Business Survey

There are several surveys that were conducted as part of this analysis to generate critical information and a new data base not found elsewhere. One of those was a survey of current business operations within the study area.

The businesses were identified and contacted through the combined efforts of the Fennville Downtown Development Authority and The Chesapeake Group. About 50% of all the businesses situated in Fennville and nearby responded to the survey. The following is a synopsis of the salient findings.

Characteristics

A large majority (86%) of the individuals completing the survey were the owners of the establishments within the study area, while 11% work in a management position. Another small 3% classified themselves as “other”, including “corporate officers” and bookkeepers.

Table 1 – Respondent’s Position*

Position	%
Owner	86
Manager	11
Other	3
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The managers and other employees have been employed by the businesses for periods of time ranging from less than one year to longer than twenty years. As shown in Table 2, a majority of 63% of the employees has been with the establishments for ten years or more. On the average, the employees have worked for the area businesses for slightly less than thirteen years.

Table 2 – Managers’ Tenure with Business*

Tenure	%
Less Than 1 Year	5
1 To 2 Years	11
3 To 4 Years	16
5 To 9 Years	5
10 To 19 Years	21
20 Years Or More	42
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

As found in Table 3, about two-thirds (64%) of the employees have held their current position for a minimum of five years. On average, the employees have held their current position for approximately eleven years.

Table 3 – Employees Have Held Current Position*

Tenure in Current Position	%
Less Than 1 Year	10
1 To 2 Years	16
3 To 4 Years	10
5 To 9 Years	11
10 To 19 Years	16
20 Years Or More	37
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

While not generally recognized as a major factor in the closure of businesses in established neighborhoods and communities, many business establishments in fact shut down not as a result of market factors, but because they were independently owned or franchised, and the owner retired or was unable to operate the business any longer. There were no succession plans or "lineage" for the establishment. No other family member was available or chose to continue the operation. Thus, age is an important factor in assessing the potential for reinvestment in a commercial community. As shown in the table below, 15% of the owners are sixty years of age or older. An additional 35% are between fifty and fifty-nine.

Table 4 – Owners' Age*

Owners' Age	%
Less Than 30	3
30 To 49	47
50 To 59	35
60 Or Older	15
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

A minority of 30% of the owners at or nearing retirement age have not yet identified individuals to take over or continue the operation, while 39% have. An additional 31% reported uncertainty.

Table 5 – For Those 60 or Over, Has A Future Operator Been Identified*

Identified Future Operator	%
Yes	39
Uncertain	31
No	30
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

As shown in the following table, 54% of the businesses have been located in the area for twenty years or longer. About 14% of the establishments have been operating in the community for less than five years. It is estimated that the typical business has been serving the community on an average of approximately fifteen years.

Table 6 – Length of Time Located in the Fennville Area*

Length	%
Less Than 1 Year	2
1 To 2 Years	5
3 To 4 Years	7
5 To 9 Years	10
10 To 19 Years	22
20 Years Or More	54
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

There is a reasonable correlation between tenure in the area and the amount of time at the current location. The implication is that there has been a relatively small or infrequent movement from the time the business opened until the present day. The average tenure at their current location is approximately ten and one-half years.

Table 7 – Length of Time Located at This Specific Location*

Length	%
Less Than 1 Year	2
1 To 2 Years	7
3 To 4 Years	7
5 To 9 Years	10
10 To 19 Years	25
20 Years Or More	49
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The information contained in the chart below indicates that the businesses took multiple factors into account when selecting their locations. The most important consideration related to the vehicular traffic and access followed by the fact that they either purchased or inherited the business.

Table 8 – Primary Factors in Selecting Current Location*

Factors	%
Vehicular Traffic Volume or Access	30
Inherited or Purchased Business	24
Opportunity to Purchase	19
Proximity to Residential Activity	14
Character of Buildings and Area	14
Proximity to the Home	13
Opportunity to Rent	10
Pedestrian Traffic Volume	5
Proximity to Other Businesses	5
Other Reasons	19

*Developed by The Chesapeake Group, Inc., 2004.

Importantly, a majority of 75% of all businesses reported that their location had met their expectations, while 5% expressed disappointment. Those businesses that expressed disappointment cited difficulties related to the economy, in general; a lack of support from area residents; and competition from outlying stores and malls.

Table 9 – Location Met Expectations*

Met Expectations	%
Yes	75
Uncertain	20
No	5
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The survey generated additional information on the characteristics of the business community. A majority of 80% of the businesses owned the building that housed their establishment, while 20% are renters. The size of the operations ranged from a small office of 400 square feet to uses of 52,000 square feet. It is estimated that the average (mean) commercial establishment consisted of roughly 7,800 square feet. The average establishment occupies roughly 85% of the building that houses their operation.

