

CEDS SURVEY RESULTS

Fall 2017



East Central Regional Development Commission
100 Park Street South
Mora, MN 55051

CEDS Business Survey Executive Summary

As part of updating our regional Comprehensive Economic Development Strategy (CEDs), the East Central Regional Development Commission, serving Chisago, Isanti, Kanabec, Mille Lacs & Pine Counties in East Central Minnesota, undertook a survey of local business in fall, 2017, to learn more about the current business climate and economic conditions. This online survey was completed by 106 entrepreneurs on our five-county region. The results of this survey are being shared with elected officials, economic development professionals and others in an effort to inform them of the current state of our region's business economy.

Respondents to the survey were cross-representational in terms of both geography and industries. The survey results tell of our region's concentration of small, locally owned businesses. The survey responses were predominantly upbeat, for the most part telling of stable and growing economic conditions and a positive outlook for the future.

A common concern for businesses responding to the survey is difficulty finding qualified employees. The regional unemployment rate for October, 2017, the time this survey was being undertaken, was 2.9% in East Central Minnesota, which is near or at historic lows. This compares to a seasonal adjusted unemployment rate of 3.3% in Minnesota, and 4.1% in the US for the same time period.

The East Central Regional Development Commission wishes to thank the region's businesses for taking the time to complete this survey, and their commitment to our local economy.

About Us:

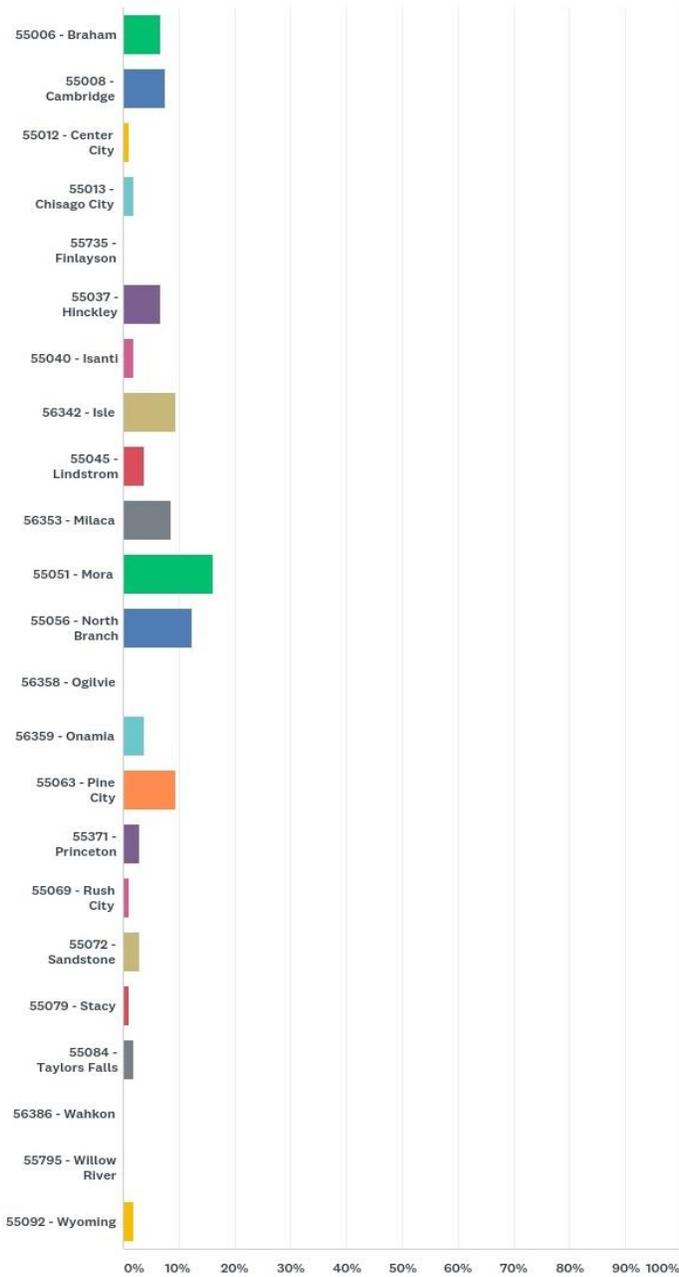
The East Central Regional Development Commission (ECRDC) was organized by petition of local units of government in 1973. The ECRDC is a public agency whose board members are represented by officials appointed by county boards, townships, municipalities, school boards, and citizens at large. The mission of the ECRDC is to provide services and resources which enhance the ability of the region's residents and units of government to effectively problem solve and establish a quality of life desired. For more information, please see www.ecrdc.org

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What zip code is your business located?

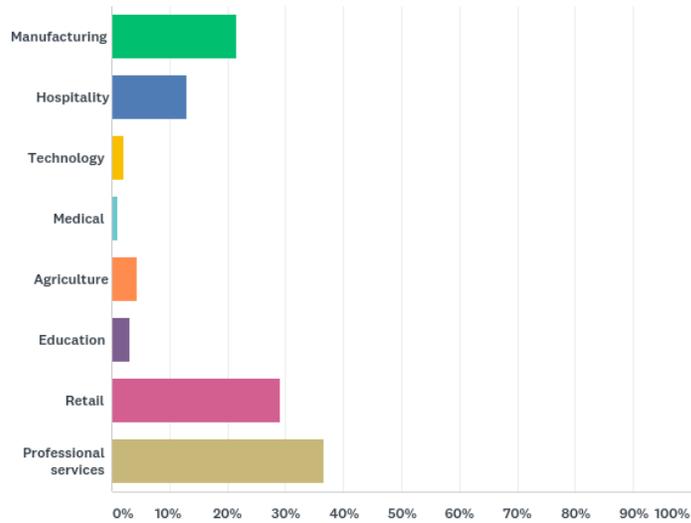
Q1 What zip code is your business located?



ANSWER CHOICES	RESPONSES
55006 - Braham	6.60% 7
55008 - Cambridge	7.55% 8
55012 - Center City	0.94% 1
55013 - Chisago City	1.89% 2
55735 - Finlayson	0.00% 0
55037 - Hinckley	6.60% 7
55040 - Isanti	1.89% 2
56342 - Isle	9.43% 10
55045 - Lindstrom	3.77% 4
56353 - Milaca	8.49% 9
55051 - Mora	16.04% 17
55056 - North Branch	12.26% 13
56358 - Ogilvie	0.00% 0
56359 - Onamia	3.77% 4
55063 - Pine City	9.43% 10
55371 - Princeton	2.83% 3
55069 - Rush City	0.94% 1
55072 - Sandstone	2.83% 3
55079 - Stacy	0.94% 1
55084 - Taylors Falls	1.89% 2
56386 - Wahkon	0.00% 0
55795 - Willow River	0.00% 0
55092 - Wyoming	1.89% 2
TOTAL	106

What industry is your business in?

