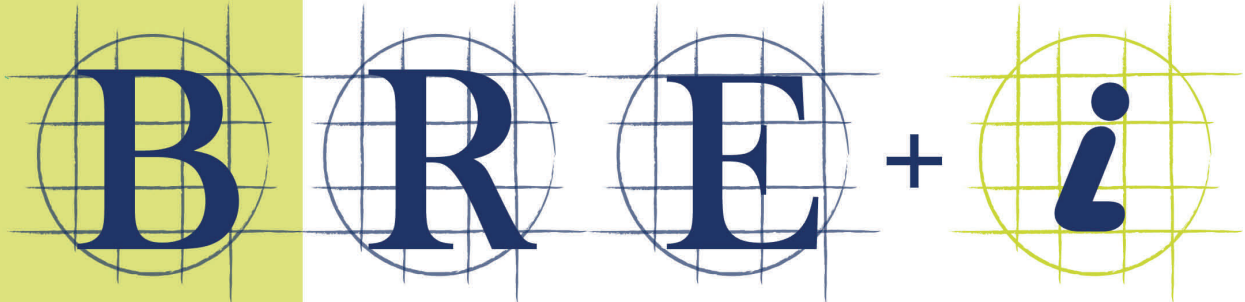


FINDINGS REPORT
DECEMBER, 2011



Business Retention & Expansion *with innovation*

**ONLINE SURVEY
OF EXISTING COMPANIES**

EVANSVILLE / VANDERBURGH COUNTY, IN

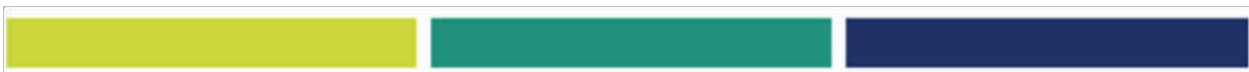


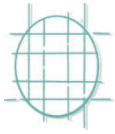
growth alliance *for* greater evansville

This report was conducted by the Growth Alliance
for Greater Evansville, (GAGE).

TABLE OF CONTENTS

About: Growth Alliance for Greater Evansville	1
Executive Summary	2-3
Key Survey Results	2
Expansion Plans	
New Product/Service Development	
Area Workforces Ratings	
Survey Objectives	2
Background	3
Methodology	3
Survey Summary	4-10
Business Outlook Summary.	4
Findings of Survey	
Local Facility Type	4
Company Type and Demographics.	5
Product Development	6
Life Cycle	6
Expansion Plans.	7
Workforce Rating	8
Technology	9
Community Ratings	10





ABOUT: GROWTH ALLIANCE FOR GREATER EVANSVILLE

The **Growth Alliance for Greater Evansville** provides support for strategic programs that enhance the overall economic vitality of this area. We are currently working on a variety of projects that we hope will bring a significant number of new jobs and new revenue dollars to the City of Evansville and Vanderburgh County.

Economic Development: The Growth Alliance works closely with various state, regional, and local economic development organizations to provide assistance to new and existing companies and entrepreneurs.

Innovation Pointe: Innovation Pointe is a high-tech business incubator managed by the Growth Alliance for Greater Evansville. Located in the heart of Downtown Evansville, Innovation Pointe assists in the creation and growth of new businesses in the Evansville area to increase the overall wealth of our city and people. Tenants at Innovation Pointe have access to countless amenities at little or no cost.

Technology Transfer: The Technology Transfer program is a partnership between the Growth Alliance for Greater Evansville, and the Naval Surface Warfare Center, Crane Division. Through this partnership, businesses in this region can access military technology, scientific capabilities, expertise, and patents. These valuable resources can be used for creative commercialization that will strengthen and elevate revenue and profits.

Downtown Development: The Downtown Development program is aimed at supporting the City's redevelopment plan to produce a vital Downtown that attracts businesses. It is the Growth Alliance for Evansville's job to promote the Downtown as an inviting place to shop, enjoy entertainment, live, locate a business, and to "Re-Discover Downtown Evansville."



