

2004 Business Retention Report



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Introduction

In a continuing effort to create an environment for businesses to succeed and the community to prosper, the Douglas County Economic Development Department conducted its second round of existing business surveys. Economic development department staff met with 72 Douglas County businesses and gathered extensive information on both the state of the businesses themselves, as well as the community. The surveys were developed by Blane Canada, Inc. to be utilized with the Business Synchronist Software System and once completed the surveys were analyzed using the software. The 2004 Report contains the results of that analysis. In some areas, Douglas County results are compared to results of the Synchronist Users' National Data Study. The National Data Study results were gathered by 17 participating organizations, including the Lawrence Chamber of Commerce, in 2000-2003. More than 5,600 interviews were conducted, representing 343 communities in 11 states and 1 Canadian province.

These results provide a valuable benchmark for the Douglas County business community. In fact, the results of last year's surveys were instrumental in the formation of two taskforces that will impact the future of area businesses. 2003 survey respondents were nearly unanimous in their evaluation of the area workforce. They identified a gap in both the availability of an adequately trained workforce and the availability of technical training. As a result, the USD 497 Administrative Task Force Regarding Technical Education was formed and is working aggressively to address the needs of area businesses. A comprehensive study to assess both needs and technical training gaps is being conducted and will be completed in early spring 2005. Based upon the study's findings, the taskforce will prepare a plan to improve the availability of technical training programs.

The formation of the City of Lawrence's Business Retention Task Force was also created as a direct result of the 2003 survey findings. A taskforce of business, community and government leaders was appointed. They have been meeting since spring of 2004, in an effort to improve the business climate in Lawrence. They are in the process of surveying businesses and individuals about their experiences with various City departments. The taskforce will utilize the findings to make recommendations to the City Commission as to how to enhance City policies and procedures to create a more business-friendly environment.

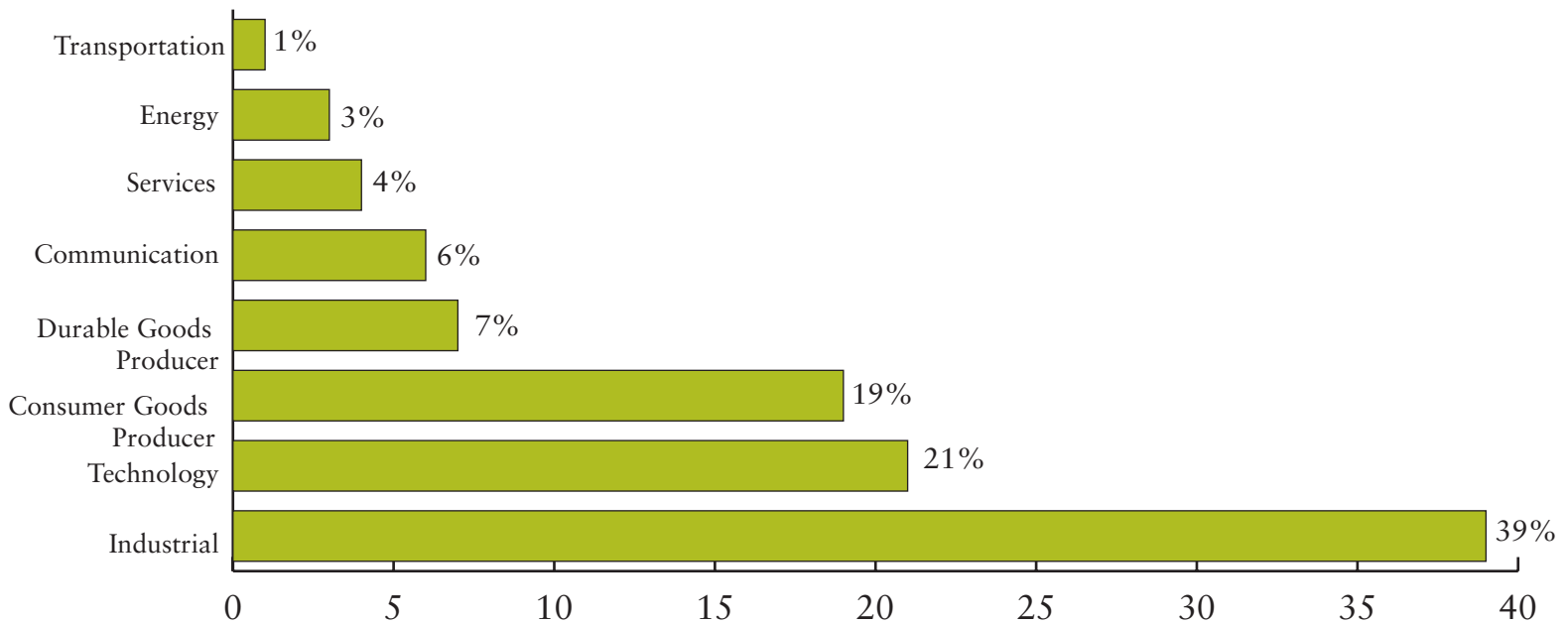
We anticipate that the findings of the 2004 surveys will prompt similar action to address the needs of the Douglas County business community. On behalf of the Douglas County Economic Development Board, we would like to thank the businesses and individuals that took the time to participate in the survey. We also wish to thank Aquila for the ability to purchase the Business Synchronist Software at a reduced price through the use of their license agreement.

Respondent Demographics

During 2004, 72 businesses from diverse business sectors were surveyed. The industrial sector comprises the largest sample segment at 39%. The technology and consumer goods sectors are represented at 21% and 19%, respectively.

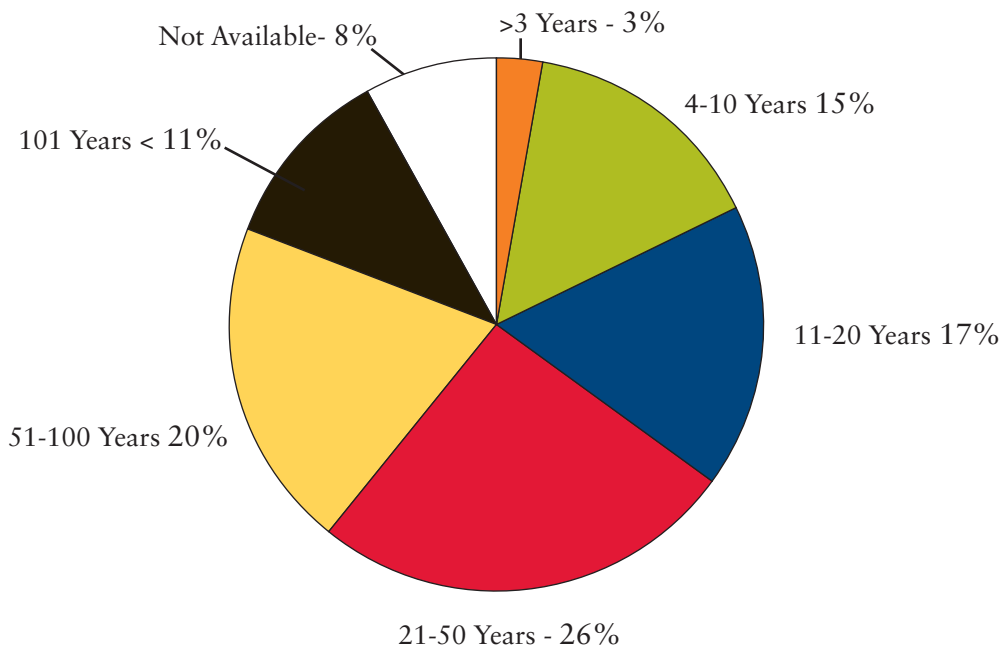
- * 11% of the companies surveyed have been in business over 101 years and 3% have been in business fewer than 3 years.
- * 17% of the businesses are family-owned.
- * Only 7% of the companies are Union.

Business Sectors of Respondents

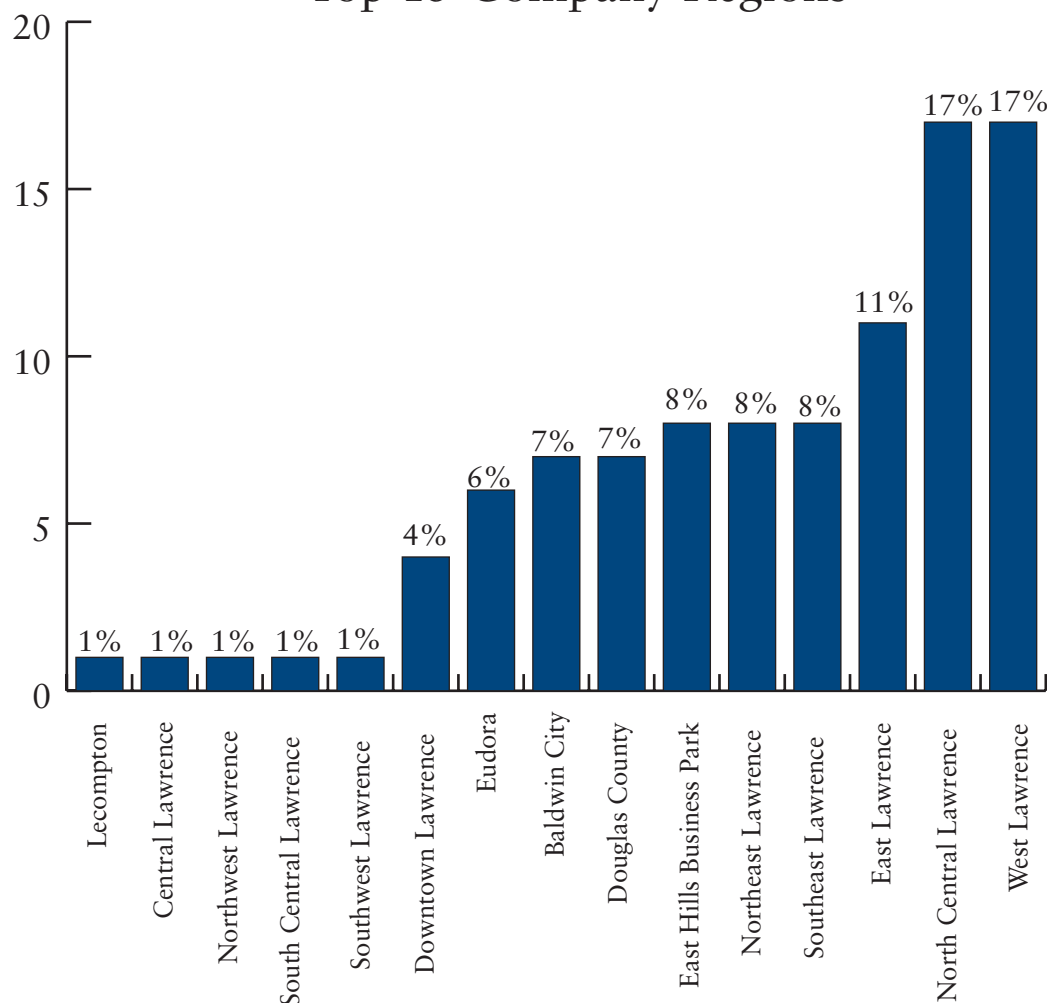


Respondent Demographics Continued...

