

# eCities 2009 Business Location Survey

## Overview

As part of the eCities project, iLabs - the University of Michigan-Dearborn's Center for Innovation Research, conducted an online survey of Michigan businesses in the Winter of 2010. Using local economic development leaders to encourage local businesses to take the survey, we heard back from business leaders residing in six Michigan counties.

A total of 112 local business leaders participated in the survey. The business leaders represent a variety of industries, including: Retail Sales, (18%), Professional Services, (15%), Finance and Insurance, (12%), Computer and Software, (10%), and many others.

## Objectives

The objectives of this survey were twofold. One, to hear opinions of local businesses about the importance of various community factors as they decide to locate and remain in a community; and two, to learn what local governments can do to support local business' growth and future success.

## Firm Location, Size, and Revenue

The majority (73%) of responses came from Hillsdale County. Business leaders from Washtenaw, Lenawee, Livingston, Saginaw, and Bay Counties also responded.

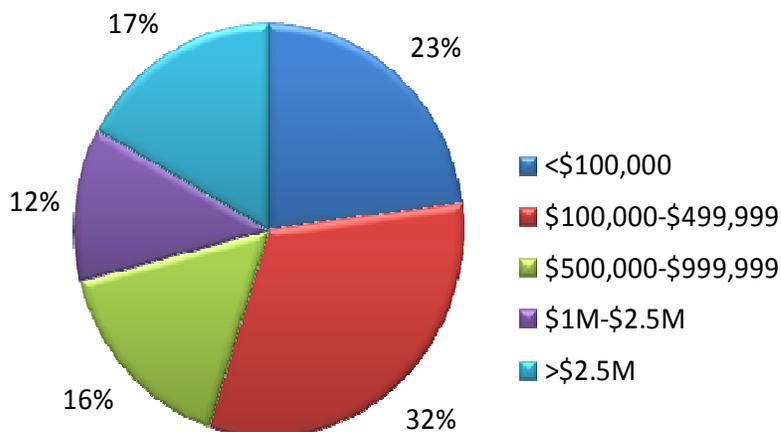
As most of the responses came from small companies (78% had less than 10 employees), almost half (48%) indicated their annual revenue was between one hundred thousand and one million dollars.

### Firm Size

# of employees	Percentage
1 employee	15%
2-9 employees	63%
10-24 employees	9%
25-49 employees	5%
50-99 employees	4%
100+ employees	5%

78% have <10 employees

### Revenue



# Satisfaction and Key Location Factors

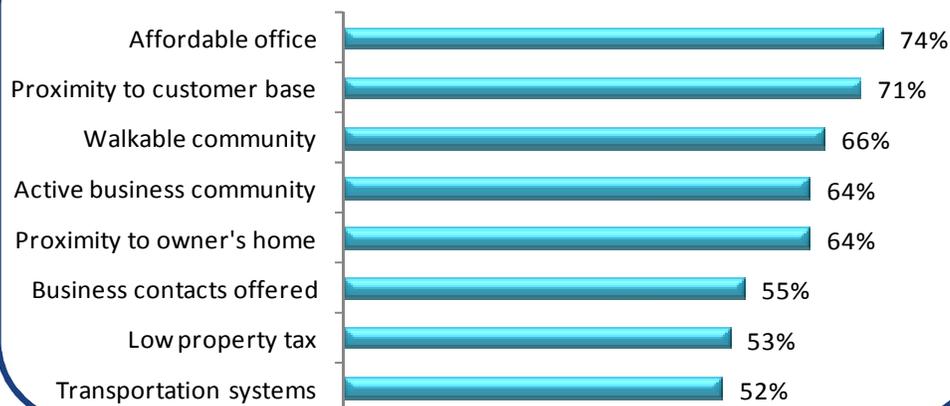
## Overall Satisfaction

We gave respondents an opportunity to share their thoughts on how their community helps businesses locate and grow in the community. Overall, 42% agreed that their community does a good job helping businesses.

## Most important factors for business owners when deciding to locate or remain in a community

The focus of the survey was to understand how important various factors were to businesses as they consider where to locate. We provided respondents with a list of factors that communities indicated they actively promote to prospective businesses and asked business respondents to rate them. The following sections detail the importance of the factors to business leaders.

### Most Important Factors



Not surprisingly, the most important factors for business leaders when deciding where to locate their business are affordable office space and proximity to their customers; with nearly three quarters of respondents stating these are important to them.

