

# **Existing Business Strategy: *Competitive Capacity***



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# Context for Understanding



- ✓ Who am I?
- ✓ Where do I fit in?
- ✓ What now?

# Highlights

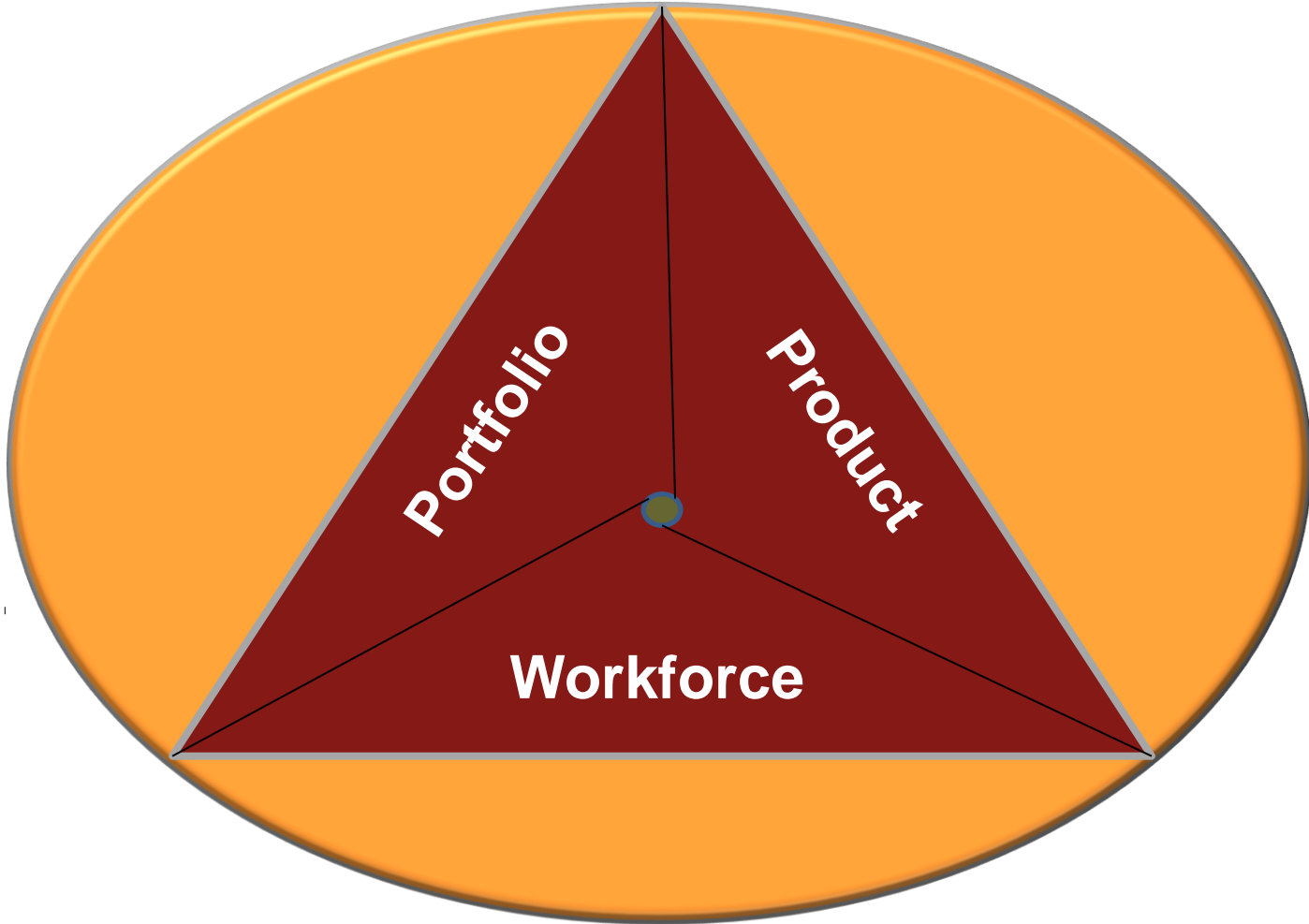


## Business Expansion Strategic Trends of Iowa

Iowa Competitive Capacity  
ScoreCard

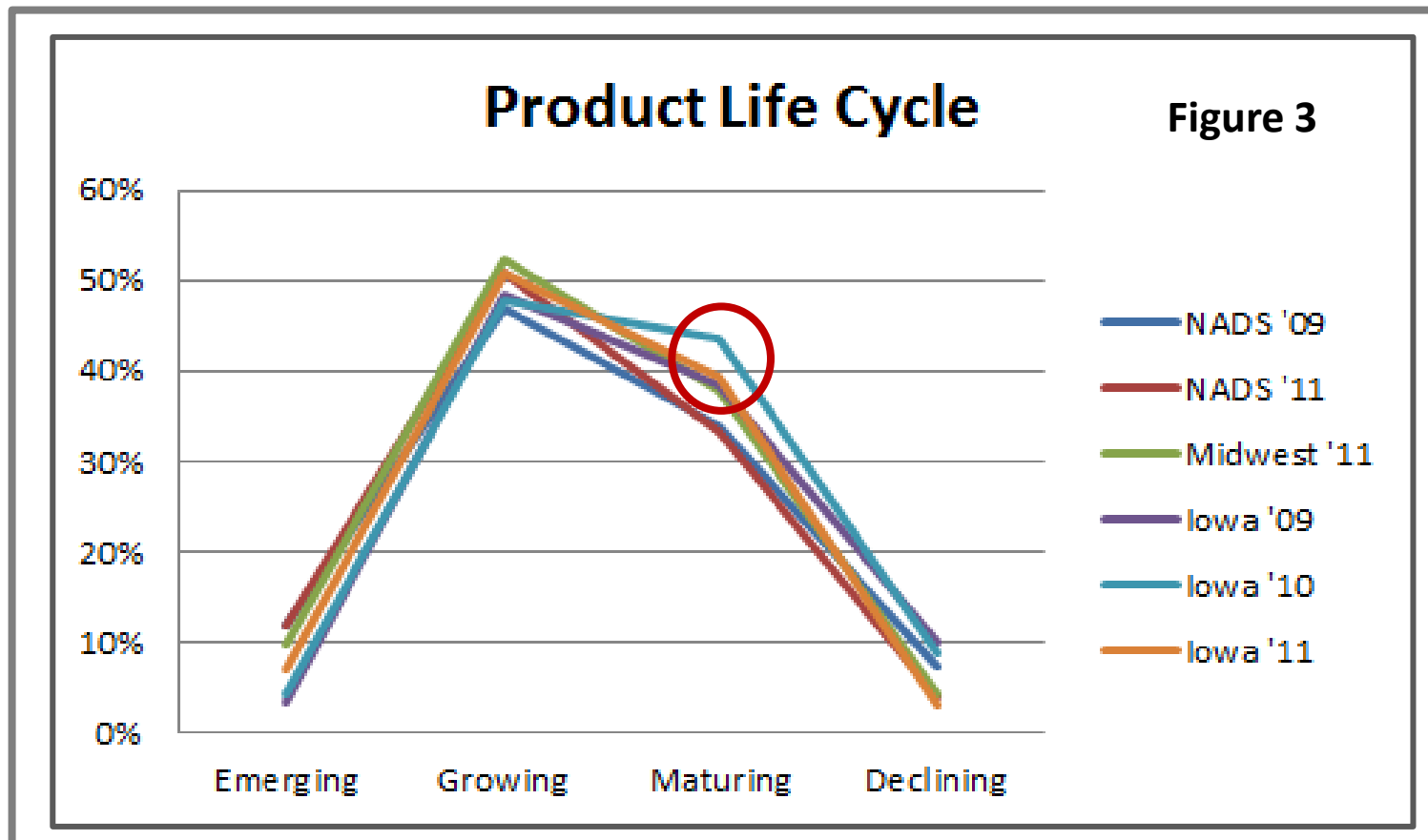
August 1, 2011

Blane Canada Research  
A Canadian Business



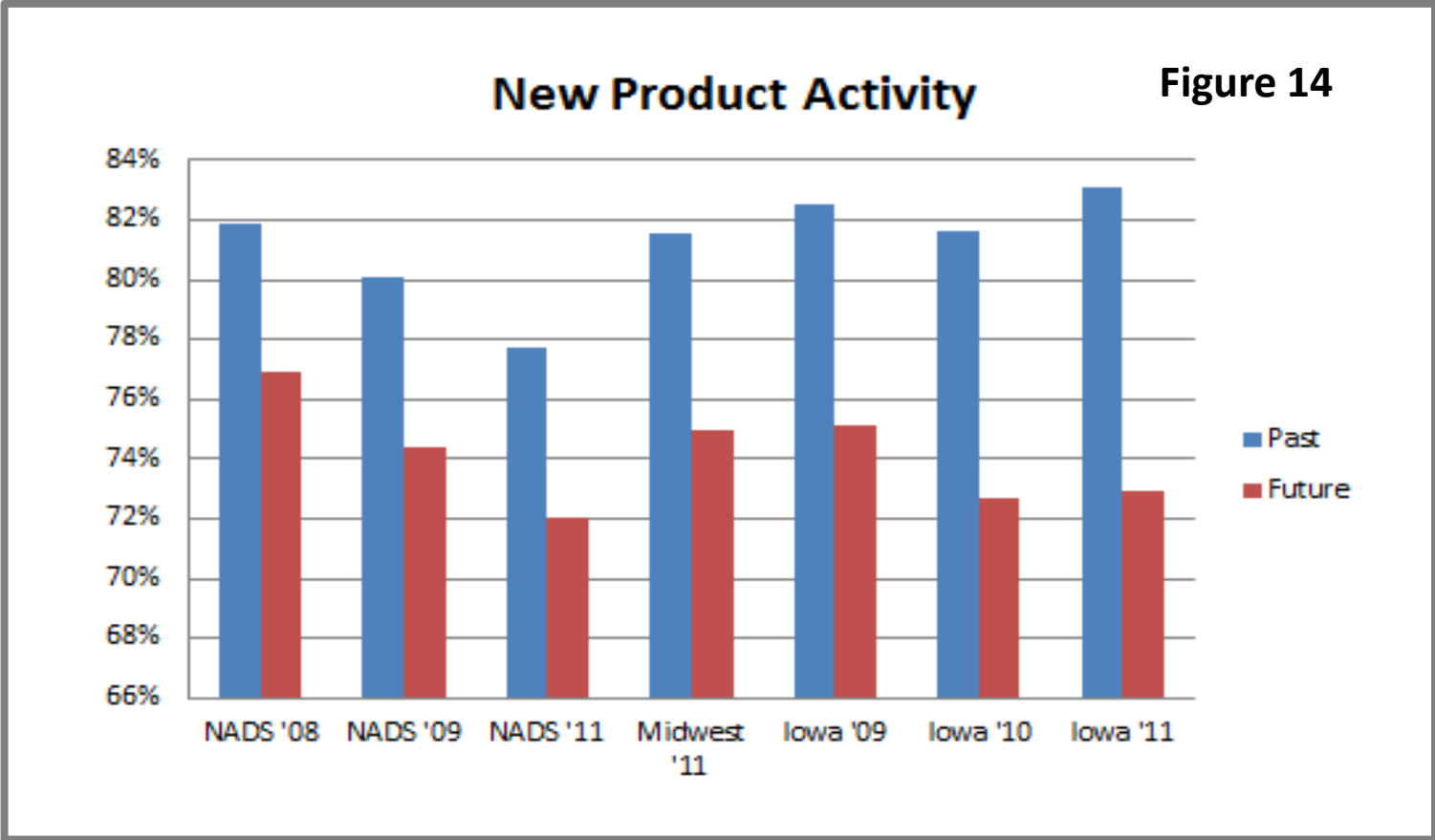
# Portfolio

## Portfolio



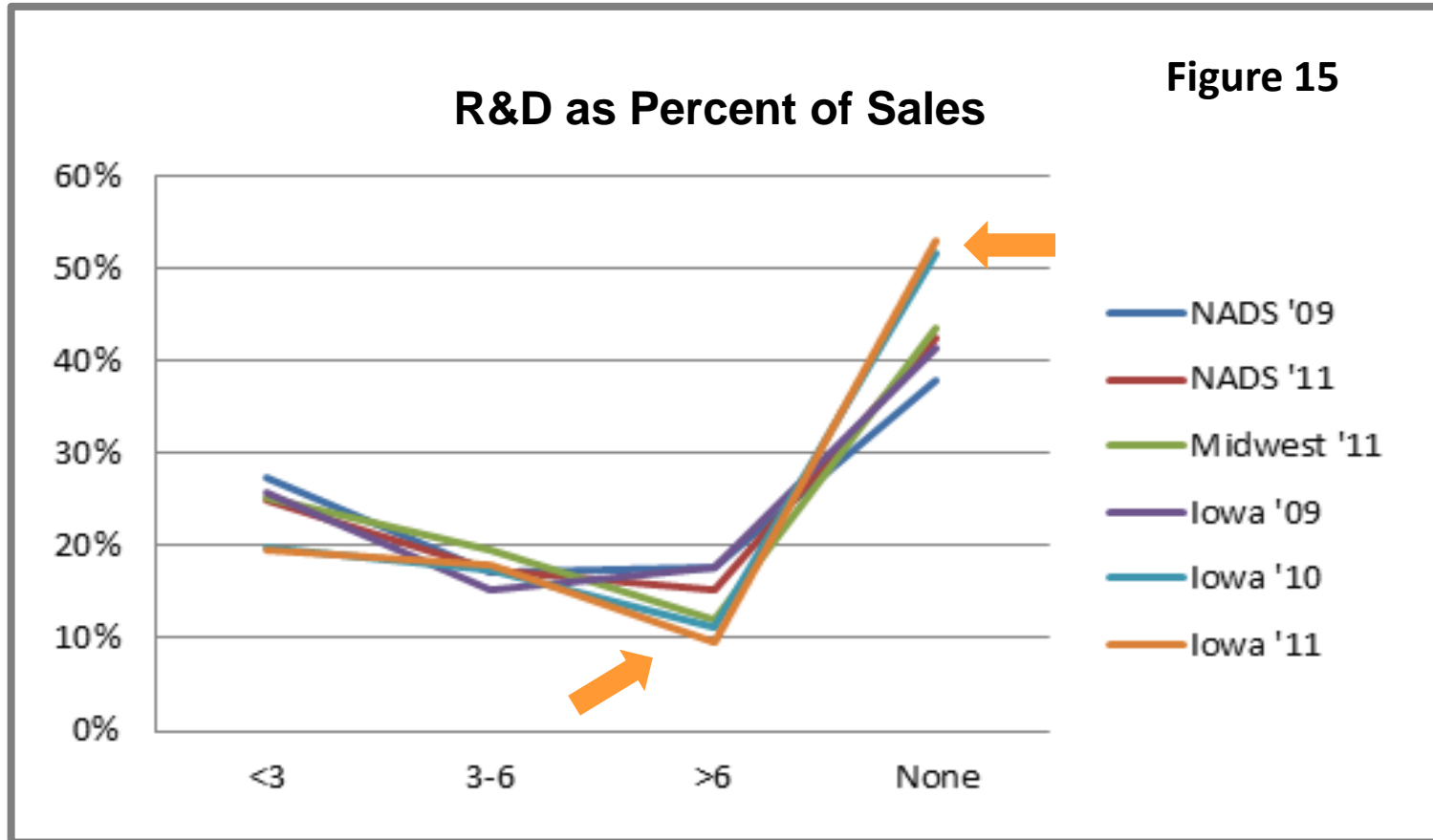
# Products

Portfolio



# Research & Development

Portfolio

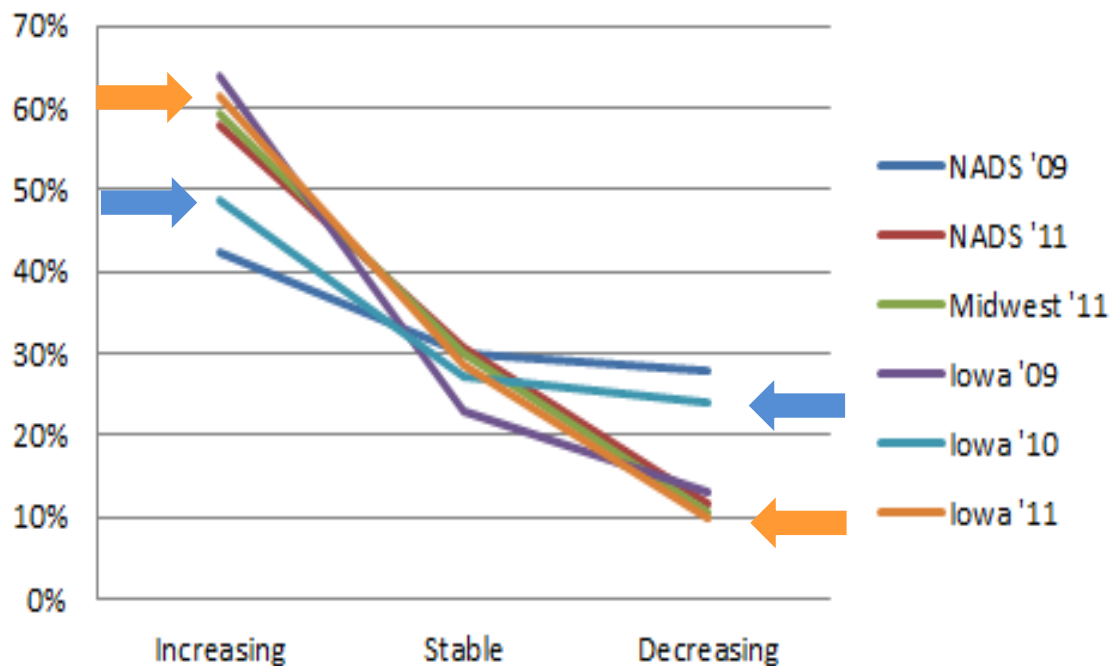


# Sales

## Portfolio

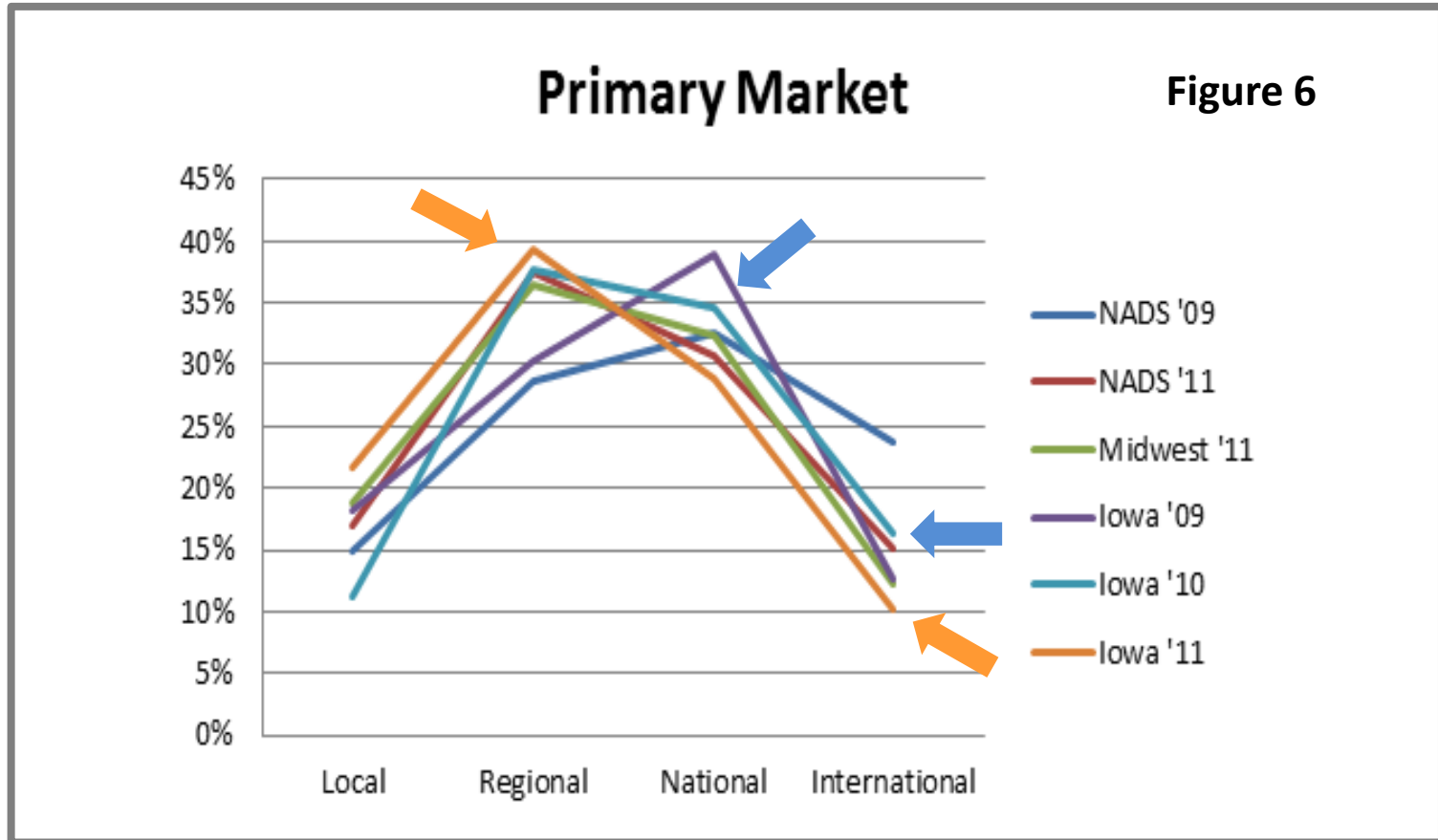
### Total Company Sales

### Figure 4



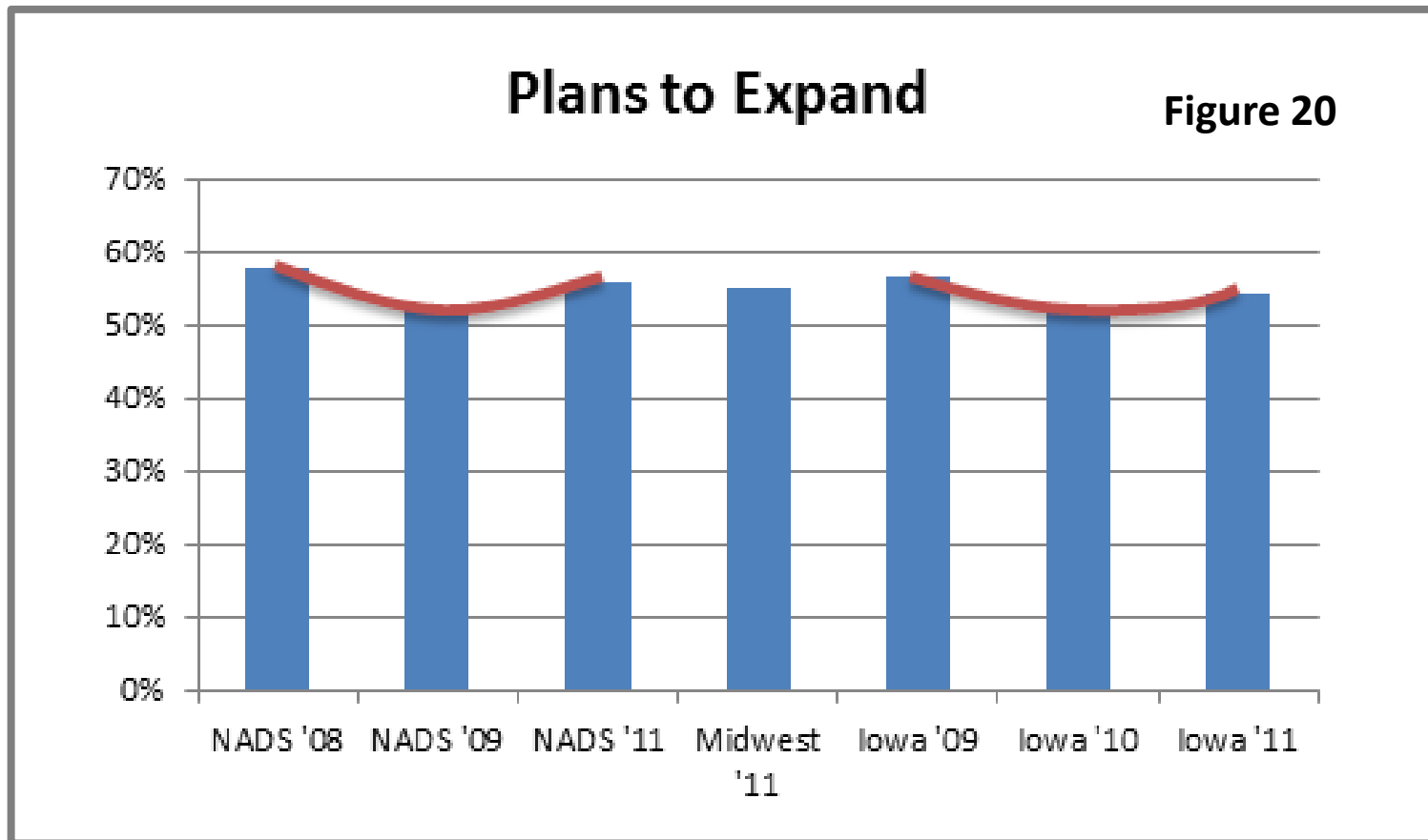
