

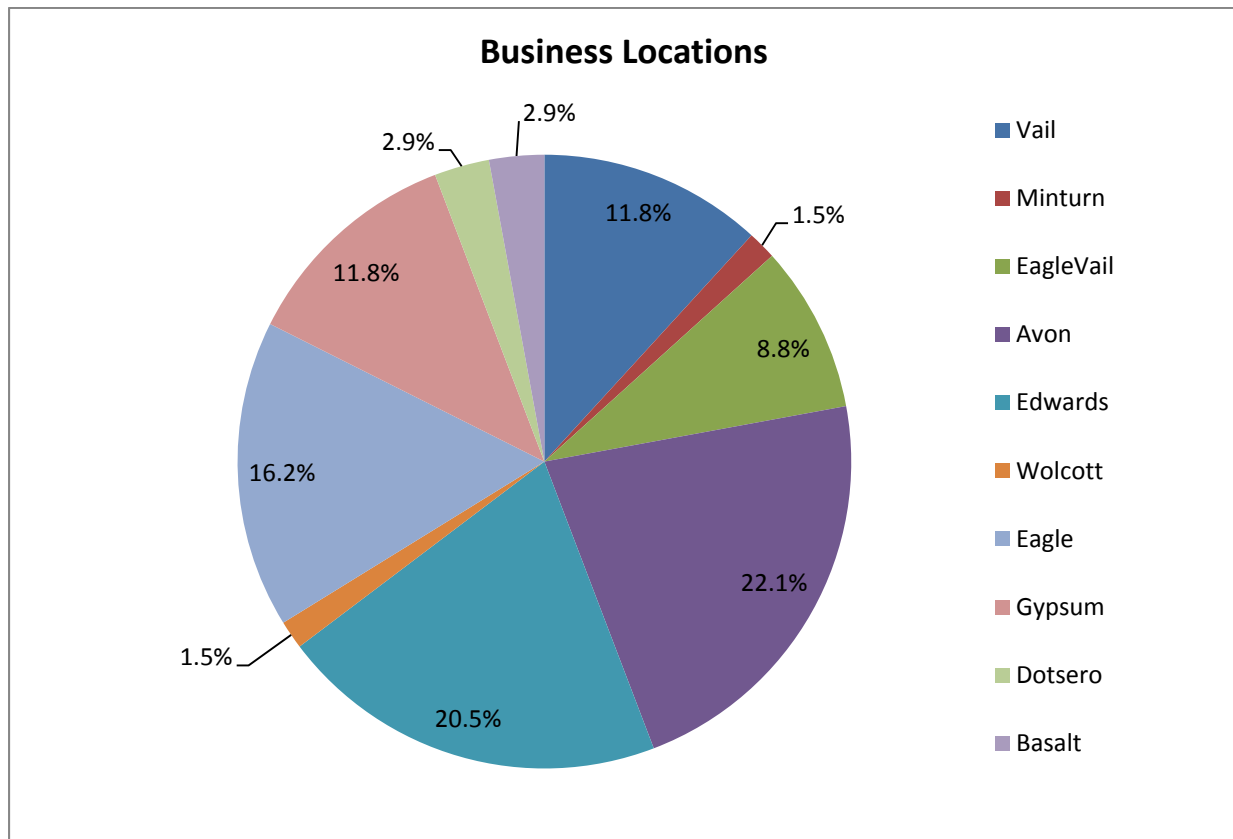


EAGLE COUNTY BUSINESS RETENTION AND EXPANSION INTERVIEWS: SUMMARY OF FINDINGS

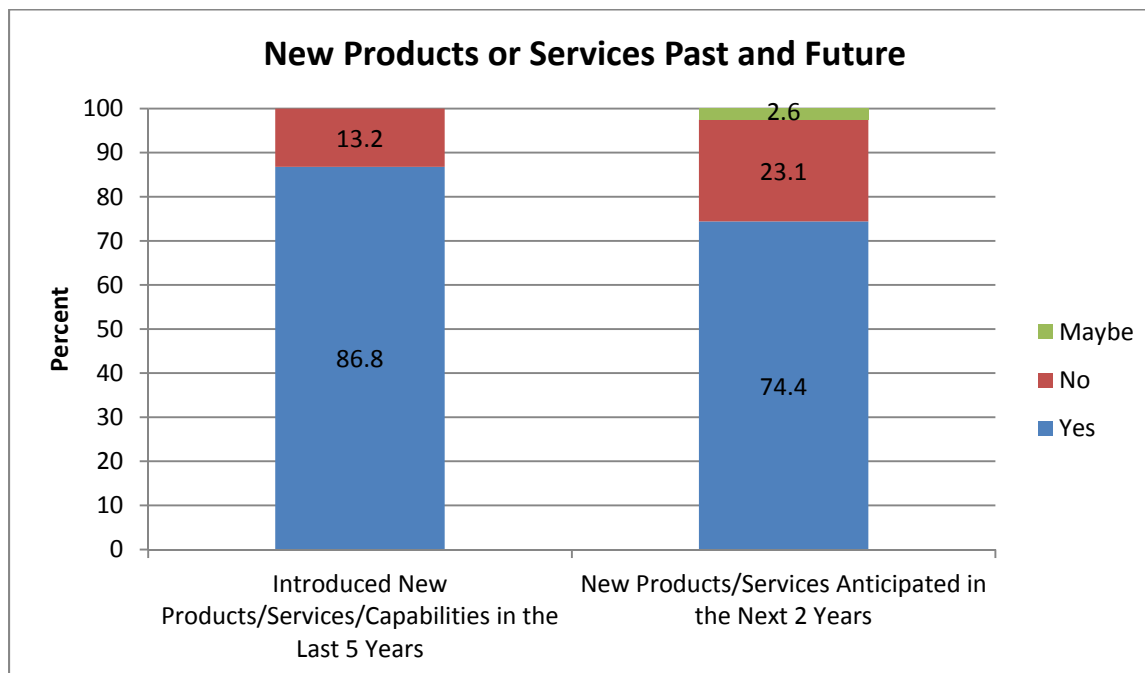
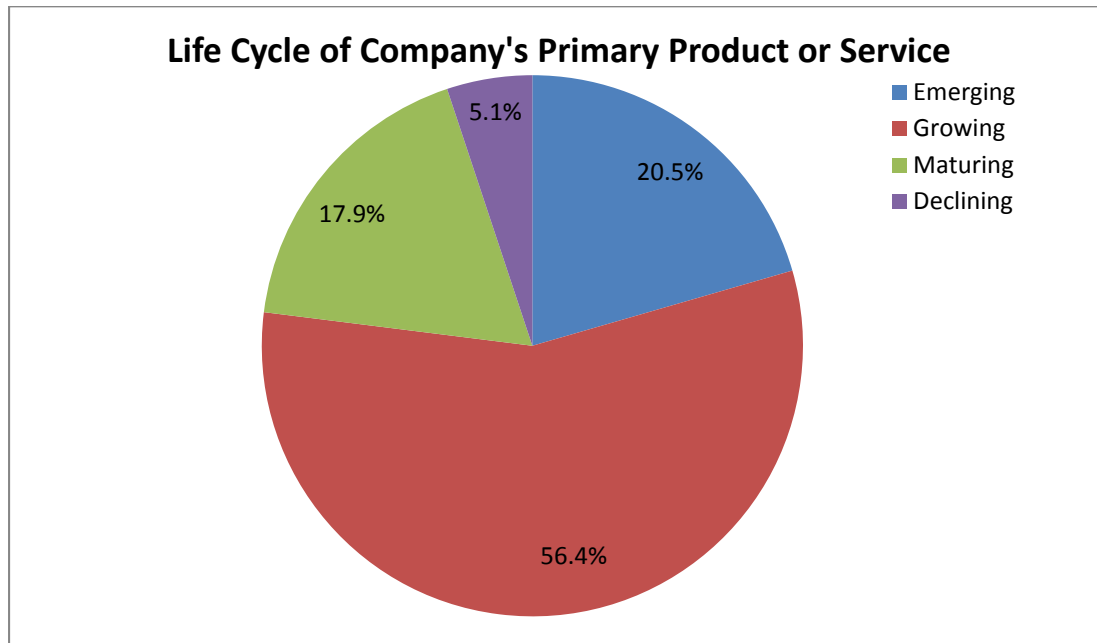
MAY 20, 2019
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CONFLUENCE RESEARCH AND TRAINING, LLC