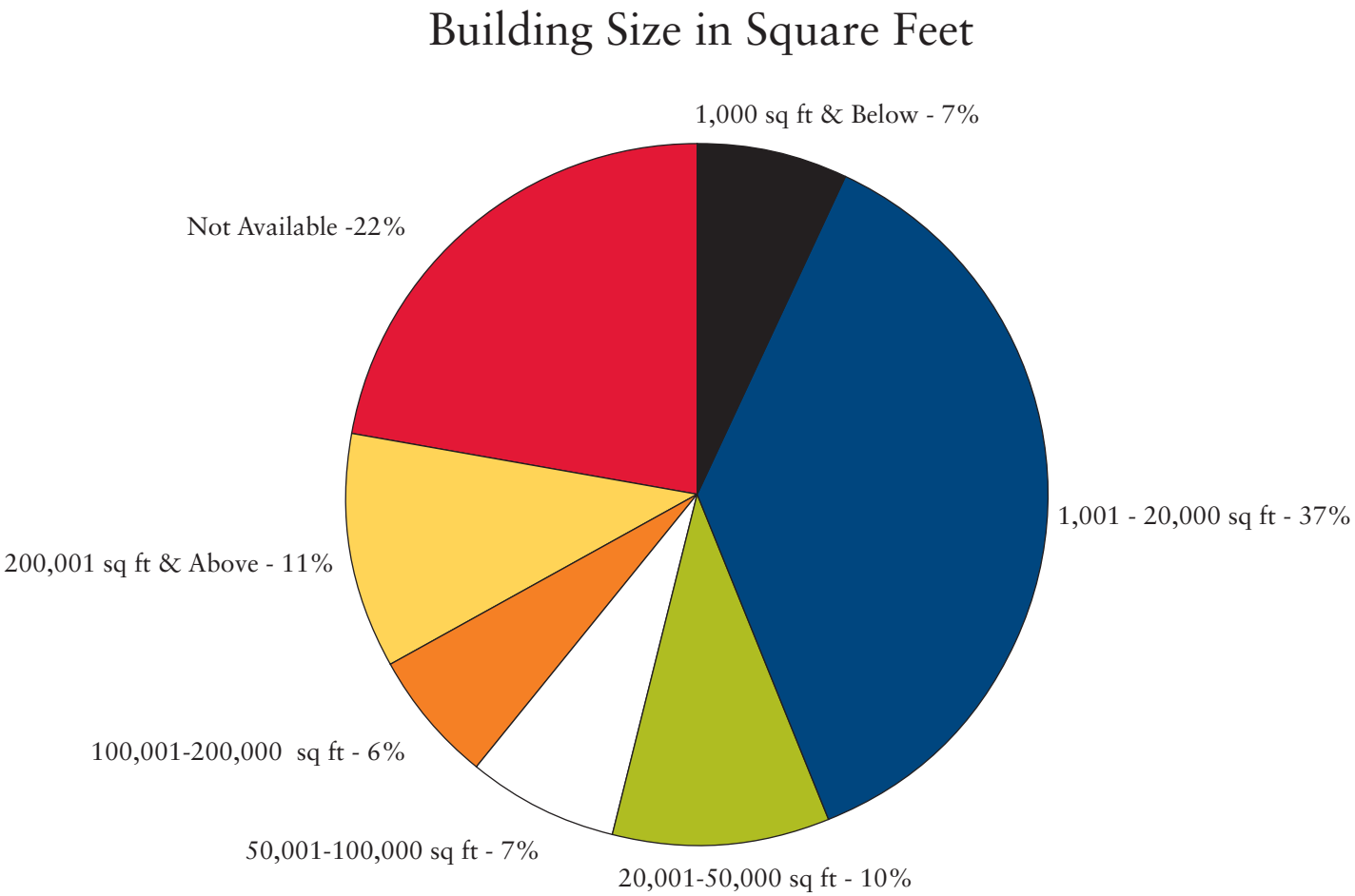
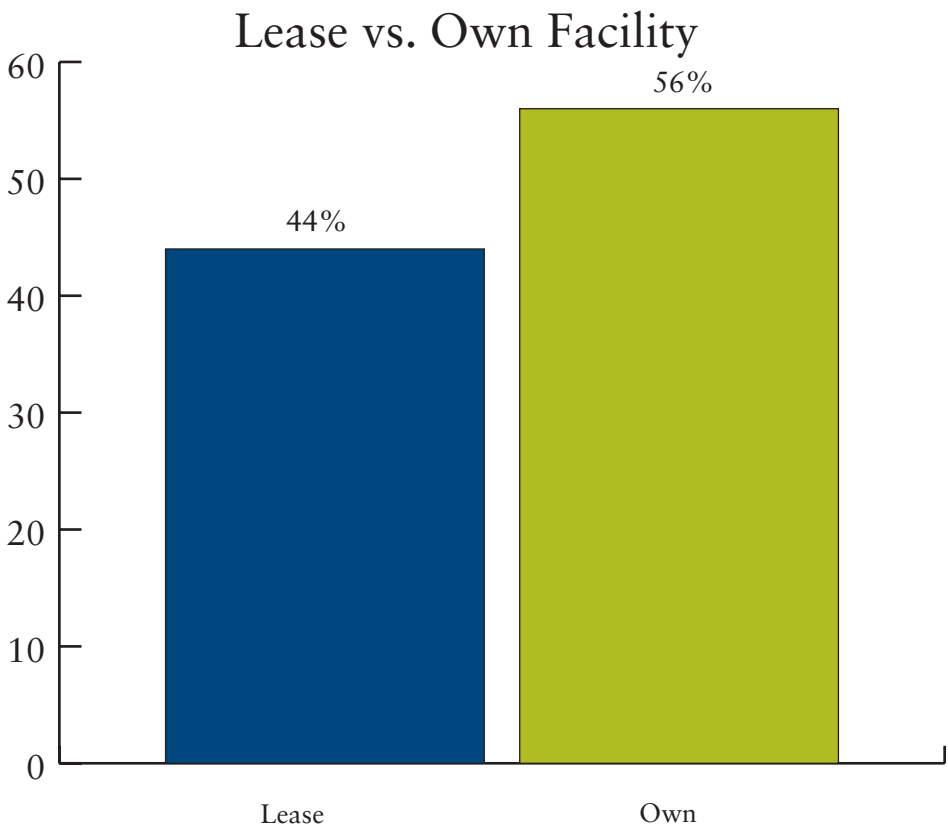
Years in Business



Top 15 Company Regions

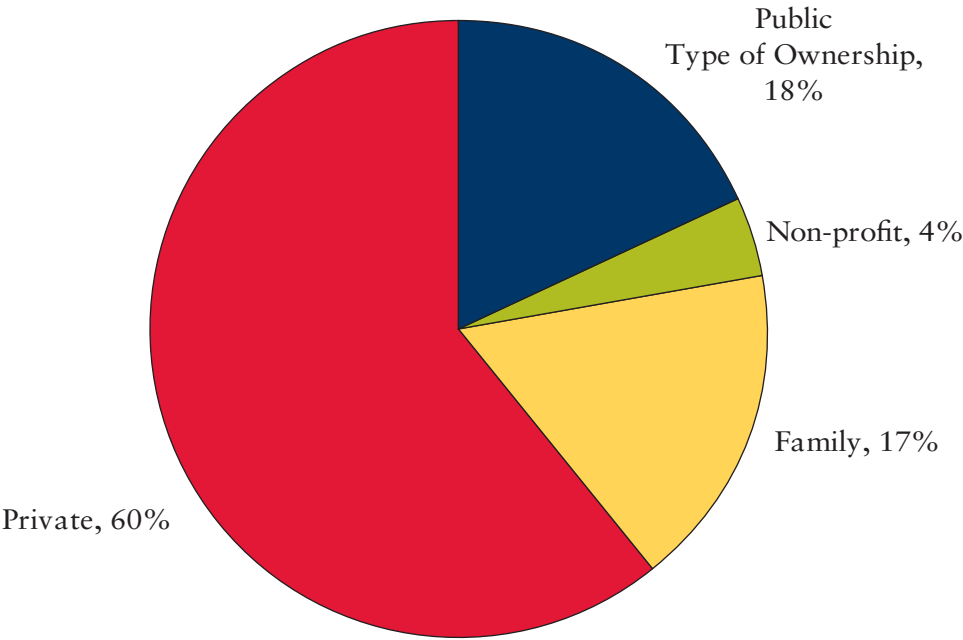


Respondent Demographics Continued...

