

# Regional Assessment

**Prepared for the:**



**April 3, 2007**

**By:**



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## I. ASSIGNMENT

Resource Development Group (RDG) was retained by the Springfield Business and Development Corporation (SBDC) to conduct an assessment to objectively evaluate:

- The SBDC's image in the marketplace;
- How its case for funding support is viewed by stakeholders and potential investors;
- How potential campaign leaders might assist in the campaign;
- Prospective investors and anticipated funding levels;
- Potential challenges and impediments in launching and successfully completing a major funding initiative.

The results of this assessment are summarized herein.

## II. METHODOLOGY

Resource Development Group experience –

- Participation in formulation and budgetary funding for more than 100 economic and community development organizations throughout the country. Collectively, these programs total close to \$400 million in operating capital and include Chambers of Commerce, Economic Development Foundations and stand alone economic development corporations.
- Familiarity with numerous economic and community development programs throughout the United States
- Background information for the study was provided by SBDC/Chamber staff
- Individual interviews with 53 strategically identified public and private sector leaders. See Appendix C: - Leadership Interviews

The Assessment focused on:

- Leadership perceptions of the Partnership for Prosperity program, its successes, shortcomings and future potential.
- Identifying challenges that will need to be overcome for the next funding campaign to be successful.
- Program component priorities.
- Identification of leadership for a funding effort.
- Testing the viability of a funding campaign to raise sufficient funds for multi-year budget.

### III. KEY FINDINGS

When reviewing this document, keep in mind that our goal was two-fold: to place SBDC in the best position to fund critical economic development programs immediately, and build a more comprehensive and regional funding base for the future.

#### QUESTION #1

**How involved have you been with SBDC over the past 5 years?**

Eighteen of the fifty-three interviewees said they are actively involved, nine said they are somewhat involved, twenty-two said that they just support SBDC financially but are not involved and four interviewees said that they would like to be more involved in the future.

While the percentage of participants currently involved with SBDC may seem relatively low, the majority of the interviewees felt that SBDC and the chamber staff are experts and they should be left to complete the economic development work within the area. Overall, confidence in SBDC is extremely high.

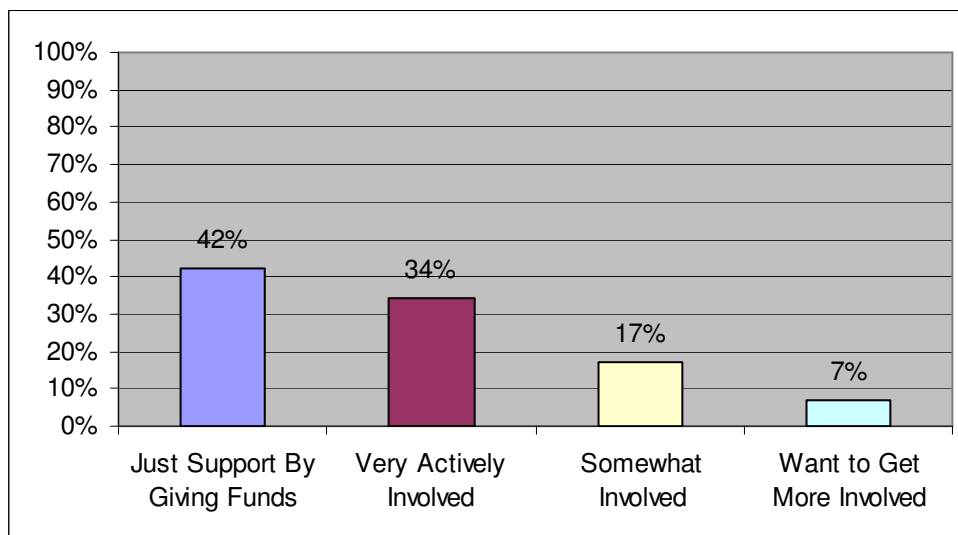
*“I’ve been involved since its inception by supporting it financially.”*

*“Someone from the bank has been on the SBDC Board for over 20 years.”*

*“Not much lately but would like to get my Executive VP involved.”*

*“We’ve been more involved over the last two years and interested in being more involved.”*

### SBDC Involvement



**QUESTION #2**

**From your perspective, what are the Springfield area’s greatest strengths and greatest weaknesses from a business development perspective?**

**STRENGTHS**

Although a number of assets were mentioned, quality of life and economic diversification were the most frequently mentioned.

