

PART I

BUSINESS RETENTION AND EXPANSION
IN LAWRENCE

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

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

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PART I

BUSINESS RETENTION AND EXPANSION
IN LAWRENCE
EXECUTIVE REPORT

TABLE OF CONTENTS
 BUSINESS RETENTION AND EXPANSION
 IN LAWRENCE

PART I

	Page
Executive Summary.....	1
Summary Implications for Economic Development Policy in Lawrence.....	5
Business Retention and Expansion Executive Report.....	6
Economic Growth in Kansas.....	8
A. Employment Growth.....	8
B. Establishment Growth.....	9
C. Personal Income Growth.....	9
D. Summary.....	10
Description of Survey Population.....	10
A. Company Size.....	11
B. Annual Sales.....	11
C. Type of Establishment and Location of Headquarters.....	12
D. Markets for Firms' Products.....	13
E. Developing Additional Products.....	14
F. Survey Description Summary Implications.....	15
Description and Determinants of Business Location and Retention.....	15
A. Location.....	15
B. Retention.....	17
1. Companies that are Moving.....	17
2. Perceived Images of Rural Life and of Kansas.....	18
C. Location and Retention Summary Implications.....	19
Description and Determinants of Business Expansion.....	19
A. Past Expansion.....	20
1. Employment and Physical Plant Size.....	20
2. Factors that Aided Expansion.....	21
B. Plans for Expansion.....	21
1. Employment and Physical Plant Size Expansion.....	21
2. Location of Expansion.....	22
C. Expanding Into the International Market.....	23

1. Potential and Desire to Expand.....	23
D. Financing for Expansion.....	24
1. Financing Sources for Expansion.....	24
E. Expansion Summary Implications.....	25
Business Climate.....	26
A. Local and State Business Climate.....	26
1. Quality of Life.....	26
2. Attitude of the Local Government.....	27
3. Perception of Services.....	27
4. Government Regulations that Impede Business Operations...	28
5. Taxes that Influence Expansion Decisions.....	29
B. Business Climate Improvements.....	30
1. Improving the Local Business Climate.....	30
2. Improving the State Business Climate.....	31
C. Business Climate Summary Implications.....	32
Economic Development Assistance.....	33
A. Economic Development Programs.....	33
B. Firms That Need a Specialized Skill.....	34
C. Interaction with State Universities, Community Colleges, and Vocational Schools.....	35
1. Use of State Universities, Community Colleges, and Vocational Schools.....	35
2. Services Used from State Universities, Community Colleges, and Vocational Schools.....	36
3. Employees Sought from State Universities, Community Colleges, and Vocational Schools.....	37
D. Economic Development Assistance Summary.....	38
Summary.....	38
PART II: Business Retention and Expansion in Lawrence Survey Results.....	41-
	155

PART I

LIST OF TABLES

	Page
Table A	
Total Employment - Counties, Kansas, and the U. S.	9
Table B	
Survey Companies by Number of Employees.....	11
Table C	
Total Annual Sales.....	12
Table D	
Percent of Total Firms that are a Single Company or Part of a Larger Corporation.....	13
Table E	
Mean Percents of Products Sold in the Local, State, National, and International Markets.....	14
Table F	
Percent of Total Firms that have Moved from Another City or State to Their Present Location.....	16
Table G	
Percent and Location of Where Firms are Moving.....	17
Table H	
Percent of Total Firms with a Negative Image of Rural Life And of Kansas.....	18
Table I	
Past Increases in Employment and Physical Plant Size.....	20
Table J	
Factors that Helped Expansion.....	21
Table K	
Percent of Total Firms that are Planning an Expansion in The Next Year.....	22
Table L	
Percent of Total Firms that Believe they have the Potential or The Desire to Expand Internationally.....	24
Table M	
Financing Sources for Expansion.....	25
Table N	
Firms' Perceptions of the Attitude of Their Local Government.....	27
Table O	
Lawrence Firms' Perceptions of Services.....	28
Table P	
Government Regulations that Impede Operation.....	29
Table Q	
Reasons to Forego Expansion.....	30
Table R	
Suggestions Given for Improving the Local Business Climate.....	31
Table S	
Suggestions Given for Improving the State Business Climate.....	32
Table T	
Knowledge and Use of Economic Development Programs.....	34
Table U	
Percent of Total Firms that Need a Specialized Skill.....	35

Table V	
Percent of Total Firms that have Used the Services of a State University, Community College, or Vocational School.....	36
Table W	
Services Used from State Universities, Community Colleges, or Vocational Schools.....	37
Table X	
Employees Sought from State Universities, Community Colleges, or Vocational Schools.....	37

EXECUTIVE SUMMARY

Lawrence was one of nine Kansas mid-sized communities selected for a study of business retention and expansion in the state. A sample survey of 102 Lawrence business firms was conducted to find determinants of business retention and expansion of existing industries in the community. Survey participants were drawn from various business segments constituting the economic base. Retail firms and service firms that were entirely local were not included in the survey.

The survey aimed at identifying factors that influence the retention and expansion of existing firms in Lawrence such as taxes, infrastructure, state and local regulations and others. It also explored the potential of Lawrence firms to expand within their local community. Furthermore, the survey focused on assisting the establishment of local retention and expansion efforts and discovering community-related and or state-related problems and issues that influence retention and expansion of industries.

The major findings of the study are:

1. From 1978 to 1986, Douglas County experienced a higher rate of employment growth (14%) than the state of Kansas (8%) and had the second highest employment growth rate among the nine counties included in the state business and retention report. Douglas County slightly underperformed the United States average rate of employment growth for this period (15%), but outperformed the national average for the time period of 1982 to 1986 (11% vs. 7% employment growth).
2. As in the other eight Kansas mid-size communities that were included in the state business retention and expansion study, the majority of surveyed Lawrence firms are small, low-revenue companies. Seventy-three percent of the total number of firms have fewer than 20 employees, and 87% of those firms that released information on their annual sales make less than \$5 million a year.

3. The majority of firms (58%) are single establishments and are not part of a larger corporation. Of the 42% that are part of a larger corporation, more than half are headquarters or distributorships. As a consequence, most decisions concerning retention and expansion will be made within the local community.
4. Lawrence firms sell a mean, or average, 60% of their goods or services in the local market, 16% in the state market, 21% in the national market, and 3% in the international market. Compared to the average for the other eight communities, the export activity of Lawrence firms was higher: on average Lawrence firms sold 3% internationally, and surveyed firms in the other eight communities sold 1%.
5. Almost half (43%) of Lawrence respondents believe they can increase growth by offering an additional product or service. Compared to firms in the other Kansas communities, Lawrence stands out: only 32% of respondents believe such growth would be possible.
6. A relatively small amount of economic growth is attributable to the relocation of outside firms to the community. Of the total number of firms, 7% have moved to the community from another city or state in the past five years.
7. The Lawrence business community is largely homegrown and locally oriented. Of the respondents that gave reasons for location, 57% said Lawrence filled a product or service need and 52% said Lawrence provided a central location and 51% located in the community because it was the owner's hometown.
8. The majority of these firms are satisfied with the community and are not planning to leave. Of the survey sample, only 4% are planning to move in the next year.
9. Fifteen percent of the total survey sample have trouble attracting or maintaining managers or professionals, but, this is more of a problem for larger firms. Of the firms with 50 or more employees, 30% stated they have had problems attracting and maintaining this type of personnel.
10. The large majority of community firms have no problems with rural life or with Kansas. Of the total number of surveyed firms, 96% stated they did not have a negative image of rural life, and 98% stated they did not have a negative image of Kansas. However, 6% of the firms with 50 or more employees stated that they did have a negative image of Kansas.

11. Surveyed firms in Lawrence have expanded employment and physical plant size significantly over the past two years. Fifty-four percent of the total number of firms stated they increased employment during the past two years, and 42% stated they increased physical plant size during the past two years. In comparison, 30% of the surveyed firms in the other eight communities increased employment, and 34% increased plant size.
12. Firms are also optimistic about future expansion. Thirty-nine percent of Lawrence survey participants are planning to increase employment in the next year, and 29% are planning to increase physical plant size.
13. In a community with substantial overall growth, firm expansion problems centered around zoning, financing, and space for expansion. Of those respondents that gave specific problems with expansion, 36% mentioned zoning as a problem, 36% mentioned lack of affordable financing, and 27% mentioned the availability of space. In comparison, only 8% of firms surveyed in the other eight communities mentioned zoning, 23% mentioned lack of affordable financing, and only 5% mentioned availability of space.
14. An expanding market and a firm's desire to expand are among the major factors that have helped expansion in the past. Of the respondents that cited factors that helped expansion, 82% said an expanding market was a helping factor, and 24% said a desire to expand a product/service market was a factor that aided expansion.
15. There are firms in Lawrence with both the potential and the desire to export their goods or services. Of the total number of firms, 18% stated they had the potential to expand internationally and 13% stated they had the desire to expand internationally. Small firms as well as large firms stated they had both the potential and the desire to expand.
16. Regardless of firm size, companies in Lawrence rely mostly on conventional sources of financing. Forty-eight percent of the survey participants said their company used banks as a source for financing and 57% said their firms used internal financing.
17. There are some firms in Lawrence that have been forced to go outside of Kansas for financing. Of the total number of firms, 13% stated they had gone outside of Kansas for financing because of a lack of affordable financing in the state.
18. Most survey respondents are satisfied with the local quality of life. Of the total number of surveyed firms, 94% rated the quality of life as good, and 5% rated the quality of life as adequate or poor. In comparison, 80% of firms in the other eight communities rated the quality of life as good, and 19% gave ratings of adequate or poor.

19. In general, Lawrence respondents believe the local government looks favorably upon the business community. Of all respondents, 51% thought the attitude of the local government towards businesses was positive to very positive, 37% thought the attitude was neutral, and 12% thought the attitude was negative to very negative.
20. Lawrence respondents are satisfied with most local services. The major exceptions to this concerned transportation. Twenty-seven percent of all survey participants rated the availability of air transportation as poor, and 17% rated the quality of public transportation as poor.
21. Surveyed Lawrence firms are very much aware of economic development and consider this an important way to improve the business community. Of the participants that gave responses, 33% stated economic development could improve the local quality of life, 55% stated economic development could improve the local business climate, and 45% stated economic development could improve the state business climate.
22. Most state economic development assistance programs are not well known to surveyed Lawrence firms. Of the total number of firms, 86% had no knowledge of Certified Development Companies, 77% had no knowledge of Centers of Excellence, 66% had no knowledge of the Kansas Industrial Training Program, 44% had no knowledge of the Job Training Partnership Act (JTPA), and 34% had no knowledge of the Community Development Block Grant Program. The most highly used assistance was JTPA: 8% of all survey respondents said their firm had actually used this program. Actual use of all other programs was no higher than 2%. These responses were similar to those given by surveyed firms in the other eight communities.

SUMMARY OF IMPLICATIONS FOR ECONOMIC DEVELOPMENT POLICY
IN LAWRENCE

1. Local economic development policies should be directed to encouraging local entrepreneurs who are starting new businesses and to facilitating expansion of existing businesses.
2. Although the recruitment of firms from outside of Lawrence should constitute one part of a local economic development strategy, a major focus should be on the establishment of new firms and the expansion of existing businesses.
3. A targeted business retention program would be useful in Lawrence. This ongoing program should identify dissatisfied firms and concentrate retention efforts upon them. Only a very small percentage of companies are planning to leave the community. The vast majority of firms are satisfied with Lawrence and are not planning to leave.
4. Larger firms and branch operations should be targeted as part of a business retention program. The loss of a major employer would have a large negative impact on the community and other firms that are suppliers to that 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. Lawrence firms are primarily dependent on conventional sources of financing (banks and internal funds) and appear to have limited access to information about seed, medium, or high risk financing.
6. Firms in Lawrence should be encouraged to participate more actively in markets outside of Kansas. Efforts to help firms realize their potential in larger markets are necessary. To do otherwise would seriously limit growth opportunities.
7. Efforts to help firms participate in international trade are necessary. Such assistance may include efforts to make firms aware of the potential of international trade. Specific barriers to international trade, such as financing and lack of knowledge of foreign markets, must be addressed. There is an unrealized opportunity to increase exports from Lawrence community firms.
8. A major effort is required to assure that firms know what state programs are available to assist them. These economic development programs have had an impact on a few Lawrence firms.

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 Lawrence. This was accomplished through a survey questionnaire given to a random sample of business representatives. Lawrence companies were surveyed to identify factors that influence retention and expansion in existing industries in the community, to identify the potential of Lawrence 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 Lawrence, eight other communities (Coffeyville, Emporia, Garden City, Great Bend, Hays, Hutchinson, McPherson, 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 Lawrence are compared to results from the other eight communities in Part II of this report.

A total of 102 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 Lawrence, (4) the local

and state business climates, 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 Lawrence firms, it is necessary to review several economic growth trends for Kansas. These 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 Douglas County, along with the counties of the other eight 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 in Douglas county has risen 14% from 1978 to 1986. This is higher than the state rate for this time period, and only one percentage point lower than the United States growth rate. Lawrence's employment growth from 1978 to 1986 was also higher than seven of the other eight counties where comparison communities are located (Finney county had the highest percentage, 51%). For the time period 1978-1986, Douglas County's growth rate was again higher than that for Kansas and equal to the United States rate (see Table A).

TABLE A
TOTAL EMPLOYMENT - COUNTIES, STATE, AND THE U.S.
1978-1986 (in Thousands)

	1978	1980	1982	1984	1985	1986	1978-1982-	
							1986	1986
Barton County	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 County	10.9	11.5	11.8	12.5	12.1	11.6	6%	-2%
Finney County	9.4	9.9	12.6	13.6	14.3	14.2	51%	13%
Lyon County	14.4	14.6	14.4	14.7	14.8	14.4	0%	0%
McPherson County	10.5	10.8	10.7	11.2	11.1	11.1	6%	4%
Montgomery County	17.3	17.4	15.8	14.8	14.6	14.7	-15%	-7%
Reno County	27.0	27.1	24.9	25.3	25.9	25.4	-6%	2%
Saline County	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	86897	90406	89566	94496	97519	99610	15%	11%

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

Establishment Growth

In Douglas County, the number of business establishments grew 36% from 1978 to 1985. This is much higher than the rate for Kansas (21%) and slightly higher than the rate for the United States (34%), and it is the highest among the growth rates for the other eight counties where communities were sampled for the state report. For 1982-1985, establishment growth was 27%, which was still higher than the state rate (18%) and much higher than the national rate (12%). (All figures are from Kansas County Business Patterns and United States County Business Patterns.)

Personal Income Growth

Increases in personal income have been rapid in Lawrence, and these changes have occurred in the other eight counties as well as the state. From 1978 to 1984, personal income in Douglas County increased 69%, which was lower than the Kansas change of 75% and the United States change of 71%. All

nine counties have increased at least 57% in personal income between 1978 to 1984. However, Douglas County had a lower rate than six of the other eight counties for the same time period. (All figures are from the Bureau of Economic Analysis, Regional Economic Information System, U.S. Bureau of Economic Analysis, and the National Income and Product Accounts of the U.S.)

Summary

Employment and establishment growth in Lawrence were among the highest of all the nine counties that were selected for the state report. Douglas County was lower in personal income growth rates. This suggests both strengths and weaknesses in the economies of Lawrence and emphasizes the importance of designing and implementing appropriate economic development strategies to maintain and increase growth levels. In the past the economy of Lawrence has generally out performed the state's economy.

DESCRIPTION OF SURVEY POPULATION

In this section Lawrence firms are described in terms of (1) their size, (2) industry, (3) annual sales, (4) type of establishment, (5) location of headquarters, (6) markets for firms' products, and (7) offering of additional products or services. 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 to 491 employees, and companies represented the agriculture, mining, construction, manufacturing, transportation-communications, wholesale,

finance, and services industries.

It is important to mention again that the survey focused on firms that were part of the economic base. Companies that were entirely local in their offering of goods and services were not surveyed. Because of this, retail businesses and some service organizations were not included in this study.

Company Size

Lawrence businesses are small, regardless of industry: 73% of all firms have less than 20 employees (see Table B). This is not a disadvantage, since the small firm provides the entrepreneurship and is highly innovative when assisted with financing and information. The implication is that local strategy that focuses exclusively on the large firm will miss a great area of potential growth. In Lawrence, small firms are a major presence and should receive a high priority in economic growth efforts.

TABLE B
SURVEY COMPANIES BY NUMBER OF EMPLOYEES

Number of Employees		
1-19	20-49	50 Or More
73%	17%	10%

n = 102

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.

Annual Sales

As the large number of small firms suggests, annual sales of Lawrence businesses are not large: 87% of all firms have annual sales of less than \$5 million dollars (see Table C). Only 4% of all firms had annual sales greater

than \$20 million dollars; for firms surveyed in the other Kansas mid-sized communities this figure was 5%. These data emphasize the type of firm that is prevalent in Lawrence: the small, low revenue company.

TABLE C
TOTAL ANNUAL SALES

Annual Sales (X 1,000)			
0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
87%	7%	2%	4%

n = 72

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

More than half (58%) of the Lawrence companies that were surveyed are single establishment firms and are not part of a larger corporation (see Table D). Forty-two percent of the firms described themselves as a being part of a larger corporation. Although for the most part decisions concerning business retention and expansion will be made by local firms, some decisions will be made through corporate headquarters in other areas or states. Economic development policies should therefore address the single establishment company as well as large corporations that have branches in the state. Since these single establishment firms usually have less resources and fewer university or government contacts, they are less likely to receive timely information concerning technology, means for financing,

and state assistance programs. The costs and efforts for contacting these firms will require greater attempts from the city and the state.

TABLE D
PERCENT OF TOTAL FIRMS THAT ARE A SINGLE COMPANY
OR PART OF A LARGER CORPORATION

Single Company	Part of A Larger Corporation
58%	42%

n = 102

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.

Markets for Firms' Products

Surveyed Lawrence firms overwhelmingly sold their products or services in the local market or within the state. The total number of firms sold a mean, or average, 60% of their goods or services in the local market and an average 16% in the state market (see Table E). However, a positive sign is that although local sales are comparatively high, Lawrence firms outperformed the other eight Kansas mid-size communities in average percentages of goods sold in international as well as national markets. Company size breakdowns also revealed that firms with 20 or more employees, in particular, accessed national and international markets. Since a state's competitiveness and economic future depend upon the ability to export and to participate in many markets, Lawrence firms, especially smaller ones, should make efforts to participate more in a larger regional or global market and not rely on a rather static local market. If this is not happening, and if

firms do not get assistance in their marketing efforts, the chances for growth and expansion for Lawrence firms could be impeded.

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
60%	16%	21%	3%

n = 102

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.

Developing Additional Products

Developing new and additional products is a way firms can access new markets and work towards increased growth. A high percentage of Lawrence firms believe they could offer additional products or services: of the total number of surveyed firms, 43% stated they could do this. In comparison, 32% of the firms surveyed in the other eight communities stated they could offer more products. There is potential for this type of growth in the community.

