V. MAJOR FINDINGS

The Wisconsin Business Retention and Expansion Study (WIBRES) - Kewaunee County focuses on a business population consisting of 44 firms; 35 firms completed long form surveys representing 80% participation.

This section is based on the summary of the 35 long form survey instruments compiled between May and September of 2001. It contains graph illustrations and a brief narrative description highlighting selected items of significance. Appendix A of this report presents a complete and detailed listing of the numeric questionnaire results.

A previous study was conducted in Kewaunee County in 1994. There were 30 participants in the study conducted seven years ago; 14 of the same firms participated in the current study. Data from the 1994 study is cited in this report for comparison.

Composite data cited in this report is a compilation of survey answers collected from other Wisconsin communities during the previous three years. Those communities include: Beaver Dam, Clintonville, Germantown, Grant County, Green Lake County, City of Juneau, New London, Oconomowoc, and Prairie du Chien.

Please note that all percentage figures are based on the number of responses to that question, unless otherwise indicated. Due to rounding, percentage totals may not always equal 100%.

NATURE OF BUSINESS

The areas of involvement among the Kewaunee County businesses taking part in this study are diverse with higher fractions dealing in agriculture, retail and the fabricated metals industry. Figure 1 illustrates the top six focuses of the businesses. This information can be helpful in guiding business attraction efforts in order to maintain a diverse business base while complementing the existing industries doing business in the county.

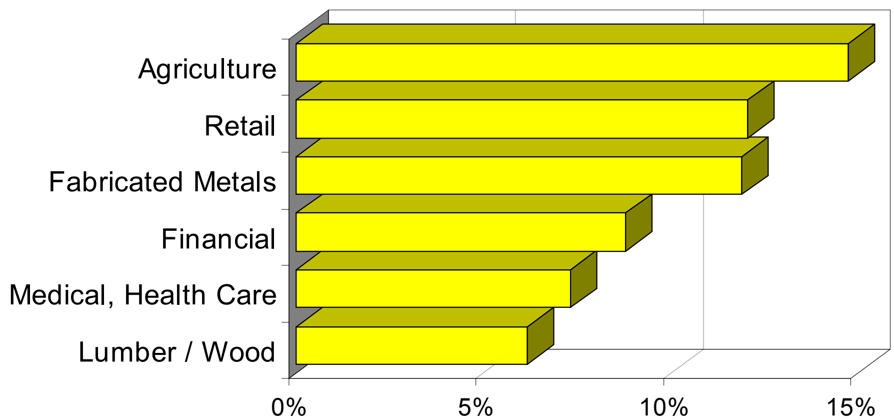

Figure 1 - Types of Business

BACKGROUND

The location of the corporate headquarters in the immediate area is a significant factor for business retention and expansion since, historically, a firm is less likely to relocate if its headquarters is already established in the community. survey respondents report the local facility is the headquarters for 72% of the firms. This figure is four points above the composite average of other communities surveyed in the past three years. Of the responding Kewaunee County businesses, 22% are headquartered elsewhere in Wisconsin and 6% out of state. Figure 2 shows the distribution of headquarter locations. A previous study conducted in the county in 1994 showed 75% with local headquarters.

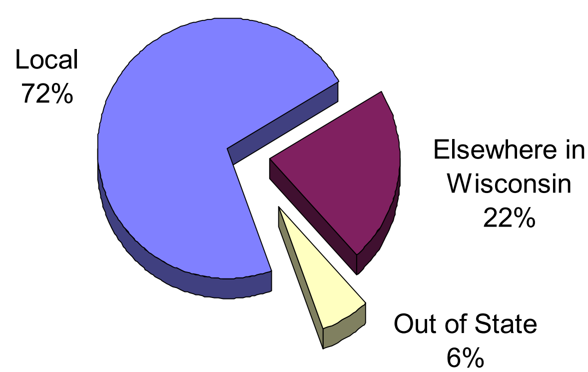

Figure 2 - Location of Headquarters

Of those surveyed, 53% have business locations in addition to the local community site; very near the 52% composite finding. Eighty-four percent of the businesses responding are incorporated.

The interviewed Kewaunee County business community had its largest period of company start-ups 21 - 100 years ago with 75% having been in business more than 20 years. Composite data reflect the strongest growth period to be 21 - 100 year ago for many communities in Wisconsin. Figure 3 shows business start-up patterns for the Kewaunee County business region. There have been only two business start-ups in the last five years. However, four executives report that they have established businesses in other areas within the past five years. Of the executives responding, 42% state they, or a member of their family, were involved in establishing the business.

