

nebraska

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BUSINESS VISITATION PROGRAM ANNUAL REPORT 2009



NEBRASKA
Advantage
Department of Economic Development

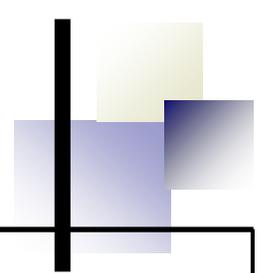
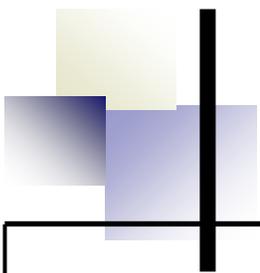


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Letter from the Director

Letter from the Director

Nebraska businesses and workers truly are the heart and soul of our economy. That's why the hard work and concerted efforts produced through the Nebraska Department of Economic Development's Business Visitation Program is so vital. Getting the opportunity to meet Nebraska business leaders and listen to their challenges and successes is an inspiration for all local, state and regional economic developers involved in this program.

Talking one on one with our business leaders is the most important action we can take during this economic downturn. Just as business owners meet with their customers, building stronger relationships resulting in improved company innovation and efficiencies, economic developers want to listen and respond to business executives' greatest needs.

Information from each visit served to give businesses a voice in the types of programs, services and policies that work best for them. Their valuable input helps secure Nebraska's competitive advantage in the world economy.

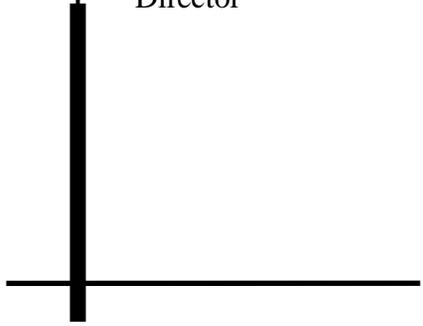
Nebraska businesses have been regularly interviewed since 1999. I am pleased to report that this year's interview process allowed us to establish additional benchmarks for the health and competitiveness of Nebraska businesses thanks to a new analytical tool comparing Nebraska businesses with others nationwide.

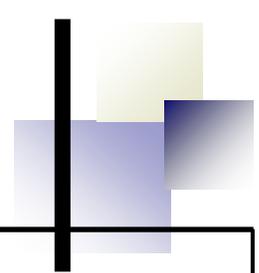
The Synchronist Business Information System® provides more information about competitors outside Nebraska, which further confirmed the need to listen to and support our State's existing businesses.

We discovered that while we are competitive, we have some areas for improvement when compared to other Midwest and U.S. businesses.

Our goals for 2010 are to renew our contacts with business leaders, and share this valuable data in order to help them enhance their competitive advantage in the national and international marketplace.

Richard J. Baier
Director





Program Overview

The goal of the Nebraska Business Visitation Program is to respond to the needs of existing businesses statewide via programs and policies that lead to innovation and increased competitiveness and sustainability.

The program fulfilled this role in 2009 by collecting and analyzing data from 213 businesses using the Synchronist Business Information System® for the first time ever. With the adoption of the Synchronist Business Information System®, the initial goals were to:

- Touch key employers
- Identify and address company and community problems
- Identify and assist expansion opportunities
- Identify and address companies at risk

Analysis of the data over the long term will lead to identifying regional and local industry economic trends. The data utilizes the Blane, Canada Ltd. 2009 North American Data Study (NADS) to benchmark performance of Nebraska businesses against regional and national data. The NADS compiled 26,000 interviews with executives in 33 states and three Canadian provinces.

For interview purposes, businesses are categorized as **primary** or **supportive**.

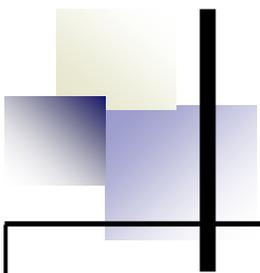
Primary businesses are defined as those that gather a large portion of their sales from outside the local area. Supportive businesses are those local businesses that support members of the community and primary businesses. The two types are interviewed using separate, standardized interview forms.

Following all interviews, data is entered into the system and can then be used to determine the current business climate, evaluate target industries and track the types of assistance provided to businesses.

The Synchronist Business Information System® also provides patented analysis resulting in ratings of Value, Growth, Risk and Satisfaction (VGRS) for each business. The rating measures businesses on their:

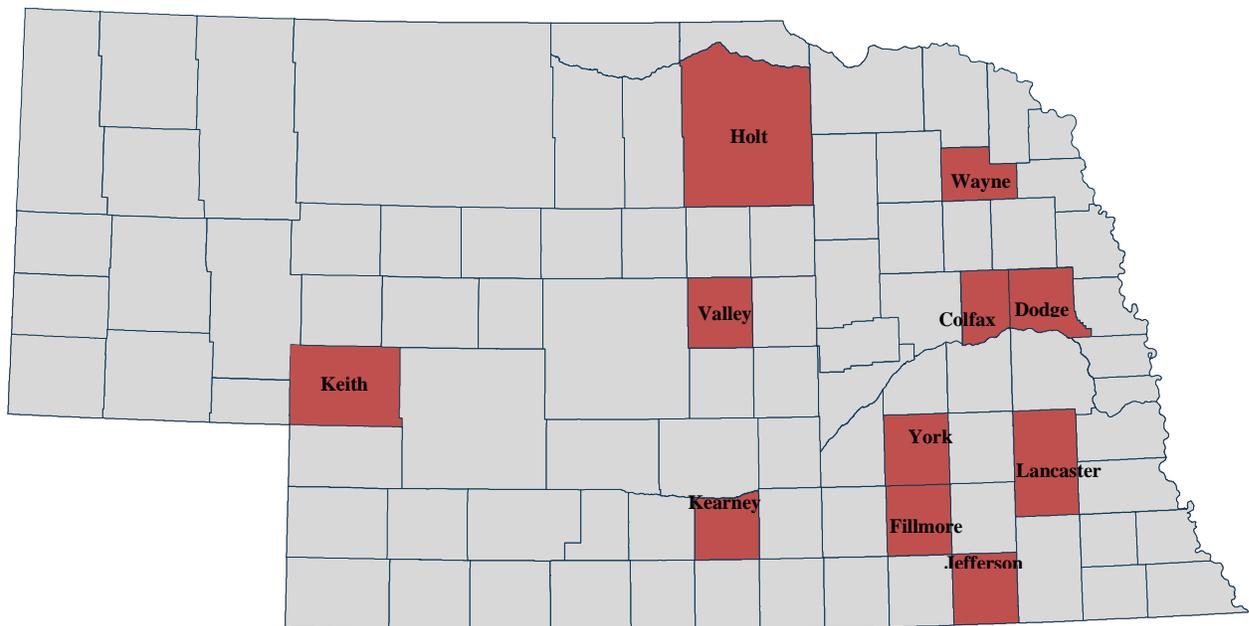
- Value to the community
- Growth potential
- Risk of downsizing, relocating or closing
- Satisfaction with the community as a place to do business

