



2012
Business Retention and Expansion
Survey Report

Introduction

In December of 1999, the Industrial Development Authority (IDA) initiated a Business Retention and Expansion Survey Program for York County.

The objectives of the business retention survey are to:

- ◆ Learn about the local business community's perceptions of York County and the advantages and disadvantages of operating a business here.
- ◆ Identify pervasive problems or trends negatively impacting businesses and develop programs and/or processes to address these impacts and improve the economic environment in York County.
- ◆ Identify “red flag” situations and companies that are at risk of closing or relocating.
- ◆ Respond to the needs of “red flag” businesses with a variety of services, from providing information on financing and marketing to acting as a liaison to County/State agencies.
- ◆ Establish a benchmark for measuring the effectiveness of our business retention and expansion program.

In January 2000, over 1,000 surveys were sent to a sample of businesses in York County. This initial survey established a benchmark to measure the effectiveness of our business retention and expansion program, as well as the overall perception of economic development in the County. Over the years, list scrubbing has led to a reduction in the number of mailed surveys (2006 and 2008), but also an increase in the percentage of responses received. During 2007, staff worked closely with a team of students from William and Mary’s Thomas Jefferson Public Policy Program to review and revamp the survey, making it more useful and user-friendly. The format, question style, and visual appeal were all greatly improved, as was the response rate.

In February 2012, the EDA mailed **798** surveys and received only **78** responses via mail and the Economic Development website for a **9.8%** return rate. This represented a significant decrease from the response rates received in prior years. There were no changes in methodology, nor any list scrubbing this year, so this drop is unexpected and still unexplained. OED staff is investigating possible causes for this reduction and will take steps to improve the response rate in the future.

Survey response rates are as follows:

<u>Survey Year</u>	<u>Number of Surveys Mailed</u>	<u>Number of Responses Received</u>	<u>Return Rate (%)</u>
2000	1,065	146	13.7
2002	1,200	210	17.5
2004	1,650	229	13.9
2006	1,230	215	17.5
2008	840	178	21.0
2010	970	182	18.8
2012	798	78	9.8

