eCities 2010 Business Survey

Overview and Objectives

As part of the eCities 2010 project, iLabs – the University of Michigan-Dearborn's Center for Innovation Research – conducted an online survey of Michigan businesses in the Fall of 2010. Local economic development leaders encouraged businesses to take the survey, providing responses from businesses in 41 communities from 16 Michigan counties.
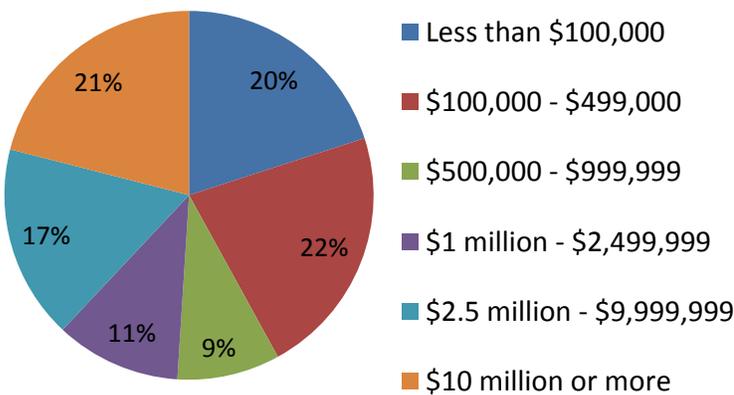
A total of 151 local business owners and managers participated in the survey. Their businesses represent a variety of industries, including: Professional Services, (15%), Real Estate, (15%), Retail Sales, (9%), Finance and Insurance, (9%), Automotive and Auto Manufacturing, (7%), and many others.

The objectives of this survey were twofold. One, to hear opinions of local businesses about what local resources and factors are critical for community growth; and two, to learn what local governments can do to support business growth and future success.
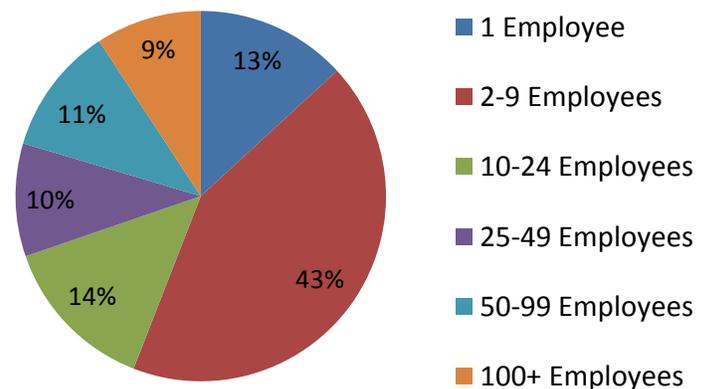
Firm Revenue, Size, and Sales Market

As local businesses, the respondents were generally owners or managers of smaller companies. Half (51%) reported revenues of less than $1 million, 56% indicated fewer than 10 employees, and 58% identified their primary sales or service market as being within 50 miles of their location. The respondents also included large companies with over $10 million in sales, more than 100 employees , and national and international sales markets.

Annual Revenue

- 20% Less than $100,000
- 22% $100,000 - $499,000
- 9% $500,000 - $999,999
- 11% $1 million - $2,499,999
- 17% $2.5 million - $9,999,999
- 21% $10 million or more

Number of Employees

- 13% 1 Employee
- 43% 2-9 Employees
- 14% 10-24 Employees
- 10% 25-49 Employees
- 11% 50-99 Employees
- 9% 100+ Employees

Primary Sales Market

| Sales Market	Percentage
Local [25 miles]	28%
Regional [26-50 miles]	30%
State [51-250 miles]	21%
National	8%
International	13%

58% have their primary sales market within 50 miles

Local government communication in the past year

The focus of the survey was to understand the interaction between local governments and the businesses in their community. The survey asked how many times the business was contacted by the local government last year, excluding tax and utility billing. In addition, businesses were asked about their preferred number of times to be contacted each year by their local government.