This analysis is used internally to identify businesses that may require future assistance. The ratings calculated for each indicator use responses from more than a dozen questions and 70 data points. A general overview of these findings is provided in the Primary Businesses section.



Data Study Area

Data used for the Nebraska Business Visitation Program Annual Report is collected through personal interviews with business executives across the state. Interviews are conducted by Nebraska Department of Economic Development (DED) staff, local developers and members of the Nebraska Economic Developers Association. Business leaders are interviewed on an individual, targeted basis. Data is collected using the Synchronist Business Information System® and a standard interviewing format. This data gathering process would not be possible without active participation from all contributors to the process. Counties in which interviews were conducted in 2009 are highlighted below.



Executive Summary

In 2009 the Nebraska Business Visitation Program interviewed 213 businesses using a structured interview process. Of the interviews conducted, 38% were with the State's primary businesses.

Nebraska's surveyed businesses reflect a general sense of stability in the national economy:

- Sales are increasing among primary businesses
- Investment in R&D is remaining stable
- Product lines are expanding

However, Nebraska's businesses add less value to the community compared to the National average, indicating an opportunity for businesses to expand their sales into national and international markets. More expansions in company facilities will also add value to the community.

In 2009, 39% of all Nebraska businesses surveyed reported plans to expand or renovate.

- 53 of Nebraska business reported plans to invest \$71,435,000.
- 35 of Nebraska businesses report plans to add 244 jobs in the process.

Fewer businesses in Nebraska planned to expand compared to the national NADS average. Nebraska's businesses posed a

higher risk of downsizing, relocating or closing. This may be attributed to a lack of space for future expansions or anticipated management changes.

Nebraska's workforce was rated higher than the national average in both quality and stability. The main weakness of Nebraska's workforce is worker availability, specifically skilled workers. Businesses have countered this problem by increasing their investment in employee training.

Businesses were more satisfied with their communities as a place to do business than the national average. Executives were very vocal in regard to the community strengths in Nebraska, including:

- Positive business climate attributed to a supportive, small town atmosphere
- High quality of life
- Positive local workforce attributes

Areas for improvement such as inadequate availability of business services and low supply of skilled workers were also mentioned by executives as weaknesses, most frequently in the State's rural communities.

Primary Businesses

Overview

A primary business has a regional, national or international trade area, and generates new sales and tax revenue for the community. It generally provides more higher-paying, long-term employment opportunities than supportive businesses. In 2009:

81 primary businesses were interviewed.

Table 2.1: Breakdown of Interviewed Businesses by Industry	
Business Sector	Businesses
Consumer Goods Producer	14
Advanced Manufacturing	14
Finance, Insurance & Real Estate	11
Durable Goods Producer	9
Building & Construction	5
Retail- related Operations	4
Health Care & Pharmaceuticals	3
Industrial Goods	3
Business Services	3
Transportation	3
Aeronautics & Defense	2
Agriculture, Forestry & Minerals	2
Communications	2
Energy & Energy Utilities	2
Telecommunications	2
High-end Business Service	1
Technology/Information	1

The Manufacturing Industry, including Consumer and Durable Goods Producers, Advanced Manufacturing, and Industrial Goods sectors, represented 49% of the primary businesses interviewed (look for the shaded “Insight into Manufacturing” box

that provides specific breakdowns for the industry).

Business Growth and Innovation

Growth experienced by Nebraska’s primary businesses is a reliable indicator of the State’s position in terms of economic recovery. Businesses’ short-term stability and long-term viability were examined. For example, when business executives were asked to comment on their company’s sales:

- 54% reported increasing sales
- 26% reported stable sales
- 20% reported decreasing sales

In comparison with totals reported in the North American Data Study, approximately 10% more Nebraska businesses reported increasing sales and almost 10% fewer reported decreasing sales.

Companies were asked to describe the lifecycle of their primary product to determine businesses’ long-term viability.

Chart 2.1: Product Lifecycle



Sixty-six percent of businesses reported emerging or growing product lifecycles, a

Primary Businesses

positive indicator of overall economic vitality in Nebraska.

Businesses also were asked about recent or anticipated additions to their current product/service line:

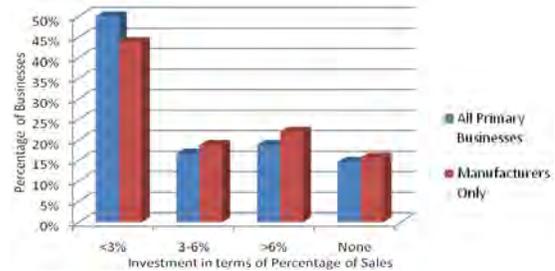
- 79% introduced new products during the last five years
- 69% will introduce new products during the next two years

Overall, primary businesses are involved in a healthy amount of product line expansion. However, of the 34% with a maturing or declining primary product lifecycle two-thirds have no plans to introduce new products during the next two years. This may indicate a potential risk to some businesses' long-term growth.

