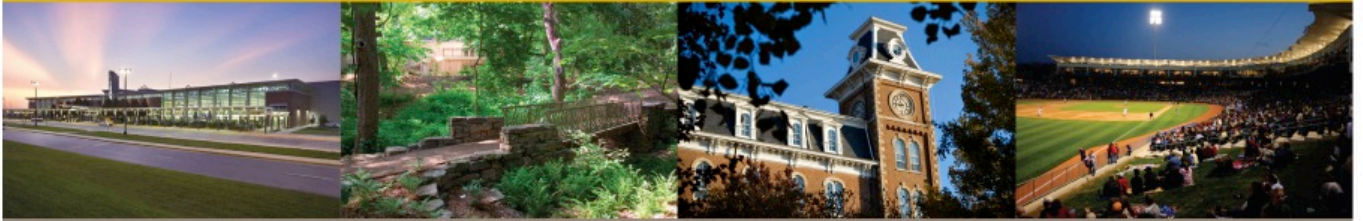


Northwest Arkansas 2016 Regional Employer Survey



A Collaborative Effort

Northwest Arkansas Council
Greater Bentonville Area Chamber of Commerce
Fayetteville Chamber of Commerce
Rogers-Lowell Area Chamber of Commerce
Siloam Springs Chamber of Commerce
Springdale Chamber of Commerce

Made Possible by our Members and Special Grants



2016 Highlights

The Northwest Arkansas Council and the Northwest Arkansas Chambers of Commerce teamed up to reach out to employers across the region. Chamber Outreach Specialists interviewed employers of all types — large and small, local, national, and international.

The purpose of the interviews: To help NWA employers create more jobs and investment by addressing their short-term and long-term needs.

By the Numbers

477 interviews

3,621 planned hires over the next 3 years

\$503 million of planned investment over the next 3 years

27% of companies planning expansions

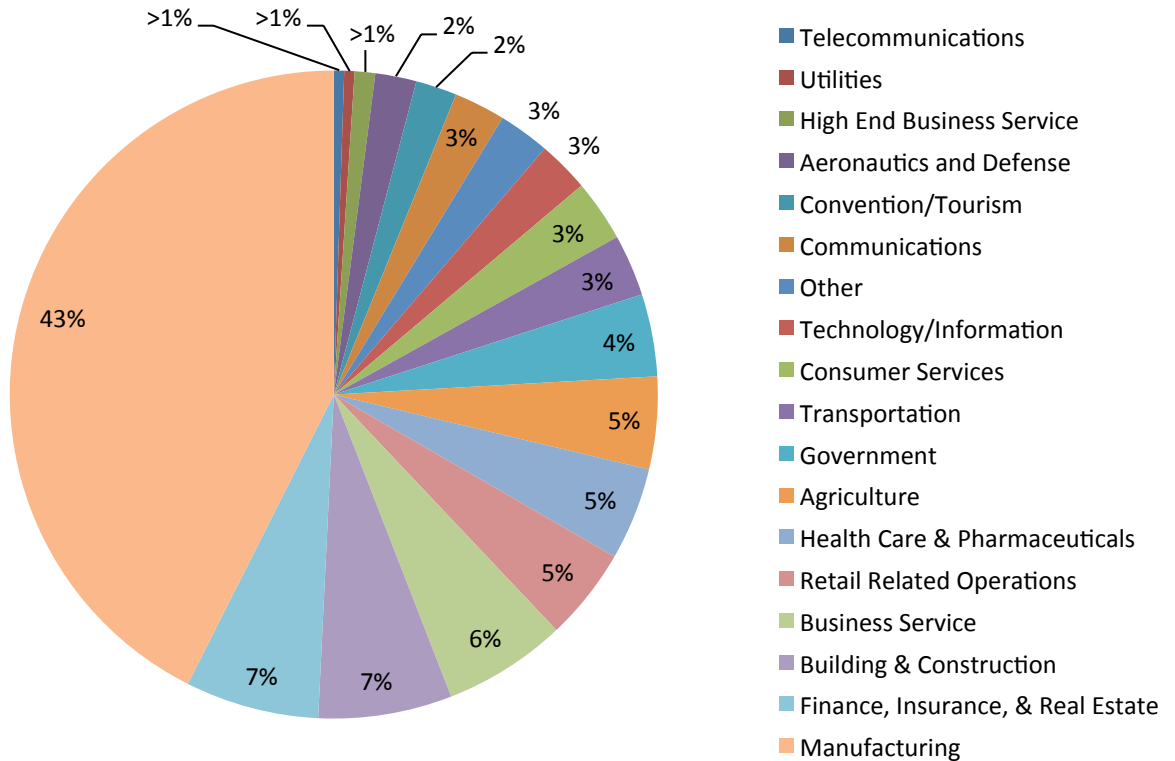
Key Findings & Challenges

- The feedback in 2016 was similar to 2015. Uncertainty in the global and political economies did not deter employers' prospects in Northwest Arkansas.
- The hiring plans noted in prior surveys continue to come to fruition, and they show up in a pronounced need for workers of all levels. There were some signs of improvement in the labor force when compared to prior years, however.
- Late in the year, surveys noted an optimism about the potential for relief from burdensome, one-size-fits-all regulations from the federal government in the future.

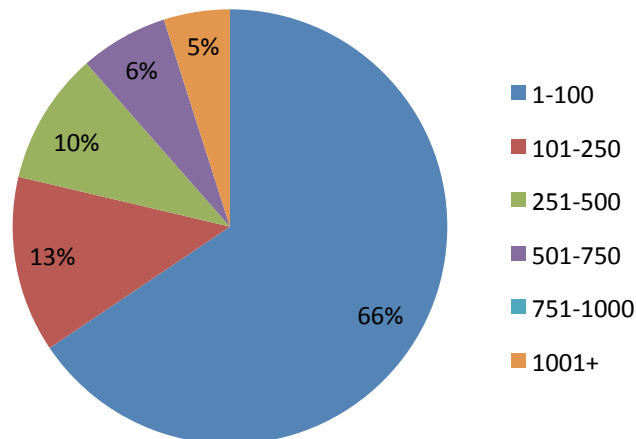
PRIME Survey

PRIME employers are the region's basic employers, usually associated with production, distribution, and headquarters operations. We surveyed 210 of these companies, and the results are compiled on the following pages.

Survey Profile – Breakdown by Industry Group



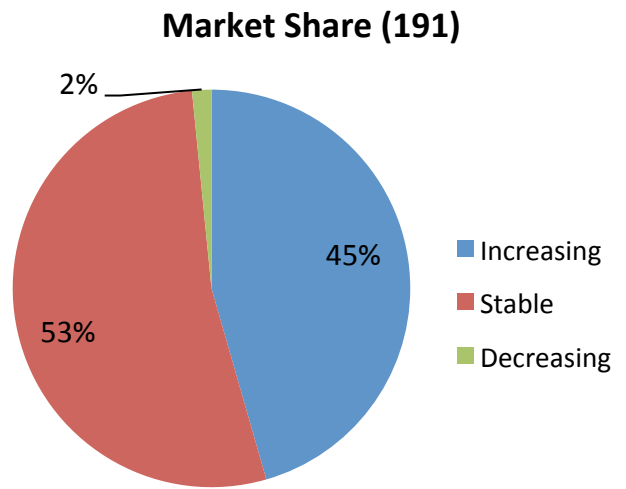
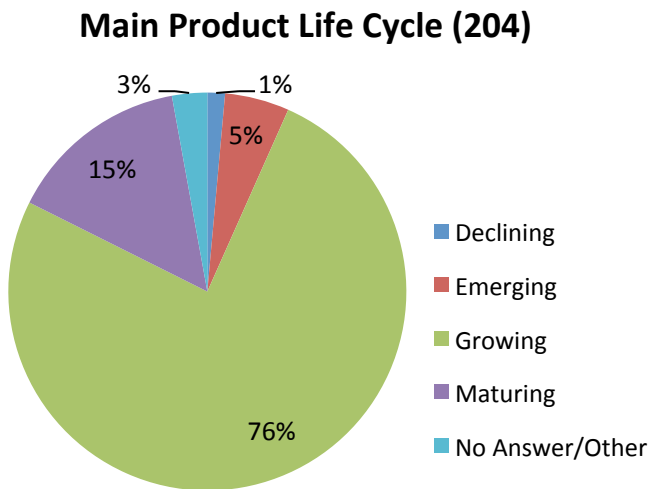
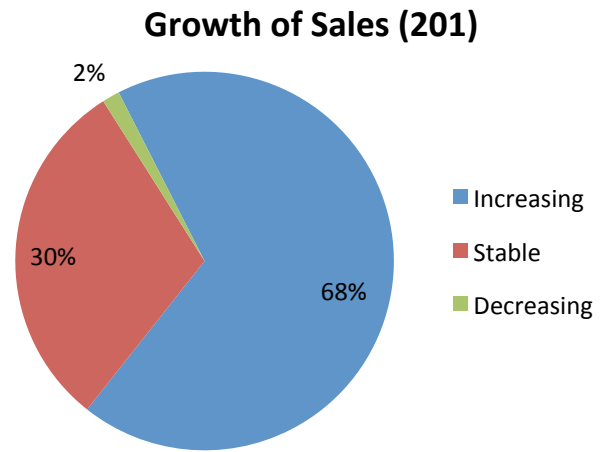
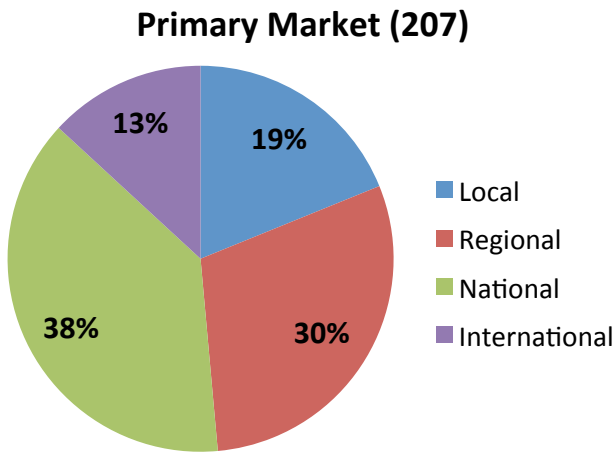
Survey Profile – Breakdown by Employee Size



PRIME Survey

Survey results point to healthy economic conditions for Northwest Arkansas-based PRIME employers. The percentage of respondents reporting growth in their product life cycle was the highest recorded since the survey's inception in late 2011.

