

**Osage County  
Business Retention & Expansion  
Survey Report**

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**ED SERRANO**  
*Economic Development Representative*

**Kansas Department of Commerce**  
1000 S.W. Jackson, Suite 100  
Topeka, Kansas 66612-1354  
Phone: (785) 296-5298 TTY (785) 296-3487  
e-mail: [eserrano@kansascommerce.com](mailto:eserrano@kansascommerce.com)

# Osage County Business Retention Survey Report

## Summary

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A recent study of 42 businesses in Osage County provided insight on what the business climate looks like from an industry perspective. The survey revealed that Osage County has a positive employment trend. In fact, over the past two years, despite the nation's economic challenges, these businesses have created 15 net new jobs. Taken as a whole, this trend is expected to continue as 15 of these businesses anticipate creating 47 new jobs over the next two years. Perhaps this growth could be attributed to the attitude of the current workforce. When asked to rate the attitude of their employees, 93 percent of survey respondents viewed the attitude of their workforce as being excellent or good. Not surprisingly, it may be because these companies don't indicate having major problems with recruiting or retaining employees.

When looking to identify barriers to growth in Osage County, some businesses point out a few key concerns. Many businesses indicated they have had to forgo an expansion in the last five years due to lack of financing. When asked to comment on significant negative impact of local regulations, businesses weighed in as documented in the Financing and Regulations section of this report (see page 13).

Although the fire protection and quality of life in Osage County were rated extremely high, some items were viewed as less-than-adequate in the community. These items included:

- Air Transport
- Local Labor Pool
- Cost to Transport Freight

While there are areas that have room for improvement, the survey participants indicated that they genuinely care for the well-being and growth of the community. Businesses in Osage County indicated they would benefit from improved marketing efforts to promote the county and incentive programs for new and expanding businesses. Companies also see potential opportunities for new products and services that could be expanded to generate additional wealth. These items are cited in the Product/Service Development section of this report (see page 6).

The Osage County Economic Development Corporation demonstrated a commitment to excellence by initiating this program in Osage County. The findings in this report are estimates of the actual business population characteristics. Community leaders and all participating businesses should be praised for working together to discover and resolve existing strengths and problems. By taking this proactive step to find out what businesses need for growth, Osage County has positioned the community to move toward a strong future of development and prosperity.

# Osage County Business Retention Survey Report

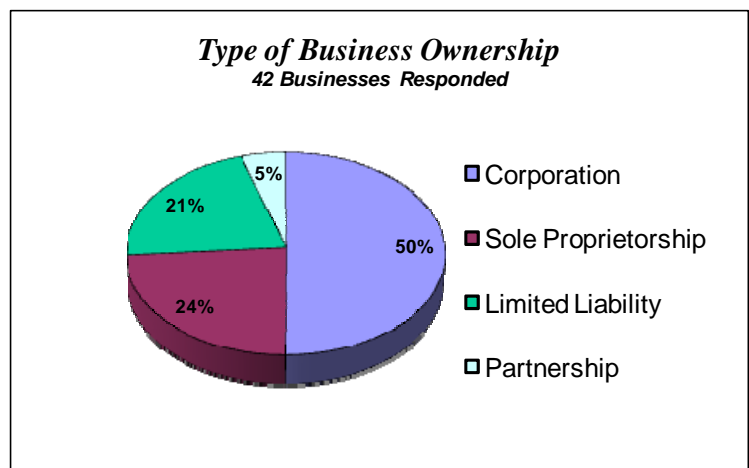
## Surveyor \_\_\_\_\_

Forty-two Osage County businesses completed a BREES survey in 2008-09. The survey was sponsored by the Osage County Economic Development office in partnership with the Kansas Department of Commerce. Opinions and data were collected from a widespread industry group including: 18 retail trade firms; 13 service industry establishments; four manufacturing companies; two construction companies; two finance, insurance/real estate firms and one agriculture business. The purpose of the survey was to determine business perspectives on:

- Employment conditions and employee relations
- Services offered by government
- Educational and vocational training
- Business climate
- Quality of life

## Business Ownership \_\_\_\_\_

Businesses were asked to indicate their ownership type or company structure. The businesses surveyed are organized as follows: 50 percent Corporations, 24 percent Sole Proprietorships, 21 percent Limited Liability Corporations and five percent Partnerships.



## Information about Employees \_\_\_\_\_

Forty-one of the surveyed businesses in Osage County are staffed by an average of 13 full-time employees. The number includes the survey respondent and ranged from a maximum of 110 to a minimum of one.