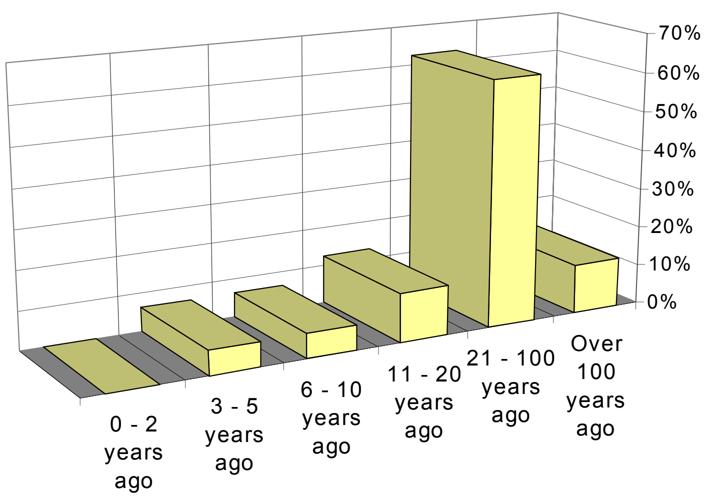

Figure 3 - Year Business Established

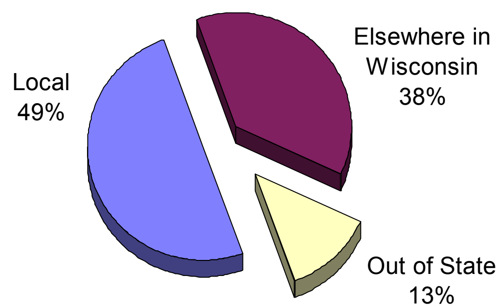

Figure 4 - Prior Business Location

Half of the responding Kewaunee County businesses (50%) are not at their original location; the statewide composite figure is 66%, showing that Kewaunee County businesses don't have quite as greater a history of mobility as others in the state. Figure 4 indicates where the relocating businesses originated. Most of the businesses (47%) moved to accommodate expansion needs, 35% said the move was due to acquisition and 6% for market reasons.

Building ownership is a complex issue regarding business retention and expansion. Some businesses may own real estate as a strategy for building owners' wealth. Other companies may acquire real estate to protect a large investment in equipment. Other companies may acquire real estate to protect a large investment in equipment. High growth knowledge-based companies may not acquire real estate because they expect to out-grow facilities in a short period of time. Figure 5 shows percentages of the Kewaunee County businesses that own, lease or do both. One firm's lease expires in 2003 and another holds a lease that's renewable on a month-to-month basis.

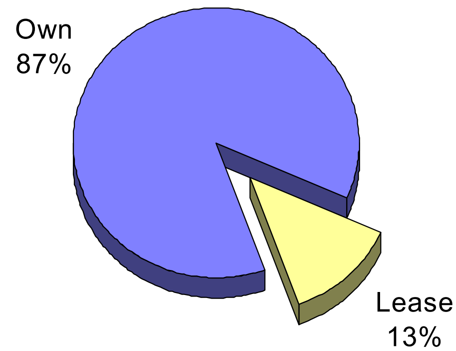

Figure 5 - Facility Ownership

The composite figures show a greater percentage statewide lease their facility: 67% own, 30% lease, and 3% combine ownership and leasing. In Kewaunee County's 1994 study, 89% reported owning the facility/property.

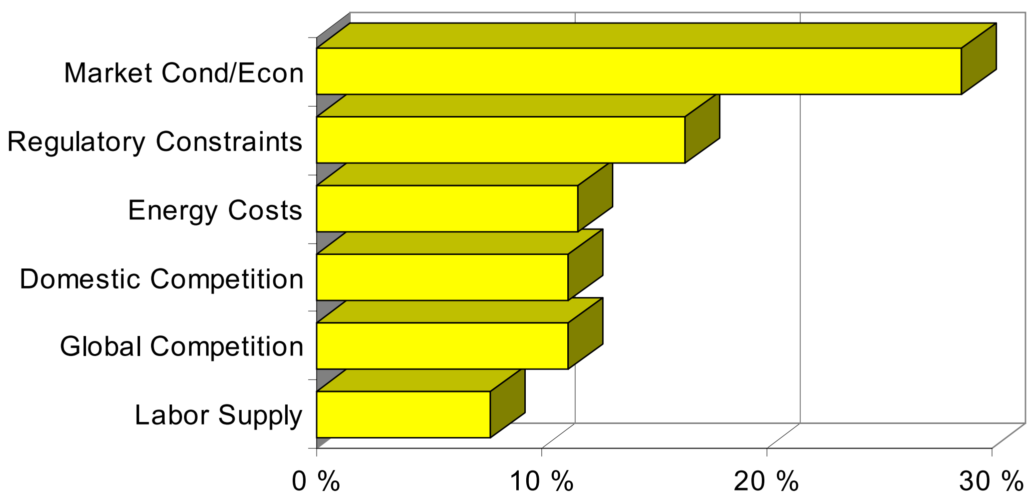

Figure 6 - Negative Factors Affecting Product Development

The executives are asked to rank ten factors as they negatively impact the current or future development of the company's product (meaning its business activity). The factors they rank highest in importance are market condition/economy and regulatory constraints (see Figure 6). The composite study shows labor supply is a bigger issue in other areas of the state (ranking number one). Market condition/economy ranked second in the composite, followed by domestic competition and regulatory constraints. In the 1994, Kewaunee County executives ranked factors in a similar order to those involved in the current study.

Satisfaction with the method used to transport finished products may be a factor when a firm decides where to locate. The majority of the firms studied indicate transporting a portion of their finished products by truck, and the majority utilize this mode over 66% of the time. Other means of transportation and their overall level of satisfaction are shown in Table A.

Table A - Methods of Product Transportation

	Excellent	Good	Fair	Poor
Truck	7	13	2	- -
Common Carrier	2	11	1	- -
Rail	- -	1	1	1
Air	1	4	1	- -
Ship	- -	3	1	- -
Other	- -	1	- -	- -

MARKETS AND CUSTOMERS

The executives are asked if they supply finished products directly to the federal, state, or local government. Currently, 9% (three firms) supply products or services to federal government, 18% supply the state, with 32% supplying the local government. The figures for federal, state, and local contracts are all lower than the composite averages; 19% for federal, 27% for state, and local government, 37%.

