PART I

BUSINESS RETENTION AND EXPANSION IN GARDEN CITY

A Research Report

prepared for

The Kansas Department of Commerce

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PREFACE

Project Background

In the summer of 1987, Southwestern Bell Telephone offered an executive-in-residence to work with the Kansas Department of Commerce. This Southwestern Bell executive was Brad Parrott. In cooperation with Kansas Governor Mike Hayden, the Department of Commerce decided to conduct a study on business retention and expansion in the state, and enlisted the assistance of the Institute for Public Policy and Business Research at the University of Kansas to assist with the project. This project was a joint effort between Southwestern Bell, the Kansas Department of Commerce, and the University of Kansas.

The project used a telephone survey to study the retention and expansion of business firms in: Coffeyville, Emporia, Garden City, Goodland, Great Bend, Hays, Hutchinson, Lawrence, McPherson, and Salina. In each community, a local committee of business representatives and community leaders were responsible for conducting personal interviews that provided additional in-depth answers to survey questions. These committees will receive a report of the community they represent, and will be responsible for local action.

Acknowledgements

The Institute for Public Policy and Business Research would like to acknowledge the support and the assistance of Secretary of the Kansas Department of Commerce Harland Priddle; Brad Parrott, Southwestern Bell Telephone District Manager; Jack Montgomery, Director-Existing Industry Development Division, Kansas Department of Commerce; Mary Lou McPhail, Economic Development Representative, Kansas Department of Commerce; Larry Meschke, Kansas Department of Commerce Field Representative; Mike Scott, Southwestern Bell Community Relations Manager and Task Force Chairman; and Don Laird, representative from the Garden City Chamber of Commerce. All had major roles in the eventual completion of this project.

The authors alone are responsible for the contents of this report.

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EXECUTIVE SUMMARY

A survey sample of 105 business firms in Garden City was completed to find determinants of business retention and expansion of existing industries in Garden City.

These firms, drawn from sectors constituting the economic base (retail firms and service firms that were entirely local were not included), were surveyed to identify factors that influence the retention and expansion of existing industries in Garden City, to identify the potential of Garden City firms to expand within their community, to assist the establishment of local retention and expansion efforts, and to distinguish local issues that influence retention and expansion.

The major findings of the study are:

1. Finney county experienced a 51% employment growth rate during the time period 1978 to 1986. This was the highest employment growth rate in this time period among the nine counties that were included in the state report on business retention and expansion.

2. Small firms will be a major source of economic growth in Garden City. The large majority of surveyed firms (81%) in Garden City have less than 20 employees.

3. Most companies are oriented to local and state markets. The total number of surveyed firms sold a mean, or average, 59% of their goods or services in the local market, 26% in the state market, 14% in the national market, and a mean 1% in the international market.

4. The majority of firms will make location and expansion decisions within the community. Of the total number of surveyed firms, 64% stated they were single establishment companies and were not part of a larger corporation.

5. Industrial recruitment has not attracted a large number of companies to Garden City. In the past five years, only 3% of the total number of surveyed firms had moved to Garden City from another city or state.

6. Most firms are homegrown and see the city as providing the market and location they need. Of the total number of firms, 49% stated that central location was a reason for location in the city, 47% stated a reason for location was that Garden City provided good access to their particular market, and 46% stated that Garden City was the founder's hometown.

7. At present, relocation of firms outside of Garden City does not seem to be a problem for the community. Of the total number of surveyed firms, only 4% stated they were planning to move, and 3% are moving to locations that are within the city.

8. Garden City companies believe there are additional companies not presently located in the community that would be of benefit to existing firms. Of the total number of surveyed firms, 33% stated that an additional manufacturer or service provider would be of benefit to their respective company.

9. Expansion growth has occurred in Garden City during the past two years and there is high optimism about expansion capabilities for the future. For the total number of firms, 26% stated they had increased employment the past two years and 31% stated they had increased physical plant size. In the coming year, 40% stated they will increase employment and 20% stated they will increase physical plant size.

10. There are firms in Garden City with both the potential and the desire to expand internationally. Of the total number of surveyed firms, 12% said they had the potential to expand and 10% said they had the desire to expand.

11. Financing sources for expansion in Garden City are traditional in nature. Of the total number of firms, 58% stated that a bank was a source for financing and 45% stated that internal funds were a source.

12. The majority of Garden City firms believed the attitude of the local government towards businesses was positive to very positive. Of the total number of firms, 49% stated that the attitude of the local government towards businesses in the community was positive to very positive.

13. The majority of local services were seen to be either good or adequate. Of the total number of firms, 68% rated fire protection as good, 62% rated the public school system as good, and 60% rated police protection as good. The major exceptions were air

transportation and cost of transportation: 45% rated the availability of air transportation as poor and 36% rated the cost of transportation as poor.

14. The majority of firms in Garden City believe that the quality of life is good, but the percentage of the total number of firms that rated the quality of life as good was lower than the toal percentage given by firms surveyed in the other eight communities for the state report on business retention and expansion. In Garden City, 74% of the total number of firms rated the quality of life as good, 21% as adequate, and 5% as poor. Of the total number of firms in the other eight communities, 82% rated the quality of life as good, 16% as adequate, and 1% as poor.

15. A major concern for surveyed Garden City firms was improving the social aspects of the quality of life. Of those firms that gave suggestions for improving the quality of life, 49% suggested more recreational activities, 39% suggested more entertainment, and 14% suggested more activities for the town as ways for improving the local quality of life.

16. Companies in Garden City do not require a highly-skilled work force. Of the total number of firms, 96% stated they did not need a specialized work force for employment in their company.

17. However, the quality of the local work force was seen as slightly negative by Garden City firms. Only 1% of the total number of firms stated that a good, local labor pool was a reason for location in the community; of the firms that gave local advantages of Garden City, only 1% stated that the quality of the work force was a local advantage; and of those firms who gave reasons, 15% stated a reason for not offering an additional product or service was lack of skilled labor.

18. State economic development programs are not well known to firms in Garden City. Of the total number of surveyed firms, 95% had no knowledge of Centers of Excellence, 75% had no knowledge of Certified Development Companies, 70% had no knowledge of the Kansas Industrial Training Program, 52% had no knowledge of Community Development Block Programs, and 49% had no knowledge of the Job Training Partnership Act. The highest percentage of actual use came from the Job Training Partnership Act and Certified Development Companies: 9% of all firms actually used the Job Training Partnership Act and 6% Used Certified Development Companies. For all other types of assistance, actual use was no higher than 2%.

SUMMARY OF IMPLICATIONS FOR ECONOMIC DEVELOPMENT

POLICY IN GARDEN CITY

1. Local policies should emphasize encouraging entrepreneurs in Garden City who are starting new businesses and to facilitating expansion of existing businesses. Examples of such efforts include incubators and small business development centers. Entrepreneurs should be actively involved in Garden City's economic development strategies.

2. The recruitment of firms outside of Kansas should constitute one part of Garden City's economic development strategy.

3. Garden City, in cooperation with the Kansas Department of Commerce, should have a targeted business retention program. These ongoing programs should identify dissatisfied firms and concentrate retention efforts upon them. Only a very small percentage of firms are planning to leave their community or state. The vast majority of firms are satisfied with their community and are not planning to leave.

4. Larger firms and branch operations must be targeted as part of a business retention program. The loss of a large employer would have a devastating detrimental impact on a community and other firms that are suppliers to the large company. In addition, since the majority of larger firms are part of a larger corporation, the local chamber of commerce and the local government will need to be in contact with the parent organization of these firms.

5. Improved access to nonconventional sources of financing should be a top local priority. Included would be access to seed and venture capital to a greater extent than currently exists. Firms are primarily dependent on conventional sources of financing (banks and internal funds) and do not have access to seed, medium, or high risk financing. Consideration should be given to establishing a community based seed/venture capital firm in Garden City.

6. Public transportation and the availability of air transportation are the two parts of Garden City's transportation system that require improvement. Regional cooperation to improve the availability of air transportation needs to be pursued.

7. Firms in Garden City should be encouraged to participate more actively in markets outside of Kansas. Efforts to help firms realize their potential in larger markets is necessary. To do otherwise would seriously limit growth opportunities. The local business community needs to be actively involved in efforts to broaden markets.

8. Efforts to assist firms to participate in international trade are necessary. Such assistance may include programs to make firms aware of the potential of international trade. Specific barriers to international trade, such as financing, must be addressed. There is an unrealized opportunity to increase exports from Kansas mid-size communities such as Garden City.

9. A major effort is required to assure that firms in Garden City know what state programs are available to assist them. The local business community and local governments should initiate communication programs to insure that firms in Garden City know about the Kansas Technology Enterprise Corporation, Kansas Venture Capital, Inc., Kansas Inc., and other state economic development programs.

BUSINESS RETENTION AND EXPANSION

EXECUTIVE REPORT

At the request of the Kansas Department of Commerce, the Institute for Public Policy and Business Research surveyed business retention and expansion in Garden City. This was accomplished through a survey questionnaire given to a random sample of business representatives. Garden City companies were surveyed to identify factors that influence retention and expansion in existing industries in the community, to identify the potential of Garden City firms to expand within their community, to assist the establishment of local retention and expansion efforts, and to distinguish state and local level issues that influence retention and expansion.

Along with Garden City, eight other communities (Coffeyville, Emporia, McPherson, Great Bend, Hays, Hutchinson, Lawrence, and Salina) were surveyed as part of an overall state report of retention and expansion in communities with populations of 10,000 to 100,000 persons. Survey results for Garden City are compared to results from the other 8 communities in Part II of this report.

A total of 105 randomly selected firms participated in this study. These firms were drawn from the economic base of the community, and represented the agriculture, mining, construction, manufacturing, transportation-communications, wholesale, finance, and services industries (retail firms and service firms that were entirely local were not included in this sample).

This report focuses on five major areas: (1) the description of the survey population, (2) the description and determinants of business location

and retention, (3) the expansion of businesses in Garden City, (4) the local and state business climate, and (5) economic development assistance. For a more detailed analysis of any subject covered in Part I, the reader is advised to study Part II of this report.

ECONOMIC GROWTH IN KANSAS

Before discussing the survey and the results provided by Garden City firms, it is necessary to review several economic growth trends for Kansas. This data will provide a background for consideration when the survey results are discussed, and will provide trends and explanations that will give a view of the total state and of Finney county, along with the counties of the other 8 communities that were part of the overall state study of retention and expansion. It is important to remember that the data collected for this project must be observed within the context of the state as a whole.

Employment Growth

Total employment growth in Finney county was 51% from 1978 to 1986. This was the highest growth in this time period among the nine counties that were included in the state report. Employment growth for Finney county was much higher than both the percentage for Kansas and the growth experienced by the United States for the same period (see Table A).

TABLE A
TOTAL EMPLOYMENT - COUNTIES, KANSAS, AND U.S.
1978-1986 (In 000's)

	1978	1980	1982	1984	1985	1986	% Change 1978-1986	% Change 1982-1986
Barton Co.	13.5	14.4	14.9	14.9	14.6	13.5	0%	-9%
Douglas Co.	26.6	28.2	27.5	28.0	29.2	30.4	14%	11%
Ellis Co.	10.9	11.5	11.8	12.5	12.1	11.6	6%	-2%
Finney Co.	**9.4**	**9.9**	**12.6**	**13.6**	**14.3**	**14.2**	**51%**	**13%**
Lyon Co.	14.4	14.6	14.4	14.7	14.8	14.4	0%	0%
McPherson Co.	10.5	10.8	10.7	11.2	11.1	11.1	6%	4%
Montgomery Co.	17.3	17.4	15.8	14.8	14.8	14.7	-15%	-7%
Reno Co.	27.0	27.1	24.9	25.3	25.9	25.4	-6%	2%
Saline Co.	22.2	23.1	21.8	22.6	22.2	22.5	1%	3%
Kansas	912.5	944.7	921.4	960.7	967.9	983.1	8%	7%
United States	86697	90408	89566	94496	97519	99610	15%	11%

Sources: Counties and Kansas - Kansas Department of Human Resources Research and Analysis Section; United States - Bureau of Labor Statistics, Industry Employment Data Section.

Establishment Growth

For Finney county, establishment growth from 1978 to 1985 has seen a growth rate of 31%. This is higher than the rate for Kansas and slightly lower than the rate for the United States, and is the second highest among the growth rates for the other 8 counties that were sampled for the state report. Although Finney county has a high establishment growth rate, its recent establishment growth from 1982 to 1985 (27%) is lower, indicating the decreasing growth rate and potential problems for the future (all figures are from the Kansas County Business Patterns and the United States County Business Patterns).

Personal Income Growth

Personal income growth for Finney county was 116% for the time period 1978 to 1984. This was much higher than the Kansas growth rate of 75% and United States rate of 71%. It was the highest among the growth rates for the

other eight counties of the communities selected for the state report (all figures are from the Bureau of Economic Analysis, Regional Economic Information System, U.S. Bureau of Economic Analysis, and the National Income and Products Accounts of the U.S.).

Summary

Both employment growth and personal income growth in Finney county were the highest among those of the all 9 counties that were selected for the state report. These were higher than the Kansas growth rates and United States rates. Establishment growth for Finney county was the second among those for the all nine counties, and higher than the Kansas growth rate and lower than the United States rate. The high growth rates should be maintained.

DESCRIPTION OF SURVEY POPULATION

In this section firms are described in terms of (1) their size, (2) industry, (3) annual sales, (4) type of establishment, (5) location of headquarters, and (6) markets for firms' products. It is crucial to understand the nature of the firms that make up the economic base in order to discuss business retention and expansion. For the total sample, the size of companies ranged from 1 employee to 566 employees, and companies represented the agriculture, mining, construction, manufacturing, transportation-communications, wholesale, finance, and services industries.

The survey focused on firms that were part of the economic base of Garden City. Companies that were entirely local in their offering of goods or services were not surveyed. Because of this, retail businesses and some service organizations were not included in this study.

Company Size and Industry

Companies in Garden City are small: 81% of the total number of surveyed firms have less than 20 employees, implying that small firms in Garden City will provide most of the employment growth in the community. This is not industry specific data; all industries have a majority of firms with less than 20 employees. Only 10% of the total firms have 50 or more employees. Although Garden City has regarded the manufacturing and agriculture industries as the main foundations of the economic base, the random sampling done in this study shows that other industries, especially wholesale trade and services, have an important representation in Garden City (see Table B).

TABLE B
SURVEY COMPANIES BY NUMBER OF EMPLOYEES AND BY INDUSTRY

	Number of Employees			Percent of Total Firms That Are In This Industry
Industry	1-19	20-49	50 Or More	
Agriculture	83%	17%	0%	14%
Mining	67%	33%	0%	7%
Construction	67%	0%	33%	3%
Manufacturing	85%	6%	9%	20%
Transportation-Communications	78%	0%	22%	10%
Wholesale	79%	11%	11%	22%
Finance	75%	13%	13%	9%
Services	92%	0%	8%	15%
Percent of Total Firms That Are In This Size Category	81%	9%	10%	100%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Total Annual Sales

For the firms that gave their total annual sales, 85% stated that annual sales were under $5 million dollars, and only 5% stated that annual sales were $20 million dollars or more (see Table C). Industry specific data, however, revealed that no manufacturing firm in this survey had sales of $20 million dollars or more. On the whole, Garden City has small, low revenue companies.

TABLE C
TOTAL ANNUAL SALES

Annual Sales (000's)			
0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
85%	5%	5%	5%

n = 80

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Type of Establishment and Location of Headquarters

The majority of firms in Garden City are single establishment companies and are not part of a larger corporation. Of the total number of firms, 64% stated they were a single establishment company (see Table D). This data points out that decisions concerning retention and expansion will be made within the city, not through corporate headquarters in other areas. Another implication is that, since small, single establishment companies have less resources to obtain information, efforts should be made to ensure that these companies are receiving the knowledge necessary for expansion and growth

into broader markets.

TABLE D
PERCENT OF TOTAL FIRMS THAT ARE PART OF LARGER CORPORATION, AND LOCATION OF HEADQUARTERS

Single Company Firm	Part of a Larger Corporation: Kansas Headquarters	Part of a Larger Corporation: Non Kansas Headquarters	Total
64%	11%	21%	100%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Scope of Products Sold

The scope of product markets for firms in Garden City is relatively small. Firms sold a mean, or average, 59% of their goods or services in the local market, 26% in the state market, 14% in the nation market, and only a mean 1% in the in the international market (see Table E). Size and industry breakdowns revealed that firms with less than 20 employees and finance and services firms used local markets more than other size companies or other industry companies. The future competitiveness of Garden City firms will depend on how well they use many markets, particularly the national and the international markets. This data suggests that firms in Garden City should be encouraged to continue and to initiate trade in markets outside of Kansas.

TABLE E
MEAN PERCENTS OF PRODUCTS SOLD IN THE
LOCAL, STATE, NATIONAL, AND INTERNATIONAL MARKETS

Mean Percent Sold In The Local Market	Mean Percent Sold In The State Market	Mean Percent Sold In The National Market	Mean Percent Sold In The International Market
59%	26%	14%	1%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Survey Description Summary

After examining the descriptions of Garden City firms, it is possible to make the following summary implications:

1. The small firm is a major source for potential economic growth in the community. The large majority of firms (81%) in Garden City are small, regardless of industry.

2. The majority of surveyed firms (85%) in Garden City had total annual sales that were less than $5 million dollars.

3. The majority of firms are single establishments, with no connection to a larger corporation. Thus, most retention and expansion decisions will be made within the community, not from parent organizations in other areas.

4. Most companies are oriented to local and state markets. If these firms remain focused on local/state markets, growth will be slow at best.

DESCRIPTION AND DETERMINANTS OF BUSINESS LOCATION AND RETENTION

In this section, firms are described in terms of (1) their location, (2) reasons for location, (3) retention, (4) additional firms that would be of benefit, (5) retaining and maintaining management and professional personnel, and (6) perceived images of rural life and of Kansas.

Location

Attraction of firms from outside of the community. There has been no major influx of firms to Garden City; 97% of all firms have not moved to Garden City from another city or state in the past five years. This points out that most businesses in Garden City are locally oriented, with few companies bringing experience from other markets or regions.

Reasons for Location. Most companies in Garden City are home grown and see the city as providing the market and location they need. Of the total number of firms, 49% stated that central location was a reason for location in the city. Other major reasons for location were a good access to their market, hometown of the founder and that they filled a product or service need in the city (see Table F). A positive conclusion here is that with so many small hometown firms, the atmosphere for entrepreneurship seems to be good.

TABLE F
REASONS FOR LOCATION IN THE COMMUNITY*

Hometown	Strong Local Economy	More Receptive Local Govt.	Tax Incentives and-or Public Financing	Suitable Zoning	Affordable Lease, Purchase Prices	Good Local Labor Pool	Adequate Space for Expansion	Good Access to Market	Good Access to Raw Materials	Central Location	Good Transportation Facilities	Proximity To Educ.-Tech. Facilities	Filled A Prod.-Service Need	Small Town, Rural Life
46%	10%	0%	0%	0%	3%	1%	2%	47%	11%	49%	2%	0%	53%	0%

*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Retention

Retention of firms in the community. Only a very small percentage of firms are planning to move and the majority of those firms that are moving are staying within the city. Of the total number of surveyed firms, only 4% stated they were planning to move, and 3% of those firms are moving to locations that are within the city (see Table G). This implies that retention programs should be continued but are most likely to be successful if highly focused on the small number of dissatisfied companies who are planning to relocate outside of Garden City.