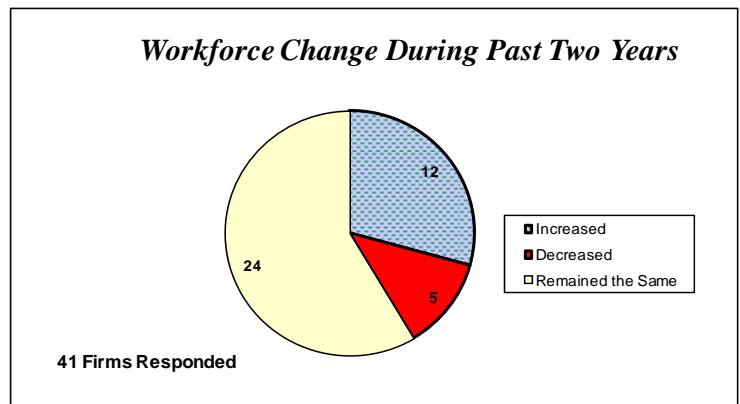
	Full-Time Employees	Part-Time Employees	Living outside the County
Firms Responding	41	34	14
Average	13	6	7
Maximum	110	45	38
Minimum	1	0	0

Thirty-four businesses employ an average of six part-time employees. As reported, part-time employees range in number from a maximum of 45 to a minimum of zero.

Among the 14 businesses reporting employees who live outside the county, the average number was seven. The largest number of staff members living outside the county for any one business is 38, and the smallest is zero.

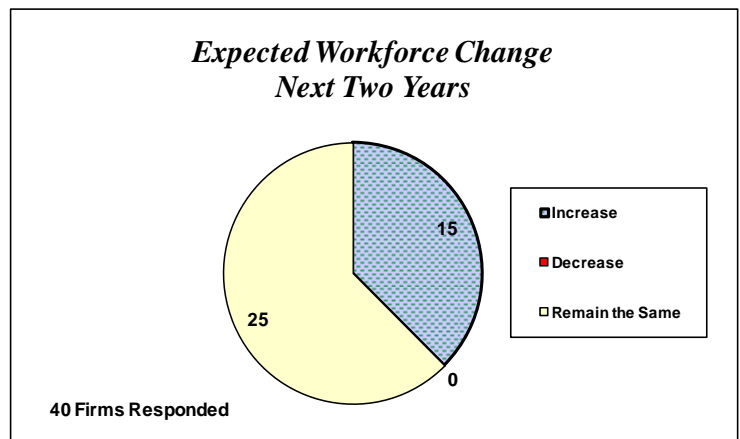
## Workforce Fluctuations

The survey asked businesses if, during the past two years, employment had increased, decreased or remained the same. Respondents reported no change at 24 of the firms surveyed, while employment increased at 12 of the businesses, adding a total of 50 new jobs. Employment decreased at five businesses by a total of 35 jobs.



	Firms Reporting a Change	Total Jobs	Average
Increased	12	50	4.2
Decreased	5	35	7.0

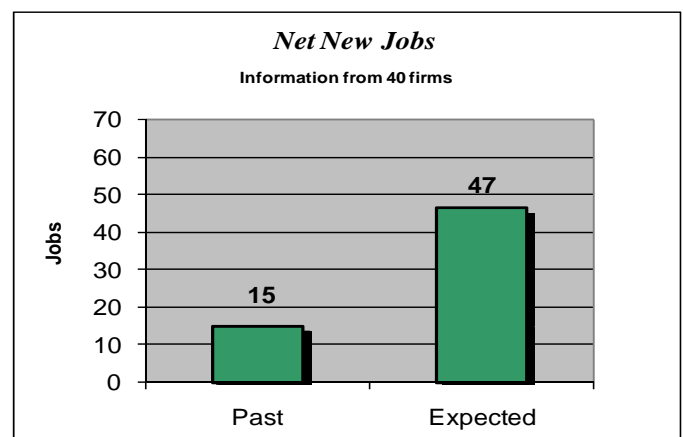
Asked to anticipate the expected workforce change in the next two years, 40 firms responded. Of those, 15 of the firms expect to increase employment, adding up to 47 total jobs. Zero firms anticipate a decrease in employment, and the remaining 25 firms believe their workforce will remain the same.