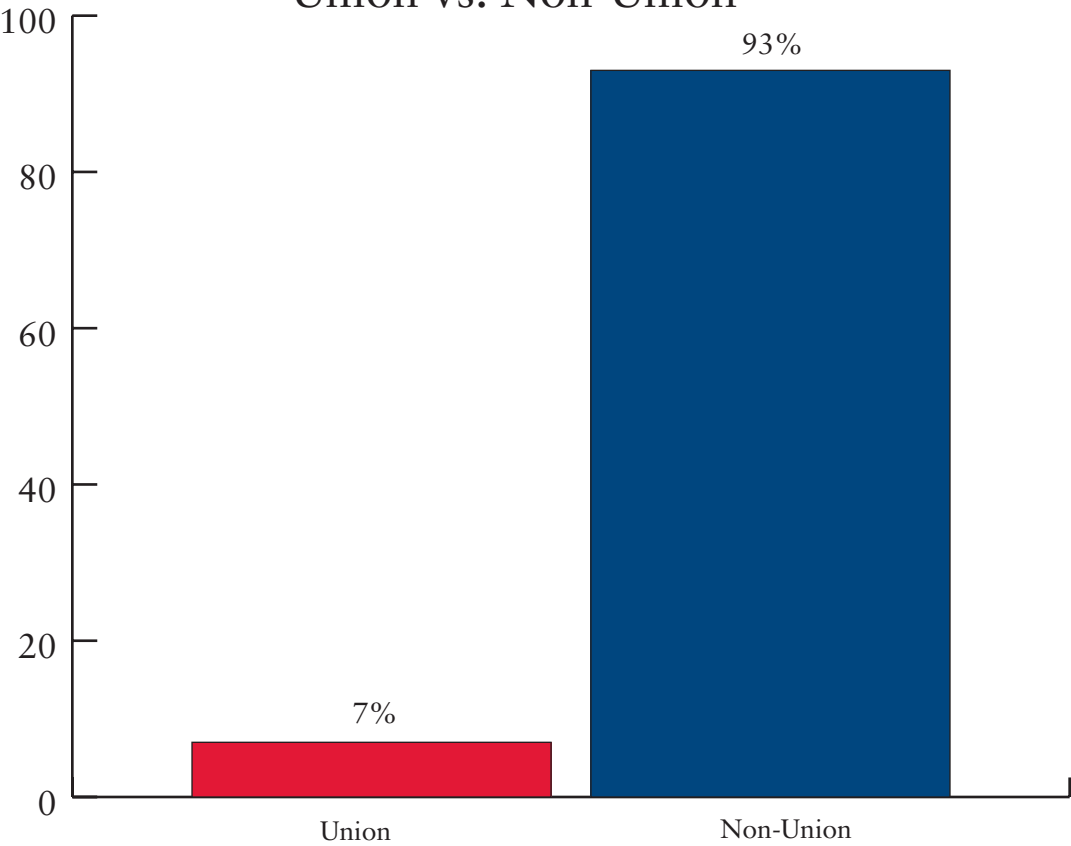


Respondent Demographics Continued...

Type of Ownership



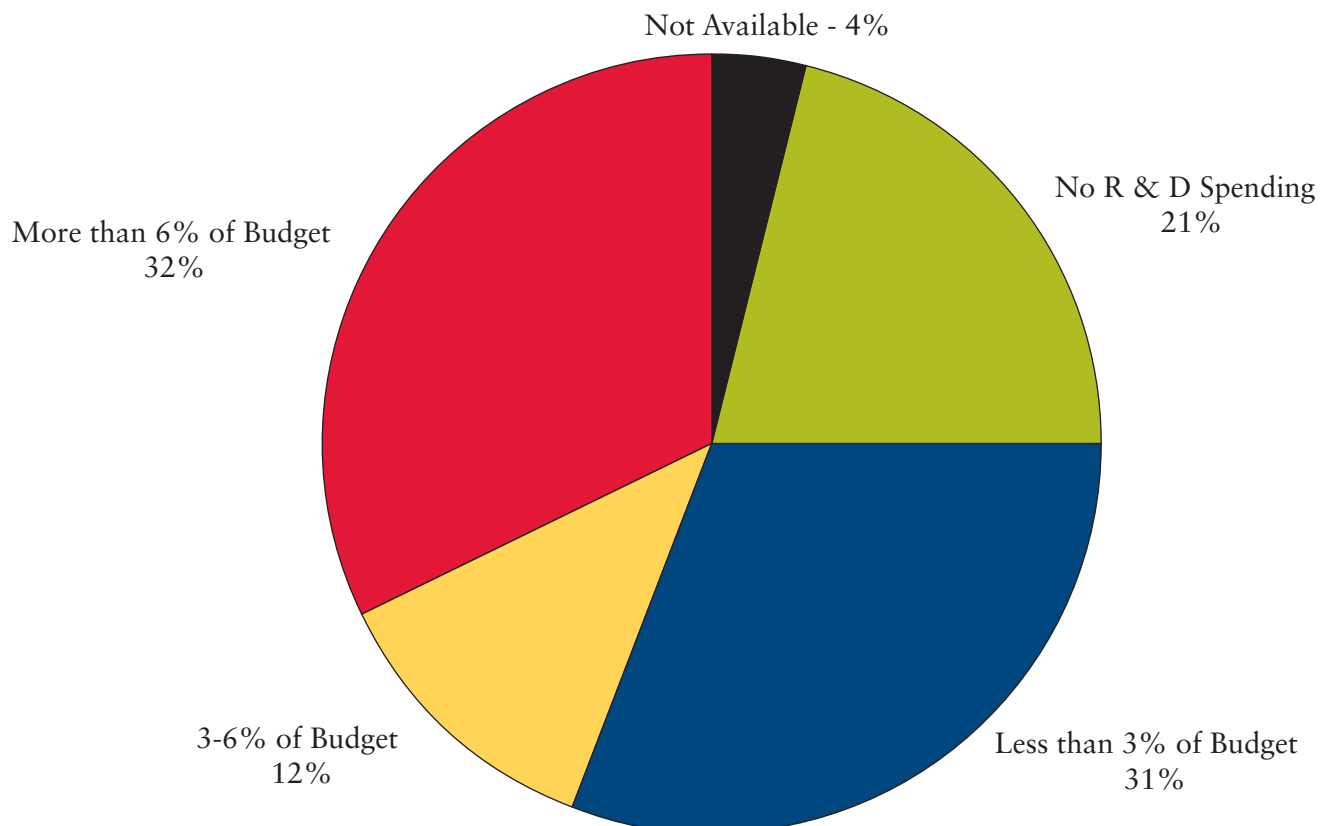
Union vs. Non-Union



Business and Product Development

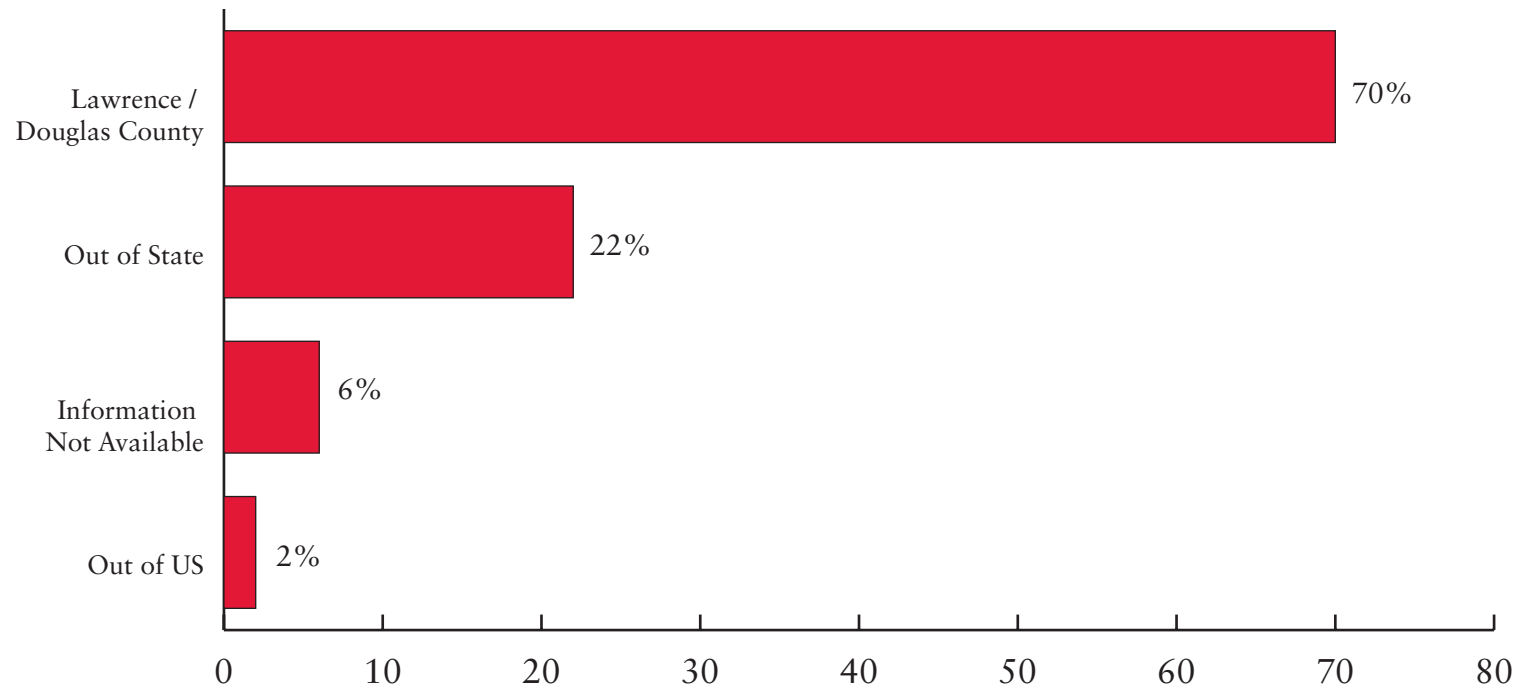
The businesses' responses regarding business and product development were predominately positive. 90% of companies surveyed had introduced new products or services in the last five years and 82% anticipate additional products in the next two years.