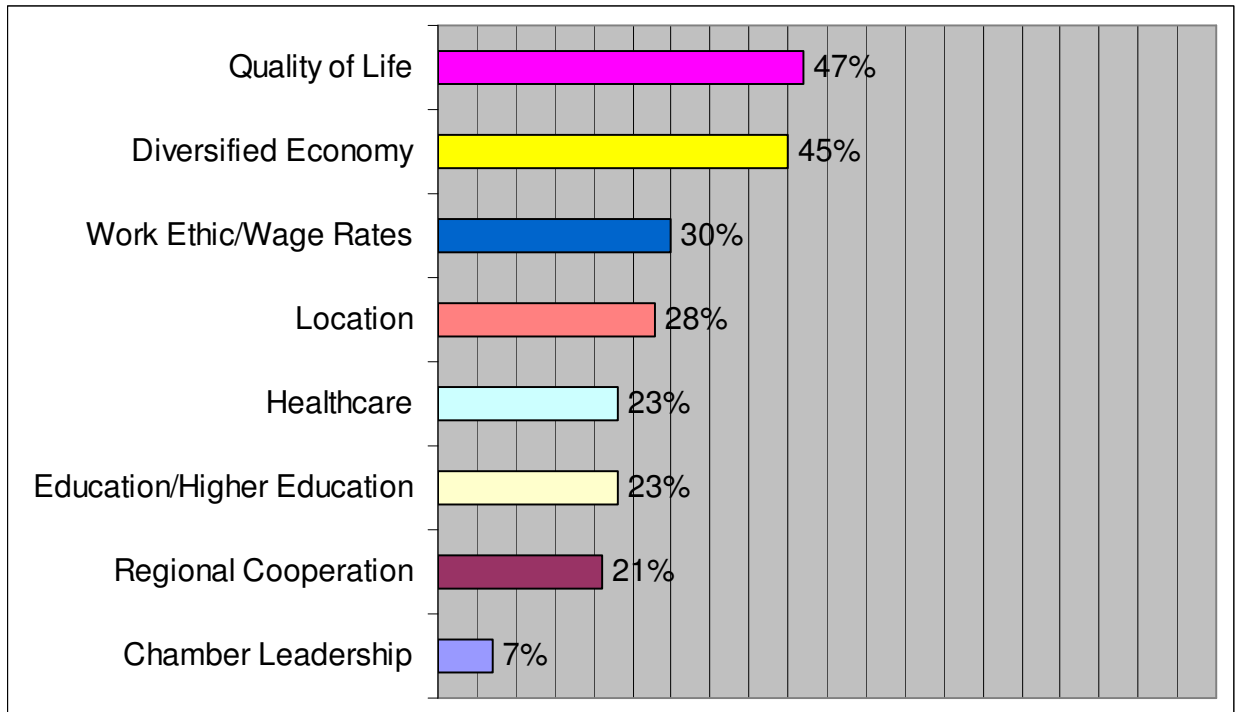
*“The collaboration between the City, County and SBDC and the mix of various businesses in the area are our greatest assets.”*

*“The cost of living is low and the crime rate is really low here and the quality of life is real. It’s a great place to live.”*

*“Our economy is extremely diversified; we are not influenced by one industry”*

*“Springfield is a regional area; it’s not just Springfield but Southwest Missouri and because of our location, we should be able to continue the growth we’ve been experiencing.”*

**Strengths**



## WEAKNESSES

The greatest perceived weakness according to interviewees is the Ozark perception. Interviewees felt that many young people want to leave the area after they complete their education. Interestingly, according to several interviewed, they thought that some young people become interested in returning to the area once they marry and begin to raise a family.

The lack of a qualified workforce was mentioned by thirty-six percent of the interviewees. They said:

*“It’s difficult to find qualified people. The Ozark mentality is hard to break; young people want to go elsewhere after school but may come “home” once they decide to begin a family.”*

*“The wage rates are relatively low which is good for employers but makes it difficult to attract more qualified workers.”*

*“I think it’s hard for people to take Springfield seriously. We have a difficult time recruiting doctors here but once they get here, they are pleasantly surprised.”*

It is worth mentioning that while the majority did not comment on the lack of diversity in Springfield, sixteen percent feel that it can adversely impact the success of attracting major employers to the region.

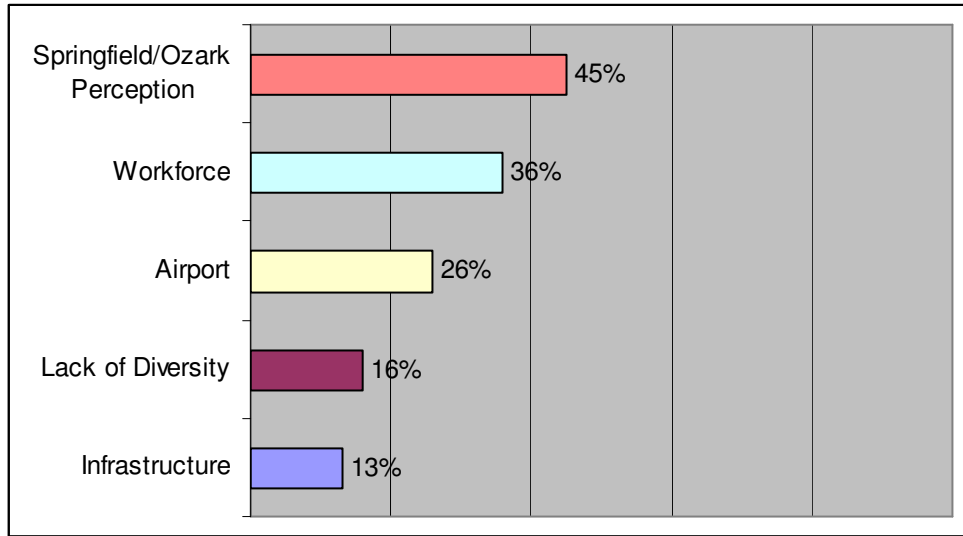
*“The attitude of our people needs to change; if we hope to compete with other markets for new employers, attracting minorities to our community is important.”*

*“We need to do a better job of attracting more minorities to the area.”*

Springfield shares a weakness with the State of Missouri, they both are perceived to be conservative and have an “anti-growth” mentality according to many interviewed. Several also mentioned that Springfield does not play the “Sweepstakes Game” when trying to attract new businesses and jobs. The result is that this may leave the region at a competitive disadvantage with other areas that provide incentives to attract businesses and jobs.