The Growth Alliance is a certified 501(c)3, not-for-profit enterprise. We rely on financial underwriting and sponsorships from our business and government stakeholders to fund the vital services we provide as we further our role as "the one stop resource for business".



EXECUTIVE SUMMARY

Key Survey Results

Local Expansion Plans

A number of studies have reported that the community's net new job growth is attributable to existing businesses. In some communities, this growth represents up to 80% of new jobs created. Whether these studies looked at state or national data, all concluded that job growth from existing businesses far exceeds job growth that was the result of industry attraction.

In our survey of existing company executives, **77% responded their company intends to expand their local facility in the next few years.** Of the responses, 80% indicated they will add new jobs and capital investment to their local facilities. About half (53%) indicated they intend to add additional square footage to expand their footprint in the area.

New Product/Services Development

In these ever changing economic and social conditions, a company's ability to successfully identify and launch new products has become one of the most important criteria for success.

When asked about new product development, **77% of the executives responded their companies have introduced new products or services in the past five year as well as intend to introduce new products or services in the next two years.** Of the responses, 47% of these companies have a Research and Development facility located in Evansville which gives supports to this area being attractive for R&D activities.

Area Workforce Ratings

Executives were asked to rate their workforce on a scale of 1 (low) to 7 (high) regarding productivity of local facility, stability, quality and availability (3.5 = average). The survey indicated that executives rated all areas of productivity, stability, and quality of workforce above average (rated 5) while the availability of workers rated a solid 4. **Overall, the ratings indicate that the executives are generally pleased with the local workforce.**

Survey Objectives

The online questionnaire was structured to obtain information concerning:

- The corporation's growth or downsizing plans.
- Workforce concerns (if any).
- Need or desire for assistance.
- Technology transfer opportunities.
- Product/process innovation opportunities.
- Perception of place in the community.

Background

The Growth Alliance for Greater Evansville (GAGE) launched a new initiative focused on local Business Retention & Expansion with innovation called BRE+i. The mission of GAGE is to drive and support economic development activities for the City of Evansville and Vanderburgh County.

The purpose of BRE+i is to gain a deeper understanding of existing companies and how they fit in the community's economic future by identifying key issues and/or opportunities and providing solutions by assisting the business to grow, become more innovative, overcome obstacles, and/or prevent downsizing or relocation.

The BRE+i Action Plan focuses its efforts on executive C-level contact that consists of two phases: Initial confidential online surveying and face-to-face executive interviews to be conducted by GAGE staff and Board members annually.

Methodology

Phase 1 of the BRE+i Action Plan entailed conducting a confidential survey of local key executives. A database was created consisting of sixty local companies including largest employers, companies that may have a significant impact on the area, companies with significant design functions, as well as companies that are participating in local tax phase-in incentives program. A total of nineteen (19) executives completed the confidential online survey during the open period between November 15 and December 1, 2011, **representing a 32% response rate.**

An online survey was developed and distributed, via email, to the sixty selected companies utilizing a purchased online survey program called SurveyMonkey and Outlook email. The online survey remained open to these companies for a period of about two weeks. This is the first year for this survey which is intended to be implemented annually henceforth.

Phase 2 of the BRE+i action plan will be face-to-face visits with the C-level executives. These visits will help GAGE gain a deeper understanding of the local opportunities as well as needs of existing companies. The executive interviews will be conducted by the Growth Alliance staff and Board members using a questionnaire to gather baseline data and identify business trends. Follow-up visits will be conducted as needed.

This report summarizes the findings from the 2011 online survey of selected existing companies within Vanderburgh County, Indiana. The responses to these questions will assist the Growth Alliance with:

- Assessing the health of each company as an early warning system to alert GAGE of plans for expansion, technology changes, downsizing, relocation or other major changes.
- Identifying business needs and workforce trends.
- Showing the company that the community is a partner in business and appreciates the company's contribution to the economy.



