

**ECONOMIC DEVELOPMENT CORPORATION
OF SARASOTA COUNTY**

Connect. Capture. Compete. Communicate.

**BUSINESS
COMPETITIVENESS
SURVEY**

JANUARY 2017



edcsarasotacounty.com

Introduction

The Economic Development Corporation of Sarasota County and its many partners work every day to grow and diversify Sarasota County's economy. A key element of this strategy is understanding the needs, perspective, and issues that existing businesses face as they grow and thrive in our community. Although the EDC works and interacts every day with businesses, it is vital to regularly "take the pulse" of the CEOs of diversifying companies to make certain our community's leaders understand the latest issues and challenges facing these businesses.

Who are these diversifying businesses and why are they important? Diversifying businesses are those that sell the majority of their product or services outside the local market and pay higher than average wages. Examples are manufacturing, corporate headquarters, technology, life sciences, research and development, among others. They are important because in order to have a healthy economy, a community needs a balance of various business sectors. Sarasota County has traditionally been dependent upon tourism, construction and real estate and retirement services. A recession or natural disaster like a hurricane can change our economy quickly, resulting in business closings, lost jobs, etc. as we witnessed a few years ago.

ABOUT THE SUMMARY

All local business data was confidentially collected through one-on-one surveys by the Economic Development Corporation of Sarasota County. This report was prepared with input from Stuart Rogel, President of Graylan Ventures LLC. Graylan Ventures provides C-level leadership strategy and business development services to startup companies, small and medium-sized businesses, and economic and community development enterprise, and is located in Tampa, Florida.

The Survey

For the second straight year, the Economic Development Corporation conducted a survey to understand business issues, CEOs viewpoints, and year-to-year trends. All surveys were conducted one-on-one with C-level executives from a cross-section of industries and provide a good understanding of current conditions and trends in our diversifying business community.

SUMMARY

This report highlights the findings of 74 companies that were visited between February 1, 2016 and October 31, 2016. Forty-five companies that were interviewed in 2015 were re-interviewed in 2016. A wide range of company sizes, industry sectors, and geographic areas are represented in this year's survey.

The survey is an integral part of an ongoing four-step process that includes:

- Interviewing companies and gathering feedback,
- Assessing needs and identifying opportunities
- Responding to and addressing business and community issues
- Enhancing communications and building relationships with stakeholders throughout the area

Like last year's results, the survey respondents overall share a significantly favorable view of various business climate, community, and governmental factors.

"It's a safe, clean place to raise a family with good schools."

However, these local companies face substantial hurdles regarding workforce recruitment, retention and training, especially related to technical and administrative personnel. Many of these workforce challenges reflect a national trend and are typical of a low unemployment business cycle.

Likewise, the availability and cost of worker housing and the accessibility of transportation to keep up with Sarasota County's rapid growth remain as concerns that could impact the growth of companies diversifying our economy.

These issues will be discussed in greater detail later in this report.

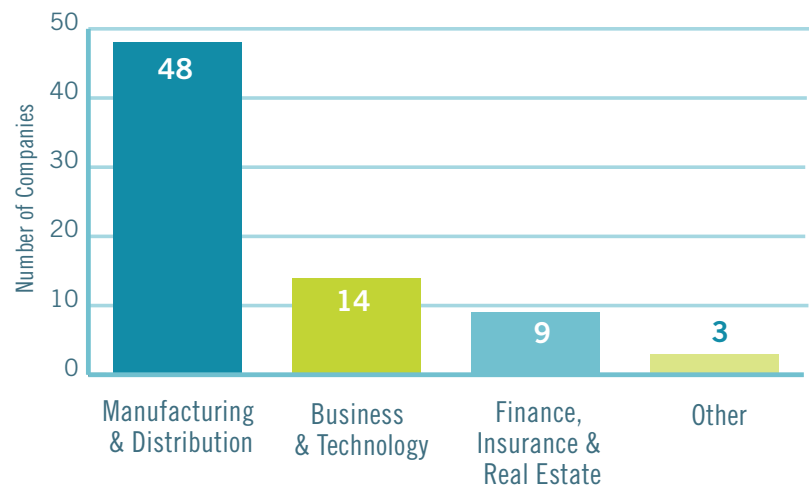


"Big city in a small town."



