

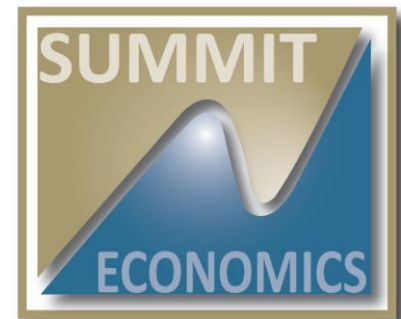
# **Pikes Peak Region 2013 Business Climate Survey**

Cheyenne Mountain Civic Solutions

**November 22, 2013**

**Compiled and  
Presented by**

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Senior Partner



*Peering into the future before  
it becomes present*

# Cheyenne Mountain Civic Solutions

Cheyenne Mountain Civic Solutions is a micro nonprofit organization with projects focused on creating greater economic vitality, building capacity in the nonprofit sector and bringing new ideas forward to address issues of poverty and marginalization in the Pikes Peak Region. The 2013 Colorado Springs Business Climate Survey is the third in a biennial series it has undertaken in partnership with Summit Economics.



# Focus & Methodology

# Past Surveys

- 2009 -- Focused on Establishing a baseline
- 2011 – Focused on Economic Vitality, comparisons to 2009, and drilled down on perceptions of regulations.



Broadened the survey **BEYOND** business owners, executives and top managers (Primary Group) to include others. The others are a “Secondary” group of respondents (123) who answered some of the same and some different questions from the 292 member Primary group.

Secondary Group	Response Percent
Manager	34.1%
Other Salary Worker	17.1%
Independent Contractor	15.4%
Local Business Owner	13.0%
Supervisor	9.8%
Unemployed	6.5%
Retired	5.7%
Investor/Director.Board	4.9%
Commissioned Sales	4.1%
Other	3.3%
Other Hourly Worker	1.6%
<i>answered question</i>	<i>123</i>

## 2013 Survey

- Looks at broader issues of business climate.
- Attempted to drill down on:
  - Economic Base and Employment Creation
  - Young Professionals
  - Targeted sectors of the CSRBA
- Attempted to access members of different Chambers in region .



# Collection Methodology

CSRBA	46%
Summit Network	35%
CONO, CSBJ, CS Technology Incubator, Downtown Partnership, Gazette, GWPGCC, KRDO, Leadership Pikes Peak, Manitou Chamber, MME, QLI, Rising Professionals, Social Media, Tri-Lakes EDC, Workforce Center	Under 7% each

CSRBA raised response from manufacturing, finance & insurance, and larger firms in general. Lowered response from retail.

25 business groups were invited to distribute the survey via an e-mail link. 19 assisted. Invitees were selected based upon broad-based membership. 525 people started the survey, of which 292 were senior managers, executives or owners (primary respondents) and 123 were secondary respondents comprised primarily of other workers (managers, salaried and contract workers). Approximately 400 completed some aspect of the survey.



# Respondent Demographics

# What industry is your organization in?

Compared to  
2011 County  
Business  
Patterns (CBP)  
and Survey

2-DIGIT NAICS CODE	Survey	2011 CBP	2011 Survey
Professional, scientific, and technical services	19.9%	15.6%	28.0%
Finance and insurance	10.2%	6.7%	7.4%
Other services (except public administration)	9.2%	9.5%	6.1%
Real estate and rental and leasing	9.0%	6.3%	11.6%
Construction	6.2%	9.8%	15.8%
Arts, entertainment, and recreation	6.0%	1.4%	3.9%
Health care and social assistance	5.6%	12.1%	7.1%
Retail trade	5.6%	12.3%	6.4%
Manufacturing	5.4%	2.9%	4.2%
Accommodation and food services	5.2%	8.1%	
Information	5.0%	1.8%	1.0%
Educational services	4.6%	1.7%	3.2%
Utilities	2.0%	0.1%	1.3%
Management of companies and enterprises	1.8%	0.5%	
Administrative and support and waste management and remediation services	1.4%	5.8%	
Wholesale trade	1.2%	3.2%	1.0%
Agriculture, forestry, fishing and hunting	0.6%	0.1%	
Mining, quarrying, and oil and gas extraction	0.4%	0.2%	0.3%
Transportation and warehousing	0.2%	1.8%	1.6%
Industry Overrepresented	Industry Underrepresented		
Source: Summit Economics, US Census			





# How many employees does your company have working in the Pikes Peak Region?

<b>Organization Size</b>	<b>Survey</b>	<b>2011 CBP</b>	<b>2011 Survey</b>	<b>2009 Survey</b>
<b>1-9</b>	54%	77%	57%	46%
<b>10-24</b>	18%	12%	16%	20%
<b>25-99</b>	15%	9%	17%	18%
<b>100-499</b>	8%	2%	8%	11%
<b>500+</b>	5%	0.2%	2%	5%
County Business Patterns estimated for 10-24 and 25-99				

Organizations with under 10 employees are underrepresented.



