

PART I

BUSINESS RETENTION AND EXPANSION
IN HUTCHINSON

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.

PART I
BUSINESS RETENTION AND EXPANSION
IN HUTCHINSON
EXECUTIVE REPORT

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EXECUTIVE SUMMARY

A sample survey of 99 business firms in Hutchinson was completed to find determinants of business retention and expansion of existing industries in Hutchinson.

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

The major findings of the study are:

1. Small firms are a major source of economic growth in Hutchinson. A substantial majority of firms surveyed (78%) in Hutchinson have less than 20 employees.
2. Manufacturing firms are a vital part of the economic base in this community. More surveyed firms were in manufacturing (25%) than in any other industry. Thirty percent of manufacturing firms have total annual sales of \$5 million dollars or more.
3. Firms in Hutchinson are primarily selling in local and state markets. Companies sold an average 50% of their products or services in the local market, 31% in the state market, 17% in the national market, and 2% in the international market. Future economic growth will depend on local firms successfully competing in national and international markets.
4. However, compared with firms surveyed in the other 8 communities, surveyed Hutchinson firms sell more of their products in the state market. Hutchinson firms sell an average 31% of their goods and services in the state market while firms in the other 8 communities sold an average 26% in the state market.

5. Industrial recruitment has been a successful strategy for Hutchinson relative to firms surveyed in the other 8 communities. In the past five years, 14% of the total number of surveyed firms moved to Hutchinson from another city or state, compared to only 5% in the comparison communities.
6. Most firms are located in the community because Hutchinson is the founder's hometown. When asked for reasons for location, 52% of the total number of respondents stated that their reason for location was because Hutchinson was their hometown.
7. Very few firms plan to leave the Hutchinson community, as only 5% of the total number of surveyed firms stated they were planning to leave next year. The majority of respondents have a positive image of rural life and of the state: only 6% stated they had a negative image of rural life and only 2% stated they had a negative image of Kansas.
8. Firms with more than 20 employees have a slightly more negative view of rural life and of Kansas than smaller firms. Of these respondents, 21% of firms with 20 to 49 employees said they had a negative image of rural life and 10% said they had a negative image of Kansas. Twelve percent of firms with more than 50 employees had a negative image of rural life, while 12% also had a negative image of Kansas. In addition, 18% said they had trouble attracting and retaining management or professional personnel.
9. Hutchinson respondents believe there are additional companies not presently located in the community that would benefit existing firms. Of the total number of surveyed firms, 35% stated that an additional manufacturer or service provider would benefit their company.
10. Hutchinson businesses have expanded the past two years, and respondents were optimistic about expansion capabilities for the future. Of the total number of firms, 33% stated they had increased employment the past two years and 31% stated they had increased physical plant size. In the coming year, 37% stated they will increase employment and 25% stated they will increase physical plant size.
11. Although very small in number, 37% of those firms that are planning an expansion will expand outside of the city limits. Reasons for expansion outside of Hutchinson must be examined before trends develop that could lead to further losses of expansion.
12. There are firms in Hutchinson with both the potential and the desire to expand internationally. Of the firms that responded, 14% said they had the potential to expand and 14% said they had the desire to expand.

13. Financing sources for expansion in Hutchinson are traditional in nature. Of the total number of firms, 64% stated that internal funds were a source for financing and 43% stated that a bank was a source.

14. Financing is seen as a problem by Hutchinson companies. Of the firms that experienced a contraction in size, 9% stated a reason for contraction was a lack of affordable financing; of the firms that have expanded, 19% stated that a problem associated with expansion was lack of affordable financing; and of the total number of firms, 7% stated that their firm has been forced to forego or postpone an expansion because of lack of financing.

15. Approximately one-half of Hutchinson firms believe their local government is positive towards local businesses but a significant proportion believe that the government should be more responsive towards business needs. Of the total number of firms, 53% stated that the attitude of the local government towards businesses in the community was positive to very positive, and 20% suggested that the local government should be more responsive as a way to improve the local business climate.

16. The majority of local services were seen to be either good or adequate. Of the total number of firms, 78% rated the electrical system as good, 67% rated the public school system as good, 70% rated fire protection as good, and 63% rated police protection as good. The major exceptions were air transportation, public transportation and quality of roads: 44% rated the quality of public transportation as poor, 37% rated the availability of air transportation as poor and 32% rated quality of roads as poor.

17. The overwhelming majority of Hutchinson firms have requirements for general, nonspecialized skills. Of the total number of firms, 97% stated they did not need a specialized skill for employment in their respective company.-

18. State economic development programs are relatively unknown to firms in Hutchinson. Of the total number of surveyed firms, 85% had no knowledge of Centers of Excellence, 93% had no knowledge of Certified Development Companies, 55% had no knowledge of the Kansas Industrial Training Program, 45% had no knowledge of the Job Training Partnership Act, and 28% had no knowledge of Community Development Block Programs. The highest percentage of actual use came from the Job Training Partnership Act: 9% of all firms actually used this program. For all other types of assistance, actual use was no higher than 4%.

19. Hutchinson firms expressed strong support for economic development. Of those firms that suggested ways to improve the quality of life, the local business climate, and the state business climate, 76% mentioned economic development as a way to improve the local quality of life, 77% suggested economic

development as a way to improve the local business climate, and 18% suggested economic development as a way to improve the state business climate.

20. The quality of life as perceived by firms in Hutchinson is less than perceived levels by firms surveyed in the other 8 communities. Only 71% of Hutchinson firms rated quality of life good, 27% adequate and 1% poor, while 83% of the firms surveyed in other communities rated the quality of life as good, 15% adequate and 2% poor.

SUMMARY OF IMPLICATIONS FOR ECONOMIC DEVELOPMENT

POLICY IN HUTCHINSON

1. Local policies should be directed to encouraging entrepreneurs in Hutchinson who are starting new businesses and to facilitating expansion of existing businesses. Examples of such efforts include further use of incubators and small business development centers. Entrepreneurs should be actively involved in Hutchinson's economic development strategies.
2. Although the recruitment of firms from outside of Kansas should constitute one part of Hutchinson's economic development strategy, a major focus should be on the establishment of new firms and the growth of existing businesses.
3. Hutchinson, in cooperation with the Kansas Department of Commerce, should have a targeted business retention program. These ongoing programs should identify dissatisfied firms and concentrate retention efforts upon them. Only a very small percentage of firms are planning to leave the community or state. The vast majority of firms are satisfied with the Hutchinson community and are not planning to leave.
4. Larger firms and branch operations must be targeted as part of a business retention program. The loss of a large employer would be devastating for Hutchinson and other firms that are suppliers to the large company. In addition, since most 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 improved access to seed and venture capital. Firms have been primarily dependent on conventional sources of financing (banks and internal funds) and have not had access to seed, medium, or high risk financing.
6. Public transportation, availability of air transportation, and quality of roads are the three areas of services which Hutchinson firms are most dissatisfied with. Hutchinson should cooperate with other counties in the region to improve the availability of air transportation and the quality of roads.
7. Firms in Hutchinson should be encouraged to participate more actively in national markets outside of Kansas. To ignore the opportunity for national sales would seriously limit growth opportunities. The local business community needs to be actively involved in efforts to broaden markets.

8. Efforts to help firms participate in international trade are necessary. Such assistance may include programs to make firms aware of the potential of international trade. Specific barriers to international trade, such as financing, must be addressed. There is an unrealized opportunity to increase exports from Kansas mid-size communities such as Hutchinson.
9. The Hutchinson business community and local government should work together to inform firms in Hutchinson of state programs that are available to assist them. Firms in Hutchinson should know about the Kansas Technology Enterprise Corporation, Kansas Venture Capital, Inc., Kansas Inc., and other state economic development programs.

BUSINESS RETENTION AND EXPANSION

EXECUTIVE REPORT

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

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

A total of 99 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 McPherson, (4) the local and state business climate, and (5) economic development assistance. For a more detailed analysis of any subject covered in Part I, the reader is advised to study Part II of this report.

ECONOMIC GROWTH IN KANSAS

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

Employment Growth

Total employment growth in Reno county was a negative 6% from 1978 to 1986. However, from 1982 to 1986, employment grew 2%, significantly

TABLE A
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	14.8	14.7	-15%	-7%
Reno Co.	27.0	27.1	24.9	25.3	25.9	25.4	-6%	2%
Saline Co.	22.2	23.1	21.8	22.6	22.2	22.5	1%	3%
Kansas	912.5	944.7	921.4	960.7	967.9	983.1	8%	7%
United States	86697	90408	89566	94496	97519	99610	15%	11%

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

lower than state and national rates for the same period. Employment growth for Reno county during this time was greater than four of the other counties in the survey, but from 1978 to 1986 Reno's statistics reflect that only one county had higher decreases in employment (see Table A).

Establishment Growth

For Reno county, establishment growth from 1978 to 1985 grew 14%. This is much lower than the rate for Kansas and for the United States, and is lower than the growth rates for 4 of the other 8 counties. Although the number of establishments in Reno county is growing, its poor showing in comparison to the state and mediocre showing in comparison to the other counties indicates past expansion problems for the county, and potential problems for the future (all figures are from the Kansas County Business Patterns and the United States County Business Patterns).

Personal Income Growth

Personal income growth for Reno county was 65% for the time period 1978 to 1984. This was below the Kansas growth rate of 75%, as well as the United States growth rate of 71%. Seven of the 8 counties that were selected for the state report had higher percentages of personal income growth (all figures are from the Bureau of Economic Analysis, Regional Economic Information System, U.S. Bureau of Economic Analysis, and the National Income and Products Accounts of the U.S.).

Summary

Employment growth in Reno county has lagged behind employment growth in Kansas and the United States. This suggests weaknesses in the Hutchinson economy and signifies the importance of designing and implementing appropriate economic developments strategies. Hutchinson is particularly

important for Kansas as a regional center for its part of the state. In recent years, the economy of Hutchinson has been under-performing the Kansas economy.

DESCRIPTION OF SURVEY POPULATION

In this section firms are described in terms of (1) their size, (2) industry, (3) annual sales, (4) type of establishment, (5) location of headquarters, and (6) markets for firms' products. It is crucial to understand the nature of the firms that make up the economic base in order to discuss business retention and expansion. For the total sample, the size of companies ranged from 1 employee to 1,026 employees, and companies represented the agriculture, mining, construction, manufacturing, transportation-communications, wholesale, finance, and services industries.

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

Company Size and Industry

Companies in Hutchinson are small: 78% of the total number of surveyed firms have less than 20 employees. Two industries, wholesale and manufacturing, do have significant percentages of firms employing 20 employees or greater. This indicates the importance of manufacturing and wholesale firms to the economic base of Hutchinson (see Table B).

TABLE B
SURVEY COMPANIES BY NUMBER OF EMPLOYEES AND BY 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%	6%
Mining	100%	0%	0%	2%
Construction	100%	0%	0%	4%
Manufacturing	68%	7%	24%	25%
Transportation- Communications	78%	22%	0%	11%
Wholesale	64%	21%	14%	17%
Finance	78%	11%	11%	11%
Services	90%	10%	0%	23%
Percent of Total Firms That Are In This Size Category	78%	12%	10%	100%

n = 99

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

Total Annual Sales

For the firms that gave their total annual sales, 78% stated that annual sales were under \$5 million dollars, and only 8% stated that annual sales were \$20 million dollars or more (see Table C). Industry specific data, however, revealed that 26% of all manufacturing firms in this survey had sales of \$10 million dollars or more. These data suggest that: (a) Hutchinson, on the whole, has small, low revenue companies, and (b) the importance of the manufacturing industry is underscored by the number of firms in the community and the large revenues these firms bring to Hutchinson.

TABLE C
TOTAL ANNUAL SALES

Annual Sales (000's)			
0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
78%	6%	8%	8%

n = 68

Source: Business Retention and Expansion Survey for 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

Most firms in Hutchinson are single establishment companies and are not part of a larger corporation. Of the total number of firms, 62% stated they were a single establishment company (see Table D). The majority of firms in Hutchinson also have their company headquarters in Kansas. As Table D shows, 81% of the total number of surveyed firms have headquarters in the state (62% are single establishments, 19% are part of a larger corporation). These data point out that with so many single establishment firms, the atmosphere for entrepreneurship in the community seems to be good. Another implication is that decisions concerning location and expansion will be made within the state, not by parent organizations outside of Kansas.

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

Single Company Firm	Part of a Larger Corporation		Total
	Kansas Headquarters	Non Kansas Headquarters	
62%	19%	19%	100%

n = 99

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

Scope of Products Sold

The scope of product markets for Hutchinson firms is relatively limited. Firms sold a mean, or average, 50% of their goods or services in the local market, while they sold an average 2% in the international market (see Table E). On average, firms in Hutchinson sold about 19% of their goods or services outside of the state. Size and industry breakdowns revealed that firms with 50 or more employees and manufacturing firms used markets outside of Kansas more than other size companies or other industry companies. The future competitiveness of Hutchinson firms will depend on how well they use many markets, particularly the international market. This data suggests that firms in Hutchinson should be encouraged to continue and to initiate trade in markets outside of Kansas. To ignore non-Kansas markets would seriously limit growth opportunities.

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
50%	31%	17%	2%

n = 99

Source: Business Retention and Expansion Survey for 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 Hutchinson firms, it is possible to make the following summary implications:

1. Small firms are a major source of economic growth in Hutchinson. A substantial majority of firms (78%) in McPherson have less than 20 employees.
2. The majority of firms (78%) in Hutchinson have total annual sales of less than \$5 million dollars.
3. Manufacturing firms are a vital part of the economic base in this community. More surveyed firms were in manufacturing (25%) than in any other industry. Twenty-nine percent of manufacturing firms have total annual sales of \$5 million dollars or more.
4. For the most part, location and expansion decisions will be made within Hutchinson, and not through parent organizations in another city or state. The majority of firms (62%) are single establishments, and not part of a larger corporation.
5. Firms in Hutchinson are primarily selling in local and state markets. Companies sold a mean, or average 50% of their products or services in the local market, 31% in the state market, 17% in the national market, and 2% in the international market. Future economic growth will depend on local firms successfully competing in national and international markets.

DESCRIPTION AND DETERMINANTS OF BUSINESS

LOCATION AND RETENTION

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

Location

Attraction of firms from outside of the community. Hutchinson has been moderately successful in attracting new companies to the community: of the total number of surveyed firms, 14% have moved to Hutchinson from another city or state in the past five years. One positive aspect is that compared to the other 8 communities surveyed, Hutchinson had a substantially higher percentage move into the community in the past five years (14% vs. 5% in the other communities). However, although the relative success of this industrial recruitment should continue as one part of an economic development strategy for Hutchinson, the high percentage of single establishment firms (see Table C) and the relatively low percentage of firms that have moved to the community suggest that a major focus should be on the establishment of new firms and the expansion of existing businesses.

Reasons for Location. Companies in Hutchinson are home grown and see their community as providing the location and markets they need. Of the total number of firms, 52% said they located in Hutchinson because it was their hometown, 38% stated a central location was a reason for location, and 37% stated that a reason for location was that Hutchinson filled a product or service need (see Table F). These reasons emphasize the local orientation of most of these firms.

TABLE F
REASONS FOR LOCATION IN THE COMMUNITY*

Home- town	Local Economy	Local Govt.	More Recep- tive Public Fin- ancing	Tax In- centives and-or 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	Central Loc- ation	Good Trans- por- tation Fac- ilities	Proximity To Educ.- Tech. Fac- ilities	Filled A Prod.- Service Need	Small Town, Rural Life
53%	7%	2%	0%	1%	13%	6%	8%	24%	8%	38%	7%	1%	37%	0%

n = 97

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

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

Retention

Retention of firms in the community. Only a very small percentage of firms are planning to leave Hutchinson. Of the total number of surveyed firms, only 5% stated they were planning to leave the community in the next year (see Table G). This implies that retention programs should be continued but they are most likely to succeed if highly focused on the small number of dissatisfied companies who are planning to relocate outside of Hutchinson.

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

	Moving Within The Community	Moving Within The State	Moving Out Of State	Total Percent Moving
Firms That Are Planning To Move From Their Present Location In The Next Year	4% Of Total Firms	0% Of Total Firms	1% Of Total Firms	5% Of Total Firms

n = 99

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

Additional Manufacturers or service providers that would be of benefit to existing companies. In the opinion of many firms, there are certain types of companies that are not presently in Hutchinson that could benefit the firms already established in the community. Of the total number of surveyed firms, 35% stated that there were additional manufacturers or service providers that would be of benefit to their company if they were located in Hutchinson. Of the companies that stated what types of firms that would be of benefit, 65% said raw materials suppliers. Such companies should be targets for industrial recruitment and for expansion support. New firms in Hutchinson will have the added benefit of strengthening existing companies and their ties to the community.

