



O'FALLON • SHILOH

CHAMBER *of* COMMERCE

Business Retention and Expansion Program **2015 Summary Report**



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O'Fallon—Shiloh Chamber of Commerce Business Retention and Expansion (BRE) Program

SUMMARY REPORT (2015)

January 2016

For more information on the O'Fallon-Shiloh Chamber of Commerce BRE Program, please contact the O'Fallon-Shiloh Chamber of Commerce at 618-632-3377 or chamber@ofallonchamber.com

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Sponsors:



O’FALLON-SHILOH BUSINESS RETENTION AND EXPANSION (BRE) PROGRAM

The O’Fallon-Shiloh Chamber of Commerce, the City of O’Fallon, and the Village of Shiloh recognize that helping existing businesses survive and grow is a vital economic development strategy. The O’Fallon-Shiloh Business Retention and Expansion (BRE) Program was modeled after the University of Minnesota’s Business Retention & Expansion (BR&E) Program, and designed to assist local businesses in thriving and expanding in the O’Fallon-Shiloh Area (OSA). While attracting businesses from outside the community or encouraging new business start-ups are important components of any economic development strategy, research has shown that up to 86 percent of new jobs are created by businesses already in the community. University of Minnesota data from 2012 showed that there are four times as many new jobs created by existing businesses in a community than from either business attraction or entrepreneurship.

The O’Fallon-Shiloh BRE Program is a comprehensive and coordinated community approach to assist existing businesses. Visiting local businesses and learning their concerns is only one component of the process. The BRE Program builds awareness in the community of issues that face businesses and builds capacity for the community to address these issues. The program also assists local leaders and community members in working together to provide solutions to business concerns.

Objectives

The O’Fallon-Shiloh BRE Program was designed to get a read of the “pulse” of the business community through four objectives:

- Assist local businesses in thriving and expanding in the OSA.
- Create a partnership between the O’Fallon-Shiloh Chamber of Commerce, the City of O’Fallon, The Village of Shiloh, and the local business community.
- Help solve immediate business concerns.
- Build community capacity to sustain growth and development.

Sponsorship

This program is sponsored by the O’Fallon-Shiloh Chamber of Commerce, the City of O’Fallon, and the Village of Shiloh.

BRE History

The O’Fallon-Shiloh BRE Program began as a partnership between the O’Fallon-Shiloh Chamber of Commerce, City of O’Fallon, and Village of Shiloh as a way to engage the community’s businesses and promote a business friendly atmosphere in the OSA.

The BRE Program was designed after a collection of existing BRE Programs, most notably, the University of Minnesota’s Extension BR&E Program. Debbie Arell-Martinez, Executive Director of the O’Fallon-Shiloh Chamber of Commerce, Grant Litteken, Management Analyst, and Justin Randall, Senior City Planner, both of the City of O’Fallon, are the program managers. They were assisted by Alex Scharf, Administrative Intern, Owen Wolfe, Administrative Intern, and Hana Davisson, Community Development Intern, all of the City of O’Fallon, in the launching and operations of the BRE Program.

Survey Instrument

The Chamber, City, and Village created an original survey questionnaire by combining elements of the University of Minnesota Extension’s and Roseville, Minnesota’s BR&E programs’ interview guides as well as custom interview questions conceived by staff of the BRE Program. The survey instrument includes 25 questions divided into four sections: demographics, business, Chamber of Commerce, and community based questions. The O’Fallon-Shiloh BRE survey questionnaire was used by volunteer interviewers on interviews, on location, with the participating businesses. The BRE Interviews are designed to last less than one hour.

Business Selection & Visits

As there are a large number of businesses in the OSA, the BRE Team decided to hand-select businesses located in the OSA for the first round of interviews. There were no restrictions on businesses based on demographics or size. But, all businesses owned by elected officials were omitted from the interviews. After much compiling of lists, sorting and screening, an initial target list of 70 businesses was created. These businesses were invited to participate by letter and telephone.

A total of 45 businesses were interviewed by volunteers during the business interview phase from July to December 2014. A total of 40 businesses were interviewed from January 2015 to November 2015. Interview teams worked in teams of two, one being a member of the Chamber of Commerce, the other, a city employee. The chamber member was responsible for conducting and managing the interview, the staff member was re-

sponsible for collecting and recording the data and information during the interview.

Immediate Needs Review

Reviewing the surveys individually for follow-up opportunities is an important community opportunity in a BRE Program. This is probably the single most important activity that a BRE initiative can do—responding appropriately and confidentially to businesses on issues such as business relocation/expansion, concerns with City or Village provided services, needs for resources, etc.

Research Report

The data collected from all BRE interviews was entered into a database designed specifically for this program by members of the BRE Team. The BRE Database organized the data and allowed staff to perform advanced data analytics of the BRE Program’s quantitative and qualitative data as well as generate reports on a monthly basis.

In an effort to trap anecdotal information as it pertained to the business community, the BRE Database used a process similar to “hashtags” on the social networking site *Twitter™* to keep track of reoccurring trends, key words or topics. The database will account for the number of occurrences of similar “hashtags” in a manner that allowed staff to recognize and respond to the trends.

The BRE Team meets monthly on the second Monday of each month to review summary reports of the BRE Program and to address any immediate concerns. Any immediate concerns are relayed to the party that could best address them.

At the end of the first year (2014) and second year (2015) a report summary (BRE 2014 Report and BRE 2015 Report) was created to inform the public and businesses of the BRE Program and the progress made.

