

# Pikes Peak Region Business Climate Survey 2011

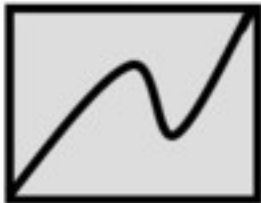
## Explorations into Regulation and Business Vitality

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# The 2011 Survey Seeks to Answer

- How does the business community (including non-profits) perceive the current business climate, including barriers to their success in the broad business environment?
- What do they think are appropriate economic development strategies for the Pikes Peak Region?
- To what degree, and where, is government hindering the business climate?

# Collection Methodology

EDC	28%
Leadership Pikes Peak	21%
BBB	19%
Other (Under 5% each)	31%
Downtown Partnership, Gazette, Home Builder's Association, Pikes Peak Area Realtors, Pikes Peak Sustainable Business Network, Unions, Summit Economics	

35 community business groups were invited to distribute the survey via an e-mail link. 12 assisted. 598 people started the survey, 454 qualified to take the survey with almost double the number of responses as received in 2009 tallied on many questions

# What industry is your company in?

	2011	2009	
Answer Options	Response Percent	Response Percent	Census Distribution
Banking / Finance/Insurance	7.4%	7.0%	7.1%
Business/Professional Services [1]	28.0%	17.5%	20.6%
Construction & Home Building	15.8%	14.0%	11.5%
Education	3.2%	4.5%	1.7%
Manufacturing	4.2%	9.0%	3.0%
Health Care & Human Services	7.1%	4.0%	10.4%
Information Technology/Telecommunications	1.0%	3.0%	1.9%
Natural Resources	0.3%	0.5%	0.2%
Personal & Other Services	6.1%	9.5%	9.0%
Real Estate	11.6%	14.0%	7.3%
Retail / Restaurant	6.4%	9.5%	20.4%
Arts, Recreation & Entertainment	3.9%	3.0%	1.4%
Transportation	1.6%	2.5%	1.9%
Utilities/Energy	1.3%	2.0%	0.1%
Wholesale	1.0%	0.0%	3.3%
Unclassified Services	1.3%		0.3%
<i>answered question</i>	<b>311</b>		
[1] Includes Aerospace and Defense, Media & Communications			
<b>Industry Overrepresented</b>	<b>Industry Underrepresented</b>		

# How many employees does your company have working in the Colorado Springs area?

	2011	2009
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Percent</b>
1 - 9	57.1%	46.2%
10 - 24	16.2%	20.3%
24 - 99	16.6%	17.6%
100 - 499	7.8%	11.0%
500 or more	2.3%	4.9%
	<b>answered question</b>	<b>308</b>
		<b>182</b>

More small businesses, including sole proprietors, responded this year.

# What percent of your company's customers are from the Colorado Springs area?

	2011	2009
Answer Options	Response Percent	Response Frequency
Less than 50%	25.7%	30.4%
50% or more	74.3%	69.6%
answered question	304	184

Exporters with sales out of the region (A.K.A. primary businesses) represented a slightly smaller share of respondents.

## How would you rate your satisfaction with the overall business climate in the Colorado Springs Area?

	Oct-11	Apr-09
Answer Options	Response Percent	Response Percent
Very satisfied	2.4%	4.3%
Satisfied	15.7%	21.0%
Somewhat satisfied	43.7%	39.2%
Not very satisfied	38.0%	35.5%
No opinion	0.3%	0.0%
<i>answered question</i>	390	186

Levels of satisfaction have not changed significantly since 2009

# How would you rate the local business climate in the Colorado Springs area compared to two years ago?

	Oct-11	Apr-09
Answer Options	Response Percent	Response Percent
Much Better	1.3%	0.0%
Better	16.4%	3.0%
About the Same	39.9%	20.0%
Worse	31.9%	55.0%
Much Worse	7.3%	22.0%
<i>answered question</i>	383	182

The business climate is about the same to worse than two years ago for 70% of respondents. In 2009, 97% reported the climate being the same to MUCH worse.

