

## Appendix D

### Hillsdale County Industrial Survey Results

1. If you are located in any of these Industrial Parks, check appropriate box:

a. Camden Industrial Park	0
b. Hillsdale Industrial Park	5
c. Jonesville Industrial Park	2
d. Litchfield Industrial Park	2
e. Reading Industrial Park	<u>0</u>
	9

Of the 21 companies responding to the survey, 43% are located in one of the County's industrial parks, Hillsdale Industrial Park being the most prominent

2. How long has your business been in operation at this location?

The median age of respondents was 26 years, suggesting that longer term industries were more likely to complete the survey.

3. Is this establishment a:

a. Headquarters/main office:	13
b. Branch Plant:	6
c. A franchise:	<u>0</u>
	19

68% of the respondents were headquarters/main office, while the remaining 32% were branch plants.

4. If your establishment is not the headquarters, please indicate the location of your corporate headquarters.

Of those responding, 62% said that their headquarters was somewhere else in Michigan while the remaining 38% indicated that headquarters was in the United States, outside of Michigan.

5. If your corporate headquarters is in the U.S., but out of State, please indicate which State.

There were three responses to this question – two industries indicated Indiana and one said Arizona as the location of their headquarters.

6. Which of the following industries best describes your business?

Manufacturing, auto industry	40%
Farming / agriculture business	35%
Other manufacturing	15%
Services	5%
Other	5%

Of those responding to the survey, most were manufacturing firms, primarily related to the auto industry. Just over a third was farming / agricultural related.

7. What are the major products or services offered by this establishment and what percentage of your sales come from each one?

The results for this question have been categorized by the type of industry:

**Manufacturing, auto industry**

- a. Automotive injection molded products – 100%
- b. Automotive fuel rails 90%; general tubing fabrication 10%
- c. 100% comes from automotive sales of products to Chrysler, GM, Ford and diversified automotive.
- d. Production Machining and Stamping (Auto) 80% Non-Automotive production 20%
- e. Precision machined automotive components 100%
- f. Hitch receiver sales 100%
- g. Painted metal 65%; testing services 35%
- h. Lubrication oil manufacturing

**Farming / agriculture business**

- i. Fruit 40%; Greenhouse 30%; Vegetables 10%; Christmas Trees 10%; Field Crops 10%
- j. Agriculture Credit
- k. Agricultural and Lawn Equipment
- l. #2 Yellow Corn 50%; Feed Grade Soybeans 35%; Soft Red Wheat 15%
- m. Milk-95%; cattle sales-5%
- n. Swine feed 50%; Cattle feed 50%
- o. Young Plants from: Seed Plugs 83%; Vegetative Liners 17%

**Other manufacturing**

- p. Paper tubes 100%
- q. Fabricated wire products wire mesh partitions, non-powered material handling equipment (self dumping hoppers, industrial carts, machine guarding
- r. Tool and Die 100%

**Services**

- s. Member benefits & health insurance 100%

8. Are there any products or services that your businesses could offer that are not currently offered?

	Response %	Response Total
Yes	63.2	12
No	36.8	7

Almost two thirds of the respondents said that there are products or services that their businesses could offer that are not currently being offered. About a third responded in the negative.

9. Please list what products or services might be offered:  
Ten industries responded to this question:

**Manufacturing, auto industry**

- a. light assembly services
- b. Tube fabrication welding bending cut-off
- c. Military Contracts Aerospace
- d. small volume part processing

**Farming / agriculture business**

- e. Food Grade Soybeans Pharmaceutical Grains Ready to Eat Produce
- f. Other types of animal feed
- g. Plugs and Liners of Woody Nursery Material Tags and Point of Purchase material Electrical Power - Methane Digester Potting Soil - Methane Digester Fertilizer - Methane Digester
- h. Bottling

**Other manufacturing**

- i. Production machining

**Services**

- j. Crop Insurance, Farm Records, Tax Preparation, Life Insurance

10. Please indicate possible problems why the products or services aren't offered:

Product requires more research and development	2
Lack of affordable financing	2
Other:	8
<ul style="list-style-type: none"> <li>• Most companies keep this type of work in-house as a way to help monitor their Quality.</li> <li>• Choice</li> <li>• Insufficient market support</li> <li>• Lack of opportunity</li> <li>• Not wanted by corporate.</li> <li>• Currently under consideration</li> <li>• No current marketing effort</li> <li>• Lack of opportunity</li> </ul>	

While there was a wide range of reasons cited why particular products or services aren't offered, lack of affordable financing and market and research related issues were most frequently cited.

