

Palo Alto County Economic Development Corporation Business Survey

2009



**Palo Alto County
Economic Development
Corporation**

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**Palo Alto County
Economic Development**

Business Overview

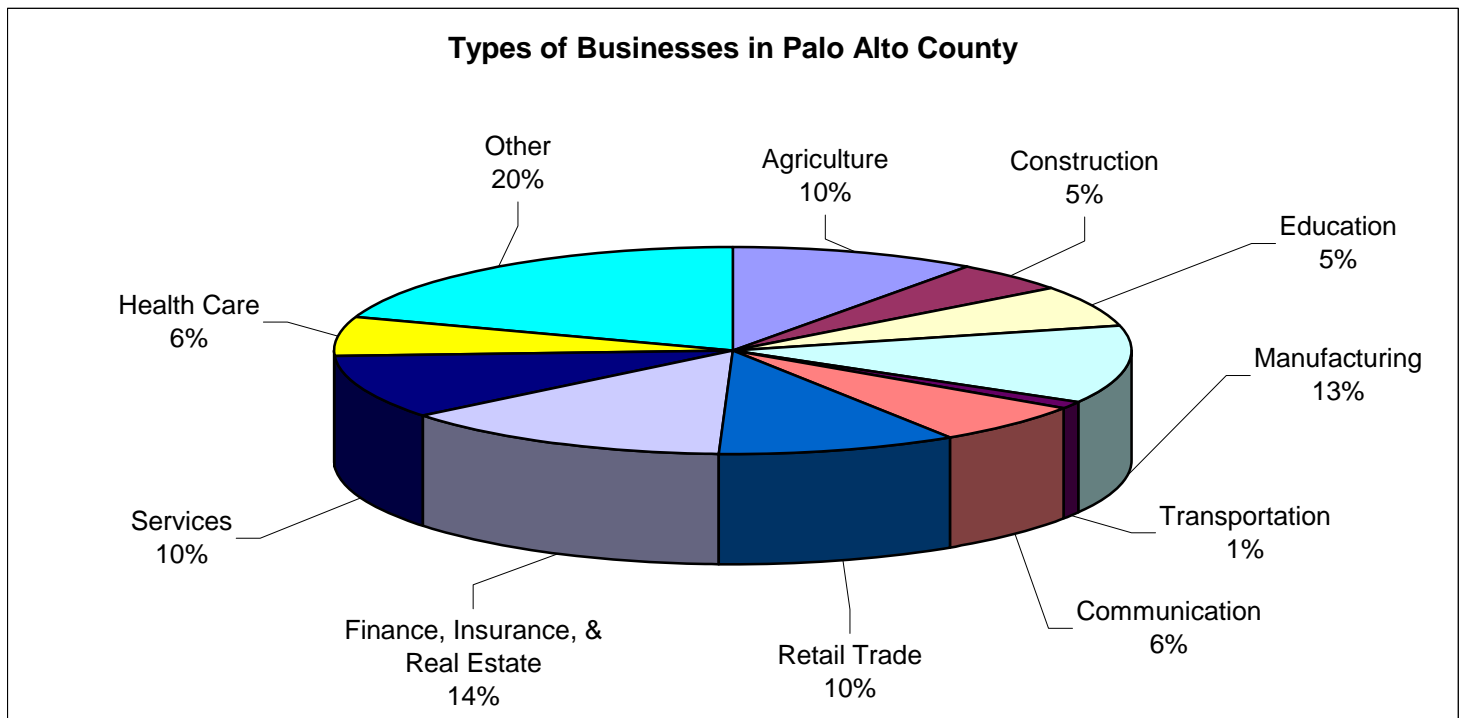
This booklet is a brief overview of information collected from area businesses surveyed in Palo Alto County. The county is comprised of many diverse business sectors. The statistics compiled and recorded into percentage form are the result of 78 businesses responding to a short survey distributed by Palo Alto County Economic Development Corporation's Market Committee. It would be ideal if this booklet could represent every business in Palo Alto County, but that is not possible. In reviewing this material, remember that the businesses surveyed do not speak for all of the businesses in the county, but do speak for a majority of them.

As illustrated by the pie below, 78 businesses participated in this year's Business Survey. Although the number of distinct business industries is comparable from year to year, the outcomes provide similarities along with distinct differences. This will continue to be illustrated throughout the following pages of this booklet.

The businesses completing this year's Business Survey range from the Agricultural Industry to the Health Care Industry. The distinct business industries in Palo Alto County are specifically labeled and set apart by different colors in the graph below. The specific number of businesses completing the survey in 2009 is as follows:

- | | | |
|---------------------------|---------------------|----------------------|
| * Agriculture (8) | * Construction (4) | * Manufacturing (10) |
| * Transportation (1) | * Communication (5) | * Retail Trade (9) |
| * Fin., Ins., & R.E. (11) | * Services (9) | * Education (4) |
| * Health Care (5) | * Other (12) | |

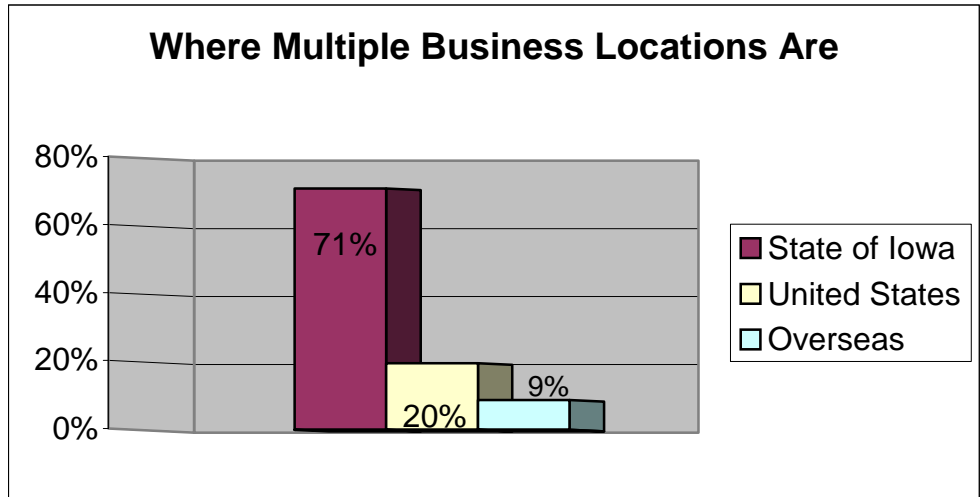
The businesses that responded under the *Other* category include the following sectors: Utilities, Professional Services, Federal Government Agencies, Non-Profit Organizations, and Graphic Design.