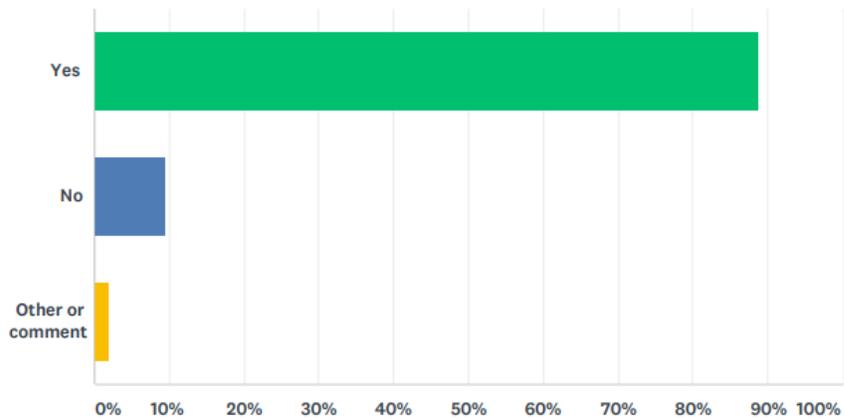
Q2 What industry is your business in?



Do you consider your business to be locally owned?

Q3 Do you consider your business to be locally owned?

Answered: 106 Skipped: 0

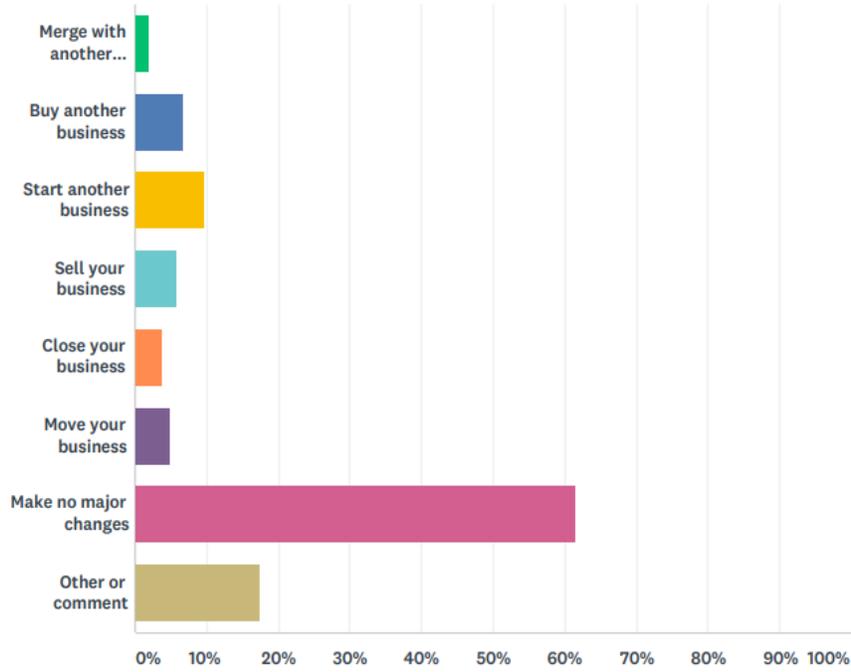


ANSWER CHOICES	RESPONSES	
Yes	88.68%	94
No	9.43%	10
Other or comment	1.89%	2
TOTAL		106

In the next two years are you planning to...

Q4 In the next two years are you planning to (check all that apply)

Answered: 104 Skipped: 2

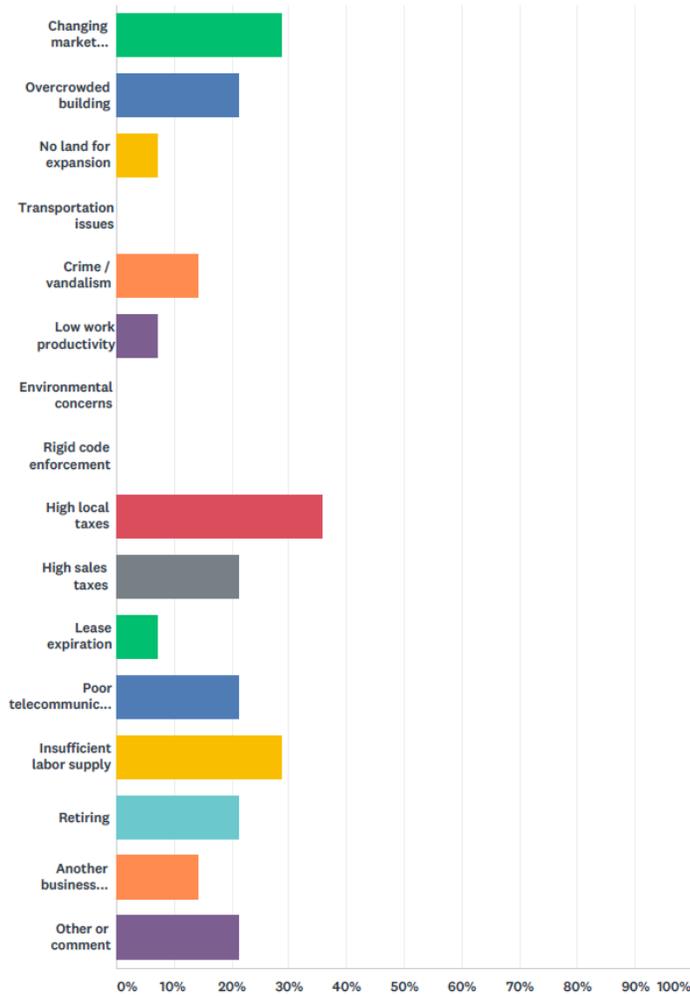


ANSWER CHOICES	RESPONSES
Merge with another business	1.92% 2
Buy another business	6.73% 7
Start another business	9.62% 10
Sell your business	5.77% 6
Close your business	3.85% 4
Move your business	4.81% 5
Make no major changes	61.54% 64
Other or comment	17.31% 18
Total Respondents: 104	

If you selected moving or closing, why?