Toyota’s decision not to build a new plant in Springfield crystallized the relative weaknesses for many. According to several interviewed, many in the region did not want the new plant to locate in Springfield because it would increase wages, make it more difficult to attract and retain employees and negatively impact the quality of life in the area.

## Weaknesses



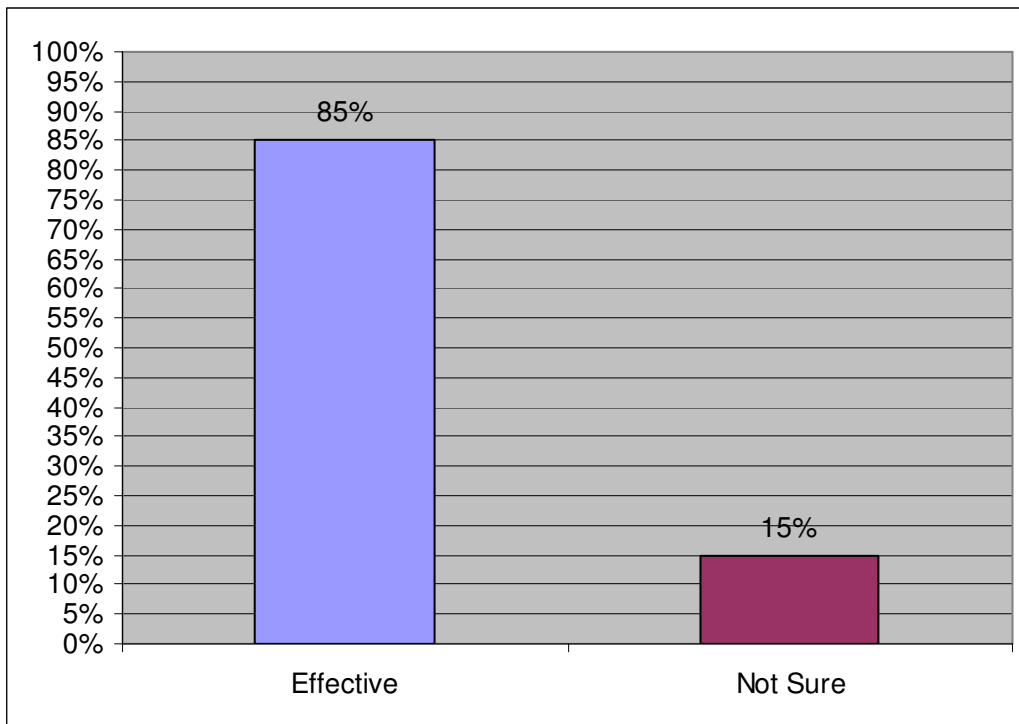


**QUESTION #3**

**How would you assess the performance of the SBDC?**

Those more involved feel that SBDC has been extremely effective. The success of the industrial parks, especially the eastside industrial park contributes to SBDC’s overall performance. The recruitment of new businesses is also recognized as a success for SBDC. Many pointed to the outstanding job that SBDC has done coordinating and facilitating economic development activities with stake-holders throughout the community.

**SBDC  
Performance**



*“That’s a good question, I really don’t know. Philosophically, it’s the right thing to do.”*

*“I think it’s been successful, look at the growth of the city.”*

*“I think you need to do a better job of promoting what you do, especially to the investors because I think you’ve been very successful, I’m just not sure enough people know that.”*

*“It’s a group that no one knows about that has more impact on everyone in Springfield than any other organization.”*

*“The development of industrial parks has been wonderful. Now we need to go to the next level.”*

#### **QUESTION #4**

##### **Do the program priorities outlined in the pre-case make sense?**

The current program is supported by an overwhelming majority (98%) of those interviewed. While support exists for the two new proposed programs, Capital Formation Network and International Development, the general consensus was that more detail was necessary before a strong case could be made to provide funding.

*“International Development and the Capital Formation Network are important but I’m not sure that we can really make a difference with the funding indicated. I think we should focus the additional funding on expanding the current programs.”*

*“I agree with all of the current programs, especially retention and expansion; I’m just not convinced about International Development and the Capital Formation Network. Those areas may be best left to the private sector.”*

*“The two proposed program areas really need more specifics if you expect to fund them.”*

*“Not sure that International Development would be money well spent and I think it will be too challenging and the money earmarked for Capital Formation won’t be enough to make a difference”*

*“Yes, Retention and Expansion are the strongest pieces of the program.”*

*“Yes and I really like that higher education and healthcare are important components of the campaign.”*