TABLE G
PERCENT AND LOCATION OF WHERE FIRMS ARE PLANNING TO MOVE

	Moving Within The Community	Moving Within The State	Moving Out Of State	Total Percent Moving
Firms That Are Planning To Move From Their Present Location In The Next Year	3% Of Total Firms	1% Of Total Firms	0% Of Total Firms	4% Of Total Firms

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Additional Manufacturers or service providers that would be of benefit to existing companies. Many Garden City firms believe that there are certain types of companies that are not presently in Garden City that could benefit the firms already established in the community. Of the total number of surveyed firms, 33% stated that there were additional manufacturers or

service providers that would be of benefit to their company if they were located in Garden City. When asked what types of firms that would be of benefit, 62% said raw materials suppliers, 19% said business services, and 2% said repair-maintenance companies. Such companies should be targets for industrial recruitment and for targeting support for new firms or expansions. New firms in Garden City will have the added benefit of strengthening existing companies and their ties to the community.

Retaining and attracting management and professional personnel and perceived images of rural life and of Kansas. The large majority of firms in Garden City (a) do not have trouble retaining and/or attracting managers or professionals; (b) do not have a negative image of rural life; and (c) do not have a negative image of Kansas (see Table H). For these firms, retention strategies that focus on the quality of the community or of the state will have little impact on retention decisions.

TABLE H
PERCENT OF TOTAL FIRMS THAT HAVE TROUBLE ATTRACTING OR RETAINING PROFESSIONAL AND MANAGEMENT PERSONNEL, AND PERCENT OF TOTAL FIRMS THAT HAVE A NEGATIVE IMAGE OF RURAL LIFE AND OF KANSAS

Do you have trouble attracting and/or retaining professional and management level personnel?		Do you have a negative image of rural life?		Do you have a negative image of Kansas?	
NO	YES	NO	YES	NO	YES
85%	15%	95%	5%	98%	2%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

However, closer examination of the data revealed that firms with 50 or more employees did have more trouble attracting and retaining management and professional personnel, which could indicate a future problem for firms that expand. Also, firms with 20 or more employees are more likely to have negative images of rural life and Kansas. The city needs to address the concerns of larger companies or risk the possibility of losing companies as they succeed and grow.

Location and Retention Summary

After examining the data on location and retention, it is possible to make the following summary implications:

1. Firms in Garden City are predominantly homegrown and small, indicating that a good climate for future entrepreneurship from within these communities can be fostered for new expansion.

2. Very few firms are moving from their present location, and all of those that are moving are staying within the county.

3. The city's retention strategy will be most successful if aimed at the small number of firms which are dissatisfied with the city.

4. Raw materials suppliers and business services are viewed by many firms as additional companies that would be of benefit to existing firms. Location and expansion decisions will be made upon the proximity and the delivery of supporting materials and services.

5. Firms do not have negative images about rural life or the state of Kansas, suggesting that policy which exclusively stresses the quality of the community will have little or no effect on retention or expansion.

6. As companies expand and grow larger, there will be greater difficulty in attracting and maintaining management and professional personnel.

DESCRIPTION AND DETERMINANTS OF BUSINESS EXPANSION

In this section firms are described in terms of (1) expansion they have experienced in the past two years, (2) problems with expansion and factors that helped expansion, (3) planned expansion for the next year, (4) location of future expansions, (5) the perceived ability to expand into the international market, and (6) their sources for expansion financing. It is important to understand why firms do or do not expand, the barriers that may inhibit growth, and where companies go for financial assistance when expansion decisions are made.

Past Expansion

Employment and physical plant expansion. In the past two years, there has been employment and physical plant size growth. However, the majority of firms have remained constant in employment and size; 54% of the total number of firms stated they remained employment constant over the past two years and 61% stated their physical plant size remained constant (see Table I). Slight employment growth has occurred in the community over the past two years. Maintaining and increasing these growth rates should be a high local priority.

TABLE I
PAST INCREASES IN EMPLOYMENT AND PHYSICAL PLANT SIZE

In the past two years, has your firm increased or decreased its employment and/or its physical plant size?

	Decreased	Remained Constant	Increased
Employment	20%	54%	26%
Physical Plant Size	8%	61%	31%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Problems with past expansion and factors that helped expansion. The market for products and financing are major problems for expansion in Garden City. For the firms that gave problems with expansion, 37% stated that a static or declining market was a problem, and 25% said a lack of affordable financing was an expansion problem. That a static or declining market is the major problem associated with not expanding indicates that, for some firms, the locally centered scope of products is deterring expansion. The problem of finding affordable financing may indicates a need at the city level to make known additional ways to finance an expansion.

Of those firms that have experienced an expansion, 80% stated that an expanding market was a helping factor, and 25% stated the desire to expand their market was also a factor. An expanding market or a desire to expand their market were reasons for expansion given by a high percentage of firms, indicating the need for many companies to broaden the scope of their products or services and to reach broader market.

Plans for Expansion

Employment and physical plant size expansion. Firms in Garden City are optimistic about their ability to retain increases in employment and plant size. Although the majority of firms will remain constant in both employment and plant size next year, 40% of the total number of surveyed firms said they will increase employment in the next year and 20% stated they will experience a plant size expansion in the next year. No surveyed firm is planning to contract plant size (see Table J). The major implication is that the city strategy must ensure assistance that will build upon this optimistic attitude towards both employment and plant size expansion.

TABLE J
PERCENT OF TOTAL FIRMS THAT ARE PLANNING
AN EXPANSION IN THE NEXT YEAR

In the next year, is your firm planning to increase or decrease your employment? Are you planning an expansion or contraction in the physical size of your plant?

	Decrease or Contraction	Remain Constant	Increase or Expansion
Employment	2%	59%	40%
Physical Plant Size	0%	80%	20%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Location of Expansion. Where firms are planning an expansion may indicate problems for Garden City. Of the number of firms that stated they were planning an expansion, only 29% said they would expand within the city limits, 59% said within the same county, 6% said within the state, and 6% said out of state. That the low percentage of firms are planning an expansion within the city limit may have resulted from the lack of space or other physical plant restrictions. A city strategy is needed that will allow or encourage those firms to expand within the city limit.

Expanding into the international market. There are firms in Garden City that can and want to expand into the international market. Although the large majority of firms do not believe they can expand, 12% of the firms that answered these questions stated they had the potential to expand, and 10% stated they had the desire to expand into the international market (see Table K). Size breakdowns revealed that there are small firms that believe they have the potential and the desire to expand internationally, so to concentrate expansion efforts solely on the large firm would be a mistake.

If the potential for exports is not realized, and the desire to export not encouraged, the scope of products for many companies will remain narrow and locally oriented.

TABLE K
PERCENT OF TOTAL FIRMS THAT BELIEVE THEY HAVE THE POTENTIAL OR THE DESIRE TO EXPAND INTERNATIONALLY

Do you feel your business has the potential to expand into the international market? Does your firm have the desire to expand into the international market?		
	NO	YES
Potential to Expand	88%	12%
Desire to Expand	90%	10%

n = 100
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Financing for Expansion

Financing Sources. Sources for financing expansion in Garden City firms are traditional in nature. Of the firms that gave a financing source, 58% said a bank was a source and 45% said internal financing was a source (see Table L). Economic development programs designed to aid the small businesses with financing are apparently not used, which may be because of a lack of knowledge about such programs. A first step in assisting firms to expand would be to make sure that firms are aware of nontraditional methods of financing for expansion. Continued dependence on traditional sources for financing could impede expansion growth.

TABLE L
FINANCING SOURCES FOR EXPANSION

Bank	Savings and Loan	Internal Financing	Private Sources	Small Business Administration	Industrial Revenue Bonds
58%	2%	45%	6%	4%	4%

n = 101

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Expansion Summary

After examining the data regarding expansion, it is possible to make the following summary implications:

1. Expansion growth has occurred in Garden city the past two years and there is optimism about expansion capabilities for the future. Now is an excellent time to assist and foster expansion in the community.

2. An expanding market was the major factor associated with past expansion, and a declining or static market was the greatest reason associated with past contractions. This emphasizes the importance of participating in markets outside of Garden City and outside of Kansas.

3. A small proportion (29%) of those firms that are planning an expansion will expand within the city limit and the majority of firms outside of the city limit. Needed is the city strategy that will allow or encourage those firms to expand within the city limit.

4. The majority of firms in Garden City with the potential and the desire to expand into the international market are small firms. Because of the importance of the international market, it is imperative that these firms be encouraged to meet their potential and desire.

5. Financing sources for expansion are traditional in nature (banks and internal funds). Alternative forms of financing must be made known to these firms to increase the opportunities and chances for expansion. Continued dependence on standard sources for financing could impede expansion growth.

BUSINESS CLIMATE

This section describes firms perceptions of (1) the attitude of the local government, (2) local services, (3) how to improve the quality of life, (4) how to improve the local business climate, and (5) how to improve the state business climate. For firms contemplating staying or expanding in Garden City, the business climate plays an important part in the decision process.

Local Business Climate

Attitude of the local government. The attitude of the local government towards Garden City firms is viewed by almost one half of the firms to be positive to very positive (see Table M). It is important to note the high percentage (48%) of companies that stated that local government's attitude was neutral. This could be a time for the local government to actively involve itself in finding means to assist their companies with growth strategies.

TABLE M
FIRMS' PERCEPTIONS OF THE
ATTITUDE OF THEIR LOCAL GOVERNMENT

Attitude of Local Government		
Positive To Very Positive	Neutral	Negative To Very Negative
49%	48%	3%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Perception of services. In general, firms are satisfied with the services that are provided to them (see Table N). High good ratings were given to the fire protection (68%), the public school systems (62%), police

protection (60%), and the telephone systems (58%). High poor ratings were given to the quality of air transportation (45%), the cost of transportation (36%), the quality of roads[1] (32%), and the electric system (31%). The poor ratings given to transportation issues will be important as firms decide to expand. Firms that want to grow will look to see if they can adequately move products to and from their destination as well as the timely delivery of necessary materials. Important for the local business climate, however, is the perceived good quality of local services. These are positive signs for the city and will help in decisions of location and expansion.

TABLE N
GARDEN CITY FIRMS' PERCEPTIONS OF SERVICES

	No Opinion	Good	Adequate	Poor
Quality of Roads	0%	28%	40%	32%
Quality of Railroads	37%	21%	31%	10%
Cost of Transportation	6%	17%	41%	36%
Availability of Air Transportation	15%	9%	32%	45%
Quality of Public Transportation	29%	13%	29%	29%
Freight Delivery Time	9%	37%	41%	12%
Quality of Training	22%	28%	28%	22%
Fire Protection	4%	68%	26%	2%
Police Protection	0%	60%	38%	2%
Telephone System	0%	58%	37%	5%
Electric System	0%	38%	32%	31%
Public School System	7%	62%	29%	2%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

[1] At the time when this survey was conducted, the highway system was amuch debated topic in the state capitol and between Kansas citizens. Statements about the highway system made here may be different from opinions made if the survey were given in another time period, and this should be considered when reading any discussion of roads or highways.

Business Climate Improvements

Improving the local quality of life. Suggestions for improving the local quality of life centered mainly on social development. Of the respondents who suggested ways to improve the local quality of life, 50% suggested more recreational activities, and 39% stated more entertainment as a way to improve the local quality of life (see Table O). This may result from the distant location of Garden City from large cities, but officials in Garden City must note the kinds of activities mentioned by their businesses, and find ways to improve the local quality of life. The quality of life will be an important factor in a company's decision concerning location and expansion in the Garden City community.

TABLE O
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE

Economic Development	More Entertainment	More Activities For Town	More Recreational Activities	Improve Public Morale	Upgrade Education
14%	39%	14%	50%	8%	10%

n = 47
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Improving the local business climate. Of the firms that gave suggestions for improving the local business climate, 43% suggested economic development, 19% suggested that the local government be more responsive, and 15% suggested improving local financing (see Table P). Economic development as a way to improve the local business climate did receive the greatest percentage of responses from Garden City firms. There is also a desire for the local government to be more responsive, and to improve local financing.

These are areas where the local government can have an impact on the future of its businesses. As seen in Table M, Garden City firms believe that their local government has a positive attitude towards businesses in the community. The local government should work with companies to improve the local business climate, and have a real influence on change.

TABLE P
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE

Economic Development	Increase and Improve Local Image	Improve Local Financing	Tax Incentives, Abatements	Local Gvt. More Responsive	Help Entrepreneurs	Spend Municipal Funds
43%	13%	15%	4%	19%	11%	11%

n = 32
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Improving the state business climate. Suggestions for improving the state business climate did not center so heavily on economic development, but included a variety of recommendations. Of the firms that gave suggestions, 51% suggested improving the highway system, 20% suggested economic development, 20% suggested tax incentives, and 19% suggested changing or lowering taxes (see Table Q). Transportation is once again a factor that is of consequence to these firms, and will gain even more importance if companies are to use more than the local market.

TABLE Q
SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE*

Economic Development	More Cooperation Between State & Local	Increase and Improve State Image	Better Financing Opportunities	Tax Incentives	Better Communication	Eliminate Severance Tax	Improve Highway System	Seek Diversification	Change Or Lower Taxes
20%	0%	7%	3%	20%	0%	2%	51%	5%	19%

*Since firms could give more than one suggestion, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Business Climate Summary

After examining the data regarding the local business climate, it is possible to make the following summary implications:

1. The large majority of firms believed the attitude of the local government towards businesses was positive to very positive, but a relatively high percentage of firms suggested that to improve the local business climate the local government should be more responsive to businesses in the community. Now is an excellent time for the local government to assist in retention and expansion strategies.

2. Local public services were seen mainly to be good or adequate. However, the quality of air transportation, the cost of transportation, the quality of roads, and electric system were seen by many firms to be poor. The poor ratings given to transportation issues will be important as firms decide to expand.

3. Suggestions for improving the local business climate included economic development, that the local government should be more responsive, and to improve local financing. Garden City firms are looking for development assistance from their community officials.

4. Economic development is very much on the minds of these respondents, and better knowledge of existing state and local programs or the creation of new local assistance will be accepted as efforts to increase developmental opportunities.

ECONOMIC DEVELOPMENT ASSISTANCE

In this section (1) economic development programs designed to assist businesses in the state; (2) firms that utilize special employment skills for their operations; and (3) employees sought from state universities, community colleges, or vocational schools will be examined.

Economic Development Programs

State economic development programs are not well-known to companies in Garden City. For the total number of surveyed firms, 75% had no knowledge of Certified Development Programs, 95% had no knowledge of Centers of Excellence, 70% had no knowledge of the Kansas Industrial Training Program, 49% had no knowledge of the Job Training Partnership Act, and 52% had no knowledge of Community Development Block Programs (see Table R). Local officials need to make sure information about economic development programs reaches the business community, with emphasis on what these programs were designed for and how they can be used. Without such assistance, expansion and growth opportunities may continue to be unrealized.

TABLE R
KNOWLEDGE AND USE OF ECONOMIC DEVELOPMENT PROGRAMS

	No Knowledge	Knowledge, No Use	Used Program
Certified Development Companies	75%	19%	6%
Centers of Excellence	95%	4%	1%
Community Development Block Programs	52%	45%	2%
Kansas Industrial Training Program	70%	30%	0%
Job Training Partnership Act	49%	42%	9%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Firms That Need a Specialized Skill

Companies in Garden City do not require a highly-skilled work force. Of the total number of surveyed firms, 96% stated they did not need a specialized work force for employment in their company. What is important to note is that with the rapid changes in technology and technical advancement in business operations, skilled positions will become more common for all types of firm sizes and industries. To remain competitive, companies will have to adapt. This will mean that companies in Garden City will have to train a great deal of workers in the future, which will affect the resources available for expansion.

Using State Universities, Community Colleges, or Vocational Schools

The majority of firms in Garden City have not used the services of these institutions in the past two years. Sixty-three percent of the total number of firms said they have not used these educational institution's services in the past two years. Assistance from these schools can be extremely helpful to companies, and the innovation that can come from small firms is of great potential. Companies and state educational institutions should be working together more.

Employees sought from state universities, community colleges, or vocational schools. Of the firms that stated they sought employees from these institutions, 25% said they sought entry level clerical workers, 23% said they sought business management personnel, and 21% said they sought mechanics and/or machinists (see Table S). Besides management personnel, the variety of employees hired reflects the relatively low-skill nature of

Garden City firms, with few percentages given for technicians, engineers, or drafters. The future competitiveness of Garden City firms will depend upon the recruitment and use of these latter types of employees.

TABLE S
EMPLOYEES SOUGHT FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*

Entry-Level Clerical	Mechanics, Machinists	Data Processors	Electronics, Electrical Techs.	Drafters	Chemical Process, Lab Techs.	Engineers	Business Management Personnel	Agricultural, Vet. Personnel	Heavy Equipment Operators	General Labor
25%	21%	8%	9%	3%	1%	3%	23%	15%	8%	13%

*Since firms could give more than one type of employee sought by their company, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Economic Development Assistance Summary

After examining the data regarding economic development assistance, it is possible to make the following summary implications:

1. State economic development programs are not well-known to firms in Garden City. The majority of firms have not heard of the programs and very few firms actually used the programs. Local officials must work in cooperation with state agencies in supplying information and means of access to Garden City firms for better use of these programs. At the present time, economic development assistance has had an impact on only a small number of firms in the community.

2. Garden City has relatively low-skill workers, making their ability to compete in the future heavily dependent on training and access to training.

3. The majority of firms do not use the services of a state university, community college, or vocational school, indicating possible difficulties for firms to find, make, and/or initiate contacts with these institutions.

SUMMARY

Firms surveyed in Garden City are small, low revenue companies that are oriented to local and state markets. They are predominantly homegrown and relatively pleased with their community and with their state, indicating that a good climate for future entrepreneurship from within the city can be fostered for new expansion. The large majority of firms have not moved to Garden City from another city or state in the past two years, and very few firms are planning to move from their present location. Thus, the city's retention strategy will be most successful if aimed at small numbers of firms which are dissatisfied with the city. Sustained future growth will come from the expansion and growth of the firms presently in Garden City, not from firms recruited to relocate in the area.

This is an excellent time to facilitate the expansion capabilities, and there are many firms that are planning employment and physical plant size increases. Financing was a major problem associated with expansion; the implication here is a need at the city level to make known additional ways to finance an expansion.

This is also a good time for the local government to assist business in Garden City. The majority of companies here believe the local government has a positive to very positive attitude towards their businesses and many firms believe that the local business climate can be improved with a more responsive local government.

The scope of product markets for firms in Garden City is small. The majority of firms are oriented to the local or the state markets. The future competitiveness of Garden City firms depends on how well they use many markets, particularly the national and the international markets. This is

strengthened by the survey results: the major reason for contractions was a static or declining market and the greatest factor helping expansion was an expanding market. There are firms in garden City that can and want to expand into the international market. Local officials must make sure companies have the proper information and the sources necessary for trade in markets outside of Kansas.

Firms in Garden City also do not have much knowledge about state economic development programs. The majority of firms have not heard of the programs and very few firms actually used the programs. Information about these programs should reach these firms. At the present time, many firms may be missing expansion opportunities simply from not knowing who to contact, where to go for help, or what these programs can do for their respective company. Garden City should work with the state in disseminating this information, and should help companies find the type of assistance that will be beneficial.

PART II

BUSINESS RETENTION AND EXPANSION IN GARDEN CITY

A Research Report

prepared for

The Kansas Department of Commerce

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Report #144

BUSINESS RETENTION AND EXPANSION GARDEN CITY
SURVEY RESULTS

PART II

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PART II

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BUSINESS RETENTION AND EXPANSION IN GARDEN CITY

Introduction

A major component of state economic development is the retention and expansion of existing firms. Identification of problems that may cause a firm to relocate or forego expansion problems is critical to local economic efforts. Knowledge of factors favoring business expansion and retention also helps authorities at the local level capitalize on development opportunities.

At the request of the Kansas Department of Commerce, the Institute of Public Policy and Business Research analyzed business retention and expansion in representative Kansas communities of 10,000 to 100,000 persons, with the goal of identifying local and state issues that could influence this type of economic growth. Data was collected through a survey questionnaire given by phone to a randomly selected sample of firms. Specifically, the purpose of the study is to identify factors that influence retention and expansion of existing industries in Kansas mid-size communities, to identify the potential of Kansas firms to expand within their existing communities, establish local efforts of retention/expansion, and distinguish state level issues that influence retention/expansion.

