

III. INTRODUCTION

BACKGROUND

A healthy business community has been the economic backbone of Wisconsin's major cities and is vitally important to the overall well being of the state. With the nature of competition, technology and consumer choices continually changing, it is necessary for businesses to respond to these changes in a timely manner. If not, the potential loss of employment and the accompanying hardships this can cause the community, not only in terms of tax dollars, but also in terms of impact on other area businesses, is significant. Therefore, local governments must address the current and future needs of the businesses in their area as a part of their economic development activities.

In light of the fiscal reality affecting most municipal budgets, it has become even more important that the public sector dollars available for economic development are used to gain the greatest return on investment. Further, since many Wisconsin business executives have been inundated over the last several years by aggressive campaigns from other states (particularly the sunbelt states) offering impressive financial packages and tax incentives, it has become imperative for communities to develop strategies aimed at maintaining a healthy economic base.

One such strategy has been to focus on retaining those businesses established in the area and to create an environment which encourages growth of those firms. Expansion of existing facilities can have a ripple effect on the community's economy. A 1995 statement from the U.S. Chamber of Commerce indicates, "For every 100 jobs added to the manufacturing sector, another 64 jobs are created in other sectors." Expanding and retaining firms is the simplest way to increase local employment and production. The subsequent multiplier effect will increase the tax base of the community and upgrade the quality of life of all who live there.

A key focus in adding jobs to a manufacturing sector is on bringing in revenue from outside the community. Companies who manufacture products (hard or soft) for sale beyond Wisconsin's borders create jobs that are paid for by out-of-state customers. This adds new money to the local economy, enlarging the local pie rather than dividing it. This benefits the community and its locally focused businesses.

Ultimately, if retention and expansion efforts prove effective, and a healthy, positive business environment prevails, the stage will be set for new business attraction. Reasonable operating costs, a good infrastructure, and a local government with the reputation of responding to the needs of its existing businesses increase the odds that business attraction efforts will succeed.

An examination of Wisconsin's economic development efforts revealed a pattern of limited public resources available for economic development initiatives at local levels. In addition, limited emphasis on business retention resulted in the loss of some businesses from the state. In response to these factors, in 1984 Ameritech Wisconsin began a business retention and expansion study program to enhance state initiatives. Today the study is implemented by the Wisconsin Department of Commerce as part of its' business retention and expansion program.

Kewaunee County was chosen as a project site for several reasons: 1.) There is a significant business base, 2.) Kewaunee County Board chair Gerald Novickis requested that the project be implemented in Kewaunee County, and 3.) U W Extension - Kewaunee County expressed confidence in their ability to provide the necessary volunteers and administrative support to successfully complete the required interviews.

A task force was established in the community by the sponsoring agencies and organizations. The members of the task force were drawn from city and county government, local educational institutions, and the business community. The functions of the task force were to: 1.) Work with U W Extension - Kewaunee County to modify the survey questionnaire, 2.) Develop the list of business contacts, 3.) Recommend and obtain survey volunteers, 4.) Monitor survey responses, 5.) Develop recommendations based on study results, and 6.) Identify follow-up measures.

PURPOSE OF THE REPORT

The purpose of this study is to create a confidential, comprehensive data profile on businesses in the community in order to develop a systematic approach to retention. Re-studies also serve as a follow-up; indicating how economic changes have impacted the business community, determining current needs and plans, and verifying past situations have been corrected. These programs enable the community to develop a targeted retention program as well as identify those areas where it can assist local communities in their retention efforts.

OBJECTIVES OF THE REPORT

The major objectives of the study are to:

1. Conduct personal interviews with chief executive officers of the businesses.
2. Develop a data base profile of businesses in the county.
3. Gain an understanding of the business community's view of the local economy.
4. Determine companies' business plans for the future (i.e., expansion and/or relocation), and thereby set up an early warning system for local action.
5. Acquaint business leaders with assistance available through various economic development programs.
6. Improve the communications bridge between local/county government and the business community.
7. Identify specific concerns and problems of the local businesses and provide solutions to those problems in a swift and effective way.

An overall objective of the business retention and expansion project is related to the process itself. By conducting personal interviews to obtain the survey data, business executives are provided an opportunity to have their opinions listened to and passed directly on to municipal representatives. It is a positive step for local government toward understanding the implications of their policies for this very important segment of the community. The underlying goal is to be responsive to business needs.