



# Analyzing Economic Development Opportunities:

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A Marketing Research Study for Hillsdale College  
Economics and Business Administration  
Department

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## EXECUTIVE SUMMARY

Nearly one-third of all manufacturing jobs lost during the 2008 recession occurred in the Midwest, making it the hardest hit region of the country, according to a new report from Georgetown University. The region lost at least 610,000 jobs and is predicted to experience even more job losses as manufacturing and agriculture employment continues to decline an estimated 4 percent to 1 percent respectively through 2018.

Dr. Paas and the Economic and Business Administration are utilizing the Hillsdale College Marketing Research class to conduct a research study to analyze economic development opportunities in the following counties: Hillsdale and Branch Counties in Michigan, Williams County in Ohio, and Steuben County in Indiana. The goal of this study is to evaluate the perceptions of business development efforts to identify opportunities for economic growth. Topics include business recruitment/attraction, business retention, small business development, business incentives, tourism and retiree attraction, and economic development training assistance.

The research objectives are the following: identify economic strengths and weaknesses within targeted counties, assess current levels of satisfactions of doing business in the tri-state market, measure the quality of the region's business environment, generate an inventory of regional assets and liabilities, determine what type of businesses have the greatest opportunity for success when establishing new businesses within the area, and measure the longevity of tri-state businesses. In order to accomplish these objectives, the marketing research team developed a four page questionnaire, targeting small business owners to help local EDC's identify the strengths and weaknesses of the tri-state market and identifying opportunities for economic development. A primary research study was conducted randomly sampling 1,000 businesses from counties mentioned above. Business owners with 100 employees or less residing in the four listed counties were targeted. USAData provided a list of 1,000 randomly selected business owners from targeted counties.

Of the 1,000 surveys mailed, 143 were returned and 56 were undeliverable. The initial response rate was 14.3 percent, but not all surveys were counted in the data analysis due to respondent's failure to complete surveys. Of the 143 responses, 127 were analyzed yielding a net response rate of 12.7 percent. There were 56 returned (undeliverable) surveys not used in statistical analysis. Sixteen respondents failed to complete the direct mail questionnaire. With 127 completed surveys, the calculated sample error is 8.7 percent.

Data suggests older businesses within tri-state counties believe the economy will remain stagnant over the next year, in comparison to younger businesses stating it will improve. Essentially, the longer the business has been around, the more likely the business will remain the same despite the economy. Data also implies counties with flourishing tourism are more wealthy than counties lacking a tourist market. Additionally, counties making it difficult for businesses to borrow money were less wealthy and less likely to expand compared to counties with an ease of borrowing money. Data concluded that quality of workforce, affordable housing, access to capital, low cost of

transportation, availability of labor in the region and access to technological resources were all lacking in tri-state counties. In contrast, the tri-state market is succeeding in the following areas: availability of land for expansion, closeness to suppliers, closeness to distribution facilities and availability of freight transportation.

In conclusion, the research team suggests the following: Improve the tourism industry within the tri-state region, make it easier for businesses to borrow money, enhance and train the workforce so the quality can improve, promote and provide more affordable housing, provide access to capital to allow more business startup, drive down transportation costs and achieve more access to labor and technological resources.

## **BACKGROUND**

Nearly one-third of all manufacturing jobs lost during the 2008 recession occurred in the Midwest, making it the hardest hit region of the country, according to a new report from Georgetown University. The region lost at least 610,000 jobs and is predicted to experience even more job losses as manufacturing and agriculture employment continues to decline an estimated 4 percent to 1 percent respectively through 2018.

## **RESEARCH OBJECTIVES**

*Research objectives for this study have been categorized as follows:*

- 1) Identify economic strengths and weaknesses within targeted counties.
- 2) Assess current levels of satisfaction of doing business in the tri-state market.
- 3) Measure the quality of the region's business environment.
- 4) Generate an inventory of regional assets and liabilities.
- 5) Determine what types of businesses have the greatest opportunity for success when establishing new businesses within the area.
- 6) Measure longevity of tri-state area businesses.

## **SECONDARY RESEARCH**

### **OBJECTIVE**

The objective of this report is to provide examples of economic initiatives undertaken by counties within the United States to cultivate economic opportunity. Giving insight for tourism, business incentives, and retiree attraction, the report touches upon the importance of organization and strategic planning before embarking on new initiatives.

The information obtained will allow the Hillsdale College Economics and Business Administration Department to better understand what considerations must be taken and what

opportunities are available when looking at economic development opportunities in the tri-state area.

## **SECONDARY RESEARCH**

### **SUMMARY**

Beginning in late 2007, the recession resulted in many job losses and increased unemployment rates throughout the United States. Areas that appear to be most affected and show slowest recovery are non-metro areas dependent on manufacturing. Manufacturing industries, such as construction, transportation, utilities and mining, impact a county's viability significantly. Without these jobs, non-metro communities have few employment alternatives due to varying demographic features in each area. Other non-metro industries suffering from the recession are farms and ranches. It is important to consider expansion of farming and ranching efforts to encourage visitors, ultimately generating more money for each business and stimulation the economy.

As time progresses, populations tend to change. With an aging population, each region must be aware of its changing target markets since different age ranges have different shopping patterns and interests. With these changes, businesses should identify different opportunities for targeting each age range.

A study was conducted throughout small rural towns in Oklahoma to analyze the economic conditions of the farm towns. Citizens were given a survey with various questions on how they would rate the hospitals, transportation, medical clinics, police department and various other elements and industries within their town. After the data was gathered from the various towns, the information was analyzed and a strategic plan developed from the data. The ultimate goal of the strategic plan was to increase the quality of life among the citizens that reside in these small, rural towns.

Another relevant study was conducted in Douglas County, Atlanta. Douglas is also a small, rural town in Georgia that is constantly striving to cultivate economic development through three endeavors: intensifying entrepreneurship and small business efforts, diversifying industrial recruitment and employers and preparing a group of new leaders to move the county's vision forward. In order to achieve this, Douglas County attempts to attract a diverse range of companies to conduct business within the town and foster entrepreneurs and untested ideas. Douglas County has found the most successful way to develop the county's economy is to cultivate relationships with state-level developers.

The United States Department of Agriculture conducted an Economic Research Service Report designed to identify local factors that contribute to economic growth, especially within rural counties. Specifically, the study indicates potential factors associated with rural economic growth are low initial labor costs, retirement county status, high education spending per pupil and the presence of a passenger service airport within 50 miles. State right-to-work laws, the percentage of adults who had completed high school, and access to the interstate highway system have also been correlated with economic growth in rural areas.

A study conducted by the University of Maryland System and the University of Delaware sought to determine how rural counties in Delmarva and Southern Maryland generate jobs. Targeting 15 rural counties in the Delmarva Peninsula and Southern Maryland, they discovered the three leading job-generating activities for the counties include: industrial parks, activity of economic development entity, and tourism promotion. These initiatives have the ability to generate thousands of employees, changing the economy of the county when they occur.

*A full secondary research report is available in the appendix of this report.*

## **LIMITATIONS**

*Limitations are any conditions that restrain the study.*

The following represent limitations encountered within this study.

- Of the 1,000 surveys delivered, 56 were undeliverable. This is due to the fact the mailing list purchased had inaccuracies.
- Of the 944 surveys effectively delivered to the target market, 817 respondents did not reply. The team received 143 returned surveys.
- Of the 143 returned surveys, 16 of them were incomplete due to an overwhelming amount of unanswered questions (skipped complete pages) and halo effects.
- None of the 16 incomplete surveys were included in the data analysis responses. However, these surveys can be referenced in the attached data binder.

## **METHODOLOGY**

*This section describes the method used to obtain the data used in the research study.*

### **DEFINITION OF THE POPULATION AND SAMPLE PLAN**

The research team constructed a primary research study that randomly sampled 1,000 residents from the following counties: Hillsdale, Branch, Williams and Steuben. Hillsdale and Branch County is located in Michigan, while Williams County is in Ohio and Steuben County is in Indiana. Business owners with 100 employees or less located in the four listed counties were targeted. USAData provided a list of 1,000 randomly selected business owners from targeted counties.

### **QUESTIONNAIRE DEVELOPMENT**

The research team designed a 4 page, 16 question undisguised direct mail questionnaire, which included a cover letter and postage-paid BRE, mailed to the selected sample of recipients. The questionnaire was developed to address research objectives and provide beneficial feedback to the client.

Screening questions were developed to filter out unqualified respondents. Question design included categorical, metric and open-ended questions. Categorical questions were expressed in

dual choice or multiple choice formats, metric questions in natural and synthetic formats, and open-ended questions in aided and unaided formats.

Pre-testing was conducted in Hillsdale County and sent to 12 businesses with 100 employees or less. Five surveys were returned to the research team.