# Organizational Contribution to Community

Firm Size (Employees)	Export as % of Revenues	Net Jobs Since 2011	Jobs/Firm	Number of Firms
1-9	40%	96	0.6	150
10-24	44%	143	2.9	50
25-99	54%	402	9.8	41
100-499	42%	510	25.5	20
500	45%	996	71.1	14
<b>Total</b>	<b>43%</b>	<b>2147</b>	<b>7.8</b>	<b>275</b>
Summit Economics, 2013 PPR BCS				

All firm size categories are export driven (% revenues from outside the Pikes Peak Region). This is somewhat overstated given over and under representation by industry. Total new job creation is over stated due to survey bias towards larger firms. However, all firm size categories created more jobs than were lost on average.



# **Satisfaction with the Pikes Peak Region Business Climate**

# How would you rate your satisfaction with the overall business climate in the Pikes Peak Region ?

	Sep-13	Oct-11	Apr-09
Very satisfied	3.9%	2.4%	4.3%
Satisfied	16.6%	15.7%	21.0%
Somewhat satisfied	38.8%	43.7%	39.2%
<b>Not very satisfied</b>	<b>40.4%</b>	<b>38.0%</b>	<b>35.5%</b>
No opinion	0.7%	0.3%	0.0%
<i>answered question</i>	415	390	186

Levels of satisfaction has become slightly more polarized since 2011 – greater dispersion of responses over all categories and reduction in “Somewhat satisfied”.

**A large and growing percent are “Not very satisfied”**



# How would you rate the local business climate in the Pikes Peak Region compared to two years ago?

	Sept 13	Oct 11	Apr 09
Much Better	2.5%	1.3%	0.0%
Better	31.6%	16.4%	3.0%
About the Same	38.7%	39.9%	20.0%
Worse	20.9%	31.9%	55.0%
Much Worse	6.4%	7.3%	22.0%
<i>answered question</i>	393	383	182

Despite the higher percentage reporting they are “not very satisfied” with business climate, **significantly fewer report conditions being “worse” than 2011 and more report conditions are “better”**



In your opinion, what are top problems/barriers your organization faces in doing business from an El Paso or Teller County location?

# 1 Thing  
on their  
Mind

2013

Showing 24 Most Important Words and Phrases

Access Airline Service Airport Attracting **Business** City  
Council Community Economic Economy Elected Officials **Funding**  
**Government** Growth Local Low Political  
Qualified Region Regulation Taxes  
Transportation Travel Weather Disasters Young