11. What percentage of product/service is sold in local, state, national and international markets?

**Manufacturing, auto industry**

Response	Hillsdale County %	Michigan %	National, outside Michigan %	International %
1	0	30	55	15
2	0	0	95	5
3	0	100	0	0
4	5	20	75	0
5	0	60	25	15
6	0	40	60	0
<b>Average</b>	1	42	52	8

**Farming / agriculture business**

Response	Hillsdale County	Michigan	National, outside Michigan	International
1	50	50	0	0
2	100	0	0	0
3	0	10	90	0
4	5	80	15	0
5	16	80	3	0
<b>Average</b>	34	44	22	0

**Other manufacturing**

Response	Hillsdale County	Michigan	National, outside Michigan	International
1	0	9	88	2
2	1	12	86	1
3	100	0	0	0
<b>Average</b>	33	7	58	1

**Services**

Response	Hillsdale County	Michigan	National, outside Michigan	International
1	100	0	0	0
2	100	0	0	0

Based upon these limited responses, most of the product/service of manufacturing companies is sold outside the local market while farming / agriculture businesses are more likely to sell their products and services within the county and state.

12. Would you say that your competitors are: (choose one)

	Response %	Response Total
Losing ground to you	26.3	5
Not having any real impact	36.8	7
Making significant inroads on your market	5.3	1
Future threat	15.8	3
Other (specify)	15.8	3
<ul style="list-style-type: none"> <li>• South American competition is having a significant impact on our ability to compete in the areas of land cost and employee benefits.</li> <li>• Current threat</li> <li>• We are impacted from the overseas outsourcing to China</li> </ul>		

Approximately 37% of the respondents indicated that competitors are making either inroads, or a current or future threat – suggesting the need for businesses to increase their competitive edge through various means of support, assistance and internal review of what needs to be changed to be more competitive, particularly in light of overseas competition that has been cited.

13. Do you expect the sales for your products from this location to increase, stay the same, or decrease over the next five years? (Choose one)

	Response %	Response Total
Increase	84.2	16
Stay the Same	5.3	1
Decrease	10.5	2

Most respondents (84.2%) said that they anticipate an increase in sales at their current location. While only 10% of the respondents anticipated a decrease, this percentage of the employment base expecting reduced business could result in significant problems for the County -- reinforcing the need for an extensive retention program to identify and resolve issues.

14. Where do you obtain most of your primary raw materials, components, products or services?

	Response %	Response Total
Hillsdale County	11.1	2
Michigan	22.2	4
Nationally, outside Michigan	61.1	11
Internationally	5.6	1

Based upon these survey results, only 11% of primary raw materials, components, products or services are obtained from within of Hillsdale County. The majority of purchases are from outside of Michigan.

15. Please list any primary raw materials, components, products or services presently purchased outside the County. Here is a list of raw materials respondents said they purchase outside the County:

- Paper glue
- Wire products
- Plastic Resins
- Cardboard
- Gaskets and foam
- Fasteners and Clips
- Metal, and aluminum brackets
- Base oil
- Stainless steel
- Low carbon
- Brass and copper tubing
- Stainless steel and low carbon injector cups (stampings)
- Steel balls, O-rings
- Castings, Steel
- Metal castings and rubber
- Metals, coatings
- Minerals, equipment, trucking
- Agricultural equipment
- Soybean meal, calcium carbonate, salt, distillers grains, meat & bone meal, and paper bags
- Seed and Vegetative Cuttings, plastic trays and liners, cardboard boxes and liners, media and chemicals, tray labels

Based upon these responses, there is a broad mix of both manufacturing and agricultural materials, components, products or services presently purchased outside Hillsdale County.