Multiple business locations continue to be a trend. Of the businesses surveyed in 2009, 45% of them operate out of more than one business location. This number is up from 2008 by 7%, as a number of new businesses opened their doors in the past year. Multiple businesses or branch offices can still be found in neighboring

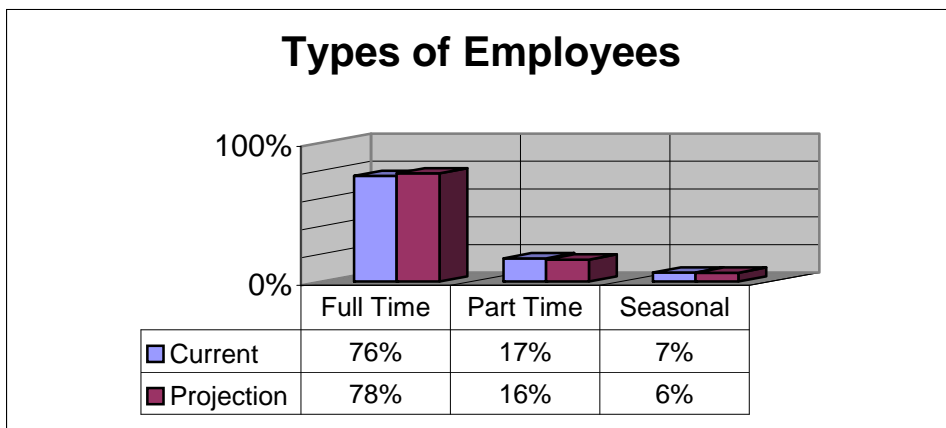
towns throughout the county, within the state of Iowa, around the United States, and even overseas. Businesses will continue to secure future growth with this type of operation. The graph below is an example of this growth.

Even though growth fluctuates from year to year, the comparison from 2007 to 2009 proves that multiple business locations are continuing to be a trend. In 2007, 36% of those surveyed were operating out of multiple business locations, 38% in 2008 and now in 2009, 45% of the businesses surveyed are doing the same.



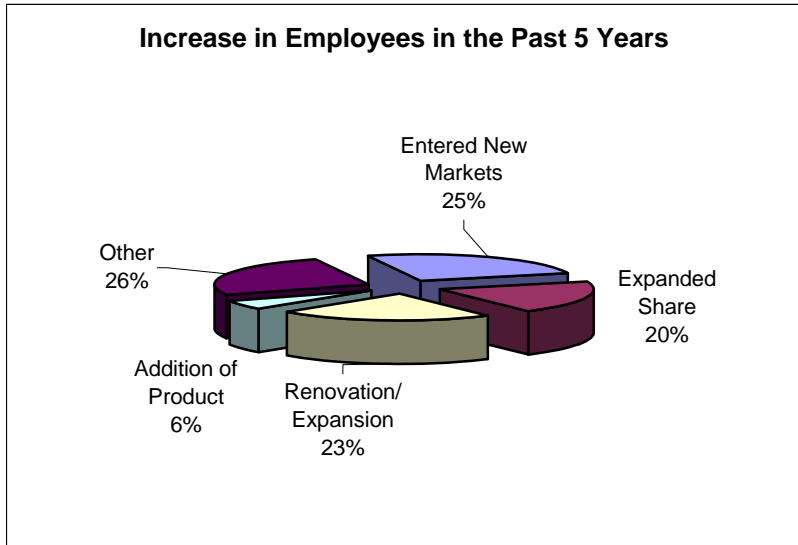
As illustrated by this booklet, businesses rely heavily on their consumers. An increase in consumer activity allows for positive growth. This is possible when competitive pricing tactics are used. A successful pricing strategy may lead to expansion in the years to follow. Expansion is possible as illustrated by the businesses operating out of multiple business locations. This encourages all business owners to look at skills, wages, and the potential of the labor force. In doing so, if the outcome is one of a positive nature, then business owners are encouraged to look at the “big picture.” They will have the information and statistics needed to justify an expansion.

The success of any business relies on a number of diverse factors. Within the county, one of the major factors influencing a successful business is staffing. Each business employs a multitude of skilled individuals on a full time and part time basis, along with seasonal staff. The current trend and the projected trend are equal in comparison. (The divisions are illustrated in the bar graph below.) Information released by Iowa Workforce Development Policy and Information Division, compared Palo Alto County to Kossuth, Clay, Dickinson, and Emmet County. These five counties make up Region 3 in the State of Iowa and represent 2.5 percent of the population. Palo Alto County compares to these four counties with a 95% employment rate. (Clay – 96%, Dickinson – 95%, Emmet – 95%, Kossuth – 96%.) According to the information compiled in this publication, “A low jobless rate indicates a strong economy where job seekers can find employment quickly, whereas a high rate may indicate a weaker economy. On the other hand, businesses can find employees more easily when the employment rate is high.”



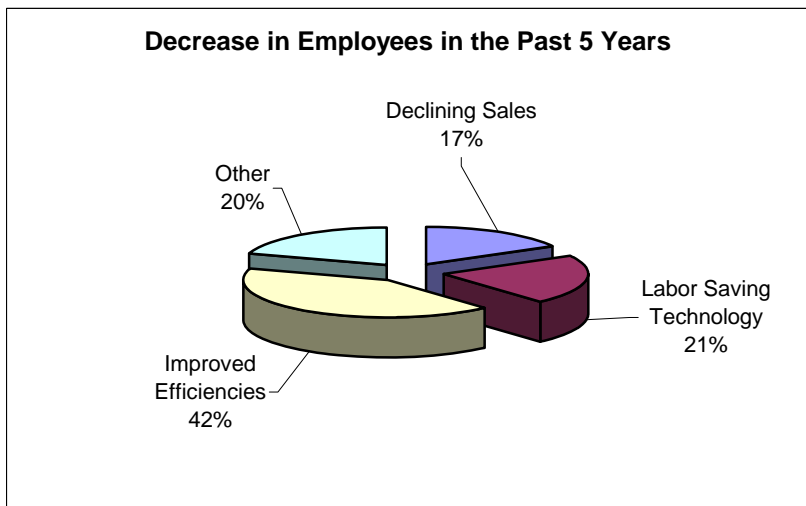
Full time employment is a major factor in the success of numerous business operations, along with part-time and seasonal staffing.