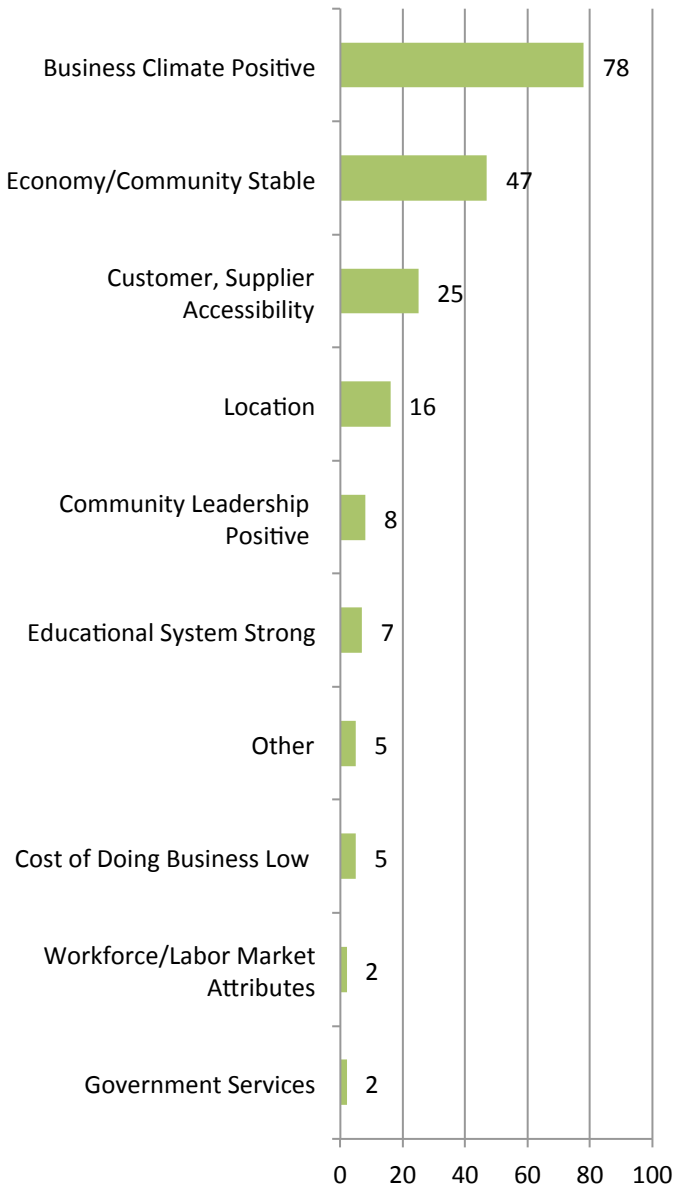
(Number of responses in parentheses)



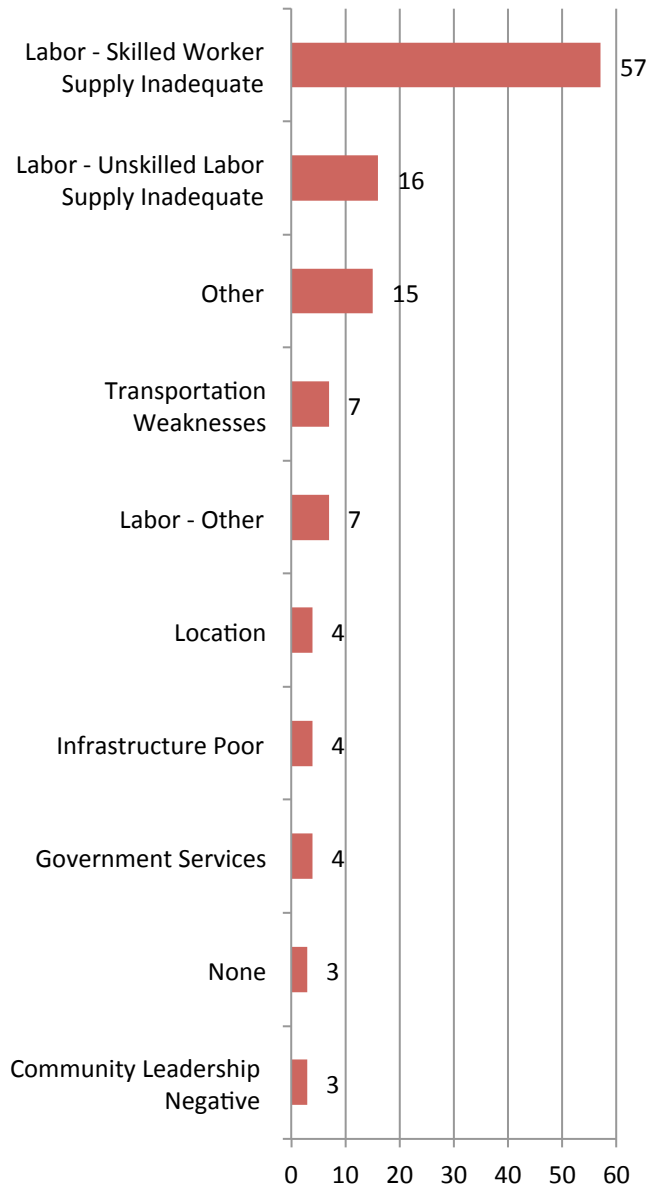
PRIME Survey

Business Climate has held the top spot in the survey since its inception in 2011. In fact, the Top 5 have remained similar each year. Weaknesses have a consistent history, with the lack of skilled workers topping the charts in the past three surveys. One exception this year: the need for unskilled labor topped transportation-related issues, reflecting historically low unemployment rates.

Top 10 Community Strengths (200)



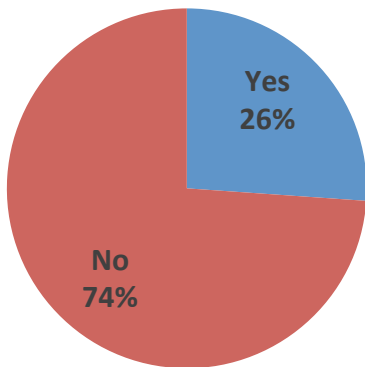
Top 10 Community Weaknesses (127)



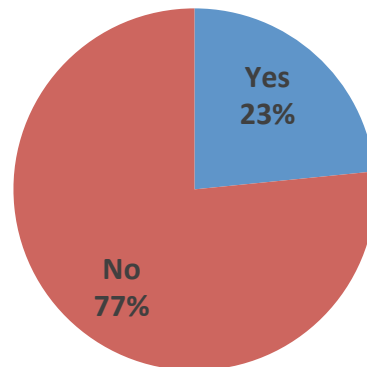
PRIME Survey

Companies have curtailed expansion plans slightly over the course of the survey, but the percentage of responses to employment needs and barriers have remained remarkably consistent. The Top 5 Barriers have changed dramatically, however, with respondents citing the need for skilled labor as the No. 1 concern in increasing numbers. One encouraging note: the number citing barriers and skilled labor as a barrier dropped slightly for the first time in three years in 2016 (2012=10% / 2013=10% / 2014=35% / 2015=52%)

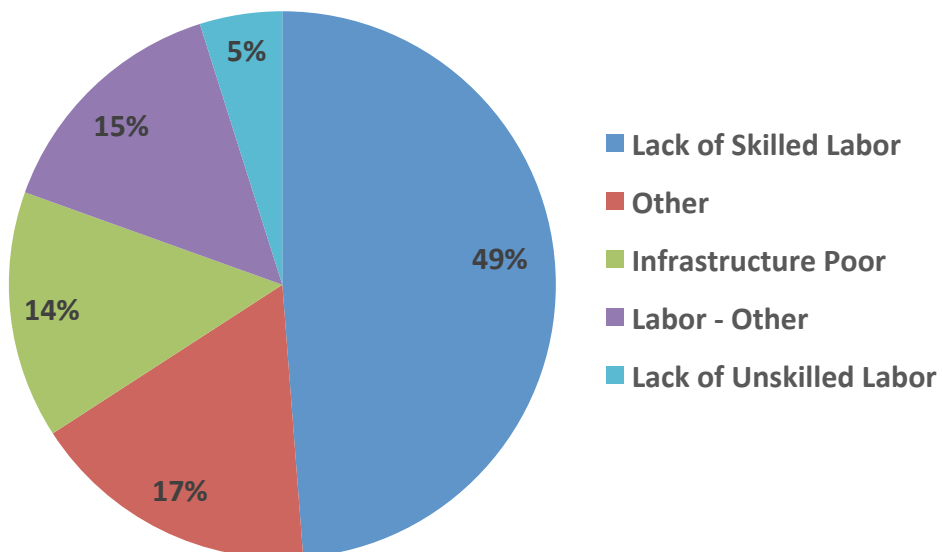
Plan to expand sometime in the next 3 years? (203)



Are there any barriers to growth in this community? (205)



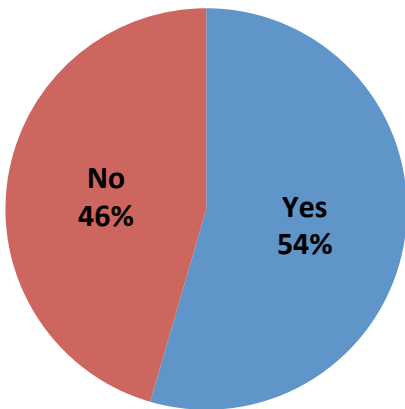
Top 5 barriers to Growth (41)



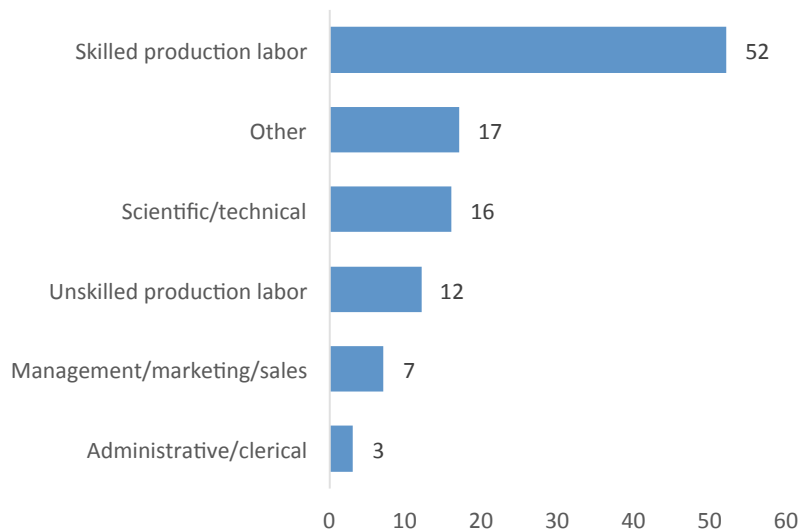
PRIME Survey

When employers were asked for additional details on their workforce, they once again indicated a need for skilled production and technology workers. The tight labor force is still an issue, but slight improvements were noted year over year. Of note, employers having recruiting problems has dropped from 69% of 177 respondents in 2015 to 54% of 200 respondents in 2016. Additionally, the number of employers reporting unfilled positions dropped by half (20% of 178 in 2015 vs. 10% of 185 in 2016).

