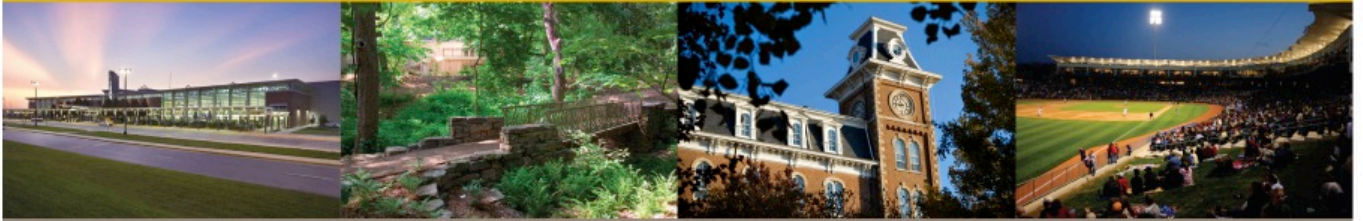


Northwest Arkansas 2017 Regional Employer Survey



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



2017 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

473 interviews

2,498 planned hires over the next 3 years

\$747 million of planned investment over the next 3 years

19% of companies planning expansions

Key Findings & Challenges

- While local companies are doing well overall, the pace of hiring and expansion has slowed from recent years. This may be reflective of near-record low unemployment rates.
- Employees remain hard to find, but a robust response from regional education and training institutions may be starting to pay dividends. The number of companies reporting difficulties finding workers has decreased, and ratings for the region's education and training institutions are higher across the board.
- Attracting and retaining workers remains the top challenges for area companies. That's especially true for those in the service sector.
- Public transportation and air service (fares) continue to be the region's biggest challenges.

Northwest Arkansas 2017 Regional Employer Survey



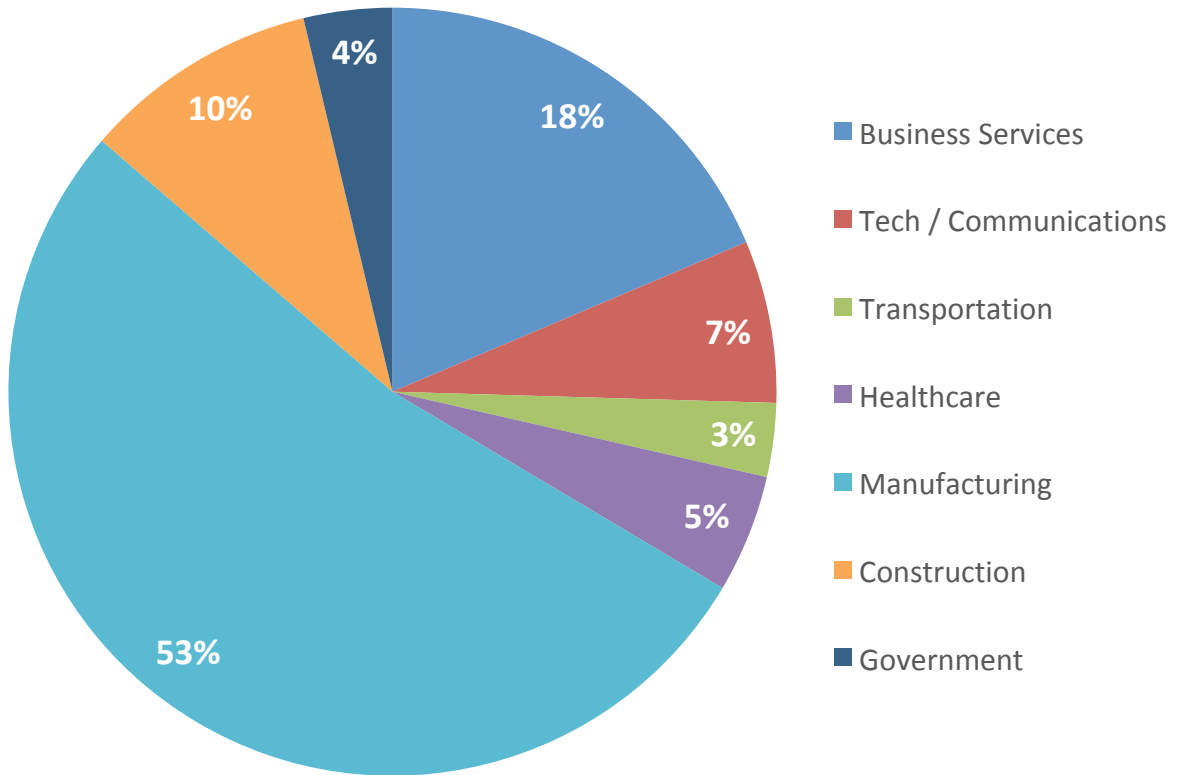
PRIME Survey Results

**Manufacturing, Corporate Headquarters, Corporate Offices,
and other Employers at the Economic Base**

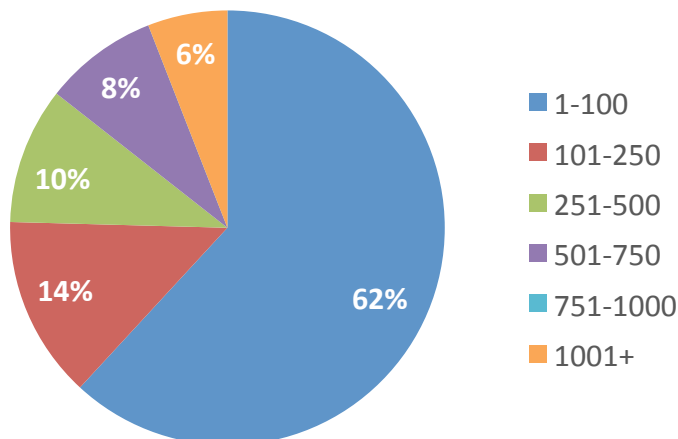
PRIME Survey

PRIME employers are the region's basic employers, usually associated with production, distribution, and headquarters operations. We surveyed 205 of these companies, and the results are compiled on the following pages.

Survey Profile – Breakdown by Industry Group



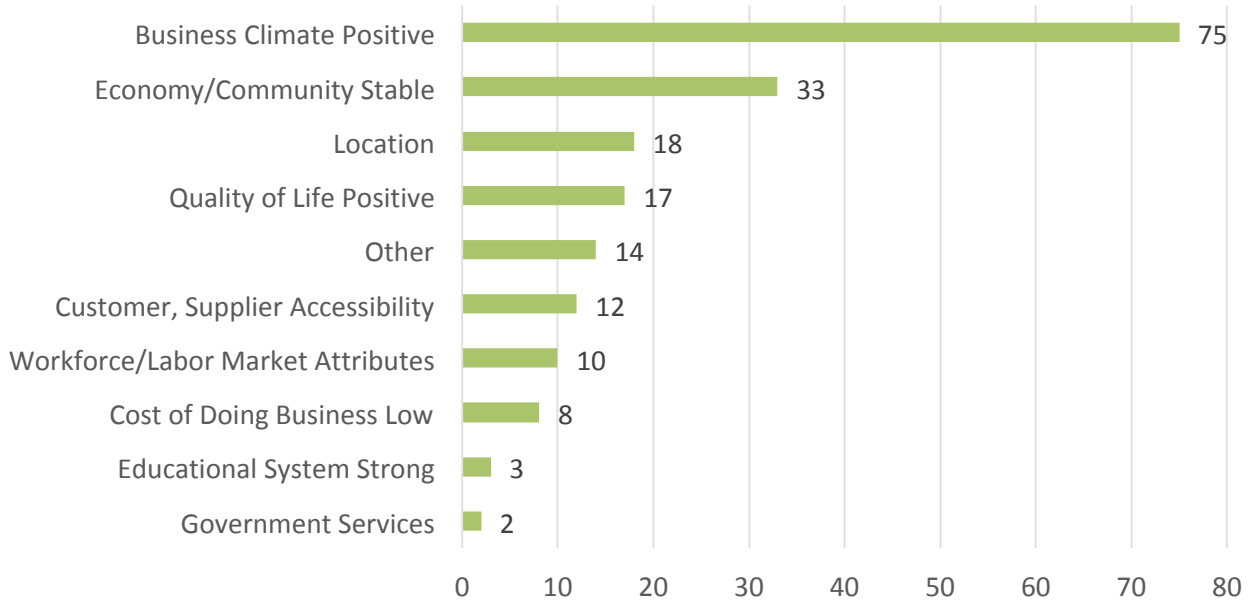
Survey Profile – Breakdown by Employee Size



