The primary objective of the BR&E program is to identify the obstacles to the success of existing companies doing business in Ashland, both taken as a group, as well as focused on individual businesses needing immediate assistance. Four major themes and "red flag" issues stood out of the survey. These issues caught the attention of the BR&E Subcommittee, the ESC and the Ashland Chamber of Commerce, who proceeded to develop programs and strategies address them. This section discusses these areas of concern and the actions taken by the BR&E Subcommittee, the ESC and the Ashland Chamber of Commerce.

“Red Flag” Issue: Relocating Businesses

In the process of interviewing Ashland businesses, it became clear that a number of successful companies were either intending to relocate or considering a move within the following three years. Some of the companies were even being aggressively recruited by other areas of the country. The reasons the businesses cited for the change included the city’s lack of buildable land to accommodate their pressing need for expansion, limited office space, an anti-business attitude in local government and the community, and frustration with the city’s land use and planning process.

Members of the BR&E Subcommittee and ESC, and the Chamber’s Rapid Response Team intervened. Serving as intermediaries to gather information and facilitate communications, they convened a series of meetings with business owners to learn more about the obstacles they faced, their goals for growth, and their specific needs. Initially, they met individually with business owners and potential land owners. Eventually, they brought interested parties together, adding City officials and staff, representatives from the state and economic development organizations. Communications between the business, the community and City increased. Expectations and needs were clarified. In the process, the businesses discovered potential land for expansion and realized the extent to which the community valued their presence. Many have reconsidered expanding in Ashland.

Anti-Business Sentiments, the Political Climate, and City Government

In addition to the businesses that were considering relocation, the survey revealed that one third of the businesses viewed the city’s political climate, its anti-business sentiments, and/or planning processes as major challenges to their business success, or as major disadvantages to doing businesses in Ashland. In response, the Chamber, in cooperation with the City, developed a series of brochures that provide a road map to the City’s permit and planning processes, complemented by a city map with zoning information. Additionally, the Chamber of Commerce developed a high-definition DVD featuring interviews with businesses in key industries, such as health care, tourism, high technology, about their positive experiences of doing business in Ashland. Throughout the piece many of the amenities of living in Ashland are showcased, including some advantages to doing business in Ashland emphasized by businesses in the BR&E interviews. The DVD will be sent to out-of-area businesses inquiring about relocating to the city, video clips will be available at the Chamber’s website (<http://www.ashlandchamber.com/>), and video press releases will be sent to various business publications.

Businesses Increasing their Market Reach

The survey showed that many businesses were actively expanding their customer base either through increased online sales or by reaching new markets. Almost half of businesses reported that they transacted a small share of sales through the Internet, but expected to increase their online sales by an average of 25% over the following three

years. To assist these and other Ashland businesses to develop or increase their markets, the Chamber of Commerce will offer a workshop in April 2007 focusing on approaches businesses can use to increase their online sales. For businesses wanting to learn about opportunities of doing business in Asia, and about the experiences of local companies already engaged in foreign markets, the Chamber, in partnership with Southern Oregon University School of Business, and the Southern Oregon Chinese Cultural Association has organized a conference on global business and culture specifically addressing doing business in Asia. The event will coincide with the Chinese New Year and be held at Southern Oregon University February 16, 2007.

Recruiting and Hiring

The labor force in Jackson and Josephine counties is relatively small. In December 2006 almost 140,000 workers were either employed or looking for work in the region (Oregon Employment Department, 2007), which represents 16% of the labor force in the three-county area of Portland. Given the limited size of the region's labor market, particularly for workers with specialized or highly technical skills, it is not surprising that nearly one third of businesses interviewed identified the region's limited labor pool as a major challenge of doing business in Ashland. Over half of businesses reported that recruiting and hiring qualified employees posed a major challenge to doing business and nearly all also mentioned the need for additional training for their current employees, particularly in managerial, sales computer, technology-related skills.

Workforce training and availability is an economic issue addressed by an assortment of federal, state and local agencies, educators, and community groups across many and varied programs. The Ashland Chamber of Commerce regularly organizes business development and training workshops for local businesses. Believing that there are more highly skilled workers in the region than business perceives, the Chamber has developed a workshop, to be held in spring 2007, whose objective is to improve communication and presentation skills for anyone needing to sell their services, expertise or product lines. In the coming year, the BR&E subcommittee will explore ways to improve and increase the connections between businesses and potential qualified local employees.

