

Existing Industry Call Report



2011



IOWA LAKES CORRIDOR
DEVELOPMENT CORPORATION

OVERVIEW & KEY FINDINGS



Business retention and expansion continues to be of great significance to the Iowa Lakes Corridor Development Corporation. Developing working relationships and understanding existing business and industry (B&I) needs, challenges and opportunities within the four-county region of the Corridor are vital to economic growth.

2011 was the fifth year of conducting the Existing Industry Call (EIC) Program; the program meets the organization's business retention and expansion goals. Corridor staff, along with 12 community leader volunteers, completed 26 in-depth interviews with existing employers in the manufacturing, agricultural and service-related business sectors.

Using the Synchronist Business Information System survey software developed by the firm Blane-Canada, interviews were conducted from January to May 2011. The primary conclusion from interviews is that the Iowa Lakes Corridor's existing business climate is healthy even though many of the local companies have experienced some challenges during the current economic downturn. The following report outlines 2011 results, and includes comparisons from previous Iowa Lakes Corridor reporting years as well as the 2010 Best of Iowa Report when noted. The Best of Iowa report is a collection of all statewide Synchronist interviews conducted over the last year by economic development partners.

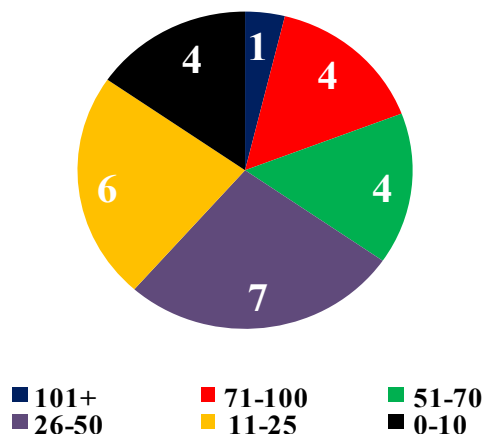
OVERVIEW & KEY FINDINGS

2011 Results at a Glance

- Interviews per county:
Buena Vista - 6; Clay - 7; Dickinson - 7; Emmet - 6
- Business sectors interviewed:
Manufacturing - 50%; Service - 35%; Agricultural - 15%
- Total employment - 3,560 jobs
- 85% own their facilities
- Type of ownership: private - 11; publicly held - 11; family owned - 4
- 85% plan to introduce new products and/or services within the next two years
- 69% have experienced an increase in sales
- Primary market: national - 50%; local - 23%; regional - 19%; international - 8%
- 50% plan to expand their Iowa Lakes Corridor facilities in the next three years, creating up to 103 new jobs
- 69% are experiencing employee recruitment challenges
- 62% have been in business for more than 26 years (see Table 1)

Table 1

Years in Business

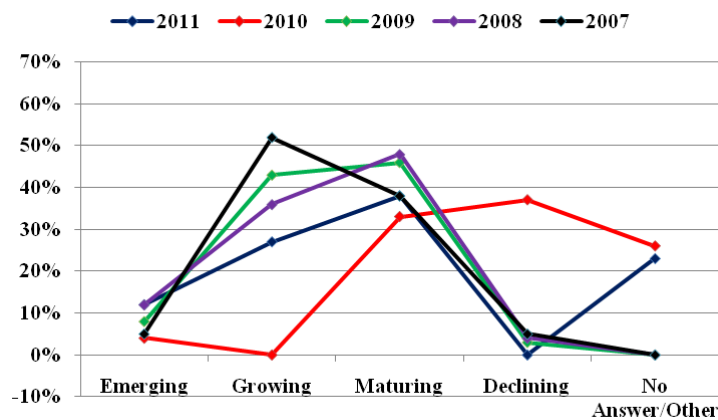


PRODUCTS & SERVICE

True indicators of a healthy business climate are growth in product and service offerings. For those companies interviewed in 2011, 73% of the employers have introduced new products, services or capabilities in the last five years and 85% anticipate new products or services in the next two years. Table 2 shows 2007-2011 responses to where the employers felt their product and/or service was in its life cycle. Comparing the Iowa Lakes Corridor results with the 2010 Best of Iowa report, 46% of Iowa companies indicate their product and/or service life cycle as growing and 41% as maturing.