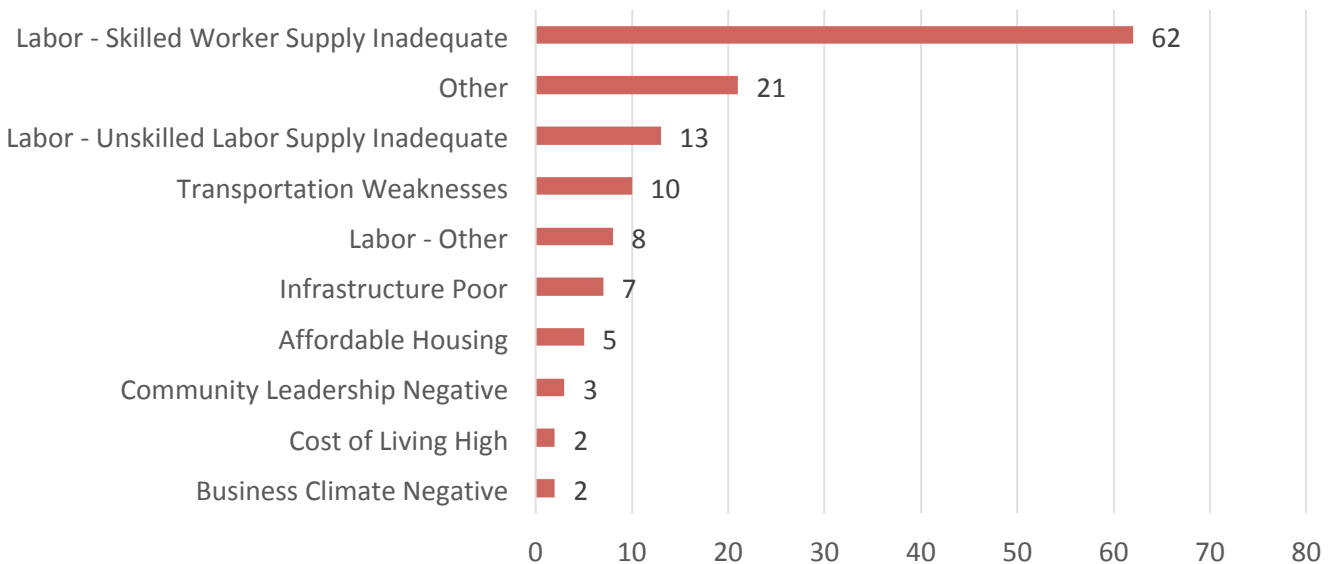
PRIME Survey

Business climate has remained the top strength identified by survey respondents since its inception in late 2011. In fact, the Top 5 strengths have remained similar each year. Weaknesses have a consistent history, too, with the lack of skilled workers topping the charts in the past four surveys. The need for unskilled labor topped transportation-related issues again in 2017, reflecting historically low unemployment rates.

Top 10 Community Strengths



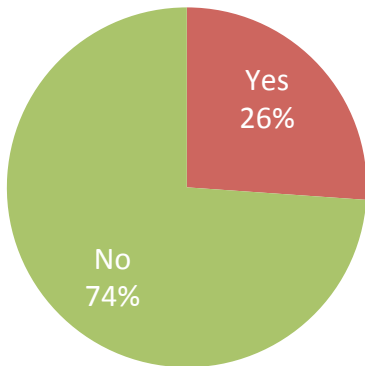
Top 10 Community Weaknesses



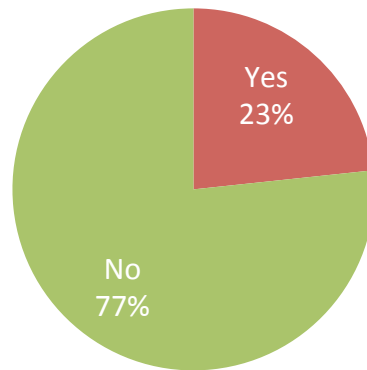
PRIME Survey

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 also remained consistent with respondents citing the need for skilled labor as the No. 1 concern in increasing numbers.

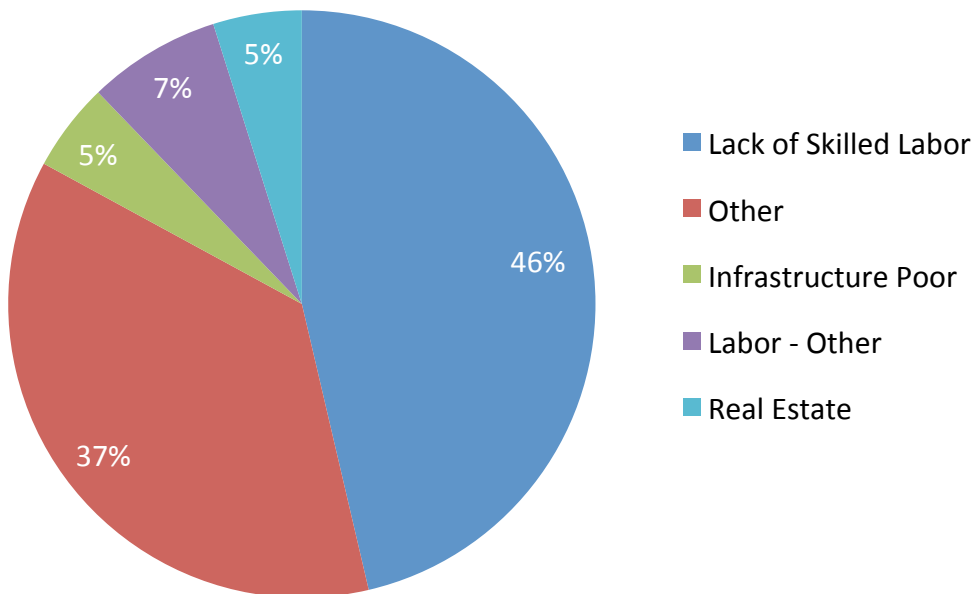
Plan to expand sometime in the next 3 years?



Are there any barriers to growth in this community?



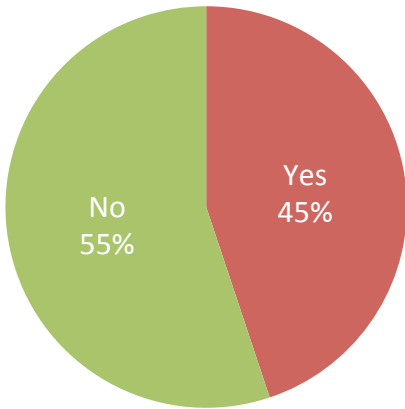
Top 5 barriers to Growth



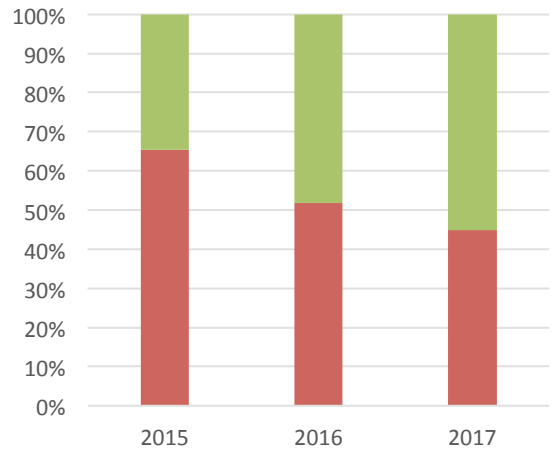
PRIME Survey

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 when comparing year-over-year date. Year 2017 marks the third consecutive year that of declines in both recruiting issues and unfilled positions. These are positive indicators, and a hint that the regional response to employer workforce needs is beginning to have an impact. It is a small effect, but a significant one and a positive trend.

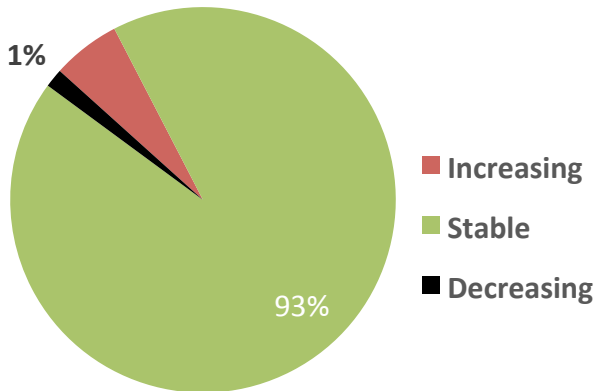
Are you having recruiting problems for any positions?