It is evident that employment is increasing and will continue to increase over the next five to ten years and into the future. The following pie chart actually illustrates the increase in employment in the past five years. This increase is due primarily to a business's expanded share in existing markets. Businesses have been able to experience growth within their current markets, which in turn allows them to successfully enter new markets. Because of the idea of supply and demand, renovation/expansion has been made possible. By reacting to this, businesses have been able to add new products and services to their current offerings as a whole.



With employment at 95% in Palo Alto County, informed choices are made by knowledgeable business owners to allow for the continuation of strong employment standards. The pie on the left illustrates what factors influence growth. Evident in 2009, Expanded Share and Renovation/Expansion plays an important role in the growth of the labor market. Businesses have been able to experience growth within their current markets, which in turn allows them to successfully enter new markets.

It is encouraging to see that there have been increases in employment over the last five years due to the major factors mentioned above. It is important to recognize that there have also been some decreases in employment, which need to be addressed by individual businesses. There is a challenge to keep both part-time and seasonal staff on as permanent employees especially when there is not an overwhelming need at certain times during the year.

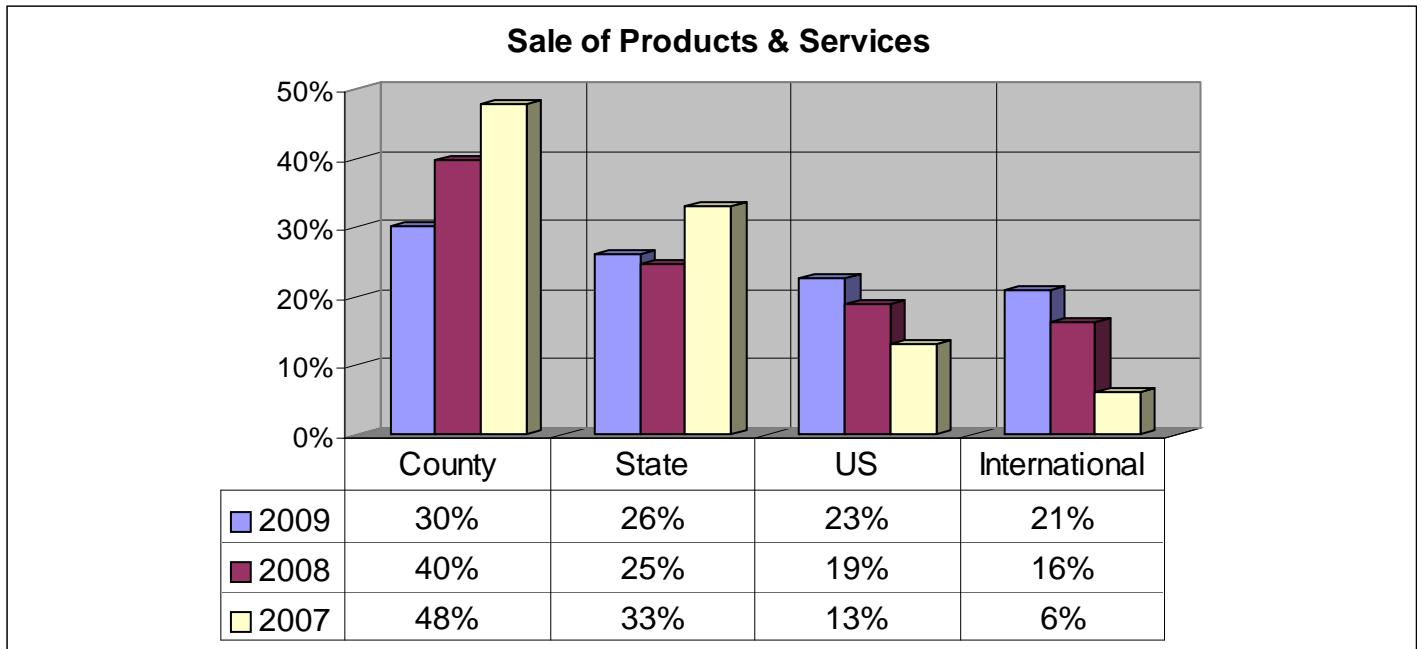


This pie illustrates how and why there has been a decrease in employment. Advances in technology and improved efficiencies have been causing a slight cut in staffing. Even though businesses have been prosperous in current and new markets, declining sales do periodically occur. This occurrence is directly related to the theory of supply and demand in relation to economic trends.

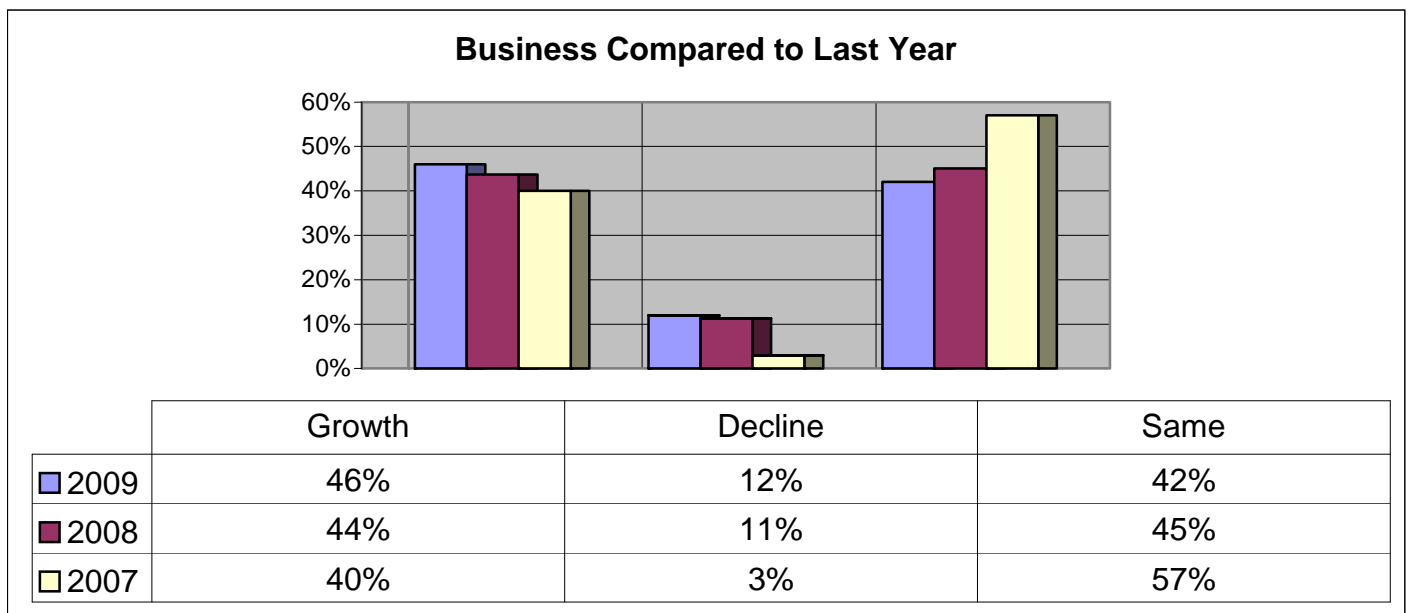
Other major influences experienced by the county are: declining enrollment in our local schools, retirement, the moving of young people to other areas because of better incentives when it comes to employment, the loss of markets, and the decline of a substantial customer base. This could also be the result of a company purchasing an existing company or consolidating.

