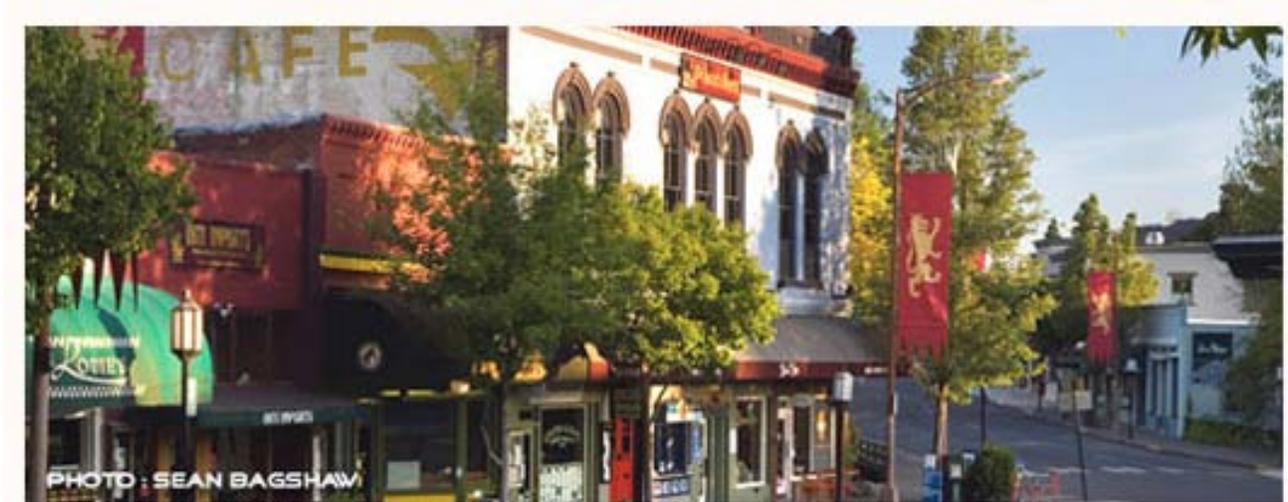


# Report on the Findings of the 2012 Ashland Business and Retention Survey



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For the City of Ashland and the Ashland Chamber of Commerce

*May 2012*



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## Introduction

Since 2006 Ashland businesses have been surveyed periodically through a Business Retention and Expansion (BR&E) program developed by the Ashland Chamber of Commerce and funded through the Chamber and the City of Ashland. The centerpiece of the program is an in-depth interview with local businesses by business leaders that seeks to identify specific issues and challenges to business health and growth. The BR&E program taps the information collected through in-person interviews to facilitate problem solving and increase communication between businesses and policymakers. The survey also helps the Chamber and City identify business needs for expansion in terms of workforce skills, physical space, and infrastructure. Where needed, the program follows up on urgent local business issues, or “Red Flags,” that may jeopardize the health and/or retention of a given business. The Chamber’s Rapid Response Team works with businesses, and where necessary, local agencies and government, to assist in the resolution of issues.

The Chamber’s BR&E program is coordinated through its Leadership Team, a group of business leaders, City officials, Chamber staff and consultant. Through a series of meetings the team identified the program’s objectives, developed the interview instrument, selected businesses, and invited and trained local business leaders to conduct the personal interviews. Eighteen leaders completed 32 hour-long interviews<sup>1</sup> between January and March 2012.

As in previous BR&E surveys, the 2012 instrument sought to provide the Chamber and City with actionable information about the business community such as: basic information about the business (such as age, employment and occupation levels); workforce needs and training; linkages between local and regional businesses; indicators of business activity in the past and expectations for the future; challenges to business success; and business needs for physical expansion and infrastructure. Additionally, the 2012 survey queried businesses about the importance of sustainability and about their interest in specific conservation and sustainability programs. Unlike earlier surveys, the 2012 instrument posed many open-ended questions and encouraged businesses to respond in detail. As a result, comments were grouped into general categories or themes in order to summarize the spirit of diverse answers, as well as to protect the anonymity of the participating businesses. The 2012 Ashland BR&E Survey is located in Appendix B.

Additionally, the 2012 BR&E interviews collected business comments on priorities and actions addressed in the City’s Economic Development Strategy.<sup>2</sup> Due to the importance of this feedback, the report organizes the findings of the BR&E interviews by ten topics relating to the City’s strategy:

- a. Advantages and challenges of growing a business in Ashland;*
- b. Successes and challenges over the past recessionary years;*
- c. Businesses’ suggestions about ways to make Ashland’s economic future healthier;*
- d. Educational and skill needs and/or gaps in the existing workforce;*
- e. Educational and professional development needs and resources or support for business owners and their leadership teams;*
- f. Types of investment capital needed or desired for business growth;*
- g. Future physical growth needs, challenges or barriers to growth ;*

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<sup>1</sup> The city contracted for 25 completed interviews with businesses.

<sup>2</sup> City of Ashland, “Economic Development Strategy, Enhancing Economic Strength in Community,” adopted by Ashland City Council, July 2011.

- h. Needs unique to first, second and third stage businesses;*
- i. Dependence on other local and regional businesses for success;*
- j. The significance or importance that businesses place on sustainable business operations and decisions and their interest in pursuing it further.*

The BR&E team selected businesses across key local industrial sectors, including professional and technical services, specialty manufacturing and retail, health care, arts and entertainment, and accommodations and food services.<sup>3</sup> Furthermore, in line with the City’s economic development strategy, the team sought to interview businesses with characteristics identified in the City’s economic development strategy, such as those that:

- Are committed to operating their business and living in Ashland
- Rely on and earn a competitive advantage from innovation, creativity, design and technology in their operations for new product development, creation or expansion of niche markets, process improvements, etc.
- Produce specialty and value added goods or services with a market beyond our local economy
- Purchase from the local and regional economy for supply or provide goods or services that reduce the need of the community to purchase goods or services from outside of region
- Produce a wide variety of different types of products and services, emphasis on businesses that:
  - Use local design, engineering and pre-production development with larger scale production occurring elsewhere;
  - Are locally-based top leadership/decision making team with some operation functions possibly occurring elsewhere;
  - Employ an educated, creative and innovative workforce;
  - Access and benefit from high speed broadband internet services;
  - Have limited need for large outdoor storage, large scale production facilities or significant off-site water or energy needs for local operations;
  - See quality of life as a key business and personal measure of success.

The organization of this report follows the informational needs of the City of Ashland as it refines its economic development strategy, and of the Ashland Chamber of Commerce as it develops its programs to support Ashland’s businesses and the community at large. To gain a feel for feedback from the businesses interviewed, answers and comments to open-ended questions are featured end of each section. Major sections of the report are:

- I. General Overview of Selected Businesses
- II. Advantages of Growing Business in Ashland (*Item “a”*)
- III. Disadvantages and Challenges of Growing a Business in Ashland (*Item “a”*)
- IV. Impacts of the Recession and Businesses’ Challenges and Successes (*Items “b” and “f”*)
- V. Future Business Growth, Expansion and Barriers (*Item “g”*)
- VI. Workforce and Professional Development Needs (*Items “d” and “e”*)
- VII. Needs by Business Stage (*Item “h”*)
- VIII. Supply Chain and Markets (*Item “i”*)
- IX. Sustainability (*Item “j”*)
- X. Ideas for a Healthy Economic Future (*Item “c”*)
- XI. Conclusions

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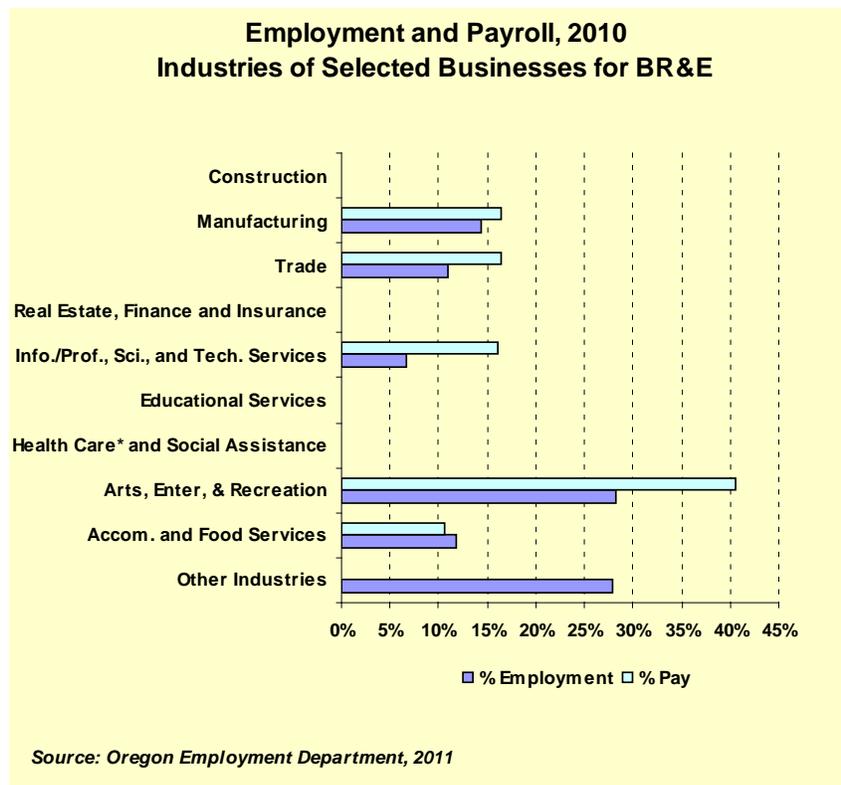
<sup>3</sup> A list of the Ashland businesses interviewed may be found in Appendix A.

## I. General Overview of Selected Businesses

One objective of the BR&E interview was to collect basic (and confidential) information about each business and their employees. Taken as a whole, employment of selected businesses totaled 2,230 and accounted for 19% of Ashland’s total employment and 23% of its payroll in 2010.<sup>4</sup> Over one quarter of employees and 40% of payroll of selected firms worked for businesses in the arts, entertainment and recreation sector. Businesses allocated to the “Other” category accounted for another quarter of employment. This category includes companies that were located beyond the city limits, or those whose confidentiality would be compromised by reporting them in their specific industries. Several businesses that were located outside Ashland city limits were also included in this category. A high priority in the selection of businesses was to interview high-skill, technology-oriented companies. According to the employment data, 7% of employment and 16% of payroll of selected businesses related to firms in information, professional, scientific and technical services. Most of these companies are small, yet pay higher wages than the group as a whole.

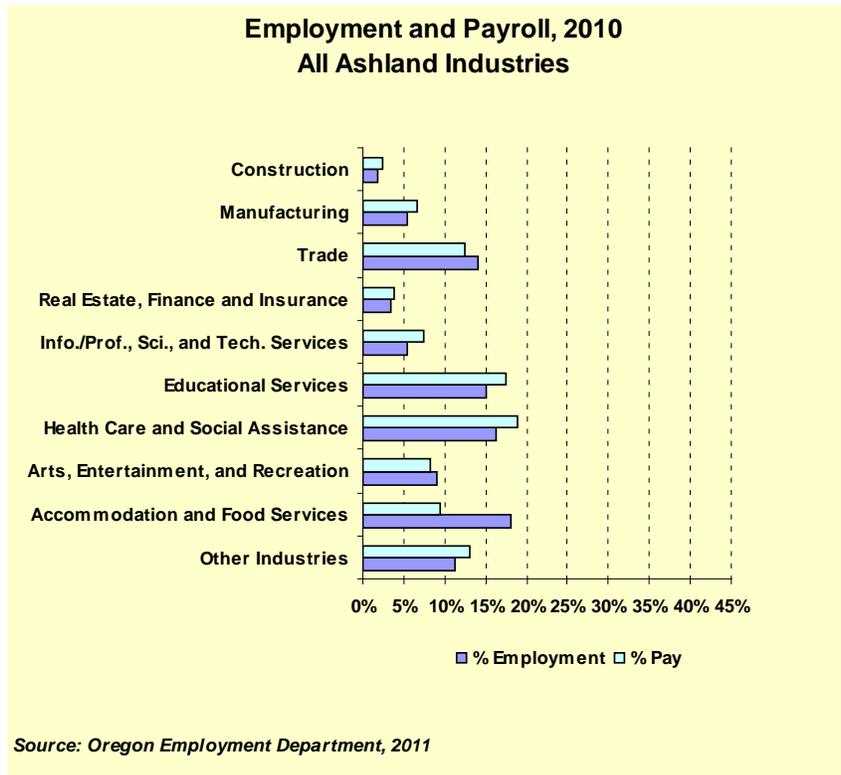
Throughout the presentation of results of this survey it is important to note that the sample of businesses surveyed is representative of the distribution of neither Ashland’s businesses nor its industries. Comparing Graph 1 to Graph 2, it is clear that the City’s employment is distributed across more sectors, such as construction, real estate and finance, and educational and health services than is employment of the selected BR&E businesses. As discussed in the introduction, businesses with specific profiles were selected for this year’s BR&E program rather than attempting to draw a “representative sample” of Ashland’s business.