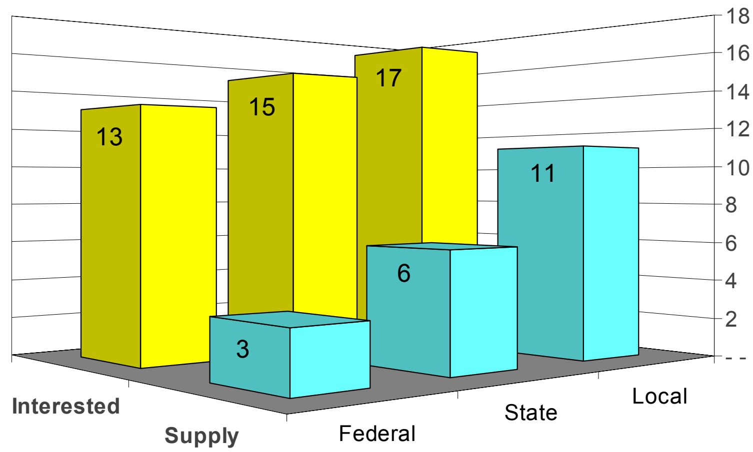

Figure 7 - Government Contracts

Figure 7 illustrates the number of executives who currently supply to government and the number of executives which are interested in initiating or expanding contracts to federal, state, and local governments. The executives' interest is higher than the interest of their counterparts in other Wisconsin communities; 39% of the responding Kewaunee County executives are expressing an interest in federal contracts (13 firms), 45% in state contracts, and 52% in local government contracts. The composite figures for interest in federal, state, and local contracts are 29%, 36%, and 40% respectively. The executives show greater interest today than the 1994 study indicated.

Executives report they supply a product to a prime contractor who in turn sells to federal, state, and local governments generally above the percent reported statewide. Twenty-one percent sell to a prime contractor who in turn sells to federal government, as compared to 20% reflected in the composite; 21% to state compared to 15% composite; and 24% to local government compared to 12% composite involvement. These figures are all higher than percentages calculated in 1994.

When asked where the majority of their customers are located, the largest response is within Wisconsin. This is followed by across the nation and in the local area as seen in Figure 8. The two largest markets indicated in the composite data are in the local area and across the nation.

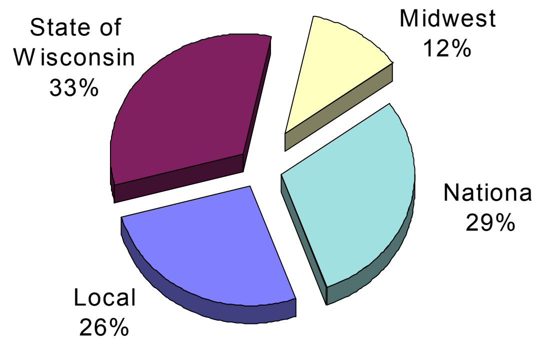

Figure 8 - Customer Location

COMPETITION

The executives were asked to indicate the location of their primary competitors; the majority (31%) report they are across the nation. Figure 9 shows the executives' responses. Seventy percent feel competitors are "making significant inroads" or are a "future threat" to their business (see Figure 10), compared to 52% statewide. Seven years ago, the executives studied did not feel as threatened by competitors; only 41% felt they were "making significant inroads" or were a "future threat."

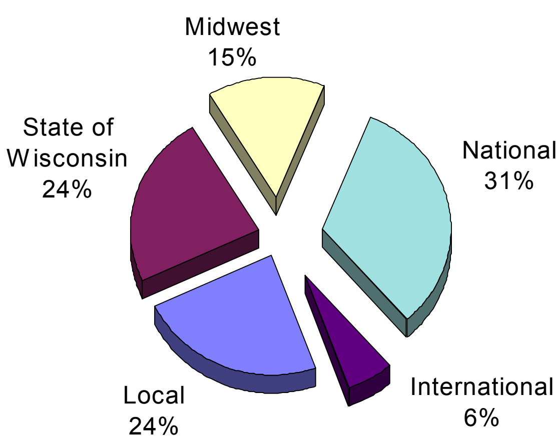

Figure 9 - Competitor Locations

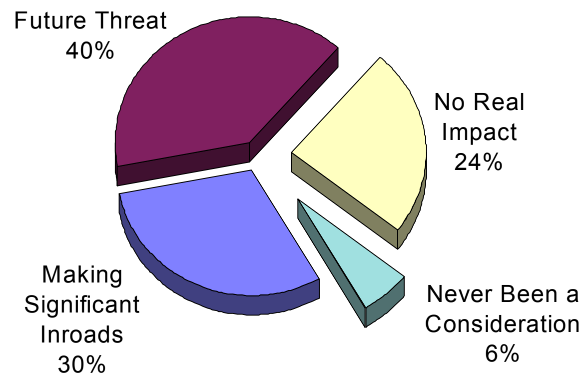

Figure 10 - Competitive Threat

BUSINESS GROWTH AND EXPANSION PLANS

Executives interviewed shared ideas related to potential growth and expansion of their business operations at the present site or some other location. Figure 11 demonstrates that 79% of the responding businesses currently have sufficient property to allow for expansion of their existing building(s), which is slightly higher than the composite average (72%). Others, 35%, report plans to expand an existing building(s) at the site; the composite average is 41%. Of those planning to expand, 91% feel the expansion will meet the company's 3-5 year space requirements. Executives were asked when expansion construction would take place. One executive reports construction is ongoing, one says construction has already started or will start soon, one plans to start next year, four within five years and two beyond five years.

Survey results indicate 33% of the responding executives (11 firms) have plans for a new building either at the present site or elsewhere in the community. This is somewhat different than the composite average, which is 27%. Six executives state new building construction has already begun or will begin soon. Four plan to begin construction within five years and one beyond five years. More than one half of Kewaunee County executives (55%) report plans to modernize or improve their present building(s) now or in the near future and 88% plan to improve their equipment.

Six firms (18%) report plans to expand their business elsewhere in Wisconsin; this finding is very near the composite average of 17%. When asked about out of state expansion, six executives (18%) report having such plans. The composite average for those with out of state expansion plans is 16% (similar in comparison).

