PART I

BUSINESS RETENTION AND EXPANSION IN COFFEYVILLE

A Research Report

prepared for

The Kansas Department of Commerce

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PREFACE

Project Background

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

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

Acknowledgements

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

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EXECUTIVE SUMMARY

A survey sample of 78 business firms in Coffeyville was completed to find determinants of business retention and expansion of existing industries in the community.

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 Coffeyville, to identify the potential of Coffeyville 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. In recent years, there has been no employment growth for Montgomery County. From 1978 to 1986, employment decreased 15%; from 1982 to 1986, employment decreased 7%.

2. Surveyed Coffeyville firms are small and generate low revenues. The large majority of surveyed firms (78%) in Coffeyville have less than 20 employees, and of those firms that released information about their total annual sales, 82% have sales of less than $5 million.

3. Most companies will make retention and expansion decisions in Coffeyville. Of the total number of firms, 70% are single establishment companies and are not part of a larger corporation.

4. Most companies are oriented to local and state markets, but there are firms in the community that access markets outside of the state. The total number of surveyed firms sold an approximate mean, or average, 72% of their goods or services in the local and state markets. However, firms sell an approximate average 28% in the national and international markets. In comparison, firms in the other eight communities that were surveyed for the state report on business retention and expansion sold an approximate average of 17% in the national and international markets.

5. There is opportunity for growth in Coffeyville through the offering of new or additional products. Of the total number of respondents, 43% said their firm could offer an additional product or service. In comparison, 33% of surveyed firms in the other eight communities stated they could offer an additional product or service.

6. Industrial recruitment has generally not been a successful strategy for Coffeyville. In the past five years, only 3% of the total number of surveyed firms had moved to Coffeyville from another city or state.

7. Most firms are homegrown and see the city as providing the market and location they need. Of the total number of firms, 66% stated that a reason for location was that Coffeyville was the owner's hometown, 34% stated that they were located in the community because it filled a product or service need, and 27% stated that a central location was a reason for location in the city.

8. At present, relocation of firms outside of Coffeyville does not seem to be a big problem for the community. Of the total number of surveyed firms, only 4% stated they were planning to move.

9. Many Coffeyville companies believe there are additional companies not presently located in the community that would be of benefit to existing firms. Of the total number of surveyed firms, 43% stated that an additional manufacturer or service provider would be of benefit to their respective company.

10. Some Coffeyville firms have trouble attracting and maintaining managers and professionals. For the entire survey sample, 26% stated they had trouble attracting and maintaining management and professional personnel. In comparison, only 16% of the firms in the other eight communities stated they had this trouble.

11. The majority of business representatives surveyed did not have negative images of rural life or of Kansas. Of the total number of respondents, 93% said they did not have a negative image of rural life and 99% said they did not have a negative image of Kansas.

12. Expansion growth has occurred in Coffeyville during the past two years and there is optimism concerning expansion capabilities for the future. For the total number of firms, 36% stated they had increased employment the past two years and 35% stated they had increased physical plant size. In the coming year, 39% stated they would increase employment and 22% stated they would increase physical plant size.

13. Problems and helping factors concerning past expansion centered on the market for products and financing. Of those respondents that gave problems with past expansion, 54% said a problem was a static or declining market and 40% said a problem was lack of affordable financing. Of those respondents that gave factors that helped with expansion, 59% said that an expanding market was a helping factor.

14. There are firms in Coffeyville with both the potential and the desire to export. Of the total number of respondents, 16% said their firm had the potential to expand internationally and 17% said their firm had the desire to expand internationally.

15. Financing sources for expansion in Coffeyville are traditional in nature. Of those firms that gave a financing source, 61% stated that a bank was a source for financing and 44% stated that internal financing was a source.

16. Lack of financing is impeding some expansion in Coffeyville. Of the total number of firms, 16% stated they have had to forego or postpone an expansion because of a lack of financing. In comparison, 10% of the firms surveyed in the other eight communities had this financing problem.

17. The majority of Coffeyville respondents feel the quality of life provided by the community is good. Of the total number of respondents, 74% rated the quality of life as good and only 26% gave an adequate rating.

18. Most Coffeyville firms believe the attitude of the local government towards businesses is positive. Of the total number of firms, 50% stated that the attitude of the local government towards businesses in the community was positive to very positive, while 8% believe the attitude is negative to very negative.

19. In general, firms are satisfied with the services that are provided to them. The major exceptions concerned transportation: of all respondents, 39% rated the quality of public transportation as poor, 31% rated the availability of air transportation as poor and 22% rated the quality of roads as poor.

20. Economic development initiatives are seen to be important by Coffeyville firms. Of those respondents that gave suggestions, 58% said that economic development could improve the local quality of life, 73% said economic development could improve the local business climate, and 22% said economic development could improve the state business climate.

21. State economic development programs are not well known to firms in Coffeyville. Of the total number of surveyed firms, 90% had no knowledge of Certified Development Companies, 97% had no knowledge of Centers of Excellence, 37% had no knowledge of Community Development Block Grant Programs, 33% had no knowledge of the Kansas Industrial Training Program, and 78% had no knowledge of the Job Training Partnership Act.

22. Companies in Coffeyville do not require a highly-skilled work force. Of the total number of firms, 97% stated they did not need a specialized skill for employment in their company.

SUMMARY IMPLICATIONS FOR ECONOMIC DEVELOPMENT POLICY IN COFFEYVILLE

1. Local policy should be directed to encouraging local entrepreneurs who are starting new businesses and to facilitating expansion of existing businesses. Examples of such efforts include incubators and small business development centers.

2. Although the recruitment of firms from outside of Coffeyville should constitute one part of the community's economic development strategy, the major focus should be on the establishment of new firms and the expansion of existing businesses. Industrial recruiting has generally not been a successful strategy for Coffeyville.

3. Coffeyville should have a targeted business retention program. This ongoing program should identify dissatisfied firms and concentrate retention efforts upon them. Only a very small percentage of companies are planning to leave the community. The vast majority of firms are satisfied with Coffeyville and are not planning to leave. The majority of firms also have a positive image of rural life and of Kansas.

4. Larger firms and branch operations must be targeted as part of a business retention program. The loss of a large employer would have a devastating detrimental impact on the community and other firms that are suppliers to that major employer.

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

6. Firms in Coffeyville should be encouraged to participate more actively in markets outside of Kansas. Efforts to help firms realize their potential in larger markets is necessary. To do otherwise would seriously limit growth opportunities.

7. Efforts to assist firms to participate in international trade is necessary. Such assistance may include efforts to make firms aware of the potential of international trade. Specific barriers to exporting, such as financing, must be addressed. There is an unrealized opportunity to increase exports from Coffeyville.

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

BUSINESS RETENTION AND EXPANSION

EXECUTIVE REPORT

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

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

A total of 78 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 Coffeyville, (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 Coffeyville firms, it is necessary to review several economic growth trends for Kansas. This data will provide a background for consideration when the survey results are discussed, and will provide trends and explanations that will give a view of the total state and of Montgomery county, along with the counties of the other eight communities that were part of the overall state study of retention and expansion. It is important to remember that the data collected for this project must be observed within the context of the state as a whole.

Employment Growth

Total employment in Montgomery county decreased 15% from 1978 to 1986. This rate of negative growth was much lower than the positive rates for Kansas and the United States during this same period (see Table A). Employment growth for Montgomery county was the lowest among the counties where communities were included for this study. From 1982 to 1986, employment growth was a negative 7%, also the lowest among the counties and much lower than state or national rates.

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

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

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

Establishment Growth

For Montgomery county, establishment growth from 1978 to 1985 has seen a growth rate of 9%, which is the lowest among the growth rates for the nine counties that were sampled for the state report. This is also much lower than both the rate for Kansas and the rate for the United States. Although the growth rate during recent period (1982 to 1985) increased somewhat, it is still one of the lowest among the nine counties. This data, along with the growth rate for employment indicate 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 Montgomery county was 57% for the time period of 1978 to 1984. This was lower than the Kansas growth rate of 75% and almost the United States rate of 72%. Montgomery County's rate of growth was the lowest among the growth rates for the nine counties of the communities selected for the state report (all figures are from the Bureau of Economic Analysis, Regional Economic Information System, U.S. Bureau of Economic Analysis, and the National Income and Products Accounts of the U.S.).

Summary

For Montgomery county, the percentage rates for employment growth, establishment growth, and personal income growth are the lowest among the growth rates for the nine counties of the communities surveyed for the state report. This suggests weaknesses in the economy of Coffeyville and the importance of designing and implementing appropriate economic development strategies. In recent years, the economy of Coffeyville 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, 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 Coffeyville. 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 Coffeyville are small: 78% of the total number of surveyed firms have less than 20 employees. This implies that the small firm in Coffeyville is a great potential source for growth in the community. This is not industry specific data; all industries have a majority of firms with less than 20 employees. Only 13% of the total surveyed firms have 50 or more employees. The random sampling done in this study shows that manufacturing, wholesale and services industries have an important representation in Coffeyville (see Table B).

TABLE B
SURVEY COMPANIES BY NUMBER OF EMPLOYEES AND BY INDUSTRY

Industry	Number of Employees 1-19	20-49	50 Or More	Percent of Total Firms That Are In This Industry
Agriculture	100%	0%	0%	3%
Mining	100%	0%	0%	5%
Construction	80%	20%	0%	8%
Manufacturing	71%	13%	16%	24%
Transportation-Communications	70%	20%	10%	15%
Wholesale	100%	0%	0%	18%
Finance	60%	20%	20%	8%
Services	67%	0%	33%	19%
Percent of Total Firms That Are In This Size Category	78%	9%	13%	100%

n = 78

Source: Business Retention and Expansion Survey for 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, 82% stated that annual sales were under $5 million dollars, and only 10% stated that annual sales were $20 million dollars or more (see Table C). Industry specific data, however, revealed that finance/services industry had a relatively high percentage of firms that had sales of $20 million dollars or more. In general, Coffeyville has small, low revenue companies.

TABLE C
TOTAL ANNUAL SALES

Annual Sales (000's)			
0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
82%	4%	4%	10%

n = 62

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

Type of Establishment and Location of Headquarters

The majority of firms in Coffeyville are single establishment companies and are not part of a larger corporation. Of the total number of firms, 70% stated they were a single establishment company (see Table D). These data point out that decisions concerning retention and expansion will be made within the city, not through corporate headquarters in other areas. Another implication is that, since small, single establishment companies have less resources to obtain information, efforts should be made to ensure that these companies are receiving the knowledge necessary for expansion and growth into broader markets.

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

	Part of a Larger Corporation		
Single Company Firm	Kansas Headquarters	Non Kansas Headquarters	Total
70%	14%	16%	100%

n = 78

Source: Business Retention and Expansion Survey for 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 products sold by most firms in Coffeyville is relatively narrow. Firms sold a mean, or average, 53% of their goods or services in the local market, 20% in the state market, 27% in the national market, and 1% in the international market (see Table E). Size and industry breakdowns revealed that firms with less than 20 employees and finance/services firms used local markets more than other size companies or other industry companies. However, firms did sell an approximate average 28% of their goods or services outside of state markets, compared to an approximate average of 17% for firms in the other eight communities surveyed for the state report on business retention and expansion. The future competitiveness of Coffeyville firms will depend on how well they use many markets, particularly the national and the international markets. These data suggest that there is a good foundation for the encouragement to continue and to initiate trade in markets outside of Kansas.

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

Mean Percent Sold In The Local Market	Mean Percent Sold In The State Market	Mean Percent Sold In The National Market	Mean Percent Sold In The International Market
53%	20%	27%	1%

n = 78

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

1. The small firm is a major source for potential economic growth in the community. The large majority of firms (78%) in Coffeyville are small, regardless of industry.

2. The majority of surveyed firms (82%) in Coffeyville had total annual sales that were less than $5 million dollars.

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

4. Most companies are oriented to the local market. If these firms remain focused on the local market, growth will be slow at best.

DESCRIPTION AND DETERMINANTS OF BUSINESS LOCATION AND RETENTION

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

Location

Attraction of firms from outside of the community. There has been no major influx of firms to Coffeyville; 97% of all firms have not moved to Coffeyville from another city or state in the past five years. This points out that businesses in Coffeyville are locally oriented, with few companies bringing experience from other markets or regions. The major implication here is that although the recruitment of firms to Coffeyville should be a strategy for increased development, the major focus should be on the retention and on the encouragement of expansion of firms already located in the community.

Reasons for Location. Most companies in Coffeyville are home grown and see the city as providing the market and location they need. Of the total number of firms, 66% stated that a reason for location was that Coffeyville was the owner's hometown, and 34% stated that they were located in the community because it filled a product or service need (see Table F). A positive sign here is that with so many small hometown firms, the atmosphere for entrepreneurship seems to be good.

TABLE F
REASONS FOR LOCATION IN THE COMMUNITY*

Home-town	Strong Local Economy	More Recep-tive Local Govt.	Tax In-centives and-or Public lic Fin-ancing	Afford-able Lease, Pur-chase Prices	Good Local Labor Pool	Ade-quate Space for Expan-sion	Good Access to Market	Good Access to Raw Mat-erials	Cen-tral Loc-ation	Good Trans-por-tation Facil-ities	Filled A Prod.-Service Need	Small Town/ Rural Life
66%	6%	1%	2%	7%	3%	4%	21%	4%	27%	9%	34%	2%

n = 78
*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 small percentage of firms are planning to move, and all of those firms that are leaving are locating out of state. Of the total number of surveyed firms, 4% stated they were planning to move (see Table G). This implies that retention programs should be continued but are most likely to be successful if highly focused on the small number of firms that are dissatisfied and are planning to move outside of the city.

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

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

n = 78
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Additional Manufacturers or service providers that would be of benefit to existing companies. Many Coffeyville firms believe that there are certain types of companies that are not presently in Coffeyville that could benefit the firms already established in the community. Of the total number of surveyed firms, 43% stated that there were additional manufacturers or service providers that would be of benefit to their company if they were located in Coffeyville. When asked what types of firms that would be of benefit, 62% said raw materials suppliers and 19% said business services. Such companies should be targets for industrial recruitment and for targeting support for new firms or expansions. New firms in Coffeyville 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 majority of firms in Coffeyville (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. However, comparison data revealed that retaining and attracting managers and/or professionals is more of a problem in Coffeyville: 26% of the firms surveyed in Coffeyville stated they had this problem but only 16% of the surveyed firms in the other eight communities stated they had this trouble. As firms expand and their need for this type of personnel grows, this problem may become worse. This implies that attention will need to be paid to quality of life issues, such as the arts and recreational activities.

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
74%	26%	93%	7%	99%	1%

n = 78 (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.

Location and Retention Summary

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

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

2. Very few firms are moving from their present location. Retention strategies may be more successful if focused on those few firms that are dissatisfied with the community.