I. Introduction

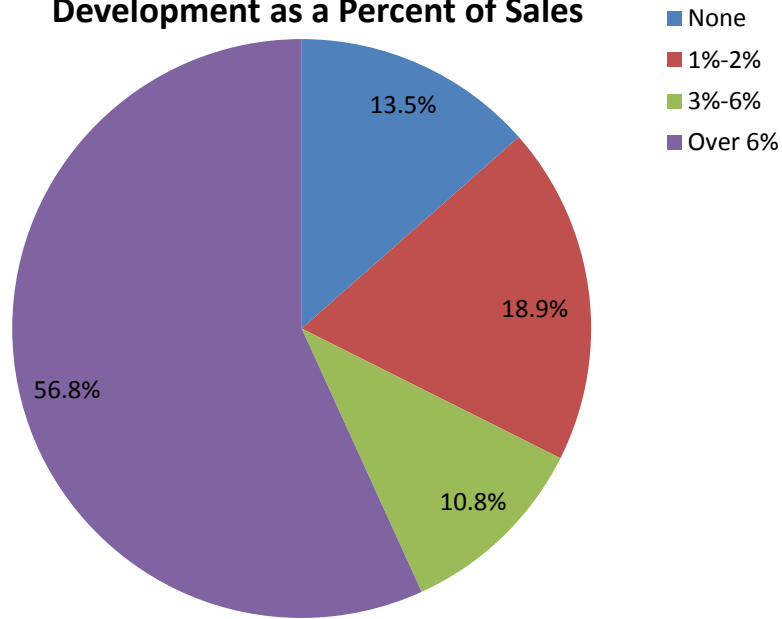
In 2017, Eagle County Government commissioned Vail Valley Partnership to begin interviewing local businesses to better understand the climate in the county for improving retention and supporting future expansion. The focus of this effort is on primary businesses, that is, those that generate at least a portion of their revenue from sales and services outside of the county. While this is an ongoing effort, this interim report summarizes the findings from 68 businesses from throughout the county. Interviews were conducted by trained researchers in a face-to-face format using a well validated and highly reliable protocol developed by Blane, Canada Ltd. As seen in the chart below, there is representation of businesses from throughout the county, with the greatest number of interviews conducted in Avon, Edwards, Eagle, Gypsum, and Vail. Interviews were conducted with high level personnel within each organization, most commonly owners, CEOs/presidents, or high level directors/managers.



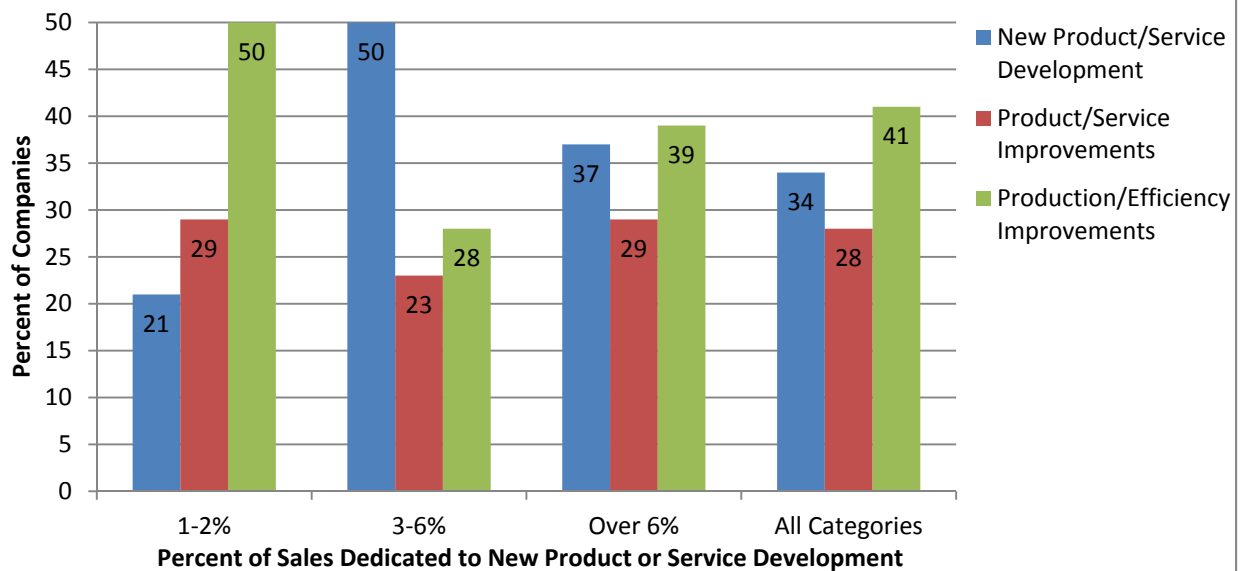
II. Company Characteristics

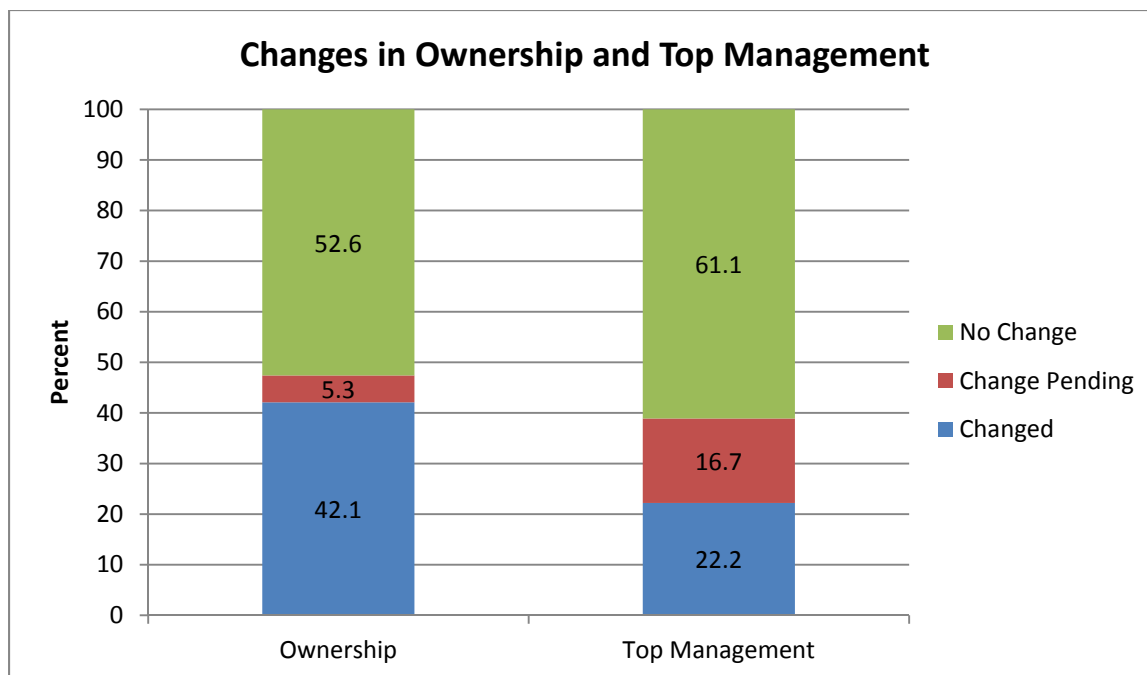
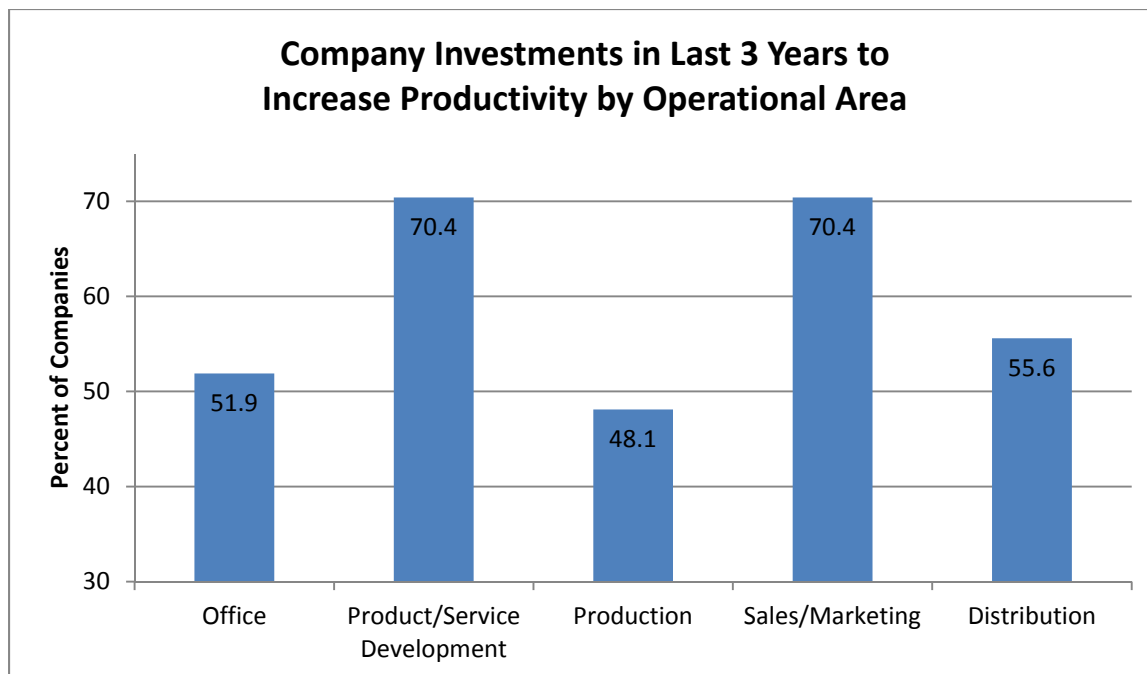