Q5 If you selected moving or closing, why? (check all that apply)

Answered: 14 Skipped: 92

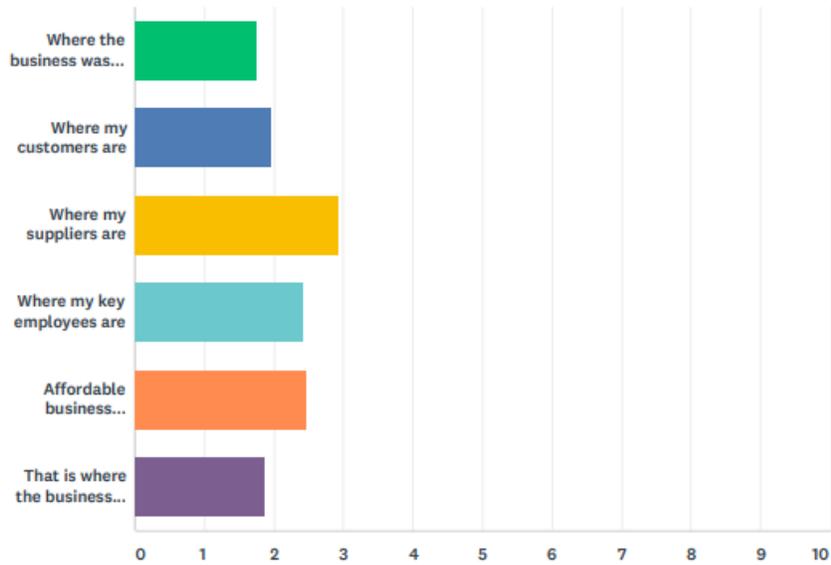


ANSWER CHOICES	RESPONSES
▼ Changing market conditions	28.57% 4
▼ Overcrowded building	21.43% 3
▼ No land for expansion	7.14% 1
▼ Transportation issues	0.00% 0
▼ Crime / vandalism	14.29% 2
▼ Low work productivity	7.14% 1
▼ Environmental concerns	0.00% 0
▼ Rigid code enforcement	0.00% 0
▼ High local taxes	35.71% 5
▼ High sales taxes	21.43% 3
▼ Lease expiration	7.14% 1
▼ Poor telecommunications / broadband	21.43% 3
▼ Insufficient labor supply	28.57% 4
▼ Retiring	21.43% 3
▼ Another business opportunity	14.29% 2
▼ Other or comment	21.43% 3
Total Respondents: 14	

Why is your business located here?

Q6 Why is your business located here?

Answered: 101 Skipped: 5

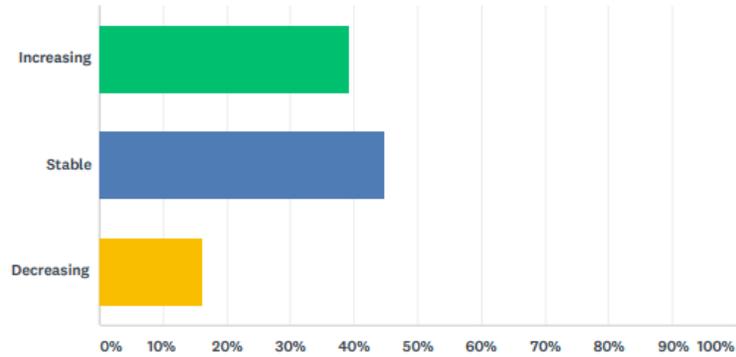


	MAIN REASON	SECONDARY REASON	NOT A FACTOR	TOTAL	WEIGHTED AVERAGE
Where the business was purchased	59.09% 52	5.68% 5	35.23% 31	88	1.76
Where my customers are	44.58% 37	14.46% 12	40.96% 34	83	1.96
Where my suppliers are	2.63% 2	2.63% 2	94.74% 72	76	2.92
Where my key employees are	16.46% 13	25.32% 20	58.23% 46	79	2.42
Affordable business climate	11.39% 9	31.65% 25	56.96% 45	79	2.46
That is where the business owner lives	50.00% 45	14.44% 13	35.56% 32	90	1.86

How are your business' sales?

Q7 How are your business' sales?

Answered: 105 Skipped: 1

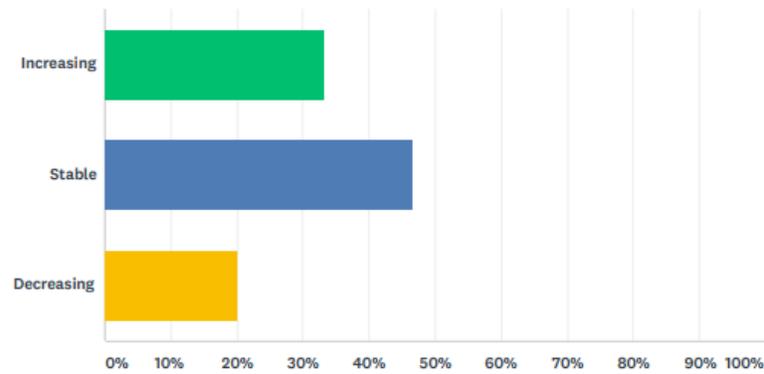


ANSWER CHOICES	RESPONSES	
Increasing	39.05%	41
Stable	44.76%	47
Decreasing	16.19%	17
TOTAL		105

Are your business' profits ...?

Q8 Are your business' profits?

Answered: 105 Skipped: 1

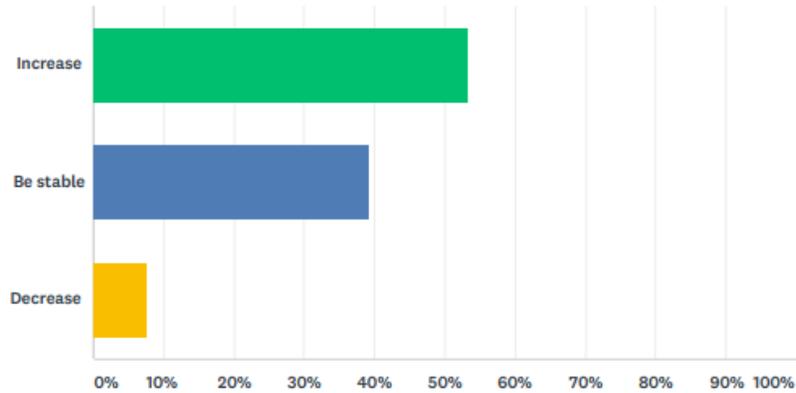


ANSWER CHOICES	RESPONSES	
Increasing	33.33%	35
Stable	46.67%	49
Decreasing	20.00%	21
TOTAL		105

For the next two years, do you forecast your business' sales to ...?