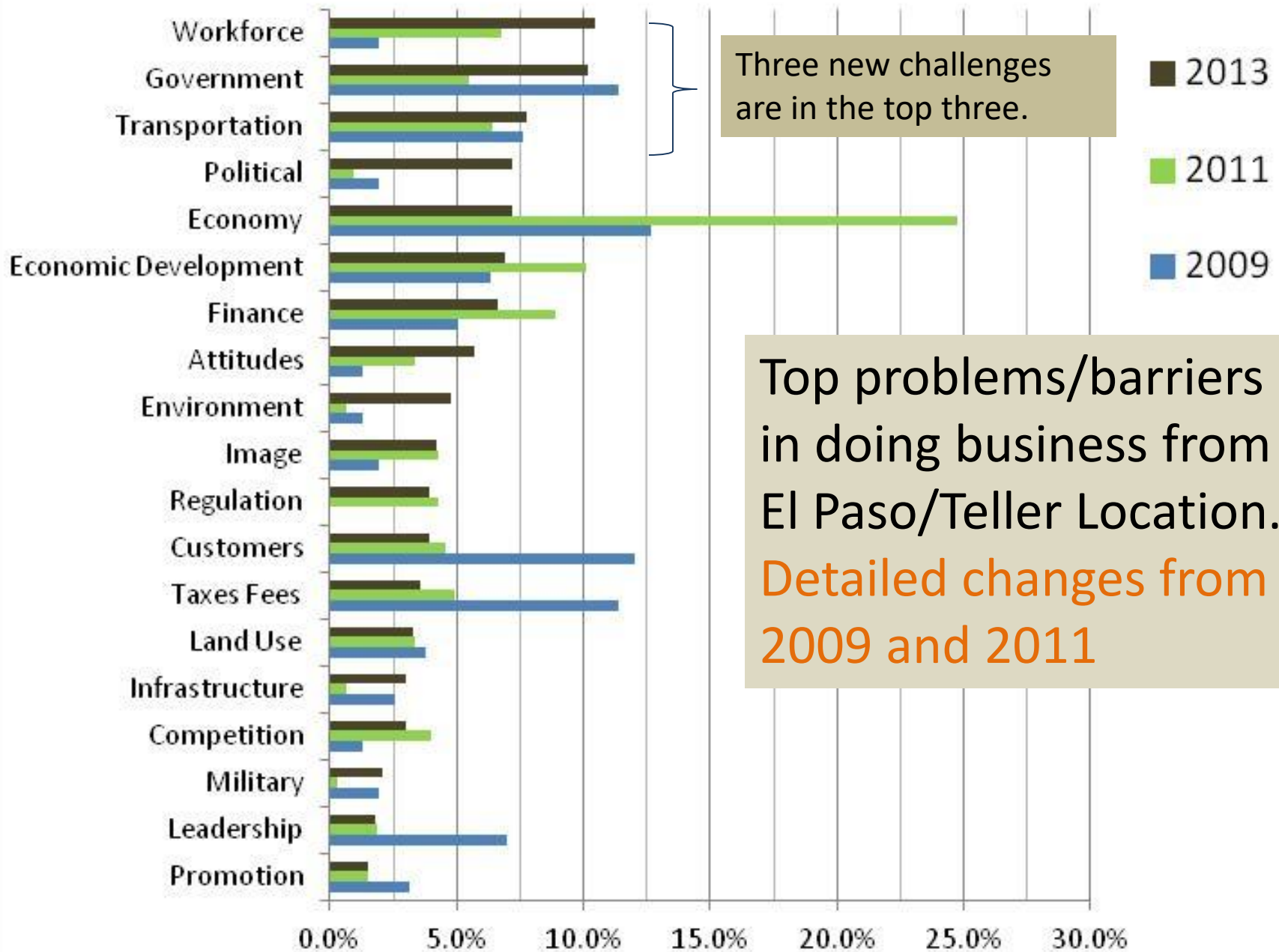
Showing 28 Most Important Words and Phrases

Airport Banks **Business** Capital City Council City Management  
Colorado Springs Companies Competition Consumer  
Confidence Customers Economic **Economy** Getting  
**Government** Growth Job Local Market Perception  
Poor Public Resources Qualified Regulation Spending Tax  
Transportation Unemployment

2011

El Paso  
County only





# World Class Business Climate?



# Components of a World Class Business Climate

- Infrastructure
- Access to finance
- Regulatory Environment
- Entrepreneurial Culture
- Skilled work force
- Opportunities for work force outside of work
- Young professionals, technical workers, and creatives



# How would you rate the business climate in the Pikes Peak Region related to the following.

Business Climate Factor	Rating -2 to 2	
Opportunities for work force outside of work (recreation and education)	1.15	Leverage Points
Skilled work force	0.26	
Infrastructure (utilities, transportation, and telecommunications)	0.05	Constraints to Improve
Access to finance for organizational growth	-0.17	
Local regulatory environment (non-federal) that supports business creation in the area	-0.43	Problems Needing Attention
An entrepreneurial culture supporting start-ups and mentorship	-0.52	
Ability to attract young professionals and technical workers	-0.63	

Positive ranking is above neutral indicating better and more competitive. Best score is 2. Negative is below neutral indicating worse or less competitive. Worst score is -2

**410 responses**



# Infrastructure

# How would you rate the following local infrastructures in terms of their impact on your organization?

	Average Rating	Degree of Importance
Electric power	0.35	77%
Natural gas	0.24	72%
Internet	0.23	95%
Telecommunications	0.20	95%
Water and waste water	-0.07	69%
Stormwater	-0.43	69%
Other transportation	-0.52	81%
Airport	-0.71	81%

% indicating infrastructure is important to their organization

Critically Important

Least Important

Maximum rate = 2 Minimum rate = -2

With the exception of the airport, all are pretty close to neutral.