SURVEY SUMMARY

Business Outlook Summary

In October 2011, the unemployment rate for the Evansville Metropolitan Statistical Area (MSA) was 7.4% which was down from 7.9% for the same period in 2010. Evansville MSA unemployment rate was ranked 143 out of 317 U.S. MSAs. The Evansville MSA unemployment rate is well below the average rate for the United States of 8.5% and the State of Indiana's rate of 8.6%.¹

For 2011-2014 the Evansville MSA is among the counties that will show the fastest employment growth and is considered among the top MSAs in Indiana. The Evansville MSA is expected to experience greater income growth than the state average of 3.6 percent.

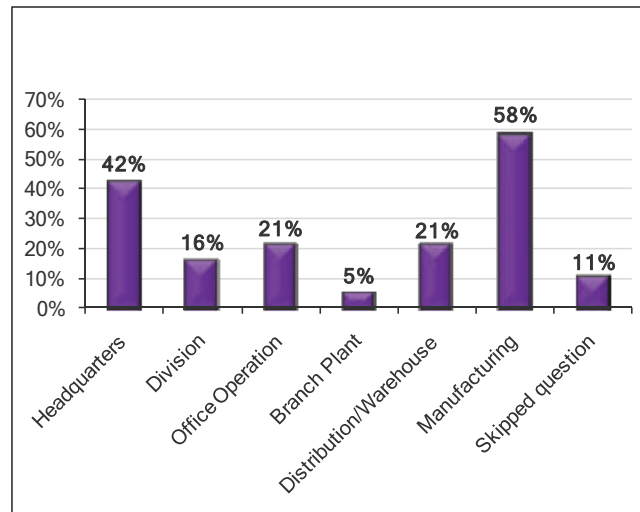
Findings of Survey

This report summarizes the opinions of the key executives responding to the online survey. The purpose of this report is to provide a snapshot of how these key companies are fairing in the local economy.

Local Facility Type

Over half of the responses (58%) represented a company from the manufacturing industry with 21% representing the distribution or warehousing industry.

Interestingly, 42% of the companies represent a headquarters operation indicating the company's strong business ties to the local area.

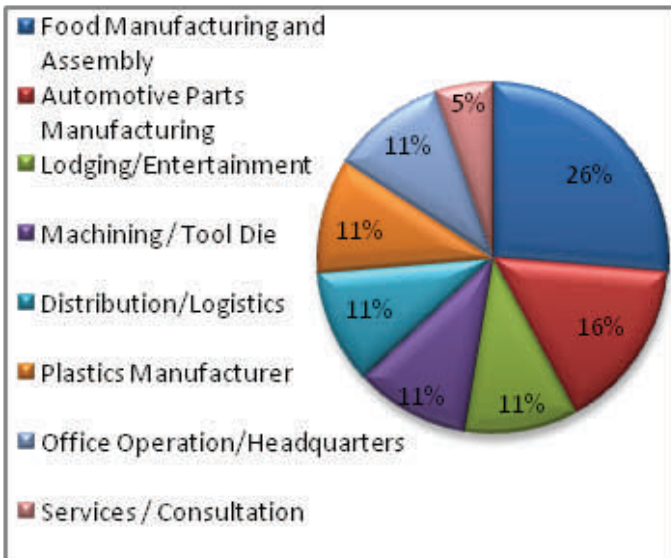
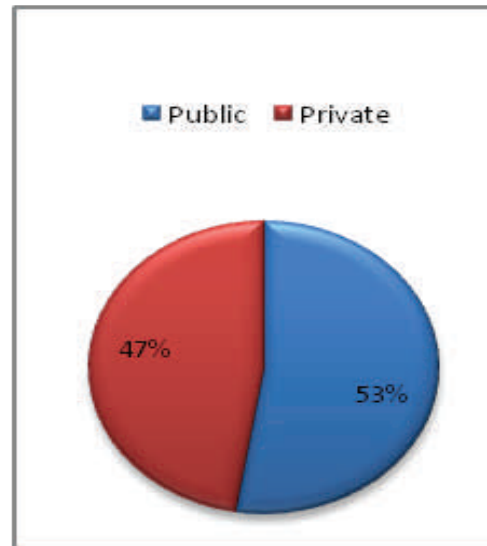