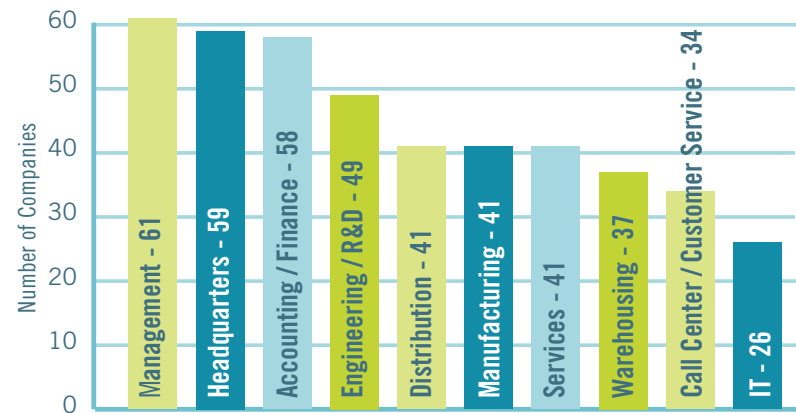
Profile of Companies Surveyed

INDUSTRY SEGMENTS INTERVIEWED

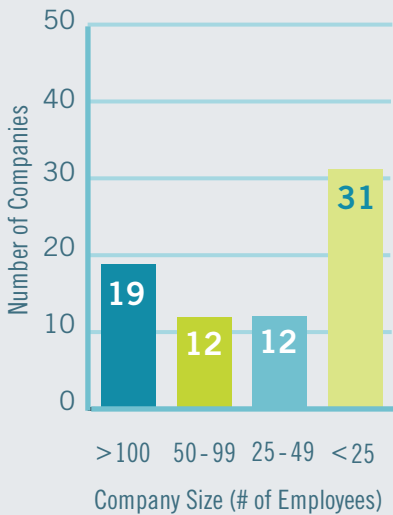


Of the 74 companies interviewed, 48 were manufacturing/distribution, 14 were business and technical services, 9 were finance and insurance, and 3 fell into an “other” category. Combined, the companies interviewed employ 7,656 full-time employees and have an annual payroll of over \$472 million. They also occupy 3.02 million square feet of space, and have annual sales of nearly \$3.7 billion. 72% are privately owned, 21% are family owned and 8% are publicly held.

TYPES OF OPERATION



COMPANY SIZE - EMPLOYMENT



26% of the companies have 100+ employees, 15% of companies employ between 50-99 employees, 16% have 25-29 employees and 42% of the companies employ 24 or fewer employees.

A wide variety of business functions exist at most companies, necessitating that these companies secure a broad and diverse range of talent and real estate facilities.

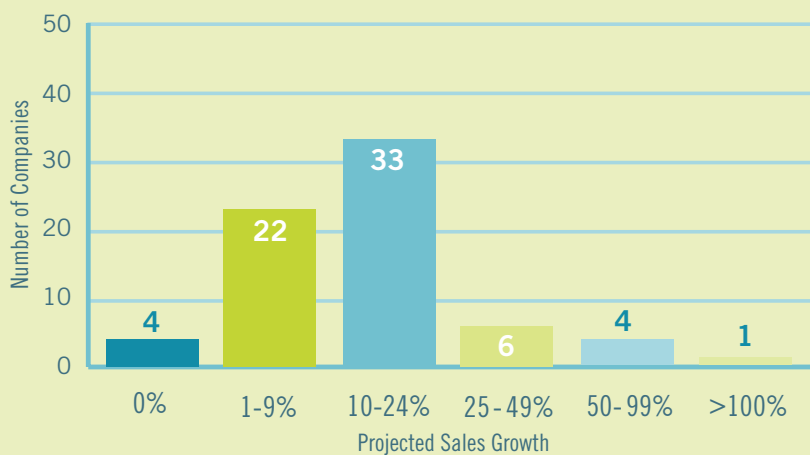


Overall Outlook

Most businesses have seen revenues increase over the past few years. More than half have increased their investment in new equipment at their facilities and most have also added new jobs at their Sarasota County location.