Expectation	Firms Reporting a Change	Total Jobs	Average
To Increase	15	47	3.1
To Decrease	0	0	0.0

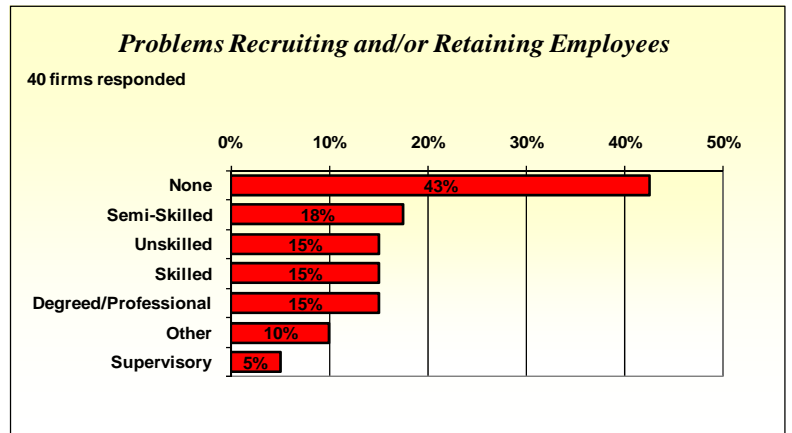
When looking at the net employment change over the two time periods studied (past two years and future two years), the trend indicates that Osage County is experiencing job growth. According to the survey, 15 net new jobs were created over the past two years.

Information from the 40 firms that responded to future employment expectations anticipate that up to 47 net new jobs will be created over the next two years. The net new job trend is presented in the table to the right.



## Workforce Recruitment

Businesses were asked to specify employee skill-level problems they encounter with regard to recruiting and/or retaining employees. Forty-three percent of respondents indicated they had no problems recruiting or retaining employees. Other firms reported having recruiting/retaining troubles in many different categories, but as a whole, less than 20 percent were having trouble in any specific category.



Some businesses indicated that their recruiting troubles consist of reasons other than the choices that were given. The reasons they cited are listed in the table to the right.

### Recruiting Problems Specific

Welfare is too easy to get  
Very low paid rural area  
Technical

The businesses were then asked to indicate the nature of the top three recruiting problems they encounter. Among the 25 responding businesses, the areas ranked highest were:

- Poor work attitudes
- Available labor has low skills
- Shortage of labor pool for entry-level jobs



Business that indicated they had other recruiting problems listed the following reasons:

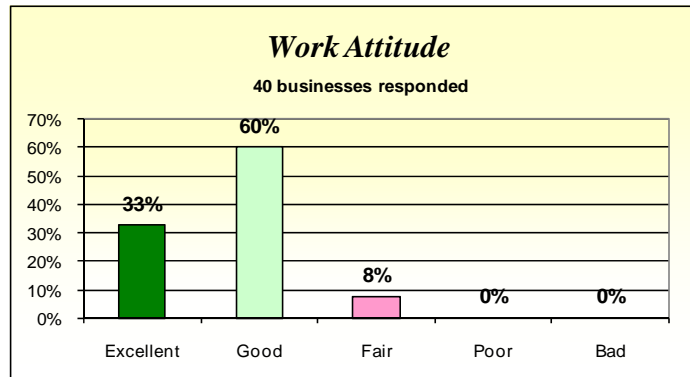
### Other Recruiting Problems

Open positions are rare  
They can make more by going to Topeka to work  
Welfare program  
Workers lack improvement skills

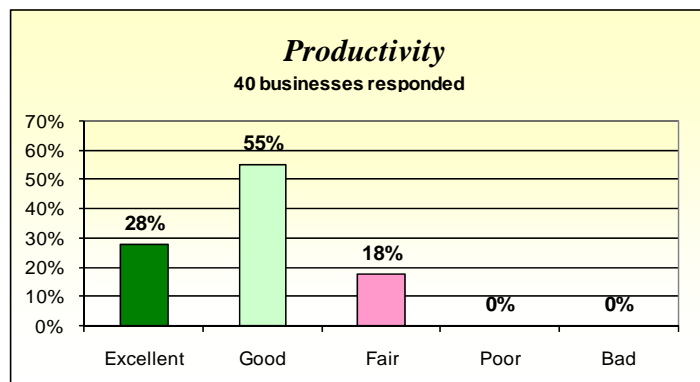
## Workforce Quality

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The quality of the Osage County workforce was rated according to Attitude and Productivity. Forty businesses responded, and 37 (92.5 percent) ranked their workforce's attitude as good or excellent. The remaining 5 (7.5 percent) rated the attitude of the workforce as fair.



Similarly, when asked to rate the productivity of the workforce, 40 businesses responded, and 33 (82.5 percent) indicated a good or excellent rating for their workforce's productivity. Seven businesses (17.5 percent) rated their workforce as fair.



