



NORTHWEST IOWA DEVELOPMENT
Beyond Expectations.

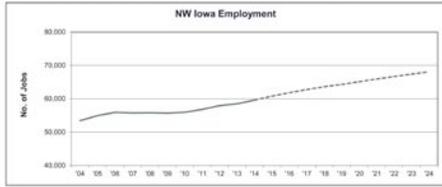


**2013-14 NORTHWEST IOWA REGIONAL ECONOMIC
and BUSINESS TREND REPORT**

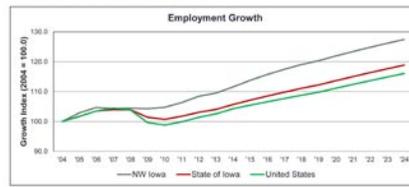




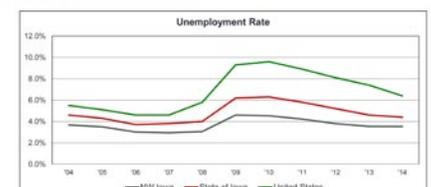
NW Iowa Employment Growth



Growth Comparison



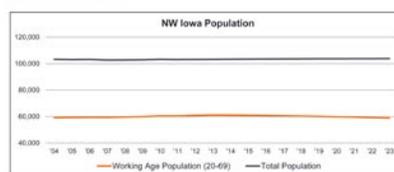
Unemployment



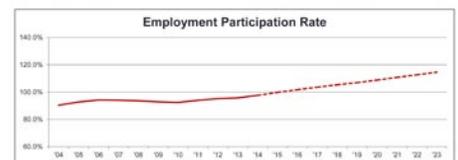
Earnings per Worker



Population



Employment Participation Rate (Employment ÷ Working Age Population)



The Northwest Iowa Economy: Trends and Outlook...Opportunities and Challenges

The Northwest Iowa economy has experienced solid employment growth over the last 10 years. The rate of employment growth over the last 10 years in the region has outpaced both the State of Iowa and the U.S. The top row of charts above illustrates this past employment growth trend in the Northwest Iowa region and compares the region to the State and U.S. We also see projections (Source: EMSI) that indicate continued employment growth that outpace Iowa and the nation. The 3rd chart in the top row shows unemployment rates in the region consistently below Iowa and the U.S. This strong regional employment picture has led to a relatively healthy and self-sustaining economy. However, the low unemployment rates lead us to the 2nd row of charts where some of the challenges begin to appear.

The 2nd row of charts leads off with Earnings per Worker (EPW source: EMSI) in the region compared to Iowa and U.S. Wages are significantly lower in Northwest Iowa

and points to a factor to consider when evaluating the ability of the region to attract workers. Overall population trends show stability in the region with a flat trend line over the next 10 years. However, when you look specifically at working age population (20-69), the trend indicates decline. Therefore, when you look at projections of employment growth and working age population (Employment Participation Rate) in the region, you will see the **challenges** that lie ahead.

The Northwest Iowa region clearly has **opportunities** to grow over the next decade. Addressing the business development and workforce **challenges** ahead as a region continues to be our path to success.

The following section on Business Trends provides further detail on opportunities and challenges based on visits with existing businesses in the region.



**Northwest Iowa Regional Existing Business Trends:
Executive Summary Report**

It is commonly acknowledged that 80% plus of job growth will occur from the expansion of existing businesses. The six county Northwest Iowa region places a high degree of emphasis on regional businesses for just that reason. Each year, Northwest Iowa Development (NWID) establishes the encouragement and support of existing business visits at the local level as a priority strategy. We encourage our local partners to spend most of their resources in both time and money on our existing business expansion and retention

efforts. NWID utilizes a software system called Synchronist as an interview and information management tool when local economic development professionals visit existing business. We can track trends and create reports utilizing this tool on a regional basis. The following graphs show results from 30 visits made from July 1, 2013 to September 1, 2014. We chose a few of the highlights from the survey results that illustrate important trends facing our regional economy.

Chart 1 right, details responses to the question companies were asked regarding what they believed to be their greatest achievement over the last year. The highest rated items related to achievements leading to business growth and stability. These responses are recognition of the fact that our businesses are operating in a highly challenging global environment. Assisting companies to meet challenges that lead to growth and stability is a prime reason existing business visits are so important.