Growth plans reflect a continuation of this positive trend. Over 30% of businesses have had, or are planning, an expansion. Approximately 1,059 new jobs are anticipated to be added locally over the next three years by the companies surveyed.

PROJECTED SALES GROWTH



Projected sales growth remains healthy with 45% of those surveyed anticipating revenue growth of 10-24% for this next year.

Sarasota County's excellent quality of life was a resounding message. The arts, culture, recreation, restaurants, and welcoming attitude were attributes mentioned by many respondents.

"Work where you want to live."

"Big city in a small town."

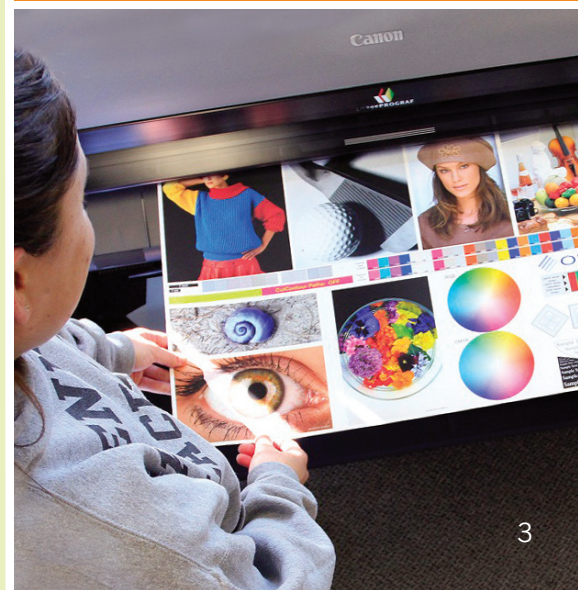
"Community pride – a passion to improve the community."

"Great mix of business and lifestyle."

– just a few comments about the community's quality of life.



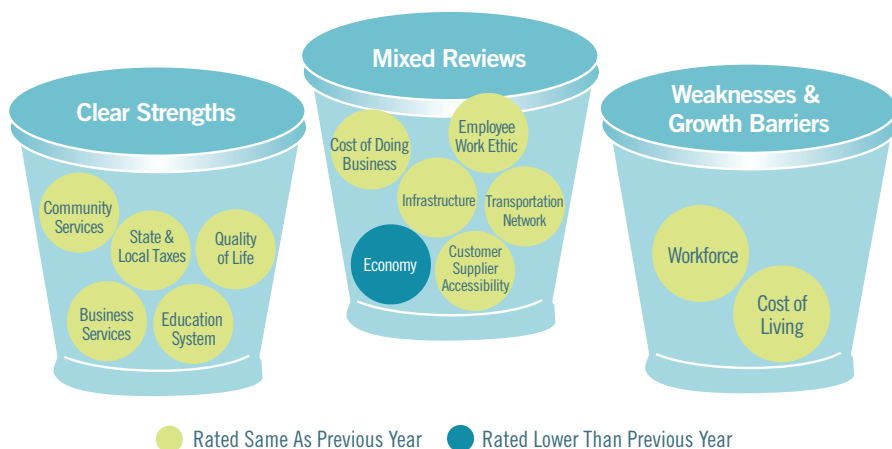
**"Work where
you want
to live."**



Survey Results

As part of the survey, companies were requested to rate overall criteria related to community strengths, municipal services, and the business climate.

