

WAYNE COUNTY

Business Expansion & Retention Program

Tourism Industry Report

**Wayne County Economic Development Office
December 2006**

Acknowledgment:

The Wayne County Business Expansion and Retention Survey were conducted through the year of 2006. Survey design was an accumulation of surveys brought into one by the Economic Development office with help from USU Extension. Survey distribution was completed by the Economic Development office and a team of volunteers. Results were compiled through the Wayne County office of Economic Development.

This survey could not have been possible without the business owners and managers who completed the survey. A lot of time and effort went into responding to the questions posed in the survey.

The Wayne County Business Expansion and Retention (BEAR) Program was sponsored by the Wayne Economic Development Council and endorsed by local government, business and civic associations.

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Wayne County Business Expansion and Retention – Tourism Business Sector

Introduction:

The goal of the Business Expansion and Retention program is to address immediate and pressing problems, help improve the profitability of local businesses, and develop programs and policies – training, financing, infrastructure – which help promote a diversified stable economy. Above all, the program represents a commitment from the community and local business to be partners in communicating and working together. The three primary objectives for this project are 1. To identify common problems, issues and needs of existing businesses so that relevant and useful information, resources and expertise can be identified and made available to help local businesses prosper. 2. To identify specific problems of individual businesses that could be addressed and remedied locally. 3. To assist local economic development and tourism officials to plan for future growth and development with local business issues as an important part of their agenda. This is the first year this survey has been utilized. The survey was created, conducted and compiled by the Economic Development Director of Wayne County with help from USU Extension.

From January thru December of 2006 the tourism sector of Wayne County's economy was surveyed, these businesses included, but were not limited to, accommodations, restaurants, guide & outfitters, and gift shops. This report reflects the responses of those tourism based businesses. The survey was mailed out to eighty businesses. A team of people were assigned to contact the businesses and pick up the completed surveys. Thirty-four (42.5%) surveys were successfully completed and returned to the Economic Development Office. Personal contact with the businesses was an attempt to ensure a high return rate and show commitment to the businesses and program. The survey covered a variety of questions including information about business characteristics, labor force, marketing, inventory sources, local services, business assistance, economic development, and general Wayne County services. It is the intent of the Wayne County Economic Development Office to continue to survey the remaining business sectors of the economy in the following years. The survey used may be modified to develop a better response on specific issues.

BUSINESS CHARACTERISTICS:

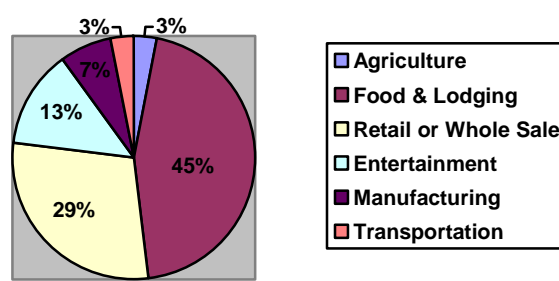
The first section of the survey addressed the characteristics of the businesses surveyed.

Question: Position of the person completing the survey.

90% of the individuals completing the surveys were the owners of the businesses, while 10% indicated they managed the business for the owner.

Question: “What is the general category of goods and services sold?”

Category of Goods & Services

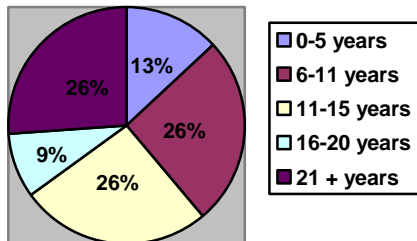


45% of the businesses surveyed indicated that they provided food and lodging services. 29% reported that they were considered retail or whole sale outlets. 13% provided entertainment services to customers. Other businesses included manufacturing (7%), agriculture (3%), and transportation (3%). The majority of businesses could have fit into more than one of the categories listed.

Question: “What are the major products offered by your business?”

There were many responses to this question though the majority of the answers revolved around food service, accommodations, gifts & crafts, tour guiding and other entertainment.