# Markets

## Portfolio



# Plans to Expand

Portfolio

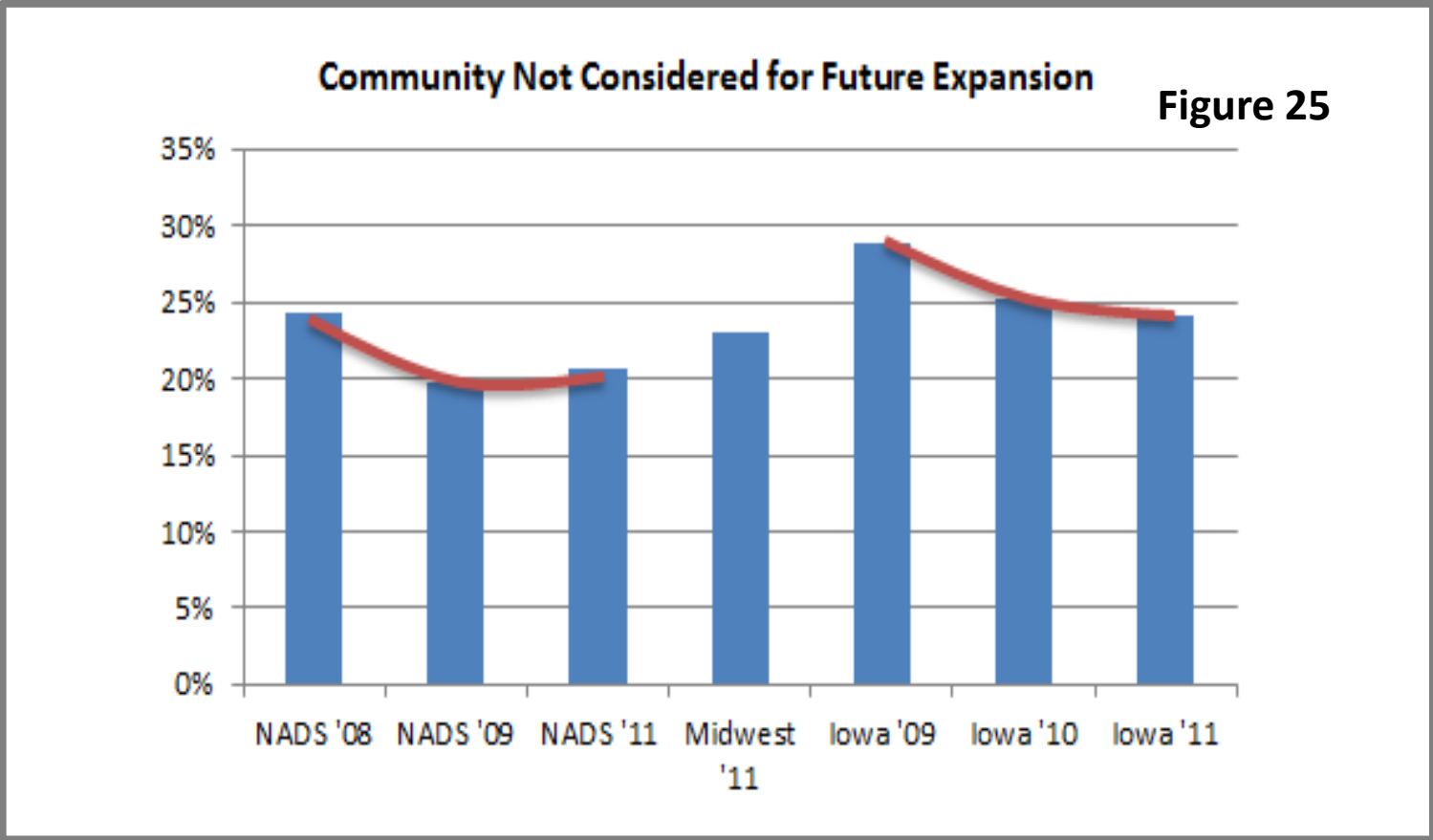


# Investment Forecast

Portfolio

Investment Forecast			Table F		
# of Companies with plans to expand		% Planning to Expand	Average/median \$ Investment	Average/median # of New Jobs Per Expansion	Average/median New Square Feet per Expansion
2009 NADS*	11,712	52.44%	\$16,268,978/ \$1,500,000	56/ 12	42,292/ 2,000
BEST of Iowa	507	50.20%	\$6,547,114/ \$1,900,000	26/ 10	32,472/ 15,000
Breakdown of Expansion (NADS/BEST of Iowa)			41%/ 36%	52%/ 33%	32%/ 17%

# No Expand Here Attitude



# No Expand Here Comments

No Expand Here Comments		
Question	OS_CAT	QNote
No Expand Why	Other	Worker supply
No Expand Why	Land Availability or Cost	High lease cost.
No Expand Why	Other	Demographics and lack of roads on the south west