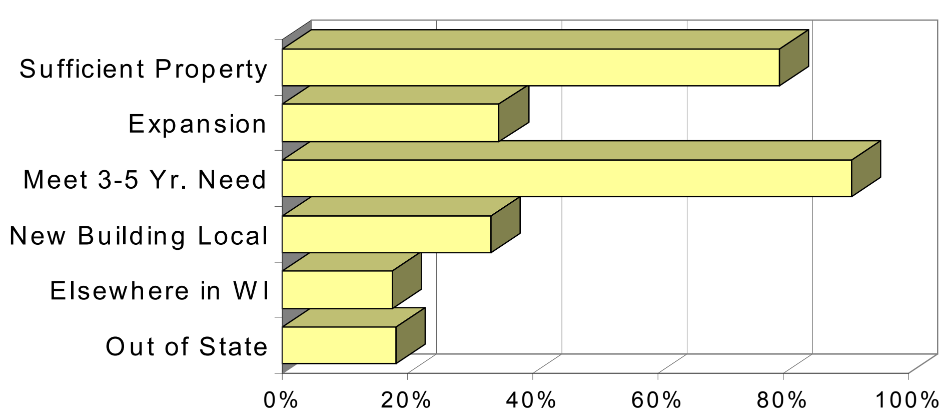

Figure 11 - Expansion Plans

Some of the responding Kewaunee County executives (6%) report immediate or future plans to move all or part of the operation to another location; an additional 3% indicate this is a possibility. Further investigation reveals that those responding Yes, indicate the move would be to another local site. The composite average is 11% with plans to move and an additional 5% indicating moving was possible. The 1994 study findings were similar to current findings.

As part of their economic development, states attempt to persuade companies to relocate or expand in their state. This survey indicates that 18% of the firms report being contacted by another state's representative in an attempt to have the business relocate. This is very near the composite average (19%). California was mentioned by three of the executives, Minnesota by two and a variety of states were mentioned only once each.

When asked to estimate the chances for phasing out or shutting down the operation with no plans for expansion elsewhere, one Kewaunee County business executive said “probable,” four “possible," 16 “remote," and 13 "non-existent."

LABOR AND MANAGEMENT

Thirty-two responding Kewaunee County firms currently employ a total of 2,307 full-time people, ranging in size from four to 438 employees. Figure 12 gives a view of the number of hourly and salaried employees for each business participating in the current study.