Q9 For the next two years, do you forecast your business' sales to

Answered: 105 Skipped: 1

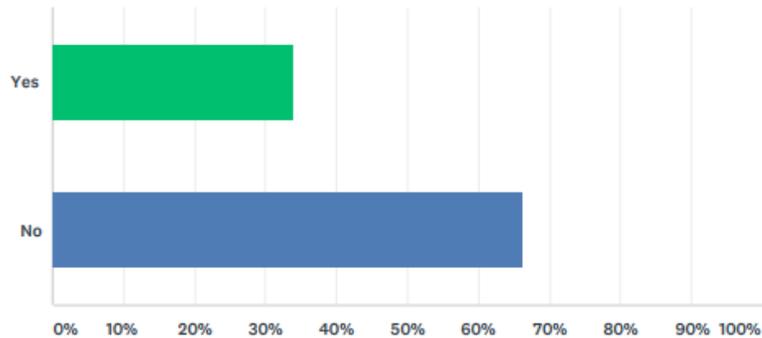


ANSWER CHOICES	RESPONSES	
Increase	53.33%	56
Be stable	39.05%	41
Decrease	7.62%	8
TOTAL		105

Do you subcontract work to other businesses?

Q10 Do you subcontract work to other businesses?

Answered: 106 Skipped: 0

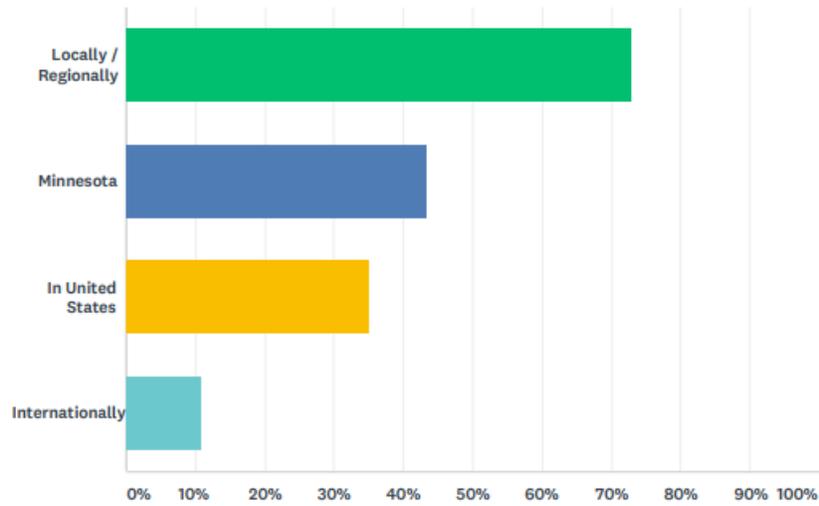


ANSWER CHOICES	RESPONSES	
Yes	33.96%	36
No	66.04%	70
TOTAL		106

If yes to subcontracting, where are the business locate?

Q11 If yes to subcontracting, where are the businesses located? (check all that apply)

Answered: 37 Skipped: 69

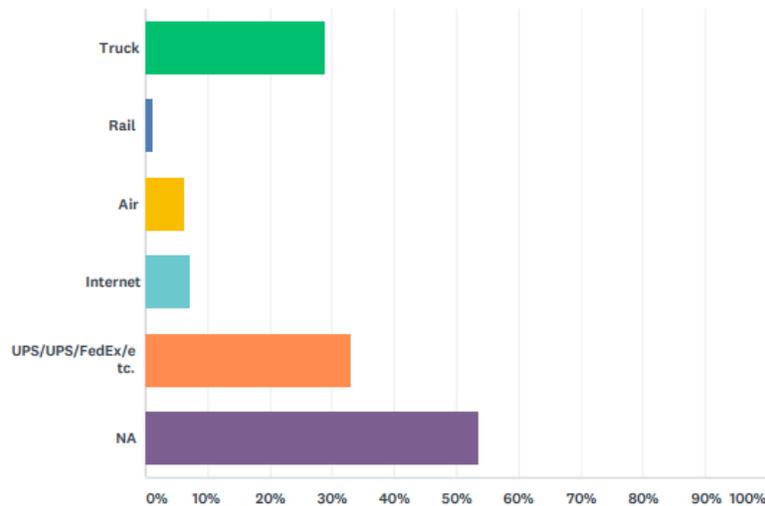


ANSWER CHOICES	RESPONSES	
Locally / Regionally	72.97%	27
Minnesota	43.24%	16
In United States	35.14%	13
Internationally	10.81%	4
Total Respondents: 37		

How do you ship your products?

Q12 How do you ship your products? (check all that apply)

Answered: 97 Skipped: 9

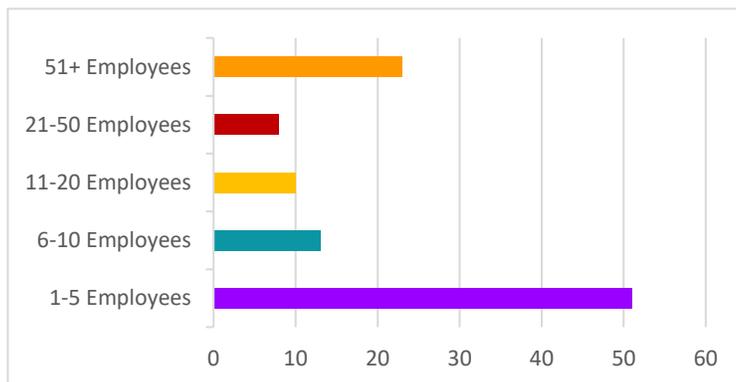


ANSWER CHOICES	RESPONSES	
Truck	28.87%	28
Rail	1.03%	1
Air	6.19%	6
Internet	7.22%	7
UPS/UPS/FedEx/etc.	32.99%	32
NA	53.61%	52
Total Respondents: 97		

How many employees does your business have?

Q13 How many employees does your business have?

Answered: 105 Skipped: 1



ANSWER CHOICE	RESPONDENTS	SR	%
1-5	51		48.57%
6-10	13		12.38%
11-20	10		9.52%
21-50	8		7.62%
51+	23		21.90%
Total	105		
Weighted Average			2.42

What percent of your employees are part-time?