Table 10 – Own or Rent*

Own or Rent	%
Own	80
Rent	20
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Those businesses that rented their space were asked if they had an interest in purchasing the property. As shown below, a minority of 14% expressed an interest in acquiring the property, while 29% were uncertain. Over one-half (57%) lacked an interest in acquiring the property.

Table 11 - Interested in Purchasing Building*

Interested in Purchasing	%
Yes	14
Uncertain	29
No	57
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Almost one-half (45%) of the property owners reported that there exists an outstanding debt on the property, while 10% were uncertain. About 45% reported that the property was debt free as shown in Table 12.

Table 12 - Outstanding Debt on the Building*

Outstanding Debt	%
Yes	45
Uncertain	10
No	45
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The survey also indicated a general lack of interest on the part of property owners in selling their property. As found in Table 13, only 4% of the property owners indicated an interest in selling their property.

Table 13 - Plan on Selling the Property*

Plan on Selling	%
Yes	4
Uncertain	25
No	71
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The types of businesses most often responding to the survey were retail establishments, professional services, followed by agriculture, wineries and forestry related establishments. A listing of the types of businesses is provided below. The 7% reported as “Other” include laundry facilities, recreational rental, and photographic studios and galleries.

Table 14 – Nature of the Business*

Type Of Business	%
Retail	26
Professional Services	21
Agriculture, Wineries, Forestry	14
Manufacturing	12
Food Establishment, Eating Drinking Places	12
General Construction or Other Contracting	12
Personal Services	7
Auto Service or Dealership	7
Real Estate	7
Insurance	5
Financial Institution	5
Retail Related Services	5
Hotel, Motel, Inn, Other Transient Service Facility	5
Other Consulting Services	5
Other	7

*Developed by The Chesapeake Group, Inc., 2004.

The following table provides information on employees that work throughout the year. The employment levels range from a single person to fifty employees. As detailed in the table, 77% of the establishments represent small businesses with one to ten employees. The average number of year-round employees per responding business is roughly eight.

Table 15 – Number of Year Round Employees (Including Owner)*

Number Of Year Round Employees	%
1 To 2	25
3 To 5	33
6 To 10	19
11 To 20	17
21 To 30	3
31 To 50	3
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

All but 7% of the surveyed firms reported having full-time employees all year. About two-thirds (68%) employ between one and five full-time workers. On average, the number of full-time employees per business is approximately six people.

Table 16 – Number of Full-Time Employees (Including Owner)*

Number Of Full-Time Employees	%
0	7
1 To 2	44
3 To 5	24
6 To 10	8
11 To 20	15
21 To 50	2
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

About two-thirds (64%) of the businesses utilize part-time help. Those firms with part-time help maintain an average part-time employment level of slightly more than five persons. Additionally 21% reported that they hire people to work on a seasonal basis. The number of seasonal workers per establishment range from a single individual to seventy-five. Those businesses that do use seasonal help employ an average of fifteen seasonal workers per business

Table 17 – Number of Part-Time Employees*

Number Of Part-Time Employees	%
0	36
1 To 2	31
3 To 5	25
6 To 10	3
11 Or More	5
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

About two-thirds (68%) of the businesses reported that most of their employees reside within Fennville; while 24% reported that the majority of their employees live elsewhere within the County.

Table 18 – Employees' Residence*

Residence	%
Fennville	68
Elsewhere in the County	24
Other Areas Outside the County	8
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Attitudes, Opinions & Trends

As shown in Table 19, only two in ten (19%) of the firms reported that they have experienced difficulties in attracting qualified employees. A number of these employers pointed out that they did not feel that they were in a position to offer competitive wages and benefits. Others attributed the problem to the fact that they were too far away from a major metropolitan area and, therefore, there was a shortage of qualified applicants.

Table 19 – Problems Attracting Labor or Employees *

Problems	%
Yes	19
No	81
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Collectively the businesses gave mixed reports on their level of sales and revenues during the past few years. More than one-third (38%) indicated that their sales had been up over the last several years, while 20% reported that revenues had been down. Approximately one-third (37%) reported that sales had been relatively stable.

Table 20 – Sales or Revenue Trends Over the Past Two or Three Years *

Sales / Revenues	%
Up	38
Down	20
About The Same	37
Uncertain	5
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Those businesses reporting a decline or lack of growth most often attributed the situation to the economy, in general. Others related the economy of the auto industry and the loss of manufacturing jobs within the state. Additional comments included:

- The perception that Fennville is a “bedroom community” and new residents, in particular, do not frequent or shop in downtown.
- The community lacks any organized promotional or marketing campaigns or programs.
- Sales tend to go up or down on a seasonal basis.