Contacts in the Last Year vs. Preferred Number of Contacts
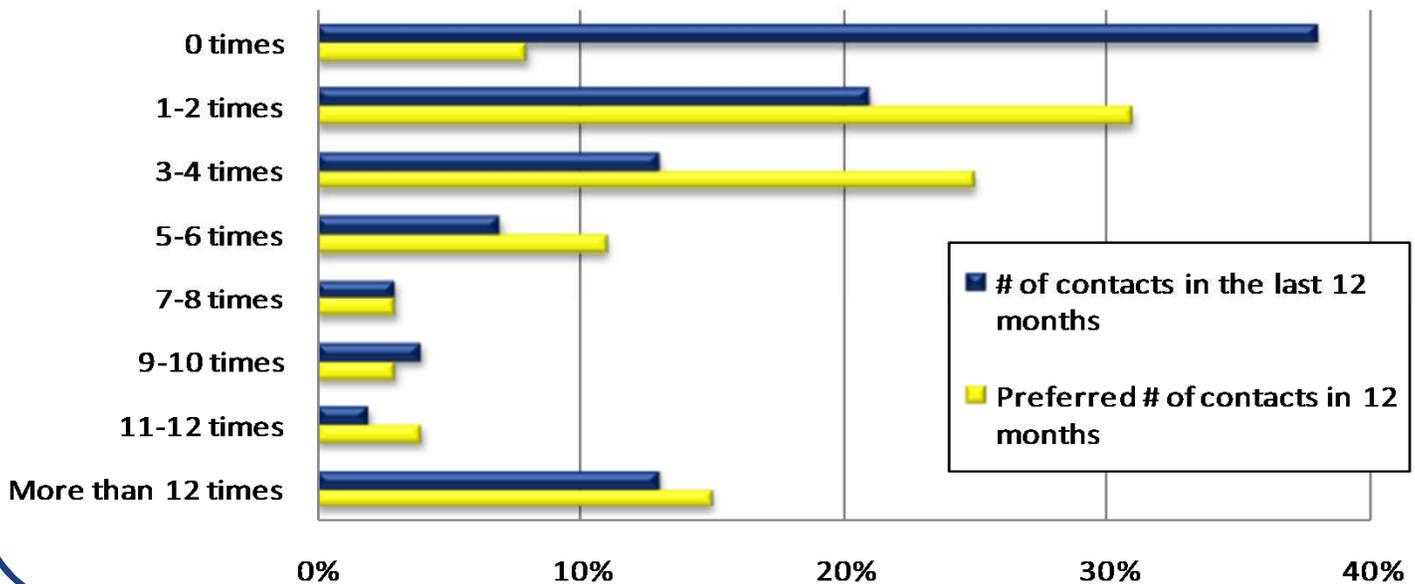
More than a third (38%) of the businesses indicated they were not contacted in the previous year by their local government, and the majority (59%) were contacted less than 3 times.

> *"That old saying that 'we are from the government, we are here to help,' make that real."*
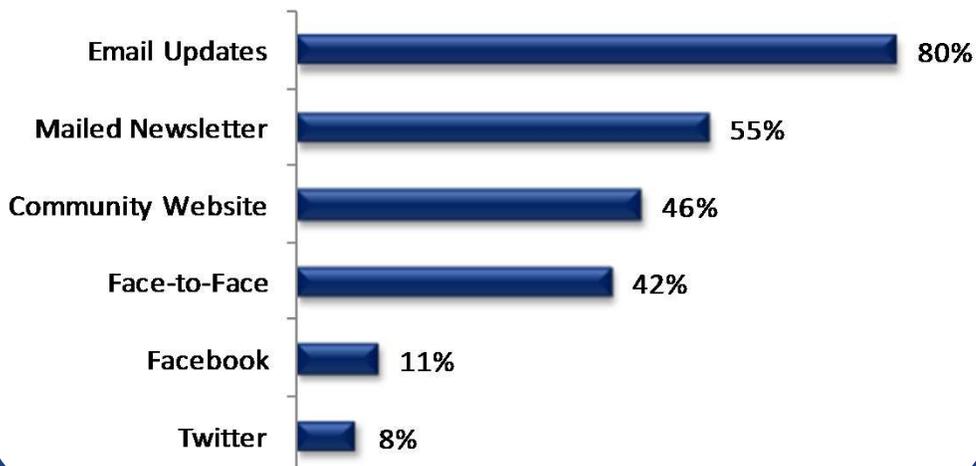
In contrast, most of the respondents (92%) indicated they would like to be contacted at least once a year. Nearly a third (31%) of the businesses responded they would like to be contacted 1-2 times a year, 25% preferred to be contacted 3-4 times, and 15% preferred to be contacted over 12 times a year. Only a small percentage (8%) of respondents indicated that they preferred not to be contacted by their local government. The quotes in the boxes throughout the report come from respondents when asked about some of their suggestions for what local government can do to help the business community.