# In your opinion, what are top problems/barriers your organization/company faces in doing business from a Colorado Springs location? (Please list up to three)



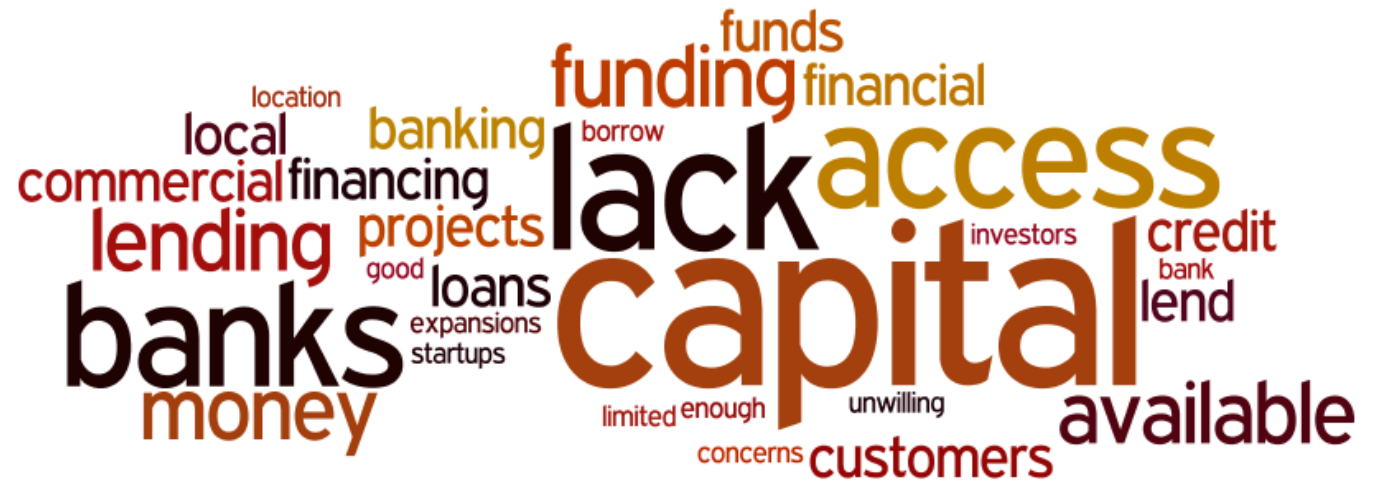
A major shift occurred in 2 years from customers, taxes/fees, government, and leadership to economic development, finance, and workforce.

# Economic Development



Top 30 words used – size of word indicates more frequent use

# Finance and Workforce



# What are the most significant challenges to the future growth and survival of your business?

Answer Options	Response Percent	NSBA Response Percent
Economic uncertainty	77%	66%
Decline in customer spending	56%	39%
Cost of health insurance benefits	43%	35%
Regulatory burdens	38%	32%
<b>Federal taxes</b>	<b>16%</b>	<b>29%</b>
State and local taxes	17%	18%
<b>Lack of available capital</b>	<b>31%</b>	<b>17%</b>
<b>Lack of qualified workers</b>	<b>20%</b>	<b>12%</b>
Cost of employee salaries	12%	12%
Cost of employee benefits, not including health insurance	12%	9%
Foreign competition	5%	6%
<b>Cost of technology</b>	<b>10%</b>	<b>4%</b>
Cost of training workers	7%	2%
<i>answered question</i>	<b>373</b>	
<b><i>Different from National Response</i></b>		
NSBA National Small Business Association		

Question asked by National Small Business Association in their 2011 Taxation Survey. Respondents could select as many as applicable.

Pikes Peak Region businesses are relatively more challenged by capital, qualified workers and technology and less challenged by Federal taxes.