Table 2

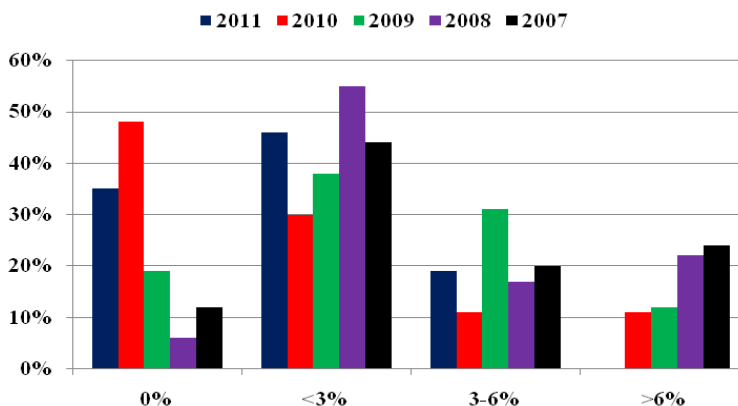
Product/Service Life Cycle



A company's research and development (R&D) investment helps provide insight into its growth strategy. Of the employers interviewed in 2011, 19% spend over 3% of their sales on research and development as compared to 22% of the those interviewed in 2010, as shown in Table 3. Results show the company's R&D budgets are evenly distributed within three categories: new product/service development, product/service improvement and production improvement.

Table 3

Research & Development



Market

Looking at the market segment, the information provides a snapshot of the company's current market situation. The primary market for 19% of the employers is regional with 11% having a local primary market as shown in Table 4. Company sales are an important indicator of business health. As Table 5 shows, 2011 interviews indicate 69% experienced an increase in sales, up from 2010. The Iowa Lakes Corridor results are higher compared to the Iowa companies interviewed as the 2010 Best of Iowa report indicate 50% are experiencing an increase in sales.

Business growth in the Corridor region still looks promising despite the current economic downturn affecting local employers. When employers were asked if they plan to expand in the next three years, 50% stated that they plan to expand, compared to 63% interviewed in 2010, and projecting more new jobs than 2010. The employers planning to expand, if implemented, would result in \$47.1 million in capital investment and create 103 new jobs. From the 2010 Best of Iowa report, 49% of Iowa companies indicate they plan to expand. Table 6 shows Corridor comparisons among all five report years.

Another indicator of the employer's market situation is export sales. As a percentage of total sales, the 2011 employer responses show 12% of the employers indicated their total exports are increasing and 23% are remaining stable. Sixty-five percent of the employers do not have export sales.