PEOPLE IN THE O’FALLON-SHILOH BRE PROGRAM

Four groups of people have been very important to the success of the BRE Program. These are: 1) the Businesses who participated in the BRE interviews 2) The O’Fallon-Shiloh Chamber of Commerce Board of Directors, Economic Development Committee, and volunteer interviewers 3) The City of O’Fallon and Village of Shiloh and 4) The BRE Team.

- **The 85 Businesses who participated in the BRE Interviews**

- **The O’Fallon-Shiloh Chamber of Commerce Board of Directors, Economic Development Committee, and Volunteer Interviewers**

Wayne Barber Jr. , BARBERMurphy, Inc.
Ken Diel, Diel & Forguson LLC.
Rick Thoman, Bank of O’Fallon
Steve Macaluso, Halloran Construction
Doug Distler, First Bank (Retired)
Jessica Lotz, President, O’Fallon-Shiloh Chamber of Commerce
Sid LeGrand, Rhutasel and Associates, Inc. (Retired)
John Coers, State Farm Insurance

- **The City of O’Fallon and Village of Shiloh**

Mayor Gary L. Graham, City of O’Fallon
Mayor James A. Vernier, II , Village of Shiloh

- **The BRE Team**

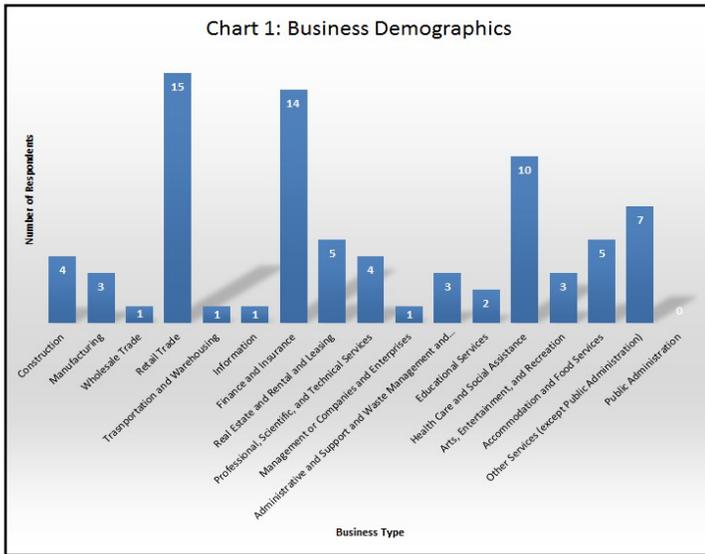
Debbie Arell-Martinez, Executive Director, O’Fallon-Shiloh Chamber of Commerce
John Marquart, Village Administrator, Village of Shiloh
Walter Denton, City Administrator, City of O’Fallon
Pamala Funk, Asst. City Administrator, City of O’Fallon
Ted Shekell, Community Development Director, City of O’Fallon
Justin Randall, Senior City Planner, City of O’Fallon
Grant Litteken, Management Analyst, City of O’Fallon
Hana Davisson, Comm. Dev. Intern, City of O’Fallon
Alex Scharf, Administrative Intern, City of O’Fallon
Owen Wolfe, Administrative Intern, City of O’Fallon

O’FALLON-SHILOH BRE SURVEY RESULTS (BRE PROGRAM)

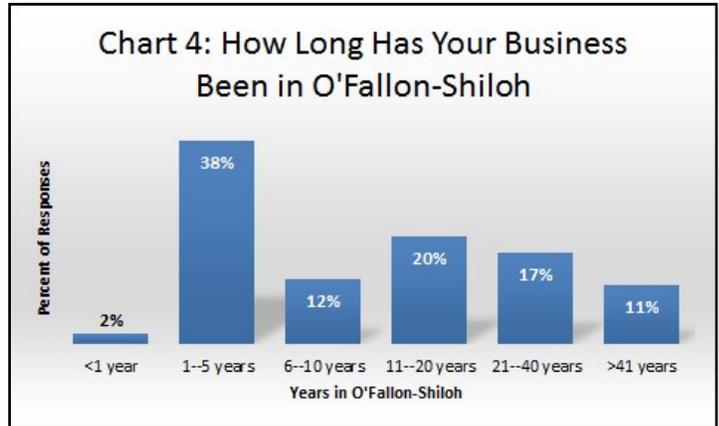
As of December 2015, the O’Fallon-Shiloh Chamber of Commerce served 555 member businesses. This sample size (85) used in this BRE Report, when calculated for the Chamber membership at a confidence level of 95%, provides a margin of error at 10%.

Business Demographics

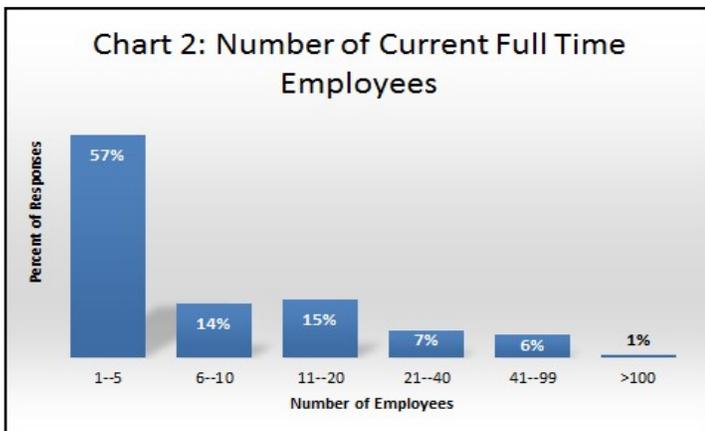
The BRE Team decided on a mixed sector of businesses to invite to participate in a BRE interview. The final mix of visits to 85 companies resulted in the most common visits being to retail trade (15), finance and insurance (14), and health care and social assistance (10). *See Chart 1*