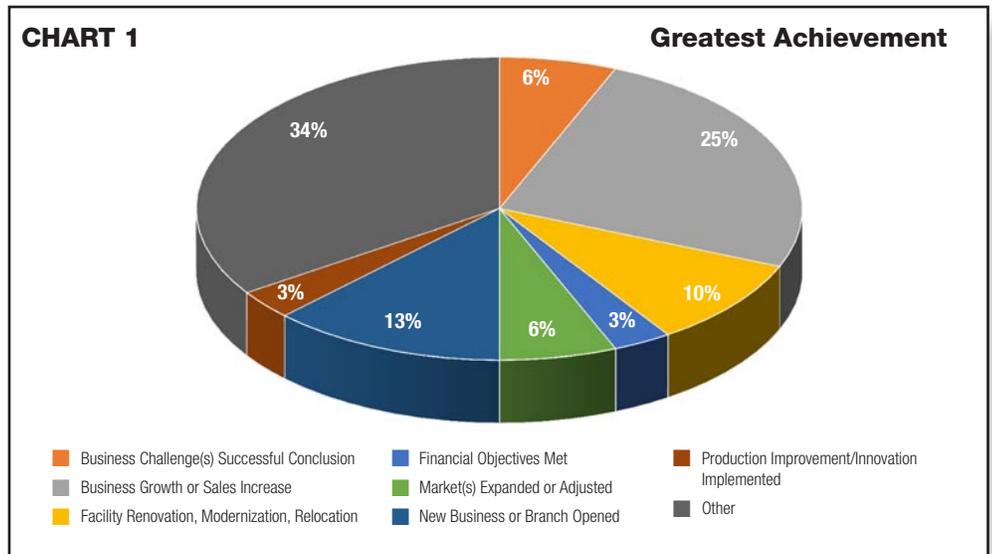
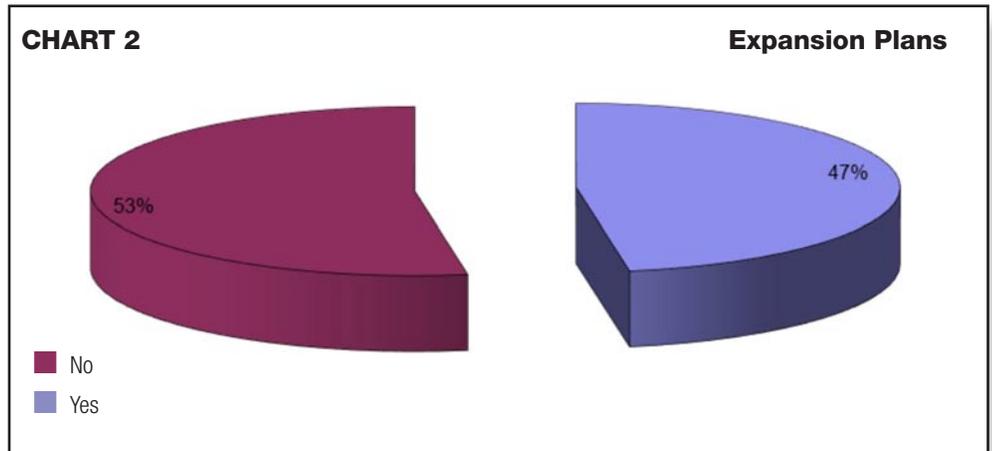


Chart 2 right, details responses to the question related to plans to expand over the next three years. Although not all, but most, of the companies responded to this question, slightly more companies said no than said yes. However, a few of the companies that indicated they have plans to expand, also identified significant capital investment plans. These responses would likely indicate the difficulty of planning out 3 years in a challenging business environment, as indicated in **Chart 1**.





CONTINUED: Northwest Iowa Regional Existing Business Trends: Executive Summary Report

Chart 3 right, asked about the status of current industrial capacity. Just 13% of companies said their operation was over capacity in terms of production. Over one-third of companies said they were operating under capacity which may lead to more production as the economy improves and future job growth may result as well. However, issues related to available workforce detailed below will impact these decisions.