# What is the largest burden posed to you by the federal tax code?

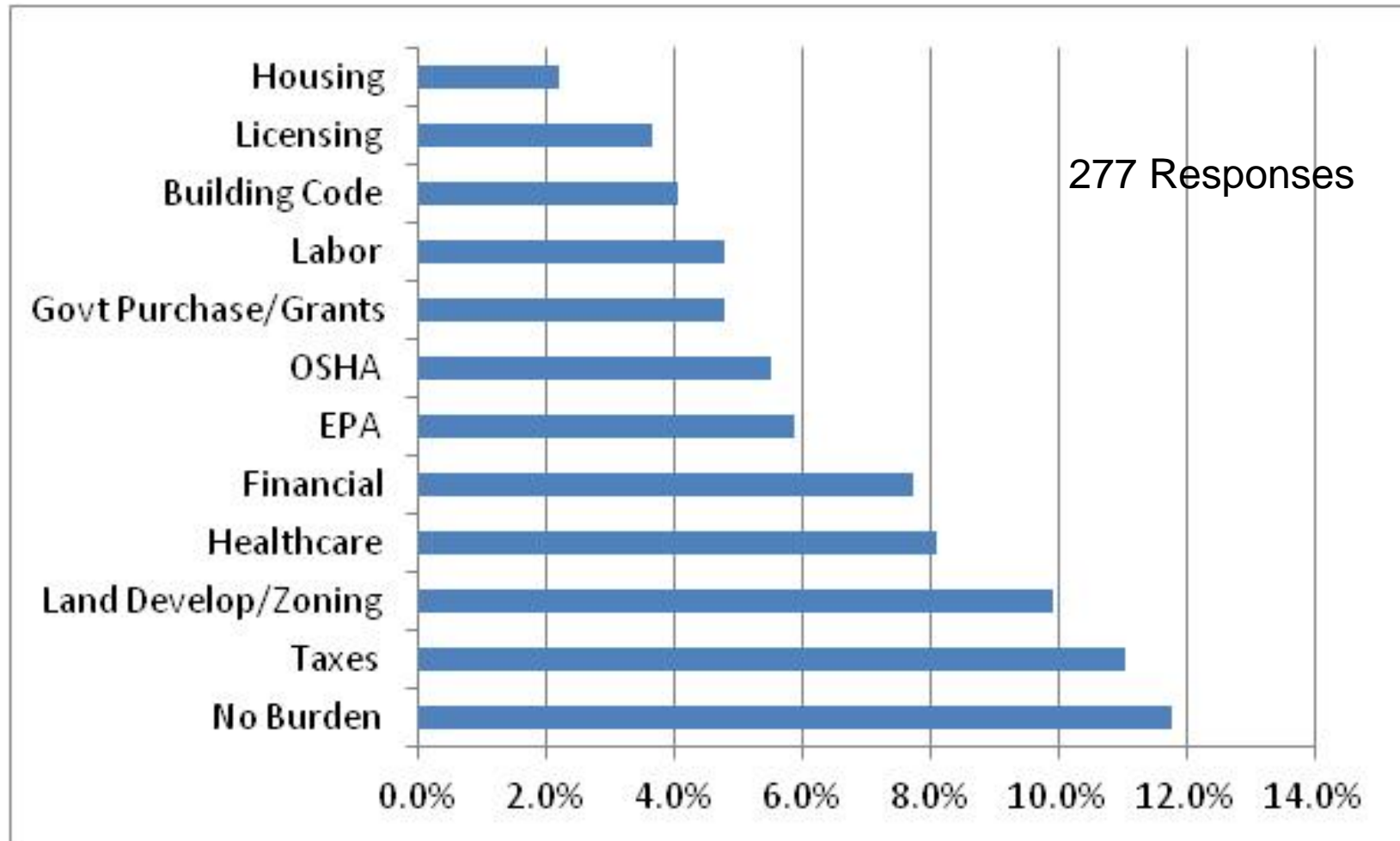
Answer Options	Burdened Response Percent	NSBA Response Percent
Financial cost to my business	33%	37%
The lack of consistency/continuously changing	17%	17%
Administration of tax forms and the time it takes	21%	15%
Complexity and the concern over getting audited	12%	14%
Amount of paperwork that must be completed	12%	12%
Inequity within the Code	6%	5%
<i>Indicated a tax burden</i>	289	

Region's responses are very similar to NSBA except for slightly greater administrative burden

# Regulatory Burden Relative to other Problems/Challenges

- Concern in Region and Nation using NSBA question format -- **Ranked 4th**
- First barrier to Business in Colorado Springs that comes to mind in open ended question – **Ranked 10<sup>th</sup>**
- Wells Fargo/Gallup Small Business Index Oct 3-5, 2011 – **Ranked 1st**
- National Federation of Independent Businesses’ “biggest problem” -- **Ranked 2nd**