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

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

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

DESCRIPTION AND DETERMINANTS OF BUSINESS EXPANSION

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

Past Expansion

Employment and physical plant expansion. In the past two years, the majority of firms have neither increased nor decreased employment and size. However, 36% of all of the surveyed firms increased employment and 35% increased size the past two years (see Table I). Maintaining and increasing these growth rates should be a high local priority.

TABLE I
PAST INCREASES IN EMPLOYMENT AND PHYSICAL PLANT SIZE

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

	Decreased	Remained Constant	Increased
Employment	20%	44%	36%
Physical Plant Size	7%	58%	35%

n = 78

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

Problems with past expansion and factors that helped expansion. The market for products and a lack of financing are major problems for expansion in Coffeyville. For the firms that gave problems with expansion, 54% stated that a static or declining market was a problem and 40% stated that a lack of affordable financing was a problem. The fact that a static or declining market is a major problem associated with not expanding, indicates that, for some firms, the locally centered scope of products is deterring expansion. The problem of finding affordable financing may indicate a need at the city level to make known additional ways to finance an expansion.

Of those firms that have experienced an expansion, 59% stated that an expanding market was a helping factor, and 22% stated a desire to expand market was also a factor. An expanding market was a reason for expansion given by a high percentage of firms, again indicating the need for many companies to broaden the scope of their products or services and to reach other markets outside of the local area.

Plans for Expansion

Employment and physical plant size expansion. Firms in Coffeyville are very optimistic about their ability to increase employment and physical plant size. Although the majority of firms will remain constant in both employment and plant size, 39% of the total number of surveyed firms said they will increase employment in the next year and 22% stated they will experience a plant size expansion in the next year (see Table J). The major implication is that the city strategy must ensure assistance that will build upon this optimistic attitude towards both employment and plant size expansion.

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

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

	Decrease or Contraction	Remain Constant	Increase or Expansion
Employment	4%	57%	39%
Physical Plant Size	4%	74%	22%

n = 78

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

Expanding into the international market. There are firms in Coffeyville that can and want to expand into the international market. Although the large majority of firms do not believe they can expand, 16% of the firms that answered these questions stated they had the potential to expand, and 17% stated they had the desire to expand into the international market (see Table K). Size breakdowns revealed that the highest percentage of firms that believe they have the potential and the desire to expand internationally came from firms with 20 to 49 employees, so to concentrate expansion efforts solely on very large firms would be a mistake. If the potential for exports is not realized and the desire to export not encouraged, the scope of products for many companies will remain narrow and locally oriented.

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

Do you feel your business has the potential to expand into the international market? Does your firm have the desire to expand into the international market?

	NO	YES
Potential to Expand	84%	16%
Desire to Expand	83%	17%

n = 72
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Financing for Expansion

Financing Sources. Sources for financing expansion in Coffeyville firms are traditional in nature. Of the firms that gave a financing source, 61% said a bank was a source and 44% said internal financing was a source (see Table L). Economic development programs designed to aid the small business are apparently not used, which may be because of a lack of knowledge about such programs. A first step in assisting firms to expand would be to make sure that firms are aware of forms of financing for expansion other than traditional sources. Continued dependence on traditional sources for financing could impede expansion growth.

TABLE L
FINANCING SOURCES FOR EXPANSION

Bank	Internal Financing	Private Sources	Small Business Administration	Certified Development Companies	Industrial Revenue Bonds
61%	44%	7%	4%	0%	9%

n = 75
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Expansion Summary

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

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

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

3. There are firms that have potential and desire to expand in the international market and the majority of firms in Coffeyville with the potential and the desire to expand into the international market have 20 to 49 employees. Because of the importance of the international market, it is imperative that these firms be encouraged to meet their potential and desire.

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

BUSINESS CLIMATE

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

Local Business Climate

Quality of life. The majority of respondents feel that the quality of life they experience in Coffeyville is good. Of the total number of respondents, 74% rated the quality of life as good, 26% gave an adequate rating. Not one firm rated the quality of life as poor. Quality of life issues will play an important part in firms' decisions concerning locating, remaining, or expanding in the community. City officials will need to maintain the general good perception of the quality of life, and will need to find ways for improvement.

Attitude of the local government. The attitude of the local government towards Coffeyville firms is viewed by 50% of the firms to be positive to very positive (see Table M). It is important to note the high percentage (42%) of companies that stated that local government's attitude was neutral, implying that many firms in the community do not believe the local government will have any affect upon the business community. This could be a time for the local government to actively involve itself in finding means to assist their companies with growth strategies.

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

Attitude of Local Government		
Positive To Very Positive	Neutral	Negative To Very Negative
50%	42%	8%

n = 78

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

Perception of services. In general, firms are satisfied with the services that are provided to them (see Table N). High good ratings were given to the electric system (85%), fire protection (82%),and the public school system (81%). High poor ratings were given to the quality of public transportation (39%), the availability of air transportation (31%) and the quality of roads[1] (22%). The poor ratings given to transportation issues will be important as firms decide to expand. Firms that want to grow will look to see if they can adequately move products to and from their

[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 was given in another time period, and this should be considered when reading any discussion of roads or highways.

destination as well as the timely delivery of necessary materials. Important for the local business climate, however, is the perceived good quality of local services. These are positive signs for the city and will help in decisions of location and expansion.

TABLE N
COFFEYVILLE FIRMS' PERCEPTIONS OF SERVICES

	No Opinion	Good	Adequate	Poor
Quality of Roads	1%	25%	52%	22%
Quality of Railroads	29%	39%	26%	6%
Cost of Transportation	14%	32%	46%	8%
Availability of Air Transportation	32%	11%	26%	31%
Quality of Public Transportation	26%	15%	20%	39%
Freight Delivery Time	7%	56%	35%	2%
Quality of Training	17%	31%	39%	13%
Fire Protection	5%	82%	13%	0%
Police Protection	0%	74%	25%	1%
Telephone System	3%	73%	20%	3%
Electric System	0%	85%	15%	0%
Public School System	5%	81%	7%	6%
Quality of Garbage Collection	2%	72%	21%	5%

n = 78
Source: Business Retention and Expansion Survey for 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. Suggestions for improving the local quality of life centered mainly on economic development. Of the respondents who suggested ways to improve the local quality of life, 58% mentioned economic development as a way to improve the local quality of life (see Table O). Followed are improving public morale, cleaning up town and fixing properties, and more recreational activities as the best ways to improve the local quality of life. Officials in Coffeyville must note the kinds of suggestions mentioned by their businesses, and find ways to improve the local quality of life. As mentioned previously, the quality of life will be an important factor in a company's decision concerning location and expansion in the community.

TABLE O
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE

Economic Development	More Entertainment	More Activities For Town	More Recreational Activities	Improve Public Morale	Clean up Town/Fix Property	Upgrade Education
58%	6%	4%	15%	19%	18%	6%

n = 58
Source: Business Retention and Expansion Survey for 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, 73% suggested economic development, 23% suggested tax incentives or abatements and 23% suggested that the local government be more responsive (see Table P). Economic development as a way to improve the local business climate did receive the greatest percentage of responses from Coffeyville firms. These are areas where the local government can have an impact on the future of its businesses. As seen in Table M, many Coffeyville firms believe that their local government has a positive attitude towards businesses in the community. The local government should work with companies to improve the local business climate, and have a real influence on change.

TABLE P
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE

Economic Development	Better Cooperation Between State & Local	Increase and Improve Local Image	Improve Local Financing	Tax Incentives, Abatements	Local Gvt. More Responsive	Help Entrepreneurs	Spend Municipal Funds
73%	3%	13%	18%	23%	23%	16%	3%

n = 43
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

Improving the state business climate. Suggestions for improving the state business climate did not center so heavily on economic development, but included a variety of recommendations. Of the firms that gave suggestions, 49% suggested to improve highway systems, 23% suggested to change or lower taxes, and 22% suggested economic development (see Table Q). Transportation is once again a factor that is of consequence to these firms, and will gain even more importance if companies are to use more than the local market.

TABLE Q
SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE*

Economic Development	Increase and Improve State Image	Better Financing Opportunities	Tax Incentives	Better Communication	Eliminate Severance Tax	Improve Highway System	Seek Diversification	Change Or Lower Taxes
22%	16%	6%	12%	4%	3%	49%	3%	23%

n = 55
*Since firms could give more than one suggestion, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Siz Communities with Populations of 10,000 to 100,000, Institute for 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 firms believed the attitude of the local government towards businesses was positive to very positive, but a relatively high percentage of firms suggested that to improve the local business climate the local government should be more responsive to businesses in the community. Now is an excellent time for the local government to assist in retention and expansion strategies.

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

3. Suggestions for improving the local business climate included economic development, tax incentives/abatements, and that the local government should be more responsive. Coffeyville firms are looking for development assistance from their community officials.

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

ECONOMIC DEVELOPMENT ASSISTANCE

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

<u>Economic Development Programs</u>

State economic development programs are not well-known to companies in Coffeyville. For the total number of surveyed firms, 90% had no knowledge of Certified Development Companies, 97% had no knowledge of Centers of

Excellence, 37% had no knowledge of Community Development Block Grant Programs, 33% had no knowledge of the Kansas Industrial Training Program, and 78% had no knowledge of the Job Training Partnership Act (see Table R). Local officials need to make sure information about economic development programs reaches the business community, with emphasis on what these programs were designed for and how they can be used. Without such assistance, expansion and growth opportunities may continue to be unrealized.

TABLE R
KNOWLEDGE AND USE OF ECONOMIC DEVELOPMENT PROGRAMS

	No Knowledge	Knowledge, No Use	Used Program
Certified Development Companies	90%	9%	1%
Centers of Excellence	97%	3%	0%
Community Development Block Grant Programs	37%	58%	5%
Kansas Industrial Training Program	33%	41%	26%
Job Training Partnership Act	78%	22%	0%

n = 78
Source: Business Retention and Expansion Survey for 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 Coffeyville 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 firm sizes and industries. To remain competitive, companies will have to adapt. This will mean that companies in Coffeyville 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 Coffeyville have not used the services of these institutions in the past two years. Sixty-eight percent of the total number of firms said they have not used these educational institution's services in the past two years. Assistance from Coffeyville Community College, the Southeast Kansas Area Vocational-Technical School, and Pittsburg State University can be extremely helpful to companies, and the innovation that provided by these institutions can help firms meet their potential. City officials should discover if there are any barriers between the business community and these schools, and encourage cooperation between educational institutions and Coffeyville companies.

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 mechanics and machinists, 30% said they sought entry level clerical workers, and 21% said they sought business and management personnel (see Table S). Besides management personnel, the variety of employees hired reflects the relatively low-skill nature of Coffeyville firms, with few percentages given for technicians, engineers, or drafters. The future competitiveness of Coffeyville firms will depend upon the recruitment and use of these latter types of employees.

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

Entry-Level Cler-ical	Mech-anics, Mach-inists	Data Proc-essors	Elec-tronics, Elec-trical Techs.	Draf-ters	Engi-neers	Bus-iness Manage ment Pers-onnel	Agri-cul-tural, Vet. Pers-onnel	Heavy Equip-ment Oper-ators	General Labor
30%	34%	6%	3%	4%	12%	21%	6%	15%	1%

n = 44
*Since firms could give more than one type of employee sought, 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 Coffeyville. Many firms have not heard of the programs and very few firms actually used the programs. Local officials must work in cooperation with state agencies to supply information and means of access to Coffeyville firms for better use of these programs. At the present time, economic development assistance has had an impact on only a small number of firms in the community.

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

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

It looks as if now is an excellent time to facilitate the expansion of existing firms in Coffeyville, and there are many companies that are planning employment and physical plant size increases. Financing was a major problem associated with expansion; the implication here is a need at the city level to make known additional ways to finance an expansion.

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

The scope of products sold by many firms in Coffeyville is narrow, with the majority of firms selling their goods or services the local and state markets. The future competitiveness of Coffeyville firms depends on how well they use many markets, particularly the national and the international markets. This is strengthened by the survey results: the major reason for contractions was a static or declining market and the greatest factor helping expansion was an expanding market. There are firms in Coffeyville that have the potential and the desire to expand into the international market. Local officials must make sure companies have the proper information and the sources necessary for trade in markets outside of Kansas.

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

PART II

BUSINESS RETENTION AND EXPANSION IN COFFEYVILLE

A Research Report

prepared for

The Kansas Department of Commerce

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PART II

BUSINESS RETENTION AND EXPANSION IN COFFEYVILLE SURVEY RESULTS

BUSINESS RETENTION AND EXPANSION IN COFFEYVILLE

PART II

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PART II

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BUSINESS RETENTION AND EXPANSION IN COFFEYVILLE

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

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

I.

ECONOMIC GROWTH IN KANSAS

Before discussing the survey and the results provided by the surveyed firms in Coffeyville, it is necessary to review several economic growth trends for Kansas. These trends and explanations will give a view of the total state, for Montgomery 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 Montgomery County decreased 15% from 1978 to 1986. This percentage is much lower than the state percentage for the same time period and the percentage for the United States. This percentage for Montgomery County was also the lowest of the nine counties in which the state study's communities are located (see Table 1). The growth in employment for Montgomery County from 1982 to 1986 was also lower than the state's growth rate and the U.S. growth rate, as well as being the second lowest rate among the nine counties.

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

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

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

While employment has increased for Kansas and the United States from 1978 to 1986, Montgomery County has experienced a negative growth rate. It is important to increase employment growth levels to stop out-migration and population losses. From 1982 to 1986, employment has decreased 7% for Montgomery County. When these county figures are examined, and when comparisons are made between Montgomery County, Kansas, and the U.S., it is apparent that economic development strategies are needed to help Coffeyville initiate employment growth, and to create even more opportunities for the future.

Establishment Growth

The total number of establishments has shown a positive growth of 9% for Montgomery County from 1978 to 1985. This figure is much lower than the rates for the state and for the United States during the same time period. For 1978-1985, no county had a lower percentage of growth. From 1982 to

1985, growth in number of establishments for the county increased slightly, but was still lower than the Kansas figure and the U.S. figure. For the 1982-1985 time period, establishment growth for Montgomery County is higher than one other county (Barton) in which comparison communites are located (see Table 2).

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

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

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

A combination of negative growth in employment and positive growth in number of establishments indicates that Coffeyville'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 Coffeyville 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 high in Montgomery County, and these changes have occurred in the other eight counties as well as the state. From 1978 to 1984, personal income has increased 57%, however, this is much lower than the Kansas and United States changes, as well as being the lowest among the other eight comparison counties (see Table 3). The next lowest increase in personal income was 65% (for Reno County).

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 Coffeyville. However, this percentage must be viewed in the context of the state and of comparison counties, which shows that Montgomery County is lagging behind in personal income growth. It will be important to maintain and increase these income levels, placing an emphasis on keeping and creating jobs that have provided such growth.

Summary

Employment growth in Montgomery County has been lower than employment growth in Kansas, the United States, and comparison counties. This suggests weaknesses in the Coffeyville economy and the importance of designing and implementing appropriate economic development strategies that will maintain growth. Coffeyville is particularly important since it serves as a regional center for its part of the state. In recent years the economy of Montgomery County has been under performing the Kansas economy.