Throughout Part II of this report, survey findings from Garden City will be compared to the other 8 communities included in the state report (Coffeyville, Emporia, Great Bend, Hays, Hutchinson, Lawrence, McPherson, and Salina).

It is hoped that this project will be used to open communications between the business sector and local economic development specialists concerning business retention and expansion. By discussing the findings and suggestions issued in this report, Garden City can take the first step needed towards keeping and encouraging economic growth from their existing firms.

I.

ECONOMIC GROWTH IN KANSAS

Before discussing the survey and the results provided by the surveyed firms in Garden City, it is necessary to review several economic growth trends for Kansas. These trends and explanations will give a view of the total state, for Finney county, for the counties of the comparison communities also surveyed, and a background for consideration when the survey results are discussed. It is important to remember that the data collected for this project must be observed within the context of the state as a whole.

Employment Growth

Total employment in Finney county has risen 51% from 1978 to 1986. This percentage is much larger than the state percentage for the same time period and percentage for the United States. This percentage for Finney county is the highest of the 9 counties in which the srtate study's communities are located (see Table 1). The growth in employment for Finney county from 1982 to 1986 was also higher than the state's growth rate and the U.S. growth rate.

TABLE 1
TOTAL EMPLOYMENT - COUNTIES, KANSAS, AND U.S.
1978-1986 (in Thousands)

	1978	1980	1982	1984	1985	1986	% Change 1978-1986	% Change 1982-1986
Barton Co.	13.5	14.4	14.9	14.9	14.6	13.5	0%	-9%
Douglas Co.	26.6	28.2	27.5	28.0	29.2	30.4	14%	11%
Ellis Co.	10.9	11.5	11.8	12.5	12.1	11.6	6%	-2%
Finney Co.	**9.4**	**9.9**	**12.6**	**13.6**	**14.3**	**14.2**	**51%**	**13%**
Lyon Co.	14.4	14.6	14.4	14.7	14.8	14.4	0%	0%
McPherson Co.	10.5	10.8	10.7	11.2	11.1	11.1	6%	4%
Montgomery Co.	17.3	17.4	15.8	14.8	14.6	14.7	-15%	-7%
Reno Co.	27.0	27.1	24.9	25.3	25.9	25.4	-6%	2%
Saline Co.	22.2	23.1	21.8	22.6	22.2	22.5	1%	3%
Kansas	912.5	944.7	921.4	960.7	967.9	983.1	8%	7%
United States	86697	90406	89566	94496	97519	99610	15%	11%

Sources: Counties and Kansas - Kansas Department of Human Resources Research and Analysis Section; United States - Bureau of Labor Statistics, Industry Employment Data Section.

Employment increases in Finney county has been greater than that for Kansas and the U.S. average from the period or 1978 to 1986. It is important to maintain growth levels to counter the effects of out-migration and population losses. From 1982 to 1986, employment growth has been 13% for Finney county. When these county figures are examined, and when comparisons are made between Finney, Kansas, and the U.S., it is apparent that economic development strategies can help Garden City keep employment growth high, and to create even more opportunities for the future.

Establishment Growth

The total number of establishments has shown a positive growth of 31% for Finney county since 1978. This figure is higher than the rate for the state during the same period but slightly less than the U.S. rate. For this 1978-1986 time period, only one county (Douglas) had a higher percentage of growth. However, from 1982 to 1985, growth in number of establishments for

the county is higher than the Kansas figure and the U.S. figure. For the 1982-1985 time period, establishment growth for Finney county is higher than every county except Douglas in which comparison communites are located (see Table 2).

TABLE 2
TOTAL NUMBER OF ESTABLISHMENTS: COUNTIES, KANSAS, U.S.
1978-1985

						% Change	
						1978-	1982-
	1978	1980	1982	1984	1985	1985	1985
Barton Co.	1042	1079	1117	1248	1189	14%	6%
Douglas Co.	1205	1246	1283	1574	1635	36%	27%
Ellis Co.	810	771	822	970	986	22%	20%
Finney Co.	**728**	**744**	**751**	**900**	**953**	**31%**	**27%**
Lyon Co.	724	725	731	901	881	22%	21%
McPherson Co.	754	731	716	825	832	10%	16%
Montgomery Co.	969	977	953	1069	1053	9%	10%
Reno Co.	1524	1489	1482	1736	1740	14%	17%
Saline Co.	1431	1458	1399	1618	1596	11%	14%
Kansas	54299	55021	55476	65015	65510	21%	18%
United States	4409223	4543167	5246737	5517715	5902453	34%	12%

Sources: Kansas County Business Patterns, United States County Business Patterns.

A combination of the high growth in employment and large growth in number of establishments indicates that Garden City's industrial climate has turned increasingly toward development of the smaller business rather than relying on big companies to strengthen the economy. This also points to the need Garden City has to establish growth in their small developing companies.

To further illustrate this point, between 1980 and 1985 in Kansas, establishments with less than 50 employees increased their number of employees by 6%, while establishments with over 50 employees decreased their employment by 1%. A total of 21,486 net new jobs were created in Kansas in companies with less than 50 employees between 1980 and 1985, not including

proprietors themselves. Small businesses are also a more important factor in the Kansas economy than in the national economy: as of 1985, firms in Kansas with less than 50 employees made up a higher percentage of companies, jobs, and payroll than they did for the nation as a whole (all figures are from the U.S. Bureau of the Census).

Personal Income Growth

Increases in personal income have been rapid in Finney county, and these changes have occurred in the other 8 counties as well as the state. From 1978 to 1984, personal income has increased 116%, which is much higher than the Kansas and United States changes, as well as the other 8 comparison counties (see Table 3). All nine counties have increased at least 57% in personal income between 1978 and 1984.

TABLE 3
PERSONAL INCOME: COUNTIES, KANSAS, U.S.
1978-1984 (Millions of Dollars)

	1978	1980	1982	1984	% Change 1978-1984
Barton Co.	.252	.328	.435	.483	92%
Douglas Co.	.420	.521	.604	.708	69%
Ellis Co.	.175	.224	.288	.338	93%
Finney Co.	**.177**	**.219**	**.349**	**.383**	**116%**
Lyon Co.	.242	.306	.374	.415	71%
McPherson Co.	.203	.255	.310	.352	73%
Montgomery Co.	.297	.384	.442	.466	57%
Reno Co.	.488	.599	.705	.804	65%
Saline Co.	.377	.482	.556	.647	72%
Kansas	18.529	23.198	28.247	32.454	75%
United States	1812.4	2258.5	2670.8	3110.2	71%

Sources: Bureau of Economic Analysis, Regional Economic Information System, U.S. Bureau of Economic Analysis, The National Income and Product Accounts of the U.S.

The rapid growth of personal income is a positive sign for Garden City. It will be important to maintain these income levels, placing an emphasis on keeping and creating jobs that have provided such growth.

Summary

Employment growth in Finney county has been higher than employment growth in Kansas and the United States. This suggests strengths in the Garden City economy and the importance of designing and implementing appropriate economic development strategies that will maintain growth. Garden City is particularly important since it serves as a regional center for its part of the state. In recent years the economy of Finney county has been outperforming the Kansas economy.

II.

SURVEY METHODOLOGY FOR BUSINESS RETENTION AND EXPANSION

The primary data used in this research was collected by a telephone survey of businesses in Garden City. The questionnaire was collaboratively developed by the Institute for Public Policy and Business Research and the Department of Commerce.

Sample

The findings for Garden City and the comparison communites are based on a disproportionate stratified probability sample of businesses in Garden City and other small to mid-size Kansas communities. These communities were restricted to those with populations between 10,000 and 100,000 individuals. In addition, towns such as Overland Park or Prairie Village were excluded as part of the greater Kansas City metropolitan area.

To assure coverage of the entire state, these communities were then divided into six geographical regions corresponding to the Department of Commerce districts. Besides Garden City, eight communities were randomly selected from these six regions. They were: Emporia, Great Bend, Coffeyville, Hays, Hutchinson, Lawrence, McPherson, and Salina.

In addition, Goodland was added to the sample. Kansas has a number of towns with less than 10,000 residents. Although small towns have few businesses, they may have unique problems creating and retaining businesses. Goodland was included in this study to test the research methodology in a small community. Goodland was also added to increase the representation of western Kansas. Goodland data are not included when making statistical comparisons between Garden City and other communities. Their inclusion would

violate proper sampling and reduce the validity of the overall results.

Once Garden City was selected, individual businesses were sampled in the community. This research examines only businesses that buy or sell in a region larger than the specific community. All retail businesses are excluded unless the business is a regional headquarters, distribution center, or manufacturer. For example, a local shoe store would not be included, but a distributor for a line of shoes would be. These determinations were based on the examination of the Standard Industrial Codes (SIC) for all businesses in the community.

Manufacturing firms were over sampled. They are a primary focus of state economic policy and therefore warrant special attention. For example, 20 percent of the businesses in Garden City are manufacturers. This over sampling allows greater accuracy in the analysis of manufacturing firms. Any biasing effect is eliminated from the overall findings through the use of weight factors.

Once selected for the sample, letters were sent to the highest administrative official at the local firm. These were followed by a telephone call to initiate the interview. Of those contacted, 92 percent agreed to participate in the study. This is a very high response rate.

Confidence Interval

The findings are based on 105 completed interviews. (The number of responses may vary with each question.) This large sample provides a solid basis for generalizing to all non-retail businesses in Garden City. At the 95 percent level of confidence, the sampling error in Garden City is plus or minus 10 percent. As in all sample surveys, other sources of error may affect the results.

The data were collected by trained and closely supervised interviewers thus reducing measurement error to a minimum. Interviews were conducted between mid-August and mid-October 1987.

III.

DESCRIPTION OF SURVEY POPULATION

In this section firms are described in terms of their size, industry, annual sales, type of establishment, and location of headquarters. It is crucial to understand the nature of the firms that make up the economic base in order to discuss business retention and expansion. The major findings are (1) firms in the economic base of Garden City are overwhelmingly small (most with less than 20 employees), (2) the majority of firms have less than $5 million dollars in total annual sales, (3) that most companies are single establishments with headquarters located within the state, and (4) the majority of products are sold in the local market.

In Garden City, 105 firms participated in the survey. The companies represented the agricultural, mining, construction, manufacturing, transportation-communications, wholesale, finance, and services industries. In this report, the firms will be divided into three size categories: 1 to 19 employees, 20 to 49 employees, and 50 or more employees; and into three industry categories: manufacturing, finance and services, and other industries. Along with tables showing percentages by these breakdowns, the total percentages given by surveyed Garden City firms will be compared to the total percentages given by surveyed firms in the "other 8 communities" that were sampled for the state report on business retention and expansion. These communities were: Coffeyville, Emporia, Great Bend, Hays, Hutchinson, Lawrence, McPherson, and Salina.

Firm Size and Industry

Most businesses in Garden City are small: 81% have less than 20 employees (see table 4). This is not industry specific data; all industries have a

majority of firms with less than 20 employees. Only 10% of these firms have 50 or more employees. Although it is obviously true to say that the retention and expansion of large size firms is important, it will be crucial to develop city strategy that emphasizes the small firm as well as the large firm. In Garden City, small firms are important, and they should be a major focus of policies designed to promote economic growth.

TABLE 4
SURVEY COMPANIES BY NUMBER OF EMPLOYEES AND INDUSTRY

Industry	Number of Employees 1-19	20-49	50 Or More	Percent of Total Firms That are In This Industry
Agriculture	83%	17%	0%	14%
Mining	67%	33%	0%	7%
Construction	67%	0%	33%	3%
Manufacturing	85%	6%	9%	20%
Transportation-Communication	78%	0%	22%	10%
Wholesale	79%	11%	10%	22%
Finance	75%	13%	12%	9%
Services	92%	0%	8%	15%
Percent of Total Firms That are in This Size Category	81%	9%	10%	100%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Industry data from Table 4 also reveals that Garden City is dependent upon many industries, not one or two. The wholesale, manufacturing, services, and agriculture industries had the most firms in this sample. The implication here is that just as city strategies must include all sizes of

firms, they must also include all types of industries. To focus retention and expansion efforts on one or two types of industries, or individual firms, would be to overlook the abundance of small firms that are included in every industry.

Annual Sales

Total annual sales for surveyed Garden City firms are not large, with 85% of firms which gave this information having annual sales of less than $5 million (see Tables 5 and 6). The distribution of sales is different by size of firm: for the most part, as one would expect, the larger the firm the larger the annual sales, but the percentage of firms with 20 to 49 employees that have annual sales of more than 20 million is larger than that of firms with 50 or more employees (see Table 5). All industries had a large majority of their firms that made under $5 million in annual sales: for every industry category, more than 80% had annual sales of less than $5 million. No manufacturing firm had $20 million or more in annual sales (see Table 6). Annual sales distribution of firms in Garden City is exactly the same as that for the firms surveyed in the other eight cities (see Table 7).

TABLE 5
TOTAL ANNUAL SALES
BY SIZE OF FIRM

Number of Employees	Annual Sales (000's) 0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
1-19	96%	1%	1%	2%
20-49	46%	15%	8%	31%
50+	31%	23%	31%	15%
TOTAL PERCENTS	85%	5%	5%	5%

n = 80

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 6
TOTAL ANNUAL SALES
BY INDUSTRY

Industry	Annual Sales (000's) 0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
Manufacturing	85%	8%	8%	0%
Finance/Services	88%	0%	6%	6%
Other Industries	84%	5%	3%	8%
TOTAL PERCENTS	85%	5%	5%	5%

n = 80

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 7
TOTAL ANNUAL SALES
BY COMMUNITY COMPARISONS

	Annual Sales (000's)			
	0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
Garden City	85%	5%	5%	5%
Other 8 Communities	85%	5%	5%	5%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Of all Garden City firms, 85% have annual sales that are less than $5 million dollars a year, and only 5% of all firms have annual sales greater than $20 million dollars a year. This data emphasizes the type of firm that is prevalent in Garden City as well as in communities of the same size that were sampled for this study: small, low revenue companies.

Type of establishment. The majority of companies are single establishment firms and are not part of a larger corporation. Contrary to what one would expect with so many small firms, companies with 50 or more employees had a higher percentage of single establishment firms (88%) than did companies with less than 20 employees (62%) (see Table 8). Over 60% of every industry category's firms stated they were a single establishment company (see Table 9). In Garden City, the percentage of firms that are single establishment companies is exactly the same as the percentage given by firms in the other 8 communities (see Table 10).

TABLE 8
PERCENT OF TOTAL FIRMS THAT ARE A SINGLE COMPANY OR PART OF A LARGER CORPORATION, BY SIZE OF FIRM

Number of Employees	Single Company	Part of a Larger Corporation
1-19	62%	38%
20-49	50%	50%
50+	88%	12%
TOTAL % OF FIRMS	64%	36%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 9
PERCENT OF TOTAL FIRMS THAT ARE A SINGLE COMPANY OR PART OF A LARGER CORPORATION, BY INDUSTRY

Industry	Single Company	Part of a Larger Corporation
Manufacturing	67%	33%
Finance/Services	62%	38%
Other Industries	63%	37%
TOTAL PERCENT	64%	36%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 10
PERCENT OF TOTAL FIRMS THAT ARE A SINGLE COMPANY OR PART OF A LARGER CORPORATION BY COMPARISON COMMUNITY

	Single Company	Part of a Larger Corporation
Garden City	64%	36%
Other 8 Communities	64%	36%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The large number of single establishment companies points to many implications for the city. For the majority of firms in Garden City, decisions concerning retention and expansion will be made within the city itself, not through corporate headquarters in other areas. Attention must be paid to policy that addresses the single establishment firm as well as the large corporations that have operations in Garden City. Much of the community's economic future is dependent upon the small, single establishment company.

Information about assistance must reach these companies, also. Since small, single establishment companies have less resources to obtain information, efforts should be made to ensure that these companies are receiving the knowledge necessary for expansion and growth into broader markets. City officials could assist their firms in finding information concerning financing, training, state assistance programs, and any city programs developed for community firms.

Location of Headquarters

The majority of firms in Garden City are headquartered in Kansas. Of the total number of firms surveyed, 83% have their headquarters in Kansas (this includes the single establishment firms) (see Table 11). This is a positive sign for the community, because parent organization decisions concerning retention and expansion will, for the most part, take place within the state. The implication here is that city officials will need to work with state officials when contacting companies about development assistance or with providing information.

TABLE 11
LOCATION OF FIRM HEADQUARTERS BY
KANSAS/NON KANSAS LOCATION

Kansas Headquarters	Non Kansas Headquarters	Unknown Headquarters	Single Company Firm	Total
19%	16%	1%	64%	100%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Regional/Corporate Headquarters. The majority of firms that are part of a larger corporation are of major importance to their parent organizations. Of the firms that stated they were part of a larger corporation, 65% said they were a corporate or regional headquarters or a distributorship (see Tables 12-14). Important to note is that 64% of firms with less than 20 employees are a headquarters or a distributorship (see Table 12). This highlights the importance of all types of small firms in the community. The total percentages given by Garden City firms were almost identical to those given by firms in the other 8 communities (see Table 14).

TABLE 12
PERCENT OF TOTAL FIRMS THAT ARE CORPORATE/REGIONAL HEADQUARTERS OR A DISTRIBUTOR, BY SIZE OF FIRM

Is your local operation a corporate headquarters regional headquarters, or a distributorship?

Number of Employees	NO	YES
1-19	36%	64%
20-99	25%	75%
100+	50%	50%
TOTAL PERCENT	35%	65%

n = 35

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 13
PERCENT OF TOTAL FIRMS THAT ARE CORPORATE/REGIONAL HEADQUARTERS OR A DISTRIBUTOR, BY INDUSTRY

Is your local operation a corporate headquarters regional headquarters, or a distributorship?

Industry	NO	YES
Manufacturing	18%	82%
Finance/Services	29%	71%
Other Industries	44%	56%
TOTAL PERCENT	35%	65%

n = 35

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 14
PERCENT OF TOTAL FIRMS THAT ARE CORPORATE/REGIONAL HEADQUARTERS OR A DISTRIBUTOR BY COMPARISON COMMUNITY

Is your local operation a corporate headquarters regional headquarters, or a distributorship?

	NO	YES
Garden City	35%	65%
Other 8 Communities	36%	64%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Scope of Products Sold. The firms in this survey sample have a fairly narrow scope of where they sell their products and services. Firms sold a mean, or average, 59% of their products and/or services in the local market, 26% in the state market, 14% in the nation market, and only a mean 1% in the

international market (see Tables 15 and 16). That is, firms sold an approximate average of 15% of their goods or services outside of Kansas. This is a critical finding because a city's competitiveness and economic future depends upon the ability to export and to participate in many markets, especially the national and the international markets. Compared to firms in the other eight cities, firms in Garden City sold a higher average percentage of products and/or services in the local market and a lower average in the national market, indicating that most Garden City firms are oriented primarily to local markets (see Table 17).