# Describe the most cumbersome single regulation your business encounters.

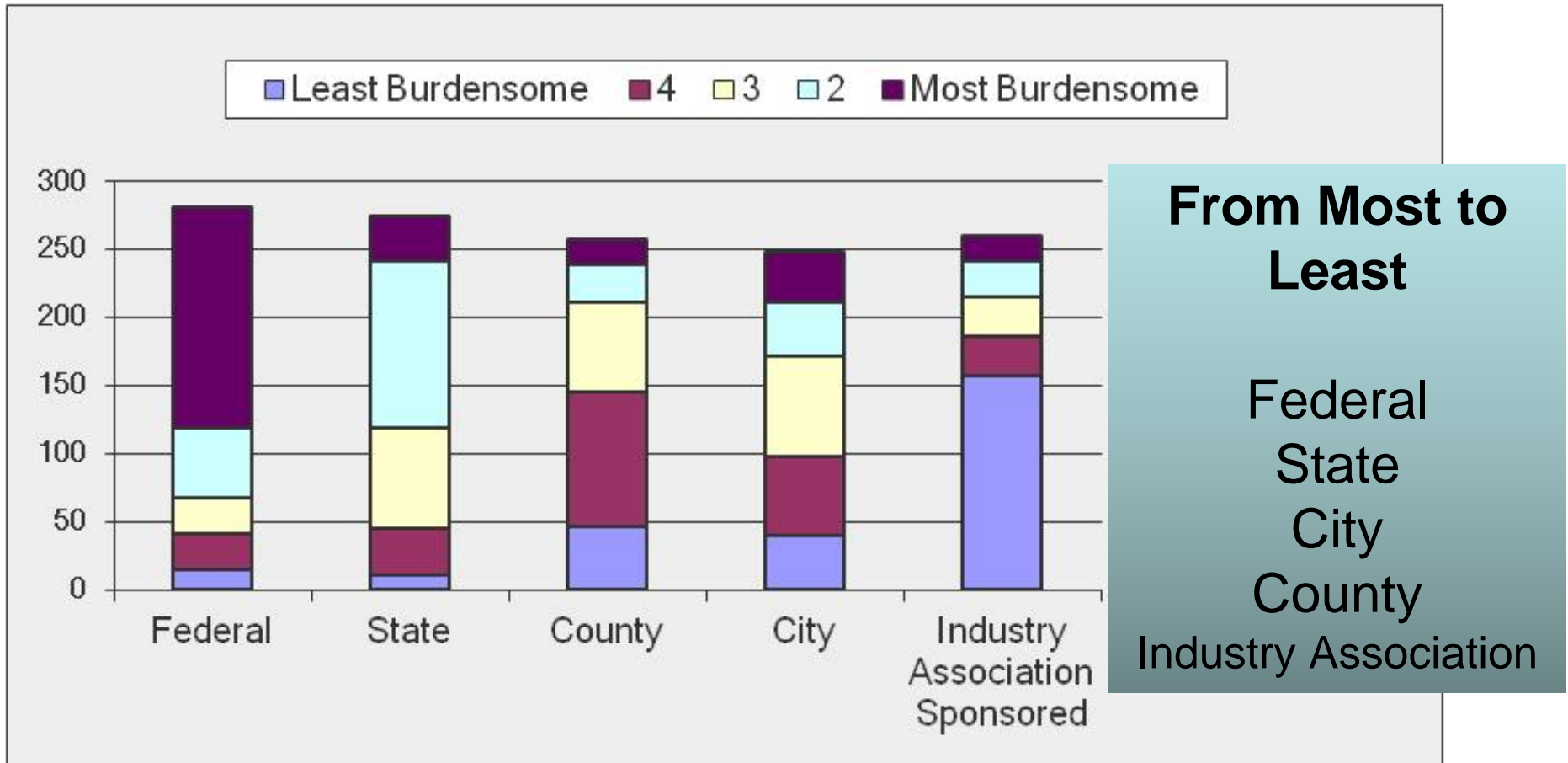




# Which of the following statements most accurately describes the regulation you described above (choose up to two)

Answer Options	Response Percent
The regulation has minimal impact on my organization	10%
The regulation makes the industry more reputable	7%
The regulation has merit, but compliance is overly cumbersome	45%
The regulation is not consistently enforced in the industry and places us at a competitive disadvantage	29%
The regulation has absolutely no value to our stakeholders (owners, employees, customers, community)	29%
<i>answered question</i> 260	

Rank order the following sources of regulatory burden placed on your business from most burdensome (1) to least burdensome (5)



Based on your recent experience in obtaining a building permit, land use approval, or a zoning change/variance, rank the review/approval process on the following with 10 being excellent and 1 being very poor.

Answer Options	Rating Average
Ease of the application process	5.23
Time to secure approval(s)	4.42
Value received versus cost incurred	3.90
Ability to apply and monitor progress online	5.28
Quality of interaction with Regional Building	5.56
Quality of interaction with City Planning/Development	5.18
Quality of interaction with Fire Department	5.50
Quality of interaction with Utilities	5.58
<i>answered question</i>	<b>149</b>
<i>% Involved in process in previous 2 years</i>	<b>43%</b>

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

Category	2011	2009
Econ Develop	17.1%	8.1%
Government	8.1%	9.6%
Branding	5.2%	0.7%
Quality of Life	5.2%	6.6%
Green	4.3%	1.5%
Infrastructure	4.3%	1.5%
Attitudes	3.8%	0.0%
Location	3.8%	1.5%
Taxes	3.8%	8.1%
Workforce	3.8%	3.7%
image	3.3%	3.7%
Manufacturing	3.3%	0.7%
Community	2.8%	2.2%
Aerospace	2.4%	0.0%
Downtown	2.4%	2.2%
Education	2.4%	3.7%
Incentives	2.4%	8.8%
Regional	2.4%	0.0%
Transport	2.4%	2.2%