Market Factors

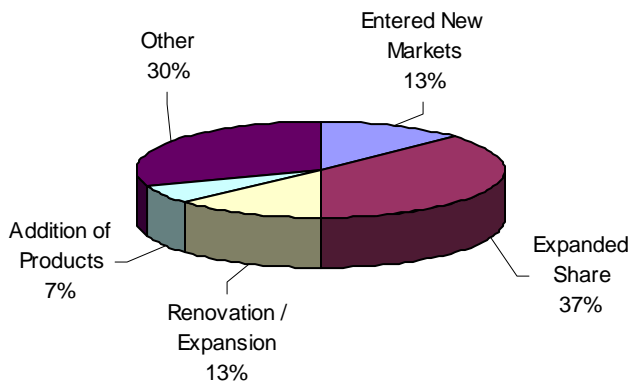
The sale of products and services is a major livelihood of any business. The concept of supply and demand challenges consumers to find the best product at the most competitive price in the right location. Businesses in Palo Alto County sell to consumers in different areas. While the county's consumers remain very loyal, the sale of products and services to areas outside of the county has significantly increased in the past year. The considerable changes indicated in the chart below can be attributed to the rapid growth of businesses providing alternative energy sources to a vast consumer base. Sixteen percent of the businesses in the county have also been successful outside of the United States. This percentage may seem irrelevant, but it may help to build a loyal customer base as businesses experience the challenging merge into new and even bigger markets.



The graph below illustrates what business has been like this year, in comparison to last year.



Result of Growth

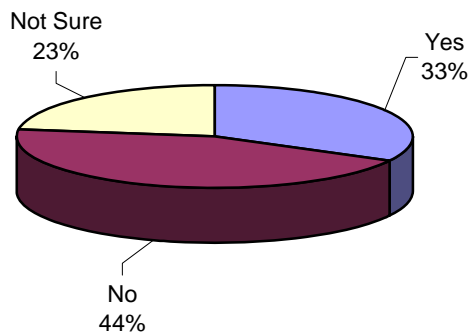


The result of the growth illustrated in the graph on the previous page is due to the factors illustrated in the pie chart on the left. Businesses are continuing to enter new markets whether they realize it or not. This may happen from year to year, or it may occur every couple of years. As a result, the business owners utilize their expanded share in existing markets by continuing to renovate and expand. Other influences include the introduction of new products and the continuation of business start-up.

Those businesses surveyed in 2009 provided specific examples of what has occurred to allow for growth in the above areas. Operations are specific to the distinct business industries, but cleverly relate to the successful sale of goods and offering of services. Some businesses have added more programs to their services with the hope of branching out to all demographics. With continued emphasis on marketing, the addition of customer bases is possible. This may require that the business owner revise their year-to-year business plan. This revision is not limited to 3 or 4 revisions before the plan is complete. And by doing so, products are thoroughly examined, resulting in a decreased offering of certain items and an increased production of existing products that are thriving in the competitive market place. Thus, growth is present whether an owner, supervisor, line manager, or employee realizes it.

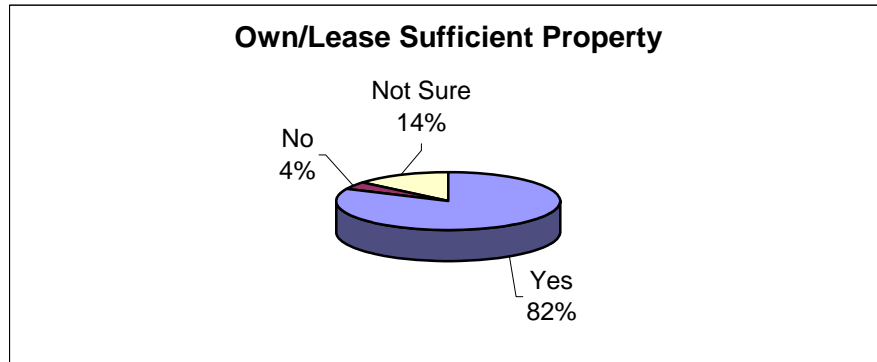
Future Business Factors

Modernization/ Expansion Plans



Any successful business has to be proactive in order to survive future market fluctuations, especially the ones we have experienced in the last 36 months. A positive reaction to these uncertain fluctuations is to be open to the idea of modernizing business and expanding operations in order to be competitive. The pie on the left illustrates modernization and expansion plans. In referencing the pie on this page and on page eight, 33% of the surveyed businesses plan to “upgrade” their business within the next five years and own sufficient property in order to make this happen. Forty-four percent of the businesses in Palo Alto County do not foresee an actual change to their buildings and equipment in the next five years. This does not mean that a business will not experience growth from within.