No Expand Why	Transportation Weaknesses	Road access south west
No Expand Why	Cost of Doing Business High	Property tax assessment
No Expand Why	Community Leadership Negative	Very unhappy with support of city. Indicated that part of the problem may be the company has not requested support
No Expand Why	Government Services	Concerned that leadership will undercut company on future public/pyt deals. Has a history of this treatment. Currently working on a major project that would benefit greater area. Concern is that developer will grab the business.
No Expand Why	Labor - Skilled Worker Supply Inadequate	Global competitors are following industry leaders to offshore most production. Also landlocked at current facility.
No Expand Why	Other	Taxes—lowa property tax rates too high
No Expand Why	Other	Workforce
No Expand Why	Labor - Skilled Worker Supply Inadequate	Freight cost
No Expand Why	Transportation Weaknesses	If they can't buy adjacent land
No Expand Why	Land Availability or Cost	positions
No Expand Why	Labor - Skilled Worker Supply Inadequate	Workforce
No Expand Why	Labor - Other	Cost of labor
No Expand Why	Labor - Other	Good workforce - incentives needed to increase
No Expand Why	Other	Workforce and aging workforce
No Expand Why	Labor - Other	none
No Expand Why	Labor - Unskilled Labor Supply Inadequate	No city assistance.
No Expand Why	Community Services Poor	Turnover rate if higher here than other sites
No Expand Why	Labor - Unskilled Labor Supply Inadequate	On-line printing impacting company business.
No Expand Why	Other	Limited space - large number of obsolete buildings
No Expand Why	Land Availability or Cost	