**Graph 1.**



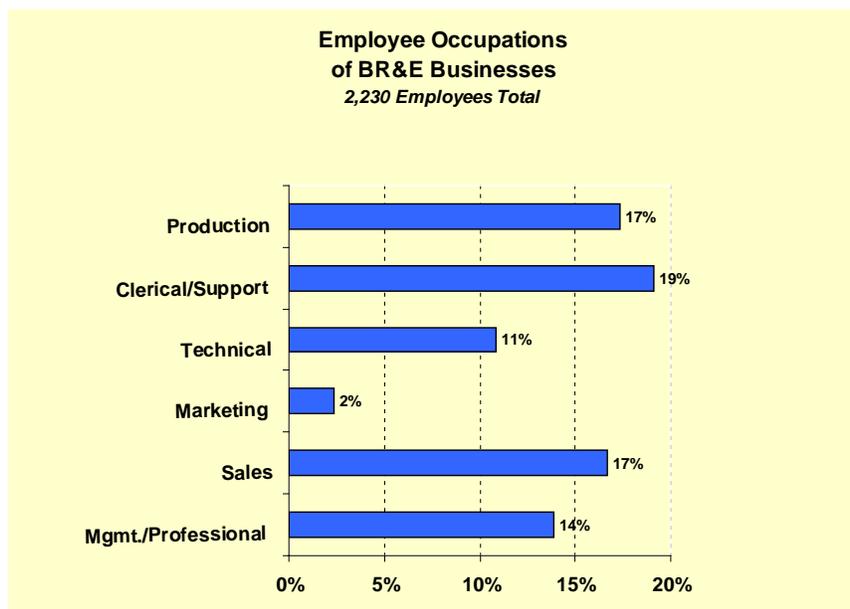
<sup>4</sup> Employment and payroll data is based on records of selected businesses from the Oregon Department of Employment. Access to this confidential data was granted to the City of Ashland and this project for “planning purposes.”

**Graph 2.**



Because learning about employees’ skills and training needs is an important objective of this survey, businesses were asked about the kinds of occupations in which their employees worked (Graph 3). Over half of the employees of BR&E businesses worked in a clerical, sales or production occupations. Higher-skill jobs, such as those in management and technical occupations, were held by 14% and 11% of employees, respectively.

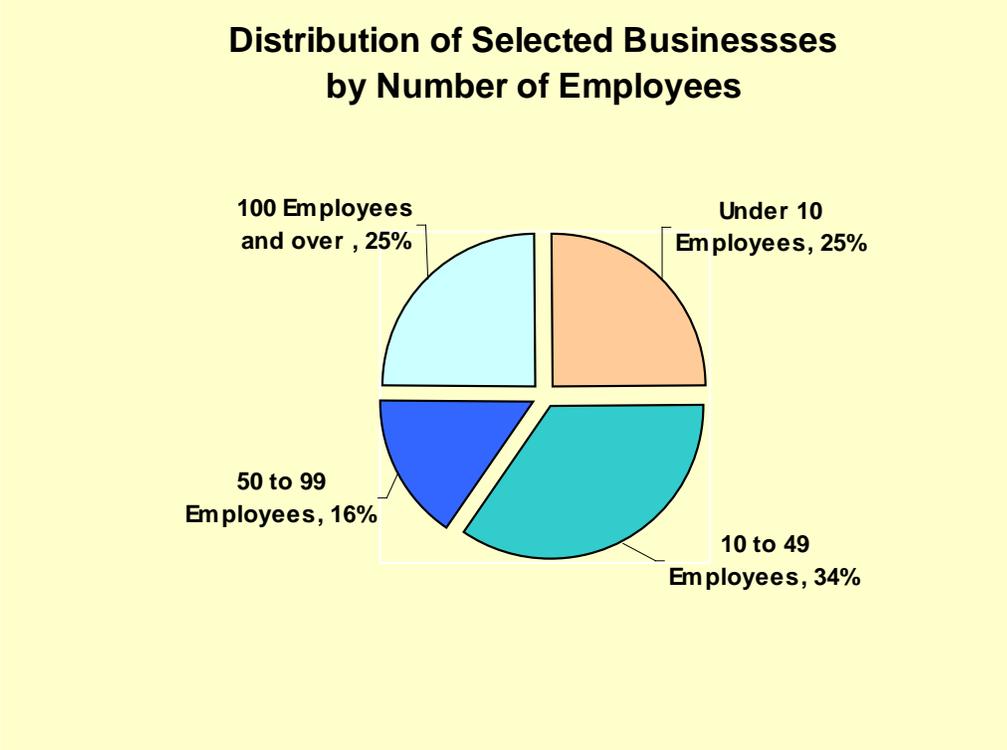
**Graph 3.**



Where employees of Ashland businesses live and where they work are important questions to officials planning for the City’s future land use needs. Nearly two out of three businesses estimated that at least half of their employees lived in Ashland. Alternatively, over half of BR&E business reported that they employed workers at locations outside the City, principally within the Rogue Valley. Still, over 80% of the 2,230 employees working for selected businesses worked in Ashland.

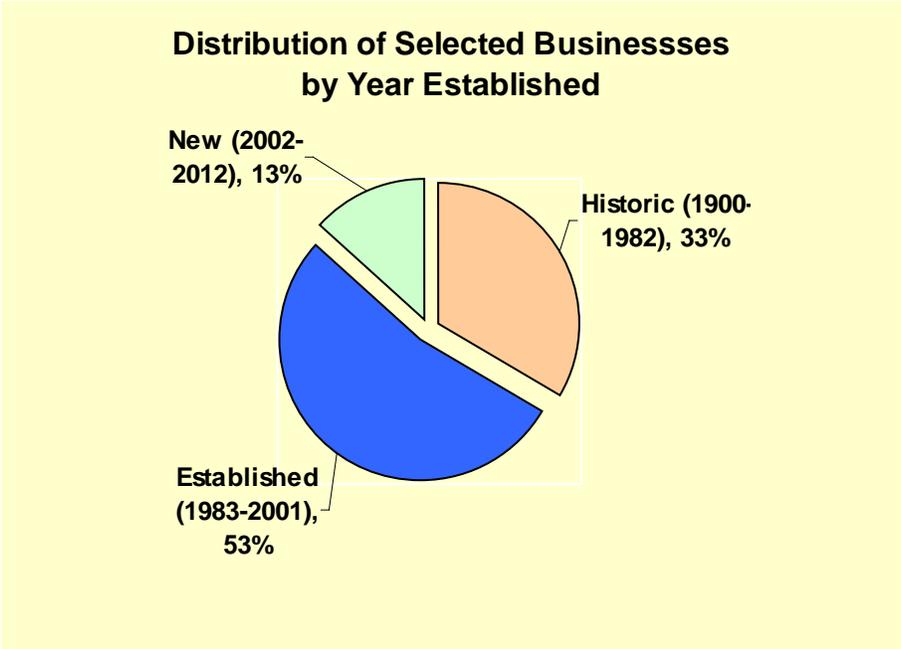
In addition to information about businesses’ employees, characteristics of the businesses themselves were recorded. Measured by employment, the sizes of businesses were well-distributed across small, medium and large companies. About 25% of the firms employed 10 or fewer workers, and another 25% accounted for over 100 employees (Graph 4).

**Graph 4.**



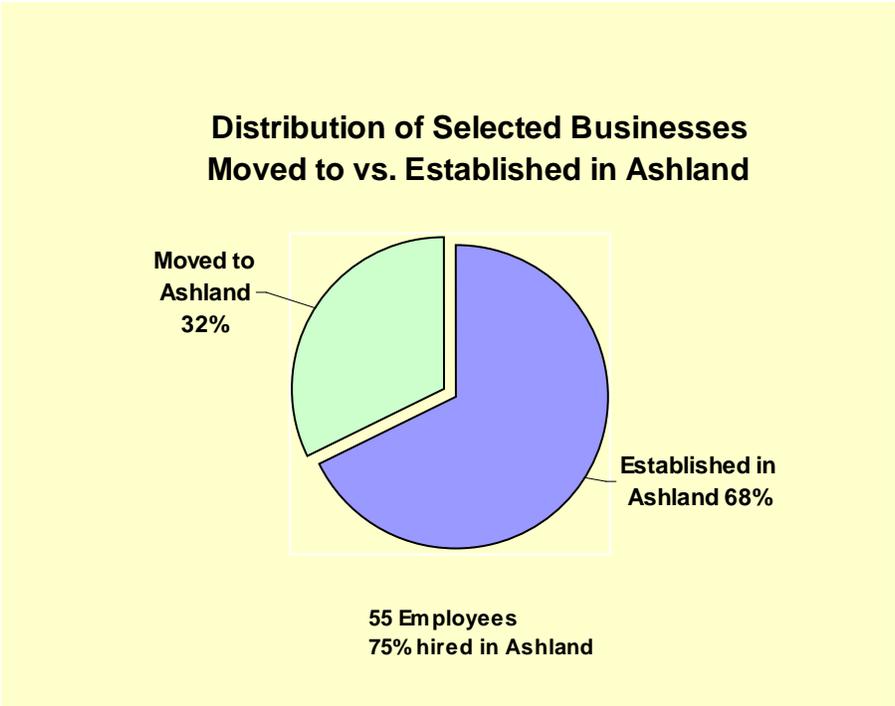
Similarly, the survey sample encompassed a cross-section of businesses by age (Graph 5). Just over half were “Established” companies, founded between 1983 and 2001. Another third were long-standing, “Historic” businesses established prior to 1983. The remaining 13% were “New” companies. Section VII of this report examines the needs of businesses depending on the stage (or age) of their business.

**Graph 5.**



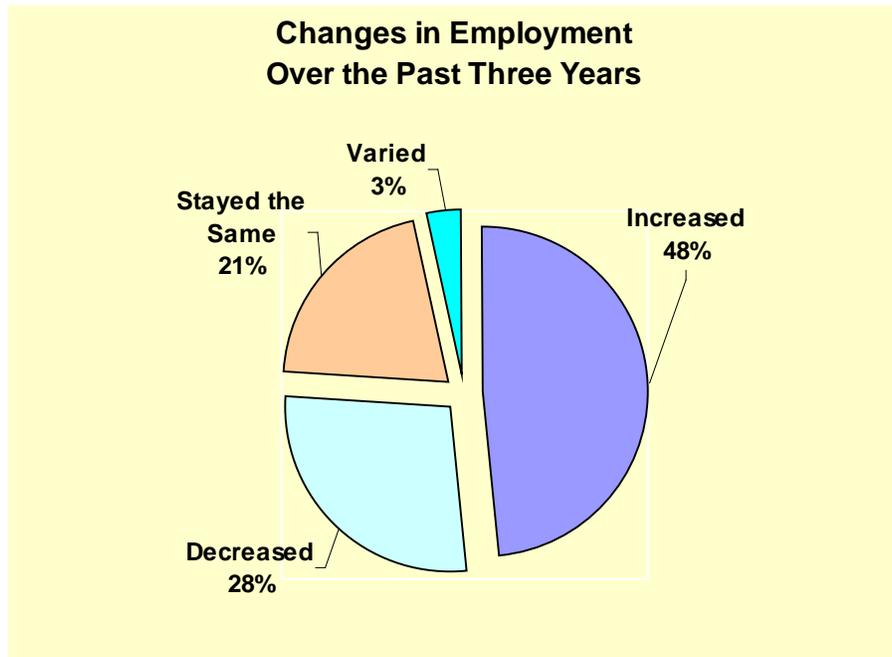
Aside from mere curiosity about the history of businesses that relocated to Ashland, an important question is whether companies also moved their employees with them or if they hired employees locally. The one-third of BR&E businesses who relocated to Ashland reported that they hired 75% of their workforce locally at the time that they moved (Graph 6).

