

2016 ASHLAND CHAMBER BUSINESS RETENTION AND EXPANSION SURVEY EXECUTIVE SUMMARY

KEY FINDINGS:

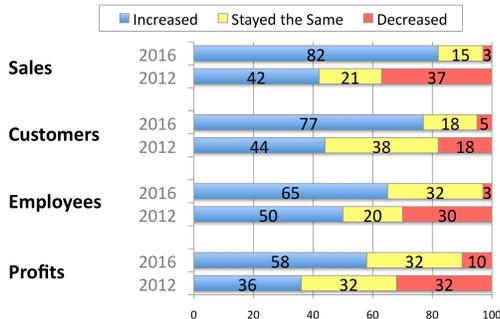
- *Local businesses are optimistic after a strong year, anticipating increases in sales, customers, and profits after a year in which more than eight in ten reported increased sales.*
- *Positive mood extends to expansion plans, with 46% anticipating expansion in the next few years and nearly three-quarters of those looking to expand within Ashland.*
- *Access to capital has eased significantly in recent years, reducing as major obstacle to expansion.*
- *Local businesses give City of Ashland high marks on timeliness in responding to contact and permitting process.*
- *Local business owners rate many area amenities highly, but see room for improvement on parking and transit.*

Local Businesses Are Optimistic After a Strong Year

Ashland businesses are enjoying a healthy business cycle, and are optimistic about the year ahead. Eighty-two percent of businesses have seen sales increase in the past year. Furthermore, 77% report increased customers, 65% have added employees, and 58% have seen profits rise. Eighty-one percent of businesses anticipate increased sales within the next year, while majorities also anticipate climbs in customers, profits, and employees.

Over the Past Year

In the past year, have the following increased, decreased or stayed the same for your business? (n=40) (Q.16-19) Note: 2012 question asked "Over the past **three** years..."



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In the Next Year

Over the next year, do you expect the following to increase, decrease or stay the same for your business? (n=41) (Q.20-23)



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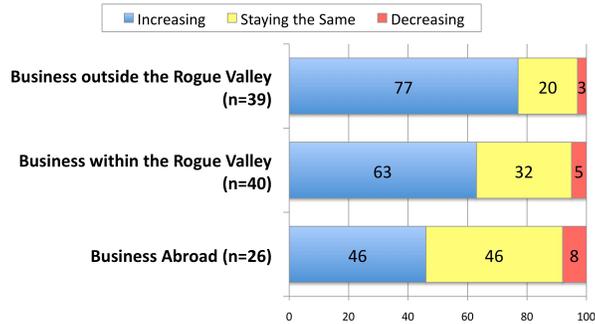
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Asked about their biggest successes in the past year, several businesses mention that they surpassed forecasts. Other specific successes include expansion or increased capacity, improved distribution, and product successes. One mentioned an award from the Ashland Chamber as a highlight of their year.

Much of this growth is taking place outside of the Rogue Valley. Seventy-seven percent say business outside the Rogue Valley is increasing, however slightly fewer (63%) say it is increasing within the Valley. This is significantly better than their assessment of business overseas however; just 46% say business abroad is increasing. While slightly more supplies and raw materials come from outside the Valley than within, more than half of all services are sourced locally. On average, manufacturing businesses say 45% of their products are manufactured in Ashland.

Business Area Increase/Decrease

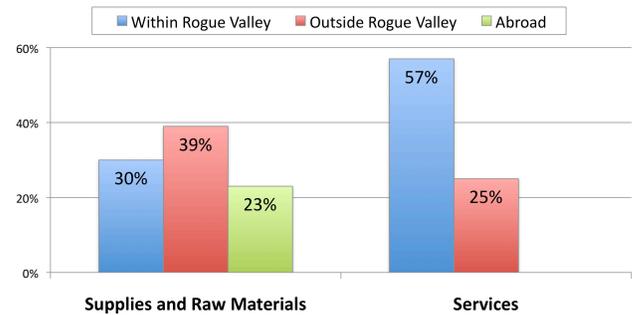
Compared to one year ago, would you say business as a whole is increasing, decreasing, or staying about the same in each of these areas? (Q.13-15)