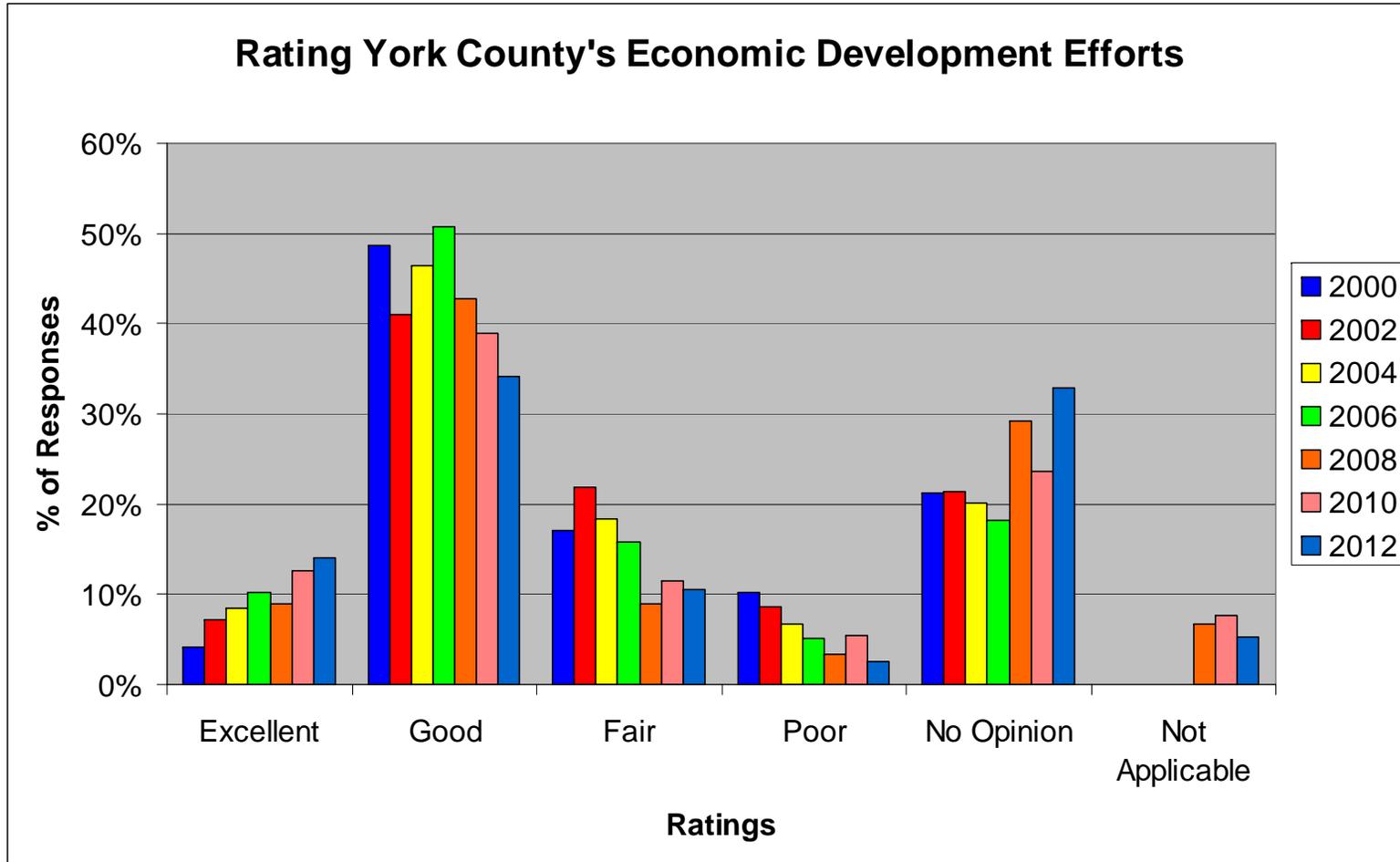
Survey respondents consisted of businesses representing the following industries:

Industry	2008 Results	2010 Results	2012 Results
Contracting or Construction	13.5 %	12.0 %	21.8 %
Manufacturing	5.0 %	4.3 %	3.8 %
Durable Goods (Retail)	17.5 %	14.7 %	24.4 %
Non-Durable Goods (Service)	1.5 %	5.4 %	9.0 %
Education or Health Services	8.0 %	4.3 %	2.6 %
Professional Services	40.0 %	27.7 %	16.7 %
Leisure/Tourism/Hospitality	9.5 %	5.4 %	2.6 %
Wholesale or Distribution	3.5 %	1.6 %	2.6 %
Other	1.5 %	32.1 %	26.9 %

