

# ***Staff Paper***

**Retention and Expansion Issues and  
Concerns of Rural Businesses: Some  
Findings from Surveys in the  
Western Upper Peninsula of Michigan**

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# **Retention and Expansion Issues and Concerns of Rural Businesses: Some Findings from Surveys in the Western Upper Peninsula of Michigan**

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## **PREFACE**

This paper is part of a series of reports of the activities conducted under a grant from the Fund for Rural America, U.S. Department of Agriculture. Funds for the grant entitled “Enhancing Rural Economies Through Comprehensive Extension, Research & Partnering Approaches Using Multi-County Clusters in Michigan With Application to National Rural Settings” were received by Michigan State University’s Department of Agricultural Economics in March, 1998. The major goal of the grant is to increase economic development activity in four clusters of rural counties in Michigan through the utilization of the resources of the Michigan State University Extension Service, Michigan Agricultural Experiment Station, and other resources of Michigan State University. Various local, state, and federal public partners as well as the private sector are co-sponsors of projects in the counties.

This paper focuses on Business Retention and Expansion (BR&E) programs that have been conducted in the Western Upper Peninsula (WUP) of Michigan. The paper highlights and assesses major achievements and performances of the programs with respect to identifying issues, problems, and opportunities impacting the local economies. The data include information from BR&E visitation programs supported by the project and two other surveys in the WUP region.

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## **BUSINESS RETENTION & EXPANSION PROGRAMS: CONCEPTS, ISSUES AND STRATEGIES**

Business Retention and Expansion (BR&E) has been a popular concept for the last two decades focusing on issues that stimulate community and economic development by assisting existing businesses. In the 1980s, the BR&E program was mostly understood as a synonym for visitation programs, which are frequently the initial activity in a BR&E program. Some referred to it as changes and adjustments in manufacturing while others saw BR&E simply as a means of helping firms become more efficient (Morse and Hagey, 1988). It was in the 1990s that BR&E began to receive explicit definitions and conceptual models.

Morse and Hagey define R&E as an economic development strategy or initiative designed to assist existing industry and business to grow and expand within a community. The program consists of a wide range of efforts to encourage the survival and growth of existing businesses. These include providing services and technical assistances to businesses, improving relationships between local government and businesses, improving quality of life or workforce, influencing the R&E of state and federal facilities in an area, creating an early warning system for plant contraction, closings, and relocations, and designing an economic development strategy (Ilvento, 2002). There are different BR&E programs, options, and strategies available to a community. According to Morse (1990) a BR&E program includes visitations, efforts to improve firm efficiency, and programs to promote public relations through the sponsorship of industrial awareness days and media campaigns. Short-term objectives of the program include providing coordinated community support for local businesses and help them to solve individual business concerns. In the long-term, the program strives to increase competitiveness of local establishments and implement a strategic action plan for economic development.

The visitation program is usually the first stage of a BR&E program that a community implements to assist the needs and concerns of businesses. In many BR&E visitation programs, the community retains ownership of the program, shapes the focus of the program, is actively involved in collecting and analyzing data, and plans for a response to the data (Morse, 1990; Loveridge and Morse, 1997).

There are different steps and strategies of BR&E visitation programs. Morse (1990) identifies fifteen steps involved in a BR&E visitation program, which starts with educating local leaders and extends to the implementation of recommendations resulting from the survey analysis. Darger (2001) emphasizes that a BR&E visitation program involves the following five basic steps: building a leadership team and task force to plan and carry out the visitation, training volunteers who visit local business teams, responding to individual business concerns, analyzing the data and selecting and implementing priority projects. Ilvento (2002) identifies the following stages; firm visits, immediate follow-up, data analysis and recommendations, and commencement and implementation. Sorensen (2002) recommends twenty-one steps in delivering a BR&E visitation program that starts with determining goals and ends with a follow-up on company requests. Although these approaches use different steps, essential elements in delivering a visitation program are more or less the same.