### **DATA COLLECTION**

Questionnaires were delivered to recipients with the use of the Hillsdale College mailroom. The research team used a non-profit mailing option to help reduce postage costs. Direct mail surveys, cover letter and BRE, were mailed on Tuesday, March 20<sup>th</sup>, 2012. A response deadline was set to be Friday, April 6<sup>th</sup> 2012. Respondents had approximately 3 weeks to complete and return surveys.

### **NON-SAMPLING AND SAMPLING ERROR REDUCTION**

There were 56 returned (undeliverable) surveys not used in statistical analysis. Sixteen respondents failed to complete the direct mail questionnaire.

### **SAMPLING ERROR**

With 127 completed surveys, the calculated sample error is 8.7 percent.

## **FINDINGS AND QUESTIONNAIRE ANALYSIS**

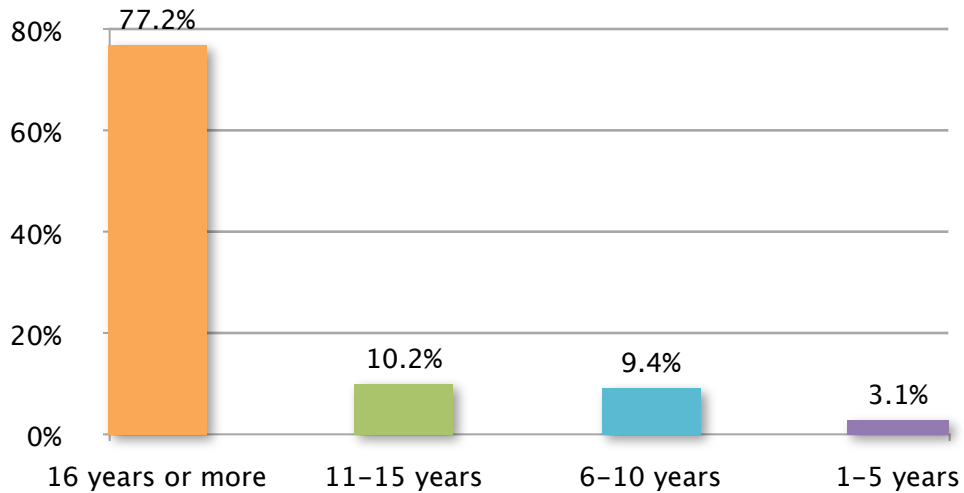
### **RESPONSE RATE**

Of the 1,000 surveys mailed, 143 were returned and 56 were undeliverable. The initial response rate was 14.3 percent, but not all surveys were counted in the data analysis due to respondents failure to complete surveys. Of the 143 responses, 127 were analyzed yielding a net response rate of 12.7 percent.

### **QUESTIONNAIRE RESULTS**

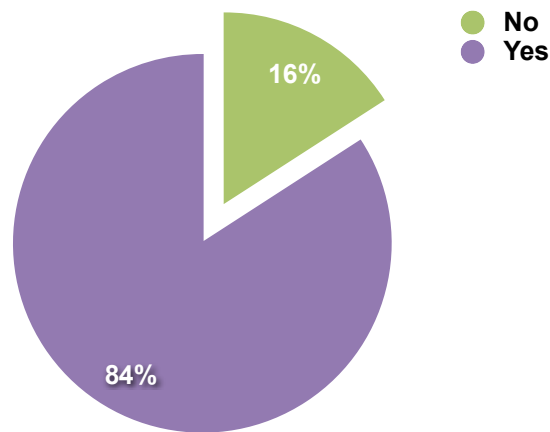
#### **1) How long has this organization been in business in this county?**





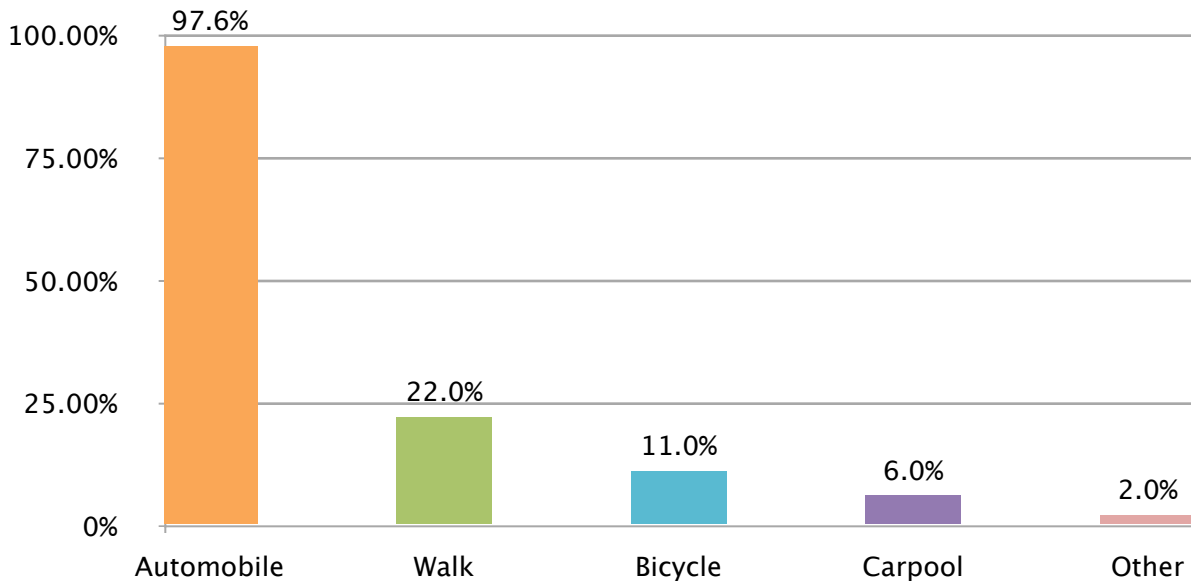
This is a categorical multiple-choice question used to determine the life span of each business. The number one response was 16 years or more (77.2 percent). A minority of businesses responded 1 to 5 years (3.1 percent).

**2) Do you reside in the same county in which you work?**



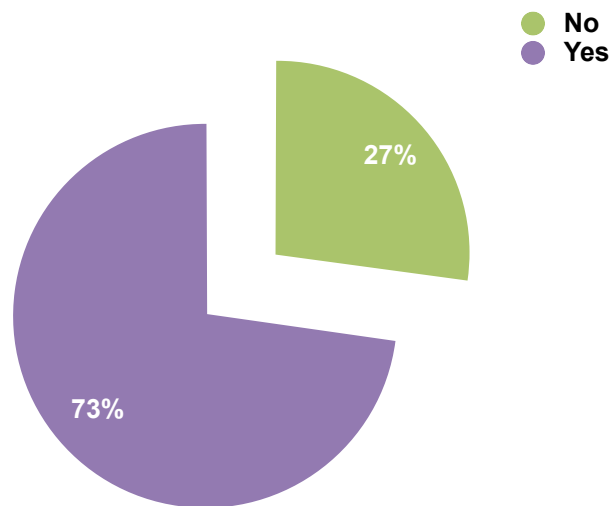
This is a categorical dual-choice question used to identify business people's perceptions of each targeted county's economic strengths and weaknesses. The majority of respondents live in the same county in which they work (84 percent).

