

Competitive Capacity WhitePrint™ *Licking County, Ohio*

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Blane Canada **Research**

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Competitive Capacity WhitePrint™

Licking County, Ohio

Licking County Economic Development

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Licking County Economic Development

Introduction

The concept of Competitive Capacity, and the ability to measure it objectively, is very new in economic development. This capability represents a major breakthrough replacing a subjective Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis exercise.

Competitive Capacity is a measure of a community's ability to compete for private sector investment to support the community's economic health. Competitive Capacity uses a defined set of criteria to document the condition of the community's product as well as the business base essential for attracting investment.

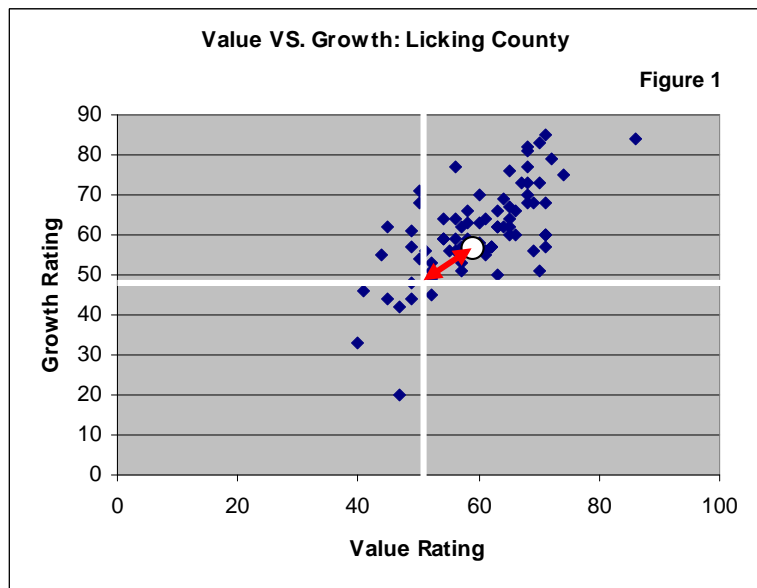
As seen in the Figure 1, Licking County has a powerful economic engine – the vast majority of area companies are positioned in the high value and high growth (upper right) quadrant. The well developed economic engine is built on a solid base of business performance as measured by the Key Performance Indicators (KPI) evaluated in the course of this analysis and documented in this report.

The County's economic engine provides a competitive advantage over Midwestern peers and the nation as a whole.

The Competitive Capacity findings confirm the positive competitive position of Licking County as a place to do business as well as the strength of Licking County's business portfolio.

This assessment is not to say there are no challenges. There are challenges in Licking County which should be addressed as per the recommendations in this report. This Competitive Capacity report provides a detailed analysis of Licking County's situation and identifies opportunities and risks to be addressed. It lays out solid information for making difficult decisions and allocating resources.

This Competitive Capacity assessment relied on the 92 Key Performance Indicators (KPI) established in the 2007 North American Data Study. These KPIs cover three broad areas important to forming economic development strategy and policy.



- Business health and activity
- Business climate and community resources
- Workforce availability and capabilities

The resulting analysis pinpoints Licking County's competitive position in North America in a way that has never been possible before.

Measuring Competitive Capacity

The concept of Competitive Capacity and the ability to measure are new in economic development. This capability represents a major breakthrough replacing a subjective SWOT exercise with an objective process. By using Key Performance Indicators drawn from the analysis of North American Synchronist System data, Competitive Capacity can be accurately and objectively evaluated.

The analysis of Licking County's Competitive Capacity in this report focused on 74 Key Performance Indicators. Each KPI was compared to the North American and Midwestern KPIs. Ultimately, Licking County's Competitive Capacity was defined by 24 KPIs and a dozen open-text KPIs that clearly demonstrated a competitive advantage or a competitive weakness. These KPI are the focus of this report.

The research focused on three areas of competitive concern:

- Portfolio – 16 Key Performance Indicators were used to evaluate the condition of Licking County's economic base.
- Product – 48 Key Performance Indicators were used to test the quality of Licking County's Product.
- Workforce – 10 Key Performance Indicators were used to define the competitive position of Licking County's Workforce.

Methodology

Licking County has been using the Synchronist Business Information System® for just over two years. The Licking County Business Retention Team and staff have completed 79 executive interviews.

This analysis used findings from Licking County Economic Development executive interviews based on the Synchronist Business Information System, as well as the Synchronist 2007 North American Data Study. The Synchronist System includes a standardized interview. This standardized data collection makes it possible to perform Competitive Capacity assessments for communities, regions, or states using Synchronist System tools.