Table 4

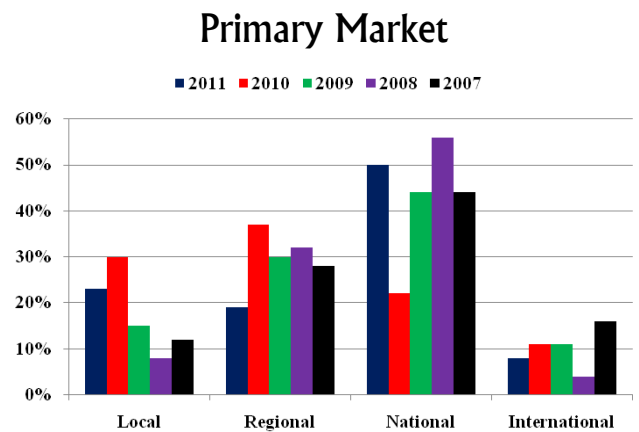


Table 5

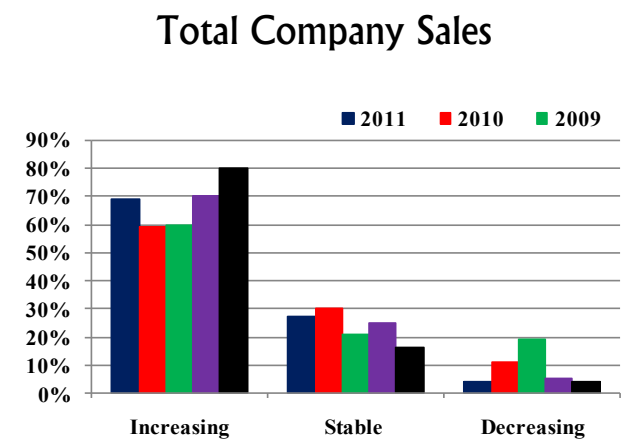


Table 6

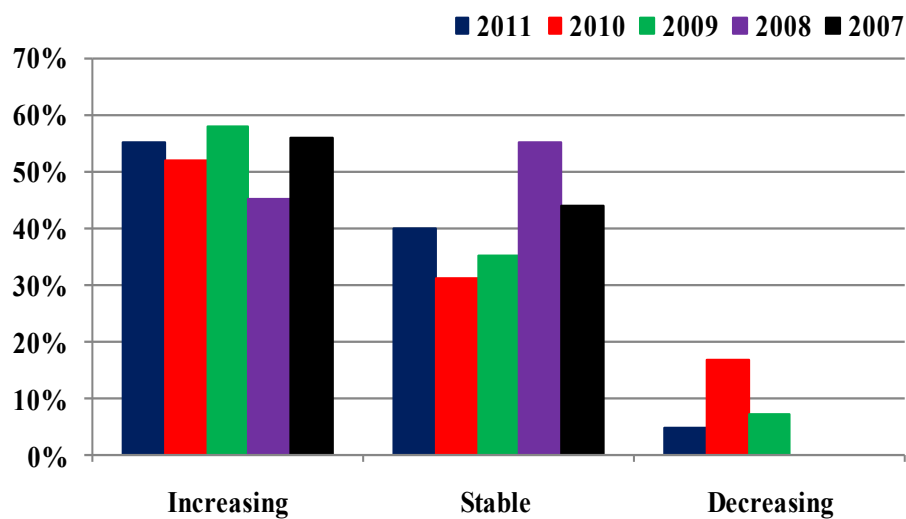
	Plans to Expand in the next 3 yrs		
	Yes	Estimated Investment	# of new jobs
2011	50%	\$47.1 Mil	103
2010	63%	\$51.5 Mil	58
2009	58%	\$50.3 Mil	206
2008	64%	\$65.2 Mil	142
2007	68%	\$17.6 Mil	83

Industry

Corporate growth strategies frequently include mergers and acquisitions (M&A). These have been growing business strategies for the past several years. Local employers are impacted by broader activity within their specific industry sectors. Industry-wide mergers and acquisitions can be an indicator to a possible change affecting an employer's role in the community. Of the employers interviewed in 2011, 55% reported M&A activities to be increasing in their industry, while 40% characterized their industry as stable. In comparison to the 2010 Best of Iowa Report, 69% of Iowa companies are seeing an increase in M&A while 26% indicate M&A as stable.

Table 7

Mergers & Acquisitions



Employers were asked the status of their specific industry's production as a whole. Thirty-one percent indicated their industry's production to be balanced, with 19% reporting over capacity.

Management

Employers are asked if their employment needs are increasing, stable or decreasing. Results for all five reporting years are shown in Table 8. The availability of skilled workers and room to expand can be critical factors in a company's level of satisfaction with the community. As can be seen by the results, the employment needs of local employers interviewed in 2011 were less than 2010. The 2010 Best of Iowa Report showed a similar picture with 37% indicating increased needs compared to 45% the year prior.

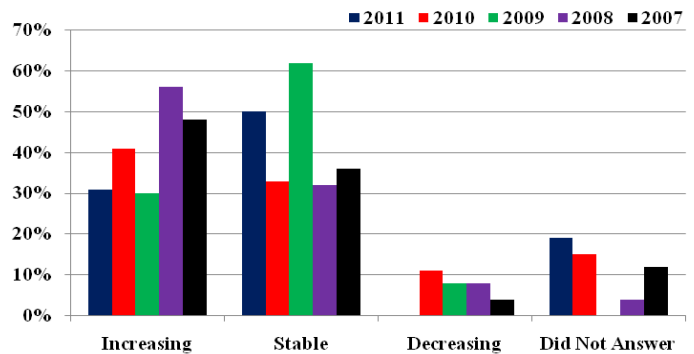
Local managers influence corporate decision-makers and have clear perceptions about the community's strengths and weaknesses as they relate to the firm's local operations. An analysis of the community's strengths and weaknesses depict subjective responses by the companies interviewed. This open-ended portion of the interviews gives a hierarchy of importance, but does not give a definitive perspective of how much the companies interviewed are affected.