Primary businesses also were asked “As a percentage of sales, how much does the company spend on research and development?” Chart 2.2 shows executives' responses.

Results indicate more manufacturers perform research and development than other Nebraska business sectors. Manufacturers also are more highly invested in R&D than other primary businesses.

Chart 2.2: Research & Development



Another important issue addressed during the interviews was facility expansion plans. Businesses were asked if they were planning to expand during the next three years. Companies with expansion plans were then asked for specific numbers regarding investment and job creation. While several businesses did not provide specific details on their planned expansions an overall 2009 business expansion snapshot revealed:

- 46% plan to expand during the next three years
- \$59,702,500 to be invested by 23 expanding businesses
- 149 jobs to be created by 18 expanding businesses

As seen in Table 2.2 on the following page, Nebraska companies lag behind the NADS national average for expanding facilities. However, the significant differences in expansion investment amounts may be due to the States decision to target a diverse group of companies, as opposed to focusing solely on larger employers or specific growth industries.

Primary Businesses

Table 2.2: National Expansion Comparisons

	% Planning to Expand	Average \$ Investment	Average # of Jobs Added
NADS	61%	\$16,689,934	63
Nebraska	46%	\$2,595,760	8

When businesses were asked to rate on a 1-7 scale (with seven being “high”) their companies’ technology investment compared to their business segment:

Nebraska businesses gave their investment in technology an average rating of 5.1

The national average reported in NADS was 5.3. Eight of Nebraska’s primary businesses, or 15% of all responding businesses, reported that the current infrastructure in their community was not adequate for future growth plans. This does not vary significantly from the 12% reported in NADS.

Insight into Manufacturing

Further break down of technology investment ratings:
 Nebraska Manufacturers – 4.7
 Consumer Goods Producers – 4.1
 Advanced Manufacturers – 5.5

Business Markets

The program examined a variety of factors to determine the strength of Nebraska businesses.

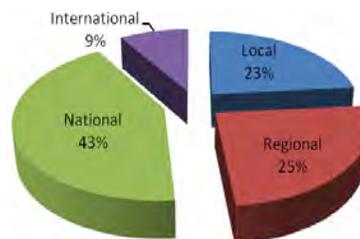
When asked about the company’s key product(s) market share(s):

- 54% have an increasing market share
- 12% have a decreasing market share

The percentage of Nebraska businesses with decreasing market share is twice the NADS average, which may indicate a need for Nebraska businesses to enter new markets or develop a more competitive position in their current markets.

Businesses were asked whether their primary market is local, regional, national or international. Results indicate a mix of responses with a majority reaching national and international markets.

Chart 2.3: Trade Area



Although only 9% define their primary trade area as being international, a larger number of businesses export a portion of sales:

Historical Comparisons

In 2008 just 5% of interviewed businesses exported products.
 In 2009, 12% exported products.

- 26 businesses have international sales
- 46% reported that international sales, as a percentage of their total sales, were increasing

Primary Businesses

Most businesses that reported an increasing percentage of international sales also reported an overall increase in sales and market share.

Insight into Manufacturing
 Programs such as Nebraska MEP ExporTech Training provide support for manufacturers interested in expanding their market overseas.
<http://nebraskamep.com>

The primary export markets reported by businesses were Canada, Mexico and Europe. Several businesses also export to other Latin American and Asian markets.

To determine the health of those industries in which Nebraska's primary businesses operate, they were asked about changes in merger/ acquisition activity and the level of production in their industry:

Insight into Manufacturing
 41% report production in their industry is balanced.
 38% report production is under capacity.

24 of 28 respondents see an increasing amount of merger and acquisition activity in their industry

Comparing Nebraska's industry production to the NADS Report we see approximately 30% of businesses in the State and nationwide operating under capacity. Nationally, however, businesses are more likely to be operating over capacity than in Nebraska.

Table 2.3: Industry Production Comparison

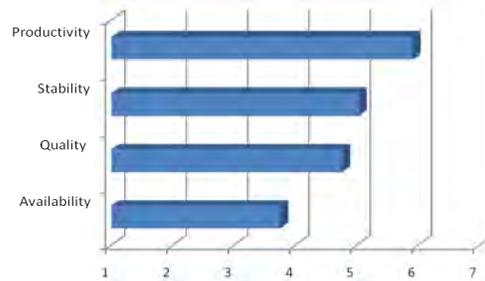
	Under Capacity	Over Capacity
NADS	30%	20%
Midwest	28%	23%
Nebraska	31%	13%

Workforce

The creation of jobs is considered one of the best indicators of economic growth. Since primary businesses sustain high levels of employment, their perception of Nebraska's workforce is important to local and state developers.

Characteristics of Nebraska's workforce were rated by businesses on a scale of 1-7 with 7 being "high".

Chart 2.4: Nebraska Workforce



The low rating for workforce availability reflects the difficulty Nebraska businesses have in finding skilled workers. The need for skilled workforces is always a high priority for developers. In comparison to the NADS national average, Nebraska has higher workforce quality and stability, but a lower workforce availability and slightly lower productivity. Nebraska's workforce

Primary Businesses

remains below the Midwest average in each of the following categories:

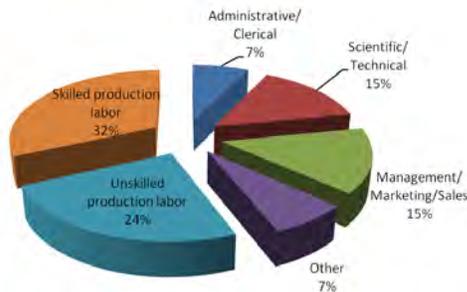
Table 2.4: Workforce Comparison

	Nebraska	Midwest	NADS
Availability	3.76	4.44	4.19
Productivity	5.32	5.56	5.41
Quality	4.77	4.87	4.51
Stability	5.04	5.19	4.80

Most businesses report having employee recruitment problems when seeking specific skill sets for more technical or professional positions. Businesses provided a breakdown of specific positions or skills they have difficulty recruiting:

Insight into Manufacturing
62% of businesses with recruitment problems based on employee positions or skills were manufacturers.