The participating businesses were also mixed based on years they have been located in the OSA. Each participating business was asked “how long have you been located in O’Fallon/Shiloh?” These results were more evenly divided by those businesses with over 21 years of existence (28%), those with 6 - 20 years of existence (32%), and those with less than 5 years of existence (40%) in the OSA. **See Chart 4**



The BRE Team also decided to use a mix of large and small businesses, a mix that would reflect the business demographics of the OSA. Of the 85 businesses interviewed, 57% of the businesses had less than 6 employees. **See Chart 2**

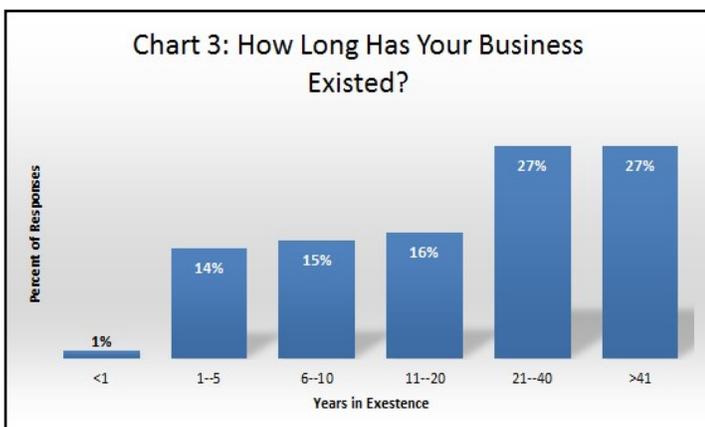


The BRE Team believes this mix of businesses properly represents the makeup of the business demographics of the OSA, and therefore serves as an acceptable sample size for the BRE Program.

Business Question Results

The business oriented questions revolved around how the participating businesses are performing in the OSA. During these questions, it was the intention of the BRE Team to determine the primary markets and customers of the participating businesses, and if they are currently contemplating a relocation or expansion.

The businesses interviewed were also a mix based on years in existence. During the interview, the businesses were asked the question, “how long has your company been in business?” A majority of the businesses interviewed (54%) stated that they have been in business for over 21 years. The remaining (46%) stated that they have been in existence less than 20 years. **See Chart 3**



The businesses interviewed were asked “what is your primary market?” The choices provided were: local, regional, national, and international. Each business was allowed to choose more than one answer due to the reasoning that a business can cater to more than one market. A local market is within the St. Louis Metro East area, regional is the Greater St. Louis Region, national is the Greater United States, international would include overseas. The most commonly stated market for the businesses interviewed is the local market, followed by regional, national, and lastly, international. **See Chart 5.**

A similar question was then asked as to who are the primary customers, again businesses could chose more than one, the results were evenly distributed amongst the choices: businesses, senior citizens, families, and military. Businesses in the OSA chose “Children” as their customers, on average 50% less than the other four choices. **See Chart 6**

Community Question Results

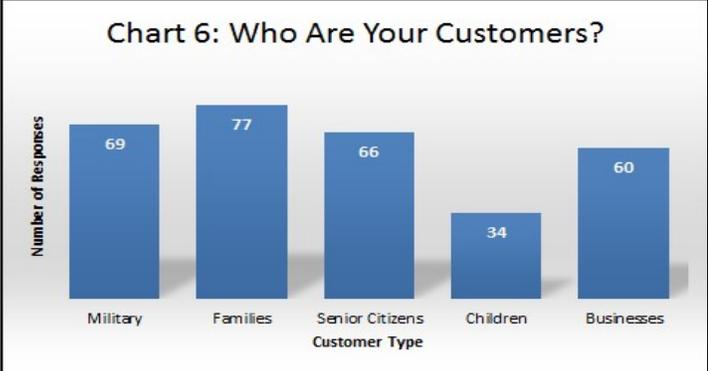
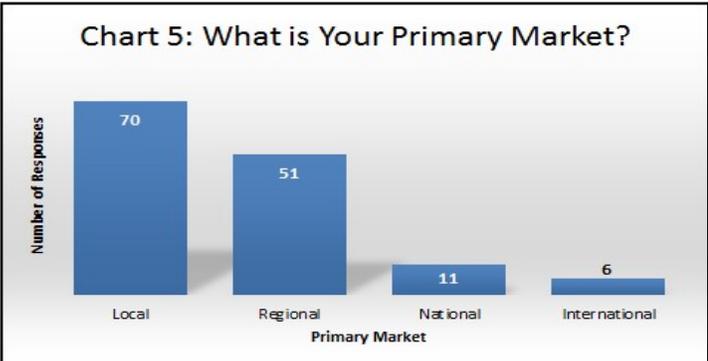
The community based questions were structured similar to the chamber based questions. Each participating business was asked to state the strengths and weaknesses of the O’Fallon-Shiloh Community as a place to do business. Also similar to the Chamber based questions, the results were intended to inform the BRE Team on how the community is as a place to do business; what is good about the OSA, and what deficiencies are in place that are preventing businesses from reaching their maximum potential.