Survey Description Summary Implications

1. The majority of Lawrence firms are small, low-revenue companies. Seventy-three percent of the total number of surveyed firms have fewer than 20 employees, and 87% of the 72 firms that released information on their annual sales make less than \$5 million a year.
2. The majority of firms (58%) are single establishments, with no connection to a larger corporation. For the most part, retention and expansion decisions will be made within the community, not by the parent organization in other areas.
3. Although firms sell an average 60% of their products or services within the local market, there are substantial sales in the national market. Compared to the average for the other Kansas communities, the export activity of Lawrence firms was higher, reflected in the higher average percentage of products sold in international trade (3% vs 1%).
4. Almost half (43%) of the firms are optimistic about offering additional products, which could make them more competitive in the marketplace and give them a potential for growth. Compared to the other eight community firms, Lawrence stands out for having a higher percentage of company representatives that stated their firm was capable of offering and creating additional products (43% vs 32% of the firms in the other eight communities).

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, and (4) their perceived images of rural life and of Kansas. The reasons for locating in the community and for why firms may be leaving will be very important for forming strategies concerning the retention of Kansas mid-size communities.

Location

Regardless of size or industry, there has not been a major influx of companies from other cities or states; 93% of all firms have not moved to

their present location from another city or state in the last five years (see Table F). Only 7% have moved to their present location from another city or state in the past five years¹. Most companies are home grown and see their communities as providing the market and location they need. Of the total number of firms, 51% stated that being the hometown was a reason for location in the community, and 57% stated that they located to fill a product or service need. Only 4% stated that tax incentives or public financing were a reason for location. These firms are locally oriented, few bring experience from other markets or regions with them, and most desire to stay locally focused with their products and services. A positive implication is that with so many small hometown firms, the atmosphere for entrepreneurship seems to be good.

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

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

NO	YES
93%	7%

n = 102

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.

¹These statements refer only to firms that were previously described in the Survey Population section. These are firms that comprise the economic base, and do not include retail companies or entirely local service companies.

Retention

Companies that are moving. The number of companies that are expected to move is quite small (see Table G). Only 4% of all firms stated they planned to move, and 2% of these companies are moving out-of-state. Obviously, the majority of firms see many advantages in remaining in Lawrence. When asked what these advantages were, major reasons given included that the community provided a central location, the community provided a small-town, rural life and a "hometown atmosphere." Only 5% of these firms stated that Lawrence offered no advantages.

TABLE G
PERCENT AND LOCATION OF WHERE FIRMS ARE MOVING

	Moving Within the Community	Moving Within the State	Moving Out of State	Total Percent Moving
Firms That Are Planning to Move Present Location	1% of Total Firms	1% of Total Firms	2% of Total Firms	4% of Total Firms

n = 102

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.

Most Kansas mid-size community businesses are home grown, locally oriented, satisfied with their location, and planning to stay in the community. Because of this local focus, the perception of being in a central location may only be relevant to the community the business is located in. Overall, because few firms are moving, retention strategies will be more successful if they focus on the small percentage of firms most likely to move. An additional implication is that the major focus for local economic development programs will be on expansion rather than retention.

Perceived images of rural life and of Kansas. For all firms, there does not seem to be a problem with perceived images of rural life or with Kansas. Of the total number of firms, 96% stated they do not have a negative image of rural life, and 99% stated they do not have a negative image of Kansas (see Table H). This points out that policies stressing the quality of Kansas mid-size communities or the state itself will probably not be very helpful in retaining or encouraging expansion. These companies already have positive images of Kansas and rural life.

TABLE H
PERCENT OF TOTAL FIRMS WITH A NEGATIVE
IMAGE OF RURAL LIFE AND OF KANSAS

Do you have a negative image of rural life?		Do you have a negative image of Kansas?	
NO	YES	NO	YES
96%	4%	99%	1%

n = 102

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.

Closer examination of company size breakdowns revealed that medium-sized firms and large firms more often carried a negative image of their community and of the state than did smaller companies. Since the relocation out of the community by a major employer would have a devastating detrimental impact on the community and other firms that are the suppliers to that firm, these larger companies must be targeted for particular attention as part of a retention program.

Location and Retention Summary Implications

1. A relatively small amount of economic growth is attributable to the relocation of outside firms to the community. Of the total number of firms, 7% stated they have moved to Lawrence from another city or state in the past five years. Exclusively focusing on recruiting outside companies to locate in Lawrence is not a complete strategy for promoting economic growth. Encouraging the retention and expansion of existing businesses as well as assisting start-up firms may be more effective ways to fuel economic growth.
2. The Lawrence business community is largely home grown and locally oriented. Of the respondents that gave reasons for location, 57% said Lawrence filled a product or service need and, 52% said Lawrence provided a central location. Fifty-one percent of these firms are located in Lawrence because it is the owner's hometown. This suggests that local support for new entrepreneurs would have a long-term positive impact on the local business community.
3. The number of firms that are planning to move is relatively small (4%). The majority of firms are satisfied with the community and are not planning to leave. A small-town rural life is seen as an advantage of the community by 45% of the firms, and only 5% of the firms stated that Lawrence does not offer any particular advantage.
4. The large majority of Lawrence firms have no problems with rural life or with Kansas. Of all survey participants, 96% said they did not have a negative image of rural life, and 99% said they did not have a negative image of Kansas. However, some larger firms did have a negative image of Kansas and of rural life.

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) planned expansion for the next year, (3) locations of planned expansions, (4) the ability to expand into the international market, and (5) 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. A main finding is that firms have experienced a great deal of growth in the past two years, and they are optimistic about continued expansion opportunities in Lawrence.

Past Expansion

Employment and physical plant size. A high percentage of surveyed firms have increased employment and physical plant size in the past two years. Of the total number of firms, 54% stated they increased employment and 42% stated they increased physical plant size (see Table I). All sizes of firms experienced employment and physical plant growth, and notable increases were found from finance and services industry companies. Of particular interest was comparison data: 30% of the surveyed firms in the other eight communities increased employment (compared to 54% for Lawrence), and 34% increased plant size (compared to 42% for Lawrence). This is an extraordinary performance by Lawrence firms in the context of relative size Kansas communities.

TABLE I
PAST INCREASES IN EMPLOYMENT AND PHYSICAL PLANT SIZE

In the last two years, has your firm increased or decreased its employment and/or its physical plant size?			
	Decreased	Remained Constant	Increased
Employment	11%	35%	54%
Physical Plant Size	3%	55%	42%

n = 102

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.

Factors that aided expansion. When firms were asked for factors that helped expansion, the vast majority of respondents cited market reasons as a factor. Of those firms that experienced an expansion, 82% stated that an expanding market was a helping factor (see Table J). Firms with 20 or more employees in particular gave this reason. This again highlights the need for many companies to broaden the scope of their products or services and reach broader markets. Assistance in marketing a firm's products or services therefore may be a better way to fuel business expansion in the community. Also of note is that no Lawrence firm gave tax incentives or abatements as a helping factor for expansion.

TABLE J
FACTORS THAT HELPED EXPANSION*

Ex- panding Market	Avail- ability of Public Assistance	Avail- ability of Tech. Innovation	Avail- ability of Space	Desire To Expand Market	Improved Internal Financing	More Efficient Operations
82%	5%	2%	20%	24%	3%	27%

n = 58

*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.

Plans for Expansion

Companies are optimistic about their ability to retain or increase employment and physical plant size. The majority of firms will remain constant, but 39% of the total number of firms stated they planned to increase employment in the next year, and 29% stated they would expand plant

size (see Table K). Only 3% plan to decrease employment, and 1% plan to experience a contraction in size. There is new growth occurring, even for those who previously had no growth or even reduced employment: of the total number of firms, 12% decreased employment or held employment levels constant in the past two years but will increase employment next year. The same is true for physical plant size: of the total number of firms, 15% decreased plant size or held size constant in the past two years but will increase plant size next year. There is opportunity for new growth in the state, and efforts to ensure such growth will aid development.

TABLE K
 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	3%	58%	39%
Physical Plant Size	1%	70%	29%

n = 102

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. The majority of firms that are planning an expansion reported that the expansion will be within the Lawrence city limits. Of those firms that stated they would expand, 72% will expand within Lawrence, 17% will expand within Douglas county, 7% will expand within the

state, and 4% will expand out-of-state. In comparison, Lawrence had a higher percentage of firms that are planning an expansion within the city limits than the average for the other eight communities (72% vs 61%), reflecting the strengths and advantages of the community. However, there are small and medium-sized firms that are planning to expand outside of the county, implying that efforts to keep expansion from occurring elsewhere will not just have to focus on a few larger firms, but will have to take into account the numerous smaller firms in the community that have the potential for growth.

Expansion Into the International Market

Potential and desire to expand. There are firms that can and want to expand into the international market. Out of the total number of firms, 18% stated that they had the potential to expand internationally, and 13% stated they had the desire to expand internationally (see Table L). These firms included small as well as large firms. Local policy must assure that all firms know what is needed to export, where they might receive assistance, and how they can initiate this venture. If export potential is not realized or encouraged, Lawrence products will not reach the international market, and the community will be less competitive.

TABLE L
 PERCENT OF TOTAL FIRMS THAT FEEL 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	82%	18%
Desire to Expand	87%	13%

n = 90

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 for Expansion. Sources for financing expansion in Lawrence are traditional in nature. For the total number of firms, 48% stated that a bank was a source for financing, while 57% stated that internal financing was used (see Table M). Very few companies used the Small Business Administration, certified development companies, or industrial revenue bonds. Alternative forms of financing such as venture and seed capital seem not to be used by community firms in this sample. The same can be said about firms in the other eight communities, which also made extensive use of conventional sources of financing. Providing information about alternative forms of financing is a first step in assisting firms to expand, and the improvement of non-conventional sources of financing should be a primary obligation for local officials who wish to help companies with their expansion needs.

TABLE M
FINANCING SOURCES FOR EXPANSION*

Bank	Savings and Loan	Internal Financing	Private Sources	Small Business Administration	Industrial Revenue Bonds
48%	3%	57%	14%	4%	4%

n = 102

*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.

Expansion Summary Implications

1. Firms in Lawrence had a significant employment and physical plant size expansion over the past two years compared to the average for the other eight Kansas mid-sized communities. Fifty-four percent of the firms in Lawrence had an employment expansion and 42% had an expansion in plant size in the last two years. In comparison, 30% of surveyed firms in the other eight communities increased employment and 34% increased plant size.
2. An expanding market and a firm's desire to expand are among the major factors that helped expansion in the past. Of those respondents that gave factors that helped expansion, 82% mentioned an expanding market as a helping factor and 24% mentioned a desire to expand a product/service market as a factor that aided expansion.
3. Lawrence firms are also optimistic about future expansion. Of the total number of surveyed firms, 39% stated they will increase employment and 29% stated they will increase plant size.
4. Firm expansion in the next year will primarily take place inside the city limits. Of those firms that are going to expand, 72% will expand in Lawrence.
5. There are firms in the community with both the potential and the desire to export their goods or services. Of the total number of respondents, 18% said their firm had the potential to expand internationally and 13% said their firm had the desire to expand internationally. Excluding smaller companies as a source for exports would be a mistake, since these companies expressed both the potential and the desire to export.

6. Companies in Lawrence rely mostly on conventional sources of financing. Forty-eight percent of the surveyed firms in Lawrence stated that a bank was a source for financing and 57% stated that a source was internal funds. Providing information and encouraging the use of alternative forms of financing (venture and seed capital) may be necessary to encourage company expansion.

LOCAL AND STATE BUSINESS CLIMATE

This section describes firms' perceptions of the local and state business climates. (1) The local quality of life, (2) the attitude of the local government, (3) public and private services, (4) laws and regulations that may impede operation, (5) taxes that influence expansion decisions, and (6) suggestions for ways to improve the local and state business climates are all discussed. For firms contemplating staying or expanding in their community, the business climate plays an important part in the decision process.

Local and State Business Climate

Quality of life. The overwhelming majority of firms surveyed in Lawrence do not have a problem with the local quality of life. Of the total number of respondents, 94% rated the quality of life as good, 4% rated the quality of life as adequate, and 1% rated the quality of life as poor (1% had no opinion). The quality of life seems to be a strong point for Lawrence: for firms in the other eight communities, 80% rated the quality of life as good, 17% gave an adequate rating, and 2% gave a poor rating (1% had no opinion). Quality of life issues are an important consideration in decisions concerning retention, expansion, and relocation. For this factor, Lawrence seems to have an advantage.

Attitude of the local government. The attitude of the local government towards the local business community is viewed by the majority to be positive to very positive (see Table N). This relatively positive climate is conducive to expansion efforts, and these results indicate that now may be an opportune time for the local government to involve itself more in the assistance of firms in the community. It is important for the local government to maintain its reputation for having a positive attitude towards business; a perceived negative attitude may affect how businesses view their local business climate, and, in turn, affect decisions concerning retention and expansion.

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

Attitude of Local Government		
Positive To Very Positive	Neutral	Negative To Very Negative
51%	37%	12%

n = 102

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. High percentages of firms give police protection (71%), fire protection (79%), the electric systems (78%), the public school system (68%), and the telephone system (68%) good ratings. However, relatively high percentages of poor ratings were given to the availability of air transportation (27%) and the quality of public transportation (17%)

(see Table O), indicating concern over some transportation issues. For the majority of services, however, firms gave a good rating. In comparison to firms surveyed in the other eight communities, Lawrence firms had lower total percentages of poor ratings for 10 out of the 13 services asked about, which further strengthens the perception that Lawrence firms are relatively pleased with local services.

TABLE O
LAWRENCE FIRMS' PERCEPTIONS OF SERVICES

	No Opinion	Good	Adequate	Poor
Quality of Roads	1%	45%	45%	9%
Quality of Railroads	65%	16%	15%	4%
Cost of Transportation	15%	37%	44%	4%
Availability of Air Transp.	34%	17%	22%	27%
Quality of Public Transp.	30%	18%	35%	17%
Freight Delivery Time	19%	61%	18%	2%
Quality of Training	24%	35%	33%	8%
Garbage Collection	6%	63%	26%	5%
Fire Protection	3%	79%	16%	2%
Police Protection	2%	71%	26%	1%
Telephone System	1%	68%	29%	2%
Electric System	0%	78%	21%	1%
Public School System	14%	68%	15%	3%

n = 102

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.

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. Based on those respondents that mentioned such regulations, 100% stated that hampering city and/or state regulations impede operation (see Table P). Many of these were given by firms, with no

regulation standing out more than any other. City and/or state regulations mentioned were specific zoning changes, restrictions provided by city building codes, and inventory restrictions. The second highest percentages of factors were general government over-regulation (22%) and zoning regulations (20%).

TABLE P
GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*

Hampering City/State Regulations	EPA Regulations	OSHA Regulations	Zoning	Kansas Dept. of Health	General Govt. Over- Regulation
100%	12%	2%	20%	2%	22%

n = 30

*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.

Taxes that influence expansion decisions. Of those firms not going to expand, 59% gave worker's compensation as a reason to forego expansion. Other taxes cited as influential by high percentages of the firms were the unemployment insurance tax (55%), property tax on inventories (51%), and the sales tax on machinery and equipment (31%) (see Table Q). However, a low percentage of these companies stated that the overall city tax burden was a reason to forego expansion. This indicates that community leaders may best serve their businesses by isolating specific city taxes that may cause problems and by informing state representatives of particular Kansas taxes that are hindering expansion efforts.

TABLE Q
REASONS TO FOREGO EXPANSION*

Over- all State Tax Burden	Over- all City Tax Burden	Corp- orate In- come Tax	Prop- erty Tax Inven- tories	Sales Tax on Mach- ines and Equip- ment	Unem- ploy- ment Insur- ance Tax	Work- ers Compen- sation Tax	Sev- erance Tax
14%	4%	23%	51%	31%	55%	59%	3%

n = 44

*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.

Business Climate Improvements

Improving the local business climate. When asked for suggestions to improve the local business climate, most firms answered that economic development (55%) and a more responsive local government (51%) would improve the business climate (see Table R). Economic development is seen as a means to increase employment and to bring more customers to a firm. These responses should show that firms have at least a peripheral knowledge of economic development, and consider it to be a cure-all for local business problems. Although, as seen earlier, the majority of firms in Lawrence believe their local government has a positive attitude towards the business community, they do want that government to be more responsive. Their perceptions take on added significance when comparisons are made to the other eight community firms: only 11% of these firms stated that the local government should be more responsive (51% for Lawrence firms). Businesses seem to be open to development efforts, especially through local agencies or government. Clearly, surveyed Lawrence firms would like more responsiveness from their local government.

TABLE R
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*

Economic Development	Improve-ment Between State Local	Increase and Im-prove Local Image	Improve Local Financing	Tax Incentives, Abate-ments	Local Gvt. More Respon-sive	Help Entre-preneurs	Spend Muni-cipal Funds
55%	4%	2%	11%	13%	51%	19%	2%

n = 31

*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.

Improving the state business climate. Suggested by the highest percentage of firms as a way to improve the state business climate was, again, economic development (45% of those who responded made this suggestion), while other suggestions included to change or lower taxes (24%), and tax incentives (19%) (See Table S). Economic development strategies are once again a factor that is of consequence to these firms. Taxes are also on the mind of Lawrence business people. However, economic development is very important to firms in Lawrence, whether it be for the local or the state business climates. The creation, retention, or expansion of firms through development policies is definitely seen as a crucial determinant for the future of area businesses.

TABLE S
SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE*

Economic Development	Increase and Improve State Image	Better Financing Opportunities	Tax Incentives	Better Competition	Eliminate Tax	Improve Highway System	Seek Diversification	Change Or Lower Taxes
45%	17%	13%	19%	10%	2%	17%	3%	24%

n = 59

*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 Implications

1. Most survey respondents are satisfied with the local quality of life. Of the total number of respondents, 94% rated the quality of life as good and 5% rated the quality of life as adequate or poor. In comparison, 80% of the firms surveyed in the other eight communities rated the quality of life as good and 19% gave ratings of adequate or poor.
2. In general, Lawrence firms believe the local government looks favorably upon the business community. Of the total number of firms, 51% believed the attitude of the local government towards the business community was positive to very positive, 37% thought the attitude was neutral, and 12% thought the attitude was negative to very negative.
3. Lawrence firms are satisfied with most local services. The major exceptions to this concerned two transportation issues. Twenty-seven percent of all respondents rated the availability of air transportation as poor and 17% rated the quality of public transportation as poor.
4. Surveyed Lawrence firms are very much aware of economic development and consider this an important way to improve the business community. Of the firms that gave responses, 55% stated economic development could improve the local business climate and 45% stated economic development could improve the state business climate.
5. Of those respondents that gave suggestions on how to improve the local business climate, 51% suggested that the local government should be more responsive to business needs. In comparison, only 11% of the surveyed firms in the other eight communities suggested this as an improvement in the local business climate.

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, (3) services used from state schools, and (4) employees sought from state schools will be examined. It is important that policy makers know that programs designed for firms are being used, and that the state is assisting companies to be more competitive.

Economic Development Programs

For the total number of firms, 86% had no knowledge of Certified Development Companies, 77% had no knowledge of Centers of Excellence Program, 66% had no knowledge of the Kansas Industrial Training Program (KIT), 44% had no knowledge of the Job Training Partnership Act (JTPA), and 34% had no knowledge of Community Development Block Programs. The most highly used assistance was JTPA, with 8% of the firms stating they had actually used the program. For the other four types of assistance, no higher than 2% actually used the programs (see Table T).