Chart 2.5: Positions Difficult to Fill



While the availability of workforce is an issue, it may not be specific to the area.

Less than 30% of all Nebraska businesses report that recruitment problems are limited to the community

Seventy percent of recruitment problems experienced by primary businesses are linked specifically to the industry.

To combat this lack of skilled workforce, many Nebraska businesses offer employee training.

- 51% of businesses have increased investment for employee training
- 2% of businesses have decreased their training investment

The percentage of businesses increasing their training investment is slightly higher than the NADS average. The majority of training was designed to add job skills. Some was geared to improve proficiency; very little was remedial training.

Business Climate

The Nebraska business climate is affected by communities' strengths and weaknesses, legislative changes, barriers to growth, and businesses' satisfaction with local utilities and services.

Company executives were asked an open-ended question relating to the strengths of their communities. Executives frequently commented on the exceptional employee work ethic and high quality of life. The four most common strengths reported by businesses were also the most common responses reported in NADS. As shown in Table 2.5, responses in the North American

Primary Businesses

Data Study were less concentrated than those from Nebraska businesses.

Table 2.5: Community Strengths		
Category	Nebraska	NADS
Business Climate	17%	7%
Quality of Life	17%	8%
Location	11%	10%
Workforce/Labor Market Attributes	11%	7%

When asked to describe their communities' weaknesses, several business executives mentioned the outward migration, particularly in smaller communities, an inadequate labor supply, and lack of necessary business services in the area. These weaknesses also were perceived as barriers to growth in the communities.

Two of the top weaknesses mentioned by Nebraska businesses -skilled worker supply and business climate- were in agreement with the top NADS weaknesses. The No. 1 weakness in NADS was transportation at 5%. The top Nebraska community weaknesses are shown in Table 2.6.

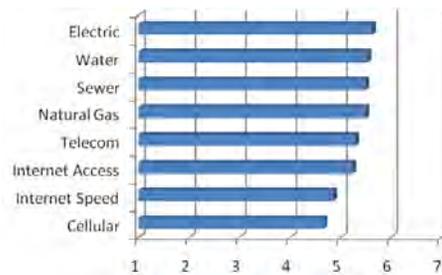
Table 2.6: Community Weaknesses		
Category	Nebraska	NADS
Skilled Worker Supply Inadequate	13%	4%
Business Services Inadequate	12%	1%
Quality of Life	11%	2%
Business Climate	10%	4%

Business climate and quality of life in communities were perceived as both top

strengths and weaknesses. A positive business climate was frequently linked to customer loyalty in communities, but was also seen as weakness in smaller communities due to a smaller customer base. The quality of life in communities was positively linked with friendly, small town community atmospheres and negatively related to population decline in a few communities.

Businesses were asked to rate their satisfaction with community services and utilities using the same 1-7 scale used for the workforce. In general, ratings were similar among all communities.

Chart 2.5: Satisfaction with Utilities



Businesses were most critical about cellular and Internet services in the area. The lack of cellular service in rural areas and unreliable service in larger communities were seen as impediments to several businesses' operations. Internet and cellular services also were the only utilities that Nebraska businesses rated below the national averages.

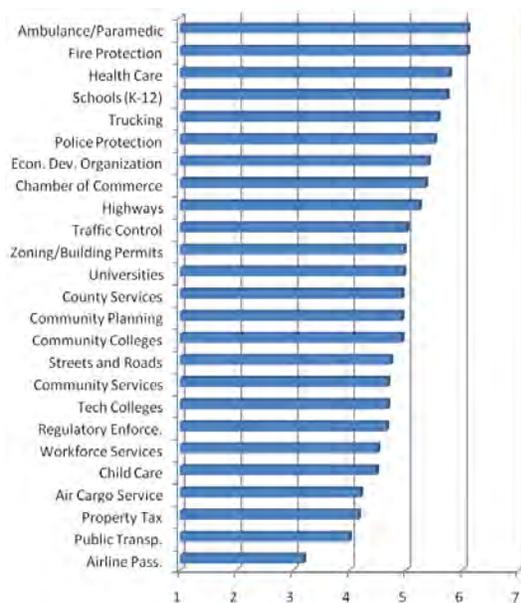
Primary Businesses

Table 2.7: Satisfaction with Utilities

Category	Nebraska	NADS
Water	5.54	5.21
Sewer	5.50	5.24
Natural Gas	5.49	5.47
Electric	5.63	5.27
Telecom	5.3	5.25
Cellular Service	4.67	5.10
Internet Access	5.24	5.32
Internet Speed	4.86	5.27

In each community represented in the 2009 Annual Report, paramedic, fire and health services received high ratings. The lower ratings received in areas such as airline passenger services, public transportation and child care typically reflected either a lack of local access to the service or a lack of reliability.

Chart 2.6: Satisfaction with Services



Compared to the national averages, area colleges, universities, and airline services are the main areas of concern for Nebraska businesses. The rating for Nebraska's child care services also was significantly lower than the national average.

Table 2.8: Satisfaction with Services

Category	Nebraska	NADS
Police Protection	5.51	5.54
Fire Protection	6.10	5.89
Paramedic	6.10	5.81
Health Care	5.77	5.35
Child Care	4.48	4.82
Schools	5.73	5.03
Technical Colleges	4.68	5.18
Community Colleges	4.93	5.48
Universities	4.96	5.53
Public Transportation	4.00	3.89
Traffic Control	5.02	4.38
Streets and Roads	4.73	4.45
Highways	5.24	4.87
Airline Pass. Service	3.19	4.64
Airline Cargo Service	4.20	5.14
Trucking	5.57	5.41
Property Tax Assess.	4.16	4.23
Zoning Changes / Building Permits	4.97	4.39
Regulatory Enforcement	4.66	4.70
Community Planning	4.93	5.03
County Services	4.93	4.91
Chamber of Commerce	5.35	5.38
Economic Dev. Organizations	5.40	5.50

Businesses were asked if they are anticipating any legislative changes that will affect them in the next five years. Many

Primary Businesses

businesses are expecting changes at the national level, but not state level.