Q14 What percent of your employees are part-time?

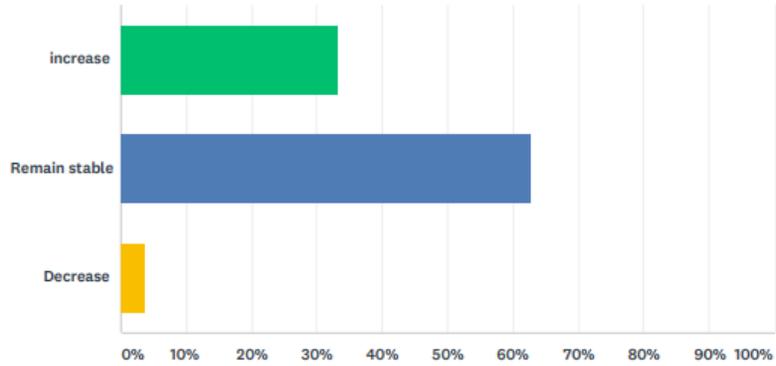
Answered: 92 Skipped: 14

1. 0	29. 70	55. 0	66. 0
2. 100	30. 70	56. Owner is only	67. 100
3. 0	31. 0	employee	68. 0
4. 0	32. 75	57. 33	69. 100
5. 100	33. 10	58. Independent	70. 0
6. 5	34. 0	contractors	71. 1
7. 30	35. 60	59. Depends on the time of	72. 50
8. 30	36. 75	year. Half the year	73. 0
9. 12	37. 60	employee is part time	74. 0
10. 60	38. 50	and the other half she	75. 0
11. 1	39. 10	is full time	76. 10
12. 20	40. 0	60. We no longer have	77. 0
13. 33	41. 25	employees. We are	78. 0
14. 100	42. 65	now 100% family	79. 33
15. 100	43. 100	owned business with	80. 5
16. 0	44. 100	zero employees. With	81. 0
17. 100	45. 0	the recent increase in	82. 10
18. 100	46. I own and operate my	the minimum wage,	83. 0
19. 0	business downtown,	payroll tax, and	84. 95
20. 50	part-time	insurance we can't	85. 100
21. 0	47. 75	afford employees	86. 0
22. 50	48. <10	without a significant	87. 10
23. 0	49. 0	price increase.	88. 20
24. 100	50. 100	61. 0	89. 65
25. 10	51. 0	62. 40	90. 4
26. 10	52. 80	63. 100	91. 30
27. 25	53. 100 – Season	64. 0	92. 20
28. 10	54. 5-10	65. 10	

In the next two years, do you foresee the number of employees to ...?

Q15 In the next two years, do you foresee the number of employees to

Answered: 105 Skipped: 1

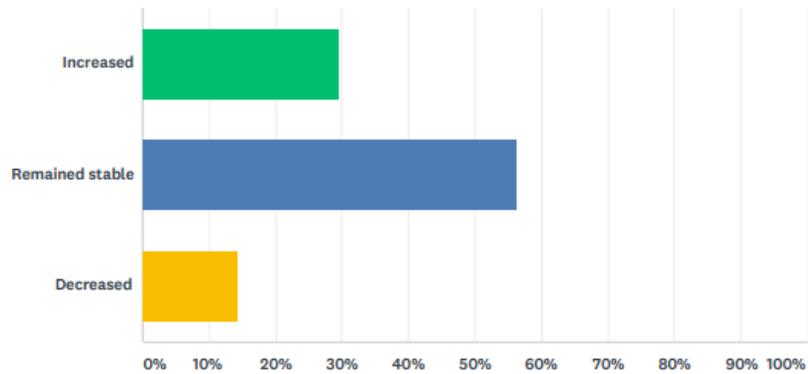


ANSWER CHOICES	RESPONSES	
increase	33.33%	35
Remain stable	62.86%	66
Decrease	3.81%	4
TOTAL		105

In the past two years ago, the number of employees has...?

Q16 In the past two years ago, the number of employees has

Answered: 105 Skipped: 1

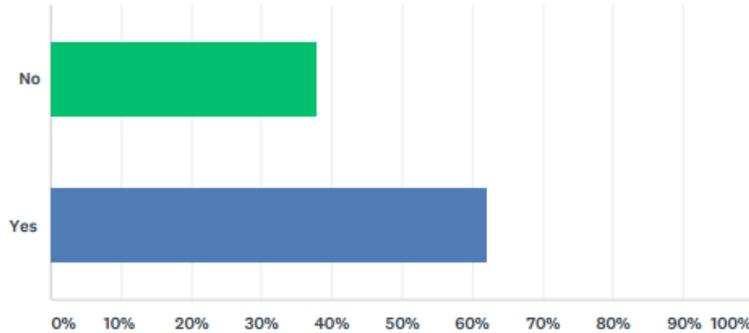


ANSWER CHOICES	RESPONSES	
Increased	29.52%	31
Remained stable	56.19%	59
Decreased	14.29%	15
TOTAL		105

Does your business have difficulty recruiting qualified employees?

Q17 Does your business have difficulty recruiting qualified employees?

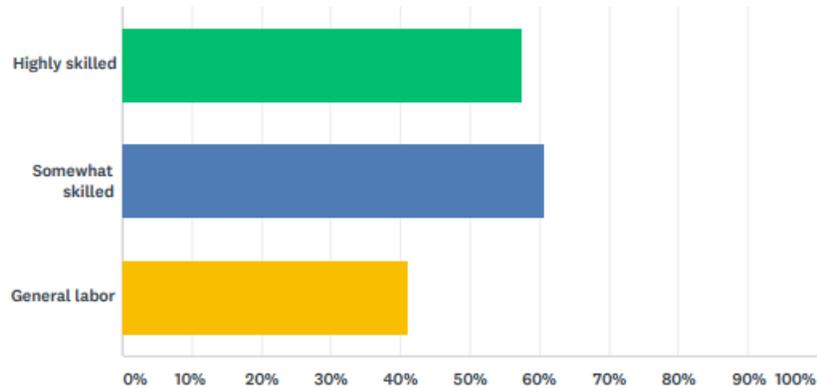
Answered: 103 Skipped: 3



ANSWER CHOICES	RESPONSES	
No	37.86%	39
Yes	62.14%	64
TOTAL		103

Q18 If yes, in what fields? (Chose all that apply)

Answered: 66 Skipped: 40



ANSWER CHOICES	RESPONSES	
Highly skilled	57.58%	38
Somewhat skilled	60.61%	40
General labor	40.91%	27
Total Respondents: 66		

What specific qualification are employees missing?