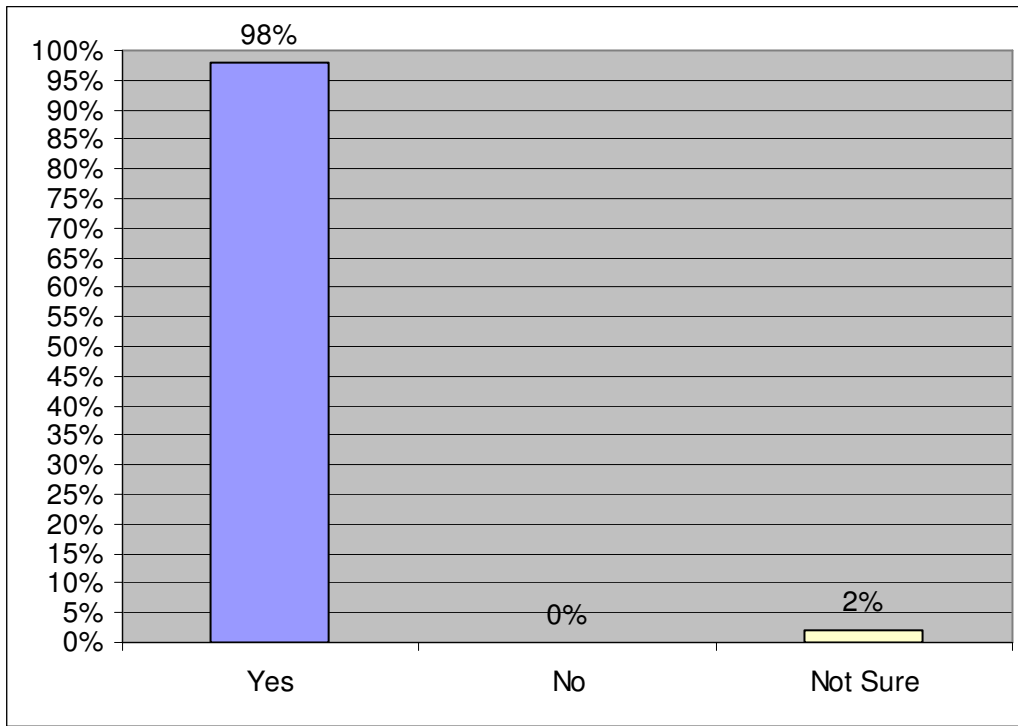
*“Absolutely”*

*“Yes, if you exclude International Development and the Capital Formation Network.”*

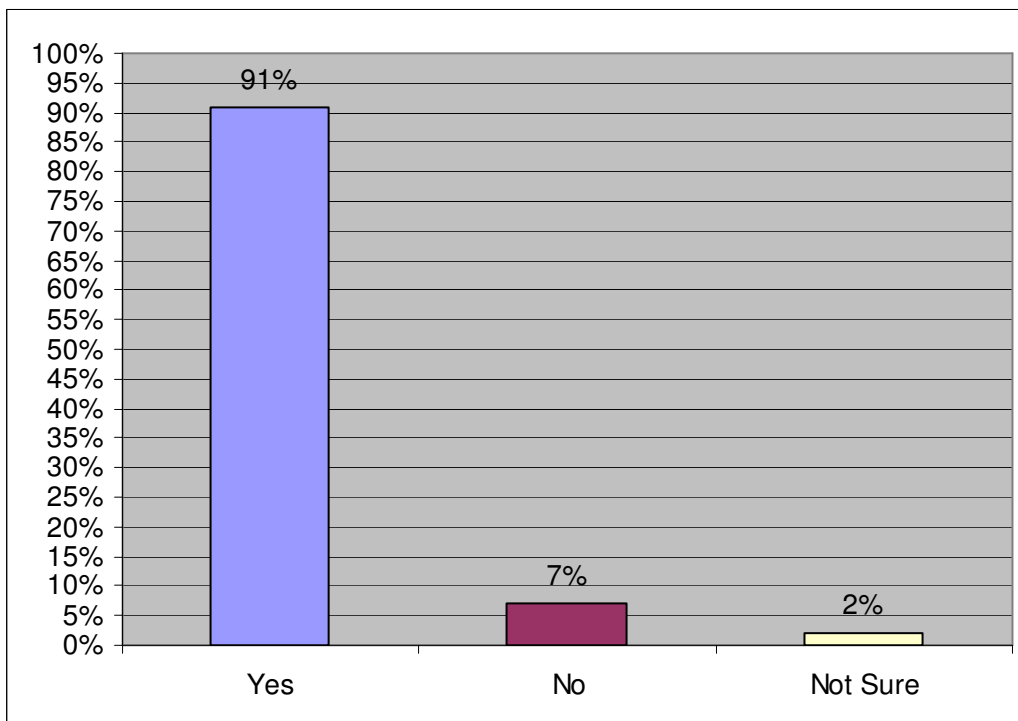
*“The Capital Formation piece might be a tough sell because most won’t know what it is and it is very vague.”*

