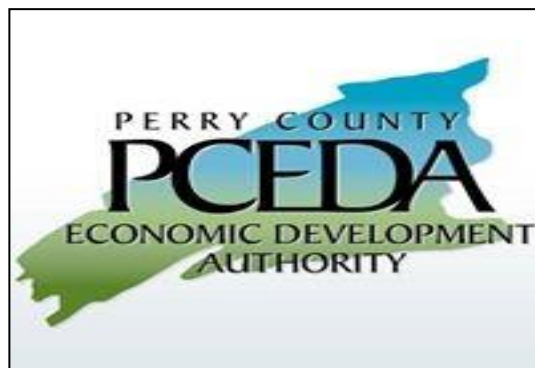


Penn State **Extension**

Perry County Business Retention and Expansion Strategies Program

Summary Report
July 2017



Perry County BUSINESS RETENTION AND EXPANSION PROGRAM

Business Retention and Expansion is a key element of local economic development efforts. The BR&E economic development strategy focuses on the retention and expansion of existing businesses to assist them in navigating today's global economy. While the attraction of new businesses and incubation of start-ups can be important components of an overall economic development strategy, communities now recognize that helping existing businesses survive and grow is the number one strategy.

Expansions and contractions are defined as changes in employment at an existing plant or business location. Start-ups and dissolutions are defined as the creation or closing down of a separate plant or business location. This "churning" of business creation, dissolution, expansion, and contraction is a natural part of a local economy. The BR&E challenge to a community is to facilitate the expansions while taking preventative actions to reduce the number of dissolutions and diminish the contractions.

Commonly, more jobs are created by business expansions than by new business start-ups.

Data from 2015 confirms that roughly 75% of new jobs in the state were created by existing business. Perry County, in launching this BR&E program, has the potential to improve the climate for existing businesses and, therefore, benefit from the continued presence and growth of those businesses.

Another benefit of a BR&E program is the information provided by the survey on the community's strengths and weaknesses. The strengths can be highlighted in community promotional material, while the weaknesses give the community an opportunity to make important changes and show businesses it is responsive. By acknowledging its weaknesses, a community also shows businesses it is trust worthy and will take a realistic look at its situation.

A final benefit of a BR&E program is how the process enhances the team of local leaders. The

team is much broader than many other local economic development teams since it includes representatives from education and government in addition to agriculture, business and economic development leaders. This diverse membership allows the local BR&E task force to bring in more resources, ideas, and contacts to address problems identified in the survey. Quite often, this local team will continue to interact in addressing other community concerns that arise long after the official program has ended.

Program Objectives

The Perry County BR&E Program has five objectives:

- To demonstrate support for local businesses
- To help solve immediate business concerns
- To increase local businesses' ability to compete in the global economy
- To establish and implement a strategic plan for economic development

Program Sponsors

The Perry County BR&E Program is sponsored by the following organizations:

- Perry County Economic Development Authority
- Perry County Commissioners
- Penn State Extension

This Report

This summary report is intended as a brief overview of the results from the 95 businesses interviewed by Task Force members. The full results and detailed data are available upon request from the Perry County Economic Development Authority:

9 West Main St., PO Box 630, New Bloomfield, PA 17068,

Phone: 717.582.8802

Web: www.perrycountyeda.com

Email: info@perrycountyeda.com

BR&E PROCESS AND KEY DATES

Community leaders who are invested in the program's implementation form the core for a BR&E initiative. They identify five to eight people to form the Leadership Team, each of whom has a clearly defined role in the BR&E process. The Leadership Team responsibilities are vast and vital to the success of the program. These include recruiting volunteers, identifying businesses to visit, providing survey input, performing business visits, coordinating milestone meetings, building community awareness, and recruiting the Task Force.

The Task Force guides the BR&E process, helps the Leadership Team with business visits, and becomes involved in prioritizing and responding to issues identified in the business interviews.