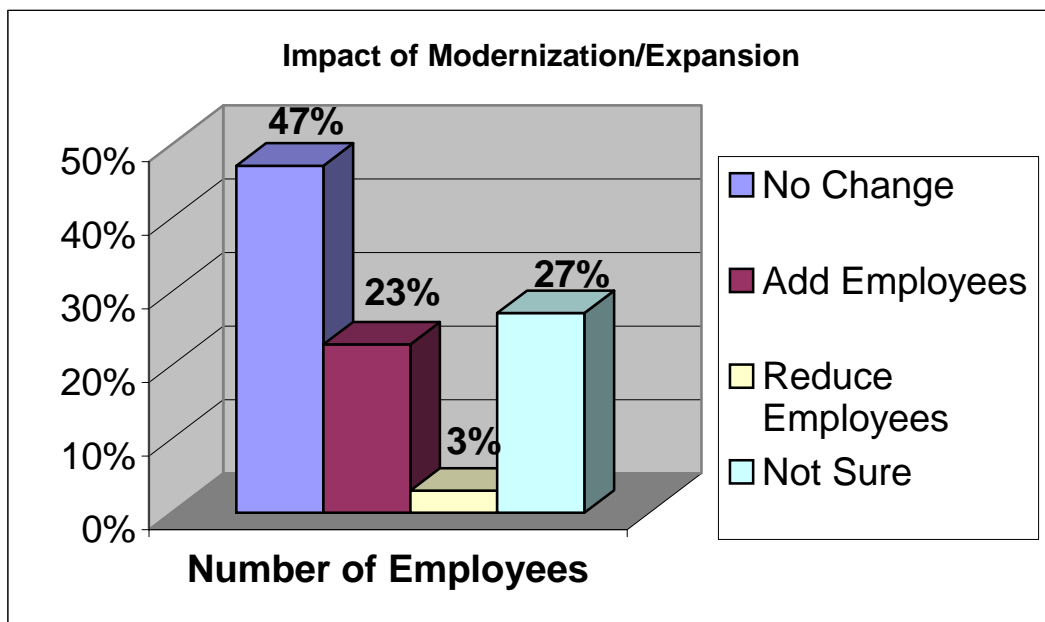
In order to ensure that operations will continue well into the future, businesses prepare by planning early. In fact, 82% of the businesses own or lease sufficient land and buildings to allow for future growth.



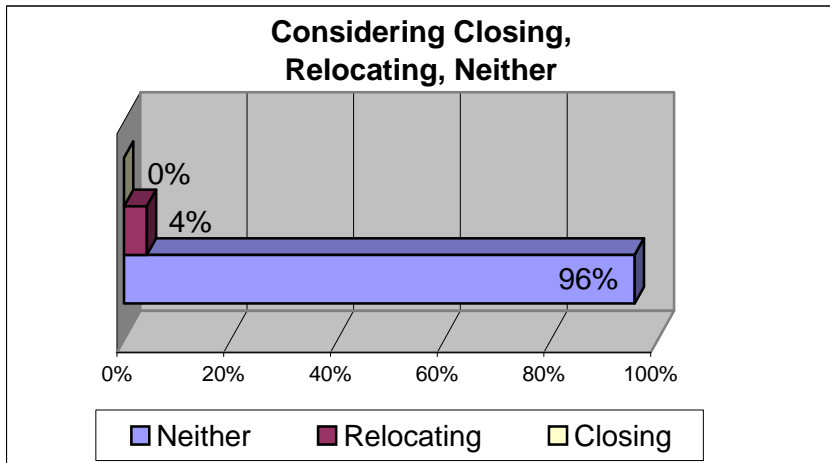
Employees are impacted by the growth and decline of businesses. Modernization and expansion is on the mind of any successful business owner. Consumer traffic impacts the amount of employees needed to respond to changes. Along with modernization comes change and expansion. According to the Laborshed Studies compiled by Iowa Workforce Development Workforce Research, this will impact employment in the following ways:

- Availability and willingness to change/enter employment
- Occupations
- Wages needed to enter or change
- Benefits (traditional/non-traditional)
- Skills (previous/current)
- Education

Of the 47% that say modernization and/or expansion is necessary in the next 5 to 10 years, employment will not be affected. Twenty-three percent of the businesses surveyed plan to add employees in order to survive in their current competitive market. Three percent of businesses will reduce employment, which may result in more full-time staffing or more specialized job positions. Whatever the “underlying factor” may be for the increase or decrease, “change is inevitable.” How a business chooses to deal with it is the key factor.



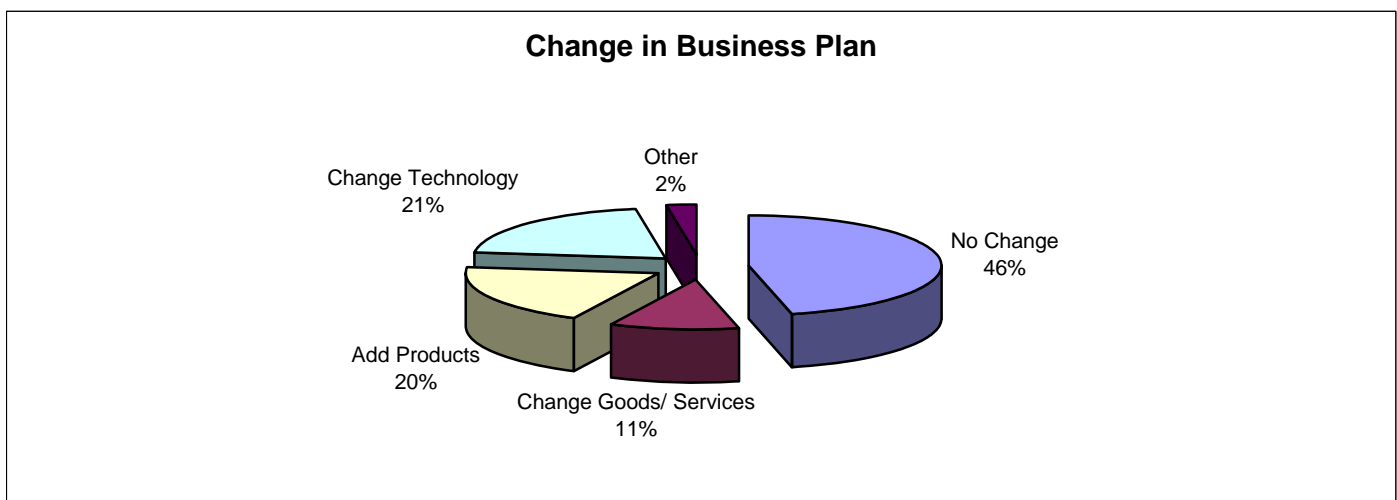
Having a positive outlook on operations, all business owners would like to be able to secure their future from the very first day they open their doors. Sometimes though, decisions need to be made by businesses such as doors closing or businesses relocating to a more prosperous area providing them more stability. Thankfully though, this is not a foreseeable threat for businesses in Palo Alto County and has not been an issue over the past year.