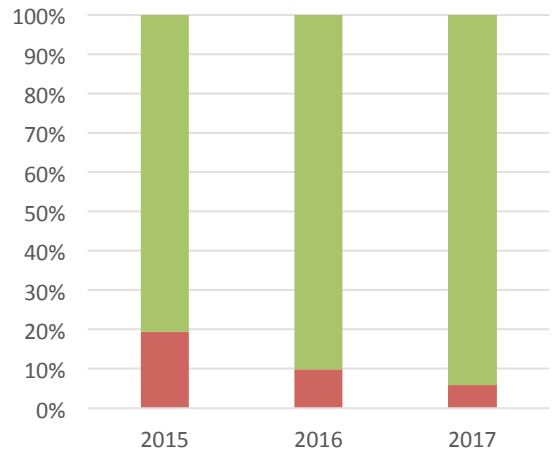
Trend, 2015-2017



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



Trend, 2012-2017

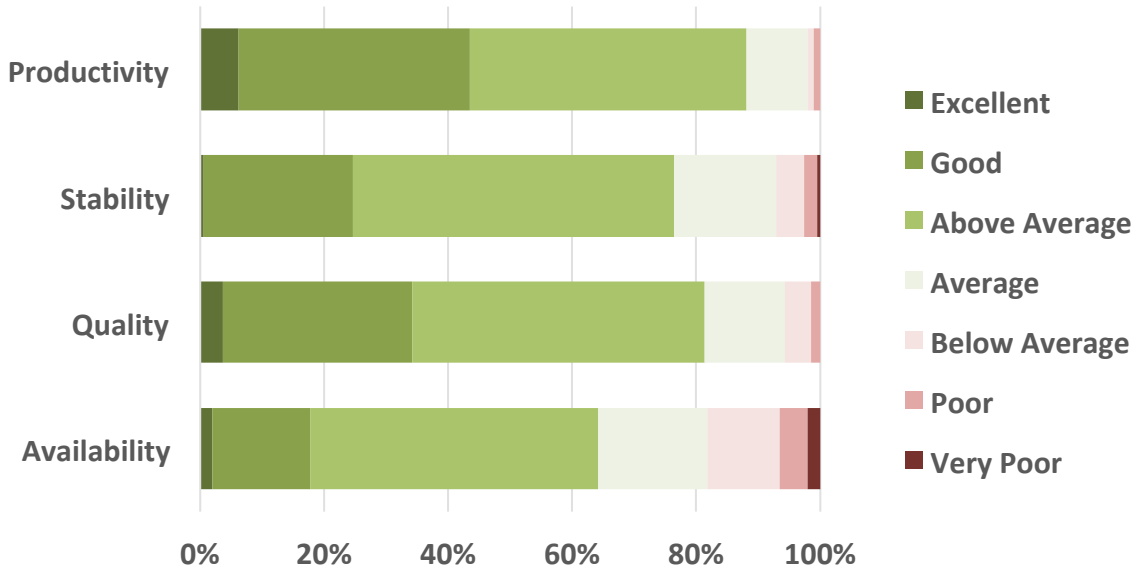


PRIME Survey – Workforce and Education

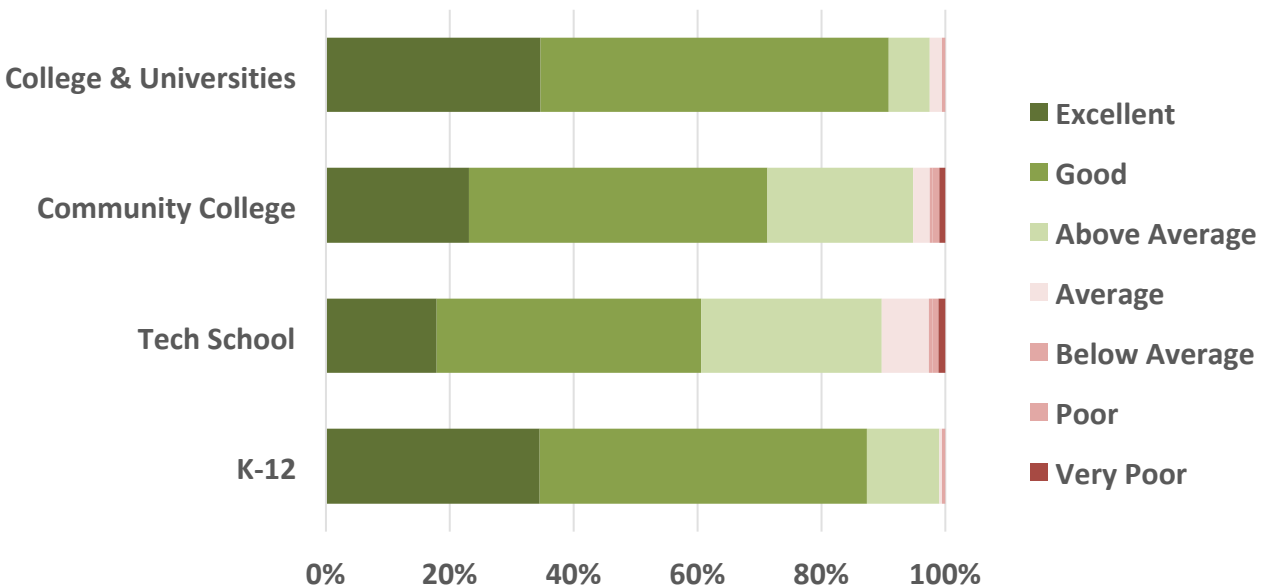
Employers were satisfied with the workforce overall. When asked to rate their workforce, employers cited similar numbers going back to 2015. The survey shows worker quality has increased over time, but worker availability, which affects the other attributes, remains a concern. This data presents a mixed to negative picture when compared to the previous data on recruitment issues.

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.

Workforce Attributes



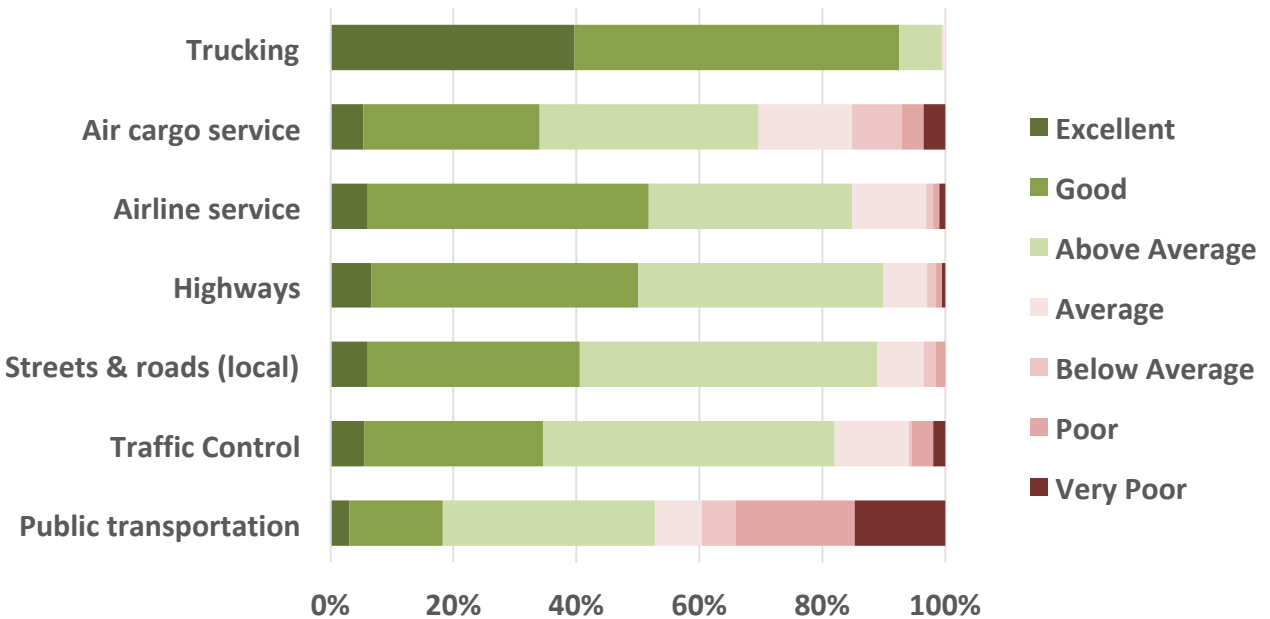
Education



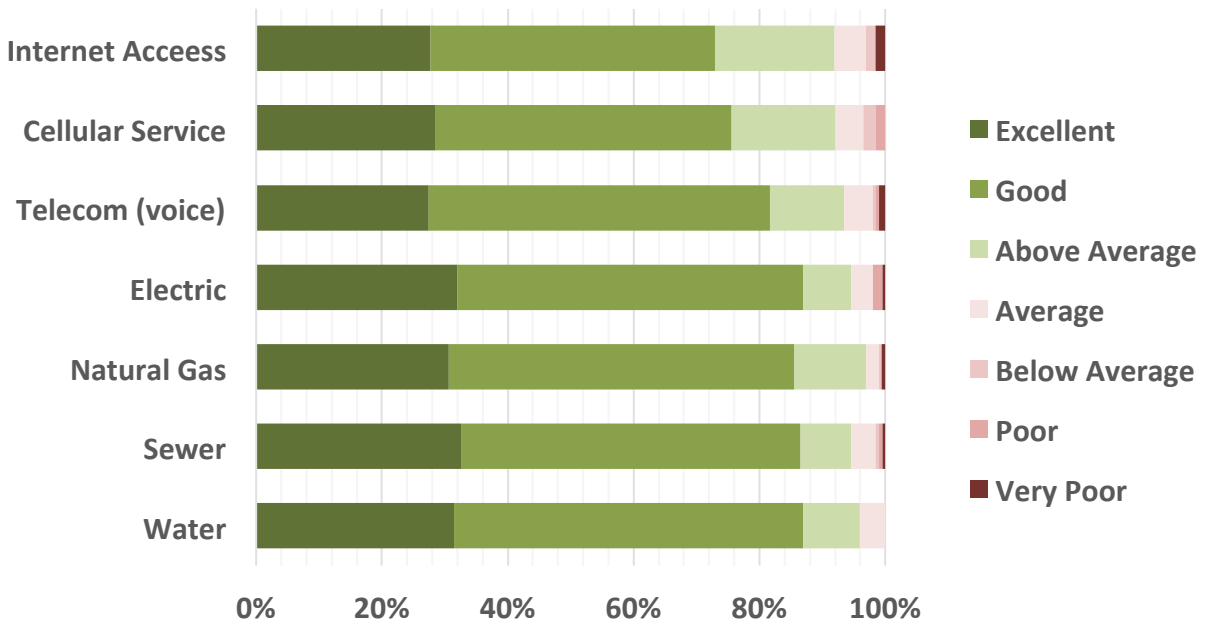
PRIME Survey – Transportation and Utilities

Trucking services are the most highly rated transportation category, with airline service showing some improvement over recent years. Respondents remain happy with airline route choices, but high fares drew the most complaints. Public transit continues to lag the other categories. Utilities consistently receive high ratings going back to the beginning of the surveys in 2011.