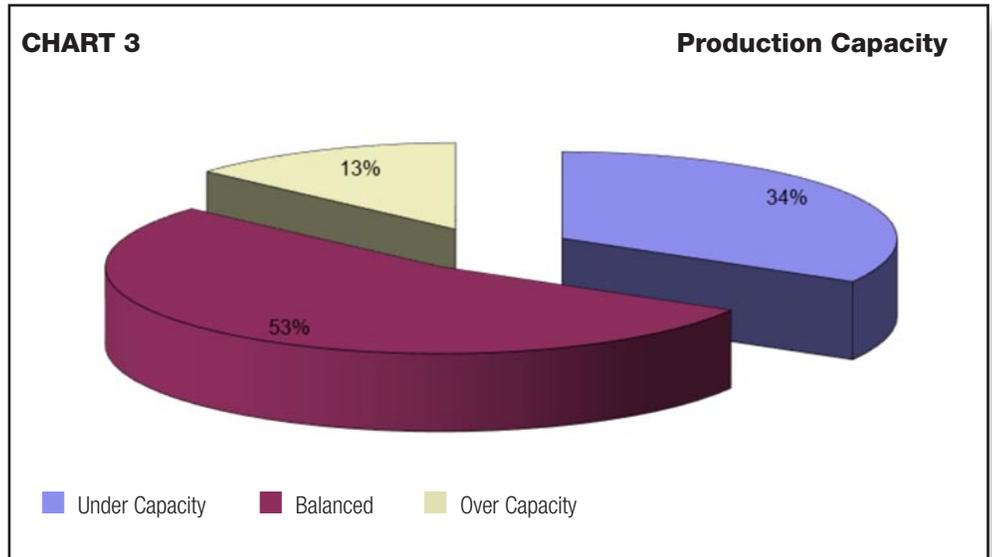
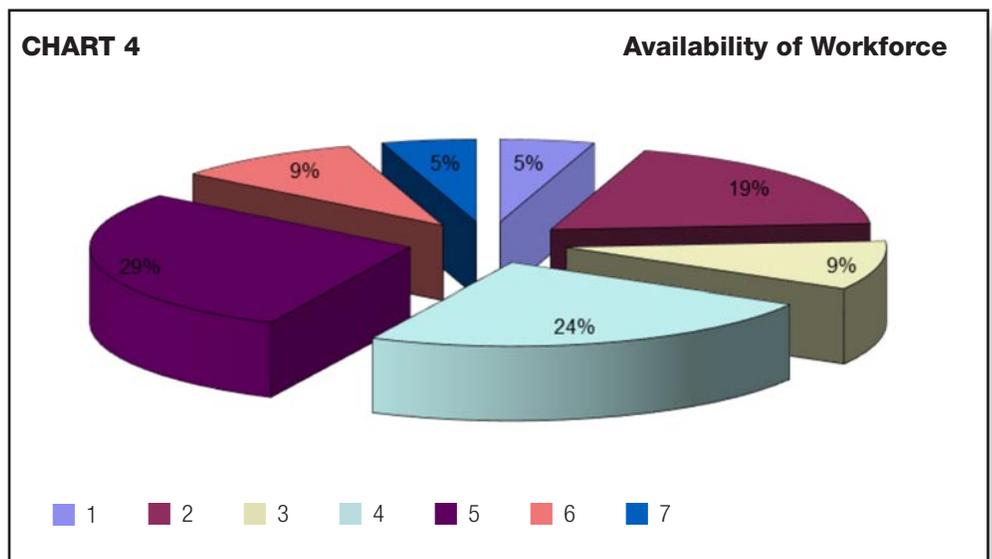


Chart 4 right, asked the company to rate the availability of workforce. A rating of 1 is low availability and 7 is high availability. Most of the responses (62%) fell in the middle (3-5) of the rating scale. Only 14% rated availability high. This workforce factor directly relates to the potential for continued employment growth in the region. As NWID continues to address skill gaps we will closely monitor ratings on workforce availability.





CONTINUED: Northwest Iowa Regional Existing Business Trends: Executive Summary Report

Chart 5 right, details how businesses rated the quality of the workforce. A rating of 1 is low and 7 high. There is no doubt that the quality of workforce is a crucial issue facing the nation right now. Although each business may have differing definitions of “quality”, the results show a slight advantage to moderate to positive ratings on workforce quality. A continued emphasis on skills development and increasing the “pipeline” of quality workers is going to be a key to maintaining and growing the economy.