Loveridge (2002) identifies four basic strategies of delivering visitation programs for economic development: (1) the lone ranger model, (2) the mail order model, (3) the counselor model, and (4) the volunteer model. The lone ranger BR&E program involves the use of a full time

professional to visit businesses and provide assistance to those in trouble. This approach is highly visible with the businesses that are visited and has the fastest response to their issues. The model, however, covers fewer firms and provides limited opportunities to identify and address community-wide business issues. The second model focuses on sending out mail or fax to businesses to conduct the survey and then local leaders evaluate and assess the results. This survey could be conducted in a relatively short period of time and has high potential to identify community-wide issues, however, addressing the issues require a significant follow-up. In the third model, a temporary consultant from outside community does the visits and provides assessment. This helps identify issues that can be addressed by the counselor, but it may not address community-wide business issues. The volunteer model is a relatively low cost model. The community organization recruits and trains local volunteers to visit firms and a leadership team reviews survey results. The survey, however, takes a long period of time. By using volunteers visibility with the businesses that are visited will increase, and there is a better chance of identifying and addressing community-wide business issues. As a result of its popularity in recent years, the use of visitation program guidelines, orientation programs for community leaders as well as local economic development organizations, and the use of volunteers for the survey, the volunteer model is considered to be a formal BR&E visitation strategy. "Key local people involved in the program are the leadership team (coordinators), the task force members, and the volunteer visitors" (Allanach and Loveridge, 1998).

According to Ilvento, over 40 US states have some form of a visitation program. In Michigan, there is limited experience in delivering BR&E visitation programs. In 1999, the Fund for Rural America/Enhancing Rural Economies (FRA/ERE) project at Michigan State University (MSU) conducted a diagnostic survey in three Western Upper Peninsula (WUP) counties (Baraga, Iron, and Ontonagon). The purpose of this diagnostic study was to explore alternative ways to strengthen the local economies, enhance local businesses and enterprises, and increase local income and employment (Vlasin, Murphy and Wessen, 1999). Community leaders participated in the study to share their views about the local economic conditions, their expectations for the near future, and to discuss education and training needs that would enhance local capacity. Implementation of a formal BR&E visitation program was one of the recommendations that were generated from the diagnostic study. In line with this, the FRA/ERE project co-sponsored BR&E visitation programs in the WUP cluster counties of Ontonagon and Gogebic counties in 1999-2001. The counties completed two separate visitation programs following an orientation and training for volunteers on formal BR&E visitation programs. Following these formal visitation programs, Iron, Houghton, Baraga and Keweenaw counties completed two BR&E surveys without strictly following the guidelines for delivering formal BR&E visitation programs. They were not funded by the FRA grant and were rather coordinated and conducted by local economic development corporations and industry councils without conducting training programs for volunteers.

The primary purpose of the present paper is to highlight the WUP BR&E approaches and assess major achievements and performances of the programs with respect to identifying issues, problems, and opportunities impacting the local economies. The specific focus of the paper is threefold: (1) to describe and discuss some available results from the four surveys, (2) to capture some of the commonalties and/or differences in the findings that help identify significant business development issues in the WUP counties, and (3) to make some recommendations for an effective future BR&E visitation programs in other Michigan counties.

## **BACKGROUND OF THE WESTERN UPPER PENINSULA VISITATION PROGRAMS**

One of the key features of the FRA grant, a project funded by the USDA and co-sponsored by the MSU Extension and Agricultural Experiment Station, is to enhance rural economies by developing and implementing a wide range of activities involving different extension education and research programs in four multi-county clusters of Michigan. One cluster, the WUP cluster is comprised of the Gogebic, Iron, Ontonagon, Houghton, Baraga and Keweenaw counties that are characterized by their remoteness from urban areas, low population densities and former dependence on mining industries. “Three of the six counties – Gogebic, Houghton and Keweenaw – are considered to have relatively well established development organizations. The other three counties – Iron, Baraga and Ontonagon – are seen as having extensive economic challenges, limited organizations for development, weak funding bases, or a shortage of community champions to consistently meet opportunities or redress challenges”(Vlasin, Murphy and Wessen, 1999, p. 1).

