



Business Survey II

City of Eden Prairie
Economic Development Division

Background

- Business Survey is 2nd sponsored by EDD
- 1st benchmark survey conducted in 2002
- Current survey instrument similar and comparable to 2002 survey
- Three new questions added to 2005 survey
- Business database purchased from *Habitat for Technology*, used as source for random selection of businesses

Study objectives

- Gauge current business climate in Eden Prairie and contrast findings with previously gathered data in Business Survey conducted in 2002
- Identify and understand wants and needs of Eden Prairie's business community
- Identify ways in which the City can better serve needs of its business community

Methodology

- Four hundred telephone interviews were conducted with a random sample of businesses based within the boundaries of Eden Prairie.
- Qualified respondents included companies' top executives, including owners, presidents and/or managers.
- Interviewing was conducted between October 14 and November 14, 2005
- Average interview length was 14 min.



Sample Profile

Profile of contacted businesses

Demographic	n	% of Total
Full Time Employees		
0 to 5	229	57%
6 to 10	52	13%
11 to 25	66	16%
26 to 50	27	7%
51 or more	15	4%
DK/Refused	11	3%

Average number of FTE at surveyed company was 17

Profile of contacted businesses

Demographic	n	% of Total
2004 Total Revenues		
Under \$500,000	116	29%
\$500,000 to under \$1 million	57	14%
\$1 million to under \$5 million	86	22%
\$5 million to under \$10 million	23	6%
\$10 million to under \$50 million	12	3%
\$50 million or more	10	2%
DK/refused	96	24%
Mean	\$4.4 MM	