Transportation



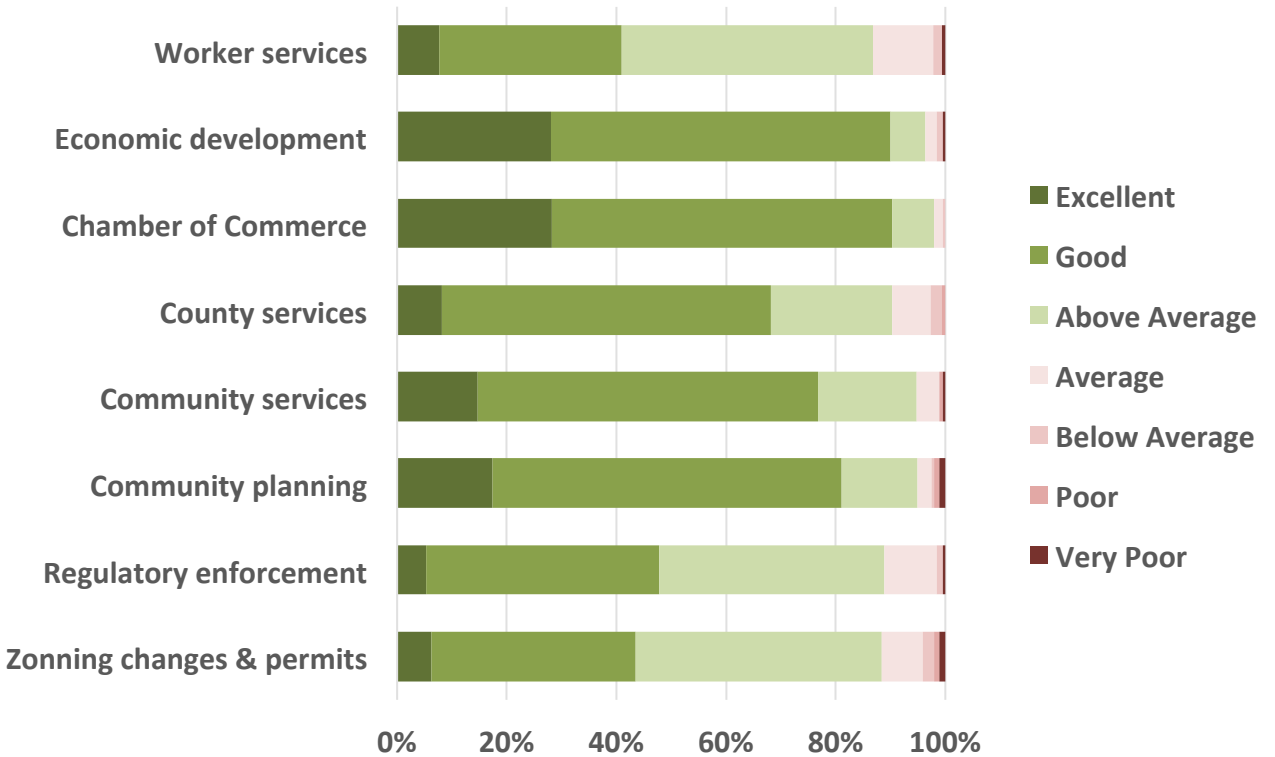
Utilities



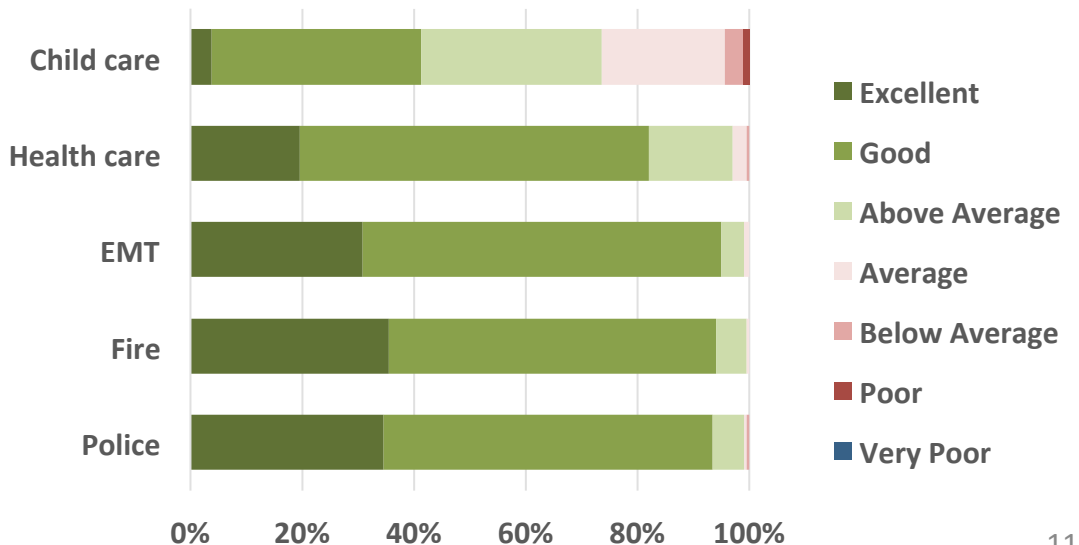
PRIME Survey

Protective services have consistently rated high over the course of this survey. City planning departments received the most negative comments but still rated well overall. Positive opinions about health-care quality have increased since 2011. Child care is the main area of concern with the lowest overall scores in the category.

Non-Profit and Government

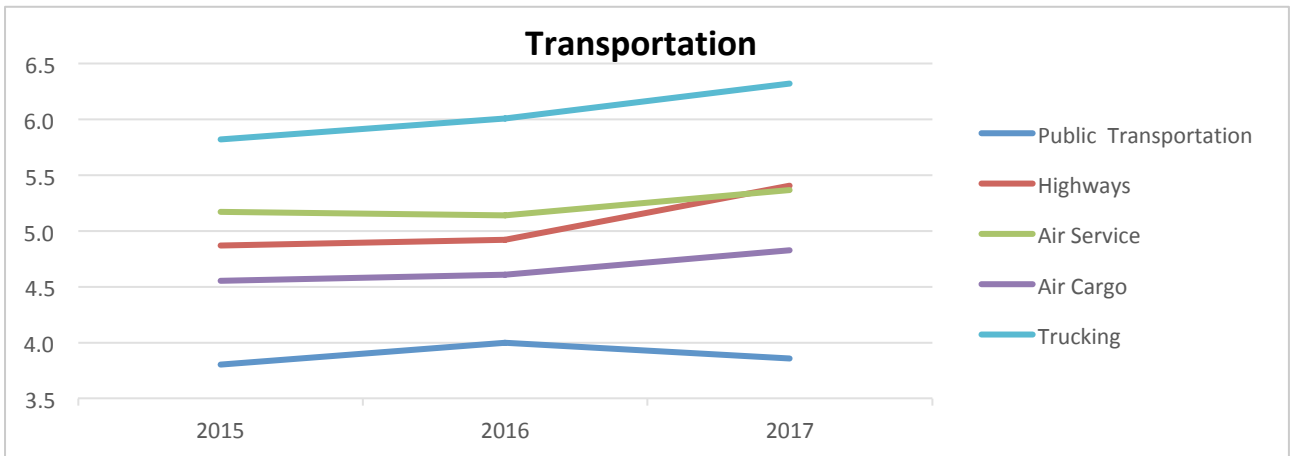
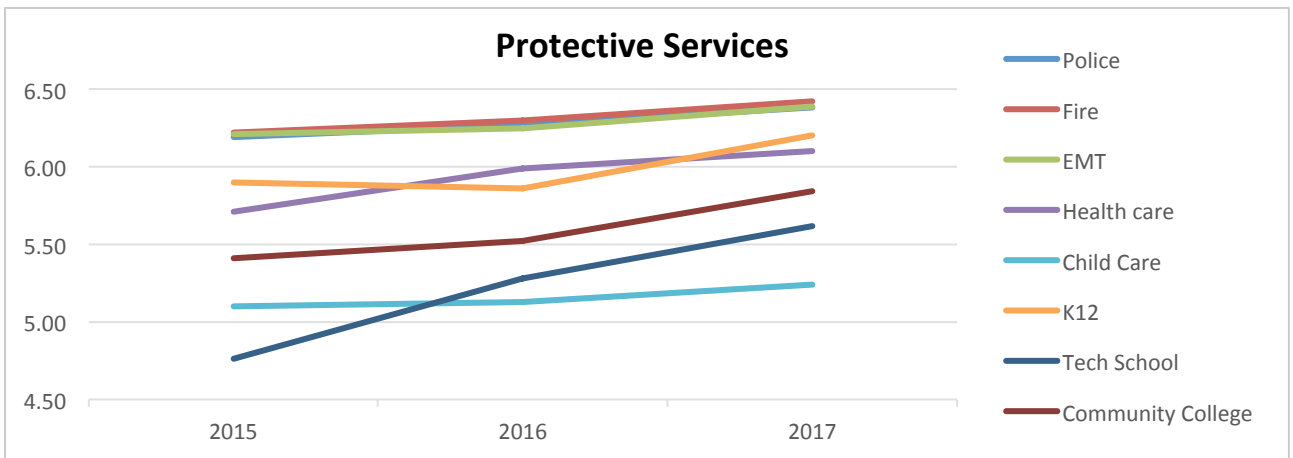
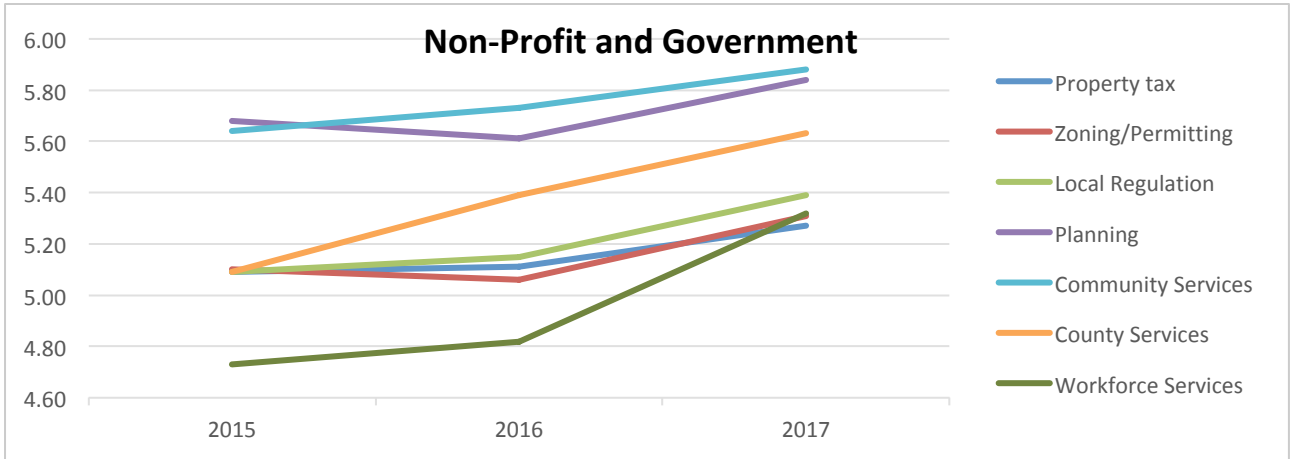


Protective Services



PRIME Trend Data, 2015-2017

Most ratings have improved consistently since 2015. K12 schools, the technical school, community college, and workforce services all experienced significant improvement in the survey over the past three years. That could indicate a positive response to major changes happening in the regional workforce system.