**Graph 6.**



Finding out how local businesses fared the recent recession is a central question of the 2012 BR&E survey. While this issue is addressed fully in Section IV, it is clear from Graph 7 that most businesses either maintained or increased their levels of employment in the recent past. Less than a third reported cuts in employment.

**Graph 7.**



## **II. Advantages of Growing a Business in Ashland (*Item “a”*)**

Throughout the survey, businesses mentioned advantages of living and doing business in Ashland, or talked about what attracted them and kept them in Ashland. About half of the businesses pointed to the City’s quality of life, including its livability, small-town feel, beauty and opportunities for outdoor recreation. About one in four businesses cited benefits of being located close to friends and relatives. Others described Ashland’s cultural attractions, the educational system, and living in a “college town” as important to them personally. More business-related advantages mentioned included the Ashland Fiber Network (“Connection is better than in Denver”) and close proximity to other related businesses. Several companies appreciated their loyal customers and employees.

## **III. Disadvantages and Challenges of Growing a Business in Ashland (*Item “a”*)**

Across responses to numerous open-ended questions, businesses pointed to challenges they faced in doing business in Ashland. Most issues mentioned echoed those of the earlier 2006 and 2008 Ashland BR&E surveys. Grouped into four themes, businesses listed challenges involving the local and regional workforce; the relatively small local market for their products or services; local land use processes and policies; anti-business sentiments; and “Miscellaneous” challenges.

The most-frequently mentioned challenges for local businesses concerned labor hiring and skills issues. Many acknowledged the region's relatively small labor pool, particularly for higher-skill and technical workers. This limitation made finding qualified employees difficult. In the case of lower-skill or minimum-wage workers businesses complained that employees often lacked "a good work ethic" or the "willingness to work." Section VI discusses businesses' needs for workforce skills and training.

Many businesses referred to real or perceived issues related to local policies and politics. A number of business owners commented on land use and zoning policies that were "difficult to navigate," or offered remarks like "the City says it wants to grow business but makes it too hard." Some businesses expanded their concern beyond City Hall to say that "the City and community are anti-business."

On the other hand, not all businesses experienced challenges with the land use process. Several noted that the process "Didn't go too bad," and "Getting approved went fine...approved on the first pass through." In fact, across the businesses interviewed the local land use permit process was rated favorably. On a scale of 1 to 5 (1= "Very Important") respondents rated the importance of the land use process an average of 2.2 and its adequacy an average of 2.1 (1= "Very Adequate"). Nearly three out of four businesses felt that the City's land use process was "Adequate-to-Very Adequate."

The majority of businesses judged the small-town feel and quality of life as an advantage to living and doing businesses in Ashland. However, many faced the down-side of smaller markets, not only for specialized or skilled labor, but for those selling to local and regional customers. Disadvantages reported included more competition for customers and visitors; lower incomes of locals; finding local manufacturing resources; and the need to adjust to seasonal fluctuations in business activity.

Other disadvantages of doing businesses were listed in this and past surveys. Several companies complained about panhandling and other homeless issues downtown or on their property, the lack of affordable housing for employees, and the inadequacy of cell phone service in south end of town. Concern about limited space for business expansion was also expressed and is discussed more fully in Section V.

#### **Other Business Comments, Advantages**

"There is an amazing sense of community one gets from living and working here."

Moved business here because ...

"Such things as the food co-op"

"We wanted a place with a university"

"Microbreweries"

"We wanted a place away from the big city"

## **Disadvantages**

“Haven't found resources here, especially suppliers or manufacturers”

“Difficulty of recruiting technical talent”

“Challenges of filling scientific and technical positions”

“Lack of south Ashland cell phone tower limits our company”

“I would like to expand, but there is no place to go”

“Less disposable income in the valley”

## **IV. Impacts of the Recession and Businesses' Challenges and Successes (Items “b” and “f”)**

### **Challenges and Impacts of Recession (Item “b”)**

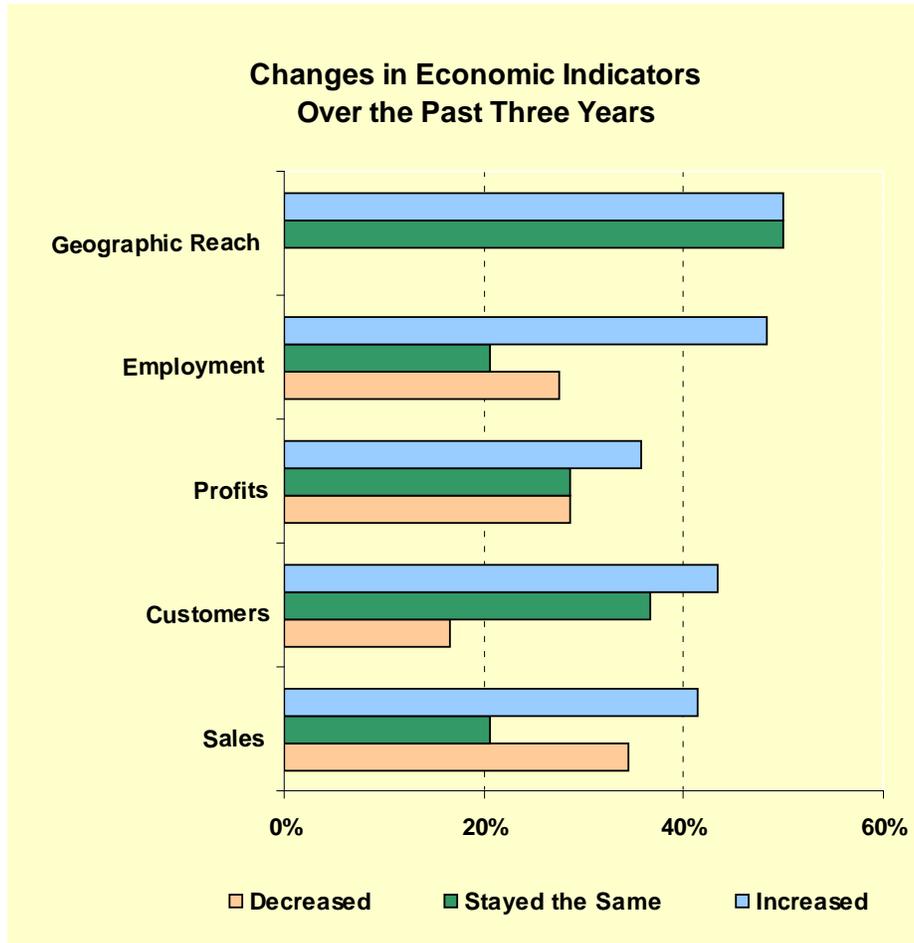
During an economic slowdown economy-wide demand for goods and services, investment in capital and incomes decline. This economic contraction affects business activity in most industrial sectors and creates uncertainty about the future for both workers and businesses. Since the recent recession led to economic distress throughout the nation, the BR&E team wanted to find out the impact of the slowdown on local businesses. Businesses reported on changes in indicators of business activity such as recent shifts in employment, sales, market reach and profits. Additionally, interviewers asked open-ended questions about the general and local impacts, the challenges and the successes businesses experienced during the recession. These quantitative and qualitative measures provide a well-rounded picture of the impact of the recession on the selected businesses and their industries.

The recent economic slowdown negatively affected around 30% of local businesses (Graph 8). A third experienced a decline in sales, and a lesser 29% reported decreases in employment and profits. However, close to 40% of businesses reported increases in sales, employment and customer volume. Changes in market or geographic reach were decisive; businesses either successfully extended their markets during the slowdown or lost some of their geographic reach.

Over half the responses to questions about the impact of the recession on their business were negative (Table 1). About one third of the businesses pointed to simply lack of demand or increased economic uncertainty. Some narrowed their comments to point to challenges with downsizing or making changes in production.

Impacts were felt both from the national and local markets of the selected companies. Not surprisingly, these companies reported some kind of decline in business activity, either through sales, volume of customers, or size of market. A number of businesses responded to these challenges by scaling back production or sales activity, downsizing, or increasing efficiencies. Businesses mentioned impacts such as slowed demand for their products, traveler spending declines, and the need to downsize their company. Other businesses reported challenges adjusting to reduced government or foundation funding or donations.

**Graph 8.**



However, nearly a third of the answers also showed that businesses took the opportunity during the slowdown to make internal changes. Many listed that they developed marketing and business plans, refined their vision, and worked to retain their good employees. They became “leaner and meaner” to “weather the economic storm.”

Specific impacts that businesses faced locally were increased competition from related businesses and decreased traveler spending. A few businesses mentioned that their local market was less affected by the slowdown than were their national markets. Several experienced the benefits of hiring from a better local labor pool. Challenges businesses faced locally focused on finding good-quality, skilled labor, and for some, finding workers who "were willing to work." Other local challenges included dealing with increased seasonal fluctuations in business, and geographically-limited cell phone service.

**Table 1.**

<b>Impacts and Challenges of the Recession</b>	<b>Overall</b>	<b>Local</b>
<b>Impacts</b>		
Decrease in business activity	✓	✓
Scaled back/downsized/became leaner	✓	✓
Business growth	✓	✓
Varied impacts + and -	✓	✓
No change or challenges	✓	✓
Less funding or donations	✓	✓
Local less affected than national economy		✓
Increased competition		✓
Travel/Spending down		✓
Easier to hire		✓
<b>Challenges</b>		
Economy/Lack of demand/Uncertainty	✓	✓
Marketing/Sales/Business plan/Defining vision	✓	✓
Worker issues/Finding skilled labor	✓	✓
Problems resulting from downsizing	✓	
Keeping employees content	✓	
Wearing too many hats	✓	✓
No challenges	✓	✓
Local government/Ordinances		✓
Increased competition		✓
Seasonal fluctuations more pronounced		✓
Limited cell phone service		✓

**Other Business Comments, Challenges of the Recession**

“Despite economy they have continued to grow.”

“Business has not slowed but the downturn has caused them to become better business people”

“They encouraged creativity in cutting costs to offset the downed economy.”

“Local conditions have very little impact except for the availability and quality of employee hires is better.”

“Uncertainty by people/customers nationwide; Some of our retailers have gone out of business.”

“Greater negative impact from local economy...(due to) less disposable income in the Valley.”

**Impacts of the Recession**

“The local slowdown...lots of small businesses cutting costs.”

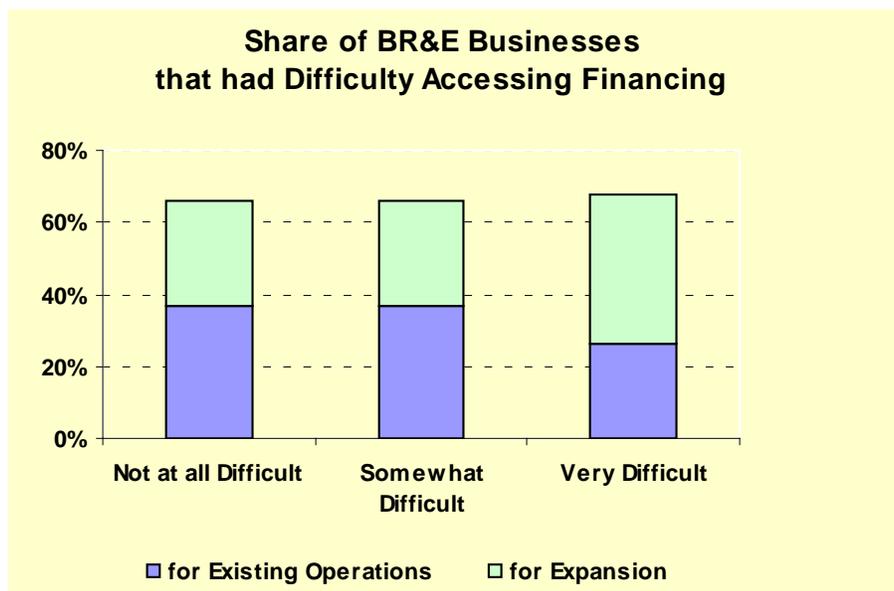
“They have not upgraded (*infrastructure*) or other costly items in an effort to keep costs down.”