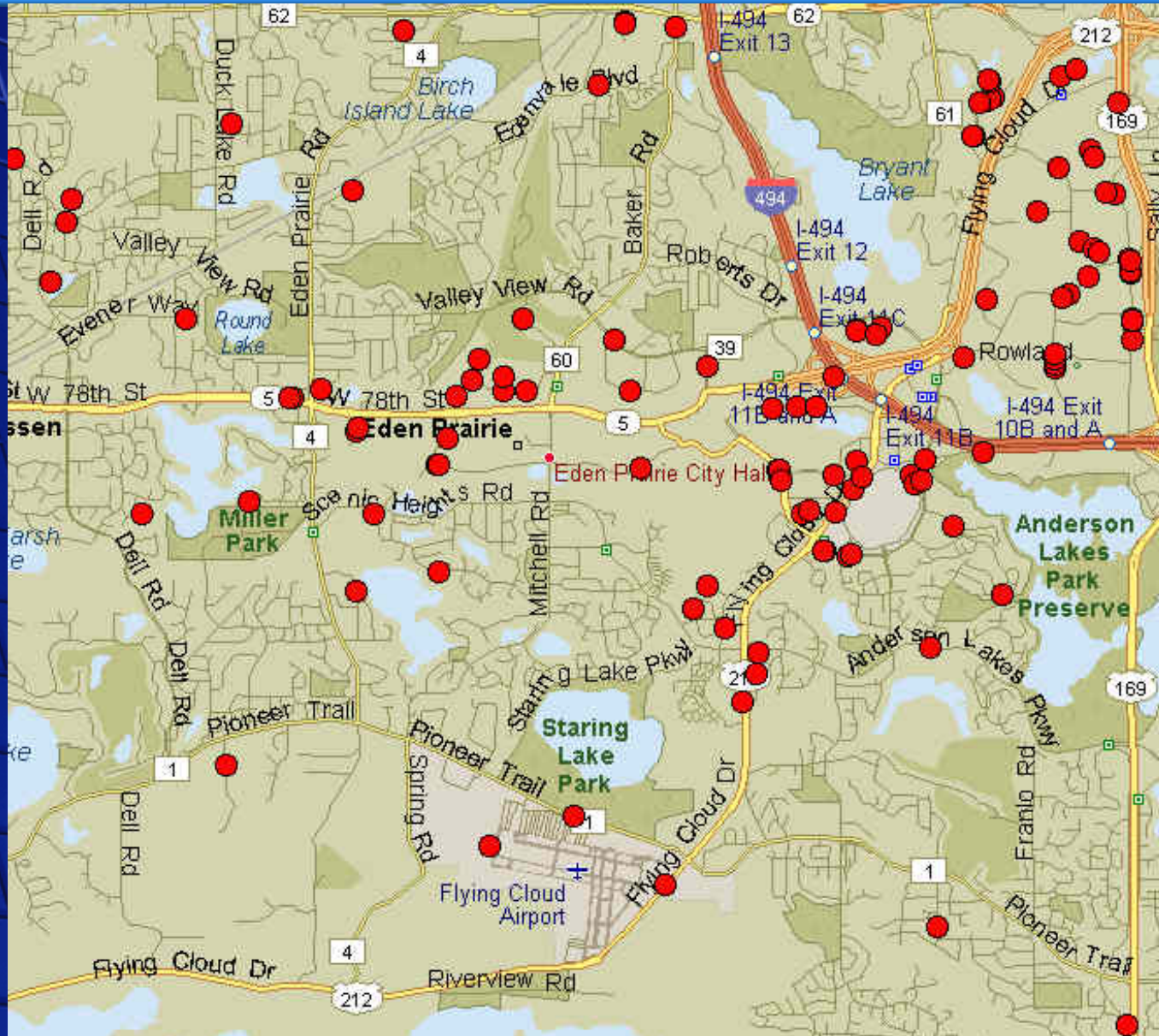
Profile of contacted businesses

Demographic	n	% of Total	
Business Sector			
Service	149	37%	40%
retail	34	9%	
restaurant	18	5%	
Sales / Marketing	66	16%	
Technology	37	9%	
General Professional	33	8%	
consultant	16	4%	
Construction / Craft / Repair	29	7%	4%
Real Estate / Property Mgmt.	27	7%	
Miscellaneous	29	7%	
Manufacturing	23	5%	9%
Health	19	4%	

Profile of contacted businesses

Demographic	n	% of Total
Job Title of Respondent		
Owner/Principal	127	31%
President / CEO	80	20%
Manager / General Manager	108	27%
Vice president	18	5%
Administrator / Director	12	3%
CFO / Controller	7	2%
Other miscellaneous – sales etc.	36	9%
No response / Refused	12	3%

Profile of contacted businesses



n = 375

Sample consistency between studies

2002 Sample

- Service sector highest representation – 40%
- 10 or less FTE – 65%
- No part-time – 35%
- 10 or less yrs. – 54%
- Revenue under ½ million – 23%
- Companies with total employee Internet access - 63%
- 23% at home business
- Male respondents – 68%

2005 Sample

- Service sector highest representation – 37%
- 10 or less FTE – 70%
- No part-time – 39%
- 10 or less yrs. – 52%
- Revenue under ½ million – 29%
- Companies with total employee Internet access - 66%
- 24% at home business
- Male respondents – 68%



Key Findings

Small business dominance

- 70% of businesses employ fewer than 10 full time employees.
- Over a third operates in the service sector.
- One quarter of all businesses surveyed (24%) continue to operate out of a home.
- ‘High tech’ quality is reflected in the two-thirds of the companies that provide total workforce access to Internet at their businesses.

Stable base of business

- Eden Prairie's business base continues to be committed to a presence in the City.
- Only 1 in 10 has any plans to move from the City in next five years. Consistent with what was seen in 2002.
- Nearly half of all businesses surveyed have operated in Eden Prairie for more than 10 years.

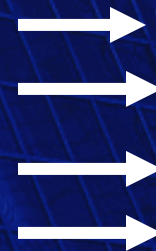
Half have operated 10 years or less and half 11 or more years

Tenure in Eden Prairie		
Less than 1 year	14	4%
Between 1 and 2 years	50	12%
Between 3 and 5 years	68	17%
Between 6 and 10 years	77	19%
Between 11 and 20 years	133	33%
21 years or more	55	14%
DK/Refused	3	1%

52%

47%

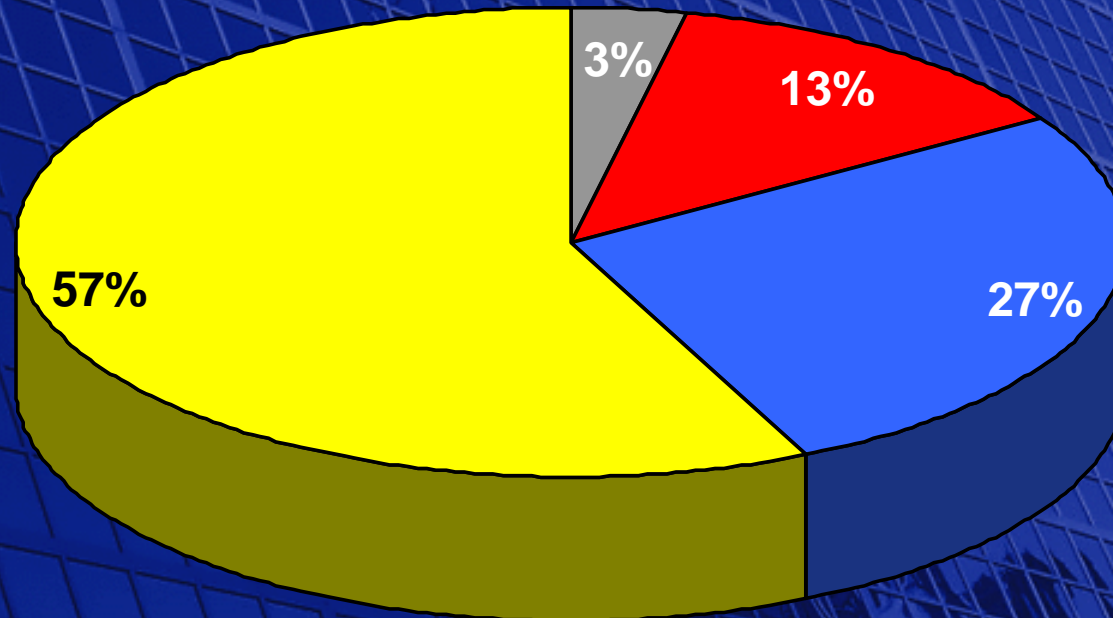
Positives for Operating in Eden Prairie	% of Respondents
Location	55%
Transportation	41%
Community	29%
Economic	25%
Safety	5%