Northwest Arkansas 2017 Regional Employer Survey



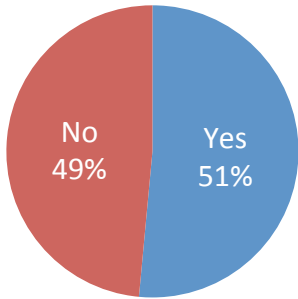
CRTS Survey Results

Retail, Restaurants, Hotels, and
other Service & Support Businesses

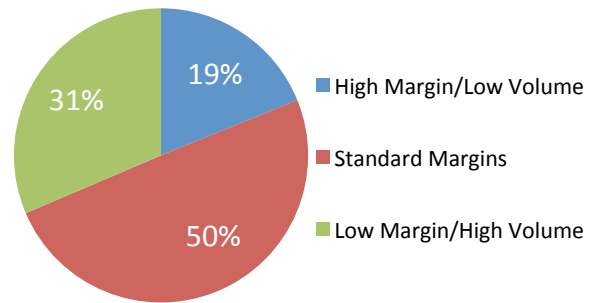
CRTS Survey – Business Demographics

CRTS responses are mostly made up of the region’s service and support employers. Restaurants, retail outlets, hotels, and other services are included in this portion of the survey. Most of the respondents are employers with under 100 employees. These questions were answered by all respondents.

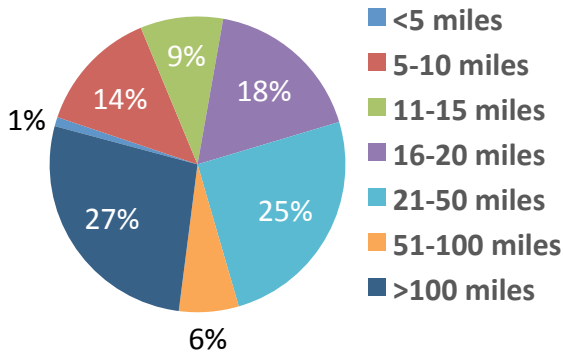
Do you serve a niche market?



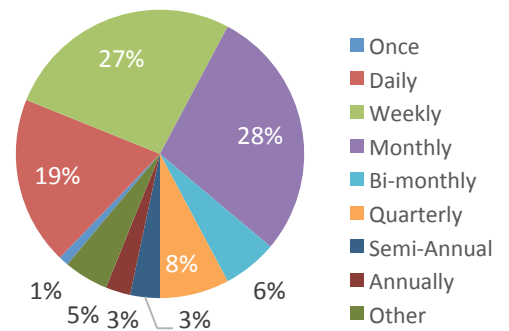
Typical Margins



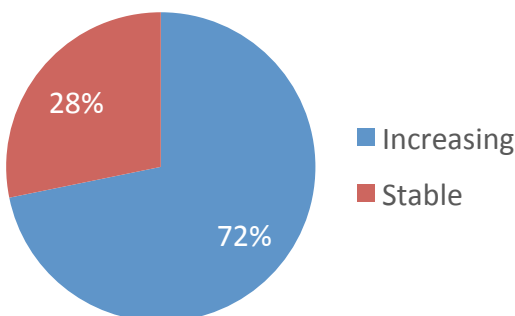
What is your market area?



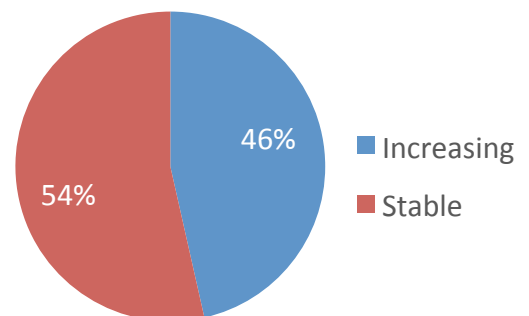
Frequency of customer/client visits



Total revenues at this location are:



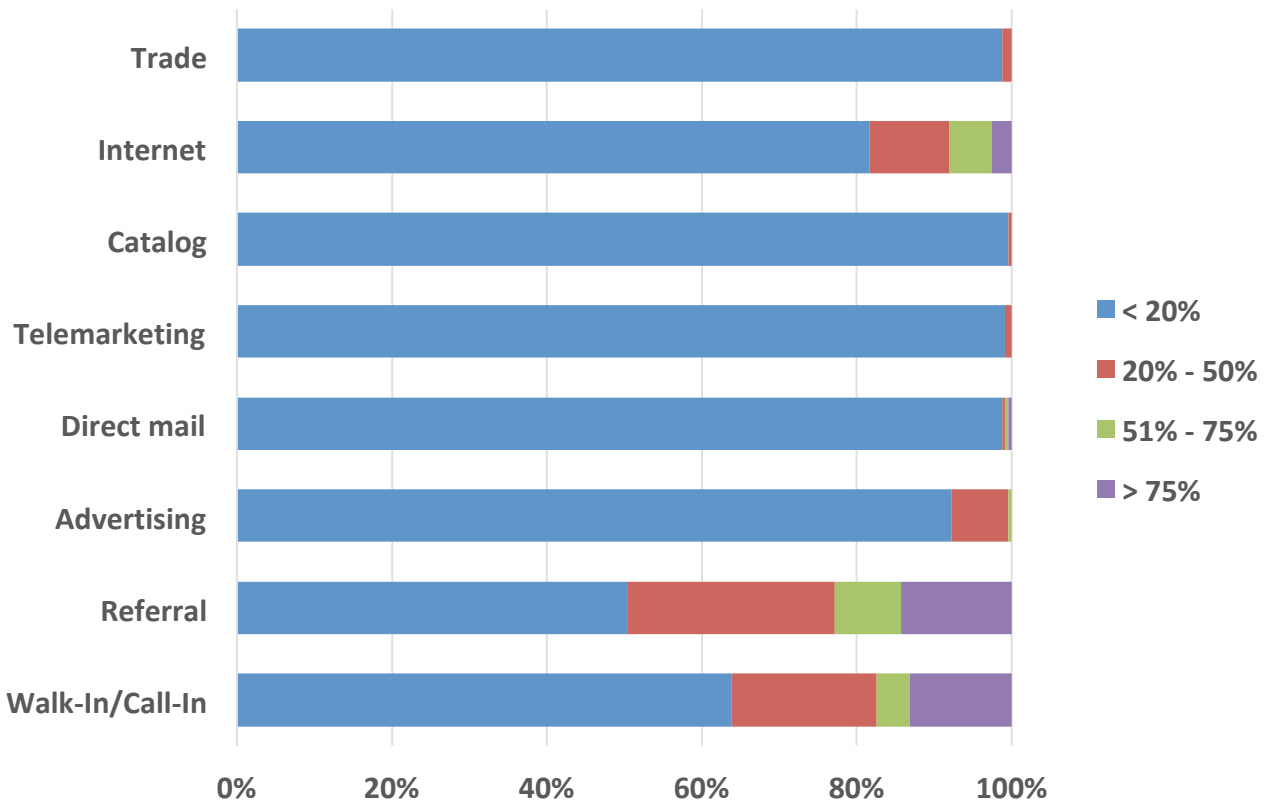
Average value of an individual sale is:



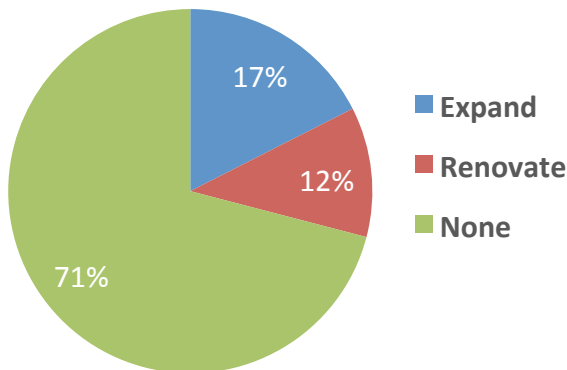
CRTS Survey – Revenue and Business Conditions

Most respondents continue to 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.

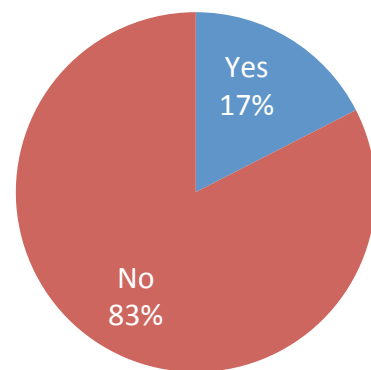
Source and Breakdown of your Revenue



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



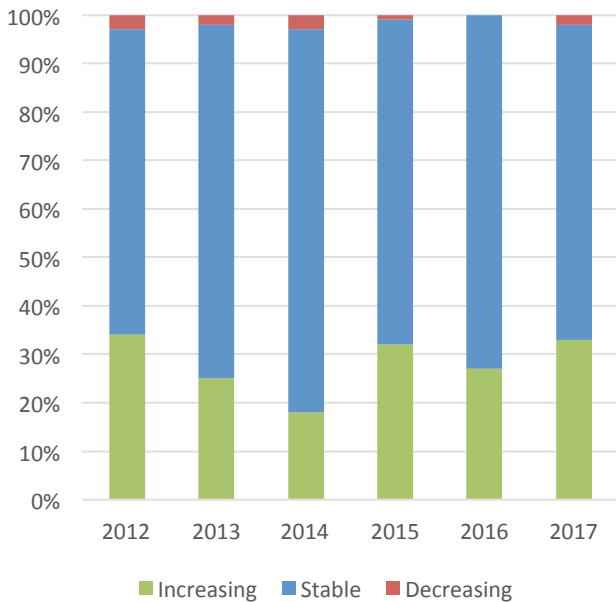
Do you plan on adding a new location in the next 2 years?