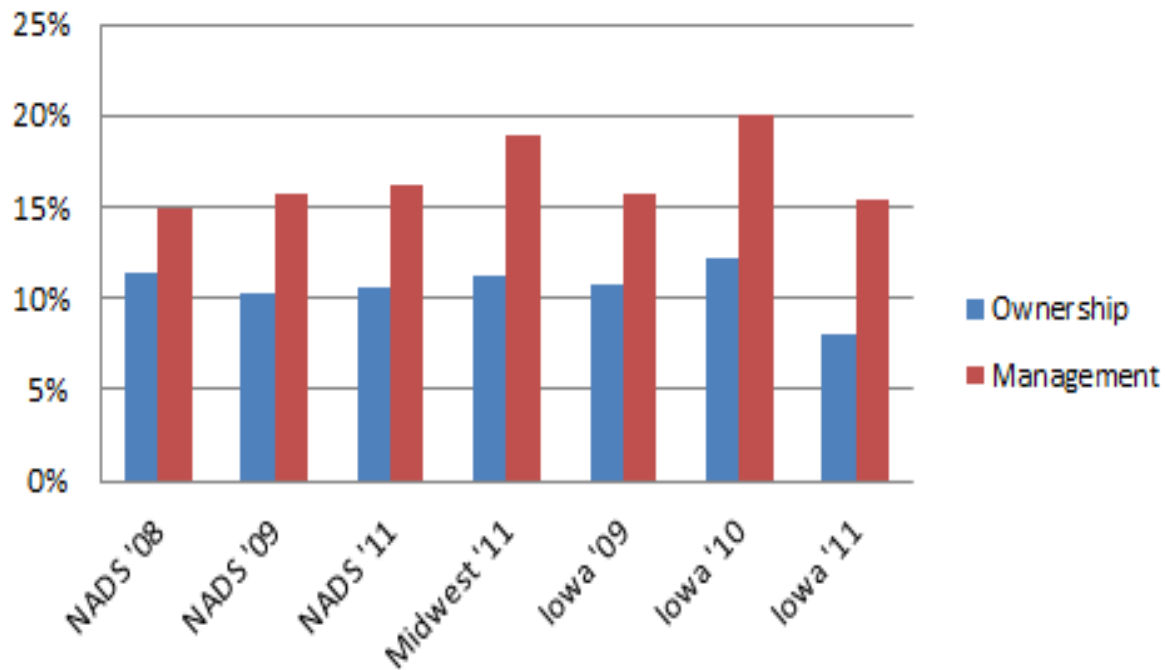
**221 Executive Comments!**

# Ownership/Management Change

Portfolio

## Ownership/Management Change

Figures 24



# Community Strengths

Product

Community Strengths		Table L			
Category	NADS	Iowa '09	Iowa '10	Iowa '11	
Quality of life	7.84%	11.93%	15.92%	18.42%	↑
Workforce/Labor Market Attributes	6.54%	10.23%	17.38%	15.84%	—
Location	9.94%	13.38%	18.42%	15.15%	—
Community Leadership	2.41%	5.56%	12.17%	13.47%	↑
Economy Stability	2.07%	5.08%	11.24%	10.50%	—
Business Climate Positive	7.20%	11.36%	11.55%	9.90%	↓
Employee Work Ethic	2.13%	8.70%	10.30%	7.23%	—
Educational System	2.06%	6.77%	6.97%	7.13%	
Customer Supplier Access	2.57%	4.19%	3.64%	5.35%	
Community Services	1.48%	2.98%	3.75%	5.35%	
Business Mix	1.07%	2.98%	3.85%	4.55%	
Transportation	2.79%	2.98%	7.08%	4.16%	
Cost of Doing Business	2.64%	2.58%	3.54%	3.47%	
Cost of Living	1.66%	2.01%	2.39%	1.98%	
Infrastructure	1.42%	1.77%	2.50%	1.98%	
Government Services	0.58%	1.45%	1.77%	0.99%	
Land Availability/ Cost	-	-	-	0.69%	
Other	9.10%	13.13%	10.93%	8.51%	

Tier Codes	Tier 1	Tier 2	Tier 3	Tier 4	NA
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Trend Line



# Reading Tiers



Tier Codes	Tier 1 - High	Tier 2	Tier 3	Tier 4	NA
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# Product

Product

Competitive Capacity ScoreCard					Table O	
Question	No Expand Here		Growth Barriers		Community Weaknesses	
Category	NADS	Iowa	NADS	Iowa	NADS	Iowa
Land Availability	1.26%	3.21%	1.62%	5.05%	0.44%	1.09%
Labor - Skilled	0.79%	2.77%	3.04%	5.45%	4.46%	7.33%
Labor - Other	0.76%	1.56%	1.58%	2.57%	2.76%	4.55%
Cost of Doing Business	1.54%	1.39%	1.58%	1.09%	2.91%	4.46%
Building Availability	0.88%	1.29%	0.97%	2.38%	0.53%	0.50%
Customer/ Supplier Accessibility	0.67%	1.19%	0.65%	0.69%	0.93%	2.87%
Labor - Unskilled	0.29%	0.89%	0.73%	1.58%	0.95%	1.78%
Business Climate	1.66%	0.79%	2.48%	1.66%	4.25%	4.26%
Transportation	0.56%	0.50%	1.83%	2.28%	5.35%	11.09%
Infrastructure Poor	0.38%	0.38%	1.95%	1.48%	2.13%	2.38%
Government Services	0.29%	0.30%	0.36%	0.40%	0.96%	2.67%
Quality of Life	0.15%	0.20%	0.36%	0.89%	1.54%	6.83%
Community Leadership	0.47%	0.20%	1.48%	0.89%	1.99%	2.28%
Community Services	0.19%	0.10%	0.46%	0.30%	1.22%	2.38%
Labor - Employee Work Ethic	0.06%	0.10%	0.26%	0.20%	0.76%	0.40%
Educational System	0.05%	0.00%	0.39%	0.40%	1.66%	1.19%
Business Services Inadequate	0.17%	0.00%	0.53%	0.30%	1.29%	2.18%
Residential Encroachment	0.16%	0.00%	0.25%	0.16%	0.23%	0.16%
Cost of Living	0.22%	0.00%	0.90%	0.00%	1.28%	0.69%
Location	-	-	-	-	1.65%	4.26%
Affordable Housing	-	-	-	-	1.20%	1.29%
Other	2.78%	7.13%	5.77%	10.50%	9.45%	22.28%