- Central location
- Highway access
- Access to shopping / restaurants
- Quality of life
 - clean environment
- Numbers of clientele
- Area's affluence
 - money people

Business performance past 3 years

Almost 6 in 10 report that their business has increased



■ DK/refused ■ Decreased ■ Stayed same ■ Increased

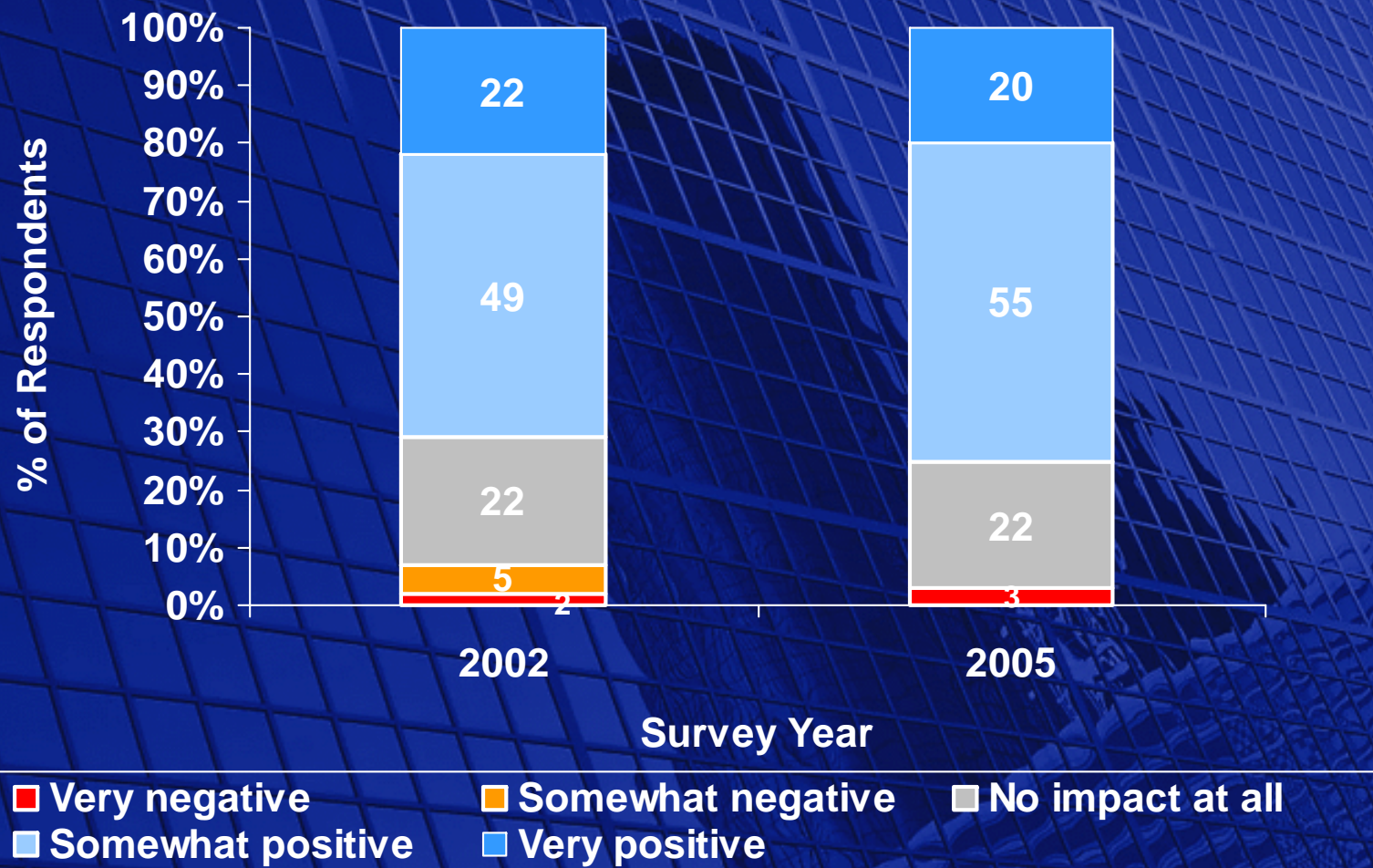
- Business increases outnumber business decreases by 4:1
- Increases significantly higher among newly established businesses (last 3 years) – 72%

Improving business conditions

- Business conditions have improved in period between City's two business surveys (2002 and 2005).
- Nearly 8 in 10 business representatives view Eden Prairie business climate positively (grading a 'B' or 'A').
- Only 11 respondents gave negative ratings ('D' or 'F')
 - less than half the number in 2002.