Perry County's BR&E initiative officially launched in February of 2017 with the Leadership Team's first meeting.

Volunteer Training

Volunteer Visitor training sessions, held in March 2017, oriented volunteer visitors to the BR&E process. Volunteer visitors were trained on the use of the interview guide and how to interview business owners. Working as teams of two during the interview, one volunteer was primarily responsible for asking the questions, while the second recorded the responses.

Interview Guide

Perry County adopted Extension's interview guide (survey instrument). Volunteer visitors used the interview guide on the business visits.

Business Selection & Visits

The Perry County BR&E Leadership Team and Task Force visited 95 businesses during April and May of 2017

The BR&E leadership team reviewed and selected businesses based on knowledge of existing businesses and the desire to select a broad mix of businesses geographically distributed around the county. The team began with a list of 772 businesses from PA Labor and Industries and

selected 120 businesses representative of the county's industry sectors and geography.

Commencement and Warning Flag Review

The Commencement and Warning Flag Review session, an important piece of the BR&E process, provided an opportunity for the Task Force to identify individual business concerns that needed immediate attention. This is an important activity that a BR&E initiative can do – responding appropriately and confidentially to businesses on issues, such as business relocations, concerns with public service, needs for resources, etc. This was done by overall coordinators and business resources coordinators throughout the process and formally in June of 2017 with the Leadership Team.

Data Compilation and Review

Completed business surveys were tabulated and analyzed by the Penn State Extension. The detailed data was provided to the Task Force and Leadership Team on June 1, 2017.

Perry County BR&E PROGRAM PARTICIPANTS

Three groups of people have been instrumental to Perry County's BR&E program success to date – the Leadership Team, the Task Force of volunteer visitors, and the businesses visited.

Additionally, Penn State Extension deserves acknowledgement for their guidance and support throughout the process.

Perry County BR&E Leadership Team Members

Michelle Jones, (Local Coordinator) Marti Roberts, Paul Rudy, Frank Campbell, Patti McLaughlin, Russ Hoover, Rich Pluta, John Gerner, and Morgan Tressler

Penn State Extension BR&E Team

Walt Whitmer, Sr. Extension Associate and Judy Chambers, Extension Educator of Penn State Extensions Economic and Community Development Team served as the BR&E coordinators to Perry County. This included coaching and advising the Leadership Team, conducting volunteer visitor trainings, survey

development, data compilation, and report writing.

Perry County BR&E Task Force Members

Mike Lawlor
Pene Shoemaker
Susan Smith
Kathryn Trapp
Dawn Lowe
Candice Neff
Christie Young
Jan Gibboney
John Gerner
Morgan Tresser
Greg Gordon
Russ Hoover
Kevin Fitzpatrick
Michelle Jones
Frank Campbell
Roger Smith
Rich Pluta
Marti Roberts
Tami Halstead
Patti Mclaughlin
Jeff Mattern
Paul Rudy
June Reisinger
Derek Whitesel
Tom Connell

Business Participants

The following 95 businesses graciously agreed to be interviewed as part of the BR&E visitation process. While survey responses are confidential, it is important to acknowledge the effort of participating businesses.

Wonder Why Farm
Rock Hollow Dairy
Lindgren Farms
Junk & Jazz Eclectic Boutique
Kreider's Mill, Inc
Yeehaw Farm, LLC
Spiral Path Farm, LLC
Merrimart Farms, LLC
Trout Brothers Farm, LLC
Hershey AG, LLC
Bootleg Creamery, LLC
Talking Breads, LLC
Weller Dairies
Indian Springs Farm Gilbert [did we ever interview Steve Adams??]Adams and Sons
Sharrar's Grocery
Newport Natural Foods
The Jewel Box
Brooks Miller and Anna Santini
DBA as North Mountain Pastures
Country Footwear and More, LLC
Sections Salon
Base Camp Outfitters, LLC
Perry County Land and Cattle
Company Hall's Ice Cream, Inc
Logan M. Bower, DBA
Pleasant View Farm
Hirt Powersports LLC
Big Bee Boats, LLC dba
Big Bee Boats & RV
Perry Power LLC
Gerald Nolt
Superior Building
Perry Printing Company Butcher's
Farm Market
Nyce Concrete Construction, Inc.
Heller's Hardware & Supply H &
H Precision Wire
Freeland Tool & Machine
Kings Fitness, LLC
Red Hill Properties, LLC
JP Russell and Son
Millerstown Motors, Inc.
Sweger Bus Lines, Inc.