> *"Truly develop a partnership with the community. The officials appear to be so busy arguing with each other, they don't have time to truly be a visible, caring, committed member of the community. They appear detached."*

Communicating relevant information to local businesses

Methods of Communication

Method	Percentage
Email Updates	80%
Mailed Newsletter	55%
Community Website	46%
Face-to-Face	42%
Facebook	11%
Twitter	8%

When provided with a list of communication methods, the majority (80%) of respondents indicated that e-mail updates were a preferred method to contact businesses. This was reinforced in the comment section of the survey as shown in the quote below.

"You need to obtain the e-mail addresses of the current management of the businesses, and send them updates. A few times a year you should verify if the management has changed, so you can always have the most current email addresses on file."

More than half (55%) of the respondents indicated that they would also like to have relevant information sent to them through a mailed newsletter. Other methods of communication such as a community website (46%), and face-to-face meetings (42%) were also cited by business leaders. Surprisingly, with the growth in social media, neither Facebook or Twitter were identified as one of the methods that respondents would like to receive communication from the local government.

In addition, respondents indicated that they would participate in a government-hosted event or a community forum to learn about relevant issues facing the business community. The majority (80%) of respondents agreed they would participate in a government-hosted event to receive relevant information. Also, more than half (58%) of the respondents agreed they would participate in an online forum or website (including webinars, chat rooms, and open content resources) to receive relevant information. Several respondents, like the one quoted below, suggested business appreciation events.

"It would be nice if they did not treat business people like the enemy. Maybe even a business appreciation event."

Business Resources

Business training and development resources for businesses

Respondents were asked about how well their community connects businesses with resources. Overall, only 38% responded that their community does a good job providing resources to businesses. The following section details the areas of business training and professional development that would be of interest to businesses, with respondents asked to identify any of the following training services in which they would be interested if the local government coordinated the training.

Areas of Business Training

Area	Percentage
Marketing and Business Development	48%
Acquiring Capital	31%
Business Planning and Operations	19%
Website Development	17%
Employee Relations	14%
Legal Services	11%
Workplace Safety	9%
Effective Window Displays	9%
International Trade	8%
Vendor Management	7%
Conflict Resolution	7%
Outsourcing	5%

Almost half (48%) of responding business owners and managers would be interested in training on marketing and business development. Nearly a third (31%) of the respondents agreed they would like to receive information on acquiring capital. None of the other offered services had more than 20% of respondents indicate interest in such a program.

Respondents did share some ideas on services local governments could provide that relate to new or prospective businesses in the community. Below are some examples of their suggestions.