# What changes to the transportation infrastructure would improve the local business climate?

Showing 28 Most Important Words and Phrases

**Airport** Attract more Carriers Better Airline Service  
Buses Connections **Denver** Downtown East  
**West** Fewer **Flights** Fly out of CS Growth **I25** Improve  
Local Employers Major Roadways Manitou **Parking Lots**  
**Powers** PPRTA **Repair** Road Construction Schedules Self  
**Traffic Transportation** Trolley System Water



# Finance

# Did your business attempt to obtain financing within the past two years?

Size of Firm	1-9	10-24	25-99	100-499	500+	Total
% Who Sought Financing Last 2 Years	27%	49%	32%	57%	27%	34%
Of those who sought						
% Found it Difficult to Very Difficult	68%	62%	31%	58%	25%	58%

- Smallest and largest companies are the least likely to have sought financing.
- Only 10% of total found it very easy.
- Smallest firms most challenged when they do seek financing.
- Primarily debt. Exclusively equity only 13%
- Half sought funding only within Region

## Type of Financing Sought

Debt	54.6%
Equity	13.4%
Both	26.8%
Grants	5.2%

## Where Financing Sought

Within Colorado Springs	51.5%
Outside Colorado Springs	21.6%
Both	26.8%

*answered question* 97



# Regulations



# Describe the most cumbersome local (city, county or state) regulation your business encounters.

There is no strong consensus on specific city, county and state regulatory burdens. When multiple issues are combined it appears the land entitlement process and construction and development permitting and approval process is most burdensome.

Showing 27 Most Important Words and Phrases

Business Colorado Springs Control Costs  
 County Deal Department Government Health  
 Insurance Infrastructure Initial Inspections Land Development Laws  
 Local Marijuana Permits Process is Cumbersome  
 Public RBD Regional Building Regulations  
 Requirements Tax Taxation Unknown Utilities

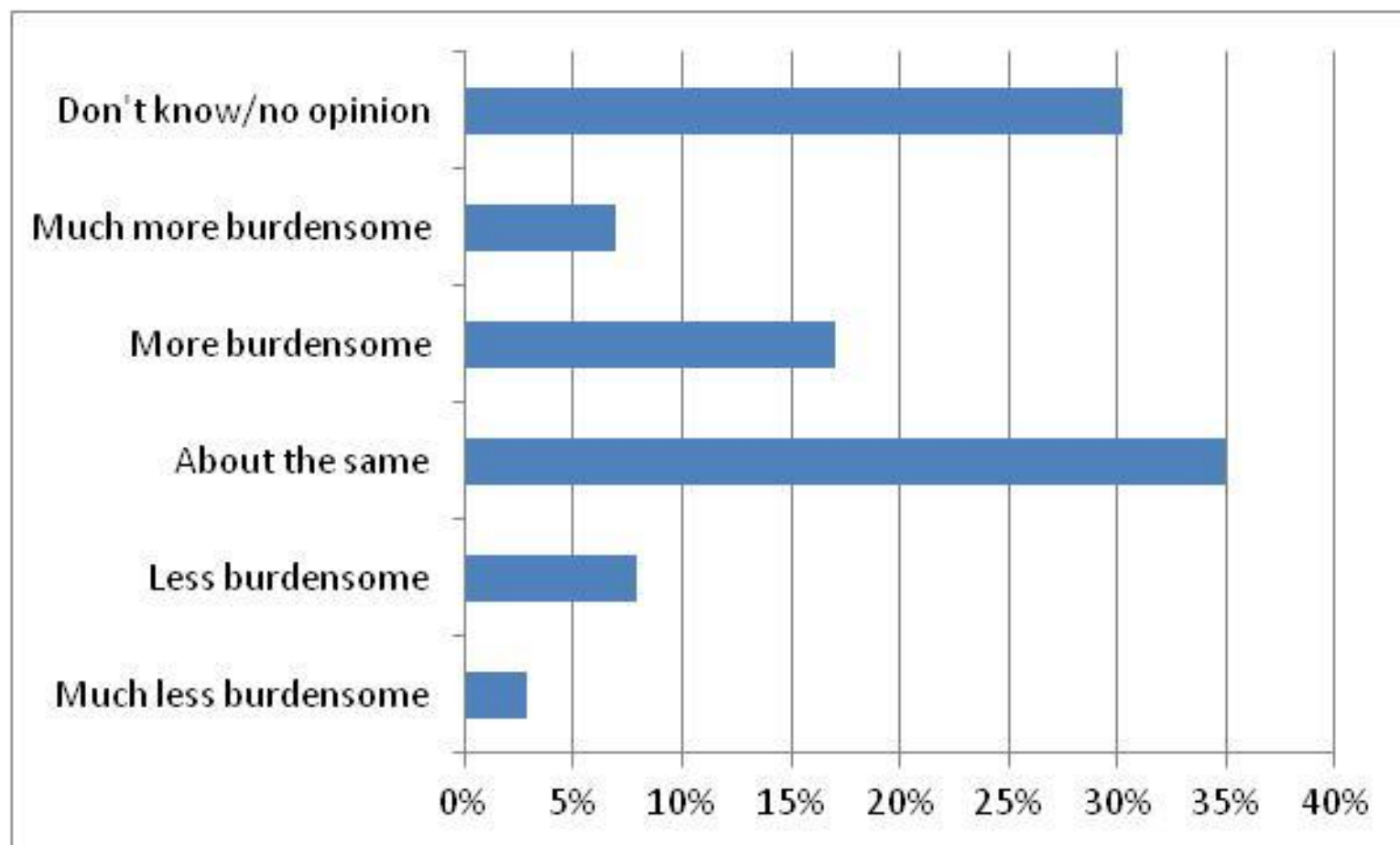
Property, sales or payroll tax issues	17.8%
Permitting issues	17.1%
Regional Building	8.9%
Healthcare issues	6.2%
Utility issues	4.8%
Licensing	4.1%
Land development issues	4.1%
Zoning	2.7%
Other	34.2%