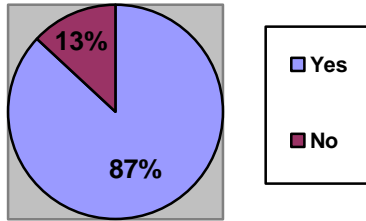
Question: “How long has your business been in its current location?”



26% of businesses surveyed have been in their current location for 21+ years, 11-15 years, and 6-11 years. 9% have been in there current location for 16-20 years, and 13% have been located there for 0-5 years.

Question: “Is this a family owned business?”

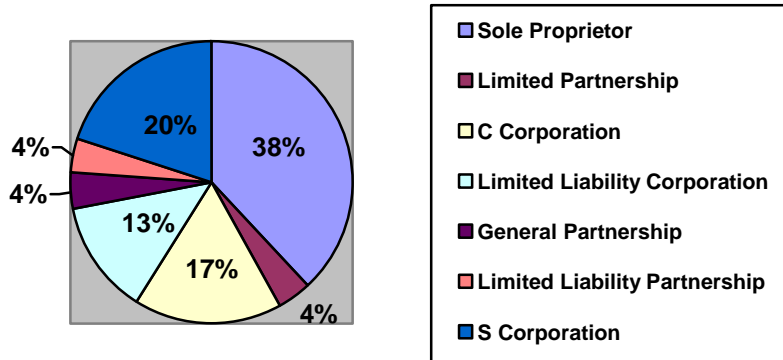
Family Owned Business?



87% of the businesses surveyed indicated that the business was family owned. Only 13% reported that they were not.

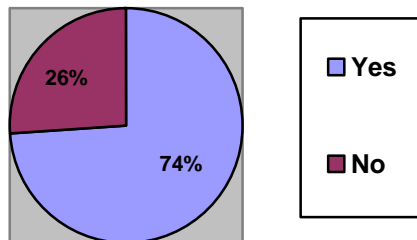
Question: “What kind of legal structure is this business using?”

Type of Legal Structure



38% of the businesses surveyed reported that their legal structure was a Sole Proprietor. 20% were S Corps, 17% C Corps, 13% were Limited Liability Corps. A few of the businesses reported being General Partnerships (4%), Limited Partnerships (4%) and Limited Liability Partnerships (4%).

Question: “Is your business seasonal? If so when is your busy season?”



74% of the businesses surveyed indicated that they are seasonal. Only 26% stayed open year round. The majority of the businesses were open from April until October, although a few open earlier or close later. Comments indicate that summer and fall are the busiest seasons for tourism in Wayne County.

Question: “If your business is seasonal, could anything be done to extend the season?” Many businesses recognize the need for extending their busy season. Many suggested promoting winter activities that would bring people into the county, although specific examples for activities were not mentioned. A number of businesses find it hard to promote during the winter because many of the other businesses close and services are not available for travelers.

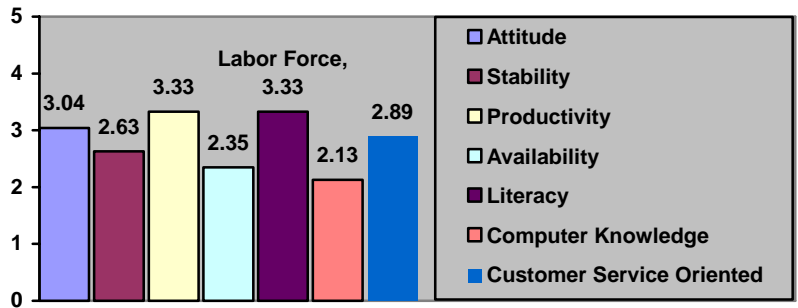
LABOR FORCE

The second section of the survey focused on the labor force in Wayne County. It was designed to measure quality, availability, and other aspects of the labor force.

Question: “If the number of employees your business hires has increased or decreased in the past five years, please tell us why.”