II.

SURVEY METHODOLOGY FOR BUSINESS RETENTION AND EXPANSION

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

Sample

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

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

Once Coffeyville 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, 19 percent of the businesses in Coffeyville are manufacturers. This over sampling allows greater accuracy in the analysis of manufacturing firms. Any biasing effect is eliminated from the overall findings through the use of weight factors.

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

Confidence Interval

The findings are based on 78 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 Coffeyville. At the 95 percent level of confidence, the sampling error in Coffeyville 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 in city of Coffeyville. The major findings are (1) firms in the economic base of Coffeyville are overwhelmingly small (most with less than 20 employees), (2) the majority of firms have less than $5 million dollars in total annual sales, (3) most companies are single establishments with headquarters located within the state, and (4) the scope of products sold is local in nature.

In Coffeyville, 78 firms participated in the survey. The companies represented the agricultural, mining, construction, manufacturing, transportation-communications, wholesale, finance, and services industries. In this report, the firms will be divided into three size categories: 1 to 19 employees, 20 to 49 employees, and 50 or more employees; and into three industry categories: manufacturing, finance and services, and other industries. Along with tables showing percentages by these breakdowns, the total percentages given by surveyed Coffeyville firms will be compared to the total percentages given by surveyed firms in the "other 8 communities" that were sampled for the state report on business retention and expansion. These communities were: Emporia, Garden City, Great Bend, Hays, Hutchinson, Lawrence, McPherson, and Salina.

Firm Size and Industry

The businesses in Coffeyville are small: 78% 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. Every surveyed firm in the agriculture, mining, and wholesale industries had less than 20 employees, and only 13% of total surveyed firms have 50 or more employees. Although it is obviously true to say that the retention and expansion of large size firms is important, the small firm must be included in economic development strategies. The small firm, which is a major presence in Coffeyville, should receive every effort designed for economic growth.

TABLE 4
SURVEY COMPANIES BY NUMBER OF EMPLOYEES AND INDUSTRY

Industry	Number of Employees 1-19	20-49	50 Or More	Percent of Total Firms That are In This Industry
Agriculture	100%	0%	0%	3%
Mining	100%	0%	0%	5%
Construction	80%	20%	0%	8%
Manufacturing	71%	13%	16%	24%
Transportation-Communication	70%	20%	10%	15%
Wholesale	100%	0%	0%	18%
Finance	60%	20%	20%	8%
Services	67%	0%	33%	19%
Percent of Total Firms That are in This Size Category	78%	9%	13%	100%

n = 78

Source: Business Retention and Expansion Survey for 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 random sampling done in this study shows that manufacturing, wholesale and services industries have an important representation in Coffeyville. Followed are transportation-communication, construction and finance industries. Although agriculture industry has a small number of firms included in this sample, attention should be given to this industry. Overall, the data suggest that for development strategies to truly have an impact in the city, policy must recognize a broader economic base for future growth.

Annual Sales

Total annual sales for surveyed Coffeyville firms are not large, with 82% of all firms having annual sales of less than $5 million (see Tables 5 and 6). The distribution of sales is different by size of firm: for the most part, as one would expect, the larger the firm the larger the annual sales, but all firms with 20 to 49 employees have annual sales of less than 5 million (see Table 5). All industries had a large majority of their firms that made under $5 million in annual sales. For every industry category, more than two thirds of firms had annual sales of less than $5 million. Finance/services industry has the highest percentage (23%) of firms that had $20 million or more in annual sales (see Table 6). Compared to the other 8 cities, a major difference is found in the percentage of firms with $20 million or more in annual sales (see Table 7).

TABLE 5
TOTAL ANNUAL SALES
BY SIZE OF FIRM

Number of Employees	Annual Sales (000's) 0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
1-19	94%	2%	2%	2%
20-49	100%	0%	0%	0%
50+	15%	14%	14%	57%
TOTAL PERCENT	82%	4%	4%	10%

n = 62
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 6
TOTAL ANNUAL SALES
BY INDUSTRY

Industry	Annual Sales (000's) 0 To 4,999 Dollars	5,000 To 9,999 Dollars	10,000 To 19,999 Dollars	20,000 Or More Dollars
Manufacturing	84%	8%	0%	8%
Finance/Services	69%	0%	8%	23%
Other Industries	88%	4%	4%	4%
TOTAL PERCENT	82%	4%	4%	10%

n = 62
Source: Business Retention and Expansion Survey for 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

Community	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
Coffeyville	82%	4%	4%	10%
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.

Of all Coffeyville firms, 82% have annual sales that are less than $5 million a year, and only 10% of all firms have annual sales greater than $20 million a year. For the most part, these data emphasize the type of firm that is prevalent in Coffeyville as well as in communities of the same size that were sampled for this study: small, low revenue companies. However, in comparison to those firms surveyed in the other eight communities, there is a high percentage of Coffeyville firms with annual sales that are $20 million or more, and these firms are predominantly very large (see Table 5). This implies that retention strategies may be especially important to Coffeyville: the loss of a major employer would take with it a major loss of wealth in the community.

Type of establishment. The majority of surveyed companies (70%) are single establishment firms and are not part of a larger corporation (see Tables 8-10). As might be expected, the smaller the firm the higher the percentage of firms that are single establishment companies (see Table 8). Over 60% of every industry category's firms stated they were a single establishment company (see Table 9). In Coffeyville, the percentage of firms that are single establishment companies (70%) is higher than the percentage given by firms in the other 8 communities (63%) (see Table 10).

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

Number of Employees	Single Company	Part of a Larger Corporation
1-19	77%	23%
20-49	67%	33%
50+	35%	65%
TOTAL PERCENT	70%	30%

n = 78
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

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

Industry	Single Company	Part of a Larger Corporation
Manufacturing	68%	32%
Finance/Services	77%	23%
Other Industries	69%	31%
TOTAL PERCENT	70%	30%

n = 78
Source: Business Retention and Expansion Survey for 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 Corporation
Coffeyville	70%	30%
Other 8 Communities	63%	37%

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

The number of single establishment companies points to many implications for the city. For the majority of firms in Coffeyville, decisions concerning retention and expansion will be made within the city itself, not through corporate headquarters in other areas. Attention must be paid to policy that addresses the single establishment firm as well as the large corporations that have operations in Coffeyville. City officials should recognize that much of the community's economic future is dependent upon the 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. Assistance should encompass such important issues as financing, job training, adaptations to new technologies, and access to broader markets.

Location of Headquarters

The majority of firms in Coffeyville are headquartered in Kansas. Of the total number of firms surveyed, 84% have their headquarters in Kansas (this includes the single establishment firms) (see Table 11). This is a positive sign for the community, because parent organization decisions concerning retention and expansion will, for the most part, take place within the state.

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

Kansas Headquarters	Non Kansas Headquarters	Single Company Firm	Total
14%	16%	70%	100%

n = 78

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

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

The total percentages given by Coffeyville firms were almost identical to those given by firms in the other 8 communities (see Table 14).

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

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

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

n = 35

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

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

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

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

n = 35

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

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

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

Community	NO	YES
Coffeyville	35%	65%
Other 8 Communities	36%	64%

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

Scope of Products Sold. The firms in this survey sample have a fairly narrow scope of where they sell their products and services. Firms sold a mean, or average, 52% of their products and/or services in the local market, 20% in the state market, 27% in the national market, and only a mean 1% in the international market (see Tables 15 and 16). That is, firms sold only an approximate average of 28% of their goods or services outside of Kansas. This is a very important finding because a city's competitiveness and economic future depends upon the ability to export and to participate in many markets, especially the national and the international markets. Small firms are more locally oriented than large firms, and the finance/services industry firms sold their products/services more on a local basis than other industries. Compared to firms in the other eight cities, firms in Coffeyville sold a lower average percentage of products and/or services in the local and the state markets and a higher average in the national market, indicating that Coffeyville firms are more involved in markets outside of Kansas (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%	21%	20%	1%
20-49	41%	20%	35%	4%
50+	25%	11%	63%	1%
GRAND MEANS	52%	20%	27%	1%

n = 78

Source: Business Retention and Expansion Survey for 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	36%	22%	40%	2%
Finance/Services	63%	6%	30%	1%
Other Industries	54%	25%	20%	1%
GRAND MEANS	52%	20%	27%	1%

n = 78

Source: Business Retention and Expansion Survey for 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
Coffeyville	52%	20%	27%	1%
Other 8 Communities	56%	27%	16%	1%

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

The focus of selling products for most firms, especially small ones, is on the local market. For these firms to expand or to increase economic growth, the scope of products must be broadened to include larger markets, particularly the national and the international markets. A positive sign for the community comes from Table 17: where a relatively larger average percentage of products/services are sold on a national basis, and a lower average percentage are sold in the local market. This implies that Coffeyville has a strong foundation for encouraging more companies to expand their markets and increasing sales growth in the community.

Developing additional products. Developing additional products is one way for firms to participate in different and wider markets, and many Coffeyville firms feel they can offer additional products. For all firms, 43% stated that they could offer additional products or services to the ones presently being offered (see Tables 18 and 19). Within size categories, more than a half of firms with 50 or more employees stated they could offer additional products, while within industries, the finance/services industries had more than half of their respondents who thought their company could offer additional products. Community comparison data revealed that Coffeyville had a higher percentage of firms that believed they could offer an additional product or service than the other 8 cities (see Table 20).

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	58%	42%
20-49	75%	25%
50+	41%	59%
TOTAL PERCENT	57%	43%

n = 78

Source: Business Retention and Expansion Survey for 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	52%	48%
Finance/Services	47%	53%
Other Industries	66%	34%
TOTAL PERCENT	57%	43%

n = 78

Source: Business Retention and Expansion Survey for 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
Coffeyville	57%	43%
Other 8 Communities	67%	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.

More than 40% of total firms believed that there were additional products or services they could offer, indicating potential for the growth in Coffeyville. In addition, higher percentage of firms in Coffeyville than the other 8 cities stated that they could offer additional products. These responses indicate that a high proportion of firms in the economic base of the community are optimistic about opportunities for introducing new products or services. There is potential for economic growth from the offering of new products or services.

Survey Description Summary

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

1. The majority of surveyed Coffeyville companies are small. Of the total number of firms, 78% have fewer than 20 employees. To concentrate assistance or specific city policy solely on the large company or corporation would be to overlook a major source for increased economic growth.

2. Of those firms that released information, 82% have total annual sales that are less than $5 million.

3. The majority of firms (70%) are single establishments, with no connection to a larger corporation. Thus, most retention and expansion decisions will be made within the community, not from parent organizations in other areas.

4. Most companies are oriented to local markets. However, surveyed firms sold an approximate average of 28% of their goods and services in the national and international markets. In comparison, companies in the other eight communities sold an approximate average of 17% in these markets.

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

IV.

DESCRIPTION AND DETERMINANTS OF BUSINESS LOCATION AND RETENTION

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

Location

Attraction of firms from outside the community. Regardless of size or industry, there has been no major influx of firms to Coffeyville; 97% of all firms have not moved to Coffeyville from another city or state in the past five years (see Tables 21, 22 and 23). This is higher than the percentage given by firms in the other eight communities: 94%. Only two firms out of the total surveyed firms moved to Coffeyville in the past five years. Those firms have less than 20 employees and in the manufacturing and finance/ services industries.

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

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

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

n = 78

Source: Business Retention and Expansion Survey for 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	94%	6%
Finance/Services	94%	6%
Other Industries	100%	0%
TOTAL PERCENT	97%	3%

n = 78

Source: Business Retention and Expansion Survey for 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
Coffeyville	97%	3%
Other 8 Communities	94%	6%

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

The major implication from these tables is that recruitment of firms from another city or state has generally not been successful for Coffeyville. As the data that only two surveyed firms moved to the community in the past five years point out, significant growth from bringing companies to the area has not happened (see Table 21). This places emphasis on the importance of fostering home grown companies, and assisting the expansion of existing firms. If recruitment of firms from outside of the community becomes the city's only focus, sustained growth from expansion and additional business start-ups will be lost.

Reasons for location. Most companies are homegrown and see Coffeyville as providing the market and location they need. For the total number of surveyed firms, 66% stated that Coffeyville was the hometown of the company as a reason for location, 34% stated that they were located in the community because it filled a product or service need, and 27% stated that a central location was a reason for location in the city (see Tables 24 and 25). Business representatives gave many explanations for locating in the city, including "I have been in Coffeyville for 29 years", "the vice president knew someone in Coffeyville", and "the population is small, and the city has a small town image". Forty-five percent of firms surveyed in the other 8 communities gave central location as a reason for location (27% for Coffeyville firms), and 53% of the surveyed firms in the other 8 communities gave hometown as a reason (66% for Coffeyville) (see Table 26).

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

Number of Employees	Hometown	Strong Local Economy	More Receptive Local Govt.	Tax Incentives and-or Public Financing	Affordable Lease, Purchase Prices	Good Local Labor Pool	Adequate Space for Expansion	Good Access to Market	Good Access to Raw Materials	Central Location	Good Transportation Facilities	Filled A Prod.-Service Need	Small Town/ Rural Life
1-19	69%	6%	1%	0%	9%	2%	5%	21%	2%	24%	8%	35%	2%
20-49	67%	0%	0%	17%	0%	0%	0%	42%	8%	58%	0%	25%	0%
50+	47%	12%	0%	0%	0%	12%	0%	6%	12%	18%	18%	35%	0%
PERCENT OF TOTAL	66%	6%	1%	2%	7%	3%	4%	21%	4%	27%	9%	34%	2%

n = 78

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

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

TABLE 25
REASONS FOR LOCATION IN THE COMMUNITY*
BY INDUSTRY

Industry	Hometown	Strong Local Economy	More Receptive Local Govt.	Tax Incentives and-or Public Financing	Affordable Lease, Purchase Prices	Good Local Labor Pool	Adequate Space for Expansion	Good Access to Market	Good Access to Raw Materials	Central Location	Good Transportation Facilities	Filled A Prod.-Service Need	Small Town/ Rural Life
Manufacturing	60%	0%	3%	0%	10%	13%	10%	23%	17%	27%	17%	27%	0%
Finance/ Services	71%	6%	0%	0%	12%	0%	0%	6%	0%	6%	0%	41%	0%
Other Industries	66%	9%	0%	3%	3%	0%	3%	28%	0%	38%	9%	34%	3%
PERCENT OF TOTAL	66%	6%	1%	2%	7%	3%	4%	21%	4%	27%	9%	34%	2%

n = 78

*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	Hometown	Strong Local Economy	More Receptive Local Govt.	Tax Incentives and-or Public Financing	Suitable Zoning	Affordable Lease, Purchase Prices	Good Local Labor Pool	Adequate Space for Expansion	Good Access to Market	Good Access to Raw Materials	Central Location	Good Transportation Facilities	Proximity To Educ.-Tech. Facilities	Filled A Prod.-Service Need	Small Town, Rural Life
Coffeyville	66%	6%	1%	2%	0%	7%	3%	4%	21%	4%	27%	9%	0%	34%	2%
Other 8 Communities	53%	9%	2%	1%	1%	9%	7%	5%	26%	8%	45%	7%	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.