Research and Development Spending of Operational Budget

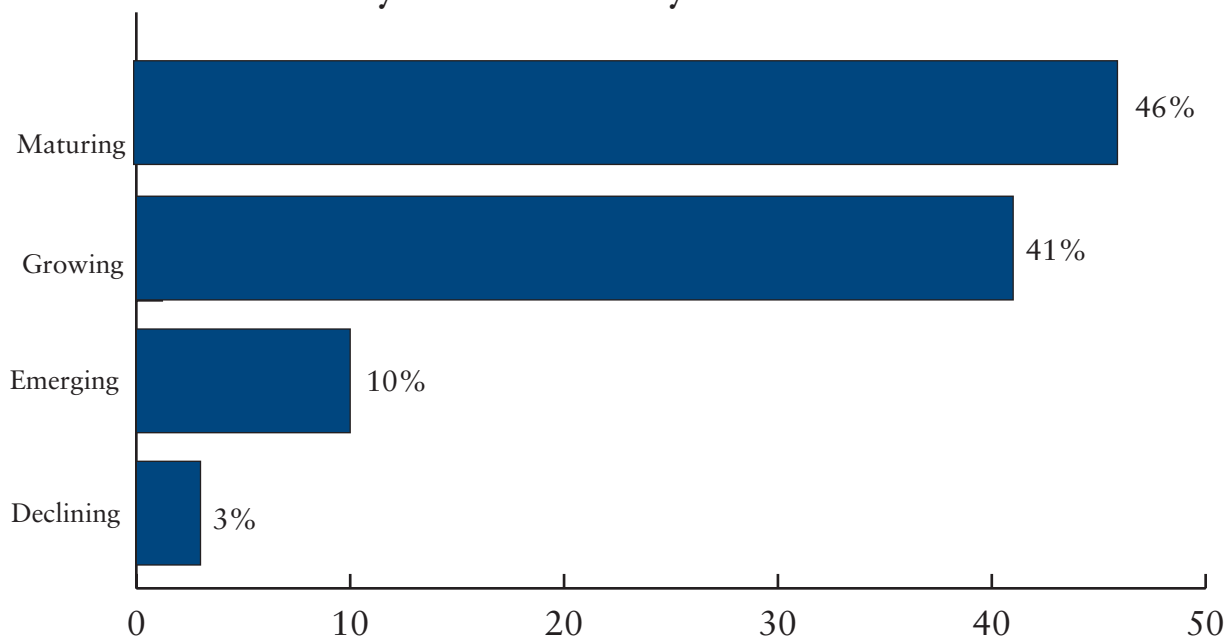


Business and Product Development Continued...

R & D Facility Location



Life Cycle of Primary Product / Service

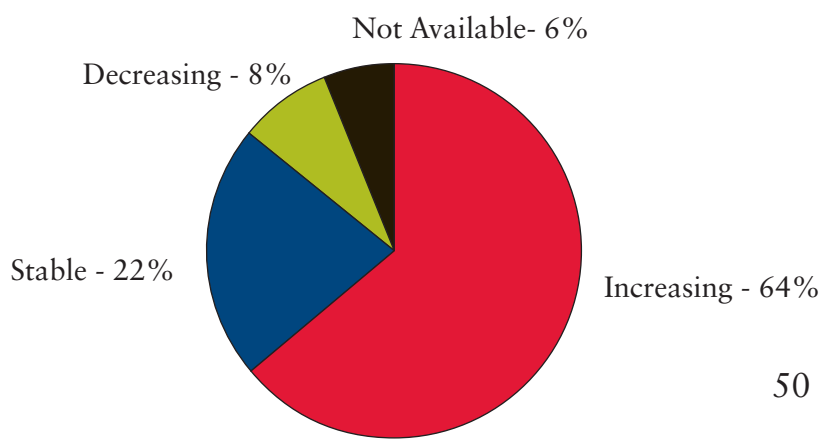


Market Changes

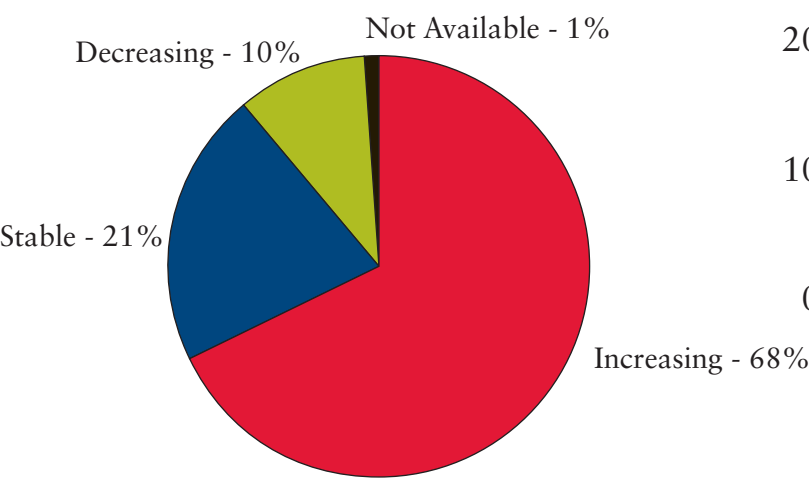
The majority of survey respondents reported positive changes regarding sales and market share. In fact, 68% of respondents reported sales increasing.

Also, 94% defined their primary markets as regional, national or international, which is not surprising since the majority of the companies are “basic job” related industries. “Basic job” related industries are defined as companies that produce products or services for sale outside of the areas in which they are produced. The presence of “basic job” industries is important because they are not dependent on the local economy but bring new income to the community and are making the choice to do business in Douglas County.

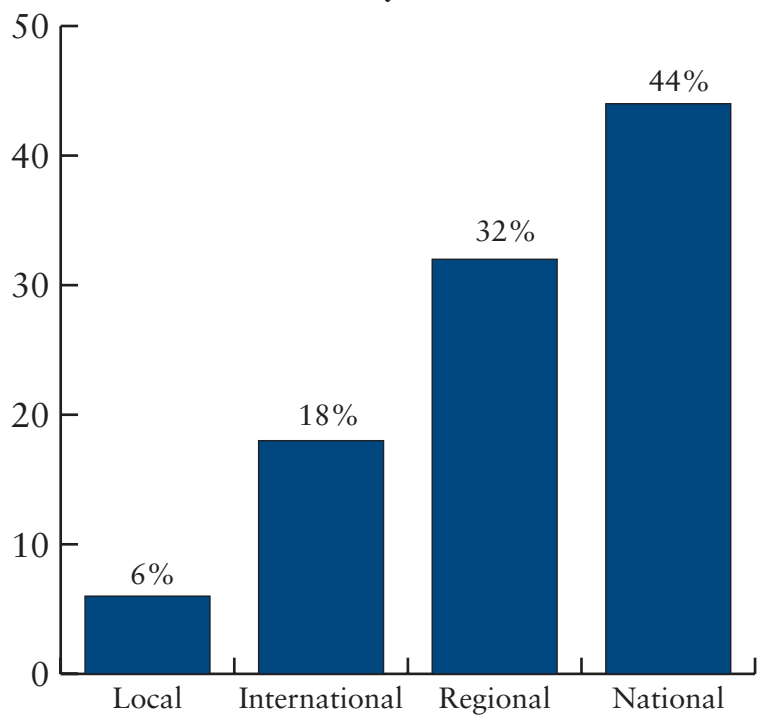
Market Share of Key Products



Total Company Sales



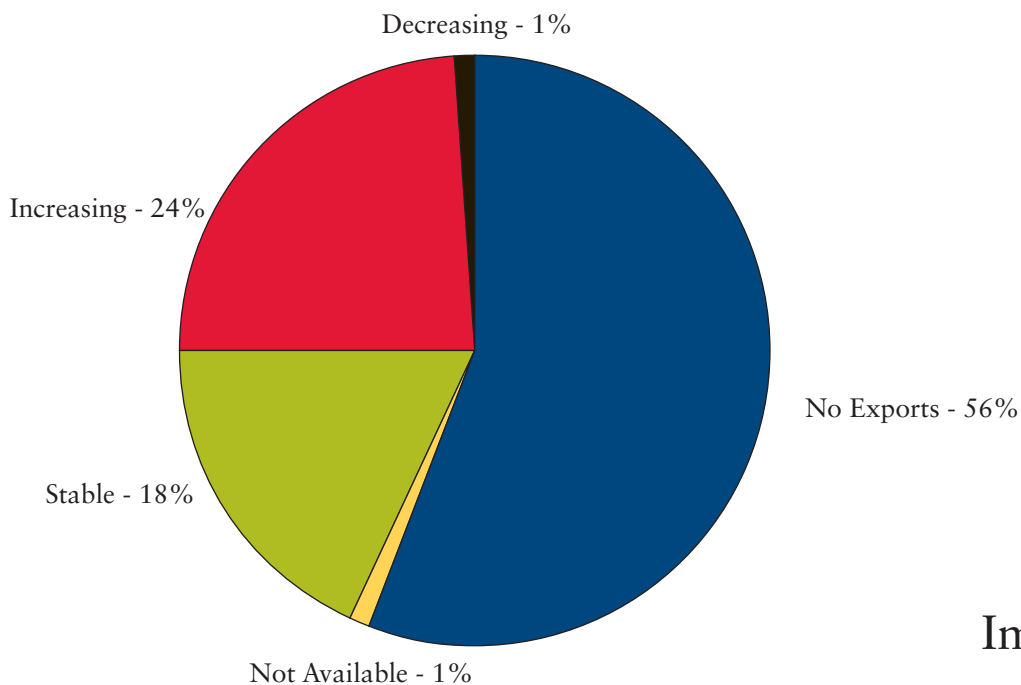
Primary Market



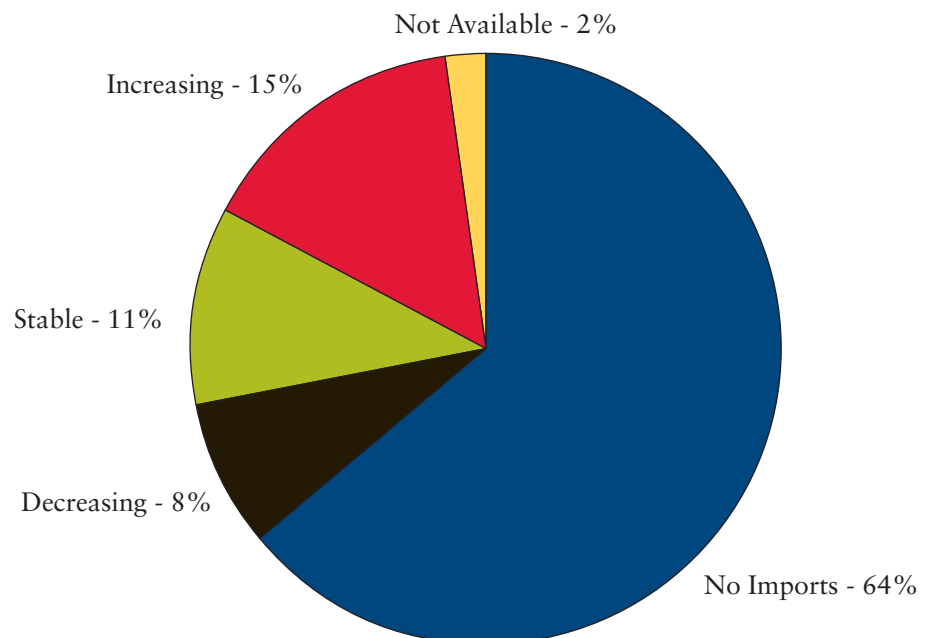
International Influence

International markets have a major impact on most of the companies surveyed. 31% reported that the level of overseas production by U.S. competitors is increasing. It is also significant that 43% of local companies export around the world. Not only are they bringing new dollars to the Douglas County economy, but they are also showing the world the diverse types of goods and services that originate in Douglas County, Kansas.

