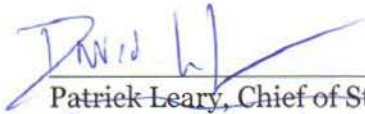


CITY COUNCIL TRANSMITTAL



Patrick Leary, Chief of Staff

David Librache, Deputy Chief of Staff

Date Received: 7/12/2017
Date sent to Council: 7/17/2017

TO: Salt Lake City Council
Stan Penfold, Chair

DATE: 7/11/2017

FROM: Lara Fritts, Director of Economic Development



SUBJECT: Presentation of Results for Department of Economic Development Business Survey

STAFF CONTACTS: Ben.kolendar@slcgov.com; 801-535-6647

DOCUMENT TYPE: Presentation

RECOMMENDATION: EDCUtah and the Department of Economic Development recommend presenting the findings from the 2017 Business Survey to the City Council staff.

BUDGET IMPACT: No budget impact.

BACKGROUND/DISCUSSION:

In early 2017, EDCUtah and the Department of Economic Development partnered to collect quantitative survey data from the business base in Salt Lake City. The survey was sent to 5,797 businesses with 813 responses.

The purpose of the survey was to identify key characteristics of businesses expanding in Salt Lake City, Determine key barriers to growth for Salt Lake City businesses, identify potential solutions that stakeholders can help solve, and understand Salt Lake City's value proposition to the existing business base.

The data contained in this report provided insight for the Department's strategic plan and will continue to inform our strategies to serve the business community for years to come.

EDCUtah and the Department of Economic Development and EDCUtah would like to present the findings to Council in September.

Attachment:

- EDCUtah Presentation of Results for the 2017 Business Survey

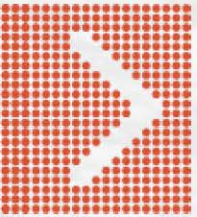


edcUTAH

ECONOMIC
DEVELOPMENT
CORPORATION
OF UTAH

SALT LAKE CITY BUSINESS SURVEY





PROGRESSION OF PRESENTATION

- **Research Objectives**
- **Methodology**
- **Key Findings**
- **Results of Analysis**
- **Possible Solutions**
- **Summary Statistics (appendix)**

RESEARCH OBJECTIVES

- Identify key characteristics of expanding Salt Lake City (SLC) companies
- Define key barriers to growth for SLC businesses
 - Determine potential supply chain constraints and weaknesses
- Identify potential solutions that stakeholders can help solve
- Understand SLC's value proposition to existing SLC businesses
- Determine which companies are currently exporting, or are primed to begin exporting





METHODOLOGY

EDC Utah sent an online survey using Qualtrics to all businesses in SLC with a valid email address attached to their business license.

- 5,797 SLC businesses were invited to participate in the survey
- 813 businesses completed the online survey, representing a 14% response rate (*industry norm = 10% - 15%*)

Incentives:

- Dinner with the Mayor of Salt Lake City, Jackie Biskupski
- Four tickets to a Utah Jazz game
- Four tickets to the Eccles Theater

****Results are statistically significant at the 95% Confidence Level with a Confidence Interval (Margin of Error) of +/-3.34% (industry norm MoE = +/- 5%)*

KEY FINDINGS

On average, **50% to 80%** of companies would expand in SLC given the need / opportunity, leaving **30% to 50%** that may not.

- The majority of company respondents were SMEs headquartered in SLC that have been in business less than 10 years
- Salt Lake City's Net Promoter Score (NPS) is: -24.91

Top reasons businesses choose to not expand in SLC:

- Operational costs
- Customer base
- Tax environment
- Regulatory requirements
- Homelessness, drug, and crime issues

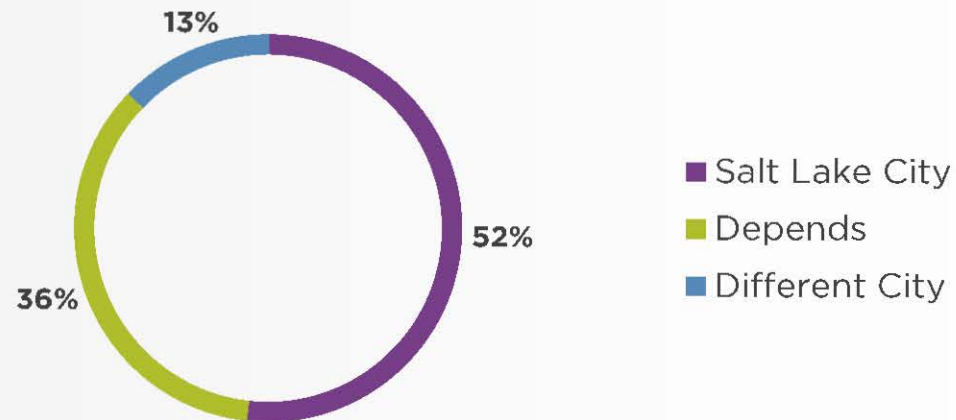
Major contributors that keep companies in SLC:

- Proximity / access to customers
- Pro-business environment
- Quality of life
- Arts and entertainment scene
- Ease of talent recruitment



CHARACTERISTICS OF EXPANDING SLC COMPANIES

If the need to expand were to arise, **13%** of Salt Lake City companies would choose to not expand in SLC, while **36%** are undecided. The undecided group presents an opportunity for SLC.



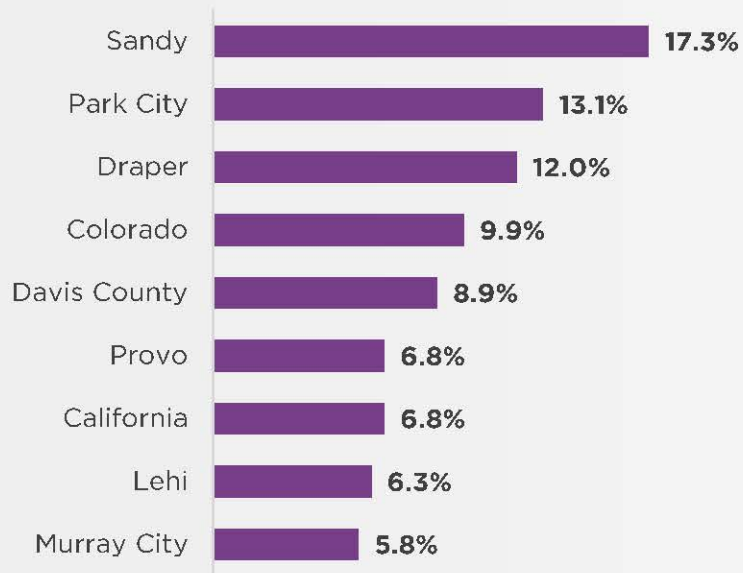
Q8: If you needed additional space, would you expand in . . .



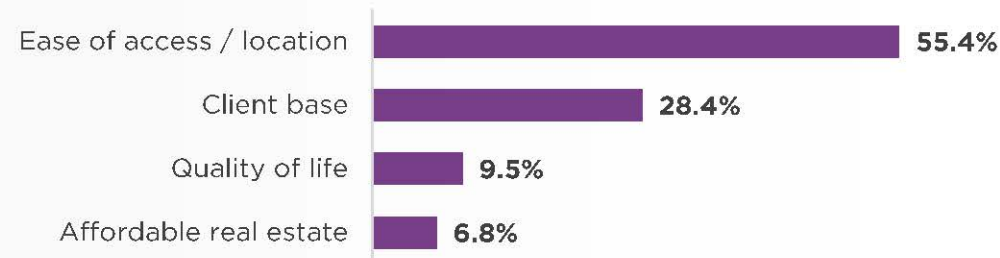
CHARACTERISTICS OF EXPANDING SLC COMPANIES

Companies expanding or relocating outside SLC primarily still want to stay within Utah State.

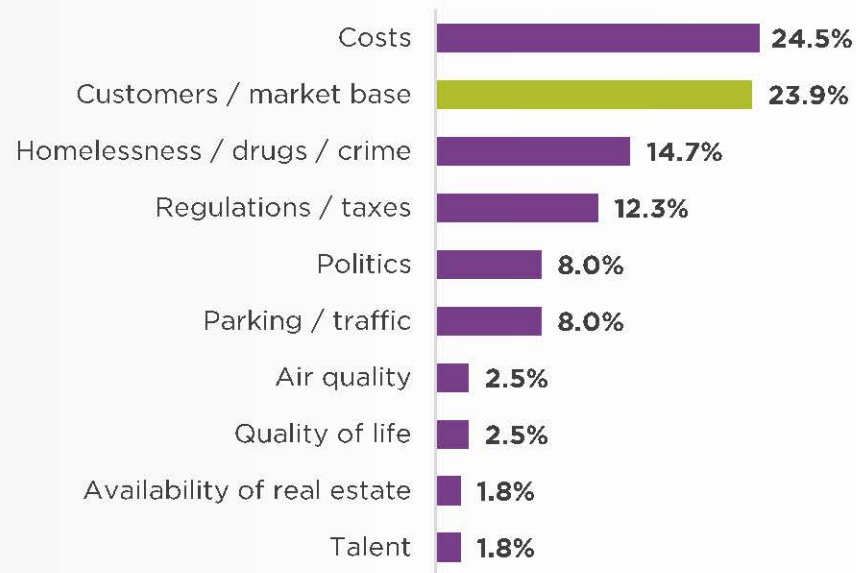
Location expansion choices



Benefits to expanding within SLC



Reasons to not expand within SLC



Q9: Why might you choose to NOT expand in Salt Lake City? | Q10: What city(s) and / or state(s) would you choose?
Q11: What are the benefits of expanding in Salt Lake City?