Community Strengths

When asked to identify community strengths, the largest number of comments identified fell into two individual categories. There were a number of comments relating to the *Quality of Life*, which accounted for 23% of the responses. Some of the comments on community strengths were business-friendly, small town atmosphere and a great place to work. The second largest category of community strengths was *Workforce/Labor Market*, which accounted for 19% of the responses, mainly mentioning the strong work ethic and the long-term employees. The 2010 Best of Iowa Report identified

Table 8

Projected Employment Needs



Location and Quality of Life as the top two ranking strengths with *Workforce/Labor Market* coming in at the fourth highest ranked strength for doing business.

Community Weaknesses

Like community strengths, the largest number of responses to community weaknesses also fell into two categories. *Labor – Skilled Worker Supply Inadequate* accounted for 23% of responses. Comments include the quality of the labor pool and the lack of skilled and qualified labor. Twenty percent of the responses were associated with *Location*, with majority of the responses related to remote/rural. The 2010 Best of Iowa Report's top ranked weakness, *Labor – Skilled Worker Supply Inadequate*, mirrored the Iowa Lakes Corridor's results; *Location* was the sixth highest Weakness identified in the Best of Iowa report.

Most important are what companies consider barriers to growth, which could be a deciding factor on whether or not they plan to expand or grow employment. The largest percentage of the responses, 25%, were related to *Labor – Skilled Worker Supply Inadequate*.

Workforce

The 26 employers interviewed in 2011 employ 3,560 people. At the time of interview, there were approximately 80 unfilled positions among the employers, compared to 50 from the 2010 interviews. Although there are unfilled positions, 84% of the employers indicated their unfilled positions remain stable, 12% are experiencing an increase in the number of unfilled positions and 4% are decreasing.

When addressing the issue of unfilled positions, the majority of the employers indicated that they are experiencing recruiting problems with certain positions or skills. When comparing Corridor interviews with the 2010 Best of Iowa Report, 69% of Corridor companies state they are experiencing recruitment challenges, compared to 45% of Iowa companies interviewed. When asked what the challenges could be attributed to, 67% feel recruitment is limited to community (location/remote/rural) and 33% to industry.

Positions identified by the 2011 interviews as relating to recruitment issues include:

Administrative/clerical

- Instructors (science, math, foreign language)
- Bookkeeping
- Office
- Shipping

Management/marketing/sales

- Sales
- HR manager
- Maintenance manager

Skilled production labor

- Welders
- CNC operators
- Equipment operators
- Millwrights
- Production

Scientific/technical

- Physicians
- Ultrasound
- Dietitian
- Respiratory therapist
- Radiology technicians
- Pharmacists
- Female doctors
- Engineering
- Professional management
- Information technology