TABLE T
KNOWLEDGE AND USE OF ECONOMIC DEVELOPMENT PROGRAMS

	No Knowledge	Knowledge, No Use	Used Program
Certified Development Companies	86%	13%	1%
Centers of Excellence	77%	23%	0%
Community Development Block Programs	34%	66%	0%
Kansas Industrial Training Program	66%	32%	2%
Job Training Partnership Act	44%	48%	8%

n = 102

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 clear that programs designed to assist economic development are not well known to firms in Lawrence. There was a very large majority of firms that had no knowledge of the existence of some economic development programs, and a very small proportion of firms actually used the programs for their benefit. Community firms cannot participate in state economic development programs if they do not have information about the program. An implication here is that a greater effort is needed to make sure information about these programs reaches the business community, with emphasis on what the assistance was designed for and how it can be used.

Firms That Need A Specialized Skill

Surprisingly, for the total number of firms, 98% stated that workers did not need a specialized skill for employment in their company (see Table U). Companies have relatively low-skill workers, making their ability to compete in more advanced future operations heavily dependent on training and access to training programs. To remain competitive, companies will have to adapt to

changing technologies and business processes that require more specialized skills. This training and retraining of workers will affect the resources available for expansion. JTPA and KIT can both assist firms with training requirements.

TABLE U
PERCENT OF TOTAL FIRMS THAT NEED A SPECIALIZED SKILL

Does your firm need a specialized skill for
employment in your company?

NO	YES
98%	2%

n = 102

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.

Interaction with State Universities, Community Colleges, and Vocational Schools

Use of state universities, community colleges, and vocational schools.

For the total number of firms, 61% have not used the services of any state university, community college, or vocational school the past two years (see Table V). Size breakdowns revealed that firms with 20 or more employees generally used these schools' services more than did small firms, which implies that smaller firms may not have the resources or the information networks necessary to use educational resources. Assistance from these institutions could be extremely helpful to Lawrence firms. An implication here is that efforts must be made to maintain and increase contacts between firms and these schools.

TABLE V
 PERCENT OF TOTAL FIRMS THAT HAVE USED THE SERVICES OF
 A STATE UNIVERSITY, COMMUNITY COLLEGE, OR VOCATIONAL SCHOOL

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

NO	YES
-----	-----
61%	39%

n = 102

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.

Services used from state universities, community colleges, and vocational schools. Thirty-four percent of firms that used educational services went to schools and universities for help with business planning. Educational institutions were also called on for training presently employed personnel (29%), and business courses (18%) (see Table W). Within-industry breakdowns showed that firms in the finance and services industries used educational institutions for help with business planning a great deal. Since the availability of higher education for employees will play an increasingly important role in the future, firms may look for such advantages in their location decisions. The presence of the University of Kansas should therefore be highlighted in the community's economic development marketing efforts.

TABLE W
SERVICES USED FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*

Training of Presently Employed Personnel	Tech- nical Courses	Busi- ness Courses	Con- sulting In Product Devel- opment	Con- sulting In Process Inno- vation	Con- sulting In Busi- ness Planning	Con- sulting In Con- struction	Agri- cul- ture- Vet. Services
29%	15%	18%	15%	15%	34%	2%	15%

n = 56

*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. Of the total number of firms that sought employees from these institutions, 38% stated that they sought management personnel and 23% stated they sought general labor (see Table X). The variety of employees hired reflects the relatively low-skill nature of these firms, with few percentages given of seeking to hire technicians, engineers, and drafters. The future competitiveness of these companies will depend on the recruitment and use of these latter types of employees.

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

Entry- Level Clerical	Mech- anics, Mach- inists	Data Proc- essors	Elec- tronics, Elec- trical Techs.	Draf- ters	Chem- ical Pro- cess, Lab Techs.	Engi- neers	Bus- iness Manage- ment Pers- onnel	Agri- cul- tural Vet. Pers- onnel	Heavy Equip- ment Oper- ators	General Labor
14%	18%	18%	5%	6%	7%	16%	38%	10%	4%	23%

n = 62

*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

1. Most economic development assistance programs are not well known by surveyed Lawrence firms. Only a very small percentage of firms have knowledge of the programs and a small number of companies have actually used the programs. A major effort is required to assure that firms know what state programs are available to assist them. Resources available for economic development programs have been sufficient to have only a marginal impact on firms in these communities.
2. An overwhelming majority of surveyed firms reported that they do not need a specialized skill for employment. Of all the survey participants, 98% stated their firm did not need a specialized skill for employment.
3. Most Lawrence firms do not use state educational institutions for assistance with business operations. Sixty-one percent of these firms stated they have not used the services of a state university, community college, or vocational school.
4. For those firms that have used the services of these schools, 34% stated they used consulting in business planning as a service and 29% stated they used training of presently employed personnel as a service.

SUMMARY

Companies in Lawrence are small, home grown, and relatively pleased with the services being given and the quality of their community and their state. For the retention and expansion of these companies, it may be in the community's best interests to foster the home grown firm and the development of more like them. Firms with less than 20 employees should not be ignored. These companies form the foundation of Lawrence and are a vast source for future growth. The apparent receptiveness of these companies to economic development assistance can be used for advantage by community officials.

From the survey results gathered here, it looks as if now is an excellent time to facilitate the expansion in the Lawrence business environment. Optimism is high, and many firms state that they are planning employment and

physical plant size increases. A major factor given in this survey for expanding was an expanding market; the implication here is to find ways to assist businesses thinking of expansion in the access of new markets for their goods or services. Information concerning state assisted programs that will expediate expansion need to be communicated to these firms: ways to increase financing for expansion, ways to open up doors to new financial sources, and ways to train or retrain additional labor.

The market scope of company products and services in Lawrence is fairly limited. Most do not use the international market. For the community to grow economically, international trade is a priority, especially since the state competes daily in not only a national market but in an international market as well. City officials need to not only tell its firms how to enter the international market, but ways to do this. According to the survey data, a basic barrier to exporting a product was the feeling that the company was too small. State agencies should explore methods to give information on how small firms may export, thereby easing the fear of entering a business venture that is unknown.

One of the most important findings was the general lack of knowledge about economic development programs. As shown, a great many companies had no idea that certain assistance was available, and it is logical to conclude that state intended benefits from these programs are not being realized in Lawrence.

Local leaders must help state agencies make better use of its information networks and provide information concerning economic development assistance. Not only should information be given concerning the general offerings of the programs, but how programs can be of benefit to a particular company, how

they have been used in the past, and what the use of these programs may accomplish. With increased knowledge and funding will come increased use of the programs.

PART II

BUSINESS RETENTION AND EXPANSION
IN LAWRENCE
SURVEY RESULTS

PART II

BUSINESS RETENTION AND EXPANSION
IN LAWRENCE

A Research Report

prepared for

The Kansas Department of Commerce

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BUSINESS RETENTION AND EXPANSION LAWRENCE
SURVEY RESULTS

PART II

TABLE OF CONTENTS

	Page
Business Retention and Expansion in Lawrence.....	41
Introduction.....	41
I. Economic Growth in Kansas.....	43
A. Employment Growth.....	43
B. Establishment Growth.....	44
C. Personal Income Growth.....	46
D. Summary.....	47
II. Survey Methodology for Business Retention and Expansion.....	48
A. Sample.....	48
B. Confidence Interval.....	49
III. Description of Survey Population.....	51
A. Firm Size and Industry.....	51
B. Annual Sales.....	53
1. Type of Establishment.....	56
C. Location of Headquarters.....	58
1. Regional/Corporate Headquarters.....	59
2. Scope of Products Sold.....	61
3. Developing Additional Products.....	63
D. Survey Description Summary.....	65
IV. Description and Determinants of Business Location and Retention	67
A. Location.....	67
1. Attraction of Firms from Outside the Community.....	67
2. Reasons for Location.....	69
B. Retention.....	72
1. Retention of Firms in the Community.....	72
2. Advantages of the Community.....	73
3. Reasons for Relocation.....	75

	4. Additional Manufacturers or Service Providers that Would be of Benefit Existing Companies.....	75
	5. Retaining and Attracting Management and Professional Personnel.....	79
	6. Perceived Images of Rural Life and Kansas.....	82
	C. Location and Retention Summary.....	85
V.	Description and Determinants of Business Expansion.....	87
	A. Past Expansion.....	87
	1. Employment Expansion.....	87
	2. Physical Plant Expansion.....	89
	3. Problems with Past Expansion.....	91
	4. Factors Helping Expansion.....	94
	5. Reasons for Contraction.....	96
	B. Plans for Expansion.....	96
	1. Employment Expansion.....	96
	2. Physical Plant Size Expansion.....	98
	3. Location of Expansion.....	101
	4. Advantages that Influenced Expansion.....	103
	5. Additional Products and Expansion.....	104
	6. Expanding into the International Market.....	106
	7. Reasons for Not Expanding Into the International Market..	109
	8. Problems Associated with Exporting.....	109
	C. Financing for Expansion.....	110
	1. Financing Sources.....	110
	2. Financing Sources Outside of Kansas.....	111
	3. Foregoing Expansion Because of a Lack of Financing.....	113
	D. Expansion Summary.....	115
VI.	Business Climate.....	117
	A. Local and State Business Climate.....	117
	1. Quality of Life.....	117
	2. Attitude of the Local Government.....	119
	3. Perception of Services.....	121
	4. Government Regulations That Impede Business Operations...	124
	5. Taxes That Influenced Expansion Decisions.....	125
	B. Business Climate Improvements.....	127
	1. Improving the Local Quality of Life.....	127
	2. Improving the Local Business Climate.....	129
	3. Improving the State Business Climate.....	131
	C. Business Climate Summary.....	133

VII. Economic Development Programs.....	135
A. Economic Development Assistance.....	135
1. Certified Development Companies (CDCs).....	135
2. The Community Development Block Grant Program.....	137
3. Centers of Excellence Programs.....	139
4. The Job Training Partnership Act (JTPA).....	141
5. The Kansas Industrial Training Program (KIT).....	143
B. Firms That Need a Specialized Skill.....	146
1. Using State Universities, Community Colleges, or Vocational Schools.....	148
2. Services Used from State Universities, Community Colleges, or Vocational Schools.....	150
3. Employees Sought from State Universities, Community Colleges, or Vocational Schools.....	152
C. Economic Development Assistance Summary.....	154

PART II

LIST OF TABLES

	Page
Table 1	
Total Employment - Counties, Kansas, and the U.S.	44
Table 2	
Total Number of Establishments: Counties, Kansas, U.S.	45
Table 3	
Personal Income: Counties, Kansas, U.S.	47
Table 4	
Survey Companies by Number Of Employees and Industry.....	53
Table 5	
Total Annual Sales by Size of Firm.....	55
Table 6	
Total Annual Sales by Industry.....	55
Table 7	
Total Annual Sales by Community Comparison.....	56
Table 8	
Percent of Total Firms That are a Single Company or Part of a Larger Corporation, by Size of Firm.....	57
Table 9	
Percent of Total Firms That are a Single Company or Part of a Larger Corporation, by Industry.....	57
Table 10	
Percent of Total Firms That are a Single Company or Part of a Larger Corporation, by Community Comparison.....	58
Table 11	
Location of Firm Headquarters by Kansas/Non Kansas Location.....	59
Table 12	
Percent of Total Firms That Are Corporate/Regional Headquarters or a Distributor, by Size of Firm.....	60
Table 13	
Percent of Total Firms That Are Corporate/Regional Headquarters or a Distributor, by Industry.....	60
Table 14	
Percent of Total Firms That Are Corporate/Regional Headquarters or a Distributor, by Community Comparison.....	61
Table 15	
Mean Percents of Products Sold in the Local, State, National, and International Markets, by Size of Firm.....	62
Table 16	
Mean Percents of Products Sold in the Local, State, National, and International Markets, by Industry.....	62
Table 17	
Mean Percents of Products Sold in the Local, State, National, and International Markets, by Community Comparison.....	63
Table 18	
Percent of Total Firms That Can Offer Additional Products or Services, by Size of Firm.....	64

Table 19	Percent of Total Firms That Can Offer Additional Products or Services, by Industry.....	64
Table 20	Percent of Total Firms That Can Offer Additional Products or Services, by Community Comparison.....	65
Table 21	Percent of Total Firms That Have Moved From Another City or State to Their Present Location, by Size of Firm.....	68
Table 22	Percent of Total Firms That Have Moved From Another City or State to Their Present Location, by Industry.....	69
Table 23	Percent of Total Firms That Have Moved From Another City or State to Their Present Location, by Community Comparison.....	69
Table 24	Reasons for Location in the Community, by Size of Firm.....	71
Table 25	Reasons for Location in the Community, by Industry.....	71
Table 26	Reasons for Location in the Community, by Community Comparison.....	72
Table 27	Percent and Location of Where Firms are Planning to Move.....	73
Table 28	Local Advantages of the Community, by Size of Firm.....	74
Table 29	Local Advantages of the Community, by Industry.....	74
Table 30	Local Advantages of the Community, by Industry.....	75
Table 31	Additional Manufacturers or Service Providers That Would be of Benefit for Firms, by Size of Firm.....	77
Table 32	Additional Manufacturers or Service Providers That Would be of Benefit for Firms, by Industry.....	77
Table 33	Additional Manufacturers or Service Providers That Would be of Benefit for Firms, by Community Comparison.....	78
Table 34	Additional Companies That Would be of Benefit by Size of Firm.....	78
Table 35	Additional Companies That Would be of Benefit by Industry.....	79
Table 36	Additional Companies That Would be of Benefit by Community Comparison.....	79
Table 37	Percent of Total Firms That Have Trouble Attracting or Retaining Professional and Management Personnel, by Size of Firm.....	81
Table 38	Percent of Total Firms That Have Trouble Attracting or Retaining Professional and Management Personnel, by Industry.....	81
Table 39	Percent of Total Firms That Have Trouble Attracting or Retaining Professional and Management Personnel, by Community Comparison.....	82

Table 40	Percent of Total Firms with a Negative Image of Rural Life, by Size of Firm.....	83
Table 41	Percent of Total Firms with a Negative Image of Rural Life, by Industry.....	83
Table 42	Percent of Total Firms with a Negative Image of Rural Life, by Community Comparison.....	84
Table 43	Percent of Total Firms with a Negative Image of Kansas, by Size of Firm.....	84
Table 44	Percent of Total Firms with a Negative Image of Kansas, by Industry.....	85
Table 45	Percent of Total Firms with a Negative Image of Kansas, by Community Comparison.....	85
Table 46	Past Increases in Employment, by Size of Firm.....	88
Table 47	Past Increases in Employment, by Industry.....	89
Table 48	Past Increases in Employment, by Community Comparison.....	89
Table 49	Past Increases in Physical Plant Size, by Size of Firm.....	90
Table 50	Past Increases in Physical Plant Size, by Industry.....	91
Table 51	Past Increases in Physical Plant Size, by Community Comparison.....	91
Table 52	Specific Problems with Expansion, by Size of Firm.....	93
Table 53	Specific Problems with Expansion, by Industry.....	93
Table 54	Specific Problems with Expansion, by Community Comparison.....	93
Table 55	Factors That Helped Expansion, by Size of Firm.....	95
Table 56	Factors That Helped Expansion, by Industry.....	95
Table 57	Factors That Helped Expansion, by Community Comparison.....	95
Table 58	Percent of Total Firms Planning to Increase Employment, by Size of Firm.....	97
Table 59	Percent of Total Firms Planning to Increase Employment, by Industry.....	97
Table 60	Percent of Total Firms Planning to Increase Employment, by Community Comparison.....	98
Table 61	Percent of Total Firms That Have Increased Employment the Last Two Years and are Planning Future Increases in Employment.....	98

Table 62	Percent of Total Firms That are Planning an Expansion, by Size of Firm.....	99
Table 63	Percent of Total Firms That are Planning an Expansion, by Industry.....	100
Table 64	Percent of Total Firms That are Planning an Expansion, by Community Comparison.....	100
Table 65	Percent of Total Firms That Have Increased Physical Plant Size the Last Two Years and are Planning Future Increases in Physical Plant Size.....	101
Table 66	Location of Where Expansion Will Take Place for Firms That are Planning Expansion, by Size of Firm.....	102
Table 67	Location of Where Expansion Will Take Place for Firms That are Planning Expansion, by Industry.....	103
Table 68	Location of Where Expansion Will Take Place for Firms That are Planning Expansion, by Community Comparison.....	103
Table 69	Reasons for Not Offering an Additional Product or Service, by Size of Firm.....	105
Table 70	Reasons for Not Offering an Additional Product or Service, by Industry.....	105
Table 71	Reasons for Not Offering an Additional Product or Service, by Community Comparison.....	105
Table 72	Percent of Total Firms That Feel They Have the Potential to Expand Internationally, by Size of Firm.....	106
Table 73	Percent of Total Firms That Feel They Have the Potential to Expand Internationally, by Industry.....	107
Table 74	Percent of Total Firms That Feel They Have the Potential to Expand Internationally, by Community Comparison.....	107
Table 75	Percent of Total Firms That Feel They Have the Desire to Expand Internationally, by Size of Firm.....	108
Table 76	Percent of Total Firms That Feel They Have the Desire to Expand Internationally, by Industry.....	108
Table 77	Percent of Total Firms That Feel They Have the Desire to Expand Internationally, by Community Comparison.....	109
Table 78	Financing Sources for Expansion, by Size of Firm.....	110
Table 79	Financing Sources for Expansion, by Industry.....	111

Table 80	Financing Sources for Expansion, by Community Comparison.....	111
Table 81	Percent of Total Firms That Have Gone Outside of Kansas to Finance an Expansion, by Size of Firm.....	112
Table 82	Percent of Total Firms That Have Gone Outside of Kansas to Finance an Expansion, by Industry.....	112
Table 83	Percent of Total Firms That Have Gone Outside of Kansas to Finance an Expansion, by Community Comparison.....	113
Table 84	Percent of Total Firms Forced to Forego or Postpone an Expansion Because of Lack of Financing, by Size of Firm.....	114
Table 85	Percent of Total Firms Forced to Forego or Postpone an Expansion Because of Lack of Financing, by Industry.....	114
Table 86	Percent of Total Firms Forced to Forego or Postpone an Expansion Because of Lack of Financing, by Community Comparison.....	115
Table 87	Firms' Perceptions of the Quality of Life in Their Community, by Size of Firm.....	118
Table 88	Firms' Perceptions of the Quality of Life in Their Community, by Industry.....	118
Table 89	Firms' Perceptions of the Quality of Life in Their Community, by Community Comparison.....	119
Table 90	Firms' Perceptions of the Attitude of Their Local Government, by Size of Firm.....	120
Table 91	Firms' Perceptions of the Attitude of Their Local Government, by Industry.....	120
Table 92	Firms' Perceptions of the Attitude of Their Local Government, by Community Comparison.....	121
Table 93	Lawrence Firms' Perceptions of Services.....	123
Table 94	Comparison Communities' Firms' Perceptions of Services.....	123
Table 95	Government Regulations That Impede Operation, by Size of Firm.....	124
Table 96	Government Regulations That Impede Operation, by Industry.....	125
Table 97	Government Regulations That Impede Operation, by Community Comparison.....	125
Table 98	Reasons to Forego Expansion, by Size of Firm.....	126
Table 99	Reasons to Forego Expansion, by Industry.....	127