A key feature of the FRA project development approach is its identification of a menu of assistances encompassing seventeen types of extension and research programs that if made available, can substantially advance the economies of the cluster counties. The BR&E is one of the business enterprise development programs that was supported by the FRA grant for the last five years. In 1998, the FRA/ERE project in cooperation with MSU Extension and local economic development partners initiated a BR&E visitation program. The first FRA/ERE supported visitation program was conducted in the Gogebic (with Iron county in WI) and Ontonagon counties of the WUP cluster. The first step in creating a BR&E program for the Gogebic, Iron (MI) and Ontonagon counties was accomplished at introductory training sessions in September and October 1999. The training sessions were funded by the FRA/ERE project and co-sponsored by the counties' economic development agencies, county MSU extension offices and other local partners. Altogether 57 persons attended the training sessions; 25 persons in Gogebic, 14 in Iron (MI), and 18 in Ontonagon counties. Participants included local business representatives, community leaders, extension agents, economic development commission board members and representatives from local banks, insurance companies, local education institutions and other public organizations.

The orientation sessions introduced and reviewed the goals and objectives of BR&E programs, which involve the community in a program, and are designed to keep businesses in the community and help them grow. The community orientation was delivered using the material entitled “BR&E: Is it for our community?” developed by Loveridge and Morse (1997). Specific topics covered during the training include BR&E visitation program implementation, leadership team, task force, red flags and follow up, recruiting and training volunteers, survey research and analysis, and determining strategies and their implementation.

This FRA/ERE initiative paved the way for the counties in WUP to deliver BR&E surveys. After the training, Ontonagon and Gogebic (with Iron county in WI) pulled their resources together to implement a formal visitation program for the local businesses. With the main support from the FRA/ERE grant, the county extension office, the Gogebic county Economic Development Corporation (EDC) and the Development Zone Council of the Iron county (WI) were the major cosponsors of the BR&E visitation program in the Gogebic/Iron (WI) counties. The Ontonagon county EDC and the MSU county extension office were the major co-sponsors and coordinators

for the BR&E visitation program in the Ontonagon county. Since the introduction of the FRA/ERE co-sponsored visitation programs in the two Michigan counties, demand for delivering BR&E surveys has risen in the other WUP counties. In particular, the program has evolved and grown in neighboring counties including Iron (MI), Baraga, Houghton and Keweenaw. As a result, these counties implemented BR&E surveys in the last three years.

### **SURVEY OBJECTIVES, STRATEGIES AND PRE-SURVEY PREPARATIONS**

As shown in Table 1, in accordance with the objectives, needs, locally available resources and regional and state supports, the structure of the BR&E programs varies from one county to the other.

In October 2000 and January 2001, the Gogebic county EDC and the Iron county (WI) development zone council jointly implemented a formal BR&E visitation program in Gogebic county, Michigan, and Iron county, Wisconsin. The objective of the survey was to identify perceptions and business issues and to provide an opportunity for businesses to join in expressing their views on the business climate in the two counties. The survey also looked to determine the level of satisfaction among resident businesses regarding operations, public services/infrastructure, labor issues, and challenges or opportunities they may have as a function of their location within a particular community. In designing the survey, participation of businesses was considered essential for the following reasons: (1) There was a presumption that by participating in the survey businesses would find some resources to help their business that had not been previously considered. (2) Business participation was seen important to identify problems and issues that may require actions by community leaders to make improvements. (3) The participation was seen as an opportunity that would encourage businesses to have the feeling that they are not alone. (4) Networks resulting from the expression of common concerns can help gain attention for various sectors, e.g., retail, manufacturing, recreation/hospitality, etc.

The visitation program in the two counties had two parts that included a general mailing survey and a follow up interview to a sample of businesses that had returned the mail survey. As the initial contact for the survey, a mail survey was sent out to 776 businesses in October of 2000. A total of 156 or 20% of those surveyed by mail returned completed surveys. In January 2001, a sample of 38 businesses who replied to the mail survey were subsequently interviewed by volunteers trained in the BR&E program to complete a second set of interview survey questions. The responding businesses were chosen to reflect a distribution based on number of similar businesses and locations in the counties. The survey results were compiled by the Northern Michigan University's Bureau of Business and Economic research.