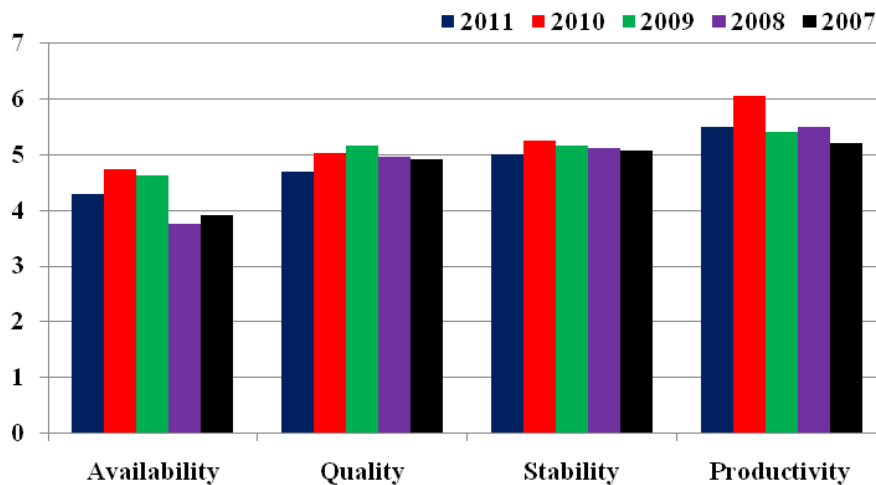
Workforce

To evaluate the workforce, employers were asked to rate the availability, quality, stability and productivity of workers in the Iowa Lakes Corridor on a scale of one to seven, with seven being high. Table 9 shows all five report years, demonstrating that the Iowa Lakes Corridor rates above average in all four areas. The availability of the workforce in the 2011 interviews decreased slightly from the 2010 and 2009 reporting years. The 2010 Best of Iowa report mirrors the Corridor employer workforce evaluation trend seen over the last five years with productivity receiving the highest ratings and availability receiving the lowest ratings.

Employers in the Iowa Lakes Corridor commit considerable resources to train new and existing employees. Sixty-eight percent stated that employee training investment is increasing and 32% indicate training investment to be stable. Of those investing in additional employee training, the vast majority of their dollars go toward new job skills and proficiency training. The 2010 Best of Iowa report show that 41% of Iowa companies have increased their training investment and 50% remain stable.

Table 9

Workforce Evaluation



Community Information

The quality of public services and utilities are important to employers within the Iowa Lakes Corridor. Employers were asked to rate the utilities and community services from one to seven, with seven being high. All the utility ratings were well above average. See Table 10 showing employer’s satisfaction ratings from the 2009, 2010 and 2011 interviews for utilities.

All public services within the four counties ranked well above average with police, fire protection and ambulance service receiving the highest ratings in 2011. Air cargo service, airline passenger service, and public transportation received the lowest ratings. See Table 11 for the Public Services Satisfaction ratings.