## Need for Investment Capital (Item “f”)

While interest rates have been historically low, investment has lagged and business financing has been difficult to access across the country since the recession began. Interviewers asked whether local business experienced financing issues. Just over half of the businesses rated the level of difficulty accessing credit (Graph 9). Nearly two-thirds of these reported that financing was “Somewhat-to-Very Difficult” to access for existing operations. Funding for expansion proved to be more challenging for the majority of these businesses: 70% said that financing was “Somewhat-to-Very Difficult” to secure for business growth or expansion.<sup>5</sup>

In spite of over one-third of businesses expressing difficulty accessing financing, tight credit conditions were not mentioned as an impact or challenge of doing business nor of the recent recession. Additionally, no businesses listed the need to address financing issues in response to future challenges or in their ideas for fostering future economic growth (Sections V and X, respectively).

**Graph 9.**



### Other Business Comments on Financing Difficulties

“We have a very good relationship with our bank. No barriers at the present moment.”

“Process was lengthier, though not negatively impacted”

“Slower growth, passed up opportunities, reduced scale of production”

“We haven’t grown as quickly as we would have liked.”

“We missed opportunities that we could have taken advantage of”

“Local financing is not available.”

<sup>5</sup> 38% of businesses expanded sales, and 44% hired more employees over the past three years (Graph 8).

## Businesses' Successes during the Recession (Item "b")

As businesses adapted to the challenges and impacts of the recession, they had also had successes to report (Table 2). Around 40% of selected businesses reported increases over the past three years in business activity indicators such as employment, sales, customers, and geographic reach. Between 25% and 30% reported no changes in the indicators, many adding that simply weathering the economic downturn was a success. A number of businesses reported that economic slowdown led them to focus on internal challenges, such as developing a business or marketing plan, defining a vision. Pride in their employees and loyal customers during challenging time was expressed by a quarter of businesses.

**Table 2.**

<b>Business Successes</b>	<b>Overall</b>	<b>Local</b>
New or improved quality of products and services	✓	
Using new technologies	✓	
National exposure	✓	
Growth/Market expansion	✓	✓
Still in business/Weathered downturn/Debt free	✓	✓
Loyal customers	✓	✓
Internal planning	✓	✓
Employee training and work ethic	✓	✓
Meeting community needs		✓
Improvements in property/Infrastructure		✓
Employees willingness to work together as a team		✓

### Other Business Comments, Successes

"Despite economy they have continued to grow."

"Developed a business strategy; Employees work together--a great team."

"Saw growth in community support"

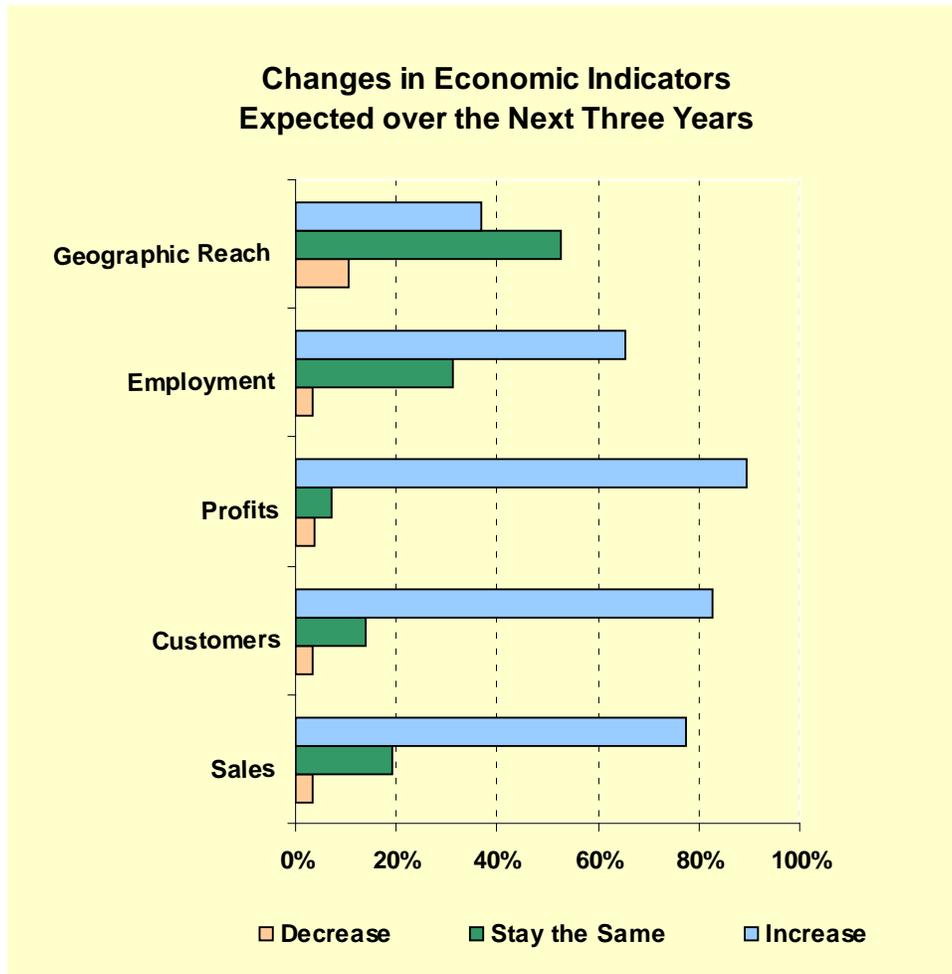
"Yes, they encouraged creativity in cutting costs to offset the downed economy"

"Easier to hire"

## V. Future Business Growth, Expansion and Barriers (Item “g”)

Looking to the future survey participants expressed very optimistic expectations for their business (Graph 10). With the exception of extending their geographic reach, the majority of companies anticipated growth in indicators of businesses success over the next three years. Most decisive is the ninety percent of businesses that expect their profits to grow.

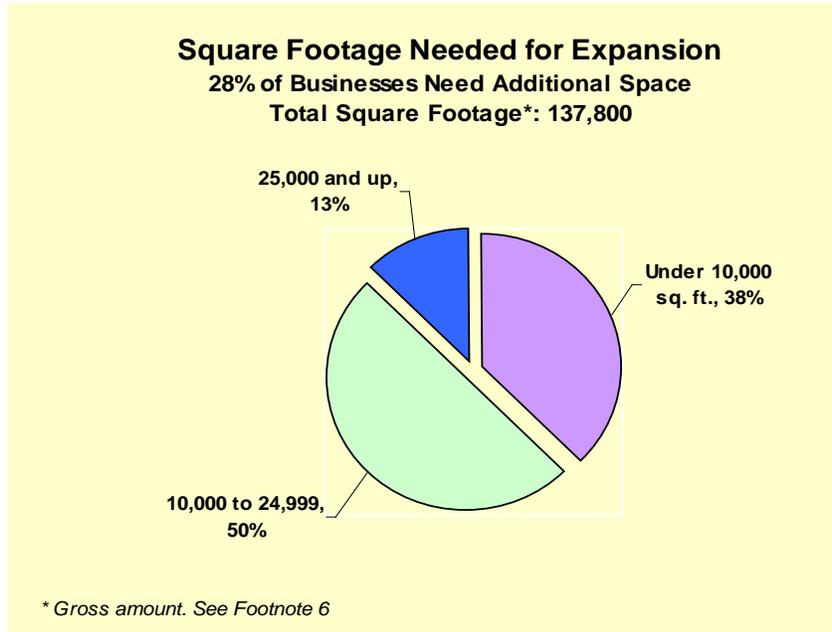
**Graph 10.**



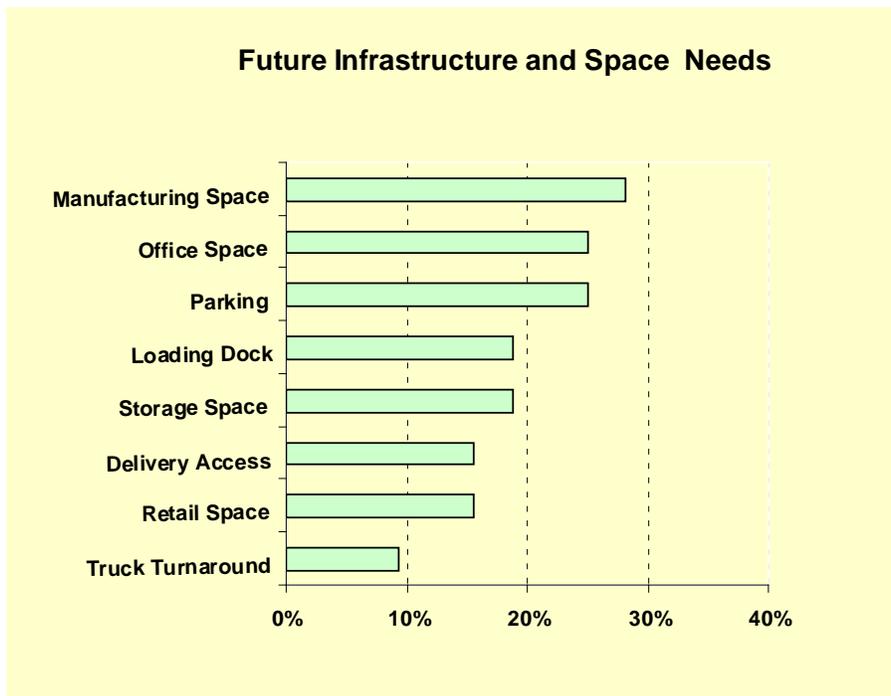
Consistent with this optimistic view are the 41% of businesses who are considering expanding physically over the next three years, most of which intend to stay in Ashland. However, 66% are concerned that the present location of their business does not provide for future expansion. Reasons for concern that businesses cited included limitations of conditional use permits; lack of adjoining land; costs of extending utilities; and issues with zoning and/or the land use permit process.

Twenty-eight percent of businesses reported that they needed additional land for their future building needs (Graph 11). Summed across businesses space needs totaled 137,800 square feet, or an average of 15,311 per business. Space needs varied from 10,000 to 24,999 sq. ft. for half of the expanding companies, and 13% anticipated needing over 25,000 square feet. Manufacturing, office space and parking were kinds of space needs that one quarter to one third of businesses expected to need (Graph 12).