COMMUNITY STRENGTHS RATINGS



Not surprising, quality of life received the highest-ranked community strength. Available business services, education system and civic leadership, and low taxes were also viewed very positively.

CEOs ranked the strength of the local economy at 74% of those surveyed, slightly less than last year. The low cost of doing business was rated as a positive by nearly 70%, while the cost of living had a significantly lower rating.

Although the work ethic of existing employees was rated highly, finding them was more of a frustration. The workforce in general was more of a concern, reflecting rapid employment growth, a tightening labor market, and general training and readiness issues.

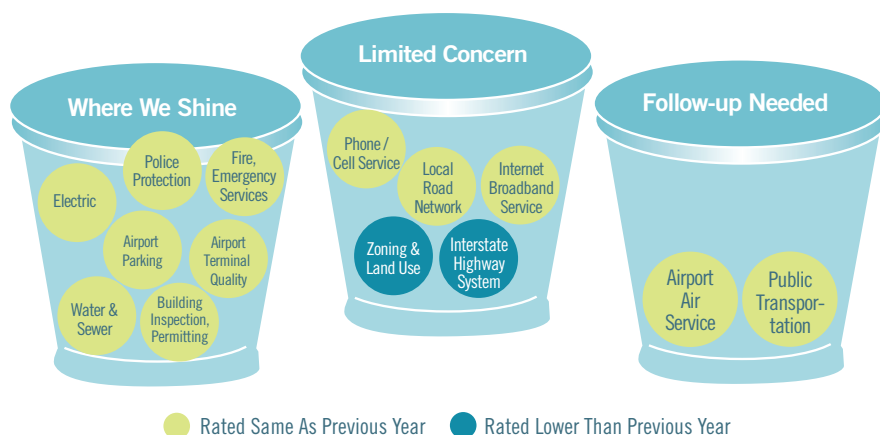
“Although we hire many of our professional jobs through intern programs, we are concerned about upcoming retirements. Thus, we have recently established a knowledge training program to transfer knowledge of experienced employees to other existing employees.”

Transportation, public transit, local nonstop air service, and zoning/land use policies are of concern to local businesses. Public transportation is either not relevant for businesses or local transit services don’t meet the needs of employees. The local road network and interstate highway system, which is experiencing substantial reconstruction throughout the county, and especially at the I-75/University Parkway interchange, is of increasing concern to those businesses surveyed. Many recognize that these traffic issues are temporary and will provide much better roads when completed, but it is challenging while the work is being done.

Survey participants continue to rank Sarasota-Bradenton International Airport highly for the airports terminal and parking facilities but continue to be desirous of more airline services to major destinations.

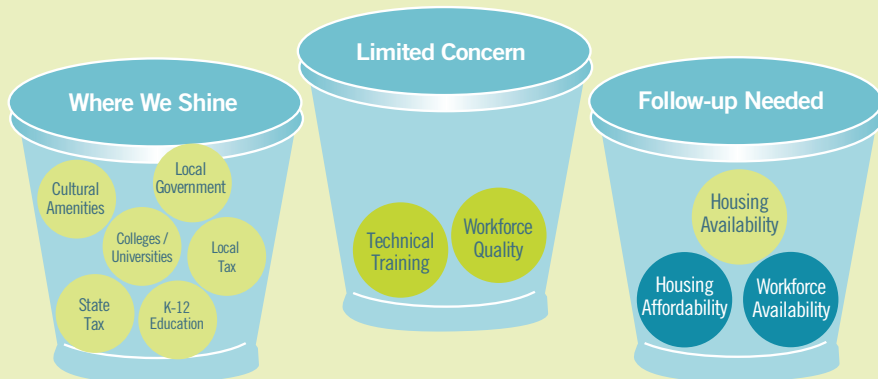
Local zoning and land-use policies were of concern primarily because of limited affordable worker housing and a tight supply of available industrial/commercial sites in the county.