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

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

Do you have trouble attracting and/or retaining professional and management level personnel?		Do you have a negative image of rural life?		Do you have a negative image of Kansas?	
NO	YES	NO	YES	NO	YES
82%	18%	94%	6%	98%	2%

n = 97 (for each question)

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

However, closer examination of the data revealed that medium and large size firms (in terms of employees), (1) have more trouble attracting and retaining management and professional personnel, and (2) have a more negative image of both rural life and of Kansas. Since the loss of a major employer would have a devastating detrimental impact on the community and on the service providers to the large firm, Hutchinson needs to address the needs of the large firm or risk the possibility that they may become dissatisfied and leave.

Location and Retention Summary

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

1. Industrial recruitment has generally been a successful strategy for Hutchinson. In the past five years, 14% of the total number of firms moved to Hutchinson from another city or state.
2. The majority of firms are located in the community because Hutchinson is the founder's hometown. When asked for reasons for location, 52% of the total number of surveyed firms stated their reason for location was because Hutchinson was their hometown.

3. Very few firms are planning to leave the community. Only 5% of the total number of firms stated they were planning to leave Hutchinson next year. Although Hutchinson should have a retention program, it should be targeted upon the small number of firms that are dissatisfied with the community.

4. Recruitment strategies should include focus toward manufacturers and service providers that would benefit firms already established in Hutchinson. Of the total number of surveyed firms, 35% stated that an additional manufacturer or service provider would benefit their respective company.

5. Only 6% of Hutchinson firms stated they have a negative image of rural life and only 2% stated they have a negative image of Kansas.

6. Firms of medium (20-49 employees) and large (50+ employees) size, however, tend to have slightly more negative views of rural life and of Kansas. Such firms should be targeted for particular attention in a retention program. The loss of a major employer would have a devastating detrimental impact on the community and the other firms that are suppliers to the major company. In addition, for those firms that are a part of a larger corporation, it will be important for the Hutchinson Chamber of Commerce and the local government to be in contact with the respective parent organization.

7. Medium and large firms also have problems with attracting and retaining management and professional personnel. Of the respondents of firms with 20 to 49 employees, 31% said they had trouble attracting and retaining management or professional personnel, while of the firms employing greater than 50, 56% stated they experienced these problems also. As Hutchinson firms grow, more activities and incentives to attract and maintain these types of employees will be needed.

DESCRIPTION AND DETERMINANTS OF BUSINESS EXPANSION

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

Past Expansion

Employment and physical plant expansion. In the past two years, there has been employment and physical plant size growth in Hutchinson. Although the majority of firms have remained constant in employment and size, 33% of the total number of firms stated they increased employment over the past two years and 31% stated they increased physical plant size (see Table I). Obviously, employment growth has occurred in the community over the past two years.

TABLE I
PAST INCREASES IN EMPLOYMENT AND PHYSICAL PLANT SIZE

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

	Decreased	Remained Constant	Increased
Employment	18%	49%	33%
Physical Plant Size	7%	62%	31%

n = 99

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

Problems with past expansion and factors that helped expansion. For the firms that gave problems with expansion, 66% stated that a static or declining market was a problem, 19% stated lack of affordable financing was a problem, and 12% stated the availability of labor was a problem. Of the firms that had experienced an expansion, 65% stated that an expanding market helped expansion, 40% cited desire to expand into other markets and 32% stated the availability of space helped expansion.

As can be seen, the market for products was the number one reason for problems with expansion and with factors that helped expansion. This demonstrates the importance of increasing the scope of products beyond local and state markets. Affordable financing was a particular problem with past expansion, indicating a need for local officials to supply more information to firms about alternative means of financing. Availability of space received the third highest percentage as a factor that helped expansion. This suggests that some expansion may be delayed or postponed because of physical size constrictions. A continued lack of space in the community may

lead to lack of growth, or growth that will be outside of the Hutchinson community.

Plans for Expansion

Employment and physical plant size expansion. There is optimism in Hutchinson concerning future employment growth and future plant size. Although the majority of firms will remain constant in both employment and plant size next year, 37% of the total number of surveyed firms said they will increase employment in the next year and 25% stated they will expand plant size expansion next year (see Table J). Closer examination revealed that larger firms will increase employment more than smaller firms, as well as expand plant size more frequently. With these perceived employment and physical plant size opportunities perceived by Hutchinson firms, growth in the community can be significant and sustained.

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

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

	Decrease or Contraction	Remain Constant	Increase or Expansion
Employment	5%	58%	37%
Physical Plant Size	0%	75%	25%

n = 99

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

Location of Expansion. Where firms are planning an expansion may indicate potential problems for the Hutchinson community. Of the number of

firms that stated they were planning an expansion, 63% said they would expand within the city limits, 27% said within the same county, 7% said within the state, and 3% said out of state. Although the number of respondents to this question was not large (n = 25), 37% did state that they would expand outside of the city limits. This implies that local officials need to discover why firms are expanding out of Hutchinson, and design ways to make in-city expansion more attractive to firms. Problems with expansion, such as lack of financing or lack of space, should be addressed to the extent possible.

Expanding into the international market. Some firms in Hutchinson have the potential and the desire to expand into the international market. Although the large majority of firms do not believe they can expand, 14% of the firms that answered these questions stated they had the potential to expand, and 12% stated they have the desire to expand into the international market (see Table K). Size breakdowns revealed that there are small firms that believe they have the potential and the desire to expand internationally, so to concentrate expansion efforts solely on the large firm would be a mistake. If the potential for exports is not realized, and the desire to export not encouraged, the scope of products for many companies will remain narrow and locally orientated.

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

	NO	YES
Do you feel your business has the potential to expand into the international market?	86%	14%
Does your firm have the desire to expand into the international market?	88%	12%

n = 88

Source: Business Retention and Expansion Survey for 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. Financing sources for expansion for Hutchinson firms come from traditional sources. Of the firms that gave a financing source, 43% said a bank provided funds and 64% said internal financing was a source (see Table L). The major implication here is that firms in Hutchinson may not have the access to, or the knowledge of, alternative sources for financing. Expansion could depend on these firms finding alternative sources for financing, and how community officials disseminate information about these sources. A first step in helping firms with expansion would be to make sure that companies know where they might be able to access nontraditional financing sources. Continued dependence on standard sources for financing could impede expansion growth.

TABLE L
FINANCING SOURCES FOR EXPANSION*

Bank	Credit Union, Savings and Loan	Internal Financing	Private Sources	Small Business Administration	Industrial Revenue Bonds
43%	3%	64%	12%	1%	3%

n = 97

*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

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

1. Firms have expanded in Hutchinson in the past two years and there is optimism about expansion capabilities for the future. Of the total number of firms, 33% stated they had increased employment in the past two years and 31% stated they had increased physical plant size. In the coming year, 37% stated they will increase employment and 25% said they will increase physical plant size. Now is an opportune time to encourage and foster expansion in the community.
2. An expanding market was the greatest factor associated with past expansion, and a declining or static market was the greatest reason associated with past contractions. This demonstrates the importance of participating in markets outside of Hutchinson and outside of Kansas.
3. Although very small in number, 37% of those firms that are planning an expansion will expand outside of the city limits. Reasons for expansion outside of Hutchinson must be examined before trends develop that could lead to further losses of expansion.
4. There are firms in Hutchinson with the potential and the desire to expand internationally. Of the firms that responded, 14% said they had the potential to expand and 12% said they had the desire to expand. This includes small as well as large firms. There is an unrealized opportunity to increase exports from Hutchinson.

5. Financing sources for expansion are traditional in nature (banks and internal funds). Of the total number of firms, 64% stated that internal funds were a source and 43% stated that a bank was a source for financing. Alternative forms of financing could increase the opportunities for expansion. Continued dependence on traditional financing could impede expansion.

BUSINESS CLIMATE

This section describes firms perceptions of (1) the local quality of life, (2) the attitude of the local government, (3) local services, (4) how to improve the quality of life, (5) how to improve the local business climate, and (6) how to improve the state business climate. For firms contemplating staying or expanding in Hutchinson, the business climate plays an important part in the decision process.

Local Business Climate

Quality of life. The large majority of surveyed firms in Hutchinson believe that the quality of life they experience is good. Of the total number of firms, 71% said the local quality of life was good, 28% said the local quality of life was adequate, and 1% said the local quality of life was poor. Size breakdowns indicate firms with 20 to 49 employees perceive a good quality of life (58% good and 42% adequate) relative to firms in other size classifications. In aggregate, this is a positive sign for the community. However, there is some dissatisfaction with the quality of life in Hutchinson.

Attitude of the local government. The majority of surveyed firms in Hutchinson believe the local government has a positive attitude towards businesses in the community. Of the total number of surveyed firms, 53% stated that they thought the attitude of the local government was positive to very positive (see Table M). However, a significant proportion (35%) perceived the attitude as neutral. These data imply that now is an opportune time for the local government to get involved in economic development

strategies that will help their firms and their community. The climate exists for mutual cooperation between local government and business.

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

Attitude of Local Government		
Positive To Very Positive	Neutral	Negative To Very Negative
53%	35%	12%

n = 99

Source: Business Retention and Expansion Survey for 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. The majority of local services in Hutchinson were seen to as good or adequate (see Table N). High good ratings were given to the electric system (78%), fire protection (70%), the public school system (67%), the telephone system (66%) and police protection (63%). High poor ratings were given to the quality of public transportation (44%), the quality of air transportation (37%) and the quality of roads (32%)¹. The relatively high percentage given for quality of air transportation needs to be addressed due to its significance regarding expansion into new markets. As firms trade more in markets that are outside of Kansas, air transportation will gain in significance. Companies will need modes of transportation that will be able to move products on time to and from their destinations.

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

TABLE N
HUTCHINSON FIRMS' PERCEPTIONS OF SERVICES

	No Opinion	Good	Adequate	Poor
Quality of Roads	1%	22%	45%	32%
Quality of Railroads	25%	28%	33%	14%
Cost of Transportation	15%	28%	44%	13%
Quality of Air Transportation	22%	17%	25%	37%
Quality of Public Transportation	26%	9%	20%	44%
Freight Delivery Time	10%	50%	39%	1%
Quality of Training	23%	30%	34%	13%
Fire Protection	4%	70%	26%	0%
Police Protection	2%	63%	32%	3%
Telephone System	0%	66%	31%	3%
Electric System	0%	78%	22%	0%
Public School System	11%	67%	18%	3%
Quality of Garbage Collection	10%	64%	24%	2%

n = 99

Source: Business Retention and Expansion Survey for 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. Ways to improve the local quality of life centered upon economic development. Of the respondents who suggested ways to improve the local quality of life, 76% suggested economic development and 13% suggested more entertainment (see Table O). Officials in Hutchinson must note the kinds of activities mentioned by their businesses, and find ways to improve the local quality of life. The quality of life will be an important factor in a company's decision concerning location and expansion in the Hutchinson community.

TABLE O
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE*

Economic Develop- ment	More Enter- tainment	More Act- ivities For Town	More Recre- ational Activities	Clean/ Fix Up Town	Upgrade Education
76%	13%	3%	9%	5%	6%

n = 53

*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. Of the firms that gave suggestions for improving the local business climate, 77% suggested economic development, 20% suggested that the local government be more responsive, and 17% suggested establishing tax incentives and abatements (see Table P). Economic development as a way to improve the local business climate did receive the greatest percentage of responses from Hutchinson firms. There is also a desire for the local government to be more responsive, to establish tax incentives, to improve local financing, and to spend municipal funds. These are areas where the local government can have an impact on the future of its businesses. As seen in Table L, a majority of Hutchinson firms believe that their local government has a positive attitude towards businesses in the community. The local government should build upon that impression and work with companies to improve the local business climate.

TABLE P
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*

Econ- omic Devel- opment	Increase and Improve Local Image	Improve Local Financing	Tax Incen- tives, Abate- ments	Local Govt. More Respon- sive	Help Entre- pre- neurs	Spend Muni- cipal Funds
77%	0%	14%	17%	20%	5%	11%

n = 39

*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. Suggestions for improving the state business climate were aimed at improving the highway system. Of the firms that gave suggestions, 60% suggested improving the highway system, 22% suggested changing or lowering taxes, and 18% suggested economic development measures (see Table Q). Economic development is seen as a way to improve both the local and the state business climates.

TABLE Q
SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE

Econ- omic Devel- opment	More Coop- eration Between State & Local	In- crease and Im- prove State Image	Bet- ter Fin- ancing Oppor- tunities	Tax Incen- tives	Bet- ter Com- muni- cation	Elim- inate Sev- erance Tax	Im- prove High- way System	Seek Divers- ifica- tion	Change Or Lower Taxes
19%	2%	10%	0%	12%	7%	0%	61%	3%	22%

n = 56

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

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

Business Climate Summary

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

1. The majority of Hutchinson firms (53%) believed the attitude of the local government towards businesses was positive to very positive, but a relatively high percentage of firms (20%) suggested that to improve the local business climate the local government should be more responsive to businesses in the community. Now is an excellent time for the local government to assist in retention and expansion strategies.

2. Local public services were seen mainly to be good or adequate. However, the quality of air transportation, the quality of public transportation, and the quality of roads were seen by a relatively large proportion as poor. Transportation issues will grow in importance as firms enter larger product markets and become more competitive.

3. Suggestions for improving the local business climate included economic development, that the local government should be more responsive, establishment of tax incentives and abatements, and to improve local financing. Hutchinson firms are looking for development assistance from their community officials.

4. Hutchinson firms expressed support for economic development. Of those firms that suggested ways to improve the local quality of life, the local business climate, and the state business climate, 76% mentioned economic development as a way to improve the local quality of life, 76% suggested economic development as a way to improve the local business climate and 18% suggested economic development as a way to improve the state business climate.

5. Companies appear to have very little problems with the overall quality of life in Hutchinson. Of the total number of surveyed firms, 71% stated that the quality of life was good, 28% stated that the quality of life was adequate, and 1% stated that the quality of life was poor. These results, however, were below those recorded from firms surveyed in the other 8 communities.

ECONOMIC DEVELOPMENT ASSISTANCE

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

Economic Development Programs

State economic development programs are not well-known to companies in Hutchinson. For the total number of surveyed firms, 93% had no knowledge of Certified Development Programs, 85% had no knowledge of Centers of Excellence, 55% had no knowledge of the Kansas Industrial Training Program, 45% had no knowledge of the Job Training Partnership Act, and 28% had no knowledge of Community Development Block Programs (see Table R). Local officials could assist the state in the distribution of knowledge about these programs, including who to contact, where contacts may be reached, and how these programs may help expansion efforts.

TABLE R
KNOWLEDGE AND USE OF ECONOMIC DEVELOPMENT PROGRAMS

	No Knowledge	Knowledge, No Use	Used Program
Certified Development Companies	93%	7%	0%
Centers of Excellence	85%	15%	0%
Community Development Block Programs	28%	71%	1%
Kansas Industrial Training Program	55%	41%	4%
Job Training Partnership Act	45%	46%	9%

n = 99

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

Firms That Need a Specialized Skill

Companies in Hutchinson do not require a highly-skilled work force. Of the total number of surveyed firms, 97% stated they did not need a specialized work force for employment in their company. What is important to note is that with the rapid changes in technology and technical advancement in business operations, skilled positions will become more common for all types of firms sizes and industries. To remain competitive, companies will have to adapt. This will mean that companies in Hutchinson will have to train a great deal of workers in the future, which will affect the resources available for expansion.

Using State Universities, Community Colleges, or Vocational Schools

The majority of firms in Hutchinson have not used the services of state universities, community colleges, or vocational education schools in the past two years. Sixty-seven percent of the total number of firms said they

have not used these educational institutions' services in the past two years. Using such schools as the Kansas College of Technology in Salina, Hutchinson Community College, Wichita State University, or any other state educational institution could improve the skills of employees, increase access to new technology, and management techniques. Cooperation between education and business is important for Hutchinson's economic development.

Employees sought from state universities, community colleges, or vocational schools. Of the firms that stated they sought employees from these institutions, 34% said they sought business management personnel, 31% said they sought entry-level clerical workers, 17% sought general labor, and 15% said they sought mechanics and/or machinists (see Table S). Besides management personnel, the variety of employees hired reflects the relatively low-skill nature of Hutchinson jobs, with low percentages given for technicians, engineers, or drafters.

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

Entry- Level Clerical	Mech- anics, Data Mach- inists	Proc- essors	Elec- tronics, Elec- trical Techs.	Draf- ters	Chem- ical Pro- cess, Lab Techs.	Engi- neers	Bu- s- ness Man- age- ment Pers- onnel	Agri- cul- tural, Vet. Pers- onnel	Heavy Equip- ment Oper- ators	General Labor
30%	15%	4%	5%	6%	7%	9%	33%	10%	10%	17%

n = 60

*Since firms could give more than one type of employee that is sought for their company, total percentages may not add to 100%.

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

Economic Development Assistance Summary

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

1. State economic development programs are not well-known to firms in Hutchinson. The majority of firms have no knowledge of the programs and a small number have actually used the programs. Local officials must work in cooperation with state agencies in supplying information and means of access to Hutchinson firms for better use of these programs. At the present time, economic development assistance has had an impact on only a marginal number of firms in the community.

2. The overwhelming majority of firms have requirements for general, nonspecialized skills. Of the total number of firms, 97% stated they did not need a specialized skill for employment in their respective company. This makes the ability to compete in the future heavily dependent on training and access to training.