Participating businesses were asked “using a scale from 1 to 10 (1 being low and 10 being high) please rate the community as a place to do business.” The community received very positive reviews on this question. Most of the positive reviews were related to excellent schools, interstate access, Scott Air Force Base, and a growing population. Some of the negative reviews were high levels of competition, traffic concerns, and the high costs of doing business that results from regulations on the local, state and federal level. *See Chart 8*



In addition to the prior mentioned community related questions, each business was asked to rate specific community services on a scale from 1 to 10 (1 being low and 10 being high). The services asked to rate were: transportation/traffic; availability of customers in the community; water; sewer; streets; public safety services (police/fire/EMS); land use & development process; and availability of business capital.

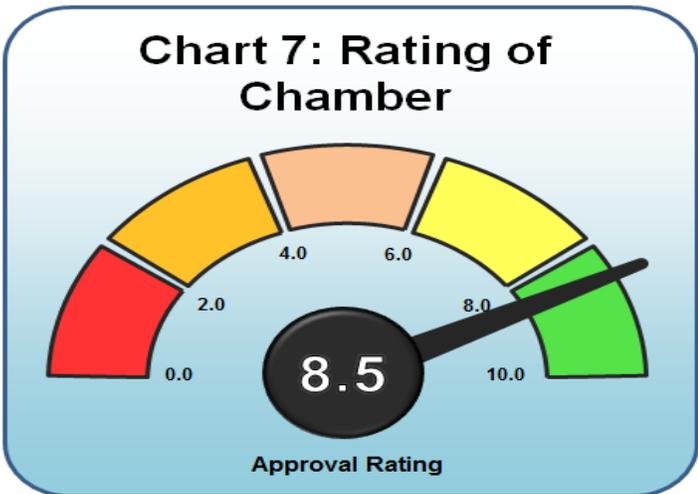
Traffic/transportation received a rating of 7.1/10. Most of the positive ratings were related to the proximity of Interstate 64, and high levels of traffic that help to bring customers to their businesses via higher visibility. The negative reviews were related to high levels of traffic that prevent people from coming to their businesses because of the frustration and inconvenience caused by traffic. *See Chart 9*



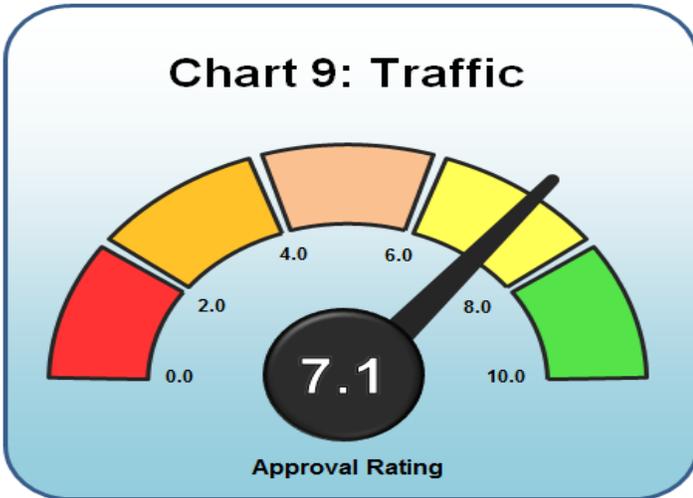
Chamber Question Results

During the chamber related section of the BRE interview, the participating businesses were asked their thoughts on the strengths and weaknesses of the O’Fallon-Shiloh Chamber of Commerce and its ability to assist business in the OSA. These questions were open ended and were designed to collect qualitative data on what the Chamber is currently doing well and what it could improve upon.

Participating businesses were asked “using a scale from 1 to 10 (1 being low and 10 being high) please rate the O’Fallon-Shiloh Chamber of Commerce on its ability to assist your business.” The Chamber received mostly positive reviews on their ability to assist business. Most positive reviews related to the ability to market their membership and networking events organized by the Chamber. *See Chart 7*



Availability of customers in the community received a rating of 8.5/10. The positive reviews of this were related to the ability



to attract customers from Southern Illinois, the growing population of the OSA, and the high level of income in the community. The negative reviews were related to the inability to attract a large amount of customers from west of the Mississippi River and the large amount of competition in the area. *See Chart 10*

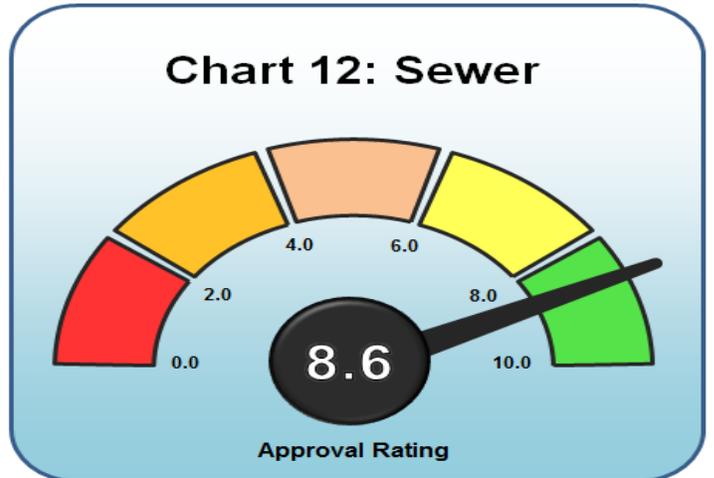
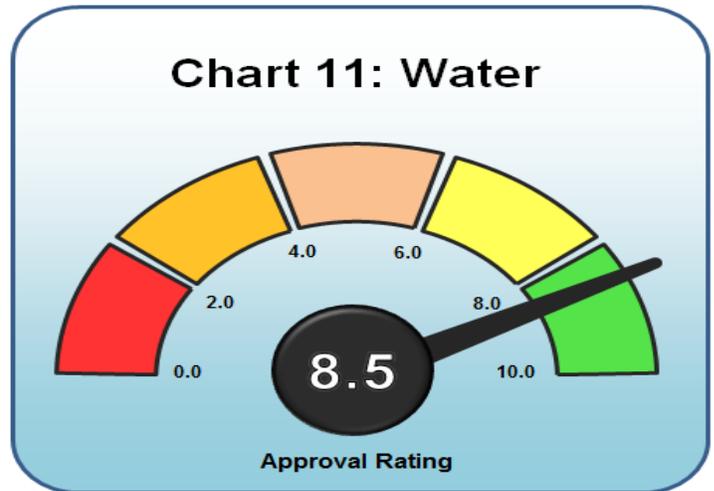
Water services received a rating of 8.5/10. The positive reviews