- 33% anticipate legislative changes that will benefit their businesses
- 69% anticipate legislative changes that will adversely affect their businesses

Businesses noted more government investment in renewable energies may benefit their business. While others frequently noted health care reform and “cap and trade” legislation would adversely affect their business.

Businesses in the NADS study anticipated fewer adverse legislative changes. Specifically, 43% of businesses surveyed nationally, compared to 69% in Nebraska (and 50% of businesses in the Midwest).

VGRS Analysis

The Value, Growth, Risk and Satisfaction Index patented by the Synchronist Business Information System® was created to identify businesses that need support to revitalize or continue growing their operations.

VGRS analysis is only performed for companies with a data quality index of 85 or above. This allows for a higher reliability in the calculated ratings. Each factor is given a rating based on a 100- point system. The

higher the rating, the more applicable the factor is for the business or region.

In the ratings comparisons tables below, the following key was used to classify businesses:

Low	< 40 points
Medium	40-59 points
High	60-79 points
Very High	80+ points

Nebraska’s primary businesses have a higher growth potential and satisfaction with their communities than the NADS national average, but they also add less value to the community and have a higher risk of downsizing, relocating or closing.

Table 2.9: Comparing VGRS Average Ratings

Factor	Mfgrs.	Nebraska	NADS
Value	47.98	44.96	51.63
Growth	53.69	50.93	47.68
Risk	44.89	57.05	46.37
Satisfaction	59.37	59.93	57.91

The percentages provided in the tables indicate the percentage of companies that fit in the low, medium, high and very high rankings.

Compared to the Midwest, Nebraska businesses have more businesses with low value and fewer businesses with high value. The lower value Nebraska’s businesses provide to the community may be due to not

Primary Businesses

exporting products, or lower wages paid to employees.

Table 2.10: Value Ratings Comparison

	Low	Medium	High	Very High
NADS - Midwest	17%	54%	28%	1%
Nebraska	38%	51%	11%	0%

Nebraska also has fewer businesses than the Midwest struggling with low growth, which could be attributed to more aggressive R&D and product line expansions by Nebraska businesses.

Table 2.11: Growth Ratings Comparison

	Low	Medium	High	Very High
NADS - Midwest	25%	51%	22%	1%
Nebraska	15%	64%	20%	2%

As seen in Table 2.9, Nebraska businesses have higher risks associated with them compared to the national average; this may be the result of companies with no room to expand or changes in current ownership. However, Nebraska businesses' risk ratings are comparable to the Midwest.

Table 2.12: Risk Ratings Comparisons

	Low	Medium	High	Very High
NADS - Midwest	30%	60%	10%	0%
Nebraska	27%	64%	9%	0%

Businesses in Nebraska and the Midwest as a whole are more satisfied with their communities as places to do business compared to the NADS average. However, Nebraska businesses have an overall lower

satisfaction rate with their communities compared to Midwest businesses. This may result from a lower availability of services, or fewer community strengths mentioned by business executives.

Table 2.13: Satisfaction Ratings Comparisons

	Low	Medium	High	Very High
NADS - Midwest	10%	29%	56%	6%
Nebraska	2%	44%	51%	2%

Supportive Businesses

Overview

Supportive businesses essentially keep the state moving. They are the retail stores, restaurants and area service providers. They support members of the community, serve the needs of travelers and provide services needed by primary businesses. In 2009:

132 supportive businesses were interviewed

Table 3.1: Breakdown of Interviewed Businesses by Industry

Business Sector	Businesses
Retail Outlets	30
Service – Consumer	22
Service – Business	15
Grocery and Drug	11
Finance	9
Restaurants and Drinking Establishments	8
Motor Vehicle	7
Health Care	7
Construction	6
Retail – Non Store	5
Home Improvement	4
Recreation	2
Accommodations	2
Furniture and Appliance	1
Entertainment	1
Other	2

Business Growth and Technology

The growth of supportive businesses is a good indicator of the strength of the community. Supportive businesses cannot experience growth without increasing the

demand for their goods or services from individual customers and other businesses.

When asked about company sales, responses from supportive businesses reflected a stable and growing status in 2009:

- 40% reported increasing sales
- 41% reported stable sales
- 19% reported decreasing sales

Businesses were asked about the changes in the average value of individual sales:

- 51% reported an increasing value
- 40% reported a stable value
- 9% reported a decreasing value

In looking at businesses that experienced increased sales, 69% also increased the value of individual sales.

The majority of businesses in the Grocery and Drug, Health Care, Restaurants and Drinking Establishments, and Service–Business sectors saw an increase in the average value of individual sales.

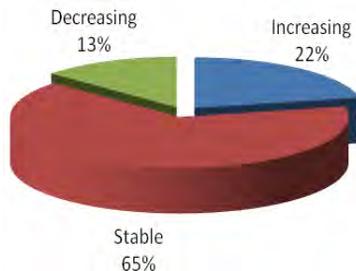
Similar to surveys with primary businesses, supportive businesses also were asked about additions to their product lines. Supportive businesses were less likely to make additions than Nebraska’s primary businesses:

Supportive Businesses

- 47% added new products during the last five years
- 27% will add new products in the next two years

Business executives were asked about their companies' advertising budgets. Responses indicated little increase in marketing, which may reflect a reduction in available cash relating to ineffectual marketing techniques on current sales or a switch to more cost-efficient electronic marketing techniques.