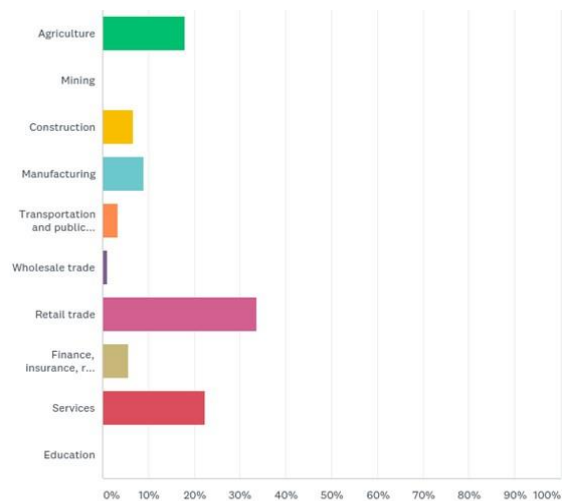
Perry Pallet, Inc
 William Keener Insurance Agency
 Blue Mountain Canoe Outfitters
 Waterfront Bar and Grill
 Newport Family Practice
 Artistic Image
 Nicole Heichel's Salon, LLC
 Liverpool Hardware
 Rohrer Bus Service
 Robert Morris & Company PC
 Burget & Associates, Inc Advanced
 Septic Services, Inc
 R.E. Davidson & Son Inc.
 Bark of the Town
 Swenson Fuels Inc & James E.
 Swenson Inc (HVAC)
 Don Jacobs Insurance Services Inc
 Wayne S. Leshar IV Inc
 Advanced Publications of Perry &
 Juniata Counties, Inc
 Bloomfield Pharmacy
 Keith's Furniture
 Newport Beverage Beer & Soda, Inc
 NTM, Inc.
 Mastracchio Brothers
 Mary Stutzman DBA
 H&R Block
 Biss Transport, Inc.
 Duncannon EMS, Inc.
 Detailed Attention, Inc.
 Buddy Boy Winery & Vineyard
 Maguire's Ford, Inc.
 Millerstown Veterinary Assocs.
 M.W. Smith Farms
 Wheatfield Auto
 Clarks Ferry Veterinary Hospital,
 Inc. (doing business as Cove
 Mountain Animal Hospital)
 New Blooms Greenhouse
 Lowe's Restaurant
 Sisson-Boyer Eyecare
 Tradesman Building Group
 Noaker's Auto Body, LLC
 Worthy Enterprises
 Perry County Firearms LLC
 James Fuller Construction
 H H Burns Inc
 N.O. Bonsall & Son

Barner's House of Floors
 Bratton Insurance, Inc.
 Steckley's Pet Center
 Pittmans Riverside Campground
 Perry County Homes, Inc.
 The Winery at Hunters Valley
 Espresso Yourself Cafe
 Larry Noss Welding
 David M. Myers Funeral Home, Inc.
 R Scott Maxwell Construction
 Stephen F Peters, Inc.

PERRY COUNTY'S INTERVIEW RESULTS

Of the 95 businesses surveyed in Perry County, nearly 96% are locally owned, and most (75%) have not changed locations within the last 10 years. Additionally (63%) were closely held corporations, 30 were women-owned and 8% were veteran owned. Seventy-four percent owned the building of their current location while 25% leased their buildings. The most common business categories among the 95 companies visited were Retail Trade (34%), Services (24%) Agriculture (16%), Manufacturing (10%), and Construction (7%). (See Figure 1).