CHARACTERISTICS OF EXPANDING SLC COMPANIES

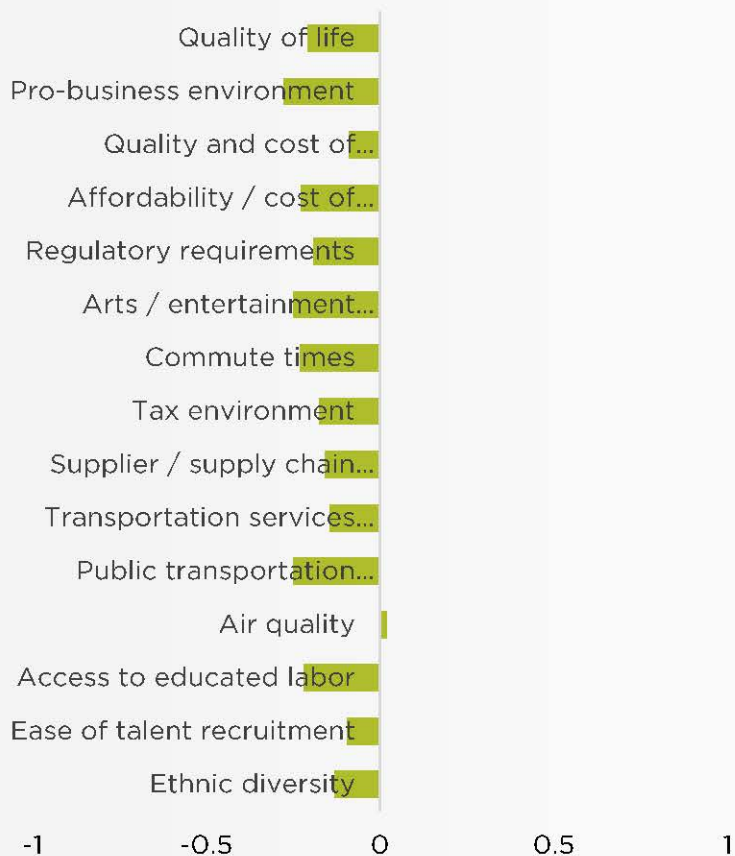
Q8: If you needed additional space, would you expand in . . .

Q13, 15: Please rate Salt Lake City in the following business (and employee amenities) factors . . .

Ranking differences between “SLC” and “different city”



Ranking differences between “SLC” and “depends”



Ranking differences between “depends” and “different”



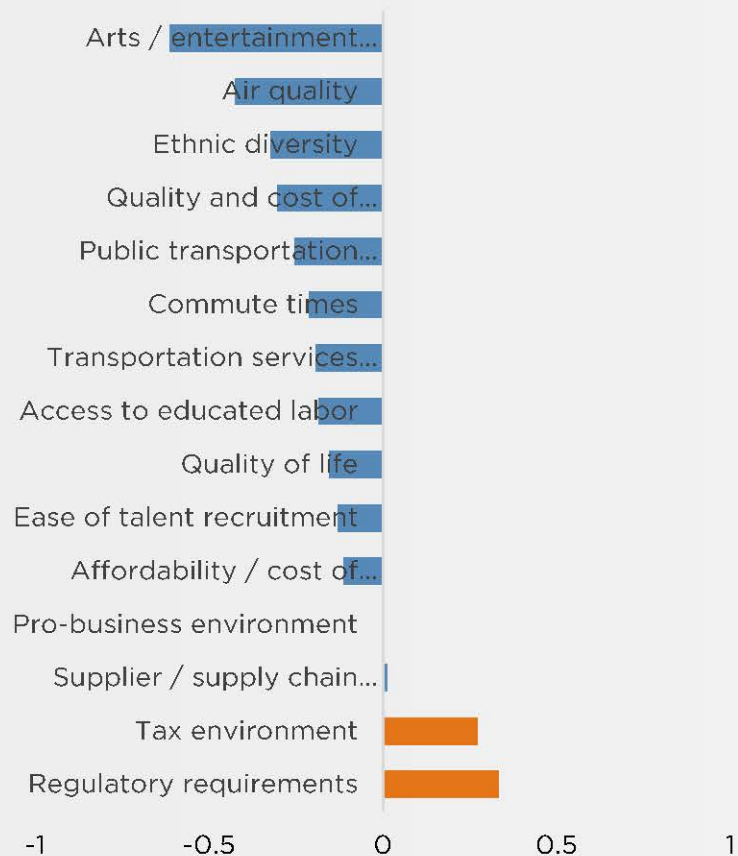


CHARACTERISTICS OF EXPANDING SLC COMPANIES

Q8: If you needed additional space, would you expand in . . .

Q14, 16: Please rate the importance of the following business (and employee amenities) factors to your business growth . . .

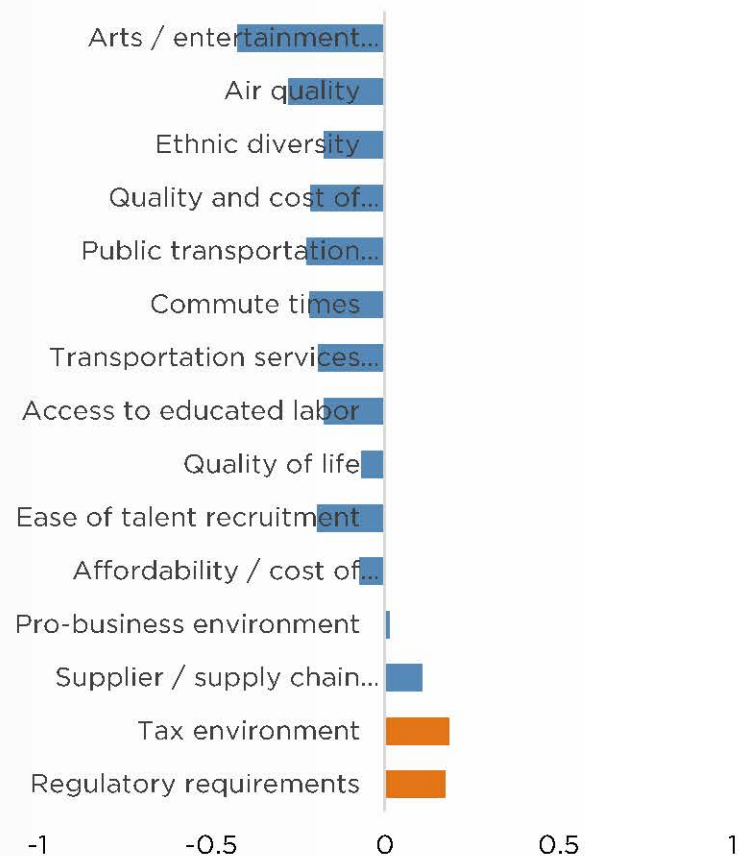
Importance differences between “SLC” and “different”



Importance differences between “SLC” and “depends”