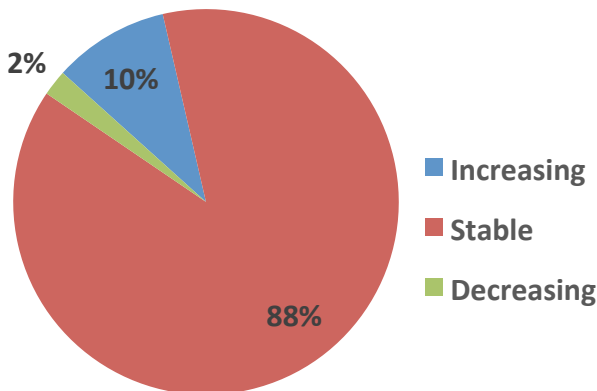
Are you having recruiting problems for any positions? (200)



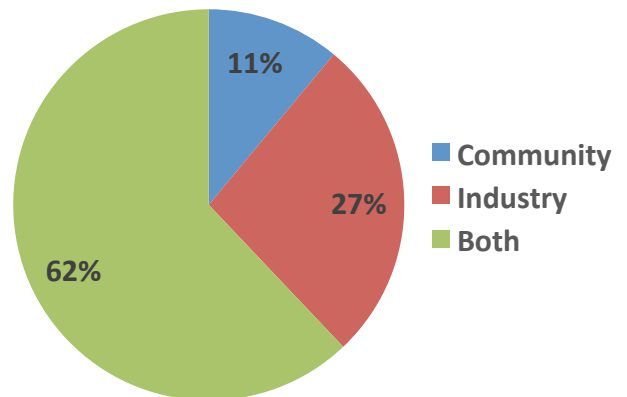
If yes, what positions/skills? (124)



Are the number of your unfilled positions increasing, stable, or decreasing? (185)



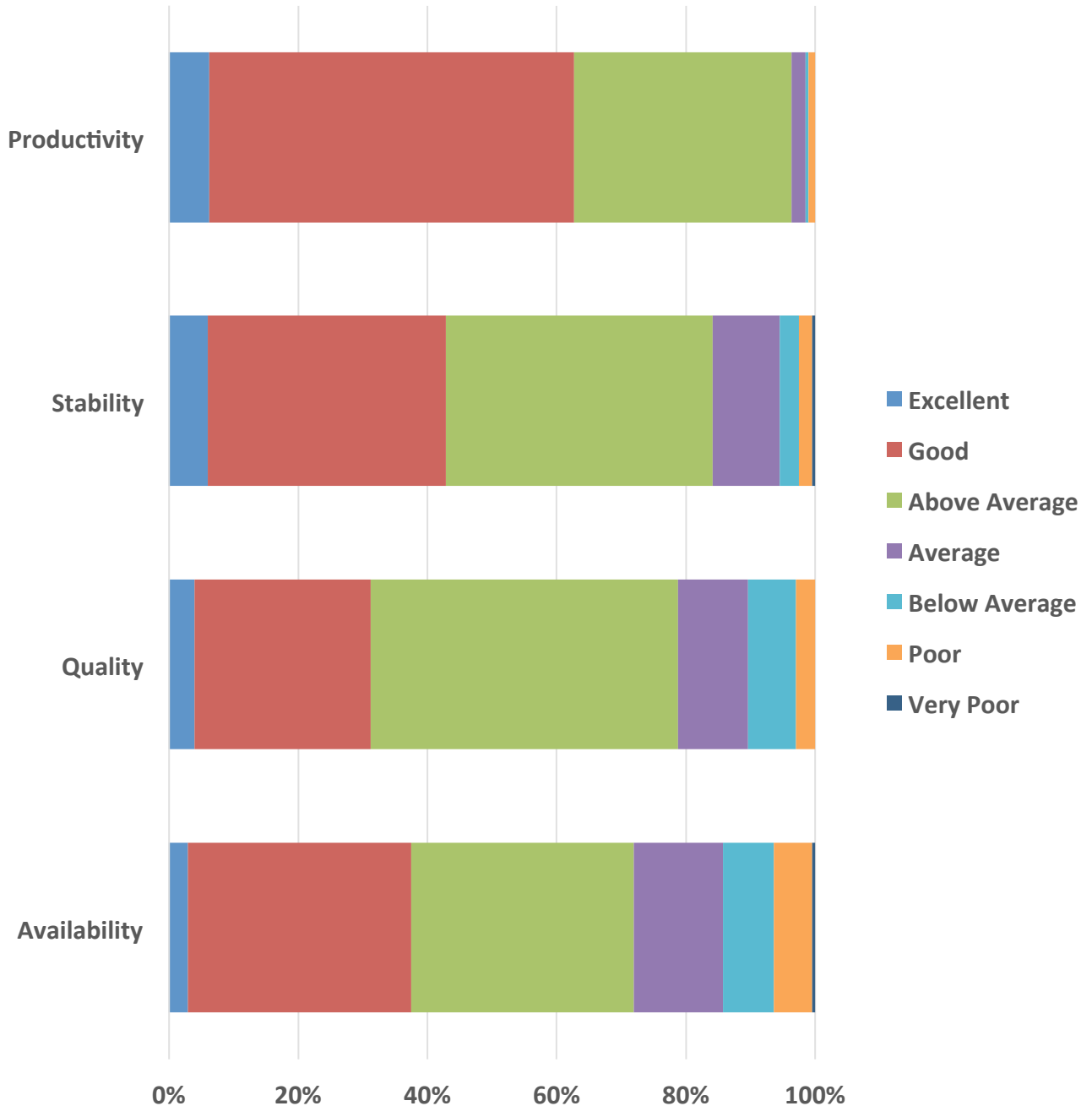
Are your recruitment issues limited to the community or your industry? (145)



PRIME Survey

Employers were satisfied with the workers they could find. When asked to rate their workforce, employers cited similar numbers to 2015. Quality remained about the same as previous surveys, but worker availability improved slightly.

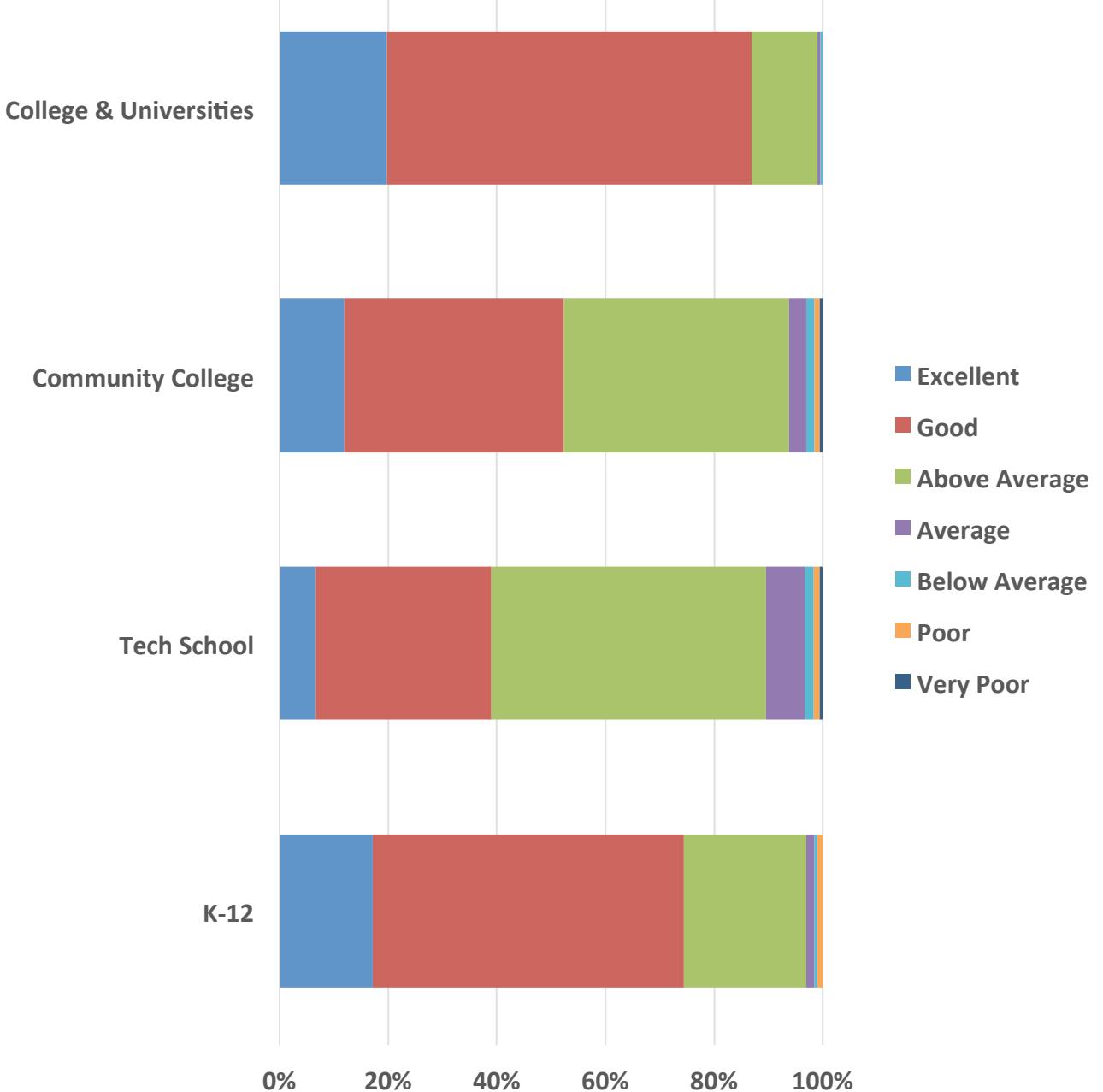
Rating Workforce Attributes (200)



PRIME Survey

Education ratings have remained at consistently high levels for the duration of the survey. The only negatives noted were capacity issues in the post-secondary system. One positive development in this year's survey: scores were up significantly for Northwest Technical Institute, possibly reflecting the school's efforts to upgrade its offerings in recent years.

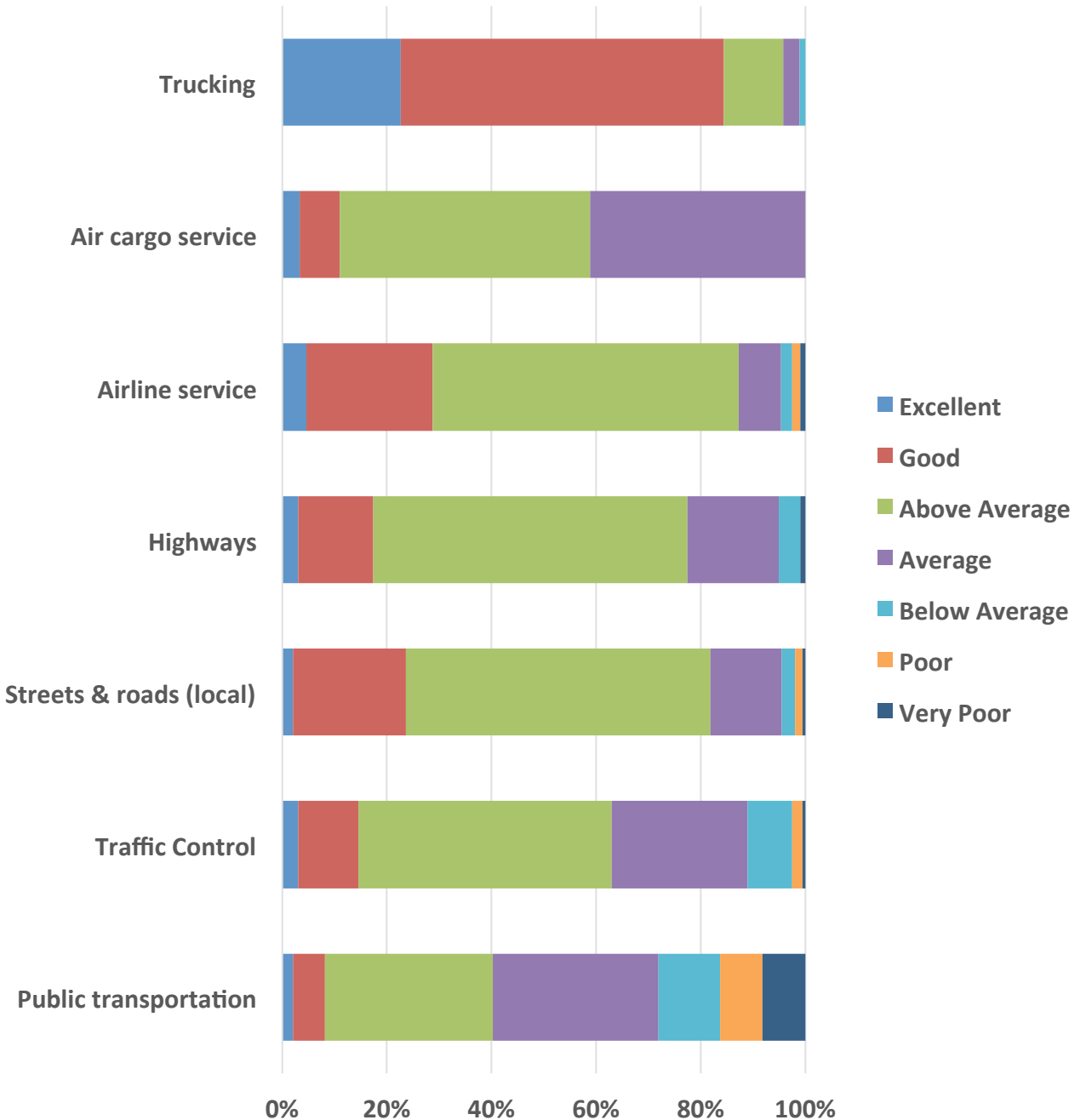
Rating Community Services – Education (193)