Answered question 146

*Note, half of potential respondents to this question responded with an issue*



# Regulatory Environment

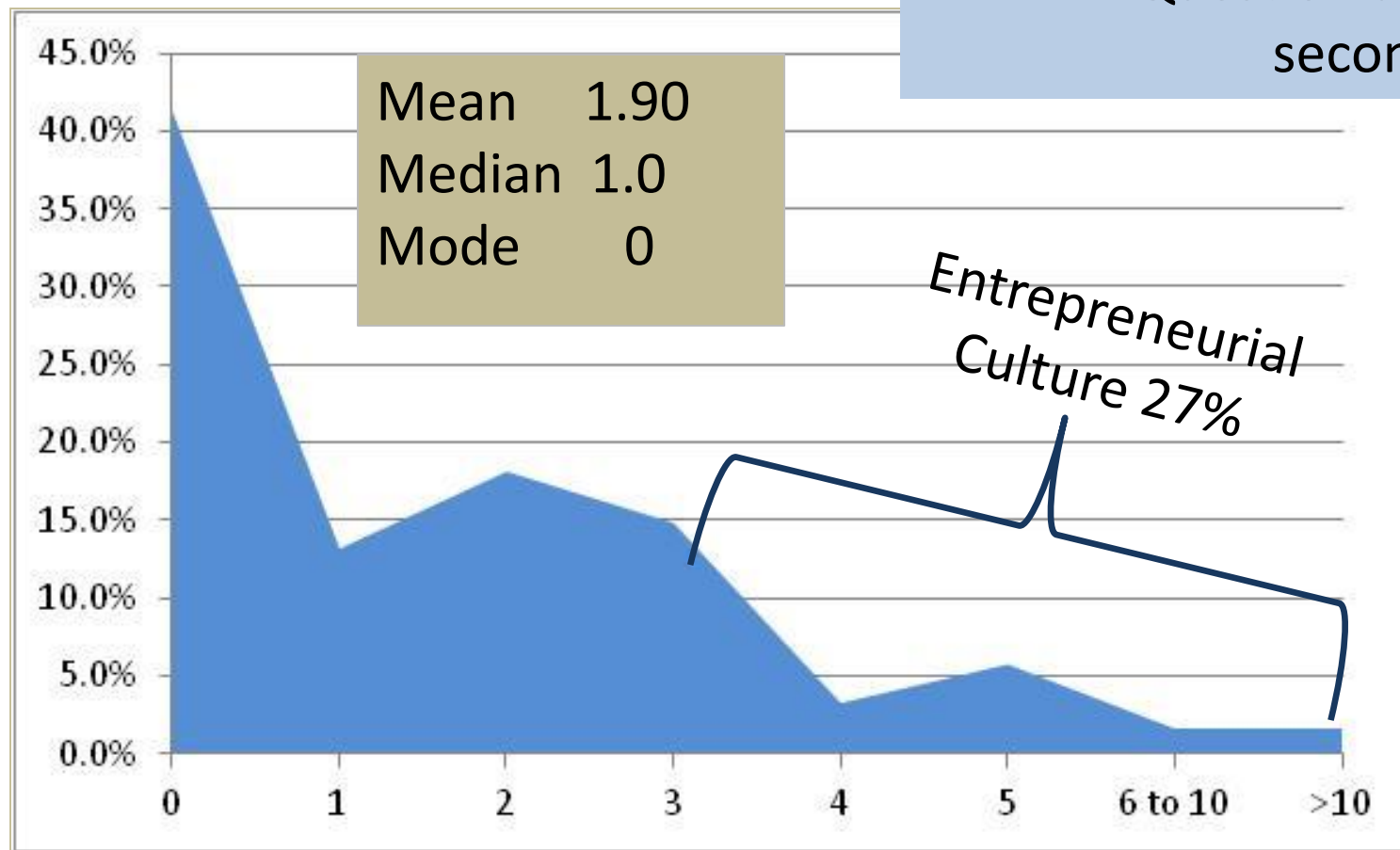


# Entrepreneurial Culture



**In your network of family, friends, and associates, how many have started a business in the last two years or are likely to start a business in the next two years IN THE PIKES PEAK REGION?**