16. Please select all the significant changes in your company you expect to take place in the next five years.

	Response %	Response Total
None	11.1	2
Change Product line	27.8	5
Change the mix of goods/services	55.6	10
Expect to expand	38.9	7
Relocate	0	0
Add new product line	38.9	7
Downsize	0	0
Change production technology	44.4	8
Other:	11.1	2
<ul style="list-style-type: none"> <li>• Increase capacity</li> <li>• Currently not expecting any changes. Largely depends on automotive industry sale.</li> </ul>		

Responses to this question were encouraging – none of the respondents indicated a relocation or downsizing. Almost 40% anticipated an expansion while a high percent of respondents suggested changing/adding product lines and production technology.

17. If you are considering relocation, what are your primary reasons?

Despite the response to above question, two respondents indicated they are considering relocation – both are considering relocation based primarily upon the cost of doing business as the result of local and state taxes:

- Cost of workmen's compensation, health care, property taxes and utilities, access to new markets, lack of adequate transportation, and difficulty in obtaining financing;
- Cost of workmen's compensation, health care, local taxes, property taxes, utilities, and access to new markets.

18. What changes or existing problems that could worsen to the point where you might consider relocating out of Hillsdale County? (please check all that apply)

	Response %	Response Total
Cost of workmen compensation	43.8	7
Health care costs	43.8	7
Property tax costs	43.8	7
Cost of utilities	37.5	6
Cost of labor	31.2	5
Access to new markets	31.2	5
Cost of local taxes	25.0	4
Difficulty in finding labor	18.8	3
Cost of unemployment insurance	18.8	3
Difficulty with local government	12.5	2
Lack of adequate transportation	12.5	2
Zoning regulations	12.5	2
Owner retirement	6.2	1
Inadequate public services	6.2	1
Difficulty in obtaining financing	6.2	1
Recruitment efforts by other cities/states	6.2	1
Other:	18.8	3
<ul style="list-style-type: none"> <li>• Difficulty in finding farmland investors from which to rent additional land.</li> <li>• Roads</li> <li>• Plant closings</li> </ul>		

Based upon these survey results, about a third of the respondents indicated that if cost of business issues (workmen's compensation, health care, property tax, utilities, and labor) worsens they might consider relocating out of Hillsdale County. Infrastructure (adequate transportation, public services and roads) were also frequently cited.

19. How could local government better support your business plans? (please check all that apply)

	Response %	Response Total
Reduce tax burden on business	60	9
Improve local infrastructure such as roads and sewers	46.7	7
Increase/improve marketing effort to promote the County	40	6
Provide or expand tax incentives/abatements for new business	40	6
Help entrepreneurs with new businesses	33.3	5
Better communication between state/local government	33.3	5
Improve local financing opportunities	20	3
Improve local government's responsiveness to business	20	3
Revise environmental regulations	13.3	2
Revise zoning regulations	6.7	1
Other: Upgrade all utilities -- gas, electric, phone, internet, Etc.	6.7	1

Reducing the tax burden was most frequently cited as a way for local government to support business plans. The second most often cited reason was improving the local infrastructure including roads and sewers. Here are the top reasons cited by a third or more of the respondents:

- Reduce tax burden on business
- Improve local infrastructure such as roads and sewers
- Increase/improve marketing effort to promote the County
- Provide or expand tax incentives/abatements for new business
- Help entrepreneurs with new businesses
- Better communication between state/local government

20. How could state government better support your business plans? (please check all that apply)

	Response %	Response Total
Reduce tax burden on business	62.5	10
Improve State government's responsiveness to business	43.8	7
Increase/improve marketing effort to promote the County	37.5	6
Provide or expand tax incentives/abatements for new business	37.5	6
Improve local financing opportunities	25	4
Help entrepreneurs with new businesses	18.8	3
Revise environmental regulations	18.8	3
Better communication between state/local government	12.5	2
Other:	18.8	3
<ul style="list-style-type: none"> <li>• Help reduce health care costs</li> <li>• Consider Agriculture as an industry that qualifies for tax incentives.</li> <li>• Become less dependent on the Big Three.</li> </ul>		