Table 100	Reasons to Forego Expansion, by Community Comparison.....	127
Table 101	Ways to Improve the Local Quality of Life, by Size of Firm.....	128
Table 102	Ways to Improve the Local Quality of Life, by Industry.....	129
Table 103	Ways to Improve the Local Quality of Life, by Community Comparison.	129
Table 104	Suggestions Given for Improving the Local Business Climate, by Size of Firm.....	130
Table 105	Suggestions Given for Improving the Local Business Climate, by Industry.....	131
Table 106	Suggestions Given for Improving the Local Business Climate, by Community Comparison.....	131
Table 107	Suggestions Given for Improving the State Business Climate, by Size of Firm.....	132
Table 108	Suggestions Given for Improving the State Business Climate, by Industry.....	132
Table 109	Suggestions Given for Improving the State Business Climate, by Community Comparison.....	133
Table 110	Percent of the Total Number of Firms That Have Knowledge and Have Used Certified Development Companies, by Size of Firm.....	136
Table 111	Percent of the Total Number of Firms That Have Knowledge and Have Used Certified Development Companies, by Industry.....	137
Table 112	Percent of the Total Number of Firms That Have Knowledge and Have Used Certified Development Companies, by Community Comparison.....	137
Table 113	Percent of the Total Number of Firms That Have Knowledge and Have Used The Community Development Block Grant Program, by Size of Firm	138
Table 114	Percent of the Total Number of Firms That Have Knowledge and Have Used The Community Development Block Grant Program, by Industry....	139
Table 115	Percent of the Total Number of Firms That Have Knowledge and Have Used The Community Development Block Grant Program, by Community Comparison.....	139
Table 116	Percent of the Total Number of Firms That Have Knowledge and Have Used The Centers of Excellence Programs, by Size of Firm.....	140
Table 117	Percent of the Total Number of Firms That Have Knowledge and Have Used The Centers of Excellence Programs, by Industry.....	141
Table 118	Percent of the Total Number of Firms That Have Knowledge and Have Used The Centers of Excellence Programs, by Community Comparison...	141

Table 119	Percent of the Total Number of Firms That Have Knowledge and Have Used The Job Training Partnership Act, by Size of Firm.....	142
Table 120	Percent of the Total Number of Firms That Have Knowledge and Have Used The Job Training Partnership Act, by Industry.....	143
Table 121	Percent of the Total Number of Firms That Have Knowledge and Have Used The Job Training Partnership Act, by Community Comparison.....	143
Table 122	Percent of the Total Number of Firms That Have Knowledge and Have Used The Kansas Industrial Training Program, by Size of Firm.....	144
Table 123	Percent of the Total Number of Firms That Have Knowledge and Have Used The Kansas Industrial Training Program, by Industry.....	145
Table 124	Percent of the Total Number of Firms That Have Knowledge and Have Used The Kansas Industrial Training Program, by Community Comparison.....	145
Table 125	Summary Table for Economic Development Programs.....	146
Table 126	Percent of Total Firms That Need a Specialized Skill, By Size of Firm.....	147
Table 127	Percent of Total Firms That Need a Specialized Skill, By Industry..	148
Table 128	Percent of Total Firms That Need a Specialized Skill, By Community Comparison.....	148
Table 129	Percent of Total Firms That Have Used the Services of a State University, Community College, or Vocational School, by size of Firm.....	149
Table 130	Percent of Total Firms That Have Used the Services of a State University, Community College, or Vocational School, by Industry.....	150
Table 131	Percent of Total Firms That Have Used the Services of a State University, Community College, or Vocational School, by Community Comparison.....	150
Table 132	Services Used from State Universities, Community Colleges, or Vocational Schools, by Size of Firm.....	151
Table 133	Services Used from State Universities, Community Colleges, or Vocational Schools, by Industry.....	152
Table 134	Services Used from State Universities, Community Colleges, or Vocational Schools, by Community Comparison.....	152
Table 135	Employees Sought from State Universities, Community Colleges, or Vocational Schools, by Size of Firm.....	153

Table 136
Employees Sought from State Universities, Community Colleges, or
Vocational Schools, by Industry..... 153

Table 137
Employees Sought from State Universities, Community Colleges, or
Vocational Schools, by Community Comparison..... 154

BUSINESS RETENTION AND EXPANSION
IN LAWRENCE

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 Lawrence will be compared to the other 8 communities included in the state report (Coffeyville, Emporia, Garden City, Great Bend, Hays, Hutchinson, 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, Lawrence 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 results, it is necessary to review several economic growth trends for Kansas. These trends and explanations will give a view of Kansas, for Douglas 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 Douglas County has risen 14% from 1978 to 1986. This percentage is higher than the state percentage for the same time period and one percentage point lower than the rate for the United States. Among the nine counties studied, Douglas County rates second in employment growth, following Finney County where employment grew 51% (see Table 1). The growth in employment for Douglas County from 1982 to 1986 was also higher than the state's growth rate and equal to the U.S. percentage.

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

	1978	1980	1982	1984	1985	1986	% Change	
							1978-1986	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 Douglas County have been greater than that for Kansas and consistent with the U.S. average during the period of 1978 to 1986. It is important to maintain these growth levels to counter the effects of out-migration and population losses. From 1982 to 1986, employment growth has been 11% for Douglas County. When these county figures are examined, and when comparisons are made between Douglas County, Kansas, and the U.S., it is apparent that economic development strategies can help Lawrence 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 36% for Douglas County from 1978 to 1985. This figure is much higher than the rate for the state during the same period and slightly higher than the U.S. rate. For this 1978-1985 time period, no other county that had a community

included in the state report had a higher percentage of growth. From 1982 to 1985, growth in number of establishments for the county is also higher than the Kansas figure and much higher than the the U.S. figure. For the 1982-1985 time period, establishment growth for Douglas County is higher than every county studied except for Finney County, which had an equal growth rate of 27% (see Table 2).

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

	1978	1980	1982	1984	1985	% Change	
						1978-1985	1982-1985
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		5246737		5902453	34%	12%
		4543167		5517715			

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

A combination of the high growth in employment and large growth in the number of establishments indicates that the industrial climate in Lawrence and surrounding areas has turned increasingly toward development of the smaller business rather than relying on big companies to strengthen the economy. This also points Lawrence's need for growth in 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 more than 50 employees decreased 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 Douglas County, and these changes have occurred in the other 8 counties as well as the state. From 1978 to 1984, personal income increased 69%, which is lower than the Kansas and United States changes, and lower than six of the other 8 comparison counties (see Table 3). This is a contrast to employment and establishment growth, where Douglas County was a leader in percentage growth. All nine counties 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 Lawrence. However, it must be noted that Douglas County lags behind other comparison counties in income growth. It will be important to maintain and increase these income levels, placing an emphasis on keeping and creating jobs that have provided such growth.

Summary

Employment growth in Douglas County has been higher than employment growth in Kansas and the United States. This suggests strengths in the Lawrence economy and the importance of designing and implementing appropriate economic development strategies that will maintain growth. In recent years the economy of Douglas County has been outperforming the Kansas economy.

II.

SURVEY METHODOLOGY FOR BUSINESS RETENTION AND EXPANSION

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

Sample

The findings for Lawrence and the comparison communities are based on a disproportionate stratified probability sample of businesses in Lawrence 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 Lawrence, eight communities were randomly selected from these six regions. They were: Emporia, Garden City, Great Bend, Coffeyville, Hays, Hutchinson, 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 Lawrence and other communities. Their inclusion would

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

Once Lawrence 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, 24 percent of the businesses in Lawrence 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 102 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 Lawrence. At the 95 percent level of confidence, the sampling error in Lawrence 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) the majority of the Lawrence firms surveyed are small, low-revenue companies with annual sales of less than \$5 million; (2) most firms are single establishments or headquartered in Lawrence, indicating that most decisions regarding expansion or retention are made within the local community; (3) more than half of the firms sell their products or services within the local market, but there are firms that are actively engaged in national and international trade; and (4) more firms in the Lawrence survey sample were optimistic about offering additional products or services in the future, giving them a more competitive edge in the national and international market.

Firm Size and Industry

In Lawrence, a total of 102 firms participated in the survey. The firm size of the survey participants ranged from 1 to 491 employees, and there was a particular focus on the small and medium-sized firms. The survey sample represents a broad spectrum of industries, including agriculture, mining, construction, manufacturing, transportation and communication, wholesale trade, finance and services. Retail businesses and firms that offer personal and social services were not part of the survey, because of their strong local orientation.

Special focus has been given to the basic industries that are the foundation of the economy and fuel growth through exports of goods and services. Although manufacturing, mining and agriculture have been traditionally regarded as the mainstay of the economic base, the rising importance of other basic sector industries such as services, finance, interregional transportation and wholesale trade cannot be overlooked. Efforts have to be made to establish a broader economic base in the future by helping these industries expand. The services and finance industries in particular can help sustain a good deal of the local economy by export-lead growth.

As can be seen from Table 4, most of the businesses surveyed are small: 73% fall in the size class of 1 to 19 employees. Only 10% of the firms surveyed have more than 50 employees, and are in manufacturing and finance industries. Although it is important to place emphasis on the retention and expansion of existing large-size firms, special attention in designing state strategies for economic development must also be given to the large number of small-sized and often highly innovative firms, because they play a vital role for the local business community.

Table 4 reveals that service firms have been given an important representation in the random sampling of this study (28%). They center mostly in the small size class of 1 to 19 employees (83%). Manufacturing firms also have a significant representation in the survey sample (24%), and had relatively more large-sized firms (18%). Finance firms were the only ones to have a strong representation in the size class of over 50 employees. In all, state and local economic development strategies to have an impact in medium-sized cities like Lawrence, must not exclusively focus on

manufacturing or agriculture. They need to promote the expansion of activities such as services, finance, communication, transportation, and wholesale trade in order to increase the revenue flow from outside the community and broaden the economic base.

TABLE 4
SURVEY COMPANIES BY NUMBER OF EMPLOYEES AND INDUSTRY

Industry	Number of Employees			Percent of Total Firms That are In This Industry
	1-19	20-49	50 Or More	
Agriculture	100%	0%	0%	2%
Mining	100%	0%	0%	1%
Construction	67%	33%	0%	4%
Manufacturing	67%	15%	18%	24%
Transportation- Communication	75%	17%	8%	14%
Wholesale	66%	27%	7%	18%
Finance	57%	0%	43%	9%
Services	83%	17%	0%	28%
Percent of Total Firms That are in This Size Category	73%	17%	10%	100%

n = 102

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.

Annual Sales

The majority of businesses surveyed are small, low-revenue companies. As Table 5 reveals, 87% of all firms have annual sales of less than \$5 million, and only 4% of the 72 firms that provided information on their annual sales exceeded the \$20 million mark. Clearly, there is a correlation between firm size and sales volume: 97% of the firms with fewer than 20

employees had less than \$5 million in annual sales, whereas only 27% of all firms with more than 50 employees fell into this sales category.

The medium-sized firms with 20 to 49 employees are also characterized by a relatively small sales volume. Annual sales of more than \$20 million are achieved by only 37% of the larger firms, but by 1 firm of the 1-19 size class.

Table 6 shows that manufacturing ranks far above the finance and services industries in terms of sales volume. Sixteen percent of the manufacturing firms surveyed have annual sales of more than \$20 million, whereas only 4% of the finance and services industries make \$10-20 million a year. However, this is no proof of the strength of the local manufacturing sector over the finance and services activities, since more manufacturing firms included in the survey sample were larger-sized companies (see Table 4). Since most finance and services firms surveyed were small, 91% of all these firms fell into the annual sales category of less than \$5 million.

In comparison with the other eight Kansas mid-size communities, the Lawrence survey sample had more low-revenue companies than the average for the other communities (see Table 7). Also, the percentage of firms having annual sales of more than \$10 million was lower than the average, suggesting that Lawrence might lack high-revenue companies compared to the other communities.

TABLE 5
TOTAL ANNUAL SALES
BY SIZE OF FIRM

Number of Employees	Annual Sales (X 1,000)			
	0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
1-19	97%	2%	0%	1%
20-49	78%	22%	0%	0%
50+	27%	18%	18%	37%
TOTAL PERCENT	87%	7%	2%	4%

n = 72

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 (X 1,000)			
	0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
Manufacturing	84%	0%	0%	16%
Finance/Services	91%	4%	4%	0%
Other Industries	86%	14%	0%	0%
TOTAL PERCENT	87%	7%	2%	4%

n = 72

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

Community	Annual Sales (X 1,000)			
	0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
Lawrence	87%	7%	2%	4%
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.

Type of establishment. More than half of the firms surveyed are single establishments and are not part of a larger corporation. This is an important fact regarding the place of decision-making: 58% of the total number of firms will probably make decisions concerning retention and expansion from within the community (see Table 8). Single establishments are less frequently found in the group firms with more than 50 employees, but prevail among smaller firms. Of the firms with 50 or more employees, 65% are part of a larger corporation. There are some industry-specific differences, too. Finance and services businesses have a relatively high percentage of firms that are part of a larger corporation (53%), whereas manufacturing firms are more likely to be single establishments (see Table 9).

Compared to the average of the other eight Kansas communities, Lawrence has a higher percentage of firms that are part of a larger corporation (42% versus 35%; see Table 10). As a consequence, a substantial number of decisions concerning the retention and expansion of established businesses will be made outside the community through corporate headquarters. Offering

a favorable business climate is therefore of crucial importance for retaining existing businesses in town and for influencing their decision to expand within the local community.

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

Number of Em- ployees	Single Company	Part of a Larger Corpor- ation
1-19	62%	38%
20-49	50%	50%
50+	35%	65%
TOTAL PERCENT	58%	42%

n = 102

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 Corpor- ation
Manufacturing	70%	30%
Finance/Services	47%	53%
Other Industries	61%	39%
TOTAL PERCENT	58%	42%

n = 102

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 COMMUNITY COMPARISON

Community	Single Company	Part of a Larger Corpor- ation
Lawrence	58%	42%
Other 8 Communities	65%	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.

Location of Headquarters

As can be seen from Table 11, 24% of the total number of firms have their headquarters in Kansas, whereas 18% are not headquartered in the state. All in all, 82% of the firms have Kansas headquarters, since all the single company firms can be considered to be headquartered in the state. With such a high percentage of firms headquartered within the state, most decisions regarding firm business retention and expansion are made in the local community or within the state. Therein lie tremendous opportunities for state and local government officials and business leaders to work with the companies' decision-makers on their retention and expansion plans and to address their problems and facilitate solutions.

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

Kansas Headquarters	Non Kansas Headquarters	Single Company Firm	Total
24%	18%	58%	100%

n = 102

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

As can be seen from Table 12, 58% of those firms that are part of a larger corporation are either a corporate or regional headquarters or a distributor. This is of great importance when it comes to planning of business expansion, since corporate headquarters play a substantial role for the local business community, and the retention and expansion of such firms is the key to future economic growth.

Table 14 shows that Lawrence has a smaller percentage of firms that are corporate headquarters or distributors than the average for the other eight Kansas communities. Efforts have to be made to keep these corporations in Lawrence and assist them in their need for expansion.

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	47%	53%
20-49	29%	71%
50+	45%	55%
TOTAL PERCENT	42%	58%

n = 42

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	33%	67%
Finance/Services	47%	53%
Other Industries	39%	61%
TOTAL PERCENT	42%	58%

n = 42

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 COMMUNITY COMPARISON

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

Community	NO	YES
Lawrence	42%	58%
Other 8 Communities	35%	65%

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 majority of the firms surveyed sold a mean, or average, 60% of their products in the local market (see Table 15). Firms sold an average 21% of their goods or services in the national market, and an average 3% in the international market. As would be expected, national sales increase with firm size, and manufacturing firms are more likely than other types of firms to participate in the national market (see Table 16). Sales directed to the world market are very limited among larger firms. However, relatively large mean percentages were sold in the international market by firms with fewer than 20 employees (2%) and by companies with 20 to 49 employees (6%). Although local sales are still comparatively high, Lawrence firms outperformed the other eight Kansas communities in international as well as national sales (see Table 17).

Since out-of-state and export sales generate revenues, new employment and local wealth, the economic growth of Lawrence depends upon the ability to export goods and services beyond the community.

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	66%	14%	18%	2%
20-49	45%	22%	27%	6%
50+	41%	19%	39%	1%
GRAND MEANS	60%	16%	21%	3%

n = 102

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	44%	14%	36%	6%
Finance/Services	68%	15%	16%	1%
Other Industries	63%	18%	17%	2%
GRAND MEANS	60%	16%	21%	3%

n = 102

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 COMMUNITY COMPARISON

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
Lawrence	60%	16%	21%	3%
Other 8 Communities	54%	29%	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.

Developing additional products. Adding products and developing new and additional ones might be a way for some firms to serve larger regional and national markets and increase their growth. A high percentage of firms (43%) believe they can offer additional products or services. As Table 18 reveals, the medium-sized firms are more committed than the very large firms to developing new products. Sixty-one percent of firms with 20 to 49 employees stated they could offer additional products or services, whereas only 47% of the larger firms reported such potential. Services and finance industry firms appeared to be more optimistic about offering new products than manufacturing and other industries (agriculture, mining, construction, transportation-communication, wholesale) (See Table 19). Compared to the average of the other eight communities, more Lawrence firms were planning to offer additional products: 43% of the Lawrence firms stated they could do so, whereas the average for the other communities was only 32%.

TABLE 18
 PERCENT OF TOTAL FIRMS THAT CAN OFFER
 ADDITIONAL PRODUCTS OR SERVICES
 BY SIZE OF FIRM

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

Number of Employees	NO	YES
1-19	61%	39%
20-49	39%	61%
50+	53%	47%
TOTAL PERCENT	57%	43%

n = 102

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 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	50%	50%
Finance/Services	47%	53%
Other Industries	69%	31%
TOTAL PERCENT	57%	43%

n = 102

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 COMMUNITY COMPARISON

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

Community	NO	YES
Lawrence	57%	43%
Other 8 Communities	68%	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.

Survey Description Summary

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

1. As in the other eight Kansas mid-size communities, the majority of Lawrence firms surveyed are small, low-revenue companies. Seventy-three percent of the total number of firms have less than 20 employees, and 87% of the 72 firms that released information on their annual sales make less than \$5 million a year.
2. The small size of the firms suggests that it would be a mistake to direct economic development strategies and incentives exclusively to the larger companies and corporations. Small size firms are often highly innovative and provide a good foundation for future growth.
3. The majority of firms (58%) are single establishments and are not part of a larger corporation. Of the 42% that are part of a larger corporation, more than half of the firms are headquartered in Lawrence. As a consequence, most decisions regarding retention and expansion of firms are made within the local community and can be positively influenced by a favorable business climate.

4. Although firms sell an average 60% of their products or services within the local market, substantial sales are directed to the national market. Most surprisingly, more small and medium-sized firms have sales in the international market than larger firms, reflecting a phenomenon that has recently been observed nationwide. Compared to the average for the other Kansas communities, the export activity of the Lawrence firms was higher, reflected in the higher average percentage of products sold in international trade (3% vs. 1%).
5. Lawrence firms, most of which are headquartered within the community, should be encouraged to look beyond a relatively static local market for future sales and take to advantage of growth opportunities by participating in the national and international market.
6. Almost half of the firms (43%) are optimistic about offering additional products, which makes them more competitive in the market place and gives them a potential for growth. Compared to the other eight Kansas communities, Lawrence stands out for having a higher percentage of companies that stated that they are capable of offering and creating additional products (43% vs. 32% of the firms in the other eight communities).

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, 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 Lawrence business community is largely homegrown and a relatively small amount of economic growth is attributable to the relocation of outside firms to the community; (2) the number of firms that are planning to leave is relatively small; (3) local business linkages or the proximity to suppliers and markets are important locational considerations for firms; and (4) attracting professional and management personnel causes difficulties for a substantial number of larger firms.