TABLE 15
MEAN PERCENTS OF PRODUCTS SOLD IN THE
LOCAL, STATE, NATIONAL, AND INTERNATIONAL MARKETS
BY SIZE OF FIRM

Number of Employees	Mean Percent Sold In The Local Market	Mean Percent Sold In The State Market	Mean Percent Sold In The National Market	Mean Percent Sold In The International Market
1-19	64%	24%	11%	1%
20-49	34%	41%	25%	0%
50+	42%	31%	25%	2%
GRAND MEANS	59%	26%	14%	1%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 16
MEAN PERCENTS OF PRODUCTS SOLD IN THE
LOCAL, STATE, NATIONAL, AND INTERNATIONAL MARKETS
BY INDUSTRY

Industry	Mean Percent Sold In The Local Market	Mean Percent Sold In The State Market	Mean Percent Sold In The National Market	Mean Percent Sold In The International Market
Manufacturing	47%	36%	17%	0%
Finance/Services	72%	19%	8%	1%
Other Industries	58%	27%	15%	0%
GRAND MEANS	59%	26%	14%	1%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 17
MEAN PERCENTS OF PRODUCTS SOLD IN THE
LOCAL, STATE, NATIONAL, AND INTERNATIONAL MARKETS
BY COMPARISON COMMUNITY

Community	Mean Percent Sold In The Local Market	Mean Percent Sold In The State Market	Mean Percent Sold In The National Market	Mean Percent Sold In The International Market
Garden City	59%	26%	14%	1%
Other 8 Communities	55%	26%	18%	1%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The focus of selling products for most firms, especially small ones, is on the local market. To expand or to increase economic growth, the scope of

TABLE 19
PERCENT OF TOTAL FIRMS THAT CAN OFFER
ADDITIONAL PRODUCTS OR SERVICES
BY INDUSTRY

Are there any additional products or services that you feel your company could offer that it is not now offering?

Industry	NO	YES
Manufacturing	71%	29%
Finance/Services	48%	52%
Other Industries	82%	18%
TOTAL PERCENT	71%	29%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 20
PERCENT OF TOTAL FIRMS THAT CAN OFFER
ADDITIONAL PRODUCTS OR SERVICES
BY COMPARISON COMMUNITY

Are there any additional products or services that you feel your company could offer that it is not now offering?

Community	NO	YES
Garden City	71%	29%
Other 8 Communities	66%	34%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Although the total percentage is lower than the aggregate for the other 8 communities, these responses indicate that there are firms in the economic

base of Garden City that are optimistic about opportunities for introducing new products or services. The potential obviously exists for growth.

Survey Description Summary

After examining the descriptions of mid-size Kansas firms, it is possible to make the following summary implications:

1. The large majority (81%) of companies are small, regardless of industry. To concentrate assistance or city economic development policy solely on the large company or corporation would be to overlook a major source for increased economic growth.

2. For the majority of firms, annual sales are less than $5 million dollars.

3. The majority of firms are single establishments, with no connection to a larger corporation. Thus, most retention and expansion decisions will be made within the community, not from parent organizations in other areas.

4. Most companies are oriented to local and state markets. If these firms remain focused on local/state markets, growth will be slow at best.

5. Traditional industries such as manufacturing and agriculture are still vitally important to Garden City. However, it would be a mistake to focus policy exclusively on these industries. Other industries, such as wholesale and services, are important to the economic base, and successful retention and expansion efforts will include all industries.

6. There is a relatively high percentage of firms that feel they can provide new products, indicating that potential for economic growth exists.

IV.
DESCRIPTION AND DETERMINANTS OF BUSINESS

LOCATION AND RETENTION

In this section we describe the attraction of firms from outside of the community, the reasons for location, the retention of firms in the community, the advantages of the community, the reasons for relocation, additional manufacturers or service providers that may help existing firms, retaining or attracting management and professional personnel, and the perceived images of rural life and Kansas in general. Of particular importance are factors that influence the decision to locate in the community. The major findings are (1) the vast majority of firms are in the community because they are homegrown, (2) the central location is the major reason for location, and (3) most firms are satisfied with the city and do not plan to leave. Because of the large numbers that do not plan to leave, the city's retention strategy will be most successful if aimed at the small number of firms which are dissatisfied with the city.

Location

Attraction of firms from outside the community. Regardless of size or industry, there has been no major influx of firms to Garden City; 97% of all firms have not moved to Garden City from another city or state in the past five years (see Tables 21, 22 and 23)[1]. This is higher than the percentage given by firms in the other eight communities: 94%. Important to note is that no surveyed firm with 20 or more employees has moved to Garden City in the past five years.

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[1] This refers to firms as described in the Introduction: firms in the economic base. This does not include retail firms and service firms that are entirely local in the distribution of their services.

TABLE 21
PERCENT OF TOTAL FIRMS THAT HAVE MOVED FROM ANOTHER CITY OR STATE TO THEIR PRESENT LOCATION BY SIZE OF FIRM

Has your firm moved to its present location from another city or state in the last five years?

Number of Employees	NO	YES
1-19	96%	4%
20-49	100%	0%
50+	100%	0%
TOTAL PERCENT	97%	3%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 22
PERCENT OF TOTAL FIRMS THAT HAVE MOVED FROM ANOTHER CITY OR STATE TO THEIR PRESENT LOCATION BY INDUSTRY

Has your firm moved to its present location from another city or state in the last five years?

Industry	NO	YES
Manufacturing	97%	3%
Finance/Services	95%	5%
Other Industries	98%	2%
TOTAL PERCENT	97%	3%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 23
PERCENT OF TOTAL FIRMS THAT HAVE MOVED FROM ANOTHER CITY OR STATE TO THEIR PRESENT LOCATION BY COMPARISON COMMUNITY

Has your firm moved to its present location from another city or state in the last five years?		
Community	NO	YES
Garden City	97%	3%
Other 8 Communities	94%	6%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The major implication from these tables is that recruitment of firms from another city or state has resulted in only a few firms moving to Garden City. Further, the data shows that not one surveyed firm with 20 or more employees moved to the community in the past five years. This indicates the importance of fostering home grown companies, and assisting the expansion of existing firms.

Reasons for location. Most companies see Garden City as providing the market and location they need. For the total number of surveyed firms, 53% stated that they were located in the community because they filled a product or service need, 49% stated that a central location was a reason for location in the city, 47% stated a reason for location was that Garden City provided good access to market, and 46% stated that Garden City was the hometown of the company as a reason for location (see Tables 24 and 25). Firms surveyed in the other 8 communities gave higher percentages for

hometown as a reason for location, while Garden City firms had a much higher percentage of firms that gave filled a product or service need as a reason for location (see Table 26).

TABLE 24
REASONS FOR LOCATION IN THE COMMUNITY*
BY SIZE OF FIRM

Number of Employees	Hometown	Strong Local Economy	Affordable Lease, Purchase Prices	Good Local Labor Pool	Adequate Space for Expansion	Good Access to Market	Good Access to Raw Materials	Central Location	Good Transportation Facilities	Filled A Prod.-Service Need
1-19	50%	5%	1%	1%	2%	48%	11%	49%	3%	55%
20-99	13%	44%	0%	0%	0%	56%	25%	56%	0%	25%
100+	47%	24%	18%	0%	0%	35%	0%	47%	0%	59%
PERCENT OF TOTAL	46%	10%	3%	1%	2%	47%	11%	49%	2%	53%

n = 105
*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 25
REASONS FOR LOCATION IN THE COMMUNITY*
BY INDUSTRY

Industry	Hometown	Strong Local Economy	Affordable Lease, Purchase Prices	Good Local Labor Pool	Adequate Space for Expansion	Good Access to Market	Good Access to Raw Materials	Central Location	Good Transportation Facilities	Filled A Prod.-Service Need
Manufacturing	42%	6%	9%	0%	3%	49%	9%	46%	0%	52%
Finance/ Services	43%	19%	5%	0%	4%	24%	5%	33%	5%	43%
Other Industries	49%	8%	0%	2%	0%	57%	14%	57%	2%	57%
PERCENT OF TOTAL	46%	10%	3%	1%	2%	47%	11%	49%	2%	53%

n = 105
*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 26
REASONS FOR LOCATION IN THE COMMUNITY*
BY COMMUNITY COMPARISON

Community	Home-town	Strong Local Economy	More Recep-tive Local Govt.	Tax In-centives and-or Public Fin-ancing	Suit-able Zoning	Afford-able Lease, Pur-chase Prices	Good Local Labor Pool	Ade-quate Space for Expan-sion	Good Access to Market	Good Access to Raw Mat-erials	Cen-tral Loc-ation	Good Trans-por-tation Fac-ilities	Proximity To Educ.-Tech. Fac-ilities	Filled A Prod.-Service Need	Small Town, Rural Life
Garden City	46%	10%	0%	0%	0%	3%	1%	2%	47%	11%	49%	2%	0%	53%	0%
Other 8 Communities	55%	8%	2%	1%	1%	9%	8%	5%	23%	7%	43%	8%	3%	45%	1%

*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The major conclusion is that most firms in Garden City are homegrown and locally oriented. The preceding tables underscore this fact: 46% stated that a reason for location was because the city was the hometown and 53% stated that they located to fill a product or service need. Reasons that one might expect to figure prominently in a firm's decision to locate, such as tax incentives, a good local labor pool, and good access to raw materials were not given high percentages. A positive sign here is that with so many small hometown firms, the atmosphere for entrepreneurship seems to be good. Any efforts to assist new entrepreneurial enterprise may foster additional business start-ups and additional expansion growth. Indeed, the economic growth of Garden City is primarily dependent on the ability to encourage entrepreneurship, rather than recruiting from outside of the community.

Retention

Retention of firms in the community. The number of companies that are going to move is very small, and the majority of those firms that are moving are staying within the city. Only 4% of firms stated that they will move, and 3% of those firms are moving to locations that are within Garden City

(see Table 27). The other firms are moving to a location that is within Finney county. These figures indicate satisfaction with the community and and with the markets firms serve in the area.

TABLE 27
PERCENT AND LOCATION OF WHERE FIRMS ARE PLANNING TO MOVE

	Moving Within the City	Moving Within the County	Moving Out of State	Total % Moving
Firms That Are Planning to Move From Their Present Location In The Next Year	3% of Total Firms	1% of Total Firms	0% of Total Firms	4% of Total Firms

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

At present, relocation of firms outside of Garden City does not seem to be a problem for the community. Only 1% of the total number of surveyed firms are moving outside of the city. The implication here is that while Garden City should have a retention program, that program should be targeted on the very small number of firms that are dissatisfied. This data, along with the information that not many firms have moved to Garden City in the past five years (see Tables 21-23), suggest that the primary focus in Garden City should be on the expansion of its existing industries.

Advantages of the community. Several advantages were given for locating within the city. A central, good location was the greatest advantage, followed by the city provided a small-town, rural life; the city filled a need for the company; the hometown atmosphere of the city; and the quality of the work force (see Tables 28-30). Only 6% of the firms that gave an

advantage stated that they believe there is no advantage for locating in the city. One business representative stated: "Garden City is centrally located for product marketing." Another said: "Business people here are cooperative". The focus of the majority of these firms is definitely local. Compared to the other eight cities, major differences are found in the quality of work force. Only 1% of the firms that gave local advantages believed the quality of the work force is an advantage of the city while 10% of the firms that gave local advantages in the other eight cities feel quality of the work force is an advantage of their community (see Table 30).

TABLE 28
LOCAL ADVANTAGES OF THE COMMUNITY*
BY SIZE OF FIRM

Number of Employees	No Advantage	Hometown Atmosphere	Small Town-Rural Life	Quality of Work Force	Central, Good Location	Filling A Need
1-19	6%	9%	18%	1%	68%	17%
20-49	0%	17%	0%	0%	83%	0%
50+	13%	27%	33%	7%	53%	0%
PERCENT OF TOTAL	6%	11%	18%	1%	68%	14%

n = 96
*Since firms could give more than one advantage, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 29
LOCAL ADVANTAGES OF THE COMMUNITY*
BY INDUSTRY

Industry	No Advantage	Hometown Atmosphere	Small Town-Rural Life	Quality of Work Force	Central, Good Location	Filling A Need
Manufacturing	0%	5%	20%	5%	70%	20%
Finance/ Services	11%	11%	26%	0%	79%	5%
Other Industries	7%	12%	14%	0%	63%	14%
PERCENT OF TOTAL	6%	11%	18%	1%	68%	14%

n = 96
*Since firms could give more than one advantage, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 30
LOCAL ADVANTAGES OF THE COMMUNITY*
BY COMMUNITY COMPARISON

Community	No Advantage	Hometown Atmosphere	Small Town-Rural Life	Quality of Work Force	Central, Good Location	Filling A Need
Garden City	6%	11%	18%	1%	68%	14%
Other 8 Communities	7%	20%	27%	10%	48%	14%

*Since firms could give more than one advantage, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The advantages given in Tables 28-30, along with the statements made by business representatives, again emphasize the fact that firms are homegrown and locally oriented. This is particularly so when integrating the data found in Tables 24-26: surveyed firms located because Garden City provided the product market and central location they needed. The greatest advantage given by all companies was a good, central location. It must be remembered, however, that these firms are locally oriented, and their central location and satisfactory product/service market may only be relevant to their community. This also suggests that if the local market shrinks because of out-migration or increased competition, there is a good chance for business contractions in the city. As Table 30 shows, few firms feel the quality of work force is an advantage of the city. This implies that the city should develop, improve, or better take advantage of the training assistance that can be offered by the community.

Reasons for relocation. In Garden City only one firm is planning to move from the city, which is insufficient to make general conclusions for the community as a whole. The reason for moving given by this firm was a difficulty in serving customers. For comparison purposes, table 31 shows reasons for relocation given by firms from the other 8 communities (please note that the 100% given for Garden City under "Difficulty in Serving Customers" represents one firm).

TABLE 31
REASONS FOR MOVING OUT OF THE COMMUNITY*
BY COMMUNITY COMPARISON

Community	High State Taxes	High Local Taxes	High Cost of Labor	High Cost of Utilities	Access To New Market	Sales Decline	Poor Transportation Facilities	Lack of Adequate Training Resources	Lack of Adequate Space to Expand	Restrictive Zoning Regs.	Unfavorable Lease Conditions	Difficulty In Finding Labor	Difficulty in Serving Customers	Inadequate City Services	Difficulty In Obtaining Financing
Garden City	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%
Other 8 Communities	17%	17%	13%	26%	22%	4%	9%	9%	4%	9%	4%	13%	39%	13%	17%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: This question was answered only by firms that stated they were planning to move out of the community in the next year.

Additional manufacturers or service providers that would be of benefit to existing companies. Firms do not have everything they need within the city, as 33% of the total number of firms stated that additional manufacturers or service providers would benefit their companies. This percentage is comparable to the 36% given by firms in the other 8 cities (see Tables 32-34). When asked what those companies might be, 62% of those firms that gave additional companies that would be of benefit stated that raw materials suppliers would be of benefit, compared to the 59% response of the other 8 cities (see Tables 35-37). For smaller firms, the most often expressed need was also for more raw materials suppliers (see Table 35).

TABLE 32
ADDITIONAL MANUFACTURERS OR SERVICE PROVIDERS
THAT WOULD BE OF BENEFIT FOR FIRMS
BY SIZE OF FIRM

Are there any manufacturers or service providers that would be of benefit to your company if they were located in your community?

Number of Employees	NO	YES
1-19	65%	35%
20-49	75%	25%
50+	71%	29%
TOTAL PERCENT	67%	33%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 33
ADDITIONAL MANUFACTURERS OR SERVICE PROVIDERS
THAT WOULD BE OF BENEFIT FOR FIRMS
BY INDUSTRY

Are there any manufacturers or service providers that would be of benefit to your company if they were located in your community?

Industry	NO	YES
Manufacturing	53%	47%
Finance/Services	62%	38%
Other Industries	74%	26%
TOTAL PERCENT	67%	33%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 34
ADDITIONAL MANUFACTURERS OR SERVICE PROVIDERS
THAT WOULD BE OF BENEFIT FOR FIRMS
BY COMPARISON COMMUNITY

Are there any manufacturers or service providers that would be of benefit to your company if they were located in your community?

Community	NO	YES
Garden City	67%	33%
Other 8 Communities	63%	37%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 35
ADDITIONAL COMPANIES THAT WOULD BE OF BENEFIT*
BY SIZE OF FIRM

Number of Employees	More Customers For Products	Repair Maint-enance	- Business Services	Raw Materials Suppliers
1-19	20%	0%	23%	57%
20-49	0%	25%	0%	75%
50+	0%	0%	0%	100%
PERCENT OF TOTAL	17%	2%	19%	62%

n = 28

*Since firms could mention more than one additional company that would be of benefit, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 36
ADDITIONAL COMPANIES THAT WOULD BE OF BENEFIT*
BY INDUSTRY

Industry	More Customers For Products	Repair Maint-enance	Business Services	Raw Materials Suppliers
Manufacturing	15%	8%	8%	69%
Finance/Services	0%	0%	43%	57%
Other Industries	30%	0%	10%	60%
PERCENT OF TOTAL	17%	2%	19%	62%

n = 28
*Since firms could mention more than one additional company that would be of benefit, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 37
ADDITIONAL COMPANIES THAT WOULD BE OF BENEFIT*
BY COMPARISON COMMUNITY

Community	More Customers For Products	Repair Maint-enance	Business Services	Raw Materials Suppliers
Garden City	17%	2%	19%	62%
Other 8 Communities	29%	4%	18%	59%

*Since firms could mention more than one additional company that would be of benefit, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The relatively high percentage of companies that would benefit from additional manufacturers or service firms presents opportunities for the city. When industrial recruitment is attempted, such companies should be targets for industrial recruitment and for targeting support for new firms

or expansions. New firms, for example, that provide needed products for services for existing firms in the economic base could be given priority in economic development programs. New firms in their area have the added benefit of strengthening existing companies and their ties to the city.

Retaining and attracting management and professional personnel. There is a slight problem in attracting and retaining management or professional personnel to Garden City, which could affect future competitiveness and growth of these firms. For the total number of surveyed firms, 15% stated they had this trouble(see Tables 38-40), with companies with 50 or more employees having a greater problem than smaller companies (see Table 38). Twenty-four percent of firms with 50 or more employees indicated a problem with recruiting or retention of managerial employees. This reflects the greater need for professional and managerial employees by firms of this size.

TABLE 38
PERCENT OF TOTAL FIRMS THAT HAVE TROUBLE ATTRACTING OR RETAINING PROFESSIONAL AND MANAGEMENT PERSONNEL BY SIZE OF FIRM

	Do you have any trouble attracting and/or retaining professional and management level personnel to your business?	
Number of Employees	NO	YES
1-19	85%	15%
20-49	88%	13%
50+	77%	24%
TOTAL PERCENT	85%	15%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 39
PERCENT OF TOTAL FIRMS THAT HAVE TROUBLE ATTRACTING OR RETAINING PROFESSIONAL AND MANAGEMENT PERSONNEL BY INDUSTRY

	Do you have any trouble attracting and/or retaining professional and management level personnel to your business?	
Industry	NO	YES
Manufacturing	85%	15%
Finance/Services	86%	14%
Other Industries	84%	16%
TOTAL PERCENT	85%	15%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 40
PERCENT OF TOTAL FIRMS THAT HAVE TROUBLE ATTRACTING OR RETAINING PROFESSIONAL AND MANAGEMENT PERSONNEL BY COMPARISON COMMUNITY

	Do you have any trouble attracting and/or retaining professional and management level personnel to your business?	
Community	NO	YES
Garden City	85%	15%
Other 8 Communities	83%	17%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

That very large firms have more trouble retaining and attracting management and professional personnel than do smaller firms (see Table 38) indicates a future problem for expansion. As smaller firms expand, they may

have more difficulty keeping and hiring this type of employee. Table 39 points out that all industries have about the same trouble attracting and retaining managers and professionals. This indicates that it is the community or area that causes difficulty, not a particular type of firm. As will be made more clear in the Business Climate section later in this report, attention to quality of life issues in the city, particularly the arts, entertainment, and recreational activities, will be important in attracting professional and management employees to Garden City.

Perceived images of rural life and Kansas. For community companies, there does not seem to be a problem with the images that rural life and the state of Kansas project. For all firms, 95% stated they do not have a negative image of rural life (see Tables 41-43), compared with 94% from the other eight cities (see Table 43). Of the total number of surveyed firms, 98% stated that they did not have a negative image of Kansas (see Tables 44-46), the same percentage given by firms in the other 8 cities (see Table 46). However, Tables 41 and 44 show that firms with more than 19 employees have a slightly more negative view of rural life and of Kansas. Tables 42 and 45 indicate that finance and services firms perceive a more negative view of rural and of Kansas.