were related to most businesses not having any issues with their water service. The negative reviews were related to low water pressure during peak hours and the cost of water services. *See Chart 11*

Sewer Services Received a rating of 8.6/10. The positive reviews were related to not having any issues with their sewer service. The negatives were related to the cost and frustration with Caseyville Sewer services. *See Chart 12*

Both, Water and Sewer received polarized responses from BRE participants. Those that have not experienced issues with their



water or sewer services would give highly positive ratings, those that experienced issues with their services, would give highly negative ratings.

Streets received a rating of 8.1/10. The positive reviews were related to quick maintenance by City and Village staff, and general cleanliness. The negatives were related to pot-holes and general wear and tear of the community's streets. *See Chart 13*

Public safety received a rating of 9.6/10. The positive reviews



were related to excellent staffing, leadership, and an overall excellent sense of safety. There were no negatives mentioned about the public safety services provided by any of the 85 businesses. This was a rating for all public safety services in the OSA, which includes police, fire, and emergency medical services. *See Chart 14*



Land use & development was rated 7.9/10. The positive reviews were related to the knowledgeable staff of the City and the Village, and the positive result of regulations preserving a high level of housing and businesses in the community. The negatives were related to the cost of building or difficulties related to the approval process of opening a business in the OSA. *See Chart 15*



The availability of business capital in the OSA was rated a 8.2/10. The positive reviews were related to the availability of numerous banks willing to lend money in the area, and the high level of income in the OSA. The negative reviews were related to the inability of some high-risk businesses being able to secure capital for start-up or expansion costs. Please note that

this question received a lot of “not-applicable” answers. *See Chart 16*



The participating businesses were also asked if, at the time of the interview, are there any barriers preventing their growth in the community, and if they would like to see any economic assistance available to them. The information provided helps the BRE Team to generate ideas on how to assist the area businesses grow in the community.

The final community related question asked during the BRE interview was “using a scale from 1 to 10 (1 being low and 10 being high) please rate what you think the future holds for the economy of the O’Fallon-Shiloh area. The businesses interviewed provided very positive reviews of the future of the OSA. Most participating businesses mentioned the addition of two hospitals, and the growth of the community and Scott Air Force Base as strong indicators of the OSA’s bright future. The possible relocation of the National Geospatial-Intelligence Agency (NGA) to Scott Air Force Base would provide a major increase in the future prospects of the OSA. The possible closing of Scott Air Force Base was the number one concern that the participating businesses had when rating the future of the OSA. *See Chart 17*