Export Sales

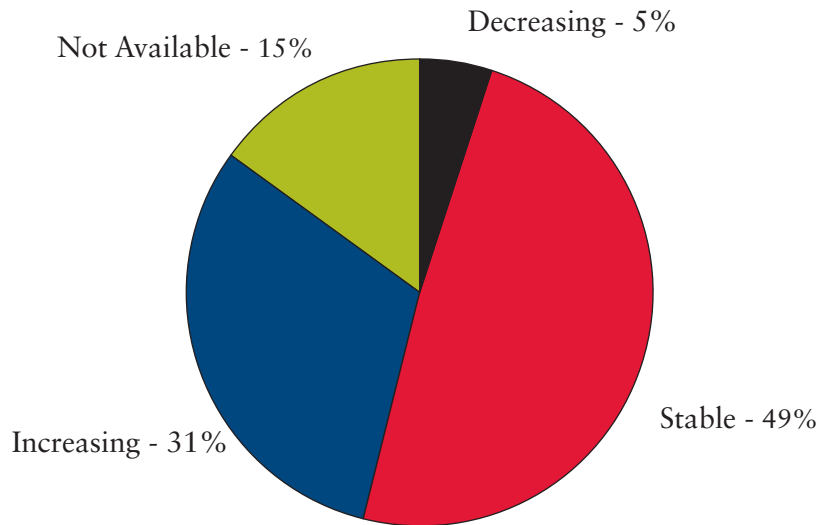


Import Sales

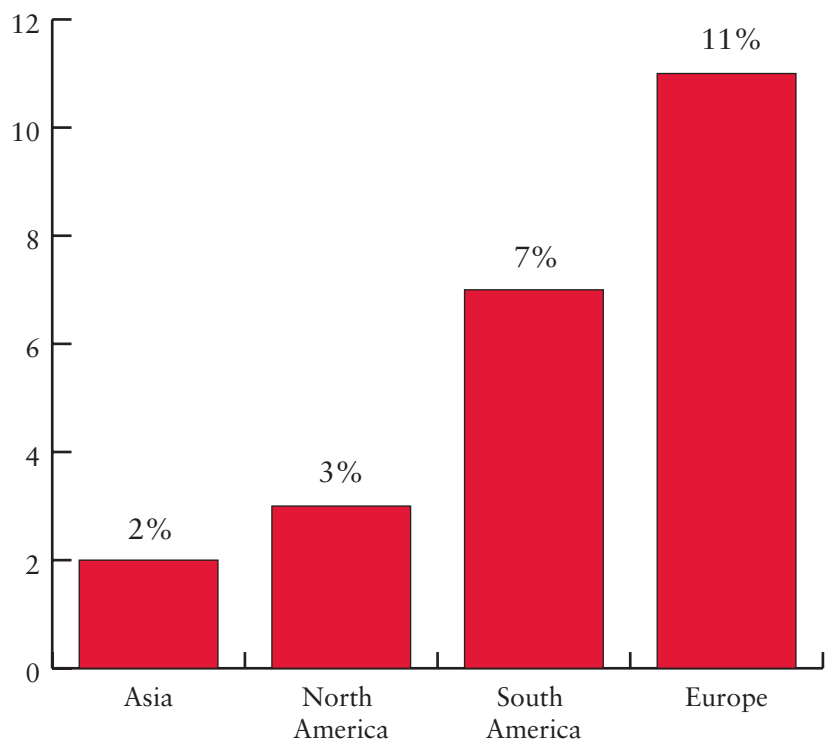


International Influence Continued...

Overseas Production by U.S. Competitors



Location of International Facilities



Business Changes/Forecasts

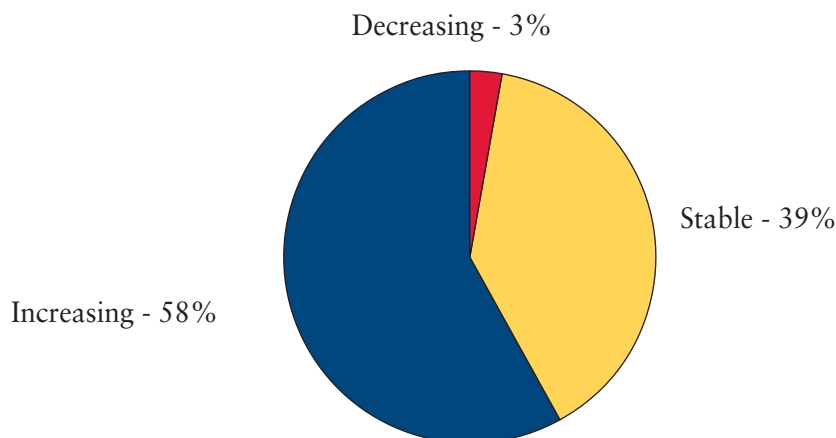
Of the surveyed businesses, 58% anticipated expansions. The Business Synchronist National Data Survey showed that 55% of companies anticipated expansions which illustrates that the Douglas County economy is quite strong.

Of those anticipating expansions, it was expected that 809 jobs would be created in 2004, 5 jobs in both 2005 and 2007, and 13 in 2006. (Most companies were not able to project concrete numbers beyond 2004.)

When asked if they anticipated federal, state or local legislation that will adversely affect business, 62% of the respondents answered yes and 37% answered no. Of those answering yes, the changes they anticipate are:

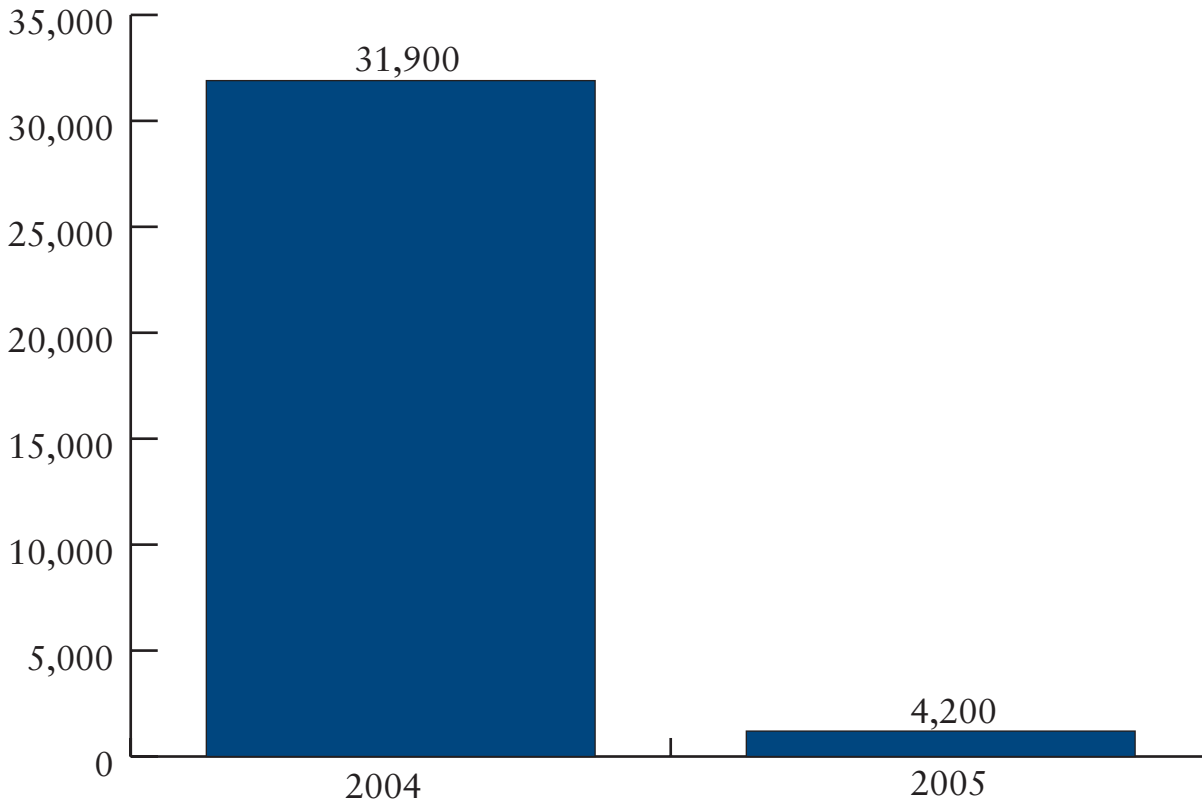
- 14% Taxes
- 9% Environmental Regulations
- 7% Living Wage
- 6% Health care
- 5% OSHA
- 5% Water Issues
- 5% Worker's Compensation
- 49% Other

Projected Employment Needs

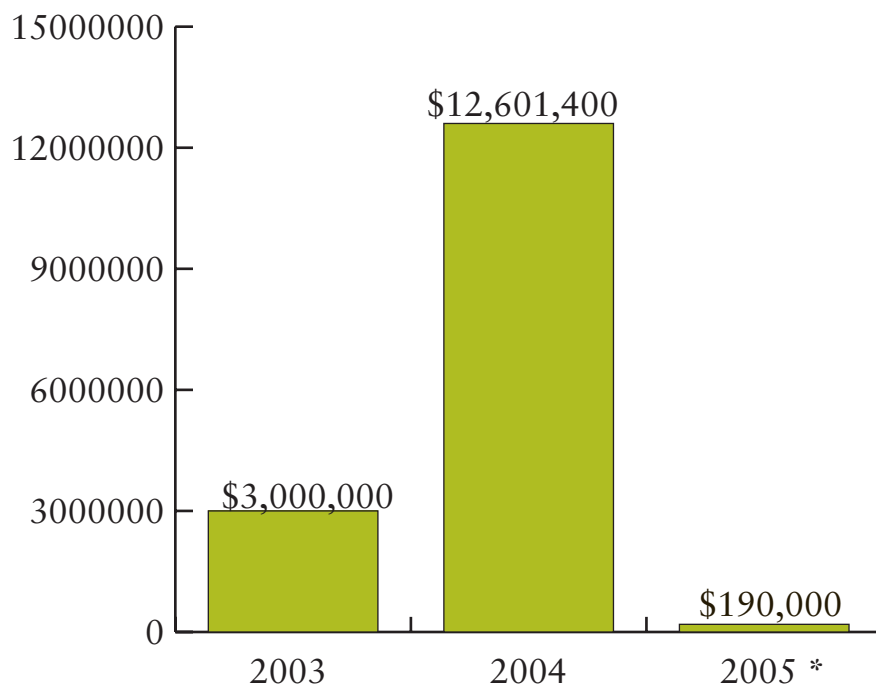


Business Changes/Forecasts Continued...