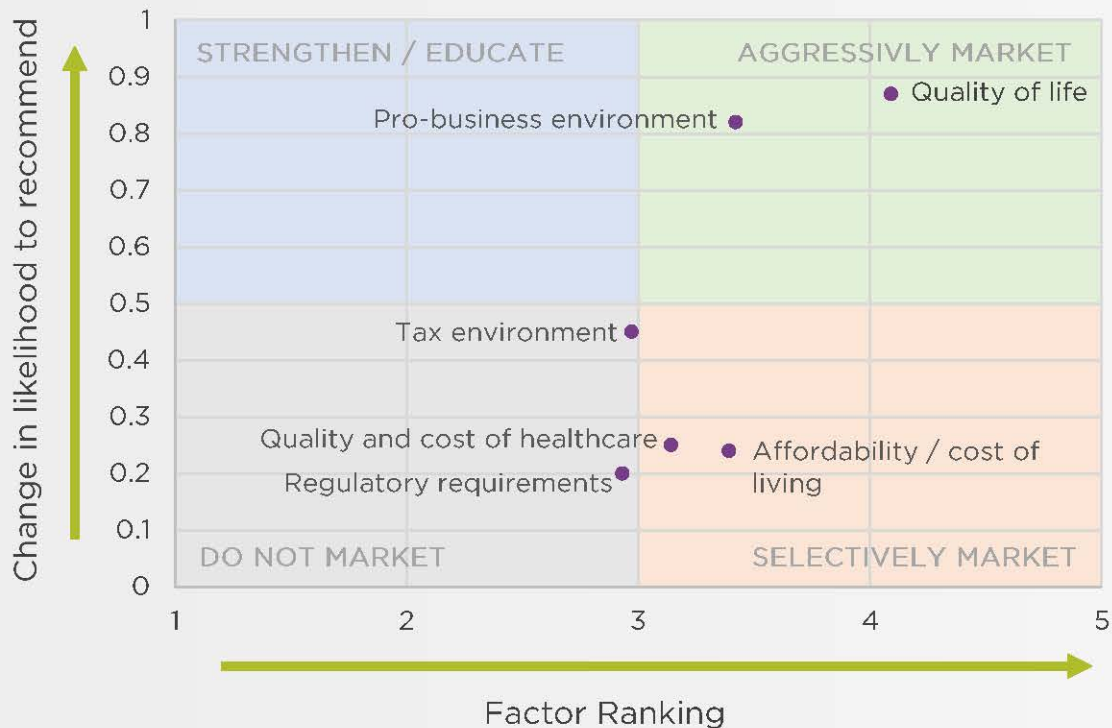
Importance differences between “depends” and “diff”



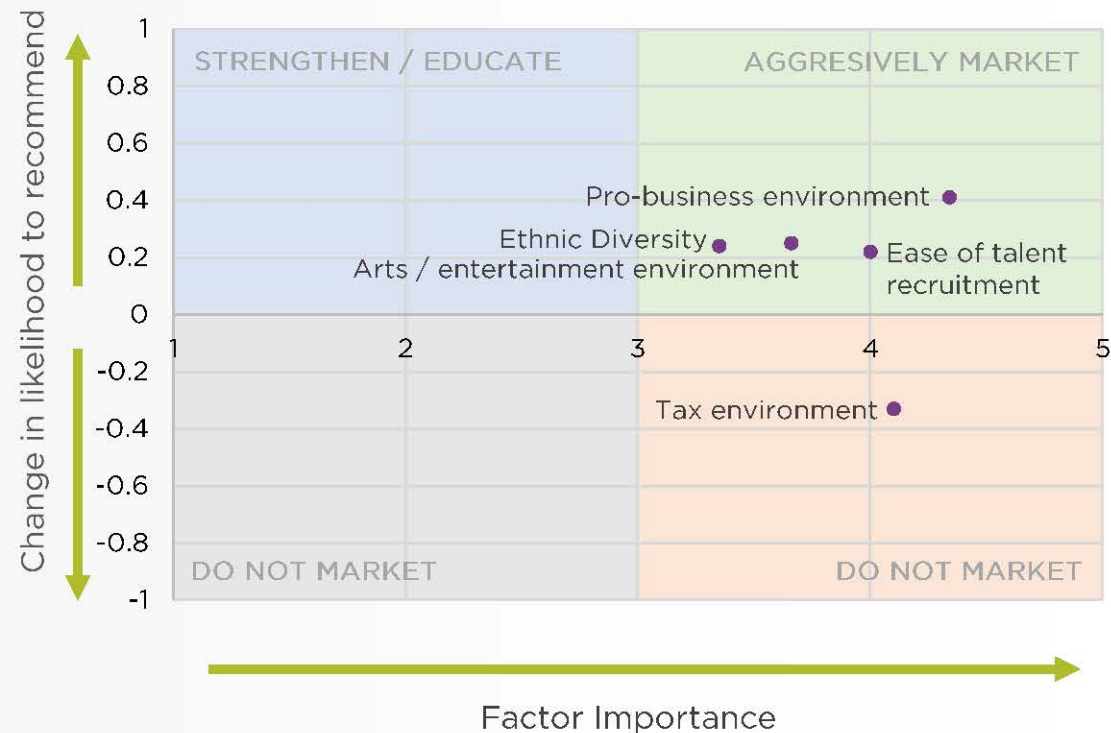


CHARACTERISTICS OF EXPANDING SLC COMPANIES

Change in likelihood to recommend SLC
based on factor **ranking**



Change in likelihood to recommend SLC
based on factor **importance**



Q13, Q15: Please rate Salt Lake City in the following business factors (and employee amenities) . . . | Q14, Q16: Please rate the importance of the following business factors (and employee amenities) to your business growth . . .
Q20: On a scale from 0-10, how likely are you to recommend operating a business in Salt Lake City to a friend or colleague?



CHARACTERISTICS OF EXPANDING SLC COMPANIES

An odds ratio (OR) is a measure of association between an exposure and an outcome. In this case, we measure the change in odds of expanding within SLC based on factor rankings and factor importance.

Impact of Factor Rankings on odds of expanding within SLC

Quality of life

33%

Pro-business environment

24%

Arts / entertainment environment

20%

Impact of Factor Importance on odds of expanding within SLC

Arts / entertainment environment

23%

Quality and cost of healthcare

20%

Tax environment

-18%

*Q8: If you needed additional space, would you expand in . . . | Q13, Q15: Please rate Salt Lake City in the following business factors (and employee amenities) . . .
Q14, Q16: Please rate the importance of the following business factors (and employee amenities) to your business growth . . .*

“

“My business operates on highly educated young professionals. To recruit them, I need affordable housing downtown and good public transportation. They all want to live downtown.”

“Great environment.
Close to world class outdoor destinations.
Centrally located along the Wasatch Front.”

“

“Friendly business environment and we do operate in downtown SLC. No reason or sense to go anywhere else.”

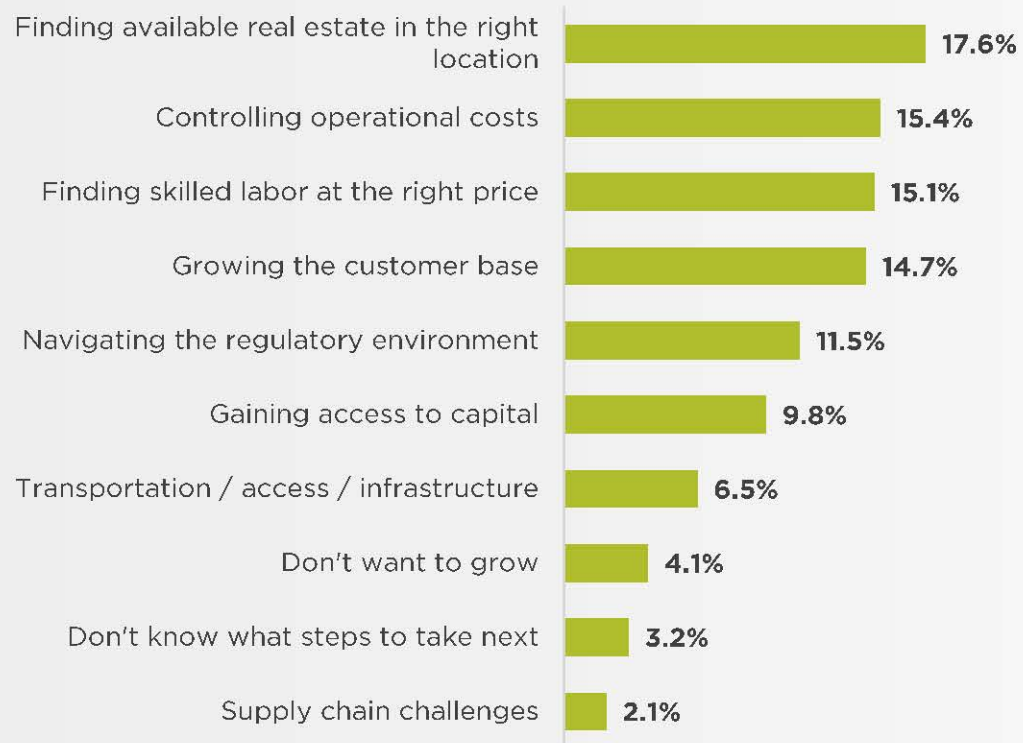
“

“Ease of access, transportation and culture of the community”



CHARACTERISTICS OF EXPANDING SLC COMPANIES

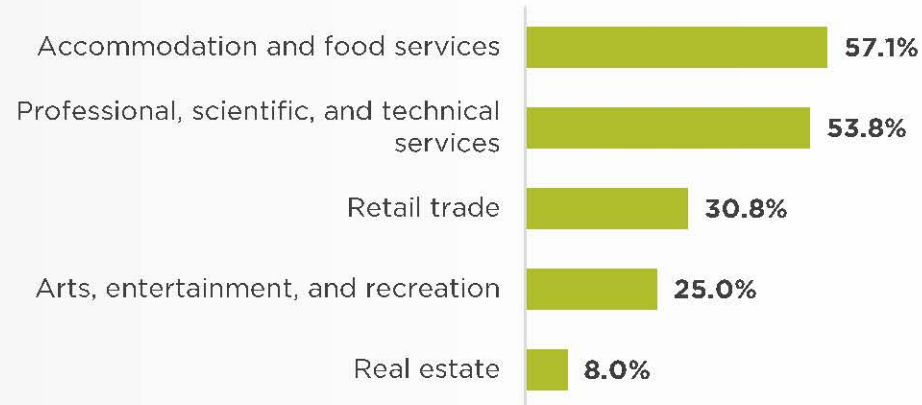
Key barriers to growth



Q3: What is your primary industry?