Location

Attraction of firms from outside the community. According to the survey results, Lawrence has not had a much higher influx of firms from other cities or states than the average of the other communities (7% versus 6%; see Table 23). Overall, only 7% of the firms surveyed have moved to their present location in the past five years. Most of these new firms had 20 to 49 employees (11%) and some were smaller firms (7%). No company with more than 50 employees moved into the city during the past five years (see Table

21). This shows that it is difficult to attract larger firms to the local community and that a strategy exclusively based on recruitment of larger firms may not be in the best interests of the community. As Table 22 shows, more manufacturing firms moved to Lawrence within the past five years than non-manufacturing firms.

Although Lawrence was more successful in attracting firms from outside than were other communities (see Table 23), courting firms to relocate in the community can only be one aspect of a sound growth strategy. Emphasis must also be placed on the expansion and retention of existing firms in order to fuel economic expansion.

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	93%	7%
20-49	89%	11%
50+	100%	0%
TOTAL PERCENT	93%	7%

n = 102

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	93%	7%
Finance/Services	93%	7%
Other Industries	94%	6%
TOTAL PERCENT	93%	7%

n = 102

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 COMMUNITY COMPARISON

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

Community	NO	YES
Lawrence	93%	7%
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.

Reasons for location. About half of the firms surveyed stated that being the company's hometown was a major reason for their location in Lawrence (see Table 24). The breakdown by industry in Table 25 reveals that the

hometown environment seemed to be a more important locational factor for the finance and services firms than for manufacturing firms. As can be seen from Table 26, an even higher percentage of firms in the other eight communities cited the hometown as a reason for their location (55% vs. 51%).

Another most frequently cited reason for a company's location was that the firm filled a specific product or service need. Sixty-three percent of firms with less than 20 employees gave that reason, compared to 41% for larger firms (see Table 24). A locational factor that has been mentioned by many firms in Lawrence (52%) and in the other communities (42%) is that of a central location. However, the perceived advantage of a central location may stem from a local orientation that many of these firms have.

The multiple response questions in Tables 24-26 show that many Lawrence firms are homegrown. Most notably, locational factors such as tax incentives, access to raw materials and good transportation facilities appear to play a minor role for most firms (see Tables 24 and 25). However, a higher percentage of firms in Lawrence saw an advantage in a good local labor pool in comparison to firms surveyed in the other 8 communities (18% versus 5%), and in the proximity of an educational facility (13% versus 1%), showing that Lawrence has perceived competitive advantages regarding the quality of the work force and the presence of the University of Kansas. A less favorable locational factor in Lawrence (cited by 13% of the manufacturing firms) appeared to be affordable leases and purchase prices of businesses as a consequence of the recent growth and rising attractiveness of the city (see Tables 25).

By looking at the surveyed firms' responses to the location question, one can conclude that Lawrence should focus on retaining its homegrown companies

since many of them fill a specific product or service need within the community. In recruiting firms from outside, Lawrence can point to a competitive advantage of a good local labor pool, the presence of one of the state's major educational facilities, as well as to a relatively good access to markets and good transportation links.

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

Number of Employees	Home-town	Strong Local Economy	More receptive Local Govt.	Tax Incentives and-or Public Financing	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
1-19	52%	13%	2%	2%	3%	11%	8%	25%	5%	48%	8%	13%	63%
20-49	39%	0%	0%	4%	15%	35%	8%	35%	4%	61%	15%	15%	42%
50+	65%	18%	0%	12%	6%	41%	6%	24%	0%	70%	6%	12%	41%
PERCENT OF TOTAL	51%	11%	1%	4%	5%	18%	8%	27%	4%	52%	9%	13%	57%

n = 99

*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	Home-town	Strong Local Economy	More receptive Local Govt.	Tax Incentives and-or Public Financing	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
Manufacturing	43%	8%	0%	10%	13%	15%	3%	35%	3%	58%	8%	20%	53%
Finance/Services	63%	20%	3%	3%	0%	13%	10%	17%	0%	43%	0%	10%	53%
Other Industries	47%	6%	0%	0%	6%	25%	9%	31%	6%	56%	16%	13%	66%
PERCENT OF TOTAL	51%	11%	1%	4%	5%	18%	8%	27%	4%	52%	9%	13%	57%

n = 99

*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 Mat- erials	Good 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
Lawrence	51%	11%	1%	4%	0%	5%	18%	8%	27%	4%	52%	9%	13%	57%	0%
Other 8 Communities	55%	8%	2%	1%	1%	9%	5%	4%	26%	8%	42%	7%	1%	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.

Retention

Retention of firms in the community. The number of firms that are planning to move is relatively small. Only 4 out of 102 firms are planning to move, with only 1 firm planning to stay within the local community (see Table 27). Retention programs should therefore be focused on the specific needs of dissatisfied firms that intend to leave the community. Large companies expressing dissatisfaction with their present location should be particularly targeted, since the loss of a larger employer can have a devastating detrimental impact upon the community and upon suppliers to that company.

TABLE 27
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	1% of Total Firms	1% of Total Firms	2% of Total Firms	4% of Total Firms

n = 102

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.

Advantages of the community. Among the advantages given by business representatives for locating within Lawrence, the most frequently cited reason was a central location (56% of 96 survey respondents, see Tables 28-30). Since most firms are locally oriented, a central location is often perceived with respect to Main Street or to the location of the community within the state or region rather than to the national or global market. Another locational quality of Lawrence, cited by 45% of the firms, is the small-town rural life; this is particularly appealing to firms with fewer than 20 employees (see Table 28). The fact that the small-town rural life is more frequently cited by the firms in Lawrence than in the other eight communities (see Table 30) shows that this is a pull-effect for many businesses. As Table 30 further reveals, the quality of the work force was again cited as a local advantage of the community by 10% of the firms versus 9% in the other eight communities. Only 5% of the firms stated that Lawrence does not offer any particular local advantage. In summary, Lawrence offers strong local advantages over the other eight Kansas mid-sized

communities, which makes it important to retain existing businesses in town and to base economic development marketing efforts on these community-specific strengths.

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

Number of Employees	No Advantage	Home-town Atmosphere	Small Town-Rural Life	Quality of Work Force	Central, Good Location	Filling A Need
1-19	7%	15%	52%	3%	55%	7%
20-49	0%	7%	21%	32%	61%	21%
50+	6%	0%	35%	24%	59%	0%
PERCENT OF TOTAL	5%	12%	45%	10%	56%	8%

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	Home-town Atmosphere	Small Town-Rural Life	Quality of Work Force	Central, Good Location	Filling A Need
Manufacturing	8%	8%	46%	17%	58%	4%
Finance/Services	0%	18%	53%	6%	44%	15%
Other Industries	10%	10%	33%	10%	64%	5%
PERCENT OF TOTAL	5%	12%	45%	10%	56%	8%

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 Ad- vantage	Home- town Atmos- phere	Small Town- Rural Life	Qual- ity of Work Force	Central, Good Loc- ation	Filling A Need
Lawrence	5%	12%	45%	10%	56%	8%
Other 8 Communities	7%	20%	24%	9%	49%	15%

*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.

Reasons for relocation. Since only 2 of the 4 firms that are planning to move gave reasons for their relocation, no general conclusions regarding any community-related disadvantages can be drawn. Reasons for leaving given by the two Lawrence firms included to gain access to a new market, a sales decline, and difficulties in serving customers. The difficulty in serving customers was also a major reason for moving given by surveyed firms in the other eight communities.

Additional manufacturers or service providers that would be of benefit to existing companies. Since forward and backward linkages play an important role in a firm's locational decision, the presence of local product and service providers is an important issue. In Lawrence, 33% of the total number of surveyed firms stated that they would benefit from additional product or service providers located in the community (see Tables 31, 32, and 33). Firms with 20 or more employees noted this deficiency more frequently than smaller firms (see Table 31). Also, a high percentage of manufacturing firms (43%) would like to have more local business linkages (see Table 32). However, fewer Lawrence firms desire more local business

linkages than the average for the other eight Kansas communities (see Table 33).

Seventy-five percent of the 27 Lawrence respondents that would find additional local business ties beneficial had the presence of more local raw material suppliers in mind (see Tables 34-36). A smaller percentage (27%) stated that more local customers for their products would be an advantage. A surprisingly low percentage (14%) seemed to need additional local business services. The low percentage might be due to a high representation of small-firm respondents.

As is obvious from Table 36, a higher percentage of Lawrence firms than of firms in the other communities believe they need additional raw material suppliers. Industrial recruitment of firms should therefore place some emphasis on attracting raw material suppliers to Lawrence. New firms that provide needed products or services for existing firms would further strengthen the economic base in Lawrence and should be considered when establishing economic development incentives.

TABLE 31
 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	73%	27%
20-49	46%	54%
50+	59%	41%
TOTAL PERCENT	67%	33%

n = 102

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 32
 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	58%	42%
Finance/Services	67%	33%
Other Industries	76%	24%
TOTAL PERCENT	67%	33%

n = 102

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 COMMUNITY COMPARISON

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
Lawrence	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 34
 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	35%	0%	9%	65%
20-49	0%	0%	13%	93%
50+	67%	0%	33%	67%
TOTAL PERCENT	27%	0%	14%	75%

n = 27

*Since firms could mention more than one type of business, 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 35
 ADDITIONAL COMPANIES THAT WOULD BE OF BENEFIT*
 BY INDUSTRY

Industry	More Customers For Products	Repair Maintenance	Business Services	Raw Materials Suppliers
Manufacturing	25%	0%	13%	69%
Finance/Services	25%	0%	25%	75%
Other Industries	20%	0%	0%	80%
TOTAL PERCENT	27%	0%	14%	75%

n = 27

*Since firms could mention more than one type of business, 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 COMMUNITY COMPARISON

Community	More Customers For Products	Repair Maintenance	Business Services	Raw Materials Suppliers
Lawrence	27%	0%	14%	75%
Other 8 Communities	27%	4%	19%	57%

*Since firms could mention more than one type of business, 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.

Retaining and attracting management and professional personnel. Firms locating in Kansas and in the Midwest face more of a problem in attracting and retaining a well educated work force than firms in other regions of the

United States. As can be seen from Tables 37, 38, and 39, 15% of the survey participants in Lawrence stated they had trouble attracting or retaining professional and management personnel. Evidently, respondents from larger companies believe their firms face more difficulties with recruiting or retaining managerial employees than smaller firms: 30% of the firms with more than 50 employees complained about that problem (see Table 37). This is probably due to the fact that larger companies generally have a greater need for a highly qualified work force.

Although the percentage of Lawrence firms that have difficulty attracting managers or professionals is lower than that of firms in the other eight communities (see Table 39), the retention and outside recruiting of such personnel will assume added significance in the future as modern production processes and business operations become more complex and sophisticated and require a highly educated work force. Improving the quality of life in the community by maintaining or creating recreational facilities (golf courses, tennis courts, public parks, hiking trails, picnic places, swimming pools, etc.) and by offering a variety of cultural attractions is important in keeping and attracting professional and management personnel in Lawrence. With both the recreational events provided by the City of Lawrence and the University of Kansas, the community would seem to have an advantage in quality of life.

TABLE 37
 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	89%	11%
20-49	75%	25%
50+	71%	29%
TOTAL PERCENT	85%	15%

n = 102

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 38
 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	80%	20%
Finance/Services	87%	13%
Other Industries	85%	15%
TOTAL PERCENT	85%	15%

n = 102

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 COMMUNITY COMPARISON

Do you have any trouble attracting and/or retaining professional and management level personnel to your business?		
Community	NO	YES
Lawrence	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.

Perceived images of rural life and Kansas. The overwhelming majority of these firms do not have a negative image of rural life or of the state of Kansas. Ninety-six percent of the total number of surveyed firms did not have a negative image of rural life associated with the local community (see Tables 40-42). An even higher percentage of firms (99%) stated that they do not carry a negative image of Kansas (see Tables 43-45). However, medium-sized and larger firms more often carried a negative picture of their small-town community and of the state than smaller firms (see Tables 40 and 43). Also, manufacturing firms more often have a negative image of the community and the state than non-manufacturing firms. Compared to the other eight communities, Lawrence firms gave generally better ratings for rural life: only 4% of the firms had a negative image of rural life versus an average of 6% for the other communities (see Table 42).

TABLE 40
 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	97%	3%
20-49	89%	11%
50+	100%	0%
TOTAL PERCENT	96%	4%

n = 102

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 41
 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	93%	7%
Finance/Services	97%	3%
Other Industries	97%	3%
TOTAL PERCENT	96%	4%

n = 102

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 COMMUNITY COMPARISON

Do you have a negative image of rural life?		
Community	NO	YES
Lawrence	96%	4%
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 43
 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	100%	0%
20-49	100%	0%
50+	94%	6%
TOTAL PERCENT	99%	1%

n = 102

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 INDUSTRY

Do you have a negative image of Kansas?		
Industry	NO	YES
Manufacturing	98%	2%
Finance/Services	100%	0%
Other Industries	100%	0%
TOTAL PERCENT	99%	1%

n = 102

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 COMMUNITY COMPARISON

Do you have a negative image of Kansas?		
Community	NO	YES
Lawrence	99%	1%
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.

Location and Retention Summary

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

1. A relatively small amount of economic growth is attributable to the relocation of outside firms to the community. Of the total number of firms, 7% stated they had moved to Lawrence from another city or state in the past five years. Exclusively focusing on recruiting outside companies to locate in Lawrence is not a very successful strategy

for promoting economic growth. Encouraging the retention and expansion of existing businesses as well as assisting start-up firms may be an effective way to fuel economic growth.

2. The Lawrence business community is largely homegrown and locally oriented. Of the respondents that gave reasons for location, 57% said Lawrence filled a product or service need, 52% said Lawrence provided a central location. Fifty-one percent of these firms are located in the community because it is the owner's hometown. This suggests that state and local support for new entrepreneurs would have a long-term positive impact on the local business community.
3. The number of firms that are planning to move is relatively small (4%). The majority of firms are satisfied with the community and are not planning to leave. A small-town rural life is seen as an advantage of the community by 45% of the firms, and only 5% of the firms stated that Lawrence does not offer any particular advantages.
4. Forward and backward linkages and the proximity to suppliers and markets are important locational considerations for firms. Thirty-three percent of all firms surveyed stated that additional local manufacturers and service providers would be beneficial to them. Additional raw material suppliers was cited by most of the firms as being beneficial to the local business community. Attracting more raw material suppliers to town and assisting firms in their marketing efforts should therefore be prime targets in strengthening the economic base.
5. Although only 15% of the total number of firms stated they had difficulty attracting and maintaining professionals or managers, larger firms do have this problem. Thirty-percent of firms with 50 or more employees stated that they had trouble attracting such personnel. Retention and outside recruitment of professional and highly skilled personnel will assume added significance as modern production processes and business operations become more complex and sophisticated. Improving the quality of life in the community plays an important role in retaining and attracting an educated work force.
6. The large majority of community firms have no problems with rural life or with Kansas. Of all survey participants, 96% said they did not have a negative image of rural life, and 99% said they did not have a negative image of Kansas. However, 6% of firms with 50 or more employees did have a negative image of Kansas. A relocation of a large employer would have a devastating effect upon the community and upon supplier firms.

V.

DESCRIPTION AND DETERMINANTS OF BUSINESS EXPANSION

In this section we examine 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 of expansion, 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) firms in Lawrence had a significant employment and plant size expansion over the past two years; (2) expansion problems in Lawrence center mostly on zoning regulations and the availability of space, (3) expanding into the international market poses a problem for most firms; although they feel they would have the potential and desire to export; and (4) problems with obtaining affordable financing have kept companies from expansion or forced them to go outside of Kansas to obtain financing.

Past Expansion

Employment expansion. A high percentage of the firms surveyed have increased employment over the past two years. Fifty-four percent of the firms reported employment increases, and 35% have kept their employment at constant levels (see Tables 46, 47, and 48). Only 11% of the firms reported a decrease of employment. This is an extraordinary performance of the Lawrence firms compared to those in the other eight communities, where an

average of only 30% of the firms had an employment increase, and 23% decreased employment (see Table 48).

As can be seen from Table 46, the size class of 20-49 employees has experienced the most growth, followed by firms with 50 or more employees. These size-specific differences reflect the smaller firm's limited potential to expand, limited by financial as well as other factors that will further be explored in this study. Among the three industrial categories presented in Table 47, the finance and services industries led in employment expansion: 73% of these firms had an increase of employment and only 3% had a decrease. Very clearly, finance and services are currently the high growth industries in Lawrence.

TABLE 46
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	8%	46%	46%
20-49	21%	0%	79%
50+	18%	17%	65%
TOTAL PERCENT	11%	35%	54%

n = 102

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 47
PAST INCREASES IN EMPLOYMENT
BY INDUSTRY

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

Industry	Employment		
	Decreased Employment	Remained Constant	Increased Employment
Manufacturing	13%	39%	48%
Finance/Services	3%	24%	73%
Other Industries	18%	43%	39%
TOTAL PERCENT	11%	35%	54%

n = 102

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 48
PAST INCREASES IN EMPLOYMENT
BY COMMUNITY COMPARISON

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

Community	Employment		
	Decreased Employment	Remained Constant	Increased Employment
Lawrence	11%	35%	54%
Other 8 Communities	23%	47%	30%

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 expansion. As one might expect, expansion is often associated with employment increases, Lawrence also ranks considerably above the average of the other eight communities regarding physical plant size

expansion. As Tables 51 shows, 42% of the Lawrence firms have expanded their plant in the past two years, whereas the average for the other communities is only 34%. Also, comparatively fewer firms in Lawrence decreased plant size (3% versus 10% in the other communities). The high percentage of firms with physical plant expansion is a true sign of a vital business community. In an era of high economic competitiveness, the expansion needs of firms in Lawrence deserve support from local government.

As with employment expansion, the medium-sized firms had the most plant size expansions, followed by firms with 50 or more employees (see Table 49). Similarly, finance and services industries led all other industries in employment and plant expansion (see Table 50). These industries also reported no decreases in plant size and appear to be highly successful and thriving industries in Lawrence.

TABLE 49
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	4%	60%	36%
20-49	0%	39%	61%
50+	0%	47%	53%
TOTAL PERCENT	3%	55%	42%

n = 102

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 50
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	Size		
	Decreased Size	Remained Constant	Increased Size
Manufacturing	7%	48%	45%
Finance/Services	0%	47%	53%
Other Industries	3%	67%	30%
TOTAL PERCENT	3%	55%	42%

n = 102

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 COMMUNITY COMPARISON

In the last two years, has your firm increased or decreased the size of its physical plant?

Community	Size		
	Decreased Size	Remained Constant	Increased Size
Lawrence	3%	55%	42%
Other 8 Communities	10%	56%	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.

Problems with past expansion. Tables 52-54 give an overview of what kind of problems arose with firm expansion in the past. Very clearly, zoning regulations, the lack of affordable financing and the availability of space

were the problems most frequently cited by the 19 firms that commented on the question. The remaining 82 firms had no responses to the question, partly because about half of them were not involved in an expansion (see Tables 49, 50, and 51).