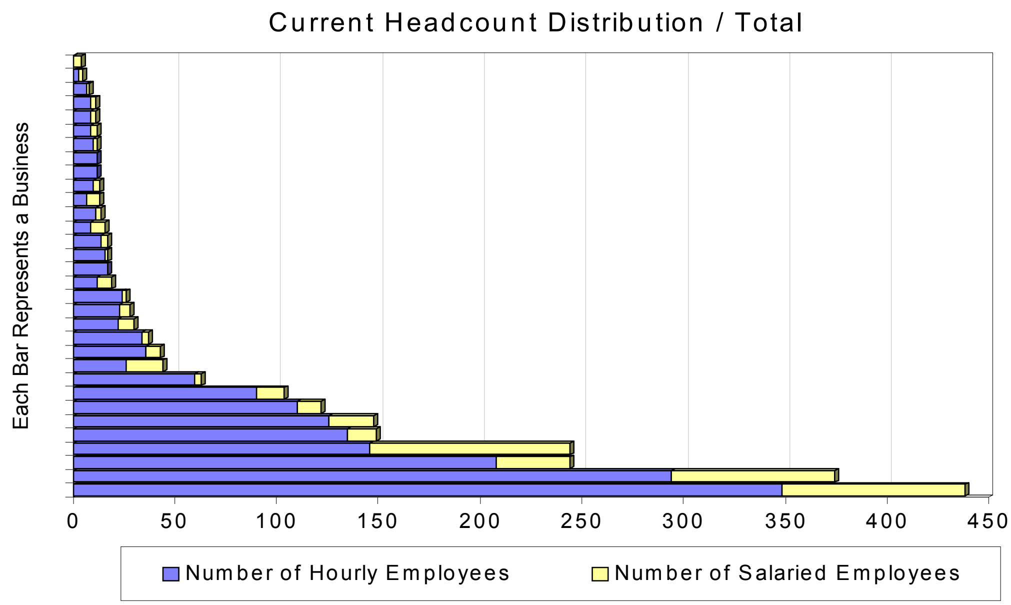

Figure 12 - Employment by Company

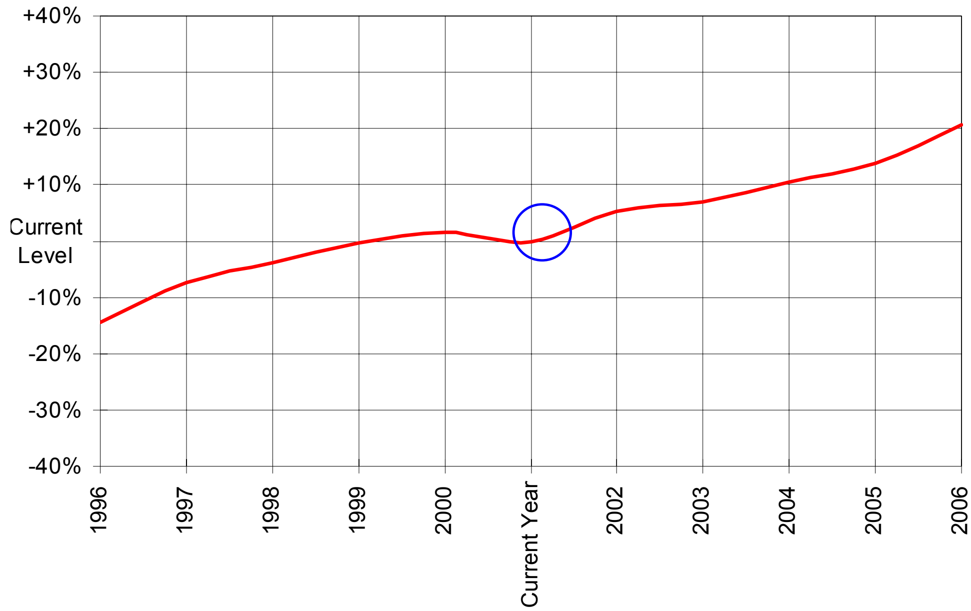

Figure 13 - Ten Year Employment Data

A series of five questions was asked about employment history and projections over a ten-year period, from five years ago to five years into the future. Twenty-one executives provided information to all five questions. As shown in Figure 13, data reflects moderate overall growth in the past five years. Executives anticipate a slightly higher rate of growth over the next five years. Data gathered from those responding to all five questions in the series reflect that current employment is 2% lower than one year ago, but 14% higher than five years ago. The executives anticipate an increase of 5% next year and an increase of 21% over the next five years. Business attractions and start-ups would also affect the county.

Composite figures indicate part-time positions play an important role in business operations; 71% of interviewed firms statewide report the use of part-time positions. Kewaunee County findings are somewhat different than their interviewed counterparts, with 84% of the firms utilizing part-time people (516 positions). Of firms using part-time workers, the majority (55%) utilize nine or fewer with 43% of the executives citing seasonal fluctuations as a factor impacting the quantity of part-time workers. This is higher than those citing seasonal fluctuations in the composite (27%). Twenty-nine percent feel economic fluctuations have an impact, which is lower than the composite finding of 39%.

The Kewaunee County executives are asked to supply the average overall wage for their highly skilled, semi-skilled and unskilled positions. The average rate offered by employers in Kewaunee County for highly skilled positions is $16.26 per hour; semi-skilled positions average

$11.06 hourly; and rates for unskilled positions average $8.80. Wages in 1994 were reported as $11.75 for highly skilled positions, semi-skilled positions averaged $8.17 and rates for unskilled positions averaged $6.49.

The executives are also asked to estimate the minimum and maximum wages for their non-exempt employees, both plant and professional. The highest hourly paid position responded to is office manager, the second highest is computer programmer. Reported wage scales for these and many other positions are listed in Appendix A, question 71.

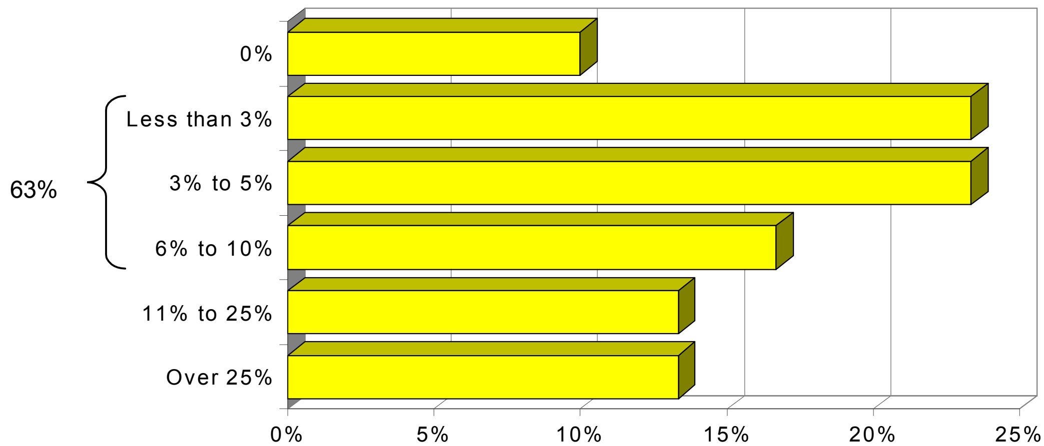

Figure 14 - Turnover Rates

High employee turnover rates generally are perceived as being a costly problem for employers because of the significant cost of hiring and training. Sixty-three percent report a total annual turnover rate of between 1-10%; 13% from 11-25%, and 13% have an annual turnover of over 25% of their employees (shown in Figure 14).

The survey indicates that 74% of executives state their employees need skills training in order to perform their job responsibilities at the required level, which is very similar to the composite average (76%). Figure 15 shows that the majority of the training is accomplished through on-the-job training.

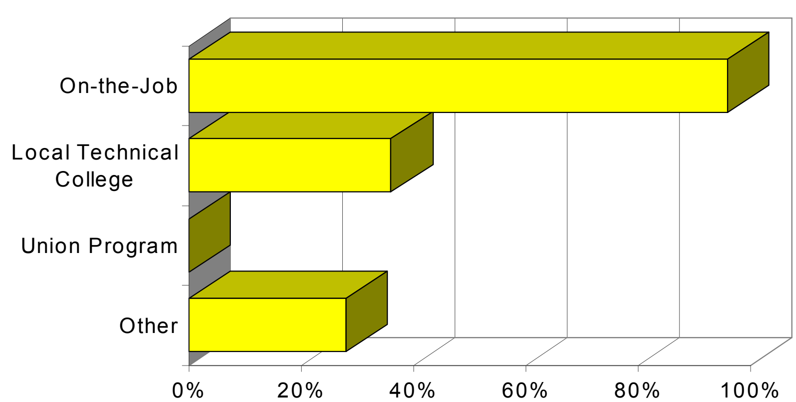

Figure 15 - Preferred Training Sources

One source of training has been made available through government sponsored job development programs. The federal government has attempted to get employers to hire disadvantaged unemployed workers by providing financial incentives. Statewide, 20% of responding firms have taken advantage of one or more of these programs; 19% of the respondents in Kewaunee County have taken advantage of one or more of these programs.