Shift in business climate ratings

More respondents expressing positive opinions of Eden Prairie business climate and conversely fewer expressing negative opinions

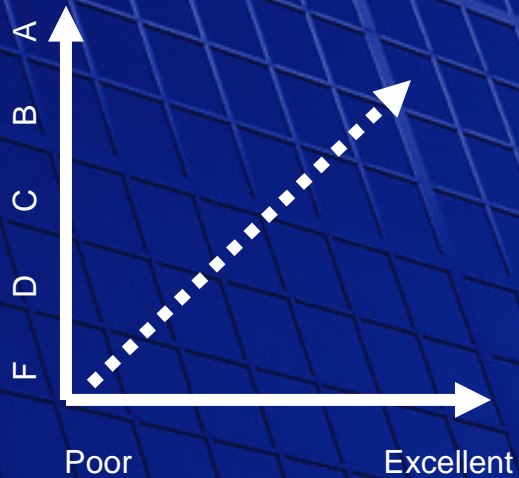


Business climate perceptions mirror satisfaction with services

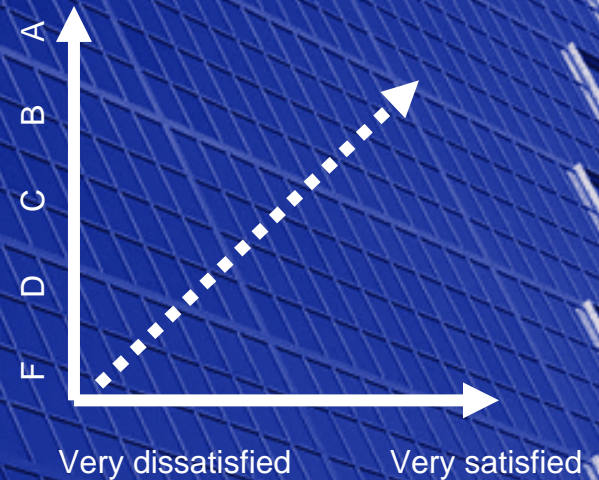
- Assessment of business climate positively correlates to ratings of:
 - General tax dollar value seen in City delivered services
 - Satisfaction with degree of access to City's decision-making process
 - Positive view of availability of workforce housing on ability to recruit and retain qualified workers

Positive correlations to City's business climate assessment

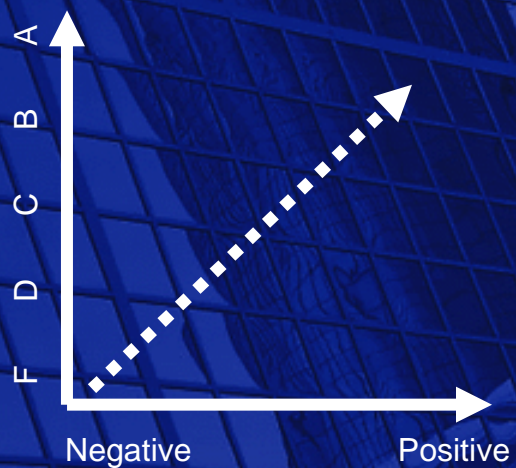
Satisfaction with Service Value for Tax Dollar



Satisfaction with Access to Decision-making



Impact of Available Workforce Housing



Leading reasons for positive view of business climate

- Based on perceptions of City as a good place to do business, variety of businesses seen in Eden Prairie and good business atmosphere City affords.
- Nearly a quarter of respondents view Eden Prairie as a great City – a City that is expanding and at same time friendly.
- One in 10 respondents gives lower positive ratings of business climate due to economic reasons.
 - High taxes stated by 5% of respondents lowers their climate assessment.

Leading reasons for liking to operate business in Eden Prairie

- More than half of all businesses surveyed continue to favor having operations in Eden Prairie because of positive features relating to location:
 - such as City's central location
 - proximity to airports and variety of highways
 - closeness to management's residences within the City
 - closeness to customer and supplier bases

Relative importance of reasons for operating in the City has shifted

Consistent

- As in 2002, top reasons are highway access, low crime rate and the City being a great place to live and work.

Changed

- A significant decline in proportions of respondents seeing reasons as 'somewhat' to 'very important' for why they operate in Eden Prairie:
 - Property taxes are now seen as important by 20% fewer respondents compared to 2002.
 - Supportive City services are of importance to 21% fewer respondents.

Proportion assigning importance has dropped across the board

Reason	Top two boxes = somewhat to very important		Percent change
	2002	2005	
Highway access	97%	90%	-7%
Low crime rate	92%	86%	-6%
Great place live/work	94%	84%	-10%
High-speed Internet access	74%	72%	Within margin
Proximity to customers/suppliers	75%	68%	
Low taxes (2002) / property taxes (2005)	79%	59%	-20%
Good housing choices	69%	56%	-13%
Access to workforce	73%	58%	-15%
Available building space	68%	58%	-10%
Supportive City services	74%	53%	-21%
Parks, walking paths etc.	53%	40%	-13%
Access to public transportation	45%	34%	-11%
Presence of similar businesses	37%	27%	-10%

EDD has helped to improve City's business communication efforts

- Non-familiarity with EDD division is less than half of what it was in 2002
 - 6% versus 13%
- Perceived need for division to devote 'some focus' or 'great focus' on improving communications with business has declined significantly from levels seen in 2002
 - 66% versus 84%