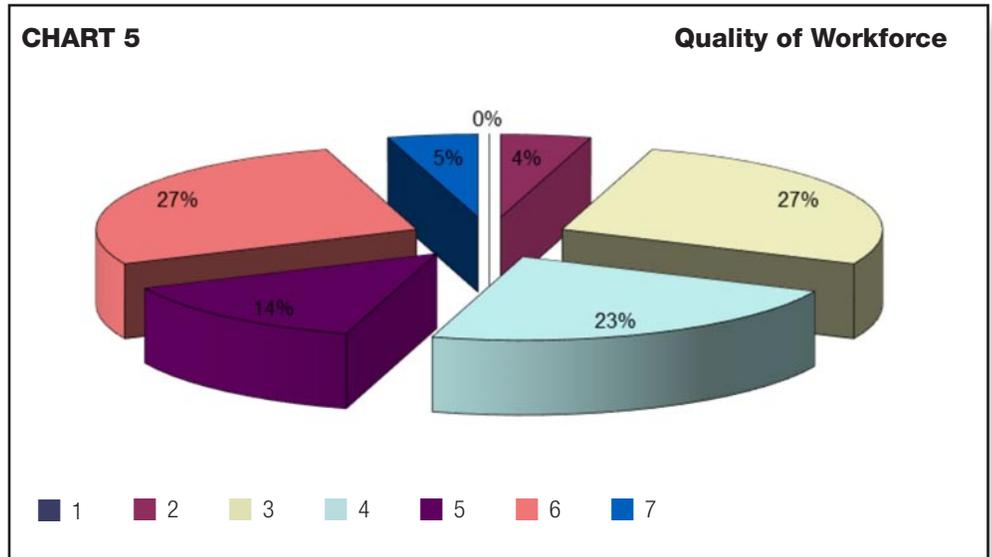
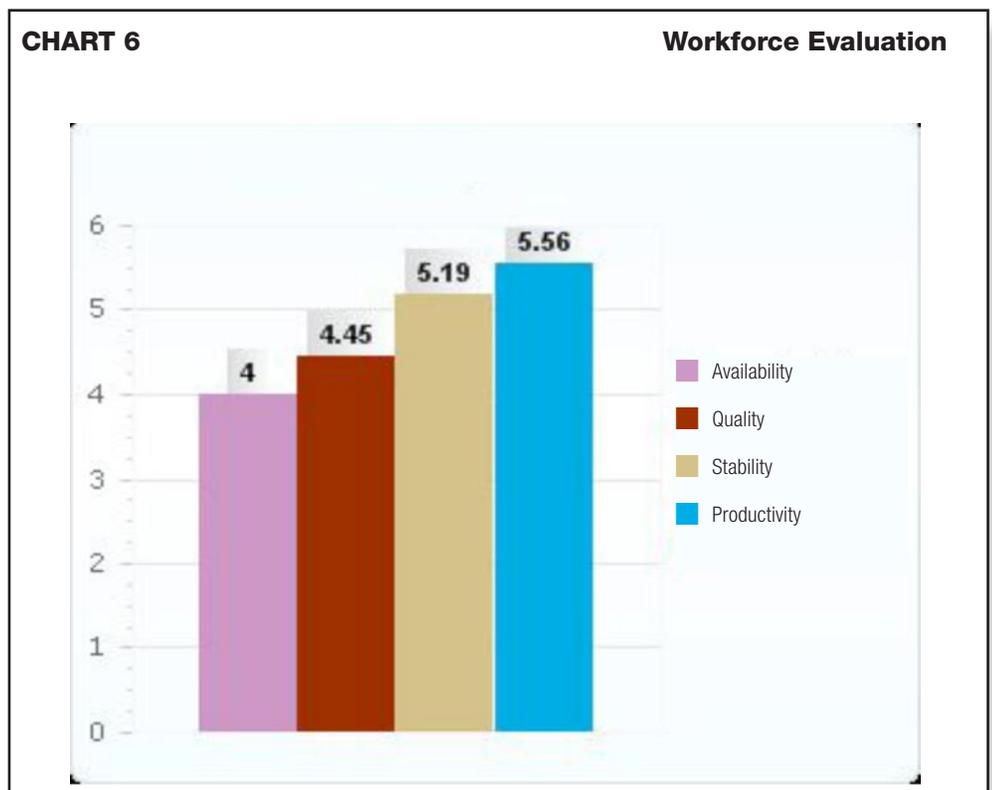


Chart 6 right, looks at regional workforce from the perspective of four key factors....availability, quality, stability, and productivity. Again, the rating scale is 1 being poor and 7 being excellent. These responses clearly show the interrelationship between availability and quality. Based on business feedback, it would seem as availability becomes more and more of an issue, the perception and reality of workforce quality will suffer. On the flipside, employers overall seem to be positive about the existing workers in terms of key factors such as stability and productivity. Overall the surveys lean towards more favorable perceptions of the workforce.