If a business does decide to relocate, the influencing factors include: Changing Market Conditions, Environmental Concerns, Rigid Code Enforcement, High Local & State Taxes, Lease Expiration, etc. Sometimes it is more beneficial for a business owner to move their operations elsewhere. By doing this, they may be able to enter a new market and draw upon the interests of other consumers.

Relocation can provide opportunities that business owners may not have been accustomed to in their previous location. Thankfully, the possible threat of having to close because of the factors mentioned above is not a current concern. From the information gathered, this is not going to be a concern on many business plans in the coming years.

Proactive thinking and implementing any foreseeable change influence the security of knowing that the doors will stay open from year to year. Currently, a majority of the local businesses do not foresee any type of change in their day-to-day activities in the next three years. Change is inevitable though and in order to continue growth, steps must be taken to stay competitive. Goods and services are continually changing in order to accommodate the demands of customers. Products are under scrutiny, and changes, along with advances that will appeal to all customer bases are being implemented. And don't forget about technology. It is continuing to change and advance every second of every day.



County Rating

There are a number of factors that influence the success of Palo Alto County. The grouping below represents location factors that received higher “excellent” ratings when reviewing what Palo Alto County has to offer as a whole. It is important to point out that certain location factors do stand out from the other factors due to the higher rating of excellence awarded to them.

2009

Community College (49%)
 Ambulance Paramedic Service(42%)
 Police/Fire Protection (41%)
 Quality of Education (36%)
 Health Care Services (28%)
 Reliability of Utilities (26%)
 Water Quality & Supply (25%)

2008

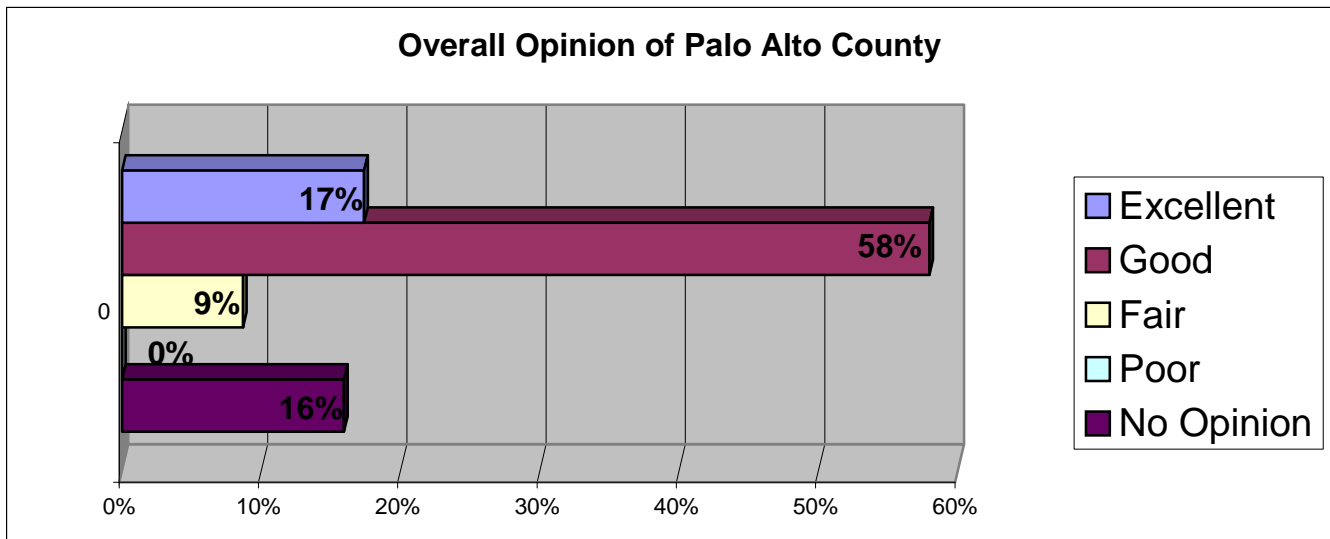
Banking Services (54%)
 Police/Fire Protection (54%)
 Quality of Education (52%)
 Reliability of Utilities (52%)
 Sewer (52%)
 Solid Waste (48%)
 Community College (40%)

2007

Reliability of Utilities (52%)
 Community College (44%)
 Police/Fire Protection (40%)
 Banking Services (36%)
 Quality of Education (35%)
 Solid Waste (30%)
 Sewer (26%)

These are a small percentage of the location factors that the county is fortunate to possess. The variation between the groupings above is an example of the difference in participation from year to year.

Location factors are a stepping-stone compiled with a multitude of numerous factors that are considered when rating the county as a whole. The graph below illustrates businesses’ overall opinion of Palo Alto County.