As can be seen from Table 52, larger firms reported having trouble with zoning regulations. Lawrence also had an alarmingly higher percentage of firms that complained about zoning regulations than the average for the other communities (36% versus 8%; see Table 54). The lack of affordable financing is mostly a problem for firms with 20 to 49 employees, which experienced the bulk of employment and plant size expansion in Lawrence. The availability of space, which is not a concern in the other communities, is a clear problem for 32% of the respondents from firms with fewer than twenty employees and for 56% of the respondents from firms in the manufacturing industry. The implications are that restrictive zoning can impede the expansion of firms within the community and force them to expand somewhere else. Further, the lack of affordable financing is a major handicap for expansion, particularly among the medium-sized and smaller firms. Finally, the availability of space, especially for manufacturers, is important for retaining growing firms in the community.

TABLE 52
SPECIFIC PROBLEMS WITH EXPANSION*
BY SIZE OF FIRM

Number of Employees	Zoning Regulations	Lack of		Utility Costs	Availability of Space	Tax Laws	Strong Competition	Decline in Oil Prices
		Availability of Labor	Affordable Financing					
1-19	27%	0%	27%	9%	32%	5%	0%	9%
20-49	40%	20%	80%	0%	20%	0%	20%	0%
50+	67%	17%	33%	0%	17%	0%	0%	0%
PERCENT OF TOTAL	36%	6%	36%	6%	27%	3%	3%	6%

n = 19

*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 53
SPECIFIC PROBLEMS WITH EXPANSION*
BY INDUSTRY

Industry	Zoning Regulations	Lack of		Utility Costs	Availability of Space	Tax Laws	Strong Competition	Decline in Oil Prices
		Availability of Labor	Affordable Financing					
Manufacturing	67%	22%	22%	0%	56%	11%	11%	0%
Finance/Services	17%	0%	33%	17%	33%	0%	0%	0%
Other Industries	40%	0%	60%	0%	0%	0%	0%	20%
PERCENT OF TOTAL	36%	6%	36%	6%	27%	3%	3%	6%

n = 19

*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 COMMUNITY COMPARISON

Community	Zoning Regulations	Lack of		Lack of Raw Materials	Utility Costs	Transportation Difficulties	Availability of Space	Lack of Training Resources	Tax Laws	Strong Competition	Decline in Oil Prices	
		Availability of Labor	Static or Declining Market									
Lawrence	36%	6%	0%	36%	0%	6%	0%	27%	0%	3%	3%	6%
Other 8 Communities	8%	10%	46%	23%	1%	2%	1%	5%	5%	3%	9%	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.

Factors helping expansion. For the 58 firms of the survey sample that have expanded their operation in Lawrence, an expanding market played a key role. Eighty-two percent of those firms that had an expansion stated that an expanding market was a factor that helped expansion, while 27% cited a more efficient operation as a reason, and 20% said a factor was the availability of space (see Tables 55-57). An expanding market and a more efficient business operation was most important to the medium-sized and larger firms that had expanded in the recent past. Compared to the other 8 communities, more firms in Lawrence referred to an expanding market as a reason for expansion (82% versus 66%), reflecting more favorable local market conditions (see Table 57).

Since an expanding market and the desire to expand the market share were major reasons for expansion among Lawrence firms, the need for many companies to broaden their scope of products or services and thereby reach a larger regional market is obvious. If the state and the community focus on tax incentives, a high tribute is paid for business expansion, since none of the 58 firm representatives that commented on the question said taxes were a factor helping expansion. Assistance in marketing a firm's products or services is therefore a much better way to fuel business expansion and retention within the community.

TABLE 55
FACTORS THAT HELPED EXPANSION*
BY SIZE OF FIRM

Number of Employees	Ex-panding Market	Avail-abil-ity of Public Assist.	Avail-abil-ity of Tech.In-novation	Avail-abil-ity of Space	Desire To Ex-pand Market	Im-proved In-ternal Fin-ancing	More Efficient Oper-ations
1-19	78%	5%	3%	22%	28%	3%	16%
20-49	91%	0%	0%	18%	14%	0%	45%
50+	89%	22%	0%	11%	22%	11%	67%
PERCENT OF TOTAL	82%	5%	2%	20%	24%	3%	27%

n = 58

*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 56
FACTORS THAT HELPED EXPANSION*
BY INDUSTRY

Industry	Ex-panding Market	Avail-abil-ity of Public Assist.	Avail-abil-ity of Tech.In-novation	Avail-abil-ity of Space	Desire To Ex-pand Market	Im-proved In-ternal Fin-ancing	More Efficient Oper-ations
Manufacturing	87%	4%	0%	22%	30%	13%	26%
Finance/Services	85%	5%	5%	15%	25%	0%	30%
Other Industries	75%	6%	0%	25%	19%	0%	25%
PERCENT OF TOTAL	82%	5%	2%	20%	24%	3%	27%

n = 58

*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 COMMUNITY COMPARISON

Community	Ex-panding Market	Avail-abil-ity of Tax In-centives	Avail-abil-ity of Public Assist.	Avail-abil-ity of Tech.In-novation	Avail-abil-ity of Space	Desire To Ex-pand Market	Im-proved In-ternal Fin-ancing	More Efficient Oper-ations
Lawrence	82%	0%	5%	2%	20%	24%	3%	27%
Other 8 Communities	66%	1%	4%	4%	20%	27%	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.

Reasons for contraction. Only eight firms gave reasons for contraction, which is not enough to make general conclusions for the community. Reasons for contraction given by these eight firms included a declining or static market, rising labor costs, rising raw materials costs, lack of affordable financing, and increasing efficiency. A major reason given by surveyed firms in the other eight communities was a static or declining market.

Plans for Expansion

Employment expansion. Within the next year, 39% of the total number of firms planned to increase their employment (see Tables 58-60). Only 3% of the firms reported that they will decrease employment in the coming year. As Table 58 shows, a higher percentage of firms with 50 or more employees (59%) are planning to increase their employment than smaller firms. Manufacturing and finance and services firms lead all other industries in the planned employment increases (see Table 59). However, the firms in Lawrence do not stand out for more employment increases compared to the other communities (see Table 60).

As Table 61 reveals, there is opportunity for new growth in employment. Of the total number of firms, 12% decreased employment or held employment levels constant during the past two years but will increase employment in the coming year, and 32% will have an increase of employment. No firm that decreased employment the past two years will also decrease employment next year. State and local strategies to promote economic development must therefore capitalize upon this optimistic entrepreneurial attitude towards employment expansion and assist firms in recruiting personnel.

TABLE 58
 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?

Number of Employees	Employment		
	Will Decrease Employment	Will Remain Constant	Will Increase Employment
1-19	3%	61%	36%
20-49	4%	57%	39%
50+	0%	41%	59%
TOTAL PERCENT	3%	58%	39%

n = 102

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 59
 PERCENT OF TOTAL FIRMS PLANNING TO
 INCREASE EMPLOYMENT
 BY INDUSTRY

In the next year, is your firm planning to
increase or decrease employment?

Industry	Employment		
	Will Decrease Employment	Will Remain Constant	Will Increase Employment
Manufacturing	3%	50%	47%
Finance/Services	3%	50%	47%
Other Industries	3%	70%	27%
TOTAL PERCENT	3%	58%	39%

n = 102

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 60
 PERCENT OF TOTAL FIRMS PLANNING TO
 INCREASE EMPLOYMENT
 BY COMMUNITY COMPARISON

Community	Employment		
	Will	Will	Will
	Decrease Employment	Remain Constant	Increase Employment
Lawrence	3%	58%	39%
Other 8 Communities	3%	56%	41%

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 61
 PERCENT OF TOTAL FIRMS THAT HAVE
 INCREASED EMPLOYMENT THE LAST TWO YEARS
 AND ARE PLANNING FUTURE INCREASES IN EMPLOYMENT

Changes In Employment <u>The Last Two Years</u>	Employment In The Next Year		
	Will	Will	Will
	Decrease Employment	Remain Constant	Increase Employment
Decreased Employment	0%	12%	0%
Employment Remained Constant	1%	23%	12%
Increased Employment	2%	23%	27%

n = 102

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. A considerable number of firms are planning a physical plant size expansion in the next year. Of the total number of firms surveyed, 29% expect a plant size expansion in the coming year (see Tables 62-64). This is a higher percentage than the average of the

other eight communities (see Table 64). Firms with more than 50 employees are more likely to expand their facilities: 41% reported that they will do so in the next year (see Table 62). As with employment expansion, more manufacturing firms (35%) and finance and services industries (33%) are positive about a plant expansion in the next year than other industries (agriculture, mining, construction, wholesale, transportation-communications). State and local economic development efforts must be aimed at this growth potential and make sure that the expansion plans of these firms are realized and directed to the benefit of the local community.

TABLE 62
 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	1%	71%	28%
20-49	4%	71%	25%
50+	0%	59%	41%
TOTAL PERCENT	1%	70%	29%

n = 102

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 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	5%	60%	35%
Finance/Services	0%	67%	33%
Other Industries	0%	79%	21%
TOTAL PERCENT	1%	70%	29%

n = 102

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 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
Lawrence	1%	70%	29%
Other 8 Communities	2%	77%	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.

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

Changes In Physical Plant Size The Last Two Years	Physical Plant Size In The Next Year		
	Will Have A Contraction	Will Remain Constant	Will Have An Expansion
Decreased Plant Size	0%	2%	1%
Plant Size Remained Constant	0%	42%	14%
Increased Plant Size	1%	26%	14%

n = 102

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. The majority of firms that are planning an expansion (72% of 28 firms) reported that the expansion will be within the Lawrence city limits (see Tables 66, 67, and 68). Seventeen percent of these firms planned their expansion within the county, and 7% said they will expand within the state of Kansas. Only 4% are planning to expand to an out-of-state location. For most of the manufacturing firms expansion will be within the city or county limits (see Table 67), which shows that they are satisfied with the conditions in the community. Of the finance and services firms, however, 22% planned an expansion in another location within Kansas or in another state.

Most notably, Lawrence has a higher percentage of firms that are planning their expansion within the city limits than the average for the other eight communities (72% versus 61%), reflecting the strength and locational advantages of the local community. As Table 66 shows, there are more small and medium-sized firms that are planning to expand outside the

county. Thus, efforts to keep expansion from occurring elsewhere will not only have to focus on a few larger firms, but will have to take into account the numerous smaller and medium-sized firms in the community that have the potential to grow and expand.

TABLE 66
 LOCATION OF WHERE EXPANSION WILL TAKE PLACE
 FOR FIRMS THAT ARE PLANNING EXPANSION, BY SIZE OF FIRM

Number of Em- ployees	Where Expansion Will Be			
	Within The City Limits	Within The Same County	Within The State	Out of State
1-19	75%	16%	9%	0%
20-49	57%	14%	0%	29%
50+	72%	28%	0%	0%
TOTAL PERCENT	72%	17%	7%	4%

n = 28

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 67
 LOCATION OF WHERE EXPANSION WILL TAKE PLACE
 FOR FIRMS THAT ARE PLANNING EXPANSION, BY INDUSTRY

Industry	Where Expansion Will Be			
	Within The City Limits	Within The Same County	Within The State	Out of State
Manufacturing	77%	15%	8%	0%
Finance/Services	44%	34%	11%	11%
Other Industries	100%	0%	0%	0%
TOTAL PERCENT	72%	17%	7%	4%

n = 28

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 68
 LOCATION OF WHERE EXPANSION WILL TAKE PLACE
 FOR FIRMS THAT ARE PLANNING EXPANSION,
 BY COMMUNITY COMPARISON

Community	Where Expansion Will Be			
	Within The City Limits	Within The Same County	Within The State	Out of State
Lawrence	72%	17%	7%	4%
Other 8 Communities	61%	19%	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.

Advantages that influenced expansion. Only five respondents gave local advantages that influenced expansion, not enough to make general community conclusions. These five respondents mentioned a good local labor pool, that

space was available, and a strong local economy as advantages. Firms surveyed in the other eight communities also gave these advantages, along with tax incentives.

Additional Products and Expansion. A higher percentage of firms in Lawrence than the average of the other communities are currently introducing a new product or a providing a new service: 40% of the 41 respondents to the question are facing the venture of introducing a new product or service, whereas this percentage is only 19% for the average of firms in the other eight communities (see Table 71). Evidently, Lawrence firms are more innovative and have a good entrepreneurial attitude, risking the venture of growing through offering new products and services. As can be seen from Table 69, smaller firms as well as larger firms are introducing new products and services, whereas the medium-sized firms seem to be the most conservative group.

Asked about the reasons firms have not offered an additional product, 19% of the 41 respondents to the question stated that restrictive laws and regulation are hampering factors. About 16% of the respondents had the feeling that their business is already complex enough or that they prefer a "slow growth by choice", as one respondent stated, reflecting hidden problems regarding a lack of knowledge and specific equipment or financing. Some 13% of the respondents cited a static or declining market as a reason. As Table 70 shows, finance and services firms appear to have more problems with restrictive laws and regulations than manufacturing and other industries. These problems, however, can be addressed by state and local government.

TABLE 69
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 Knowledge How	Static or Declining Market	Low Cash Flow	Business Complex Now	Lack of Skilled Labor	Lack of Equipment, Tech.	Introducing Product or Service Now
1-19	24%	2%	5%	17%	7%	19%	2%	2%	45%
20-49	6%	0%	12%	12%	18%	0%	12%	29%	24%
50+	22%	0%	0%	0%	0%	33%	0%	0%	46%
PERCENT OF TOTAL	19%	2%	6%	13%	9%	16%	4%	9%	40%

n = 41

*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 70
REASONS FOR NOT OFFERING AN ADDITIONAL PRODUCT OR SERVICE*
BY INDUSTRY

Industry	Restrictive Laws or Regulations	Lack of Affordable Financing	Lack of Specific Knowledge How	Static or Declining Market	Low Cash Flow	Business Complex Now	Lack of Skilled Labor	Lack of Equipment, Tech.	Introducing Product or Service Now
Manufacturing	5%	5%	0%	5%	10%	25%	5%	10%	45%
Finance/Services	40%	0%	7%	13%	7%	7%	0%	13%	40%
Other Industries	0%	0%	11%	22%	11%	22%	11%	0%	33%
PERCENT OF TOTAL	19%	2%	6%	13%	9%	16%	4%	9%	40%

n = 41

*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 71
REASONS FOR NOT OFFERING AN ADDITIONAL PRODUCT OR SERVICE*
BY COMMUNITY COMPARISON

Community	Restrictive Laws or Regulations	Lack of Affordable Financing	Lack of Specific Knowledge How	No Desire To Expand Market	Static or Declining Market	Low Cash Flow	Business Complex Now	Lack of Skilled Labor	Lack of Equipment, Tech.	Introducing Product or Service Now
Lawrence	19%	2%	6%	0%	13%	9%	16%	4%	9%	40%
Other 8 Communities	10%	18%	5%	11%	13%	13%	13%	11%	12%	19%

*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.

Expanding into the international market. A limited number of firms in Lawrence feel they have the potential or the desire to expand into the international market (see Tables 72-77). As Tables 72-74 show, 18% of 90 respondents stated that they would be capable to supply the international market with their products or services. Most notably, the firms with 20-49 employees were more optimistic about their potential to export than smaller and larger firms. Overall, more manufacturing firms feel they have the potential to export (29%) than finance and services businesses (14%) or other industries (17%) (see Table 73).

The importance of international trade in an era of fierce competition is obvious. Small companies may have to export to survive. It is imperative that firms which feel they have the potential or desire to participate in international trade are encouraged to export and are assisted in the problem of how to get started.

TABLE 72
 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	85%	15%
20-49	64%	36%
50+	87%	13%
TOTAL PERCENT	82%	18%

n = 90

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 73
 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	71%	29%
Finance/Services	86%	14%
Other Industries	83%	17%
TOTAL PERCENT	82%	18%

n = 90

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
 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
Lawrence	82%	18%
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.

TABLE 75
 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	73%	27%
50+	100%	0%

TOTAL PERCENT	87%	13%

n = 90

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 76
 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	87%	13%
Finance/Services	90%	10%
Other Industries	83%	17%

TOTAL PERCENT	87%	13%

n = 90

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 HAVE THE
 DESIRE TO EXPAND INTERNATIONALLY
 BY COMMUNITY COMPARISON

Does your firm have the desire to expand into the international market?		
Community	NO	YES
Lawrence	87%	13%
Other 8 Communities	88%	12%

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.

Reasons for not expanding into the international market. Few companies of the Lawrence survey sample responded with reasons for not expanding in the international market. Only 10 respondents gave reasons, which included that the business was too small, lack of knowledge about exporting, high tariffs and/or trade barriers, restrictive export regulations, lack of affordable financing, the costs are too high, and tough competition. The major reason given by firms surveyed in the other eight communities for not exporting was that the business serves a specific area. Too few respondents in Lawrence gave reasons for not expanding to make community conclusions.

Problems associated with exporting. When asked about specific problems associated with exporting, only one firm in the Lawrence survey sample had a comment regarding inadequate knowledge and lack of know-how. Although general conclusions can not be based on the comment of one firm, the lack of knowledge of foreign markets, cultures, languages and the distribution process can be regarded as a key problem in the attempt of exporting.

Financing for Expansion

Financing Sources. The majority of firms in Lawrence have used traditional sources of financing for expansion: 48% of all firms have taken bank loans and 57% have used internal financing from profits. Regardless of size, firms seem to rely mostly on traditional sources of financing (see Table 78). Only the companies with more than 50 employees took advantage of industrial revenue bonds, and 41% of these companies have used them. Manufacturing firms more often used industrial revenue bonds than other companies and the help of the Small Business Administration (see Table 79).

Alternative sources of financing such as venture and seed capital largely remained out of the reach for the majority of firms in Lawrence. The same can be said about the firms in the other eight communities, which also made extensive use of conventional sources of financing (see Table 80). Providing information about alternative sources of financing is a first step in assisting firms to expand. Improving access to non-conventional sources of financing should be a primary obligation for the state to help firms in their expansion needs.

TABLE 78
FINANCING SOURCES FOR EXPANSION*
BY SIZE OF FIRM

Number of Employees	Bank	Savings and Loan	Internal Financing	Private Sources	Small Business Administration	Industrial Revenue Bonds
1-19	50%	4%	59%	11%	2%	0%
20-49	39%	0%	54%	18%	11%	0%
50+	47%	0%	47%	23%	0%	41%
PERCENT OF TOTAL	48%	3%	57%	14%	4%	4%

n = 102

*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 79
FINANCING SOURCES FOR EXPANSION*
BY INDUSTRY

Industry	Bank	Sav- ings and Loan	Inter- nal Fin- ancing	Private Sources	Small Bus- iness Admin- istra- tion	Indus- trial Revenue Bonds
Manufacturing	63%	3%	60%	18%	10%	8%
Finance/ Services	47%	3%	50%	7%	3%	3%
Other Industries	42%	3%	61%	18%	0%	3%
PERCENT OF TOTAL	48%	3%	57%	14%	4%	4%

n = 102

*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 80
FINANCING SOURCES FOR EXPANSION*
BY COMMUNITY COMPARISON

Community	Bank	Credit and Union Loan	Sav- ings and Fin- ancing	Inter- nal Fin- ancing	Private Sources	Small Bus- iness Admin- istra- tion	Cert- ified Devel- opment Comp.	Indus- trial Revenue Bonds
Lawrence	48%	0%	3%	57%	14%	4%	0%	4%
Other 8 Communities	55%	2%	3%	51%	6%	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.