## Procurement-Related Issues

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The survey asked businesses to identify any raw materials, components, products or services presently purchased out-of-state that they would consider replacing with goods produced in Kansas if a reliable supplier could be found. Their specific comments included:

### Products businesses would buy

- None of the needed raw materials are currently being produced in Kansas
- Carpet - flooring manufacturing (All in Georgia or California furniture)
- Always looking for local KU/KSU suppliers
- I will always do my best to buy Kansas-made products if they are comparable in price.
- Lumber, cabinets
- No resin suppliers in Kansas

## Product/Service Development

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When asked if there are any new products or services the businesses could offer, 18 answered yes and contributed the following ideas:

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### New Product or Service

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Specialty financing, specialty repair service  
 In-house body mechanics with other county businesses, community education  
 We are a supplier to funeral homes only  
 Broader installation sales, broader rental line and flooring  
 Digital film processing, IV drugs  
 Neon signs  
 Could insure mortgages but does not want to compete with the financial institutions  
 More grain storage  
 Expand existing product lines. New services might include "Rental Products"  
 Bissel line of groceries  
 There are many services that we could also offer, but due to the changes in the economy and cost to determine if these services would be profitable, we are not pursuing these options at this time.  
 We choose to stay with the products we do offer.  
 Deli food items, video rental  
 Furniture  
 Roadside service  
 Tool rental  
 Breakfast but cannot find a reliable cook  
 Need more slip rental  
 RV service  
 Farm and ranch supplies  
 Coffee and food  
 Patterns on CD  
 Acupuncture, nutrition, massage  
 Hospice services and expanded home health

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The businesses with new product ideas were then asked to mark a listing of possible problems to indicate why the products or services aren't currently offered. The following list indicates the reasons most frequently marked:

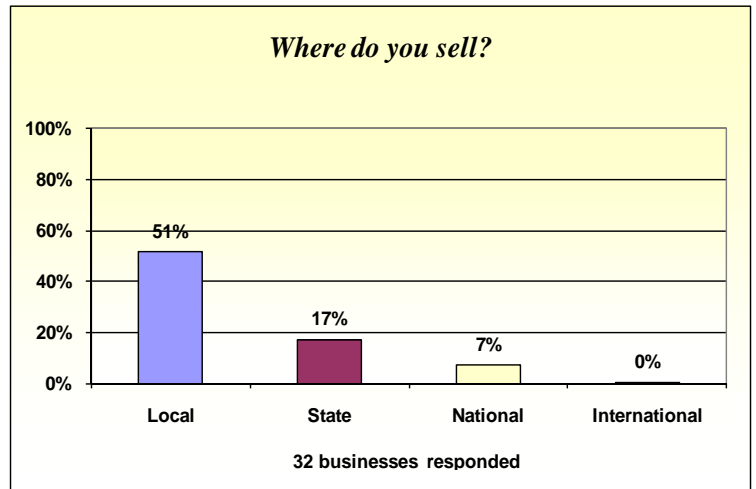
### Why don't you offer it now?

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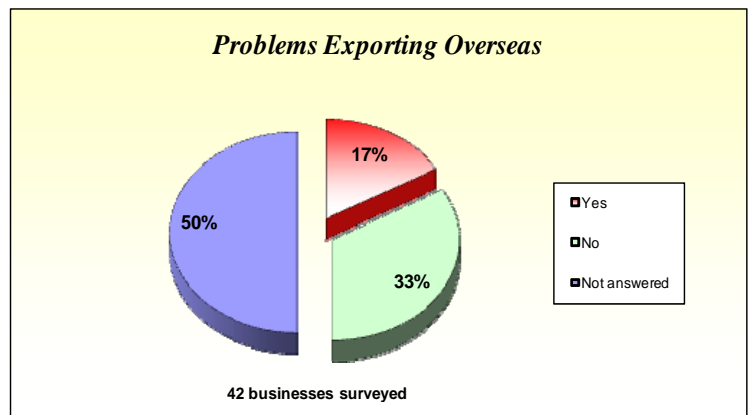
Lack of affordable financing	8
Lack of specific know-how	5
Lack of adequate skilled labor	6
Lack of specific equipment technology	3
Product requires research and development	4
Currently introducing product	1
Other --	10
Not enough employees	
Does not want to compete with local banks	
Initial Investment	
Lack of space	
Tax, economic and political environment not friendly to businesses and/or new venture.	
Wish to stay with what we have	
No room!	
Local government resistance and not supportive	
Poor economy	
Time	

## Exporting

Businesses were asked what percentage of their product/service is sold in local, state, national and international markets. A majority of Osage County products are sold locally. However, there are businesses in Osage County that are currently catering to markets across the state and nation.



When asked if there were any problems exporting their product(s) overseas, 21 businesses responded, and 33 percent said they have no problem exporting their product overseas.