MUNICIPAL RATINGS



Survey Results

BUSINESS CLIMATE RATINGS



● Rated Same As Previous Year ● Rated Higher Than Previous Year ● Rated Lower Than Previous Year

Local colleges, universities, and the K-12 education system continue to be rated very highly. For the second year, 86% continue to rate the state and local tax structure as excellent or good – a very high rating.

Workforce development, housing availability and affordability for employees remains business's top community issues for businesses. It is critical that the Sarasota County community actively address workforce housing availability and affordability.

OTHER KEY FINDINGS

More businesses are evaluating salary and benefit programs, implementing internships, or employing specialized training programs in partnership with universities, colleges, local high schools and/or technical schools, and other institutions to supplement their existing workforce.

- 83% of business leaders report a strong ability to retain existing employees once they find those with a good work ethic and attitude.
- Employee recruitment remains challenging, especially given Sarasota County's perceived high cost of living and reputation as a retirement / tourist destination. Recruitment costs also contribute to the higher cost of doing business.
- Some of those interviewed have a limited knowledge of the availability and scope of local training options.
- Sarasota County is a vibrant entrepreneurial community. Of the 74 companies interviewed, 54 were started in Sarasota County.
- More than 55% of the surveyed companies have an R&D component and 77% are creating new products, services, or incorporating new technologies. This provides opportunities for enhanced university research ties.
- 29% cannot expand in their current facility and will need to evaluate alternative real estate to support their growth. This demonstrates a need to develop a community-based plan that meets the near and long-term needs of growing businesses.
- More than 50% of companies interviewed are involved in international trade, either exporting or importing goods and services.
- Sarasota County's economic development efforts received very high marks – 84% rated it excellent or good.



**“Sarasota
has a great
environment,
It’s a nice
place to work.”**



Year-to-Year Comparisons 2015-2016

This year's survey replicated most of the questions asked in last year's survey. Sixty percent of the businesses surveyed (45) were re-surveyed in 2016. This provides an opportunity to begin to identify trending issues for business leaders. Overall, those surveyed noted very few changes in key business climate indicators. In general, all surveyed noted minor improvements in workforce quality and related technical training provided by the community. Conversely, the interstate highway and zoning and land use indicators declined from last year to this year. Most surprisingly, the economy was ranked lower this year, primarily due to general economic or industry uncertainty not specifically related to Sarasota County.

Those business leaders who were interviewed both in 2015 and 2016 generally had a more favorable view of business conditions in Sarasota County. These individuals ranked the economy higher than those surveyed for the first time. Additionally, this group had more favorable ratings of housing availability, workforce quality, and technical training.

It is likely too soon to track real trends from one year to the next. However, it is worthwhile to continue to track these indicators from year to year to review progress and to flag ongoing issues that requiring greater community consideration.

GOING FORWARD: IMPROVING THE CLIMATE FOR BUSINESS

In the year since the first Business Competitiveness report was issued, a variety of initiatives have begun, or will be forthcoming, which will address some of the issues identified in this report. Many of the business concerns such as workforce and housing are complex and reflect nation-wide issues that are common to growing communities. Many of the EDC's partners are engaged in working with employers to help them meet their needs. Below are a few items in place or planned. Please note that this list is not a complete list, but examples of work being done to make Sarasota County a better place for business.

WORKFORCE

- The **UF Innovation Station** opened this past year, bringing exciting opportunities to local companies. The Innovation Station has connected several local companies to the expertise at UF's College of Engineering for research assistance and new product development. The Innovation Station will also create a pipeline of STEM students to meet workforce needs through internships and the Gator Engineering program at SCF. Gator Engineering allows up to 20 students the opportunity to complete courses in their freshman and sophomore years at SCF and become UF Engineering students if the credit requirements are met.
- **New College's** first cohort of seven students will be graduating in May, 2017 with their Master's in Data Science degrees, following a final semester paid practicum at one of their corporate partners, one of which is a Sarasota County company. The second cohort entered the program in the fall of 2016, and over time the program will develop a potential talent supply in predictive analytics.