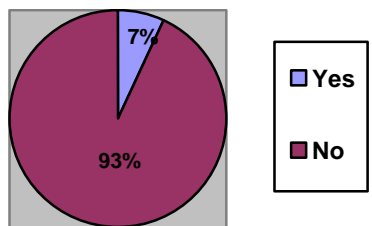
Many surveys commented on the lack of tourism as the main reason they have employed fewer individuals in the last few years. The lack of an adequate workforce is also a problem for employers. Those that have increased employees cited the growth or expansion of their business and increased sales as the main reasons for employing more individuals.

Question: “On a scale from 1 being Very Poor to 5 being Excellent, how would you rate the labor force in Wayne County?”



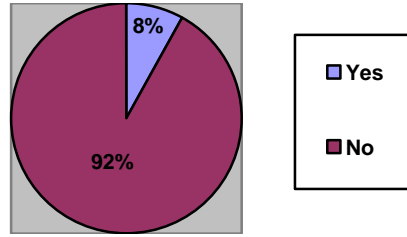
The labor force in Wayne County earned an average of 3.33 out of 5 for Productivity and Literacy. Attitude had an average rating of 3.04 out of 5, and customer service oriented rated a 2.89 out of 5. Stability (2.35/5) Availability (2.35/5) and Computer Knowledge (2.13/5) were the lowest rated factors of the labor force.

Question: “Does your business provide benefits, if so what are they?”



93% of businesses surveyed indicated that they did not provide benefits to their employees. 7% of businesses do provide some sort of benefits whether it be vacations, memberships, housing, or health care packages.

Question: “Does your business provide health insurance? If not, Why not?”



Only 8% of the businesses surveyed provide health insurance for their employees. Most businesses cited the lack of reasonably priced plans for small businesses for not offering health insurance.

MARKETING FACTORS:

Section three of the survey focuses on the marketing factors of local tourism businesses. It was designed to show how businesses were marketing, where they are marketing, and location of competition.

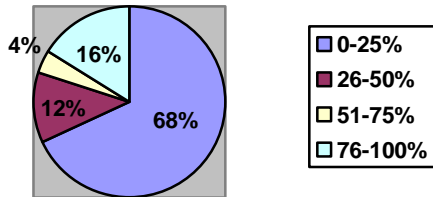
Question: “What is your principle method of advertising?”

Many businesses indicated that Word of Mouth was their principle form of advertising. The internet and newspaper advertisements were also frequently mentioned on the list of mediums used to advertise. Some other methods mentioned include: Wayne Travel Council brochure, phone directories, signage, magazines, and direct mailings.

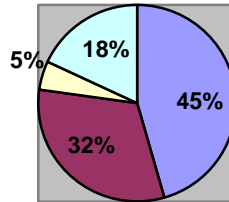
Question: “What portions of annual sales are made to customers...?”

The charts below show the percentage of business sales made to customers. The majority of businesses surveyed do not cater to the local residents.

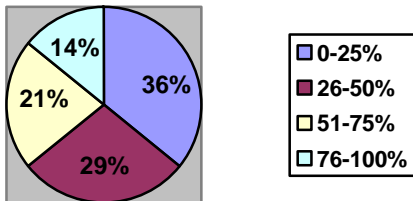
Customers in the County



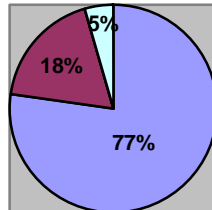
Customers outside the County



Customers outside of Utah



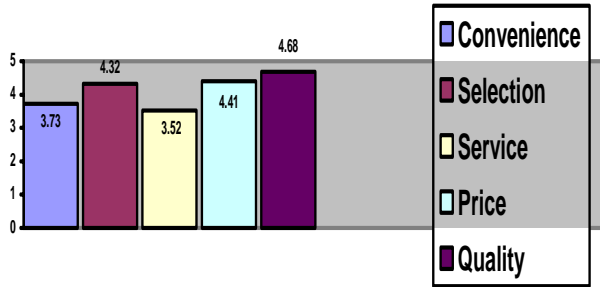
Customers outside the USA



Question: “Where are your major competitors located?”