Next Steps for the 2006/07 BR&E Program

A major benefit of the BR&E program is that it connects with local businesses on an on-going basis through either survey interviews or by convening community resources to address "red flag" and long term issues. In 2006/07 the BR&E Subcommittee will continue to facilitate efforts to address and resolve business issues, and serve as an intermediary to increase communications and trust.

The BR&E program also will repeat the visitation survey process in 2006/07. For the second survey effort, the Subcommittee will target businesses in three areas: businesses in high-skill industries which pay above average wages; those involved in online sales; and businesses offering specialty services or product niches that are concentrated in the Ashland area. Sixty businesses have been selected from industries such as publishing,

professional and technical services (engineers, architects, and consultants), wholesalers, selected retailers, complementary health care providers, and manufacturers or sellers of organic/natural/spiritual products or services. Business names and contact information will be extracted from a commercially-available database from InfoUSA which lists private companies doing business in Ashland. Interviews will begin in February 2007.

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Appendices

Appendix A	Two-Page Brochure Summary of the 2005/06 BR&E Survey
Appendix B	2005/06 BR&E Survey Instrument
Appendix C	Economic Sustainability Committee (ESC) Members
Appendix D	Business Retention & Expansion Committee
Appendix E	BR&E Volunteer Survey Team

Appendix A

Two-Page Brochure Summary of the 2005/06 BR&E Survey

Geographic Distribution of Firm Sales

- 82% had at least some sales within the region
 - A slight majority of firms (51%) sell most of their product or service (75-100%) within the region
- 41% had at least some sales out of the region
 - One third of firms sell most of their product or service (75-100%) out of the region
 - 30% had some international sales

Geographic Distribution of Materials Purchases

- Three-quarters of the firms purchased some materials within the region
 - Only one fifth of firms purchased nearly all materials (75-100%) within the region
- 91% purchased some materials out of the region
 - Half of all firms purchased most materials (75-100%) out of the region
- 22% purchased some materials internationally

What business activities do firms outsource*?

Type of Outsourced Activities	%
Technology	30%
Accounting	30%
Manufacturing	15%
Marketing	15%
Employees	12%
Supplies	12%
Packaging	6%

* Does not necessarily refer to offshore outsourcing

The Importance of the Internet

- 40% of firms transacted sales via the Internet
- Most of these firms (85%) transacted a small share of sales via the Internet (20% or less)
- All expected growth in Internet-based sales, an average of 25% growth, over the next three years

Is technology helping or preventing business growth?

	Helping	Preventing
Communications (35% covered)	82%	7%
Manufacturing (26% covered)	77%	23%
Transportation (42% covered)	64%	16%

(% reported)

Changes in Ashland Businesses

Remodeling, Expanding and/or Relocating

- Nearly two out of three firms (63%) recently modeled or expanded their business
- Nearly two out of three firms (64%) plan to remodel or expand in the next three years
- 35% plan to relocate (out of Ashland) in the next three years

Evaluation of the Ashland Community

Advantages and Disadvantages of Doing Business in Ashland

Advantages	%	Disadvantages	%
Quality of Life/Livability	30%	Living Costs/Affordability	22%
Location/Small Town/Beauty	33%	Small Community/Market	15%
Community or Business Climate	24%	Higher Costs of Doing Business	15%
Educational System	21%	Small Labor Pool	15%
Traffic/Highway	21%	Seasonality/Tourism	12%
Environment/Outdoors	18%	Transportation/Air Travel	15%
Family/Friendly/People	18%	Land Use/Planning	12%
		Politics/Government	12%

Key Challenges of Doing Business in Ashland

Labor/Small pool/lack of specialized skills	23%
Affordability/Costs	21%
Infrastructure/Parking	18%
Seasonality/Tourism	14%
Political	11%

Ratings of Community

	Grade	Raw Score	% Average
Parks and Recreation	A	4.8	67%
Restaurants	B+	4.8	100%
Pine Protection	B+	4.5	76%
As a Place in which to Live	B+	4.5	100%
Elementary Schools	B+	4.4	73%
Health Care	B+	4.4	67%
Secondary Schools	B	4.2	79%
Social Services	B	4.2	42%
Childcare	B	4.1	55%
ATM	B+	4.1	88%
Law Enforcement	B	3.8	61%
Roads	B-	3.7	67%
Telecommunications	B-	3.7	67%
As a Place in which to do Business	C+	3.5	67%
Building Codes and Inspection	C	2.8	73%
Parking Availability	C	2.8	64%
Zoning and Land Use	C-	2.7	63%