TABLE 41
PERCENT OF TOTAL FIRMS WITH A NEGATIVE
IMAGE OF RURAL LIFE
BY SIZE OF FIRM

	Do you have a negative image of rural life?	
Number of Employees	NO	YES
1-19	95%	5%
20-49	88%	13%
50+	100%	0%
TOTAL PERCENT	95%	5%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 42
PERCENT OF TOTAL FIRMS WITH A NEGATIVE
IMAGE OF RURAL LIFE
BY INDUSTRY

	Do you have a negative image of rural life?	
Industry	NO	YES
Manufacturing	97%	3%
Finance/Services	91%	9%
Other Industries	96%	4%
TOTAL PERCENT	95%	5%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 43
PERCENT OF TOTAL FIRMS WITH A NEGATIVE IMAGE OF RURAL LIFE BY COMPARISON COMMUNITY

	Do you have a negative image of rural life?	
Community	NO	YES
Garden City	95%	5%
Other 8 Communities	94%	6%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 44
PERCENT OF TOTAL FIRMS WITH A NEGATIVE IMAGE OF KANSAS BY SIZE OF FIRM

	Do you have a negative image of Kansas?	
Number of Employees	NO	YES
1-19	99%	1%
20-49	100%	0%
50+	88%	12%
TOTAL PERCENT	98%	2%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 45
PERCENT OF TOTAL FIRMS WITH A NEGATIVE IMAGE OF KANSAS BY INDUSTRY

Industry	Do you have a negative image of Kansas? NO	YES
Manufacturing	100%	0%
Finance/Services	95%	5%
Other Industries	98%	2%
TOTAL PERCENT	98%	2%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 46
PERCENT OF TOTAL FIRMS WITH A NEGATIVE IMAGE OF KANSAS BY COMPARISON COMMUNITY

Community	Do you have a negative image of Kansas? NO	YES
Garden City	98%	2%
Other 8 Communities	98%	2%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

It must be recognized that this data stems from the hometown nature of the firms, and the dependence upon local and statewide customers. It also points out that any city policy that stresses the quality of the city will probably not be that helpful in retaining or encouraging expansion within most firms. At the present, firms are pleased with rural life and their

state, and this is another good sign to be considered when discussing retention of Garden City. However, there are indications that larger firms could be more likely to have negative images of rural life and Kansas. The city needs to address the concerns of larger companies or risk the possibility of losing companies as they succeed and grow.

Location and Retention Summary

After examining the data on location and retention, it is possible to make the following summary implications:

1. Firms are predominantly homegrown and small, indicating that a good climate for future entrepreneurship from within these communities can be fostered for new expansion.

2. Very few firms are moving from their present location, and all of those that are moving are staying within the county.

3. The city's retention strategy will be most successful if aimed at the small number of firms which are dissatisfied with the city.

4. A major reason for moving given by the firm that is leaving the city was a difficulty in serving customers. This could be a problem for more companies that want to expand into new markets in the future.

5. The city policy for retention and expansion should include the development and access to programs for providing more trained workers.

6. Raw materials suppliers and business services are additional companies that would be of benefit to existing firms. Location and expansion decisions will be made upon the proximity and the delivery of supporting materials and services.

7. Firms do not have negative images about rural life or the state of Kansas, suggesting that policy which exclusively stresses the quality of the community will have little or no effect on retention or expansion. Larger companies, however, do have more negative images of rural life and of Kansas than do smaller companies.

8. As companies expand and grow larger, there will be greater difficulty in attracting and maintaining management and professional personnel.

9. It is the community or area that causes difficulty in retaining or attracting managers or professionals, not a particular type of company.

V.

DESCRIPTION AND DETERMINANTS OF BUSINESS EXPANSION

In this section firms are described in terms of their past expansion and plans for future expansion, which include employment changes, physical plant size changes, factors that help expansion, factors that lead to contraction, location where expansion will take place, and problems that lead to expansion out of the community and out of state. Also described are findings that focus on additional products that may be offered, the potential and desire to expand internationally, factors that assist or impede exporting a product or service, and financing for expansion.

The major findings are (1) the majority of firms are optimistic about growth in the city, (2) the market for products and financing are major problems for expansion, (3) most expansion will take place within the county limits, (4) reasons for expansion within the city are space availability and strong local economy, (5) financing for expansion is mainly from traditional sources such as banks and internal financing, with little assistance coming from state programs, and (6) there are firms that have the potential and desire to expand internationally, but many factors, the greatest being that the firm is too small, keep them from doing so.

Past Expansion

Employment expansion. In the past two years, the majority of firms have neither increased nor decreased employment (see Tables 47-49). However, 26% of all firms increased employment during the past two years with larger

firms increasing employment more than smaller firms (see Table 47). Of the firms with 20 to 49 employees, 50% increased employment in the past two years. Yet a sizable number of surveyed firms, 20%, decreased employment directly after a period when employment was increasing in Finney county.

TABLE 47
PAST INCREASES IN EMPLOYMENT
BY SIZE OF FIRM

In the last two years, has your firm increased or decreased its employment?

Number of Employees	Decreased Employment	Employment Remained Constant	Increased Employment
1-19	19%	57%	23%
20-49	25%	25%	50%
50+	24%	47%	29%
TOTAL PERCENT	20%	54%	26%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Finance and services industries had the highest employment increases while the agriculture, mining, construction, transportation-communications, and wholesale industries had the lowest percentage of firms with employment increases and the highest percentage of firms with employment decreases (see Table 48).

TABLE 48
PAST INCREASES IN EMPLOYMENT
BY INDUSTRY

In the last two years, has your firm increased or decreased its employment?			
Industry	Decreased Employment	Employment Remained Constant	Increased Employment
Manufacturing	15%	56%	29%
Finance/Services	14%	38%	48%
Other Industries	25%	59%	16%
TOTAL PERCENT	20%	54%	26%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Compared to the other eight cities, employment in Garden City remained constant rather than increased, which indicates that Garden City firms were growing less during the past two years than firms in the other eight cities (see Table 49).

TABLE 49
PAST INCREASES IN EMPLOYMENT
BY COMPARISON COMMUNITY

In the last two years, has your firm increased or decreased its employment?			
Community	Decreased Employment	Employment Remained Constant	Increased Employment
Garden City	20%	54%	26%
Other 8 Communities	22%	44%	34%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

As can be seen in Table 49, employment growth the past two years was lower for surveyed Garden City firms than for firms surveyed in the other 8

communities. If most firms remain predominantly oriented towards the local market (see Tables 15-17), employment gains will continue to be low. This again points out the importance of firms being able to expand their markets and orientation. Table 48 shows the large employment increases in the finance and services industries. This shows the growing importance of these firms to the city.

Physical plant expansion. In the past two years, the majority of firms have held physical plant size constant. Only 8% decreased plant size over the last two years, and 31% increased size (see Tables 50-52). Smaller firms decreased their physical size more than very larg firms, and there were notable contractions in the other industries category. In Garden City, fewer firms increased their physical size than in the other eight cities (see Table 52). Expansion in the finance and services industries again points out the influence these firms have on the city's total expansion efforts.

TABLE 50
PAST INCREASES IN PHYSICAL PLANT SIZE
BY SIZE OF FIRM

In the last two years, has your firm increased or decreased the size of its physical plant?			
Number of Employees	Decreased Size	Size Remained Constant	Increased Size
1-19	9%	62%	29%
20-49	13%	50%	38%
50+	0%	59%	41%
TOTAL PERCENT	8%	61%	31%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 51
PAST INCREASES IN PHYSICAL PLANT SIZE
BY INDUSTRY

In the last two years, has your firm increased or decreased the size of its physical plant?			
Industry	Decreased Size	Size Remained Constant	Increased Size
Manufacturing	6%	65%	29%
Finance/Services	5%	52%	43%
Other Industries	10%	63%	27%
TOTAL PERCENT	8%	61%	31%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 52
PAST INCREASES IN PHYSICAL PLANT SIZE
BY COMPARISON COMMUNITY

In the last two years, has your firm increased or decreased the size of its physical plant?			
Community	Decreased Size	Size Remained Constant	Increased Size
Garden City	8%	61%	31%
Other 8 Communities	9%	56%	35%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Problems with past expansion. The market for products and financing are major problems for expansion in Garden City. For the firms that mentioned problems, 37% stated that a static or declining market was a problem while 25% said a lack of affordable financing was an expansion problem (See Tables 53-55). Other problems included the availability of labor and the lack of training resources. It should be noted that 12% of Garden City firms stated

that a lack of training resources was a problem while 3% of the firms in the other eight cities stated that was a problem (see Table 55). Ways are needed to assist companies to obtain financing for their expansions, to train workers, and to increase their markets for products.

TABLE 53
SPECIFIC PROBLEMS WITH EXPANSION*
BY SIZE OF FIRM

Number of Employees	Zoning Regulations	Availability of Labor	Static or Declining Market	Lack of Affordable Financing	Utility Costs	Availability of Space	Lack of Training Resources	Strong Competition	Decline in Oil Prices
1-19	10%	10%	38%	24%	2%	5%	10%	10%	10%
20-49	0%	0%	0%	0%	0%	0%	0%	0%	0%
50+	0%	29%	29%	29%	14%	0%	29%	0%	0%
PERCENT OF TOTAL	8%	12%	37%	25%	4%	4%	12%	8%	8%

n = 30
*Since firms could give more than one problem, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 54
SPECIFIC PROBLEMS WITH EXPANSION*
BY INDUSTRY

Industry	Zoning Regulations	Availability of Labor	Static or Declining Market	Lack of Affordable Financing	Utility Costs	Availability of Space	Lack of Training Resources	Strong Competition	Decline in Oil Prices
Manufacturing	0%	29%	57%	0%	29%	0%	0%	0%	0%
Finance/ Services	0%	17%	33%	33%	0%	0%	17%	0%	17%
Other Industries	13%	7%	33%	27%	0%	7%	13%	13%	7%
PERCENT OF TOTAL	8%	12%	37%	25%	4%	4%	12%	8%	8%

n = 30
*Since firms could give more than one problem, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 55
SPECIFIC PROBLEMS WITH EXPANSION*
BY COMMUNITY COMPARISON

Community	Zoning Regulations	Availability of Labor	Static or Declining Market	Lack of Affordable Financing	Lack of Raw Materials	Utility Costs	Transportation Difficulties	Availability of Space	Lack of Training Resources	Tax Laws	Strong Competition	Decline in Oil Prices
Garden City	8%	12%	37%	25%	0%	4%	0%	4%	12%	0%	8%	8%
Other 8 Communities	11%	10%	43%	24%	1%	2%	1%	7%	3%	3%	8%	12%

*Since firms could give more than one problem, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

A static or declining market is the major problem associated with not expanding, once again indicating that, for some firms, the locally centered scope of products is deterring expansion. The problem of finding affordable financing may also deter expansion, indicating a need at the city level to make known additional ways to finance an expansion. Lack of financing may come from lack of knowledge, not a lack of desire to use available programs. It should also be noted that a problem logically associated with expansion, lack of training resources, was given by 12% of these firms that gave expansion problems. This indicates that training programs for industry, such as those offered by Garden City Community College, are either not being accessed or are not adequate for business expansion needs.

Factors helping expansion. For those firms that have expanded, an expanding market played a significant role. Of those firms that have experienced an expansion, 80% stated that an expanding market was a helping factor while 69% of those firms surveyed from the other 8 communities gave this same reason (see Tables 56, 57 and 58). One-fourth of the firms stated the desire to expand their market was also a factor, and 29% stated that

more efficient operations was a factor that helped expansion. For small firms especially, new customers to purchase products has been a great expansion factor (see Table 56). Information and assistance that will help firms reach new customers is crucial to the future expansion of Garden City firms.

TABLE 56
FACTORS THAT HELPED EXPANSION*
BY SIZE OF FIRM

Number of Employees	Expanding Market	Availability of Space	Desire To Expand Market	Improved Internal Financing	More Efficient Operations
1-19	83%	21%	19%	2%	28%
20-49	75%	0%	25%	0%	50%
50+	63%	0%	63%	0%	13%
PERCENT OF TOTAL	80%	16%	25%	2%	29%

n = 42
*Since firms could give more than one factor, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: This question was answered only by those firms that had previously stated they had increased plant size and/or employment.

TABLE 57
FACTORS THAT HELPED EXPANSION*
BY INDUSTRY

Industry	Expanding Market	Availability of Space	Desire To Expand Market	Improved Internal Financing	More Efficient Operations
Manufacturing	69%	23%	39%	8%	31%
Finance/ Services	91%	18%	36%	0%	18%
Other Industries	77%	12%	12%	0%	35%
PERCENT OF TOTAL	80%	16%	25%	2%	29%

n = 42
*Since firms could give more than one factor, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: This question was answered only by those firms that had previously stated they had increased plant size and/or employment.

TABLE 58
FACTORS THAT HELPED EXPANSION*
BY COMMUNITY COMPARISON

Community	Expanding Market	Availability of Tax Incentives	Availability of Public Assist.	Availability of Tech. Innovation	Availability of Space	Desire To Expand Market	Improved Internal Financing	More Efficient Operations
Garden City	80%	0%	0%	0%	16%	25%	2%	29%
Other 8 Communities	69%	1%	4%	4%	21%	26%	4%	28%

*Since firms could give more than one factor, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: This question was answered only by those firms that had previously stated they had increased plant size and/or employment.

Clearly, an expanding market or a desire to expand product markets are important reasons for expansion in the minds of Garden City respondents. This indicates the need for many companies in the community to increase the scope of their products or services and to reach broader markets. As seen in Table 58, just as with surveyed firms in the other 8 communities, tax incentives were seen not to be a factor that helped expansion.

Reasons for contraction. Just as expansion is affected by an expanding market for products, contraction is affected by a declining or static market. Of the very small number of firms that stated they had experienced a contraction, 77% gave a declining or static market as a reason for decreases (see Tables 59, 60 and 61). This is consistent with the comparison percentage given by firms in the other 8 cities. All firms in the manufacturing industry also gave this reason. However, please note that these reasons for McPherson were given by 13 firms. Any interpretation of the conclusions must be made qith this in mind.

TABLE 59
REASONS GIVEN FOR CONTRACTION*
BY SIZE OF FIRM

Number of Employees	Declining or Static Market	Contracting Labor Pool	Rising Labor Costs	Lack of Affordable Financing	Decline In Oil Prices	To Increase Efficiency
1-19	88%	6%	6%	12%	12%	6%
20-49	50%	0%	0%	0%	25%	50%
50+	0%	0%	0%	0%	0%	100%
TOTAL PERCENT	77%	5%	5%	9%	14%	18%

n = 13
*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: This question was answered only by those firms that previously stated they had experienced a contraction in employment and/or plant size.

TABLE 60
REASONS GIVEN FOR CONTRACTION*
BY INDUSTRY

Industry	Declining or Static Market	Contracting Labor Pool	Rising Labor Costs	Lack of Affordable Financing	Decline In Oil Prices	To Increase Efficiency
Manufacturing	63%	13%	13%	0%	13%	25%
Finance/Services	50%	0%	0%	0%	0%	50%
Other Industries	100%	0%	0%	20%	20%	0%
TOTAL PERCENT	77%	5%	5%	9%	14%	18%

n = 13
*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: This question was answered only by those firms that previously stated they had experienced a contraction in employment and/or plant size.

TABLE 61
REASONS FOR CONTRACTION*
BY COMMUNITY COMPARISON

Community	Declining or Static Market	Contracting Labor Pool	Rising Labor Costs	Rising Raw Materials Costs	Rising Plant-Office Space Costs	Lack of Affordable Financing	Decline in Oil Prices	Increase Efficiency	Taxes-Regulatory Costs
Garden City	75%	0%	0%	0%	0%	0%	13%	25%	0%
Other 8 Communities	71%	4%	2%	3%	1%	5%	21%	14%	1%

*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: This question was only answered by firms that previously stated they had experienced a contraction in physical plant size and/or employment.

Plans for Expansion

Employment expansion. Firms are optimistic about their ability to retain or increase employment. Only 2% of the total number of firms stated that they would decrease employment in the next year (see Tables 62, 63 and 64). Employment in firms with 20-49 employees will decrease more than in size firms, and the manufacturing, finance and services industries will increase employment more than other industries. Compared to the other eight cities, the percentage of firms in Garden City that will increase employment next year is the same. The major implication here is that the city strategy must ensure assistance that will build upon this optimistic attitude towards employment expansion.

TABLE 62
PERCENT OF TOTAL FIRMS PLANNING TO
INCREASE EMPLOYMENT
BY SIZE OF FIRM

In the next year, is your firm planning to increase or decrease employment?			
		Employment	
Number of Employees	Will Decrease Employment	Will Remain Constant	Will Increase Employment
1-19	1%	57%	42%
20-49	13%	63%	25%
50+	0%	65%	35%
TOTAL PERCENT	2%	58%	40%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 63
PERCENT OF TOTAL FIRMS PLANNING TO
INCREASE EMPLOYMENT
BY INDUSTRY

In the next year, is your firm planning to increase or decrease employment?			
		Employment	
Industry	Will Decrease Employment	Will Remain Constant	Will Increase Employment
Manufacturing	3%	47%	50%
Finance/Services	0%	48%	52%
Other Industries	2%	67%	31%
TOTAL PERCENT	2%	58%	40%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 64
PERCENT OF TOTAL FIRMS PLANNING TO
INCREASE EMPLOYMENT
BY COMPARISON COMMUNITY

	In the next year, is your firm planning to increase or decrease employment?		
		Employment	
Community	Will Decrease Employment	Will Remain Constant	Will Increase Employment
Garden City	2%	58%	40%
Other 8 Communities	3%	57%	40%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Regardless of size or industry, firms are optimistic and will be receptive to efforts that will increase employment expansion. Only 2% of all surveyed Garden City firms stated they will decrease employment in the next year. The city must make sure that these companies realize their expectations for growth, enhancing the opportunity to retain local population levels and to add new jobs in the city.

There is opportunity for new employment growth, also. Of the total number of firms, 24% held employment constant or decreased employment the past two years but will increase employment in the next year (see Table 65). Only 1% of the total number of firms decreased employment the past two years and will decrease employment next year. This is a positive sign for Garden City, and the data further indicates the optimism firms have about employment capabilities; optimism that is even shown by firms that have decreased employment the past two years.

TABLE 65
PERCENT OF TOTAL FIRMS THAT HAVE
INCREASED EMPLOYMENT THE LAST TWO YEARS
AND ARE PLANNING FUTURE INCREASES IN EMPLOYMENT

Changes In Employment The Last Two Years	Employment In The Next Year: Will Decrease Employment	Will Remain Constant	Will Increase Employment
Decreased Employment	1%	10%	9%
Employment Remained Constant	1%	38%	15%
Increased Employment	0%	10%	16%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Physical plant size expansion. As with employment, firms are optimistic about plant size expansion. While 2% of total firms in the other eight cities stated they would experience a contraction in physical plant size next year, none of the firms in Garden City stated they would experience a contraction in physical plant size next year (see Tables 66, 67 and 68). Although the greatest percent of firms will remain constant in physical plant size, 20% did say they would experience an expansion. Again, firms in Garden City feel they are in good position to expand. City policy must make sure that this growth is realized to the extent possible.

TABLE 66
PERCENT OF TOTAL FIRMS THAT
ARE PLANNING AN EXPANSION
BY SIZE OF FIRM

In the next year, is your firm planning on an expansion or a contraction in the size of your physical plant?

Number of Employees	Contraction	Size Will Remain Constant	Expansion
1-19	0%	79%	21%
20-49	0%	88%	13%
50+	0%	82%	18%
TOTAL PERCENT	0%	80%	20%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 67
PERCENT OF TOTAL FIRMS THAT
ARE PLANNING AN EXPANSION
BY INDUSTRY

In the next year, is your firm planning on an expansion or a contraction in the size of your physical plant?