PRIME Survey

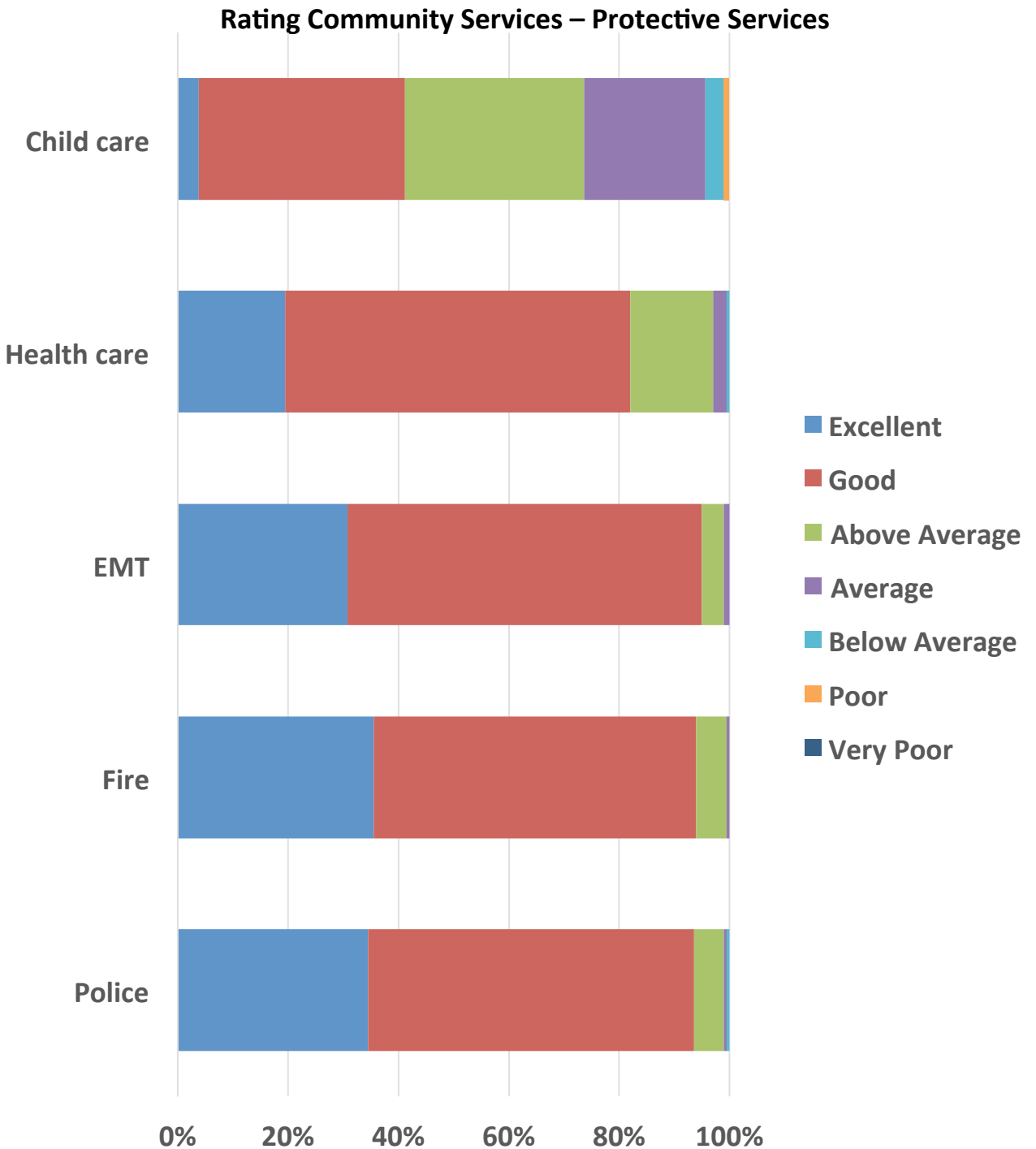
Transportation services have shown improvement year over year. In spite of a record amount of construction activity, highways and local roads led the way. Regional transit still trails in this group, but it has expanded its service to large employment centers.

Rating Community Services – Transportation (153)



PRIME Survey

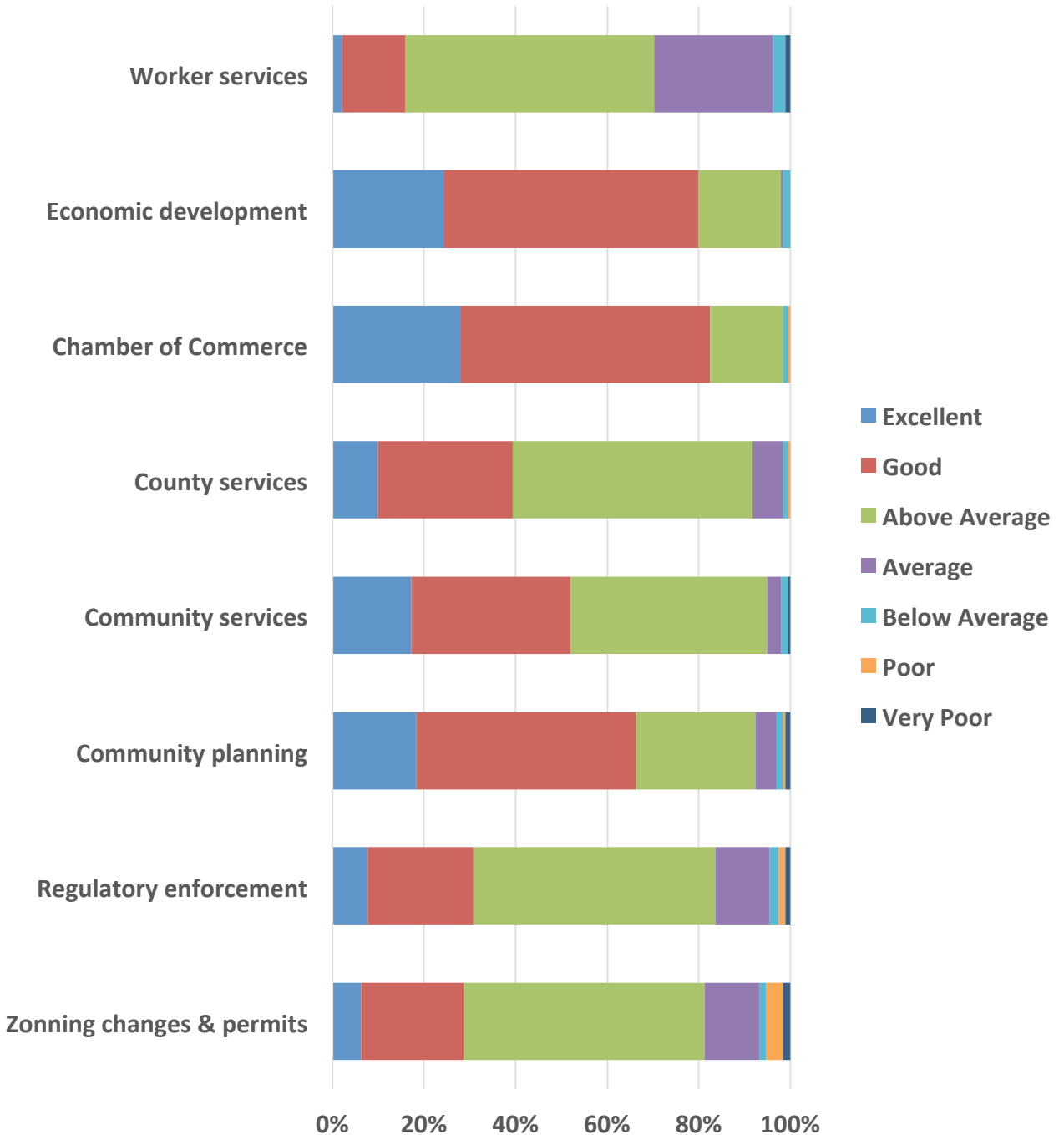
Protective services have consistently rated high over the course of this survey. Positive opinions about health-care quality have increased since 2011. Child care is the main area of concern, with deteriorating ratings year over year.



PRIME Survey

Community Services ratings have been consistent since the survey began, with the exception of Chamber and Economic Development services. Those categories have improved. Workforce services improved year over year in this survey.

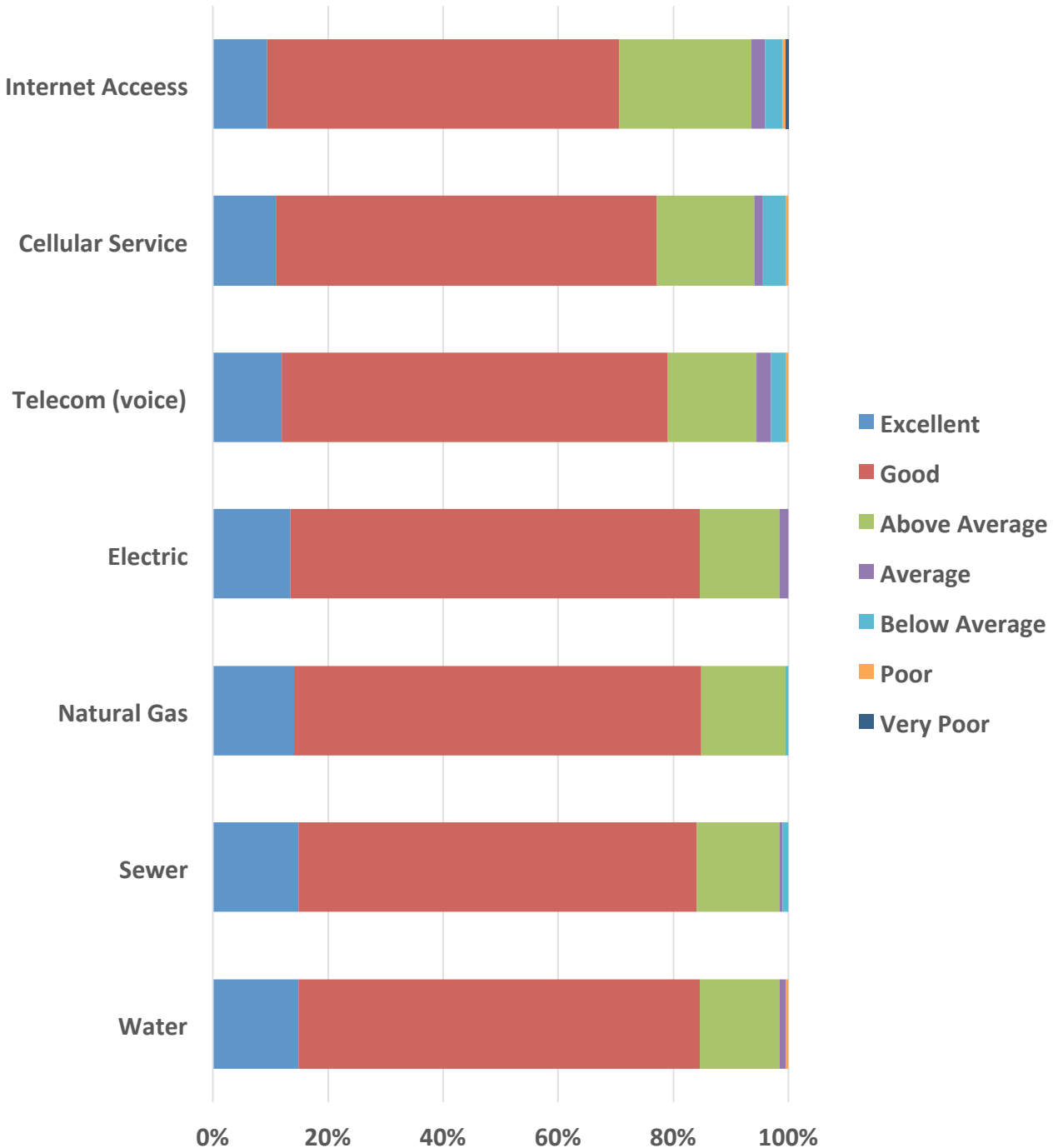
Rating Community Services – Government and Non Profit



PRIME Survey

Utility services have been consistently high since the surveys began. All of the ratings improved this year, with Internet Access coming in with the most improvement.