Tier Codes: Tier 1 - High, Tier 2, Tier 3, Tier 4, N/A

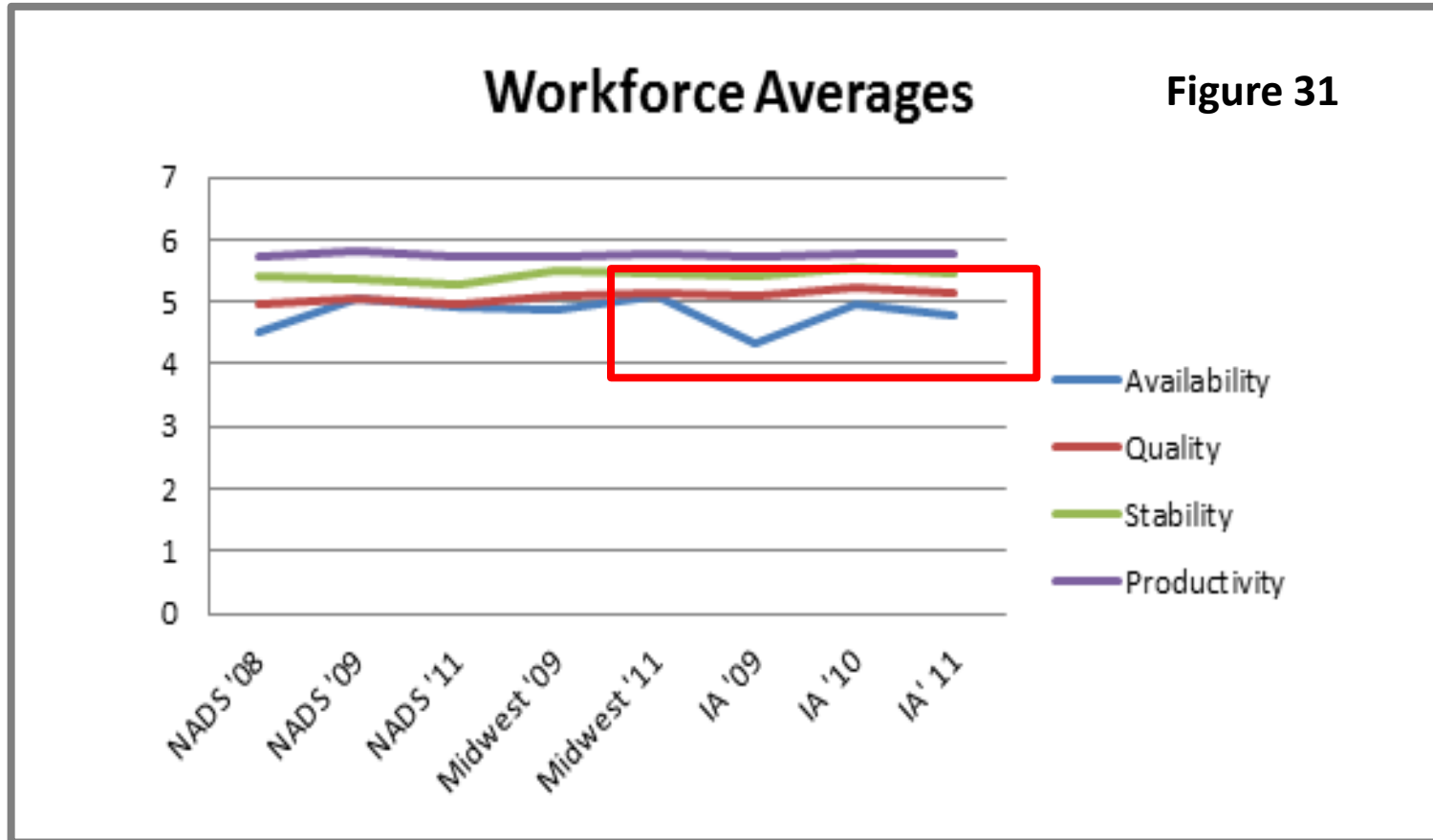
# Other Comments

## Other Category Comments

Work out of home
Having consideration for small business person in developing commercial areas where rents are set based on company size, sales rather than astronomical rates.
natural forest, water, lack of high paying jobs so working families (young) leave and look for job opportunities and transient retirees
High security issues
Unreliable contractors
I would like to buy my own property and build my own store but I cannot find anything zoned for my business that has a decent location on a major intersection or major road.
Perception of competition in construction toward <del>bioprocess</del> female.
Municipal legislation - being a food processor the firm's facilities are taxed commercial; however, agricultural rules and legislation are applied to business activities.
shortage of venture capital, extreme conservatism of venture capitalists, but this is improving.
provincial <del>govt</del> VVCC programs capped and far behind other provinces
Time zone not convenient to UK and Australia. Potential US legislative changes could force relocation.
Raising capital more difficult here than other financial centres, because of "penny stock" mentality (based on historical systems are not on political "radar"; provincial ministry re-orgs make it difficult to have a long-range provincial plan
Federal competition policy restricts necessary consolidation of industry - companies must consolidate to stay the same; air access limited, larger retirement community and politicians cater to this sector rather than to business and economic growth, diversity
"Puritan" attitude to lifestyle
Appreciation in Canadian dollar having significant impact on revenues
Municipal legislation - being a food processor the firm's facilities are taxed commercial; however, agricultural rules and legislation are applied to business activities.
Lack of commercial building for renters or for purchase
Appropriate place to relocate company when it expands. Need serviced industrial land.
ALR, <del>Neighbourhood</del> properties should be developed for food processing.
Railway <del>instability</del> a major factor, it is vital to their business. EPA requirements for their business location makes expansion impossible at that location, even though the space exists.
Not that I have personally experienced
Fuel cost issues
Permits are easier in other countries; parking permits unfriendly
Cost @ 10% (1M) plus one year because of planning delays, need team spirit instead of adversarial
Tight private sector banking