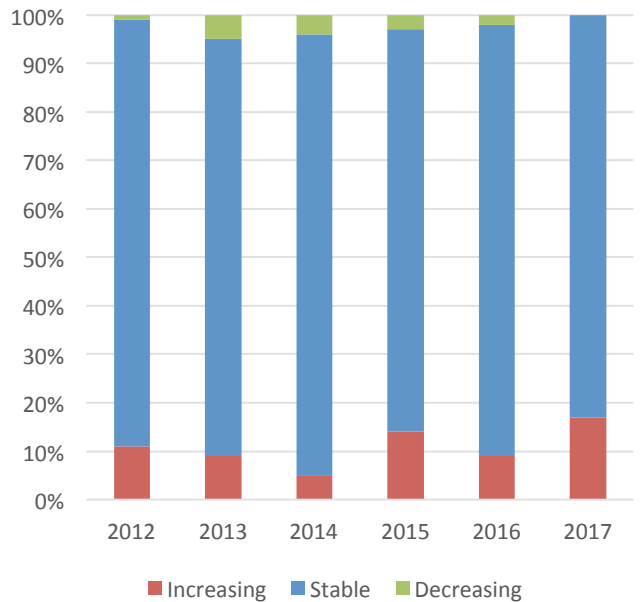
CRTS Survey – Workforce

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 first regional ERE survey in Northwest Arkansas. However, the trend indicates a need for more workers in the service sector as labor market conditions have tightened.

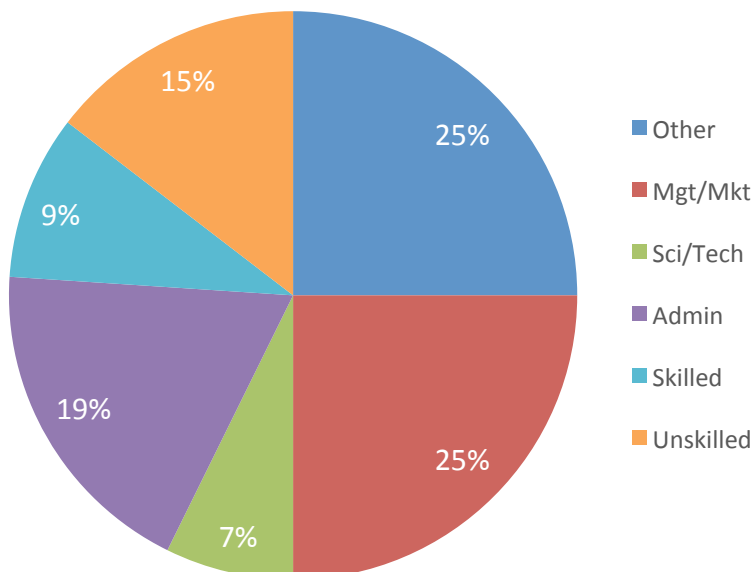
Are your employment needs increasing, stable, or decreasing?



Are your unfilled positions increasing, stable, or decreasing?



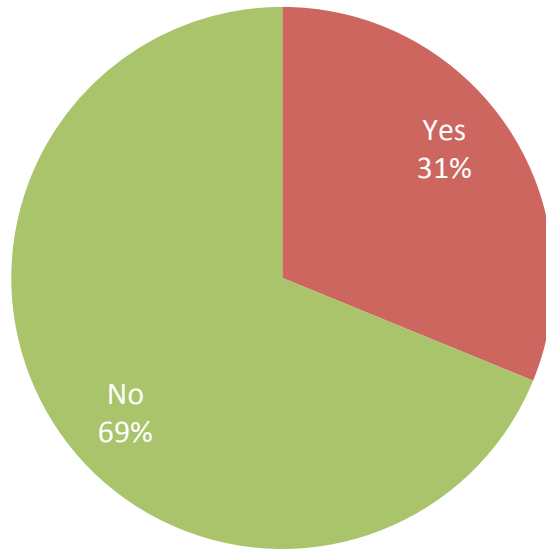
Which positions are you having the most difficulty filling?



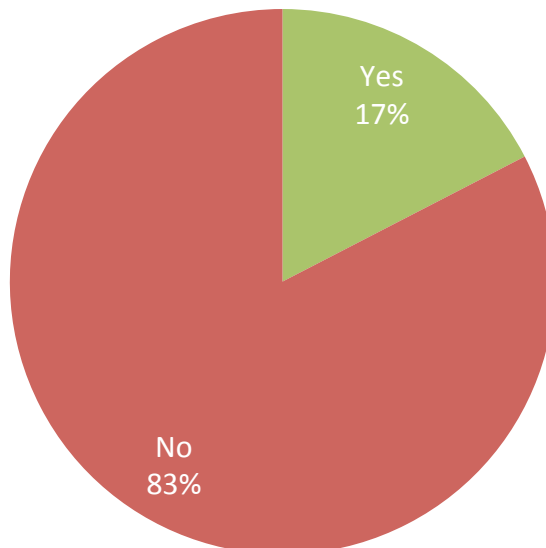
CRTS Survey – Regulations

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. The regulation concerns returned in 2017.

Do you anticipate adverse regulatory changes?



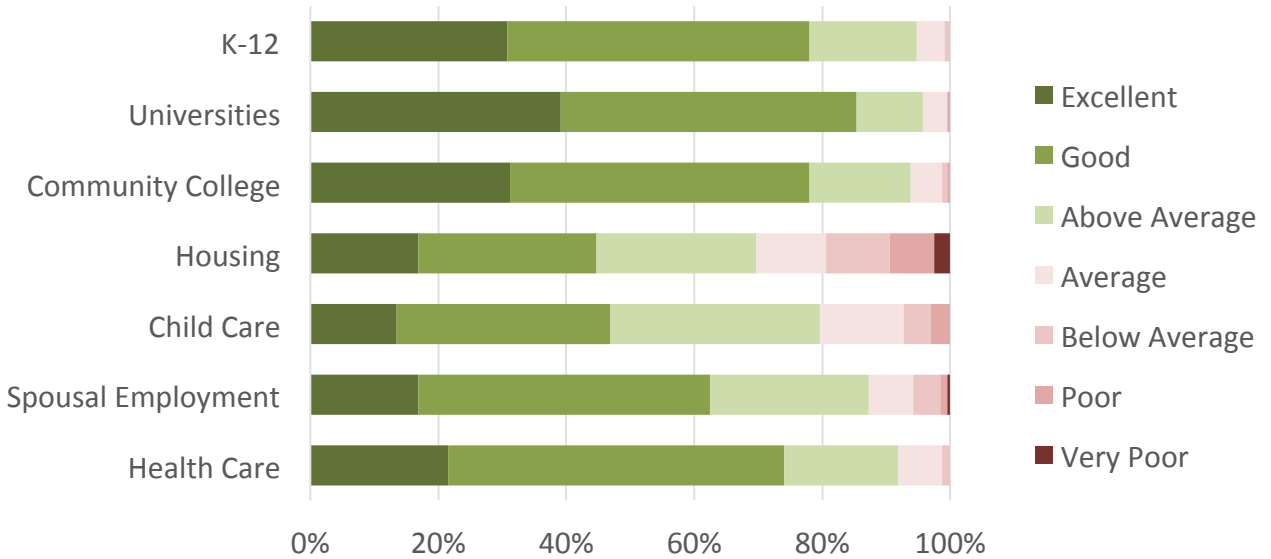
Do you anticipate beneficial regulatory changes?