Industry	Contraction	Size Will Remain Constant	Expansion
Manufacturing	0%	82%	18%
Finance/Services	0%	71%	29%
Other Industries	0%	84%	16%
TOTAL PERCENT	0%	80%	20%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 68
PERCENT OF TOTAL FIRMS THAT
ARE PLANNING AN EXPANSION
BY COMMUNITY COMPARISON

In the next year, is your firm planning on an expansion or a contraction in the size of your physical plant?

Community	Contraction	Size Will Remain Constant	Expansion
Garden City	0%	80%	20%
Other 8 Communities	2%	76%	22%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Regardless of size or industry, firms are optimistic about expansion capabilities. Now is an excellent time to assist the firms through policies aimed at the expansion of physical plant size. Along with the employment expansion opportunities perceived by these firms, growth in the city can be significant and sustained.

As with employment, there is an opportunity for new physical plant expansion. Of the total number of surveyed firms, 11% held plant size constant or decreased plant size the past two years but will expand in plant size next year (see Table 69). No one stated they will have a contraction next year. This is another good indication for Garden City that its firms believe they have the potential for sustaining their present operations and for growth.

TABLE 69
PERCENT OF TOTAL FIRMS THAT HAVE
INCREASED PHYSICAL PLANT SIZE THE LAST TWO YEARS
AND ARE PLANNING FUTURE INCREASES IN PHYSICAL PLANT SIZE

	Physical Plant Size In The Next Year		
Changes In Physical Plant Size The Last Two Years	Will Have A Contraction	Will Remain Constant	Will Have An Expansion
Decreased Plant Size	0%	8%	0%
Plant Size Remained Constant	0%	50%	11%
Increased Plant Size	0%	22%	9%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Location of expansion. Expansion for the very small amount of that are expanding will be mostly within Finney county, while 12% of expansion will occur outside of the county (see Tables 70, 71 and 72). For firms in the other eight cities, the highest percentage of expansion will occur with their city limits. In Garden City, however, the highest percentage of expansion will be within the county, implying that expanding within the city limits may have been impossible because of lack of space or other physical plant restrictions. Small firms in particular are expanding outside of the city limit, as are firms in the agriculture, mining, construction, transportation-communications, and wholesale industries. On the other hand, all firms in the manufacturing industry will expand within Finney county (see Table 71).

TABLE 70
LOCATION OF WHERE EXPANSION WILL TAKE PLACE
FOR FIRMS THAT ARE PLANNING EXPANSION, BY SIZE OF FIRM

	Where Expansion Will Be			
Number of Em-ployees	Within The City Limits	Within The Same County	Within The State	Out of State
1-19	24%	62%	7%	7%
20-49	0%	100%	0%	0%
50+	100%	0%	0%	0%
TOTAL PERCENT	29%	59%	6%	6%

n = 21
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: This question was asked only to firms that previously stated they were planning an expansion.

TABLE 71
LOCATION OF WHERE EXPANSION WILL TAKE PLACE
FOR FIRMS THAT ARE PLANNING EXPANSION, BY INDUSTRY

	Where Expansion Will Be			
Industry	Within The City Limits	Within The Same County	Within The State	Out of State
Manufacturing	33%	67%	0%	0%
Finance/Services	50%	33%	17%	0%
Other Industries	13%	75%	0%	13%
TOTAL PERCENT	29%	59%	6%	6%

n = 21
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: This question was asked only to firms that previously stated they were planning an expansion.

TABLE 72
LOCATION OF WHERE EXPANSION WILL TAKE PLACE
FOR FIRMS THAT ARE PLANNING EXPANSION,
BY COMPARISON COMMUNITY

	Where Expansion Will Be			
Community	Within The City Limits	Within The Same County	Within The State	Out of State
Garden City	29%	59%	6%	6%
Other 8 Communities	67%	13%	14%	6%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: This question was asked only to firms that previously stated they were planning an expansion.

The vast majority of Garden City firms are expanding within the county. At the present time, there does not seem to be any major factors that are forcing firms to expand outside of the Garden City area. This indicates that the prospects for future expansion within the city, or at least in the area of the community, are good.

Advantages that influenced expansion. Only two firms gave local advantages that influenced expansion, and those were that space was available and a strong local economy. Surveyed firms in the other 8 cities that gave local advantages also mentioned a good local labor pool and tax incentives, public assistance as advantages. Two firms are not enough to make genral conclusions for the community.

Problems that led to expansion outside of the community. Only 2 firms mentioned problems that led to expansion outside of the community, which is not a sufficient number to make generalizations for Garden City. These two companies mentioned "specific problems" with Garden City and zoning

regulations as problems. Firms in the other 8 communities mentioned these problems also, along with city taxes as a problem that led to expansion outside of the community.

Additional Products and Expansion. Whether it is financial, informational, or regulatory, firms need assistance in tackling problems of offering new products. Financing a new product, low cash flow, and the state of their product market are the three major reasons firms are not offering an additional product (see Tables 73, 74 and 75). Small firms especially have these problems, as well as a lack of adequate skilled labor (see Table 73). Financing was a particular problem for the manufacturing, finance, and services industries (see Table 74). In Garden City, compared to the other eight cities, more firms stated that they had the problem of lack of affordable financing, and with a lack of adequate skilled labor (see Table 75). Restrictive laws and regulations was another problem; one business representative stated: "Introducing a new product would mean we would be vulnerable to product liability. The KCC and necessary insurance would cost too much."

TABLE 73
REASONS FOR NOT OFFERING AN ADDITIONAL PRODUCT OR SERVICE*
BY SIZE OF FIRM

Number of Employees	Restrictive Laws or Regulations	Lack of Affordable Financing	Lack of Specific Know-How	No Desire To Expand	Static or Declining Market	Low Cash Flow	Business Complex Enough Now	Lack of Skilled Labor	Lack of Equipment, Tech.	Introducing Product or Service Now
1-19	11%	24%	5%	11%	16%	26%	11%	13%	3%	18%
20-49	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%
50+	33%	33%	33%	0%	0%	0%	0%	33%	33%	0%
PERCENT OF TOTAL	13%	24%	9%	9%	17%	22%	9%	15%	7%	15%

n = 28
*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 74
REASONS FOR NOT OFFERING AN ADDITIONAL PRODUCT OR SERVICE*
BY INDUSTRY

Industry	Restrictive Laws or Regulations	Lack of Affordable Financing	Lack of Specific Know-How	No Desire To Expand	Static or Declining Market	Low Cash Flow	Business Complex Enough Now	Lack of Skilled Labor	Lack of Equipment, Tech.	Introducing Product or Service Now
Manufacturing	0%	30%	20%	20%	20%	20%	0%	30%	10%	10%
Finance/ Services	18%	36%	0%	9%	18%	27%	0%	18%	0%	9%
Other Industries	14%	0%	14%	0%	14%	14%	29%	0%	14%	29%
PERCENT OF TOTAL	13%	24%	9%	9%	17%	22%	9%	15%	7%	15%

n = 28
*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 75
REASONS FOR NOT OFFERING AN ADDITIONAL PRODUCT OR SERVICE*
BY COMMUNITY COMPARISON

Community	Restrictive Laws or Regulations	Lack of Affordable Financing	Lack of Specific Know-How	No Desire To Expand	Static or Declining Market	Low Cash Flow	Business Complex Enough Now	Lack of Skilled Labor	Lack of Equipment, Tech.	Introducing Product or Service Now
Garden City	13%	24%	9%	9%	17%	22%	9%	15%	7%	15%
Other 8 Communities	11%	14%	5%	9%	13%	11%	14%	10%	12%	23%

*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Financing and information which are designed to assist firms creating new products must be considered a priority, especially since new products will help companies reach new markets and increase their chances for expansion. As has been mentioned in earlier parts of this report, the firms that gave reasons for not expanding again mentioned a labor force problem, this time

with lack of adequate skills. This data implies that along with financing, more knowledge and assistance is needed concerning training programs.

Expanding into the international market. There are firms that can and want to expand into the international market. Out of the total number of firms currently not exporting, 12% stated that they had the potential to expand internationally (see Tables 76-78), and 10% stated they had the desire to expand internationally (see Tables 79-81). Interestingly, firms with less than 20 employees had the highest percentages of firms that stated they had the potential and desire to expand. Indeed, every firm that stated they had the desire to expand had less than 20 employees (see Table 79). In comparison to surveyed firms in the other 8 communities, Garden City firms had lower total percentages of firms with both the expressed potential and desire to expand internationally (see Tables 78 and 81).

TABLE 76
PERCENT OF TOTAL FIRMS THAT FEEL THEY HAVE
THE POTENTIAL TO EXPAND INTERNATIONALLY, BY SIZE OF FIRM

Do you feel your business has the potential to expand into the international market?		
Number of Employees	NO	YES
1-19	87%	13%
20-49	94%	6%
50+	100%	0%
TOTAL PERCENT	88%	12%

n = 100

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 77
PERCENT OF TOTAL FIRMS THAT FEEL THEY HAVE
THE POTENTIAL TO EXPAND INTERNATIONALLY, BY INDUSTRY

Do you feel your business has the potential to expand into the international market?

Industry	NO	YES
Manufacturing	79%	21%
Finance/Services	90%	10%
Other Industries	92%	8%
TOTAL PERCENT	88%	12%

n = 100

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 78
PERCENT OF TOTAL FIRMS THAT FEEL THEY HAVE
THE POTENTIAL TO EXPAND INTERNATIONALLY,
BY COMMUNITY COMPARISON

Do you feel your business has the potential to expand into the international market?

Community	NO	YES
Garden City	88%	12%
Other 8 Communities	86%	14%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 79
PERCENT OF TOTAL FIRMS THAT HAVE THE
DESIRE TO EXPAND INTERNATIONALLY, BY SIZE OF FIRM

	Does your firm have the desire to expand into the international market?	
Number of Employees	NO	YES
1-19	88%	12%
20-49	100%	0%
50+	100%	0%
TOTAL PERCENT	90%	10%

n = 100

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 80
PERCENT OF TOTAL FIRMS THAT HAVE THE
DESIRE TO EXPAND INTERNATIONALLY, BY INDUSTRY

	Does your firm have the desire to expand into the international market?	
Industry	NO	YES
Manufacturing	88%	12%
Finance/Services	84%	16%
Other Industries	94%	6%
TOTAL PERCENT	90%	10%

n = 100

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 81
PERCENT OF TOTAL FIRMS THAT HAVE THE DESIRE TO EXPAND INTERNATIONALLY BY COMMUNITY COMPARISON

	Does your firm have the desire to expand into the international market?	
Community	NO	YES
Garden City	90%	10%
Other 8 Communities	87%	13%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Making sure all firms know what is needed to export, where they might get assistance, and how they can initiate such a venture will encourage more companies to export their products. As Tables 76 and 79 demonstrate, to disregard smaller companies as a source for exports in favor of larger companies would be a mistake: firms with less than 20 employees in Garden City seem to be the main core for future exports. The ability of the firms to trade internationally cannot be emphasized enough. If the potential for firms is not realized, and the desire to expand not encouraged, the scope of products for many companies will remain narrow and locally oriented.

Reasons for not expanding into the international market. Only 8 firms gave reasons for not expanding into the interantional market, which is not sufficient to make general conclusions for the community. Table 82 shows these reasons, along with the reasons given by firms in the other 8 communities (please note that percentages given for McPherson are based on 8 firms).

TABLE 82
REASONS GIVEN FOR NOT EXPORTING*
BY COMMUNITY COMPARISON

Community	Business Too Small	Business Serves Specific Area	Lack of Knowledge About Foreign Markets Exporting	Lack of Knowledge About Exporting	Lack of Federal or State Assistance	Unfavorable Exchange Rates	High Tariffs and-or Trade Barriers	Restrictive Export Regs.	Lack of Affordable Financing	Costs Are Too High	Never Considered it	Currently Engaged in Exporting	Tough Competition
Garden City	19%	25%	6%	13%	6%	6%	25%	13%	6%	13%	0%	0%	0%
Other 8 Communities	25%	20%	10%	13%	4%	3%	9%	8%	20%	13%	4%	6%	5%

*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: This question was answered only by those firms that did not export internationally but expressed a desire to export internationally.

Problems associated with exporting. Only 2 Garden City firms gave 3 problems associated with expansion: high tariffs and/or trade barriers, restrictive state/federal regulations, and inadequate knowledge of foreign markets. This number of firms is not sufficient to make generalizations for the community. Firms in the other 8 communites also gave these problems, along with unfavorable exchange rates, high tariffs and/or other trade barriers, restrictive state or federal regulations, and inadequate knowledge about exporting.

Financing for Expansion

Financing Sources. Sources for financing expansion in Garden City are traditional in nature. For the total number of firms, 58% stated that a bank was a source for financing expansion and 45% stated that internal financing was used (see Tables 83, 84 and 85). Manufacturing, finance, and services industry firms had high percentages that used banks for financing, while firms with less than 20 employees and firms with 50 or more employees had relatively high percentages that used banks. Compared to firms in the

other 8 cities, Garden City firms used more bank financing and less internal financing (see Table 85).

TABLE 83
FINANCING SOURCES FOR EXPANSION*
BY SIZE OF FIRM

Number of Employees	Bank	Credit Union	Savings and Loan	Internal Financing	Private Sources	Small Business Administration	Industrial Revenue Bonds
1-19	58%	3%	3%	45%	7%	4%	1%
20-49	46%	0%	0%	69%	0%	0%	15%
50+	67%	13%	0%	27%	0%	0%	20%
PERCENT OF TOTAL	58%	4%	2%	45%	6%	4%	4%

n = 101
*Since firms could give more than one source, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 84
FINANCING SOURCES FOR EXPANSION*
BY INDUSTRY

Industry	Bank	Credit Union	Savings and Loan	Internal Financing	Private Sources	Small Business Administration	Industrial Revenue Bonds
Manufacturing	67%	0%	0%	46%	6%	0%	3%
Finance/ Services	61%	0%	6%	39%	11%	11%	6%
Other Industries	53%	6%	2%	47%	4%	2%	4%
PERCENT OF TOTAL	58%	4%	2%	45%	6%	4%	4%

n = 101
*Since firms could give more than one source, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 85
FINANCING SOURCES FOR EXPANSION*
BY COMMUNITY COMPARISON

Community	Bank	Credit Union	Savings and Loan	Internal Financing	Private Sources	Small Business Administration	Certified Development Comp.	Industrial Revenue Bonds
Garden City	58%	4%	2%	45%	6%	4%	0%	4%
Other 8 Communities	54%	1%	3%	53%	7%	3%	1%	4%

*Since firms could give more than one source, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Very few, or no, companies used the Small Business Administration, certified development companies, or industrial revenue bonds. Economic development programs designed to aid the small business are apparently not used, which may be because of a lack of knowledge about such programs. This point is strengthened by the very high percentage of firms that use traditional sources. A first step in assisting firms to expand would be to make sure that firms are aware of forms of financing for expansion other than traditional sources. Banks and internal financing may be what firms are comfortable with, but increased efforts to assist expansion will need to come from alternative sources.

Financing sources outside of Kansas. The majority of firms do not go outside of Kansas to get financing. For the total number of firms, 92% stated that in the past five years they have not gone outside the state to receive financing for expansion (see Tables 86, 87 and 88). Larger firms did go outside of the state more than smaller firms, however, and other industry (agriculture, mining, construction, transportation-communications, and wholesale) businesses had a relatively high percentage of firms that went to other states. No firms in the finance and services industries went to other states. Total percentages for Garden City are consistent with the total percentages from the other 8 communities (see Table 88).

TABLE 86
PERCENT OF TOTAL FIRMS THAT HAVE GONE OUTSIDE OF KANSAS TO FINANCE AN EXPANSION, BY SIZE OF FIRM

In the last five years, have you had to go outside of Kansas to finance an expansion because of a lack of affordable financing?		
Number of Employees	NO	YES
1-19	95%	5%
20-49	75%	25%
50+	82%	18%
TOTAL PERCENT	92%	8%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 87
PERCENT OF TOTAL FIRMS THAT HAVE GONE OUTSIDE OF KANSAS TO FINANCE AN EXPANSION, BY INDUSTRY

In the last five years, have you had to go outside of Kansas to finance an expansion because of a lack of affordable financing?		
Industry	NO	YES
Manufacturing	94%	6%
Finance/Services	100%	0%
Other Industries	88%	12%
TOTAL PERCENT	92%	8%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 88
PERCENT OF TOTAL FIRMS THAT HAVE GONE OUTSIDE OF KANSAS TO FINANCE AN EXPANSION BY COMMUNITY COMPARISON

In the last five years, have you had to go outside of Kansas to finance an expansion because of a lack of affordable financing?		
Community	NO	YES
Garden City	92%	8%
Other 8 Communities	91%	9%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Table 86 shows that larger firms go outside of the state more for financing than do smaller firms; given the nature of financial sources in the state this may indicate a reliance on out of state parent companies for internal financing or an inability of state financial institutions to provide the capital needed for expansion. It must be determined whether companies are going out of state because of choice or necessity.

Foregoing expansion because of a lack of financing. Although the total percentage is relatively small, there are firms that have had to forego expansion because of lack of financing. For the total number of firms, 11% stated that they had foregone an expansion because of lack of financing (see Tables 89-91). This percentage mirrors what was given by firms in the other 8 communities. There were no great industry differences here, but very small and very large firms in particular had this problem. The city could assist expansion by making sure that information about alternative methods for financing is available to firms, and that these firms know how to access and implement those sources.

TABLE 89
PERCENT OF TOTAL FIRMS FORCED TO FOREGO OR POSTPONE AN EXPANSION BECAUSE OF LACK OF FINANCING, BY SIZE

In the last five years, has your firm ever been forced to forego or postpone a planned expansion because of a lack of affordable financing?

Number of Employees	NO	YES
1-19	88%	12%
20-49	100%	0%
50+	88%	12%
TOTAL PERCENT	89%	11%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 90
PERCENT OF TOTAL FIRMS FORCED TO FOREGO OR POSTPONE AN EXPANSION BECAUSE OF LACK OF FINANCING, BY INDUSTRY

In the last five years, has your firm ever been forced to forego or postpone a planned expansion because of a lack of affordable financing?

Industry	NO	YES
Manufacturing	91%	9%
Finance/Services	86%	14%
Other Industries	90%	10%
TOTAL PERCENT	89%	11%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 91
PERCENT OF TOTAL FIRMS FORCED TO FOREGO OR POSTPONE
AN EXPANSION BECAUSE OF LACK OF FINANCING
BY COMMUNITY COMPARISON

In the last five years, has your firm ever been forced to forego or postpone a planned expansion because of a lack of affordable financing?

Community	NO	YES
Garden City	89%	11%
Other 8 Communities	89%	11%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

As previous data has shown, financing is a major problem when expansion is considered. Tables 89, 90 and 91 support this, demonstrating that there are firms that have not experienced a chance for growth because financing was unavailable. When expansion comes down to a question of obtaining financing, the city must make sure that the firms are receiving the information necessary to access and use nontraditional sources for financing expansion.

Expansion Summary

After examining the data regarding expansion, it is possible to make the following summary implications:

1. In the past two years, larger firms increased employment and physical plant size more than smaller firms. If smaller firms stay locally oriented, few small firms will experience large expansion growth.

2. Compared to the other eight cities, employment and plant size in Garden City firms remained constant rather than increasing, indicating that Garden City firms were growing less during the past two years than firms in the other eight cities.

3. A static or declining market is the major problem associated with not expanding, indicating that the locally centered scope of products is deterring expansion. In particular, a relatively large number of firms stated that a lack of training resources was a problem.

4. There is optimism about expansion opportunities in the city, and now is an excellent time to offer expansion assistance.

5. The percentage of firms that will expand within the city limit and Finney county is very high (88%), indicating that there are no real problems that are forcing firms to expand outside of the community.

6. The advantages offered by the city at the present time center on the availability of space and strong local economy.

7. The introduction of new products heightens the prospects for expansion. At present, companies, especially small firms, may not have the resources or knowledge necessary to introduce a new product.