Competitor to Wayne County businesses are everywhere though most surveys reflected that their major competitors are located within the county or within 60 miles. Businesses located in Richfield, Moab, Provo, and Salt Lake are all competing with local businesses.

Question: “On a scale from 1 being Worst to 5 being best, which of the following are competitive strengths of your business?”



This question was designed to see what strengths local businesses have and can promote. The majority of businesses listed Quality (4.68/5) and Selection (4.32/5) as their best qualities. Convenience (3.73/5) and Price (4.41/5) were also considered strengths. The lowest competitive strength was Service earning a 3.52 out of 5 points.

Question: “What are the positive aspects of doing business in Wayne County?”

Quality of life is a very important aspect of doing business in Wayne County. Many businesses reported that living in the area; the scenic beauty, peacefulness, location, local people, and environment were all positive aspects. They also mentioned traffic to Lake Powell, Capitol Reef National Park, the central location, and county regulations were positive aspects.

Question: “What can Wayne County businesses do to be more customer- and service-oriented?”

The majority of the businesses commented that customer service training for frontline employees would help increase customers service. It was also suggested that developing amenities and infrastructure that cater to tourism, such as walkways and bike paths throughout the county, would be beneficial. Helping tourist find the services they need is also very important for local businesses.

Question: “Would you join a chamber of commerce if it was available in Wayne County?”

75% of the businesses surveyed indicated that they would be interested in joining a Chamber of Commerce in Wayne County. Though for many it would depend on the benefit received from that membership. 25% would not be interested in joining.

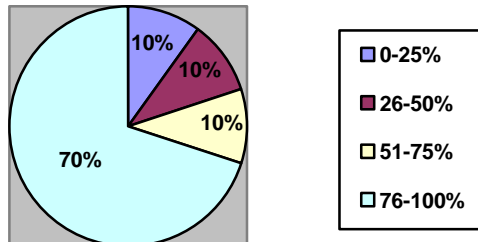
SOURCES OF GOODS, SUPPLIES AND INVENTORY:

Section four of the survey focused on the supply and inventory aspect of local businesses. It was designed to show problems or needs with local services, prices, or availability.

Question: What are the most important supplies, services, and other goods that your business uses?

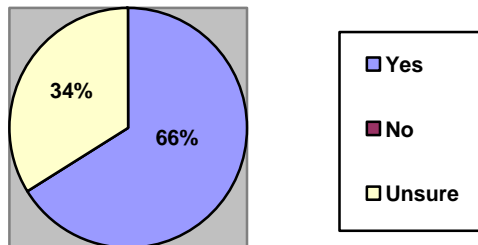
Food services and cleaning supplies are used on a regular basis and are needed by local businesses. Building supplies, gifts & crafts, and mechanical parts were also mentioned by the surveyed businesses.

What percent of supplies are purchased outside the County?



70% of businesses purchase needed products outside of the county 76-100% of the time. Only 10% purchase products outside of the county 0-25% of the time.

Question: Would you buy locally if available?

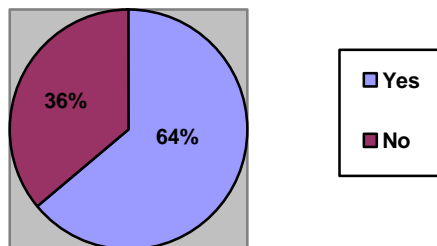


66% of the businesses indicated that they would be willing to buy their supplies locally if the price and selection were competitive. 34% were unsure if they would buy their supplies locally if available.

Question: What supplies do you buy locally?

Most of the supplies purchased locally include groceries, auto parts, fuel, propane, hand-made crafts, and advertising.

Question: “Are you experiencing any problems with cost, quality, supplies, or services?”
If yes explain.



64% of businesses indicated they were experiencing problems with cost, supplies or services. Propane and gasoline costs were cited as the main problems, along with lack of labor force, and high costs for products.