Chart 3.1: Marketing Budgets



Supportive businesses also were asked about plans to expand or renovate during the next three years:

- 16% of businesses plan to expand
- 19% plan to renovate
- \$11,732,500 will be invested by 30 of the businesses
- 95 jobs will be created by 16 of the businesses

Historical Comparisons

In 2007 and 2008, 24% of businesses interviewed reported plans to expand. In 2009, 27% of all businesses interviewed reported plans to expand.

Supportive businesses were asked to rate their technology investment on a 1-7 scale compared to their business sector:

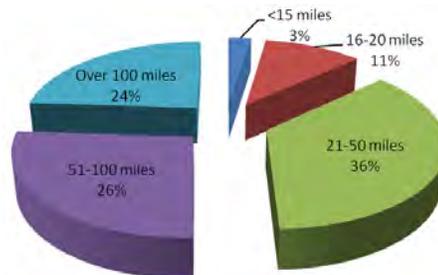
Supportive businesses rated their technology investment 4.4

Ten businesses also stated that current technology infrastructure in their communities was not adequate for their growth plans.

Business Markets

The markets in which supportive businesses operate are, by definition, more local than for primary businesses. More than 75% of businesses have a trade area confined to 100 miles.

Chart 3.2: Trade Area



Businesses also were asked if they have any market niches that allow them to stand out against other competitors:

- 65% of responding businesses have a market niche
- 75% of businesses with a trade area greater than 100 miles have a market niche

Supportive Businesses

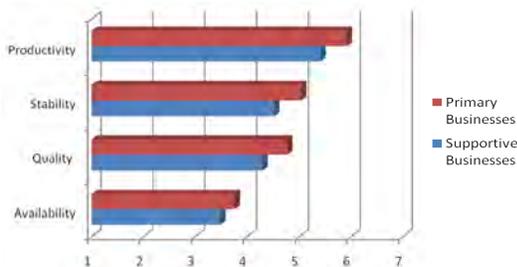
By specializing and filling a market niche, Nebraska's supportive businesses attract more sales from outside their local trade areas.

Workforce

The jobs created by supportive businesses help sustain the growing number of individuals entering the workforce. These jobs may provide a second income for households, and fulfill the demand for spousal employment created when new families move into the area.

Workforce attributes were rated on the same 1-7 scale (with 7 being "high") used by primary businesses. As seen in Chart 3.3, compared to the workforce characteristics of primary businesses, there is a slightly lower rating in each category.

Chart 3.3: Workforce Ratings



A few rating differences existed between communities. The only rating that fluctuated significantly was workforce availability, which was rated lower in areas with lower population densities.

Company executives were asked if they provide employee benefits either to full-time or part-time workers:

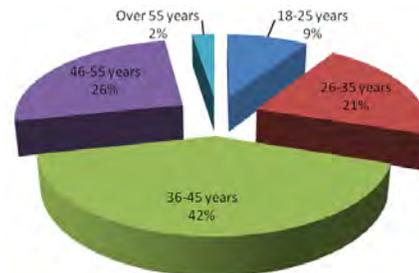
61% of supportive businesses provide employee benefits

Businesses that provide employee benefits experienced a higher level of stability in the workforce, but a lower level of availability. The lower availability may be attributed to benefits only being offered to skilled workers who are typically in low supply:

- 47% of all supportive businesses provide a health care plan
- 33% have a 401K or profit sharing plan
- 14% provide a pension plan to employees

Company executives also were asked to provide the average age of their employees. Average employee ages also did not vary significantly by community. However, Wayne County businesses recorded a lower average age of employees, likely due to the presence of Wayne State College.

Chart 3.4: Employee Ages



Supportive Businesses

The majority of businesses provide some training to company employees. When asked about the source of company training:

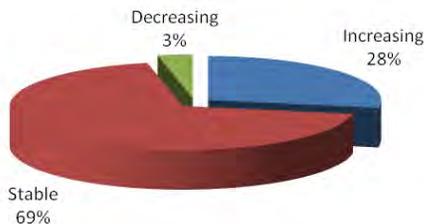
- 45% reported they only provide on-the-job training
- 52% reported using both on-the-job and outside training providers

In terms of their amount of investment in employee training:

- 70% reported having a stable investment in training
- 29% reported increasing their investment in training

Supportive businesses also were asked whether they anticipate any changes in their employment needs.

Chart 3.5: Employment Needs



Most businesses with increasing employment needs fall under the business service, retail outlets, and restaurants and drinking establishments sectors.

In a separate question, executives were asked about the number of unfilled positions they currently have:

40 businesses currently report having a total of 68 unfilled positions

The majority of these unfilled positions fall into the retail outlet and health care sectors.

Business Climate

Community strengths and weaknesses, anticipated changes within the community, potential legislative changes and businesses' satisfaction with local utilities and services were examined to determine the business climate for supportive businesses.

Company executives were asked the same open-ended question relating to the strengths and weaknesses of the community as primary business executives.

Executives frequently commented on the benefits of a small community, such as customer loyalty, word-of-mouth advertising and general quality of life. The three most common responses by supportive businesses on a State level are provided below show in terms of percentage of businesses responding.

Table 3.2: Community Strengths		
Category	Primary	Supportive
Business Climate	17%	27%
Quality of Life	17%	17%
Customer, Supplier Accessibility	6%	16%

In terms of community weaknesses, several business executives mentioned the lack of a

Supportive Businesses

customer base in smaller communities and lack of retail businesses in the area. The three most common weaknesses mentioned by supportive businesses on a State level are provided in Table 3.3.