8. There are firms in the city with the potential and the desire to expand into the international market. These firms need more information on foreign markets and how to export.

9. To disregard smaller companies as a source for exports would be a mistake: there are small companies with the potential and the desire to export. Indeed, all firms that stated a desire to expand into the international market are firms with less than 20 employees, indicating that there should be efforts to encourage larger firms to expand into the international market.

10. The majority of firms use traditional forms of financing (banks and internal funds) for expansion.

11. The lack of using state-sponsored financing, such as certified development companies, may be the result of lack of knowledge, not unwillingness to use such programs.

12. Affordable financing is a major problem, and there are companies that have foregone expansion because of lack of financing. This indicates that there are firms who want to expand but have not found the right financing methods for them to make expansion possible.

13. City policy that can make known forms of financing that already exist and that can create other innovative methods of financing will further increase chances for growth through expansion.

VI.

BUSINESS CLIMATE

In this section, firm perspectives of local government attitudes, perception of local services, laws and regulations that may impede business operation, taxes that affect business operation, and business climate improvements are discussed. The major findings here include (1) the majority of companies find the attitude of their local government to be positive to very positive, (2) firms are generally satisfied with the local services provided to them, (3) city and state regulations were seen to impede business operation the most, (4) the property tax on inventory was seen to impede operations the most of all taxes, and (5) the preferred way to improve the local and state business climate is through economic development.

Local And State Business Climate

Quality of life. The majority of Garden City firms believe that the quality of life provided by the community is good. Of the total number of surveyed firms, 74% stated that the quality of life was good, 21% stated adequate, and 5% stated that the quality of life was poor (see Tables 92-94). Firms with less than 20 employees and firms in the finance and services industries had a slightly more negative view of the quality of life. Of particular concern to city officials would be the data provided in Table 94: Garden City firms have a lower percentage of companies that rated the quality of life good, but higher percentages of firms that rated the quality of life adequate or poor. Quality of life issues will be important for decisions concerning retention and expansion in the community.

TABLE 92
FIRM'S PERCEPTIONS OF THE QUALITY OF LIFE
IN THEIR COMMUNITY
BY SIZE OF FIRM

Number of Employees	Good	Adequate	Poor
1-19	75%	19%	6%
20-49	63%	37%	0%
50+	77%	23%	0%
TOTAL PERCENT	74%	21%	5%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 93
FIRM'S PERCEPTIONS OF THE QUALITY OF LIFE
IN THEIR COMMUNITY
BY INDUSTRY

Industry	Good	Adequate	Poor
Manufacturing	97%	3%	0%
Finance/Services	67%	19%	14%
Other Industries	69%	29%	2%
TOTAL PERCENT	74%	21%	5%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 94
FIRM'S PERCEPTIONS OF THE QUALITY OF LIFE
IN THEIR COMMUNITY
BY COMMUNITY COMPARISON

Community	No Opinion	Good	Adequate	Poor
Garden City	0%	74%	21%	5%
Other 8 Communities	1%	82%	16%	1%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Attitude of the local government. Of the total number of surveyed firms, 49% stated the attitude of the local government towards Garden City firms was positive to very positive, 48% stated the attitude of the local government was neutral, and 3% stated the attitude of the local government was negative to very negative (see Tables 95-97). Firms with 20 to 49 employees had a higher percentage of respondents that thought the local government had a negative to very negative attitude, as did firms in the finance and services industries. Garden City had a lower percentage of firms that thought the local government had a positive to very positive attitude than surveyed firms in the other 8 communities, as well as a lower percentage of firms that thought the local government had a negative to very negative attitude (see Table 97).

TABLE 95
FIRMS' PERCEPTIONS OF THE
ATTITUDE OF THEIR LOCAL GOVERNMENT
BY SIZE OF FIRM

Number of Employees	Attitude of Local Government: Positive To Very Positive	Neutral	Negative To Very Negative
1-19	45%	53%	3%
20-49	56%	31%	13%
50+	82%	18%	0%
TOTAL PERCENT	49%	48%	3%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 96
FIRMS' PERCEPTIONS OF THE
ATTITUDE OF THEIR LOCAL GOVERNMENT
BY INDUSTRY

Industry	Attitude of Local Government: Positive To Very Positive	Neutral	Negative To Very Negative
Manufacturing	65%	35%	0%
Finance/Services	48%	48%	5%
Other Industries	45%	51%	4%
TOTAL PERCENT	49%	48%	3%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 97
FIRMS' PERCEPTIONS OF THE
ATTITUDE OF THEIR LOCAL GOVERNMENT
BY COMMUNITY COMPARISON

	Attitude of Local Government		
Community	Positive To Very Positive	Neutral	Negative To Very Negative
Garden City	49%	48%	3%
Other 8 Communities	55%	34%	11%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

It is important to note the high percentage of companies in Garden City that believed the local government's attitude was neutral, indicating a belief that the local government really did not have an effect upon business practices in the city. However, there are a great deal of firms that believe the attitude of the local government towards business is positive, indicating that this could be a good time for the local government to actively involve itself in finding means to assist their companies with growth strategies.

Perception of services. In general, firms are satisfied with the services that are provided to them. High percentages of firms evaluate fire protection, the public school systems, police protection, and the telephone systems as good, while relatively high percentages of poor ratings are given for the availability of air transportation, the cost of transportation, the quality of roads, and the electric system (see Table 98). The availability of air transportation received the highest poor rating of 45% and only a 9% good rating. The perception of the cost of transportation (36% said poor

while 17% said good) and the perception of the quality of roads[2] (32% said poor and 28% said good) also showed dissatisfaction with transportation issues. Obviously, air transportation, transportation costs, and the overall quality of roads are perceived as major problems by Garden City firms.

TABLE 98
GARDEN CITY FIRMS' PERCEPTIONS OF SERVICES

	No Opinion	Good	Adequate	Poor
Quality of Roads	0%	28%	40%	32%
Quality of Railroads	37%	21%	31%	10%
Cost of Transportation	6%	17%	41%	36%
Availability of Air Transportation	15%	9%	32%	45%
Quality of Public Transportation	29%	13%	29%	29%
Freight Delivery Time	9%	37%	41%	12%
Quality of Training	22%	28%	28%	22%
Fire Protection	4%	68%	26%	2%
Police Protection	0%	60%	38%	2%
Telephone System	0%	58%	37%	5%
Electric System	0%	38%	32%	31%
Public School System	7%	62%	29%	2%
Quality of Garbage Collection	9%	66%	22%	3%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

[2]At the time when this survey was conducted, the highway system was a much debated topic in the state capitol and between Kansas citizens. Statements about the highway system made here may be different from opinions made if the survey were given in another time period, and this should be considered when reading any discussion of roads or highways.

TABLE 99
OTHER 8 COMMUNITY FIRMS' PERCEPTIONS OF SERVICES

	No Opinion	Good	Adequate	Poor
Quality of Roads	1%	37%	45%	17%
Quality of Railroads	33%	29%	27%	11%
Cost of Transportation	11%	31%	46%	12%
Availability of Air Transportation	23%	13%	28%	36%
Quality of Public Transportation	28%	13%	24%	35%
Freight Delivery Time	13%	54%	29%	4%
Quality of Training	17%	38%	32%	13%
Fire Protection	3%	77%	19%	1%
Police Protection	2%	69%	26%	3%
Telephone System	1%	64%	29%	6%
Electric System	1%	79%	19%	1%
Public School System	7%	75%	16%	3
Quality of Garbage Collection	5%	65%	26%	4%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Important to note is the percentage of firms in the other 8 communities that gave a poor rating to the availability of air transportation: 36%. This is lower than the 45% given by firms in Garden City. The poor ratings given to all transportation issues will be important as firms decide to expand. Firms that want to grow will look to see if they can adequately move products to and from their destination as well as the timely delivery of necessary materials. At this time the quality of such issues is in question. Important for the local business climate, however, is the perceived good quality of local services. These are positive signs for the city and will help in decisions of location and expansion.

Government regulations that impede business operations. Regulations that may impede the successful operation of a business were seen to be mainly city or state regulations. Of the firms that gave a government caused problem, 100% stated that hampering city and/or state regulations impede operation (see Tables 100, 101 and 102). Specific regulations mentioned by business representatives were zoning changes, state medicaid, and restrictive city sign codes. The next highest percentages of factors were government over regulation, zoning, and EPA regulations. A higher percentage (34%) of firms giving government caused problems in Garden City mentioned government over regulation as a impeding factor than firms that gave problems in the other 8 cities (17%).

TABLE 100
GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*
BY SIZE OF FIRM

Number of Employees	Hampering City-State Regs.	EPA Regs.	OSHA Regs.	Zoning	KS Dept. of Health	Gvt. Over Regulation
1-19	100%	23%	13%	19%	6%	29%
20-49	100%	0%	0%	0%	0%	0%
50+	100%	0%	0%	33%	0%	67%
PERCENT OF TOTAL	100%	18%	11%	21%	5%	34%

n = 23

*Since firms could give more than one regulation, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 101
GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*
BY INDUSTRY

Industry	Hampering City-State Regs.	EPA Regs.	OSHA Regs.	Zoning	KS Dept. of Health	Gvt. Over Regulation
Manufacturing	100%	17%	0%	0%	0%	17%
Finance/ Services	100%	0%	0%	20%	0%	40%
Other Industries	100%	27%	18%	27%	9%	36%
PERCENT OF TOTAL	100%	18%	11%	21%	5%	34%

n = 23

*Since firms could give more than one regulation, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 102
GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*
BY COMMUNITY COMPARISON

Community	Hampering City-State Regs.	KCC Over Regulation	EPA Regs.	OSHA Regs.	Zoning	KS Dept. of Health	Gvt. Over Regulation
Garden City	100%	0%	18%	11%	21%	5%	34%
Other 8 Communities	98%	6%	19%	4%	16%	7%	17%

*Since firms could give more than one regulation, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Garden City firms do believe there are city regulations that are impeding operation (zoning, for example), and these will be factors in future expansion. It would be a mistake to think that operations are impeded solely by state or federal regulations. Developing a better understanding of which laws and regulations under city control are hurting businesses, and seeking to correct unnecessary restrictions to the extent possible will improve the local business climate.

Taxes that influence expansion decisions. Taxes also have a negative effect on expansion. Of the firms that stated a tax reason to forego expansion, 57% gave property tax on inventories as a reason, 53% gave workers compensation, and 51% gave the unemployment insurance tax as a reason to forego expansion (see Tables 103-105). Although the city is not in control of the majority of the taxes that inhibit expansion, city officials should be aware of the business taxes that limit expansion, and make state agencies aware of the types of burdens placed upon community businesses.

TABLE 103
REASONS TO FOREGO EXPANSION*
BY SIZE OF FIRM

Number of Employees	Overall State Tax Burden	Overall City Tax Burden	Corporate Income Tax	Property Tax on Inventories	Sales Tax on Machines and Equipment	Unemployment Insurance Tax	Workers Compensation	Severance Tax	Gas Tax
1-19	29%	11%	21%	64%	38%	46%	46%	3%	0%
20-49	0%	0%	0%	0%	0%	67%	100%	33%	0%
50+	0%	0%	0%	50%	25%	75%	75%	0%	25%
PERCENT OF TOTAL	23%	9%	17%	57%	34%	51%	53%	5%	3%

n = 47
*Since firms could give more than one reason, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 104
REASONS TO FOREGO EXPANSION*
BY INDUSTRY

Industry	Overall State Tax Burden	Overall City Tax Burden	Corporate Income Tax	Property Tax on Inventories	Sales Tax on Machines and Equipment	Unemployment Insurance Tax	Workers Compensation	Severance Tax	Gas Tax
Manufacturing	15%	8%	23%	92%	46%	54%	39%	0%	0%
Finance/ Services	38%	13%	38%	88%	25%	50%	50%	0%	0%
Other Industries	21%	8%	8%	38%	33%	50%	58%	8%	4%
PERCENT OF TOTAL	23%	9%	17%	57%	34%	51%	53%	5%	3%

n = 47
*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 105
REASONS TO FOREGO EXPANSION*
BY COMMUNITY COMPARISON

Community	Overall State Tax Burden	Overall City Tax Burden	Corporate Income Tax	Property Tax on Inventories	Sales Tax on Machines and Equipment	Unemployment Insurance Tax	Workers Compensation	Severance Tax	Gas Tax
Garden City	23%	9%	17%	57%	34%	51%	53%	5%	3%
Other 8 Communities	24%	14%	21%	62%	31%	45%	46%	8%	2%

*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Firms believe that a variety of taxes cause them to forego expansion. Table 103 shows that small firms in particular feel the unemployment insurance tax and workers compensation is a major burden. Although taxes affect large as well as small firms, it is important to remember the strain certain taxes place on the small firm, and how that inhibits expansion.

Business Climate Improvements

Improving the quality of life. Suggestions for improving the local quality of life centered mainly on social activities (see Tables 106-108). Firms stated that more recreational activities and more entertainment would be the best way to improve the local quality of life. Several business representatives stated that "There should be more cultural events. We have to go to Wichita or Denver.", "We need a nice disco/dance hall.", and "We need to have additional recreational activities and facilities such as more state parks, and water sports on lakes." This result was interesting because the majority of firms in the other eight cities mentioned economic development as the best way to improve the local quality of life (see Table 108).

TABLE 106
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE*
BY SIZE OF FIRM

Number of Employees	Economic Development	More Entertainment	More Activities For Town	More Recreational Activities	Improve Town, Fix Property	Upgrade Education
1-19	15%	39%	18%	43%	10%	10%
20-49	22%	44%	0%	56%	0%	22%
50+	0%	25%	0%	100%	0%	0%
PERCENT OF TOTAL	14%	39%	14%	51%	8%	10%

n = 47

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 107
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE*
BY INDUSTRY

Industry	Economic Development	More Entertainment	More Activities For Town	More Recreational Activities	Improve Town, Fix Property	Upgrade Education
Manufacturing	17%	33%	17%	50%	11%	0%
Finance/ Services	11%	44%	22%	44%	11%	22%
Other Industries	14%	38%	10%	52%	5%	10%
PERCENT OF TOTAL	14%	39%	14%	51%	8%	10%

n = 47

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 108
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE*
BY COMMUNITY COMPARISON

Community	Economic Development	More Entertainment	More Activities For Town	More Recreational Activities	Improve Public Moral	Improve Town, Fix Property	Upgrade Education
Garden City	14%	39%	14%	51%	0%	8%	10%
Other 8 Communities	63%	13%	7%	12%	7%	5%	11%

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

It is very important to note the percentage differences illustrated in Table 108: clearly, what is considered better for the quality of life in Garden City is different than for firms in the other 8 communities. Firms in Garden City seem to want more activities in the city which are unrelated to business operations. More recreational activities and entertainment are for the most part not under city control, but firms feel these do play a role in the perceived quality of life. This will become increasingly important as firms expand and recruit personnel from other areas, and the quality of life will be an important factor in firms' decisions concerning expanding or staying within the community.

Improving the local business climate. Economic development was suggested the most as a way to improve the local business climate; this way was given by 43% of the firms that gave suggestions (see Tables 109-111). However, this percentage was much lower than the total percentage given by surveyed firms in the other 8 communities (see Table 111). Other suggestions included that the local government needs to be more responsive, to improve local financing, and to improve the local image. Firms with less than 20 employees in particular believed economic development would improve the local business climate (see Table 109).

TABLE 109
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*
BY SIZE OF FIRM

Number of Employees	Economic Development	Improvement Between State Local	Increase and Improve Local Image	Improve Local Financing	Tax Incentives, Abatements	Local Gvt. More Responsive	Help Entrepreneurs	Spend Municipal Funds
1-19	45%	0%	15%	13%	0%	21%	9%	9%
20-49	0%	50%	0%	50%	50%	0%	50%	50%
50+	100%	0%	0%	0%	0%	0%	0%	0%
PERCENT OF TOTAL	43%	4%	13%	15%	4%	19%	11%	11%

n = 32

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 110
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*
BY INDUSTRY

Industry	Economic Development	More Cooperation Between State & Local	Increase and Improve Local Image	Improve Local Financing	Tax Incentives, Abatements	Local Gvt. More Responsive	Help Entrepreneurs	Spend Municipal Funds
Manufacturing	56%	0%	33%	22%	0%	0%	0%	0%
Finance/ Services	38%	0%	13%	25%	13%	13%	38%	0%
Other Industries	43%	7%	7%	7%	0%	29%	0%	21%
PERCENT OF TOTAL	43%	4%	13%	15%	4%	19%	11%	11%

n = 32

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 111
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*
BY COMMUNITY COMPARISON

Community	Economic Development	Improvement Between State Local	Increase and Improve Local Image	Improve Local Financing	Tax Incentives, Abatements	Local Gvt. More Responsive	Help Entrepreneurs	Spend Municipal Funds
Garden City	43%	4%	13%	15%	4%	19%	11%	11%
Other 8 Communities	61%	2%	12%	12%	16%	24%	12%	7%

*Since firms could give more than one suggestion, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Firms seem to be responsive towards local development efforts. There is also a desire for the local government to be more responsive, and more local financing and the better local image are seen as ways for improvement. This implies that now is a good time to for the city to initiate or increase efforts of assistance. Another implication is that city officials should assist the state in communicating Kansas government programs that would be of benefit to Garden City firms.

Improving the state business climate. Suggestions for improving the state business climate again did not center on economic development, but included a variety of recommendations. Suggested by the highest percentage of firms was to improve the highway system (51% of all firms made this suggestion), while other suggestions included economic development (20%), tax incentives (20%), and to change or lower taxes (19%) (see Tables 112, 113 and 114). The percentage of firms that made the suggestion of highway system improvement was much higher than the percentage given by firms in the other 8 cities (see Table 114).

TABLE 112
SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE*
BY SIZE OF FIRM

Number of Employees	Economic Development	Increase and Improve State Image	Better Financing Opportunities	Tax Incentives	Eliminate Severance Tax	Improve Highway System	Seek Diversification	Change Or Lower Taxes
1-19	17%	9%	4%	19%	3%	45%	6%	23%
20-49	18%	0%	0%	36%	0%	82%	0%	0%
50+	57%	0%	0%	0%	0%	72%	0%	0%
PERCENT OF TOTAL	20%	7%	3%	20%	2%	51%	5%	19%

n = 58
*Since firms could give more than one suggestion, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 113
SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE*
BY INDUSTRY

Industry	Economic Development	Increase and Improve State Image	Better Financing Opportunities	Tax Incentives	Eliminate Severance Tax	Improve Highway System	Seek Diversification	Change Or Lower Taxes
Manufacturing	15%	15%	5%	35%	0%	35%	5%	30%
Finance/ Services	20%	0%	0%	10%	0%	80%	10%	10%
Other Industries	21%	7%	4%	18%	4%	46%	4%	18%
PERCENT OF TOTAL	20%	7%	3%	20%	2%	51%	5%	19%

n = 58
*Since firms could give more than one suggestion, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 114
SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE*
BY COMMUNITY COMPARISON

Community	Economic Development	More Cooperation Between State & Local	Increase and Improve State Image	Better Financing Opportunities	Tax Incentives	Better Communication	Eliminate Severance Tax	Improve Highway System	Seek Diversification	Change Or Lower Taxes
Garden City	20%	0%	7%	3%	20%	0%	2%	51%	5%	19%
Other 8 Communities	30%	1%	16%	7%	16%	7%	4%	28%	2%	27%

*Since firms could give more than one suggestion, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Transportation is once again a factor that is of consequence to these firms: of those Garden City firms that gave suggestions, 51% suggested improving the highway system, compared to 28% given for the same suggestion by firms in the other 8 communities. The issue of roads will gain even more importance if companies are to use more than the local market. Taxes are also very much on the mind of businesses, underlying the growth restrictions certain taxes may be making on firms, especially small companies.