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

SUMMARY

Firms in Hutchinson are basically small, low revenue companies that are pleased with their community and with their state. The majority of firms here have not moved to Hutchinson from another city or state in the past five years, and the majority of firms are not planning to leave the community. It would be in the best interests of the community if local officials foster this hometown atmosphere and encourage the development of new firms in the community. Sustained future growth will primarily come from the expansion and growth of the firms presently in Hutchinson, not from firms recruited to relocate in the area.

Current conditions in Hutchinson make this an opportune time to facilitate the expansion of firms in Hutchinson. Respondents are optimistic about expansion capabilities, and there has been new growth in employment and in physical plant size the past two years. Financing and lack of space were problems associated with expansion; the implication here is to find ways that local officials can help their businesses in finding alternative forms of financing and areas where expansion can take place.

Now is also a good time for the local government to assist business in Hutchinson. The majority of companies believe the local government has a positive attitude towards their businesses, but some firms believe that the local business climate can be improved with a more responsive local government.

Although there are firms in Hutchinson that sell their goods or services in the national and international markets, the majority of firms are oriented to the state and local markets. For the future growth of Hutchinson firms, expansion into broader markets, particularly the international

market, is a priority. Survey results show that business representatives are aware of the importance of markets: the greatest reason for business contractions was a static or declining market and the greatest factor helping expansion was an expanding market. There are firms in Hutchinson with both the potential and the desire to expand internationally, so the opportunity for growth exists. Local officials, in cooperation with the Department of Commerce, can assist companies by providing information regarding trade in markets outside of Kansas.

Firms in Hutchinson also do not have much knowledge about state economic development programs. The majority of firms have not heard of most programs, and actual use of the programs was very low. Information about these programs needs to reach more firms. At the present time, many firms may be missing expansion opportunities simply from not knowing who to contact, where to go for help, or what these programs can do for their respective company.

PART II

BUSINESS RETENTION AND EXPANSION
IN HUTCHINSON
SURVEY RESULTS

PART II

BUSINESS RETENTION AND EXPANSION
IN HUTCHINSON

A Research Report

prepared for

The Kansas Department of Commerce

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BUSINESS RETENTION AND EXPANSION HUTCHINSON
SURVEY RESULTS

PART II

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BUSINESS RETENTION AND EXPANSION
IN HUTCHINSON

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 Hutchinson will be compared to the other 8 communities included in the state report (Coffeyville, Emporia, Garden City, Great Bend, Hays, Lawrence, McPherson, and Salina).

It is hoped that this project will be used to open communications between

the business sector and local economic development specialists concerning business retention and expansion. By discussing the findings and suggestions in this report, Hutchinson can take the first step needed toward keeping and encouraging economic growth from their existing firms.

I.

ECONOMIC GROWTH IN KANSAS

Before discussing the survey and the results provided by the surveyed firms in Hutchinson, it is necessary to review several economic growth trends for Kansas. These trends and explanations will give a view of the total state, for Reno 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 Reno county has decreased 6% from 1978 to 1986. This percentage is much lower than the state percentage for the same time period and percentage for the United States. This percentage for Reno county is the second lowest of the 9 counties in which the state study's communities are located (see Table 1). The growth in employment for Reno county from 1982 to 1986 was also lower than the state's growth rate and the U.S. growth rate.

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

	1978	1980	1982	1984	1985	1986	% Change	
							1978-1986	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	25.5	-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 Reno county has been much lower than that for Kansas and the U.S. average from the period or 1978 to 1986. It is important to maintain growth levels to counter the effects of out-migration and population losses. From 1982 to 1986, employment growth has been 2% for Reno county. When these county figures are examined, and when comparisons are made between McPherson, Kansas, and the U.S., it is apparent that economic development strategies are needed in Hutchinson to assist with employment prospects, and to create opportunities for the future.

Establishment Growth

The total number of establishments has shown a positive growth of 14% for Reno county from 1978 to 1985. This figure is lower than the rate for the state during the same period and much less than the U.S. rate. For this 1978-1985 time period, only three counties (McPherson, Montgomery, and Saline) had a lower percentages of growth. However, from 1982 to 1985,

growth in number of establishments for the county is almost equal to the Kansas figure and is higher than the U.S. rate of growth. For the 1982-1985 time period, establishment growth for Reno county is higher than four counties in which comparison communities are located (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 low growth in employment and fairly large growth in number of establishments indicates that Hutchinson's industrial climate has turned increasingly toward development of the smaller business rather than relying on big companies to strengthen the economy. This also points to the need Hutchinson has to establish growth in their small developing companies.

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

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

Personal Income Growth

Increases in personal income have been rapid in Reno county, and these changes have occurred in the other 8 counties as well in the state. From 1978 to 1984, personal income has increased 65%, which is slightly lower than the Kansas and United States changes, but lower than all but one of the other 8 comparison counties (Montgomery) (see Table 3). All nine counties have increased at least 57% in personal income between 1978 and 1984.

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

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

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

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

Summary

Employment growth in Reno county has lagged behind employment growth in Kansas and the United States. This suggests weaknesses in the Hutchinson economy and the importance of designing and implementing appropriate economic development strategies that will maintain growth. Hutchinson is particularly important since it serves as a regional center for its part of the state. In recent years the economy of Reno 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 Hutchinson. The questionnaire was collaboratively developed by the Institute for Public Policy and Business Research and the Department of Commerce.

Sample

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

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

comparisons between Hutchinson and other communities because their inclusion would violate proper sampling and reduce the validity of the overall results.

Once Hutchinson 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, 25 percent of the businesses in Hutchinson were 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 99 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 Hutchinson. At the 95

percent level of confidence, the sampling error in Hutchinson 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. Major findings include (1) a large majority of firms are small, single establishments with annual sales of less than \$5 million, (2) most companies are oriented toward local and state markets, and (3) other industries, such as the services industry, are becoming more important to the economic base.

Firm Size and Industry

For the Hutchinson community, 99 firms participated in the survey. Size of companies ranged from 1 employee to 1,026 employees and companies represented the agriculture, mining, construction, manufacturing, transportation-communications, wholesale, finance, and services industries.

These businesses are small: over 75% have less than 20 employees (see Table 4). This is not industry specific data; all industries have a majority of firms with less than 20 employees. Firms with 50 or more employees make up 10% of the sample. Although it is obviously true to say that the retention and expansion of large size firms is important, it would be a mistake to develop local strategy that exclusively focuses on the large firm. In Hutchinson the small firm is a major presence, and should receive a high priority in economic growth efforts.

In the past, at both state and local levels, manufacturing and agriculture have generally been regarded as the main foundations of the economic base. This is still true, but the random sampling done in this

study shows that other industries, especially services and wholesale, had an important and significant representation in the sample of Hutchinson businesses (see Table 4). For development strategies to truly have an impact in Hutchinson, policy must not focus entirely on manufacturing and agriculture. The rising importance of other industries, especially services and wholesale, demands that efforts be made to establish a broader economic base for future growth.

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%	6%
Mining	100%	0%	0%	2%
Construction	100%	0%	0%	4%
Manufacturing	68%	7%	24%	25%
Transportation- Communication	78%	22%	0%	11%
Wholesale	64%	21%	14%	17%
Finance	78%	11%	11%	11%
Services	90%	10%	0%	23%
Percent of Total Firms That are in This Size Category	78%	12%	10%	100%

n = 99

Source: Business Retention and Expansion Survey for 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

Annual sales by Hutchinson firms are not large, with 78% of all firms having annual sales of less than \$5 million (see Tables 5, 6 and 7). Of no

surprise is the distribution of sales by size of firm: for the most part, the larger the firm the larger the annual sales (see Table 5). Gradual increases in size, however, do not guarantee higher sales. The 20-49 employee size category also had a large majority of its firms with sales less than \$5 million (72%). Most industries had a majority of their firms that made under \$5 million in annual sales, although the manufacturing industry had a higher representation of firms with high sales; 23% of all surveyed manufacturing firms had \$20 million or more in annual sales (see Table 6).

When comparing Hutchinson to the other 8 communities in the study, it can be observed that Hutchinson has a greater percentage of firms that have annual sales of \$5 million or greater and a lower percentage of firms with annual sales less than \$5 million (see Table 7).

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	87%	5%	6%	2%
20-49	72%	14%	14%	0%
50+	9%	9%	18%	64%
TOTAL PERCENTS	78%	6%	8%	8%

n = 68

Source: Business Retention and Expansion Survey for 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	70%	3%	3%	23%
Finance/Services	78%	6%	11%	6%
Other Industries	83%	9%	9%	0%
TOTAL PERCENTS	78%	6%	8%	8%

n = 68

Source: Business Retention and Expansion Survey for 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 COMPARISON

	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
Hutchinson	78%	6%	8%	8%
Other 8 Communities	86%	5%	5%	4%

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

For the total number of firms surveyed in the Hutchinson community, 78% have annual sales that are less than \$5 million a year, and only 8% of the firms had annual sales greater than \$20 million per year. These data emphasize the type of firm that is prevalent in Hutchinson: small, low revenue companies. However, Table 7 shows that 16% of surveyed Hutchinson

firms have total annual sales of \$10 million or more, compared to 9% for surveyed firms in the other 8 communities. In comparison to communities in Kansas of relative size, Hutchinson has firms with slightly higher revenues.

Type of establishment. As might be expected with such a large number of small firms, the majority of companies are single establishment firms and are not part of a larger corporation. However, companies with more than 50 employees were part of a larger corporation more often than smaller companies (see Table 8). Nearly half of the firms in the finance and services industries are part of a larger corporation (see Table 9). Seventy percent of manufacturing firms and nearly two-thirds of firms in other industries (agriculture, mining construction, transportation-communications, and wholesale) are single establishment companies. Hutchinson, in comparison to the other 8 communities in the study, has a slightly lower percentage of single establishments (see Table 10). For the majority of firms in Hutchinson, decisions concerning retention and expansion will be made within the community itself, not through corporate headquarters in other areas.

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	68%	32%
20-49	50%	50%
50+	31%	69%
TOTAL % OF FIRMS	62%	38%

n = 98

Source: Business Retention and Expansion Survey for 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	54%	46%
Other Industries	64%	36%
TOTAL % OF FIRMS	62%	38%

n = 98

Source: Business Retention and Expansion Survey for 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
Hutchinson	62%	38%
Other 8 Communities	64%	36%

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

The large number of single establishment companies has many implications for the Hutchinson community. Attention must be paid to policy that addresses the single establishment as well as the large corporation. Much of Hutchinson's economic future is dependent upon their small, single establishment company. To design policy that ignores these firms, or that provides little assistance for growth, will reduce retention and expansion.

Information about assistance must reach these companies, also. Since small, single establishment companies have less resources to obtain information, efforts should be made to ensure that these companies are receiving the knowledge necessary for expansion and growth into broader markets. A complicative factor is that most of these companies are rather distant from major population centers, which makes it more difficult to obtain timely information. Assistance would encompass information of such issues as financing, adaptations to new technologies, and access to international trade. The costs and efforts for contacting these will require greater attempts than those occurring at the present time.

Location of Headquarters

Table 11 shows the percentage of firms with headquarters in Hutchinson, in Kansas, and out of Kansas. All of the single company firms (62%) are obviously headquartered in Hutchinson. Nineteen percent of the firms are part of a larger corporation and have headquarters in Kansas, while 17% have headquarters outside of the state.

The major implication, as pointed out earlier, is that decisions concerning firm retention and expansion will be made in Hutchinson and the state for the majority of the firms. Community officials have the opportunity to work directly with the company's decision makers either by contacting business representatives in Hutchinson or through state agency mechanisms for those firms headquartered within Kansas.

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

Kansas Headquarters	Non Kansas Headquarters	Unknown Headquarters	Single Company Firm	Total
19%	17%	2%	62%	100%

n = 99

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

Regional/Corporate Headquarters. The companies that are part of a larger corporation are an integral part of their organization. For those firms that are part of a larger corporation, 66% are either a regional/corporate headquarters or a distributor (see Tables 12 and 13). Manufacturing and

other industries (agriculture, mining, construction, transportation-communications, and wholesale) have large percentages of firms that are headquarters or distributors (see Table 13). Table 14 indicates that Hutchinson has a slightly higher percentage of firms that are headquarters or distributors than the other 8 communities surveyed. Since these firms are vital to their organizations, and to their community, the retention and expansion of such firms are key to sustained economic growth.

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 Em- ployees	Is your local operation a corporate headquarters, regional headquarters, or a distributorship?	
	NO	YES
1-19	41%	59%
20-49	22%	78%
50+	18%	82%
TOTAL PERCENT	34%	66%

n = 36

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

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	31%	69%
Finance/Services	46%	54%
Other Industries	25%	75%
TOTAL PERCENT	34%	66%

n = 36

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

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
Hutchinson	34%	66%
Other 8 Communities	36%	64%

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

Scope of Products Sold. Firms in the Hutchinson survey sample sell their products and services in relatively limited markets. Firms sold a mean, or average, 50% of their products and/or services in the local market, while they sold only a mean 2% in the international market (see Tables 15 and 16).

Moreover, 19% of sales were outside of Kansas. This is a critical finding because a community's competitiveness and economic future depends upon the ability to export and to participate in many markets, especially the international market.

Larger companies are more oriented to national markets. Firms with 50 or more employees sold a mean 60% of their products in national markets in contrast to 38% for mid-size and 8% for small firms. It is encouraging to note that a slightly larger percentage of products produced by mid-size firms is being sold in the national market relative to the state and local markets (see Table 15).

In comparing Hutchinson to the other 8 communities, Hutchinson is more active in markets outside of the community. This is a positive sign for the community, and further use of broader markets should be encouraged. Out of state sales are relatively equal (see Table 17).

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

Number of Employees	Mean Percent Sold In The Local Market	Mean Percent Sold In The State Market	Mean Percent Sold In The National Market	Mean Percent Sold In The International Market
1-19	58%	32%	8%	1%
20-49	25%	36%	38%	1%
50+	9%	18%	60%	13%
GRAND MEANS	50%	31%	17%	2%

n = 98

Source: Business Retention and Expansion Survey for 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	42%	22%	33%	4%
Finance/Services	56%	33%	10%	2%
Other Industries	48%	36%	12%	0%
GRAND MEANS	50%	31%	17%	2%

n = 99

Source: Business Retention and Expansion Survey for 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
Hutchinson	50%	31%	17%	2%
Other 8 Communities	56%	26%	17%	1%

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

The focus of selling products for most firms, especially small ones, is on the local market. To be truly competitive and to increase economic growth, the scope of products must be broadened to include larger markets,

particularly the international market. In comparison to other communities surveyed for the state report, Hutchinson is already in a better position to increase growth even further in larger markets. To rely exclusively on a limited local market will mean a continual loss of sales, and therefore less chance for maintaining or expanding existing companies.

Developing additional products. Developing new products is one way for firms to participate in different and wider markets, and nearly a third of Hutchinson firms believe they could offer additional products or services to the ones that are being offered presently (see Tables 18 and 19). Small firms perceive nearly the same opportunities as large firms, indicating a source for innovation that could lead to significant expansion.

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	70%	30%
20-49	84%	16%
50+	63%	37%
TOTAL PERCENT	71%	29%

n = 99

Source: Business Retention and Expansion Survey for 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	69%	31%
Finance/Services	75%	25%
Other Industries	70%	30%
TOTAL PERCENT	71%	29%

n = 99

Source: Business Retention and Expansion Survey for 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
Hutchinson	71%	29%
Other 8 Communities	66%	34%

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

Firms which were most optimistic about expansion opportunities were in the manufacturing industry while less optimism was evident in the finance and services industries. This result is somewhat different from the entire survey results, which indicated that the highest optimism for expansion

opportunities existed in the finance and service industries. This might suggest that firms in Hutchinson's economic base are more pessimistic about expansion potential than firms in other Kansas communities. Results in Table 20 show that overall, Hutchinson firms are less optimistic about the possibility of offering new products or services than the other 8 communities in the survey.

Survey Description Summary

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

1. The large majority of companies are small, regardless of industry. To concentrate assistance or specific state policy solely on the large company or corporation would be to overlook a major source for increased economic growth.
2. For the majority of firms, total annual sales are less than \$5 million.
3. The majority of firms are single establishments, with no connection to a larger corporation. For the most part, retention and expansion decisions will be made within the communities, not from parent organizations in other areas.
4. Most companies are orientated to local and state markets. If these firms remain focused on local/state markets, growth will be slow at best.
5. However, surveyed Hutchinson firms sell their goods and/or services slightly more in markets outside of the local market than surveyed firms in the other 8 communities. This willingness to use broad markets should be encouraged for additional growth.
6. The manufacturing, wholesale and agriculture industries are vitally important to the Hutchinson community. However, it would be a mistake to focus policy exclusively on these industries. Other industries, especially services, are becoming increasingly important to the economic base.

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 Hutchinson community. The major findings are (1) the vast majority of firms are located in the Hutchinson community because they are homegrown and (2) most firms are satisfied with their home community and do not plan to leave. Hutchinson's retention strategy will be most successful if aimed directly at the few number of dissatisfied firms, rather than at the entire business community.