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Supplies, Raw Materials & Services

What percentage of your purchases for supplies and raw materials/services would you say comes from _____. (n=41. Total does not equal 100% because mean responses are shown.) (Q.26-27)



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The biggest challenges faced by Ashland businesses in the past year centered around staffing issues, and particularly the lack of a qualified workforce in the local area. A number of respondents mentioned that the high cost of living in Ashland made it difficult to find ideal candidates for many jobs. When asked how many of the company's employees who work in Ashland also live in Ashland, the mean response was 33%.

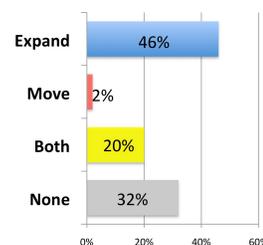
For some, access to capital and keeping up with changes related to technology, legislation, or simply their own company's growth also presented challenges. Parking and land expansion were mentioned by a few, as well as competition and marketing. Working with the city building and planning department was also mentioned. Other factors impacting businesses in the past year include the local and national economy, gas prices, the Internet and e-commerce, minimum wage increases, policy changes, parking, access to capital, legalization of marijuana, and wildfire smoke.

Positive Mood Extends to Expansion Plans

The favorable outlook of local businesses extends to their anticipation of future growth, with 46% of local businesses reporting plans to expand their business in the next three years. While only 2% anticipate moving their business, another 20% expect to move and expand. Forty-seven percent say their current location does not provide adequate opportunity for future expansion, however 73% say they would relocate within Ashland. Among those who would expand outside of Ashland, the primary reason is the availability of space. Other reasons include cost, ability to reach other markets, proximity to communities, and inadequate parking in Ashland. A few mentioned difficulties or "red tape" associated with permitting in the City of Ashland.

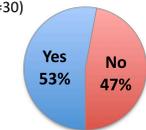
Plans to Expand or Move

In the next three years are you planning to expand or move your business? (n=41) (Q.42)

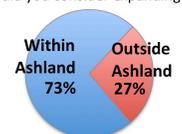


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Does your current business location provide adequate opportunities for future expansion? (Q.43) (n=30)



If you could not expand at your current site, where would you consider expanding? (Q.45) (n=22)



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When asked about their goals for the coming year, expansion, building, or renovating top the list. Other goals mentioned include leadership/organizational changes, increasing staffing, increasing sales or expanding into new

markets, expanding product offerings, new or upgraded equipment, improvements to efficiency, increasing marketing, improving diversity, and for a few, simply maintaining their current successes or stability.

Parking is the most frequently mentioned facilities need (51%), followed by storage (42%) and office space (41%). Delivery access (32%) and manufacturing space (27%) are also important, as well as loading dock, retail space, and truck turnaround (mentioned 22% each). Twenty percent mentioned proximity to I-5. Among the twelve businesses responding to a question about their square footage needs, a plurality of 41% say they need less than 5,000 square feet. Currently, 46% of businesses say they own their space while 54% lease. In the next year, 50% anticipate owning their space while half still expect to be leasing.

A vibrant downtown area is important to local businesses, with 77% rating it important and 40% saying it is *very* important to their business. Although online sales are slightly less important overall (68% important), nearly half say e-commerce is *very* important to their business.