Question answered by  
secondary group



**Recent Startups** – 19% of Respondents' firms are less than 5 years old and based in the Pikes Peak Region. **78% of the young firms have less than 10 employees.**

36% and 43%  
forecast very high  
and modest growth  
respectively

	Response Percent
Single owner or Family operation	58.2%
Start-up by three or fewer unrelated	32.7%
A franchise	3.6%
Other	12.7%
<i>answered question</i>	
55	

Funded through cash on hand	69.1%
Funded with unsecured credit card or	18.2%
Funded through retirement savings	16.4%
Funded through venture or angel capital	12.7%
Other	10.9%
Funded with secured debt such as a home mortgage	9.1%
<i>answered question</i>	
55	



# Work Force

# Rate the following workforce issues in terms of the impact they have on your business:

	Average Rating	Degree of Importance
Availability of workers with military experience	0.46	74%
Access to workforce training	0.05	90%
Union/management relations	0.04	69%
Wage and salary costs	0.04	97%
Education level of workers	0.03	96%
Productivity	0.02	97%
Workforce attitudes	0.01	97%
State and local workplace regulations	-0.22	93%
Availability of skilled workers	-0.26	97%
Maximum Rate = 2 Minimum Rate = -2		

Workforce issues are essentially neutral, yet very important except in the case of workers with military experience and union/management relations.



48% of 281 Respondents indicated their organization experienced difficulties matching job requirements with qualified job applicants in the last two years.

Sales/marketing	35.3%
Professionals	23.3%
Engineers/scientists	21.1%
Semi-skilled professionals	21.1%
Computer programmers and analysts	20.3%
Supervisor/managerial	20.3%
Customer support	15.8%
Computer technicians and operators	9.8%
Clerical/administrative	9.0%
Unskilled	9.0%
Other	9.0%
Manufacturing	6.8%
Lab/tech personal	4.5%
Healthcare professionals	4.5%

Responses are consistent with low ranking of “availability of skilled workers”

→ The healthcare sector was underrepresented in the survey.





# Young Talent

# What is the intensity of need for younger talent (under 40) in your organization?

		Size of Firm					
		1-9	10-24	25-99	100-499	500+	Total
<i>answered question</i>	Strong	28%	38%	39%	45%	60%	34%
	Moderate	30%	47%	44%	23%	33%	35%
	Slight	23%	8%	12%	23%	7%	18%
	None	19%	8%	5%	9%	0%	13%
		148	53	41	22	15	279

Showing 27 Most Important Words and Phrases

Age College Colorado Springs Customers Denver  
 Employees Experience Future Grow Hard  
 Working Hire Issues Junior Learn Lower Next Generation  
 Operation Productive Reputation Sales Force Social Media Staff  
 Talent Trades Workforce Young  
 Younger