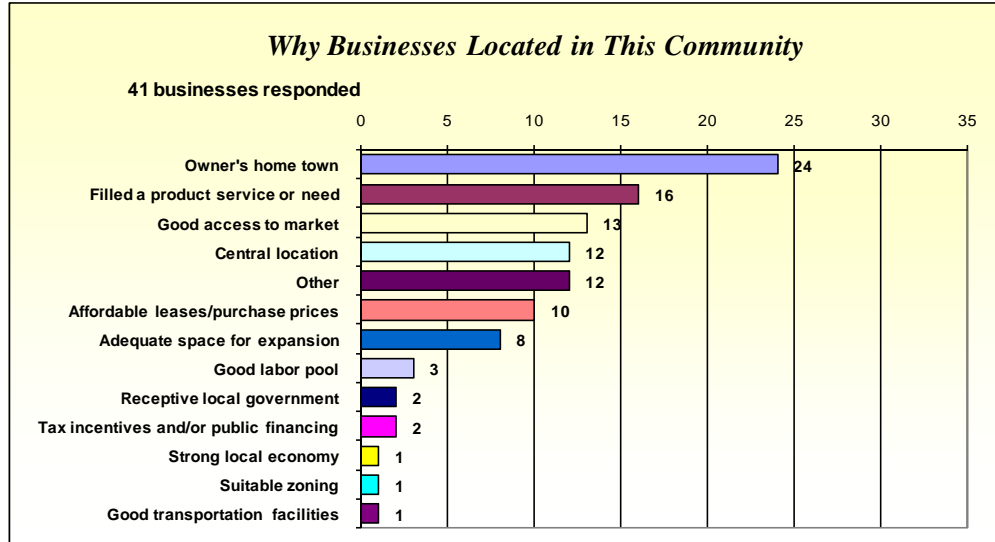
The reasons businesses cited for not being able to export product(s) overseas are as follows:

<b>Exporting Problems:</b>	
Inadequate knowledge of exporting procedures	2
Inadequate knowledge of foreign countries/markets	1
Unfavorable exchange rates	0
Lack of affordable export financing	0
High tariffs and/or trade barriers	0
Restrictive export regulations	0
Other	7
No demand	
Shipping	
Product size/value relationship	
Not applicable	
We don't try	
Local retail sale of grocery items does not support regional/national/international operations and/or sales	
State laws prohibit this	

When asked if the business felt its product or service is one that could be exported at a profit, 21 responded, and seven said yes.

## Business Location Determinants

Businesses were asked to select three major factors from a listing of possible reasons for their decision to locate or remain in Osage County. The reasons most frequently selected by the 41 responding businesses are ranked below:



The businesses indicating there were reasons other than the choices listed above described them as follows:

### Other Location Reasons

- Preserve the downtown motif
- Family
- Family business
- Already working here in town
- Live Local
- Location next to courthouse
- Near the lake
- Building available and adequate space. Looking for a small town to raise a family.
- Lots of public land for recreational activity. Only county in KS with two fed resv., lots of hunting/fishing. Wife had first career job here. Central to highway system, rural life style, opportunities to live in small town rural area and yet close to larger population and services.
- Close to family
- Economic development incentives
- Wanted to stay away from Walmart

When asked if the company planned to move or close in the next year, two companies indicated they are planning to move, and both plan to remain in the same community. Several other businesses have no plans to move but provided input on conditions that might affect their decision.

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**Reasons for moving**

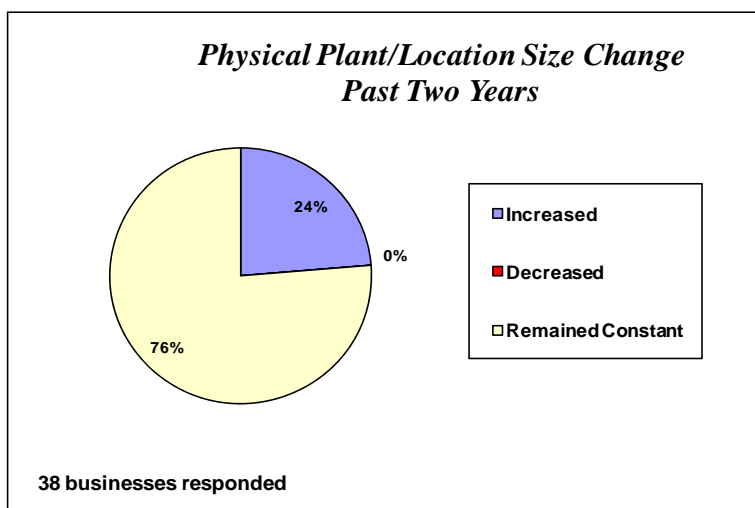
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- High cost of Labor
  - Recruitment efforts by other city/state
  - High cost of utilities
  - Environmental regulations
  - Decline in Sales
  - Lack of adequate training resources
  - Difficulty in finding labor
  - Difficulties with local government
  - Inadequate city services
  - Other Reasons:
    - Insurance
    - Primary market is Colorado, accounting for 68% of sales. Incentives available in other states are much, much stronger
    - We have concerns of being able to stay open in national healthcare were to pass and if taxes on property and small businesses continue to rise.
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**Plant Size**

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The physical plant/location size has increased for 24 percent of survey respondents during the past two years. Seventy-six percent of the businesses remained constant in their plant/location size, and none of the businesses surveyed experienced a decrease in space.