Similar to the above question regarding local government, reducing the tax burden was most frequently cited as a way for state government to support business plans, followed by improving State government's responsiveness to business. Here are the top reasons cited by a quarter or more of the respondents:

- Reduce tax burden on business
- Improve State government's responsiveness to business
- Increase/improve marketing effort to promote the County
- Provide or expand tax incentives/abatements for new business.
- Improve local financing opportunities



21. Please rank the quality of the following community services

	Very Positive	Positive	Neutral	Negative	Very Negative	Response Average
Roads	0% (0)	<b>26% (5)</b>	21% (4)	<b>26% (5)</b>	<b>26% (5)</b>	<b>3.53</b>
Railroads	0% (0)	26% (5)	<b>63% (12)</b>	11% (2)	0% (0)	<b>2.84</b>
Air service	0% (0)	6% (1)	<b>67% (12)</b>	28% (5)	0% (0)	<b>3.22</b>
Freight	0% (0)	<b>59% (10)</b>	41% (7)	0% (0)	0% (0)	<b>2.41</b>
Garbage	0% (0)	<b>50% (9)</b>	44% (8)	0% (0)	6% (1)	<b>2.61</b>
Fire	16% (3)	<b>53% (10)</b>	26% (5)	5% (1)	0% (0)	<b>2.21</b>
Police	6% (1)	<b>61% (11)</b>	22% (4)	11% (2)	0% (0)	<b>2.39</b>
Phone	0% (0)	<b>56% (10)</b>	17% (3)	22% (4)	6% (1)	<b>2.78</b>
Water	0% (0)	<b>47% (9)</b>	26% (5)	26% (5)	0% (0)	<b>2.79</b>
Electric	0% (0)	33% (6)	<b>39% (7)</b>	22% (4)	6% (1)	<b>3.00</b>
Telecommunications	0% (0)	<b>37% (7)</b>	21% (4)	32% (6)	11% (2)	<b>3.16</b>
Job training services	6% (1)	17% (3)	<b>61% (11)</b>	11% (2)	6% (1)	<b>2.94</b>
Schools	5% (1)	<b>47% (9)</b>	42% (8)	5% (1)	0% (0)	<b>2.47</b>
Medical	6% (1)	39% (7)	<b>44% (8)</b>	11% (2)	0% (0)	<b>2.61</b>
Recreation	11% (2)	26% (5)	<b>47% (9)</b>	16% (3)	0% (0)	<b>2.68</b>
Quality of life	11% (2)	<b>53% (10)</b>	37% (7)	0% (0)	0% (0)	<b>2.26</b>
Quality of housing	0% (0)	42% (8)	<b>47% (9)</b>	11% (2)	0% (0)	<b>2.68</b>
Availability of housing	0% (0)	37% (7)	<b>58% (11)</b>	5% (1)	0% (0)	<b>2.68</b>

The community services with the **most favorable** rankings are these:

- Fire (2.21)
- Quality of life (2.26)
- Police (2.39)
- Freight (2.41)
- Schools (2.47)
- Medical (2.61)
- Garbage (2.61)
- Quality of housing (2.68)
- Availability of housing (2.68)

The community services with the **least favorable** rankings are these:

- Roads (3.53)
- Air service (3.22)
- Telecommunications (3.16)
- Electric (3.0)

22. If your business obtained financing for an expansion, start-up capital, or major capital investment within the last five years, please indicate all sources of financing used (indicate all that apply).

	Response %	Response Total
Bank	53.3	8
Internal financing from profits	20	3
Financing from the parent company	20	3
Personal Savings	6.7	1
Local public financing (county or local government)	0	0
Small Business Administration (SBA)	0	0

Just over half of the respondents obtained bank financing for an expansion, start-up capital, or major capital investment within the last five years, 20% used internal financing or financing from the parent company. None of the respondents used public financing or assistance from the Small Business Administration (SBA).

23. Are local financial institutions presently meeting your financial needs?

	Response %	Response Total
Yes	83.3	15
No	5.6	1
Other: Michigan banks have tightened the purse strings due to the record closings of our manufacturing plants and Tool & Die shops. Those that have survived thus far are having a hard time convincing the banks to support them.	5.6	1

While the overwhelming majority of respondents said that local financial institutions are meeting their financial needs, the sole comment suggested that there is increasing difficulty accessing financing.