Location

Attraction of firms from outside the community. There has been no major influx of firms to the Hutchinson community, as 86% of all firms stated they have not moved to their present location from another city or state in the past 5 years (see Tables 21 and 22). Industry data, however, indicates that approximately 25% of firms in the finance and services industries have indeed moved to Hutchinson from different locations (see Table 22). In comparison to the other 8 communities in the study, Hutchinson has had a greater percentage of firms move to their community from another city or

state (see Table 23). This indicates that Hutchinson's industrial recruiting strategy has been more successful than those used by comparison communities.

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	84%	16%
20-49	89%	11%
50+	100%	0%
TOTAL PERCENT	86%	14%

n = 99

Source: Business Retention and Expansion Survey for 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	75%	25%
Other Industries	91%	9%
TOTAL PERCENT	86%	14%

n = 99

Source: Business Retention and Expansion Survey for 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
Hutchinson	86%	14%
Other 8 Communities	95%	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.

The data here implies that a recruitment strategy for Hutchinson has been fairly successful, particularly when making comparisons to surveyed firms in the other 8 communities. However, Table 21 suggests that to rely exclusively on recruitment of firms for instantaneous growth, at the expense of fostering expansion in the community, may be a mistake: not one surveyed firm with 50 or more employees moved to Hutchinson in the past five years.

Reasons for location. Companies in the Hutchinson area are home grown and see their community as providing the market and location they need. For the total number of firms, 53% stated that being the hometown was a reason for location in the community (see Tables 24 and 25). Other major reasons for location were that Hutchinson provided a central location, it provided a good access to their market, and it filled a product or service need. Similar results were generally observed for the other 8 communities in the survey, although "central location" and "filled a product or service need" were cited as reasons locate more frequently in the other communities than in Hutchinson (see Table 26).

The major conclusion is that most firms are home grown and locally orientated. One might have expected tax incentives, good local labor pool, or good access to raw materials to play a more prominent role in a firms decision to locate, but this was not the case. A positive sign here is that with so many small home town firms, the atmosphere for entrepreneurship

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

Number of Employees	Home-town	Strong Local Economy	More Receptive Local Govt.	Suitable Zoning	Affordable Lease, Purchase Prices	Good Local Labor Pool	Adequate Space for Expansion	Good Access to Market	Good Access to Raw Materials	Central Location	Good Transportation Facilities	Proximity To Educ. Tech. Facilities	Proximity To A Filled Service Need
1-19	62%	6%	1%	1%	13%	2%	7%	25%	7%	33%	6%	2%	44%
20-49	16%	10%	0%	0%	10%	16%	10%	37%	10%	42%	10%	0%	21%
50+	19%	6%	12%	0%	12%	25%	6%	0%	12%	69%	6%	0%	6%
PERCENT OF TOTAL	53%	7%	2%	1%	13%	6%	8%	24%	8%	38%	7%	1%	37%

n = 97

*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.	Suitable Zoning	Affordable Lease, Purchase Prices	Good Local Labor Pool	Adequate Space for Expansion	Good Access to Market	Good Access to Raw Materials	Central Location	Good Transportation Facilities	Proximity To Educ. Tech. Facilities	Proximity To A Filled Service Need
Manufacturing	50%	13%	3%	3%	0%	13%	10%	25%	10%	40%	13%	0%	38%
Finance/Services	63%	4%	0%	0%	22%	7%	4%	11%	0%	26%	4%	4%	41%
Other Industries	46%	6%	3%	0%	12%	0%	9%	33%	12%	46%	6%	0%	33%
PERCENT OF TOTAL	53%	7%	2%	1%	13%	6%	8%	24%	8%	38%	7%	1%	37%

n = 97

*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 Pur- chase Prices	Good Local Labor Pool	Ade- quate Space for Expan- sion	Good Access to Market	Good Access to Raw Mat- erials	Central Loc- ation	Good Trans- por- tation Fac- ilities	Proximity To Educ.- Tech. Fac- ilities	Filled A Prod.- Service Need	Small Town Lif
Hutchinson	53%	7%	2%	0%	1%	13%	6%	8%	24%	8%	38%	7%	1%	37%	0
Other 8 Communities	54%	9%	2%	1%	1%	8%	7%	4%	26%	8%	44%	8%	3%	47%	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.

seems to be good. Any efforts to assist new entrepreneurial enterprise may foster additional business start-ups and additional expansion growth. Indeed, the economic growth of Hutchinson firms is primarily dependent on the ability to encourage entrepreneurship, rather than recruiting from outside the community.

Retention

Retention of firms in the community. The number of companies that are planning to move is quite small, and the majority of those firms that are moving are staying within the area. Only 5% of the total number of firms stated that they will move, and the majority of these companies are moving to locations that are within the Hutchinson community (see Table 27). These figures are a positive sign for Hutchinson. Only 1% of the total number of firms are planning to move out of the state in the next year. Companies that are currently doing business in Hutchinson are going to stay, and there

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

Firms That Are Planning to Move From Their Present Location In The Next Year	Moving Within the Community	Moving Within the State	Moving Out of State	Total % Moving
	4%	0%	1%	5%
	of Total Firms	of Total Firms	of Total Firms	of Total Firms

n = 99

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

seems to be no major reasons that are forcing a large number of firms to leave. The majority of firms that are leaving their present location are moving within Hutchinson, again indicating a satisfaction with the community and a desire to remain where they are at.

Advantages of the community. Several advantages were given for locating within the Hutchinson community. A central, good location was the greatest advantage, followed by the hometown atmosphere of Hutchinson; the presence a small town, rural lifestyle; and Hutchinson filled a need for the company (see Tables 28 and 29). In the other 8 communities, a greater percentage of firms cited central location and small town rural lifestyle as local advantages (see Table 30). However, a larger portion of Hutchinson firms felt the hometown atmosphere was a significant advantage of the community.

Again, it should be emphasized that the firms are generally home grown and locally oriented, and that the focus of these firms is primarily local. The greatest advantage given by all companies was a central, good, location, closely followed by hometown atmosphere. It must be remembered, however,

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

Number of Employees	No Ad-vantage	Home-town Atmosphere	Small Town-Rural Life	Qual-ity of Work Force	Central, Good Loc-ation	Filling A Need
1-19	9%	39%	13%	3%	33%	19%
20-49	50%	0%	12%	12%	50%	0%
50+	0%	15%	69%	31%	39%	0%
PERCENT OF TOTAL	13%	32%	19%	6%	35%	15%

n = 86

*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 Ad-vantage	Home-town Atmosphere	Small Town-Rural Life	Qual-ity of Work Force	Central, Good Loc-ation	Filling A Need
Manufacturing	4%	26%	22%	9%	39%	17%
Finance/Services	14%	45%	24%	7%	21%	17%
Other Industries	18%	24%	12%	3%	47%	12%
PERCENT OF TOTAL	13%	32%	19%	6%	35%	15%

n = 86

*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 Atmosphere	Small Town-Rural Life	Qual-ity of Work Force	Central, Good Loc-ation	Filling A Need
Hutchinson	13%	32%	19%	6%	35%	15%
Other 8 Communities	6%	17%	27%	9%	53%	14%

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

that most of these firms are locally oriented, and their central location may only be relevant to the Hutchinson community. This also suggests that if the local market shrinks because of migrating residents or increased competition, there is a good chance for contractions in the community.

Reasons for relocation. Only one Hutchinson firm responded to the "reasons for moving out of the community" question. That firm cited several reasons which prompted their move: high state and local taxes, poor transportation, lack of adequate space to expand, unfavorable lease conditions, and difficulty in serving customers (see Table 31). Table 31 also illustrates additional reasons for leaving as expressed by 14 firms in the other 8 communities.

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

Community	High State Taxes	High Local Taxes	High Cost of Labor	High Cost of Utilities	Access To New Market	Sales Decline	Poor Transportation Facilities	Lack of Adequate Training Sources	Lack of Adequate Space to Expand	Restrictive Zoning Regs.	Unfavorable Lease Conditions	Difficulty Finding Labor	Difficulty Serving Customers	Inadequate City Services	Difficulty Obtaining Financing
Hutchinson	100%	100%	0%	0%	0%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%
Other 8 Communities	13%	13%	13%	26%	22%	4%	4%	9%	0%	9%	0%	13%	44%	13%	17%

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

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

Note: This question was answered only by firms that stated they were planning to move out of the community in the next year.

a firms inability to properly serve the customer, followed by high cost of utilities. Conclusions for Hutchinson cannot be based on one firm (please note that the percentages for Hutchinson in Table 31 are based on one firm).

Additional manufacturers or service providers that would benefit existing companies. Many firms in the Hutchinson community believe they are not able to purchase everything they need from fellow Hutchinson firms. Thirty five

percent of firms interviewed stated that the existence of additional manufacturers or service providers would benefit their company (see Tables 32 and 33). When asked what those companies might be, 65% stated that raw materials suppliers would be of benefit (see Tables 35 and 36). Nearly 30% cited a need for more customers for their products. Eighty percent of the manufacturing industry firms and 67% of other industry firms surveyed stated that raw materials suppliers would be of great benefit (see Table 36).

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

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

Number of Employees	NO	YES
1-19	67%	33%
20-49	53%	47%
50+	56%	44%
TOTAL PERCENT	65%	35%

n = 98

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

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

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

Industry	NO	YES
Manufacturing	69%	31%
Finance/Services	74%	26%
Other Industries	54%	46%
TOTAL PERCENT	65%	35%

n = 98

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

TABLE 34
 ADDITIONAL MANUFACTURERS OR SERVICE PROVIDERS
 THAT WOULD BE OF BENEFIT FOR FIRMS
 BY 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
Hutchinson	65%	35%
Other 8 Communities	64%	36%

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

As can be seen in Table 34 no significant difference exists between the views of Hutchinson's firms and firms in the other 8 communities. Comparisons shown in Table 37 also show that companies in the other communities had similar specific needs.

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

Number of Employees	More Customers For Products	Repair and Maintenance	Business Services	Raw Materials Suppliers
1-19	17%	8%	4%	75%
20-49	40%	0%	0%	60%
50+	80%	0%	0%	20%
PERCENT OF TOTAL	29%	6%	3%	65%

n = 21

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

TABLE 36
 ADDITIONAL COMPANIES THAT WOULD BE OF BENEFIT
 BY INDUSTRY

Industry	More Customers For Products	Repair and Maintenance	Business Services	Raw Materials Suppliers
Manufacturing	20%	0%	10%	80%
Finance/Services	33%	33%	0%	33%
Other Industries	33%	0%	0%	67%
PERCENT OF TOTAL	29%	6%	3%	65%

n = 21

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

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

Community	More Customers For Products	Repair Maint- enance	Business Services	Raw Materials Suppliers
Hutchinson	29%	6%	3%	65%
Other 8 Communities	27%	3%	20%	59%

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

The large number of companies that would benefit from additional manufacturers or service firms presents opportunities for the Hutchinson community. Such companies could be targets for industrial recruitment and for targeting support for new firms or expansions. New firms, for example, that provide needed products or services for existing firms in the economic base could be given priority in economic development programs. New firms in the Hutchinson area have the added benefit of strengthening existing companies and their ties to the community.

However, since it may be difficult to attract raw materials suppliers close to the Hutchinson area, the issues of cost of transportation, freight delivery, and the speed of all types of transportation will take on added significance in the future. The future retention and expansion will somewhat depend on where vital suppliers and vendors are located, and how the products and services of those firms can be efficiently brought into the Hutchinson community.

Retaining and attracting management and professional personnel. Slight problems exist in attracting and retaining management or professional

personnel to the Hutchinson community which could jeopardize the future growth of these firms. For the total number of firms surveyed, 18% stated they had this trouble, with larger companies having much greater problems than smaller companies (see Table 38). The majority of firms surveyed with 50 plus employees indicated a problem with recruiting or retention of managerial employees. This is most likely due to greater need for professional and managerial employees in larger firms.

An industry breakdown shows that all industries have approximately the same magnitude of problems in recruiting and retaining management and professional level personnel (see Table 39). This indicates that it is the community or area that causes difficulty, not a particular industry or type of firm. Table 40 illustrates that personnel recruiting and retention problems that are common to Hutchinson firms are also present in similar proportion in the other 8 communities.

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

Do you have any trouble attracting and/or retaining professional and management level personnel to your business?		
Number of Employees	NO	YES
1-19	89%	11%
20-49	69%	31%
50+	44%	56%
TOTAL PERCENT	82%	18%

n = 97

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

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

Do you have any trouble attracting and/or retaining professional and management level personnel to your business?		
Industry	NO	YES
Manufacturing	83%	17%
Finance/Services	82%	18%
Other Industries	81%	19%

TOTAL PERCENT	82%	18%

n = 97

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

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

Do you have any trouble attracting and/or retaining professional and management level personnel to your business?		
Community	NO	YES
Hutchinson	82%	18%
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.

As companies expand and outside recruitment becomes necessary, the problem of attraction and retention of personnel will become more pronounced. Attention to community attributes such as quality of life and quality of transportation will be important in determining success of

recruiting and retention of desired personnel. Hutchinson has already made significant strides to improve quality of life through symphony orchestra, a community concert series, an art gallery which has displayed exhibits from around the world, and an active Hutchinson Art Association. The Kansas Cosmosphere and Discovery Center also contributes to quality of life. Quality of transportation, on the other hand, seems to need some improvement as is evident from responses which will be examined later in this document.

Perceived images of rural life and Kansas. Of all firms surveyed, there does not seem to be a significant problem with perceived images of the rural life in the Hutchinson community or for the state of Kansas. For all firms, 94% stated they do not have a negative image of rural life (see Tables 41 and 42), and 98% stated they did not have a negative image of Kansas (see Table 44 and 45). Of concern might be the significant proportion of firms in the 20 to 49 employee breakdown who have a negative image of rural life. Comparison data (see Tables 43 and 46) indicate that perception of Kansas and rural lifestyle by Hutchinson firms interviewed is very similar to the other communities in the survey.

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

Do you have a negative image of rural life?		
Number of Employees	NO	YES
1-19	97%	3%
20-49	79%	21%
50+	88%	12%
TOTAL PERCENT	94%	6%

n = 97

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

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

Do you have a negative image of rural life?		
Industry	NO	YES
Manufacturing	95%	5%
Finance/Services	93%	7%
Other Industries	94%	6%
TOTAL PERCENT	94%	6%

n = 98

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

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

Do you have a negative image of rural life?		
Community	NO	YES
Hutchinson	94%	6%
Other 8 Communities	94%	6%

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

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

Do you have a negative image of Kansas?		
Number of Employees	NO	YES
1-19	100%	0%
20-49	90%	10%
50+	88%	-12%
TOTAL PERCENT	98%	2%

n = 97

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

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

Do you have a negative image of Kansas?		
Industry	NO	YES
Manufacturing	95%	5%
Finance/Services	100%	0%
Other Industries	97%	3%
TOTAL PERCENT	98%	2%

n = 97

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

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

Do you have a negative image of Kansas?		
Community	NO	YES
Hutchinson	97%	3%
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.

This data must be recognized as stemming from the hometown nature of the firms, and the dependence upon local and statewide customers. At the present time, firms in Hutchinson are very much pleased with rural life and their state, and is another good sign to be considered when discussing retention issues for the Hutchinson community. However, it appears that

larger firms tend to have somewhat of a negative image of rural life and Kansas, and as a result, Hutchinson needs to address the concerns of these companies so as to reduce the risk of losing them as they succeed and grow.

Location and Retention Summary

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

1. Firms in Hutchinson are predominately homegrown and locally orientated.
2. Due to the large presence of small homegrown firms in Hutchinson, a good climate exists for generating future entrepreneurship within the community.
3. Raw materials suppliers were cited most often as additional companies that would be of benefit to existing firms in the Hutchinson community. Location and expansion decisions of Hutchinson firms will potentially be made based upon the proximity and delivery of supporting materials.
4. Hutchinson firms, in general, do not have negative images about rural life or the state of Kansas, suggesting that local policy which exclusively stresses the quality of Hutchinson's community or the state will have little or no effect on retention or expansion. However, increasingly negative images are perceived by large firms more often than by smaller firms.
5. As companies in Hutchinson grow larger and undertake expansion, there will be greater difficulty in attracting and maintaining management and professional personnel.
6. It is the location or geographic area that causes difficulty in retaining or attracting managers or professionals, not a particular type of company.

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 where expansion will take place, and problems that lead to expansion out of the community and out of state. Also described are findings that focus on additional products that may be offered, the potential and desire to expand internationally, factors that assist or impede exporting a product or service, and financing for expansion.

The majority of Hutchinson firms are optimistic about growth in the community. The major problem with expansion, however, is a static or declining market. Many Hutchinson firms, both small and large, have the potential and desire to expand into the international market, but need assistance in doing so. Finally, financing for expansion is mainly from traditional sources such as banks and internal financing, with little assistance coming from state programs.