Business Retention & Expansion Survey Results

Survey Analysis:
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January 18, 2006

The mission of the Business Retention & Expansion Committee, a sub committee of the Ashland Chamber's Economic Sustainability Committee, is to learn about the overall health of the Ashland business community and to find ways to improve the climate to enable our local businesses to thrive and prosper.

The first step in the process was to survey key businesses in various "clusters" to determine what is working for them or what potential obstacles they face in growing their businesses here in Ashland. The goal is to find ways to assist businesses with issues in order to diversify and strengthen our local economy.

This project was organized by the Ashland Chamber of Commerce in partnership with the City of Ashland.

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Key Findings:

General Businesses Characteristics

How long have targeted firms been in business?

Over half were established in Ashland over the past 16 years.

Year Established	%
Below 1970	13%
1970-1980	30%
1990-1999	30%
Since 2000	27%

Industrial Sectors of Surveyed Firms

	% Employment Firm Reported	% Firms	% Income County Employment
Accommodations and Food Services	21%	27%	10%
Manufacturing, Including Food and Wine	18%	24%	0%
Retail Trade	22%	16%	17%
Health Care	27%	9%	13%

Under 10%

Information Services
Professional, Scientific and Technical Services
Educational Services
Fitness, Sports and Recreation

Businesses: Home-Grown and Transplanted

- Nearly two out of three businesses began in Ashland
- Transplanted businesses moved their companies from:
 - California 42%
 - Arizona 25%
 - Oregon 25%
 - Other States 8%
- Over 80% transferred some employees (Mean=2.1 employees)

Environmentally-Friendly Measures

30% Recycle
67% Energy-Saver Lights
48% Water Conservation

*"Greenable Measures": Cooperating Green Buildings, Alternative Energy Source

Employment Characteristics and Issues

Do firms employ Ashland residents?

- The majority of firms' employees live in Ashland (Mean=55%)
- 75% of the interviewees (mainly owners or managers) live within 4 miles of their business

Levels of Employment

- Over 1,000 people were employed by the firms surveyed.
- Firms were predominantly small businesses.
 - 30% had 10 employees or fewer
 - 75% had fewer than 50 employees
 - 12% had over 100 employees
- Average change in employment since 2001: +23%
- Expected average change in employment 2005-2010 for all but the largest firms: +20%

What kinds of jobs do local firms have?

More firms employ higher skill occupations

Occupation	% of Firms	Mean Current Wage*
Unskilled Production	58%	\$7.92
Skillied Production	73%	\$12.71
Clerical/Office	55%	\$11.97
Sales/Marketing	61%	\$14.17
Management	67%	\$16.71

* As a point of reference, for the purposes of contracts with the city Ashland's defined living wage* is \$11.36 per hour in 2005.

The majority of firms offer employee benefits

- 77% offer benefits to full-time employees
- 22% offer benefits to part-time employees
- Types of Benefits:
 - Vacation Leave 85%
 - Health Insurance 74%
 - Retirement 58%
 - Sick Leave 52%
- Other Benefits Mentioned: Dental, Vision, Profit-sharing, Life or Disability Insurance, Meals.
- 82% were concerned about benefit costs, particularly health care costs.

Employee Issues

- Firms rated employees favorably on scale 1-5 (1=Least, 5=Most):
 - Attitude 4.4
 - Productivity 4.2
- 24% sent their employees for drugs (randomly for cause, or in cases of accidents)
- 31% had problems with employee turnover

What kinds of positions did firms hire locally?