**Table 1: Summary of BR&E survey objectives and strategies:**

	<b>Gogebic/Iron (WI)</b>	<b>Ontonagon</b>	<b>Iron (MI)</b>	<b>Baraga, Houghton, Keweenaw</b>
Major objectives of the surveys	Identify business issue, perceptions, and type and level of services provided	Identify businesses issues, concerns, employee skills and assistance to businesses	Create a comprehensive economic development plan, and understand current economic environment	Identify overall business needs and assistance, create database, and identify employee training needs
Key organizations involved in program	MSU Extension, Gogebic Economic Development Corporation and Iron (WI) Development Zone Council	MSU Extension and Ontonagon Economic Development Corporation	Iron Economic Development Corporation	Keweenaw Industrial Council
Interview approaches	Mail and personal visit	Mail and personal visit	Mail and personal visit	Mail (pre-survey) and personal visit
Key individuals involved in interviewing	Volunteers	Volunteers	Economic development agent	Hired university student
No. of Businesses surveyed	156 (mail survey), 38 (visited)	59	97	81
Nature of project	FRA supported	FRA supported	Non-FRA	Non-FRA

The Ontonagon county MSU Extension began preparation for the BR&E visitation program by delivering orientation and training programs about BR&E. In September 1999, people from throughout Ontonagon County participated in a BR&E visitation training program. Follow-up meetings were held to invite other community leaders from the county to learn more about the



BR&E visitation program and decide if this is a program Ontonagon County should consider. In November 1999, the Ontonagon county extension office conducted a meeting that had representation from each of the communities within the county. At that meeting it was decided to have each of the representatives select a representative group of businesses in their community from 10-20 businesses. It was also planned to create a master list. A leadership team was established and several discussions and meetings were held to design, refine, and finalize the survey process. During the spring of 2000, the Ontonagon county extension office conducted training for volunteers and sent out letters to 93 businesses. County volunteers made an on-site visit to 59 businesses that completed and returned the mail survey. The survey was administered jointly by MSU Extension and the Ontonagon county EDC with funding provided by the FRA grant.

The Iron county EDC conducted business surveys from 1998 -2001 with the major goal to create a high profile exposure of the iron county EDC to the business community. The specific objectives of the survey were to (1) create a baseline of information about existing businesses, (2) understand the current business environment, (3) collect information that can be used in applying for state and federal assistance for economic development, and (4) identify areas of need that can be addressed by specific projects and/or in the comprehensive development plan. This survey did not strictly follow the guidelines for a formal BR&E visitation program. The corporation conducted a total of 97 surveys (7 in 1998, 37 in 1999, and 53 in 2000) of existing businesses.

In January-May 2002, the Keweenaw Industrial Council completed a business barometer survey in Baraga, Houghton, and Keweenaw counties (<http://www.kicbiz.com>). The objectives of the survey were to (1) provide a picture of overall business conditions and needs in the three counties, (2) identify employee training needs of base industry companies, (3) identify particular businesses needing retention or expansion assistance, (4) create a permanent, updateable business data base, and (5) create a UP-wide picture of business conditions and identify common needs. Eighty one businesses participated in the survey of the three counties. The surveys consisted of a pre-survey (mailed out) and an on-site survey by interviewer (Finlandia university student).

### **FINDINGS FROM THE SURVEYS**

The four surveys in the WUP used different questionnaires that were designed to capture and measure the main areas of focus of each survey. The survey data were analyzed, compiled and summary reports were created and presentations were made at the county level. The FRA/ERE project office received summary reports for the FRA/ERE cosponsored BR&E visitation programs. The Gogebic county EDC submitted a final report on the business retention survey that was conducted in the Gogebic and Iron (WI) counties. The Ontonagon MSU extension office submitted summary of results from the BR&E survey in the county. On the other two surveys data compiled on selected questions were available on request for the purpose of this paper.<sup>1</sup> For Iron (MI) County, BR&E survey results summarized in the Iron County EDC 2000

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1 Steve Nelson (Director, Iron County MSU Extension) provided data on the Iron (MI) county survey and a summary presentation on the Houghton, Keweenaw and Baraga survey.

year end report were used. The source for the Houghton, Baraga and Keweenaw BR&E survey was a presentation made on the survey results to WUP Michigan Works on August 22, 2002. The present paper used these reports and data compilations to highlight the findings from the four surveys.