*“Yes, but you need more specifics.”*

## General Support for Current Program of Work

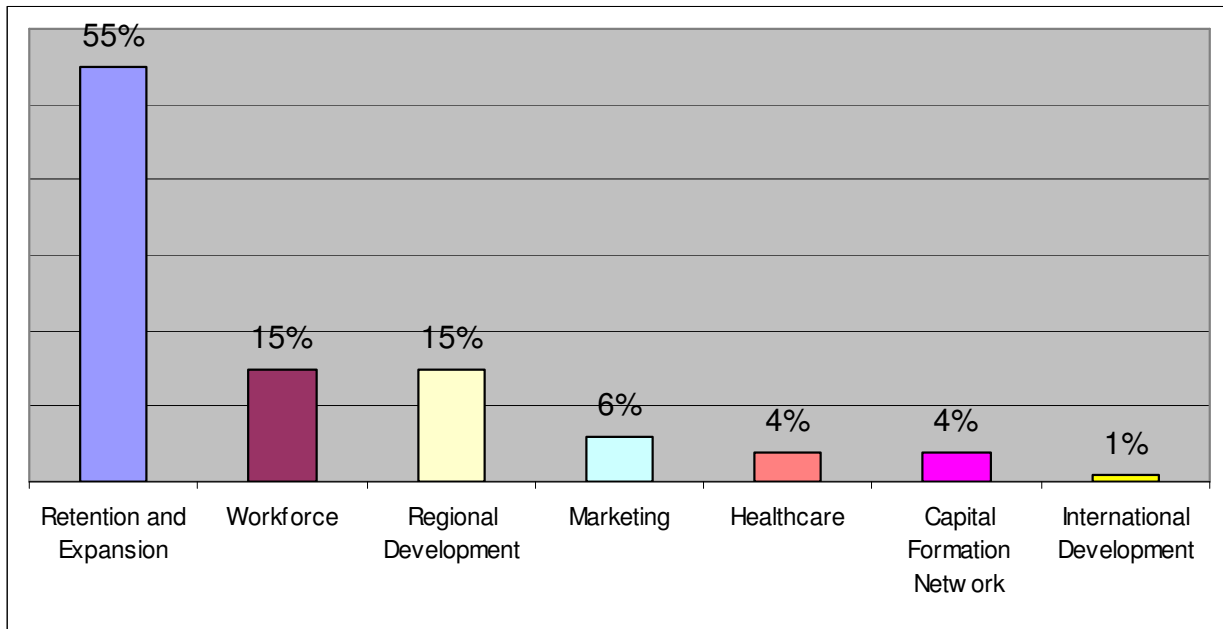


## Do the Pre-Case/Campaign Components Make Sense?



Not all of the interviewees felt comfortable prioritizing the program components, but those that did mentioned Retention and Expansion and Workforce as the top priorities followed by Regional Development, Marketing Healthcare/High Education, International Development and Capital Formation Network.

### Program Priorities



#### QUESTION 5

**How important is direct involvement in program activities and decision making? Is the ability to serve on the board or a task force attractive/important?**

While it was almost evenly split on the question of involvement (53% said it was important), those with interest in being involved were quite passionate.

*“It’s very important. I want to be more involved.”*

*“Absolutely!”*

*“Yes it is attractive to be involved and the construction industry needs to be involved in this.”*

*“Yes, it’s important and I would like to be more involved.”*

## QUESTION 6

**We have estimated the total cost of implementation to be a minimum of \$3 million over the next 5 years beginning in 2008 or \$600,000 per year. In your opinion, is \$600,000 per year a reasonable target from businesses and government throughout the region?**

SBDC is seen as a tremendous success for Springfield. While the goal was exceeded for the *Partners for Prosperity* campaign, current investors feel that new investors are needed. They also all agree that continued public sector support is critical. It should be noted that increasing private sector funding is always an encouraged policy for the continued support from the public sector. Also, in the unlikely event that public support is significantly reduced, the impact on the SBDC budget will be minimal. When asked specifically if the projected campaign goal was reasonable, interviewees said:

*“I’m not sure.”*

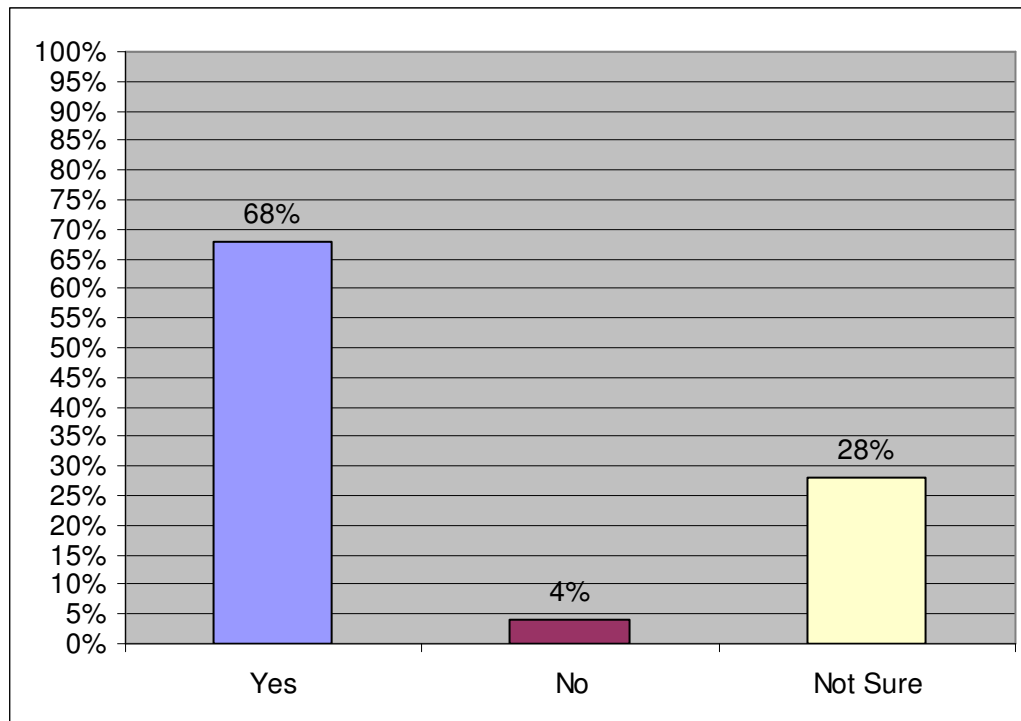
*“Oh yeah!”*

*“If we have the right focus and the right people are involved, then yes.”*

*“It sounds reasonable to me.”*

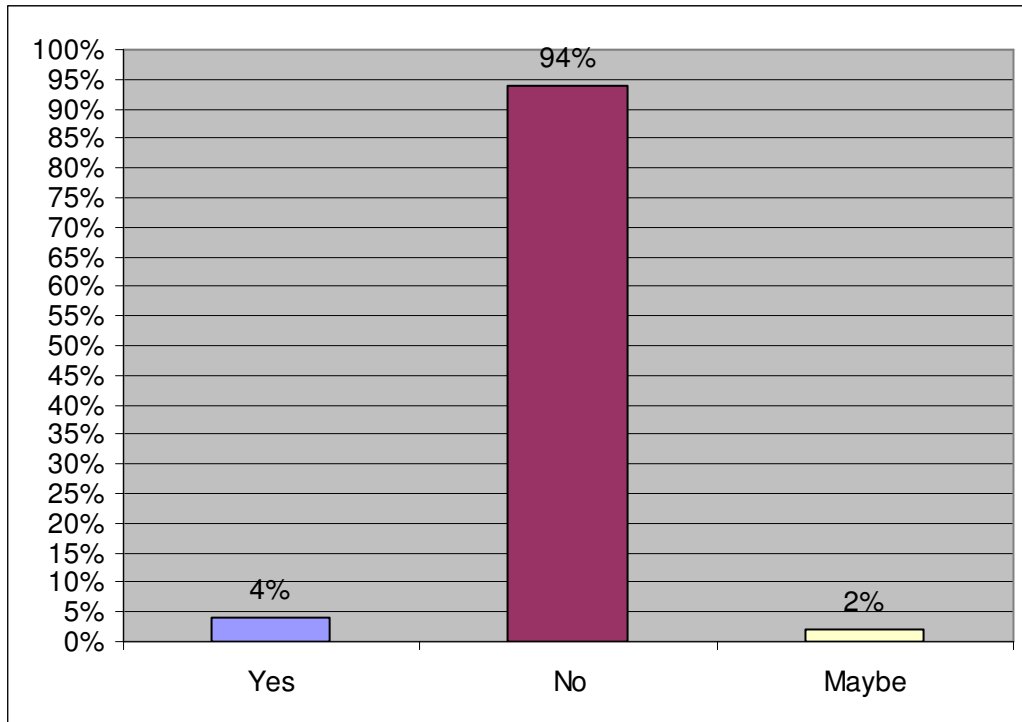
*“It might be a challenge.”*

### Is Target Goal Reasonable?



**QUESTION 7**

**Do you prefer to Earmark your Funding?**



*“It’s better to support the entire organization.”*

*I want my support to go to healthcare.”*

*I’ll give and assume the right people are involved to make program decisions.”*

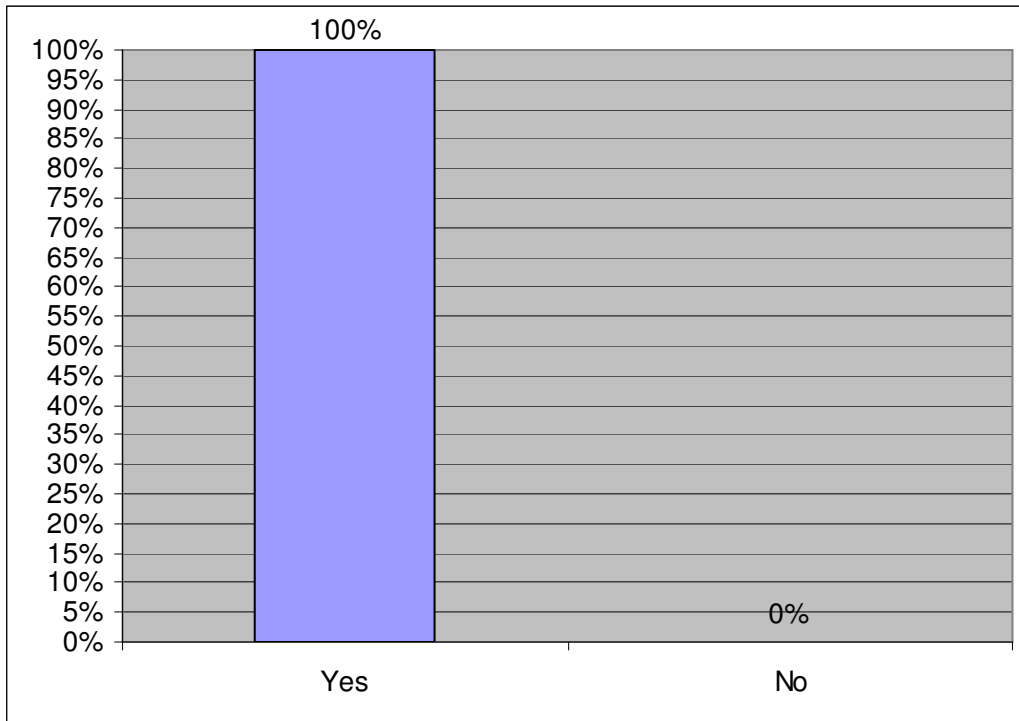
*“The board should decide not investors.”*

**QUESTION 8**

**Are you comfortable with a multi-year pledge as long as it is subject to your annual review and approval?**

All of the interviewees agreed to support a year-five campaign subject to their annual review and approval.