> "Condense the information of available programs such that the owner or potential owner can understand what is actually out there. Many businesses do not have the time or know where to begin searching for these programs.
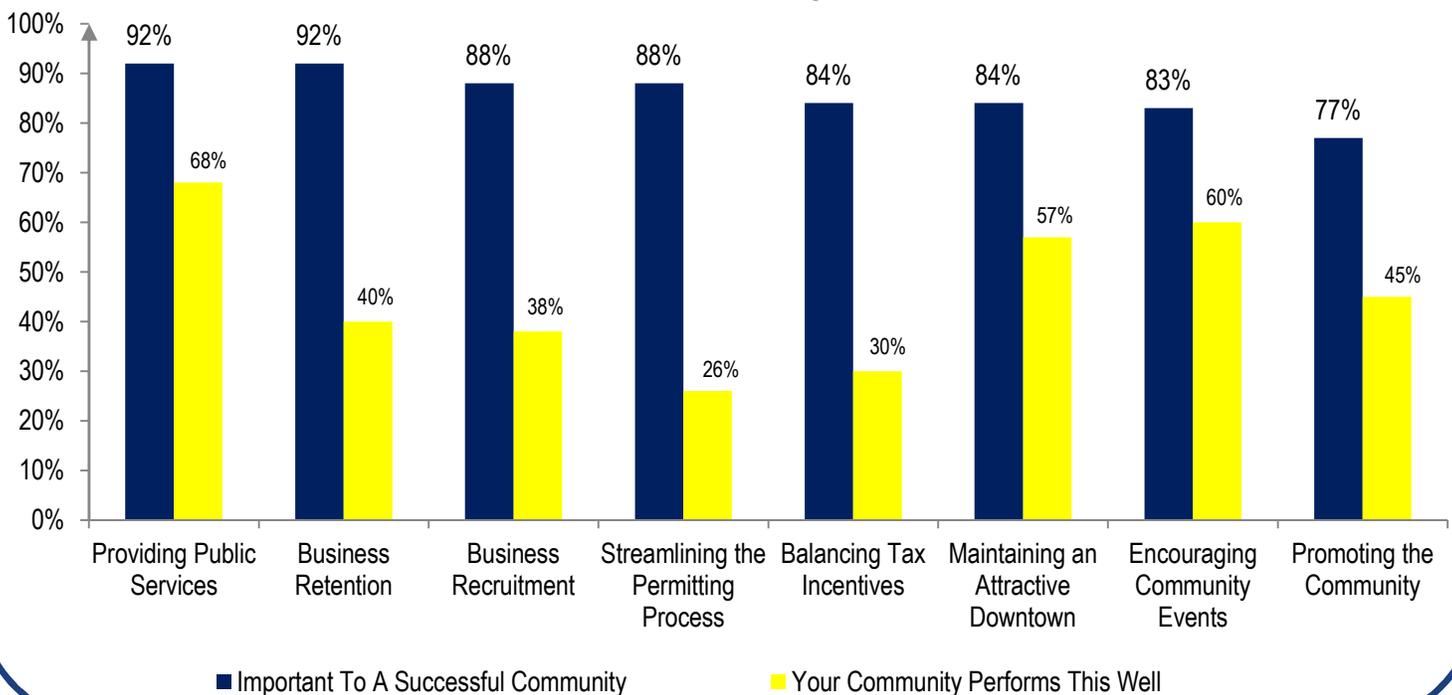
> "Offer business training to new business owners as a service to help them avoid the pitfalls of operating a start-up business"

Community Services

Community services and how businesses view their importance

The graph below shows that businesses value the services that governments provide. The blue bars demonstrate the percentage of respondents who indicated the service was important to a successful community. Providing public services (road maintenance and public safety) and business recruitment each had 92% of respondents indicate they were important to a successful community. None of the 8 items provided in the survey received less than 77% of respondents indicating the service was important.

Services and Expectations

Service	Important To A Successful Community	Your Community Performs This Well
Providing Public Services	92%	68%
Business Retention	92%	40%
Business Recruitment	88%	38%
Streamlining the Permitting Process	88%	26%
Balancing Tax Incentives	84%	30%
Maintaining an Attractive Downtown	84%	57%
Encouraging Community Events	83%	60%
Promoting the Community	77%	45%