**3) How do you and your employees commute to work?**



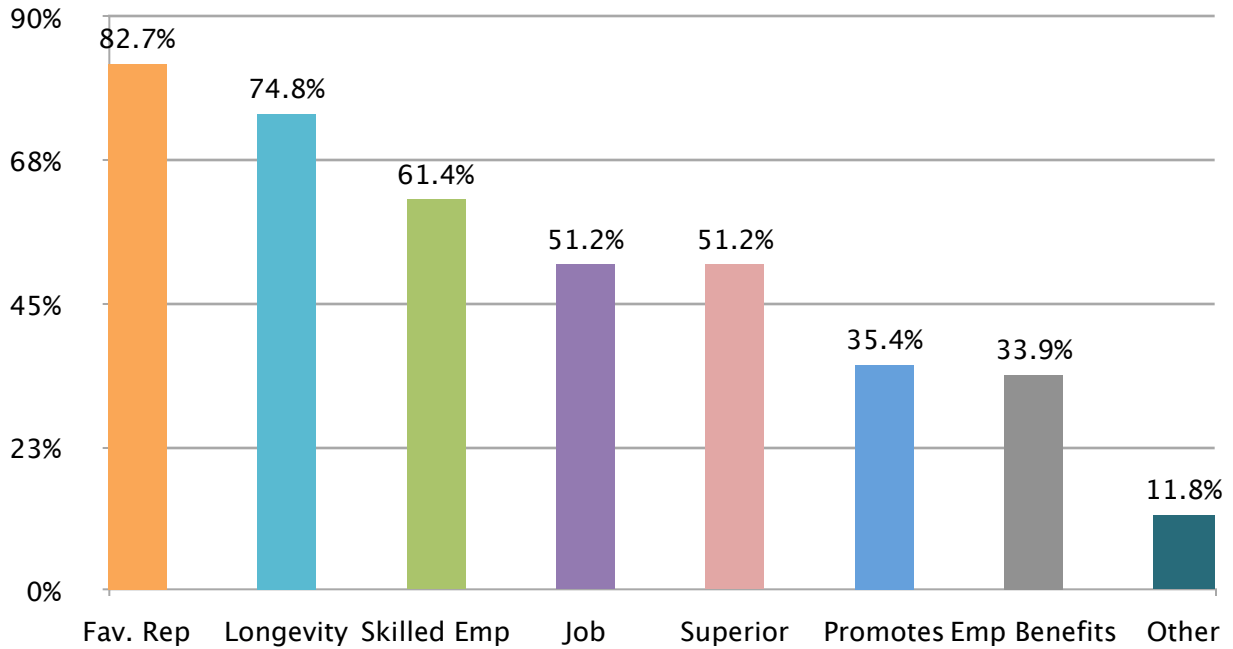
This is a categorical multiple-choice question used to measure the quality of each regions business environment. Top responses for ways of commuting to work include personal automobile (97.6 percent) and walking (22.0 percent).

**4) Do the majority of your customers reside within this county?**



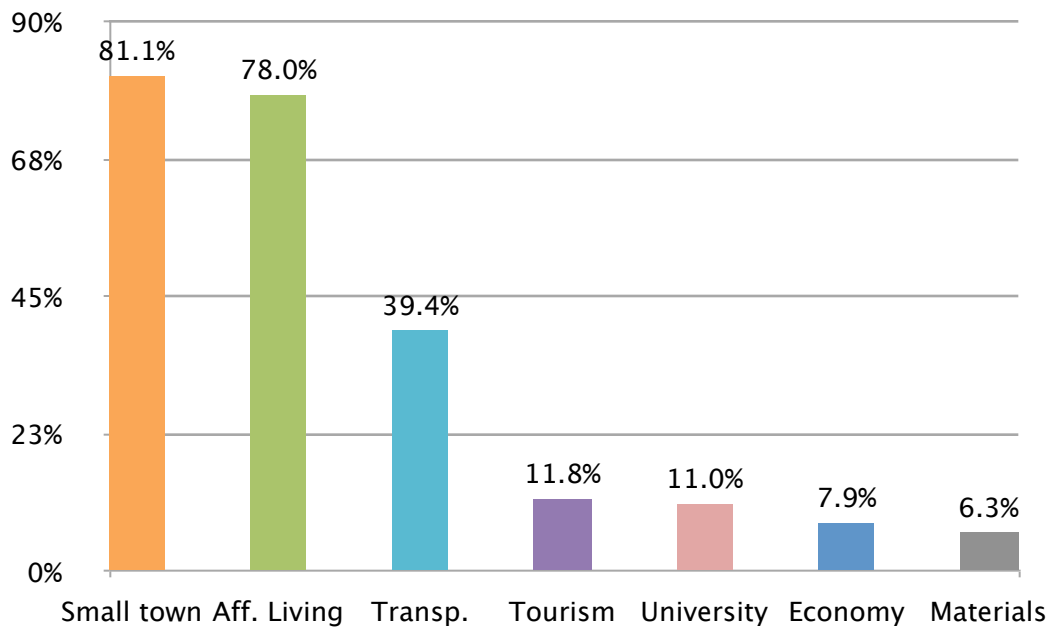
This is a categorical, dual-choice question used to identify economic strengths and weaknesses within targeted counties. The data suggests 73 percent of respondents believe their customers reside within the county in which their business is located.

**5) What are your company's strengths?**



This is a categorical, multiple-choice question used to determine what types of businesses have the greatest opportunity for success when establishing new business within the area. The top responses were favorable reputation (82.7 percent), longevity (74.8 percent) and skilled employees (61.4 percent).

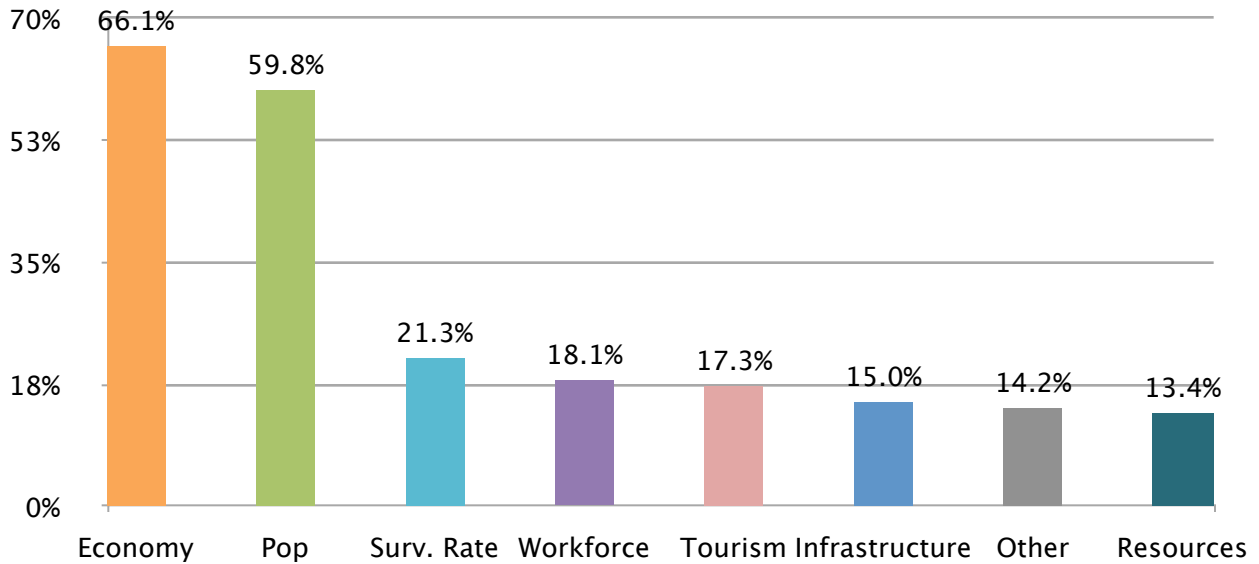
**6) What are the strengths of doing business in this county?**



This is a categorical, multiple-choice question used to measure the quality of the region’s business environment, helping the team generate an inventory of regional assets. Results suggest 81.1

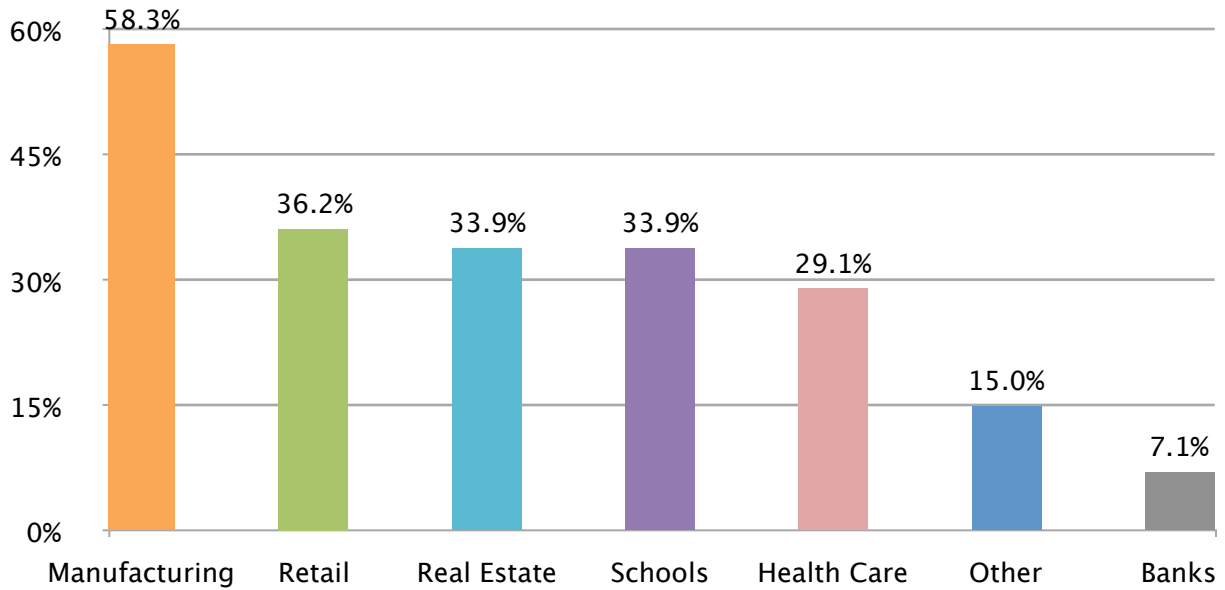
percent of respondents believe a small town feeling is a strength of doing business in their county. Affordable living was the second highest response (78.0 percent), followed by transportation systems (39.4 percent).