Nine businesses have expanded in the last two years, and seven of these companies reported increased augmented footage totaling 26,700 square feet.

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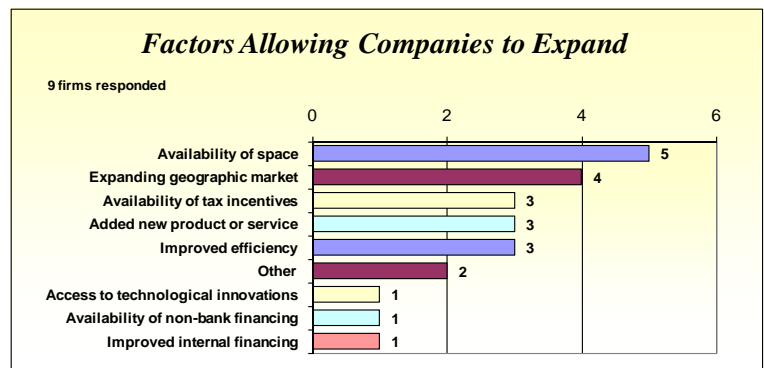
**Expansions in past two years**

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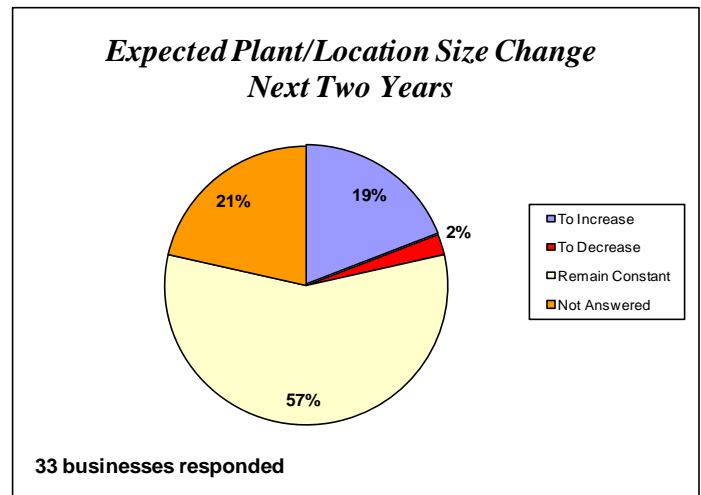
Total square footage of expansion	26,700
Businesses reporting expanded sq. ft.	9
Average increase in square footage	2,967

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Nine businesses marked multiple factors they felt had an impact on their decision to expand. The factors as marked are presented in the graph to the right.



When asked if Osage County companies intend to increase or decrease the physical size of their facility in the next two years, 33 businesses responded. Eight businesses (19 percent) are expecting to increase in size. One business (two percent) anticipates a reduction in the size of its facility, and the remaining 24 responding businesses (57 percent) expect the size of their business to stay the same.



Of the businesses that indicated they are expecting an expansion to occur, seven expect the expansion to occur within the same community and one company indicated they will expand outside the state.

Where will expansion occur?	
In the same community	7
In the same county	0
Outside county, but still in Kansas	0
Outside Kansas	1
Internationally	0

When asked if there were specific local advantages that influenced the company's decision to expand in Osage County, the expanding businesses cited the reasons in the adjacent table.

Advantages to locating in this community	
Good local labor pool	0
Space was available	4
Low utility rates	0
Tax incentives/public financing	3
Strong local economy	0
Other	4
Filled service	
Gas prices, proximity to home	
Neighborhood Revitalization Program or Tax Increment Financing	
New housing, Commercial Development Tax Incentives, Our business is already established here	

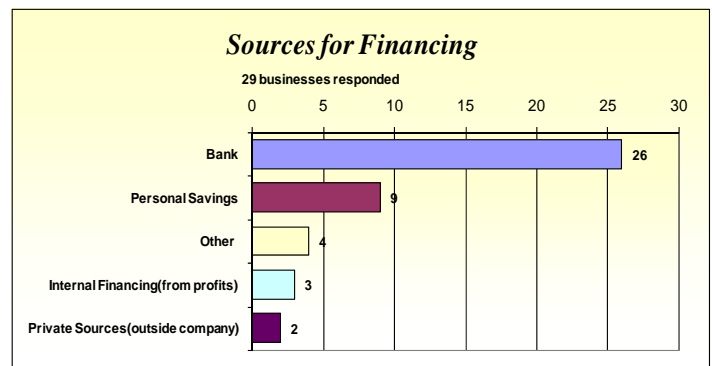
When asked if there were specific problems with expanding in the community, one business answered yes. The specific reason is cited in the table below. Another company indicated it had no problem expanding in the Osage community but expressed concern regarding expansion.