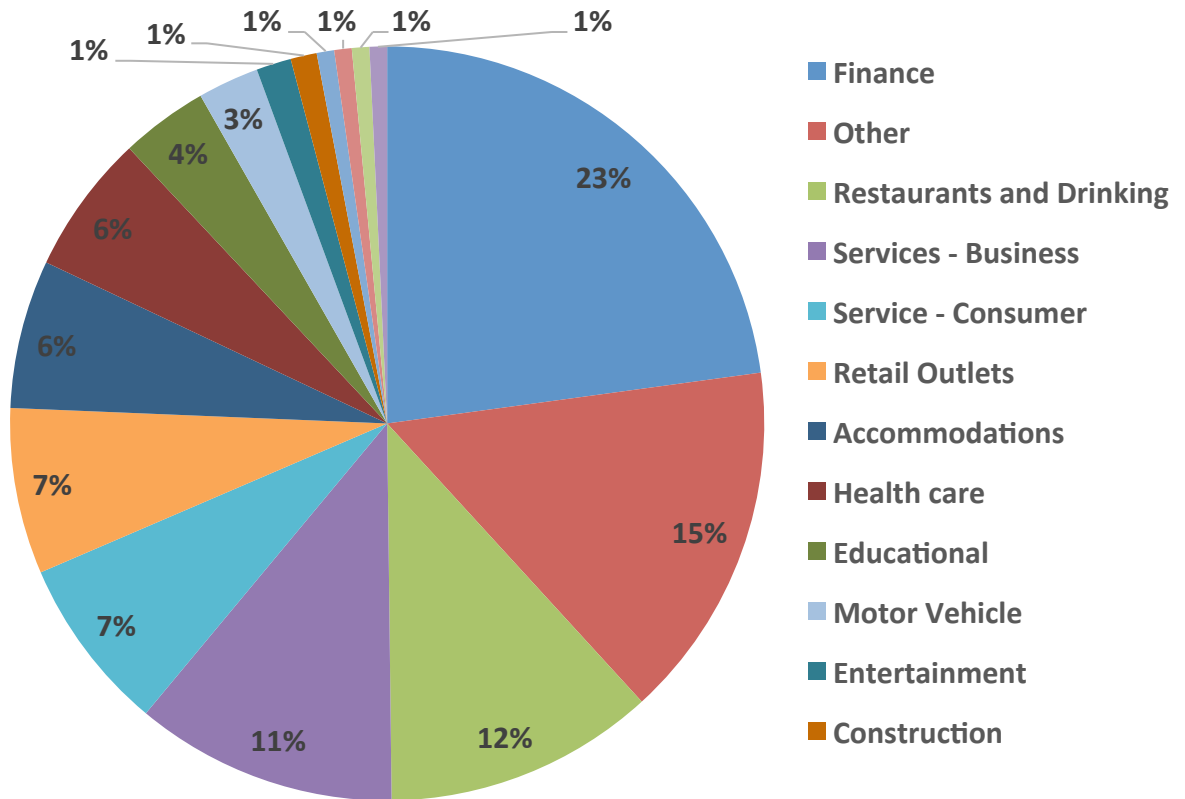
Rating Community Services – Utilities



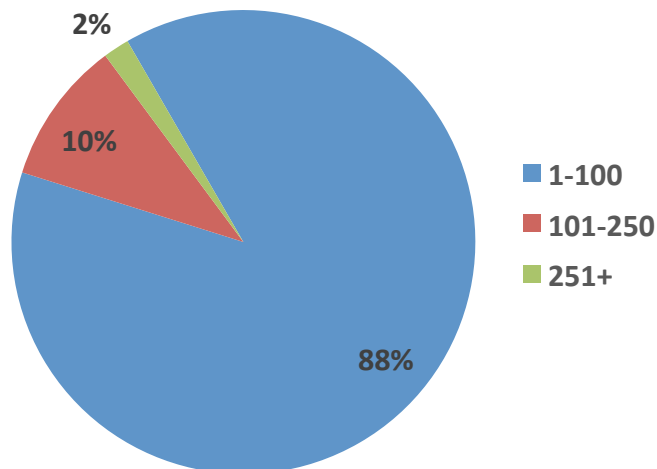
CRTS Survey

CRTS responses represent the region's service and support employers. We surveyed 267 of these companies, and the results are compiled on the following pages.

Survey Profile – Breakdown by Sector



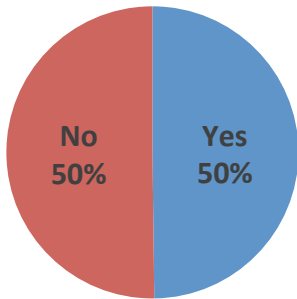
Survey Profile – Breakdown by Employee Size



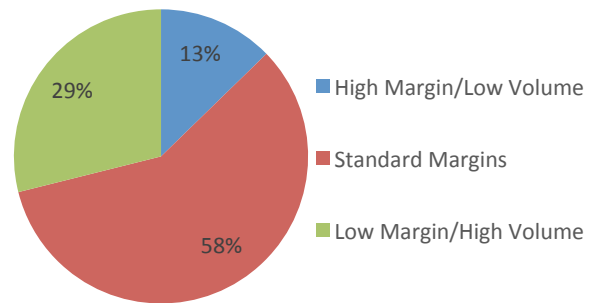
CRTS Survey

CRTS responses are mostly made up of the region's service and support employers. Some larger operations are included, but most of the respondents are small, service-related employers. These questions were answered by all respondents.

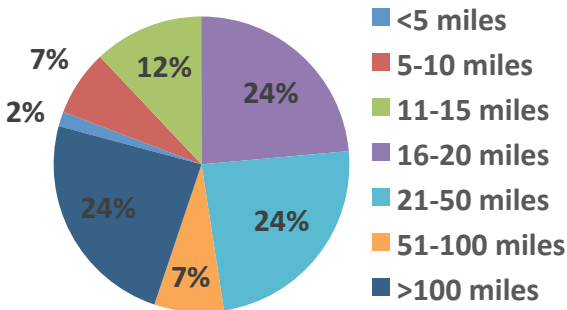
Do you serve a niche market?



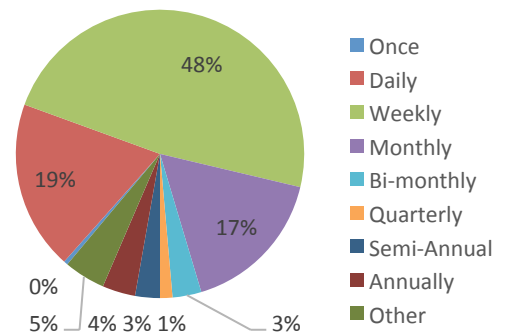
Typical Margins



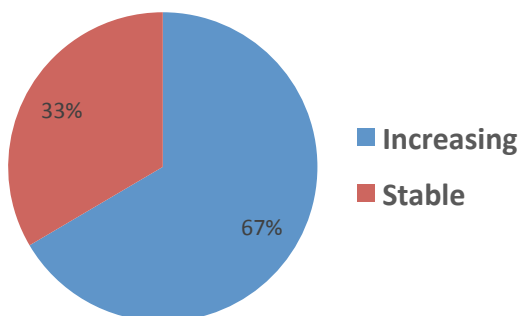
What is your market area?



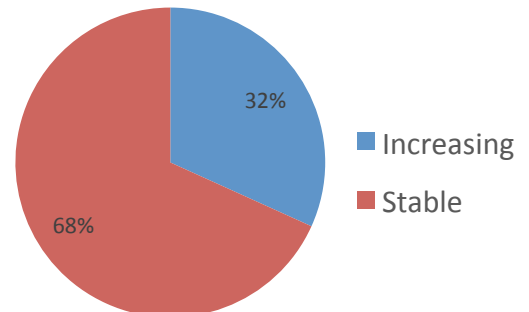
Frequency of customer/client visits



Total revenues at this location are:



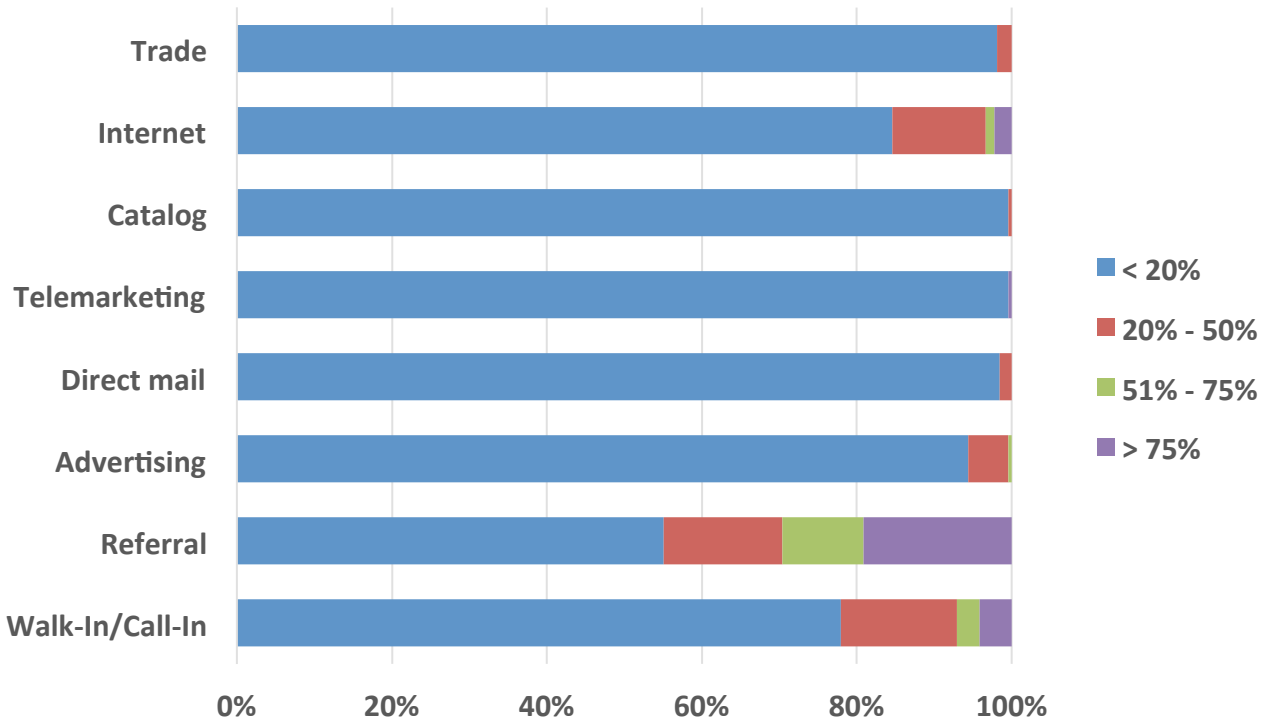
Average value of an individual sale is:



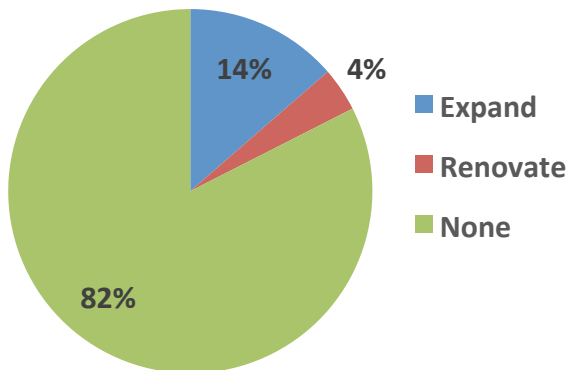
CRTS Survey

Most respondents still rely heavily on personal relationships, but the internet and social media are the fastest-growing sources of new revenue for the respondents. These numbers have remained consistent over the course of this annual survey. Expansion plans should be of some concern, with a year over year decrease reported in that response.