CONTINUED: Northwest Iowa Regional Existing Business Trends: Executive Summary Report

Chart 7 right, furthers illustrates the evaluation of **worker productivity** discussed earlier. The ratings (with 7 being high) lean clearly towards a positive evaluation. This is a strength that can be promoted and built upon to enhance the regional economy.

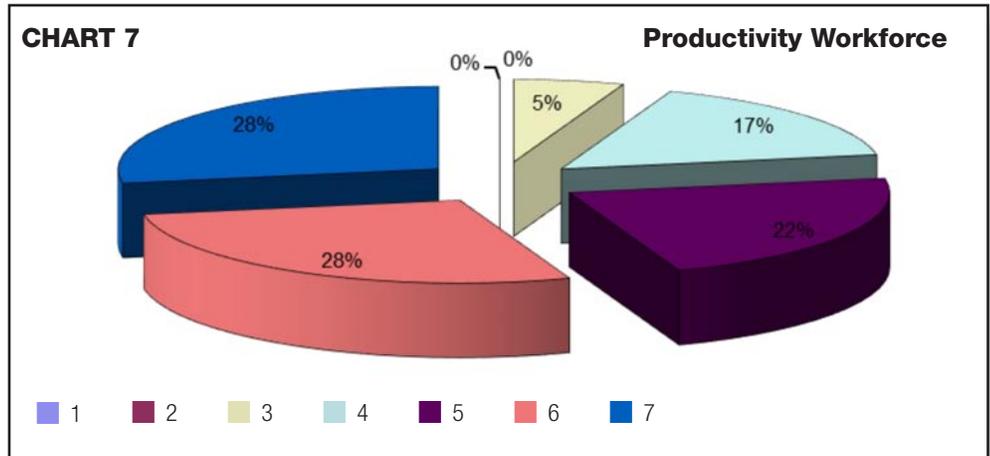
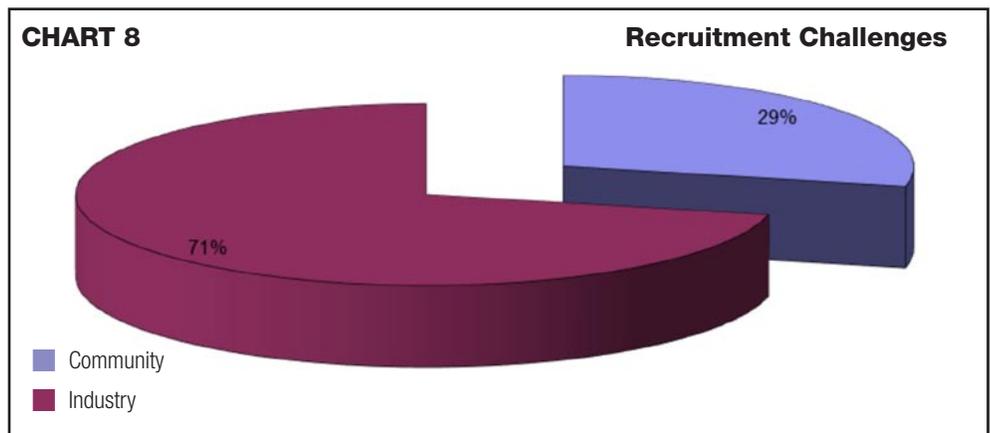


Chart 8 right, details responses when asked if the problem with recruiting new workers was with the community or the industry (primarily manufacturing). Northwest Iowa businesses felt overwhelmingly that the recruiting in **their industry** was the primary recruitment challenge. These results clearly point to the need to strengthen communication efforts throughout the region related to the diversity of companies operating in the region and the quality of job opportunities that are available.



Overall Summary

The Northwest Iowa region has a strong and vibrant existing business base. Clearly, existing businesses are, and have been, operating in a highly challenging business environment. It is also clear that growth opportunities exist for regional businesses. Overall the top “barrier to growth” voiced by businesses was related to the quality and availability of the workforce in their area. Addressing skill gaps facing businesses in a comprehensive manner and thus improving the “pipeline” of quality workers presents a clear path towards nurturing stability and growth in the region.

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