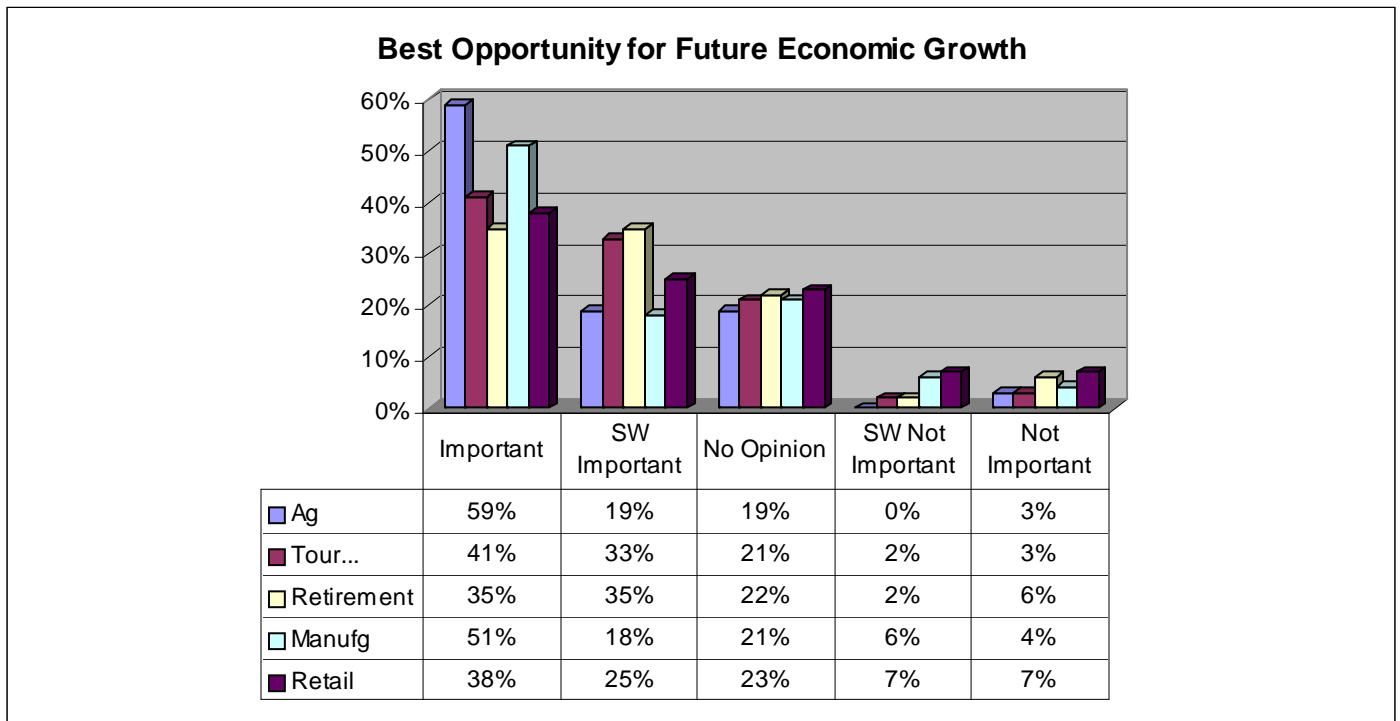


Workforce

Another factor in rating Palo Alto County is the perception of the area workforce. Every business within each of the nine communities in our county possesses a structured workforce (organization), which aids in the success of operations. These individual organizations must be open to interaction with each distinct business industry in Palo Alto County. By coming together, they create one big organization within the county. There may be numerous complex tiers making up each individual organization, but that is how a business will survive – diversity, complexity, competitiveness, etc. Whatever the structure may be, the organizations must work together providing services that are available along with having the highest quality in mind. This focus must be on the consumer and the county as a whole. Please reference the Appendix portion of this booklet for the graphs, as they were too large to illustrate here.

Summary Concerns

Businesses need to be proactive when forecasting possible trends of their businesses' future activities in Palo Alto County. It is inevitable that technology is going to continue to improve and high levels of education are going to be possessed by young employees. Certain requirements may also change and adjustments will have to be made to existing business plans in order to secure survival. It would be ideal if someone could accurately predict what the economy will be like in the next five to ten years, but that is not possible. It is possible though to create revised business plans that prepare for the future by changing activities of the present. This includes the consideration of economic development today and in the future. Without this type of development, a businesses' success is non-existent. There is a limit on offerings, attracting new business, younger generations, and tourists. The graph on the next page illustrates certain factors that need to be considered when predicting activities for the future.



Prosperity... Stability... Success... These contribute to the idea of growth as the underlying goal for any business. Palo Alto County is fortunate that it is an organization of prosperous businesses and individuals. In planning for the future, there needs to be continued support with regard to economic development. Economic development is what keeps families thriving in the small communities, local class sizes growing, and customer bases increasing. It is the ultimate key to bringing individuals back to their hometowns, where they can start a prosperous future for themselves and their families.

Another aspect to consider is competition from other counties and their sources of economic development. This can be the sole driver and/or indicator when an interested business person explores the different aspects of our county, deciding whether their product or service will thrive. When considering all of the positive aspects that economic development can enhance within a community, support is needed. It is needed by individuals and by the county as a whole. Please reference the Appendix portion of this booklet for the graphs, as they were too large to illustrate here. How do we rank?

A final thought...

Palo Alto County is an organization working together,
young and old,
for the ultimate goal – **GROWTH**.

The only way to make this happen is for the following to be present:
SUPPORT from today's generation, and
SUCCESS from tomorrow's generation,
PROSPERITY from both generations in the future.

Palo Alto County is growing – enjoy what it has to offer.
Thank you for your support!



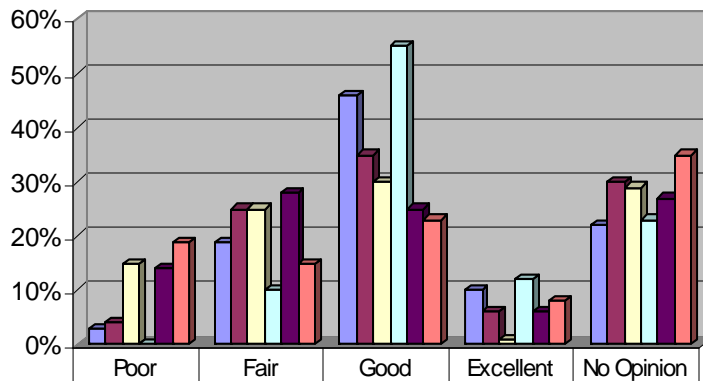
**Palo Alto County
Economic Development
Corporation**

Special Thank You

We would like to thank the individuals that contributed to this year's Business Survey. Their input will allow business owners, along with other individuals, to utilize this information in skill upgrading and identifying training needs. It will also contribute to furthering the education of current and future employees.