## **Gogebic and Iron (WI) Counties**

**Business types, performances and plans:** In the mail survey, 31% were recreation/hospitality, 25 % service industries, 21% retail/wholesale, and 7% construction. Among the visited businesses, 32% were recreation/hospitality, 26% service industries, 22% retail/wholesale, 5 % manufacturing, 5% health care and 6% construction. 89% of the visited businesses were owned.

About 47% of the visited businesses responded that their business has improved over the last three years while 31% said it has stayed the same. One of the interesting results in the survey was the higher number of businesses that expect positive changes in their businesses in the coming years. About 70% of the visited businesses responded that they would improve their business in the next three years while 27% said it would stay the same. Depending on the type of business, it seems that business accomplishments vary seasonally. 26 % of the respondents from the personal interview responded that business was already there when taken by them.

**Local services and infrastructure:** More than half (57%) of the respondents in the mail survey indicated that they received support from the local chamber of commerce. About 27% of the respondents received resources from university extension services and community colleges. About 15% of the respondents used resources from economic development organizations in support of their businesses.

The Gogebic/Iron (WI) BR&E mail survey also revealed factors that are having a significant negative/positive impact on the success/growth of businesses. Taxes and fuel costs were a concern for about 41% of the respondents. Location of facility and quality of employees were the factors that have significant positive impact on the success/growth of 50 to 56% of the respondents. Important services and infrastructure that need improvements were listed to be roads and streets maintenance, code enforcement, public parking, snow removal, solid waste and storm water drainage. Also, assistances for new and existing businesses, educational and school systems, taxes, year round tourism opportunities, bringing communities to work together, and improved health care were found to be important issues.

The visited businesses seem to have high satisfaction level with most of the community agencies and services. Government boards, committees, departments and commissions were rated between 5.6 to 8.9 out of a possible 10. County boards were rated 8.9. Code enforcement was rated at 4.3. Other services all ranged from 6.2 to 8.6 indicating general satisfaction. However, cooperation between boards and commissions, communication between the agencies and the community, long range planning, and job/business development were listed as the most important issues and areas that need further improvements.

**Workforce development and human resource management:** Results from the mail survey indicated that 39% of the employees are skilled, 41% semi-skilled and 20% unskilled. The data also show that about half of the employees are part time employees. 55% of the interviewed

respondents indicated that they are experiencing difficulty in recruiting employees. Recruiting skilled and semi-skilled labor force appeared to be most difficult. The most effective recruitment tool was word of mouth rated at 8.6 out of a maximum 10, and listed by 89% of the respondents. Newspapers ranked second most effective, at an average of 5.3.

The top four requirements for new hires were work ethic, teamwork skills, oral communication skill, and ability to solve problems. Other skills like math skills and reading skills were listed by 58 to 68% of the respondents. Computer literacy was a concern for 42% of the respondents. Others in the list include physical strength, mechanical aptitude, and business writing skills, listed by 26 to 45% of the respondents. Respondents also listed required occupational training programs. These include among others building, trade, welding, communication skills, dental assistant, computer skills, health regulations, hospital/food service management, insurance, leadership training, waitress and hospitality. With regard to the effectiveness of area institutions in providing skills required, the high schools and community and technical colleges were found to be the most effective being rated at 7.3 to 7.7. Job training programs and universities were rated at 6.9. The number of interviewed responses indicating use of high schools was 86% while community college was 67%, and technical college was 45%. Other apparently less used institutions were university (42%), and job training programs (37%).

The Gogebic/Iron (WI) BR&E visitation program did not identify specific issues that required immediate actions by organizations having an impact on local businesses. Based on the surveys, businesses expressed a generally positive attitude in regard to the future of a business in the two counties. They also raised a number of issues that need consideration and attention by local agencies or organizations to support their future efforts. In addition, the businesses indicated many areas of work force development in which they need assistance. Future surveys are recommended at appropriate intervals to determine effects of local, regional or global events that affect business.