EMPLOYMENT OF WORK FORCE

The pool of available replacement employees ranges from blue-collar workers to professionals. The Kewaunee County executives report less difficulty recruiting for blue-collar positions than professional positions. The survey finds that 53% report difficulty recruiting for blue-collar positions, compared to 69% expressing difficulty recruiting for professional staff positions. Composite figures show that others in the state express more difficulty recruiting in both areas; 76% expressed trouble recruiting for blue-collar positions and 79% for professional positions.

The Kewaunee County executives believe the most positive factors dealing with recruiting are the quality of life and cost of living, as shown in Figure 16. The executives polled listed few negatives when asked how the area affects recruiting. Climate and personal taxes are seen as the greatest negatives, and yet these two factors receive more positive mention than negative.

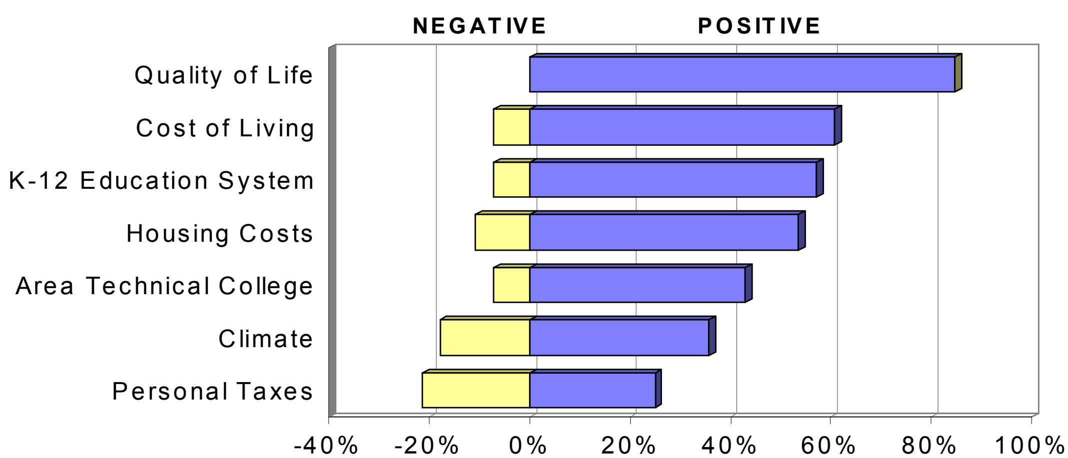

Figure 16 - Factors Affecting Recruiting

Employers report a variety of sources used in seeking new and replacement employees. Word of mouth and local newspaper advertisement are used most frequently and are considered the best sources. Wisconsin Job Service and the area technical colleges are considered the best second choice options. (See Appendix A, question 85.)

The quality of labor management relations can be a key factor when companies are making local decisions. Figure 17 shows 19% of the Kewaunee County firms are associated with a union. This encompasses 35% of the total full-time employment base. The three-year composite shows 9% of firms are associated with a union. In 1994, the study results indicated union involvement was 10 points higher than today.

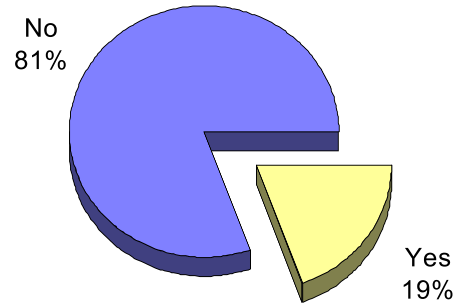

Figure 17 - Labor Unionization

ASSESSMENT OF GOVERNMENT SERVICES

Government services can play a role in the success of a firm's operation in the area. Firms rated their levels of satisfaction with site, environmental, and physical plant services provided by the community. Overall, study participants are very satisfied with infrastructure, services, public safety, law enforcement and fire protection. There were few reports of vandalism, burglary or employees being victimized in the past year. Ninety-one percent of the executives in the county feel local law enforcement agencies are doing all they can to protect employees and property. When asked about fire protection, 97% say they are satisfied with local fire protection capabilities. (See Appendix A, questions 94 through 131 for tallied results.)

TRANSPORTATION

The majority of workers drive their own car as their primary means of transportation to and from work; others car pool, walk or bicycle, or use yet some other form of transportation. The survey found that 33 executives respond public transportation is not available to and from the work site, and four say they would like it to be available.

The importance of public transportation services used for business travel is suggested by its degree of usage. This study found 97% use personal vehicles for business travel and 65% use company automobiles. More than half (56%) use air travel to and from Austin Straubel International, 29% use General Mitchell Field, and 15% report the use of “other’’ air travel.

ECONOMIC DEVELOPMENT PROGRAMS AND AGENCIES

An effort was made to determine the extent of familiarity or personal contact the firms had with the various economic development programs and agencies and their degree of satisfaction. The complete results are shown in tabular form in Appendix A, question 134. The Area Chamber of Commerce receives the highest satisfactory rating from the executives in Kewaunee County. A number of executives responded "no opinion," which could be an indication they are unfamiliar with the array of financing alternatives open to them.

Figure 18 shows that 47% of the responding executives rate local economic development "excellent" or "good," which is 23 point below the composite average (70%). A rating of "poor" is given by 21%. This is a statement that local executives are only somewhat satisfied with the direction taken by those involved in economic development in Kewaunee County.