Q19 What specific qualifications are employees missing?

Answered: 58 Skipped: 48

ANSWER CHOICES	RESPONSES	
1	100.00%	58
2	68.97%	40
3	31.03%	18

#1 specific qualification

- | | |
|---|---|
| 1. technical and mechanical | 32. willing to work in a seasonal business |
| 2. Sales Skills | 33. cnc training |
| 3. Technical skills/certification/degrees | 34. technical training |
| 4. machinery knowledge | 35. Trade Experience |
| 5. leadership skills | 36. Experience |
| 6. Educational requirements | 37. Common sense |
| 7. They want higher wages | 38. Work ethic |
| 8. Customer Service Skills | 39. Motivation and commitment to working |
| 9. Education | 40. education |
| 10. Motivation | 41. Work ethic |
| 11. Customer relations | 42. waitresses |
| 12. Technical backgrounds | 43. Insurance knowledge |
| 13. bachelors degree | 44. Work ethic |
| 14. Very limited job experience | 45. Attendance, reliability and intermediate math/problem solving |
| 15. Customer service skills | 46. experience |
| 16. Willingness to relocate | 47. Work ethic |
| 17. Work Ethics | 48. College Graduates |
| 18. Work ethic | 49. Sales backgrounds |
| 19. willingness to work | 50. CNC Set up |
| 20. Willingness to work | 51. Experience |
| 21. transportation | 52. The amount of people applying. |
| 22. Work ethic | 53. Math skills |
| 23. Cooking & baking skills | 54. Customer service |
| 24. Experience | 55. Technical Skills |
| 25. Equipment operation | 56. real estate lending |
| 26. equipment operator training | 57. Computer Knowledge |
| 27. High school diploma or GED | 58. Abilities and desire to work hard |
| 28. Computer | |
| 29. ability to think ahead | |
| 30. CNC set-up | |
| 31. software development | |

What specific qualification are employees missing? con't.

#2 specific qualification

1. Technology savy
2. Demonstrated success in previous experience
3. cooking skills
4. Being able to pass a drug test
5. Culture
6. Work ethic
7. Work ethic
8. Communities are not attractive to qualified candidates, to small, to far from metro...etc.
9. Social skills
10. Need to work
11. Attendance
12. work ethic (earn not take/steal)
13. No pride in their work
14. reliability
15. Work ethic
16. Professionalism/reliability
17. Basic graphic design skills
18. Getting out of bed in a.m.
19. septic system installation training
20. No criminal record
21. Customer service
22. general desire to work
23. Welding
24. software project management
25. work experience
26. technical/trade training
27. sometimes just taking the work seriously and not trying to cut corners just to get a job done
28. Honesty
29. desire to work
30. bartenders
31. willing to work seasonally
32. Mechanical ability
33. On the job training
34. Financial Backgrounds
35. Welding
36. Willingness to relocate to area
37. Any experience. Still want to start at a large pay.
38. Work ethic
39. Showing up on time
40. Machine Operation

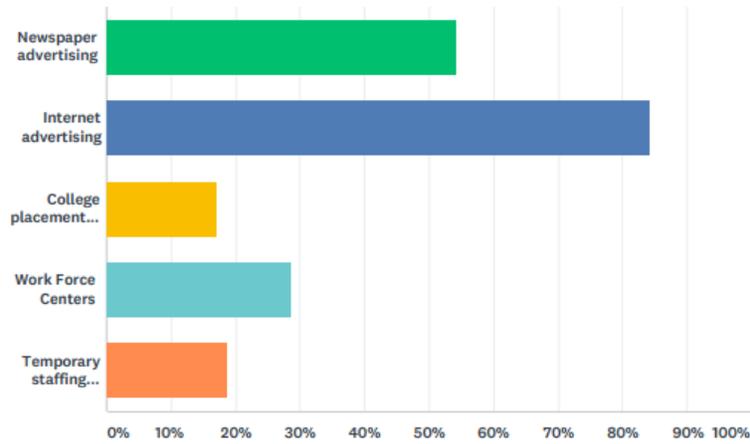
#3 specific qualification

1. loyalty
2. Writing skills
3. Skills to interact with others
4. They loose government perks if they work
5. positive support and promote business they work for
6. social skills
7. Work ethic
8. Food safety skills
9. Work ethic
10. Ability to complete a project
11. ability to drive and have a good driving record
12. CNC programing
13. software quality assurance
14. Ability to follow directions
15. not wanting to stay in the area
16. cooks
17. Communication
18. Problem Solving

What resources are you currently using to locate new employees?

Q20 What resources are you currently using to locate new employees? (check all that apply)

Answered: 70 Skipped: 36

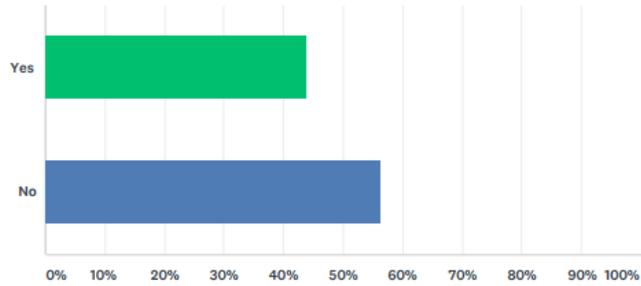


ANSWER CHOICES	RESPONSES	
Newspaper advertising	54.29%	38
Internet advertising	84.29%	59
College placement programs	17.14%	12
Work Force Centers	28.57%	20
Temporary staffing agencies	18.57%	13
Total Respondents: 70		

Are there any major technological innovations on the horizon in your industry?

Q21 Are there any major technological innovations on the horizon in your industry that may affect your company?