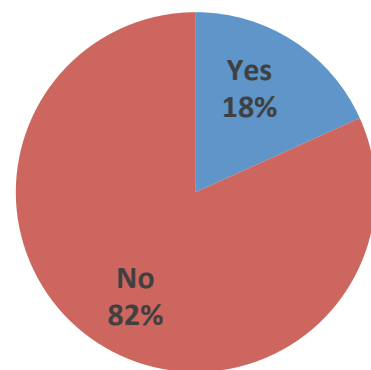
Source and Breakdown of your Revenue



Do you plan to expand or renovate in the next 3 years? (257)



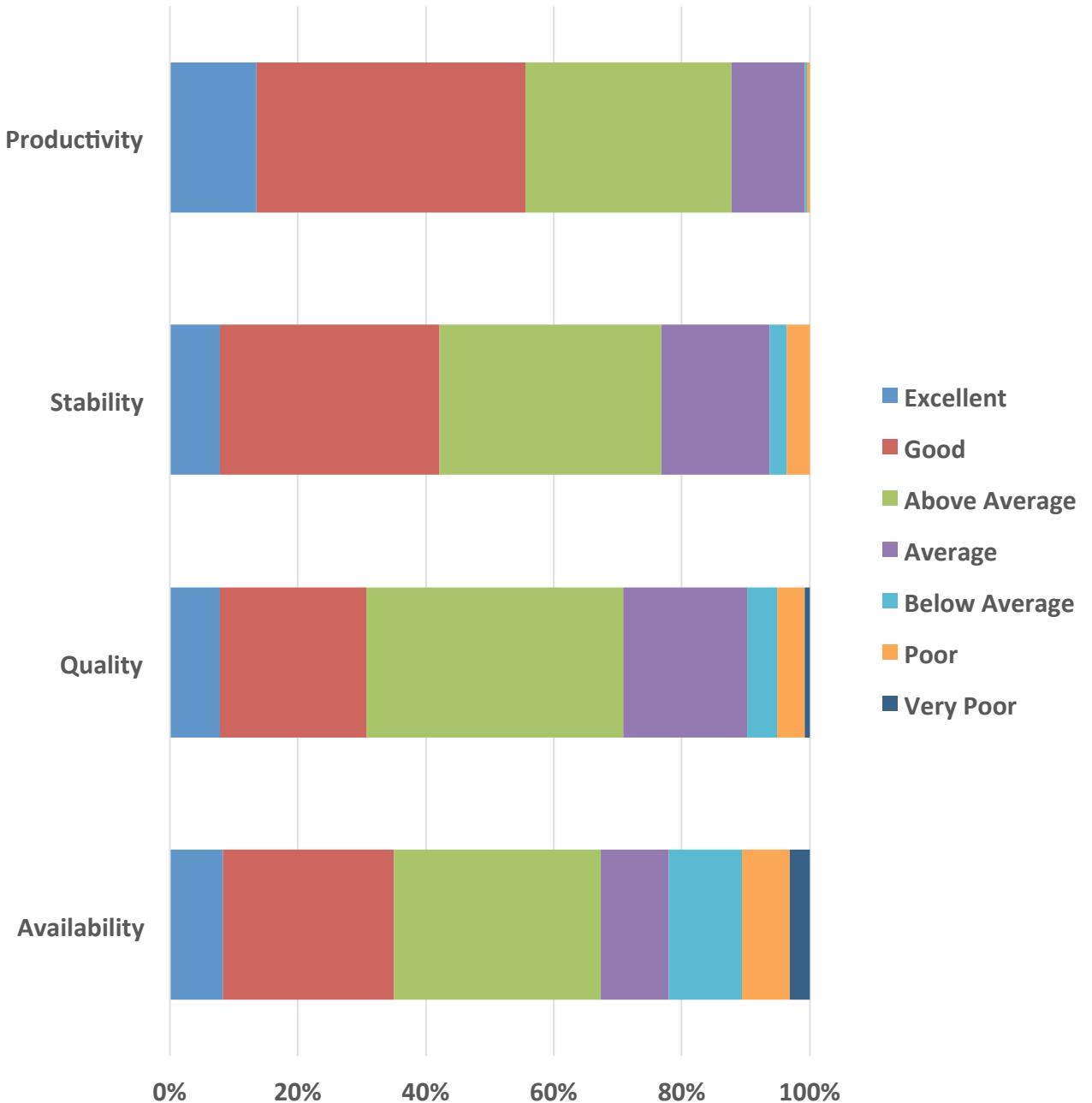
Do you plan on adding a new location in the next 2 years? (252)



CRTS Survey

The region's workforce once again received good marks, with some noted improvements year over year. This was somewhat of a surprise, given that unemployment rates ranged between 2% and 3% during the period.

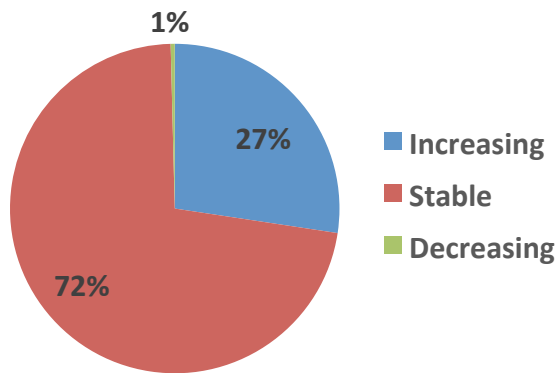
Rate your Workforce



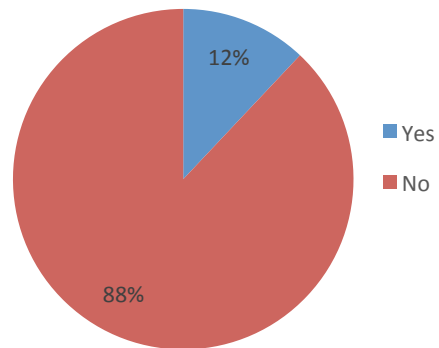
CRTS Survey

With sustained growth, workforce quality and availability are important to CRTS respondents. The makeup of the specific labor needs has not changed much since the 2012 survey.

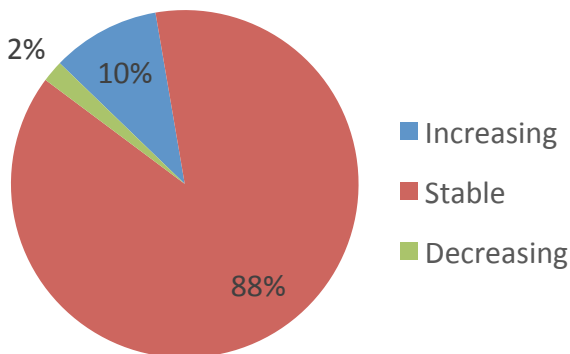
Are your employment needs increasing, stable, or decreasing? (252)



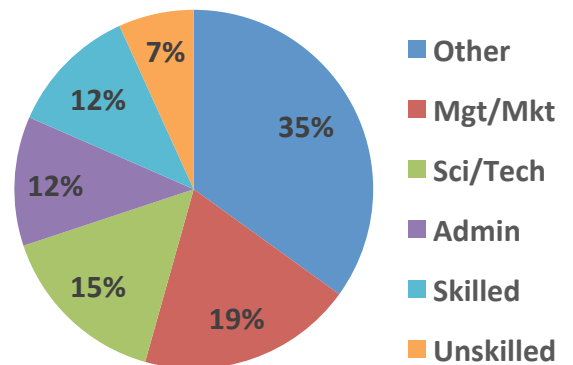
Do you anticipate any changes in the quality of the workforce? (266)



Are your unfilled positions increasing, stable, or decreasing? (248)



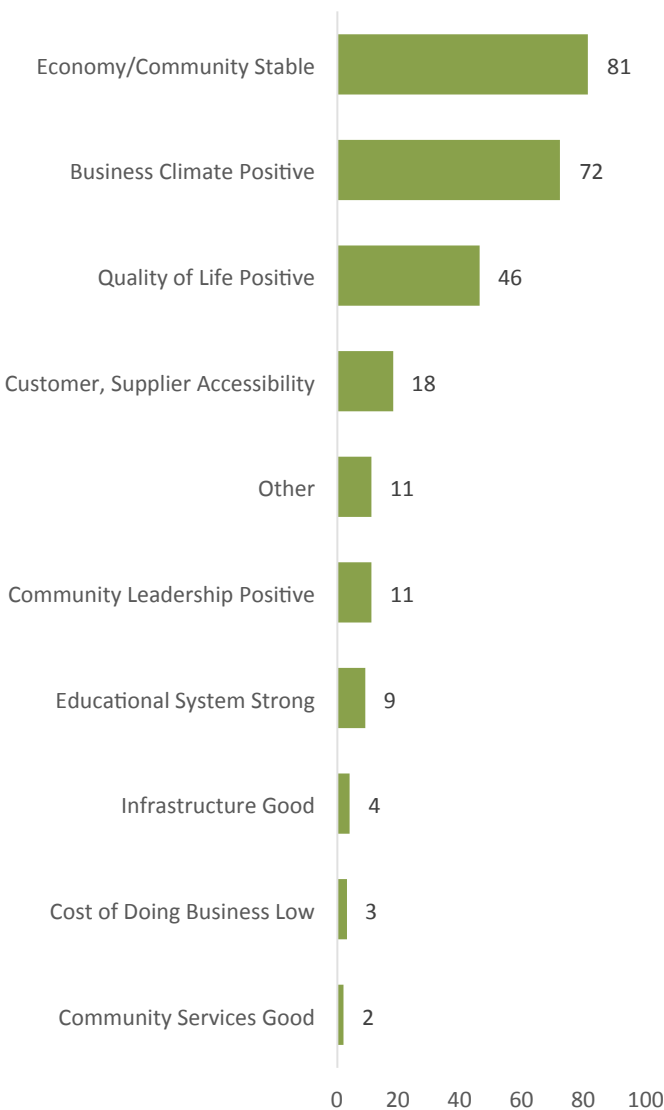
Which positions are you having the most difficulty filling? (103)