Company Spending on New Product or Service Development as a Percent of Sales



Product/Service Allocations by Spending Budget

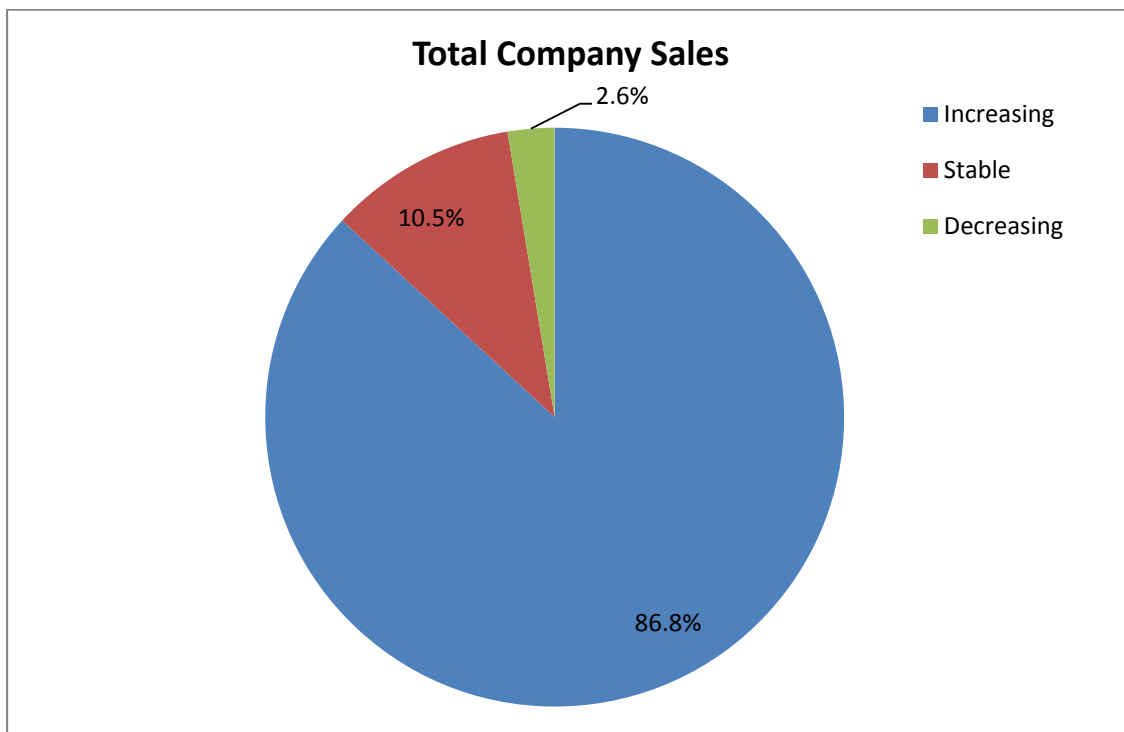
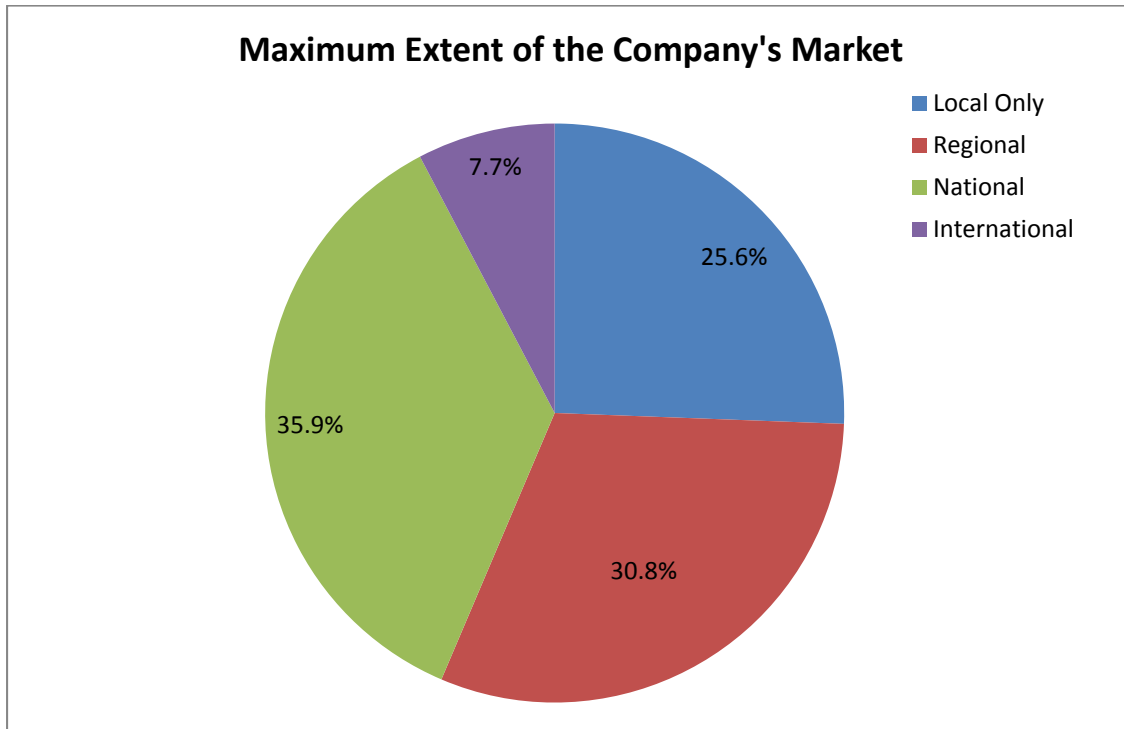




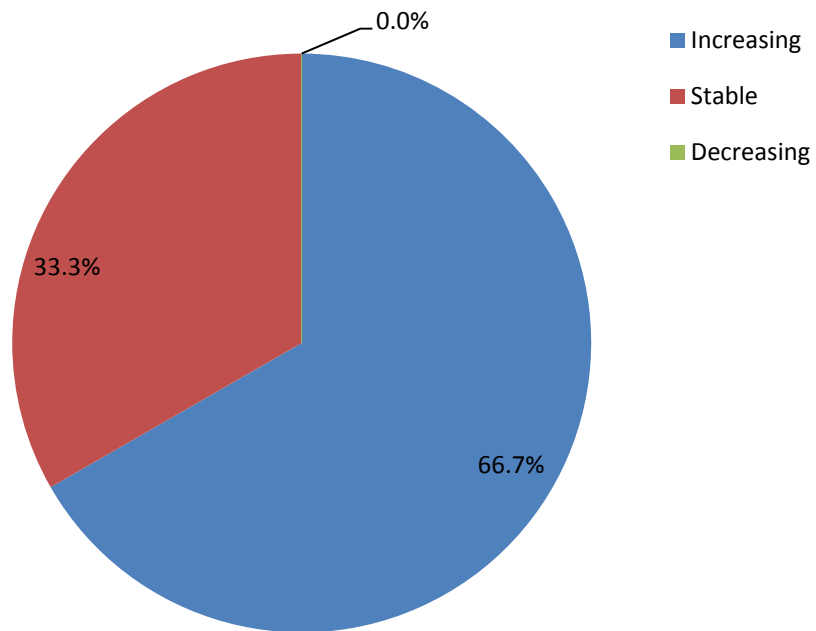
More than half of primary businesses in Eagle County are in the growing phase of the life cycle and about one out of five are in the emerging phase. Very few local businesses are in a declining phase. Most businesses (87%) introduced new products or services in the past five

years and three out of four anticipate new products or services in the next two years. Over half of the businesses interviewed spend more than 6% of their sales budget on new product or service development. Local companies invest somewhat more in the areas of product/service development and sales/marketing, than in distribution, production and office operations.