Diversification of the economy is to have a healthy balance of various industry sectors that can withstand economic downturns and provide high wage jobs for the community. Essentially, these are those industry sectors such as manufacturing, corporate headquarters, technology, life sciences and others that sell the majority of their product outside the local market and pay higher wages.



Going Forward

- **State College of Florida** added an Associate of Science program in Risk Management and Insurance Services, and USF Sarasota-Manatee created a Minor degree in the same subject to meet the workforce needs of the growing insurance industry.
- **USF Sarasota-Manatee** launched a new STEM initiative by adding a College of Science and Mathematics to their offerings. One of the new programs is “Bridge to Engineering”, which will offer local students a path to USF’s mechanical engineering degree program in Tampa.
- **CareerEdge Funders Collaborative** expanded its Internship Reimbursement Program to encourage more organizations to offer these experiential opportunities, with almost 100 interns funded at 40 different companies and organizations. It is also working with several local colleges to incorporate internships into their curriculum.
- **SCF’s Workforce Solutions** offered multiple online basic manufacturing courses of MSSC. **CareerSource Suncoast** provided Employed Worker Grants to many companies to help cover the cost of the class.
- **Suncoast Technical College** graduated another 21 students from their Precision Machining program, bringing the total to 59 graduates in three years. Other new manufacturing classes are planned for their new campus in North Port, beginning with Industrial Maintenance.

WORKFORCE HOUSING

- **Sarasota County government** has been collecting information and data on affordable housing along with an Affordable Housing Advisory Committee. In early 2017, reports will be made to the County Commission for their direction regarding policy which will likely include specific actions or strategies to move forward.
- **The City of Sarasota** agreed to change its’ comprehensive plan to allow a developer to move forward with plans to build 393 affordable apartments.

COMMERCIAL PROPERTIES

- **The EDC** worked with the county and a private company to do an independent survey to identify potential sites for future office and light industrial developments.

AIR SERVICE

- **Sarasota-Bradenton International Airport** expanded air service with Elite Airways entering the market and offering direct flights to Portland, Maine.

TRANSPORTATION

- **The I-75 and University Parkway interchange** is on track for completion in late summer 2017 which should alleviate the traffic issues at that site.

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“Great mix of business and lifestyle.”



Going Forward (Continued)

- **SCAT** implemented a new daily trip each way to the Laurel Road-Knights Trail area Monday through Saturday, traveling from North Port to Sarasota with stops at large employers in the business parks near the I-75 and Laurel Road exit.
- **The City of Sarasota** is considering contracting with a vendor to provide a free shuttle for the downtown area to reduce traffic congestion.
- **A private ferry service** between Manatee and Sarasota Counties is under consideration which would provide an alternative transportation option for both visitors and workers.

Survey results reported in this document continue to guide the EDC, elected officials, and our community partners to stay focused on finding solutions. There is still much to be done but we remain committed to working on these issues, as well as respond to new ones, to assure that Sarasota County has the right business climate to support our important diversifying industries.



“There’s a willingness for local gov’t to support business and resolve issues.”



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About The EDC Business Retention & Expansion Program

The goal of the Economic Development Corporation of Sarasota County's Business Retention and Expansion Program is to maintain ongoing communications with high-impact, high-value businesses in targeted industry sectors throughout Sarasota County. We meet with larger employers at least once a year while other firms are contacted more frequently, if and as needed. Each one-on-one meeting with CEOs, VPs, and other managers is an open, but confidential, dialogue relative to the business's background, current situation, industry dynamics, challenges, opportunities, and specific issues. Typically, these confidential visits occur at the company and often involve additional company representatives.

When issues are identified, the EDC involves and engages those community organizations that are best able to assist the company. Assistance may include:

- Workforce training assistance
- Relocation materials to recruit out-of-state staff candidates
- Business intelligence
- Incentive advice information and permitting
- Other regulatory assistance as needed

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