Position	How Many the Region Hired
Non-All Positions	33%
Management	26%
Sales	18%
Accounting/Bookkeeping/ITM	18%
Food Service/Chef	18%
Administration/Office Mgmt.	15%
Technical Support/IT	12%
Marketing	9%
Hourly Staff	6%
Mechanics	6%

Workforce Skills and Training

Employee Recruiting Issues

- A majority of firms (56%) said they had trouble recruiting qualified employees. Reasons:
 - Labor skills
 - Wages low relative to living costs
 - Work ethic
- 36% of firms hired outside the Rogue Valley Region:
 - Labor Quality or Qualifications
 - Need for Specialized or Technical Skills
 - Labor Pool is too small

Top skills needed by local firms

Managerial	45%
Sales	42%
Production	33%
Computer	30%
Marketing	24%
Clerical	15%

Employee Training

- | Key Training Needs | Type of Training Provided |
|--------------------|---------------------------|
| Computer | 43% On the Job |
| Managerial | 39% Classes and Seminars |
| Sales | 33% Manuals |
| Marketing | 30% Internet |
- 42% of firms' employees take continuing education courses
 - Over half provide privately provided certification courses to employees
 - Over one-third access education through Southern Oregon University
 - Over one quarter access education through Rogue Community College

Appendix B

2005/06 BR&E Survey Instrument

2005 BR&E Survey

Business Retention & Expansion Program Ashland, Oregon

Survey Date: _____

1. What year did you open your business in Ashland?
2. Tell me about the nature of your business:
 - a) What major product or service does your company sell?
 - b) Who is your target market?
 - c) Do you have a mission statement? What is it?
3. Did you move this business from somewhere else? Y N
If yes:
 - a) Where did you relocate from?
 - b) Why did you relocate?
 - c) How many employees did you initially transfer?
4. What positions have you hired for outside the Rouge Valley? Why?
5. What positions have you hired locally?
6. How many people does your business employ?

	Currently	3 Years Ago	Predicted in 3 Years
a. Total			
b. Full time			
c. Part time			
d. Temporary			
e. Seasonal			

7. What number or percent of employees work in the following areas, what is their starting wage and predicted three year wage?

	Current # or %	Starting Wage	Predicted 3 yrs
a. Production, Unskilled		\$	\$
b. Production, Skilled		\$	\$
c. Clerical/Office		\$	\$
d. Sales/Marketing		\$	\$
e. Management		\$	\$

8. What are the top skills needed for your business? (Circle)

Managerial	Sales	Marketing	Production
Clerical	Computer	Other _____	

9. Does your business have trouble recruiting qualified employees?
If yes, explain:

10. Do you drug test your employees? Y N
If yes, how often?

11. In the following categories how would you rate your employees? (Circle)

	Positive			Negative	
a. Attitude	5	4	3	2	1
	High			Low	
b. Productivity	5	4	3	2	1

12. Does your business provide benefits to...? (Circle)

Full time employees	Part time employees	All employees
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If yes, what kind? (Circle)

Sick leave	Vacation	Retirement
Health insurance	Other _____	

13. What are your concerns, if any, about providing benefits to your employees?

14. Is employee turnover a problem? Y N
If yes, please explain:

15. Do you provide training to your employees? Y N
If yes, how and what positions?

How:	What Positions?
a. On the job	
b. Internet	
c. Classes & seminars	
d. Manuals	
e. Other	

16. In what areas do your employees need more training? (Circle)

Managerial	Sales	Marketing	Clerical
Computer	Production	Other _____	

17. Do you outsource any of the following? (Circle)

Employee	Manufacturing	Supplies	Technology
Packaging	Marketing	Accounting	Other _____

18. What kind of certification, licensing and/or continuing education credits do you or your employees require?

19. Do your employees take recertification or continuing education courses? Y N
If yes, where and what kind?

RCC	
SOU	
Private	
Other	

20. In the past year, approximately what dollar amount or percentage of your total sales were transacted on-line?

\$ _____	_____ %
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21. By how much do you expect your Internet based sales to grow in the next three years?

22. Is technology helping or preventing growth in these areas of your business and how?

Communications	
Manufacturing	
Transportation	
Other	

23. What makes your company different from your competitors? (Circle)

Service	Price	Quality
Management	Product	Other _____

24. In percentage terms, where do you sell your products or services?

a. Local (Jackson County)	_____ %
b. Regional (S. Oregon)	_____ %

c. Statewide	%
d. National	%
e. International	%

25. In percentage terms, where do you purchase your supplies/raw materials?

a. Local (Jackson County)	%
b. Regional (S. Oregon)	%
c. Statewide	%
d. National	%
e. International	%

26. In percentage terms, through what means do you sell your products or services?

a. Retail	%
b. Internet	%
c. Catalogue	%
d. Trade show	%
e. Wholesale distribution	%
f. Other	%

27. What kinds of market forces affect your business?

28. What measures, if any, does your business take to reduce solid waste?

29. What green business activities do you participate in? (Circle)

Water conservation	Recycle	Energy saver lights	Other _____
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30. Have you recently physically expanded or remodeled your business? Y N
If yes, how?