Past Expansion

Employment expansion. In the past two years the majority of Hutchinson firms surveyed have held employment levels constant. However, 33% of the firms increased employment in the last two years (see Tables 47 and 48). The vast majority of firms employing between 20 and 49 people had increases in employment. This implies that there is an abundance of medium-size firms in the community which are contributing to overall growth.

TABLE 47
PAST INCREASES IN EMPLOYMENT
BY SIZE OF FIRM

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

Number of Employees	Employment		
	Decreased Employment	Remained Constant	Increased Employment
1-19	18%	54%	28%
20-49	11%	26%	63%
50+	25%	37%	38%
TOTAL PERCENT	18%	49%	33%

n = 99

Source: Business Retention and Expansion Survey for 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 INDUSTRY

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

Industry	Employment		
	Decreased Employment	Remained Constant	Increased Employment
Manufacturing	19%	48%	33%
Finance/Services	14%	54%	32%
Other Industries	21%	46%	33%
TOTAL PERCENT	18%	49%	33%

n = 99

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

None of the industries had more than a one-third increase in employment and of all industries, the finance and services industries seem to have the most stable employment results (see Table 48). When compared to the other 8 communities, Hutchinson firms have similar percentages of increased employment, but have higher constant employment and lower decreased employment (see Table 49).

TABLE 49
PAST INCREASES IN EMPLOYMENT
BY COMMUNITY COMPARISON

Community	In the last two years, has your firm increased or decreased its employment?		
	Decreased Employment	Employment Remained Constant	Increased Employment
Hutchinson	18%	49%	33%
Other 8 Communities	22%	45%	33%

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

If smaller firms remain primarily oriented towards the local market, their employment gains will continue to be lower than those for larger firms. This again points out the importance of firms in the Hutchinson community being able to expand their markets and orientation.

Physical plant expansion. In the past two years, the majority of Hutchinson firms have held physical plant size constant. Only 7% decreased plant size in the last two years, while 31% have increased their facilities size (see Tables 50 and 51). Firms with employment less than 50 decreased plant size most often while firms with greater than 50 employees increased

their size most often. Firms in the manufacturing industry showed the most stability as regards plant size as zero firms had decrease in size and 38% had increase in size (see Table 51), Finance and Services industry firms also showed significant amounts of size increase with a small number of decreases. Table 52 highlights that a smaller proportion of firms in the Hutchinson Community are increasing in size or decreasing in size and more are remaining constant in size when contrasted with firms in the other 8 communities.

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

In the last two years, has your firm increased or decreased the size of its physical plant?			
Number of Employees	Decreased Size	Size	
		Remained Constant	Increased Size
1-19	8%	61%	31%
20-49	11%	68%	21%
50+	0%	63%	37%
TOTAL PERCENT	7%	62%	31%

n = 99

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

TABLE 51
PAST INCREASES IN PHYSICAL PLANT SIZE
BY INDUSTRY

In the last two years, has your firm increased or decreased the size of its physical plant?			
Industry	Size		
	Decreased Size	Remained Constant	Increased Size
Manufacturing	0%	62%	38%
Finance/Services	7%	57%	36%
Other Industries	12%	67%	21%

TOTAL PERCENT	7%	62%	30%

n = 99

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

TABLE 52
PAST INCREASES IN PHYSICAL PLANT SIZE
BY 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
Hutchinson	7%	62%	31%
Other 8 Communities	10%	55%	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.

As with past employment statistics, changes in physical plant have, in general, consisted either of increases or remaining the same. Smaller firms decreased plant size more often than large firms, indicating the

difficulties some small firms have had with maintaining markets in the Hutchinson area.

Problems with past expansion. For the total number of firms interviewed in Hutchinson, 66% stated that a static or declining market was a obstacle in preventing past expansion (see Tables 53 and 54). Also mentioned as significant deterrents were availability of labor and lack of affordable financing. One Business representative stated: "I was turned down by the bank after operating successfully of my own pocket for four years." Ways are needed to assist companies in their expansion needs, as well as aid them in increasing and developing markets for products.

TABLE 53
SPECIFIC PROBLEMS WITH EXPANSION*
BY SIZE OF FIRM

Number of Employees	Zoning Regulations	Availability of Labor	Static or Declining Market	Lack of Affordable Financing	Lack of Raw Materials	Transportation Difficulties	Decline in Oil Prices
1-19	0%	9%	68%	24%	2%	0%	0%
20-49	20%	20%	60%	0%	0%	0%	0%
50+	0%	50%	50%	0%	0%	50%	50%
PERCENT OF TOTAL	3%	12%	66%	19%	2%	2%	2%

n = 36

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

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

TABLE 54
SPECIFIC PROBLEMS WITH EXPANSION*
BY INDUSTRY

Industry	Zoning Regulations	Availability of Labor	Static or Declining Market	Lack of Affordable Financing	Lack of Raw Materials	Transportation Difficulties	Decline in Oil Prices
Manufacturing	0%	9%	46%	46%	9%	9%	9%
Finance/Services	0%	20%	60%	20%	0%	0%	0%
Other Industries	7%	7%	79%	7%	0%	0%	0%
PERCENT OF TOTAL	3%	12%	66%	19%	2%	2%	2%

n = 36

*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.

Firms in the other 8 communities surveyed indicated that problems such as zoning regulations, availability of space, and lack of financing contributed to a greater degree in discouraging expansion activities in their communities than they did in the Hutchinson community (see Table 55). However, a warning that appears for Hutchinson involves the aspect of a declining or static market. Hutchinson firms perceive declining or static market as a deterrent to expansion activities much more frequently than firms in the other 8 cities.

TABLE 55
SPECIFIC PROBLEMS WITH EXPANSION*
BY COMMUNITY COMPARISON

Community	Zoning Regulations	Availability of Labor	Static or Declining Market	Lack of Affordable Financing	Lack of Raw Materials	Utility Costs	Transportation Difficulties	Availability of Space	Lack of Training Resources	Tax Laws	Strong Competition	Decline in Oil Prices
Hutchinson	3%	12%	66%	19%	2%	0%	2%	0%	0%	0%	0%	2%
Other 8 Communities	12%	10%	38%	25%	1%	3%	1%	7%	4%	3%	8%	13%

*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.

As can be seen, the most serious problem contributing to the expansion issue is that of static or declining market. This further illustrates the presence of a locally centered scope of products and their respective markets. Also, a problem of concern is that of lack of affordable financing. Several programs are available from the State which provide alternative sources of raising capital (see VII., Economic Development Assistance). As was discovered in the State report, the majority of firms are not aware of these. It would be to Hutchinson's advantage to help communicate these programs to the appropriate businesses rather than

depending solely on state communication channels to transfer this information. It is also interesting to note that problems typically associated with expansion, such as tax laws, lack of training resources, transportation costs, and utility costs, had very low percentages of respondents.

Factors helping expansion. Of the Hutchinson firms which have undergone expansion, 65% stated that an expanding market played a significant role in enabling their expansion (see Tables 56 and 57). Note that the vast majority of firms who credited the expanding market were of 50 or fewer employees (see Table 56). Desire to expand in their respective markets, availability of space, and greater efficiency of operations were all cited as significant factors in influencing expansion activity in the Hutchinson community. The availability of tax incentives, on the other hand, was not recognized as a contributing factor in expansion decisions.

Table 58 indicates that the factors of availability of space and the desire of firms to expand their respective markets had a greater impact in helping expansion activities in the Hutchinson community than in the other communities surveyed.

TABLE 56
FACTORS THAT HELPED EXPANSION*
BY SIZE OF FIRM

Number of Employees	Expanding Market	Availability of Public Assist.	Availability of Tech. Innovation	Availability of Space	Desire to Expand Market	Improved Internal Financing	More Efficient Operations
1-19	69%	0%	2%	35%	33%	4%	25%
20-49	75%	8%	0%	25%	42%	0%	17%
50+	14%	0%	0%	29%	86%	0%	57%
PERCENT OF TOTAL	65%	2%	2%	32%	39%	3%	26%

n = 42

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

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

Note: This question was answered only by those firms that had previously stated they had increased plant size and/or employment.

TABLE 57
FACTORS THAT HELPED EXPANSION*
BY INDUSTRY

Industry	Ex- panding Market	Avail- abil- ity of Public Assist.	Avail- abil- ity of Tech. novation	Avail- abil- ity of Space	Desire To Ex- pand Market	Improved In- ternal Fin-	More Efficient Oper- ations
Manufacturing	58%	5%	5%	11%	47%	0%	32%
Finance/ Services	58%	0%	0%	67%	25%	8%	17%
Other Industries	75%	0%	0%	15%	46%	0%	31%
PERCENT OF TOTAL	65%	2%	2%	32%	39%	3%	26%

n = 42

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

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

Note: This question was answered only by those firms that had previously stated they had increased plant size and/or employment.

TABLE 58
FACTORS THAT HELPED EXPANSION*
BY COMMUNITY COMPARISON

Community plovees	Ex- panding Market	Avail- abil- ity of Tax In- centives	Avail- abil- ity of Public Assist.	Avail- abil- ity of Tech. novation	Avail- abil- ity of Space	Desire To Ex- pand Market	Improved In- ternal Fin-	More Efficient Oper- ations
Hutchinson	65%	0%	2%	2%	32%	39%	3%	26%
Other 8 Communities	69%	1%	4%	4%	19%	25%	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.

Results indicate that smaller firms (less than 50 employees) are most active in expansion activity and that incentives were of little or no help. Information and assistance that will help these firms and others to reach new and broader markets is crucial to future expansion activities of Hutchinson firms.

Reasons for contraction. Just as expansion is affected by an expanding

market for products, contraction is affected by a declining or static market. Of the Hutchinson firms who experienced a contraction, 71% cited a declining or static market as the major cause (see Tables 59 and 60). Not evident in the tables is the fact that, of all firms undergoing contraction, 76% are firms with 20 or fewer employees. Other factors cited as reason for contraction were lack of affordable financing, decline in oil prices, and lack of increased efficiency. Reasons cited by Hutchinson firms as contributing to contraction were common in magnitude to reasons given by contracting firms in the other 8 communities (see Table 61). However, Hutchinson firms seem less affected by declining oil prices than firms in other areas.

TABLE 59
REASONS FOR CONTRACTION*
BY SIZE OF FIRM

Number of Em- ployees	De- clining or Static Market	Con- tracting Labor Pool	Lack of Afford- able Fin- ancing	De- cline in Oil Prices	In- crease Effic- iency
1-19	65%	8%	12%	8%	15%
20-49	100%	0%	0%	0%	0%
50+	100%	0%	0%	0%	0%
PERCENT OF TOTAL	71%	6%	9%	6%	11%

n = 21

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

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

Note: this question was only answered by firms that previously stated they had experienced a contraction in physical plant size and/or employment.

TABLE 60
REASONS FOR CONTRACTION*
BY INDUSTRY

Industry	De- clining or Static Market	Con- tracting Labor Pool	Lack of Afford- able Fin- ancing	De- cline in Oil Prices	In- crease Effic- iency
Manufacturing	70%	11%	11%	0%	0%
Finance/ Services	60%	0%	20%	0%	20%
Other Industries	75%	0%	0%	13%	13%
PERCENT OF TOTAL n = 21	71%	6%	9%	6%	11%

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

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: this question was only answered by firms that previously stated they had experienced a contraction in physical plant size and/or employment.

TABLE 61
REASONS FOR CONTRACTION*
BY COMMUNITY COMPARISON

Community	De- clining or Static Market	Con- tracting Labor Pool	Rising Labor Costs	Rising Mat- erials Costs	Rising Plant- Office Space Costs	Lack of Afford- able Fin- ancing	De- cline in Oil Prices	In- crease Effic- iency	Taxes- Regu- latory Costs
Hutchinson	71%	6%	0%	0%	0%	9%	6%	11%	0%
Other 8 Communities	71%	4%	2%	2%	1%	4%	22%	16%	1%

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

Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: this question was only answered by firms that previously stated they had experienced a contraction in physical plant size and/or employment.

The continuance of centering on the local market, especially by small firms, will eventually lead to more contraction. Firms need to know how to expand from the Hutchinson market, and how this will affect their chances for expansion. The fact that 76% of this small amount of firms that have experienced a contraction have less than 20 employees should be considered a negative sign for the community. The loss of growth from these firms, which

make up 78% of the sample for this report, can severely limit overall growth for the community.

Plans for Expansion

Employment expansion. Firms in the Hutchinson community are relatively optimistic about their ability to retain or increase employment. Only 5% of the total number of firms responding stated that they would decrease employment in the next year (see Tables 62 and 63). Approximately two-thirds of firms with less than 20 employees are anticipating constant employment patterns in the next year, while nearly two-thirds of companies with 50 or more employees are anticipating employment increases. Firms in the finance and services industries are most optimistic about employment, as one-half stated that they anticipated employment increases (see Table 63). Manufacturing firms are also optimistic, as 40% anticipate increase in employment and 55% predict constant employment. Firms in other industries (agriculture, mining, construction, transportation-communication, and wholesale) foresee primarily constant employment patterns.

Hutchinson firms are slightly less optimistic in comparison to firms in the other communities. Fewer Hutchinson firms plan to increase employment and at the same time, more anticipate decreasing the work force (see Table 64).

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

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

Number of Employees	Employment		
	Will Decrease Employment	Will Remain Constant	Will Increase Employment
1-19	3%	63%	34%
20-49	11%	47%	42%
50+	13%	25%	62%
TOTAL PERCENT	5%	58%	37%

n = 99

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

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

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

Industry	Employment		
	Will Decrease Employment	Will Remain Constant	Will Increase Employment
Manufacturing	5%	55%	40%
Finance/Services	4%	46%	50%
Other Industries	6%	70%	24%
TOTAL PERCENT	5%	58%	37%

n = 99

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

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

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

Community	Employment		
	Will Decrease Employment	Will Remain Constant	Will Increase Employment
Hutchinson	5%	58%	37%
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.

Granted, optimism toward expansion in the Hutchinson community is present, however, this optimism is less present than in other communities. As a result, Hutchinson should attempt to use the present optimism and endeavor to create new expansion and employment opportunities.

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

Changes In Employment The Last Two Years	Employment In The Next Year		
	Will Decrease Employment	Will Remain Constant	Will Increase Employment
Decreased Employment	2%	10%	6%
Employment Remained Constant	1%	38%	10%
Increased Employment	2%	10%	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.

New employment growth will also be seen in Hutchinson and not just from firms that have expanded in the past: 16% of the total number of firms that will increase employment in the next year had uniform or decreased employment over the past two years (see Table 65). Only 2% of the firms surveyed who had decreases in employment over the past two years will decrease employment next year. Despite what firms have done in the past two years, the majority of the firms intend to keep employment constant over the next year.

Physical plant size expansion. In addition to being optimistic about employment expansion, firms in the Hutchinson community are also optimistic about plant size expansion. None of the firms surveyed stated they were going to reduce plant size, while 25% stated they were planning an increase in the next year (see Tables 66 and 67). Of course, the majority of firms plan for no growth or reduction. No industries in particular were significantly more optimistic than the others. However, Hutchinson firms as an aggregate, had higher expectations for plant expansion than firms in the other communities surveyed (see Table 68).

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

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

Number of Employees	Contraction	Size Will	
		Remain Constant	Expansion
1-19	0%	80%	20%
20-49	0%	59%	41%
50+	0%	50%	50%
TOTAL PERCENT	0%	75%	25%

n = 99

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

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

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

Industry	Contraction	Size Will	
		Remain Constant	Expansion
Manufacturing	0%	74%	26%
Finance/Services	0%	71%	29%
Other Industries	0%	79%	21%
TOTAL PERCENT	0%	75%	25%

n = 99

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

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

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

Community	Size Will Remain		
	Contraction	Constant	Expansion
Hutchinson	0%	75%	25%
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.

Regardless of size or industry, firms in the Hutchinson community have optimism toward expansion potential. No time is better than now to assist these firms in their expansion efforts - growth for these businesses means growth for the Hutchinson community as a whole.

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

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%	7%	0%
Plant Size Remained Constant	0%	51%	11%
Increased Plant Size	0%	16%	14%

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

Table 69 indicates that 11% of Hutchinson firms who experienced decreased or constant change in plant size over the past two years are planning to expand their facility over the next year. No firms stated that they would decrease their plant size and the vast majority indicated that size will remain constant next year. However, it can be noted that great potential and opportunity exist for expanding plant size of Hutchinson firms.

Location of expansion. Of the firms in the Hutchinson community who are planning to expand, nearly two-thirds stated that expansion would take place within the city limits (see Tables 70 and 71). Over one-fourth stated their expansion would take place within the county, indicating that expansion within the city limits may have been impossible due to lack of space or other plant restrictions.

All medium sized firms interviewed stated they were expanding within the city limits, while only half of the small and large firms were expanding within the city limits. However, 38% of the small firms undergoing expansion were to remain in Reno County. Industry data indicates that in general, that expansion activities are taking place within the city limits, and if not within the city, within the county.

TABLE 70
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	50%	38%	8%	4%
20-49	100%	0%	0%	0%
50+	50%	25%	25%	0%
TOTAL PERCENT	63%	27%	7%	3%

n = 25

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

Note: This question was asked only to firms that previously stated they were planning an expansion.