The major conclusion is that firms are homegrown and locally oriented. The preceding tables underscore this fact: 66% stated that a reason for location was because the city was the hometown and 34% stated that they located to fill a product or service need. Reasons that one might expect to figure prominently in a firm's decision to locate, such as tax incentives, a good local labor pool, and good access to raw materials were not given by a high percentage of companies. A positive sign here is that with so many small hometown firms, the atmosphere for entrepreneurship seems to be good. Any efforts to assist new entrepreneurial enterprise may foster additional business start-ups and additional expansion growth. Indeed, the data indicate that the economic growth of Coffeyville is primarily dependent on the ability to encourage entrepreneurship, rather than recruiting from outside of the community.

Retention

Retention of firms in the community. The number of companies that are going to move is very small, but, for those firms that are planning to move all are moving out of state. Only 4% of firms stated that they will move, and none of those firms are moving to locations that are within the city (see Table 27). These figures are a positive sign for Coffeyville in the fact that not many companies are leaving, but negative in the fact that firms are leaving the state. In general, these figures indicate firm satisfaction with the community and a desire to remain in Coffeyville.

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

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

n = 78

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

At present, relocation of firms outside of Coffeyville does not seem to be a major problem for the community. Only 4% of the total number of surveyed firms are moving outside of the city. The implication here is that while Coffeyville should have a retention program, that program should be targeted on the very small number of firms that are dissatisfied and moving out of the city. This data, along with the information that not many firms have moved to Coffeyville in the past five years (see Tables 21-23), suggest that the primary focus in Coffeyville should be on the expansion of its existing industries.

<u>Advantages of the community.</u> Firms gave several advantages for locating within the city. The hometown atmosphere and a central, good location were the greatest advantages, followed by the city provided a small-town, rural life and the city filled a product/service need for the company (see Tables 28, 29, and 30). Business representatives said "there is an existing customer base," "it is nice to live in the small town, and folks are real nice," and "the city is in a central location among refineries." Only 8% of the firms that gave an advantage stated that they believe that Coffeyville offers no advantages (see Tables 28 and 29). The focus of these firms is definitely local: 31% of Coffeyville firms gave hometown atmosphere as an advantage, compared to 18% for firms in the other 8 communities (see Table 30). The relatively larger average percentages of products sold in the national market and lower average percentages sold in the local market (see Tables 15-17) may have influenced another comparison difference: 30% of the Coffeyville firms that gave local advantages believed the central, good location was an advantage of the city while 53% of the firms in the other 8 communities gave central location as an advantage.

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

Number of Employees	No Advantage	Hometown Atmosphere	Small Town-Rural Life	Quality of Work Force	Central, Good Location	Filling A Need
1-19	11%	30%	24%	4%	29%	22%
20-49	0%	42%	0%	50%	58%	0%
50+	0%	30%	29%	35%	18%	12%
PERCENT OF TOTAL	8%	31%	22%	13%	30%	18%

n = 68

*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 Atmos-phere	Small Town-Rural Life	Qual-ity of Work Force	Cen-tral, Good Loc-ation	Filling A Need
Manufacturing	13%	33%	20%	20%	33%	0%
Finance/ Services	0%	28%	33%	28%	0%	28%
Other Industries	11%	31%	17%	3%	46%	20%
PERCENT OF TOTAL	8%	31%	22%	13%	30%	18%

n = 68

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

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

TABLE 30
LOCAL ADVANTAGES OF THE COMMUNITY*
BY COMMUNITY COMPARISON

Community	No Ad-vantage	Home-town Atmos-phere	Small Town-Rural Life	Qual-ity of Work Force	Cen-tral, Good Loc-ation	Filling A Need
Coffeyville	8%	31%	22%	13%	30%	18%
Other 8 Communities	7%	18%	27%	8%	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.

The advantages given in Tables 28 and 29, along with the statements made by business representatives, again emphasize the fact that Coffeyville firms are homegrown and locally oriented. This is particularly so when integrating the data found in Tables 24-26: surveyed firms located because Coffeyville was their hometown and the city provided the product market they needed. The greatest advantages given by all companies were the hometown atmosphere and a good, central location. It must be remembered, however, that most of these firms are locally oriented, and their central location and satisfactory product/service market may only be relevant to their community. This also suggests that if the local market shrinks because of out-migration or increased competition, there would be a good chance for some business contractions in the city. However, these advantages were given by a lower percentage of firms in comparison to firms in the other 8 communities. As Table 30 shows, few firms feel the quality of work force is an advantage of the city. This implies that firms should know about and be prepared to access the training assistance programs available in the community.

Reasons for relocation. In Coffeyville only two firms are planning to move from the city, which is insufficient to make general conclusions for the community as a whole. The reason for moving given by these firms were high cost of labor, high cost of utilities, access to new market, difficulty in finding labor and difficulty in serving customers.

Additional manufacturers or service providers that would be of benefit to existing companies. Many firms feel that additional companies would be benefit to them. Forty-three percent of the total number of firms stated that additional manufacturers or service providers would benefit their companies (see Tables 31-33). This percentage is higher than the 36% given by firms in the other 8 cities (see Table 33). When asked what those companies might be, 62% of those firms that gave additional companies that would be of benefit stated that raw materials suppliers would be of benefit, compared to the 59% response of the other 8 cities (see Tables 34-36). Firms that most often expressed a need for more raw materials suppliers had less than 20 employees and were in the other industry category (see Tables 34 and 35).

TABLE 31
ADDITIONAL MANUFACTURERS OR SERVICE PROVIDERS
THAT WOULD BE OF BENEFIT FOR FIRMS
BY SIZE OF FIRM

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

Number of Employees	NO	YES
1-19	59%	41%
20-49	75%	25%
50+	29%	71%
TOTAL PERCENT	57%	43%

n = 78

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

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

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

Industry	NO	YES
Manufacturing	68%	32%
Finance/Services	41%	59%
Other Industries	59%	41%
TOTAL PERCENT	57%	43%

n = 78

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

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

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

Community	NO	YES
Coffeyville	57%	43%
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.

TABLE 34
ADDITIONAL COMPANIES THAT WOULD BE OF BENEFIT*
BY SIZE OF FIRM

Number of Employees	More Customers For Products	Repair Maint-enance	Business Services	Raw Materials Suppliers
1-19	7%	7%	13%	73%
20-49	0%	0%	100%	0%
50+	50%	0%	0%	50%
PERCENT OF TOTAL	14%	5%	19%	62%

n = 13

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

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

TABLE 35
ADDITIONAL COMPANIES THAT WOULD BE OF BENEFIT*
BY INDUSTRY

Industry	More Customers For Products	Repair Maint-enance	Business Services	Raw Materials Suppliers
Manufacturing	33%	33%	0%	33%
Finance/Services	20%	0%	40%	40%
Other Industries	0%	0%	0%	100%
PERCENT OF TOTAL	14%	5%	19%	62%

n = 13

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

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

TABLE 36
ADDITIONAL COMPANIES THAT WOULD BE OF BENEFIT*
BY COMMUNITY COMPARISON

Community	More Customers For Products	Repair Maint-enance	Business Services	Raw Materials Suppliers
Coffeyville	14%	5%	19%	62%
Other 8 Communities	28%	4%	18%	59%

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

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

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

Retaining and attracting management and professional personnel. There is a problem in attracting and retaining management or professional personnel to Coffeyville, which could affect future competitiveness and growth of these firms. For the total number of surveyed firms, 26% stated they had this trouble (see Tables 37-39), with companies with 50 or more employees having a greater problem than smaller companies (see Table 37). Forty-seven percent of firms with 50 or more employees indicated a problem with recruiting or retention of managerial employees. This reflects the greater need for professional and managerial employees by firms of this size. Finance/services industry firms had a greater problem than other industry firms. About 41% of firms in finance/services industry indicated the problem (see Table 38). The percentage of firms in Coffeyville that had this problem (26%) is greater than that for the other 8 communities (16%) (see Table 39).

TABLE 37

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

Do you have any trouble attracting and/or retaining professional and management level personnel to your business?

Number of Employees	NO	YES
1-19	77%	23%
20-49	83%	17%
50+	53%	47%
TOTAL PERCENT	74%	26%

n = 78

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

TABLE 38

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

Do you have any trouble attracting and/or retaining professional and management level personnel to your business?

Industry	NO	YES
Manufacturing	84%	16%
Finance/Services	59%	41%
Other Industries	78%	22%
TOTAL PERCENT	74%	26%

n = 78

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

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

Do you have any trouble attracting and/or retaining professional and management level personnel to your business?

Community	NO	YES
Coffeyville	74%	26%
Other 8 Communities	84%	16%

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

That very large firms have more trouble retaining and attracting management and professional personnel than do smaller firms (see Table 38) indicates a future problem for expansion. As smaller firms expand, they may have more difficulty keeping and hiring this type of employee. As will be made more clear in the Business Climate section later in this report, attention to quality of life issues in the city, particularly the arts, entertainment, and recreational activities, will be important in attracting professional and management employees to the city. In general, attracting and retaining this type of employee is more of a problem for Coffeyville in comparison to the other communities included in the state report on business retention and expansion.

Perceived images of rural life and Kansas. For community companies, there does not seem to be a problem with the images that rural life and the state of Kansas projects. For all firms, 93% stated they do not have a negative image of rural life (see Tables 40-42), compared with 94% from the other eight cities (see Table 42). Of the total number of surveyed firms, 99% stated that they did not have a negative image of Kansas (see Tables 43-45), compared with 98% given by firms in the other 8 cities (see Table 45). However, Tables 40 and 43 show that firms with 20 to 49 employees have a slightly more negative view of rural life and of Kansas. Table 41 indicates that relatively high percentage of firms in the finance/services industry have a more negative view of rural life.

TABLE 40
PERCENT OF TOTAL FIRMS WITH A NEGATIVE IMAGE OF RURAL LIFE BY SIZE OF FIRM

Do you have a negative image of rural life?

Number of Employees	NO	YES
1-19	94%	6%
20-49	83%	17%
50+	94%	6%
TOTAL PERCENT	93%	7%

n = 78

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

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

Do you have a negative image of rural life?

Industry	NO	YES
Manufacturing	97%	3%
Finance/Services	76%	24%
Other Industries	100%	0%
TOTAL PERCENT	93%	7%

n = 78

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

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

Do you have a negative image of rural life?

Community	NO	YES
Coffeyville	93%	7%
Other 8 Communities	94%	6%

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

TABLE 43
PERCENT OF TOTAL FIRMS WITH A NEGATIVE
IMAGE OF KANSAS
BY SIZE OF FIRM

Number of Employees	Do you have a negative image of Kansas? NO	YES
1-19	100%	0%
20-49	83%	17%
50+	100%	0%
TOTAL PERCENT	99%	1%

n = 78

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

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

Industry	Do you have a negative image of Kansas? NO	YES
Manufacturing	100%	0%
Finance/Services	94%	6%
Other Industries	100%	0%
TOTAL PERCENT	99%	1%

n = 78

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

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

Community	Do you have a negative image of Kansas? NO	YES
Coffeyville	99%	1%
Other 8 Communities	98%	2%

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

It must be recognized that these data stem somewhat from the hometown nature of these firms. It also points out that any city policy that stresses the quality of the city or the state will probably not be that helpful in retaining or encouraging expansion. At present, firms are pleased with rural life and their state, and this is another good sign to be considered when discussing retention of Coffeyville companies. However, there are indications that larger firms could be more likely to have negative images of rural life. The city needs to address the concerns of larger companies or risk the possibility of losing companies as they succeed and grow.

Location and Retention Summary

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

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

2. Very few firms are moving from their present location, and all of those that are moving are moving out of state. This indicates that the city's retention strategy will be most successful if aimed at the small number of firms which are dissatisfied with the city.

3. The city policy for retention and expansion should include the development and access of the programs under which quality workers will be provided.

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

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

6. Coffeyville firms, in comparison to communities of relative size, do have trouble attracting and maintaining managers and professionals. This is especially so for firms with 50 or more employees. As companies expand and grow larger, there will be greater difficulty in attracting and maintaining management and professional personnel.

V.

DESCRIPTION AND DETERMINANTS OF BUSINESS EXPANSION

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

The major findings are (1) the majority of firms are optimistic about growth in the city, (2) the market for products and a lack of financing are major problems for expansion, (3) an expanding market is a major factor helping expansion, (4) the majority of planned expansions will take place within the city limit, (5) financing for expansion is mainly from traditional sources such as banks and internal financing, with little assistance coming from state programs, and (6) there are firms that have the potential and desire to expand internationally.

Past Expansion

Employment expansion. In the past two years, the majority of firms have neither increased nor decreased employment (see Tables 46-48). However, 36% of all firms increased employment during the past two years with larger firms increasing employment more than smaller firms (see Table 46). Of the firms with 20 to 49 employees, 50% increased employment in the past two years. Yet a sizable number of surveyed firms, 20%, decreased employment during the period.

TABLE 46
PAST INCREASES IN EMPLOYMENT
BY SIZE OF FIRM

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

Number of Employees	Decreased Employment	Employment Remained Constant	Increased Employment
1-19	19%	48%	33%
20-49	25%	25%	50%
50+	24%	29%	47%
TOTAL PERCENT	20%	44%	36%

n = 78

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

Of all industries, the manufacturing industry had the highest employment decreases and the lowest employment increases while the finance/services industry had the lowest employment decreases (see Table 47).

TABLE 47
PAST INCREASES IN EMPLOYMENT
BY INDUSTRY

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

Industry	Decreased Employment	Employment Remained Constant	Increased Employment
Manufacturing	32%	45%	23%
Finance/Services	12%	47%	41%
Other Industries	19%	40%	41%
TOTAL PERCENT	20%	44%	36%

n = 78

Source: Business Retention and Expansion Survey for 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 percentage of firms in Coffeyville that remained employment constant or decreased employment in the past two years is lower and the percentage of firms in Coffeyville that increased employment is higher than those of the other 8 cities, indicating that surveyed Coffeyville firms were growing more during the past two years than firms surveyed in the other 8 cities (see Table 48).

TABLE 48
PAST INCREASES IN EMPLOYMENT
BY COMMUNITY COMPARISON

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

Community	Decreased Employment	Employment Remained Constant	Increased Employment
Coffeyville	20%	44%	36%
Other 8 Communities	22%	46%	32%

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

If most smaller firms remain predominantly oriented towards the local market, their employment growth will continue to be lower than that for larger firms. This again points out the importance of expanding current product/service markets. Table 48 shows that a larger percentage of surveyed Coffeyville firms increased employment than surveyed firms in the other 8 cities. Local leaders should try to maintain this growth.