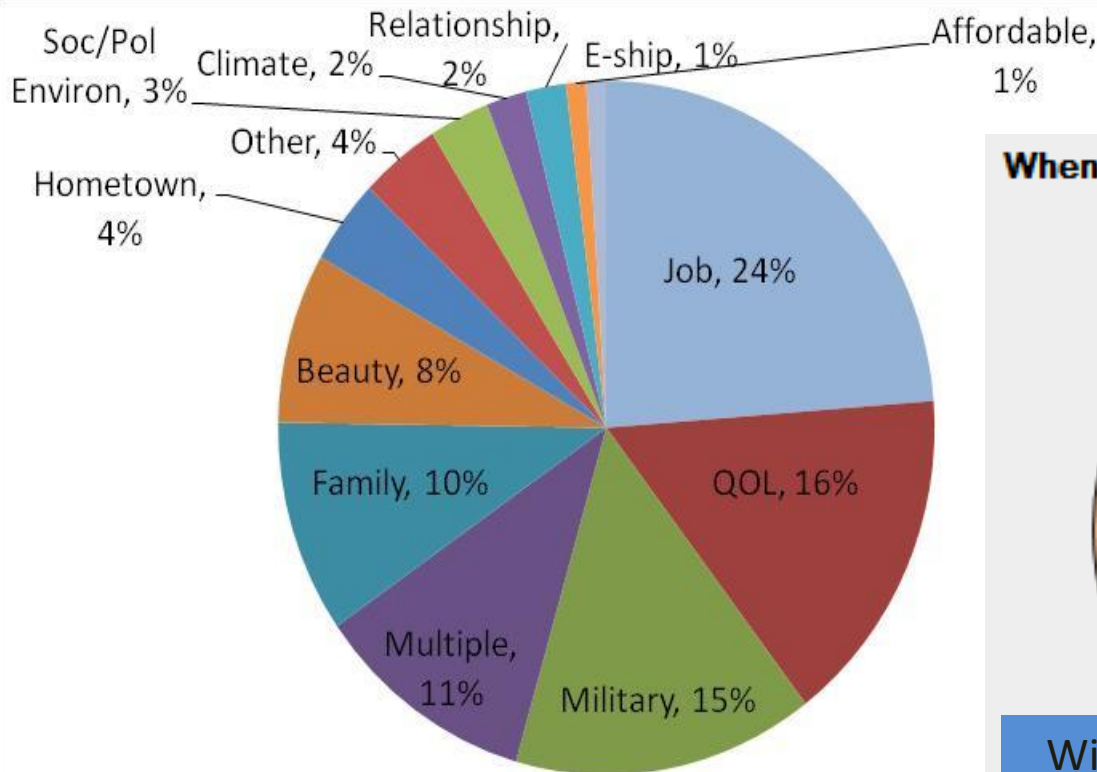
Elaborating on need – Key Words

Larger firms  
 have greater  
 relative need  
 for younger  
 talent



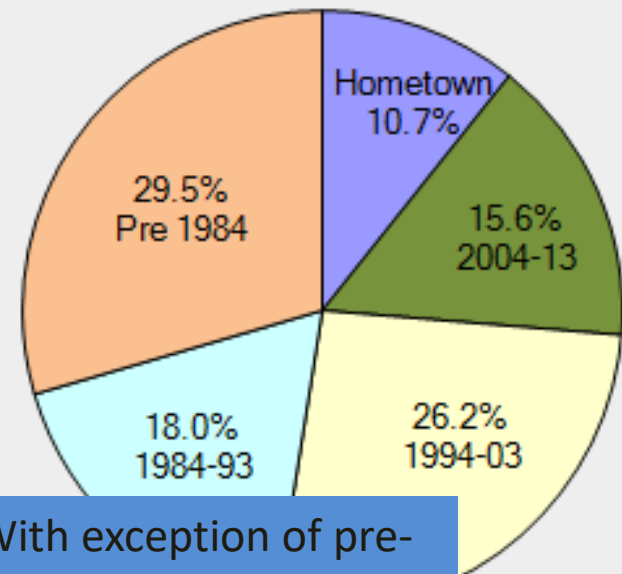
# Why & When the Workforce Came

## Jobs Matter



**Why did you move to or return to the Pikes Peak Region (assuming you moved away for a period of time)?**

**When did you first move to the Pikes Peak region?**



With exception of pre-1984 arrivals, the percent arriving per 10 years correlates well to local economic conditions



# Preferences & Recommendations

# What changes could local government undertake to improve the business climate for your organization?

Fund more economic development initiatives	55.8%	Clear Favorite
Reduce regulatory burdens	39.7%	
Streamline permit approval process	39.0%	
Invest more in the stormwater system	38.0%	
Fund more street maintenance/pothole repairs	37.7%	
Enhance arts and culture	32.5%	Second Tier – reduce burdens and maintain infrastructure
Ease local street and road congestion	31.0%	
Improve K-12 public education	29.5%	
Reduce licensing burdens	28.3%	
Invest more in parks, recreation and open space	27.3%	
Improve public safety	18.6%	Third Tier
Cut local taxes	17.6%	
Increase local taxes	17.6%	
Approve more affordable housing and/or apartment	16.1%	
Reduce pension costs	15.4%	
None	1.0%	Not as important as many think?

Answered question 403



# Pick what you think the TOP FIVE economic development goals should be for the P.P. Region

Create new jobs with above average wages and salaries	53%
Focus on retaining and attracting younger workers (under 40) to the community	46%
Be economically diverse	43%
Focus on developing a climate which promotes entrepreneurship	40%
Be known as having a world class business environment	34%
Be known for local government that is highly efficient and effective	34%
Revitalize Downtown Colorado Springs	34%
Minimize local government barriers to business to promote growth	32%
Focus on redeveloping declining neighborhoods and commerical areas	30%

**Top 9 preferences** among 122 Respondents who answered **NO** to:  
**Are you a business owner, executive, or top local manager for a regional, national, or international operation? (The secondary group)**