Proportion assigning priorities has dropped across the board

Area of focus	Top 2 - boxes		Percent change
	2002	2005	
Retaining existing businesses	93%	86%	-7%
Building roads and highways	88%	84%	Within margin
Recruiting new businesses	83%	82%	
Small business loans/grants	76%	68%	-8%
Improving communication with businesses	84%	66%	-18%
Investing in redevelopment	74%	69%	margin
Assisting existing businesses with space needs	68%	58%	-10%
Building workforce or affordable housing	66%	50%	-16%

Top two boxes = somewhat to very important

Intensity associated with priorities has dropped also

Area of focus	Top Box		Percent change
	2002	2005	
Retaining existing businesses	70%	55%	-15%
Building roads and highways	61%	50%	-11%
Recruiting new businesses	48%	39%	-9%
Small business loans/grants	34%	34%	-
Improving communication with businesses	34%	26%	-8%
Investing in redevelopment	28%	22%	-6%
Assisting existing businesses with space needs	27%	19%	-8%
Building workforce or affordable housing	27%	21%	-6%

Top box = very important

All indicators point to a lower perceived need for City intervention

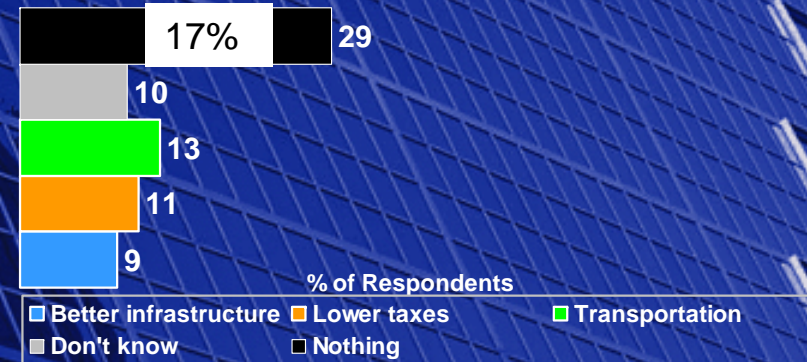
- When asked what, if any, business resources respondents were in need of, 7 in 10 stated 'nothing.'
- Twice as many respondents stated 'nothing' compared to 2002 when asked to provide items EDD could focus on.
- Nearly 3 in 10 respondents stated 'nothing' when asked if they had one wish for the City regarding their business.