Financing sources outside of Kansas. In the last five years, a substantial number of firms had to go outside of Kansas to obtain affordable financing. As can be seen from Table 81, about one third of all firms with over 50 employees went outside the state for financing, reflecting a deficiency of (alternative) financing sources in the state. Due to the geographic location of Lawrence close to the Kansas City financial district,

a higher percentage of firms in Lawrence sought financing from out-of-state sources than in the other eight communities (see Table 83).

TABLE 81
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	91%	9%
20-49	79%	21%
50+	71%	29%
TOTAL PERCENT	87%	13%

n = 102

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 82
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	85%	15%
Finance/Services	90%	10%
Other Industries	85%	15%
TOTAL PERCENT	87%	13%

n = 102

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 83
 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
Lawrence	87%	13%
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.

Foregoing expansion because of a lack of financing. In Lawrence, only 6% of the total number of firms reported that they had been forced to forego or postpone a planned expansion because of a lack of affordable financing, compared to 11% for the average of the other eight communities (see Table 86). However, not all the Lawrence survey participants had actually planned an expansion and therefore not faced the problem of financing. Medium-sized and small firms more often complained about lacking financing opportunities hampering their expansion plans (see Table 84). None of the larger firms faced that kind of problem attributable to a larger firm's increased ability to obtain bank loans and to their better internal financing options. Compared to the other communities, less firms in Lawrence had been forced to forego or postpone an expansion because of lacking financing sources. However, as the high percentage of medium-sized firms indicates, state and local initiatives are needed to provide financing for expanding and start-up firms.

TABLE 84
 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	96%	4%
20-49	82%	18%
50+	100%	0%
TOTAL PERCENT	94%	6%

n = 102

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
 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	85%	15%
Finance/Services	93%	7%
Other Industries	100%	0%
TOTAL PERCENT	94%	6%

n = 102

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
 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
Lawrence	94%	6%
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.

Expansion Summary

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

1. Firms in Lawrence have had significant employment and physical plant size expansion over the past two years compared to the average for the other eight Kansas mid-sized communities. Fifty-four percent of the firms in Lawrence had an employment expansion and 42% had a physical plant expansion in the last two years. In comparison, 30% of surveyed companies in the other eight communities increased employment and 34% increased plant size.
2. Employment and plant size expansion in Lawrence and in the other eight communities have shown considerable strength in the past and should encourage state and local economic development officials to concentrate on expansion programs. Also many firms are optimistic about hiring new employees and expanding their plant within the next year. Strategies to promote economic development must capitalize upon this optimistic entrepreneurial attitude and assist firms in recruiting personnel and in finding affordable financing.

3. In a community with substantial overall growth, firm expansion problems center on zoning regulations, financing, and the availability of space. For those firms that gave specific problems with expansion, 36% gave zoning as a problem, 36% gave lack of affordable financing as a problem, and 27% gave the availability of space as a problem. In comparison, only 8% of the firms from the other eight communities that gave problems with expansion mentioned zoning, 23% mentioned lack of affordable financing, and only 5% mentioned availability of space.
4. An expanding market and a firm's desire to expand are among the major factors that helped expansion in the past. Of those respondents that gave factors that helped expansion, 82% mentioned an expanding market as a helping factor and 24% mentioned a desire to expand a product/service market as a factor that aided expansion.
5. There are firms in Lawrence with both the potential and the desire to export their goods or services. Of the total number of respondents, 18% said their firm had the potential to expand internationally and 13% said they had the desire to expand internationally. Excluding smaller and mid-sized companies as a source for exports would be a mistake, since these companies expressed both the potential and the desire to export.
6. Regardless of firm size, companies in Lawrence rely mostly on conventional sources of financing. Forty-eight percent of Lawrence firms stated that a bank was a financing source and 57% stated that internal financing was a source. Providing information and encouraging the use of alternative forms of financing (venture and seed capital) may be necessary to encourage company expansion.
7. There are some firms in Lawrence that have been forced to go outside of Kansas for financing. Of the total number of firms, 13% stated they have gone outside of Kansas for financing because of a lack of affordable financing in state. In comparison, 9% of surveyed firms in the other eight communities have gone out-of-state.

VI.

BUSINESS CLIMATE

In this section, topics of discussion include 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. The major findings here include (1) the majority of surveyed firms are pleased with the quality of life they experience in the community; (2) most firms believe the attitude of the local government towards the local business community is positive; (3) most Lawrence firms are pleased with local services; (4) economic development was suggested as a way for improving the local quality of life, the local business climate, and the state business climate; and (5) community firms believe that increased responsiveness from the local government will improve the local business climate.

Local and State Business Climate

Quality of life. The overwhelming majority of firms surveyed in Lawrence do not have a problem with the local quality of life. Of the total number of firms, 94% rated the quality of life as good and only 1% rated the quality of life as poor (see Tables 87-89). The very small number of respondents that gave poor ratings were from firms with less than 20 employees and from the finance or services industries. What should be particularly encouraging to city officials are the total percentages in Table 89: compared to firms surveyed in the other eight communities Lawrence firms had a higher total percentage of respondents that gave good ratings and a lower percentage of respondents that gave adequate or poor ratings.

As was mentioned earlier in this report, quality of life issues will be

an important consideration when decisions concerning retention and expansion are made. At the present time, the quality of life is seen to be good by a great majority of firms in the community. No doubt the varied activities provided by Lawrence, the University of Kansas, and the Kansas City metropolitan area are advantages that the community can build upon for future business retention, expansion, and recruitment.

TABLE 87
FIRMS' PERCEPTIONS OF THE LOCAL QUALITY OF LIFE
BY SIZE OF FIRM

Number of Employees	No Opinion	Good	Adequate	Poor
1-19	1%	92%	5%	2%
20-49	0%	100%	0%	0%
50+	0%	94%	6%	0%
TOTAL PERCENT	1%	94%	4%	1%

n = 102

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
FIRMS' PERCEPTIONS OF THE LOCAL QUALITY OF LIFE
BY INDUSTRY

Industry	No Opinion	Good	Adequate	Poor
Manufacturing	0%	93%	7%	0%
Finance/Services	0%	93%	3%	4%
Other Industries	3%	94%	3%	0%
TOTAL PERCENT	1%	94%	4%	1%

n = 102

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 89
 FIRMS' PERCEPTIONS OF THE LOCAL QUALITY OF LIFE
 BY COMMUNITY COMPARISON

Community	No Opinion	Good	Adequate	Poor
Lawrence	1%	94%	4%	1%
Other 8 Communities	1%	80%	17%	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.

Attitude of the local government. Most surveyed firms believe the local government has a positive attitude towards businesses in the community. Of the total number of respondents, 51% stated the attitude of the local government was positive to very positive, 37% thought the attitude was neutral, and 12% thought the attitude was negative to very negative (see Tables 90, 91, and 92). A high percentage of firms with 50 or more employees (76%) and firms in the finance or services industries (67%) believed the attitude of the local government was positive (see Tables 90 and 91). There were no major differences between Lawrence firms and firms in the other eight communities.

These results indicate that now may be an opportune time for the local government to assist firms in the community. Examples may include assisting the business community in acquiring information concerning financing, state economic development programs, and other programs offered by the community or the state. A perceived attitude that the local government is neutral or negative may affect how businesses view the local business climate, and in turn, affect decisions concerning retention and expansion.

TABLE 90
 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	50%	37%	13%
20-49	39%	50%	11%
50+	76%	18%	6%
TOTAL PERCENT	51%	37%	12%

n = 102

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
 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	48%	42%	10%
Finance/Services	67%	23%	10%
Other Industries	36%	49%	15%
TOTAL PERCENT	51%	37%	12%

n = 102

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 92
 FIRMS' PERCEPTIONS OF THE
 ATTITUDE OF THEIR LOCAL GOVERNMENT
 BY COMMUNITY COMPARISON

Community	Attitude of Local Government		
	Positive To Very Positive	Neutral	Negative To Very Negative
Lawrence	51%	37%	12%
Other 8 Communities	55%	35%	10%

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. Most local public services offered by the community were rated as good by surveyed firms. High good ratings were given to fire protection (79% of the total number of respondents rated this service as good), the electric system (78%), police protection (71%), the public school system (68%), and the telephone system (68%). However, a relatively high percentage of firms gave poor ratings to the availability of air transportation (27%) and the quality of public transportation (17%) (see Table 93). In comparison to surveyed firms in the other eight communities, Lawrence firms had lower total percentages of poor ratings for 10 out of the 13 services asked about, a positive sign for the community (see Table 94). Of particular interest is that other communities received much higher "poor" percentages for the quality of roads², the availability of air

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

transportation, the quality of public transportation, and the cost of transportation.

Although most services are seen to be good, some transportation issues are of concern. Although the fact that Kansas City International Airport is approximately one hour from Lawrence would seem to be an advantage, the availability of air transportation received the highest poor rating of any service. This issue will become more of a problem if firms do indeed expand to international markets and develop a daily dependence upon air transportation for the exporting of goods and services. Public transportation is also of concern. As with air transportation, this issue will gain significance if growth continues at the rates of the past few years. A good sign for the community is the lower percentage of poor ratings given to the quality of roads in comparison to firms in the other eight communities. This implies that respondents are pleased with the quality and maintenance of community roads and with the easy access to I-70 and K-10, two four-lane highways that provide direct links to Kansas City and most state regional centers west and south of Lawrence.

considered when reading any discussion of roads or highways.

TABLE 93
LAWRENCE FIRMS' PERCEPTIONS OF SERVICES

	No			
	Opinion	Good	Adequate	Poor
Quality of Roads	1%	45%	45%	9%
Quality of Railroads	65%	16%	15%	4%
Cost of Transportation	15%	37%	44%	4%
Availability of Air Transportation	34%	17%	22%	27%
Quality of Public Trans.	30%	18%	35%	17%
Freight Delivery Time	19%	61%	18%	2%
Quality of Training	24%	35%	33%	8%
Garbage Collection	6%	63%	26%	5%
Fire Protection	3%	79%	16%	2%
Police Protection	2%	71%	26%	1%
Telephone System	1%	68%	29%	2%
Electric System	0%	78%	21%	1%
Public School System	14%	68%	15%	3%

n = 102

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
OTHER COMMUNITY FIRMS' PERCEPTIONS OF SERVICES

	No			
	Opinion	Good	Adequate	Poor
Quality of Roads	1%	35%	44%	20%
Quality of Railroads	29%	30%	29%	12%
Cost of Transportation	10%	28%	46%	16%
Availability of Air Transportation	19%	12%	30%	39%
Quality of Public Transportation	27%	12%	24%	37%
Freight Delivery Time	12%	51%	32%	5%
Quality of Training	17%	37%	31%	15%
Garbage Collection	6%	65%	25%	4%
Fire Protection	4%	75%	20%	1%
Police Protection	1%	68%	28%	3%
Telephone System	1%	63%	29%	7%
Electric System	1%	73%	21%	5%
Public School System	5%	74%	18%	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.

Government regulations that impede business operations. In the minds of some respondents, there are some government regulations that are currently impeding business operation. For those respondents that mentioned problems in this area, 100% (30 out of 30 firms) stated hampering city or state regulations, 22% stated general government overregulation, and 20% stated zoning as a regulation that impedes operation (see Tables 95-97). Examples of hampering city regulations given by respondents were: "We have no trash pick-up here but we pay for it anyway through a connection in our water bill," "City codes make our building expenses almost too high to afford," and "We can make our day-to-day operations more efficient if we keep some things outside, but city restrictions make us keep our inventory inside. That causes problems for us." Once again zoning is considered a problem by Lawrence firms. It would be a mistake to think that operations were impeded solely by state or federal regulations. This data implies that city officials need to examine city regulations that are perceived to be harmful to local businesses, with particular attention paid to how, to the extent possible, regulations may be modified for both the benefit of the city and the business community.

TABLE 95
GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*
BY SIZE OF FIRM

Number of Em- ployees	Hamp- ering City- State Regs.	EPA Regs.	OSHA Regs.	Zoning	KS Dept. of Health	Gvt. Over Reg- ula- tion
1-19	100%	6%	0%	14%	0%	31%
20-49	100%	22%	0%	56%	11%	0%
50+	100%	50%	25%	0%	0%	0%
PERCENT OF TOTAL	100%	12%	2%	20%	2%	22%

n = 30

*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 96
GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*
BY INDUSTRY

Industry	Hamp- ering City- State Regs.	EPA Regs.	OSHA Regs.	Zoning	KS Dept. of Health	Gvt. Over Reg- ula- tion
Manufacturing	100%	0%	11%	44%	11%	11%
Finance/ Services	100%	13%	0%	25%	0%	38%
Other Industries	100%	17%	0%	8%	0%	17%
PERCENT OF TOTAL	100%	12%	2%	20%	2%	22%

n = 30

*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 97
GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*
BY COMMUNITY COMPARISON

Community	Hamp- ering City- State Regs.	KCC Over Reg- ula- tion	EPA Regs.	OSHA Regs.	Zoning	KS Dept. of Health	Gvt. Over Reg- ula- tion
Lawrence	100%	0%	12%	2%	20%	2%	22%
Other 8 Communities	98%	6%	20%	5%	16%	7%	18%

*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.

Taxes that influence expansion decisions. A variety of taxes are seen to be reasons to forego expansion. Of the respondents that gave tax reasons to forego expansion, 59% mentioned worker's compensation, 55% mentioned the unemployment insurance tax, and 51% mentioned the property tax on

inventories (see Tables 98-100). Firms with 50 or more employees in particular gave worker's compensation as a reason (see Table 98), and the finance and services industries had a high percentage of companies that listed the unemployment insurance tax as a reason (see Table 99). The other eight communities had a notably higher percentage of firms that gave the overall state tax burden and the overall city tax burden as reasons to forego expansion, while Lawrence had higher percentages for the unemployment insurance tax and worker's compensation (see Table 100).

Not surprisingly, there are taxes that firms perceive to be detrimental to expansion. However, a low percentage of these companies stated that the overall city tax burden was a reason to forego expansion. This indicates that community leaders may best serve their businesses by isolating specific city taxes that may cause problems and by communicating to state representatives in the area particular Kansas taxes that are hindering expansion efforts.

TABLE 98
REASONS TO FOREGO EXPANSION*
BY SIZE OF FIRM

Number of Employees	Over-all State Tax Burden	Over-all City Tax Burden	Corporate Income Tax	Property Taxes	Sales Tax on Machinery and Equipment	Unemployment Insurance Tax	Workers Compensation Tax	Severance Tax
1-19	17%	0%	19%	58%	26%	53%	51%	4%
20-49	7%	14%	57%	43%	36%	57%	71%	0%
50+	8%	8%	0%	31%	46%	62%	77%	0%
PERCENT OF TOTAL	14%	4%	23%	51%	31%	55%	59%	3%

n = 44

*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 99
REASONS TO FOREGO EXPANSION*
BY INDUSTRY

Industry	Over- all State Tax Burden	Over- all City Tax Burden	Corp- orate In- come Tax	Prop- erty Tax Inven- tories	Sales Tax on Equip- ment	Unem- ploy- ment Insur- ance Tax	Work- ers Compen- sation Tax	Sev- erance Tax
Manufacturing	22%	6%	17%	61%	39%	28%	33%	0%
Finance/ Services	15%	0%	31%	62%	15%	77%	69%	0%
Other Industries	7%	7%	21%	36%	36%	57%	71%	7%
PERCENT OF TOTAL	14%	4%	23%	51%	31%	55%	59%	3%

n = 44

*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 100
REASONS TO FOREGO EXPANSION*
BY COMMUNITY COMPARISON

Community	Over- all State Tax Burden	Over- all City Tax Burden	Corp- orate In- come Tax	Prop- erty Tax Inven- tories	Sales Tax on Equip- ment	Unem- ploy- ment Insur- ance Tax	Work- ers Compen- sation Tax	Sev- erance Tax	Gas Tax
Lawrence	14%	4%	23%	51%	31%	55%	59%	3%	0%
Other 8 Communities	25%	15%	20%	63%	31%	45%	45%	9%	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.

Business Climate Improvements

Improving the local quality of life. For the few firms (n = 22) that gave suggestions for improving the quality of life, 33% mentioned economic

development, 25% mentioned more entertainment, and 19% mentioned upgrading education (see Tables 101, 102, and 103). A high percentage of companies with 20 to 49 employees and firms in the other industry category (agriculture, mining, construction, transportation-communications, and wholesale) suggested economic development as a way to improve the quality of life. Comparison data show one major difference: the other eight communities had a much higher percentage of firms that mentioned economic development (59%) than did Lawrence (33%) (see Table 103).

Economic development is seen by surveyed Lawrence firms as bringing more jobs to the community, which will influence the quality of life. One business representative stated: "Economic development policy here will bring in more industry and more jobs. That will help the community not only economically but socially, too." However, the wide variety of suggestions given by these companies implies that diverse methods to improve the quality of life will have to be considered.

TABLE 101
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 Public Morale	Improve Town, Fix Property	Upgrade Education
1-19	31%	31%	4%	8%	8%	8%	19%
20-49	100%	0%	0%	0%	0%	0%	0%
50+	33%	11%	0%	0%	33%	22%	22%
PERCENT OF TOTAL	33%	25%	3%	6%	14%	11%	19%

n = 22

*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 102
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE*
BY INDUSTRY

Industry	Ec- onomic Dev- elop- ment	More Enter- tain- ment	More Activ- ities For Town	More Recre- ational Activ- ities	Improve Public Morale	Improve Town, Fix Prop- erty	Up- grade Edu- cation
Manufacturing	40%	50%	10%	0%	10%	0%	10%
Finance/ Services	14%	14%	0%	14%	29%	29%	14%
Other Industries	50%	17%	0%	0%	0%	0%	33%
PERCENT OF TOTAL	33%	25%	3%	6%	14%	11%	19%

n = 22

*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 103
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE*
BY COMMUNITY COMPARISON

Community	Ec- onomic Dev- elop- ment	More Enter- tain- ment	More Activ- ities For Town	More Recre- ational Activ- ities	Improve Public Morale	Improve Town, Fix Prop- erty	Up- grade Edu- cation
Lawrence	33%	25%	3%	6%	14%	11%	19%
Other 8 Communities	59%	16%	8%	17%	6%	5%	10%

*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.

Improving the local business climate. Improvements in the local business climate centered around the local government and, again, economic development. Of the firms that wanted specific improvements, 55% suggested

economic development, 51% suggested that the local government be more responsive to business needs, and 19% suggested aid for entrepreneurs (see Tables 104-106). Eighty-six percent of other industry respondents mentioned economic development and 67% of the respondents from firms with 20-49 employees mentioned responsiveness from the local government. A very significant difference is found in Table 106: only 11% of those firms surveyed in the other eight communities suggested that the local government be more responsive, compared to 51% for Lawrence.

There seems to be a desire within the Lawrence business community for more assistance and information from the local government and city officials. Statements by respondents concerning this included: "The city has to be more aware of the problems of the small business," "The mall issue has to be decided. We all need to know what is going to happen so we can plan for it," and "The city should take the initiative on progress instead of being reactionary." In general, firms with fewer than 50 employees believed the local government should be more responsive, indicating more of a dependence smaller firms have on local government initiatives.