Category	2011	2009
Businesses	1.9%	2.9%
Healthcare	1.9%	1.5%
Military	1.9%	2.2%
Technology	1.9%	8.8%
Finance	1.4%	0.7%
MMD	1.4%	0.0%
Sports	1.4%	0.7%
Vision	1.4%	2.9%
Airport/Powers	0.9%	0.0%
Conference	0.5%	0.7%
Economy	0.5%	0.0%
Energy	0.5%	0.7%
Leadership	0.5%	9.6%
Spend Local	0.5%	0.0%
Tourism	0.5%	0.7%
Growth	0.0%	2.2%
Immigration	0.0%	0.7%
Retirement	0.0%	0.7%

211 Responses in 2011 versus 136 in 2009

# Greatest Opportunity Economic Development - 2009







Rate from 1 to 10 the following generic economic development strategies as to their appropriateness for Colorado Springs. (1= very inappropriate , 10= very appropriate)

Pursue a regional approach to economic development in conjunction with the Front Range and/or Pueblo	7.18	Public support for training and retraining the workforce	5.81
Government provided incentives to mid-to-large sized companies to subsidize capital creation	6.16	Promote downtown development to attract non-local shoppers/ spenders to the community	6.68
Support of entrepreneurship through private contributions to venture capital funds	7.55	Public and private support for university initiated R&D and subsequent business spinoffs	6.79
Develop a strong brand for making the community attractive to nourishing creative, entrepreneurial individuals	8.59	Focus on creating a place people want to live and an attractive place to spend leisure time.	8.44
<i>answered question</i>			295

# Branding Opportunity



# Combining Attitude, Green, Infrastructure, Location, Quality of Life into a Brand Concept





# **vi·tal·i·ty**

[vahy-**tal**-i-tee]

- 1.** exuberant physical strength or mental vigor
- 2.** capacity for survival or for the continuation of a meaningful or purposeful existence
- 3.** power to live or grow

# 30 Years of Academic Research



# Secondary Research Findings

- Underperforming infrastructure produces a drag on prosperity.
- The government's role is to establish an environment for the private sector to do what it does best.
- One-third of the differences in national economic growth rates can be attributed to the level of entrepreneurship in each country.
- One variable that has been widely supported in the literature as a major determinant of entrepreneurial activity is the amount of venture capital investment that is available to entrepreneurs.
- Richard Florida proposes a controversial alternative -- efforts should focus on making areas more attractive to bring in and nourish creative, entrepreneurial *individuals*.
- Business cites consistent policies and regulations that allow them to plan as key factors in choosing when and where to grow their companies. Uncertainty is the ultimate antagonist of growth, investment, and job creation.

# Physical, Social, Cultural Infrastructure Keys to Economic Vitality

- Quality and availability of the work force
- Availability of research and development resources
- Efficiency of the local ground transportation system
- Quality of local airport and air service
- Capacity for starting new businesses
- Depth and quality of the education system
- Community involvement and leadership in economic development
- University and private sector research capability
- Availability of recreational and cultural opportunities
- Quality of the natural and man-made environment
- Fairness of local tax and regulatory structure
- Availability of affordable and reliable utility services
- Viability of downtown with a mix of entertainment, retail and housing
- Availability and affordability of housing

# Conclusion

*Proper economic development involves shaping a community's future by creating the right jobs, a place people want to live and an attractive place to spend leisure time.*

*Therefore, economic development must be tailored to the authentic nature of each community.*

Quoted from The Economic Vitality Group

**And focus on future generations and market needs to avoid becoming antiquated.**

*Now thinking about jobs, how much do you trust the ideas and opinions of each of the following for creating jobs in the United States -- a great deal, a moderate amount, not much, or not at all?*

Rank ordered by % reporting "a great deal"/"a moderate amount"

	<b>Great deal/ Moderate amount</b>
	%
Small-business owners	79
Local business leaders	74
State governors	57
Mayors and other local government officials	56
President Obama	52
Economists at major U.S. universities	51
Executives of major corporations	45
Democratic leaders in Congress	44
Republican leaders in Congress	43
Federal Reserve Chairman Ben Bernanke	40

Oct. 29-30, 2011

GALLUP