Question: “List any needed sources of supplies, services or goods:”

Telecommunications is a much needed service in this area. Although things are continuing to progress many of these services are still inadequate. Surveys indicated that having more competitive businesses increase selection and decrease prices. Many businesses purchase their goods from large whole sale businesses and small businesses find it hard to compete.

LOCAL SERVICES:

Section five focuses on local services. It was designed to point out problems and concerns local businesses are having and ways that they can be remedied.

Question: “Please describe any problems you have experienced with local services:

The majority of comments focused on fuel prices and telecommunications, restaurants closing in off season, not enough retail stores, poor customer service, year round availability, delivery charges, labor force, and slow repairs.

Question: “Please list any needed services which are currently unavailable:”

The major need for the businesses in Hanksville is telecommunications. Cell phones will not work in the area and high speed internet is also a problem. Other businesses focused on telecommunications, more restaurants, cultural promotion, and entertainment.

Question: “What types or organizations or assistance would you recommend to improve the areas business climate?”

The majority of the comments focused around a chamber of commerce and developing a year round economy. Other comments included fostering a network of local businesses and advertising businesses better. Also mentioned was the availability of low cost/interest loans to help businesses.

BUSINESS ASSISTANCE:

Section six of the survey focused on assistance that local businesses need and is designed to learn the needs of the community. The results from this section will be used to base trainings and future conferences on.

Question: “Would you be interested in receiving additional information or training in any of the following management areas?”

The list below shows the most requested assistance topics from local businesses. The majority of the surveyed businesses requested help with business insurance costs and finding qualified employees.

Business Assistance Continued:

Records and Financial Management:

- 41%** Using tax reduction strategies
- 32%** Performing financial analysis
- 27%** Preparing tax statements
- 23%** Collecting receivables
- 18%** Maintaining daily/weekly business records
- 18%** Preparing financial statements
- 14%** Paying bills on time

Employee Relations:

- 68%** Finding qualified employees
- 46%** Employee motivation
- 41%** Wage levels
- 36%** Keeping good employees
- 36%** Training employees
- 23%** Communication with employees
- 9%** Substance abuse

Store Operations:

- 41%** Customer Service
- 41%** Increasing sales
- 36%** Advertising product display & merchandise
- 32%** Cost reduction
- 18%** Business planning
- 18%** Inventory control
- 14%** Salesperson competency
- 14%** Quality control
- 9%** Capturing market share
- 5%** Developing new products
- 0%** Packaging
- 0%** Exporting

Financing:

- 68%** Business insurance costs
- 64%** Availability of long-term loans
- 59%** Availability of short-term loans
- 50%** Employee health insurance costs
- 36%** Unemployment insurance
- 32%** Workers compensation

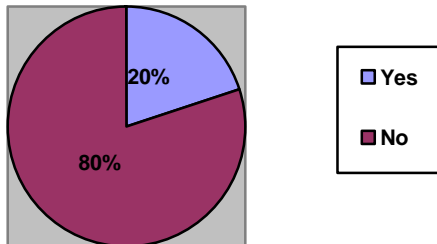
BUSINESS PROBLEMS:

Section seven of the survey addressed problems that could potentially hurt businesses and identified barriers to expansion. It is designed to identify problem areas and ways to improve or eliminate those areas.

Question: “Please describe any serious problems relating to your business which could potentially cause you to go out of business.”

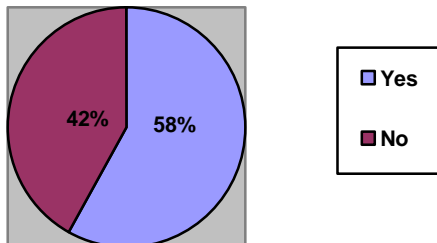
Comments were made on high fuel prices that decrease the amount of traffic through the area. Declining tourism and visitation to the area as a result of closing recreational areas would greatly impact the tourism businesses and county as a whole. It is evident that land and wildlife management of federal agencies directly impacts local economy.