Community and infrastructure factors like a walkable downtown (66%), proximity to the owner's home (64%), and transportation systems (52%) were also cited as important factors by business leaders. This was reinforced in the comment section of the survey as shown in the quote below.

*"For me, it is keeping the town picturesque, clean, and active. We draw people who seek ambiance."*

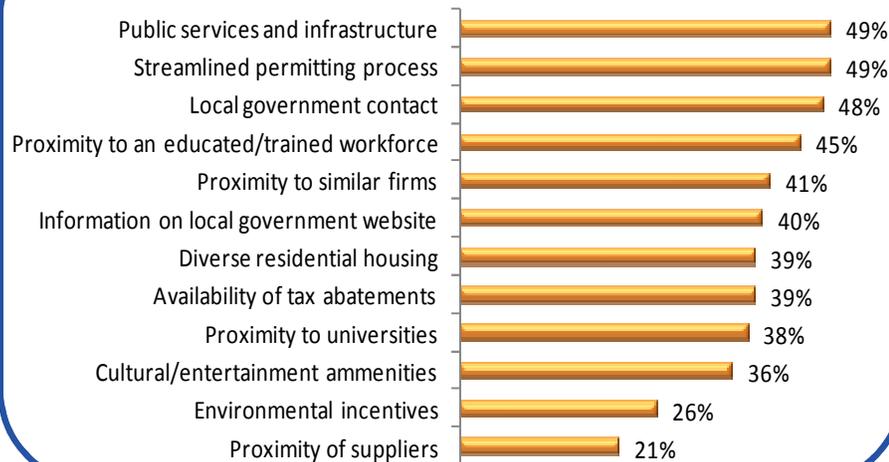
Networking opportunities such as business contacts offered by local government officials (55%) and an active business community (64%) also rise to the top in importance for businesses. Business leaders also say low property tax rates are important (53%).

*"Make the community a good place to live and business will come."*

# Other Location Factors

## Less important factors for business owners when deciding to locate or remain in a community

### Less Important Factors



Nearly half (49%) of business leaders are concerned about public services and infrastructure (e.g., parks/libraries), as this adds to the community atmosphere. This was reinforced in the comment section of the survey as shown in the quote below.

***“Continue to add new businesses and recreational things into the community.”***

A streamlined permitting process is important to nearly half (49%) of the business leaders surveyed as this makes growing and running their business easier.

Business leaders would also like to have more contact with their local government. Many (48%) are interested in having a point of contact in the local government (economic development professional or business assistance team) available, and nearly as many (40%) would like to see economic development information on their local government’s website. Below is a quote from the comment section in the survey regarding these factors.

***“Make it easy for a new business to relocate here by offering all of the contacts and information they need in one visit.”***

Other factors of less importance include proximity to an educated or trained workforce (45%), proximity to similar firms (41%), diverse residential housing (39%), availability of tax abatements (39%), proximity to universities (38%), and cultural and entertainment amenities (36%).

Even less important to business leaders are environmental incentives and proximity of suppliers, with 26% and 21%, respectively, stating they are important when they are deciding to locate or remain in a community.

# Comments and Future Plans

We gave respondents an opportunity to share their thoughts on what their community can do to help local businesses. Below are some of the things they had to say:

## Information

*“Provide a comprehensive information source for all business needs that guides businesses to any help needed.”*

## Incentives

*“Give incentives for new small businesses, like free advertising or small business fairs to help bring potential customers to the local businesses.”*

## More government involvement/assistance

*“Less red tape, be more user-friendly. Assistance in getting started, less taxes and other incentives.”*

*“Reach out to businesses whose tax reports indicate they are not growing or having problems.”*

*“Don't make it too difficult for the businesses to run their businesses.”*

*“Less restrictive sign ordinance and other regulations”*

## Future Plans

Through this survey research, we learned that local businesses want more interaction with their local government. As a result, for the 2010 eCities business survey, we will focus on helping communities understand their local businesses' needs for communication, resources, and information. Specifically, we will create a survey to learn what local governments can do to support business growth and future success as well as get local business' opinions about what local resources and factors are critical for community growth.

## About iLabs

iLabs is the University of Michigan-Dearborn's Center for Innovation Research. Dedicated to advancing the understanding of corporate, entrepreneurial, and institutional innovation and its impact on economic development, iLabs conducts the University of Michigan-Dearborn eCities project – an annual research study that examines community-level factors that influence entrepreneurship, economic development, and job growth. For more information, please visit [www.umdilabs.com](http://www.umdilabs.com).