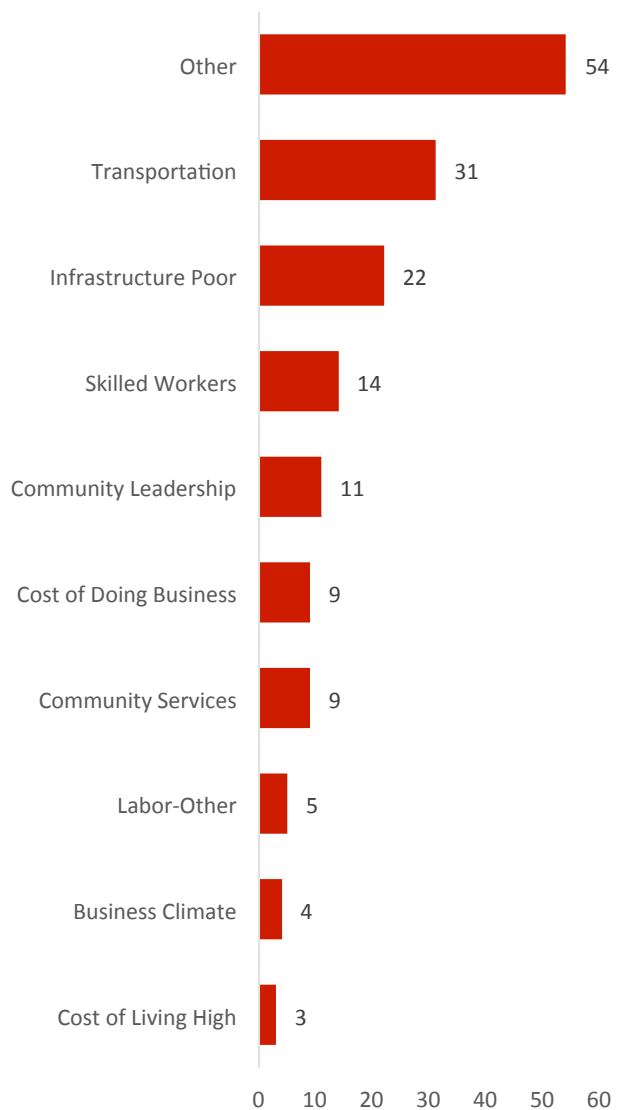
CRTS Survey

CRTS companies cited positive factors over negative again this year, but with less intensity than the past surveys. A stable regional economy and community, quality of life, and business climate have consistently remained at the top of the list of strengths, Interestingly, “other” was cited as the top choice again this year, along with infrastructure and transportation as top concerns. Comments in the “other” category included concerns from local regulations to lack of amenities.

Top 10 Community Strengths (263)



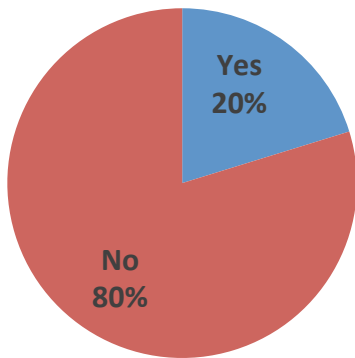
Top 10 Community Weaknesses (170)



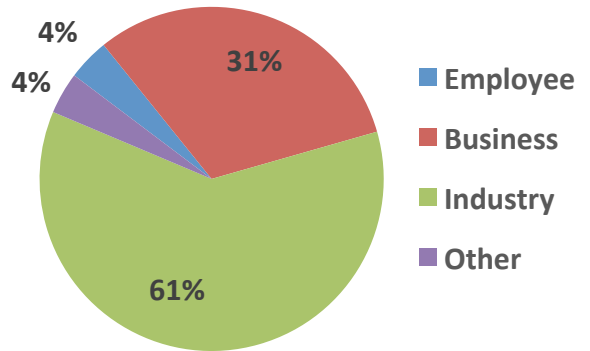
CRTS Survey

The CRTS survey gives the reader a sense of the depth of concern about government regulation on small businesses. Respondents seemed to be more optimistic in 2016 with a notable drop from 34% to 20% year over year when asked about adverse regulatory changes.

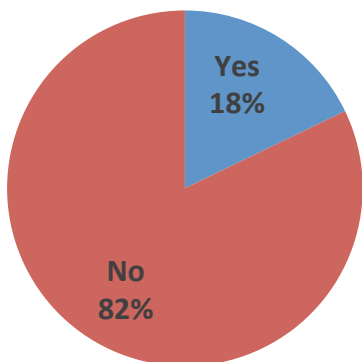
Do you anticipate adverse regulatory changes? (257)



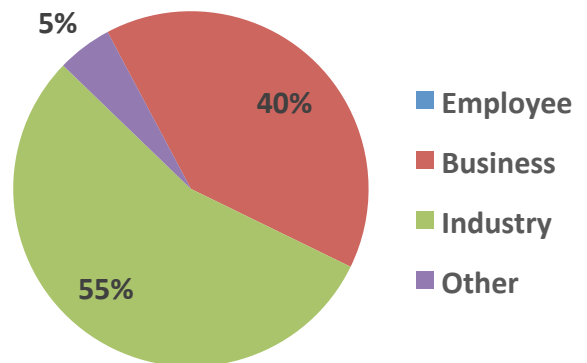
Regulations Affect (51)



Do you anticipate beneficial regulatory changes? (252)



Regulations Affect (40)



CRTS Survey

Survey respondents rated education highest on a list of social amenities. Overall ratings were similar to 2015, but the availability of child care and cost of housing were cited in comments as growing concerns.

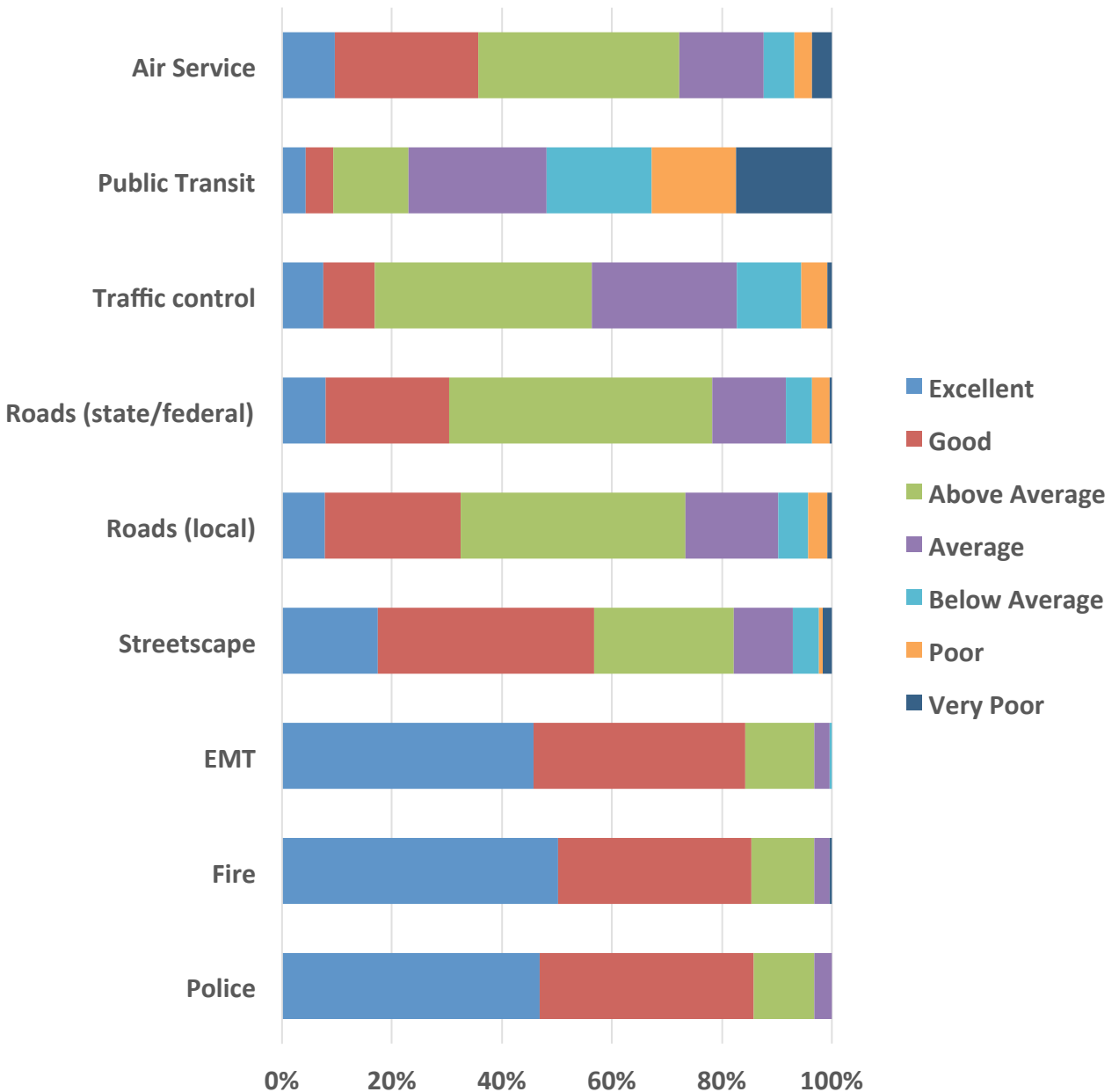
Rating – Social / Economic Amenities



CRTS Survey

Survey respondents rated protective services highest on a list of community amenities. Most ratings were good, but public transportation remains a concern. Ratings on air service improved – most responded that access to markets is excellent, but high airfares remain an issue. Despite the ongoing highway construction, respondents gave better marks to highways and local roads this year.

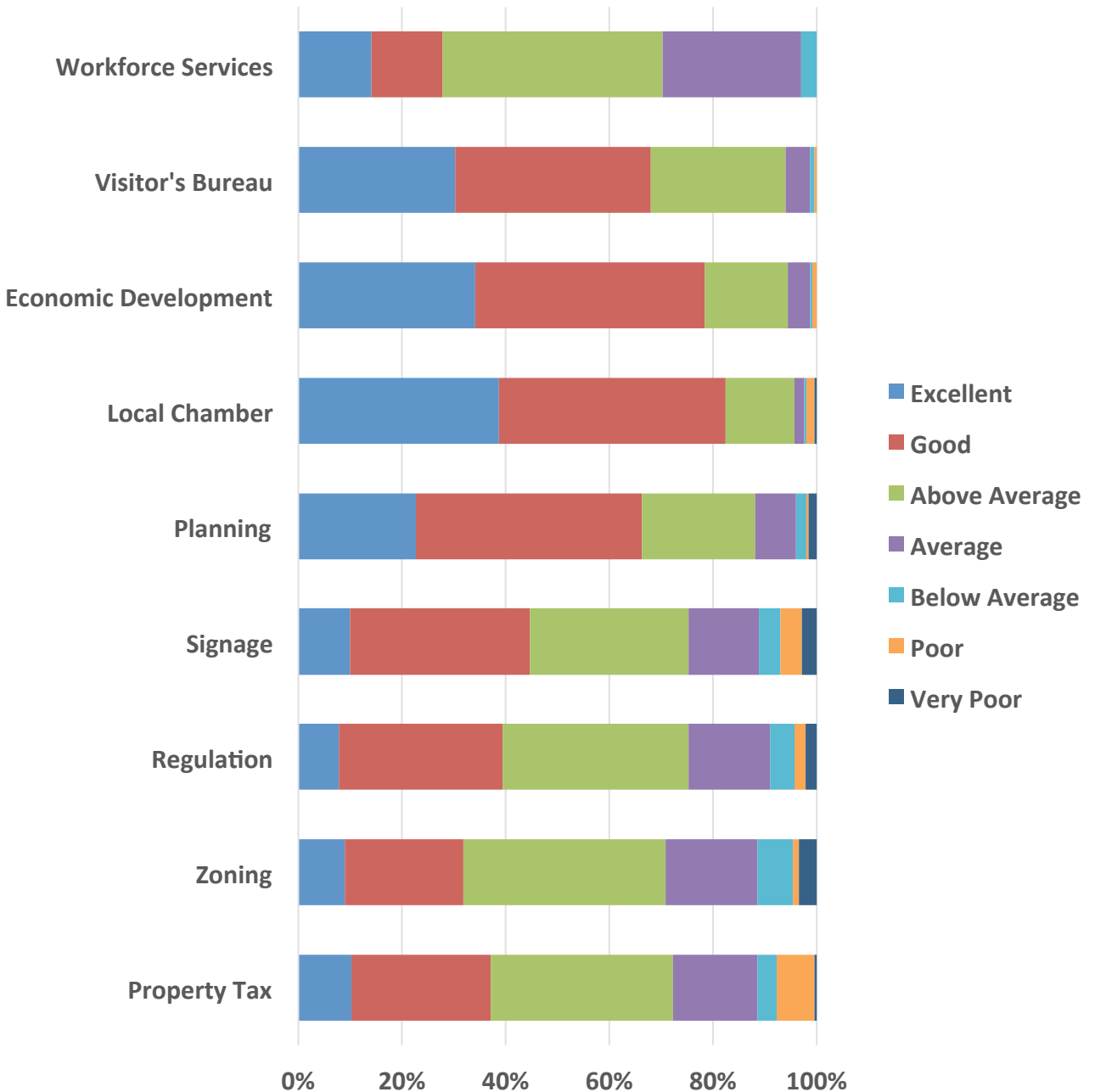
Rating – Community Services and Transportation