Physical plant expansion. In the past two years, the majority of firms have held physical plant size constant. Of the total number of firms, only 7% decreased plant size over the last two years and 35% increased size (see

Tables 49-51). Larger firms increased their physical size more than smaller firms, and there were notable contractions in the manufacturing industries category. No firms in the finance/services industries decreased their physical size over the last two years. In Coffeyville, the percentage of firms that increased their physical size is consistent with, and the percentage of firms that decreased their physical size is less than, percentages for firms in the other eight cities (see Table 51). This indicates that, along with higher employment increases, the Coffeyville economy has been growing more than the other 8 cities.

TABLE 49
PAST INCREASES IN PHYSICAL PLANT SIZE
BY SIZE OF FIRM

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

Number of Employees	Decreased Size	Size Remained Constant	Increased Size
1-19	7%	63%	30%
20-49	17%	17%	66%
50+	0%	59%	41%
TOTAL PERCENT	7%	58%	35%

n = 78

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

TABLE 50
PAST INCREASES IN PHYSICAL PLANT SIZE
BY INDUSTRY

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

Industry	Decreased Size	Size Remained Constant	Increased Size
Manufacturing	23%	54%	23%
Finance/Services	0%	47%	53%
Other Industries	3%	66%	31%
TOTAL PERCENT	7%	58%	35%

n = 78

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

TABLE 51
PAST INCREASES IN PHYSICAL PLANT SIZE
BY COMMUNITY COMPARISON

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

Community	Decreased Size	Size Remained Constant	Increased Size
Coffeyville	7%	58%	35%
Other 8 Communities	9%	56%	35%

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

Problems with past expansion. The market for products and a lack of financing are major problems for expansion in Coffeyville. For the firms that mentioned problems, 54% stated that a static or declining market was a problem and 40% stated that a lack of affordable financing was a problem

(See Tables 52-54). Other problems included strong competition, the decline in oil prices and the availability of labor. In comparison to firms surveyed in the other 8 communities, Coffeyville had notable higher percentages of firms that gave a declining market and lack of affordable financing as problems (see Table 54). Ways are needed to assist companies to increase their markets for products and obtain financing for their expansions.

TABLE 52
SPECIFIC PROBLEMS WITH EXPANSION*
BY SIZE OF FIRM

Number of Employees	Availability of Labor	Static or Declining Market	Lack of Affordable Financing	Utility Costs	Transportation Difficulties	Availability of Space	Strong Competition	Decline In Oil Prices
1-19	8%	61%	39%	0%	0%	5%	16%	16%
20-49	0%	0%	0%	0%	0%	0%	100%	0%
50+	0%	0%	67%	34%	34%	0%	0%	0%
PERCENT OF TOTAL	7%	54%	40%	2%	2%	5%	19%	14%

n = 26

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

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

TABLE 53
SPECIFIC PROBLEMS WITH EXPANSION*
BY INDUSTRY

Industry	Availability of Labor	Static or Declining Market	Lack of Affordable Financing	Utility Costs	Transportation Difficulties	Availability of Space	Strong Competition	Decline In Oil Prices
Manufacturing	14%	71%	14%	14%	14%	0%	0%	0%
Finance/ Services	17%	33%	50%	0%	0%	17%	17%	0%
Other Industries	0%	58%	58%	0%	0%	0%	25%	25%
PERCENT OF TOTAL	7%	54%	40%	2%	2%	5%	19%	14%

n = 26

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

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

TABLE 54
SPECIFIC PROBLEMS WITH EXPANSION*
BY COMMUNITY COMPARISON

Community	Zoning Regu-lations	Avail-ability of Labor	Static or Declin-ing Market	Lack of Afford-Finan-cing	Lack of Raw Mat-erials	Util-ity Costs	Trans-por-tation Diffi-culties	Avail-abil-ity of Space	Lack of Training Re-sources	Tax Laws	Strong Compe-tition	Decline in Oil Prices
Coffeyville	0%	7%	54%	40%	0%	2%	2%	5%	0%	0%	19%	14%
Other 8 Communities	12%	11%	40%	22%	1%	3%	1%	7%	5%	3%	7%	11%

*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.

That the market for products is the major problem for not expanding may result from the narrow scope of markets many Coffeyville firms use. A lack of financing is one of the major problems associated with not expanding, indicating that ways are needed to assist companies to obtain financing for their expansions and to help companies to know additional ways to finance an expansion. Lack of financing may come from lack of knowledge, not a lack of desire to use available programs.

Factors helping expansion. For those firms that have expanded, an expanding market played a significant role. Of those firms that have experienced an expansion, 59% stated that an expanding market was a helping factor (see Tables 55-57). Desire to expand market (22%), the availability of space (18%) and more efficient operation (14%) were seen as helping factors. For large firms and the other industry firms especially, new customers to purchase products has been a great expansion factor (see Table 55 and 56). Community comparisons revealed that a smaller percentage of firms in Coffeyville stated an expanding market was a helping factor (see Table 57).

TABLE 55
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	56%	5%	2%	21%	23%	0%	16%
20-49	70%	0%	0%	0%	20%	10%	20%
50+	60%	20%	0%	20%	20%	20%	0%
PERCENT OF TOTAL	59%	6%	2%	18%	22%	5%	14%

n = 38

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

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

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

TABLE 56
FACTORS THAT HELPED EXPANSION*
BY INDUSTRY

Industry	Expanding Market	Availability of Public Assist.	Availability of Tech. Innovation	Availability of Space	Desire To Expand Market	Improved Internal Financing	More Efficient Operations
Manufacturing	46%	0%	9%	27%	18%	9%	9%
Finance/ Services	46%	9%	0%	36%	27%	9%	9%
Other Industries	73%	7%	0%	0%	20%	0%	20%
PERCENT OF TOTAL	59%	6%	2%	18%	22%	5%	14%

n = 38

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

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

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

TABLE 57
FACTORS THAT HELPED EXPANSION*
BY COMMUNITY COMPARISON

Community	Expanding Market	Availability of Tax Incentives	Availability of Public Assist.	Availability of Tech. Innovation	Availability of Space	Desire To Expand Market	Improved Internal Financing	More Efficient Operations
Coffeyville	59%	0%	6%	2%	18%	22%	5%	14%
Other 8 Communities	70%	1%	4%	4%	21%	27%	4%	30%

*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.
ployment.

Information and assistance that will help firms reach new customers is very important to the future expansion of Coffeyville firms. An expanding market is considered an important helping factor for expansion in the minds of Coffeyville respondents. This indicates the need for many companies in the community to broaden the scope of their products or services and to reach broader markets. To be more effective, city policy will have to consider a variety of assistance and problems, not single issues.

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 few (n = 14) firms that stated they had experienced a contraction, 74% gave a declining or static market as a reason for decreases (see Tables 58, 59 and 60). All firms with 20 to 49 employees and in the finance/services industry gave this reason. Thirty-nine percent of Coffeyville firms that stated they had experienced a contraction gave a decline in oil prices as a reason for contraction, compared with 19% from firms in the other 8 cities.

TABLE 58
REASON FOR CONTRACTION*
BY SIZE OF FIRM

Number of Employees	Declining or Static Market	Lack of Affordable Financing	Decline In Oil Prices	To Increase Efficiency
1-19	72%	6%	44%	0%
20-49	100%	0%	0%	67%
50+	50%	0%	50%	50%
TOTAL PERCENT	74%	4%	39%	13%

n = 14
*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: This question was answered only by those firms that previously stated they had experienced a contraction in employment and/or plant size.

TABLE 59
REASONS GIVEN FOR CONTRACTION*
BY INDUSTRY

Industry	Declining or Static Market	Lack of Affordable Financing	Decline In Oil Prices	To Increase Efficiency
Manufacturing	56%	11%	33%	11%
Finance/Services	100%	0%	0%	0%
Other Industries	83%	0%	50%	17%
TOTAL PERCENT	74%	4%	39%	13%

n = 14
*Since firms could give more than one reason, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.
Note: This question was answered only by those firms that previously stated they had experienced a contraction in employment and/or plant size.

TABLE 60
REASONS FOR CONTRACTION*
BY COMMUNITY COMPARISON

Community	Declining or Static Market	Contracting Labor Pool	Rising Labor Costs	Rising Raw Materials Costs	Rising Plant-Office Space Costs	Lack of Affordable Financing	Decline in Oil Prices	Increase Efficiency	Taxes-Regulatory Costs
Coffeyville	74%	0%	0%	0%	0%	4%	39%	13%	0%
Other 8 Communities	71%	4%	2%	3%	1%	5%	19%	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.

Plans for Expansion

Employment expansion. Firms are very optimistic about their ability to retain or increase employment. Only 4% of the total number of firms stated that they would decrease employment in the next year and 39% stated that they would increase employment in the next year (see Tables 61, 62 and 63). All firms that stated that they would decrease employment in the next year have less than 20 employees. The finance/services industry have the highest percentage of firms that stated that they would increase employment in the next year. The percentage of Coffeyville firms that stated that they would decrease or increase employment in the next year is almost the same as that given by the surveyed firms in the other 8 cities (see Table 63). The major implication here is that the city strategy must ensure assistance that will build upon this optimistic attitude towards employment expansion.

TABLE 61
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	Will Decrease Employment	Employment Will Remain Constant	Will Increase Employment
1-19	5%	61%	34%
20-49	0%	50%	50%
50+	0%	33%	67%
TOTAL PERCENT	4%	57%	39%

n = 78

Source: Business Retention and Expansion Survey for 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 62
PERCENT OF TOTAL FIRMS PLANNING TO
INCREASE EMPLOYMENT
BY INDUSTRY

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

Industry	Will Decrease Employment	Employment Will Remain Constant	Will Increase Employment
Manufacturing	3%	58%	39%
Finance/Services	0%	56%	44%
Other Industries	6%	56%	38%
TOTAL PERCENT	4%	57%	39%

n = 78

Source: Business Retention and Expansion Survey for 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 COMMUNITY COMPARISON

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

Community	Will Decrease Employment	Employment Will Remain Constant	Will Increase Employment
Coffeyville	4%	57%	39%
Other 8 Communities	3%	57%	40%

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

There is opportunity for new employment growth in the community, also. Of the total number of firms, 23% decreased employment or held employment levels constant the past two years but expect to increase employment next year (see Table 64). Only 1% of these firms decreased employment the past two years and plan to increase employment next year, and 16% increased employment the past two years and will do the same next year. These data again emphasize the optimism firms in Coffeyville have concerning employment in the future.

TABLE 64
PERCENT OF TOTAL FIRMS THAT HAVE
INCREASED EMPLOYMENT THE LAST TWO YEARS
AND ARE PLANNING FUTURE INCREASES IN EMPLOYMENT

Changes In Employment The Last Two Years	Employment In The Next Year: Will Decrease Employment	Will Remain Constant	Will Increase Employment
Decreased Employment	1%	10%	9%
Employment Remained Constant	3%	37%	14%
Increased Employment	0%	10%	16%

n = 78

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

Physical plant size expansion. As with employment, firms are optimistic about plant size expansion. While 22% of total firms stated that they are planning an expansion in physical plant size next year, only 4% of the firms stated they would experience a contraction in physical plant size next year (see Tables 65, 66 and 67). Firms in Coffeyville feel they are in good position to expand, although the greatest percentage of firms will remain constant in physical plant size. This implies that city policy must make sure that this growth is realized to the extent possible.

TABLE 65
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	5%	77%	18%
20-49	0%	92%	8%
50+	0%	47%	53%
TOTAL PERCENT	4%	74%	22%

n = 78

Source: Business Retention and Expansion Survey for 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 66
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	3%	84%	13%
Finance/Services	0%	59%	41%
Other Industries	6%	78%	16%
TOTAL PERCENT	4%	74%	22%

n = 78

Source: Business Retention and Expansion Survey for 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 COMMUNITY COMPARISON

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

Community	Contraction	Size Will Remain Constant	Expansion
Coffeyville	4%	74%	22%
Other 8 Communities	1%	77%	22%

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

There is also opportunity for new growth in physical plant size. Of the total number of firms, 13% decreased plant size or kept size constant the past two years but expect to increase size next year (see Table 68). No firm that decreased size plan to do the same next year. Another positive sign for the community is that 9% of these firms increased plant size the past two years and will increase size next year.

TABLE 68
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%	8%	0%
Plant Size Remained Constant	4%	44%	13%
Increased Plant Size	0%	22%	9%

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

Location of expansion. For those firms that are planning an expansion, expansion for the majority (58%) will be within the city limits (see Tables 69, 70 and 71). All firms with 20 to 49 employees and firms in the manufacturing industry will expand within the community. A relatively high percentage of firms with 50 or more employees and firms in the finance/ services industries expect to expand outside of Montgomery County. The percentage of Coffeyville firms that will expand within Coffeyville is lower than that (63%) of the other 8 cities, although total percentages are similar (see Table 71).

TABLE 69
LOCATION OF WHERE EXPANSION WILL TAKE PLACE
FOR FIRMS THAT ARE PLANNING EXPANSION, BY SIZE OF FIRM

Number of Employees	Where Expansion Will Be Within The City Limits	Within The Same County	Within The State	Out of State
1-19	45%	33%	11%	11%
20-49	100%	0%	0%	0%
50+	78%	0%	22%	0%
TOTAL PERCENT	58%	21%	14%	7%

n = 17

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

TABLE 70
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	100%	0%	0%	0%
Finance/Services	71%	0%	29%	0%
Other Industries	20%	60%	0%	20%
TOTAL PERCENT	58%	21%	14%	7%

n = 17

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

	Where Expansion Will Be			
Community	Within The City Limits	Within The Same County	Within The State	Out of State
Coffeyville	58%	21%	14%	7%
Other 8 Communities	63%	18%	13%	6%

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

Although the majority of expansions are planned to take place within Coffeyville, 42% of these firms are expanding outside of the city limits. The number of respondents is small (n = 17), but these are firms that can provide growth for the community. Needed is the city strategy that can isolate reasons for expanding outside of the city and that can encourage firms to expand within the community. If reasons for lost growth are not found and acted upon, expansion loss could continue.

Advantages that influenced expansion. Only four firms gave local advantages that influenced expansion. These advantages were a good local labor pool, that space was available, tax incentives and public assistance, and strong local economy. Firms in the other 8 cities that mentioned local advantages gave a space availability, strong local economy and good local labor as advantages. Four firms are not enough to make general conclusions for the community.

Problems that led to expansion outside of the community. Two surveyed firms in Coffeyville mentioned problems that led to expansion outside of the community, which is not enough to generalize for the community. These problems were "specific problems" in the community and city taxes. Firms in the other 8 communities also mentioned specific problems in the community and city taxes, as well as zoning regulations as problems that led to expansion outside of the community.