Business Climate Summary

After examining the data regarding the local and state business climates, it is possible to make the following summary implications:

1. Although firms are generally satisfied with their local government, many feel local administrators have a neutral attitude towards their businesses.

2. A majority of firms gave transportation services adequate or poor ratings. Relatively high poor ratings were given to the availability of air transportation, the cost of transportation, and the quality of roads. If the scope of products is to increase, the quality factors related to transportation must be improved for firms to think about expanding into other markets.

3. Regulations that are perceived to be of harm to these firms come from the city or the state. It would be a mistake to think that operations are impeded solely by federal regulations.

4. Firms stated that more recreational activities and more entertainment would be the best ways to improve the local quality of life. These issues will become increasingly important as firms expand and it becomes necessary to recruit personnel from other parts of the state or the nation.

5. Surveyed Garden City firms consider economic development more important for the local business climate than for the state business climate, indicating that the business community will be receptive to local development efforts and to local assistance with state development programs.

VII.

ECONOMIC DEVELOPMENT PROGRAMS

In this section economic development programs designed to assist businesses in the state, firms that utilize special employment skills for their operations, services from state schools that are used by firms, and employees sought from these state schools are discussed. It is imperative that policy makers know whether programs designed for firms are being used, and whether the state is assisting companies to be more competitive.

The major findings are (1) at the present time, there is very little knowledge about economic development programs, and an overwhelming majority of the firms in Garden City do not use the assistance available; (2) the employees in these firms are generally low-skilled; (3) the majority of firms do not use the services of a state university, community college or vocational school; (4) the highest service used is the training of presently employed personnel; and (5) most of the employees sought from state educational institutions are entry level clerical workers and business and management personnel.

Economic Development Assistance

Certified Development Companies (CDCs). Certified Development Companies assist small businesses with long term financing through the Small Business Administration 503 loan program. The nearest CDC is the Great Plains Development, Inc., Certified Development Co., Inc., 1111 Kansas Plaza, Garden City. Only 6% of the total number of surveyed firms used CDCs, and 75% had no knowledge of the program. For the most part, very small and very large firms had a greater knowledge of CDCs than medium-sized firms (see Table 115). Finance and services industry firms

used this assistance more than other industry firms (see Table 116). Garden City firms were relatively more knowledgeable about the assistance and used CDCs more than firms in the other eight cities (see Table 117).

TABLE 115
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
CERTIFIED DEVELOPMENT COMPANIES
BY SIZE OF FIRM

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	79%	20%	1%
20-49	75%	0%	25%
50+	47%	29%	24%
TOTAL PERCENT	75%	19%	6%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 116
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
CERTIFIED DEVELOPMENT COMPANIES
BY INDUSTRY

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	85%	15%	0%
Finance/Services	76%	10%	14%
Other Industries	71%	25%	4%
TOTAL PERCENT	75%	19%	6%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 117
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
CERTIFIED DEVELOPMENT COMPANIES
BY COMMUNITY COMPARISON

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Garden City	75%	19%	6%
Other 8 Communities	90%	9%	1%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

As will be a pattern when discussing most of these assistance programs, the majority of firms (75%) had no knowledge of Certified Development Companies. However, in comparison to surveyed firms in the other 8 communities, Garden City companies do have more knowledge about the program and do use CDCs more often. The implication is that the city is missing chances for increased growth not through the unwillingness of firms to use this program, but because most companies are simply uninformed. Knowledge about this assistance and how it may be used must be communicated better to the firms in the city.

The Community Development Block Program. The Community Development Block Grant Program is a federal grant program administered by the state government to assist communities in providing additional services to low and moderate income persons. Grants are given for such projects as infrastructure improvement, senior citizen centers, business financing, and comprehensive planning for communities. Firms do not seem to know about the Community Development Block Program, with the majority of the total number

of firms (52%) stating they had no knowledge of the program (see Tables 118, 119 and 120). Only 2% of these firms have actually used this program. Larger firms had more knowledge about this program and had used more than firms with less than 20 employees, and manufacturing, finance, and services industry firms used the program more than other industry firms. Unlike CDCs, firms in Garden City had a higher percentage of its firms with no knowledge of the program than did surveyed firms in the other 8 communities (see Table 120).

TABLE 118
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE COMMUNITY DEVELOPMENT BLOCK PROGRAM
BY SIZE OF FIRM

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	57%	43%	1%
20-49	38%	63%	0%
50+	29%	53%	18%
TOTAL PERCENT	52%	45%	2%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 119
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE COMMUNITY DEVELOPMENT BLOCK PROGRAM
BY INDUSTRY

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	44%	50%	6%
Finance/Services	57%	38%	5%
Other Industries	53%	47%	0%
TOTAL PERCENT	52%	45%	2%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 120
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE COMMUNITY DEVELOPMENT BLOCK PROGRAM
BY COMMUNITY COMPARISON

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Garden City	52%	45%	2%
Other 8 Communities	35%	63%	2%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The lack of knowledge among small firms about this program indicates that a greater effort is needed to reach these companies with information and assistance. If this does not occur, small firms will remain uninformed and growth potential from these businesses will not be realized to its fullest.

Centers of Excellence Programs. Centers of Excellence, located at state universities, offer state-of-the-art research capabilities, fir within the long range objectives of the universities, and offer long-term potential for economic development. Commercialization of new technologies and attracting nationally-recognized scientists are important goals of the Centers. The closest Center of Excellence to Garden City is located at Wichita State University. The majority of firms had no knowledge of this program, either, with only 4% stating that they had knowledge of the program and 1% stating they had actually used the program (see Tables 121, 122 and 123). A smaller percentage of firms in Garden City (4%) had knowledge of this program than did firms from the other eight cities (17%). This may be because of the relatively long distance from Garden City to the nearest Center. Only one firm, which is in the finance and services industry category, had actually used this program.

TABLE 121
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE CENTERS OF EXCELLENCE PROGRAMS
BY SIZE OF FIRM

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	96%	4%	0%
20-49	88%	0%	13%
50+	88%	12%	0%
TOTAL PERCENT	95%	4%	1%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 122
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE CENTERS OF EXCELLENCE PROGRAMS
BY INDUSTRY

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	97%	3%	0%
Finance/Services	81%	14%	5%
Other Industries	100%	0%	0%
TOTAL PERCENT	95%	4%	1%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 123
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE CENTERS OF EXCELLENCE PROGRAMS
BY COMMUNITY COMPARISON

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Garden City	95%	4%	1%
Other 8 Communities	83%	17%	0%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The very high percentage of firms that do not have knowledge of this program points to added effort that must be made in communicating this

program to firms. The constant proportion of finance and services firms that are receiving more information about these programs and who, in turn, use them, indicates that a few firms are receiving at least some information and assistance. This should be broadened to other firms, however, or large growth will not occur.

The Job Training Partnership Act (JTPA). The Job Training Partnership Act is a federal job training program aimed primarily at disadvantaged and dislocated workers. Information about this program can be obtained through the Kansas Department of Human Resources in Topeka. This assistance program had the highest use, with 9% stating that they had actually used the program (see Tables 124, 125 and 126). But 49% of all firms had no knowledge about JTPA. This, again, was a higher percentage than given by firms in the other 8 communities (see Table 126). The highest percentage of industry use was in the manufacturing industry.

TABLE 124
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE JOB TRAINING PARTNERSHIP ACT
BY SIZE OF FIRM

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	50%	40%	9%
20-49	62%	31%	6%
50+	29%	65%	6%
TOTAL PERCENT	49%	42%	9%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 125
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE JOB TRAINING PARTNERSHIP ACT
BY INDUSTRY

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	35%	50%	15%
Finance/Services	62%	29%	9%
Other Industries	49%	45%	6%
TOTAL PERCENT	49%	42%	9%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 126
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE JOB TRAINING PARTNERSHIP ACT
BY COMMUNITY COMPARISON

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Garden City	49%	42%	9%
Other 8 Communities	41%	47%	11%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The Job Training Partnership Act is more well known among these firms than other economic development programs asked about in this survey. However, no knowledge is greater in Garden City than in the other 8

communities, and the percentage of actual use, although high for Garden City, is also lower when comparing to the other 8 communities. JTPA is a training program that can be of great assistance to firms that want to cut training costs and develop more highly skilled workers, and efforts to increase the knowledge and use of this program should be encouraged.

The Kansas Industrial Training Program (KIT). The Kansas Industrial Training Program provides job training grants to firms that are new to the state or to existing firms that are expanding in Kansas. Information about KIT can be obtained from the Kansas State Department of Commerce. The majority of firms had no knowledge of this program, and no firm had actually used the program (see Tables 127, 128 and 129). Larger firms had more knowledge about the program, and the agriculture, mining, construction, transportation-communications, and wholesale industry firms had more knowledge about the program.

TABLE 127
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE KANSAS INDUSTRIAL TRAINING PROGRAM
BY SIZE OF FIRM

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	73%	27%	0%
20-49	69%	31%	0%
50+	47%	53%	0%
TOTAL PERCENT	70%	30%	0%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 128
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE KANSAS INDUSTRIAL TRAINING PROGRAM
BY INDUSTRY

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	71%	29%	0%
Finance/Services	81%	19%	0%
Other Industries	65%	35%	0%
TOTAL PERCENT	70%	30%	0%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 129
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE KANSAS INDUSTRIAL TRAINING PROGRAM
BY COMMUNITY COMPARISON

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Garden City	70%	30%	0%
Other 8 Communities	64%	34%	2%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The Kansas Industrial Training Program is a special program designed to aid new expansion that employs new personnel. The use of this program can

greatly assist firms in their training capabilities, and like the other assistance that has been discussed, more firms need knowledge about the program and how to access it. In light of the fact that only 1% of firms in the city mentioned quality work force as a local advantage, and that relatively high percentage (12%) of Garden City firms mentioned a lack of training resources as a problem with past expansion (3% of firms in the 8 other cities), the importance of receiving information about KIT and using the program is crucial for helping the training of the community's work force.

TABLE 130
SUMMARY TABLE FOR
ECONOMIC DEVELOPMENT PROGRAMS

	No Knowledge	Knowledge, No Use	Used Program
Certified Development Companies	75%	19%	6%
Centers of Excellence	95%	4%	1%
Community Development Block Programs	52%	45%	2%
Kansas Industrial Training Program	70%	30%	0%
Job Training Partnership Act	49%	42%	9%

n = 105
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: Percentages are of the total number of firms.

It is clear that programs designed to assist economic development are not well known to firms in the city. There was a very large majority of firms that had no knowledge of the existence of some economic development programs, and a very small amount of firms actually used the programs for their benefit (see Table 130). Smaller companies had a greater proportion of firms that had no knowledge of these programs, also, suggesting that by mere lack of information the city is missing great potential for growth. Given the fact that 25% of firms stated that a lack of affordable financing was an expansion problem, a priority for the city is to make sure information about economic development programs reaches the business community, with emphasis on what these programs were designed for and how they can be used.

Firms That Need A Specialized Skill

Although the lack of a trained, or highly skilled, work force is a major complaint among surveyed Garden City firms, for the total number of firms, 96% stated that they did not need a specialized skill for employment in their company (see Tables 131, 132 and 133). The only real size, industry or community difference here was that firms with 50 or more employees did express a need for specialized skills more than other size firms (see Table 131).

TABLE 131
PERCENT OF TOTAL FIRMS THAT NEED A SPECIALIZED SKILL, BY FIRM SIZE

Does your firm need a specialized skill for employment in your company?		
Number of Employees	NO	YES
1-19	96%	4%
20-49	100%	0%
50+	88%	12%
TOTAL PERCENT	96%	4%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 132
PERCENT OF TOTAL FIRMS THAT NEED A SPECIALIZED SKILL, BY INDUSTRY

Does your firm need a specialized skill for employment in your company?		
Industry	NO	YES
Manufacturing	97%	3%
Finance/Services	100%	0%
Other Industries	94%	6%
TOTAL PERCENT	96%	4%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 133
PERCENT OF TOTAL FIRMS THAT NEED A SPECIALIZED SKILL BY COMMUNITY COMPARISON

Does your firm need a specialized skill for employment in your company?		
Community	NO	YES
Garden City	96%	4%
Other 8 Communities	97%	3%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

The work force in the city is not highly skilled, and this factor could keep many firms from being truly competitive in the future. What is important to note is that with the rapid changes in technology and technical advancement in business operations, skilled positions will become more common for all types of firm sizes and industries. To remain competitive, companies will have to adapt. This will mean that companies will have to train a great deal of workers in the future, which will affect the resources available for expansion. Programs such as the Job Training Partnership Act and the Kansas Industrial Training Program take on added significance when this subject is discussed, and firms should be made aware of such assistance.

Using state universities, community colleges, or vocational schools. Development and innovation that can be fostered by these state educational institutions is not being fully realized by all firms in the city. For the total number of firms, 63% have not used the services of any state university, community college, or vocational school (see Tables 134, 135 and

136). Larger firms used these institutions more than did smaller firms, and the agriculture, mining, construction, transportation-communications, and wholesale industries had a relatively high percentage of firms that used these schools. There was no significant community difference here.

TABLE 134
PERCENT OF TOTAL FIRMS THAT HAVE USED THE SERVICES OF A STATE SCHOOL BY SIZE OF FIRM

In the past two years, has your company ever used the services of any state university, community college, or vocational school?

Number of Employees	NO	YES
1-19	69%	31%
20-49	44%	56%
50+	29%	71%
TOTAL PERCENT	63%	37%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 135
PERCENT OF TOTAL FIRMS THAT HAVE USED THE SERVICES OF A STATE SCHOOL BY INDUSTRY

In the past two years, has your company ever used the services of any state university, community college, or vocational school?

Industry	NO	YES
Manufacturing	74%	27%
Finance/Services	71%	29%
Other Industries	55%	45%
TOTAL PERCENT	63%	37%

n = 105

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 136
PERCENT OF TOTAL FIRMS THAT HAVE USED THE SERVICES OF A STATE SCHOOL BY COMMUNITY COMPARISON

In the past two years, has your company ever used the services of any state university, community college, or vocational school?

Community	NO	YES
Garden City	63%	37%
Other 8 Communities	61%	39%

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Assistance from these schools can be extremely helpful to companies, and the innovation that can come from small firms is of great potential. Companies and state educational institutions should be working together

more, and finding ways to continue or initiate contacts and work together should be given high priority.

Services used from state universities, community colleges, and vocational schools. For firms that do use the services of these schools, the majority use universities, community colleges, or vocational schools for the training of presently employed personnel. Of these firms, 39% mentioned training as a service, with technical courses, business courses, and consulting process innovation being other highly used services mentioned (see Tables 137, 138 and 139). The use of all of these services should be continued and encouraged.

TABLE 137
SERVICES USED FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY SIZE OF FIRM

Number of Employees	Training of Presently Employed Personnel	Technical Courses	Business Courses	Consulting In Product Development	Consulting In Process Innovation	Consulting In Business Planning	Consulting In Construction	Agriculture-Vet. Services
1-19	35%	20%	15%	9%	15%	15%	3%	17%
20-49	60%	20%	20%	20%	20%	0%	0%	0%
50+	50%	14%	22%	14%	14%	14%	0%	7%
PERCENT OF TOTAL	39%	19%	16%	11%	15%	13%	2%	14%

n = 60
*Since firms could give more than one service used, total percentages may not add to 100%.

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 138
SERVICES USED FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY INDUSTRY

Industry	Training of Presently Employed Personnel	Technical Courses	Business Courses	Consulting In Product Development	Consulting In Process Innovation	Consulting In Business Planning	Consulting In Construction	Agriculture-Vet. Services
Manufacturing	26%	26%	11%	16%	16%	16%	0%	11%
Finance/ Services	50%	17%	33%	0%	17%	25%	0%	0%
Other Industries	39%	18%	11%	14%	14%	7%	4%	21%
PERCENT OF TOTAL	39%	19%	16%	11%	15%	13%	2%	14%

n = 60
*Since firms could give more than one service used, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 139
SERVICES USED FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY COMMUNITY COMPARISON

Community	Training of Presently Employed Personnel	Technical Courses	Business Courses	Consulting In Product Development	Consulting In Process Innovation	Consulting In Business Planning	Consulting In Construction	Agriculture-Vet. Services
Garden City	39%	19%	16%	11%	15%	13%	2%	14%
Other 8 Communities	41%	26%	23%	9%	10%	25%	2%	9%

*Since firms could give more than one service used, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Employees sought from state universities, community colleges, and vocational schools. Employees sought from these educational institutions are mainly entry level clerical workers and business and management personnel (see Tables 140, 141 and 142). The variety of employees hired reflects the relatively low-skill nature of these firms, with few percentages given of technicians, engineers, and drafters. The future competitiveness of these firms will depend on the recruitment and use of these latter types of employees.

TABLE 140
EMPLOYEES SOUGHT FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY SIZE OF FIRM

Number of Employees	Entry-Level Clerical	Mechanics, Machinists	Data Processors	Electronics, Electrical Techs.	Drafters	Chemical Process, Lab Techs.	Engineers	Business Management Personnel	Agricultural, Vet. Personnel	Heavy Equipment Operators	General Labor
1-19	25%	24%	6%	9%	4%	1%	4%	19%	13%	8%	12%
20-49	22%	22%	22%	0%	0%	0%	0%	67%	33%	22%	22%
50+	31%	0%	15%	15%	0%	0%	0%	23%	15%	0%	15%
PERCENT OF TOTAL	25%	21%	8%	9%	3%	1%	3%	23%	15%	8%	13%

n = 65
*Since firms could give more than one type of employee sought by their company, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 141
EMPLOYEES SOUGHT FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY INDUSTRY

Industry	Entry-Level Clerical	Mechanics, Machinists	Data Processors	Electronics, Electrical Techs.	Drafters	Chemical Process, Lab Techs.	Engineers	Business Management Personnel	Agricultural, Vet. Personnel	Heavy Equipment Operators	General Labor
Manufacturing	24%	29%	5%	0%	5%	5%	5%	24%	10%	5%	19%
Finance/ Services	33%	0%	17%	17%	8%	0%	0%	33%	0%	0%	17%
Other Industries	23%	26%	7%	10%	0%	0%	3%	19%	23%	13%	10%
PERCENT OF TOTAL	25%	21%	8%	9%	3%	1%	3%	23%	15%	8%	13%

n = 65
*Since firms could give more than one type of employee sought by their company, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 142
EMPLOYEES SOUGHT FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY COMMUNITY COMPARISON

Community	Entry-Level Clerical	Mechanics, Machinists	Data Processors	Electronics, Electrical Techs.	Drafters	Chemical Process, Lab Techs.	Engineers	Business Management Personnel	Agricultural, Vet. Personnel	Heavy Equipment Operators	General Labor
Garden City	25%	21%	8%	9%	3%	1%	3%	23%	15%	8%	13%
Other 8 Communities	25%	20%	8%	8%	3%	6%	12%	33%	8%	6%	12%

*Since firms could give more than one type of employee sought by their company, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Economic Development Assistance Programs Summary

After examining the data regarding economic development programs, it is possible to make the following summary implications:

1. Economic development programs are not well known nor heavily used by firms in Garden City.

2. Efforts to bring information about economic development programs must be increased in the city. By making these programs more well known and accessible to firms, there will be greater opportunities for increased expansion and economic growth.

3. Low percentages of actual use of these economic development programs should be examined carefully; lack of use may be the result of lack of information.

4. Firms in Garden City have requirements for general, nonspecialized skills.

5. The city has relatively low-skill workers, making its ability to compete in the future heavily dependent on training and access to training programs.

6. The growth potential of these firms will be weakened if competition requires a shift to more specialized forms of employment.

7. Given the nature of the JTPA and the KIT programs, it is imperative that these types of assistance be well funded and that their content be well known to the companies in the city.

8. Larger firms use the services of a state school more than smaller firms, indicating possible difficulties for small firms to find, make, and/or afford contacts with state educational institutions.