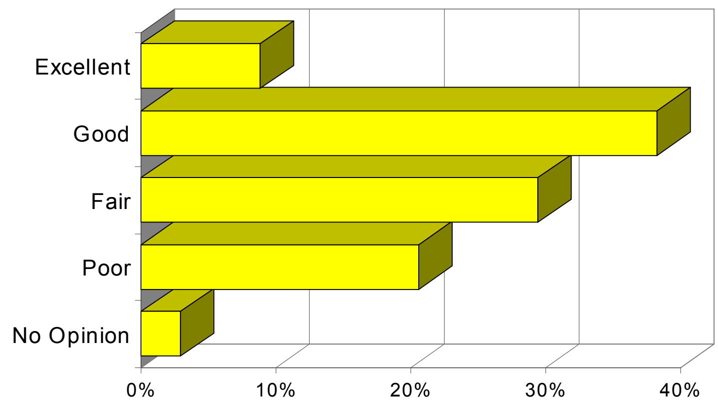

Figure 18 - Local Economic Development

LOCAL GOVERNMENT

The same effort was made to determine the level of contact and degree of satisfaction with the various local boards. The police department, fire department, and fire inspector received the highest number of "satisfied" responses. The results are shown in Appendix A, question 137. A high degree of satisfaction is a good indicator of a strong community. When asked their opinion of the local government, 53% of the respondents say "excellent" or "good," which is 23 point below the 76% composite average. (See Figure 19.) Opinion is down from figures gathered in 1994.

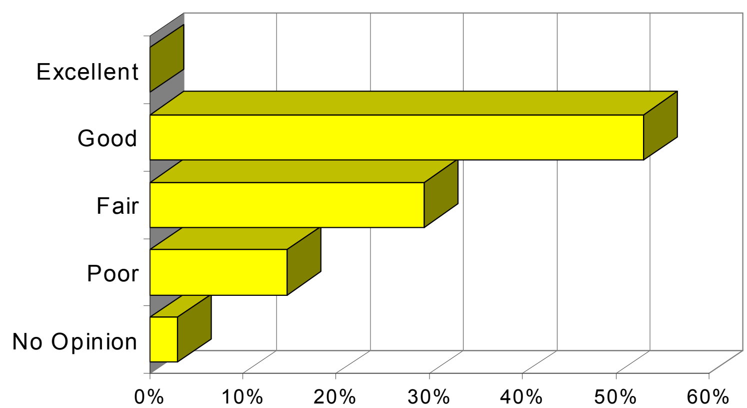

Figure 19 - Satisfaction With Local Government

FINANCIAL MATTERS

The executives are asked to provide several items under the title of financial matters, including current gross sales, gross sales three years ago and gross sales five years ago. Examined as a whole, this data can help to paint a picture of the business climate in the local area and in the region. The majority of the firms volunteering information on gross sales reveal sales are up from five years ago and up from three years ago. Two executives report sales are down today from 5 years and three years. Another, reports sales are down from three years ago, but up from sales five years ago.

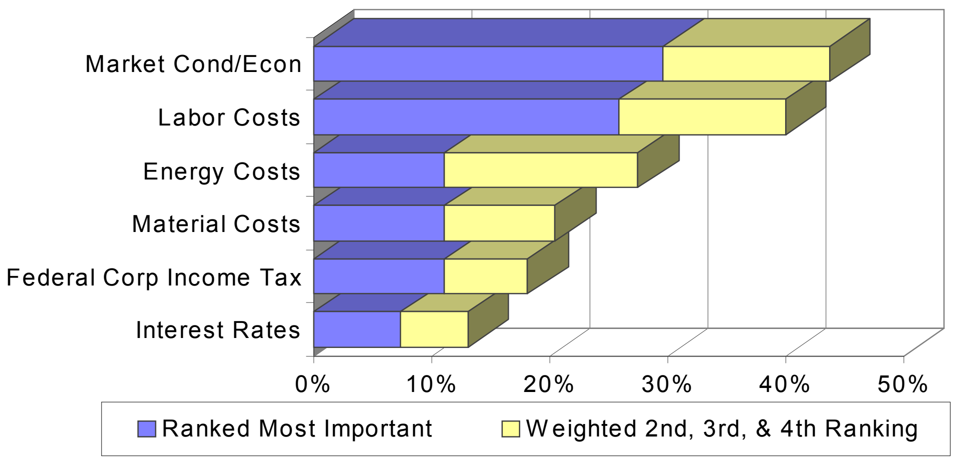

Figure 20 - Factors Adversely Affecting Financial Condition

Figure 20 displays the responses received when the executives were asked to rank the factors they feel are most negatively impacting their present financial condition. The factors they rank highest in importance are market condition/economy and labor costs. In the three year composite findings, labor costs rated first, with labor supply rating second, and market condition/economy third. The executives interviewed in the study conducted seven years ago ranked factors similarly to the current study participants.

The study found that 64% of the responding executives note there are technological innovations that would enable them to keep pace with or improve their competitive position. Other areas surveyed average 48%. An important factor relates to how the industries will finance these innovations, new facilities, and modernization. Respondents were to indicate all methods of payment that would be used. As shown in Table B, cash flow and conventional financing are the most likely alternatives.

Table B - Preferred Capitalization Methods

FINANCING of INNOVATIONS and PLANT/EQUIPMENT		
	Innovations	Plant and Equipment
Conventional Financing	60%	53%
Federal/State Programs	16%	12%
Through Parent Company	24%	32%
Venture Capital	8%	6%
Cash Flow	60%	62%
Industrial Revenue Bonds (IRB)	4%	3%
Small Business Administration (SBA)	4%	9%
Tax Incremental Financing (TIF)	4%	3%
Other	8%	3%
Based on indicated # of responses	25	34

This study found that 18% of the businesses responding, are experiencing cash flow problems compared to an average of 15% statewide. Similarly, 19% express difficulty with collections, compared to 21% statewide. Figure 21 indicates the locations of banking institutes used by the executives. Thirty-nine percent report their banking activity is handled outside the local area.