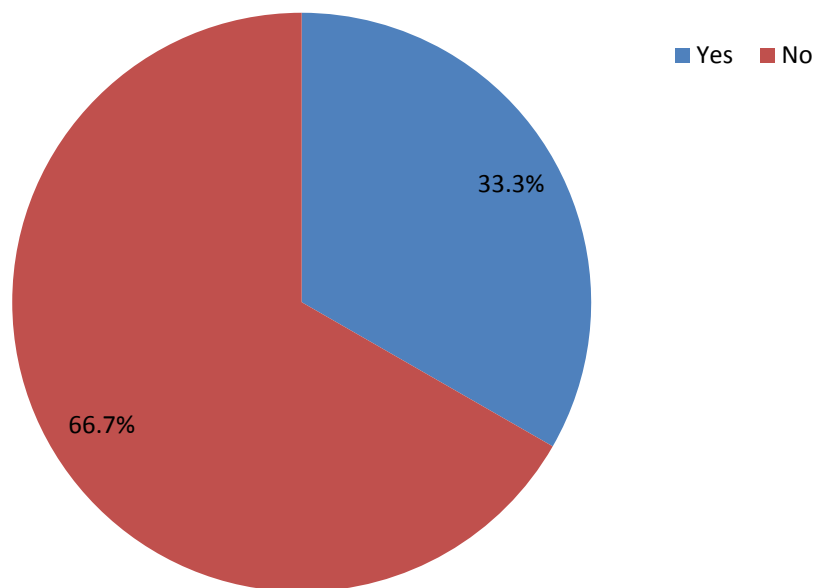
III. Market

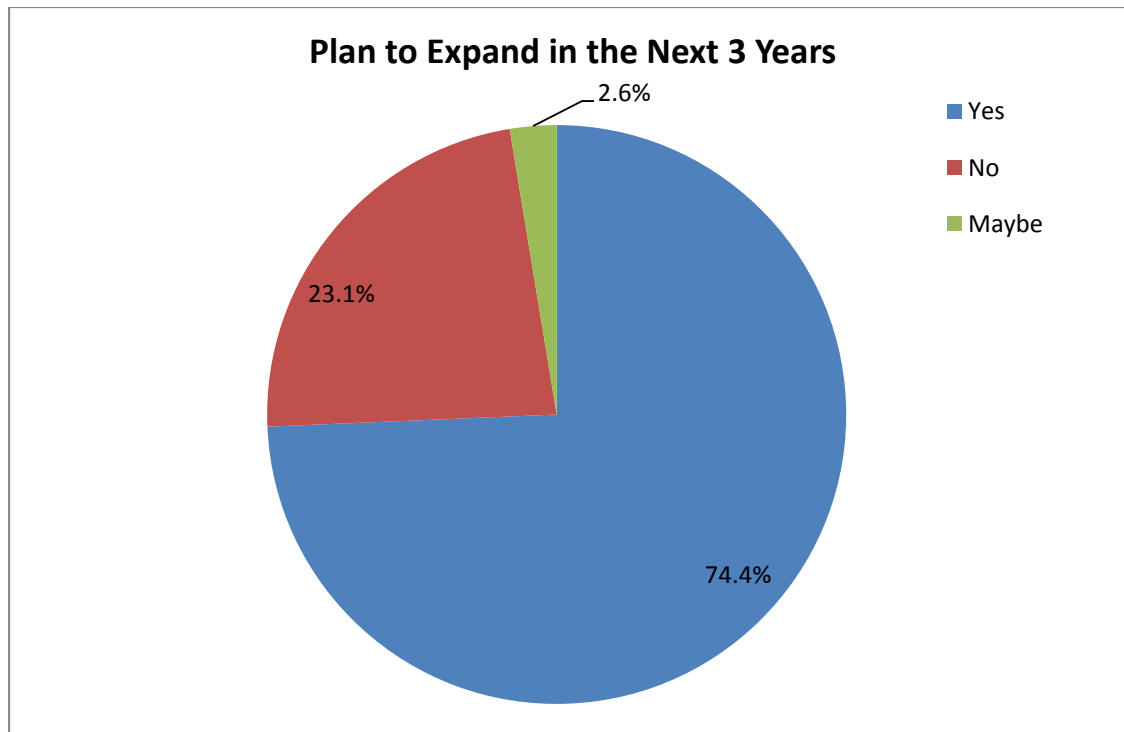


Market Share of the Company's Key Product or Service(s)



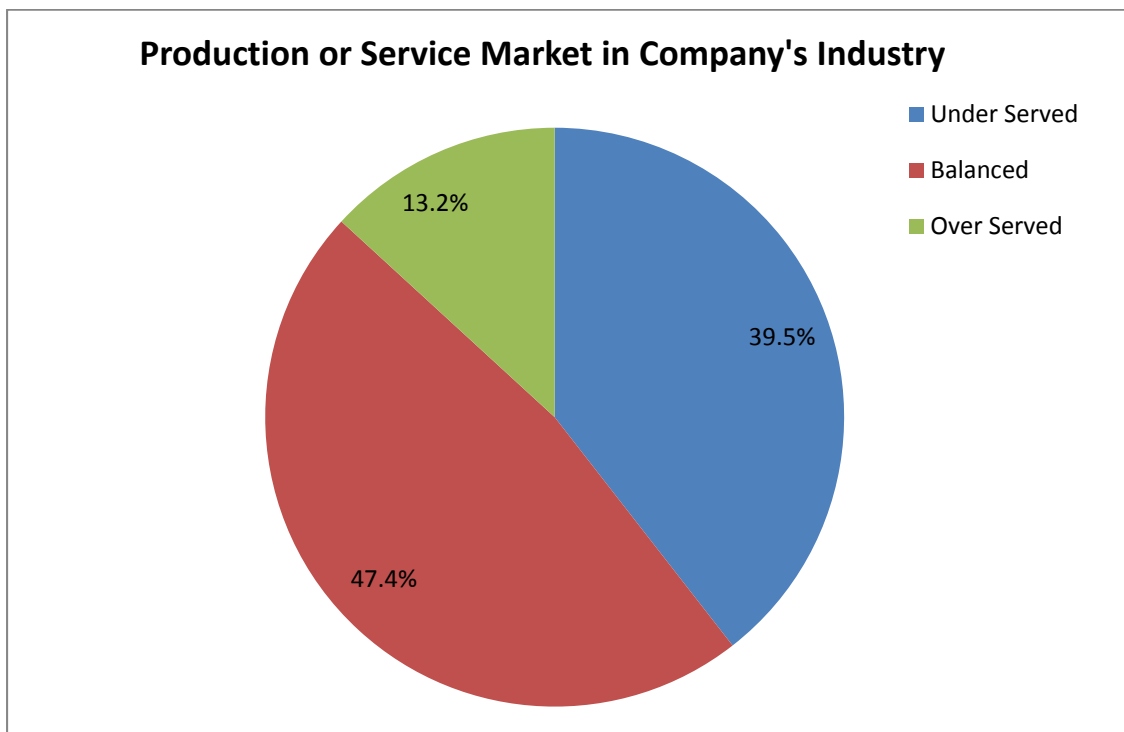
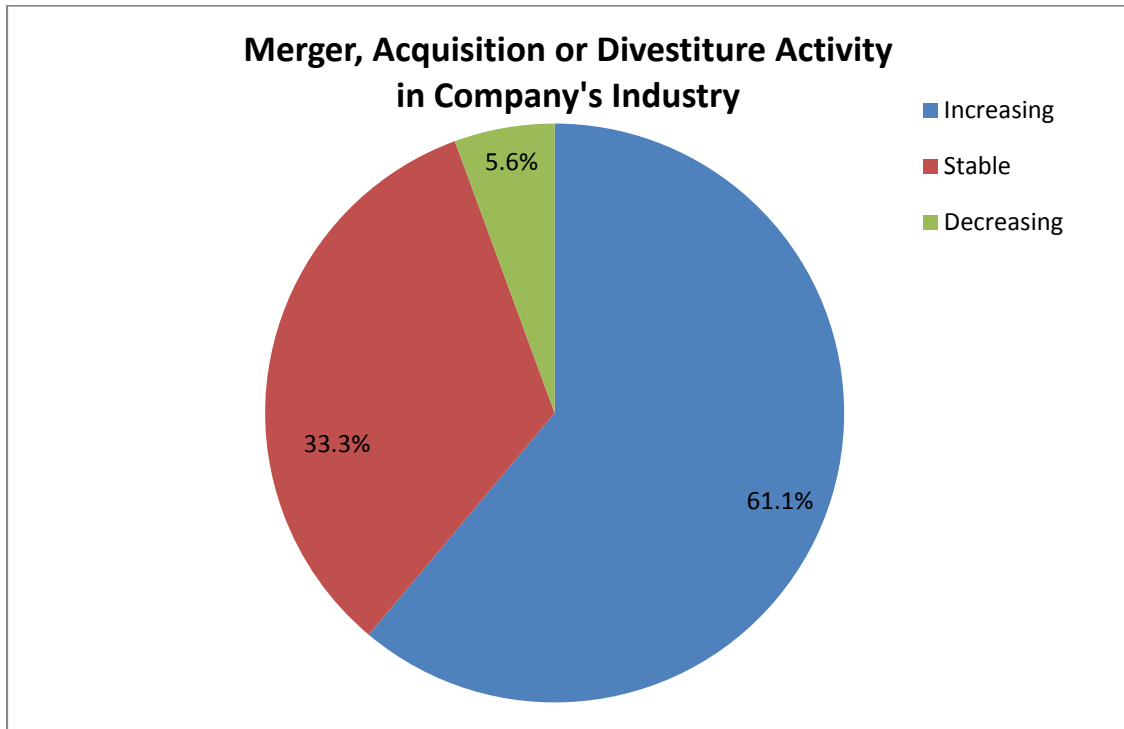
Key Customers at Risk of Merging or Closing