**7) What are the challenges of doing business in this county?**



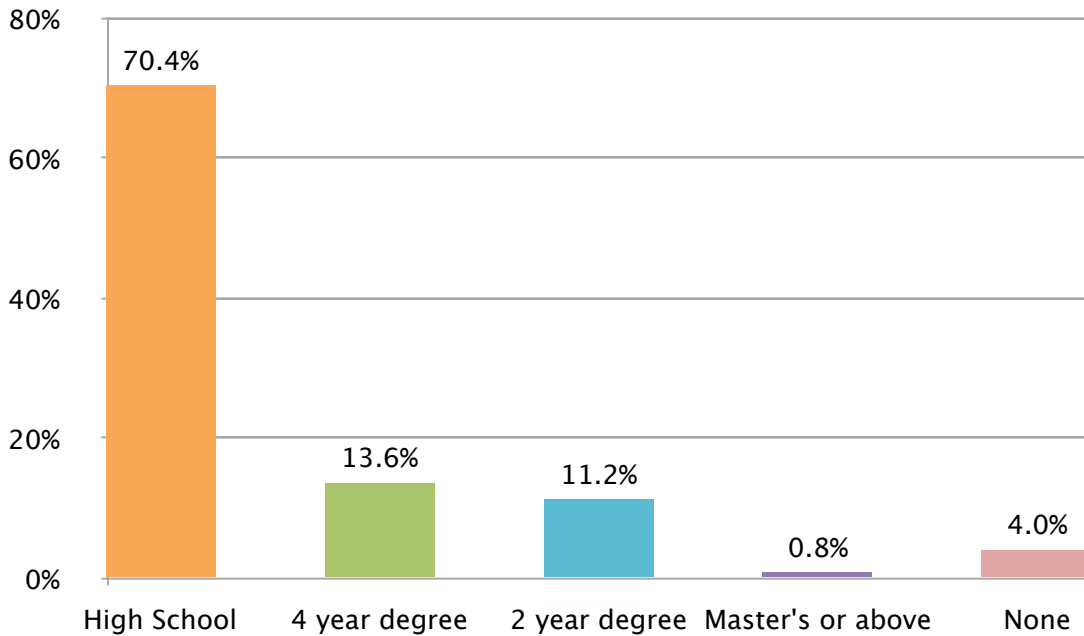
This question was selected with the intention of identifying economic strengths and weaknesses, while also measuring the quality of the region’s business environment. It was a categorical, multiple-choice question. Data suggests an overwhelming 66.1 percent of respondents indicate a slow economy as a challenge of conducting business. The next largest response was having a small population (59.8 percent). While survival rate had the third highest percentage (21.3 percent), data clearly indicates slow economy and small population are the two largest challenges for the majority of respondents.

**8) What infrastructure systems need to improve in this county?**



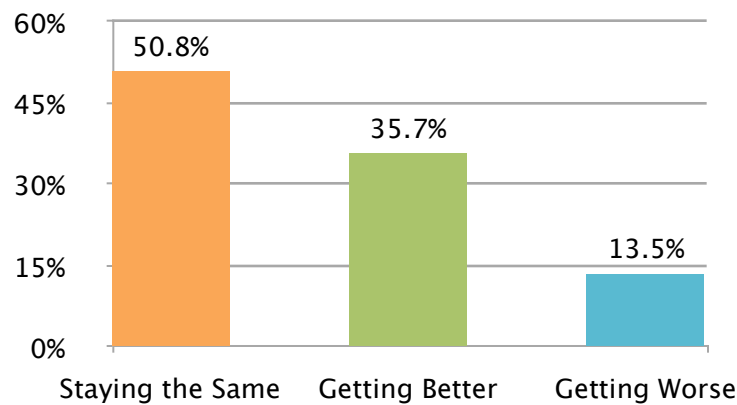
This question was chosen to identify the strengths and weaknesses of the economy, measure the quality of the business environment within the region, and provide an inventory of regional assets and liabilities. This was also designed as a categorical, multiple-choice question. Of the 127 respondents, 58.3 percent selected manufacturing as the infrastructure needing improvement within their county. Research shows 36.2 percent of respondents believe retail needs improving within their county. Real Estate and school systems followed, both with a percentage of 33.9.

**9) In general, what is the required level of education among your employees?**



This question was developed by the research team to measure the quality of the region’s business environment. It was designed as a categorical, multiple-choice question. The majority of respondents (70.4 percent) say that a high school diploma or GED is required of their employees. Interestingly, only 13.6 percent indicate that a 4 year degree is required.

**10) Considering the local economy over the next year, do you think your area’s economy will be:**



This is a categorical multiple choice question used to determine the quality of each regions economic environment. The data reveals most respondents (50.8 percent) feel their local economy will stay the same over the next year.

**11) How would you rate the importance of the following local factors to the success of your business in this county?**

(Scale: 1 - Very Important, 2 - Moderately Important, 3 - Slightly Important, 4 - Not Important, 5 - Unsure or Not Applicable)

Variable	Standard			Sample
	Average	Deviation	Minimum Maximum	
Close to distribution facilities	3.4	1.3	1 5	127
Availability of land for expansion	3.4	1.1	1 5	127
Close to suppliers	3.2	1.3	1 5	127
Availability of freight transportation	3.2	1.4	1 5	127
Cultural amenities and recreational activities	2.9	1.1	1 5	127
Concerns about environmental problems	2.8	1.1	1 5	126
Access to technological resources	2.6	1.1	1 5	126
Access to capital	2.5	1.2	1 5	125
Low labor costs	2.5	1.2	1 5	127
Low cost of transportation	2.4	1.3	1 5	127
Affordable housing	2.3	1.1	1 5	127
Availability of labor in the region	2.3	1.3	1 5	126
Low business property taxes	1.9	1.2	1 5	127
Low cost of utilities	1.8	0.9	1 5	127
Close to customers	1.8	1.1	1 5	126
Quality of workforce	1.7	0.9	1 5	126

This list of factors focuses on each target county's economic strengths and weaknesses. By listing a series of local factors, the question measures the quality of each region's business environment and generates a regional inventory of assets and liabilities.

The averages of responses ranged from 3.4 to 1.7 indicating a variation of respondents ranking level of importance for factors and their relation to business success. Respondents found low business property taxes (1.9), low cost of utilities (1.8), close to customers (1.8), and quality of workforce (1.7) to be conducive to the success of their business. Data suggests the number one factor vital to business success is the quality of workforce with an average of 1.7.

**12) Please rate the following local services in terms of how well they meet your business needs.**

(Scale: 1 - Excellent, 2 - Good, 3 - Fair, 4 - Poor, 5 - N/A)

Variable	Standard		Minimum	Maximum	Sample
	Average	Deviation			
Close to distribution facilities	3.5	1.3	1	5	127
Close to suppliers	3.5	1.3	1	5	126
Availability of land for expansion	3.4	1.5	1	5	127
Availability of freight transportation	3.3	1.4	1	5	126
Low cost of transportation	3.3	1.1	1	5	127
Concerns about environmental problems	3.2	1.2	1	5	126
Access to capital	3.2	1.3	1	5	127
Low business property taxes	3.2	1.1	1	5	127
Cultural amenities and recreational activities	3.1	1.2	1	5	127
Access to technological resources	3.1	1.1	1	5	127
Low labor costs	3.0	1.1	1	5	127
Availability of labor in the region	3.0	1.1	1	5	127
Low cost of utilities	2.8	0.9	1	5	127
Affordable housing	2.7	1.1	1	5	126
Quality of workforce	2.6	1.0	1	5	126
Close to customers	2.2	1.1	1	5	126

This list of factors assesses current levels of satisfaction of doing business in the tri-state market. Respondents rated each factor according to how well they meet their business needs. From the data, economic strengths and weaknesses can be identified, as well as the quality of the regions business environment.

Responses ranged from averages of 3.5 to 2.2. Factors that need most improvement include: being close to distribution facilities (3.5) and being close to suppliers (3.5). Factors of affordable housing (2.7) and the quality of workforce (2.6) fell between ratings of good and fair for respondents. Data reveals the number one factor that best suits business needs is being close to customers with an average of responses being 2.2.