Q12: Please rank the top three barriers to growth your business faces in Salt Lake City.

Talent recruitment = difficult



Regulatory environment = poor





KEY BARRIERS TO GROWTH

Companies who experienced **negative** growth between 2015 and 2016 listed their top three barriers to growth as:

- 1 Growing the customer base
- 2 Finding available real estate in the right location
- 3 Finding skilled labor at the right price

Companies who experienced **positive** growth between 2015 and 2016 listed their top three barriers to growth as:

- 1 Finding available real estate in the right location
- 2 Finding skilled labor at the right price
- 3 Controlling operational costs

Q12: Please rank the top three barriers to growth your business faces in Salt Lake City. | Q25: How would you describe any change in revenue between 2015 and 2016?



KEY BARRIERS TO GROWTH

Growing the customer base

- Healthcare and related fields
- Retail trade
- Arts, entertainment, and recreation
- Energy and natural resources

Finding the right labor at the right price

- Professional, scientific, and technical services

Operational costs

- Manufacturing
- Educational services

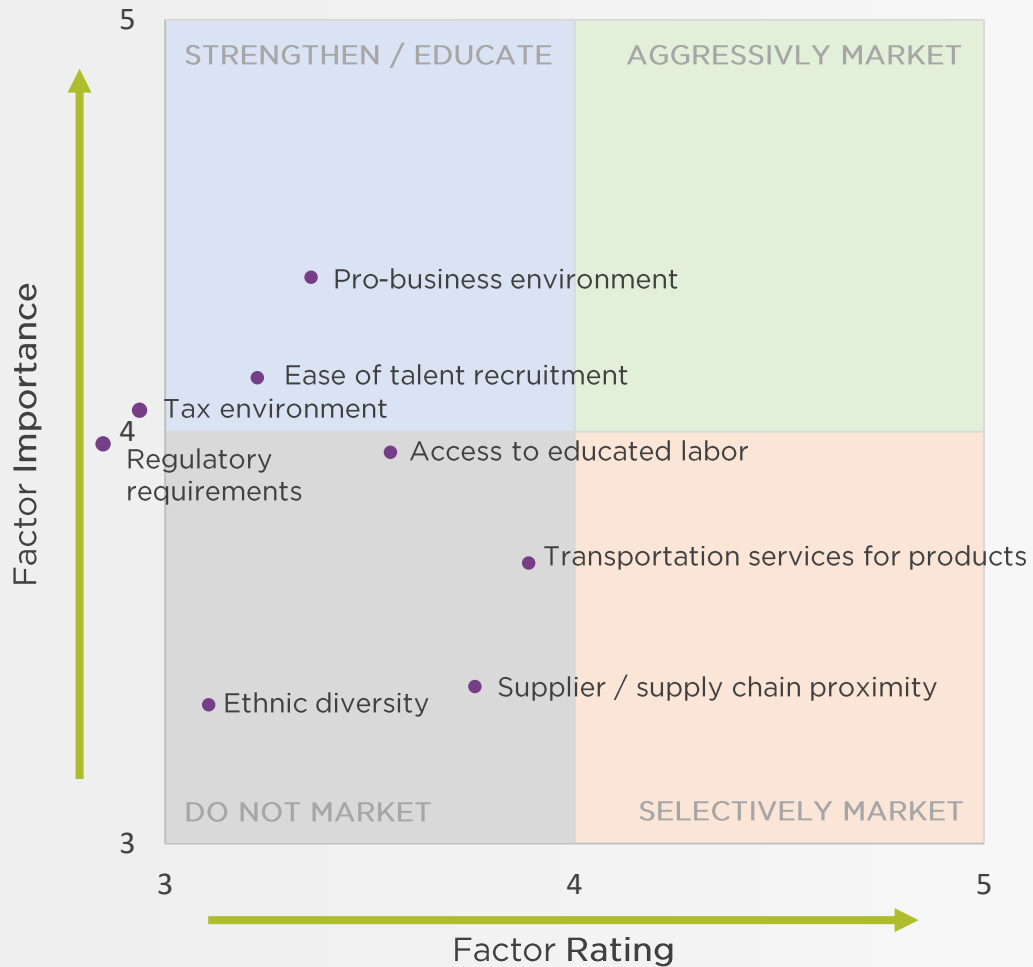
Q3: What is your primary industry?

Q12: Please rank the top three barriers to growth your business faces in Salt Lake City.



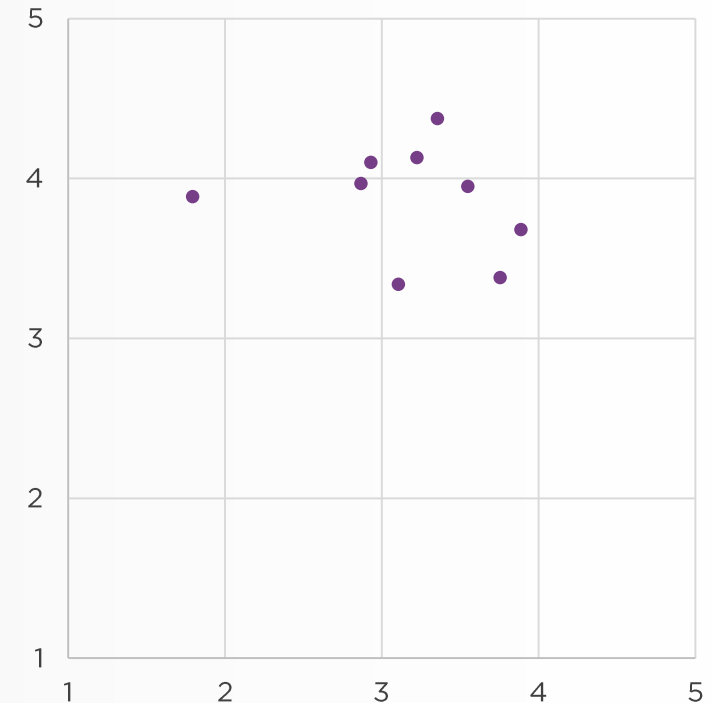


SALT LAKE CITY'S VALUE PROPOSITION (BUSINESS FACTORS)



Q13: Please rate Salt Lake City in the following business factors . . .

Q14: Please rate the importance of the following business factors to your business growth . . .