¹ Source: Indiana University, Kelley School of Business, Center for Econometric Research. Indiana Sub-State Forecast Summary, November 2011. http://www.ibrc.indiana.edu/cemr/current_summaries/issm.html

Company Type and Demographics

The number of responses between publically and privately owned companies was fairly split:

47% privately owned
53% publically owned



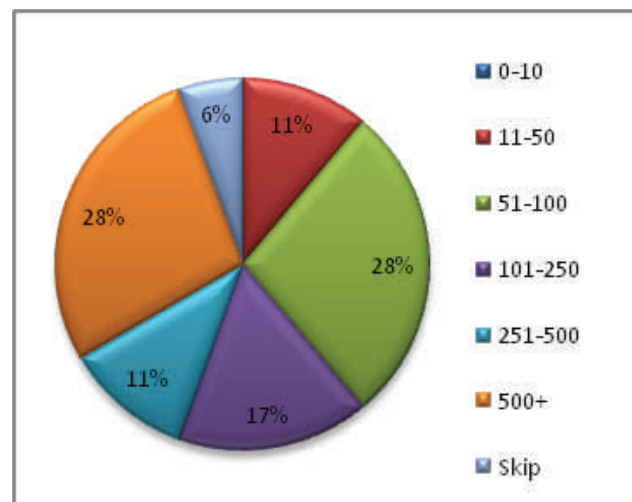
Furthermore, the survey respondents represented a variety of product types or services.

The largest responses were:

26% food manufacturing / assembly
16% automotive parts manufacturing

Well over half (56%) of the respondents represent companies with employment of over 100.

About 17% represent companies with fewer than 50 employees.



Product Development

In these ever changing economic and social conditions, a company's ability to successfully identify and launch new products has become one of the most important criteria for success.

When asked about new product development, 77% of the executives responded their companies have introduced new products or services in the past five year as well as intend to introduce new products or services in the next two years.

Of the responses, 47% of the companies have a Research and Development facility located in Evansville which gives supports to this area being attractive for R&D activities.

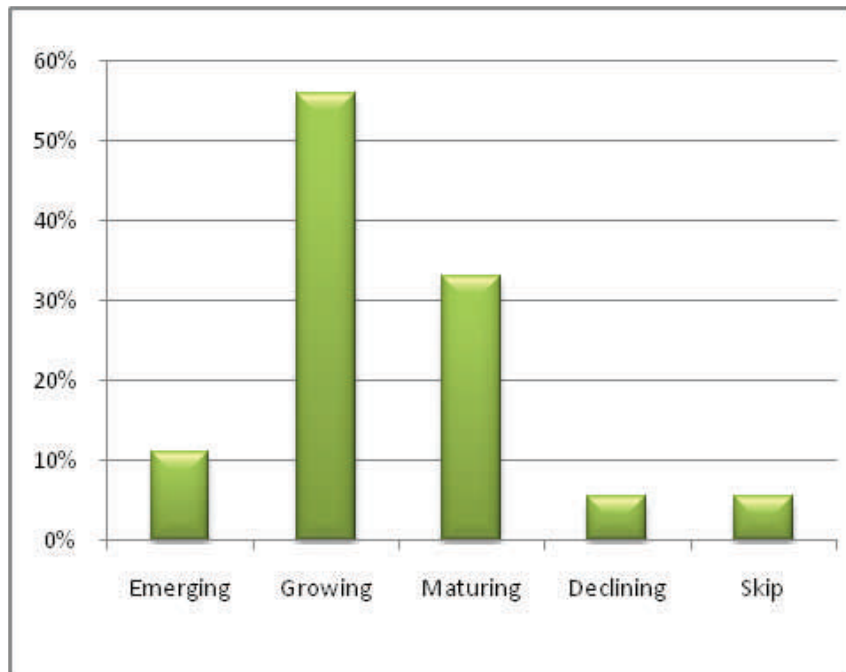
Answer Options	Response
My company has introduced new products/services in the past 5 years.	77%
My company intends to introduce new products/services in the next 2 years.	77%
My company designs custom products.	59%
The Research & Development facility for my company is located in Evansville.	47%
My company is facing upcoming issues/concerns in product development.	6%
Skipped the question.	6%