**13) We would not like to ask you a series of questions regarding the economic climate of this area. On a scale of 1-7, where 1 is “Strongly Disagree” and 7 is “Strongly Agree,” please rate your response to the following statements by circling one number per statement.**



Variable	Standard			Sample
	Average	Deviation	Minimum Maximum	
My county has extremely favorable tourism opportunities	4.2	1.9	1 7	124
I am extremely satisfied with the quality of the county's school system	4.1	1.5	1 7	127
I think business with pick up for me and my competitors soon	4.0	1.4	1 7	125
I am extremely satisfied with the quality of the county's health care	4.0	1.5	1 7	127
It is easy to borrow money in my county	3.8	1.5	1 7	124
I am extremely satisfied with my county's transportation systems	3.7	1.4	1 7	126
It is easy to find employees with the skills necessary for my business	3.7	1.5	1 7	127
I am likely to expand my business into other counties	3.2	2.0	1 7	124
It is easy for the workforce to find a job in my county	3.0	1.4	1 7	127
My county has high economic wealth, resulting in rapid expansion	2.8	1.4	1 7	125

This series of likert questions focuses on economic strengths and weaknesses, evaluating the quality of the region's business environment. Average responses ranged from 4.2 to 2.8 indicating neutral to slight disagreement with most statements. Factors falling under slight disagreement include: high economic wealth (2.8), easy for workforce to find a job (3.0) and likely to expand business into other counties (3.2). These results indicate respondents found their counties to have low economic wealth, low job opportunity, and no intentions to expand business into other counties.

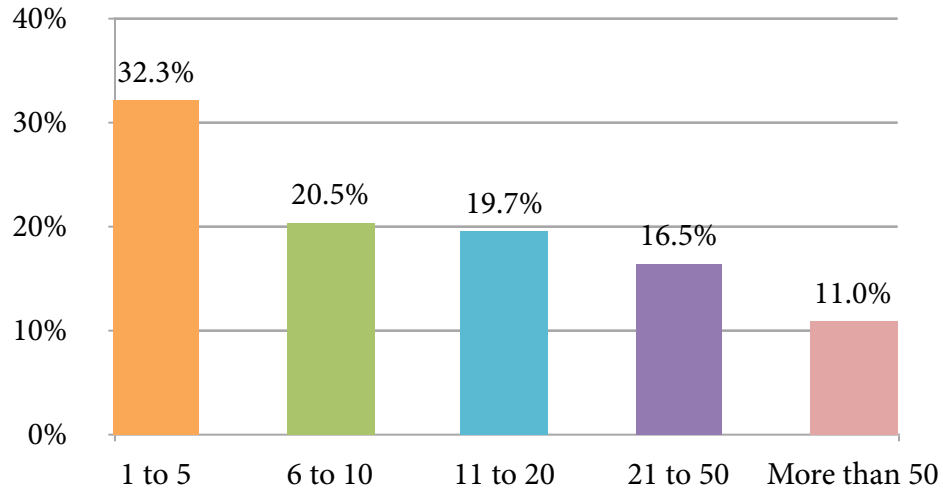
**14) Name three challenges for your business?**

This is an open-ended aided question used to identify economic strengths and weaknesses within targeted counties. Top responses include: quality of workforce, cost of gasoline, and too much government intervention with high taxes and strict regulations.

**15) Without a money constraint, what would be an ideal business to start up in your county?**

This open-ended unaided question was used to determine what types of businesses have the greatest opportunity for success when establishing a new business within the area. Respondents frequently answered manufacturing, upscale restaurant, and sports bar as businesses that would be ideal to start up.

**16) How many people currently work for your organization in this county?**



This is a categorical multiple choice question used to generate an inventory of types of businesses in the tri-state region. Data indicates 32.3 percent of businesses have one to five employees followed by 20.5 percent employing six to ten.

### SIGNIFICANCE TESTS

The following tests are done within a 95 percent confidence interval.

#### TWO GROUP PERCENTS

Do the majority of your customers reside within this county?

	No	Yes	Difference
Sample Size	34	91	
<b>Real Estate (Yes)</b>	20.6%	39.6%	19.0%
<b>Manufacturing (Yes)</b>	44.1%	64.8%	20.7%

There is a statistically significant difference between firms in which the majority of customers are located within their county and those that do not regarding the need for infrastructure improvements. Firms having the majority of their customers within the county believe county real estate and manufacturing need improvement. Of the 91 respondents answering yes, 39.6 percent agreed real estate need improvement in addition to 64.8 percent indicating manufacturing needs improvement.

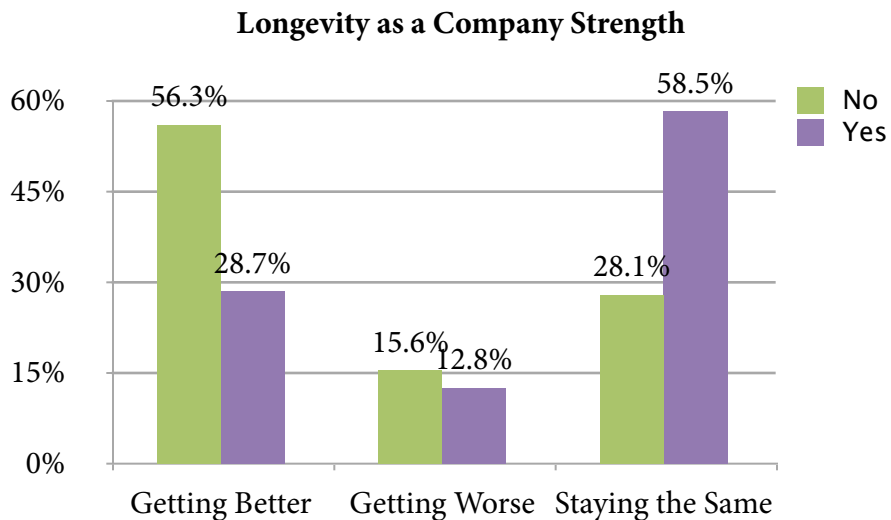
#### TWO GROUP AVERAGES

Health Care	No	Yes	Difference	Equal?*
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<b>I am extremely satisfied with the quality of the county's health care</b>	4.2	3.4	0.9	No
Sample Size	90	37		
*Yes=Equal; No=Not Equal at 95% level of significance.				

Data indicates there is a statistical significant difference between respondents suggesting a need for health care improvement and their level of satisfaction regarding current health care in their county. Respondents who answered health care does not need improvement remained neutral on their satisfaction level of current health care in the county with an average of 4.2. Of the 37 who felt health care needed improvement, 3.4 was the average satisfaction level demonstrating respondents were slightly dissatisfied with current health care in the county.

### CROSS TABULATION ANALYSIS

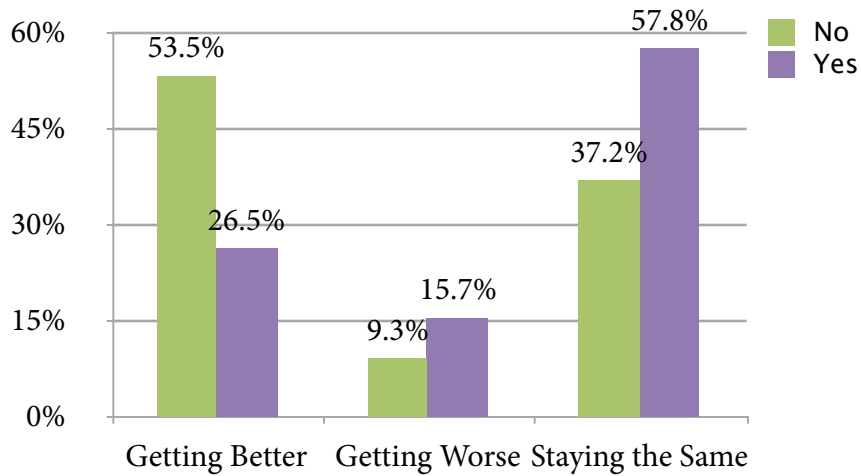


A Chi-Square analysis shows there is a statistically significant relationship between respondents attributing longevity as a company strength and their view on the likelihood of the economy getting better, getting worse, or staying the same over the next year.

Companies with longevity as a strength make up 58.5 percent of respondents suggesting the economy will stay the same over the next year. Respondents from younger companies comprised 56.3 percent that believed the economy will improve.