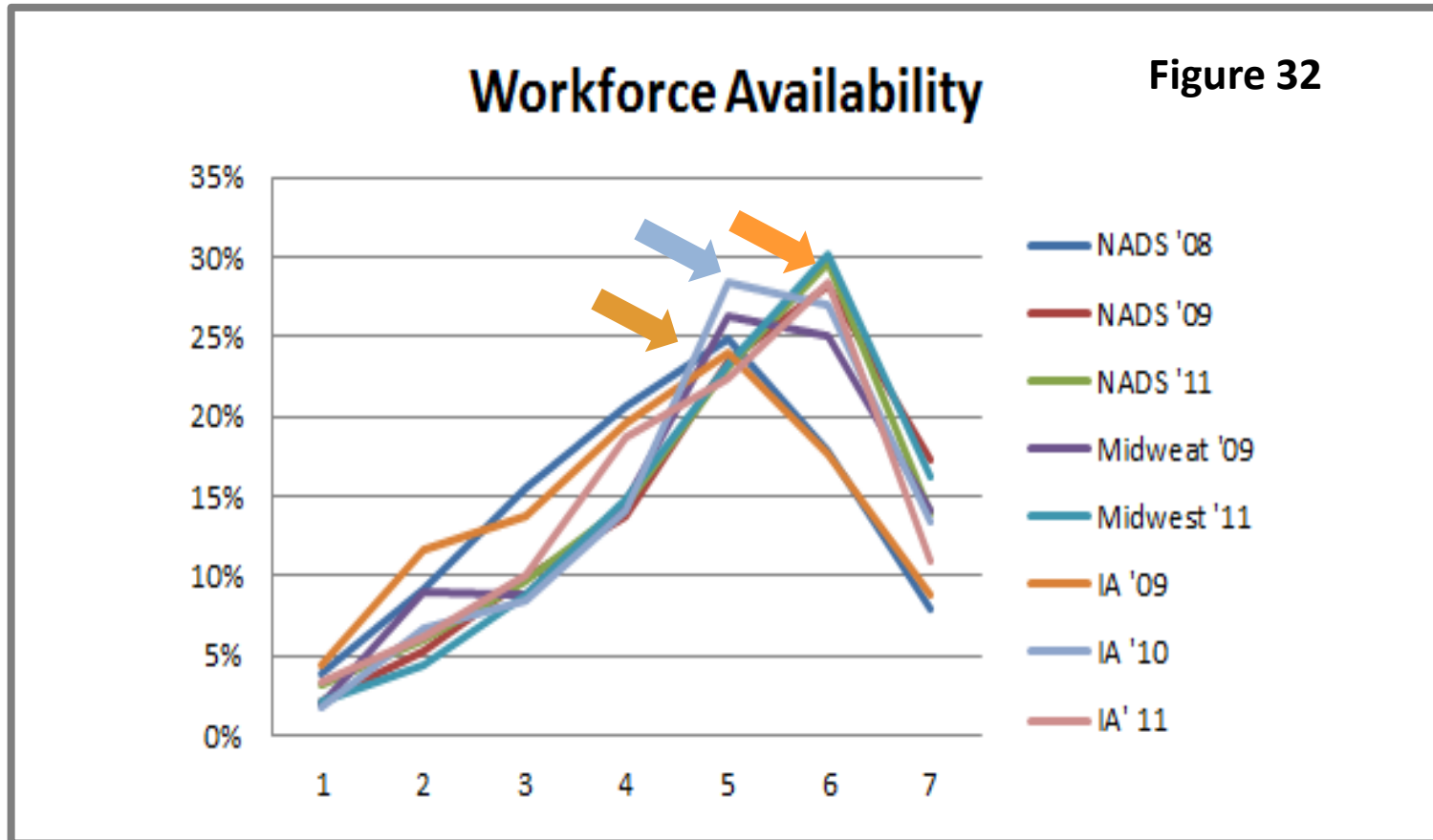
# Workforce Averages

Workforce



# Workforce Availability

Workforce



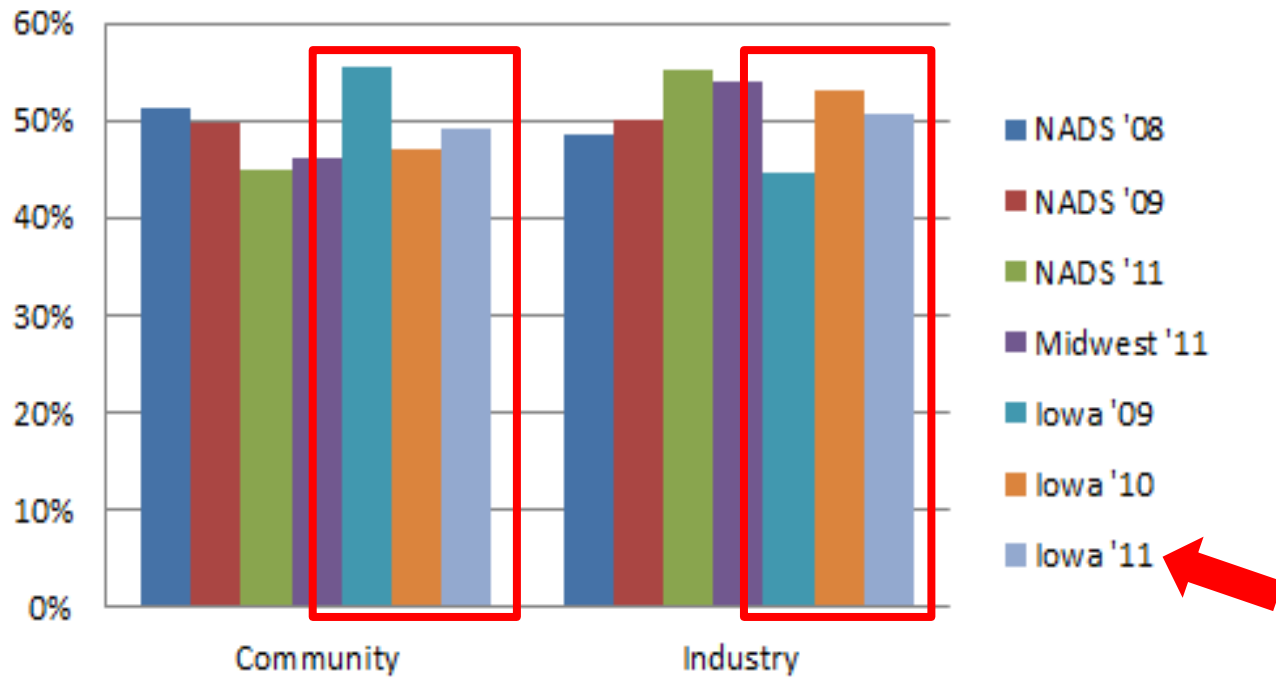
# Workforce

Recruitment Problems		Table Y			
Category	NADS	Iowa '09	Iowa '10	Iowa '11	Trend Line
● Skilled Production	8.74%	14.26%	12.07%	12.38%	—
● Scientific/ Technical	5.89%	11.44%	13.42%	12.18%	—
● Management/ Marketing/ Sales	3.53%	7.49%	8.32%	10.89%	↑
● Unskilled Production	3.35%	4.75%	3.64%	4.46%	—
● Administrative/ Clerical	1.02%	1.69%	2.08%	2.38%	↑
● Other	5.19%	8.78%	7.39%	5.54%	↕