**Graph 11.**



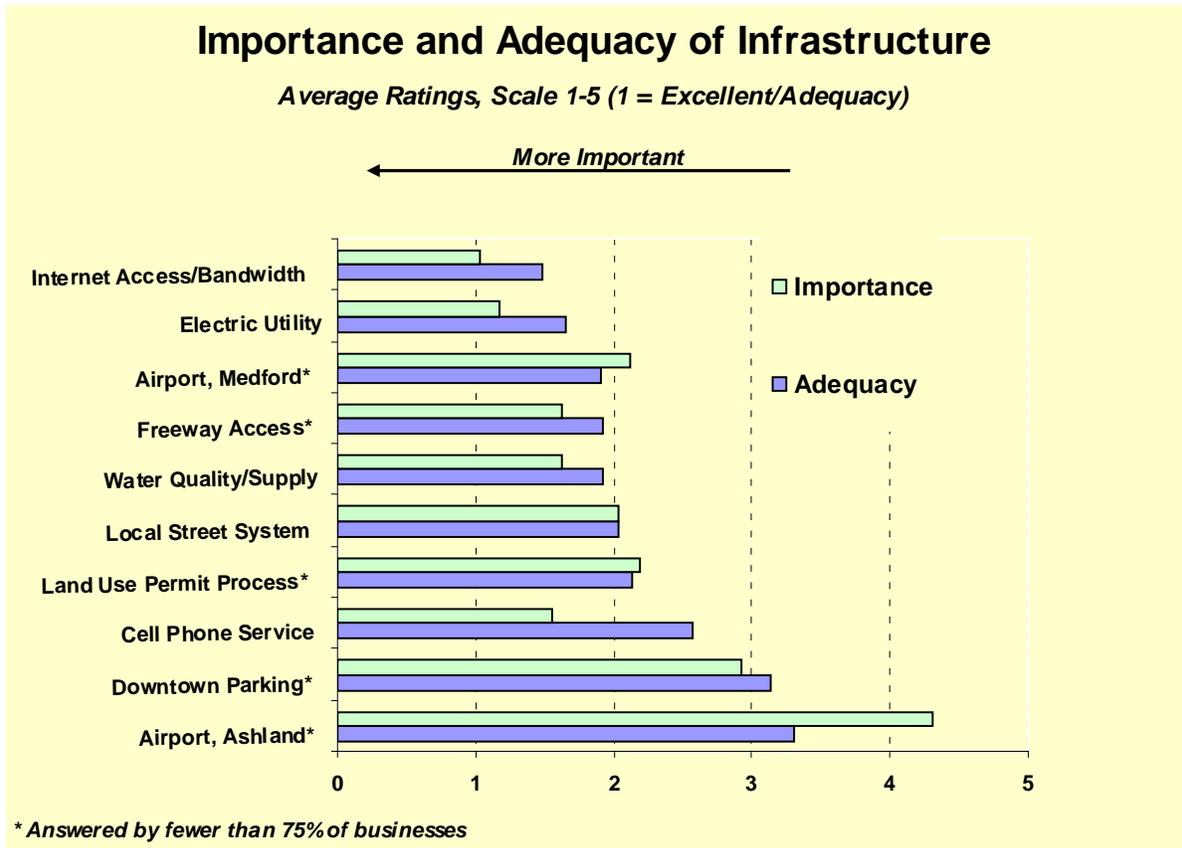
**Graph 12.**



Looking ahead to supporting future economic health, interviewers asked businesses to rate the importance and adequacy of various aspects of the City’s infrastructure to their business’ success (Graph 13). On a scale of 1 to 5, where 1=Very Important/Very Adequate, Internet access and electricity were deemed ‘Very Important’ by most businesses, with average scores close to “1.” The

adequacy of both was similarly rated “Very Adequate.” Freeway access and water quality and supply were rated on average “Somewhat-to-Very Important,” but their adequacy was rated closer to ‘Somewhat Adequate.’ In contrast to specific complaints about parking elsewhere in the interview, overall businesses rated parking as “Adequate” and of average importance. The greatest gap between importance to businesses and adequacy deemed by businesses was for cell phone service. Some businesses complained that the poor quality of service was a significant challenge to doing business in Ashland.

**Graph 13.**



The City’s land use and permit laws and processes received conflicting feedback throughout the interview. On average businesses rated its importance as “Somewhat Important,” and its adequacy as “Somewhat Adequate.” Positive comments about the process included “Didn’t go too bad,” and “Getting approved went well—approved on the first pass-through.” On the other hand, concerns about the land use process, the conditional use system, and City zoning were expressed across survey questions. Reference to these concerns were made in response to open-ended questions about the disadvantages and challenges of doing business in Ashland, regulations that inhibit businesses’ ability to grow, and recommendations for assuring Ashland’s future economic health. Across various survey questions, about 20% of businesses expressed concern about the real or perceived challenges of navigating the City’s land use process or that “City ordinances hinder growth.”

Reflecting their overall optimism, businesses listed their future goals and challenges. Most businesses seemed to set their sights on increasing sales or other measures of business activity (Graph 10). Beyond these specific goals noted were: raising guest satisfaction; growing larger dealer networks;

expanding uses of technology; or innovating more. Several businesses focused on sustainability goals such as seeking more sustainability solutions and being carbon-neutral by 2030. Challenges of reaching their goals centered on economic uncertainty, competition, maintaining staff through growth, adapting to changing technology, and concern about the City's land use processes.

#### **Other Business Comments, Infrastructure**

"AFN is critical to business"

"Local Streets adequate--tough for trucks coming off interstate 5"

"Cell phone: Cannot get good cell service to conduct work"

#### **Goals and Challenges in the Future**

"Fulfill environmental sustainability goals"

"Grow 50-100% revenue; grow profits yield high margin"

"Retooling and relearning given huge technology shifts"

"Zoning regulations--the City says it wants to grow business but makes it too hard"

"There is a perception that the City is anti-business "

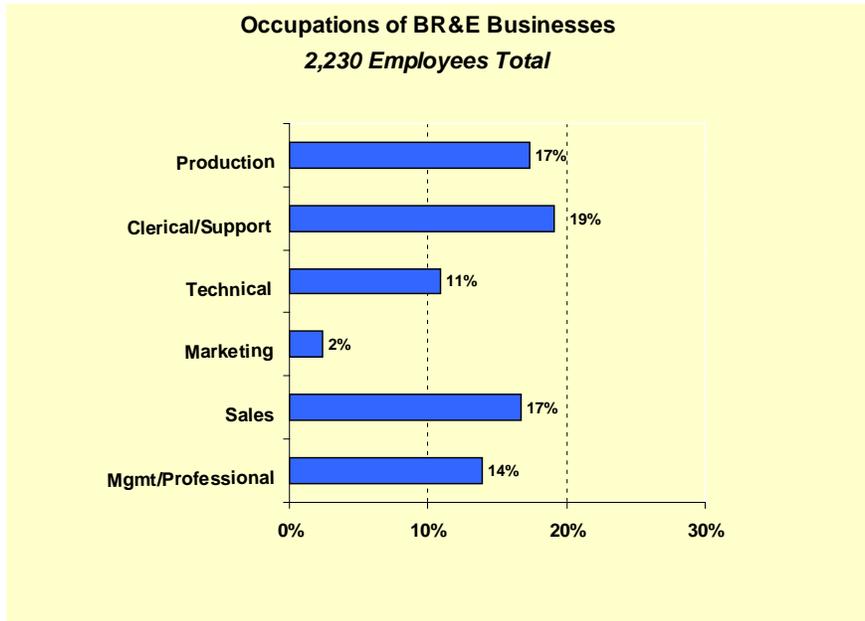
"Local tax is pretty high, (would be better in Medford). High price for office space. We make a choice to pay more in Ashland. Wish we had incentive"

## **VI. Workforce and Professional Development Needs (*Items "d" and "e"*)**

Employment in BR&E businesses was well-distributed across major occupational groups (Graph 14). Of the 2,230 employees represented by surveyed firms, over 50% of employees worked in occupations that were low-skill, such as clerical and sales, or mid-skill, such as production. Over one-third of employment of BR&E businesses fell into high-skill technical, management and professional occupations.

A recurring issue throughout the survey centered on the challenges of hiring skilled or qualified employees. The area's small labor pool was noted as a disadvantage of doing business in Ashland, particularly for technical, specialized and production workforce skills. Businesses pointed to the need to improve local workforce and skills gaps as an important step toward fostering future economic growth.

**Graph 14.**



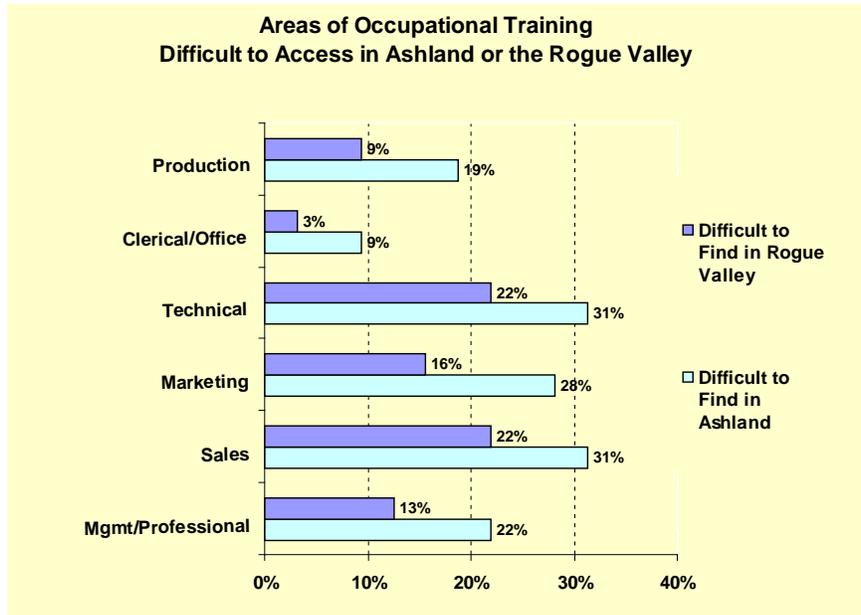
Local businesses reported that additional training could serve as one way of addressing their workforce needs. Except for clerical occupations, many businesses (40% to 66%) reported that the remaining occupational skills were important to the success of their business. Additionally, more training was needed in each of these areas (Graph 15). The need for additional technical training in particular was expressed in responses throughout the interview. Over three quarters stated that technical training in particular was “Very Important” to their current operations and future growth. Management, sales and marketing occupations were other areas that about 70% of business rated as “Very Important” to their business success.

**Graph 15.**



Accessing skills training for their current employees proved to be another challenge for many local businesses (Graph 16). Clearly, finding training resources in Ashland proved more difficult than in the larger Rogue Valley region. Still, for over one-fifth of the businesses technical and sales training were difficult to find both in Ashland and in the region. Less than 20% of businesses had trouble finding training in clerical, production, management and marketing occupations. To address their training needs businesses recommended stronger ties between businesses and local schools and universities to improve skills of new workers, or to assist in training current employees through continuing education.

**Graph 16.**



**Educational and professional development needs and resources/support for business owners and their leadership teams (Item “e”)**

Business owners and their management staff also need access to professional development resources to upgrade and update their skill, as well as to grow professionally in tandem with their business. Two of three businesses reported that they had taken advantage of locally-provided professional development resources. For the remaining third the most-cited reasons for not tapping local resources included: did not have time for training; could not afford; that the development resources did not fit their needs; and the business owner did not feel the need for further professional development. As noted in Graph 16, only 13% of businesses reported that they were unable meet their management training needs within the Rogue Valley region. Furthermore, when asked if professional training opportunities were offered locally, only 20% of respondents replied that they would “Somewhat-or-Very Likely” utilize them and 46% said it was “Somewhat-to-Very Unlikely” that they would take advantage of these resources.

## Other Business Comments, Workforce Skills and Development

“We develop everyone in-house, not looking for specific skills but trainable people.”

“(Challenges finding:) engineers: electrical, software, mechanical. They are mostly hiring from Seattle, Detroit, California. If they have a family, they do not want to relocate.”

“Recruiting employees with specific qualifications to relocate to Ashland”

“Since we are a design and development company, it would be helpful to establish a relationship with OIT in Klamath Falls.”

“Training through RCC and SOU is important for technical jobs”

## VII. Business Needs by Business Stage (Item “h”)

To assess specific business needs by “stage of business,” selected companies were categorized by age (Table 3): “New” companies were established in 2002 or later and make up nearly a third of the selected businesses; over half were “Established” companies founded between 1983 and 2001; and “Historic” firms were those established prior to 1983. They represented 13% of the businesses interviewed. Needs were analyzed by age for physical expansion, infrastructure needs, and employee training.