Question: “Are you currently considering moving or closing your business? If yes explain why.”



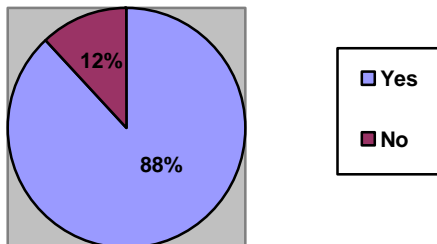
Only 20% of the businesses surveyed consider moving or closing their business. Reasons mentioned for this decision is lack of business, age of owners, and strict regulations.

Question: “Is your business planning to expand in the next five years?”



58% of the businesses believed that they would be expanding their business in the next five years.

Question: “In your opinion, are there barriers to maintaining and expanding a successful business in Wayne County? If yes what are they?”



88% of the surveys indicated there were barriers to maintaining and expanding a successful business. Barriers mentioned include: six month business year, lack of

financing and ability to obtain loans, lack of workforce, fuel prices, health care coverage for small businesses, state regulations, and competition from other places.

Question: “What specific initiatives (i.e. programs, projects, events) could help remove those barriers?”

Many comments were made about finding and advertising winter activities, and creating a dam for recreational purposes. Tourism development and entertainment such as music festivals and rendezvous were mentioned. Revision of the general plan and developing government contracts, training employees, and addressing water issues are all very important issues for local businesses.

Question: “What are some things the local government can do to help remove those barriers?”

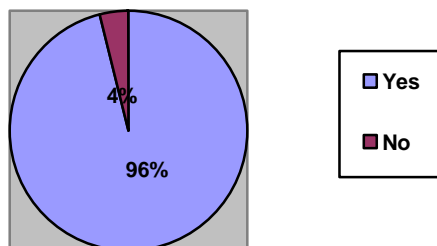
The majority of the comments focused on finding year round economic opportunities and having a balanced commission who cared about supporting sustainable tourism.

Businesses would like to see support for different developments such as energy and support for Senate and House bills that would benefit local businesses. Comments were made that reflected well upon the county and what they are doing to support local businesses.

BUSINESS & ECONOMIC DEVELOPMENT:

Section eight focused on economic development in the county. It was designed to obtain opinions of what is needed or desired by local business and how aspects of the economy affect business.

Question: Do feel economic development is needed in Wayne County? If yes what kind of economic development is needed?”



96% of the businesses believed that economic development was needed in Wayne County. The majority of the comments indicated that there was room for growth in the county. Many would like to see year round businesses that were stable, such as light manufacturing, technical services, and other industries that would raise the tax base and provide jobs for their children to return to. Tourism promotion and recreational facilities were also mentioned.

Question: What type of business or industry would improve the economic development of the county?

Much like the previous question the comments centered on year round jobs. Comments were made about oil development, mining, dam site for recreation and agriculture,

manufacturing, technological services, and other businesses that created stable jobs. Labor force problems were recognized as a barrier to obtaining these businesses.

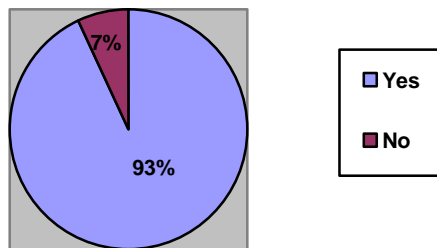
Question: “What type of events/attractions help your business the most?”

Cultural related activities, recreational events, town events, the County Fair, and concerts all were listed as activities that helped businesses in the County. Attractions listed included Lake Powell, the National Parks, wildlife, and recreational areas.

Question: “What community projects would you like to see to improve the quality of life and improve economic development in your community?”

Projects that businesses would like to see are improving housing and infrastructure facilities, community clean ups, and water developments. Other projects mentioned included entertainment facilities, ball fields, a swimming pool, and a buying cooperative.

Question: Do public lands affect your business? If yes, in what way?”