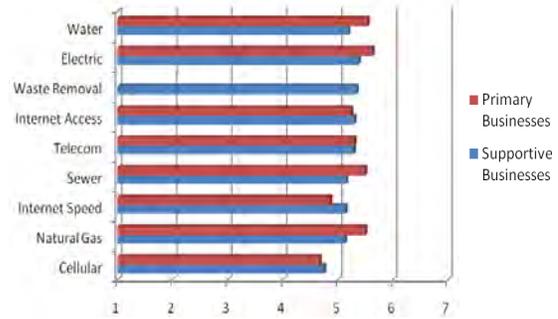
Category	Primary	Supportive
Business Climate Negative	10%	27%
Business Services Inadequate	12%	19%
Customer, Supplier Accessibility	6%	17%

Executives also were asked to list those business services they are having difficulty securing in the area, as well as the products and services their customers are not finding in the area. In most communities, businesses noted a demand for more clothing retailers.

Businesses were asked to rate their satisfaction with community services and utilities using the same 1-7 scale used for rating the workforce. Executives were given the opportunity to comment on the services and identify any specific problems they've experienced with them.

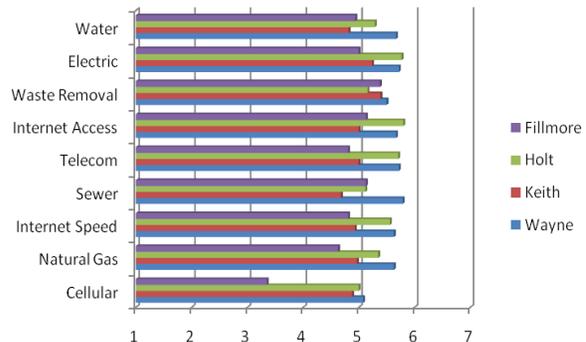
Utility services were ranked very similarly by supportive businesses. Cellular service was the only service that received lower ratings by most businesses.

Chart 3.6: Satisfaction with Utilities



Utility ratings were similar between primary and supportive business. However, ratings provided by supportive businesses often varied by community. Chart 3.7 provides a breakdown of utility ratings for select counties.

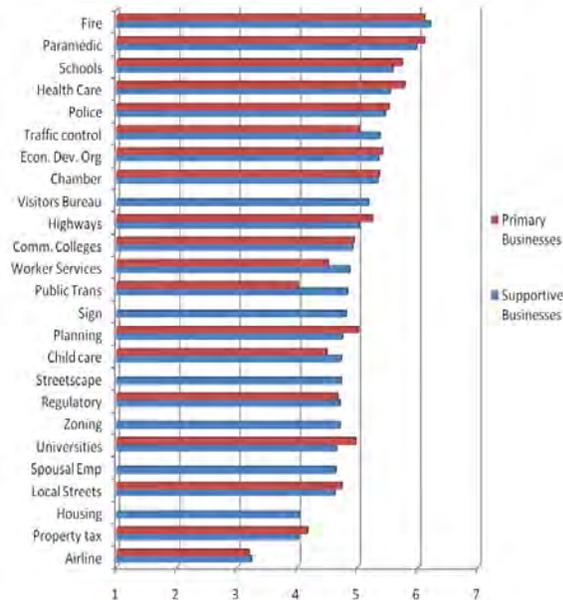
Chart 3.7: Utility Satisfaction by County



Satisfaction with community services did not fluctuate significantly between primary and supportive businesses with the exception of state worker services, public transportation and traffic control which were ranked more positively by supportive businesses.

Supportive Businesses

Chart 3.8: Satisfaction with Services



also were concerned about increased industry regulations. Some businesses were concerned about increased environmentally-friendly regulation.

Supportive businesses also were asked if they anticipate any legislative changes that will affect their operations during the next five years:

- 31% anticipate legislation that will positively affect their businesses
- 65% anticipate legislation that will negatively affect their business

Many businesses were positive about potential tax credits for making their business more energy efficient. Several businesses also stated that health care reform will help lower insurance costs. However, several businesses were concerned about the health care reform and minimum wage increases. Businesses in the financial sector

Assistance Issues

Overview

The Nebraska Business Visitation Program also serves as a valuable resource for individual companies. Company executives are able to voice their concerns to state and local developers during on-site interviews and, in turn, developers are able to offer assistance when needed. Executives are encouraged to raise or ask follow-up questions about a number of issues ranging from workforce training to transportation problems. In 2009, the program:

- Identified 104 different issues of concern to local businesses
- Responded to the 79 corresponding businesses with follow-up assistance

The local or regional developer will generally perform the first phase of follow-up and, if necessary, enlist additional resources to assist businesses.

Primary Businesses

Among the 81 primary businesses interviewed in 2009:

- 41 businesses requested assistance
- 56 issues were identified

Issues identified by primary businesses are frequently related to facility expansions, workforce training and financial assistance. Follow-up frequently involves discussing specific workforce problems and explaining

financing opportunities, such as Nebraska Advantage, Job Training Grants and microenterprise loans.

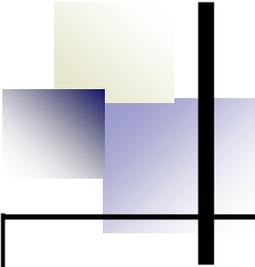
Table 4.1: Breakdown of Assistance to Primary Businesses

Issue	Businesses	% of Total
Facility Expansion Support	10	18%
Business Development	8	14%
Workforce Training	8	14%
Economic Development Involvement	4	7%
Finance Assistance	4	7%
Follow-up Visit	4	7%
Utilities	3	5%
Streets and Highways	3	5%
Community Involvement	2	4%
Transportation	2	4%
Business Planning	1	2%
Community-Based Problems	1	2%
Government Procurement	1	2%
Ownership Change/Opportunity	1	2%
Regulations	1	2%
Workforce Attraction	1	2%
Other	3	5%

Supportive Businesses

Among the 132 supportive businesses interviewed in 2009:

- 38 businesses requested assistance
- 48 issues were identified



Assistance Issues

The most common issues identified by supportive businesses related to business development, ownership changes and financial assistance.