Figure 1. Which of the following best describes your business? I think these graphs need to be larger.



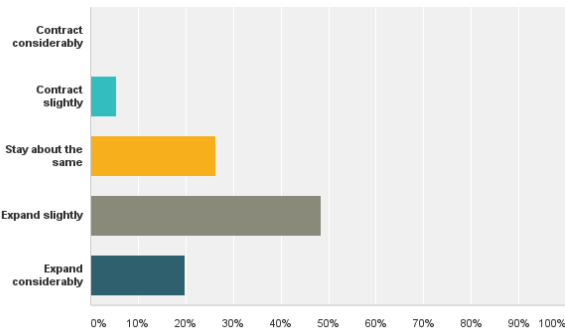
Location Plans

Of participating businesses, 86% indicated they planned on staying in their current location for the next 5-10 years, 2% were not planning on staying, and 12% were not sure.

Business Expectations

Sixty-eight percent expected their business to expand either slightly or considerably, while 6% expected it to contract either slightly or considerably. (See Figure 2.)

Figure 2. How is your overall business likely to change over the next 5 years?



For those that expected their business to contract over the next 5 years competition, decrease in customers, internet services, and changing business were mentioned most frequently.

Greatest Challenge to Growth

When asked about their greatest challenge to growth the most frequently cited responses were: finding and keeping good employees, rising costs regulations, competition, and internet services.

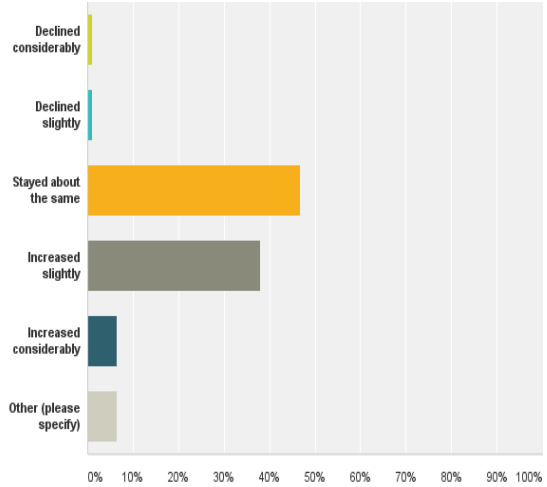
Reasons for Having Business in Perry County.

While there were a wide range of responses, when asked about their main reason for doing business most responded that they lived here, liked the rural character of the county, wanted to support Perry County and liked the location and proximity to services and supplies.

Employment Expectation – Next 5 Years

The vast majority of businesses expect their employment numbers to either stay the same or increase over the next 5 years. (Figure 3)

Figure 3. How do you expect your employment numbers to change over the next 5 years?



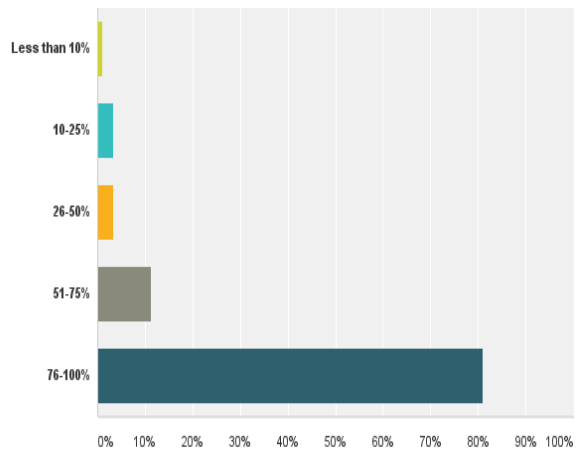
Employment Challenges

Interviewers also asked about employers’ greatest challenges with respect to employment and what changes would be required to hire additional employees. In both cases, finding and keeping qualified and skilled employees was mentioned most often followed by lowering health care, insurance and benefit costs.