## **Ontonagon County**

**Business types, performances and plans:** More than half (58%) of the interviewed businesses are involved in retail, tourism or construction activity. There were relatively small numbers of businesses in the manufacturing industry (9%) that participated in the survey. Most (91%) of the businesses are owned as opposed to being leased (9%). Nearly one-third (29%) of the businesses were started in the 1990s followed by the periods of 1976-89 (26%) and 1951-1975 (21%).

Half (51%) of the respondents indicated that their sales have stayed about the same in the past year. The rest indicated their sales increased (31%) or decreased (18%) during the last year. The majority of the respondents (64%) indicated they have plans to modernize or improve their buildings in the next four to five years.

**Local services and infrastructure:** The following items were identified by the respondents as having negative impacts on the current or future development of their products and services: energy costs (14%), regulatory constraints (12%), domestic competition (12%), lack of workforce (9%), insufficient space (7%), insufficient trained workforce (6%), and foreign competition (6%). The majority of the respondents indicated that the following attributes

positively affect their ability to recruit new employees: quality of life (50%), housing costs/availability/quality (56%), cost of living (62%), and K-12 educational system (63%).

Some respondents (17%) indicated that they had plans to move all or part of their operation from their current location. The majority of the respondents (56%) indicated the chances of them phasing out or shutting down their operations with no plans for expansion elsewhere are non-existent. However, 21% indicated it is possible and an additional 23% indicated it would be remote. For those who were thinking to give up their businesses, they mentioned the following to be the major factors: can't afford to run business, too much competition, energy costs, insurance costs, poor work force, taxes, health reasons, lack of profit, and retirement.

**Work force development and human resource management:** About 46% of the workforce was considered to be highly skilled, followed by semi-skilled (42%) and unskilled (11%). More than half (52%) of the respondents felt that the productivity of their company would increase if their employees had better reading skills. There was an equal number of respondents (50%) indicating their employees need improvement in basic skills as compared to those indicating their employees do not need improvement in basic skills. Those who indicated their employees need improvement felt the skills needed were problem solving (22%), oral communication (18%), team work (18%), computer (16%), reading (7%), math (9%), and writing (8%).

The majority (67%) of the respondents expressed a problem in recruiting skilled employees. 85% indicated they use word of mouth to obtain replacement employees. About 79% of the respondents indicated that they do not require their non-management workforce employees to have a high school diploma or equivalent. Only 18% of the respondents require all applicants to show evidence of business writing skills as opposed to 40% requiring evidence of math skills, and 42% of reading comprehension. The majority of the respondents (73%) indicated a favorable opinion about the training that their new employees had received from area high schools. Most of the respondents (74%) had no opinion about the quality of training their new employees had received from area trade/tech schools, area community college (67%), area university (76%), and other company training programs (94%).

## **Iron County**

**Business types, performances and plans:** Among those surveyed 53% were involved in service, 31% in retail, 7% in wholesale, and 7% in manufacturing. 51% of the businesses surveyed were considering expanding their businesses in the following areas; expand workforce (34%), new product line/service (30%), floor space (24%), and additional location (12%). About 71% of the surveyed businesses expect a moderate rate of growth in the next few years.

**Local services and infrastructure:** Among the services and facilities available for businesses, air service, public transportation and the road system were considered to be inadequate by 52, 49 and 34% of the respondents respectively. The rail service was not relevant for the majority of the respondents (52%). Over 80% of the surveyed businesses rated area services and facilities like snow removal, street cleaning, police, and fire services to be adequate. Also, more than half of the respondents agrees to receive adequate services in solid waste disposal, emergency medical, school system, health care and telecommunication services. About 73% reported that they have a land/facility advantage by being located in Iron County.