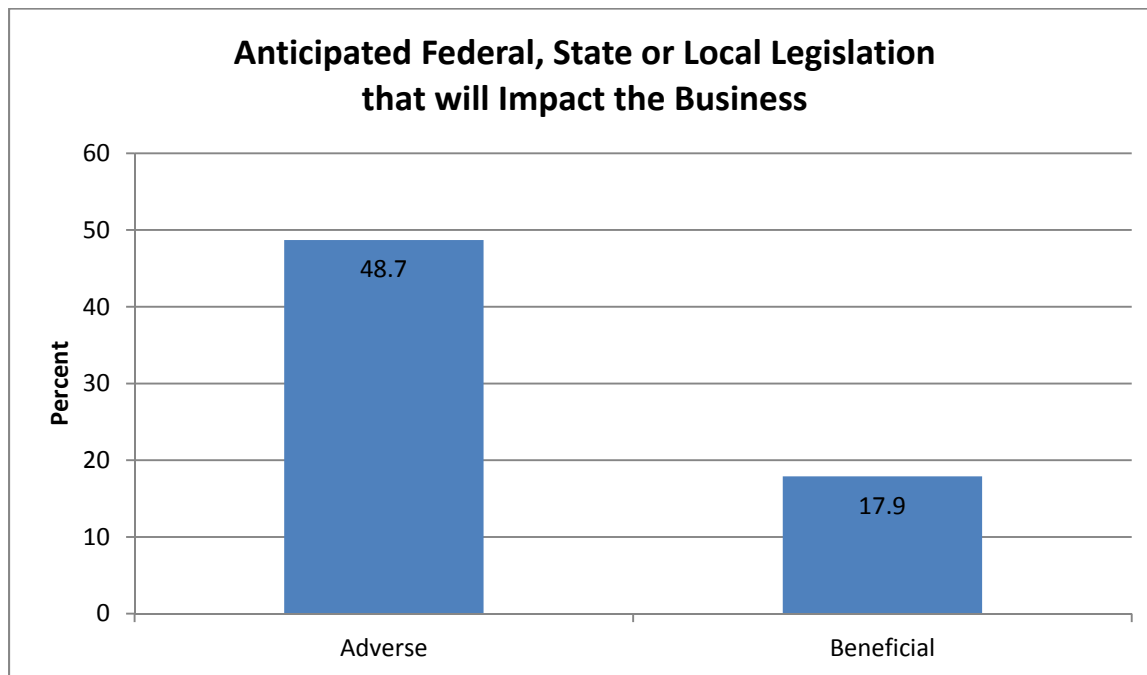




About one out of four businesses interviewed serve only the local market, 31% serve a regional market, and 36% have a national reach. Less than 10% have an international reach. Almost all businesses (87%) say sales are increasing and two-thirds says their market share is increasing. Three-quarters say that they plan to expand in the next three years, although few businesses could provide details such as the estimated total investment, amount of real estate needed, number of jobs added or lost, or the future operating space needs.

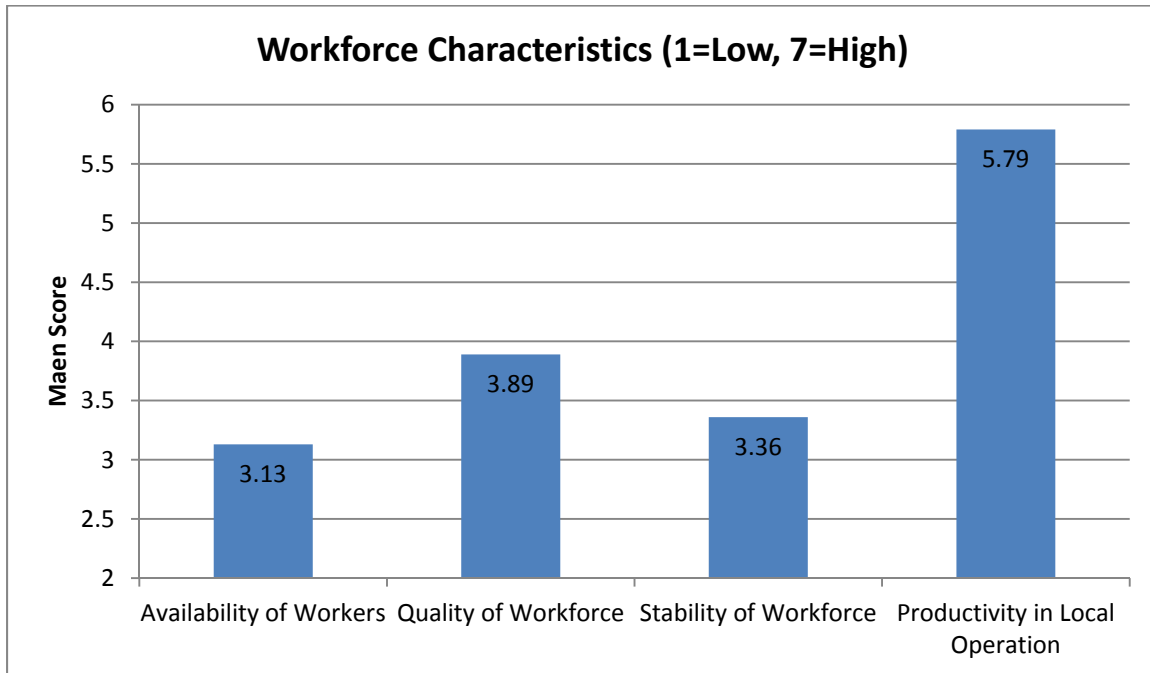
IV. Industry



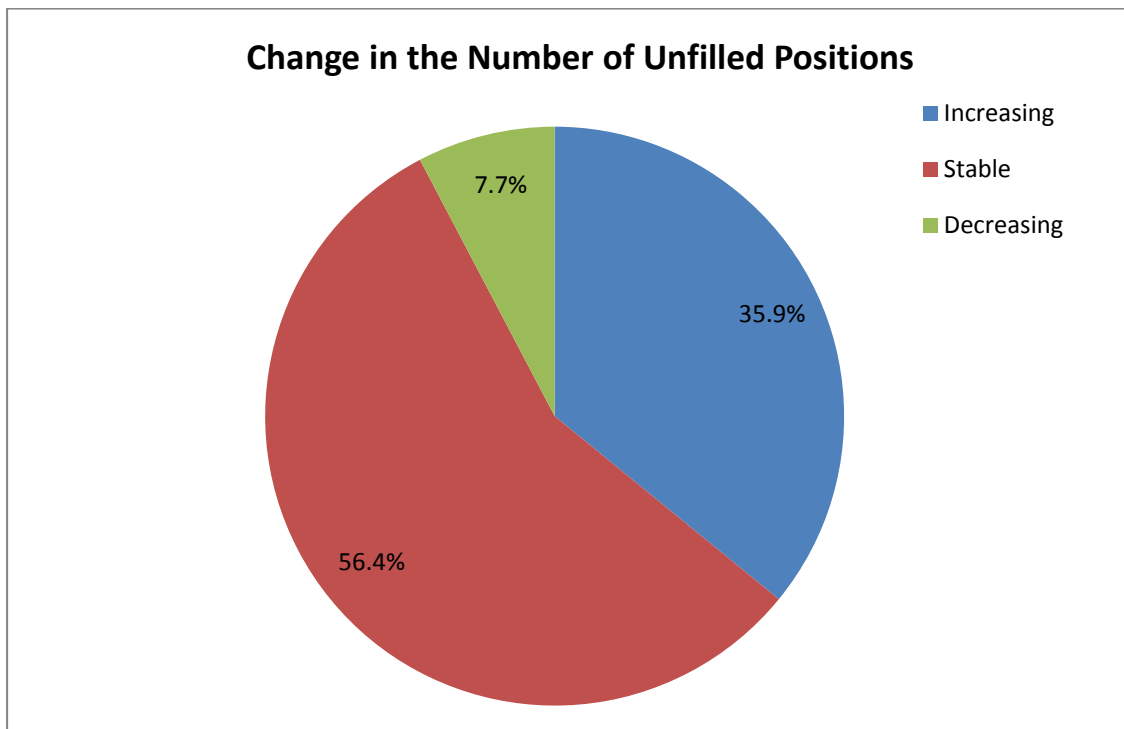


Nearly two-thirds of businesses report merger, acquisition or divestiture activity in their industry. Close to half of businesses say that the service market for their industry is balanced and about 40% say is under served. About half of businesses say they anticipate Federal, State or Local legislation that will have an adverse impact.