Percent of Employees Who Live in Perry County

As shown in Figure 4, the vast majority of businesses employed primarily Perry County residents.

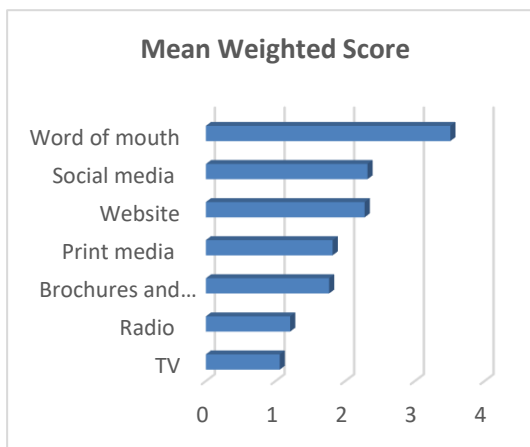
Figure 4. What percentage of your employees live in Perry County?



Marketing

Businesses were also asked about how they most frequently market their products or services. Figure 5 highlights the varied range of responses employers offered with most relying on word of mouth. Numbers presented represent the mean of each type of marketing on a 4 point scale of not at all, somewhat, considerably and extensively.

Figure 5. To what extent do you rely on the following outlets for marketing your business?



Fifty-nine percent noted that they do not cross market with other businesses in the county or regional while approximately 40% do.

When asked about their greatest marketing challenges the most frequent responses were skills and expertise, capacity, costs, time and uncertainty of measuring success.

Financing Needs and Perspectives

Responses were generally evenly split among businesses in terms of their reliance on external sources for their financing with 30% responding not at all, 35% noting some reliance, and 34% indicating quite a bit.

Related to financing needs in the next five years the mean was 2.9 (on a 5 point scale) compared to 3.44 in the last five years indicating most expect their financing needs to decline somewhat. Reasons offered for increased need included growth and

investment needs while those that indicated their needs were likely to decline noted that they were either paying off loans now or intend to do so in the near future, expect their business to contract or will be able to pass increased costs along to customers.

When discussing their greatest challenges related to financing, access to capital, finding a bank, knowledge of grant opportunities, qualifying for loans or business variability were noted most often.

Internet Services and Needs

When asked how sufficient their internet service was to meet their business needs currently and into the future, responses (on a 4 point scale of not sufficient to very sufficient) means were 2.97 for current service and 2.83 for future anticipated needs indicating that while service was generally sufficient for most they expected a few more challenges in the future.

Of those that indicated their service was currently either not at all or somewhat insufficient the most frequently cited reasons were slow speeds, the reliability of connections, costs, and data caps.

As Figure 6 indicates, the needed uses for high speed internet access ranged broadly across a number of categories.

Figure 6. How important to the following tasks is high-speed internet access in your business?

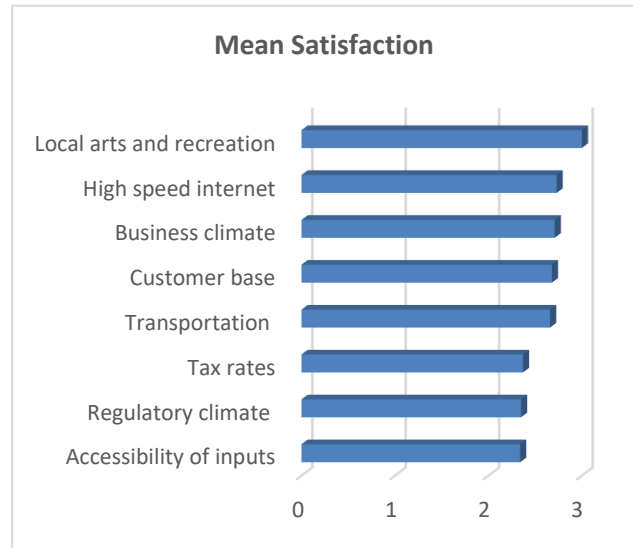


The most frequently cited challenges with internet services overall included lack of service competition, inconsistent service, costs, and reliability.