Additional Products and Expansion. Whether it is financial, informational, or regulatory, firms need assistance in tackling problems of offering new products. Lack of affordable financing, no desire to expand, lack of adequate skill, and the static or declining market are the four major reasons given by firms that are not offering an additional product (see Tables 72-74). Small firms especially have these problems, as well as a lack of specific knowledge about offering additional products (see Table 72). Lack of affordable financing and no desire to expand are particular problems for the manufacturing industry firms (see Table 73). In Coffeyville, compared to the other eight cities, more firms stated that they had the problem of a lack of affordable financing and that expressed no desire to expand (see Table 74).

TABLE 72
REASONS FOR NOT OFFERING AN ADDITIONAL PRODUCT OR SERVICE*
BY SIZE OF FIRM

Number of Em-ployees	Lack of Afford-Finan-cing	Lack of Spec-ific Know-How	No Desire To Expand	Static or Declin-ing Market	Lack of Skilled Labor	Lack of Equip-ment, Tech.	Intro-ducing Product or Service Now
1-19	22%	11%	20%	14%	19%	6%	36%
20-49	0%	0%	0%	100%	0%	0%	0%
50+	30%	0%	20%	0%	0%	10%	50%
PERCENT OF TOTAL	23%	9%	19%	13%	15%	6%	38%

n = 28

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

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

TABLE 73
REASONS FOR NOT OFFERING AN ADDITIONAL PRODUCT OR SERVICE*
BY INDUSTRY

Industry	Lack of Afford-Finan-cing	Lack of Spec-ific Know-How	No Desire To Expand	Static or Declin-ing Market	Lack of Skilled Labor	Lack of Equip-ment, Tech.	Intro-ducing Product or Service Now
Manufacturing	39%	0%	39%	15%	8%	8%	15%
Finance/ Services	25%	0%	25%	0%	13%	0%	63%
Other Industries	11%	22%	0%	22%	22%	11%	33%
PERCENT OF TOTAL	23%	9%	19%	13%	15%	6%	38%

n = 28

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

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

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

Community	Restric-tive Laws or Regu-lations	Lack of Afford-Finan-cing	Lack of Spec-ific Know-How	No Desire To Expand	Static or Declin-ing Market	Low Cash Flow	Bus-iness Complex Enough Now	Lack of Skilled Labor	Lack of Equip-ment, Tech.	Intro-ducing Product or Service Now
Coffeyville	0%	23%	9%	19%	13%	0%	0%	15%	6%	38%
Other 8 Communities	13%	14%	5%	8%	13%	14%	15%	10%	12%	20%

*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.

Companies do not seem to have the resources or knowledge necessary to introduce a new product. Added to this is the lack of desire to expand. Financing and information which are designed to assist firms creating new products must be considered a priority, especially since new products will help companies reach new markets and increase their chances for expansion. Although most of these firms stated they are currently introducing a new product or service, information and financing must be made available to those who need assistance to increase the chances for growth.

Expanding into the international market. Offering new or existing products to the international market will help the city economically, and there are firms that can and want to expand into the international market. Of those business representatives that gave responses, 16% said that their firm had the potential and 17% stated that they had the desire to expand internationally (see Tables 75-80). Firms with 20 to 49 employees had the highest percentages of firms that stated they had the potential and desire to expand internationally (see Tables 75 and 78). The manufacturing industry had the highest percentage of firms that stated they had the potential and the other industries had the highest percentages of firms that stated they had the desire to enter the international market (see Tables 76 and 79). In comparison to surveyed firms in the other 8 communities, Coffeyville firms had the higher total percentages of firms with both the expressed potential and desire to expand internationally (see Tables 77 and 80).

TABLE 75
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	56%	44%
50+	86%	14%
TOTAL PERCENT	84%	16%

n = 71

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

TABLE 76
PERCENT OF TOTAL FIRMS THAT 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	82%	18%
Finance/Services	86%	14%
Other Industries	84%	16%
TOTAL PERCENT	84%	16%

n = 71

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

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

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

Community	NO	YES
Coffeyville	84%	16%
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 78
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	84%	16%
20-49	56%	44%
50+	93%	7%
TOTAL PERCENT	83%	17%

n = 72

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

TABLE 79
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	85%	15%
Finance/Services	87%	13%
Other Industries	81%	19%
TOTAL PERCENT	83%	17%

n = 72

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

TABLE 80
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
Coffeyville	83%	17%
Other 8 Communities	88%	12%

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

Considering the importance of competing in the international market, it is imperative that these firms be encouraged to meet their potential and desire. Making sure all firms know what is needed to export, where they might get assistance, and how they can initiate such a venture will encourage more companies to export their products. The ability of the firms to trade internationally cannot be emphasized enough. If the potential for firms is not realized, and the desire to expand not encouraged, the scope of products for many companies will remain narrow and locally oriented.

Reasons for not expanding into the international market. Only 9 firms gave reasons for not expanding into the international market, which is not sufficient to make general conclusions for the community. Reasons included that the business was too small, a lack of knowledge about exporting, restrictive export regulations, lack of affordable financing, and that the costs are too high.

Problems associated with exporting. Only 2 Coffeyville firms gave a problem associated with expansion: unfavorable exchange rates. This number of firms is not sufficient to make generalizations for the community. Firms in the other 8 communities also gave this problem, along with high tariffs and/or trade barriers, inadequate knowledge about exporting, lack of financing and restrictive state/federal regulations.

Financing for Expansion

Financing Sources. Sources for financing expansion in Coffeyville are traditional in nature. For the total number of firms, 61% stated that a bank was a source for financing expansion and 44% stated that internal financing was used (see Tables 81, 82 and 83). Firms with 50 or more employees had a lower within size category percentage of bank usage. Compared to firms in the other 8 cities, Coffeyville had a higher percentage of firms that used banks as a source and a lower percentage of firms that used internal financing (see Table 83).

TABLE 81
FINANCING SOURCES FOR EXPANSION*
BY SIZE OF FIRM

Number of Employees	Bank	Internal Financing	Private Sources	Small Business Administration	Industrial Revenue Bonds
1-19	63%	43%	9%	4%	2%
20-49	30%	80%	0%	10%	30%
50+	67%	27%	0%	0%	40%
PERCENT OF TOTAL	61%	44%	7%	4%	9%

n = 75

*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 82
FINANCING SOURCES FOR EXPANSION*
BY INDUSTRY

Industry	Bank	Internal Financing	Private Sources	Small Business Administration	Industrial Revenue Bonds
Manufacturing	57%	43%	10%	10%	3%
Finance/ Services	63%	44%	0%	0%	19%
Other Industries	61%	45%	10%	3%	7%
PERCENT OF TOTAL	61%	44%	7%	4%	9%

n = 75

*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 83
FINANCING SOURCES FOR EXPANSION*
BY COMMUNITY COMPARISON

Community	Bank	Credit Union	Savings and Loan	Internal Financing	Private Sources	Small Business Administration	Certified Development Comp.	Industrial Revenue Bonds
Coffeyville	61%	0%	0%	44%	7%	4%	0%	9%
Other 8 Communities	53%	2%	3%	53%	6%	3%	1%	4%

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

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

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

Financing sources outside of Kansas. The majority of Coffeyville firms do not go outside of Kansas to get financing. For the total number of firms, 90% stated that in the past five years they have not gone outside the state to receive financing for expansion (see Tables 84-86). Larger firms did go outside of the state more than smaller firms, and the manufacturing industry businesses had a relatively high percentage of firms that went to other states. Total percentages for Coffeyville are consistent with the total percentages from the other 8 communities (see Table 86).

TABLE 84
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	93%	7%
20-49	90%	10%
50+	76%	24%
TOTAL PERCENT	90%	10%

n = 78

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

TABLE 85
PERCENT OF TOTAL FIRMS 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	87%	13%
Finance/Services	94%	6%
Other Industries	91%	9%
TOTAL PERCENT	90%	10%

n = 78

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

TABLE 86
PERCENT OF TOTAL FIRMS THAT HAVE GONE OUTSIDE OF KANSAS TO FINANCE AN EXPANSION BY COMMUNITY COMPARISON

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

Community	NO	YES
Coffeyville	90%	10%
Other 8 Communities	91%	9%

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

Table 84 shows that larger firms go outside of the state more for financing than do smaller firms; given the nature of financial sources in the state this may indicate a reliance on out of state parent companies for internal financing or an inability of state financial institutions to provide the large size of capital needed for expansion. The important point these data provide is that a determination must be made of whether companies are going out of state because of choice or necessity.

Foregoing expansion because of a lack of financing. Although the total percentage is relatively small, there are firms that have had to forego an expansion because of lack of financing. For the total number of firms, 16% stated that they had foregone an expansion because of lack of financing (see Tables 87-89). This percentage is higher than what was given by firms in the other 8 communities. No firms with 20 to 49 employees had this problem, and firms in the other industry category (agriculture, mining, construction, transportation-communications, and wholesale) had a lower percentage of respondents who mentioned this problem. The city could assist expansion by making sure that information about alternative methods for financing is available to firms, and that these firms know how to access and implement those sources.

TABLE 87
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	83%	17%
20-49	100%	0%
50+	82%	18%
TOTAL PERCENT	84%	16%

n = 78

Source: Business Retention and Expansion Survey for 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 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	81%	19%
Finance/Services	81%	19%
Other Industries	88%	12%
TOTAL PERCENT	84%	16%

n = 78

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

TABLE 89
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
Coffeyville	84%	16%
Other 8 Communities	90%	10%

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

As previous data have shown, financing is a major problem when expansion is considered. Tables 87, 88 and 89 support this, demonstrating that there are firms that have not experienced a chance for growth because financing was unavailable. When expansion comes down to a question of obtaining financing, the city must make sure that the firms are receiving the information necessary to access and use nontraditional sources for financing expansion.

Expansion Summary

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

1. In the past two years, there has been expansion growth. Of the total number of firms, 36% increased employment the past two years and 35% increased physical plant size.

2. Compared to the other eight cities included in the state report, employment in Coffeyville firms increased more and decreased less, indicating that Coffeyville firms were growing more during the past two years than firms in the other eight cities.

3. A static or declining market and a lack of financing are the major problems associated with not expanding, indicating that the locally centered scope of products is deterring expansion. This also implies that ways are needed to assist companies obtain financing for their expansions and to help companies find additional ways to finance an expansion.

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

5. The percentage of firms that will expand outside of the city limit is relatively high (43%). Needed is the city strategy that find reasons for not expanding within the city limit and encourage firms to expand within the city limit.

6. There are firms in the city with the potential and the desire to expand into the international market. These firms include small as well as large companies.

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

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

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

VI.

BUSINESS CLIMATE

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

Local And State Business Climate

Quality of life. The quality of life is perceived to be good by a majority of Coffeyville firms. Of the total number of respondents, 74% rated the quality of life as good and 26% rated the quality of life as adequate (see Tables 90-92). Not one firm rated the quality of life as poor. Larger firms and firms in the finance/services industry had the higher percentages of firms that stated the quality of life was good. Comparison data reveal that although no firm rated the quality of life as poor, the total Coffeyville percentage for good ratings was lower than for firms in the other 8 communities, and the total percentage for adequate ratings was higher than for firms surveyed in the other 8 communities (see Table 92).

TABLE 90
FIRM'S PERCEPTIONS OF THE QUALITY OF LIFE
IN THEIR COMMUNITY
BY SIZE OF FIRM

Number of Employees	Good	Adequate	Poor
1-19	70%	30%	0%
20-49	92%	8%	0%
50+	82%	18%	0%
TOTAL PERCENT	74%	26%	0%

n = 78

Source: Business Retention and Expansion Survey for 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
FIRM'S PERCEPTIONS OF THE QUALITY OF LIFE
IN THEIR COMMUNITY
BY INDUSTRY

Industry	Good	Adequate	Poor
Manufacturing	74%	26%	0%
Finance/Services	80%	20%	0%
Other Industries	72%	28%	0%
TOTAL PERCENT	74%	26%	0%

n = 78

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

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

Community	No Opinion	Good	Adequate	Poor
Coffeyville	0%	74%	26%	0%
Other 8 Communities	1%	82%	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.

These results have both positive and negative implications. Although no poor ratings were given and the majority of firms believe the quality of life is good, total percentages do not fair well in comparison to firms in the other 8 communities. Quality of life issues are an important factor decisons concerning recruitment, retention, and expansion. For Coffeyville to use the quality of life as a major component in the attraction of firms and the encouragment of companies to remain in the community, activities that include the arts, entertainment, and recreation will become increasingly significant.

Attitude of the local government. The attitude of the local government towards the Coffeyville business community is viewed to be generally positive. Of the total number of surveyed firms, 50% stated the attitude of the local government towards Coffeyville firms was positive to very positive, 42% stated the attitude of the local government was neutral, and 8% stated the attitude of the local government was negative to very negative (see Tables 93-95). Firms with 50 or more employees had a higher percentage of respondents that thought the local government had a negative to very negative attitude, as did firms in the manufacturing industry. Coffeyville had a lower percentage of firms that thought the local government had a positive to very positive attitude than surveyed firms in the other 8 communities and a lower percentage of firms that thought the local government had a negative to very negative attitude (see Table 95).

TABLE 93
FIRMS' PERCEPTIONS OF THE
ATTITUDE OF THEIR LOCAL GOVERNMENT
BY SIZE OF FIRM

Number of Employees	Attitude of Local Government: Positive To Very Positive	Neutral	Negative To Very Negative
1-19	45%	47%	8%
20-49	58%	42%	0%
50+	76%	12%	12%
TOTAL PERCENT	50%	42%	8%

n = 78

Source: Business Retention and Expansion Survey for 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
ATTITUDE OF THEIR LOCAL GOVERNMENT
BY INDUSTRY

Industry	Attitude of Local Government: Positive To Very Positive	Neutral	Negative To Very Negative
Manufacturing	48%	32%	19%
Finance/Services	59%	41%	0%
Other Industries	47%	47%	6%
TOTAL PERCENT	50%	42%	8%

n = 78

Source: Business Retention and Expansion Survey for 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 95
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
Coffeyville	50%	42%	8%
Other 8 Communities	55%	35%	10%

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

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

Perception of services. In general, firms are satisfied with the services that are provided to them. High percentages of firms evaluate the electric system, fire protection, and the public school system as good, while relatively high percentages of poor ratings are given for the quality of public transportation, the availability of air transportation and the quality of roads (see Table 96). The quality of public transportation received the highest poor rating of 39% and only a 15% good rating. The availability of air transportation (31% said poor while 11% said good) and the quality of roads[1] (22% said poor while 25% said good) also showed dissatisfaction with transportation issues. Obviously, there is concern over transportation issues in the community. In comparison to surveyed firms in the other 8 communities, notable differences include the higher poor percentage given by Coffeyville firms for the quality of roads and the quality of public transportation, and the higher good percentages given by Coffeyville firms for the electric system, the public school system, and fire protection (see Table 97).