24. What is your current workforce?

	Average	Median	Response Total
Employees full-time	64.9	26	19
Employees part-time	13.2	1.5	12
Contract employees	2.2	0	9

25. Has your workforce increased or decreased over the last five years (Choose one)?

	Average	Median	Response %	Response Total
Increased, by (FTEs)	20	20	20	3
Decreased, by (FTEs)	64.9	10	53	8
Stayed the same	--	--	27	4

26. Over the next five years to you expect your workforce to (Choose one)

	Average	Median	Response %	Response Total
Increased, by (FTEs)	11	10	71	10
Decreased, by (FTEs)	6	6	7	1
Stayed the same	--	--	21	3

While respondents indicated a decrease in their workforce over the past five years, they are generally forecasting an increase over the next five years – although the average future increase is below the average workforce loss from the past five years.

27. Which types of positions have you had problems with recruiting and/or retaining employees (please choose all that apply)?

	Response %	Response Total
Unskilled	16.7	3
Semi-skilled	16.7	3
Skilled	33.3	6
Supervisory	22.2	4
Degreed / Professionals	16.7	3
None	38.9	7

Most respondents had problems with recruiting and/or retaining employees – skilled employees being the most frequently cited.

28. Are you satisfied with the quality of training (skills) in the employees you are hiring from our local learning institutions in Hillsdale County, including local school districts?

	Response %	Response Total
Yes	57.9	11
No	26.3	5
Other: <ul style="list-style-type: none"> <li>• Lack of coordination between institutions and employers;</li> <li>• I am not aware of any Quality specific training that is available from the local school districts. The work force development center is a great service;</li> <li>• Have not hired from schools in quite some time.</li> </ul>	15.8	3

While a majority of the respondents indicated satisfaction with the quality of training (skills) in the employees they are hiring from local learning institutions, a sizable portion of respondents suggested a lack of satisfaction.

29. Do you need further assistance or training to help your company stay competitive and productive in a state, national or global market?

	Response %	Response Total
Yes	23.5	4
No	76.5	13

Of the respondents to this question, about a fourth needs further assistance or training to help their company stay competitive and productive.

30. Please describe what kind of assistance is needed and who from your organization should be contacted.

There were three responses to this question:

- We need local assistance in developing Value Added uses for our agricultural products including food processing, grain-based fuels, livestock facilities.
- Financial, electric demand charge, outsourcing overseas issues
- The local utilities are in serious need of upgrading to support the expansion included in our future business plans. Consumers Energy seems very reluctant to address our long term needs. While we have experienced no first hand difficulty with our Fire and Police services (actually most of our experience has been positive), others in our immediate community have not been so fortunate. This is a concern. We would be very willing to utilize training resources that may become available in our community.

31. Please describe any other possible actions and/or policies that local government could take to improve the business climate in Hillsdale County and help your company grow and prosper.

There were nine responses to this question:

- For the students not entering college; the ability to 'test' their skill level to see where their talents are better suited. Better 'attitudes' about working, taking directions, and working with others. Most young people entering into the job market come with so much 'personal baggage' that it becomes a liability to employers who put a lot of time & energy to get them squared away.
- Establish a link between organizations, schools, and businesses.
- Have better opportunities to provide applicable training in skilled and semi skilled areas for the manufacturing floor.
- Need to prevent jobs being relocated to Mexico, China, and other countries outside the US.
- View agriculture as a stable, viable industry within our county and understand the financial impact that this industry has on the success of the county.
- Encourage a shift away from automotive only manufacturing.
- Better roads.
- Manufacturing climate in Michigan is at its lowest level. Need: 1) Representation to address overseas outsourcing. 2) Road improvements. 3) Alternative Small Business financial assistance to assist manufacturing survivors, other than banks. 4) State incentives to attract new business and 5) Removal/reduction of electric demand charge assessed businesses.
- Technology, training, and diversification are still the key to the future. Local government should be promoting programs that support these types of activities for the benefit of local manufacturers.