31. Do you plan to physically expand or remodel your business within the next three years? Y N If yes, how?

32. If you have used the Ashland Community Development Department, how would you rank the services you received? (Circle)

	Excellent			Poor	
a. Planning and Building	5	4	3	2	1
b. Planning Commission	5	4	3	2	1

33. Are you planning to relocate your business in the next three years? Y N
If yes, what are the major reasons for relocation?

34. Have you made, in the past three years, or do you plan to make within the next three years, any of the following changes? (Circle)

	Past 3 Years		Next 3 Years	
a. Added products or services	Y	N	Y	N
b. Subtracted products or services	Y	N	Y	N
b. Entered new markets	Y	N	Y	N
c. Made production or market adjustments	Y	N	Y	N
Why?				
d. Updated telecommunication technology	Y	N	Y	N
e. Adopted labor saving technology	Y	N	Y	N
f. Adopted new or improved technology	Y	N	Y	N
g. Other _____				

35. How far do you commute to work?

36. How far do your employees commute?

37. What percentage of your employees live in Ashland?

Community:

38. How would you rate Ashland in terms of the following public services and amenities? (Circle)

	Excellent			Poor		
a. Elementary schools	5	4	3	2	1	NA
b. Secondary schools	5	4	3	2	1	NA
c. Childcare	5	4	3	2	1	NA
d. Healthcare	5	4	3	2	1	NA
e. Social services	5	4	3	2	1	NA
f. Law enforcement	5	4	3	2	1	NA
g. Fire protection	5	4	3	2	1	NA
h. Parking availability	5	4	3	2	1	NA
i. Roads	5	4	3	2	1	NA
j. Telecommunications	5	4	3	2	1	NA
k. AFN	5	4	3	2	1	NA
l. Parks & Recreation	5	4	3	2	1	NA
m. Restaurants	5	4	3	2	1	NA
n. As a place in which to live	5	4	3	2	1	NA
o. To do business	5	4	3	2	1	NA
p. Zoning and land use	5	4	3	2	1	NA
q. Building codes & inspection	5	4	3	2	1	NA
r. Other _____						

39. What do you see as the main advantages of living/doing business (either or both) in Ashland?

40. What do you see as the main disadvantages of living/doing business (either or both) in Ashland?

41. What challenges have you encountered in Ashland?
42. Have you used local, state or federal assistance programs within the past 3 years? Y N If yes, which ones?
43. Are you a member of the Ashland Chamber of Commerce? Y N
If no, why not?
44. Would you like assistance with any of the issues discussed today? Y N
If yes, which ones?

THANK YOU FOR YOUR TIME

Appendix C

Economic Sustainability Committee (ESC) Members

Economic Sustainability Committee (ESC) Members

Alan DeBoer

Colleen Padilla

Dave Dotterer

Dennis Slattery

[franell.joe](#)

Graham Lewis

Jac Nickels

Jim Teece

John Morrison

Kate Jackson

Kristen DeGroot

Mark Marchetti

Mary Pat Parker

Mike Morris

Bill Molnar

Ron Fox

Russ Silbiger

Sandra Slattery

Appendix D

Business Retention & Expansion Committee

Business Retention & Expansion Committee

Graham Lewis

Jac Nickels

Dennis Slattery

Jim Teece

Mary Pat Parker

Sandra Slattery

Molly Wheeler

Appendix E

2005/06 BR&E Survey Volunteers

2005/06 BR&E Survey Volunteers

Graham Lewis

Laurie Gibbs

Jac Nickels

Arnie Green

Dennis Slattery

Pam Hammond

Jim Teece

Annie Hoy

Mary Pat Parker

Jim Kidd

Sandra Slattery

Donna Lane

Molly Wheeler

Bob Rasmussen

Crissy Barnett

Mark Sayler

Katy Bazylewicz

Leo VanDijk

Alan DeBoer

Jim Watson

Julie DiChiro

Eric Weisinger