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

Industry	Where Expansion Will Be			
	Within The City Limits	Within The Same County	Within The State	Out of State
Manufacturing	73%	9%	9%	9%
Finance/Services	75%	25%	0%	0%
Other Industries	43%	43%	14%	0%
TOTAL PERCENT	63%	27%	7%	3%

n = 25

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

Note: This question was asked only to firms that previously stated they were planning an expansion.

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

Community	Where Expansion Will Be			
	Within The City Limits	Within The Same County	Within The State	Out of State
Hutchinson	63%	27%	7%	3%
Other 8 Communities	63%	17%	14%	7%

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

Note: This question was asked only to firms that previously stated they were planning an expansion.

Table 72 illustrates the similarities of firms expanding within Hutchinson and those firms expanding within their respective communities. Encouragingly, those Hutchinson firms who are undergoing expansion very seldom go out of Reno County to do so. At the present time, there do not seem to be any major factors that are forcing firms to expand outside the Hutchinson or Reno County area. However, local officials should be cautious of any conditions which might prompt expansion away from the area.

Advantages that influenced expansion. Only five Hutchinson firms responded to this question, and as a result, it would be unrealistic to attempt to draw inferences from such a sample size. However, Table 73 highlights responses which were given by firms in the other 8 communities surveyed as advantages that influenced expansion activities.

TABLE 73
LOCAL ADVANTAGES THAT INFLUENCED EXPANSION
BY COMMUNITY COMPARISON

Community	Good Local Labor Pool	Space Was Available	Tax Incentives Public Assistance	Strong Local Economy
Hutchinson	38%	38%	0%	50%
Other 8 Communities	9%	70%	2%	26%

Source: Business Retention and Expansion Survey for 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 by only those firms that stated they were planning an expansion within their community.

Additional Products and Expansion. Hutchinson firms offered many reasons for not being able to offer an additional product or service, the most frequent being lack of equipment and technology (see Tables 74 and 75). Probable causes of this might be lack of affordable financing, low cash flow, or lack of skilled labor, which were all also cited as reasons not to offer other products. Other reasons cited include no desire to expand, static or declining market, and currently introducing a new product. Of the 26 firms who responded to this question, 21 had less than 20 employees. Incidentally, small firms were the only firms to mention lack of affordable financing and low cash flow as barriers. The larger firms seemed to have greater problems in terms of lacking proper equipment and new technology.

TABLE 74
REASONS FOR NOT OFFERING AN ADDITIONAL PRODUCT OR SERVICE*
BY SIZE OF FIRM

Number of Employees	Lack of		Lack of Specific Knowledge How	No Desire To Expand	Static or Declining Market	Low Cash Flow	Business Complex Enough Now	Lack of Skilled Labor	Lack of Equipment, Tech.	Introducing Product or Service Now
	Restrictive Laws or Regulations	Affordable Financing								
1-19	6%	15%	0%	18%	15%	21%	3%	12%	24%	18%
20-49	0%	0%	0%	0%	0%	0%	0%	67%	34%	0%
50+	0%	0%	17%	17%	17%	0%	0%	0%	33%	17%
PERCENT OF TOTAL	5%	12%	2%	16%	14%	16%	2%	14%	26%	16%

n = 26

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

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

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

Industry	Lack of		Lack of Specific Knowledge How	No Desire To Expand	Static or Declining Market	Low Cash Flow	Business Complex Enough Now	Lack of Skilled Labor	Lack of Equipment, Tech.	Introducing Product or Service Now
	Restrictive Laws or Regulations	Affordable Financing								
Manufacturing	0%	23%	8%	23%	15%	23%	8%	0%	8%	23%
Finance/Services	14%	14%	0%	0%	14%	29%	0%	29%	29%	14%
Other Industries	0%	0%	0%	25%	13%	0%	0%	13%	38%	13%
PERCENT OF TOTAL	5%	12%	2%	16%	14%	16%	2%	14%	26%	16%

n = 26

*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 76
REASONS FOR NOT OFFERING AN ADDITIONAL PRODUCT OR SERVICE*
BY COMMUNITY COMPARISON

Community	Lack of		Lack of Specific Knowledge How	No Desire To Expand	Static or Declining Market	Low Cash Flow	Business Complex Enough Now	Lack of Skilled Labor	Lack of Equipment, Tech.	Introducing Product or Service Now
	Restrictive Laws or Regulations	Affordable Financing								
Hutchinson	5%	12%	2%	16%	14%	16%	2%	14%	26%	16%
Other 8 Communities	12%	16%	6%	8%	13%	12%	15%	10%	10%	22%

*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.

Hutchinson firms indicated greater emphasis on the reasons of no desire, low cash flow, lack of adequate skill, and lack of specific equipment and technology as reasons for not offering an additional product or service than did firms surveyed in other communities (see Table 76). In the other communities, restrictive laws and regulation, lack of affordable financing, and present business is too complicated were cited by firms as significant reasons not to offer additional products to a greater degree than by firms in Hutchinson.

Companies, especially small firms, may not have the resources or knowledge necessary to introduce a new product or service. In addition, one of the highest hurdles in obtaining these needs is financing. Financing vehicles and information about these opportunities are set up by the state to specifically help these kinds of firms. It should become a priority of the local government to make its area businesses aware of these tools and how they can be obtained. New products will allow companies to reach new markets and increase their chances for expansion in the Hutchinson community.

Expanding into the international market. Offering new or existing products internationally will help the Hutchinson community economically, and there are firms that can and want to expand into the international market. Out of the total number of firms surveyed in Hutchinson who are not currently engaged in export activities, 14% stated that they had the potential to expand internationally (see Tables 77 and 78). Manufacturing and finance/services firms in particular have the potential and desire to expand. Due to the importance of the international market and its impact on the Hutchinson community, it is imperative that these firms be encouraged to

meet their potential and desire.

TABLE 77
 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	86%	14%
20-49	87%	13%
50+	87%	13%
TOTAL PERCENT	86%	14%

n = 89

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

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

Do you feel your business has the potential to expand into the international market?		
Industry	NO	YES
Manufacturing	83%	17%
Finance/Services	81%	19%
Other Industries	93%	7%
TOTAL PERCENT	86%	14%

n = 89

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

TABLE 79
 PERCENT OF TOTAL FIRMS THAT 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
Hutchinson	86%	14%
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 80
 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	87%	13%
20-49	100%	0%
50+	87%	13%
TOTAL PERCENT	88%	12%

n = 88

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

TABLE 81
 PERCENT OF TOTAL FIRMS THAT HAVE THE
 DESIRE TO EXPAND INTERNATIONALLY, BY INDUSTRY

Does your firm have the desire to expand into the international market?		
Industry	NO	YES
Manufacturing	81%	19%
Finance/Services	93%	7%
Other Industries	89%	11%
TOTAL PERCENT	88%	12%

n = 88

Source: Business Retention and Expansion Survey for 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 THE
 DESIRE TO EXPAND INTERNATIONALLY
 BY COMMUNITY COMPARISON

Does your firm have the desire to expand into the international market?		
Community	NO	YES
Hutchinson	88%	12%
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.

By attempting to educate all firms in what is needed to export, where they might get assistance, and how they can initiate such a venture, Hutchinson may be able to encourage more companies to export their products. As Tables 77 and 80 indicate, it would be a mistake to disregard smaller

companies as a source for exports in favor of larger companies: there are small firms with both the potential and the desire to expand internationally. The ability of Hutchinson firms to trade internationally cannot be emphasized enough. If the potential for firms is not realized, and the desire to expand not encouraged, the scope of products will remain narrow and locally oriented.

Reasons for not expanding into the international market. Only six firms gave reasons for not expanding into the international market. These reasons included that the business was too small, the business serves a specific area, lack of knowledge about exporting, unfavorable exchange rates, the costs are too high, and tough competition. Conclusions for the community cannot be based on six firms.

Problems associated with exporting. Only two firms of those surveyed in Hutchinson responded to this question, and therefore, no attempt will be made to draw inferences from this sample size. These two firms gave high tariffs and/or trade barriers, inadequate knowledge of countries markets, and inadequate knowledge of export know-how as problems associated with exporting.

Financing for Expansion

Financing Sources. New forms of financing for expansion are not reaching the surveyed firms in Hutchinson, either because of an unwillingness to use them or because of lack of knowledge. Hutchinson firms use, in general, traditional means of financing. Nearly two-thirds stated that internal financing was their major source and 43% indicated the use of a bank (see Tables 83-84. Twelve percent indicated private sources were their means of financing. From Table 85 it can be seen that Hutchinson firms rely more

strongly upon internal financing and less heavily upon the bank as a source of financing than firms surveyed in the other 8 communities.

TABLE 83
FINANCING SOURCES FOR EXPANSION*
BY SIZE OF FIRM

Number of Employees	Bank	Credit Union	Savings and Loan	Internal Financing	Private Sources	Small Business Administration	Industrial Revenue Bonds
1-19	46%	2%	0%	59%	14%	2%	0%
20-49	42%	0%	10%	74%	0%	0%	0%
50+	25%	0%	0%	87%	12%	0%	25%
PERCENT OF TOTAL	43%	2%	1%	64%	12%	1%	3%

n = 98

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

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

TABLE 84
FINANCING SOURCES FOR EXPANSION*
BY INDUSTRY

Industry	Bank	Credit Union	Savings and Loan	Internal Financing	Private Sources	Small Business Administration	Industrial Revenue Bonds
Manufacturing	34%	2%	0%	61%	12%	0%	5%
Finance/Services	32%	0%	4%	71%	14%	0%	0%
Other Industries	59%	3%	0%	59%	9%	3%	3%
PERCENT OF TOTAL	43%	2%	1%	64%	12%	1%	3%

n = 98

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

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

TABLE 85
FINANCING SOURCES FOR EXPANSION*
BY COMMUNITY COMPARISON

Community	Bank	Credit Union	Savings and Loan	Internal Financing	Private Sources	Small Business Administration	Certified Development	Industrial Revenue Bonds
Hutchinson	43%	2%	1%	64%	12%	1%	0%	3%
Other 8 Communities	55%	2%	3%	50%	6%	3%	1%	5%

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

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

Very few companies used the small business administration or the industrial revenue bonds and no firms used certified development companies. Economic development programs designed to aid the small business are apparently not used, which may be because of poor communication and therefore, lack of knowledge about such programs. This point is strengthened by the very high percentages of firms that use traditional sources. A first step in assisting Hutchinson firms to expand would be to make sure that firms know that alternative financing vehicles exist which may, in addition, include greater flexibility. Banks and internal financing may be what firms are comfortable with, but increased efforts to assist expansion will need to come from alternative sources.

Financing sources outside of Kansas. The majority of Hutchinson firms surveyed do not go outside of Kansas to get financing. For the total number of firms surveyed, 89% stated that they had not gone out-of-state to finance for expansion in the past five years (see Tables 86 and 87). The finance and services industries did use out-of-state financing slightly more often than the other industries. In comparison to firms in the other 8 communities surveyed, Hutchinson firms used slightly more outside of state financing (see Table 88).

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

In the last five years, have you had to
 go outside of Kansas to finance an expansion
 because of a lack of affordable financing?

Number of Employees	NO	YES
1-19	90%	10%
20-49	89%	11%
50+	87%	13%
TOTAL PERCENT	89%	11%

n = 98

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

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

In the last five years, have you had to
 go outside of Kansas to finance an expansion
 because of a lack of affordable financing?

Industry	NO	YES
Manufacturing	93%	7%
Finance/Services	86%	14%
Other Industries	91%	9%
TOTAL PERCENT	89%	11%

n = 98

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

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

Community	NO	YES
Hutchinson	89%	11%
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.

In the case of the larger firm going out-of-state, the most feasible financing package may be in the form of internal financing from parent company, or that state lending institutions are simply unable to provide required capital requests. The issue is whether it is choice or necessity. If Hutchinson firms are made increasingly aware of alternative financing vehicles, those firms that have or presently go out-of-state for assistance may find what they need from the established state programs.

Foregoing expansion because of a lack of financing. Approximately 8% of the total number of Hutchinson firms surveyed indicated that in the last five years they have been forced to forego or postpone expansion because of lack of affordable financing (see Tables 89 and 90). Although the percentage is relatively small, there does exist a slight problem in availability of affordable financing. Just as the finance and services industries have had no problems, so should the remaining industries. In comparison with the other 8 communities, firms in the Hutchinson community have had fewer difficulties in obtaining affordable financing (see Table

91). Again, if Hutchinson could assist expansion efforts by making sure that information about alternative methods for financing is available to firms and that these firms know how to access and implement those sources, the entire Hutchinson community would benefit.

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

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

Number of Employees	NO	YES
1-19	93%	7%
20-49	89%	11%
50+	94%	6%
TOTAL PERCENT	93%	7%

n = 98

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

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

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

Industry	NO	YES
Manufacturing	91%	9%
Finance/Services	100%	0%
Other Industries	88%	12%
TOTAL PERCENT	93%	7%

n = 98

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

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

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

Community	NO	YES
Hutchinson	93%	7%
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. In the past two years, Hutchinson mid-size firms had the greatest increases in employment while large firms had the largest increases in physical plant size. Few small firms in Hutchinson will experience significant expansion growth if they continue to remain locally oriented.
2. The major problem associated with with not expanding is the presence of a static or declining market, indicating that expansion is being deterred by the locally centered scope of products and services.
3. Tax laws and tax incentives may be an important consideration for some expansion efforts, but that is not the case for firms in the Hutchinson community.
4. Much optimism exists about the opportunities for expansion by Hutchinson firms, and now is an excellent time to offer expansion assistance.
5. Although very small in number, the majority of firms which gave reasons for contraction had less than 20 employees. City officials must be aware of problems these small firms have, or risk the development of trends which could hinder expansion growth from a large category of firms in Hutchinson.
6. Prospects for expansion are heightened by the potential for introduction of a new product or service. However, many companies, especially small ones, do not presently have the resources or knowledge necessary to introduce a new product or service.
7. The Hutchinson community possesses firms with the potential and the desire to expand into the international market. More information needs to be made available to these firms regarding how to export and the nature of foreign markets.
8. To disregard smaller companies as a source for exports would be a mistake as there are small companies with the potential and the desire to export.
9. In general, Hutchinson firms typically use traditional forms of financing for expansion.
10. Reasons for not using state sponsored financing, such as certified development companies, may be lack of knowledge or awareness, not unwillingness to use such programs.

11. Poor availability of affordable financing has forced companies to forego or postpone expansion activities. Despite this problem, evidence is present that indicates there are many firms in Hutchinson who have strong interests in expanding but are unable given present conditions.

VI.

BUSINESS CLIMATE

In this section, we discuss 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 include: many respondents believe local government administrators have a neutral attitude toward their businesses; firms are generally satisfied with services provided to them, although transportation services are perceived as inadequate; city as well as state regulations are seen to impede business operation the most; the preferred way to improve local quality of life and business climate is through economic development; and improved highway conditions are seen as the chief way of improving the state business climate.

Local And State Business Climate

Quality of Life. A high percentage of firms believe the quality of life in Hutchinson is good. Seventy-one percent of the Hutchinson firms surveyed stated that quality of life in community was good, 28% stated adequate, and 1% saw it as poor (see Tables 92 & 93). Medium size firms had the poorest perception of quality of life as did firms in the other industries category.

TABLE 92
 FIRMS' PERCEPTIONS OF THE QUALITY OF
 LIFE IN THE HUTCHINSON COMMUNITY
 BY SIZE OF FIRM

Number of Employees	Quality of Life		
	Good	Adequate	Poor
1-19	73%	26%	2%
20-49	58%	42%	0%
50+	75%	25%	0%
TOTAL PERCENT	71%	28%	1%

n = 99

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

TABLE 93
 FIRMS' PERCEPTIONS OF THE QUALITY OF
 LIFE IN THE HUTCHINSON COMMUNITY
 BY INDUSTRY

Industry	Quality of Life		
	Good	Adequate	Poor
Manufacturing	74%	26%	0%
Finance/Services	82%	14%	4%
Other Industries	61%	39%	0%
TOTAL PERCENT	71%	27%	1%

n = 99

Source: Business Retention and Expansion Survey for 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
 FIRMS' PERCEPTIONS OF THE QUALITY OF
 LIFE IN THE HUTCHINSON COMMUNITY
 BY COMMUNITY COMPARISON

Community	Quality of Life		
	Good	Adequate	Poor
Hutchinson	71%	27%	1%
Other 8 Communities	83%	15%	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.

This large percentage of firms with a strong opinion about quality of life in Hutchinson can be viewed as a positive characteristic. However, when making comparison to other communities, it is noted that the percentage of "good" in Hutchinson is significantly less than it is in comparison communities (see Table 94). This implies that although the majority of firms perceive a good quality of life, there are still areas of improvement which could further develop Hutchinson's quality of life.