# Where is the greatest opportunity for El Paso and Teller Counties to improve to a World Class Business Climate?

2013

Showing 28 Most Important Words and Phrases

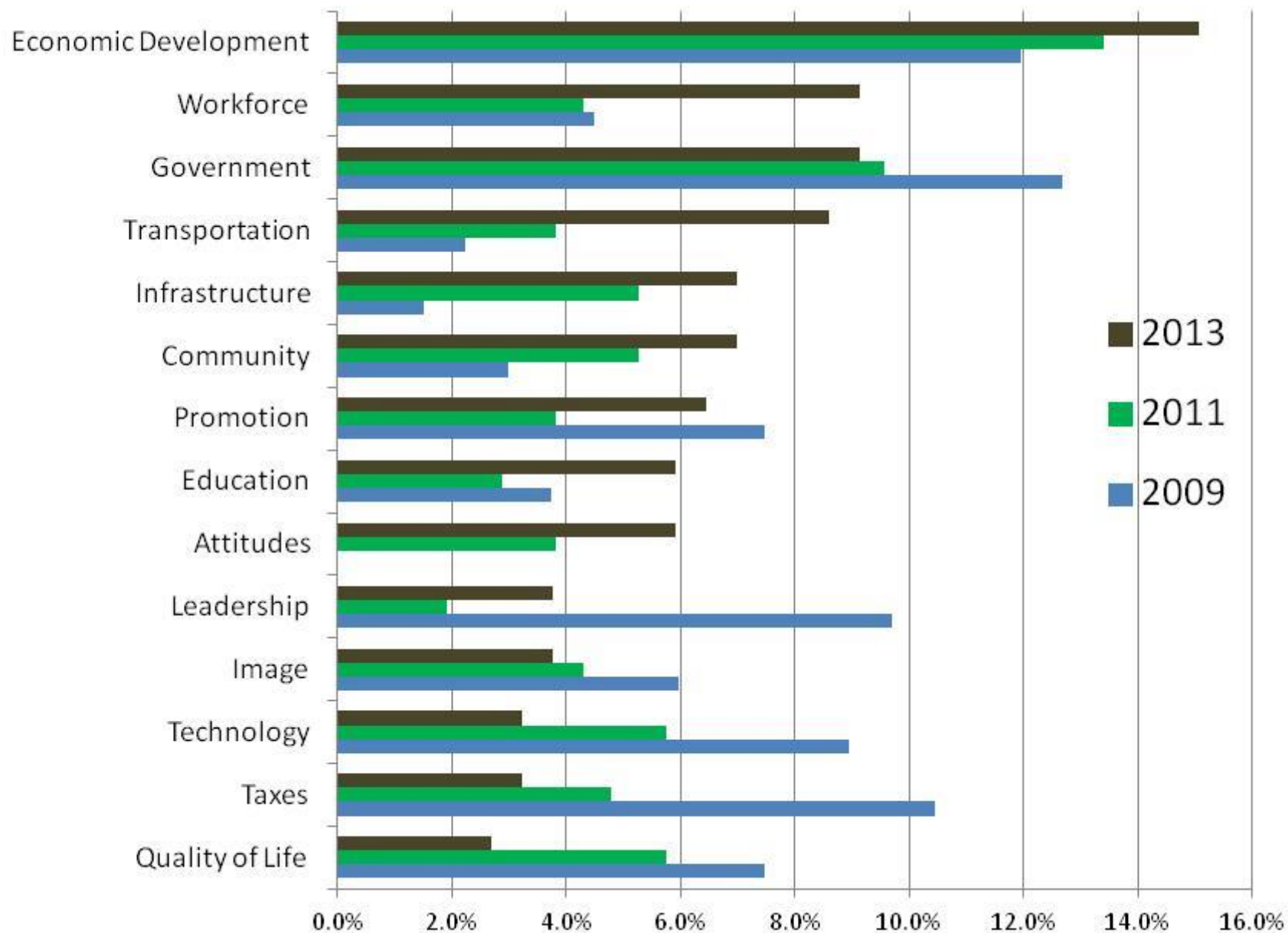
Attract Business City of Champions  
 Colorado Springs Community  
 Downtown Encourage Local Entrepreneurial Government  
 High Tech Higher Improve Jobs Manitou Springs Market  
 the Area Media Natural New Talent Paso County Poorly Progress  
 School Stop Taxes Technology Young People  
 Young Professionals Youth

**2011** Where is the  
**GREATEST OPPORTUNITY**  
 for Colorado Springs and El  
 Paso County to become an  
**OUTSTANDING** community  
 for business?

Showing 28 Most Important Words and Phrases

Attract Business City and County Community  
 Defense Contracting Denver Development Economic  
 Education Energy Focus Government Growth Health  
 Care Increase Incentives Industry Invest Jobs Manufacturing  
 Mass Transit Place to Live Public Quality of Life  
 Regional Roads Strong TABOR Tax







# Conclusions

??????