Access to Capital Has Eased in Recent Years

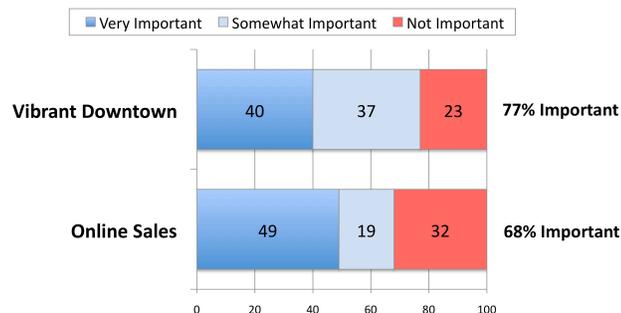
These anticipated expansions may be helped by the positive experience businesses have had in gaining access to the capital needed to maintain and grow their businesses in recent years. Seven in ten say it has been “not at all difficult” for their business to access the capital needed for expansion in the last three years, while only 15% say it has been somewhat difficult and another 15% say it has been very difficult. By contrast, 51% found it very difficult to access needed capital for expansion in the prior 2012 study, while only 26% found it “not at all difficult.” Similarly, 68% say it has been “not at all difficult” to access the capital needed to fund existing operations, while 19% say it has been somewhat difficult and 13% say it has been very difficult. This represents a significant improvement from 2012 as well, when only 38% said it was “not at all difficult.”

The biggest need expressed by Ashland businesses in this time of economic prosperity is for a local workforce ready to help businesses continue to be successful. Specific skills vary among business types but several mentioned technology skills including IT, programming, coding, web, and software skills. Professionalism, work ethic, and drive were also mentioned, along with management skills, administrative, and customer service skills. A few mentioned industry specialized, certified, or licensed skills, and also marketing and communications.

Currently, 85% report outsourcing professional services such as legal or financial advisors, while 46% outsource technical expertise and 37% outsource marketing. Far fewer are outsourcing production (22%), sales (17%), or clerical/office work (10%). Eighty-eight percent however are able to outsource to contractors inside the Valley, and the 61% outsourcing outside the Valley generally only do so when the specialized skills needed are not available locally. The training resources businesses reported as most difficult to find in Ashland include management, marketing, sales, and technical skills (each identified by 39% as difficult to find). Sixty-two percent agreed they would be likely to utilize professional development training or mentoring opportunities if they were available locally, with 47% saying they would be *very* likely to make use of such opportunities.

Downtown Area & Online Sales

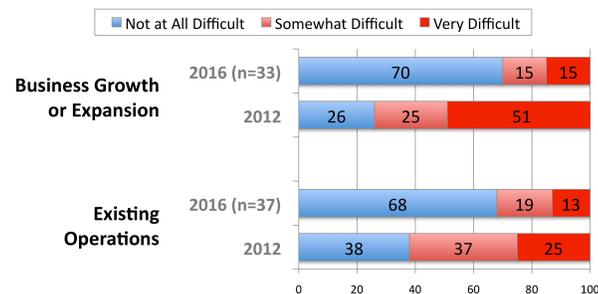
How important is a vibrant downtown area to your business? (n=38) (Q.28) How important are online sales or transactions to your business? (n=41) (Q.29)



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Access to Capital

Over the past three years, on a scale of 1 to 3, how difficult has it been for your business to access capital such as loan financing or credit for financing existing operations and expansion? (Q.92-93)



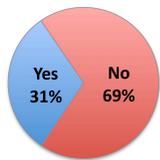
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Local Businesses Give City High Marks on Timeliness in Responding to Contact and Permitting Process

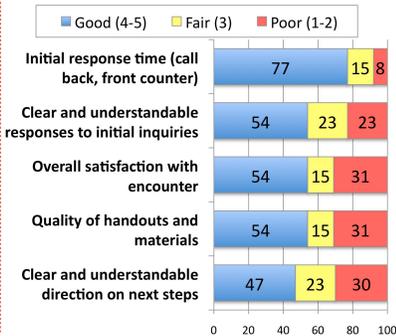
Thirty-one percent of respondents reported contacting the City Planning and Building Department in the past two years regarding potential development or expansion of their business. Among those, most reported generally positive experiences, with some room for improvement. Response time was the city's strongest area, with more than three-quarters rating the initial response time highly, and only 8% giving it a poor rating. Fifty-four percent also gave the city high marks in three other areas: clear and understandable responses, overall satisfaction, and quality of materials, however with 23%-31% giving a poor rating in each of these areas, there is room to more consistently meet expectations in these areas. Similarly, just under half (47%) granted the city a high rating in terms of clear and understandable direction on next steps, while 30% reported room for improvement.