Life Cycle

The survey showed that 56% of the respondents are experiencing growth within their company.

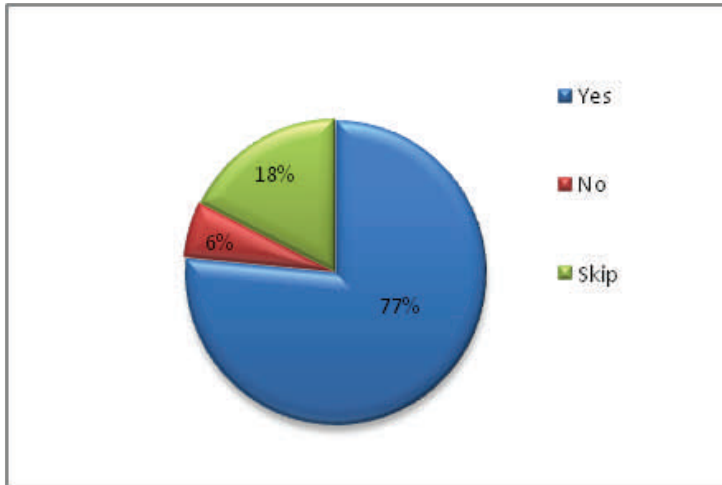
11% responded that they are an emerging company indicating future growth in the company and community.

However, 38% indicated they are maturing or declining signifying a concern for continued business in the area.



Expansion Plans

A number of studies have reported that the community's net new job growth is attributable to existing businesses. In some communities, this growth represents up to 80% of their new jobs created. Whether these studies looked at state or national data, all concluded that job growth from existing businesses far exceeds job growth that was the result of industry attraction.

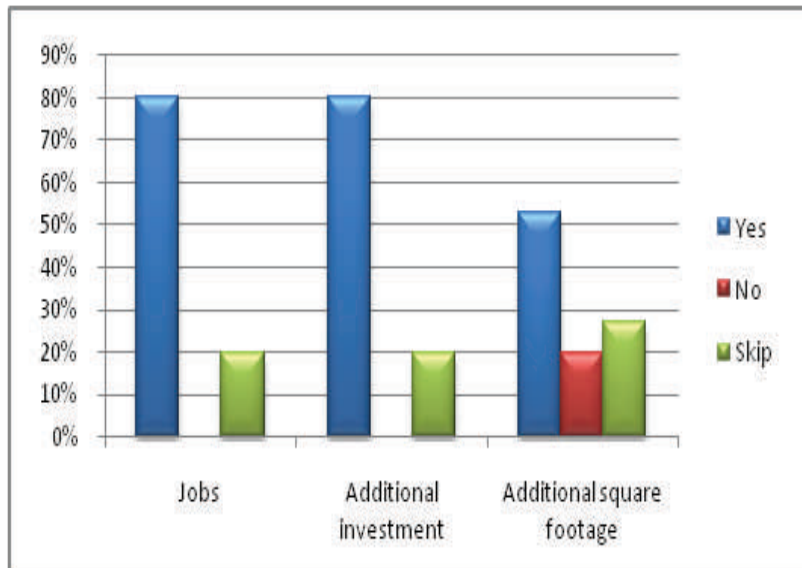


In this survey of existing company executives, 77% responded their company intends to expand their local facility in the next few years.