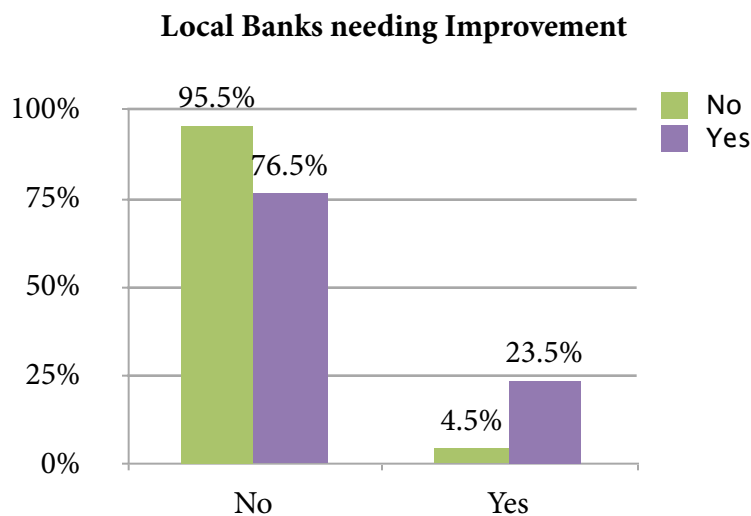
The longer a business has been in existence, the more likely the respondent is to assume the economy will stay the same over the next year. In contrast, younger companies believe the economy will improve.

### Slow Economy as a Challenge for Business



This Chi-Square analysis illustrates a statistically significant relationship between respondents finding slow economic growth to be problematic for business and their outlook on the future economy.

Respondents viewing slow economy as a challenge for conducting business represent 57.8 percent believing the future economy will remain unchanged. Of the respondents that do not believe slow economy to be a challenge for business, 53.5 percent suggested the economy would improve.



Respondent answers suggested a statistically significant relationship between lack of resources and local bank improvement. Approximately 76.5 percent of respondents who stated lack of resources is a challenge within the county did not find banks to be a problem. Only 23.5 percent of respondents felt the county lacked resources finding banks to need improvement.

## CORRELATION & MULTIPLE REGRESSION ANALYSIS

Dependent Variable	Total Cases	119	
My county has high economic wealth, resulting in rapid expansion			
Independent Variable(s)	Coefficient	Standardized	Significant?*
I am likely to expand my business into other counties	0.27	0.40	Yes

\*95% level of confidence

A correlation analysis was conducted to assess the relationship between the dependent variable of economic wealth and the independent variable being business expansion. A very weak (.40) positive correlation exists between high economic wealth and the likelihood for businesses to expand into other counties. For respondents agreeing that their county has high economic wealth, data indicates those businesses are more likely to expand into other counties.

Dependent Variable	Total Cases	121	
My county has extremely favorable tourism opportunities			
Independent Variable(s)	Coefficient	Standardized	Significant?*
My county has high economic wealth, resulting in rapid expansion	0.58	0.39	Yes

\*95% level of confidence

Analysis revealed a relationship between favorable tourism opportunities and high economic wealth, resulting in rapid expansion. With a very weak positive correlation of .39, data shows respondents find an existence of favorable tourism opportunities that enable the county to have high economic wealth, resulting in expansion.

Dependent Variable	Total Cases	120	
I think business will pick up for me and my competitors soon			
Independent Variable(s)	Coefficient	Standardized	Significant?*
It is easy to borrow money in my county	0.34	0.36	Yes
My county has high economic wealth, resulting in rapid expansion	0.21	0.21	Yes

\*95% level of confidence

The research team sought to determine what factors are related to business picking up in the county. A multiple regression analysis was conducted to assess the linear relationship between the dependent variable (business improving) and independent variables (other metric questions). Analysis displayed a relationship between business progressing and two factors. A very weak positive correlation exists between this dependent variable and ease of borrowing money (.36) and high economic wealth (.21).

## TWO PAIRED VARIABLE AVERAGES

<b>Variables Analyzed</b>	<b>Average</b>	<b>Difference</b>	<b>Equal?*</b>
<b>Quality of workforce (importance to business)</b>	1.7		
<b>Quality of workforce (satisfaction with county)</b>	2.6	-1.0	No
<b>Close to customers (importance to business)</b>	1.8		
<b>Close to customers (satisfaction with county)</b>	2.2	-0.4	No
<b>Low cost of utilities (importance to business)</b>	1.8		
<b>Low cost of utilities (satisfaction with county)</b>	2.8	-1.0	No
<b>Low business property taxes (importance to business)</b>	1.9		
<b>Low business property taxes (satisfaction with county)</b>	3.2	-1.2	No
<b>Availability of labor in the region (importance to business)</b>	2.3		
<b>Availability of labor in the region (satisfaction with county)</b>	3.0	-0.7	No
<b>Affordable housing (importance to business)</b>	2.3		
<b>Affordable housing (satisfaction with county)</b>	2.7	-0.4	No
<b>Low cost of transportation (importance to business)</b>	2.4		
<b>Low cost of transportation (satisfaction with county)</b>	3.3	-0.9	No
<b>Low labor costs (importance to business)</b>	2.5		
<b>Low labor costs (satisfaction with county)</b>	3.0	-0.5	No
<b>Access to capital (importance to business)</b>	2.5		
<b>Access to capital (satisfaction with county)</b>	3.2	-0.7	No
<b>Access to technological resources (importance to business)</b>	2.6		
<b>Access to technological resources (satisfaction with county)</b>	3.1	-0.5	No
<b>Concerns about environmental problems (imp. to business)</b>	2.8		
<b>Concerns about environmental problems (sat. with county)</b>	3.2	-0.4	No
<b>Cultural amenities and recreational activities (imp. to bus.)</b>	2.9		
<b>Cultural amenities and recreational activities (sat. with co.)</b>	3.1	-0.3	No

\*Yes=Equal; No=Not Equal at 95% level of significance.

Research was conducted to determine how well county factors meet business needs. Respondents were asked to rate the importance of local factors to their business success in addition to rating

these factors on a satisfaction level. The factors above are areas that businesses recognized as contributors to their success; however, the county is not meeting business needs in these areas.

<b>Variables Analyzed</b>	<b>Average</b>	<b>Difference</b>	<b>Equal?*</b>
<b>Availability of land for expansion (imp. to business)</b>	3.4		
<b>Availability of land for expansion (satisfaction w/ county)</b>	3.4	0.0	Yes
<b>Close to suppliers (importance to business)</b>	3.2		
<b>Close to suppliers (satisfaction with county)</b>	3.5	-0.2	Yes
<b>Close to distribution facilities (importance to business)</b>	3.4		
<b>Close to distribution facilities (satisfaction with county)</b>	3.5	-0.2	Yes
<b>Availability of freight transportation (imp. to business)</b>	3.2		
<b>Availability of freight transportation (sat. with county)</b>	3.3	-0.2	Yes

\*Yes=Equal; No=Not Equal at 95% level of significance.

Analysis was done to determine which factors are currently satisfactory in the county for businesses. Statistically data reflects the perception for the above factors to meet current business needs.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Determine what types of businesses have the greatest opportunity for success when establishing new businesses within the area:**

Data suggests that the majority of tri-state firm’s customers reside within the county which business operates. Additionally, data implies this majority of customers find real estate and manufacturing industries need improvement. Research reflects 39.6 percent of the 91 respondents answered yes, agreeing real estate demands improvement as well as 64.8 percent suggesting manufacturing must also develop.

### **Recommendation:**

In order to create a more flourishing business environment, attracting more consumers, the tri-state region must invest time and money into developing real estate and manufacturing markets within targeted counties. Research also indicates businesses within the tri-state area require a minimal level of education. Of the 91 respondents who answered yes, 39.6 percent agreed that real estate market needs improvement as well as 64.8 stating manufacturing also needs development.

### **Assess current levels of satisfaction of doing business in the tri-state market:**

Data indicates respondents within the tri-state area are somewhat dissatisfied with the quality of healthcare. Twenty-nine point one percent of respondents indicated slight dissatisfaction with healthcare. Respondents answering healthcare did not need improvement also remained neutral on their satisfaction level of healthcare within their county. Respondents answering healthcare did need to be improved portrayed a “slightly dissatisfied” level of satisfaction with the current healthcare.

#### **Recommendation:**

Overall, it is recommended to constantly improve a region’s healthcare. However, in these specific counties, there are other areas, including real estate and manufacturing that currently demand a higher level of attention than healthcare operations.

### **Measure the longevity of tri-state area businesses:**

Fifty-eight point five percent of respondents working for companies where longevity is a strength, suggest the economy will remain the same over the next year. However, 56.3 percent of respondents from younger companies state the economy will improve over the duration of the next year. Essentially, the longer the business has been around, the more likely it is to assume the economy will remain the same. In contrast, younger companies took an optimistic approach finding the economy will improve. Data indicates the majority of respondents believe the economy will remain unchanged in this next year. Respondents that shared this view also indicated that the slow economy has been a consistent challenge while conducting business within tri-state counties.