Estimated New Square Feet to be Constructed



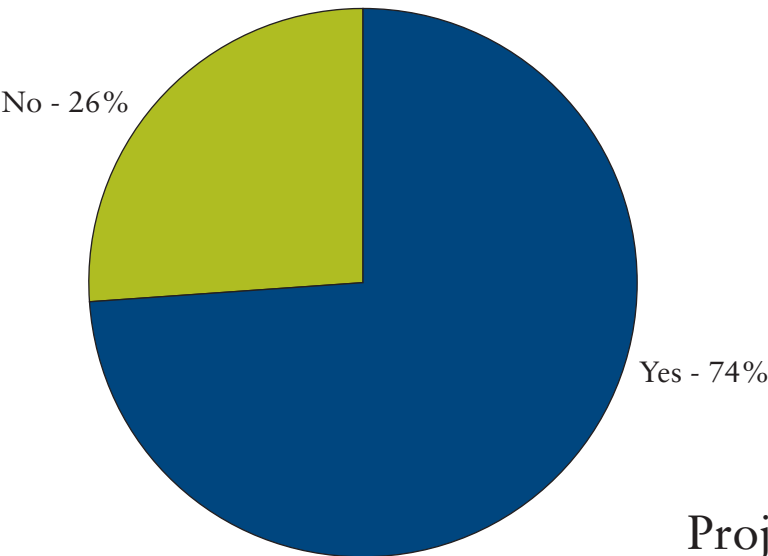
Estimated New Dollar Investment by Year



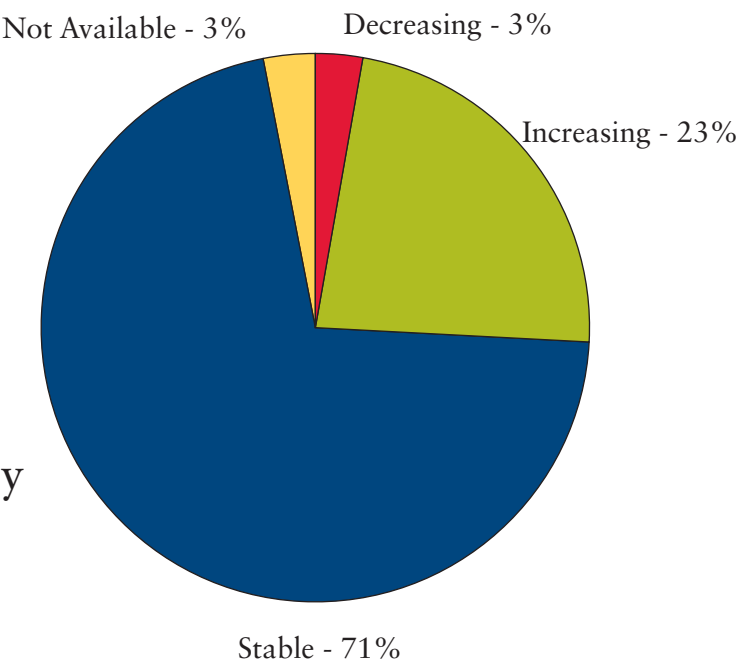
* Companies were not able to project new investment beyond 2004 in most interviews.

Business Changes/Forecasts Continued...

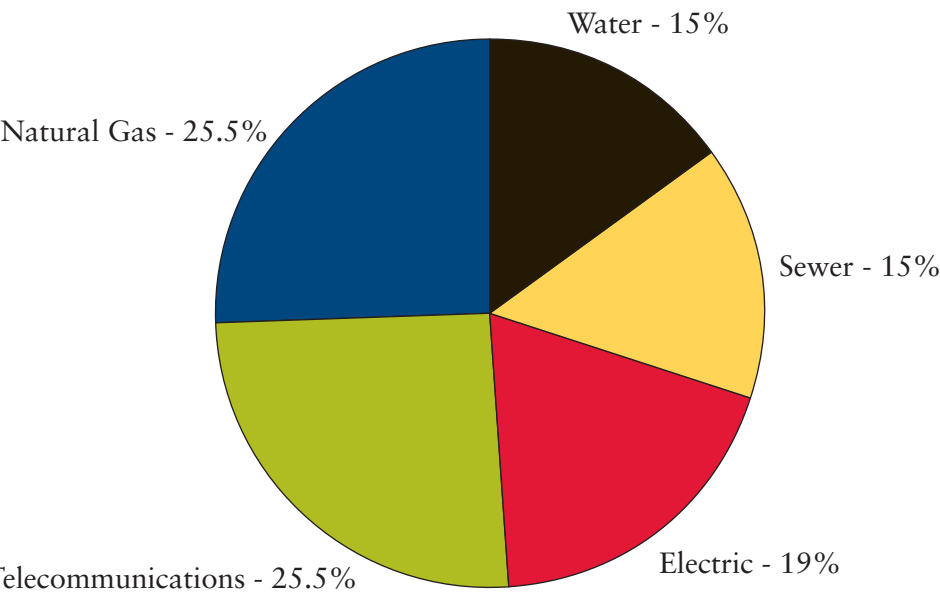
Are Current Facilities Adequate for Future Operations?



Projected Utility Needs



Increasing Utility Needs by Category



Community Evaluation

In the Community Evaluation section, businesses were asked to identify community strengths and weaknesses and to rate the quality of various public services. The highest rated public services were Fire Protection, Ambulance/Paramedic, Police Protection and Schools (K-12). 86% of respondents rated both Fire Protection and Ambulance/Paramedic as good or excellent. Police Protection received a good or excellent rating from 75% of surveyed companies. Public Schools (K-12) in Douglas County were rated good or excellent by 69% of the respondents.

However, there were some areas identified as needing improvement, namely Property Tax Assessment and Community Planning. 46% ranked Property Tax Assessment below average. Community Planning also received a below average ranking from 29% of respondents.

There was some movement in the above categories from 2003 to 2004.

		<u>2003</u>	<u>2004</u>
(Good/Excellent rankings)	Fire Protection	94%	86%
	Ambulance/Paramedic	90%	86%
(Below Average rankings)	Property Tax Assessment	26%	46%
	Community Planning	46%	29%

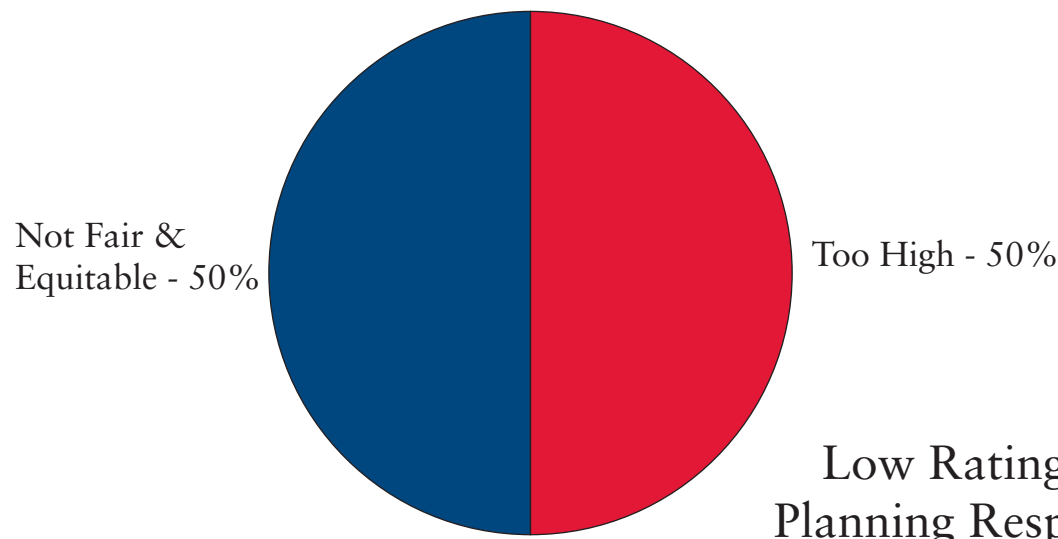
The average rankings of the public services evaluation ranged from a high of 4.25 in both Fire Protection and Ambulance/Paramedic to a low of 2.73 in Community Planning. Comparatively, the national results showed an average ranking of 4.29 and 4.23 for Fire Protection and Ambulance/Paramedic services respectively. Community Planning received an average ranking of 2.97 nationally.

Below are the respondents rankings of community services.