Businesses reporting increased sales most often attributed their success to:

- Continued residential growth in the area.
- Increased sales efforts, including aggressive marketing and advertising.
- Repeat customers as a result of quality service.
- Improved management techniques.

When asked to identify the location of their most significant competition, a majority of 63% of the respondents identified the local area, 13% the State, 15% the region, and 15% the nation.

Table 21 – Location of Major Competition*

Location	%
Local	63
Statewide	13
Region or Midwest Area	15
Nationwide	15
World Wide	3

*Developed by The Chesapeake Group, Inc., 2004.

Specify changes that businesses would like to see implemented within the area by the Fennville, the County, or the State that would directly benefit their business were identified. Their responses, in order of priority, included:

- Continued Downtown development, including “higher standards for the physical appearance of businesses” (storefronts).
- Coordinated and effective marketing and promotional campaigns to attract tourists and patrons. Specific ideas included, common advertising, marketing campaigns, festivals, concerts, and Chamber of Commerce programs.
- Continued residential growth, new residents.
- Improvements to the school system.
- Tax relief for small businesses.
- Incentives for building improvements.
- The containment of insurance costs.
- Changes or improvements to government regulations that impact local industry such as restrictions on the interstate shipment of wine and mail order or internet purchases of pharmacy products.
- Improvements to the State highway, and
- Improved cell phone service and coverage.

Complementary businesses, services, and products that should be attracted or developed that would directly benefit establishments were identified. An almost equal number of respondents suggested:

- Additional and more diversified retail establishments. Specific suggestions included clothing, shoes, fabrics, and crafts.
- Manufacturing facilities that both provide jobs and augment the tax base.
- New restaurants ranging from fast food to upscale, finer foods.

A fewer number of respondents suggested:

- New entertainment and recreational facilities; movies, bowling, skating, and swimming.
- Home improvement centers, building supplies, and hardware stores.
- Businesses that support agriculture and promote the preservation of farming and farm land.
- Establishments that cater to tourists.
- A local newspaper.
- Medical offices.
- Art stores along with community activities connected to the arts.
- Antiques.
- Printing and photography services.

The businesses were asked to select from a variety of issues or those challenges that most impacted their ability to "grow" their business within the area. While only 19% had earlier indicated difficulty in attracting labor, 31% feel that finding qualified employees was their biggest challenge. Marketing and promotions was the second most often identified challenge. The "Others" category included: problems related to downtown parking, infrastructure issues connected to utilities and water, insurance costs, and the cost of handicapped accessibility requirements, and school district issues.

Table 22 – Challenges of Growing Their Business*

Challenges	%
Finding Qualified Employees	31
Marketing or Promotion	25
Cost of Materials	22
Lack of Complementary Activity	22
Transportation or Accessibility	21
Telecommunications Infrastructure	21
Level of Competition	16
Business Community	13
Laws and Regulations	13
Availability of Resources	6
Other Infrastructure	4
Others	14

*Developed by The Chesapeake Group, Inc., 2004.

Whether a result of healthy sales or other reasons, there are a number of businesses that need to expand their physical facilities in the near future. The survey revealed that 38% feel the need to expand their physical facilities in the near future. While a majority of 62% did not anticipate a change, no one expressed a need to contract their facilities.

As shown in Table 23, 13% of those establishments that require or desire physical change feel that their current location would not be able to accommodate such a change while 27% were uncertain. Additionally, all of those businesses who feel that their current location would not accommodate the necessary expansion reported that they did not have a second store or location within Fennville.

Table 23 – Need to Expand Or Contract*

Anticipated Change	%
No Change	62
Expand	38
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Table 24 – Able to Make Change At Current Location,*

Able To Make Change	%
Yes	60
No	13
Uncertain	27
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

One-quarter (26%) of the businesses indicated that they were receptive to public sector involvement in the form of technical or financial assistance. Another one-third (34%) expressed uncertainty.

Table 25 – Interested in Financing or Technical Assistance*

Interested	%
Yes	26
No	40
Uncertain	34
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Finally and irrespective of the type of investment, 19% of the surveyed businesses reported that they had "definite" plans for new "investments and improvements" within the next year or so. About one-half (49%) were uncertain as to new "investments and improvements".

Table 26 – Have Definite Plans For New Improvements*

Plans	%
Yes	19
No	32
Uncertain	49
Total	100%

*Developed by The Chesapeake Group, Inc., 2004.

Implications

The following are implications from the survey of businesses.

- ✓ Many operators are likely to retire within the next ten years, while a reasonable proportion have not identified anyone to take over the business.
- ✓ The lack of marketing and human and fiscal support for promotion and marketing is believed to have hindered business activity.