CRTS Survey

Survey respondents rated local chambers and economic development organizations highest on a list of business and government services. Overall ratings were good, with workforce services, and property taxes, zoning and regulations receiving the lowest marks. Workforce services continued to improve for the third consecutive year.

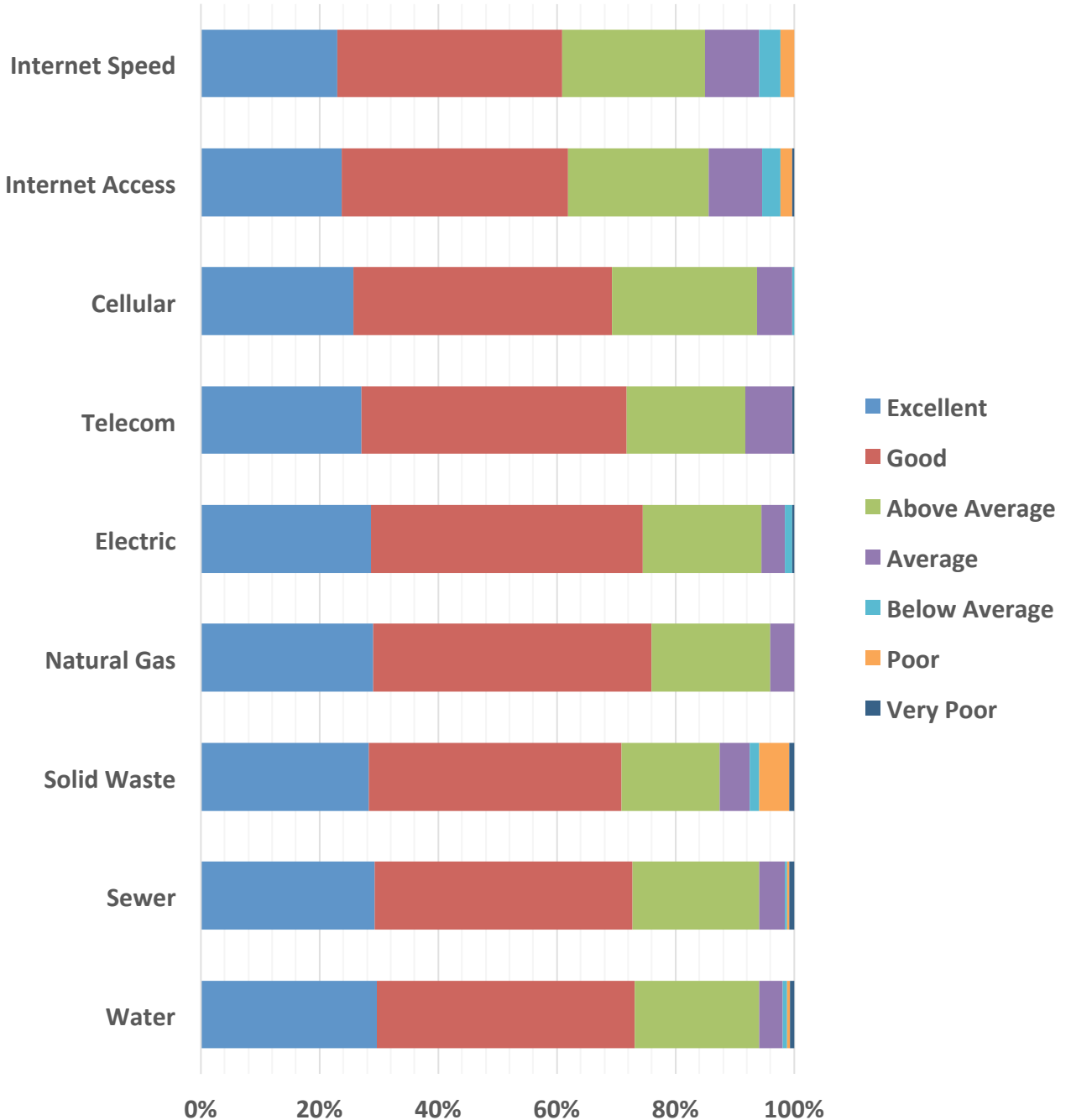
Rating – Business & Government Services



CRTS Survey

Survey respondents rated all utility services high, with all utility services receiving ratings similar to those in in prior surveys.

Rating Community Services – Utilities



Regional Action Items

Workforce continues to be a top priority for the Northwest Arkansas Council. The action items in 2016 included:

Engagement

The Council is working with chambers of commerce, educators, and trade associations to build bridges between education and business. Business partnerships are critical to the long-term success of training programs, and the Council is implementing a strategy to bring more employers into these partnerships. In 2016, the chambers of commerce contacted 477 companies through this survey, the Council sent four newsletters to 4,000 local contacts, and the Council spoke to over 50 business and civic organizations to get the word out about this program.

The Council also engaged with area schools to implement career awareness and education programs for every student. There's now a user-friendly, web-based tools for students, parents, and teachers to help them research careers and training and the goal is to have 100% compliance in 2017-18 school year. We also plan to help schools implement more professional development for teachers to assist them with the process.

Capacity

New programs announced over the past year are all up and running now, and we are working on a simple scorecard with the enrollments and completions on benchmarks, targets, and actuals for the Council. To recap, the Council supported the start up of several new programs at the secondary and post-secondary levels.

Among them are new/expanded programs in Health Occupations (NWACC, JBU, NTI, Farmington, Bentonville, Rogers, Springdale); Construction (NWACC/JBU, Bentonville, Springdale, West Fork, Gravette, Siloam Springs); Manufacturing/Maintenance (NTI, Gravette, Gentry, Fayetteville, Springdale); Business (NWACC, NTI, Global Campus, Bentonville, Springdale); and Information Technology (Global Campus, Bentonville).

Policy

- Move from end of course to end of program assessments to pave way for certifications
- Remove seat time requirements to allow for accelerated learning, embedded courses
- Allow schools to offer more embedded courses to ensure scheduling flexibility
- Give districts more flexibility on teacher certifications to teach embedded courses
- Enable multiple districts, secondary/postsecondary to partner to build regional career centers
- Provide or reallocate funding for more efficient and effective delivery of CareerEd
- Make articulation with HigherEd more uniform, affordable, universal
- Ensure that the new HigherEd funding formula rewards colleges for workforce programs
- Provide and reallocate funding to support higher enrollments in post-secondary WF programs
- Incentivize employers to contribute to programs

Real estate is a priority for the Council. Companies are now finding it difficult to expand due to a lack of available, affordable space. Our action items to address this in 2016 included:

Supporting private developers in the rezoning and development of a large tract adjacent to the regional airport, with a goal of making the property the region's next large industrial park. A formal master plan for the site would be the next step. Additional infrastructure improvements over time will make this site much more desirable, and once this process is complete, Northwest Arkansas could have a regional employment center for the next 20-30 years.

Building space is an even more critical need than land. In addition to work on industrial park space, the Council convened a group of developers to gauge their interest in working with localities on spec building partnerships. Interest is high, and most localities are interested as well.

Local Chambers of Commerce in Action

Five chambers of commerce in Northwest Arkansas are the “boots on the ground,” collecting information for the Employer Retention and Expansion (ERE) survey during one-hour interviews. Those conversations often lead to follow-up work to address issues and challenges brought up by the companies.

City codes: Bekaert Industries in Rogers had some issues with aesthetics-related city codes that could have dramatically increased the costs of its expansion. The extra costs would have delayed the company’s hiring and building expansions. The Rogers-Lowell Area Chamber of Commerce organized a meeting with Bekaert and city officials to work out compromises that accomplished the city code goals and kept the project on track.

Efficient delivery: A manufacturer during an ERE visit with the Siloam Springs Chamber of Commerce indicated that tractor trailers and delivery trucks making trips to the facility were constantly missing a turn because highway signage during a construction period wasn’t in quite the right spot. The chamber worked with the city’s street department and contacted the Arkansas Highway and Transportation Department to get a sign relocated. It’s improved the situation.

Job opportunities: A series of comments during ERE visits about job vacancies played an important role in the Springdale Chamber of Commerce’s decision to create AIM, a magazine first published in November. The magazine’s purpose was to provide Springdale residents with a fuller knowledge of Northwest Arkansas career opportunities.

Land purchases: The Springdale Chamber of Commerce focuses ERE visits on the manufacturing sector, and that’s enabled the chamber to build strong relationships with those companies. In 2016, the chamber assisted two poultry-related companies with land purchases for expansions.

Recycling: A Bentonville company during an ERE visit with the Greater Bentonville Area Chamber of Commerce expressed interest in doing more recycling but indicated it was having difficulty identifying its best options for large quantities of office paper, cardboard, glass and plastics. The chamber connected the business with another Northwest Arkansas company able to collect, sort, and recycle the materials in a way that was beneficial to the environment and helped the company reach its sustainability goals.

School-business partnerships: During ERE visits, the Rogers-Lowell Area Chamber of Commerce often hears concerns about the available workforce, and the chamber has connected companies with the people who oversee expanding programs at the Rogers School District. Four companies were able to connect with school district representatives and they have plans to start or have started training/internship programs for students interested in engineering, manufacturing, and construction. In all, 12 partnerships with the school district have been established since ERE visits started in late 2011.

Spec building: The Fayetteville Chamber of Commerce encouraged a participant in an ERE visit in 2015 to consider constructing a large spec building in south Fayetteville, noting that there was a shortage of that type of building in the city. The chamber promised to help the owner find tenants. The owner started to build an 80,000-square-foot structure that could be used for warehousing or manufacturing with office space. While the building was under construction in 2016, the chamber connected a fast-growing Fayetteville business with the building owner. That led to the business leasing 20,000 square feet in the building. The business subsequently expanded twice, increasing its lease space to 40,000 and then 60,000 square feet. Now, the business is considering leasing the entire structure. “The ERE interviews allow us to know these companies better and enable us to connect them, resulting in successful business transactions,” said Chung Tan, the economic development director for the Fayetteville chamber. “There are the bigger things we do like that, and also little things that we do for companies all the time following what we learn from the interviews.”



For more information

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