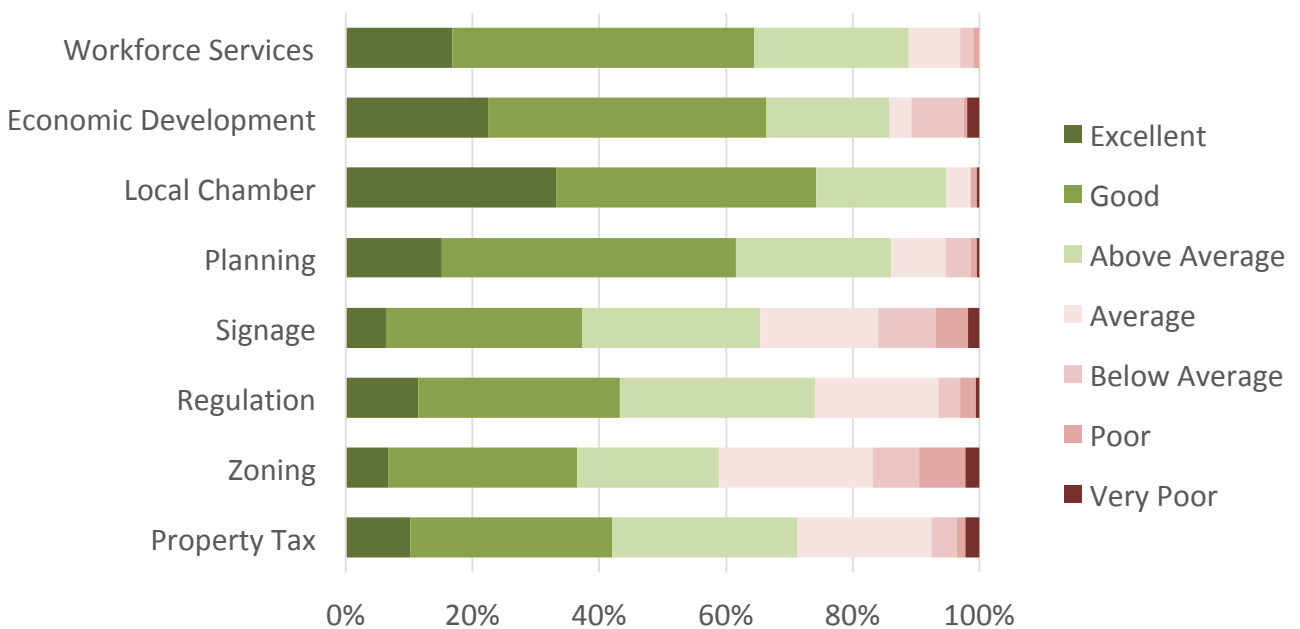
CRTS Survey – Community Ratings

Survey respondents rated education highest on a list of social amenities. Overall ratings were similar to 2015, but the availability of child care and housing costs are growing concerns. Average scores for housing have been deteriorating for five years, indicating a concern over affordable housing options for employees in the service sector. Additionally, it's worth noting the concerns about cost-related community services (housing, child care, etc.) were less prominent among the PRIME survey respondents.

Social / Economic Amenities



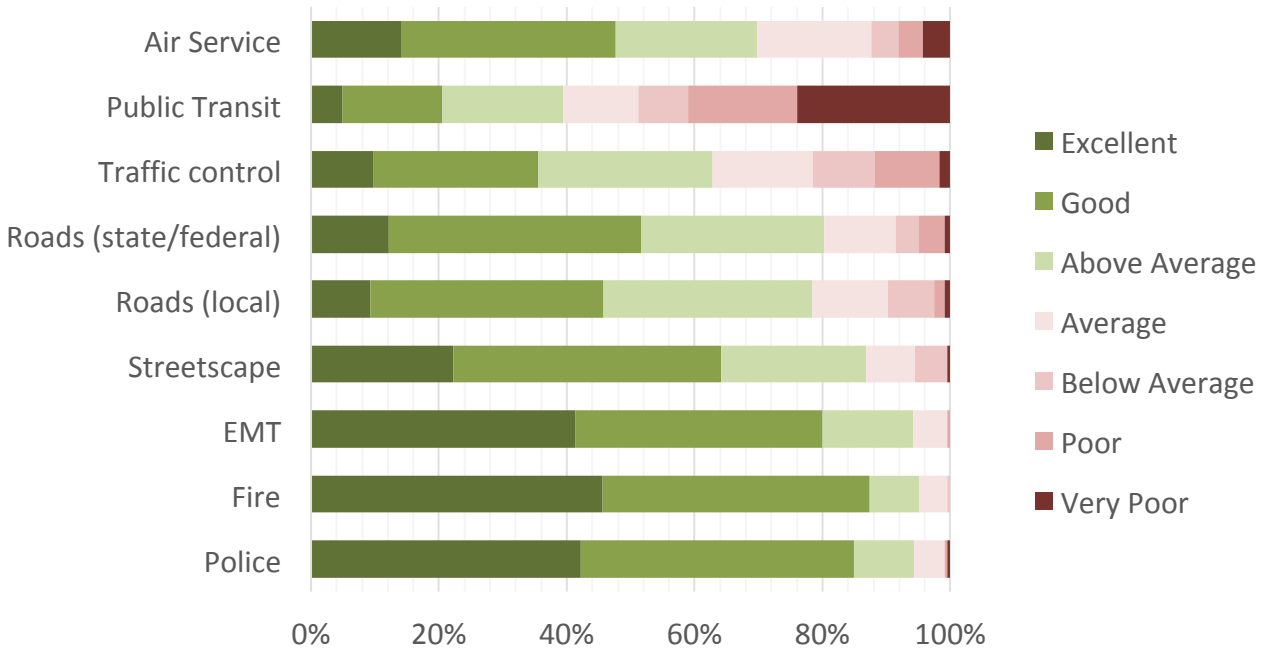
Business & Government Services



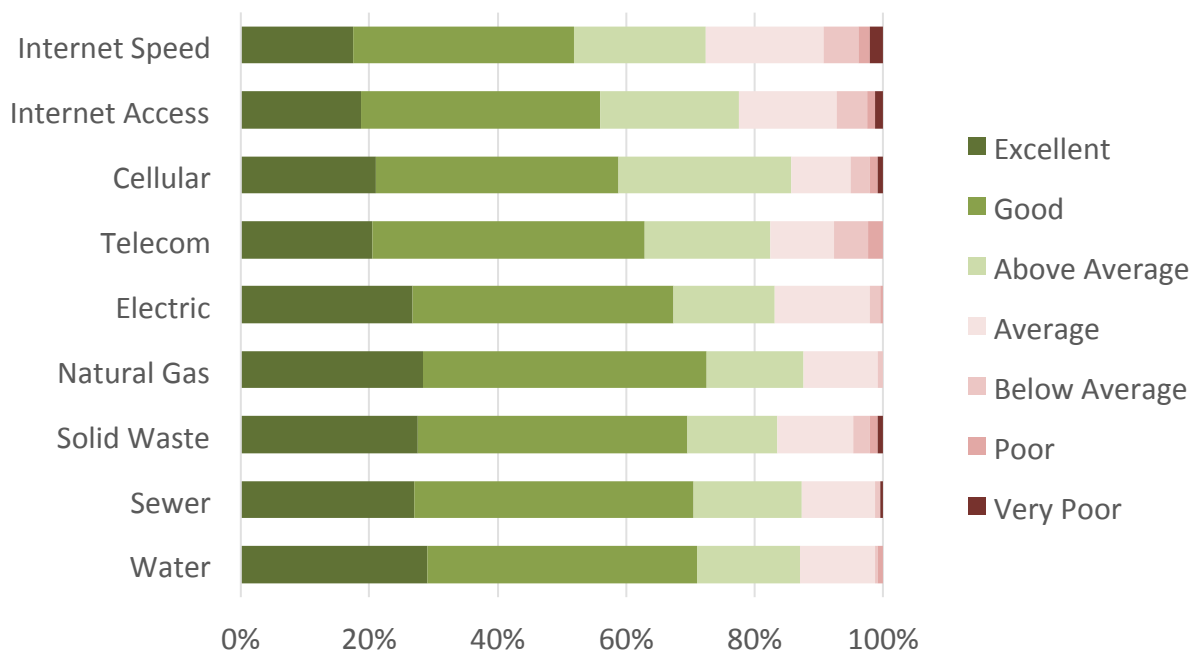
CRTS Survey – Community Ratings

Like the PRIME respondents, CRTS 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. Respondents gave better marks to highways and local roads this year.