Examples of lower intervention

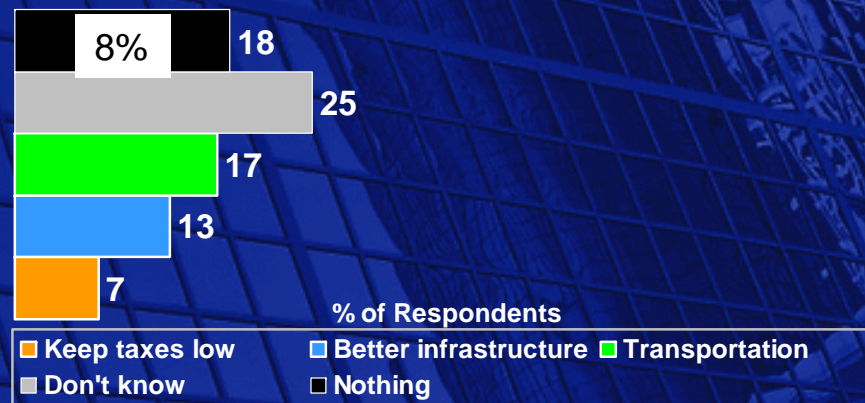
Business Resource Needs



One Wish for City Regarding Your Business



EDD Should Focus Efforts On

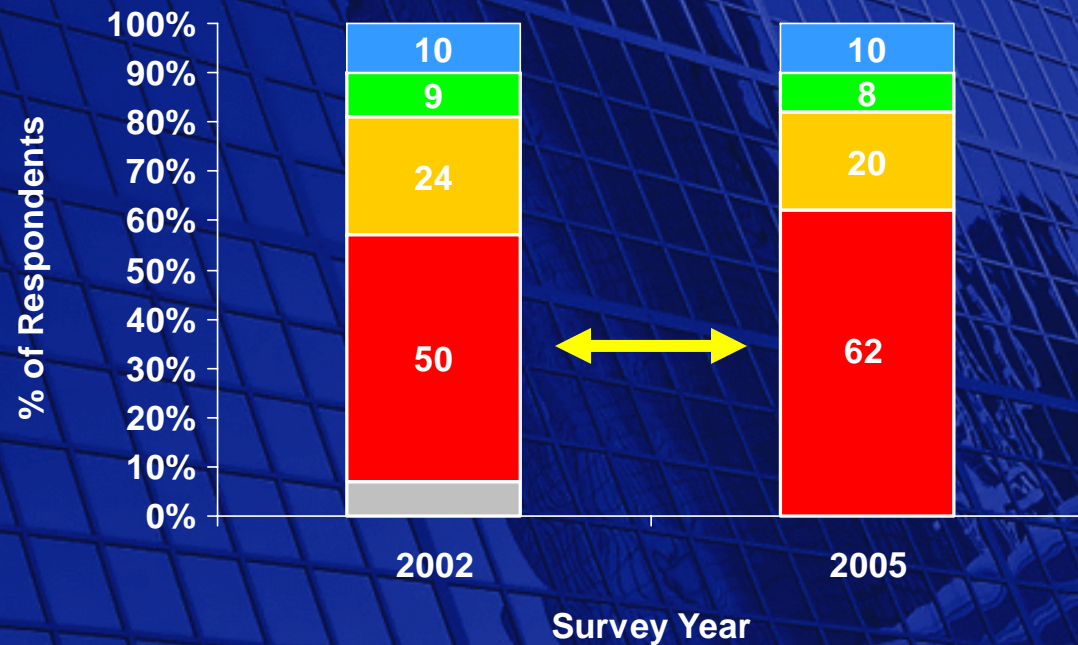


Multiple responses possible, percentages do not total 100%

n = 400

Contact levels have declined

- Contact with City has significantly declined compared to levels seen in 2002
 - 62% of surveyed businesses had no contact in past year compared to 50% that had contact in 2002



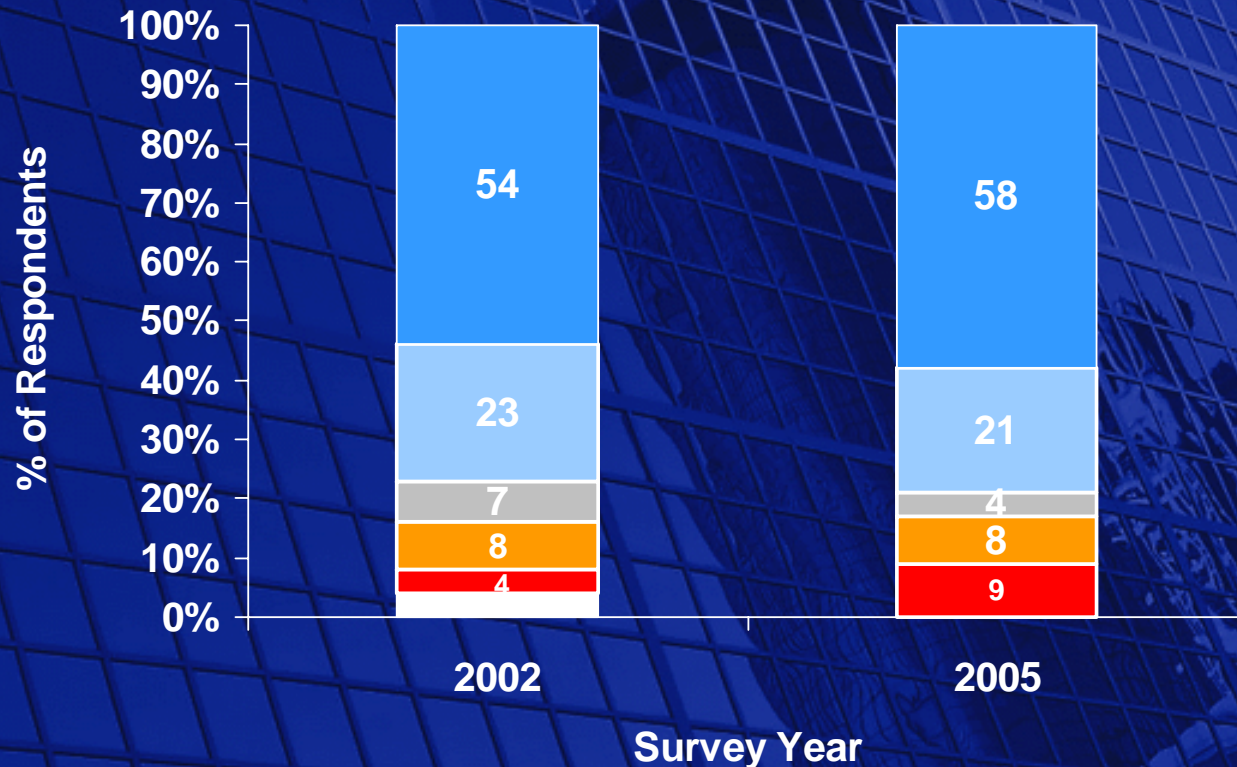
■ DK / Refuse ■ Zero ■ 1 to 2 ■ 3 to 5 ■ 6 or more

2002
n = 171

2005
n = 1500

Contacts remain very positive

Eight in 10 respondents are satisfied with contact outcome



- Problem quickly solved
- Helpful
- Knowledgeable
- Friendly
- Smooth process
- Professional


■ DK/Refuse(4%) ■ Very dissatisfied ■ Somewhat dissatisfied
■ Neither ■ Somewhat satisfied ■ Very satisfied