- ■ Important To A Successful Community
- ■ Your Community Performs This Well

In comparison, the yellow bars in the graph demonstrate the percent of respondents who indicate their local government does a good job at providing the service. The gaps between the blue and yellow bars show a disconnect between the expectations of the businesses and the efforts they see by their local community. With 68% of respondents agreeing (the highest of the 8 items provided) that the community does a good job at providing public services like road maintenance and public safety, this is still 24 percentage points below their view of the importance of providing those services. The gap between expectations was smallest for promoting the community, however this service had the lowest level of importance for the businesses. The quote below gives voice to why the streamlining the permitting process saw the largest expectation gap at over 60 percentage points.
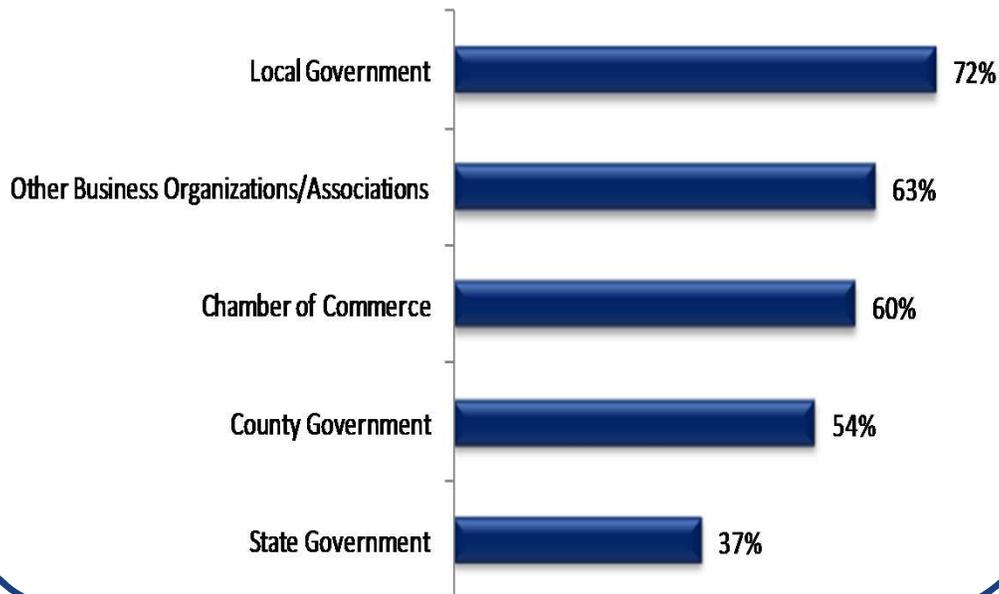
> "The permit and building process needs to be a combined effort. Permits and the building department working with businesses should be a selling point for the community"

How to improve the business mix

Respondents were given an opportunity to share their thoughts of their community's business mix. Overall, less than half (47%) of respondents agreed that their community has a good business mix.

Responsible for Community's Business Mix

Category	Percentage
Local Government	72%
Other Business Organizations/Associations	63%
Chamber of Commerce	60%
County Government	54%
State Government	37%

> **"Some light industrial and manufacturing would be good; more office, perhaps some research and development bringing the universities together."**

When given a list of governments and organizations who help shape the business mix, respondents most frequently indicated that the local government (72%) shoulders that responsibility, followed by other business organizations or associations (63%) and the Chamber of Commerce (60%). County (54%) and State (37%) are seen as less critical to the mix of businesses in a community.

The quotes from respondents offer suggestions on how to improve the business mix in their community.

> **"The diversity of businesses in the community is not enough to draw a substantial number of people to support the community. The businesses that currently exist are good, but provide for only a small sampling of peoples' needs."**

Overall Satisfaction

Respondents were given an opportunity to share their thoughts on how their community supports business growth and future success. Overall, less than half (46%) of the respondents agreed they were satisfied with their local government efforts at economic development. Business leaders had an opportunity to share their thoughts on how their community is doing at helping businesses locate and remain in their communities. Below are some of the things they had to say:

Approvals and Taxes

"Make the community great and businesses will locate here."
"Look to other communities our size and study their successes"
"Building department needs to be streamlined and the city code needs to be completely redone"
"Inspectors are overly aggressive over 'minor' infractions"

Incentives

"Offer tax abatements and incentives for businesses. Do not forget the existing businesses that are struggling, they should have the same incentives offered to them. I am always excluded because I already exist, even though I am struggling to make a profit."
"Set a positive tone that businesses are appreciated and welcome. Provide good communication and clear paths to receive info to assist businesses - then get out of the way."

More government communication

"Active meetings to reveal and enhance the State and local resources available to start businesses. Don't try to build a government process, or processes, to do what the private sector already provides!! These ties - between small businesses - make a community work."
"Hands-on face-to-face quarterly meetings with business owners by mayor and staff"
"Provide infrastructure and remove barriers (physical, financial, and logistic) that hinders start-ups and limits the growth of existing businesses."

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 eCities – 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.

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