Survey Results

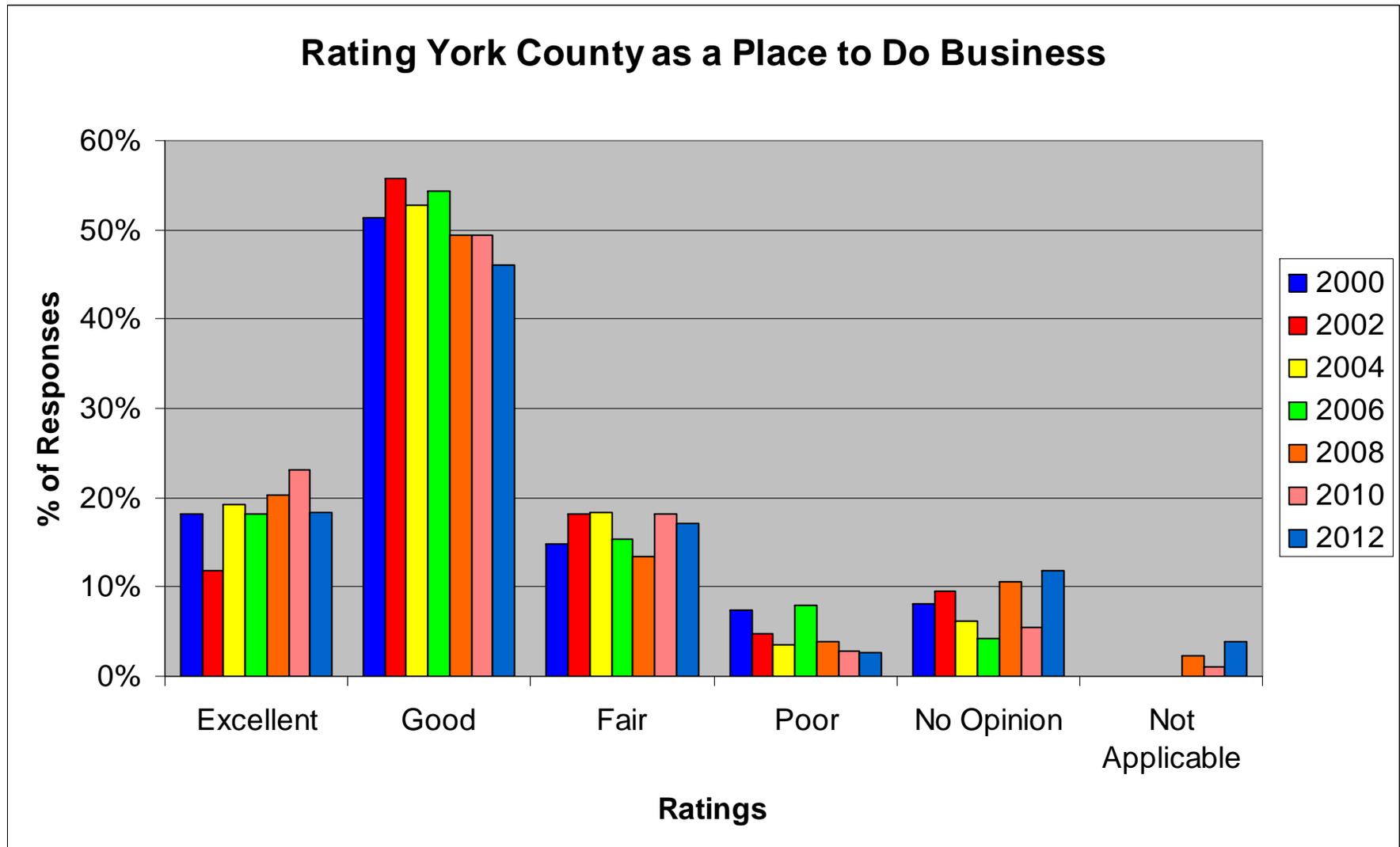
The following graphs depict results for two of the survey questions that provide insight into the business owners' perceptions of York County and how these opinions have changed since 2000.

Question – How do you rate the County's economic development efforts?



The overall opinion regarding the County's economic development efforts was high. In 2012, **48%** of the respondents rated the County's economic development efforts as good or excellent, which was down just slightly from the 2010 ratings.

Question – What is your overall opinion of the County as a place of business?



The overall opinion regarding the County's business environment was positive. In 2012, 49 respondents (64%) believed that the County was a good or excellent place to operate a business. Unfortunately, this was down slightly from 73% in 2010.

Question – Please describe the key issues facing your business.

The main issue, by far, for the respondent's businesses was the current state of the economy, with over 29 respondents citing this concern. This is a continuing trend from the 2008 and 2010 surveys. Many attributed the lackluster economy to rising costs of doing business, the sluggish housing market, and/or changes in consumer and government spending habits.