Attitude of the local government. The majority of Hutchinson firms (53%) perceive the attitude of the local government as positive to very positive (see Tables 95 and 96). However, a substantial portion (12%) believed the local government had a negative to very negative attitude. The large firms in Hutchinson had the largest percent who felt a negative attitude was present while the medium size firms had the largest proportion who felt a positive attitude was present. Firms in the finance and services industries had a large percentage who perceived a positive attitude (see Table 96). Table 97 indicates that firms in the other communities surveyed had similar perceptions of their respective local governments. It is important to note

the relatively high percentage of companies that stated local governments attitude was neutral. This indicates a belief that the local government really did not have an effect upon business practices in the Hutchinson community.

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

Number of Employees	Attitude of Local Government		
	Positive To Very Positive	Neutral	Negative To Very Negative
1-19	52%	35%	13%
20-49	69%	31%	0%
50+	37%	44%	19%
TOTAL PERCENT	53%	35%	12%

n = 98

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

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

Industry	Attitude of Local Government		
	Positive To Very Positive	Neutral	Negative To Very Negative
Manufacturing	39%	46%	15%
Finance/Services	64%	21%	14%
Other Industries	52%	39%	9%
TOTAL PERCENT	53%	35%	12%

n = 99

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

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

Community	Attitude of Local Government		
	Positive To Very Positive	Neutral	Negative To Very Negative
Hutchinson	53%	35%	12%
Other 8 Communities	55%	36%	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.

Perception of services. Hutchinson firms, in general, are satisfied with the services that are provided to them. A relatively high percentage of firms gave quality of public transportation, availability of air transportation, and quality of roads² a poor rating (see Table 98). Those services receiving high ratings included fire protection, police protection, telephone and electric system, and public school system. Relative to other communities, Hutchinson firms are more unhappy with quality of roads and quality of public transportation and have similar opinions about other services (see Table 99).

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

TABLE 98
HUTCHINSON FIRMS' PERCEPTIONS OF SERVICES

	No			
	Opinion	Good	Adequate	Poor
Quality of Roads	1%	22%	45%	32%
Quality of Railroads	25%	28%	33%	14%
Cost of Transportation	15%	28%	44%	13%
Availability of Air Transportation	22%	17%	25%	37%
Quality of Public Transportation	26%	9%	20%	44%
Freight Delivery Time	10%	50%	39%	1%
Quality of Training	23%	30%	34%	13%
Fire Protection	4%	70%	26%	0%
Police Protection	2%	63%	32%	3%
Telephone System	0%	66%	31%	3%
Electric System	0%	78%	22%	0%
Public School System	11%	67%	18%	3%
Quality of Garbage Collection	10%	64%	24%	2%

n = 99

Source: Business Retention and Expansion Survey for 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
COMPARISON COMMUNITIES' FIRMS' PERCEPTIONS OF SERVICES

Other 8 Communities	No			
	Opinion	Good	Adequate	Poor
Quality of Roads	1%	38%	44%	17%
Quality of Railroads	35%	28%	26%	11%
Cost of Transportation	10%	30%	46%	15%
Availability of Air Transportation	22%	12%	29%	37%
Quality of Public Transportation	28%	13%	26%	33%
Freight Delivery Time	13%	52%	30%	5%
Quality of Training	17%	38%	31%	14%
Fire Protection	3%	77%	19%	1%
Police Protection	1%	69%	27%	3%
Telephone System	0%	63%	30%	7%
Electric System	0%	73%	22%	5%
Public School System	6%	74%	17%	3%
Quality of Garbage Coll.	5%	65%	25%	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.

The poor ratings given to transportation related attributes of Hutchinson will be very important issues for firms who are considering expansion or locating in Hutchinson. Many firms who operate in or are considering operating in Hutchinson rely heavily on the quality of transportation and how well their product or service can be transported to and from a destination. At present, it appears that quality of such attributes in the Hutchinson community are in question. This will become increasingly important if firms are to broaden their markets and try to increase the scope of their products. However, not to be overlooked is the perceived good quality of the previously cited local services. These are positive attributes for the community and will help in decisions of location and expansion.

Government regulations that impede business operations. Regulations that have the potential to impede the successful operation of a business were stated as being predominantly city or state regulations, as 97% of the respondents in Hutchinson cited hampering city and/or state regulations as impeding business (see Tables 100 and 101). Specific barriers mentioned by business representatives in Hutchinson include a poor comprehensive zoning plan and waste disposal regulations. Zoning and EPA regulations were also mentioned as factors impeding business operations.

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

Number of Em- ployees	Hamp- ering City- State Regs.	KCC Over Reg- ula- tion	EPA Regs.	Zoning	KS Dept. of Health	Gvt. Over Reg- ula- tion
1-19	100%	8%	16%	16%	4%	8%
20-49	100%	0%	0%	100%	0%	0%
50+	50%	0%	50%	0%	100%	0%
PERCENT OF TOTAL	97%	7%	17%	21%	10%	7%

n = 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.

TABLE 101
GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*
BY INDUSTRY

Industry	Hamp- ering City- State Regs.	KCC Over Reg- ula- tion	EPA Regs.	Zoning	KS Dept. of Health	Gvt. Over Reg- ula- tion
Manufacturing	89%	0%	11%	22%	33%	0%
Finance/ Services	100%	0%	0%	0%	0%	0%
Other Industries	100%	13%	25%	25%	0%	13%
PERCENT OF TOTAL	97%	7%	17%	21%	10%	7%

n = 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.

TABLE 102
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
Hutchinson	97%	7%	17%	0%	21%	10%	7%
Other 8 Communities	98%	5%	19%	5%	16%	6%	20%

*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.

The only significant difference that exists between firms in Hutchinson and those in the other surveyed communities is the perceived effect of government over-regulation. Roughly 20% of the firms surveyed in the other communities felt that the government over-regulated as opposed to 7% for Hutchinson firms (see Table 102).

Many regulations that impede business operations are controllable only at the state level, and may indeed be factors that significantly influence future business activities in Hutchinson. However, it would be a mistake to think that operations are impeded only by state or federal regulation. Hutchinson must be aware of the impacts their local regulation can have on business activities in the area, and strive to correct and amend those that create unfavorable business conditions.

Taxes that influence expansion decisions. Taxes can also have a negative effect on expansion. Tables 103 and 104 illustrate the various taxes which have been perceived to cause expansion plans to be aborted. Property tax on inventory was cited most often by Hutchinson firms as a deterrent to expansion. In addition, 72% of the manufacturing firms surveyed also indicated property tax on inventory as a heavy burden (see Table 104). The finance and services industry indicated that unemployment insurance tax was its greatest problem. Other reasons that received high response include sales tax on machines and equipment and workers compensation. No significant differences existed between reasons Hutchinson firms cited and those indicated by firms in the other communities (see Table 105).

TABLE 103
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 Tax	Sales Tax on Inven-tories	Mach-ines and Equip-ment	Unem-ploy-ment Insur-ance Tax	Work-ers Compen-sation	Sev-erance Tax
1-19	21%	27%	20%	55%	27%	39%	39%	5%	
20-49	0%	0%	0%	72%	72%	29%	29%	0%	
50+	33%	17%	17%	50%	33%	17%	17%	17%	
PERCENT OF TOTAL	19%	22%	17%	57%	33%	35%	35%	5%	

n = 35

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

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

TABLE 104
REASONS TO FOREGO EXPANSION*
BY INDUSTRY

Industry	Over-all State Tax Burden	Over-all City Tax Burden	Corporate Income Tax	Property Tax	Sales Tax on Inven-tories	Mach-ines and Equip-ment	Unem-ploy-ment Insur-ance Tax	Work-ers Compen-sation	Sev-erance Tax
Manufacturing	17%	28%	11%	72%	39%	22%	22%	6%	
Finance/Services	33%	33%	17%	33%	17%	67%	50%	0%	
Other Industries	14%	14%	21%	57%	36%	29%	36%	7%	
PERCENT OF TOTAL	19%	22%	17%	57%	33%	35%	35%	5%	

n = 35

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

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

TABLE 105
REASONS TO FOREGO EXPANSION*
BY COMMUNITY COMPARISON

Community	Over-all State Tax Burden	Over-all City Tax Burden	Corporate Income Tax	Property Tax	Sales Tax on Inven-tories	Mach-ines and Equip-ment	Unem-ploy-ment Insur-ance Tax	Work-ers Compen-sation	Sev-erance Tax	Gas Tax
Hutchinson	19%	22%	17%	57%	33%	35%	35%	5%	5%	0%
Other 8 Communities	24%	12%	20%	61%	31%	47%	48%	8%	2%	

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

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

TABLE 107
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 Moral	Improve Town, Fix Prop- erty	Up- grade Edu- cation
Manufacturing	78%	13%	4%	9%	0%	0%	4%
Finance/ Services	72%	6%	6%	6%	6%	11%	0%
Other Industries	80%	20%	0%	13%	0%	0%	13%
PERCENT OF TOTAL	76%	12%	3%	9%	2%	5%	6%

n = 54

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

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

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

Community	Ec- onomic Dev- elop- ment	More Enter- tain- ment	More Activ- ities For Town	More Recre- ational Activ- ities	Improve Public Moral	Improve Town, Fix Prop- erty	Up- grade Edu- cation
Hutchinson	76%	12%	3%	9%	2%	5%	6%
Other 8 Communities	54%	17%	8%	18%	7%	6%	11%

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

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

Hutchinson firms are obviously highly concerned with the present economic environment and are urging for development of economic assistance programs, both at the local and state level. Hutchinson must realize this concern and begin initiation of programs which will help develop the local quality of life and harness the vast growth potential Hutchinson has.

Improving the local business climate. When asked for suggestions to improve Hutchinson's local business climate, the most popular response again was economic development activities (see Tables 109 and 110). As with the quality of life issue, economic development is seen as a means of increasing employment and thus creating a larger number of customers for Hutchinson firms. Also cited as suggestions were creation of tax incentives and abatements and more responsive action on part of the local government.

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

Number of Employees	Economic Development	More Cooperation Between State & Local	Improve Financing	Tax Incentives, Abatements	Local Govt. More Responsive	Help Entrepreneurs	Spend Municipal Funds
1-19	74%	7%	17%	21%	23%	4%	9%
20-49	87%	0%	0%	0%	0%	0%	25%
50+	100%	0%	0%	0%	25%	25%	0%
PERCENT OF TOTAL	77%	6%	14%	17%	20%	5%	11%

n = 39

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

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

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

Industry	Economic Development	More Cooperation Between State & Local	Improve Financing	Tax Incentives, Abatements	Local Govt. More Responsive	Help Entrepreneurs	Spend Municipal Funds
Manufacturing	71%	0%	6%	18%	18%	6%	18%
Finance/Services	55%	18%	18%	18%	36%	9%	0%
Other Industries	100%	0%	15%	15%	8%	0%	15%
PERCENT OF TOTAL	77%	6%	14%	17%	20%	5%	11%

n = 39

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

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

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

Community	Economic Development	Improve-ment Between State Local	Increase and Im-prove Local Image	Improve Local Financing	Tax Incentives, Abate-ments	Local Govt. Respon-sive	Help Entre-preneurs	Spend Muni-cipal Funds
Hutchinson	77%	6%	0%	14%	17%	20%	5%	11%
Other 8 Communities	57%	2%	13%	12%	14%	24%	12%	7%

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

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

Again, from Table 111 it can be seen that Hutchinson firms are more concerned and aware of the need for economic development efforts than firms in the other communities surveyed. This is a further indication that Hutchinson firms are apparently very aware of the idea of economic development, and see this as a way to enhance growth in the community.

Improving the state business climate. Suggestions given for improving the state business climate did not center around economic development. A suggestion given most often by firms surveyed in Hutchinson was improvement of the highway system (see Tables 112 and 113). Changing or lowering of taxes and economic development were also suggested.

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

Number of Employees	Economic Development	More Cooperation Between State & Local	Increase and Improve State & State Image	Tax Incentives	Better Competition	Improve Highway System	Seek Diversification	Change Or Lower Taxes
1-19	14%	3%	8%	11%	7%	62%	0%	21%
20-49	44%	0%	0%	22%	0%	56%	22%	44%
50+	18%	0%	27%	9%	9%	55%	9%	9%
PERCENT OF TOTAL	19%	2%	10%	12%	7%	61%	3%	22%

n = 56

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

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

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

Industry	Economic Development	More Cooperation Between State & Local	Increase and Improve State & State Image	Tax Incentives	Better Competition	Improve Highway System	Seek Diversification	Change Or Lower Taxes
Manufacturing	21%	0%	13%	4%	8%	58%	4%	25%
Finance/Services/Other Industries	17%	6%	17%	11%	11%	61%	0%	17%
Industries	19%	0%	0%	19%	0%	63%	6%	25%
PERCENT OF TOTAL	19%	2%	10%	12%	7%	61%	3%	22%

n = 56

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

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

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

Community	Economic Development	More Cooperation Between State & Local	Increase and Improve State & State Image	Better Financing Opportunities	Tax Incentives	Better Competition	Eliminate Severance Tax	Improve Highway System	Seek Diversification	Change Or Lower Taxes
Hutchinson	19%	2%	10%	0%	12%	7%	0%	61%	3%	22%
Other 8 Communities	30%	1%	16%	8%	17%	6%	4%	27%	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.

In comparing suggestions made by Hutchinson firms and those made by firms in the other 8 communities, it can be seen that a much larger percentage of Hutchinson firms stated improvement of highways as the principle means of improving the state business climate (see Table 114). Perhaps this is due to the fact that Hutchinson is not served by a four lane highway and local businesses feel this type of upgrade is needed to enable their firms to experience growth and expansion.

Transportation is once again a factor that is of consequence to these firms, and will gain even more importance if companies are to use more than the local market. Taxes are also very much on the mind of businesses, causing underlying growth restrictions which certain taxes may be placing upon firms in the Hutchinson community.

Business Climate Summary

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

1. Despite a general satisfaction with the local government, many Hutchinson firms feel local officials have a neutral attitude towards their businesses.
2. Transportation services in Hutchinson received adequate or poor ratings by a majority of firms. In an attempt to increase the scope of products and services, quality of transportation attributes must be high so that firms are able to expand into other markets.
3. Hutchinson firms perceive many regulations that may be harmful to business operations and identify them as coming from both city and state programs. It would be a mistake to think that operations are impeded solely by state regulations.
4. Economic development is very much on the mind of Hutchinson firms. Creation of new assistance programs and employing better knowledge of existing programs are the types of efforts needed to increase development opportunities.

5. Hutchinson firms show large concern for the present highway conditions. It would be of tremendous aid to current businesses and of greater use in developing expansion and growth if appropriate highway revisions and upgrades that meet economic development priorities were implemented.

VII.

ECONOMIC DEVELOPMENT PROGRAMS

In this section we examine 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.

Firms in Hutchinson currently have very little knowledge about economic development programs, and a very large majority of the firms who are aware of the assistance programs fail to use them. Other findings include (1) firms generally require low or non-specified skill employees, (2) very few firms use the services of state educational institutions, (3) the most frequently used service of state schools is training of presently employed personnel, (4) most employees sought through state educational institutions are management personnel.

Economic Development Assistance

Certified Development Companies (CDCs). Certified Development Companies assist small businesses with long term financing through the Small Business Administration 503 loan program. The nearest CDC to Hutchinson community firms is the McPherson County Small Business Development Association, 101 S. Main., McPherson, KS. None of the Hutchinson firms surveyed have used CDC's and, in fact, 93% of the firms had no knowledge of the program (see Tables 115 and 116). Firms with 20 or more employees, in general, had a slightly higher awareness of CDC's, as did the manufacturing industry relative to

other industries. Firms surveyed in the other 8 communities had similarly small knowledge of CDC's, although somewhat higher than firms in Hutchinson (see Table 117).

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

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	95%	5%	0%
20-49	84%	16%	0%
50+	87%	13%	0%
TOTAL PERCENT	93%	7%	0%

n = 99

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

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

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	86%	14%	0%
Finance/Services	93%	7%	0%
Other Industries	97%	3%	0%
TOTAL PERCENT	93%	7%	0%

n = 99

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

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

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Hutchinson	93%	7%	0%
Other 8 Communities	88%	11%	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.

Assistance programs such as the Certified Development Companies are set up to assist firms in further business development and in turn, enhance the respective communities business climate and environment. However, as is the case in Hutchinson, firms not only don't use the programs, they are unaware of the program (93% of Hutchinson firms surveyed). Obviously, communication from the state level is inadequate at the present time, and as a result, Hutchinson's local government should supplement state efforts by setting up their own information/communication network.

The Community Development Block Program. The Community Development Block Grant Program is a federal grant program administered by the state government to assist communities in providing additional services to low and moderate income persons. Grants are given for such projects as infrastructure improvement, business financing, and comprehensive planning for communities. Hutchinson firms seem to be aware of the Community Development Block Program, as 71% stated they had knowledge of it (see Tables 118 and 119). However, only 1% of the firms in Hutchinson indicated

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

Number of Employees	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
1-19	51%	8%	14%	11%	5%	16%	3%	16%
20-49	64%	0%	9%	18%	18%	18%	0%	18%
50+	66%	55%	22%	44%	33%	0%	0%	11%
PERCENT OF TOTAL	56%	14%	14%	18%	12%	14%	2%	16%

n = 35

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

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

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

Industry	Training of Presently Employed Personnel	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
Manufacturing	55%	36%	55%	18%	9%	0%	9%	9%
Finance/Services	56%	11%	0%	0%	11%	33%	0%	11%
Other Industries	57%	7%	7%	29%	14%	7%	0%	21%
PERCENT OF TOTAL	56%	14%	14%	18%	12%	14%	2%	16%

n = 35

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

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

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

Community	Training of Presently Employed Personnel	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
Hutchinson	56%	14%	14%	18%	12%	14%	2%	16%
Other 8 Communities	40%	26%	23%	8%	11%	24%	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.