93% of the businesses reported that public lands have an affect on their business. They indicated that much of the tourism in the county is directly related to public land access. Many surveys indicated that tourists visit Wayne County for the recreational opportunities that the public lands provide. Management of those lands has a direct affect on the economy of Wayne County, not only in the tourism sector but for all businesses operating in Wayne County. It was also mentioned that the public lands limit building growth and expansion of Wayne County.

WAYNE COUNTY SERVICES

Section nine of the survey focused on business cost factors, community services, government/business services, quality of life factors, and other business factors.

Question: “On a scale from 1 being Very Poor to 5 being Excellent, how would you rate the following factors in Wayne County?”

The following chart shows on a scale of 1-5 how each factor rates according to the local businesses surveyed.

Business Cost Factor	Average score
Labor Costs	3
Transportation Costs	2.07
Energy Costs	2.61
Local Taxes	3.07
State Taxes	2.75
Land Costs	3.32
Building Costs	2.15

Community Services	Average score
Fire	2.79
Police	3.07
Water	3.38
Sewer/garbage	3.64

Government/Business Services	Average score
Elected Officials	3.17
Wayne County Travel Council	3.03
Economic Development	2.68

Other Business Factors	Average score
Labor Availability	1.93
Raw Materials Availability	1.73
Major Airport Proximity	1.86
Highway Proximity	3.52
Rail Service Proximity	1.21
Telecommunication	2.57

Quality of Life Factors	Average score
School	3.52
Vocational School	1.5
Higher Education	1.96
Recreational Opportunities	4.2
Public Services	2.79
Housing Availability	2.2
Medical Care	2.8
Child Care Availability	1.81
Arts/Entertainment	2
Services for Elderly & Retirees	1.72

Summary:

The results of this survey are a starting point for addressing issues and concerns of local businesses. One of the main issues brought up in the survey was the lack of an adequate workforce. This has been an issue for many years and is not unique to Wayne County. Many other Counties in the area are faced with the same worker shortage. Other business issues addressed were the cost of business insurance and lack of reliable telecommunication systems. Infrastructure improvements are desired and would improve safety and quality of our area. The need for cooperation is among businesses, town government, and county government is essential. 75% of the businesses believed they would join a chamber of commerce if it was available in Wayne County. This cooperation among businesses is essential to the growth and improvement of the business

climate in the County. It is important to note that improvements are continually being made to help improve and remedy these issues and problem areas.

Another issue concerning businesses is seasonal aspect of most tourism businesses in Wayne County. Most businesses are only open six months out of the year, and businesses see the need for stable year round businesses within the county. In the past timbering, agriculture and other industries supported the county and maintained steady jobs and growth. As these industries are forced out of Wayne County's economy, due to public land issues and environmental concerns, sustainable tourism is becoming an essential part of the economy and should not be overlooked. Recreational opportunities were ranked as a top feature of Wayne County. The majority of the areas recreational opportunities are found on public lands. The survey indicated that public lands directly affect over 93% of the tourism economy. Management decisions and recreational area closures greatly affect the local businesses and number of tourist that visit the area. Growth and expansion opportunities in Wayne County are also limited by public lands. Working with federal agencies is essential for a number of tourism businesses within the county. There were many issues brought up throughout this survey and although not all issues can be resolved they can be addressed.

Promotion of the county is a need brought up throughout this survey. Many businesses would like to see winter activities and promotion that would extend the tourism season. Many businesses find it difficult to attract tourist during the off-season due to lack of services open at that time (74% of tourism businesses close during the winter). There is a need for more activities that draw people to Wayne County. This is an issue that can be addressed by local businesses, government and working together as a community. Cooperation among businesses can generate a number of opportunities and successful ventures.

As with any business climate, some businesses are closing and selling while others are expanding. With 58% of surveyed businesses expecting to expand in the next five years there is economic vitality in Wayne County. Many businesses enjoy the quality of life in the area and cite that as the main reason for having their business and homes here. The surveys indicated that Wayne County is a wonderful place to live and work and has many positive aspects that benefit businesses in the area.