Answered: 103 Skipped: 3

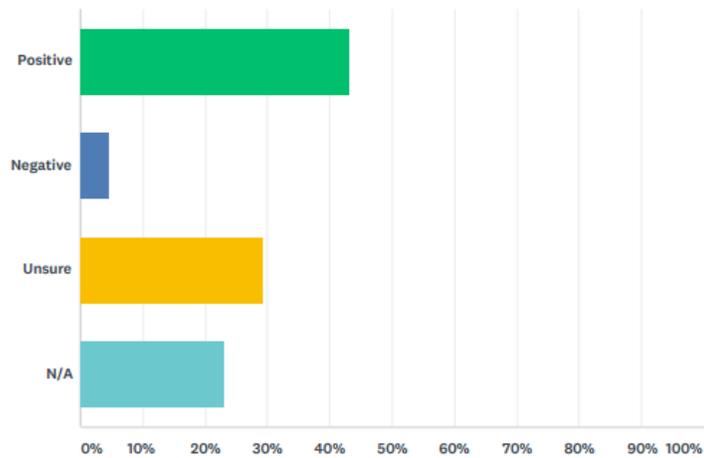


ANSWER CHOICES	RESPONSES
Yes	43.69% 45
No	56.31% 58
TOTAL	103

If yes, do you expect those changes to be ...?

Q22 If yes, do you expect those changes to be:

Answered: 65 Skipped: 41

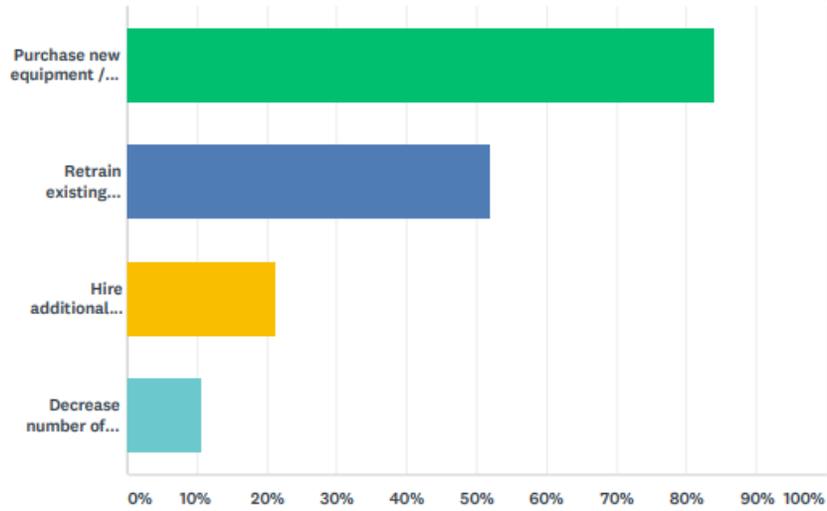


ANSWER CHOICES	RESPONSES
Positive	43.08% 28
Negative	4.62% 3
Unsure	29.23% 19
N/A	23.08% 15
TOTAL	65

How will you meet those challenges?

Q23 How will you meet those challenges (check all that apply)

Answered: 56 Skipped: 50

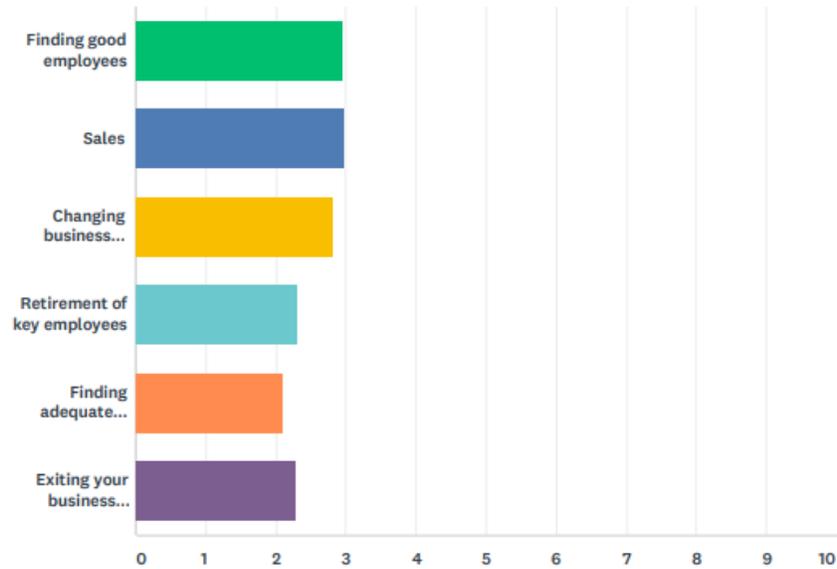


ANSWER CHOICES	RESPONSES
Purchase new equipment / technology	83.93% 47
Retrain existing employees	51.79% 29
Hire additional employees	21.43% 12
Decrease number of employees	10.71% 6
Total Respondents: 56	

As a business manager, what concerns you?

Q24 As a business manager, what concerns you?

Answered: 106 Skipped: 0

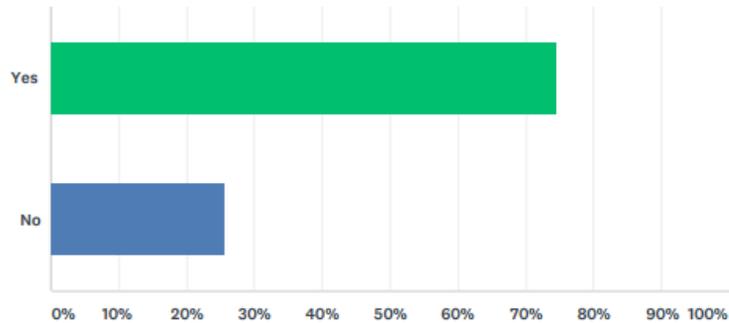


	NOT IMPORTANT	IMPORTANT	N/A	TOTAL	WEIGHTED AVERAGE
Finding good employees	1.90% 2	85.71% 90	12.38% 13	105	2.96
Sales	0.96% 1	96.15% 100	2.88% 3	104	2.98
Changing business climate	7.92% 8	79.21% 80	12.87% 13	101	2.82
Retirement of key employees	22.77% 23	42.57% 43	34.65% 35	101	2.30
Finding adequate financing	33.66% 34	40.59% 41	25.74% 26	101	2.09
Exiting your business (selling, passing to next generation)	23.23% 23	42.42% 42	34.34% 34	99	2.29

Is your current internet service sufficient for your business needs?

Q25 Is your current internet service sufficient for your business needs?