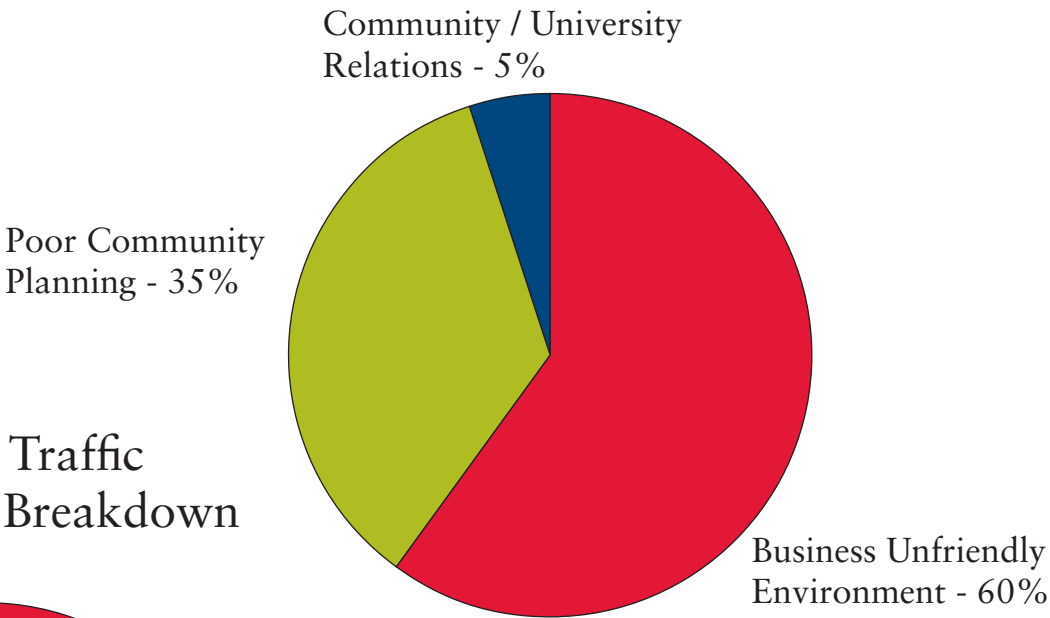
1-low, 5-high	1	2	3	4	5	N/A	Ave.
Police Protection	3	3	12	30	24		3.96
Fire Protection		3	7	31	31		4.25
Ambulance / Paramedic	1	17	7	34	27	3	4.25
Traffic Control	9	2	29	12	4	1	2.79
Public Transportation	4	2	16	22	10	18	3.59
Sewage Treatment		4	13	33	15	9	3.97
Water Quality		3	16	36	12	4	3.82
Schools (K-12)	1	11	16	38	12	2	3.81
Property Tax Assessment	13	20	27	17	2	2	2.77
Community Planning	11	10	17	21	1	2	2.73
Regulatory Enforcement	9	4	17	25	4	6	3.08
City/Village Services		6	19	37	5	7	3.66
County Services			16	37	6	7	3.66

Community Evaluation Continued...

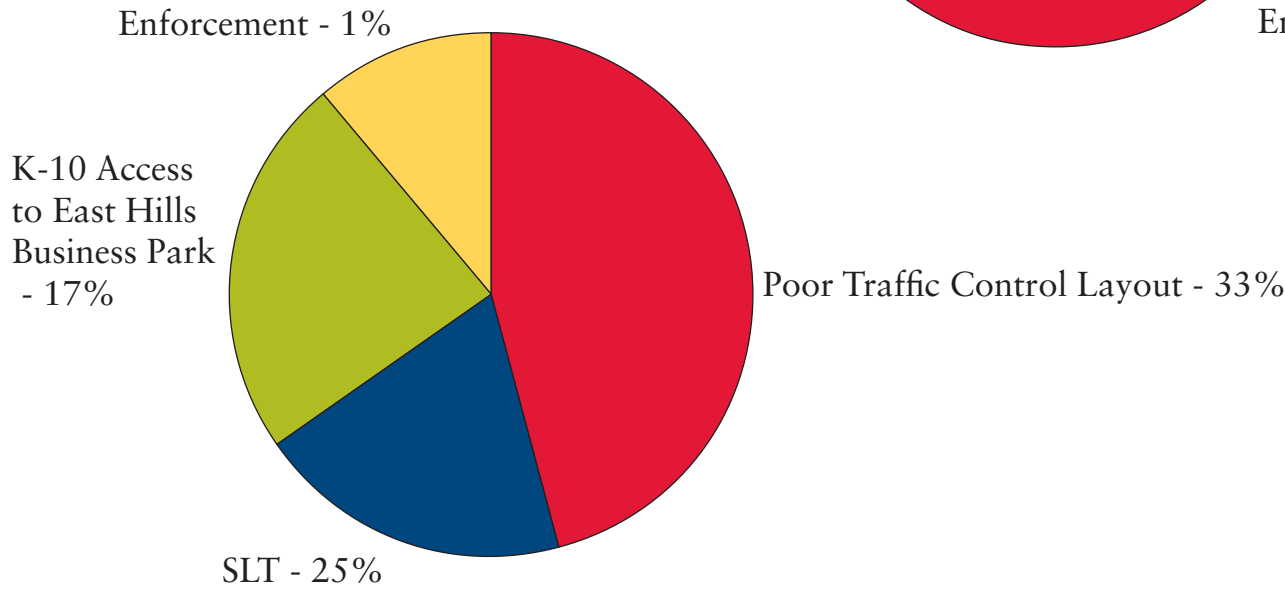
Low Ratings of Property Tax Assessment Responses



Low Rating of Community Planning Responses Breakdown



Low Rating of Traffic Control Responses Breakdown

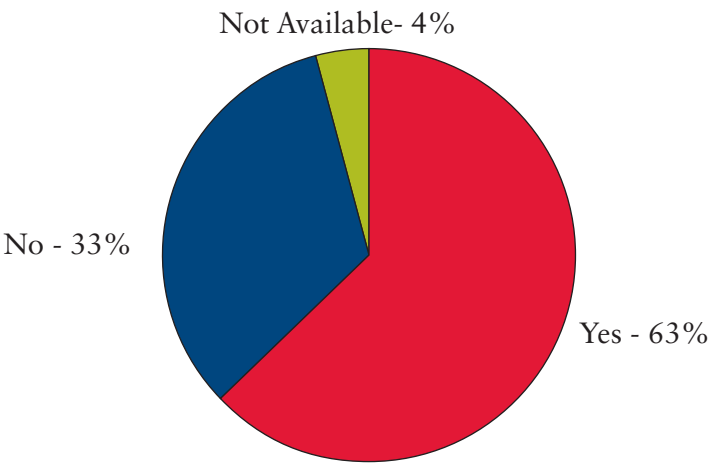


Community Evaluation Continued...

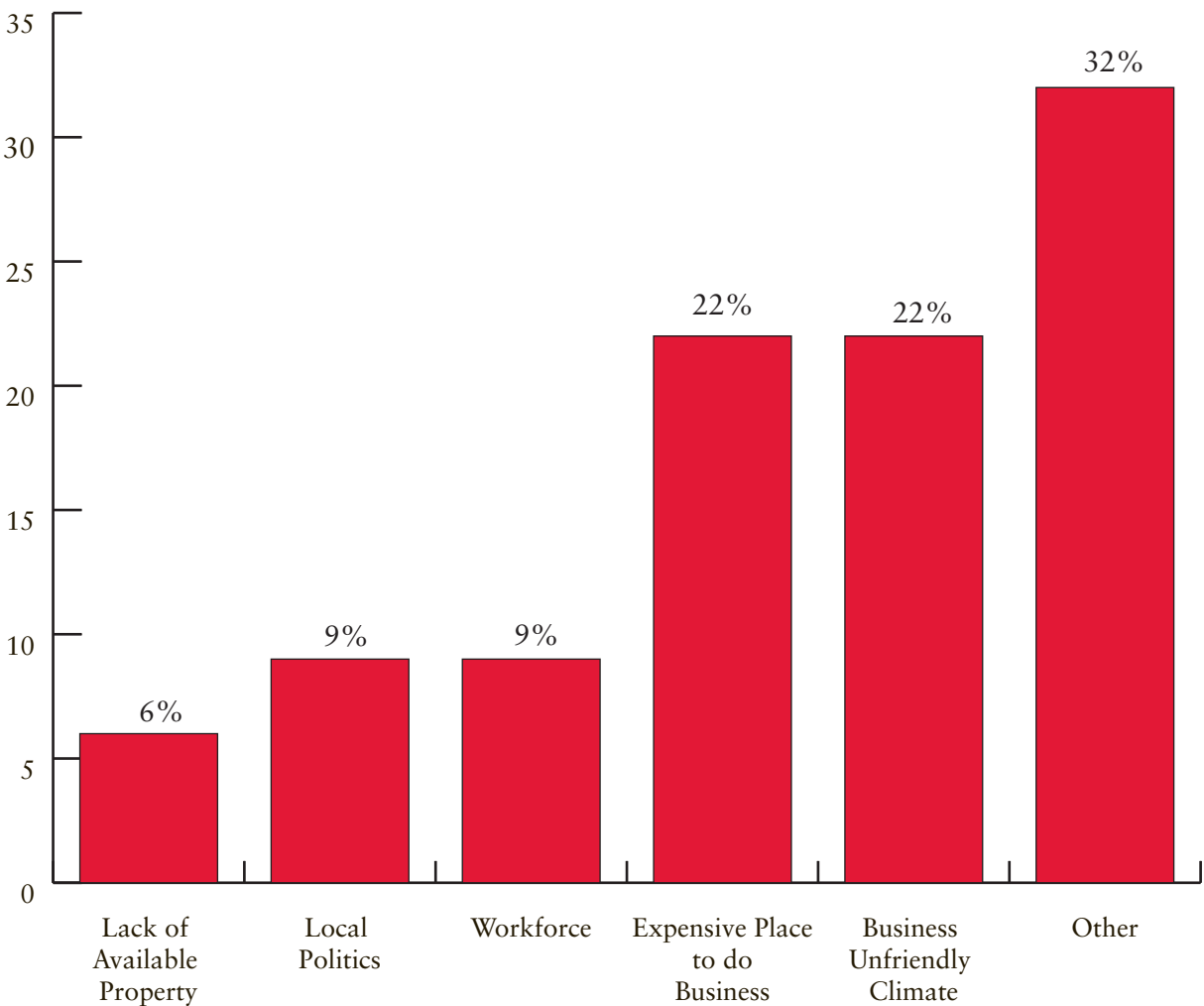
When asked if there are any barriers to growth for the community, 74% answered yes and 25% answered no. The barriers to growth that respondents identified were:

- 26% Local Politics
- 9% Government Regulations
- 9% Lack of Available Property
- 7% Workforce
- 7% High Cost of Doing Business
- 6% Traffic
- 5% Business Unfriendly Climate
- 31% Other

Are there reasons why your company would choose not to expand in Douglas County?