**Multi-Year Pledge**



**QUESTION 9**

**Discuss corporate leadership; if you had to put this funding together and could pick five corporate leaders to help you, who would they be?**

Thirteen individuals were mentioned at least five times by interviewees. Of those mentioned most, four are actively involved with SBDC. Based on the leadership comments and suggestions, we recommend a campaign structure that should include Honorary Chair(s), and a Campaign Cabinet.

Specific leadership recommendations and structure will be handled separate from this document.

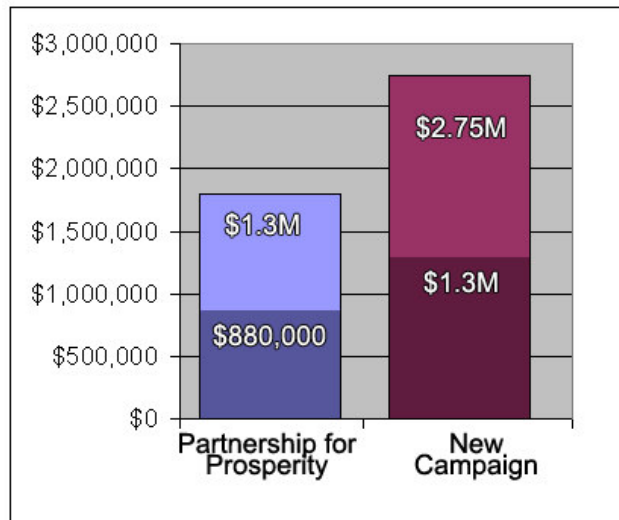
## IV. RECOMMENDATIONS

The following recommendations are based on our **Regional Assessment Findings**. The goal of these recommendations is to help position SBDC to successfully fund its programs and establish effective economic development accountability and measurable benchmarks. The end result will be a higher level of potential investment from the private and public sectors.

- 1) History is an outstanding indicator of future potential. When reviewing the last campaign, the top 18 investors in *Partners for Prosperity* accounted for 47% of the total dollars raised. This is one of many criteria analyzed when setting a goal. We have projected that the top 18 prospects for a new campaign will invest approximately \$1.3 million, which would comprise 47% of a \$2.75 million campaign.

Prudent planning would suggest a 5% attrition rate over the life of the campaign. Although base broadening needs to be a key element of a new campaign, it is also the most difficult to predict. Based on the aforementioned, we recommend a \$2.75 million campaign goal.

### Top Eighteen Investors



- 2) The minimum investment level for the *Partners for Prosperity* campaign was \$2,500 annually. We recommend that the minimum investment level remain the same. RDG will remain focused on increasing investment levels from current investors while encouraging new businesses to support the program.

We recommend commencement of a funding campaign May 1, 2007. With proper leadership response and an expanded base, we believe there are resources available within the community to create a resource pool for the \$550,000 annual program. Our campaign timeline is included. (See *Appendix C—Campaign Timeline*).



- 3) We recommend that specific goals with corresponding benchmarks be adopted for the campaign. Specifically, SBDC should establish a task force to identify and agree upon a short but impactful list of objectives with corresponding *measurable* benchmarks for each program area.
- 4) We recommend a five-year initiative to ensure stability in funding and a timetable that allows for successful implementation. Conversely, it also mandates a sunset to ensure appropriate consideration of continuation.

## V. NEXT STEPS

1. Identify and Recruit Campaign Leadership
2. Refine Program of Work
3. Establish measurable benchmarks for the campaign
4. Oversee campaign process

## **1-Pre-case**

## **2-Pre-case**

### **3-Pre-case**

## **4-Pre-case**

## **5-Pre-case**

## **6-Pre-case**

## **Appendix B: Questionnaire**



### **Feasibility Questions/Issues February/March 2007**

The following is a general guideline for use by the interviewer for the funding feasibility. It is not designed to be a survey instrument but rather a tool to help format the interview and to ensure all subject areas are covered.

#### **General**

1. General information about company/firm.
2. How involved have you been with the Springfield Business and Development Corporation (SBDC) over the past 5 years?
3. From your perspective, what are the Springfield region's greatest assets and greatest weaknesses from a business development perspective?
4. How would you assess the performance of the SBDC?

#### **Priorities**

*Briefly* review priorities / goals / programming / target budget then:

5. Take a look at this summary list of targeted program priorities and give me your reaction. Does it make sense to be more regional in its approach?
  - a. Do these make sense?
  - b. Are there items you would add? Exclude? Emphasize more or less?
  - c. Is one area more or less important in your view than another?
6. Generally speaking, are you supportive of the approach and major priorities as outlined? If not, why not?
7. How important is direct involvement in program activities and decision making to you? Is the ability to serve on the board, task forces, etc. attractive / important?

Springfield Business and Development Corporation



## Funding

We have estimated the total cost of implementation to be a minimum of \$3 million over the next five years beginning in 2007—or about \$600,000 per year.

8. In your opinion, is \$600,000 per year a reasonable target from corporations throughout the region? If not, what is a reasonable goal?
9. From your perspective, is it better to support the entire organization or pieces thereof? In other words, do you prefer the flexibility of directing your dollars to specific program areas?
10. In order to attain the \$600,000 annual target, we think that \_\_\_\_\_ will be required from your sector.
  - a. What do you think of that target?
  - b. If that is not a reasonable goal, what is?
  - c. How would you tackle your particular sector?
  - d. Who are your sectors key leaders?
  - e. What will be most attractive to people in your industry?
  - f. Would a formula approach to funding work?
11. We have already discussed the total corporate need and your sectors piece of that. If we are to achieve those targets we think something in the range of \_\_\_\_\_ will be required from a firm such as yours.
  - a. This is not a request and I am not asking for any kind of commitment but give me your reaction to that.
  - b. What would it take to get you to that kind of number?
12. Are you comfortable with a multi-year pledge as long as it is subject to your annual review and approval? Do you prefer a 3, 4 or 5 year term?