2002
n = 171

2005
n = 1500

Perceived as most serious issues facing Eden Prairie

Type of Issue	% of Respondents	
Category: Economic	41%	
- Tax / high property taxes	13%	15%
- Competition	9%	5%
- Lack of workers	5%	4%
- High rent	5%	4%
Category: Accessibility	18%	18
- Traffic congestion	9%	
Miscellaneous	12%	19%
		16%
Don't know	7%	

 = 2002



Things to consider

Based on a review of key findings EDD should consider to:

- Continue and build upon positive business communication initiatives begun following the 2002 *Business Survey*
- Examine feasibility of developing a targeted communications program for small businesses which constituted 70% of sampled respondents
- Look for ways to assist the 'little guy' – even the ones operating from at home (24%)

Based on a review of the major findings EDD should consider to:

- Communicate value of City services for property tax dollars. Rising property taxes are on most all business radar screens in one form or another. Businesses are relating higher property taxes with increasing costs for rental space – the pass along affect.
- Assist business owners in maintaining a scorecard on advantages of operating a business in Eden Prairie in a manner that helps to identify and leverage the City's strengths.
- Identify ways to broaden communication to businesses through the Chamber of Commerce or other cost-effective groups or events.



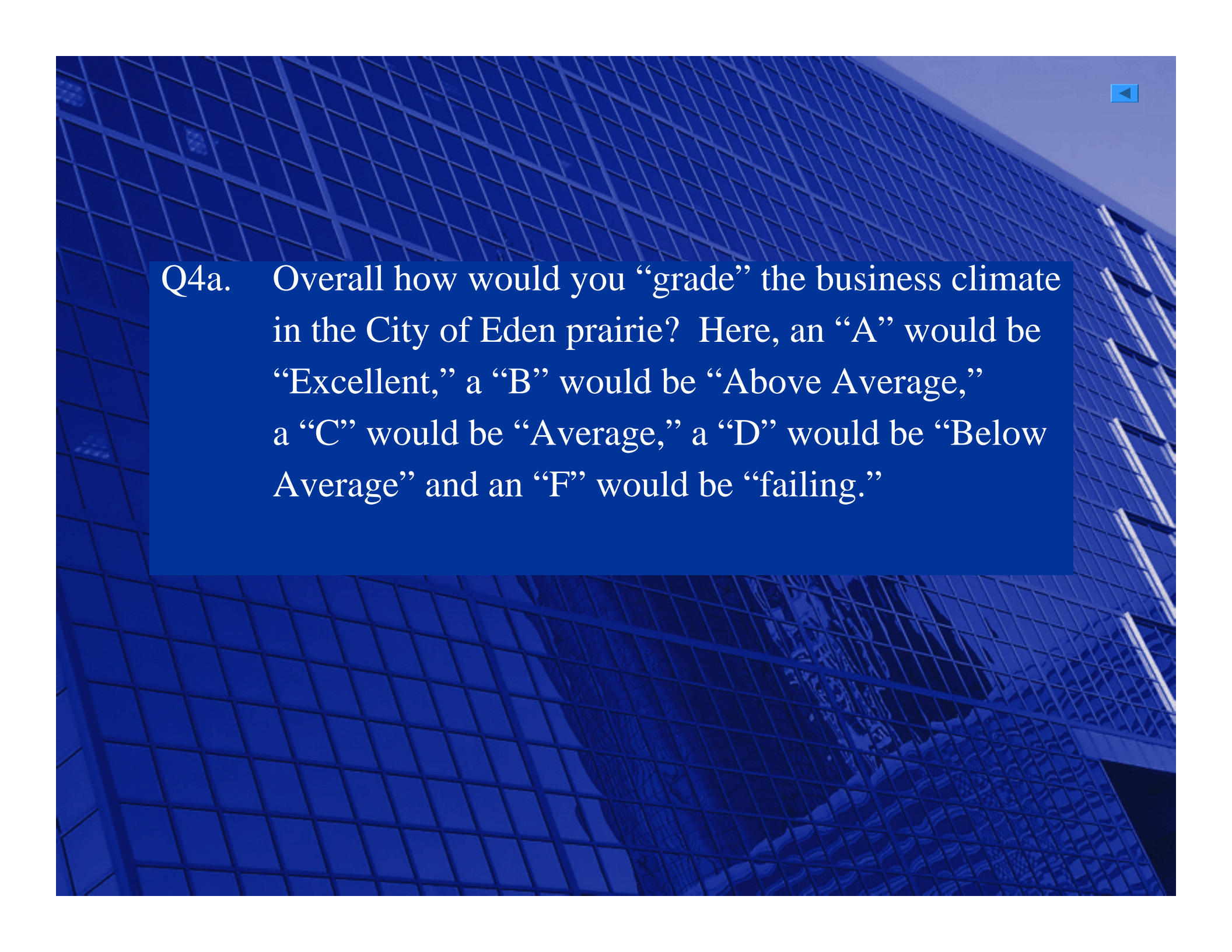
Q20. Over the past three years has your business...