Community Development Ratings

Have you contacted (phone, email, in person) the City Planning and Building Dept (Community Development) in the past two years regarding potential development/expansion of your business? (n=36) (Q.49)



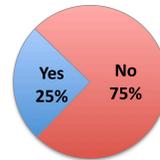
If yes, please rate the following (Q.50-54) Base: Those contacted, n= 13



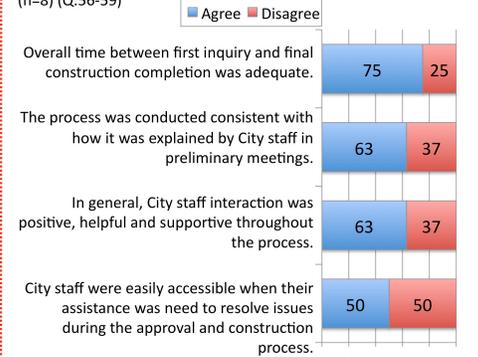
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Development & Building Permit Process

Have you conducted an expansion of your business in the past five years that required a land use development permit (planning action) and a building permit? (n=36) (Q.55)



If yes, do you agree or disagree with the following statements? (n=8) (Q.56-59)



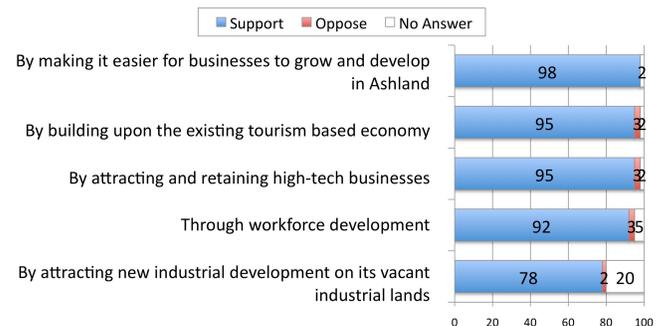
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One-quarter reported an expansion requiring a land use development permit and building permit in the past five years. Of the eight respondents who had this experience, 75% agree the time it took was adequate, 63% agree the process was consistent with how it was explained by City staff in initial meetings, and 63% agree staff was positive, helpful, and supportive. These respondents were split on whether staff were easily accessible when their assistance was needed to resolve issues during the process.

Ashland businesses are very supportive of a number of potential economic development activities the City could engage in. Nearly all support efforts to make it easier for businesses to grow and develop in Ashland, while 95% support focusing efforts on building on the existing tourism based economy as well as attracting and retaining high tech businesses. Ninety-two percent support efforts by the City to focus on workforce development, while 78% support efforts to attract new industrial development on vacant industrial lands.

City of Ashland Development Efforts

Do you support or oppose the City of Ashland focusing its economic development efforts in each of the following potential ways? (n=40) (Q.60-64)



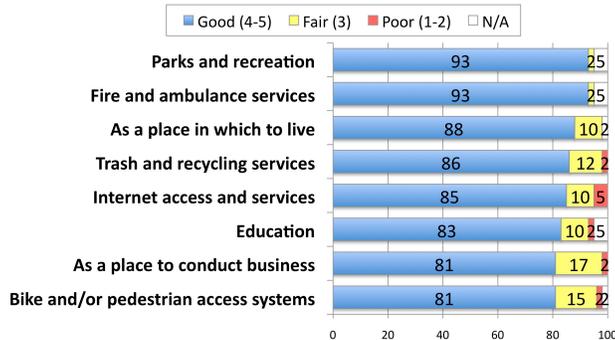
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Local Business Owners Rate Many Area Amenities Highly

Ashland businesses give the local community high scores for many community services and amenities. The top-rated community features are parks and recreation (93%) and fire and ambulance services (93%), followed by a great place to live (88%), trash and recycling services (86%), and internet services (85%). Several other features receive high marks from majorities of local businesses, including education (83%), a place to conduct business (81%), bike and pedestrian systems (81%), health care (80%), water supply (79%), police and public safety (78%), freeway access (78%), the Medford airport (76%), neighborhood safety (71%), overall safety (70%), and electric utilities (66%).