**Leadership**

- 13. Discuss for a minute corporate leadership. If you had a major project and could pick 5 corporate leaders to help you accomplish your mission, who would they be?
- 14. In your opinion who is the single most well-respected corporate leader in this region?

**Closing**

- 13. Is there anything else you would like to share or add?

Appendix C: Campaign Timeline

***SPRINGFIELD BUSINESS AND DEVELOPMENT CORPORATION***

***April 15, 2007 through December 31, 2007***

<b>Phase I</b>	<b>Phase II</b>	<b>Phase III</b>	<b>Phase IV</b>
<p><b>April 15<sup>th</sup> to May 30<sup>th</sup></b></p> <ul style="list-style-type: none"> <li>• Refine program details</li> <li>• Hire and Train Coordinator</li> <li>• Develop measurable benchmarks for each program area</li> <li>• Recruit campaign leadership</li> <li>• Screen and rate prospects</li> <li>• Develop and produce campaign materials</li> </ul>	<p><b>June 1<sup>st</sup> to August 31<sup>st</sup></b></p> <ul style="list-style-type: none"> <li>• Initiate long lead time prospects</li> <li>• Solicit top 50-75 prospects:</li> <li>• Solicit:                             <ul style="list-style-type: none"> <li>-Board Members</li> <li>-Assessment Participants</li> <li>-Other Top Tier Prospects</li> </ul> </li> <li>• Prep and schedule Leadership Functions</li> <li>• Prep for Kick-off?</li> </ul>	<p><b>September 1<sup>st</sup> to November 30<sup>th</sup></b></p> <ul style="list-style-type: none"> <li>• Secure benchmark commitments</li> <li>• Selected leadership functions</li> <li>• Intense solicitation of all business sectors and selected individuals</li> <li>• Complete all initial meetings and presentations</li> <li>• 130 solicitations estimated</li> <li>• Hold Campaign Kick-off?</li> </ul>	<p><b>December 1<sup>st</sup> to December 31<sup>st</sup></b></p> <ul style="list-style-type: none"> <li>• Follow up and closure</li> <li>• Close out function?</li> <li>• Records hand-off</li> <li>• Initiate investor relations</li> </ul>

## Appendix D: Leadership Interviews

1. Dave Agee	Blackwell Sanders Peper Martin
2. Jim Anderson	Springfield Area Chamber of Commerce
3. Mary Arnold	Esterly, Schneider & Associates, AIA
4. Jim Baker	Missouri State University
5. Ann Marie Baker	UMB Bank
6. Chuck Banta	Banta Foods
7. Bob Bezanson	CoxHealth
8. Mike Briggs	Willow Brook Foods
9. Gary Cyr	Springfield-Branson National Airport
10. Steve Davidson	Hamra Enterprises/Wendy's of Missouri
11. Kim Day	St. John's Health System
12. Dianne Elizabeth	Springfield Business Journal
13. Eldon Erwin	Liberty Bank
14. Tom Finnie	City of Springfield
15. Brian Fogle	Great Southern Bank
16. Steve Fox	Quest Capital Alliance
17. John Griesemer	Springfield Underground
18. Bob Hammerschmidt	Commerce Bank
19. Kurt Hellweg	American Dehydrated Foods, Inc.
20. Hal Higdon	Ozarks Technical Community College
21. Frank Hilton	Citizens National Bank
22. Michael Homeyer	Bank of America
23. Roger Howard	BNSF Railway Co
24. Gordon Kinne	Med-Pay, Inc.
25. Dave Kunze	The Signature Bank
26. Andy Lear	BKD, LLP
27. Russ Marquart	Empire Bank
28. Fred Mathews	Mathews & Associates
29. Mark McFatrige	Regions Bank
30. Tom McCloud	McCloud & Company
31. Mark McNay	SMC Packaging Group
32. Mary Kay Meek	Meek's Building Centers
33. Bob Murray	R.B. Murray Co.
34. Dave Murray	R.B. Murray Co.
35. Michael Phillips	Kirkpatrick, Phillips & Miller, CPAs, PC
36. Jack Preston	Preston & Nacy, CPAs
37. Rick Quint	Walton Construction
38. Pete Radecki	Drury University
39. Tom Rankin	Sperry Van Ness/Rankin Company
40. Tim Rosenbury	Butler, Rosenbury & Partners
41. Kenny Ross	Morelock-Ross Builders
42. Michael Sapp	Sapp Design Associates
43. John Schaefer	Ozarks Coca Cola/Dr Pepper Bottling Co.
44. Mike Scott	KYTV
45. Todd Sherman	Kraft Foods
46. Robert Spence	Evangel University
47. Jack Stack	SRC Holdings Corporation
48. Dean Thompson	City of Republic
49. Dave Tooley	Metropolitan National Bank
50. John Twitty	City Utilities
51. Mike Walker	TCSI, Inc. /Transland, Inc.
52. Randell Wallace	Lathrop & Gage, LC
53. John Wanamaker	BKD, LLP
54. John Wilson	U.S. Bank