**Workforce development and human resource management:** Interviewed businesses responded that continuous improvement is required in the following skill areas for their current staff: customer service (45%), computer literacy (44%), team work and decision making (40%), verbal communication (39%), telephone etiquette (36%), written communication (31%), and math (29%). Also, potential employees need to have skills in oral communication (66%), math (60%), customer service (57%), written communication (52%) and problem solving and decision making (51%). Only 27% of the surveyed show skill advantage because of their location in Iron County. The majority of the respondents reported difficulty in labor availability, in particular skilled labor.

## **Houghton, Baraga and Keewenaw Counties**

**Business types, performances and plans:** The businesses surveyed in the three counties include 39% manufacturing companies, 32% service companies, 17% technology companies and 11% construction companies. 62% of the surveyed companies plan expansion of their business within the next few years while another 24% were identified as having expansion potential. 62% of the companies indicated their products as being in growing or emerging markets while 24% of the companies identified their products as being in maturing or declining markets.

**Workforce development and human resource management:** 93% of the surveyed companies provide employee training. And 43% indicated that they are increasing spending for training. Of these, on average, 40% of the training budget is spent on remedial training and 60% on new skills training. 63% of the companies rank availability of workers as higher than average and 67% rank worker quality as higher than average. 66% of the companies rank their workforce as being highly stable. 57% of the companies indicated employee-recruiting problems.

The following recommendations and remarks were made in the paper that was presented to the WUP Michigan works highlighting the findings from the survey. Firms in the three counties need to increase worker productivity, decrease production costs and develop market-driven products in order to remain competitive. Technology based companies seem to be the healthiest economic sector, have continued to expand in spite of economic slowdown, and represent significant future growth potential in terms of jobs and investment.

## **WUP EXPERIENCE: IMPACTS AND PERCEIVED VALUES OF THE BR&E SURVEYS**

Although the WUP BR&E surveys provide an opportunity to highlight a wide range of business issues in the surveyed counties, the data may not be directly comparable making it difficult to draw specific conclusions on commonalities and differences among the different counties. This difficulty partly appeared from the fact that different agencies and organizations administered the surveys, and different goals and ways have been pursued in developing survey instruments that ultimately affected the survey process. But a key part included in all surveys was a personal interview visit to the businesses. Also, the questions in all surveys considered and focused on a number of factors that affect the existence and performances of businesses in the counties, except for minor differences in the details. The questionnaires were designed to provide information mainly on existing business types and major activities, future plans, local services and infrastructure, and different aspects of labor issues.

One big impact of these surveys was the creation and promotion of human and social capital. Different teams, committees, and task forces have been established to design, prepare, deliver, and evaluate the surveys. Undoubtedly, a significant amount of learning took place in the communities, organizations, and businesses that participated in the surveys. This opened opportunities for communities to learn and understand the type of businesses that are operating in their area. Businesses got the chance to learn more about their community and the services and assistance available to them at the local level. The surveys served as a springboard to share values, attitudes, issues, perceptions and motivations between businesses and the local communities. They were used as a means of facilitating communications and improved relationships among businesses and agencies that are in charge of economic development activities. Above all, the surveys enabled the participating communities to identify critical issues that need immediate attention and obtain guidance and feedback on future community and economic development planning efforts.

The BR&E surveys in the Gogebic and Ontonagon counties created the opportunity to promote volunteerism in the counties. The surveys provided volunteers with the opportunity to learn new skills and increase their understand of the businesses in their locality. The surveys in Iron, Houghton, Baraga and Keweenaw brought businesses and local economic development actors together. Comparing the pros and cons of these two BR&E survey approaches needs further investigation and analysis. But what we can learn from both types of surveys and visitation programs at this stage are two things: (1) as discussed in section one, BR&E surveys can follow different structures and organizational approaches, and (2) based on their objectives and goals, they have different outcomes and impacts on the participating communities, businesses and organizations.

Another significant impact of the surveys appears to be their role in building community and organizational capacity at the local level. County extension offices, economic development corporations, community leaders, public agencies and other organizations learned how to plan and deliver future BR&E visitation surveys, how to access and pull resources together for effective implementation, and how to proceed with the follow-up, strategic planning and implementation of BR&E programs.