### **Identify economic strength and weaknesses within targeted counties:**

Data states high levels of economic wealth within a county are more likely to result in business expansion. For respondents agreeing their county has high economic wealth, data indicates those businesses are more likely to expand into other counties. Data also implies counties with high levels of tourism are wealthier than counties lacking tourism. According to data, a large amount of wealth in counties stems from tourism, ultimately leading to businesses expanding into various counties. Data signifies there is a weak positive correlation between the ease of borrowing money and high economic wealth regarding the likelihood of a business expanding. Essentially, respondents showed the easier it is to borrow money in a county, the higher economic wealth is within that county. This suggests businesses are more likely to expand. Within tri-state counties, banks were not found to be a problem. Approximately 76.5 percent of respondents, stating lack of resources was a challenge within the community, did not find banks to be an issue. Only a small percentage (23.5 percent) of respondents believe banks in tri-state counties need improvement.

#### **Recommendation:**



In order to increase economic wealth and expand business into multiple locations, counties must make it easier for businesses to borrow money. Additionally, tourism contributed to a large amount of wealth within each county's economy. The counties maintaining a higher level of tourism yield a wealthier economy. Tri-state counties should focus on ways to attract tourists to the region and generate revenue for the county. Ultimately, counties having high tourism and businesses that can easily borrow money, produce wealthier economies while expanding business.

### **Measure the quality of the region's business area:**

According to data results, respondents indicated tri-state counties are struggling in the following areas: quality of workforce, closeness to customers, low cost of utilities, low business property taxes, availability of labor in the region, affordable housing, low cost of transportation, low labor costs, access to capital, access to technological resources, concerns about environmental problems, and cultural amenities and recreational activities. Respondents rated these categories as "moderately important" to "slightly important." Data directly shows tri-state counties are struggling in the listed areas and respondents suggest these variables to be indicative of a successful business. In contrast, data suggests respondents found tri-state counties succeeding in the following areas: availability of land for expansion, closeness to suppliers, closeness to distribution facilities and availability of freight transportation. Respondents consistently indicated tri-state counties are meeting the needs for businesses in previously listed variables. On average, respondents answered these factors were met fairly by tri-state counties.

### **Recommendation:**

In order to improve upon these factors, tri-state counties must focus and allocate money into quality of workforce, closeness to customers, low cost of utilities, and low business property taxes. On the other hand, tri-state counties should continue to strive for improvement in the following areas: availability of land for expansion, closeness to suppliers, closeness to distribution facilities, and availability of freight transportation.

## **APPENDICES**

*The Appendices contain all additional portions of the research study. The client may find these components as a useful companion to the study.*

## **CLIENT PROPOSAL**

**Marketing Research Client:** Dr. David Paas 517.607.2547 (dpaas@hillsdale.edu)

**Research Team Primary Contact:** Natalie Ewers 517.610.1911 (newers@hillsdale.edu)

### **Economic and Business Administration: Client Proposal**

#### **Introduction:**

Nearly one-third of all manufacturing jobs lost during the 2008 recession occurred in the Midwest, making it the hardest hit region of the country, according to a new report from Georgetown University. The region lost at least 610,000 jobs and is predicted to experience even more job losses as manufacturing and agriculture employment continues to decline an estimated 4 percent to 1 percent respectively through 2018.

#### **Problem Statement/Opportunity Identification:**

Dr. Paas and the Economic and Business Administration are utilizing the Hillsdale College Marketing Research class to conduct a research study to analyze economic development opportunities in the following counties: Hillsdale and Branch Counties in Michigan, Williams County in Ohio, and Steuben County in Indiana. The goal of the study is to evaluate the perceptions of business development efforts to identify opportunities for economic growth. Topics include business recruitment/attraction, business retention, small business development, business incentives, tourism and retiree attraction, and economic development training assistance.

#### **Research Objectives:**

Develop a direct mail questionnaire targeting area small business owners to help local EDCs identify the strengths and weaknesses of the tri-state market as a place to do business and help identify opportunities for economic development.

#### **Objectives:**

1. Identify economic strengths and weaknesses within targeted counties.
2. Assess current levels of satisfaction of doing business in the tri-state market.
3. Measure the quality of the region's business environment.
4. Generate an inventory of regional assets and liabilities.
5. Determine what types of businesses have the greatest opportunity for success when establishing new businesses within the area.
6. Measure longevity of tri-state area businesses.

#### **Application:**

Research results will provide the Economic and Business Administration with quantifiable data suggesting the best strategic plan to improve the tri-state economies. This information will be shared with area EDCs.

**Research Design:**

The research team will design a direct mail questionnaire using random selection to send to various business owners in Hillsdale and Branch Counties in Michigan, Williams County in Ohio, and Steuben County in Indiana.

**Financial Responsibilities:**

All expenses will be charged to the EBA cost center. Anticipated costs include: postage, direct mail list, envelopes, printing and final report costs. The Marketing Research team will work within a budget of \$750.

**Anticipated Timeline:**

After the approval and signature of this document, the research of the above objectives and statements will commence. A written and oral presentation will be presented to the client in May, 2012 with the exact date to be announced.

Thank you for this opportunity. We are honored to assist the Economic and Business Administration and look forward to the results.

**Research Team Approval:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Client Approval:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**WEEKLY STATUS REPORT**

*Status reports were completed and given to Professor King each week monitoring the progress of our research study.*

#### **WEEK 1: January 31, 2012**

##### 1. Client Contact

The team has begun discussing drafting an email for Dr. Paas. Our goal is to draft and send the email on January 31, 2012. Ideally, we would like to meet with him this week. If we do not receive a timely response, we will try to stop by his office and see if he has time to discuss details about the project.

##### 2. Client Meeting

We are beginning to do some background research regarding the EBA. This research will help in our formulation of questions that we will be asking Dr. Paas. In order to conduct proper research, we must know the objectives. Since we are calling the meeting, we must know what questions to ask. Additional meetings will be scheduled in order to update our client.

#### **WEEK 2: February 7, 2012**

##### 1. Client Contact

We emailed Dr. Paas on Monday, February 6, 2012 and set up a meeting for Wednesday, February 8, 2012. At this meeting we plan to discuss the objectives of the project and identify the target market. After establishing the above information, the group is better able to formulate questions for the survey.

#### **WEEK 3: February 14, 2012**

##### 1. Client Meeting

On February 8, 2012, we had a twenty minute meeting with Dr. Paas discussing the objectives of the EBA. From this meeting we established our target market, discussed the budget, and began formulating questions for the survey.

##### 2. Survey

We met Sunday, February 12, 2012 and drafted questions for our EBA questionnaire. From these questions we plan to organize the questionnaire in the proper format and revise questions as needed.

#### **WEEK 4: February 21, 2012**

##### 1. Client Proposal

The team met on Monday, February 20, 2012 to draft the client proposal for the EBA. The group will send a draft to manager Susan King. Once approval has been given, the team will meet with client Dr. David Paas.

#### **WEEK 5: February 27, 2012**

##### 1. PERT Chart

Formulated PERT chart with tentative dates for project deadlines. Will present to Professor King Feb. 28 to double check deadlines and ask any questions.

2. USA Data Research  
Went to USA Data website to purchase research for the EBA's specific objectives for survey.
3. Secondary Research  
Conducted secondary research for EBA from the lists that were purchased from USA Data. Looked up various articles and old research on relevant topics in similar counties and wrote summaries.

#### **WEEK 6: March 5, 2012**

1. Formulated Questionnaire:  
Group met to draft the questionnaire for the EBA. Reviewed questions from old draft and reworded as well as changed the order of questions. Will send to Dr. Paas and Professor King for review before Thursday, March 8.

#### **WEEK 7: March 13, 2012**

1. Questionnaire  
Group met to format questionnaire. We arranged questions in proper order and changed font size and paragraph space to fit the allotted space.
2. Cover Letter  
Drafted cover letter Monday, April 12, 2012.
3. Secondary Research  
Made minor changes to Secondary Research Report.

#### **WEEK 8: March 20, 2012**

1. Questionnaire  
Sent cover letter and questionnaire to printer to be copied, folded, and mailed out. Surveys were mailed Tuesday, March 20th. Deadline for respondents is April, 6th.

#### **WEEK 9: April 2, 2012**

1. EBA Coding  
Went through questionnaire and put coding together for questions.
2. Pretest  
Dropped off 12 sample pre-tests to businesses around Hillsdale and Jonesville. Will pick up April 6th.
3. Surveys

Still waiting for replies. Checking mail room today.

**WEEK 10: April 10, 2012**

1. Pretest  
Picked up pretest surveys from Hillsdale businesses.
2. Interim Report  
Identified each questions research objective and classified each question as categorical or metric.
3. Presentation  
Set a final date for our final presentation with Dr. Paas and the EBA. Need to draft a formal invitation for the EBA.
4. Surveys  
Picked up returned surveys from mail room. Began entering data into Excel. Currently, we have 100 surveys. Last pickup after survey deadline is Tuesday, April 10.