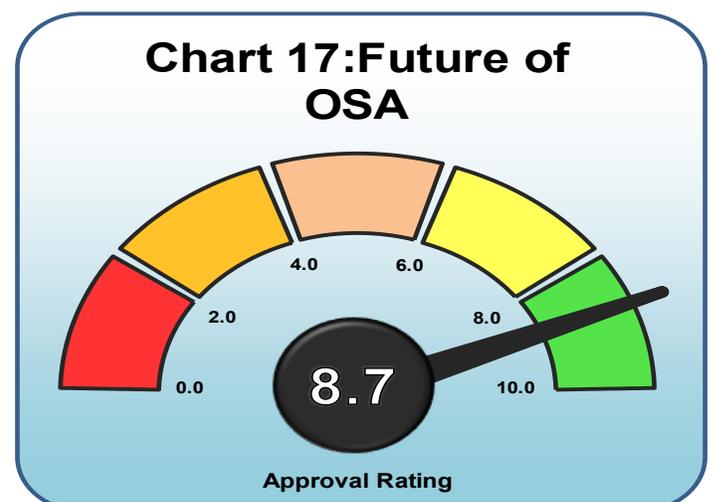
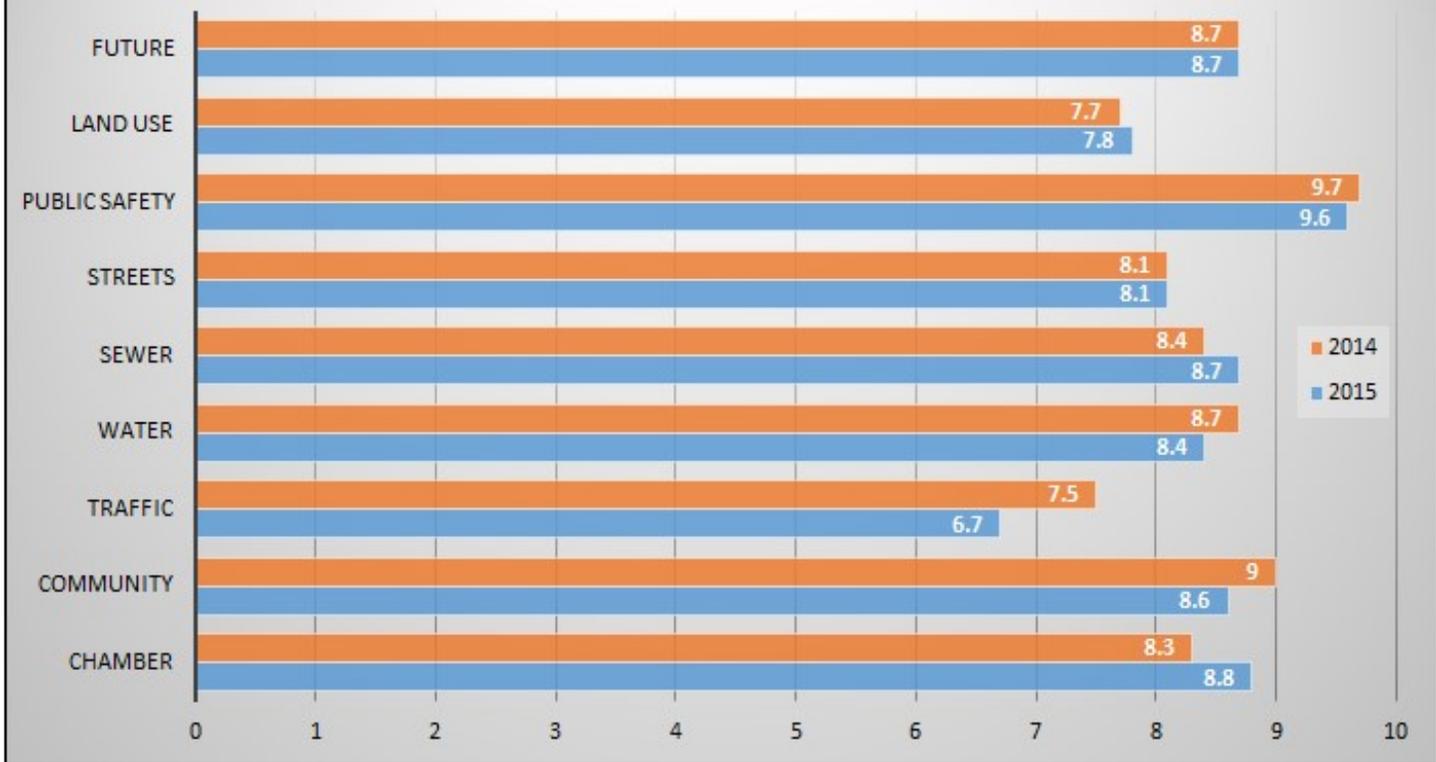


Chart 18: 2014 vs. 2015



Comparing: 2014 vs. 2015

Now that two years of the BRE Program have been completed, and a total of 85 businesses interviewed, we can begin to measure changes in ratings, and attempt to discover the causes of these changes. *See Chart 18*

Between 2014 and 2015, four ratings decreased (public safety, water, traffic, and community). Three ratings increased (land use, sewer, and Chamber). Two ratings remained the same (future and streets).

Fortunately, most ratings did not change more than 4%. Only one rating, traffic, had more than a 5% change (8% decrease).

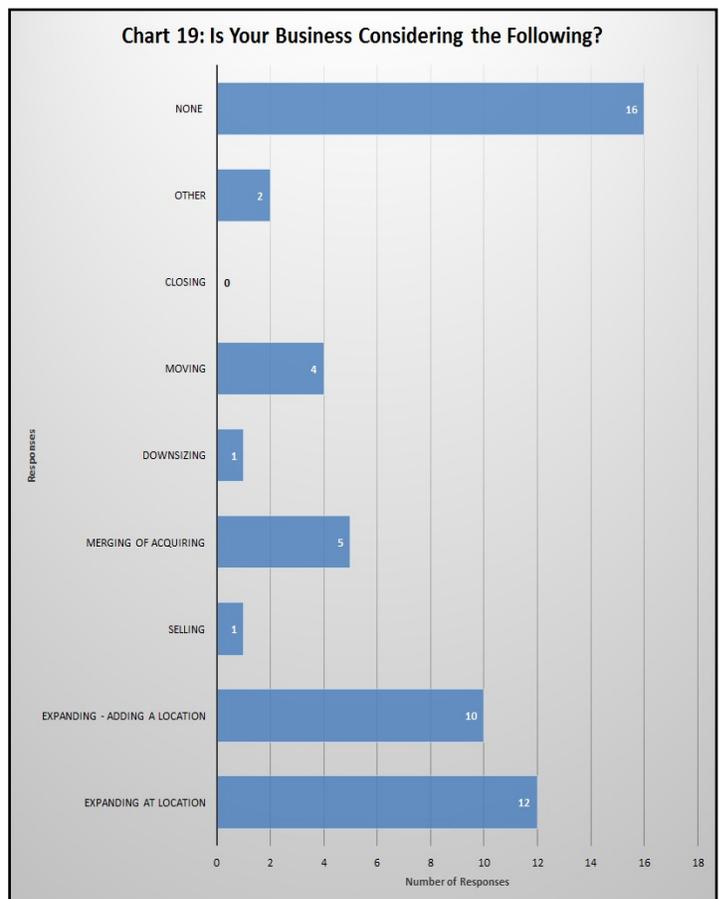
Traffic was impacted negatively in 2015, a increase in construction and congestion near the Interstate 64, Exit 16 were noted as the prime areas of concern. The ratings correspond with a busy construction schedule in the OSA, as well as increased demand and congestion in the Exit 16 area during 2015.