An overall assessment that can be made at this stage is that the BR&E surveys were relevant to enhance the local economies of the WUP. In addition to strengthening the business-community relationships and communications and local capacity building, the surveys provided data and information that can be used for different purposes. In terms of business activities, all four surveys indicated that there is a wide range of business activities in the WUP with a majority of the businesses engaged in services, retail, recreation and manufacturing. These results help community and county officials and economic development agents identify key business areas that play significant roles in local economic development and keep up-to-date on their needs. As described by most of the respondents, one of the defining characteristics of the WUP is its importance and attractiveness to do a business. Most of the respondents in the surveys rated the WUP favorably in this regard, although the types of businesses could vary from one county to the other. By and large, the surveys also highlighted that businesses in WUP are content with the quality of life in the region.

In terms of overall business performance, the majority of the surveyed businesses indicated that they have satisfactory results. Most of them are optimistic about the future and plan to expand their businesses in the coming years. This trend shows the existence of a healthy business environment in the region. But there are still a significant number of businesses that need specific support to survive and improve their potential to expand in the medium- and long-term. These provide some of the indicators for the region's economic development agencies, chamber of commerce offices, community leaders and other local organizations to follow up how things develop and design a strategy to tackle specific problems of these businesses.

Although the surveys show mixed results, the findings revealed a good deal of similarities across the WUP counties concerning local services and supports available to the businesses. Generally businesses in the WUP receive different resources, services and assistances from the larger community and from the local and regional government as well as public agencies and organizations, all which enhance their ability to succeed. The surveys also made an attempt to measure the magnitude and quality of these services and resources. It is very encouraging for the region that businesses generally have positive attitudes about the activities of the support-giving agencies. The findings, however, do not suggest that everything is great. In some cases contacts and communications between businesses and economic development actors seem to be low. There are some specific areas of assistances, services and public facilities (e.g., school and health care system) pointed out by the interviewees that need to be improved. Many businesses have also concerns about taxes, energy and fuel costs, labor availability or quality and regulatory constraints. Public transportation and the road and air service system are major infrastructure issues that need further improvements to support market and supply access for the existing businesses as well as attracting new businesses.

The supply and quality of labor was the major work force development and human resource management issue that was the focus of all surveys. One priority issue mentioned by the respondents was recruitment. The surveys suggested that businesses in the WUP have problems in recruiting employees, in particular skilled and semi-skilled labor force. There are also some signs that demand for skilled and semi-skilled labor force will be increasing in the coming years. This situation calls for strengthening the services and assistances in recruiting employees for the businesses in the region. A related area of concern is the quality of the existing labor force. Many of the comments provided by the interviewees stressed the importance of training for their

current employees. Ranging from computer knowledge, to written and oral communications, and to customer services and teamwork, the surveys indicated many areas to improve the job skills of the existing and new employees. All this would also require improvements in local education systems and other training institutions to meet the various skill requirements of the local businesses.

### **CONCLUDING REMARKS**

In general, the BR&E surveys in the WUP have been successful in achieving their objectives. Besides creating a human and social capital base, the surveys enabled the communities to identify issues, concerns and opportunities that affect the performances of businesses in the communities. The impacts of the surveys are also noticeable in the participation of the community at large. There are valuable lessons to be learned from these surveys. (1) The surveys have shown the different approaches in delivering BR&E programs. These alternatives provide the opportunity to look into the local capacity and economical ways in delivering future programs. (2) Similarly, the time line for a BR&E program varies depending on many factors: objectives of the program, structure of program implementation, and ability and strength of coordinators, teams, task forces, etc. to deliver the programs as planned. (3) Formal BR&E visitation programs need active participation of the community and need to specify responsibilities for the different committees, teams, taskforces, and other volunteers. (4) It is very important to have a clear picture as to the approaches and the time line for data analysis, summary report preparation and to design and plan implementation. In the WUP case, while the surveys successfully established a database and intensified relationships among businesses and the communities, the survey reports still lack specific action plans for reacting on the major issues, business concerns or opportunities. (5) The survey reports need to be introduced to the larger community in open community meetings to share survey results and major issues with participants and community leaders.

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