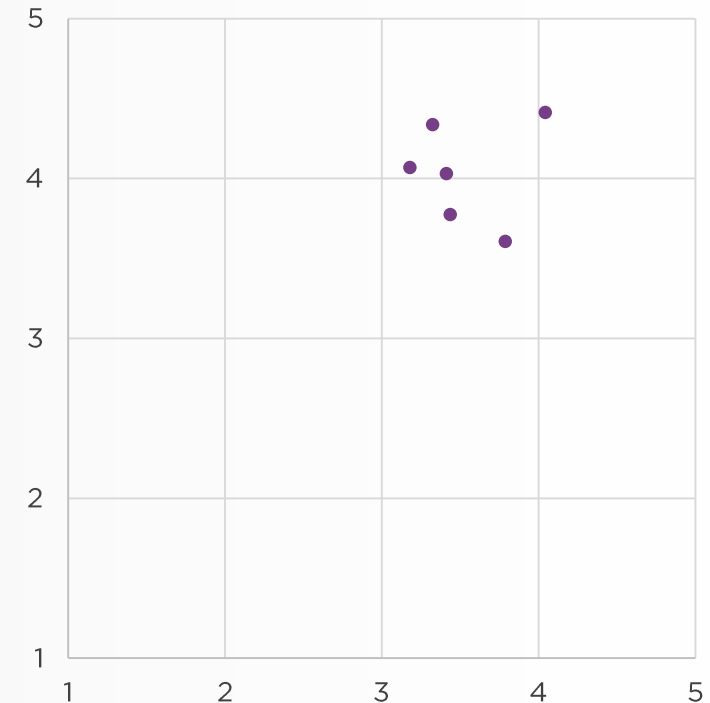
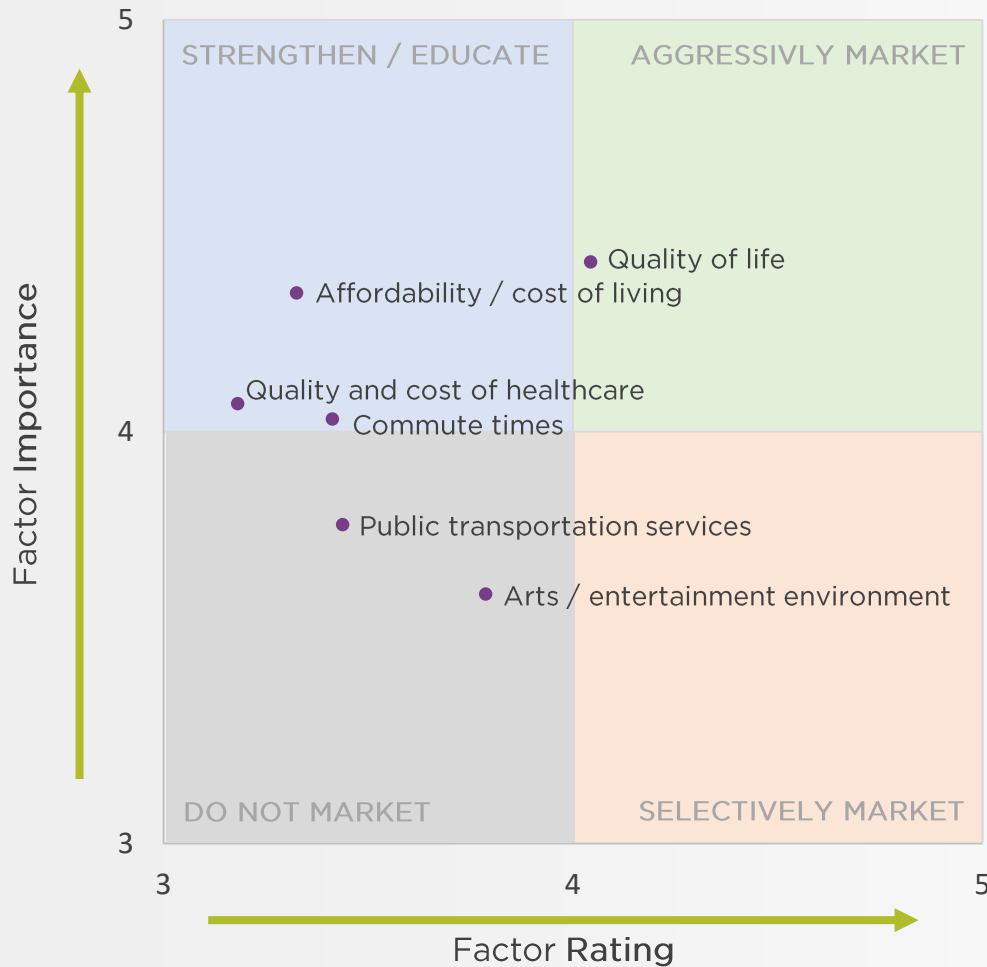




SALT LAKE CITY'S VALUE PROPOSITION (EMPLOYEE AMENITIES)

Q15: When considering employee amenities, please rate Salt Lake City for the following business factors . . .

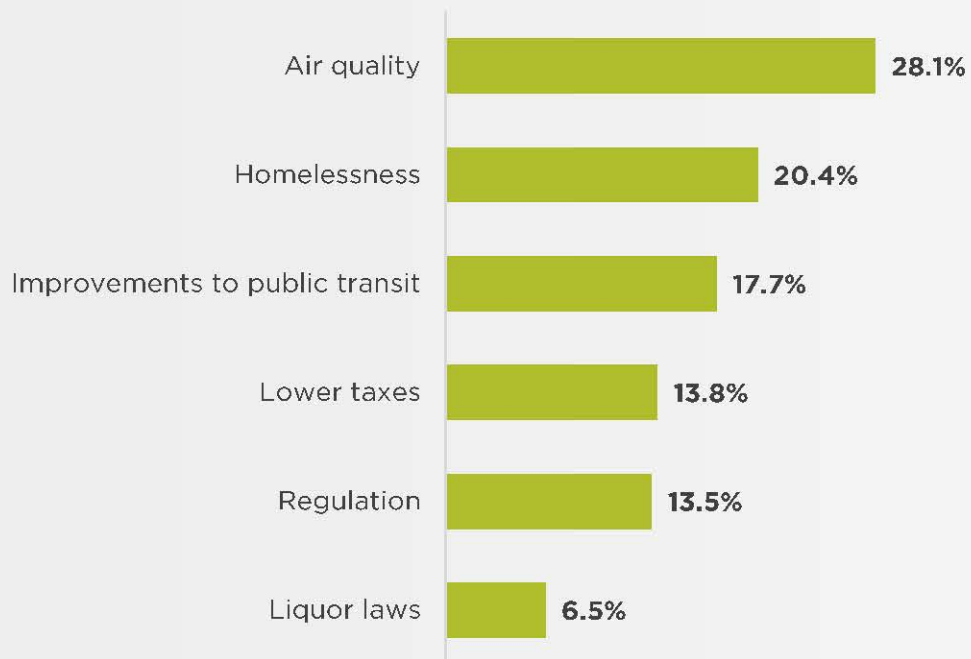
Q16: When considering employee amenities, please rate the importance of the following factors . . .



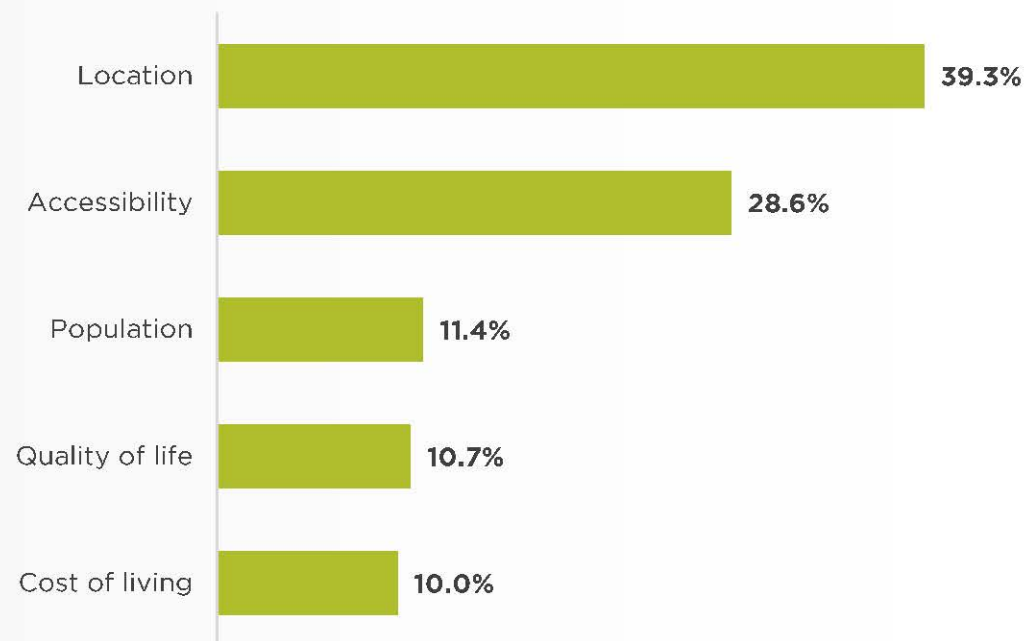


SALT LAKE CITY'S VALUE PROPOSITION

Factors to improve to make SLC more accommodating



Most beneficial aspect of operating a business in SLC



Q21: What improvements can be made to make operating your business in Salt Lake City more accommodating?

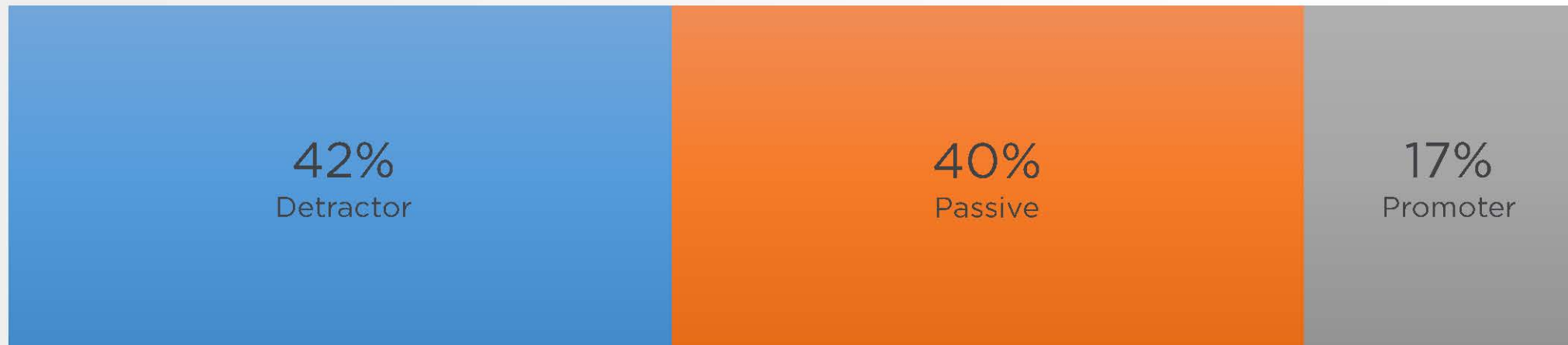
Q22: What is the most beneficial aspect of operating a business in Salt Lake City?