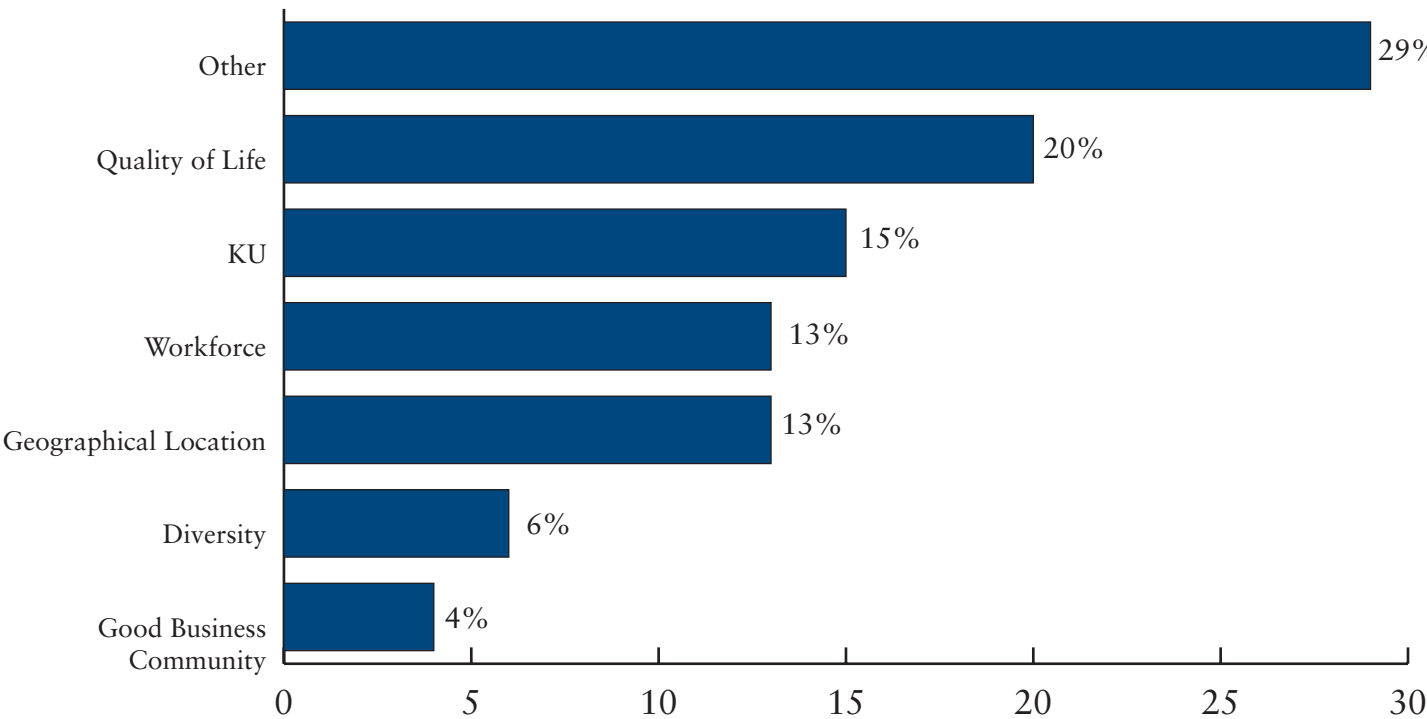


Reasons Why Companies Would Choose not to Expand in Douglas County

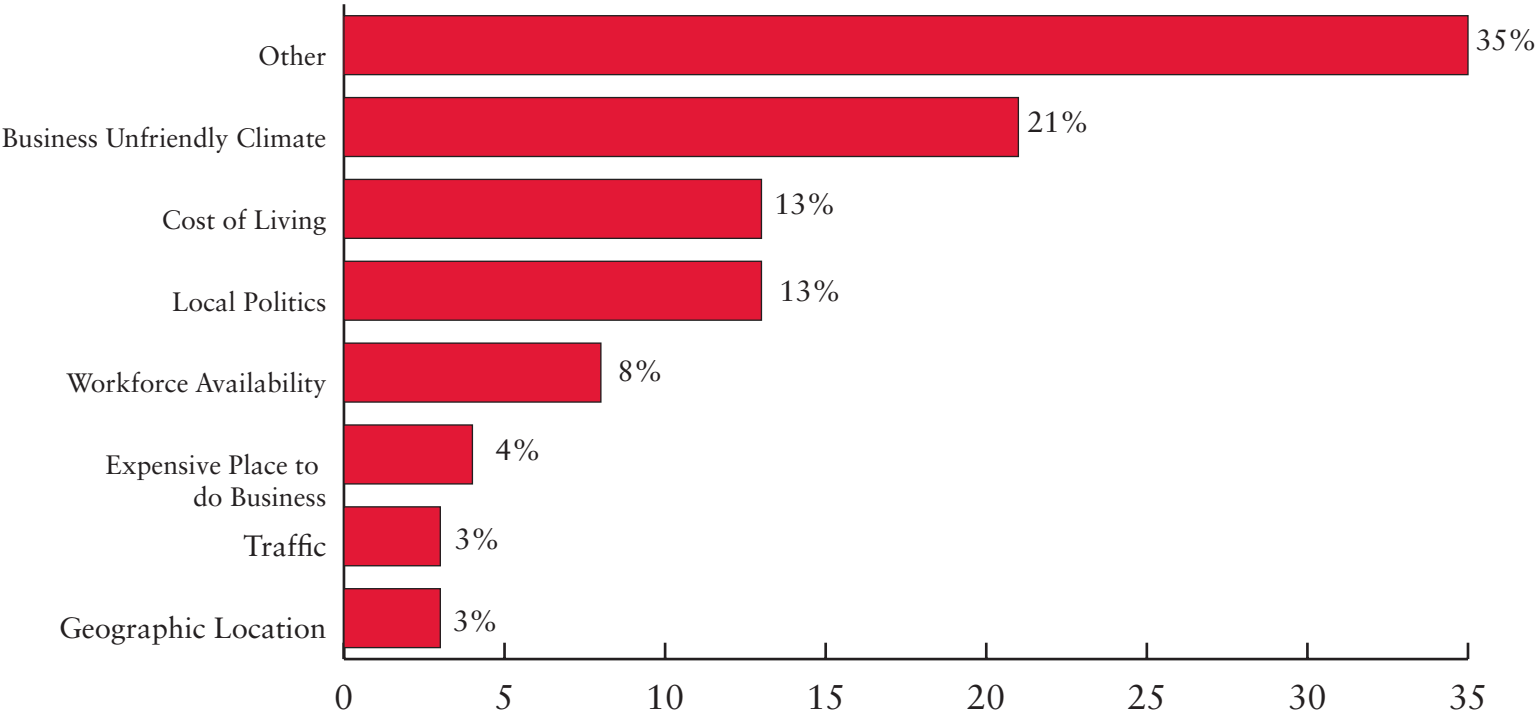


Community Evaluation Continued...

Community Strengths



Community Weaknesses



Workforce Evaluation

The quality and productivity of the Lawrence and Douglas County workforce continue to be rated high by businesses. 73% of area employers ranked workforce productivity as good or excellent. Workforce quality was ranked as good or excellent by 53% of the respondents. However, businesses continue to face challenges when it comes to workforce availability.

The areas identified as problem recruitment areas included:

11%	Professionalism (Work ethic, Teamwork, Communication)
9%	Maintenance
9%	Skilled Labor
5%	Machinists
5%	Supervisory Skills
5%	Electrical
5%	Engineering
5%	Manufacturing
4%	Printing
4%	Welding
3%	Math
3%	Customer Service Skills
32%	Other

Workforce Evaluation

1=low, 5=high	1	2	3	4	5	NA	Ave.
Availability	4.17%	26.39%	29.17%	31.94%	6.94%	1.39%	3.11
Quality	1.39%	19.44%	26.39%	36.11%	16.67%	0%	3.47
Stability	1.39%	15.28%	30.56%	38.89%	12.50%	1.39%	3.46
Productivity	0%	4.17%	19.44%	44.44%	29.17%	2.78%	4.01

Respondents

Ill Sigma
Affinitas
Amarr Garage Doors
Astaris
Athenix Solutions
Back to the Garden
Baldwin Feed
Berry Plastics
Brown Cargo Van
Classic Eagle Distributing, LLC
Cottonwood, Inc.
Crititech, Inc.
Custom Mobile Equipment, Inc.
DAR Corporation
Deciphera
Del Monte Foods
Dielectric Seal
DST Systems
E & E Specialties, Inc.
Eagle Trailer Company, Inc.
EMR, Inc.
EnGraph, LLC
Flint Hills Scientific
FTI, Inc.
Fundamental Technologies
Gabriel Farms
GCSAA
Griffin Technologies
Hallmark Cards, Inc.
Hey Machinery Company, Inc.
Horizon Systems
HP Pelzer Automotive Systems
Jayhawk Bowling Supply & Equipment, Inc.
K & K Grinding & Machine Company
KanRen
Kantronics

Kinedyne
K-Mart Corporation Lawrence Distribution Center
Kohlman Systems Research, Inc.
Lawrence Hose & Hydraulics
Lawrence Journal-World
Lawrence Paper Company
Leary Brothers Farms, Inc.
Martin-Logan
McFarlane Aviation Products
Microtech Computers
Minuteman Press
M-Pact Worldwide
Nelson Machine & Tool, Inc.
Netopia, Inc.
Nunemaker-Ross Farms
Odontex, Inc.
Paladin Woods
Peak Chemical
Pearson Government Solutions
Pendleton's Country Market
Pine Family Farms
Pinnacle Technology, Inc.
Progress Vanguard
ProQuest Pharmaceuticals
Prosoco
Pur-O-Zone
Pyle's Hombre Beef Jerky & Sticks
Sauer-Danfoss Company
SBC Kansas Relay Center
Schlumberger Lawrence Product Center
Shue-Ler Polled Herefords
Star Signs & Graphics, Inc.
The Bowersock Mills & Power Company
The Kansas Manufacturing Company
The Reuter Organ Company
Zimmerman Steel Company, Inc.