**Table 3.**

Age of Businesses	% of Businesses	Plan to Expand	Room for Expansion	
			Yes	No
New (2002-2012)	13%	100%	20%	80%
Established (1983-2001)	53%	28%	35%	53%
Historic (1900-1982)	31%	33%	50%	50%
All Selected Businesses	100%	48%	33%	67%

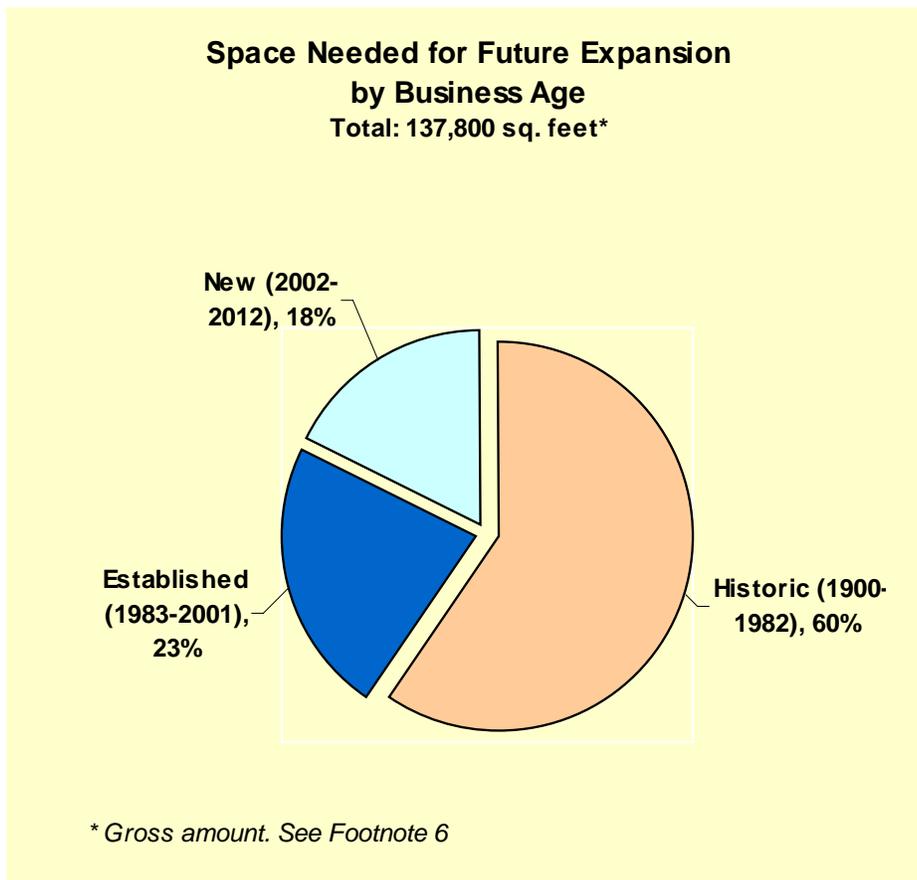
Overall, nearly half of selected businesses (48%) expected to need room for expansion over the next three years. Two-thirds of these judged that there was no room for expansion at their present location. Across all business, total space needs were projected to total 137,800 square feet<sup>6</sup>, an average of 15,300 sq. feet per firm (Table 3, Graph 17). All “New” businesses reported expectations to physically expand in the future. Most did not have room at their current location but estimated needing only 18% of the total space needs of the businesses interviewed. In contrast, a minority of “Established” and “Historic” businesses anticipated future expansion, but together then reported the majority of space needs, 23% and 60% respectively.

The kinds of space and infrastructure businesses needed followed logically from their ages (Graph 18). “New” companies had greater needs across all categories, except for manufacturing space. All “New”

<sup>6</sup> This figure is a gross amount of square footage. Vacated space would need to be netted out to determine the total square footage needed for future businesses expansion in Ashland.

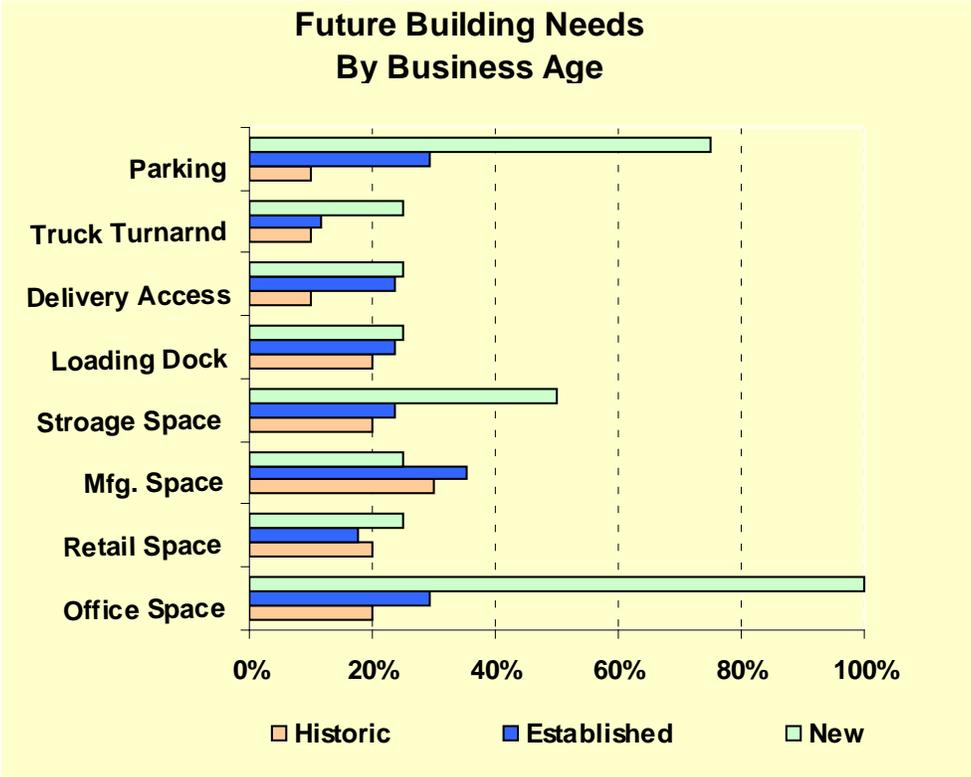
firms also expressed need for more office space, and the majority echoed the need for additional parking and storage space. A higher share of Established” businesses reported needing more manufacturing space and increased delivery access. Like “New” businesses, these companies were looking ahead to the need for more parking space. At the other end of the spectrum were the lower percentages of “Historic” business expressing specific building and infrastructure needs. Only the need for additional retail space was noted by a higher share of older companies.

**Graph 17.**

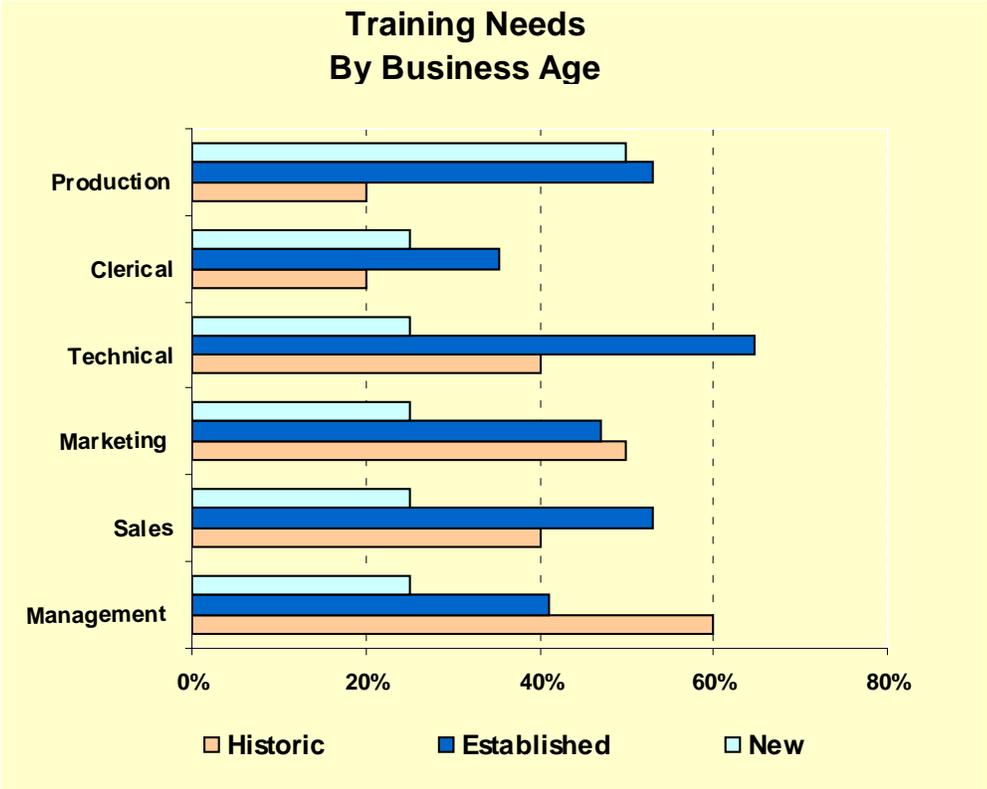


The need for some kind of workforce training was reported by most of the businesses. As discussed in Section VI, with the exception of clerical skills, between 44% and 47% of the businesses confirmed that their employees needed additional training across all queried categories. “New” companies differed considerably from the other two types of businesses (Graph IV). Training in the production occupations was the only category in which a higher percentage of “New” businesses showed interest as compared to the overall sample. Only 25% of these companies felt they needed training in any of the other occupations. A much larger share of “Historical” businesses expressed need for management skills training (60% vs. 44% overall), and to a lesser extent, marketing. “Established” businesses showed interest across all skills training categories except clerical training.

Graph 18.



Graph 19.



## Other Business Comments, Stage of Business

“(Expand) Not at this point in the business' life (Established)”

“If company reaches point of increased production will most likely move to Medford (New)”

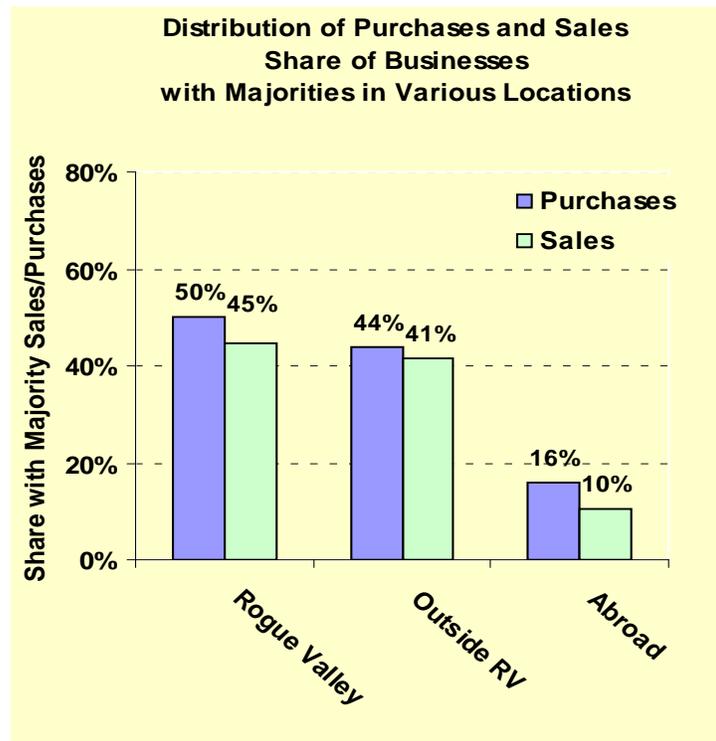
“No available land at existing location to own or move to (Historic)”

## VIII. Supply Chain and Markets (Item “i”)

A central concept of many economic development theories is that for an area to increase its economic “wealth,” whether measured by employment or income, it must increase purchasing linkages with regional businesses, yet have “engines of growth” in industries which “export” out of the area. The notion asserts that local economic development is stimulated and supported by external demand or markets. In Ashland’s case in particular, this external demand may be thought of as both external consumers or as out-of-area consumers coming to Ashland to purchase goods and services on site—visitors.