The decrease (-0.3) in the rating of the OSA community during 2015, coincided with the impasse of the Illinois State Budget. Many businesses that rated the OSA community lower, cited this as the reason why.

Business Growth

Part of purpose of the BRE Program is to determine business growth in the OSA. If a business needs assistance in expansion,

relocating, downsizing, etc. the BRE Team could take the necessary steps to ensure that the business received the best available assistance. *See Chart 19*



It was determined after the first year that no question on the BRE surveyed properly captured the needed information to determine if a business had intentions to make change their current business in which the BRE Team Could assist.

Businesses were asked the question, “Are you currently considering the following?” The choices: closing, moving, downsizing, merging or acquiring, selling, expanding by adding a location, expanding at current location, or none of the above. **See Chart 19**

Most businesses (16) responded that they do not have any planned changes in the near future.

A very positive confirmation, ten businesses stated that they were planning on expanding by adding another location, many of these in the OSA, and twelve responded they would be expanding at their current location.

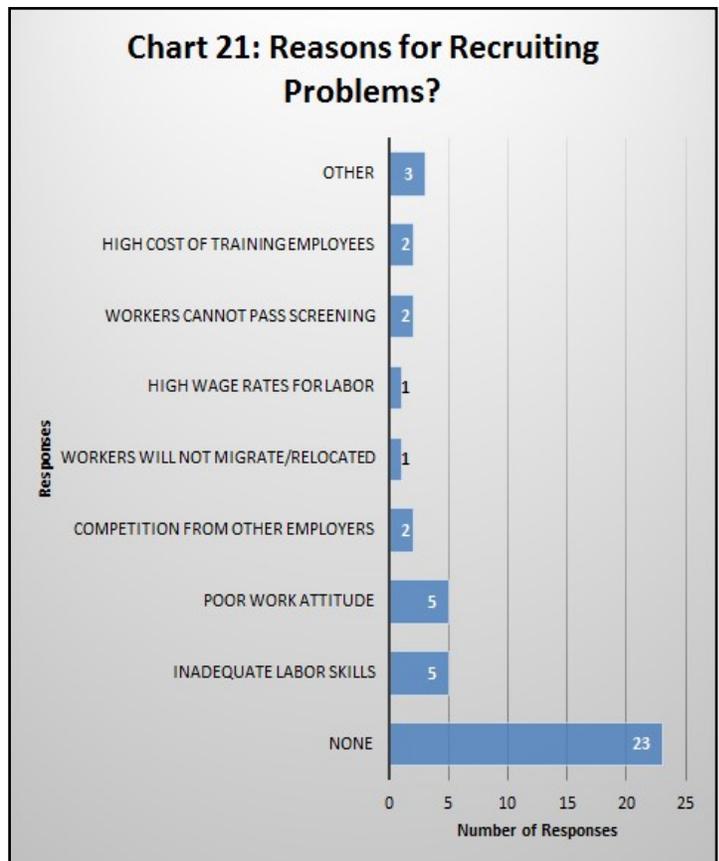
No business responded that they were planning on closing in the near future.

OSA Labor Market

A question was added to the 2015 BRE Surveys to measure the labor market, and the difficulty (or ease) of recruiting talent in the OSA.

Each business was asked a two part question in order to measure their ability to recruit, hire, and retain employees.

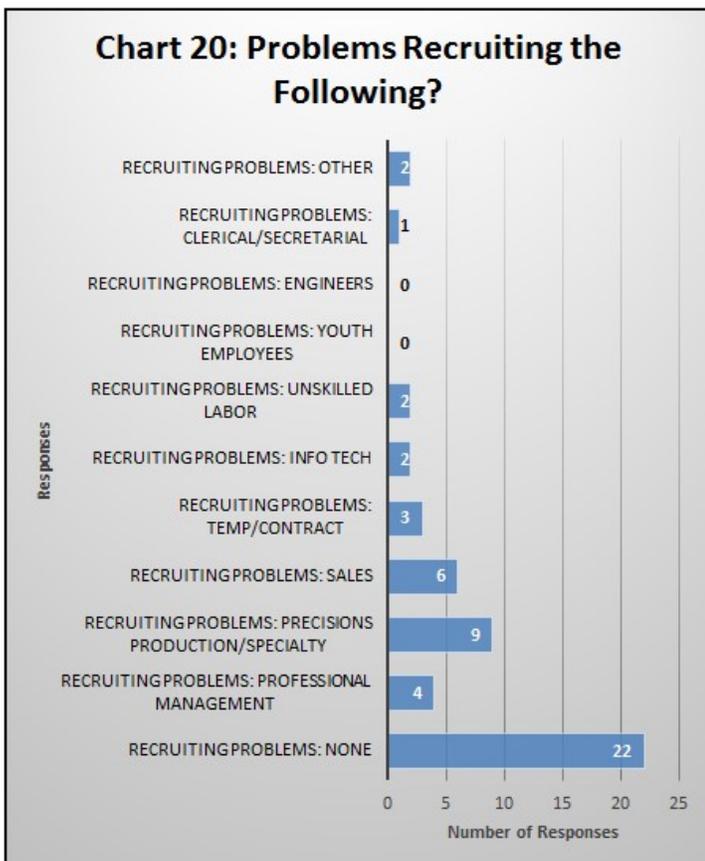
The first part of the question asked, “Does your business have problems recruiting the following?” The choices were: professional/management, precision production/specialty skills, sales, temporary/contract, information technology, unskilled labor, youth employees, engineers, and clerical/secretarial. **See Chart 20**