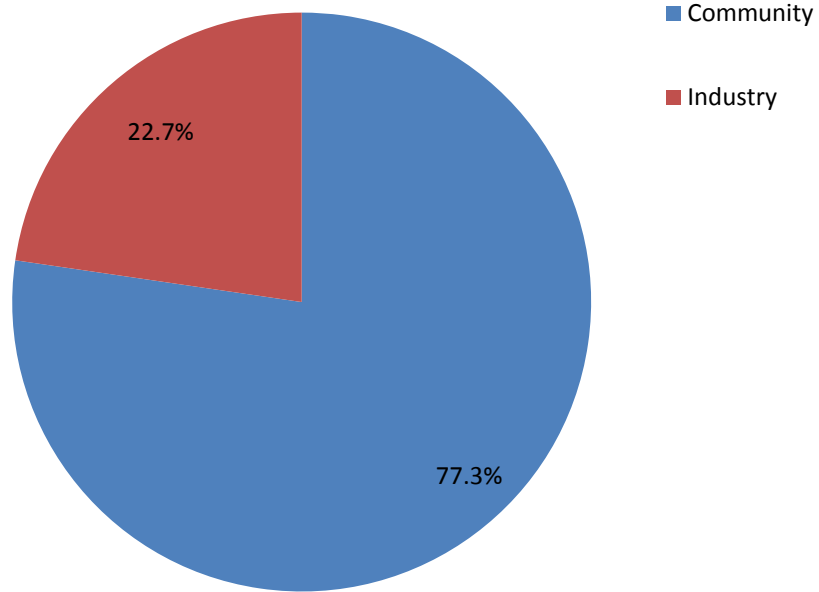
V. Workforce



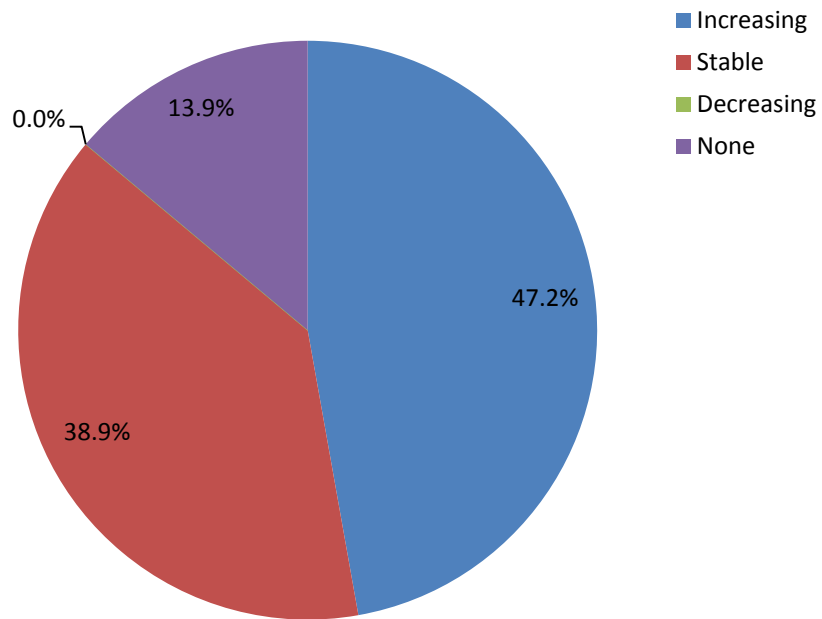
- 66.7% of companies interviewed are experiencing recruitment problems with employee positions or skills.

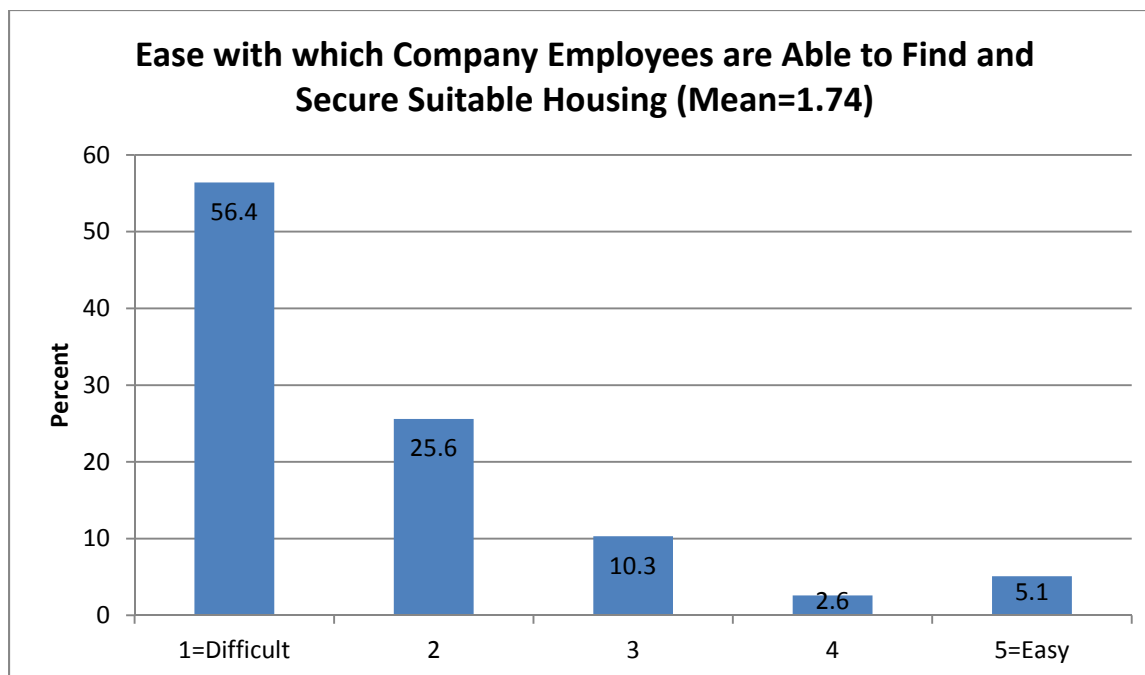
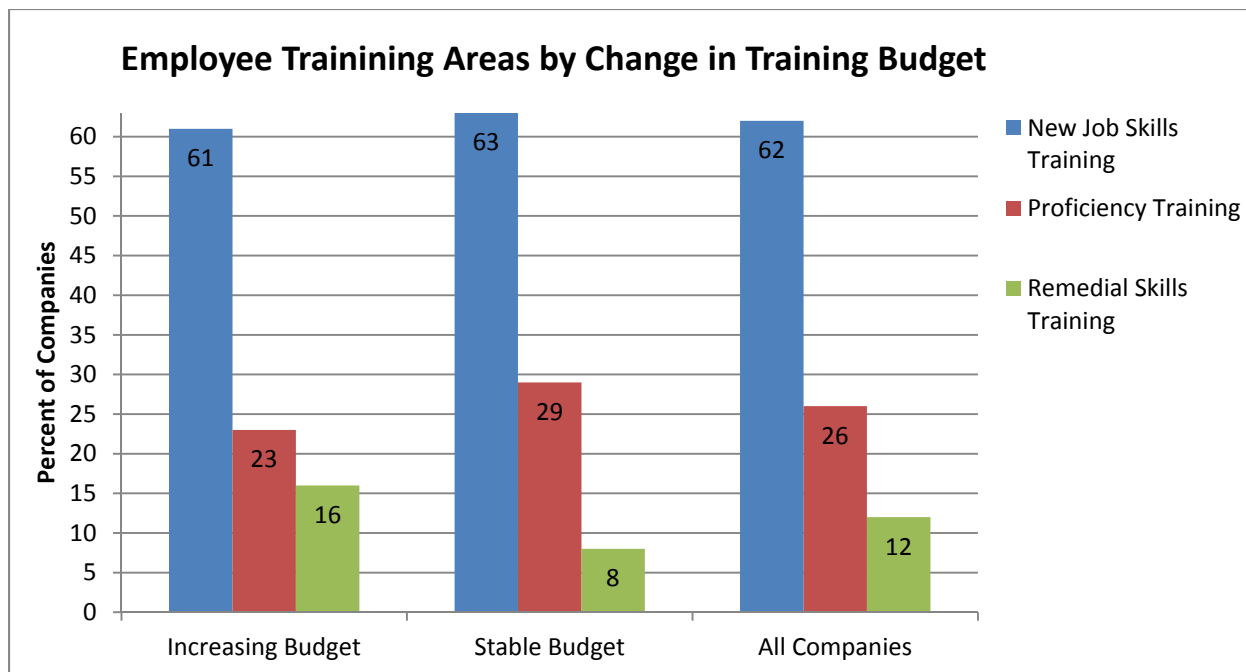


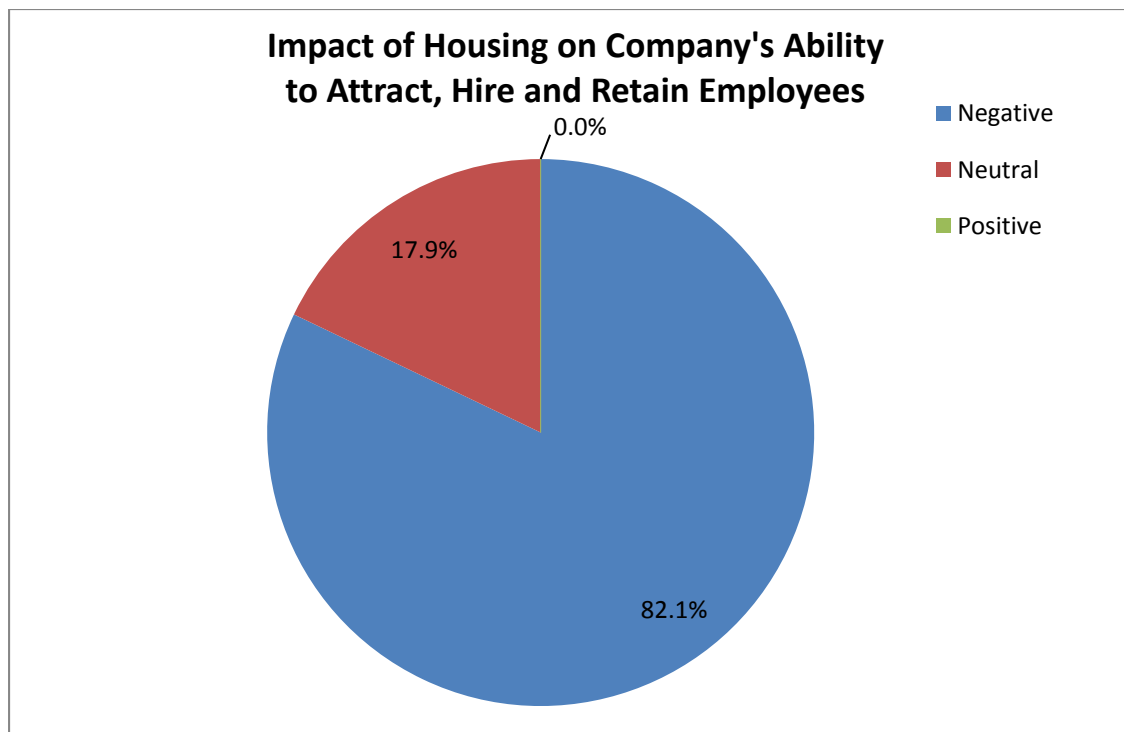
Recruitment Problems Community-Based or Industry-Based?