SALT LAKE CITY OVERALL NET Promoter SCORE

A Net Promoter Score is an index that measures the willingness of a respondent to recommend a product to others. In this case, the NPS is used as a proxy for gauging SLC's business' overall likelihood to recommend the city to another business as a place of operation.

A NPS is based on a range of -100 (where everyone is a detractor) to 100 (where everyone is a Promoter) and is calculated by subtracting the percent of detractors from the percent of Promoters.

SLC NPS = -24.91



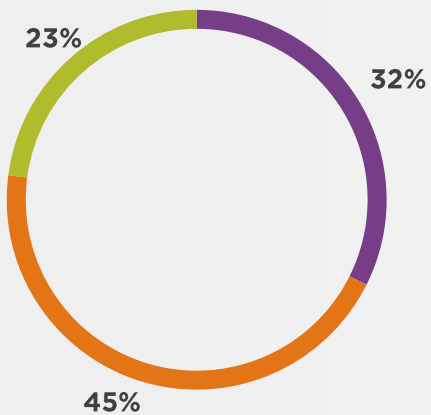
Q20: On a scale from 0-10, how likely are you to recommend operating a business in Salt Lake City to a friend or colleague?



NET PROMOTER SCORE BY EXPANSION LOCATION

Salt Lake City

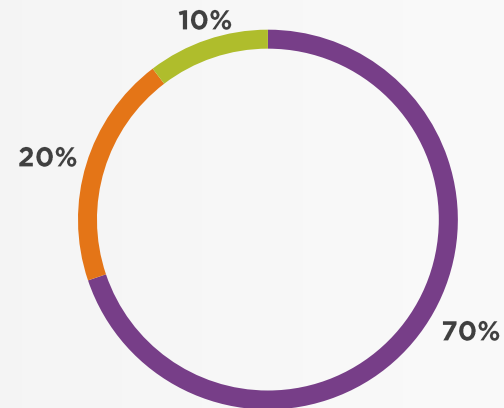
■ Detractor ■ Passive ■ Promoter



NPS: -9.5

Different city

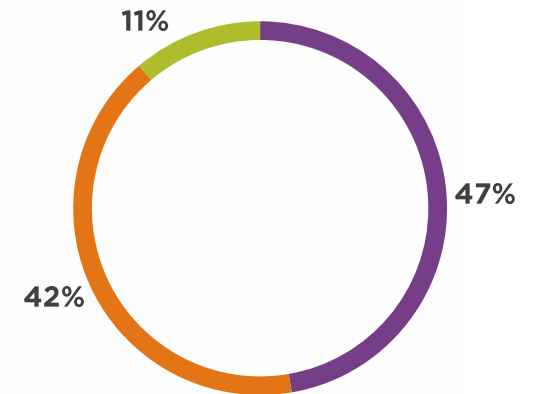
■ Detractor ■ Passive ■ Promoter



NPS: -59.4

Depends

■ Detractor ■ Passive ■ Promoter



NPS: -36.1

Q20: On a scale from 0-10, how likely are you to recommend operating a business in Salt Lake City to a friend or colleague?



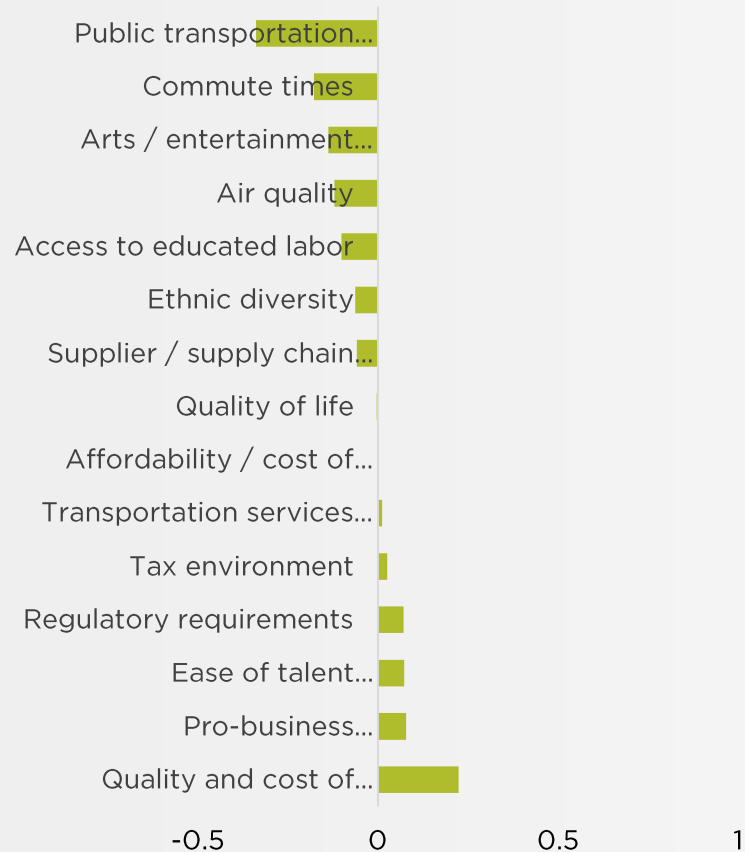
CHARACTERISTICS OF DEPENDS / PASSIVE GROUP

Q8: If you needed additional space, would you expand in . . .

Q13, 15: Please rate Salt Lake City in the following business (and employee amenities) factors . . .

Q14, 16: Please rate the importance of the following business (and employee amenities) factors to your business growth . . .

Ranking differences between “SLC” and “depends”



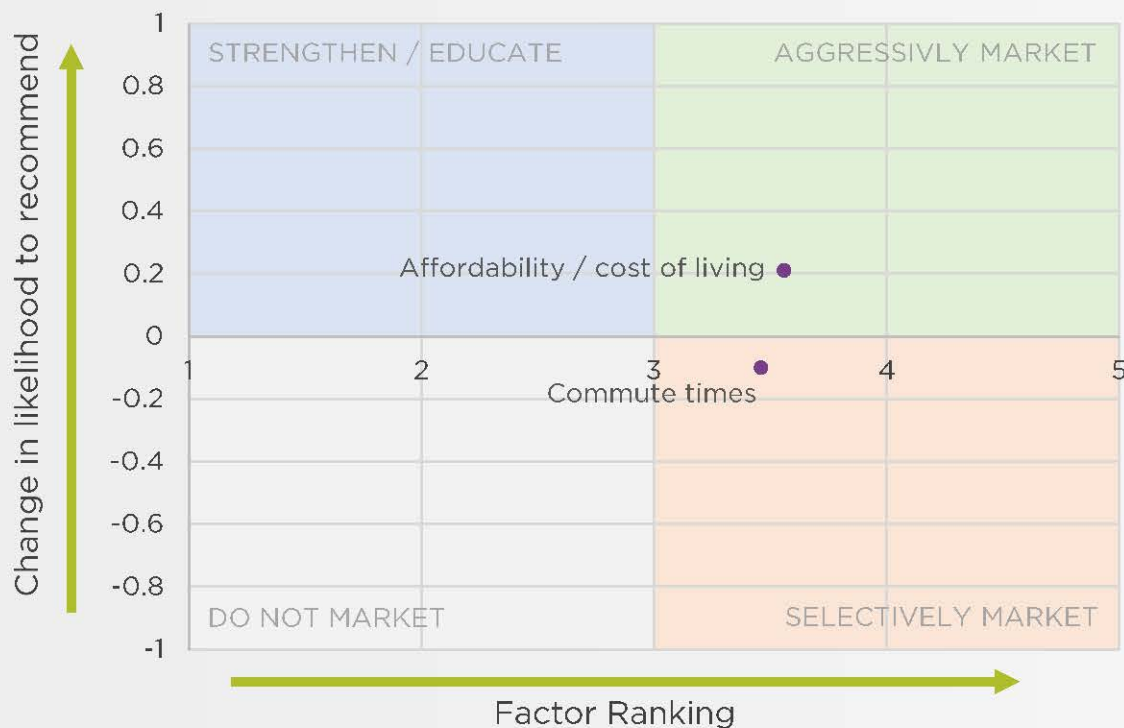
Importance differences between “SLC” and “depends”