[READ LIST]

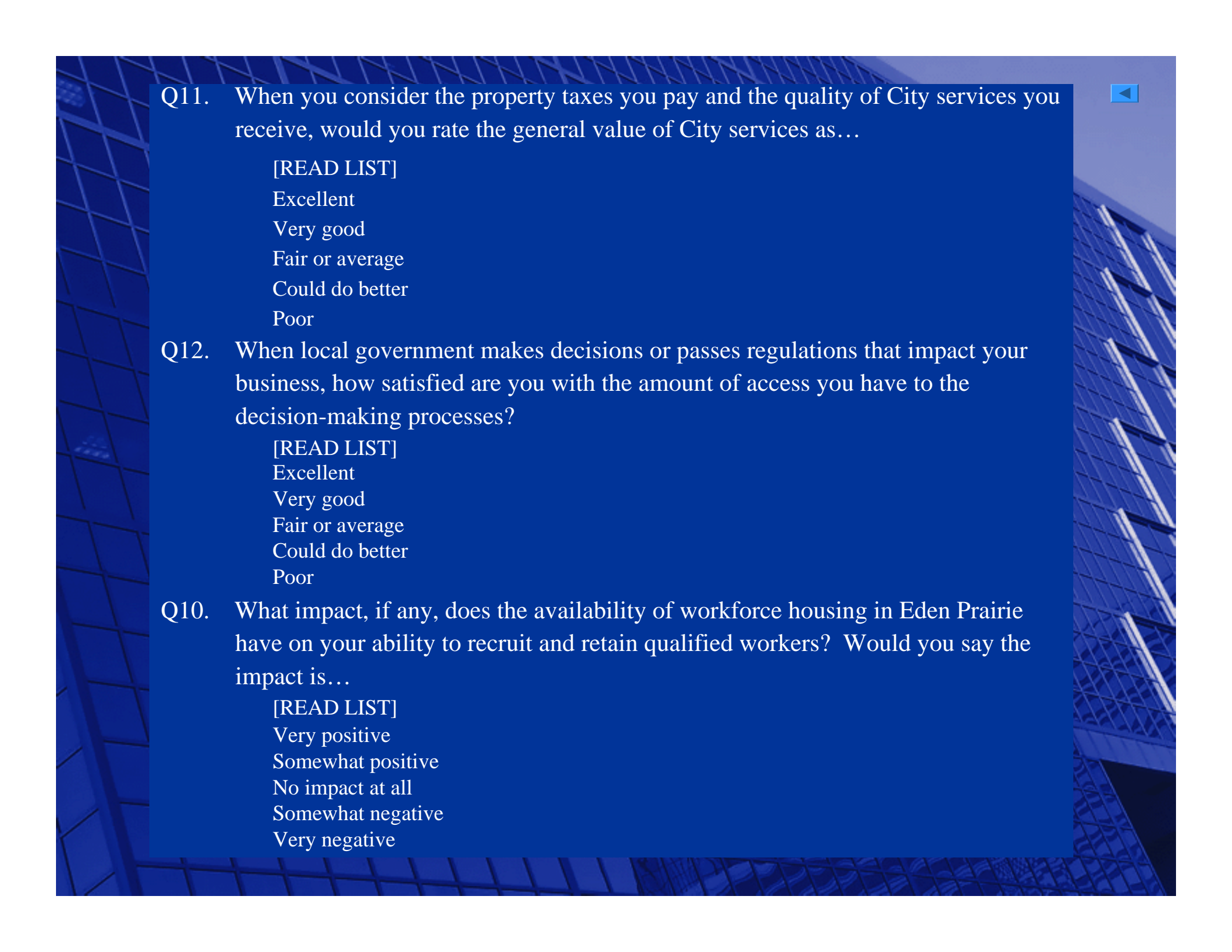
Increased

Stayed the same

Decreased



Q4a. Overall how would you “grade” the business climate in the City of Eden prairie? Here, an “A” would be “Excellent,” a “B” would be “Above Average,” a “C” would be “Average,” a “D” would be “Below Average” and an “F” would be “failing.”



Q11. When you consider the property taxes you pay and the quality of City services you receive, would you rate the general value of City services as...

[READ LIST]

Excellent

Very good

Fair or average

Could do better

Poor

Q12. When local government makes decisions or passes regulations that impact your business, how satisfied are you with the amount of access you have to the decision-making processes?

[READ LIST]

Excellent

Very good

Fair or average

Could do better

Poor

Q10. What impact, if any, does the availability of workforce housing in Eden Prairie have on your ability to recruit and retain qualified workers? Would you say the impact is...

[READ LIST]

Very positive

Somewhat positive

No impact at all

Somewhat negative


Very negative



Q3b. I am going to read you a list of reasons why businesses operate in Eden Prairie. After I read each reason, please tell me if that reason is Very important, Somewhat important, or Not at all important.

[READ LIST]

[ROTATE LIST]



Q6b. I am going to read you a list of items which the Economic Development Division could focus on. After I read each item, please tell me if the Economic Development Division should have a ‘Great focus,’ ‘Some focus,’ ‘Little focus’ or ‘No focus whatsoever’ on that item. The first item is...

[READ LIST]

[ROTATE ITEMS]