Next, the businesses were asked a follow-up question pertaining to any difficulties in recruitment. Participants were asked, “What are your most important reasons for recruiting problems?” The choices were: inadequate labor skills, poor work attitude, competition from other employers, workers will not migrate/relocate, high wage rates for labor, workers cannot pass screening, and high cost of training employees. **See Chart 21**

The responses to both questions exhibit that there is little problems recruiting talent in the OSA. The only results that should be of a concern are related to difficulty in recruiting precision production/specialty skills. This is a nationwide trend that is affected numerous businesses across the nation, not just in the OSA.

Please note that there are only responses from the 40 businesses interviewed in 2015. The question was not part of the BRE survey in 2014, therefore the 45 businesses interviewed in 2014 did not respond to the question.



O'FALLON-SHILOH BRE FINDINGS

BRE Program Summary

Setting off, the BRE Program was created with four goals in mind: assist local businesses in thriving and expanding in the OSA; create a partnership between the Chamber, the City of O'Fallon, The Village of Shiloh, and the business community; help solve immediate business concerns and; build a community capacity to sustain growth and development.

The BRE Team has been able to assist local businesses in thriving and expanding in the OSA. While it may be unclear on the precise correlation between the BRE Program and success of the participating businesses, the BRE Team has, more than once, been able to establish dialogue with businesses that have had an issue preventing their success in the OSA. While the BRE Team may have little impact on the overall success of a business when compared to other business factors (market, finances, etc.) the Program has been able to ensure that the participating businesses have an ally that can work to investigate resources that may be of support.

Arguably, the most successful aspect of the BRE Program has been the ability to create a partnership between the Chamber, the City of O'Fallon, the Village of Shiloh, and the business community. The BRE Program has opened dialogue between these parties and has allowed numerous advantageous results for all parties. Businesses are now aware of contacts at the City of O'Fallon, Village of Shiloh and Chamber of Commerce that they may not have known of previously.

One of the goals of the BRE Program is to help solve immediate business concerns. Through the first two years of interviews, the BRE Team was able to make immediate actions to fix or to begin the process of changing certain policies to best fix the issue that may be preventing a participating business from thriving or even surviving in the OSA.

There have been a number of benefits resulting from the efforts made, while many were specific to a particular business, and therefore will not be shared due to the privacy standards of the BRE Program, some are in a general sense and therefore will affect/benefit the business community in the OSA as a whole:

- The BRE Team was able to conclude that some members of the business community perceived a lack of communication between the area's local governments and the business community. The BRE Team decided to create a "City Corner," an insert into the O'Fallon-Shiloh Chamber's monthly newsletter which provides a quick update to the

business community on pending developments, potential city codes that may affect businesses and other projects the city is involved in. The "City Corner" appeared for the first time in the Chamber's monthly newsletter in August 2014, and reaches over 800 businesses monthly.

- While most reviews about the Chamber were very positive, some businesses had ideas of how to make it more appealing to the business community. One suggestion was to create events and groups geared towards a specific portion of the membership, ex: medical group, or a young professionals group. As a result, the Chamber created a Young Professionals Group (YPG), which met for the first time on February 12, 2015. The Chamber of Commerce also created the Chamber "YOUiversity" a monthly informational/educational meeting for chamber members.
- Multiple businesses requested information on resources for small business and business financing. The BRE Team since has create new contacts and attended meetings with the Small Business Development Center (SBDC) and Illinois DCEO. The SBDC, located at Southern Illinois University-Edwardsville (SIUE) held a small business day at the Chamber of Commerce on December 12, 2015.
- The BRE Team has been able to investigate possible expansion/relocation and site improvements for fourteen (14) participating businesses.
- The BRE Team was able to help a local business connect with Southwestern Illinois College (SWIC) to investigate the creation of an internship program.
- The Chamber of Commerce has initiated a partnership with SCORE. SCORE will be holding open office hours in O'Fallon in 2016.
- The BRE Team has investigated partnerships with the goal of creating a business plan/incubator competition for small or emerging businesses.

The final goal of the BRE Program is to help build community capacity to sustain growth and development, or in other words, create a community that can help businesses grow and prosper. The BRE Team has used both the quantitative and qualitative data to determine how to help shape local policies to better assist the business community, while still maintaining the high level of services and standards of building/property maintenance.

Additionally, the Chamber of Commerce has been able to iden-

tify areas of improvement in their services. The Chamber has investigated additional ways to better advertise for their members. The Chamber has also begun to implement ways in which to better engage their members that may not typically attend the Chamber's more traditional events.

FUTURE OF THE BUSINESS RETENTION AND EXPANSION PROGRAM

The BRE Program will continue in 2016. No changes to the survey instrument will be made.

During 2016, the BRE Team will attempt to interview approximately 12 businesses that have not participated in the BRE Process, and approximately 12 businesses that were interviewed in 2014.

By interviewing 12 businesses that have previously been interviewed in 2014, the BRE Team will be able to determine any changes that may have occurred between 2014 and 2016. This is one of the most important parts of the BRE process — continuing to build upon established relationships.

The BRE Team will continue to meet monthly throughout 2016 to discuss the BRE Program, results, and the business community.