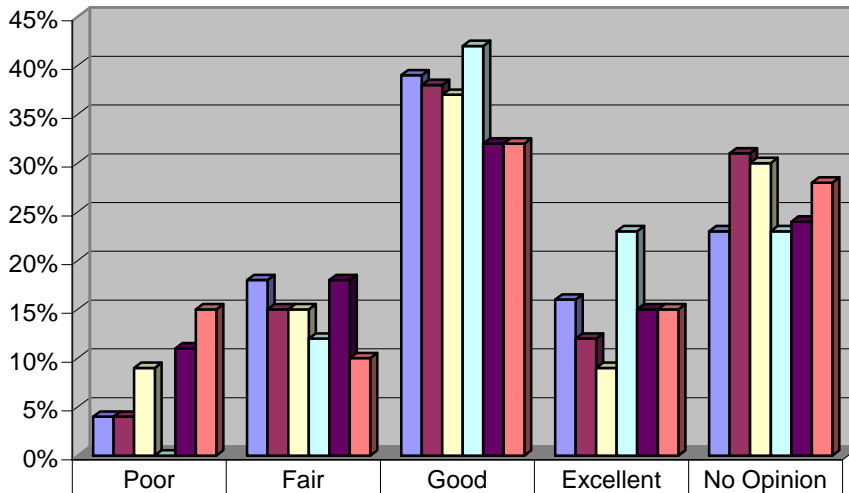
APPENDIX

Perception of the Area Workforce - Availability



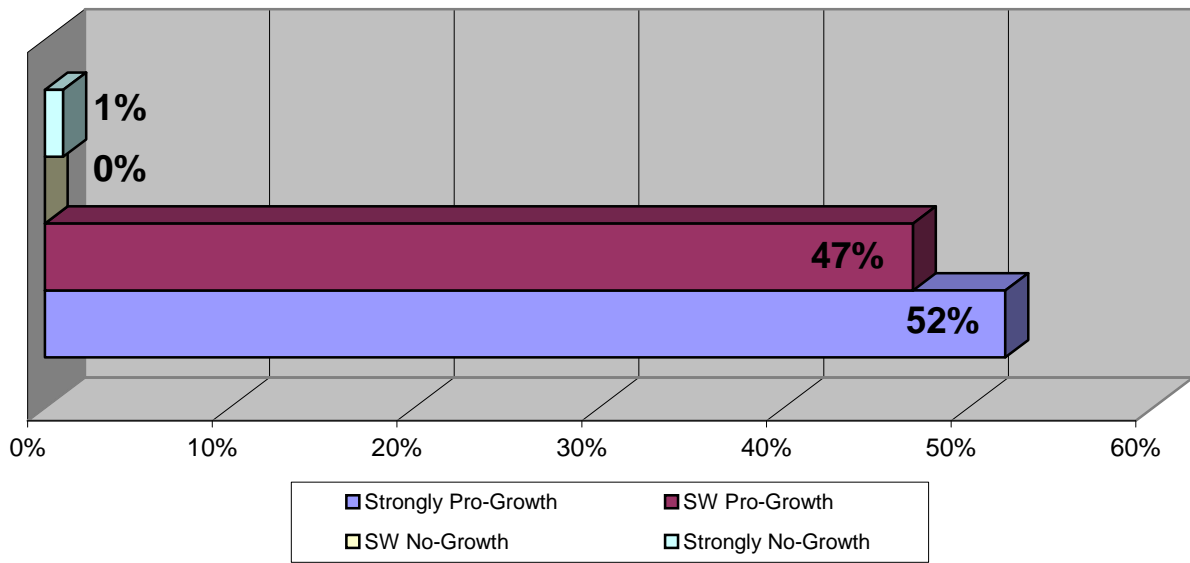
	Poor	Fair	Good	Excellent	No Opinion
Unskilled	3%	19%	46%	10%	22%
Semi-Skilled	4%	25%	35%	6%	30%
Skilled	15%	25%	30%	1%	29%
Office	0%	10%	55%	12%	23%
Managers	14%	28%	25%	6%	27%
Professionals	19%	15%	23%	8%	35%

Perception of Area Workforce - Quality



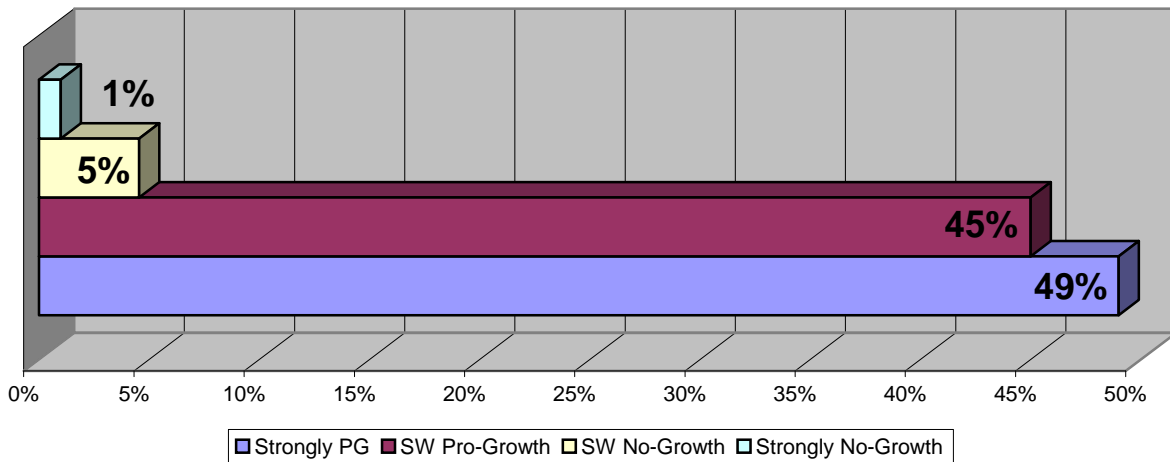
	Poor	Fair	Good	Excellent	No Opinion
Unskilled	4%	18%	39%	16%	23%
Semi-Skilled	4%	15%	38%	12%	31%
Skilled	9%	15%	37%	9%	30%
Office	0%	12%	42%	23%	23%
Managers	11%	18%	32%	15%	24%
Professionals	15%	10%	32%	15%	28%

Support for Economic Development (Self)



In looking at the above graph, it is evident that individuals see themselves as part of a community that supports growth. Fifty-two percent of them would consider themselves strongly pro-growth and 47% consider themselves somewhat pro-growth. When looking at the county itself, 45% perceive Palo Alto County as somewhat pro-growth. The concern of many of the individuals is the thoughts and ideas of county leadership where growth is concerned. The 49% that view the county as strongly pro-growth agree with the thoughts and ideas of Palo Alto County Economic Development Corporation. They have made a point to get involved and volunteer their time and energy, whether it is themselves or their employees, as illustrated throughout this booklet.

Support for Economic Development (County)



Please note, as mentioned previously, the businesses surveyed do not speak for all of the businesses in Palo Alto County, but speak for a majority of them.