Investment in Employee Training







Workforce availability, quality and stability is concern for local businesses, with ratings in these areas all falling below the midpoint of the scale used to measure them. Follow-up analysis did not detect significant differences of these ratings based on location within the county. Two-thirds of the businesses are reporting recruitment problems and over one-third indicate that the number of unfilled positions is increasing. Most report that recruitment problems are rooted in lack of suitable employees in the community rather than the lack of employees in the industry as a whole. Nearly half of local businesses are increasing their investment in employee training, with new job skills training the primary area of focus. Not surprisingly, ease with which company employees are able to find suitable is rated quite low, with 56% giving it the lowest score possible and 82% indicating housing has a negative impact on their ability to attract, hire and retain employees.

VI. Facilitators and Barriers of Success

A. Community Strengths as a Place to do Business

- People who live here/Tight knit community/Quality of relationships: 34% (N=23)
- Ski industry connection/Vail and Beaver Creek brand: 24% (N=16)
- Lifestyle/Quality of Life: 21% (N=14)
- Access to tourism market/International market: 16% (N=11)
- Town government responsiveness/progressiveness: 15% (N=10)
- Community support for local businesses: 15% (N=10)
- Central location/Location within Colorado: 15% (N=10)
- Environmental quality/Beauty: 15% (N=10)
- Proximity to I-70: 10% (N=7)
- Local culture: 7% (N=5)
- Entrepreneurial atmosphere: 7% (N=5)
- Airport: 7% (N=5)
- Small community: 4% (N=3)
- County government: 4%, (N=3)
- Workforce quality: 4%, (N=3)
- Moving toward a year-round economy: 3%, (N=2)
- Local non-profit efforts: 3%, (N=2)
- Working on housing solutions: 3%, (N=2)
- Employment opportunities: 3%, (N=2)
- Other: Workforce quality: 18%, (N=12)

B. Community Weaknesses as a Place to do Business

- Lack of affordable housing: 35% (N=24)
- Limited workforce availability: 28%, (N=19)
- High cost of living: 28%, (N=19)
- Commercial real estate cost/availability: 25%, (N=17)
- Freight/shipping costs and/or schedule: 18%, (N=12)
- Poor quality of workforce pool: 18%, (N=12)
- Issues specific to Vail: 15%, (N=10)
- Lack of high paying jobs: 13%, (N=9)
- Transportation and/or travel issues issues/I-70 closures: 10%, (N=7)
- Parking: 7%, (N=5)

- Zoning/Other regulations: 7%, (N=5)
- Limited networking opportunities: 4%, (N=3)
- Small market: 4%, (N=3)
- Upstream resources are lacking locally: 3%, (N=2)
- Seasonality: 3%, (N=2)
- High healthcare costs: 3%, (N=2)
- Poor infrastructure: 3%, (N=2)
- Poor school funding: 3%, (N=2)
- Mail delivery to PO boxes: 3%, (N=2)
- Other: 13% (N=5)

C. Barriers to Growth in the Community

- None: 13%, (N=9)
- Transient workforce/low quality workforce: 31% (N=21)
- Affordable housing: 25% (N=17)
- Real estate costs: 24% (N=16)
- Industry specific issues: 10% (N=7)
- Lack of land: 7% (N=5)
- Regulations/Zoning: 4% (N=3)
- Cost of living: 4% (N=3)
- Local economic health: 4% (N=3)
- Low population density/small market: 4% (N=3)
- Reluctant lenders: 3% (N=2)
- Seasonality: 3% (N=2)
- Shipping: 3% (N=2)
- Slow population growth: 3% (N=2)
- Lack of warehouse space: 3% (N=2)
- Poor internet access: 3% (N=2)
- Lack of marketing opportunities: 3% (N=2)
- Other: 3% (N=2)

D. Reasons the Community May Not be Considered for Future Expansion

- None: 34% (N=23)
- Limited workforce: 13% (N=9)

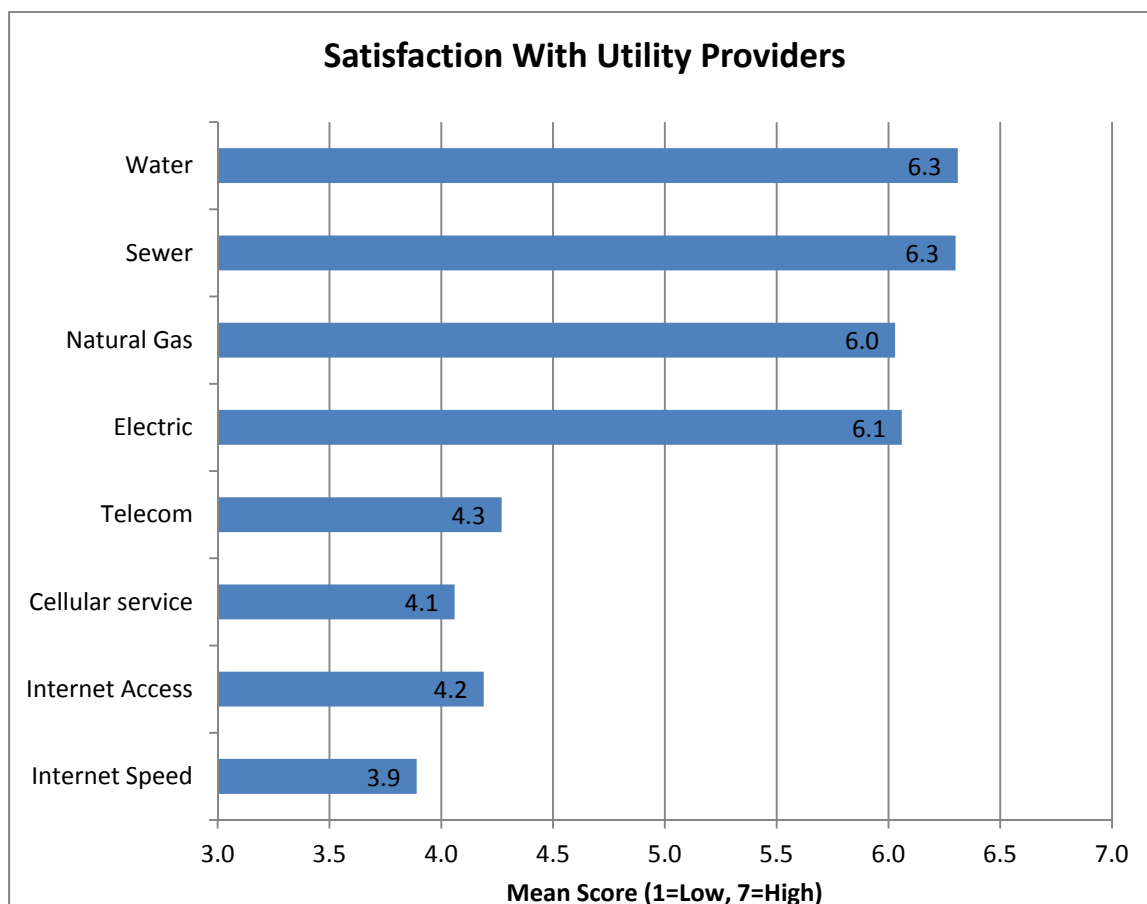
- Regulations: 7% (N=5)
- Warehousing/Commercial real estate costs: 4% (N=3)
- Cost of living: 3% (N=2)
- Tight margins: 3% (N=2)
- Cost of land: 3% (N=2)
- Unreliability of snow/climate change: 3% (N=2)
- Water issues: 3% (N=2)
- Limited networking: 3% (N=2)
- Market saturation: 3% (N=2)
- If local economy declines: 3% (N=2)
- Other: 3% (N=2)