# Recruitment Problem Origins

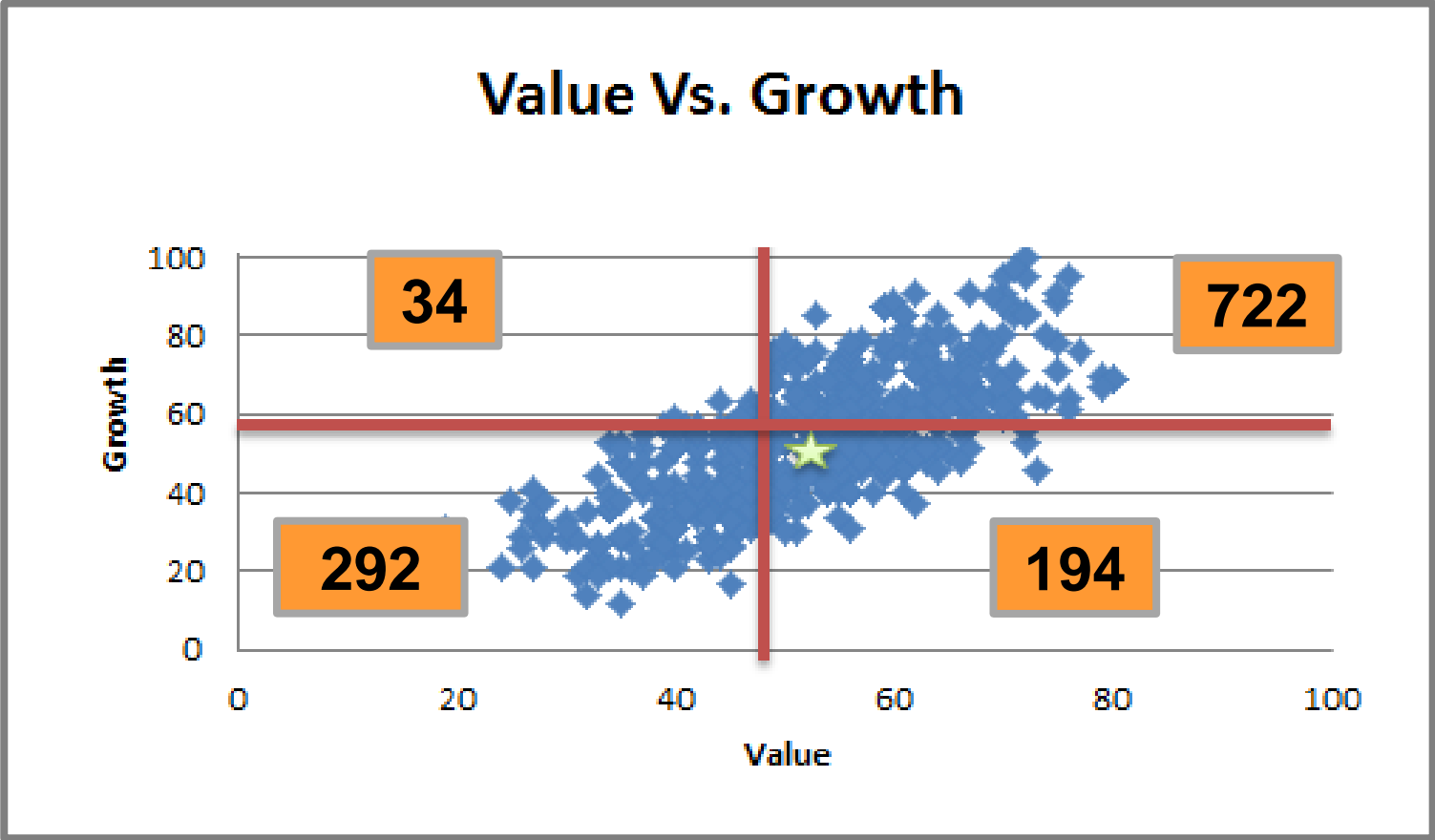
Workforce

## Recruitment Problems Limited to... Figure 38



# Portfolio View

Portfolio



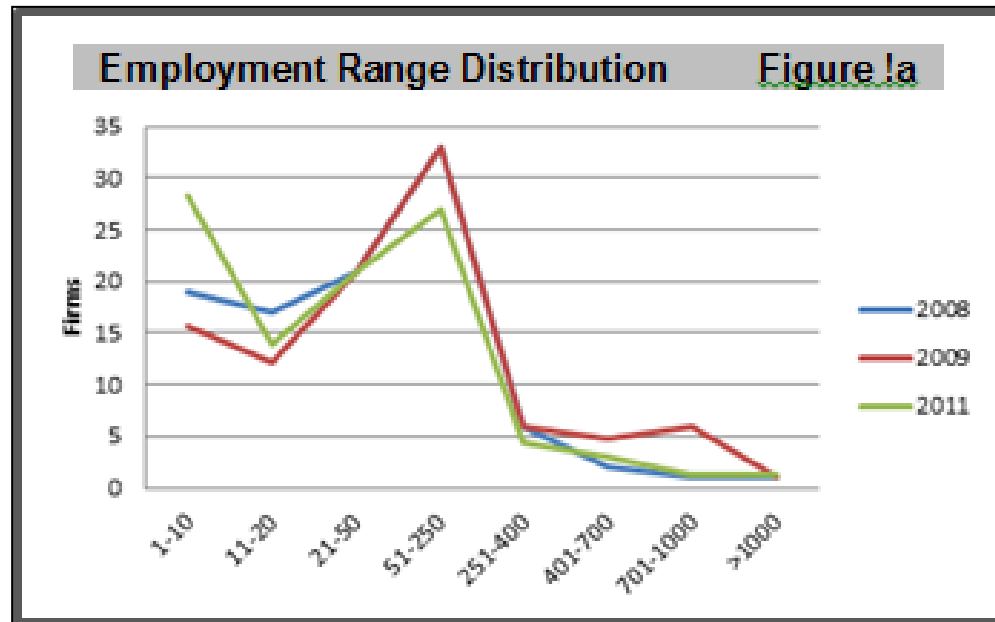
# Goals for BEST of Iowa

- Create Iowa Scorecard
- Map Statewide Resources by Value/Growth Quadrant
- Engage Leadership
  - Target High Value/High Growth
  - Skilled Workers
  - Press for more Export Support
  - Formulate Mature Product Strategy

# Study Parameters

Geographic Interview Distribution				Table A1
	2008	2009	2010	2011
Communities	128	134	142	142
Counties	41	49	52	49
Total interviews	1,267	1242	961	1010

**1 – 5,500  
Employees**

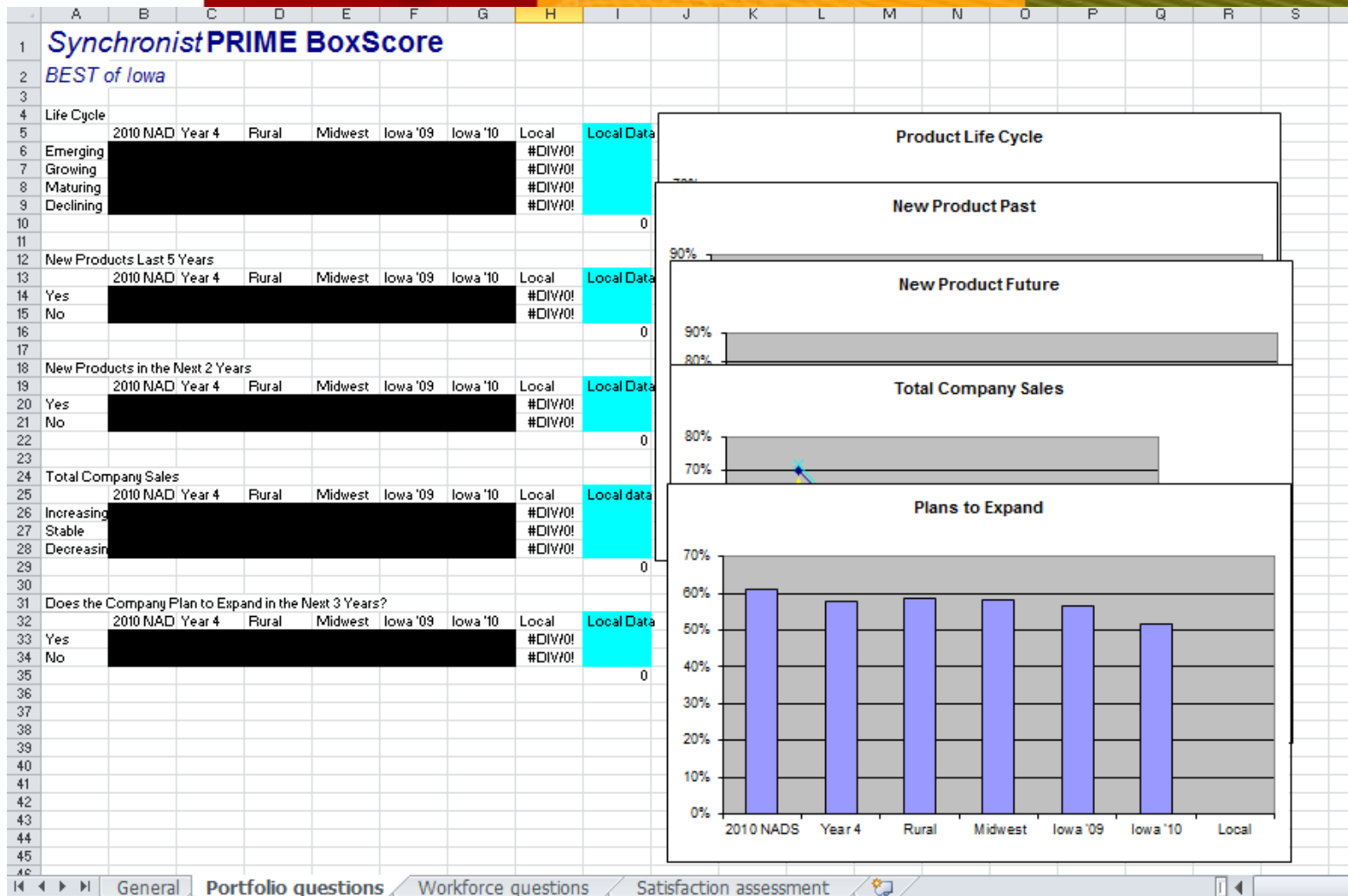


# North American Data Study



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# Synchronist PRIME BoxScore®





Q &  
A

# BEST Management Team



**Deb Calvert**

**MidAmerican Energy  
Company**

**Scott Snider**

**Alliant Energy-IPL**

**Mike Fastenau**

**Black Hills Energy**

**Dan Anderson**

**Iowa Area Development Group**

**Michael Gould**

**Iowa Department of Economic  
Development**



**Existing  
Business  
Strategy:  
*Competitive  
Capacity***

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