Firms in other communities use these state schools for technical and business courses and consulting for business planning to a higher degree than firms in Hutchinson (see Table 139). Firms in the Hutchinson community should take greater advantage of the various services available at state schools.

Employees sought from state universities, community colleges, and vocational schools. Employees most commonly sought by businesses in Hutchinson include business and management personnel and entry level clerical workers (see Tables 140 and 141). Larger firms, as expected, are typically capable of hiring a greater proportion of more technically oriented personnel than small firms. Types of employees sought by firms surveyed in Hutchinson is very similar to those sought by companies in other communities (see Table 142).

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

Number of Employees	Entry-Level Clerical	Mechanics, Machinists	Data Processors	Electronics, Electrical Technicians	Drafters	Chemical Process Technicians, Lab Technicians	Engineers	Business Management Personnel	Agricultural, Veterinary Personnel	Heavy Equipment Operators	General Labor
1-19	32%	13%	4%	3%	6%	9%	6%	22%	12%	15%	19%
20-49	29%	12%	0%	0%	0%	0%	0%	35%	12%	0%	24%
50+	23%	31%	8%	15%	15%	8%	38%	92%	0%	0%	0%
PERCENT OF TOTAL	30%	15%	4%	5%	6%	7%	9%	33%	10%	10%	17%

n = 60

*Since firms could give more than one type of employee that is sought for their company, total percentages may not add to 100%.

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

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

Industry	Entry- Level Clerical	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
Manufacturing	19%	33%	10%	14%	10%	14%	14%	52%	0%	10%	24%
Finance/ Services	47%	0%	7%	0%	7%	13%	7%	27%	13%	0%	7%
Other Industries	25%	17%	0%	4%	4%	0%	8%	29%	13%	17%	21%
PERCENT OF TOTAL	30%	15%	4%	5%	6%	7%	9%	33%	10%	10%	17%

n = 60

*Since firms could give more than one type of employee that is sought for their company, total percentages may not add to 100%.

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

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

Community	Entry- Level Clerical	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
Hutchinson	30%	15%	4%	5%	6%	7%	9%	33%	10%	10%	17%
Other 8 Communities	25%	21%	9%	8%	3%	5%	11%	31%	8%	6%	12%

*Since firms could give more than one type of employee that is sought for 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.

Mid-size communities, including Hutchinson, generally have firms which do not require a large number of employees with technical backgrounds. In light of this, attention should be directed toward (given the present employee demands by local companies) assuring that the quality of local and area institutions is sufficiently meeting expectations and needs of local firms.

Economic Development Assistance Programs Summary

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

1. State economic development programs not well known nor heavily used by Hutchinson firms.
2. Accessibility and knowledge of these various economic development programs must increased so that firms can take advantage of expansion and economic growth opportunities.
3. In general, Hutchinson firms have requirements for relatively general, nonspecified skills. As a result, their ability to compete in the future will be dependent upon training and access to training programs.
4. If competition requires a transition to more specialized forms of employment, growth potential of Hutchinson firms will be weakened.
5. It is essential that assistance programs such as JTPA and KIT be well communicated to businesses in the Hutchinson community to greater facilitate expansion and upgrading activities.
6. Services offered by state schools are most often used by larger firms indicating that smaller firms may have difficulties in obtaining and/or affording assistance from educational institutions.

they had actually used the program. Table 120 highlights the fact that more Hutchinson firms are actually aware of the Community Development Block Program than firms surveyed in the other 8 communities, although a slightly fewer percentage used the program.

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

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	28%	70%	2%
20-49	16%	84%	0%
50+	37%	63%	0%
TOTAL PERCENT	28%	71%	1%

n = 99

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

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

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	36%	64%	0%
Finance/Services	21%	79%	0%
Other Industries	27%	20%	3%
TOTAL PERCENT	28%	71%	1%

n = 99

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

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

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Hutchinson	28%	71%	1%
Other 8 Communities	38%	60%	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.

Although firms in Hutchinson generally have strong knowledge of this program, few have actually used the assistance. Local government should attempt to further educate local businesses and at encourage the use of these state programs. Successful implementation of these programs will be beneficial for both businesses and Hutchinson's economy.

Centers of Excellence Programs. Centers of Excellence, located at state universities, offer state-of-the-art research capabilities, fit within the long range objectives of the universities, and offer long-term potential for economic development. Commercialization of new technologies and attracting nationally-recognized scientists are important goals of the Centers. The nearest Center of Excellence to Hutchinson is at Wichita State University. Only 15% of firms in Hutchinson stated they knew about Centers of Excellence Programs (see Tables 121 and 122). Even more discouraging is the fact that no firms in Hutchinson have used the program. Medium sized firms did seem

to have a significantly higher knowledge about the program than firms of other size. Overall awareness of this program by Hutchinson firms was identical to that of firms in the other 8 communities (see Table 123).

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

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	88%	12%	0%
20-49	58%	42%	0%
50+	87%	13%	0%
TOTAL PERCENT	85%	15%	0%

n = 99

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

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

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

n = 98

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

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

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Hutchinson	85%	15%	0%
Other 8 Communities	85%	15%	0%

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

Again, a very high percentage of surveyed Hutchinson firms exist which are unaware of this particular program. Added efforts must be made on the part of Hutchinson's local government to further communicate and promote the existence of such programs and encourage their use.

The Job Training Partnership Act (JTPA). The Job Training Partnership Act is a federal job training program aimed primarily at disadvantaged and dislocated workers. Information about JTPA may be obtained by contacting the Kansas State Department of Human Resources. Of all assistance programs mentioned in this study, JTPA had the highest degree of use, as 9% of the Hutchinson firms surveyed stated they had used the program (see Table 124 and 125). Despite this, 44% of the total number of Hutchinson firms surveyed indicated they had no knowledge of this program and 47% stated they had knowledge but had not used it. A higher percentage of large firms used the program than small firms. Comparison data shows that Hutchinson firms used the JTPA less than firms in the other communities and that a greater percentage of firms had no knowledge (see Table 126).

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

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	45%	49%	6%
20-49	37%	42%	21%
50+	44%	31%	25%
TOTAL PERCENT	44%	47%	9%

n = 99

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

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

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	36%	52%	12%
Finance/Services	57%	39%	4%
Other Industries	39%	49%	12%
TOTAL PERCENT	45%	46%	9%

n = 99

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

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

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Hutchinson	45%	46%	9%
Other 8 Communities	42%	47%	11%

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

The Job Training Partnership Act is a training program that can be of great assistance to firms that want to cut training costs and develop more highly skilled workers. By far, knowledge of this program has been greater than that of any other. However, nearly half the firms still have no knowledge, and as a result, efforts should be made not only to encourage its use by those firms already aware of it, but also to educate the large percentage unaware of it.

The Kansas Industrial Training Program (KIT). The Kansas Industrial Training Program provides job training grants to firms that are new to the state or to existing firms that are expanding within Kansas. Information about KIT may be obtained through the Kansas State Department of Commerce. Of all Hutchinson firms interviewed, 55% stated they had no knowledge of KIT and only 4% indicated they had actually used the program (see Tables 127 and 128). A large percent of the finance and services industry firms had no knowledge of KIT, relative to firms in manufacturing and other industries (see Table 128). This was also the situation for firms with greater than 50

employees. In comparison to firms in the other 8 communities, Hutchinson firms surveyed had a greater degree of knowledge and use of the KIT program (see Table 129).

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

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	56%	41%	3%
20-49	42%	47%	11%
50+	69%	31%	0%
TOTAL PERCENT	55%	41%	4%

n = 99

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

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

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	50%	50%	0%
Finance/Services	68%	29%	3%
Other Industries	49%	45%	6%
TOTAL PERCENT	55%	41%	4%

n = 99

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

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

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Hutchinson	55%	41%	4%
Other 8 Communities	66%	32%	2%

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

The Kansas Industrial Training Program is a special program designed to aid new expansion that employs new personnel by assisting firms in upgrading their training capabilities. Again, however, a large percentage of firms are unaware of the program and of those who are, very few are actually using it. A positive sign concerning this assistance is the data from Table 129: Hutchinson firms, in comparison to surveyed firms in the other 8 communities, do seem to have more knowledge about KIT. However, efforts to increase knowledge of KIT and enhance-its use are greatly needed.

TABLE 130
SUMMARY TABLE FOR
ECONOMIC DEVELOPMENT PROGRAMS

	No <u>Knowledge</u>	Knowledge, No Use	Used <u>Program</u>
Certified Development Companies	93%	7%	0%
Centers of Excellence	85%	15%	0%
Community Development Block Programs	28%	71%	1%
Kansas Industrial Training Program	55%	41%	4%
Job Training Partnership Act	45%	46%	9%

n = 99

Source: Business Retention and Expansion Survey for 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.

Very evident is the fact that state programs designed to assist economic development efforts of firms in Hutchinson and other communities are for the most part not very well known. A large majority of firms had absolutely no knowledge of some of the programs and a very small percentage of firms are participating in these programs (see Summary Table 130). Of great importance to Hutchinson's local government should be to attempt to further communicate and educate firms in the community of the various programs that are available and encourage firms to implement these into their development efforts.

Firms That Need A Specialized Skill

Of the total number of firms surveyed in Hutchinson, 97% stated they did not need a specialized skill for employment in their company (see Tables 131 and 132). However, larger firms seem to require a greater percentage of skilled employees than smaller firms. No significant differences existed on

an industry breakdown and comparison data indicated that firms in Hutchinson had skill requirements which were the same as firms in other communities (see Table 133).

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

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

Number of Employees	NO	YES
1-19	100%	0%
20-49	89%	11%
50+	87%	13%
TOTAL PERCENT	97%	3%

n = 97

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

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

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

Industry	NO	YES
Manufacturing	95%	5%
Finance/Services	100%	0%
Other Industries	97%	3%
TOTAL PERCENT	97%	3%

n = 98

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

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

Does your firm need a specialized skill for employment in your company?		
Community	NO	YES
Hutchinson	97%	3%
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.

In general, the work force in Hutchinson and other communities is not highly skilled, and this factor could be a limiting condition for future expansion by firms in the Hutchinson community. As changes in technology and technological advancement become more evident and essential in business operations, skilled positions will become increasingly common for all types of firm sizes and industries. To remain competitive, firms will have to adapt, and as a result, will have to train a great deal of workers in the future. This type of undertaking will require large amounts of resources. Programs such as the Job Training Partnership Act and the Kansas Industrial Training Program take on added significance when this issue is discussed. Hutchinson's local administrative unit must make appropriate efforts to make firms sufficiently aware of such assistance programs.

Using state universities, community colleges, or vocational schools. Two-thirds of firms surveyed in Hutchinson stated that in the past two years they have never used the services of any state university, community college, or vocational school (see Tables 134 and 135). Larger firms used

these institutions more often than smaller firms. Hutchinson firms use the service of a state university, community college, or vocational school less than firms in other communities (see Table 136).

TABLE 134
 PERCENT OF TOTAL FIRMS THAT HAVE USED THE SERVICES
 OF A STATE UNIVERSITY, COMMUNITY COLLEGE, OR VOCATIONAL 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	73%	27%
20-49	53%	47%
50+	38%	62%
TOTAL PERCENT	67%	33%

n = 99

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

TABLE 135
 PERCENT OF TOTAL FIRMS THAT HAVE USED THE SERVICES
 OF A STATE UNIVERSITY, COMMUNITY COLLEGE, OR VOCATIONAL 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	71%	29%
Finance/Services	71%	29%
Other Industries	61%	39%
TOTAL PERCENT	67%	33%

n = 99

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

TABLE 136
 PERCENT OF TOTAL FIRMS THAT HAVE USED THE SERVICES
 OF A STATE UNIVERSITY, COMMUNITY COLLEGE, OR VOCATIONAL 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
Hutchinson	67%	33%
Other 8 Communities	60%	40%

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

Development, innovation, and assistance which is available from these various institutions can be very helpful to companies in the Hutchinson community. Companies and state educational institutions, such as Hutchinson Community College, should attempt to work together more, and attempts to bridge the present gaps should be given attention in the Hutchinson community.

Services used from state universities, community colleges, and vocational schools. Of those firms in Hutchinson who do use the resources available by state schools, 56% use them for training of presently employed personnel (see Tables 137 and 138). Large firms, in addition to training, mentioned consulting for development and innovation and availability of technical courses as service commonly used. Firms in the manufacturing industry commonly used technical and business course opportunities.

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

Number of Employees	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
1-19	51%	8%	14%	11%	5%	16%	3%	16%
20-49	64%	0%	9%	18%	18%	18%	0%	18%
50+	66%	55%	22%	44%	33%	0%	0%	11%
PERCENT OF TOTAL	56%	14%	14%	18%	12%	14%	2%	16%

n = 35

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

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

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

Industry	Training of Presently Employed Personnel	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
Manufacturing	55%	36%	55%	18%	9%	0%	9%	9%
Finance/Services	56%	11%	0%	0%	11%	33%	0%	11%
Other Industries	57%	7%	7%	29%	14%	7%	0%	21%
PERCENT OF TOTAL	56%	14%	14%	18%	12%	14%	2%	16%

n = 35

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

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

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

Community	Training of Presently Employed Personnel	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
Hutchinson	56%	14%	14%	18%	12%	14%	2%	16%
Other 8 Communities	40%	26%	23%	8%	11%	24%	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.

Firms in other communities use these state schools for technical and business courses and consulting for business planning to a higher degree than firms in Hutchinson (see Table 139). Firms in the Hutchinson community should take greater advantage of the various services available at state schools.

Employees sought from state universities, community colleges, and vocational schools. Employees most commonly sought by businesses in Hutchinson include business and management personnel and entry level clerical workers (see Tables 140 and 141). Larger firms, as expected, are typically capable of hiring a greater proportion of more technically oriented personnel than small firms. Types of employees sought by firms surveyed in Hutchinson is very similar to those sought by companies in other communities (see Table 142).

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

Number of Employees	Entry-Level Clerical	Mechanics, Machinists	Data Processors	Electronics, Electrical Techs.	Drafters	Chemical Process, Lab Techs.	Engineers	Business Management Personnel	Agricultural, Vet. Personnel	Heavy Equipment Operators	General Labor
1-19	32%	13%	4%	3%	6%	9%	6%	22%	12%	15%	19%
20-49	29%	12%	0%	0%	0%	0%	0%	35%	12%	0%	24%
50+	23%	31%	8%	15%	15%	8%	38%	92%	0%	0%	0%
PERCENT OF TOTAL	30%	15%	4%	5%	6%	7%	9%	33%	10%	10%	17%

n = 60

*Since firms could give more than one type of employee that is sought for their company, total percentages may not add to 100%.

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

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

Industry	Entry- Level Clerical	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
Manufacturing	19%	33%	10%	14%	10%	14%	14%	52%	0%	10%	24%
Finance/ Services	47%	0%	7%	0%	7%	13%	7%	27%	13%	0%	7%
Other Industries	25%	17%	0%	4%	4%	0%	8%	29%	13%	17%	21%
PERCENT OF TOTAL	30%	15%	4%	5%	6%	7%	9%	33%	10%	10%	17%

n = 60

*Since firms could give more than one type of employee that is sought for their company, total percentages may not add to 100%.

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

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

Community	Entry- Level Clerical	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
Hutchinson	30%	15%	4%	5%	6%	7%	9%	33%	10%	10%	17%
Other 8 Communities	25%	21%	9%	8%	3%	5%	11%	31%	8%	6%	12%

*Since firms could give more than one type of employee that is sought for 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.

Mid-size communities, including Hutchinson, generally have firms which do not require a large number of employees with technical backgrounds. In light of this, attention should be directed toward (given the present employee demands by local companies) assuring that the quality of local and area institutions is sufficiently meeting expectations and needs of local firms.

Economic Development Assistance Programs Summary

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

1. State economic development programs not well known nor heavily used by Hutchinson firms.
2. Accessibility and knowledge of these various economic development programs must increased so that firms can take advantage of expansion and economic growth opportunities.
3. In general, Hutchinson firms have requirements for relatively general, nonspecified skills. As a result, their ability to compete in the future will be dependent upon training and access to training programs.
4. If competition requires a transition to more specialized forms of employment, growth potential of Hutchinson firms will be weakened.
5. It is essential that assistance programs such as JTPA and KIT be well communicated to businesses in the Hutchinson community to greater facilitate expansion and upgrading activities.
6. Services offered by state schools are most often used by larger firms indicating that smaller firms may have difficulties in obtaining and/or affording assistance from educational institutions.