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[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 96
COFFEYVILLE FIRMS' PERCEPTIONS OF SERVICES

	No Opinion	Good	Adequate	Poor
Quality of Roads	1%	25%	52%	22%
Quality of Railroads	29%	39%	26%	6%
Cost of Transportation	14%	32%	46%	8%
Availability of Air Transportation	32%	11%	26%	31%
Quality of Public Transportation	26%	15%	20%	39%
Freight Delivery Time	7%	56%	35%	2%
Quality of Training	17%	31%	39%	13%
Fire Protection	5%	82%	13%	0%
Police Protection	0%	74%	25%	1%
Telephone System	3%	73%	20%	4%
Electric System	0%	85%	15%	0%
Public School System	5%	81%	7%	6%
Quality of Garbage Collection	2%	72%	21%	5%

n = 78

Source: Business Retention and Expansion Survey for 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
OTHER 8 COMMUNITY FIRMS' PERCEPTIONS OF SERVICES

	No Opinion	Good	Adequate	Poor
Quality of Roads	1%	37%	44%	18%
Quality of Railroads	34%	27%	27%	12%
Cost of Transportation	10%	29%	46%	15%
Availability of Air Transportation	21%	12%	29%	38%
Quality of Public Transportation	28%	13%	25%	34%
Freight Delivery Time	13%	52%	30%	5%
Quality of Training	18%	38%	30%	14%
Fire Protection	3%	75%	21%	1%
Police Protection	2%	68%	28%	3%
Telephone System	0%	63%	31%	6%
Electric System	0%	73%	22%	5%
Public School System	7%	73%	18%	2%
Quality of Garbage Collection	6%	64%	26%	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.

The poor ratings given to transportation issues will be important as firms decide to expand. Firms that want to grow will look to see if they can adequately move products to and from their destination as well as the timely delivery of necessary materials. At this time the quality of such issues is in question. Important for the local business climate, however, is the perceived good quality of local services. In comparison to firms surveyed in the other 8 communities, Coffeyville firms gave a higher percentage of the good rating to 10 of the 13 services asked about. These are positive signs for the city and will help in decisions of location and expansion.

Government regulations that impede business operations. Regulations that may impede the successful operation of a business were seen to be mainly city or state regulations. Of the firms that gave a government caused problem, 98% stated that hampering city and/or state regulations impede operation (see Tables 98-100). Specific regulations mentioned by business representatives were medicaid funding laws, zoning and sign regulations, and property taxes on inventory. The next highest percentage of factors was EPA regulations. No firms giving government caused problems in Coffeyville mentioned government over-regulations as an impeding factor while 21% of firms in the other 8 cities did (19%).

TABLE 98
GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*
BY SIZE OF FIRM

Number of Employees	Hampering City/State Regulations	KCC Over-Regulations	EPA Regulations
1-19	97%	6%	16%
20-49	100%	0%	0%
50+	100%	0%	22%
TOTAL PERCENT	98%	5%	16%

n = 26

*Since firms could mention more than one government regulation that impedes operation, total percentages may not add to 100%.

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

TABLE 99
GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*
BY INDUSTRY

Industry	Hampering City/State Regulations	KCC Over-Regulations	EPA regulations
Manufacturing	80%	0%	20%
Finance/Services	100%	0%	0%
Other Industries	100%	7%	20%
PERCENT OF TOTAL	98%	5%	16%

n = 26

*Since firms could mention more than one government regulation that impedes operation, total percentages may not add to 100%.

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

TABLE 100
GOVERNMENT REGULATIONS THAT IMPEDE OPERATION*
BY COMMUNITY COMPARISON

Community	Hampering City-State Regs.	KCC Over Regulation	EPA Regs.	OSHA Regs.	Zoning	KS Dept. of Health	Gvt. Over Regulation
Coffeyville	98%	5%	16%	0%	0%	0%	0%
Other 8 Communities	98%	6%	19%	5%	19%	8%	21%

*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.

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

Taxes that influence expansion decisions. Taxes also have a negative effect on expansion. Of the firms that stated a tax reason to forego expansion, 70% gave property tax on inventories as a reason, 47% gave workers compensation, 40% gave the unemployment insurance tax, and 37% gave the tax on machines as a reason to forego expansion (see Tables 101-103). Although the city is not in control of the majority of the taxes that inhibit expansion, city officials should be aware of the business taxes that limit expansion, and make state agencies aware of the types of burdens are placed upon community businesses.

TABLE 101
REASONS TO FOREGO EXPANSION*
BY SIZE OF FIRM

Number of Employees	Overall State Tax Burden	Overall City Tax Burden	Corporate Income Tax	Property Tax on Inventories	Sales Tax on Machines and Equipment	Unemployment Insurance Tax	Workers Compensation	Severance Tax
1-19	30%	9%	31%	70%	35%	41%	28%	6%
20-49	34%	34%	17%	50%	83%	50%	50%	0%
50+	43%	0%	0%	86%	14%	29%	29%	0%
PERCENT OF TOTAL	31%	11%	27%	70%	37%	40%	30%	5%

n = 41

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

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

TABLE 102
REASONS TO FOREGO EXPANSION*
BY INDUSTRY

Industry	Overall State Tax Burden	Overall City Tax Burden	Corporate Income Tax	Property Tax on Inventories	Sales Tax on Machines and Equipment	Unemployment Insurance Tax	Workers Compensation	Severance Tax
Manufacturing	37%	16%	11%	58%	37%	37%	21%	5%
Finance/ Services	20%	20%	20%	100%	40%	60%	40%	0%
Other Industries	32%	5%	37%	68%	37%	37%	32%	5%
PERCENT OF TOTAL	31%	11%	27%	70%	37%	40%	30%	5%

n = 41

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

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

TABLE 103
REASONS TO FOREGO EXPANSION*
BY COMMUNITY COMPARISON

Community	Overall State Tax Burden	Overall City Tax Burden	Corporate Income Tax	Property Tax on Inventories	Sales Tax on Machines and Equipment	Unemployment Insurance Tax	Workers Compensation	Severance Tax	Gas Tax
Coffeyville	31%	11%	27%	70%	37%	40%	30%	5%	0%
Other 8 Communities	23%	14%	19%	60%	31%	47%	49%	9%	2%

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

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

Firms believe that a variety of taxes cause them to forego expansion. Tables 101-103 show that, regardless of size and industry, firms feel the property tax on inventory, the unemployment insurance tax, or workers compensation is a major burden. Although taxes affect large as well as small firms, it is important to remember the strain certain taxes place on the small firm, and how that inhibits expansion.

Business Climate Improvements

Improving the quality of life. Suggestions for improving the local quality of life centered mainly on economic development (see Tables 104-106). Of the firms that suggested ways to improve the local quality of life, 58% mentioned economic development as a way for improvement. Other suggestions included improving public morale, cleaning up town and fixing properties, and more recreational activities. The percentage (58%) of firms in Coffeyville that gave economic development is almost the same as that given by surveyed firms in the other 8 cities (57%) (see Table 106).

TABLE 104
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE*
BY SIZE OF FIRM

Number of Employees	Economic Development	More Entertainment	More Activities For Town	More Recreational Activities	Improve Public Morale	Improve Town, Fix Property	Upgrade Education
1-19	56%	5%	4%	12%	21%	21%	5%
20-49	60%	20%	0%	30%	10%	10%	0%
50+	70%	0%	10%	20%	10%	0%	20%
PERCENT OF TOTAL	58%	6%	4%	15%	19%	18%	6%

n = 58

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

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

TABLE 105
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE*
BY INDUSTRY

Industry	Economic Development	More Entertainment	More Activities For Town	More Recreational Activities	Improve Public Morale	Improve Town, Fix Property	Upgrade Education
Manufacturing	63%	7%	7%	7%	22%	11%	7%
Finance/ Services	54%	8%	0%	31%	0%	23%	15%
Other Industries	57%	5%	5%	10%	29%	19%	0%
PERCENT OF TOTAL	58%	6%	4%	15%	19%	18%	6%

n = 58

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

TABLE 106
WAYS TO IMPROVE THE LOCAL QUALITY OF LIFE*
BY COMMUNITY COMPARISON

Community	Economic Development	More Entertainment	More Activities For Town	More Recreational Activities	Improve Public Morale	Improve Town, Fix Property	Upgrade Education
Coffeyville	58%	6%	4%	15%	19%	18%	6%
Other 8 Communities	57%	18%	8%	17%	4%	4%	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.

Coffeyville firms seem to be looking for economic development assistance. This indicates that now may be a good time for the city to initiate assistance programs that will be used more than in the past. Firms also seem to want more activities in the city which are unrelated to business operations and may improve public morale. More recreational activities and entertainment are for the most part under city control, and firms feel these do play a role in the perceived quality of life. As stated earlier, this will become increasingly important as firms expand and recruit personnel from other areas, as well as becoming an important factor in firms' decisions concerning expanding or staying within the community.

Improving the local business climate. Economic development was suggested the most as a way to improve the local business climate: this way was given by 73% of the firms that gave suggestions (see Tables 107-109). This percentage was higher than 58% given by surveyed firms in the other 8 communities (see Table 109). Other suggestions included that the local government needs to be more responsive, to increase tax incentives/ abatements, and to improve local financing.

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

Number of Employees	Economic Development	Better Cooperation Between State/Local	Increase and Improve Local Image	Improve Local Financing	Tax Incentives, Abatements	Local Gvt. More Responsive	Help Entrepreneurs	Spend Municipal Funds
1-19	68%	3%	15%	15%	20%	20%	15%	3%
20-49	100%	0%	0%	43%	43%	43%	29%	0%
50+	100%	0%	0%	20%	20%	20%	0%	0%
PERCENT OF TOTAL	73%	3%	13%	18%	23%	23%	16%	3%

n = 43
*Since firms could give more than one suggestion, total percentages may not add to 100%.
Source: Business Retention and Expansion Survey for Kansas Mid-Size Communities with Populations of 10,000 to 100,000, Institute for Public Policy and Business Research, The University of Kansas, 1987.

TABLE 108
SUGGESTIONS GIVEN FOR IMPROVING THE LOCAL BUSINESS CLIMATE*
BY INDUSTRY

Industry	Economic Devel-opment	Better Coop-eration Between State/Local	Increase and Im-prove Local Image	Improve Local Fin-ancing	Tax Incen-tives, Abate-ments	Local Gvt. More Respon-sive	Help Entre-pre-neurs	Spend Muni-cipal Funds
Manufacturing	73%	0%	9%	27%	36%	36%	9%	0%
Finance/ Services	70%	10%	20%	20%	20%	20%	20%	0%
Other Industries	75%	0%	10%	15%	20%	20%	15%	5%
PERCENT OF TOTAL	73%	3%	13%	18%	23%	23%	16%	3%

n = 43

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

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

Community	Economic Devel-opment	Better Coop-eration Between State/Local	Increase and Im-prove Local Image	Improve Local Fin-ancing	Tax Incen-tives, Abate-ments	Local Gvt. More Respon-sive	Help Entre-pre-neurs	Spend Muni-cipal Funds
Coffeyville	73%	3%	13%	18%	23%	23%	16%	3%
Other 8 Communities	58%	2%	12%	12%	14%	23%	11%	8%

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

Firms seem to be responsive towards local development efforts. There is also a desire for the local government to be more responsive, for increases in tax incentives, and for more local financing. As as been shown throughout this report, financing is a key issue for Coffeyville. This implies that now is a good time for the city to initiate or increase efforts of assistance. Another implication is that city officials should assist the state in communicating Kansas government programs that would be of benefit to Coffeyville firms.

Improving the state business climate. Suggestions for improving the state business climate did not center so heavily on economic development, but included a variety of recommendations. Suggested by the highest percentage of firms was to improve highway systems (49% of all firms made this suggestion), while other suggestions included to change or lower taxes (23%), economic development (22%), to increase and improve the state image (16%), and tax incentives (12%) (see Tables 110-112). One notable comparison difference was that the percentage of Coffeyville firms that made the suggestion of improving highway systems was higher than the percentage given by surveyed firms in the other 8 cities (28%) (see Table 112).

TABLE 110
SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE*
BY SIZE OF FIRM

Number of Employees	Economic Development	Increase and Improve State Image	Better Financing Opportunities	Tax Incentives	Better Communication	Eliminate Severance Tax	Improve Highway System	Seek Diversification	Change Or Lower Taxes
1-19	18%	18%	5%	13%	3%	5%	46%	2%	19%
20-49	40%	0%	20%	20%	20%	0%	40%	20%	40%
50+	31%	16%	0%	0%	0%	0%	69%	0%	31%
PERCENT OF TOTAL	22%	16%	6%	12%	4%	3%	49%	3%	23%

n = 55

*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 STATE BUSINESS CLIMATE*
BY INDUSTRY

Industry	Economic Development	Increase and Improve State Image	Better Financing Opportunities	Tax Incentives	Better Communication	Eliminate Severance Tax	Improve Highway System	Seek Diversification	Change Or Lower Taxes
Manufacturing	10%	20%	5%	5%	0%	5%	50%	5%	35%
Finance/ Services	23%	15%	15%	8%	8%	0%	54%	8%	31%
Other Industries	27%	14%	0%	18%	5%	5%	46%	0%	14%
PERCENT OF TOTAL	22%	16%	6%	12%	4%	3%	49%	3%	23%

n = 55

*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 112
SUGGESTIONS GIVEN FOR IMPROVING THE STATE BUSINESS CLIMATE*
BY COMMUNITY COMPARISON

Community	Economic Development	More Cooperation Between State/ Local	Increase and Improve State Image	Better Financing Opportunities	Tax Incentives	Better Communication	Eliminate Severance Tax	Improve Highway System	Seek Diversification	Change Or Lower Taxes
Coffeyville	22%	0%	16%	6%	12%	4%	3%	49%	3%	23%
Other 8 Communities	30%	1%	15%	7%	17%	6%	4%	28%	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.

Transportation is once again a factor that is of consequence to these firms: of those Coffeyville firms that gave suggestions, the improvement of roads was a key issue. The issue of roads will gain even more importance if companies are to use more than the local market. Firms will need quality highways for the timely shipping of goods and for receiving materials from suppliers. Taxes are also very much on the mind of businesses, underlying the growth restrictions certain taxes may be making on firms. In both instances, this implies that local leaders must make state officials aware of the problems experienced by Coffeyville companies, and how changes could help the state's economy as well as the community's.

Business Climate Summary

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

1. The majority of Coffeyville firms are satisfied with the local quality of life. However, the percentage of Coffeyville firms that rated the quality of life as good (74%) was lower than the total percentage of good ratings given by firms in the other 8 communities (82%).

2. Half of all respondents feel the local government has a positive to very positive attitude towards the business community. Many repsondents, though, feel local administrators have a neutral attitude towards their businesses.

3. A majority of firms gave transportation services adequate or poor ratings. Relatively high poor ratings were given to the quality of public transportation, the availability of air transportation and the quality of roads. Also, 49% of those firms that gave suggestions to improve the state business climate mentioned improving the highways in the state. If the scope of where products are sold is to increase, the quality factors related to transportation must be improved for firms to initiate expansion into other markets.