TABLE 104
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*
BY SIZE OF FIRM

Number of Employees	Economic Development	Improve-Increase		Local Financing	Tax Incentives, Abate-ments	Local Govt. More Respon-sive	Help Entre-preneurs	Spend Muni-cipal Funds
		Between State Local	and Im-prove Local Image					
1-19	61%	6%	0%	14%	19%	47%	14%	3%
20-49	33%	0%	11%	11%	0%	67%	33%	0%
50+	50%	0%	0%	0%	0%	50%	25%	0%
PERCENT OF TOTAL	55%	4%	2%	11%	13%	51%	19%	2%

n = 31

*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 105
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 Abate-ments	Local Govt. Responsive	Help Entrepreneurs	Spend Muni-cipal Funds
Manufacturing	39%	0%	8%	15%	8%	54%	15%	8%
Finance/Services	42%	8%	0%	17%	17%	67%	33%	0%
Other Industries	86%	0%	0%	0%	0%	29%	0%	0%

PERCENT OF TOTAL
n = 31

*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 106
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*
BY COMMUNITY COMPARISON

Community	Economic Development	Improve-ment Between State & Local	Increase and Improve Local Image	Improve Local Financing	Tax Abate-ments	Local Govt. Responsive	Help Entrepreneurs	Spend Muni-cipal Funds
Lawrence	55%	4%	2%	11%	13%	51%	19%	2%
Other 8 Communities	60%	2%	13%	15%	20%	11%	11%	8%

*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.

Improving the state business climate. Just as with the quality of life and the local business climate, economic development is seen as the primary way to improve the state business climate. Of the respondents that gave

suggestions for improvement, 45% mentioned economic development, 24% suggested changing or lowering taxes, and 19% suggested tax incentives (see Tables 107-109). For the state business climate, taxes are seen as important.

As can be seen in Table 109, a much higher percentage of Lawrence firms suggested economic development than firms in other community. In contrast, firms surveyed in the other eight communities were more concerned about the quality of roads. Clearly, economic development is very important to firms in Lawrence, whether it be for the quality of life, the local business climate, or the state business climate. The creation or expansion of firms through development policies is definitely seen as a crucial determinant for the future of area businesses.

TABLE 107
SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE*
BY SIZE OF FIRM

Number of Employees	Economic Development	Increase and State Image	Better Financing Opportunities	Financing Tax Incentives	Better Community	Eliminate Severance Tax	Improve Highway System	Seek High-Diversification	Change Or Lower Taxes
1-19	49%	12%	10%	15%	8%	3%	13%	0%	22%
20-49	43%	33%	10%	19%	24%	0%	19%	14%	29%
50+	25%	17%	33%	42%	0%	0%	33%	0%	25%

PERCENT OF TOTAL
n = 59

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

Industry	Economic Development	Increase and State Image	Better Financing Opportunities	Financing Tax Incentives	Better Community	Eliminate Severance Tax	Improve Highway System	Seek High-Diversification	Change Or Lower Taxes
Manufacturing	46%	21%	13%	21%	17%	0%	13%	4%	42%
Finance/Services	47%	16%	16%	21%	16%	0%	26%	5%	16%
Other Industries	39%	17%	11%	17%	0%	6%	11%	0%	22%

PERCENT OF TOTAL
n = 59

*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 109
SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE*
BY COMMUNITY COMPARISON

Community	Economic Development	Cooperation Between State & Local	More In-crease and Im-prove State & State Image	Better Financing Opportunities	Tax Incentives	Better Competition	Eliminate Sev-erance Tax	Improve Highway System	Seek Diversification	Change Or Lower Taxes
Lawrence	45%	0%	17%	13%	19%	10%	2%	17%	3%	24%
Other 8 Communities	27%	1%	15%	6%	16%	6%	4%	32%	2%	26%

*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 and state business climates, it is possible to make the following summary implications:

1. Most survey respondents are satisfied with the local quality of life. Of the total number of respondents, 94% rated the quality of life as good and 5% rated the quality of life as adequate or poor. In comparison, 80% of the firms surveyed in the other eight communities rated the quality of life as good and 19% rated the quality of life as adequate or poor.
2. In general, Lawrence firms believe the local government looks favorably upon the business community. Of the total number of firms, 51% thought the attitude of the local government towards local businesses was positive to very positive, 37% thought the attitude was neutral, and 12% thought the attitude was negative to very negative.
3. Lawrence firms are satisfied with most local services. The major exceptions to this concerned two transportation services. Twenty-seven percent of all survey participants rated the availability of air transportation as poor and 17% rated the quality of public transportation as poor.
4. Surveyed Lawrence firms are very much aware of economic development and consider this an important way to improve the business community. Of the firms that gave responses, 33% stated economic development could improve the quality of life, 55% stated economic development could improve the local business climate, and 45% stated economic development could improve the state business climate.

5. Of those respondents that gave suggestions on how to improve the local business climate, 51% suggested that the local government should be more responsive to business needs. In comparison, only 11% of the surveyed firms in the other eight communities suggested this as an improvement in the local business climate.

VII.

ECONOMIC DEVELOPMENT PROGRAMS

In this section discussion topics include 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. 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) most state economic development assistance programs are not known in Lawrence; (2) the overwhelming majority of surveyed firms in the community do not require specialized skills for employment; (3) the majority of firms do not use the services of a state university, community college, or vocational school; (4) surveyed Lawrence firms mainly use state universities, community colleges, or vocational schools for training of presently employed personnel and for consulting in business planning, and seek mainly managers for employment from these schools.

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 to Lawrence community firms is Wakarusa Valley Development, Inc., located at 1321 Wakarusa Drive, Lawrence. As is the case for most of the economic development assistance programs, the majority of Lawrence firms have no knowledge about CDCs. This lack of knowledge may be because Lawrence's CDC was not founded until

recently. Of the total number of firms, 86% stated they had no knowledge of the program and only 1% had actually used the services of a CDC (see Tables 110, 111, 112). Small firms and firms in the other industry category in particular had no knowledge of this assistance. Comparison data between surveyed Lawrence firms and surveyed firms in the other eight communities show no major differences (see Table 112). The lack of knowledge about CDCs indicates that more information about assistance is needed. More information will enhance chances that businesses can better realize growth opportunities and plan an expansion.

TABLE 110
 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	89%	11%	0%
20-49	79%	17%	4%
50+	82%	18%	0%
TOTAL PERCENT	86%	13%	1%

n = 102

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
 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	83%	14%	3%
Finance/Services	87%	13%	0%
Other Industries	88%	12%	0%
TOTAL PERCENT	86%	13%	1%

n = 102

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 112
 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
Lawrence	86%	13%	1%
Other 8 Communities	88%	10%	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 Community Development Block Grant 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, business financing, and comprehensive planning for communities. Of the total number of firms, 66% stated they they did know of the program but no firm stated they had used the program. This program is more well known by surveyed firms in Lawrence than any of the other programs asked about in this survey. Very large firms were more likely to know about the Community Development Block Grant Program (see Table 113), as were firms in the finance and services industries (see Table 114). Although Table 115 shows no major differences between communities, some survey participants in the other eight communities have used the program.

TABLE 113
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 THE COMMUNITY DEVELOPMENT BLOCK GRANT 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	39%	61%	0%
20-49	29%	71%	0%
50+	6%	94%	0%
TOTAL PERCENT	34%	66%	0%

n = 102

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

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	42%	58%	0%
Finance/Services	23%	77%	0%
Other Industries	36%	64%	0%
TOTAL PERCENT	34%	66%	0%

n = 102

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 115
 PERCENT OF THE TOTAL NUMBER OF FIRMS
 THAT HAVE KNOWLEDGE AND HAVE USED
 THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
 BY COMMUNITY COMPARISON

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Lawrence	34%	66%	0%
Other 8 Communities	37%	60%	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.

Centers of Excellence Programs. Centers of Excellence, located at state universities, have been formed to meet the state's advanced technology efforts towards economic development and are designed to conduct research with a focus geared to the needs of Kansas industries. The nearest Center to

Lawrence firms is at the University of Kansas. No surveyed firm in Lawrence has ever used a Center, and 77% of the total number of firms had no knowledge of this assistance (see Tables 116-118). There were no major within industry differences, but firms with 50 or more employees did have more knowledge about Centers of Excellence than smaller companies. However, surveyed Lawrence firms did know more about this assistance than firms in the other eight communities (see Table 118), which may be because of the proximity of the Center to all surveyed businesses. Information provided to firms concerning the Centers should include not only where these programs are located, but how they might be of help to expansion efforts.

TABLE 116
 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	78%	22%	0%
20-49	89%	11%	0%
50+	47%	53%	0%
TOTAL PERCENT	77%	23%	0%

n = 102

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
 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	77%	23%	0%
Finance/Services	77%	23%	0%
Other Industries	76%	24%	0%
TOTAL PERCENT	77%	23%	0%

n = 102

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 118
 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
Lawrence	77%	23%	0%
Other 8 Communities	85%	14%	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 Job Training Partnership Act (JTPA). The Job Training Partnership Act is a federal job training program aimed primarily at the disadvantaged and dislocated worker. Information about this program may be obtained from the Kansas Department of Human Resources. This program had the highest use

of any program asked about in this survey. Of the total number of surveyed firms, 48% had knowledge of JTPA and 8% had actually used the program. Mid-size firms and firms in the other industry category used JTPA the most (see Tables 119 and 120). Although there were no major differences when comparing communities, other eight communities did have a slightly higher total percentage of surveyed firms that had used JTPA (see Table 121). JTPA is one way firms can cut training costs and create opportunities disadvantaged and displaced workers. Increased knowledge about and use of this program should be encouraged by local officials.

TABLE 119
 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	45%	48%	7%
20-49	50%	36%	14%
50+	24%	76%	0%
TOTAL PERCENT	44%	48%	8%

n = 102

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 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	48%	44%	8%
Finance/Services	43%	54%	3%
Other Industries	39%	49%	12%
TOTAL PERCENT	44%	48%	8%

n = 102

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 121
 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
Lawrence	44%	48%	8%
Other 8 Communities	42%	46%	12%

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 (KIT). The Kansas Industrial Training Program is designed to aid new or expanding industries in training new personnel. Information about KIT can be obtained from the Kansas State Department of Commerce. Of the total number of respondents, 66% had no

knowledge of KIT and 2% had actually used this training assistance. Important to note is that manufacturing firms and firms with 50 or more employees, types of companies one would logically associate with high training needs, had the highest within industry and within size category percentages of firms with no knowledge of KIT (see Tables 122 and 123). This implies that a major part of the economic base in the community is not receiving information that could play a part in future expansion. Comparison data reveal percentages that are almost identical (see Table 124).

TABLE 122
 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	64%	35%	1%
20-49	61%	32%	7%
50+	88%	12%	0%
TOTAL PERCENT	66%	32%	2%

n = 102

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 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	75%	22%	3%
Finance/Services	73%	27%	0%
Other Industries	52%	45%	3%
TOTAL PERCENT	66%	32%	2%

n = 102

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 124
 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
Lawrence	66%	32%	2%
Other 8 Communities	65%	33%	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.

As Table 125 shows, a high percentage of firms lack knowledge of state economic development programs available to them. Except for the Job Training Partnership Act, only 2% of surveyed Lawrence firms had used these types of assistance. A major information campaign is required to reach the majority

of firms that are not knowledgeable about the resources that Kansas can provide. The small firm in particular needs assistance in strategic planning and how to prepare an application for these programs.

TABLE 125
SUMMARY TABLE FOR
ECONOMIC DEVELOPMENT PROGRAMS

	No Knowledge	Knowledge, No Use	Used Program
Certified Development Companies	86%	13%	1%
Centers of Excellence	77%	23%	0%
Community Development Block Programs	34%	66%	0%
Kansas Industrial Training Program	66%	32%	2%
Job Training Partnership Act	44%	48%	8%

n = 102

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.

Firms That Need A Specialized Skill

Surprisingly, on overwhelming majority of Lawrence respondents reported that their firm did not need a specialized employment skill. Only 2% of the total number of surveyed firms stated they did need a specialized skill (see Tables 126-128). The only respondents that said they needed a specialized skill were in firms with fewer than 20 employees and in the other industry category (agriculture, mining, construction, transportation-communications, and wholesale). These percentages are not unique, however. In comparison to surveyed firms in the other eight communities, total percentages are almost identical (see Table 128).

What is important to note is that the work force in the future will require highly skilled employees to meet the rapidly changing technology and advancement in business operations. The demand for highly skilled workers will increase over the next years and will require training, retraining, and lifelong learning. An adaptable, skilled work force will become the key to competitiveness in a global market. Therefore, state job training programs such as JTPA and KIT will take on added significance in the future, and firms should be aware of the opportunities offered.

TABLE 126
 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	97%	3%
20-49	100%	0%
50+	100%	0%
TOTAL PERCENT	98%	2%

n = 102

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 127
 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	100%	0%
Finance/Services	100%	0%
Other Industries	94%	6%
TOTAL PERCENT	98%	2%

n = 102

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 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
Lawrence	98%	2%
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.

Using state universities, community colleges, or vocational schools. Of the total number of firms, 39% stated they had used the services of a state university, community college, or vocational school (see Tables 129, 130, and 131). Medium-size firms and firms in the finance and services industries had the highest within size category and within industry percentages of

using these schools. Total percentages for Lawrence firms are identical to those for firms in the other eight communities (see Table 131).

There were a large number of surveyed Lawrence companies (61%) that have never used the services of these educational institutions. This is somewhat surprising, given the proximity of not only the University of Kansas, but also of Johnson County Community College and the Kaw Area Vocational-Technical School in Topeka. As Table 129 shows, firms with 20 or more employees used services more than very small firms, which indicates that smaller firms may not have the resources or the information networks necessary to tap educational assistance. Services from state universities, community colleges, and vocational schools are valuable assets for information and practical uses concerning training, management, and changing technology. Also, contacts or combined efforts of an entrepreneur and a university researcher can be extremely beneficial to the development of high-tech industry.

TABLE 129
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	66%	34%
20-49	39%	61%
50+	59%	41%
TOTAL PERCENT	61%	39%

n = 102

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 130
 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	60%	40%
Finance/Services	50%	50%
Other Industries	70%	30%
TOTAL PERCENT	61%	39%

n = 102

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 131
 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
Lawrence	61%	39%
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.

Services used from state universities, community colleges, and vocational schools. Business consulting and training were the two main types of services used by Lawrence firms. Of the respondents that said they used a

service from one of these schools, 34% said a service used was consulting in business planning, 29% said training of presently employed personnel was a service used, and 18% said they used business courses from a university, community college, or vocational school. Firms with fewer than 20 employees in particular used a training service, while many firms with 50 or more employees used consulting in process innovation (see Table 132). Within industry percentages reveal that firms in the finance and services industries used training and consulting in business planning a great deal (see Table 133). In comparison to the other eight communities, Lawrence had a much lower percentage of firms that used training as a service (29% vs 43%), but a higher percentage of firms that used consulting in business planning as a service (34% vs 21%) (see Table 134). Since the availability of higher education for employees will play an increasingly important role in the future, firms may look for such advantages in their locational decisions. The presence of a school for higher education should therefore be highlighted in the community's economic development marketing efforts.

TABLE 132
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
	Presently Employed Personnel	Technical Courses							
1-19	35%	17%	22%	17%	6%	31%	3%	14%	
20-49	12%	6%	6%	12%	18%	41%	0%	29%	
50+	17%	17%	17%	8%	58%	42%	0%	0%	
PERCENT OF TOTAL	29%	15%	18%	15%	15%	34%	2%	15%	

n = 56

*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 133
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	23%	18%	14%	36%	18%	27%	0%	9%
Finance/Services	35%	5%	25%	5%	15%	45%	5%	10%
Other Industries	20%	27%	7%	13%	13%	27%	0%	27%
PERCENT OF TOTAL	29%	15%	18%	15%	15%	34%	2%	15%

n = 56

*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 134
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
Lawrence	29%	15%	18%	15%	15%	34%	2%	15%
Other 8 Communities	43%	27%	23%	8%	11%	21%	2%	8%

*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. Although surveyed Lawrence firms seek a high percentage of managers, many of the employees sought for employment are low-skill in nature. Of the respondents that said they sought employees from these schools, 38% said they sought management personnel, 23% said they sought general labor, 18% said they sought data processors, and 18% said they

sought mechanics or machinists from state universities, community colleges, or vocational schools. Forty-six percent of very large firms seek managers (see Table 135), as do 41% of firms in the other industry category (see Table 136). Comparison data reveal notable differences for entry level clerical workers (14% for Lawrence firms vs 27% for firms in the other eight communities), data processors (18% vs 7%), engineers (16% vs 10%), managers (38% vs 30%), and general labor (23% vs 11%) (see Table 137).

TABLE 135
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.	Chemical, Drafting Techs.	Professional, Lab Techs.	Engineers	Business Management Personnel	Agricultural, Veterinary Personnel	Heavy Equipment Operators	General Labor
1-19	12%	17%	13%	4%	3%	6%	10%	35%	13%	0%	26%
20-49	10%	10%	19%	10%	19%	10%	19%	43%	5%	10%	19%
50+	31%	31%	38%	0%	0%	8%	38%	46%	0%	15%	15%
PERCENT OF TOTAL	14%	18%	18%	5%	6%	7%	16%	38%	10%	4%	23%

n = 62

*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 136
EMPLOYEES SOUGHT FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY INDUSTRY

Industry	Entry-Level Clerical	Mechanics, Machinists	Data Processors	Electronics, Electrical Techs.	Chemical, Drafting Techs.	Professional, Lab Techs.	Engineers	Business Management Personnel	Agricultural, Veterinary Personnel	Heavy Equipment Operators	General Labor
Manufacturing	15%	22%	15%	4%	0%	11%	22%	33%	7%	0%	22%
Finance/Services	19%	10%	29%	5%	5%	5%	10%	38%	5%	0%	29%
Other Industries	6%	24%	6%	6%	12%	6%	18%	41%	18%	12%	18%
PERCENT OF TOTAL	14%	18%	18%	5%	6%	7%	16%	38%	10%	4%	23%

n = 62

*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 137
 EMPLOYEES SOUGHT FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
 BY COMMUNITY COMPARISON

Community	Entry- Level Clerical	Mech- anics, Mach- inists	Data Proc- essors	Elec- tronics, Elec- trical Techs.	Draf- ters	Chem- ical Pro- cess, Lab Techs.	Engi- neers	Bus- iness Manage- ment Pers- onnel	Agri- cul- tural, Vet. Pers- onnel	Heavy Equip- ment Oper- ators	General Labor
Lawrence	14%	18%	18%	5%	6%	7%	16%	38%	10%	4%	23%
Other 8 Communities	27%	21%	7%	8%	3%	5%	10%	30%	8%	7%	11%

*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. Most economic development assistance programs are not well known by surveyed Lawrence firms. Of the total number of firms, 86% had no knowledge of Certified Development Companies, 77% had no knowledge of Centers of Excellence, 66% had no knowledge of the Kansas Industrial Training Program, 44% had no knowledge of the Job Training Partnership Act (JTPA), and 34% had no knowledge of the Community Development Block Program. The most highly used program was JTPA: 8% of all survey respondents said their firm had actually used this assistance. Actual use of all other programs was no higher than 2%.
2. An overwhelming majority of surveyed firms reported that they do not need a specialized skill for employment. Of all of the survey participants, 98% stated their firm did not need a specialized skill for employment.

3. Most Lawrence firms do not use state educational institutions for assistance with business operations. Sixty-one percent of these firms stated they have not used the services of a state university, community college, or vocational school.
4. For those Lawrence firms that have used services from these schools, 34% stated they used consulting in business planning as a service and 29% stated they used training of presently employed personnel as a service.