Answered: 106 Skipped: 0

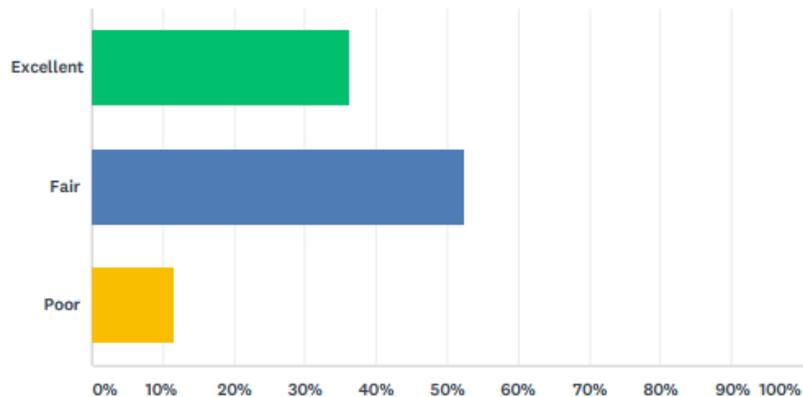


ANSWER CHOICES	RESPONSES	
Yes	74.53%	79
No	25.47%	27
TOTAL		106

What is your overall opinion of the community where your business is located?

Q26 What is your overall opinion of the community where your business is located / is it a good place to conduct business?

Answered: 105 Skipped: 1

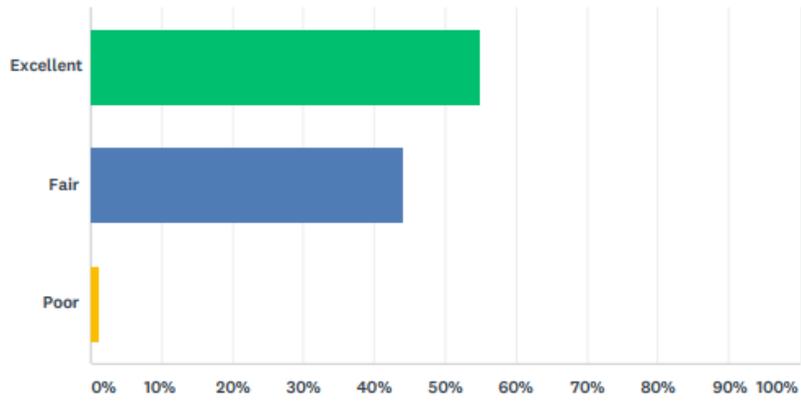


ANSWER CHOICES	RESPONSES	
Excellent	36.19%	38
Fair	52.38%	55
Poor	11.43%	12
TOTAL		105

What is your overall opinion of the community as a place to live?

Q27 What is your overall opinion of the community as a place to live?

Answered: 102 Skipped: 4



ANSWER CHOICES	RESPONSES	
Excellent	54.90%	56
Fair	44.12%	45
Poor	0.98%	1
TOTAL		102

What is the key to your business success?

Q28 What is the key to your business success?

Answered: 76 Skipped: 30

1. Consistently and keeping abreast of the new technology and culture.
2. Hard work
3. dedicated workforce
4. customer service
5. Adaptability to changing customer preferences
6. Continuous pursuit of a second-to-none product.
7. An all-star team & on point marketing!
8. Excellent reputation
9. quality products and on time service
10. maintaining standards
11. Good staff, word of mouth, social media.
12. Participation from the business community.
13. Increasing new customers while keeping expenses to a minimum. Getting more customers off the highway. Being able to add a drive thru. Right now I have more expenses than income being a new business less than 2 yrs old. Key is really being able to have operating capital to offset my expenses and I just don't have access to that right now.
14. Being able to keep walleyes.
15. Local shoppers, not much traffic on main st.
16. Repeat customers.
17. customer service
18. Logistics and proximity to customers of large product
19. Customer service
20. Factors beyond local control
21. Dedicated. Volunteers
22. Good qualified employees
23. Managing Lake Mille Lacs based on biology--NOT politics
24. Positive economic factors
25. HARD Work. Change.
26. As lake Mille Lacs goes, so goes our business
27. tourism!!!!!!!!!! money that is no longer coming to area
28. treat our customers as family, offer great value for the prices we charge
29. excellent customer service
30. Building relationships with my clients and handling enough business to give quality outcomes.
31. Location Location Location
32. Farm fresh food from local, biodiverse, organically managed farms
33. Creating relationships
34. favorable pricing of our services
35. Effort and Heart. Attitude is everything.
36. performing in a professional manner
37. Obviously we need funding from the state and federal government. We need a good Workforce.
38. Letting people in Lindstrom & the surrounding area know that my business is here & getting them in to shop.

39. Customer service
40. Friendly service, word of mouth, unique products.
41. We are non-profit, dependent on funding from state and federal sources. Legislation to provide solid wage increases to Health and Human Services is most important for our success and ability to gain and retain quality employees.
42. Conservative approach that does not over-extend
43. Good internet access
44. stubbornness
45. High quality product provided in a friendly atmosphere
46. good employees
47. Finding and keeping employees. Finding new ways to decrease costs and satisfy customers' needs
48. Meeting customers needs for a reasonable cost.
49. Staying ahead of the curve in a niche market
50. Customer service
51. Keeping current customers happy. If you focus on keeping the existing customers happy new customers will come.
52. Several issues we are encountering: Keeping our product quality in light of the many disasters with our supply chain; managing price stability for what the community can pay for our products and what they are costing us; kicking the Caribou people out of the snap fitness parking lot when we catch them counting customers through our drive-through window.
53. Personal relationships with clients. Keeping our reputation for quality services intact and enhancing it.
54. service, service, service..
55. Lack of competition. Customer service
56. Stability, Longevity, Giving back to the community
57. Hard work,tenacity,diversity.
58. Reliable service at reasonable prices.
59. knowledge
60. Quality products, accurate reliable manufacturing processes, repeatable
61. Marketing
62. Good employees and hardwork
63. Being involved in the community, Fair prices, Reliable Service.
64. Finding a way to provide a different service from what's out there.
65. Helping our member-owners to reach their financial goals and dreams
66. hometown, friendly service
67. providing value to our customers via competitively priced high quality products and services delivered how and when they are needed.
68. Honesty and hard work.
69. Quality product & service.
70. Local support
71. Variety
72. Finding Qualified Employees
73. We work hard to provide excellent client service.
74. worlds most ethical bank
75. meeting customer needs and treating everyone well
76. good products at reasonable prices

Would you like an economic development professional contact you?

Q29 Would you like an economic development professional to contact you regarding topics covered in this survey? All conversations will be kept confidential and are at no charge to you. We may be able to refer you to a variety of no-cost or low-cost financing and technical assistance programs to help your business. If so, please complete this form:

Answered: 20 Skipped: 86

Survey respondents requesting economic development professionals to contact them will be or have been contacted.