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

5. Economic development is seen to be important by Coffeyville firms. For those that gave suggestions, 58% mentioned economic development as a way to improve the local quality of life, 73% mentioned economic development as a way to improve the local business climate, and 22% mentioned economic development as a way to improve the state business climate.

VII.

ECONOMIC DEVELOPMENT PROGRAMS

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

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

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 Coffeyville firms is Mid-America, Inc., 1715 Corning, Parsons, Kansas. Only 1% of the total number of surveyed firms in Coffeyville have used CDCs, and 90% had no knowledge of the program. Firms with 20 to 49 employees did have a greater knowledge of CDCs, and the only firms to use the program were in this size category and in the finance/services industry category (see Tables 113 and

114). Table 115 shows that there were no great differences between Coffeyville firms and firms in the other 8 cities.

TABLE 113
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	92%	8%	0%
20-49	67%	17%	16%
50+	94%	6%	0%
TOTAL PERCENT	90%	9%	1%

n = 78

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

TABLE 114
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
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	90%	10%	0%
Finance/Services	94%	0%	6%
Other Industries	88%	12%	0%
TOTAL PERCENT	90%	9%	1%

n = 78

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

TABLE 115
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
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
Coffeyville	90%	9%	1%
Other 8 Communities	88%	10%	2%

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

As will be a pattern when discussing most of these assistance programs, the majority of firms (90%) had no knowledge of Certified Development Companies. In comparison to surveyed firms in the other 8 communities, Coffeyville companies do have less knowledge about the program and do use CDCs less often, but differences are not significant. The implication is that the city may be missing chances for increased growth not through the unwillingness of firms to use this program, but because most companies are simply uninformed. Knowledge about this assistance and how it may be used must be communicated better to the firms in the city.

The Community Development Block Grant Program. The Community Development Block Grant Program is a federal program administered by the state government to assist communities in providing low and moderate income persons. Grants are given for such projects as infrastructure improvements, business financing, and comprehensive planning for communities. Many firms do know about the Community Development Block Grant Program, with the majority of the total number of firms (58%) stating they had knowledge of the program (see Tables 116, 117 and 118). However, only 5% of total firms have actually used this program. Larger firms and firms in the finance/services industries had more knowledge about this program. Coffeyville had similar percentages of firms with no knowledge of the program as did surveyed firms in the other 8 communities (see Table 118).

TABLE 116
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
BY SIZE OF FIRM

Number of Employees	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
1-19	39%	58%	3%
20-49	33%	50%	17%
50+	29%	65%	6%
TOTAL PERCENT	37%	58%	5%

n = 78

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

TABLE 117
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
BY INDUSTRY

Industry	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Manufacturing	32%	61%	7%
Finance/Services	18%	76%	6%
Other Industries	50%	47%	3%
TOTAL PERCENT	37%	58%	5%

n = 78

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

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

Community	Had No Knowledge of This Program	Had Knowledge of Program, but Had Not Used It	Had Used The Program
Coffeyville	37%	58%	5%
Other 8 Communities	37%	61%	2%

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

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

Centers of Excellence Programs. Centers of Excellence, located at state universities, offer state-of-the-art research capabilities, fit within the long range objectives of the universities, and offer long term potential for economic development. The nearest Center to Coffeyville is at the University of Kansas. The majority of firms had no knowledge of this program, either, with only 3% stating that they had knowledge of the program and no firms stating they had actually used the program (see Tables 119, 120 and 121). All firms with less than 20 employees and all firms in the other industry category (agriculture, mining, construction, transportation-communications, and wholesale) had no knowledge of the program (see Tables 119 and 120). A larger percentage of firms in Coffeyville (97%) had no knowledge of this program than did firms from the other eight cities (83%).

TABLE 119
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	100%	0%	0%
20-49	92%	8%	0%
50+	82%	18%	0%
TOTAL PERCENT	97%	3%	0%

n = 78

Source: Business Retention and Expansion Survey for 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 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	94%	6%	0%
Finance/Services	94%	6%	0%
Other Industries	100%	0%	0%
TOTAL PERCENT	97%	3%	0%

n = 78

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

TABLE 121
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE 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
Coffeyville	97%	3%	0%
Other 8 Communities	83%	16%	1%

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

The high percentage of firms that do not have knowledge of this program points to added effort that must be made in communicating this program to firms. The constant proportion of larger firms that are receiving more information about these programs indicates that a few firms are receiving at least some information and assistance. This should be broadened to smaller firms or large growth will not occur.

The Job Training Partnership Act (JTPA). The Job Training Partnership Act is a federal training program aimed primarily at disadvantaged and dislocated workers. For information concerning JTPA, contact the Kansas State Department of Human Resources. This assistance program was the most well known and most highly used, with 67% stating they had knowledge about the program and 26% stating that they had actually used the program (see Tables 122, 123 and 124). The percentage of firms that had no knowledge of JTPA for Coffeyville was a lower percentage than that for firms in the other 8 communities (see Table 124). Small firms had less knowledge and used the assistance less than larger firms. The highest percentage of industry use was in the finance/services industry.

TABLE 122
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	38%	40%	22%
20-49	17%	58%	25%
50+	12%	35%	53%
TOTAL PERCENT	33%	41%	26%

n = 78

Source: Business Retention and Expansion Survey for 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 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	26%	48%	26%
Finance/Services	24%	47%	29%
Other Industries	41%	34%	25%
TOTAL PERCENT	33%	41%	26%

n = 78

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

TABLE 124
PERCENT OF THE TOTAL NUMBER OF FIRMS
THAT HAVE KNOWLEDGE AND HAVE USED
THE 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
Coffeyville	33%	41%	26%
Other 8 Communities	43%	47%	10%

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

The Job Training Partnership Act is more well known and used more among these firms than other economic development programs asked about in this survey. Also, the proportion of Coffeyville firms that know about JTPA is greater than the proportion in the other 8 communities, and the percentage of actual use is also higher for Coffeyville firms. JTPA is a training program that can be of great assistance to firms that want to cut training costs and develop more highly skilled workers, and efforts to increase the knowledge and use of this program should be encouraged.

The Kansas Industrial Training Program (KIT). The Kansas Industrial Training Program provides job training grants to firms that are new to the state or existing firms that are expanding in Kansas. For information concerning KIT, contact the Kansas State Department of Commerce. The majority of firms had no knowledge of this program, with 78% of firms having no knowledge about this program and no firms having actually used the program (see Tables 125, 126 and 127). Again, larger firms and companies in the manufacturing industry had more knowledge about the program.

TABLE 125
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	83%	17%	0%
20-49	58%	42%	0%
50+	65%	35%	0%
TOTAL PERCENT	78%	22%	0%

n = 78

Source: Business Retention and Expansion Survey for 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 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	61%	39%	0%
Finance/Services	94%	6%	0%
Other Industries	78%	22%	0%
TOTAL PERCENT	78%	22%	0%

n = 78

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

TABLE 127
PERCENT OF 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
Coffeyville	78%	22%	0%
Other 8 Communities	63%	35%	2%

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

The Kansas Industrial Training Program is a special program designed to aid new expansion that employs new personnel. The use of this program can greatly assist firms in their training capabilities, and like the other assistance that has been discussed, more firms need knowledge about the program and how to access it.

TABLE 128
SUMMARY TABLE FOR
ECONOMIC DEVELOPMENT PROGRAMS

	No Knowledge	Knowledge, No Use	Used Program
Certified Development Companies	90%	9%	1%
Centers of Excellence	97%	3%	0%
Community Development Block Grant Programs	37%	58%	5%
Kansas Industrial Training Program	33%	41%	26%
Job Training Partnership Act	78%	22%	0%

n = 78

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

Note: Percentages are of the total number of firms.

It is clear that programs designed to assist economic development are not well known to firms in the city. There was a very large majority of firms that had no knowledge of the existence of some economic development programs, and a very small amount of firms actually used the programs for their benefit (see Table 128). Smaller companies had a greater proportion of firms that had no knowledge of these programs, also, suggesting that by mere lack of information the city is missing great potential for growth. Given the fact that 32% of firms stated that a lack of affordable financing was a problem associated with past expansion, a priority for the city is to make sure information about economic development programs reaches the business community, with emphasis on what these programs were designed for and how they can be used.

Firms That Need A Specialized Skill

As the lack of a trained, or highly skilled, work force is not a major complaint among surveyed Coffeyville firms, for the total number of firms, 97% stated that they did not need a specialized skill for employment in their company (see Tables 129, 130 and 131). All firms that stated that they need a specialized skill were smaller firms and in the other industry. The percentage of Coffeyville firms that stated they did not need a specialized skill for employment in their company mirror that given by firms in the other 8 cities.

TABLE 129
PERCENT OF TOTAL FIRMS THAT NEED A
SPECIALIZED SKILL, BY FIRM SIZE

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

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

n = 78

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

TABLE 130
PERCENT OF TOTAL FIRMS THAT NEED A
SPECIALIZED SKILL, BY INDUSTRY

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

Industry	NO	YES
Manufacturing	100%	0%
Finance/Services	100%	0%
Other Industries	94%	6%
TOTAL PERCENT	97%	3%

n = 78

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

TABLE 131
PERCENT OF TOTAL FIRMS THAT NEED A SPECIALIZED SKILL
BY COMMUNITY COMPARISON

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

Community	NO	YES
Coffeyville	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.

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

Using state universities, community colleges, or vocational schools. Development and innovation that can be fostered by these state educational institutions is not being fully realized by all firms in the city. For the total number of firms, 68% have not used the services of any state university, community college, or vocational school (see Tables 132, 133 and

134). Larger firms used these institutions more than did smaller firms, and the manufacturing industries had a relatively high percentage of firms that used these schools. The percentage of Coffeyville firms that have used the services of a state school is lower than 40% given by firms in the other 8 cities.

TABLE 132
PERCENT OF TOTAL FIRMS THAT HAVE USED THE SERVICES OF A STATE SCHOOL BY SIZE OF FIRM

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

Number of Employees	NO	YES
1-19	77%	23%
20-49	50%	50%
50+	29%	71%
TOTAL PERCENT	68%	32%

n = 78

Source: Business Retention and Expansion Survey for 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 HAVE USED THE
SERVICES OF A STATE SCHOOL
BY INDUSTRY

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

Industry	NO	YES
Manufacturing	65%	35%
Finance/Services	71%	29%
Other Industries	69%	31%
TOTAL PERCENT	68%	32%

n = 78

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

TABLE 134
PERCENT OF TOTAL FIRMS THAT HAVE USED THE
SERVICES OF A STATE SCHOOL
BY COMMUNITY COMPARISON

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

Community	NO	YES
Coffeyville	68%	32%
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.

Assistance from these schools can be extremely helpful to companies, and the innovation that can come from small firms is of great potential. Companies and state educational institutions should be working together more, and finding ways to continue or initiate contacts and work together should be given high priority.

Services used from state universities, community colleges, and vocational schools. For firms that do use the services of these schools, the majority use universities, community colleges, or vocational schools for the training of presently employed personnel. Of these firms, 57% mentioned training as a service, with technical courses, and consulting in business planning being other highly used services mentioned (see Tables 135, 136 and 137). The use of other services as well as these services should be continued and encouraged.

TABLE 135
SERVICES USED FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY SIZE OF FIRM

Number of Em-ployees	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	Agri-cul-ture-Vet. Services
1-19	45%	18%	9%	6%	6%	18%	15%
20-49	86%	14%	0%	0%	0%	29%	0%
50+	69%	15%	15%	0%	8%	8%	0%
PERCENT OF TOTAL	57%	17%	9%	4%	6%	17%	9%

n = 32

*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 136

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

Industry	Training of Presently Employed Personnel	Technical Courses	Business Courses	Consulting In Product Development	Consulting In Process Innovation	Consulting In Business Planning	Agriculture-Vet. Services
Manufacturing	40%	20%	7%	0%	20%	20%	7%
Finance/ Services	56%	22%	22%	11%	0%	22%	0%
Other Industries	70%	10%	0%	0%	0%	10%	20%
PERCENT OF TOTAL	57%	17%	9%	4%	6%	17%	9%

n = 32

*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 137

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

Community	Training of Presently Employed Personnel	Technical Courses	Business Courses	Consulting In Product Development	Consulting In Process Innovation	Consulting In Business Planning	Consulting In Construction	Agriculture-Vet. Services
Coffeyville	57%	17%	9%	4%	6%	17%	0%	9%
Other 8 Communities	40%	26%	23%	9%	12%	24%	2%	9%

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

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

Employees sought from state universities, community colleges, and vocational schools. Employees sought from these educational institutions are mainly mechanics and machinists, entry level clerical workers, and business and management personnel (see Tables 138, 139 and 140). Except mechanics and machinists, the variety of employees hired reflects the relatively low-skill nature of these firms, with few percentages given of technicians, engineers, and drafters. The future competitiveness of these firms will depend on the recruitment and use of these latter types of employees.

TABLE 138
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	Engineers	Business Management Personnel	Agricultural, Vet. Personnel	Heavy Equipment Operators	General Labor
1-19	30%	32%	0%	4%	6%	9%	19%	7%	9%	2%
20-49	29%	43%	0%	0%	0%	29%	0%	0%	29%	0%
50+	33%	42%	33%	0%	0%	17%	42%	0%	33%	0%
PERCENT OF TOTAL	30%	34%	6%	3%	4%	12%	21%	6%	15%	1%

n = 44
*Since firms could give more than one type of employee sought, 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
EMPLOYEES SOUGHT FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY INDUSTRY

Industry	Entry-Level Clerical	Mechanics, Machinists	Data Processors	Electronics, Electrical Techs.	Drafters	Engineers	Business Management Personnel	Agricultural, Vet. Personnel	Heavy Equipment Operators	General Labor
Manufacturing	0%	73%	0%	0%	7%	20%	7%	0%	7%	7%
Finance/ Services	58%	0%	8%	0%	8%	0%	33%	0%	8%	0%
Other Industries	24%	41%	6%	6%	0%	18%	18%	12%	24%	0%
PERCENT OF TOTAL	30%	34%	6%	3%	4%	12%	21%	6%	15%	1%

n = 44
*Since firms could give more than one type of employee sought, 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 140
EMPLOYEES SOUGHT FROM STATE UNIVERSITIES, COMMUNITY COLLEGES, OR VOCATIONAL SCHOOLS*
BY COMMUNITY COMPARISON

Community	Entry-Level Cler-ical	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
Coffeyville	30%	34%	6%	3%	4%	0%	12%	21%	6%	15%	1%
Other 8 Communities	25%	19%	9%	8%	3%	6%	10%	33%	9%	6%	14%

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

Economic Development Assistance Programs Summary

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

1. Economic development programs are not well known nor heavily used by firms in Coffeyville. This implies that efforts to bring information about economic development programs must be increased in the city. By making these programs more well known and accessible to firms, there will be greater opportunities for increased expansion and economic growth.

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

3. Firms in Coffeyville have requirements for general, nonspecialized skills. This makes the community's ability to compete in the future heavily dependent on training and access to training programs.

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