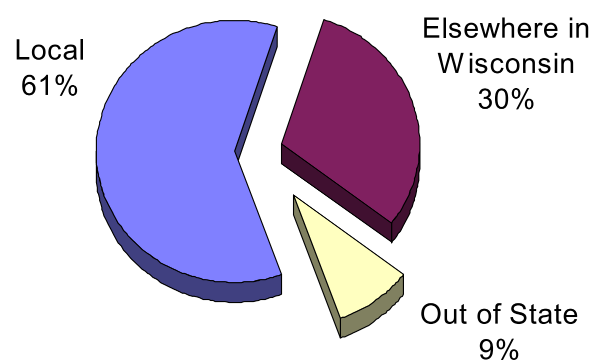

Figure 21 - Primary Bank Locations

ENERGY MATTERS

Data was collected to determine major energy sources for heating and cooling business facilities and also for equipment operation. Of 32 responding executives, 91% report they utilize gas, and 34% use electricity as their primary source of heating/cooling. One participant (3%) reports the use of solar energy while 16% use other energy sources. In response to the source of energy used to operate equipment, 94% say electricity, 35% natural gas, 3% propane, 3% use oil, and another 3% respond "other." Twenty-seven percent of the executives report the firms have energy contingency plans.

COMMUNITY LINKAGE

Community involvement through memberships and affiliations by industrial firms in local organizations serve to develop a company's ties with the community. Figures indicate the Kewaunee County executives are very involved with the community. Eight-two percent have a membership with the Chamber of Commerce, which is higher than the composite average of 71%. Fifty-five percent are members of other business organizations, which is higher than the composite (30%). Eighty-one percent are also expressing interest in participating in community organizations, which is higher than the composite average (67%). When asked about key issues facing the firm in the next 3-5 years, the most frequently given responses were labor related issues and competition.

OVERALL IMPRESSIONS

The executives were asked to give their overall opinion of their local community and the state as a place to conduct business. As Figure 22 displays, 79% of the responding executives feel the community is an "excellent" or "good" place to do business. The composite average for "excellent" and "good" is 88%. The state receives an "excellent" or "good" rating from 82% of the responding Kewaunee County executives. The composite figure for "excellent" and "good" rating for the state is 89%--seven points higher than the county's rating.

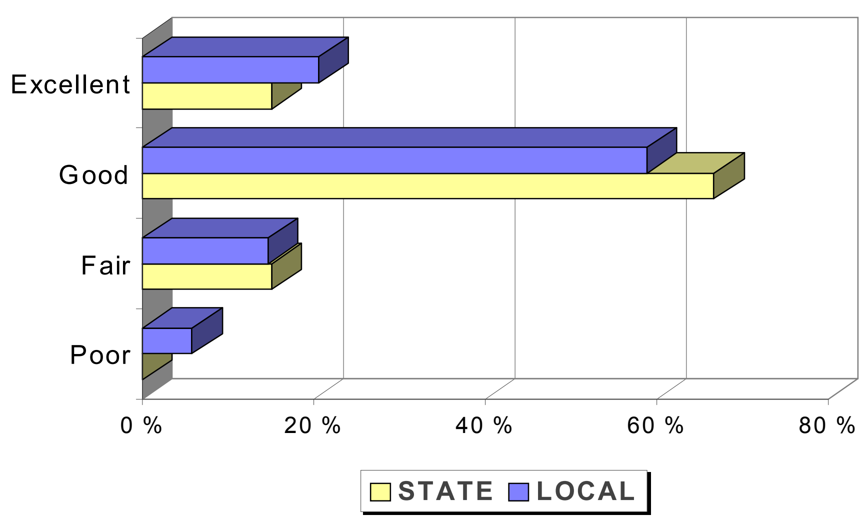

Figure 22 - A Place for Business

The executives are asked about improvements in Wisconsin as a place to do business. As Figure 23 shows, 26% of the Kewaunee County executives feel the business climate has improved over the past few years, 21% feel conditions have gotten worse, and 50% feel conditions have been stable. The composite is 46% feeling conditions have improved (higher), 7% say things are worse (lower), and lower (41%) in opinion of stability. With regard to the state's future business climate, 32% of the Kewaunee County executives feel conditions will improve, 50% feel they will stay the same, while 12% feel conditions will get worse. The composite findings are slightly more optimistic: 36% "better," 49% "same" and 8% "worse."

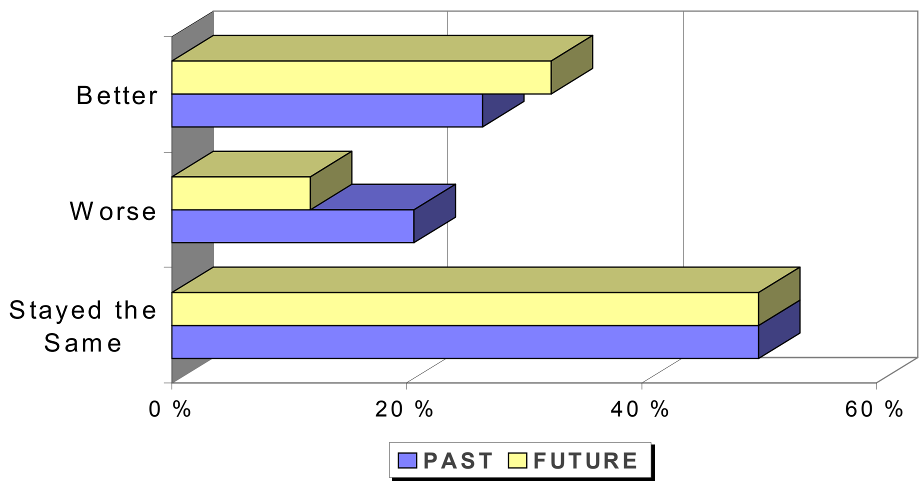

Figure 23 - Improvements in Business Climate
Past / Future