Of these responses, 80% indicated they will add new jobs and capital investment to their local facilities.

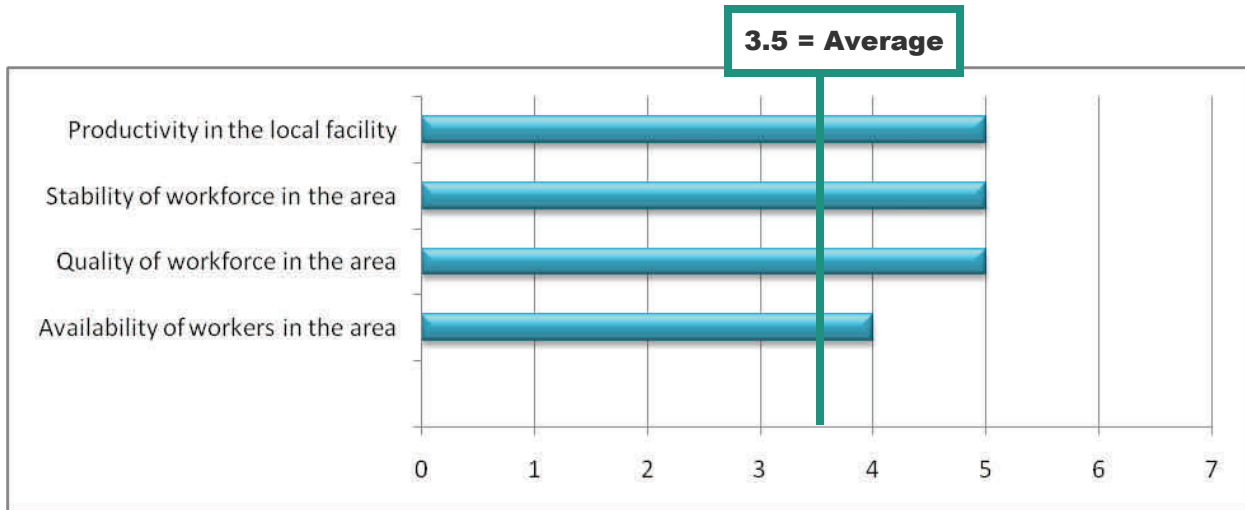
About half (53%) indicated they intend to add additional square footage to expand their footprint in the area.

These survey results indicate the majority of the executives responding are optimistic about the future economic conditions of the region and intend to increase their local operation.



Workforce Rating (1=low; 7=high)

Executives were asked to rate their workforce on a scale of 1 (low) to 7 (high) regarding productivity of local facility, stability, quality and availability (3.5 = average). The survey indicated that executives rated all areas of productivity, stability, and quality of workforce above average (rated 5) while the availability of workers rated a solid 4. Overall, the ratings indicate that the executives are generally pleased with the local workforce.



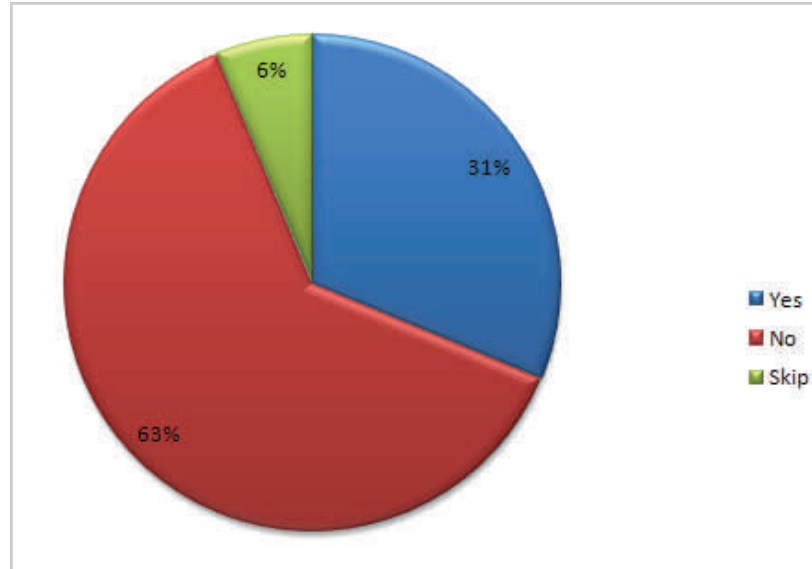
Specific employee positions or skill sets that were listed as recruitment issues:

Service Staff
Design Engineers
Operating manufacturing equipment
Engineering
Assembly positions
Manufacturing positions
Purchasing
Supply Chain
CNC Machining
Mechanics
Most production supervisory positions were filled from internal candidates. Within the last three years, the lack of upward mobility within our hourly workforce has led to the recruitment of food science or business graduates to fill most of those positions.
Experienced engineers that have the ability to be self-directed, find the answers and the ability to change in an environment that is constantly changing.
Applicant that has a clean background and technical capabilities with good problem solving skills. Someone with a strong work ethic and a sense of pride in their work would be a bonus.

Technology

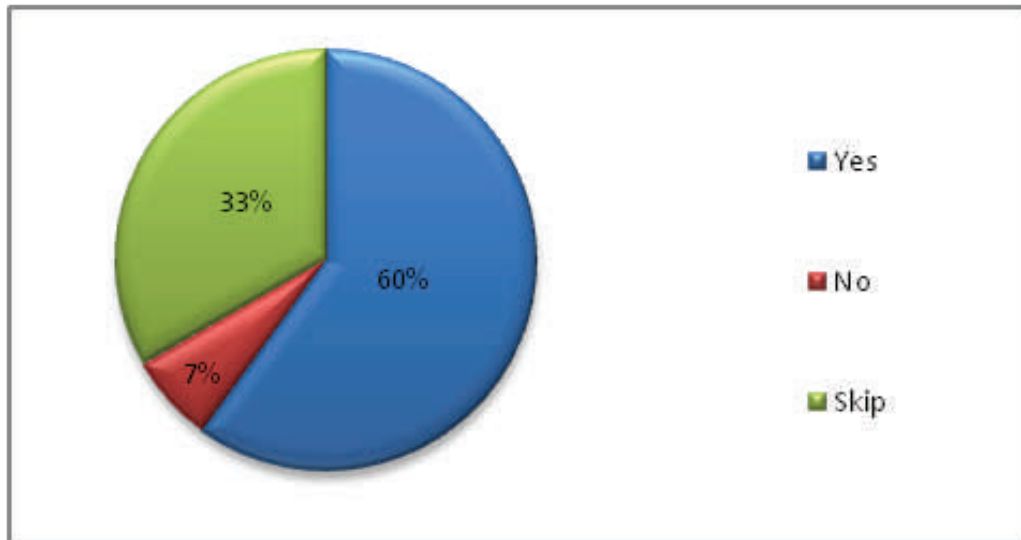
31% of the executives indicated that there is emerging technology that would significantly change their company's product and/or services or how it was produced. Emerging technology could be an opportunity for future expansions in the area.

Emerging Technology



60% of the respondents indicated that the area's technology infrastructure is adequate to meet their current and future needs while 7% indicated the need for additional technology infrastructure. Interestingly, 33% of respondents chose to skip answering this question.

Adequate Technology Infrastructure



Community Ratings (1=low; 7=high)

Executives were asked to rate various community services on a scale of 1 (low) to 7 (high). Executives rated all of the listed services above average.

The highest ratings were given to higher education (5.93), fire protection (5.75), healthcare services (5.69), ambulance/paramedic services (5.63), and police protection (5.56).

Airline passenger service was rated the lowest at 3.75, which is still above average. Specific comments received pertained to airport services, available airlines, schedules and pricing.

Overall, the ratings indicate that the executives are generally pleased with the area's community service providers.