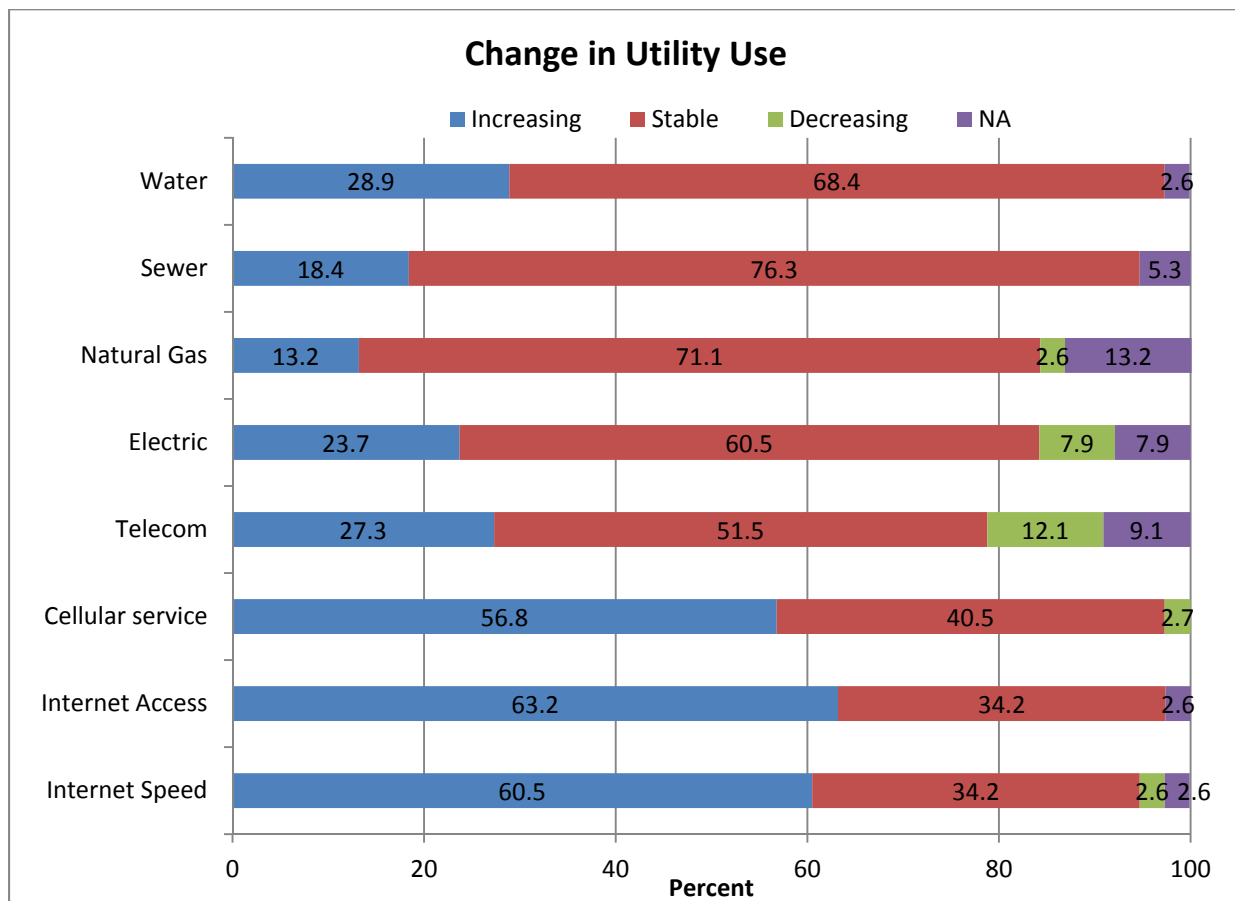
E. Summary

All interviewees articulated both strengths and weaknesses in conducting business in the local community. The greatest strengths include the tight knit community, the connection to the ski industry, and the quality of life. Overall, businesses were able to articulate a greater number of strengths than weakness. When considering the weaknesses, barriers to growth, and reasons the community might not be considered for future expansion, several common themes emerged. The lack of affordable housing, high cost of living and the impact this has on local workforce quality and worker availability were discussed relatively frequently. The high cost of commercial real estate and lack of availability were other areas of concern for local businesses. Some businesses also are challenged by less frequent shipping schedules and/or high shipping costs. While challenges exist for the majority of businesses interviewed, about one out of three said that there are no reasons the community may not be considered for future expansion.

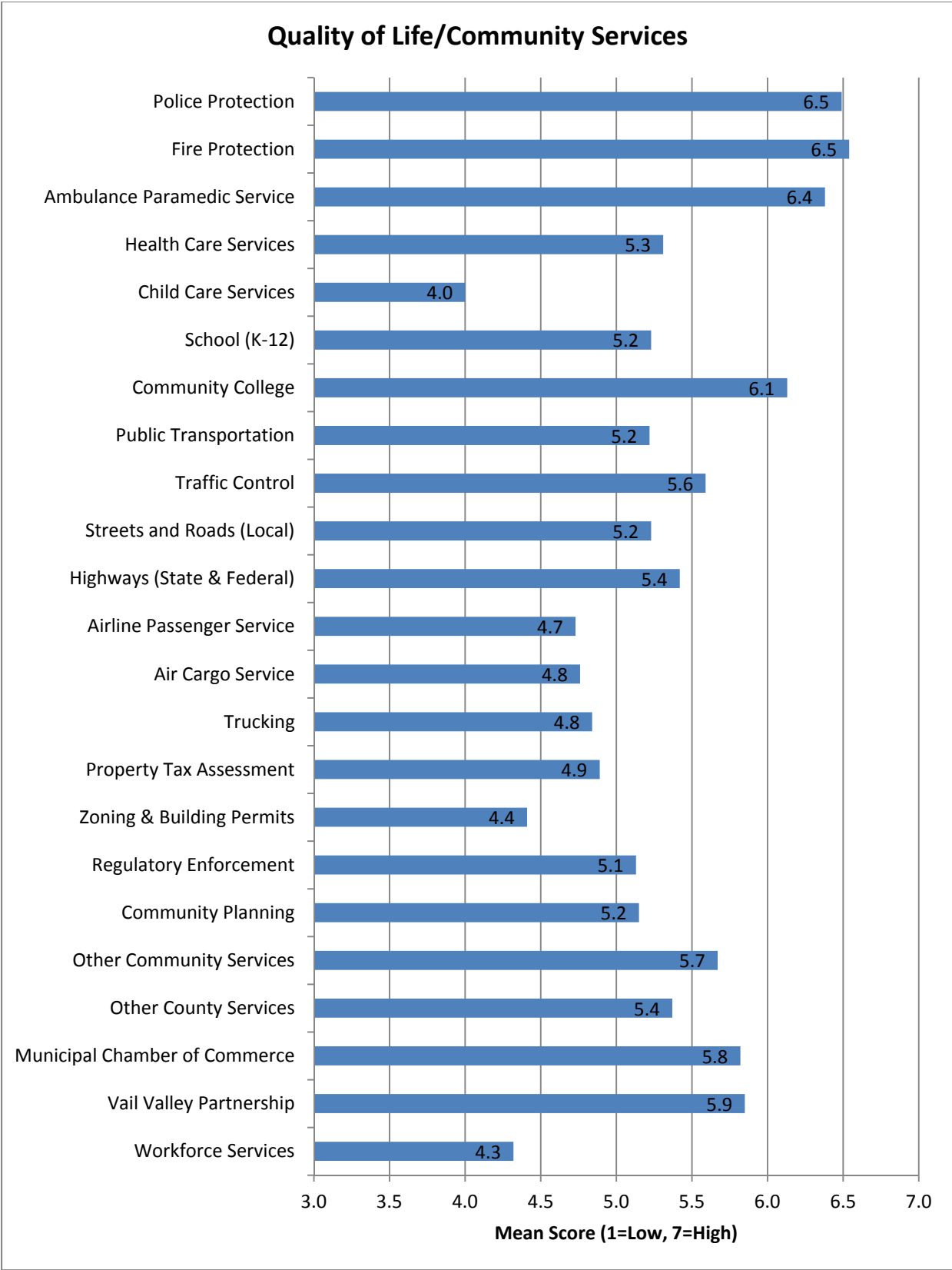
VII. Local Technological Infrastructure and Community Services

- 89.7 percent say the community's technology infrastructure is adequate for the company's growth plan.
- 64.9% say that there is emerging technology that will substantially change either the company's primary product/service or how it is developed. Most (88.9%) say the emerging technology is positive, 3.7% say it is negative, and 7.4% say it is both positive and negative.





Businesses are quite satisfied with water, sewer, natural gas, and electric utilities, but are much less satisfied with telecomm, cellular service, Internet access, and Internet speed. Given that they also report increasing use of cellular service and the Internet translate into areas where future improvements would have a direct benefit to local businesses.



VIII. Conclusions and Next Steps

Participants were quite engaged in the interview process and were encouraged that there were stakeholders in Eagle County Government and in the business support community that were interested in understanding their experiences with running and growing a business in this community. Again, it is important to note that this effort focused, to the greatest extent possible, on primary businesses that generate at least a portion of their revenue from sales of products or services conducted outside of county. This means that certain sectors and/or businesses that solely exist in the county to serve the tourist industry, such as hotels and most restaurants, or solely serve the needs of local residents were deliberately omitted from the potential sample pool. At the same time, the county has a relatively small pool of what would be considered true primary businesses and therefore, this effort utilized a somewhat wider selection of business sectors than what might be done in higher density metropolitan areas. This is reflected in the fact that about 25% of the businesses that were interviewed reported that all of their revenue was from sales from within the county. Some of these non-primary businesses were chosen because although 100% of their sales are local, they attract regional customers from outside of the county who come to their local facility for a unique product or service.

Overall, there was considerable variability of responses based on industry sector and where the company was in terms of its life cycle. There were also some important differences that emerged between specific municipalities. For example, running a business in Vail or Beaver Creek has unique challenges not seen elsewhere in the county. However, true primary businesses are unlikely to locate their main operation in these resort towns due to the high cost of commercial real estate. Elsewhere in county, interview participants even underscored significant differences between neighboring towns, such as Eagle and Gypsum. Because this project is an ongoing effort, this summary is the first in a series of reports to better understand policies and supports needed to retain primary businesses in the county, facilitate their growth, and attract other primary businesses from outside the county to locate here. Additional interviews will be conducted throughout 2019 and as the sample size increases, the ability to disaggregate the results by key variables will also increase. These variables include: industry sector, select municipalities within the county, where the business is in its life cycle, the maximum extent of the business's market, change in sales for the business over time, as well as other key variables that may emerge during the course of future analyses.