**WEEK 11: April 17, 2012**

1. Data Input  
Completed data input for excel.
2. Significance Test  
Ran difference and relationship tests.
3. Report  
Continued writing report as tests were completed.

## PRESENTATION INVITATION

Marketing Research Team

Sent: Thursday April 19th, 11:50 am

To: Hillsdale College Business Department

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Dear Hillsdale College EBA,

We are pleased to invite you to the presentation of our marketing research project regarding the status of business owners in the tri-state region. The presentation will be held at 10:30 a.m. on Tuesday May 8th, 2012 in room 335 on the third floor of Lane Hall at Hillsdale College. We look forward to seeing you on Tuesday.

Thank you for your time and we hope you all can make it!

Sincerely,

Hillsdale College  
Marketing Research Team

Natalie Ewers  
Morgan Podkul  
Erin Whaley



## SECONDARY RESEARCH

### Secondary Research Report EBA Economic Development

#### **Objective:**

The objective of this report is to provide examples of economic initiatives undertaken by counties within the United States to cultivate economic opportunity. Giving insight for tourism, business incentives, and retiree attraction, the report touches upon the importance of organization and strategic planning before embarking on new initiatives.

The information obtained will allow the Hillsdale College Economics and Business Administration Department to better understand what considerations must be taken and what opportunities are available when looking at economic development opportunities in the tri-state area.

#### **Summary:**

Beginning in late 2007, the recession resulted in many job losses and increased unemployment rates throughout the United States. Areas that appear to be most affected and show slowest recovery are non-metro areas dependent on manufacturing. Manufacturing industries, such as construction, transportation, utilities and mining, impact a county's viability significantly. Without these jobs, non-metro communities have few employment alternatives due to varying demographic features in each area. Other non-metro industries suffering from the recession are farms and ranches. It is important to consider expansion of farming and ranching efforts to encourage visitors, ultimately generating more money for each business and stimulation the economy.

As time progresses, populations tend to change. With an aging population, each region must be aware of its changing target markets since different age ranges have different shopping patterns and interests. With these changes, businesses should identify different opportunities for targeting each age range.

A study was conducted throughout small rural towns in Oklahoma to analyze the economic conditions of the farm towns. Citizens were given a survey with various questions on how they would rate the hospitals, transportation, medical clinics, police department and various other elements and industries within their town. After the data was gathered from the various towns, the information was analyzed and a strategic plan developed from the data. The ultimate goal of the strategic plan was to increase the quality of life among the citizens that reside in these small, rural towns.

Another relevant study was conducted in Douglas County, Atlanta. Douglas is also a small, rural town in Georgia that is constantly striving to cultivate economic development through three endeavors: intensifying entrepreneurship and small business efforts, diversifying industrial recruitment and employers and preparing a group of new leaders to move the county's vision

forward. In order to achieve this, Douglas County attempts to attract a diverse range of companies to conduct business within the town and foster entrepreneurs and untested ideas. Douglas County has found the most successful way to develop the county's economy is to cultivate relationships with state-level developers.

The United States Department of Agriculture conducted an Economic Research Service Report designed to identify local factors that contribute to economic growth, especially within rural counties. Specifically, the study indicates potential factors associated with rural economic growth are low initial labor costs, retirement county status, high education spending per pupil and the presence of a passenger service airport within 50 miles. State right-to-work laws, the percentage of adults who had completed high school, and access to the interstate highway system have also been correlated with economic growth in rural areas.

A study conducted by the University of Maryland System and the University of Delaware sought to determine how rural counties in Delmarva and Southern Maryland generate jobs. Targeting 15 rural counties in the Delmarva Peninsula and Southern Maryland, they discovered the three leading job-generating activities for the counties include: industrial parks, activity of economic development entity, and tourism promotion. These initiatives have the ability to generate thousands of employees, changing the economy of the county when they occur.

### ***Amber Waves***

#### ***Economic Recovery: Lessons Learned From Previous Recessions***

Due to the recession beginning in December 2007, America has seen the largest overall job loss percentages and unemployment rates since the early 1980s. Deepening in the recession, unemployment rates climbed reaching 9.6 percent in metro areas and 9.0 percent in non-metro areas while employment declined 4.3 percent in metro areas and 2.3 percent in non-metro areas. Every recession the United States has experienced varies in intensity, duration, and depth. These variations are caused by shifting industrial structures and federal government economic policies. Generally, non-metro areas are slower to recover from economic downturns than metro areas. In the 1990 and 2001 recessions, non-metro areas fared better than metro areas. Of note, demographic factors and industry growth play a role in determining how long it takes for areas to recover.

Recessions affect industries and various economies in different ways. In the recent recession, employment in construction, transportation, utilities, finance, and mining have significantly decreased. Unemployment rates for those with more education were always lower; however, the most recent recession significantly affected employment for college graduates. The unemployment rate for college-educated workers was lower for non-metro areas. This difference can be attributed to increased employment in state and local government, public and private education, and health services. These sectors employ a significant number of college-educated workers in non-metro areas.

Non-metro counties heavily dependent on manufacturing showed the largest employment decline. Being hit harder by the recent recession, non-metro manufacturing counties will see a slower recover due to the higher proportion of the areas manufacturing jobs.

**<http://www.ers.usda.gov/AmberWaves/March10/Features/EconomicRecovery.htm>**

***ERS Report Summary***

***Baby Boom Migration and Its Impact on Rural America***

Old boomers are likely to become empty nesters, while younger boomers are still in the middle of child raising and career building. “Baby boomers have already demonstrated more of an affinity for moving to rural and small-town destinations than older or younger cohorts.” This baby boom migration will increase the overall size of rural America’s retirement-age population. In 2020, the populations of fifty-five to seventy-five years olds will increase in rural areas of the United States. During the current decade, the rate of growth for this age range will triple to 31 percent. Baby boom migration will bring additional benefits and costs for rural destinations. Rural areas will face different demands for local goods and services along with different opportunities for economic expansion with this demographic market. Some areas which experience an influx of baby boomers might see a rise in demand for housing, transportation, health care, and retail infrastructure. These factors must be considered when looking to improve social and economic levels within a community.

**[http://www.ers.usda.gov/Publications/ERR79/ERR79\\_ReportSummary.pdf](http://www.ers.usda.gov/Publications/ERR79/ERR79_ReportSummary.pdf)**

**<http://www.ers.usda.gov/AmberWaves/September09/PDF/BabyBoom.pdf>**

## COVER LETTER

March 15, 2012

Dear Respondent,

As students of Hillsdale College's marketing research class, we are conducting a research study on behalf of Hillsdale College's Economic and Business Administration Department. Through this study, we will analyze economic development opportunities in Hillsdale and Branch Counties in Michigan, Williams County in Ohio, and Steuben County in Indiana.

Enclosed is a short questionnaire asking a variety of questions regarding business attraction, business retention, small business development, business incentives, and economic development. Please look over the questionnaire, respond to the questions and mail it back in the enclosed postage paid envelope **by April 6, 2012**.

You were selected to be part of this study based on business location and size. Participation is important since your responses will be used to represent many others in the area. Please be assured all information provided will remain anonymous.

**The survey should only take about 5 minutes to complete.** Please take the time to respond. The information gathered will help guide future economic development decisions in your county. Your voice matters.

Upon submission of your survey, your name will be entered into a **drawing to win one of several \$25 Visa gift cards**. We hope you will take the time to complete this questionnaire and return it by April 6, 2012.

If you have any questions or concerns about completing the questionnaire or about being part of this study, you may contact our project coordinator, Professor Susan King, at 517-607-2416.

Thank you in advance for your cooperation and assistance.

Sincerely,

Hillsdale College Marketing Research Team

## THANK YOU

Dear Dr. Paas,

We would like to thank you for allowing our marketing research team to assist the Hillsdale College EBA Department in its efforts to better understand the current status of business owners in the tri-state region. The ability for us to administer a survey on behalf of the EBA Department was an excellent learning process giving us real-world experience that can be applied to our future endeavors in marketing.

We hope that our research findings were insightful and that the EBA Department may be able to use the new information to help develop the economies and small businesses in tri-state counties. By considering our recommendations and the suggestions of small business owners in Hillsdale, Steuben, Branch and William's County, we hope that the economies and businesses there will find more success.

It was our pleasure to work with you this semester. Thank you again for granting us the opportunity to learn and enrich our education by working with such a distinguished college.

Sincerely,

Marketing Research Team

Natalie Ewers

Morgan Podkul

Erin Whaley