Problems causing expansion outside this community?	
Yes	1
No	1

Specific Problems	
City taxes	0
Zoning Regulations	0
County taxes	0
Other reasons	2
Just need to grow, hope to grow	
No existing building to grow into	

## Financing and Government Regulations

Firms that obtained financing for an expansion, start-up capital or major capital investment within the past five years were asked to specify all sources of financing used. Primarily, businesses used banks for financing, but various other types of sources were also used.



A number of the businesses indicated more than one source of financing was used. In addition to the financing vehicles that are charted above, some companies used other ways to finance their expansion.

Number of Financing Sources Used	
Used 3 or more sources	2
Used 2 sources	11
Used 1 source	16

Other Resources	
Private investment	
Leasing	
Storm damage insurance money	
CDBG	

The businesses were asked what financing needs local financing institutions are not presently meeting. Responses included the following:

What financial needs are not presently being met by local financing institutions?
Very happy with local financial institutions
Very pleased with local financial institutions
Local banks compete in my industry and are nickel and diming people. I am not happy with many of their practices.
Consolidate debt with low interest loan. We have halted expansion plans & upgrading equipment due to high cost of financing.
Line of credit
Lower interest rates
\$1-\$2 million dollar line of finished goods credit.

Also, the questionnaire asked if businesses had been forced to forgo expansions in the past five years due to lack of financing. Seven businesses said yes, and five indicated they are still interested in obtaining affordable financing for an expansion.

<b>Have you foregone an expansion in the past five years for lack of financing?</b>	
Yes	7
No	31
Not Answered	4

<b>Still Interested?</b>	
Yes	5
No	12
Not Answered	25

Surveyors were interested in knowing whether any legislation had a negative impact on Osage County businesses profitability. Eight companies indicated that local and state legislation does have a negative impact (see table below):

<b>City or state regulations, laws or procedures have negative impact on your business' profitability?</b>	
Yes	8
No	30
Not Answered	4

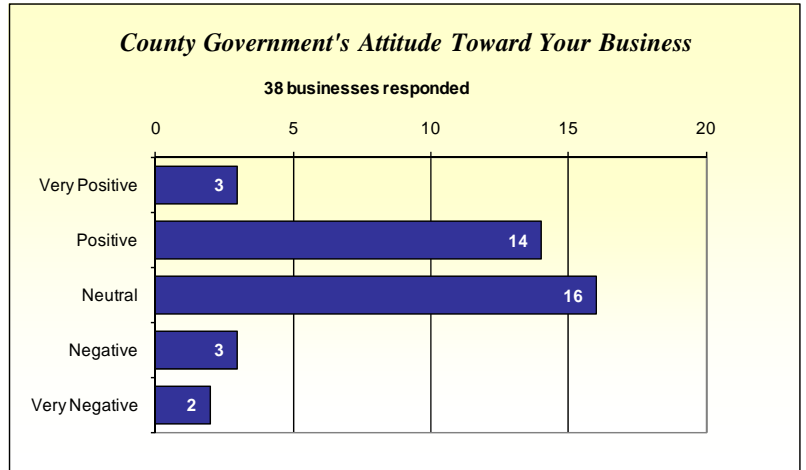
When invited to respond further about significant negative impact of city or state regulations, laws or procedures (e.g., zoning, environmental regulations, etc.), businesses pointed to the following specific problems:

**Negative impact items**

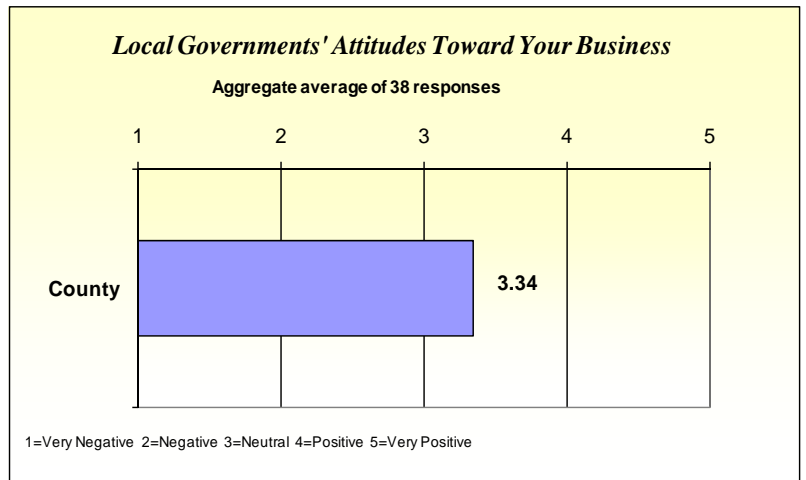
- Triple of real estate taxes, interest rates have increased 17 times since business began. This impacts the amount of product carried on the lot.
- Not local rules as much as state and federal rules. We are regulated by SEC, SPIC, KS Insurance Dept. and many others
- Zoning regulation put a severe impact to residential growth out in Osage County
- High sales tax in Lyndon
- Scenario: Client has tow service and repairs car, car has to sit on client's lot for a couple of months. City complains of unsightly vehicles
- Due to the fact poor care taking of main street businesses. Lack of city activity recruiting new business, city government conflict.
- Taxes and insurance increases

## Community Attitudes and Quality of Life

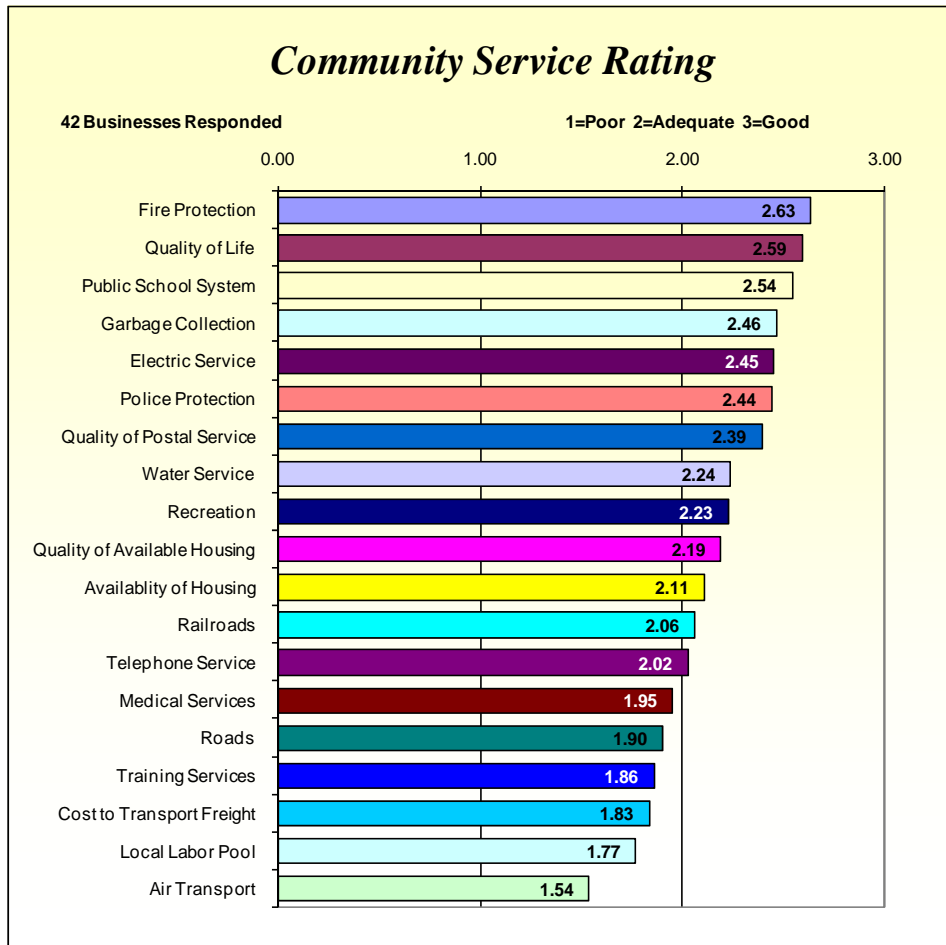
When asked to rate the county's attitude toward their business, 17 of the responding businesses felt the county had a positive or very positive attitude toward their business. Sixteen responding businesses did not feel strongly positively or negatively, and five had a negative or very negative feeling about the county's attitude toward their business.



On a scale of one to five, with one being "very negative" and five being "very positive," responses suggest the aggregate feeling of the local government's attitude toward businesses is between neutral and positive.



The following services in the community were ranked by the businesses as illustrated in the chart below:



And finally, businesses were asked to select from a list of actions that city or county government could take to improve the business climate. The chart below demonstrates what businesses felt were the most important of the choices given.