Table 4.2: Breakdown of Assistance to Supportive Businesses

Issue	Businesses	% of Total
Business Development	9	19%
Ownership Change/Opportunity	8	17%
Finance Assistance	6	13%
Utilities	6	13%
Workforce Attraction	4	8%
Business Referral	3	6%
Facility Expansion Support	3	6%
Community-Based Problems	2	4%
Business Planning	1	2%
Follow-up Visit	1	2%
Government Procurement	1	2%
Regulation - Local	1	2%
Workforce Training	1	2%
Other	2	4%

During follow-up with company executives, local developers frequently offered help through referrals and identified additional contacts with professional expertise in increasing marketing capabilities, transitioning company ownership and securing microenterprise loans.

Compared to requests from primary businesses there were fewer facility expansion requests and more requests for help with transitioning company ownership.

Building the Nebraska Portfolio

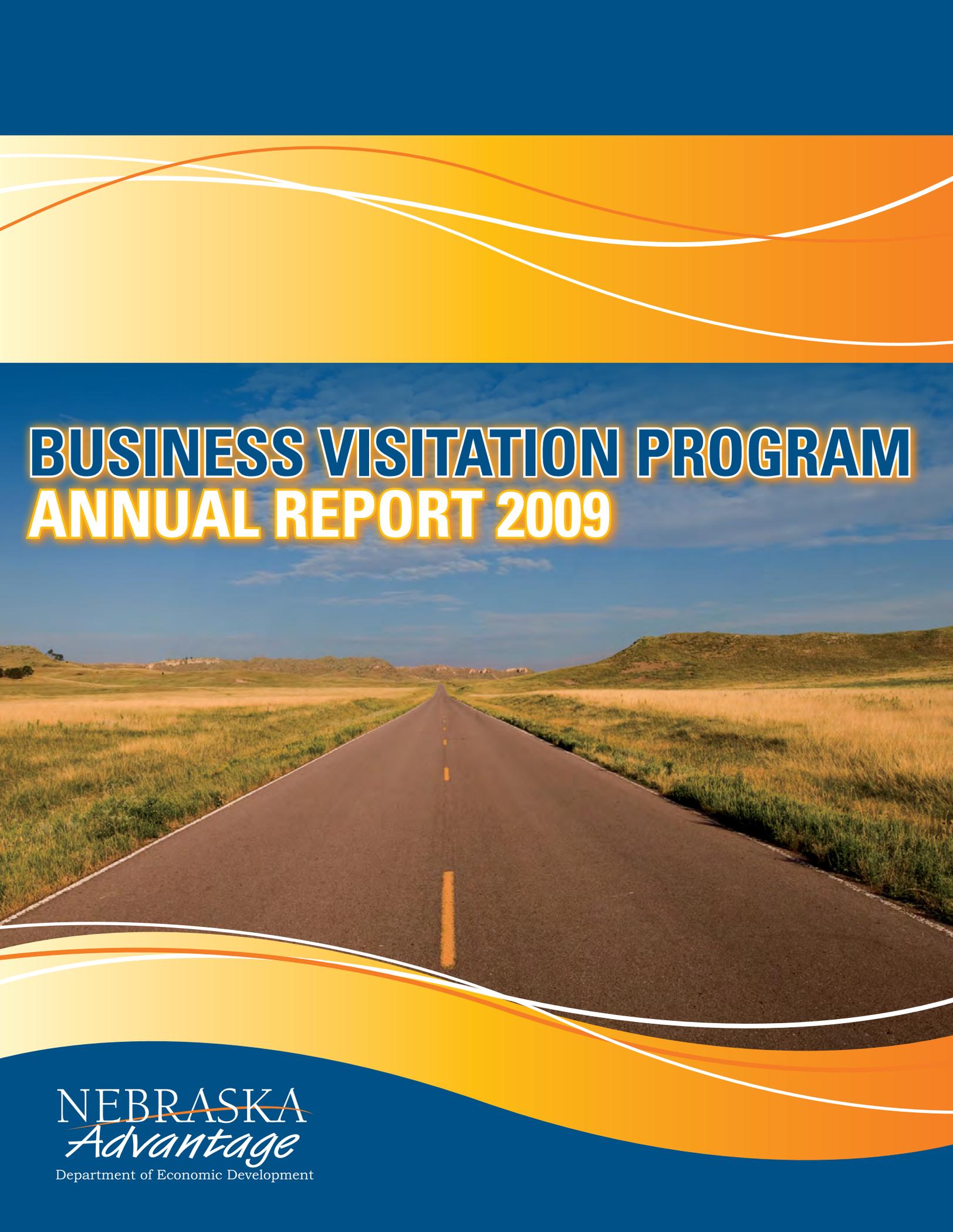
Investments made by businesses in Nebraska attract cutting edge innovation and technology, and the advancement of new and expanding skills that contribute to the state's highly developed and productive workforce. Their continuing successes further shine the light on one of the most stable economies in the U.S.

Nebraskans rely on the expertise of economic developers to identify changes in businesses and industries, as well as any barriers to growth. For more than ten years, the Nebraska Business Visitation Program has provided this solid source of information.

For the first time ever in 2009, the Synchronist Business Information System® was used to capture and analyze data with an expanded emphasis on competitiveness. This database serves as a key source of information integral for building relationships and anticipating changes that impact the Nebraska economy. The system compares overall Nebraska performance with regions in the state and nationwide, making it particularly valuable to maintaining a competitive advantage.

During 2010, the Nebraska Department of Economic Development expects to expand the number of primary businesses in its portfolio. The focus will be on interviewing target industries, especially those identified as high growth industries, and businesses that have been granted State tax incentives, job training funds or Community Development Block Grant funds. This work will be supported by grants to local and regional economic development organizations for training and obtaining sub-licenses for the Synchronist Business Information System®.

The vision is to operate a highly functioning knowledge base that enhances the development of programs, services and policies supporting Nebraska's businesses. This vision is expected to further stimulate the competitive advantage of Nebraska businesses within the world market.



BUSINESS VISITATION PROGRAM **ANNUAL REPORT 2009**

NEBRASKA
Advantage

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