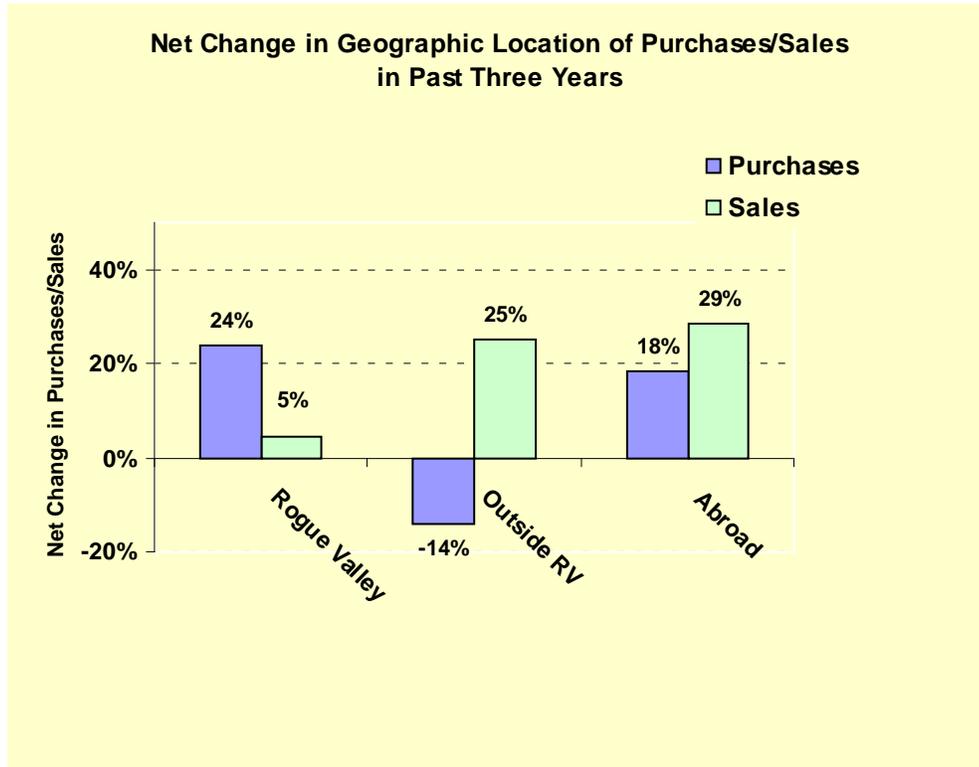
BR&E interviewers asked businesses what share of their purchases and sales came from regional, national or foreign markets, and how the volume of these transactions had changed over the past three years (Graphs 20 and 21). Given the limited size of the Rogue Valley economy, particularly for specialized inputs, and given the growth of on-line sales, it makes sense that half of the companies responded that the majority of their purchases were made through external markets. However, it is notable that a net of 24% companies said they had increased regional purchases over the past three years. In net terms (increases – decreases), local companies cut back purchases domestically, and 18% of businesses (net) said they had increased their purchasing abroad.

**Graph 20.**



What is more, over the past three years the share of firms who increased their sales outside the Rogue Valley grew by a net of 25% nationally and 29% abroad. Whether these net changes continue is a question to address in future BR&E interviews. At this point the findings suggest that key Ashland businesses are strengthening regional linkages through their purchases and augmenting demand for local products through sales to external markets.

**Graph 21.**



Nearly half the companies (47%) reported that at least some part of their business involved manufacturing (including food and wine). All but two stated that at least some of their production occurred in Ashland, and two-thirds of these said that all of their production took place in Ashland. One in five reported manufacturing activities outside of Ashland at such locations as the Rogue Valley, Portland, California, India, China, Taiwan, the Czech Republic, and Hungary.

Across comments made throughout the interview, it is clear that most businesses value using or seeking out local suppliers and/or that they want to extend the market reach for their products and service beyond Ashland.

**Other Business Comments, Supply Chain Challenges**

“Finding new companies to work for, looking beyond local businesses for opportunities”

“Local customer support growing consistently”

“We haven't found resources here, such as suppliers, manufacturers (manufacturing business)”

### Comments, Supply Chain Successes

“Local customer support is growing consistently”

“Projects reaching all over the globe”

“Still growing, becoming nationally-known”

“We buy everything we can locally (manufacturing business)”

### Future Goals

“Reach/move into area of the Rogue Valley that we do not serve”

### Recommendations for Future Growth

“Utilize things we have in place, less outsourcing, outside consultants. We have smart people here”

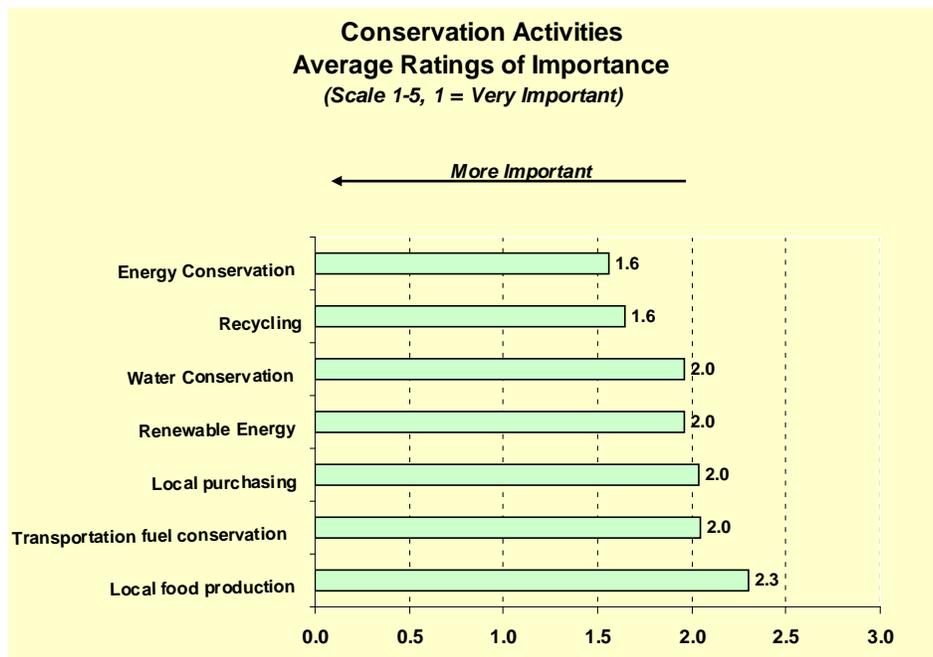
“Hire/contract more with local consulting resources as opposed to those that are out of area”

“Bring in new diverse produce to be grown locally”

### IX. Sustainability (Item “j”)

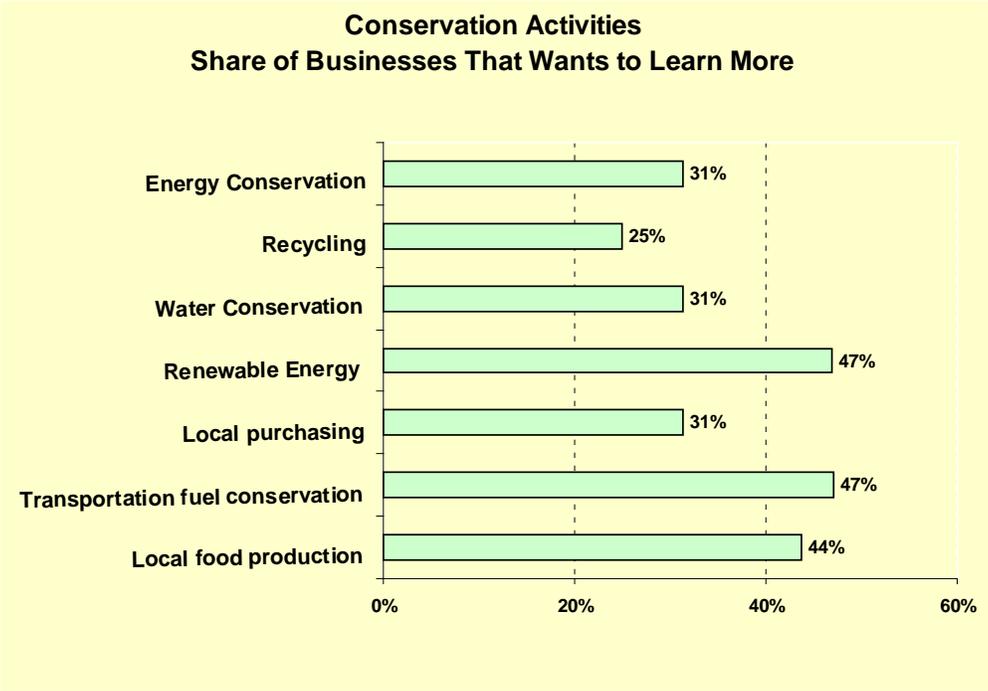
Ashland’s community, businesses and government place high priority on sustainability, whether it means supporting conservation measures at home and work, efficient use of resources, and/or encouraging business operations that are viable long term both economically and environmentally. In the BR&E interview businesses were asked to rate the importance of various City-supported conservation activities (Graph 22). On a scale of 1 to 5, where 1=“Very Important,” most businesses viewed various activities as “Somewhat-to-Very Important.” In particular, energy conservation and recycling programs were rated as “Very Important.”

**Graph 22.**



As another measure of the value of conservation activities to the selected businesses, nearly half were interested in learning more about transportation fuel efficiency, local food production and renewable energy programs (Graph 23). Only one in four businesses requested more information about recycling, likely because this program is well-understood and enjoys wide participation of Ashland’s residents and businesses.

**Graph 23.**



**Other Business Comments, Sustainability**

“They are growing their reputation as a company with strong environmental commitment”

“Employee attitude is to conserve.”

“Renewable energy: more on personal level. Recycling: always dealing with waste material”

“Solar panels are too expensive and would love to see the government help with incentives”

**Recommendations to Foster Future Growth**

“Take a much more aggressive position on long-term viability of what we make and how we steward it in the community”

“More needs to be done on sustainable agriculture and energy”

“Put Ashland on the map for encouraging local & sustainable products”

“Support for biodynamic and sustainability projects”

**Challenges**

“Finding products available locally to meet company goals of sustainability”

## **X. Ideas for a Healthy Economic Future (*Item “c”*)**

At the conclusion of the interview, businesses were invited to share ideas about what they thought could foster a healthy economic future for Ashland. Nearly half offered recommendations about business development: targeting high-tech and/or innovative businesses, promoting existing businesses and the City’s quality of life, attracting businesses that use sustainable practices, embracing tourism as a key part of the economy, and sending the message that “Ashland is interested in business development.”

Nearly one third commented on the City planning policies or politics. Several businesses encouraged addressing Ashland’s anti-growth reputation. Other suggested streamlining the land use and permit processes, or “sending a message” that the City supports the business community. Comments were added acknowledging and supporting the City’s Economic Development Strategy and expressing appreciation for the City’s business outreach efforts through the strategy and the BR&E program.

A third theme supporting future economic health focused on workforce education and training. Suggestions included: improving technical training in schools; preparing students for work through internships and workforce skills training; (the City or Chamber) serving as liaison(s) between SOU, OIT and RCC students and potential local businesses; and providing basic skills and hospitality training to minimum wage and service industry employees.

Cooperation between businesses, the public sector, and education was an additional recommendation made by multiple businesses. Many referred to the potential benefits of networking with Chamber, SOREDI or other Rogue Valley businesses. Some narrowed their comments to urge increased communications and resource-sharing across Ashland-based businesses.

Businesses made other recommendations such as increasing awareness for all arts in the City and addressing its homeless and panhandling issues.

## **XI. Conclusions**

The 2012 Business Retention and Expansion program set out to learn about selected businesses’ experiences during the recession and of doing businesses in Ashland. The Chamber of Commerce and the City of Ashland were particularly interested in their expectations, goals and ideas for the future of their businesses and for the health of the Ashland economy. Important findings of the thirty-two business interviews are:

1. The advantages of doing business in Ashland centered on the City’s quality of life, natural and cultural assets, and its small-town feel. Disadvantages principally related to the relatively small labor pool and its lack of specialized and technical skills.
2. While some businesses endured hardships through the recent recession most maintained or increased their sales.
3. Local businesses took pride in their employees, loyal customers and “weathering the storm” during the recent recession.

4. Businesses struggled with difficulties of hiring qualified and skilled workers. Most pointed to the need for more technical, sales and marketing training, for both current employees and for the local workforce.
5. Over the past three years businesses reported that they increased purchases from regional sources and increased their sales to external markets.
6. Expectations for the future were optimistic. Most businesses looked forward to gains in employment, sales, customers and profits over the next three years.
7. Nearly half the businesses were expecting to expand physically over the next three years. The majority had concerns about their ability to expand in their present location due to conditional use permits, zoning restrictions or lack of space.
8. Businesses urged a streamlining of the local land use process and felt the effort would support future business development.
9. Interest in sustainable business programs and practices was prevalent across businesses.
10. Businesses were interested in deepening their connections with regional companies and institutions, particularly with SOU, RCC and SOREDI.