Notably lower for the second time was the concern over workforce development and skilled labor issues. In past surveys this has been a consistent theme, yet only three respondents listed it as a key issue facing their business in 2010 and only 10 listed it in the 2012 survey.

Top three responses:

1. Current state of the economy
2. Business costs and taxes, specifically advertising costs
3. Decreased demand/sales coupled with increases in competition

Question – Does your company experience difficulties recruiting employees with adequate skills? If yes, please describe.

In previous surveys, workforce issues seemed to be the most consistent and problematic issues facing the survey respondents. In 2008, 25% said they had issues in the areas of workforce development and employee attraction and retention. In 2010, that percentage fell to just **13%**, or 24 out of 182 respondents. In this year's survey, the number was again on the rise, but still nowhere close to the numbers prior to 2008. In 2012, 10 out of 78 responded that recruiting employees with adequate skills was an issue.

This is likely indicative of the overwhelming number of people out of work and searching for employment, thereby increasing the available skilled labor force. Some common concerns focused on:

1. Difficult to Find Experienced/Skilled Workers
2. Difficult to Find Quality Employees (i.e. Work Ethic)
3. Difficult to Retain Good Employees

* Note: The Peninsula Council for Workforce Development provides employment services and training for both employers and employees in Hampton Roads. Visit www.pcfwd.org for more information on Peninsula Worklink, the Youth Career Café, and the many other workforce programs offered.

Question – Is your company planning closure or sale of the business? If yes, when (Mo/Yr) and why?

Only two respondents indicated they have plans to close and/or sell their business and two indicated it was a possibility. The two planning to close/sell were due to the sluggish economy or rising business costs. The two businesses that indicated a possibility of closure were both in the new home sub-contracting industry and cited the slow housing market, coupled with the increase in competition in the area for their niche industry as the reason for considering closure.

Question – Is your company planning to relocate within or outside of York County? If so, why?

Three respondents are exploring opportunities outside of York County, due to space constraints at their current location and/or changes in the market area.

Of the 78 respondents, five indicated they have plans to relocate within York County and three plan to possibly relocate outside of the County. Each of the companies planning to relocate have been contacted by OED staff to see if they could be retained as a York County businesses and, if so, to offer relocation assistance within the County.

* Note: To view a comprehensive database of available commercial property and buildings in York County, visit York County Site Selector at www.yorkcountysites.com.

Question – If you plan to expand your business, in which areas can OED assist you?

The following list shows the areas in which respondents who plan to expand their businesses would like help from the OED:

- | | |
|---------------|----|
| 1. Marketing | 23 |
| 2. Financing | 10 |
| 3. Permitting | 7 |
| 4. Location | 1 |
| 5. Training | 3 |

Consistent with responses from 2006 to 2010, marketing is the category for the 2012 survey in which respondents indicated they needed the most assistance. Because of this, the OED created several marketing idea and incentive idea sheets, resource lists, and many other promotion related documents intended to assist businesses in the successful marketing of their business, specifically in a down economy. All resources are prominently displayed on the OED website's York BIZ section. The E-Commerce grant program, which was recently refunded by the Economic Development Authority, is also available to help our existing businesses better promote themselves online. Knowing the type of information and resources York County businesses need will help OED staff determine the type of information to include in the Business Resource Guide and on the Economic Development Website and assist staff with the development of new business assistance programs.

Question – What can York County do to better serve local businesses?

When asked what York County could do to better serve firms and to attract new firms to the area, comments centered on the following:

1. Lower Business Taxes and Fees
2. Improve Signage Issues/Reduce Signage Restrictions
3. Offer Free or Co-op Advertising to York County businesses – Better promote York County businesses
4. Offer More New Business Workshops and Seminars and Incentives

Conclusion

In response to these survey results, the OED has taken several steps to improve the economic environment in York County and to address the recurring suggestion of needing to offer more new business services and incentives. The first step in this process was to improve the communication channels with the existing business community, to make them more aware of the programs and services currently being offered. The OED accomplished this in three ways:

- Increased the size of our business email list by over 2,700 new emails for County businesses (both home-based and commercial-based). Staff regularly utilizes Constant Contact to improve the delivery of these and other services and event announcements to our new and existing businesses. To sign up for these announcements, visit www.YesYorkCounty.com.
- Updated the OED services folder, with a new theme and more consistent messaging. The folder and insert sheets were created to better inform current and potential businesses about the free services, programs, and resources offered to them via the OED. It is available online or in the OED office.
- Engaged, and continue to engage, in more pro-active marketing of our programs and services. This includes adding more speaking engagements at local business workshops and events; placing ads in local publications, such as Citizens News; exhibiting at local trade shows, such as Megavention, HRACRE, and the area's chamber of commerce shows; and most importantly, significantly increasing the number of business visits conducted.

Once the channels of communication with the existing York County businesses were more open, the OED began the process of enhancing its programs and promotion of those programs. More business assistance resources, guides, and information were added to the York BIZ Program and the OED Website and enhanced marketing efforts began.

The new **York BIZ (Business Improvement Zone)** program, a web-based business outreach program that was designed to provide new and existing businesses with the information and resources they need to succeed, thrive, and grow, is being much more heavily promoted. The program was augmented in September 2011 with a trade show/workshop type event called the **York BIZ Expo**. This event was such a huge success, with over 75 attendees, and received such amazing reviews, that the EDA has agreed to fund the event again each year, making it an annual event. The expo brings entrepreneurs and start up companies together with the actual programs, services, and contacts they need to successfully start, operate, and grow their business.

In addition to the Expo, the OED is working closely with other state and local business assistance organizations to offer more workshops and programs throughout the year. In partnership with the Hampton Roads Small Business Development Center, the Williamsburg SCORE Chapter, James City County, and the City of Williamsburg, several new educational workshops are planned that will address various aspects of marketing, financing, and customer service. Please visit our website at www.YesYorkCounty.com for detailed information on all available educational programs and to sign up for event notifications via email.

A new business assistance grant program was funded by the EDA in 2011 and is now being promoted to local businesses. The program is called the **Home-based Business Transition Grant Program** and it offers funds up to \$2,000 to existing home-based York County businesses moving to commercial space in the County. Information on this innovative program is available online at www.YesYorkCounty.com. Additional marketing and promotion is also being given to the County's two existing grant programs;

- The **NxLevel Scholarship Program**, which encourages York County's business owners and entrepreneurs to attend the Hampton Roads Small Business Development Center's NxLevel course, a 12-session, 15-week national entrepreneurial training program that helps entrepreneurs learn the skills needed to create and strengthen successful business ventures, and
- The **E-commerce Grant Program**, which encourages website development for York County's private businesses.

In terms of marketing assistance to our existing businesses, the OED began publishing the names and addresses of all new businesses on the updated Economic Development website, providing free publicity for new companies. In addition, any York County business is welcome to submit news articles for publication on the site. This opportunity not only provides free advertising to new companies, but also promotes the 'Keep it in the County' theme and mentality. The OED provides free Grand Opening/Ribbon Cutting services to new businesses, which includes logistics for the event, but also a picture and press release after the event, to help market the new business. In the near future, we hope to be able to offer a York County Economic Development social media site as another means of promoting our businesses and news and events in the County.

In 2010, OED staff worked with the departments of Environmental and Development Services and Public Information and the three local chambers of commerce to review the sign ordinance and to initiate changes that would make York County more business friendly. The most significant improvement that was approved is the ability for existing businesses to post temporary signs for limited periods throughout the year. Although a permit must still be obtained, the Board of Supervisors recently agreed to waive the fee for temporary signage. The OED is in the process of updating the Business Signage brochure to reflect this positive change and other ordinance modifications recently made. The brochure will be distributed with each new business license application and is available on the OED website and in the OED, EDS, and Chamber offices.