Community Services & Amenities

In Ashland, how would you rate the following community services and amenities on a scale where 1=Very Poor; 2=Poor; 3=Fair; 4= Good; and 5=Very Good (n=41) (Q.65-89)



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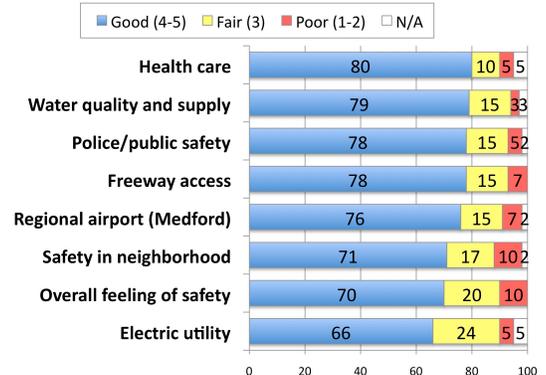
A few areas important for business growth show room for improvement. Safety in downtown and commercial areas is rated highly by 46%, but 20% grant poor ratings on this. Similarly, 44% have a positive view of the local street system, but 22% see room for improvement. Furthermore, just 30% give the city high marks for public transit while 33% rate this area poorly, and one-quarter are unable to rate the city on public transit. By contrast, everyone has an opinion on parking, with just 19% granting high ratings but 44% rating parking availability as poor.

When asked specifically how the City of Ashland, Ashland Chamber, and other local agencies can support and foster future local economic growth, the key issue respondents return to is the cost of living and affordability of local housing. Other important responses include cutting bureaucracy, increasing tourism, promoting business growth, supporting affordable commercial property, improving parking and transportation, improving safety downtown, development of off-season opportunities, small business loans, and reducing the costs of permitting.

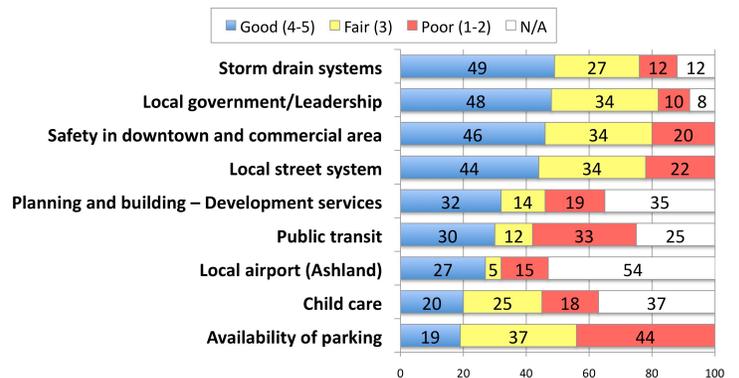
METHODOLOGY

This survey of business leaders and owners was conducted among 41 businesses in Ashland. Interviews were conducted by volunteers in March and April of 2016. Businesses were not randomly selected for participation but were identified by committee to represent the broader sample of businesses in Ashland. The survey was sponsored and conducted by the Ashland Chamber of Commerce. The Ashland Chamber of Commerce would like to thank the volunteers who contributed to the survey. Your help was invaluable to completing the interviews with the businesses. Data collected by these volunteers was then tabulated and reported by Long Research Consultants, LLC.

Community Services & Amenities (p.2)



Community Services & Amenities (p.3)



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