Community Services and Transportation

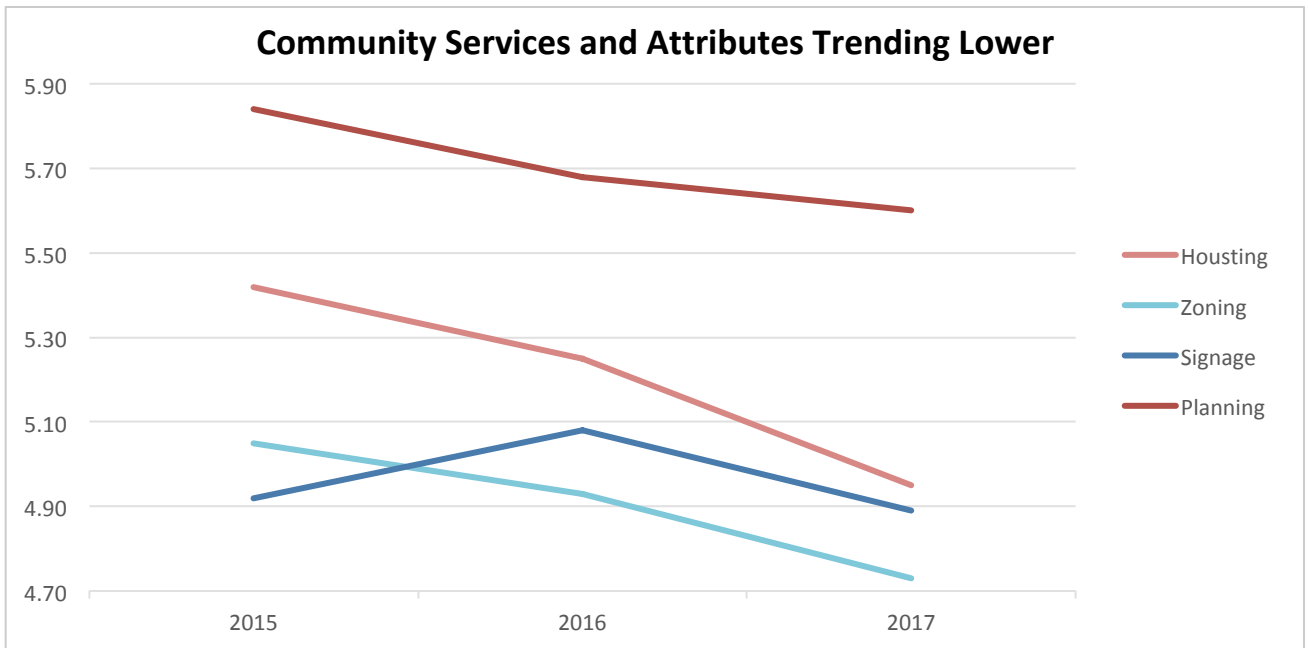
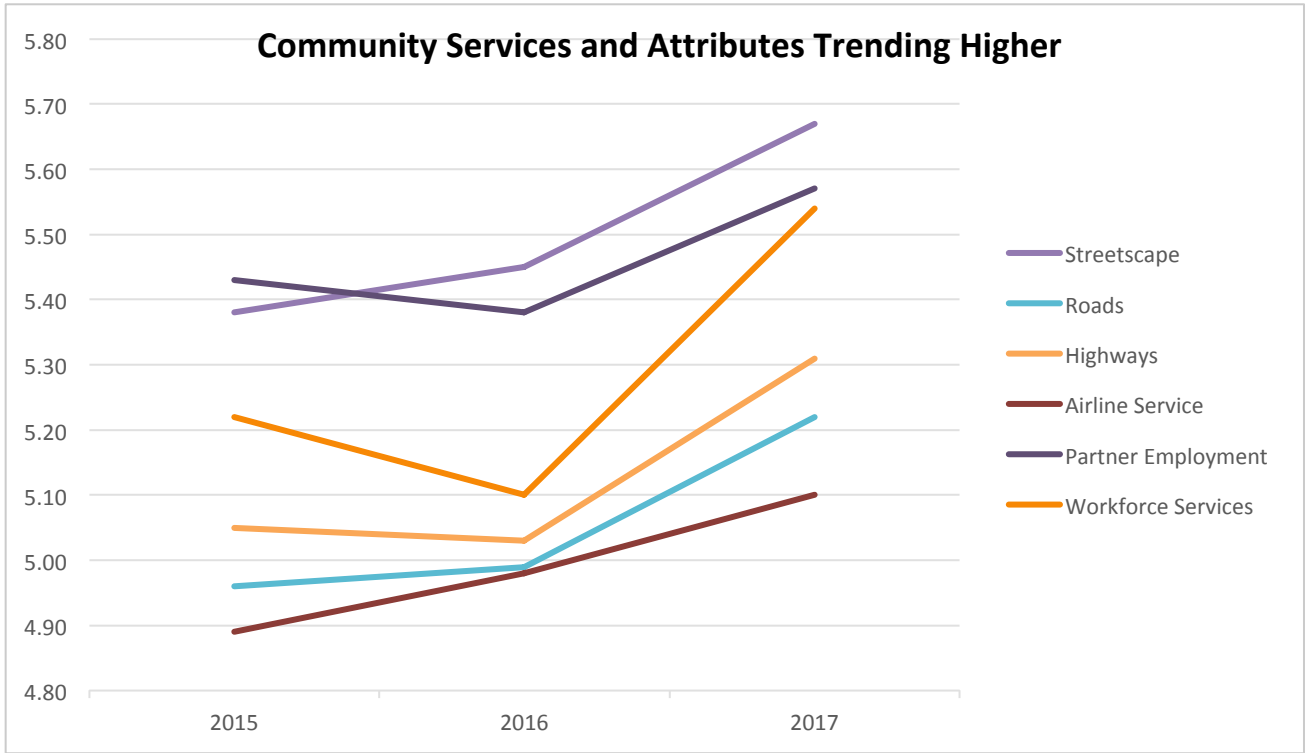


Utilities



Selected CRTS Trend Data, 2015-2017

Like the PRIME respondents, CRTS survey respondents have rated transportation services and infrastructure higher for the past three years. CRTS respondents are feeling better about workforce services and other improvements. The view of city planning, zoning, and signage have declined. The drop in housing is reflective of the rise in home prices and difficulty more of their employees are experiencing in finding homes that are affordable.



Chamber Partners 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 provide assistance to the companies.

Steel tariffs: The Rogers-Lowell Area Chamber of Commerce team has worked extremely closely with Bekaert Industries for a couple of years now. The 2016 work focused on aesthetics-related city codes that were impacting the company, and the 2017 work focused on tariffs.

While President Donald Trump didn't officially impose a 25 percent tariff on foreign-made steel until March 8, 2018, the chamber of commerce started working with Bekaert on the issue in May 2017. Bekaert locations in Rogers and Van Buren will feel the impact of tariffs. The chamber's work included organizing meetings to ensure that members of Congress were fully aware of the impact tariffs would have on Bekaert as well other tariff-impacted companies with Arkansas operations in Conway, Pine Bluff and Texarkana.

Business plan and expansion: A business popular on weekends and weeknights was interested in relocating or building a new facility, and the Siloam Springs Chamber of Commerce did everything possible to be helpful. The chamber worked with the company to develop a business plan and create projections, and then involved the University of Arkansas Small Business and Technology Development Center to review and further build on that plan and the projections. The chamber also contacted the Arkansas Economic Development Commission to ask whether the project qualified for job creation incentives. The work led to a determination that an expansion at the current location made the most sense, and that's led to the business expanding, more customers and higher profitability.

Job opportunities: A series of comments during ERE visits about job vacancies played a role in the Springdale Chamber of Commerce's decision to create AIM, a magazine-style career guide first published in November 2016. The 80-page, 2017 edition highlighted job opportunities at 40 companies. Published in English and Spanish, the guide was distributed to more than 16,000 students, parents and businesses.

Drainage: The Springdale Chamber of Commerce worked with a manufacturer on Old Missouri Road that encountered a water drainage issue on its property after a new culvert was installed under an adjacent street. The chamber contacted the company that installed the culvert, and the company made repairs.

Company expansion: A fast-growing Fayetteville company had relocated to larger buildings multiple times in recent years, but the company had trouble identifying a new, still-bigger location in 2017. The Fayetteville Chamber of Commerce brought together a company that owned more than 60 acres in the Fayetteville Commerce District and the fast-growing company. The expanding company purchased 20 acres and expects to erect a building on the property in 2018. The Fayetteville chamber had a similar success involving a different fast-growing company in 2016.

Childhood education and childcare: After hearing concerns about childcare costs and quality identified by people relocating to Northwest Arkansas and by employers during ERE interviews, the Greater Bentonville Area Chamber of Commerce worked last year to share information throughout the community about programs at the Helen R. Walton Childhood Enrichment Center.

State incentives: A company with more than 250 employees indicated during an ERE visit last year that it planned to add 20 jobs in 2018. The Springdale Chamber of Commerce and the Arkansas Economic Development Commission worked together to ensure that the company obtained state incentives for creating the jobs.

Regional Progress in 2017

Real progress was made in the 2017 legislative session, progress that will allow Arkansas schools and training institutions to play an important role in creating a better prepared workforce. The Northwest Arkansas Council helped Jon Moran of the Rogers-Lowell Area Chamber of Commerce lead a regional stakeholder group to create a regional legislative agenda. Eight of 10 workforce-related bills supported by the stakeholders during the 2017 Legislative Session were signed into law.

Goal 1: *Develop a statewide program that offers flexibility in technical training, industry certifications, and college credit for secondary students, enabling quicker entry into the workforce as skilled and productive employees if they choose not to enter college immediately upon graduation.*

Act 554 (SB423 Lindsey) – Gives secondary career education programs the flexibility to add more industry certifications to their course offerings by moving from end-of-course assessments to end-of-program assessments.

Act 872 (HB1459 Douglas) – Provides flexibility in the awarding of course credits, and allows public schools to develop and implement plans that enable students to earn course credits by demonstrating subject matter competency.

Act 867 (HB1627 Sturch) – Removes seat-time requirements, which will give students and schools additional flexibility to participate in accelerated learning environments and experiential learning opportunities.

Act 509 (SB288 Hendren) – Creates opportunity for multi-district school partnerships in establishing regional career centers.

ACT 951 (SB441 English) – Creates a legislative task force to review technical/workforce education programs and recommend ways to align the programs to produce an efficient, technologically advanced technical and workforce education system.

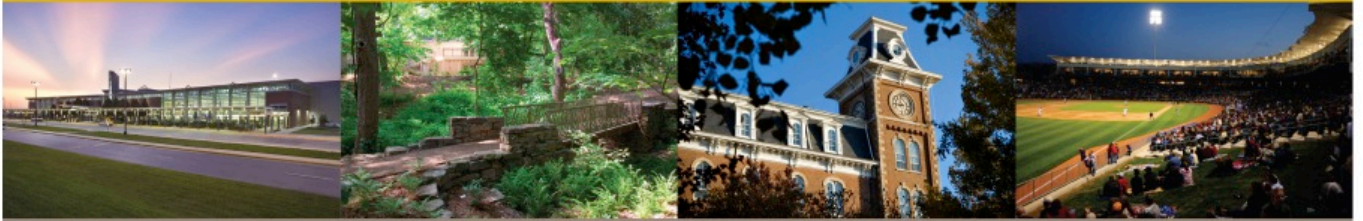
Goal 2: *Make Arkansas Scholarship Lottery funds available to all Arkansans who seek to obtain vocational training and/or technical certifications through its existing institutions. This will enable such students to find good jobs that pay well, and will address critical shortages in high-demand positions for employers statewide.*

Act 613 (SB528 Hickey) – Directs up to \$12 million of excess lottery funds to workforce training by creating the Arkansas Workforce Challenge Grant Scholarship.

Goal 3: *Support the governor's Master Plan for Higher Education and its 2025 goal of reaching a 60% postsecondary attainment rate in Arkansas, including increasing the number of Arkansans with post-secondary credentials and degrees at all levels.*

Act 148 (HB1209 Lowery) – Governor's proposed funding formula for higher education institutions in Arkansas. The formula will give more recognition to workforce development programs, which was a goal of the legislative agenda.

Act 316 (HB1426 Della Rosa) – Creates the Arkansas Futures Grant Program to fund scholarships for students seeking training certificates in high-demand occupations.



For more information

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Made Possible by our Members and Special Grants