It is the goal of the BR&E Leadership Team that the information presented in this report help to refine the City's Economic Development Strategy and to enrich programs through the Chamber of Commerce. To the extent possible, businesses' needs and concerns will be addressed by both the City and the Chamber, either through the Chamber's Rapid Response Team, through existing or new programs, or through informed political and community discourse. The BRE program serves as an important effort in reaching out to the City's business community to understand its needs and perspectives. It takes the important step of enhancing communications between businesses and Ashland's community overall.

## **Appendix A**

### **Businesses Interviewed for the 2012 Business Retention and Expansion Program**

**Businesses Interviewed  
for the 2012 Business Retention and Expansion Program**

Ashland Community Hospital ✓	Oregon Cabaret Theatre
Ashland Food Cooperative ✓	Oregon Shakespeare Festival Assn.
Ashland Springs Hotel ✓	Pacific Domes
Bauer Premium Fly Reels	Plexis Healthcare Systems ✓
Brammo Inc. ✓	Professional Tool Manufacturing
Christopher Briscoe & Associates	Project A* ✓
Cropper Medical ✓	Rogue Valley Roasting Company
Dagoba Chocolate ✓	Scienceworks Hands-on Museum
Deux Chats	Ski Ashland
Dotcomjungle	Sky Research ✓
Hakatai Enterprises ✓	Standing Stone Brewing Company ✓
Hassell Fabrication*	Stratford Inn
Illahe Studios and Gallery	The Modern Fan Company
Independent Printing Company	Tree Star ✓
Massif	Weisinger's* ✓
New Horizons Woodworks	Yala/Dreamsacks ✓

✓ Interviewed in 2006

\* Located outside of City limits

## **Appendix B**

### **2012 Ashland Business Retention & Expansion Survey**



## 2012 Ashland BR&E Survey

Ashland Chamber of Commerce and City of Ashland

Survey Date: _____	Interviewer: _____
Person Interviewed: _____	Scribe: _____

### Definitions

**Local** – Within Ashland

**Ashland-based workforce** – Employees physically present at your Ashland operations location

**Business abroad** – Commerce between your business in Ashland and foreign customers/clients

**Regional/Rogue Valley** - Jackson and Josephine Counties

**Total employees or workforce** – All you business's employees (excluding contractor or consultants), regardless of location.

### Business Background

1. In what year was the business established? \_\_\_\_\_

2. Was the business ...

Established in Ashland? Year:\_\_\_\_\_ # of Employees when established? \_\_\_\_\_

Moved to Ashland? Year:\_\_\_\_\_ From Where?: \_\_\_\_\_

How many employees moved with the business to Ashland? \_\_\_\_\_

How many employees were hired locally? \_\_\_\_\_

What were the main reasons you relocated your business to Ashland?

3. How many people does your business currently employ?

In Ashland: \_\_\_\_\_ Outside of Ashland: \_\_\_\_\_ Where? \_\_\_\_\_

4. How many of your employees are: *(Read List)*

<u>Category</u>	<u>#</u>	<u>Or</u>	<u>%</u>
Full-Time	_____		_____
Part-Time	_____		_____
Seasonal	_____		_____
Management	_____		_____
Sales	_____		_____
Marketing	_____		_____
Technical	_____		_____
Clerical/Office	_____		_____
Production	_____		_____
Other: _____	_____		_____

5. What percentage of your employees who work in Ashland also lives in Ashland? \_\_\_\_\_%

**Over the Past Three Years**

6. *(Over the past 3 years)* Have the following increased, decreased or stayed the same for your business:

<u>Past Three Years</u>	<u>Increased</u> ✓	<u>Decreased</u> ✓	<u>Stayed the Same</u> ✓
Sales			
Number of Customers			
Profits			
Employment			
Geographic Reach Where?			

7. *(Over the past 3 years)* How have overall economic conditions impacted your business?

8. *(Over the past 3 years)* How have local economic conditions impacted your business?

i. What have been your business's specific challenges?

1) Overall

2) Locally

ii. What successes has your business experienced?

1) Overall

2) Locally

### Future Plans/Goals over the Next Three Years

9. (Over the next three years) Do you expect the following to increase, decrease or stay the same for your business:

<u>Next Three Years</u>	<u>Increase</u> ✓	<u>Decrease</u> ✓	<u>Stay the Same</u> ✓
Sales			
Number of Customers			
Profits			
Employment			
Geographic Reach Where?			

10. (Over the next three years) What are your goals for your business?

11. (Over the next three years) What specific challenges to you expect to face?

12. What percentage of your purchases for supplies, raw materials and services (*legal, accounting, marketing, etc.*) would you say comes from: (Read List)

Businesses within the Rogue Valley	% _____	<u>Compared to 3 years ago</u> ✓ <input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same
Businesses outside the Rogue Valley Where?	% _____	<input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same
Businesses Abroad What countries: _____ _____	% _____	<input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same

13. Approximate percentage of your total sales to: (Read List)

Businesses within the Rogue Valley	% _____	<u>Compared to 3 years ago</u> ✓ <input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same
Businesses outside the Rogue Valley Where?	% _____	<input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same
Businesses Abroad What Countries: _____ _____	% _____	<input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same

14. For manufacturing businesses: Where specifically is/are your product(s) manufactured?

\_\_\_\_% in Ashland    \_\_\_\_% Where? \_\_\_\_\_    % \_\_\_\_ Where? \_\_\_\_\_

## Workforce Skills & Training

15. What workforce skills do you need for your business and how important are they to your existing and future operations? (*Open-ended, Check/Note all mentioned*)

<u>Skills Areas</u>	<u>Needs</u> ✓	<u>Importance</u> (Rate 1-5, 1=Very Important)
Management	<input type="checkbox"/>	_____
Sales	<input type="checkbox"/>	_____
Marketing	<input type="checkbox"/>	_____
Technical	<input type="checkbox"/>	_____
Clerical/Office	<input type="checkbox"/>	_____
Production	<input type="checkbox"/>	_____
Other: _____	<input type="checkbox"/>	_____

16. What specific skills do you have difficulty finding in the local and regional labor force and how important are they to your current operations and future growth plans?

<u>Lacking in Labor Force</u>	<u>Ashland</u> (Local) ✓	<u>Rogue Valley</u> (Regional) ✓	<u>Importance</u> (Rate 1-5, 1=Very Important)
Management	<input type="checkbox"/>	<input type="checkbox"/>	_____
Sales	<input type="checkbox"/>	<input type="checkbox"/>	_____
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	_____
Technical	<input type="checkbox"/>	<input type="checkbox"/>	_____
Clerical/Office	<input type="checkbox"/>	<input type="checkbox"/>	_____
Production	<input type="checkbox"/>	<input type="checkbox"/>	_____
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	_____

17. Approximately how many hours of training do you provide your employees in a “typical year” in the following skill areas?

<u>Skills Areas</u>	<u>Annual Training Time (hours)</u>
Management	
Sales	
Marketing	
Technical	
Clerical/Office	
Production	
Other: _____	

18. In what areas do your existing employees need more training? (Open-ended)

<u>Training Needs</u>	<input checked="" type="checkbox"/>
Management	<input type="checkbox"/>
Sales	<input type="checkbox"/>
Marketing	<input type="checkbox"/>
Technical	<input type="checkbox"/>
Clerical/Office	<input type="checkbox"/>
Production	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>

19. For what areas do you have difficulty finding training resources in Ashland and the Rogue Valley?

<u>Difficult Finding Resources</u>	In Ashland <input checked="" type="checkbox"/>	In the Rogue Valley <input checked="" type="checkbox"/>
Management	<input type="checkbox"/>	<input type="checkbox"/>
Sales	<input type="checkbox"/>	<input type="checkbox"/>
Marketing	<input type="checkbox"/>	<input type="checkbox"/>
Technical	<input type="checkbox"/>	<input type="checkbox"/>
Clerical/Office	<input type="checkbox"/>	<input type="checkbox"/>
Production	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>

20. Does your executive, management or ownership team currently access locally-provided professional development resources?  Yes  No

1) If NO, why not?

2) If local professional development training or mentoring opportunities were available locally, how likely would your business utilize them?

Very Likely    1                    2                    3                    4                    5    Very Unlikely

Probe:

21. For what skill areas or services does your business hire consultant/professional services/contractors and where are they located?

<u>Outsourced/Contracted</u>	Ashland ✓	Rogue Valley ✓	Outside the Rogue Valley ✓	From Where?
Professional ( <i>such as accounting, legal, financial, medical, etc.</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Technical	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Clerical/Office	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Production	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

22. What are the main reasons you hire consultants/contractors from outside the region?

## Physical Space and Infrastructure

23. Do you currently  Own /  Lease /  Rent the space you do business in?

24. In the next three years do you plan to:

Own /  Lease /  Rent the space you do business in?

25. Does your current business location provide adequate opportunities for future expansion?

Yes  No

If NO, why not?

If NO, where would you consider expanding...

Within Ashland:

Outside of Ashland:

26. If your business expands physically, what kind of space and facilities will you need?

<u>Building Needs</u>	✓
Size/Sq. Footage	_____
Office Space	<input type="checkbox"/>
Retail Space	<input type="checkbox"/>
Manufacturing/Production Space	<input type="checkbox"/>
Storage	<input type="checkbox"/>
Loading Dock	<input type="checkbox"/>
Delivery Access	<input type="checkbox"/>
Truck Turnaround	<input type="checkbox"/>
Parking	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>

27. In the next three years are you planning to expand or move your business....

No

Yes:

Expand:

At current location in Ashland

To another location in Ashland. Where? \_\_\_\_\_

Some operations outside of Ashland. Where? \_\_\_\_\_

What are the main reasons you would locate these elsewhere?

Move:

To another location within Ashland. Where? \_\_\_\_\_

Out of Ashland. Where? \_\_\_\_\_

What are the key factors for moving your business out of Ashland?

28. Rank the importance of the following systems and infrastructure to your business's existing and future success and rate the condition or adequacy of each.

<u>Infrastructure</u>	<u>Importance</u> <i>(Rate 1-5, 1=Very Important)</i>	<u>Condition or Adequacy</u> <i>(Rate 1-5, 1=Excellent)</i>	<u>Comments</u>
Local street system			
Freeway access			
Water quality & supply			
Internet Access/Bandwidth			
Electric Utility			
Local land use permit process			
Regional airport – Medford			
Local airport – Ashland			
Downtown Parking			
Cell phone service			
Other: _____			

## Access to Capital

29. Over the past three years, *on a scale of 1 to 3*, how difficult has it been for your business to access capital, such as loan financing or credit, for financing....

a) existing operations      and      b) expansion

...And what have been the barriers to accessing funds in each case?

1= *Not at all Difficult*      2=*Somewhat Difficult*      3=*Very Difficult*

<u>Access to Capital for</u>	<u>Difficulty</u>	<u>Barriers to Accessing Capital (list)</u>
a) Existing operations	_____	
b) Business growth or expansion	_____	
Other: _____	_____	

30. If access has been difficult (2 or 3), how has your business been impacted?

31. What specific government regulation, program, policy or tax significantly affects your business's ability to grow and/or be successful?

i. Local

ii. State

iii. Federal

32. What regional information resources, organizations and agencies do you currently access for business assistance, development and training?

33. How important are the following resource conservation activities to your business?  
 .....Would you like to learn more about these activities?

<u>Conservation Activities</u>	<u>Importance</u> <i>Rate 1-5, 1=Very Important)</i>	<u>Want to Learn More</u> ✓
Energy conservation	_____	_____
Renewable energy (solar, wind thermal, etc.)	_____	_____
Water Conservation	_____	_____
Recycling	_____	_____
Local purchasing of goods and services	_____	_____
Local food production	_____	_____
Transportation fuel conservation	_____	_____

34. How can the City of Ashland, the Ashland Chamber of Commerce, SOU and other local and regional agencies and partners support and foster future local economic health?

35. In addition to the topics covered in this survey, what do you think is needed to make Ashland's economic future healthier?

**THANK YOU FOR YOUR TIME**