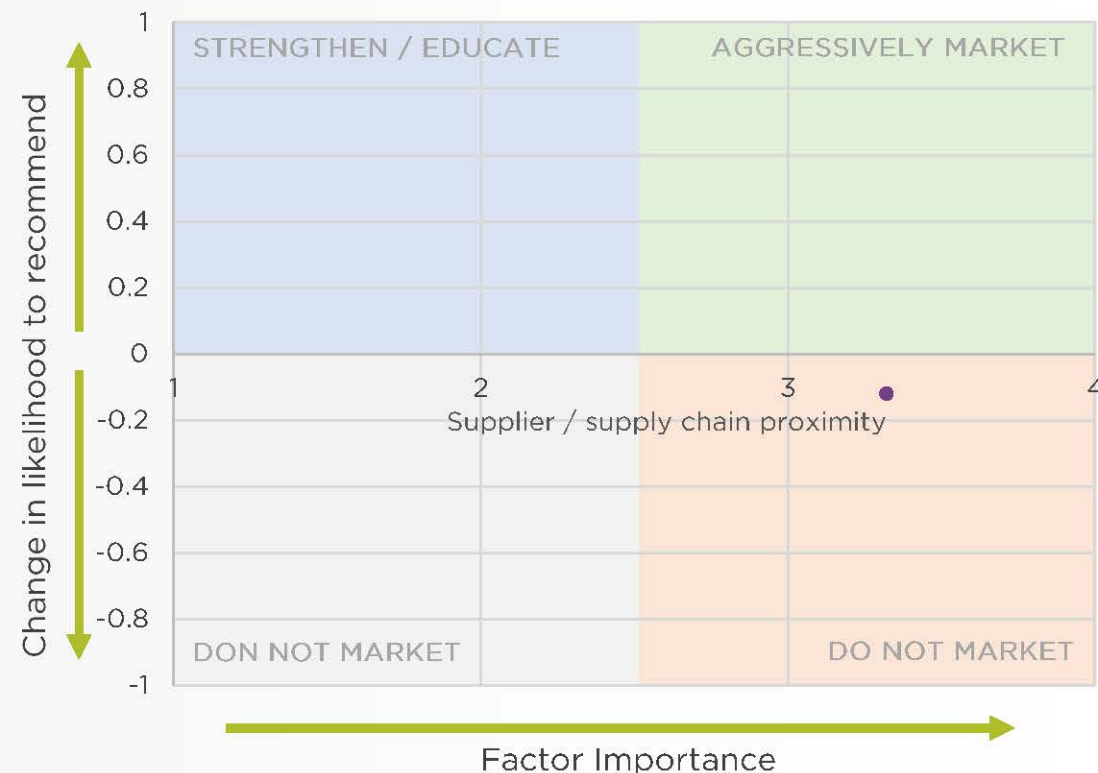


CHARACTERISTICS OF DEPENDS - PASSIVE

Change in likelihood to recommend SLC
based on factor ranking



Change in likelihood to recommend SLC
based on factor importance



Q13, Q15: Please rate Salt Lake City in the following business factors (and employee amenities) . . . | Q14, Q16: Please rate the importance of the following business factors (and employee amenities) to your business growth . . .
Q20: On a scale from 0-10, how likely are you to recommend operating a business in Salt Lake City to a friend or colleague?



SALT LAKE COMPANIES AND EXPORTS



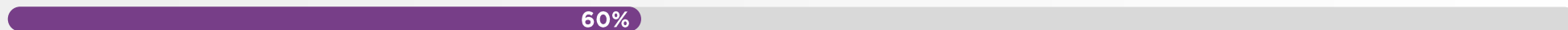
Companies who would like to export are the same companies that experienced significant growth during 2016.

Companies who would NOT like to export are the same companies that experienced significant negative growth.

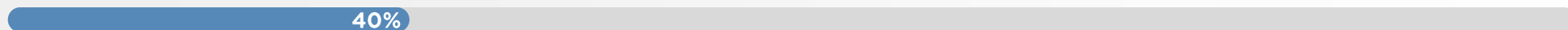
Expecting future growth leads to a desire to export



Revenue leads to exporting



Expecting future growth leads to actual exporting



Q2: Overall, how satisfied were you with this QIU? | Q8: What is the primary reason you attend QIUs?
Q9: How would you rate your satisfaction of the following factors?



POSSIBLE SOLUTIONS

Strategy: Target companies that are unsure whether they would expand in Utah, while keeping promoters happy.

Things to consider / market:

- Pro-business environment
- Quality of life (this may impact talent recruitment)
- Arts and entertainment scene (this may impact talent recruitment)
- Central location
- Proximity / access to customers
- Ease of talent recruitment

Challenges to overcome

- Real estate options
- Homelessness, drug, and crime issues
- Operational costs
- Tax environment
- Regulatory requirements

SUMMARY STATISTICS

A person is standing in a dark cave, looking out through a large opening. The view outside the cave shows a vast, starry night sky with the Milky Way galaxy visible. The scene is illuminated by the warm, orange light of the stars and the cool blue light of the distant galaxy. The person's silhouette is visible against the bright light of the cave opening.

APPENDIX

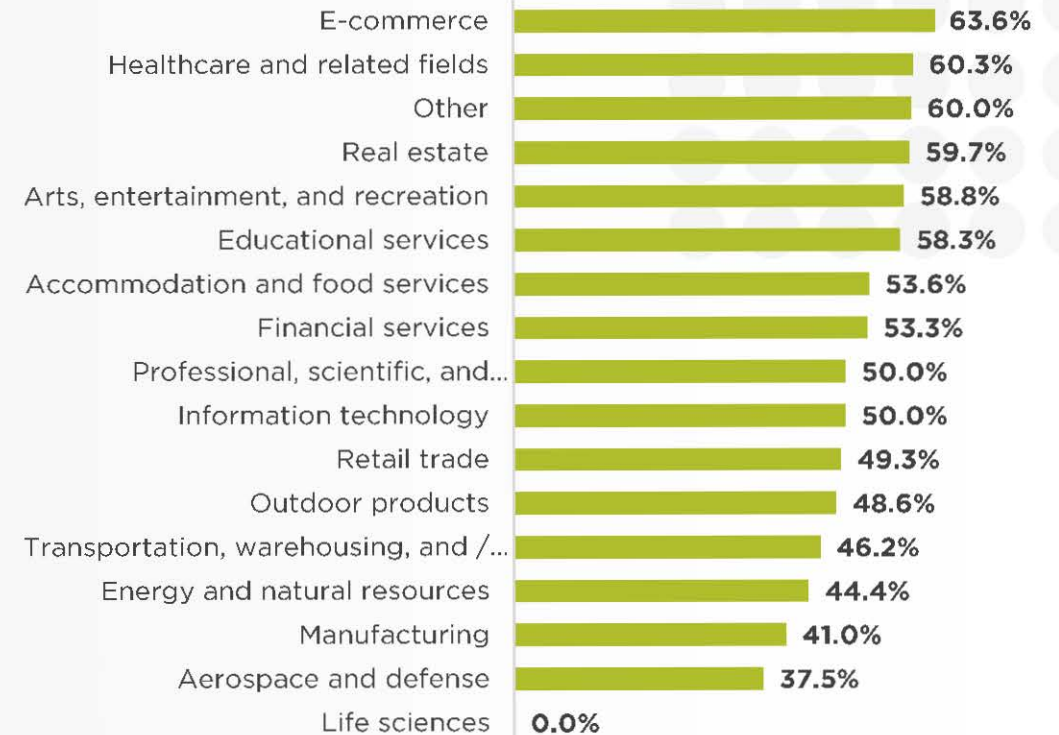


SUMMARY STATISTICS (APPENDIX)