Table 10

Utility Services Satisfaction

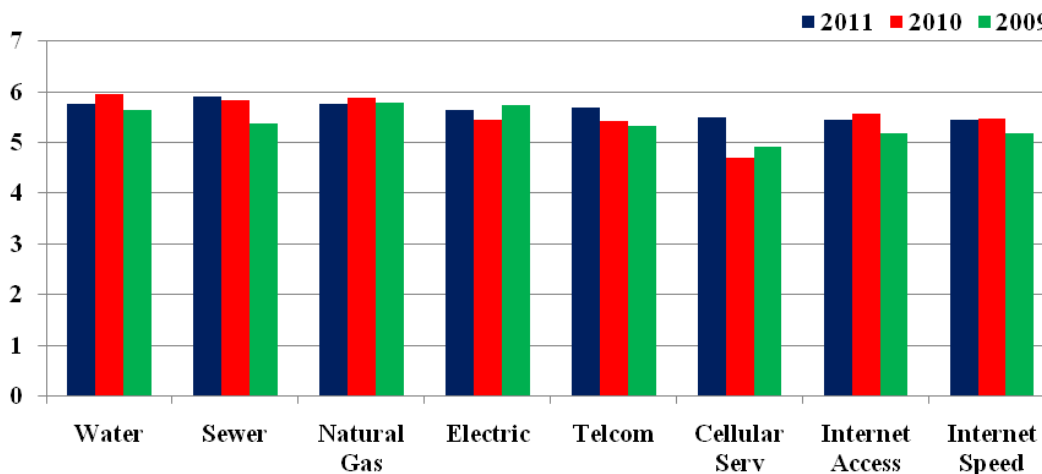
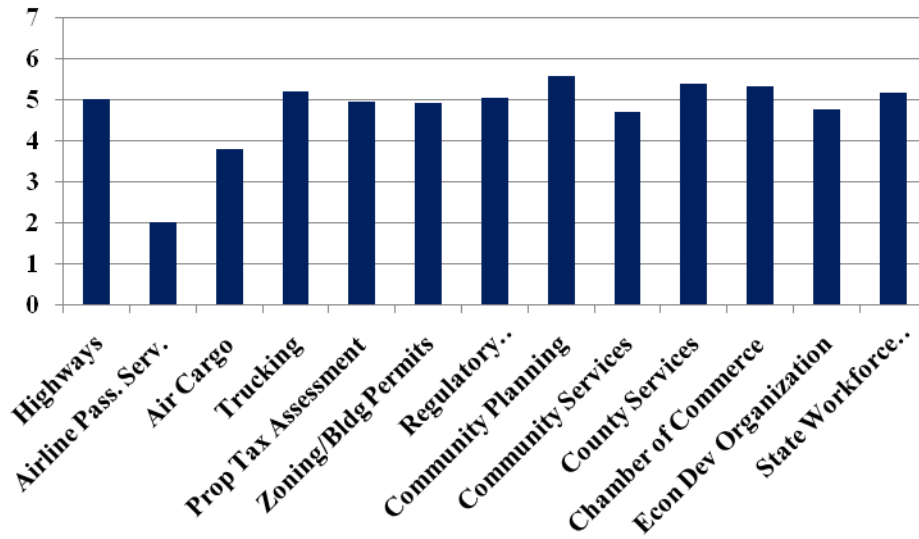
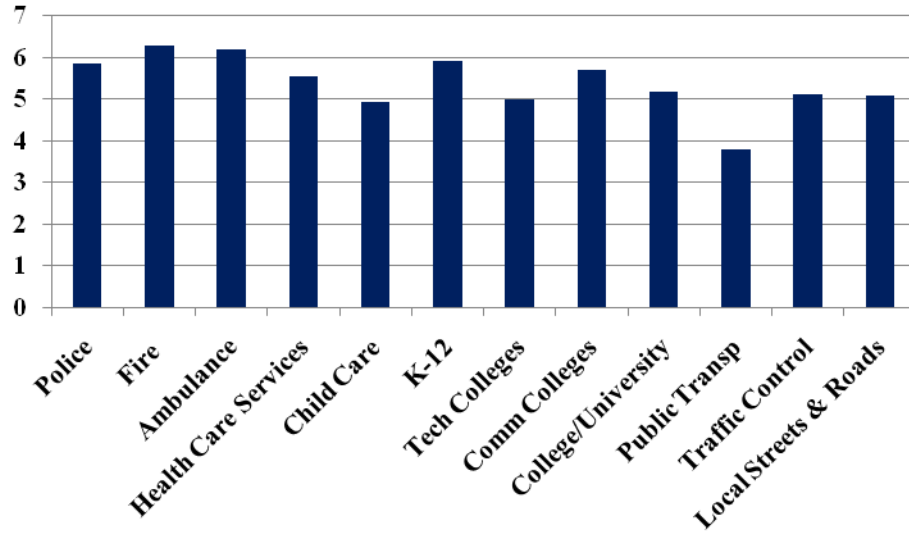


Table 11

Public Services Satisfaction



Conclusion

Existing employers in the Iowa Lakes Corridor region appear to be in a gradual growth mode over the last two years with anticipated new products and/or services, increasing sales and projected employment needs. With expansion forecasts improving, we see that employers have regained the confidence to grow their employment base. The Corridor region seems to be experiencing a slow rebound from the economic downturn and the business climate within the region still remains strong. Many of the results indicate existing employers support doing business in the Iowa Lakes Corridor region. The Iowa Lakes Corridor Existing Industry Call Program recognizes the impact existing employers have on the region's economy and identifies issues important to area employers. Using a standardized format, such as the Synchronist Information Business System, Iowa Lakes Corridor staff can easily respond to requested information regarding workforce issues, growth patterns, needs for assistance and more.

Economic stability and growth of the Iowa Lakes Corridor region depends on the success of existing employers. The Iowa Lakes Corridor uses the EIC Program and report as a tool to recognize and better understand the employer's needs, challenges and opportunities, and to identify ways to assist in their growth and competitiveness. The Iowa Lakes Corridor responds to requests for assistance from area employers throughout the year by proactively addressing key issues of current employers. The Iowa Lakes Corridor's role is to use its relationships with local, regional and state resources to remove barriers to growth. Connections made between business and local governments, technical experts in manufacturing, agricultural and services processes, workforce, finance and more, benefits the region as a whole.

The Iowa Lakes Corridor appreciates the cooperation of the employers interviewed and community leader volunteers who were a part of the EIC Program.

For more information about the Iowa Lakes Corridor Existing Industry Call Program, please feel free to contact our office.

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