Doing Business in Perry County

The last of the major categories interviewers discussed with businesses was related to their overall impressions of doing business in Perry County. As shown in Figure 7, on a 4-point scale (not satisfied = 1 and very satisfied =4) respondents overall were more satisfied with local arts and recreation and least satisfied with the regulatory climate and accessibility of inputs.

Figure 7. As it relates to doing business in Perry County how satisfied are you in relation to the following concerns?



Top Three Thing to Help Your Business Grow

When asked about the top three things businesses would need to grow their business in Perry County, respondents most frequently cited: finding, keeping and training better employees; county growth; better marketing and branding; improving infrastructure (including internet); keeping or attracting young people; improving the regulatory climate; minimizing taxes and spending; improving parking and improving government services.

Greatest Economic Challenges of Doing Business in Perry County.

Many of the things respondents cited for helping their business grow are also reflected in their answers to their perceptions of the greatest challenges of doing business in the county: these included infrastructure; employee qualifications and training; bringing more businesses and residents to the county, improving services, education and quality of life issues, low disposable incomes, limited retail, manufacturing or restaurants; and travel time and the costs of having so many residents work outside the county.

Improving the Economic Development Climate in Perry County.

Related to suggestions for improving the economic climate in Perry County, businesses noted a range of considerations. Listed here are the ones cited most frequently.

- Develop/improve tourism (9)
- Minimize regulations (6)
- More restaurants downtown (6)
- Increase collaborations among businesses (5)
- Improving internet (5)
- Buy local campaign (4)
- Better marketing of the county and its assets (4)
- Increase employment (4)
- Increase businesses, high-paying jobs (4)
- General workforce development (3)
- Improve local government (3)
- Increase/improve parking (3)
- Improve access to affordable health care (2)
- Improve social climate and diversify demographics (2)
- Improve school district (4)
- Decrease taxes/spending (2)
- Improve infrastructure (2) & rail (2)

Highlights and Recommendations

While a full discussion of the implications of these results is beyond the scope of this report – and ultimately must be viewed in the context of other data, economic development assessments, and surveys PCEDA has sponsored over the last 18 months - a few highlights that can be addressed in the short-term do emerge from the information gathered through the BR&E effort. Among these are:

- There is a clear opportunity to address the challenges of workforce development and skill building as well as matching those skills with the needs of current and future businesses in the county.
- Marketing assistance, training, and coordination is a widespread need in the county. This includes working with individual businesses to enhance their skills as well as cross-marketing and branding.

- ‘Red Flag’ follow ups are needed with individual businesses related to a wide variety of the issues they highlighted to ensure those challenges don’t become reasons for their businesses to either decline or remain in the county. These include those businesses in need of more space, discovering which regulations they see as the most problematic, and specific infrastructure needs their businesses are facing (including high-speed internet issues).
- Creating a clearinghouse of information to assist businesses looking to expand or locate in Perry County is critical. Easy access to information such as financing, land use, regulations, taxes, marketing, education, business information and workforce access are all important considerations essential for meeting the needs of current and future businesses.

Looking Forward

As this report and other efforts have highlighted, Perry County has both assets upon which it can build and challenges it must address if the county is to position itself to create a vibrant economy that meets the needs of all its residents. The economic restructuring that is occurring (and increasing rapidly) will inevitably shape the future of Perry County and all communities in Pennsylvania. Those counties and communities that are proactively anticipating and working to respond to these changes will be the ones who will best be able to meet the economic and quality of life needs and expectations of their residents. To paraphrase an old adage: the one thing that is certain is that change will happen – but it is up to us to choose how it will affect us. The research clearly indicates that localities that take an engaged, comprehensive, purposeful, and proactive approach to decision-making will be the ones that thrive in these changing times