Primary industry



Expand in SLC by industry

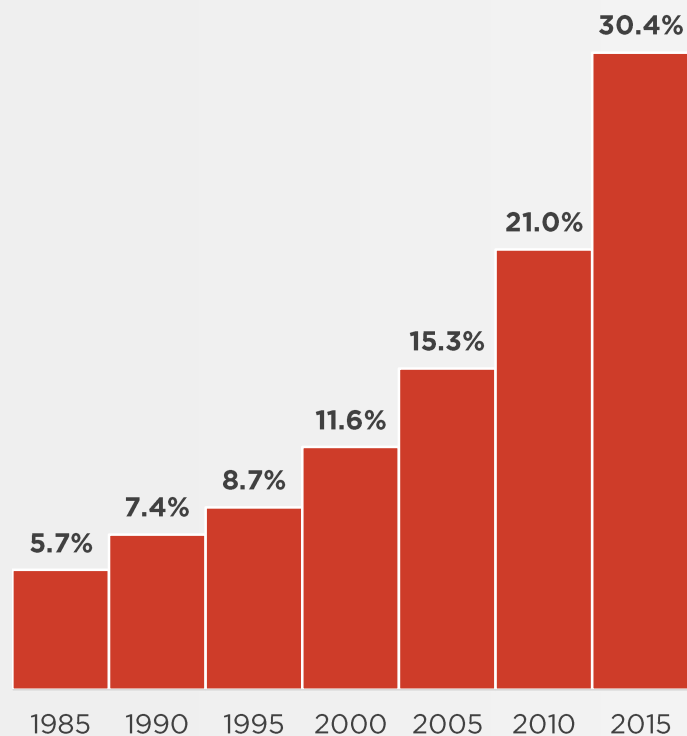


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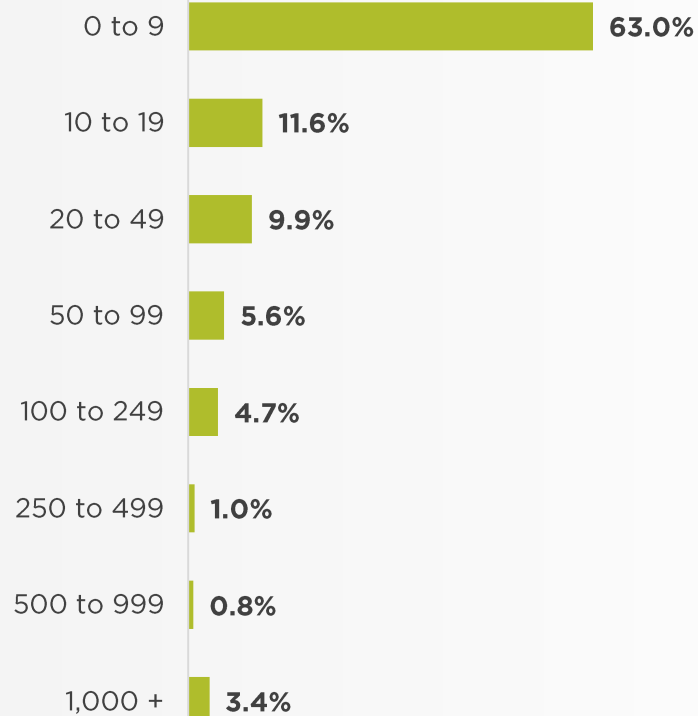


SUMMARY STATISTICS (APPENDIX)

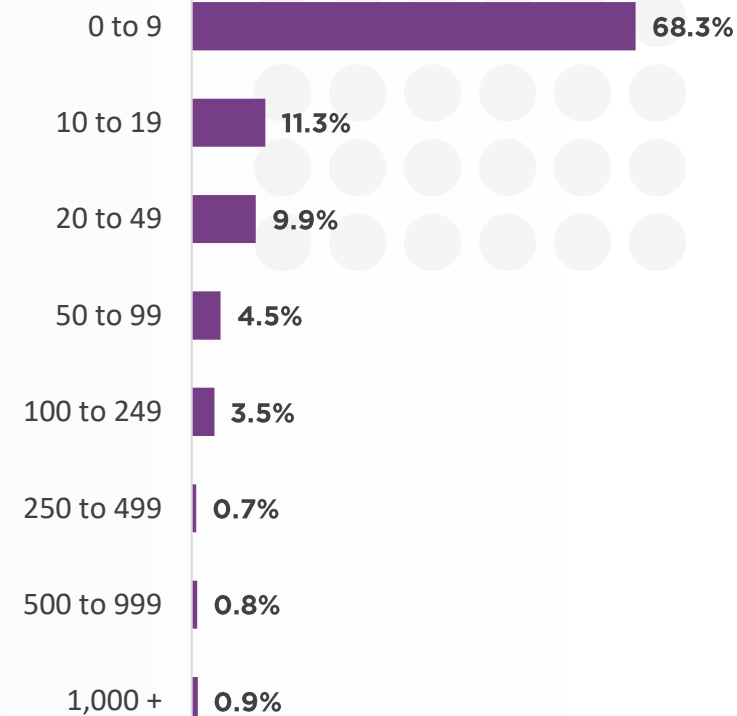
Company age



Total employees



Total SLC employees



Q2: Overall, how satisfied were you with this QIU? | Q8: What is the primary reason you attend QIUs?
Q9: How would you rate your satisfaction of the following factors?

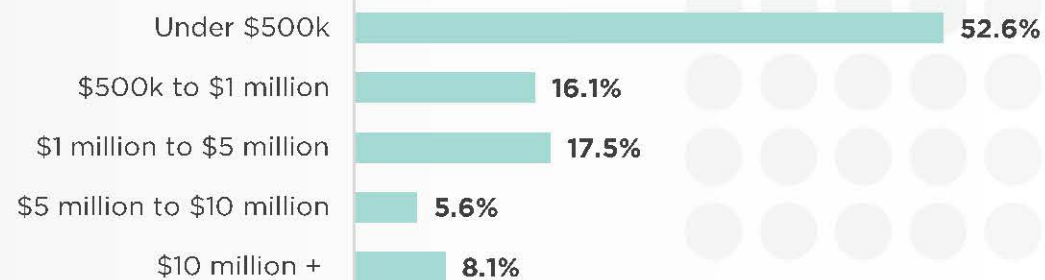


SUMMARY STATISTICS (APPENDIX)

12-month growth expectations



2016 estimated revenue



Change in revenue between 2015 and 2016



Headquartered
in SLC

78.7%

Currently
exporting

34.7%

Want to
export

16.7%

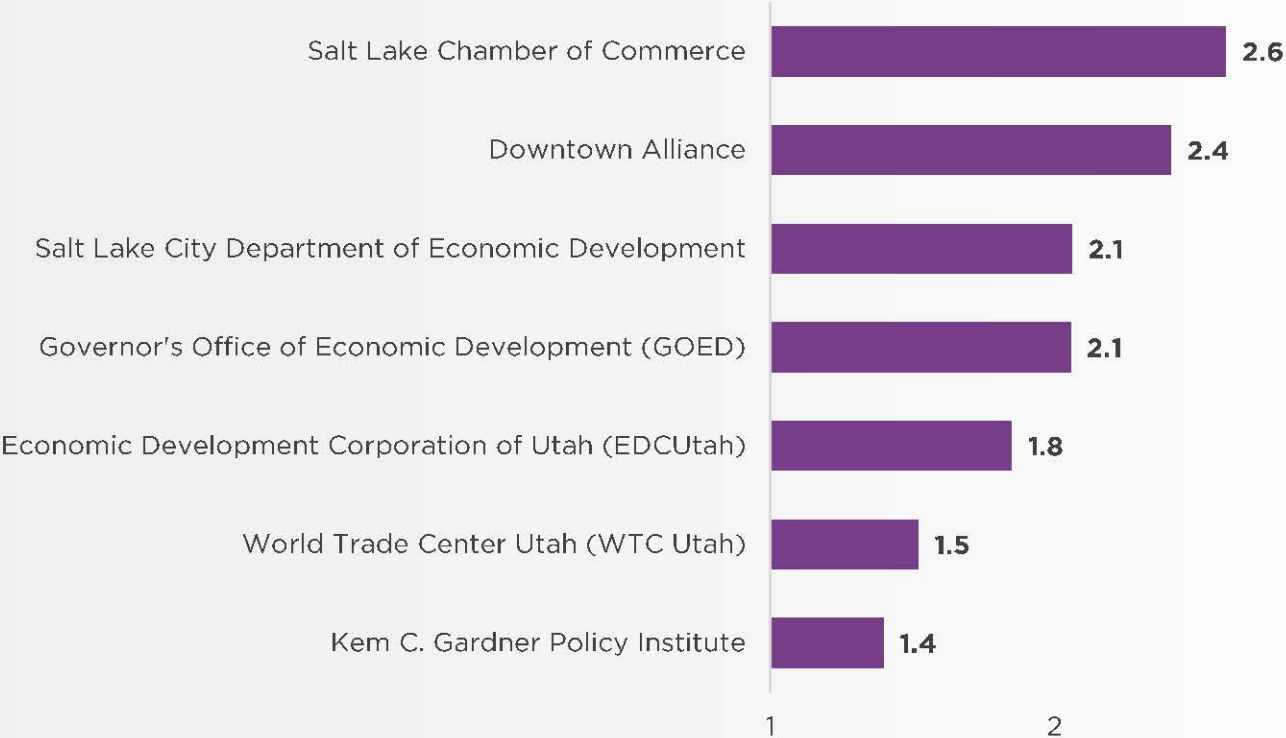
Q2: Overall, how satisfied were you with this QIU? | Q8: What is the primary reason you attend QIUs?
Q9: How would you rate your satisfaction of the following factors?



SUMMARY STATISTICS (APPENDIX)



Organizational Familiarity



Q2: Overall, how satisfied were you with this QIU? | Q8: What is the primary reason you attend QIUs?
Q9: How would you rate your satisfaction of the following factors?



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OF UTAH

THANK YOU