The information aggregated in the North American Data Study was collected by individual economic development organizations using the Synchronist Business Information System survey instrument. All data was voluntarily shared for research on business and community issues. Each user independently determined how interviewed companies were selected. If the selection process was biased in any manner toward a particular type of business or for growth/value characteristics, the findings for an individual community could be skewed. Therefore, if the selection of companies was not representative, these findings and conclusions could be impacted. The Licking County Economic

Development staff selected companies randomly. After identifying known firms, other firms were identified using the Harris Directory, phone book and Licking County Auditor's list of all manufacturing, warehouse, and distribution companies in Licking County.

Seventy-four (74) of Licking County's Key Performance Indicators were compared against the North American Data and Midwestern Peers to determine Competitive Capacity. The results were separated into major or minor competitive differences – strength or weakness as seen in Table 5.

- A Major strength/weakness is defined as 4% +/- differential from the KPI.
- A Minor strength/weakness is defined as 1% +/- differential from the KPI.
- On Par is essentially a 1% +/- differential from the KPI.

In the end, the Licking County Competitive Capacity Assessment studied 64 KPIs in detail. Other KPI benchmarks were determined to be “within range” or neutral only confirming the local KPI. Consequently, they were eliminated from further consideration allowing the analytical focus to be directed to understanding those KPIs where there is a significant differential.

These 92 KPIs are based on 11,127 executive interviews conducted between 2002 and 2006 and 12 years of research and development. These benchmarks are possible because the Licking County Business Retention Team and similar organizations use the Synchronist Business Information System's standardized executive interview questions. Standardization allows the data to be aggregated, analyzed, and ultimately objectively compared to other communities in the North American findings.

Synchronist System KPIs compare:

- Local business portfolio (business health and activity) against business performance nationally (portfolio analysis).
- Business climate, community strengths as well as community weaknesses to established national benchmarks (product or – strength, weakness, opportunity, or threat – SWOT analysis).
- Workforce resource for established national, state, and regional comparisons.

In addition to the base KPIs, the Synchronist System uses a layered design to validate important findings from open-ended questions such as community weaknesses. Responses to the validation questions are used to test responses to weaknesses. The difference between a general response on community weaknesses and responses to validation questions separates the issues. This internal validation, never before possible in economic development, shows how each issue affects a company's decision making.

The combination of KPIs form a substantive, objective point of comparison for evaluating Competitive Capacity of any community using the Synchronist System.

In all cases, the calculations and resulting graphs are based on the number of responses to a specific question, not the total number of companies interviewed. Blank responses are assumed not asked and are therefore, excluded from the calculation.

Economic Performance: Portfolio Assessment

A community's economic portfolio is the collection of companies in the community. This portfolio like any investment portfolio will determine the economic future of the holder.

In economic development four factors determine success:

- Vibrant business enterprises
- Supportive business climate and cost structure
- Appropriate infrastructure
- Skilled and adaptable workforce

Until the Competitive Capacity Assessment, it was not possible to conduct a meaningful, objective portfolio assessment as part of the overall SWOT analysis on solid, local information.

The portfolio assessment looks at the value added by these businesses and any associated risk or concerns. This portfolio assessment draws from locally collected information. The information is gathered in one-on-one interviews with business executives.

Portfolio Analysis

Each community's economic performance is determined by the performance of the companies within the community. When companies thrive, communities thrive. Therefore, the businesses within a community represent the community's economic portfolio and economic future.

Licking County's Portfolio Performance is summarized in Figure 1 shown on page 1. The essence of a scatter plot representation is derived from its range and concentration. Figure 1 shows the relationship between the value and growth KPIs for each Licking County company interviewed. The value to the community and growth potential of each company is determined by the company's business activity within the community and the economic value they provide. Licking County's portfolio shows concentration of high-value/high-growth companies (upper right quadrant). At the same time, Licking County has a modest cluster (low concentration) of low-value/low-growth companies (lower left quadrant). The other fact that becomes evident when studying Licking County's portfolio is the concentration among Licking County companies. Licking County's companies have a tight alignment between value/growth. Consequently, fewer Licking County companies are in the low growth/high value quadrant (lower right) or low value/high growth quadrants (upper left).

The slope of the reference line in Figure 1 shows the correlation between Value and Growth. The closer the individual dots to the line, the higher the correlation. For the Competitive Capacity analysis, the slope of this line is set by drawing a line through the intersection of the 52/52 reference lines and Licking County's V/G median (60/60).

The white reference bars in Figure 1 represent the average of all companies in the North American Data Study (52/52) against the backdrop of Licking County companies. The concentration of Licking County companies in the upper right quadrant is evidence of the strength of Licking County's portfolio.

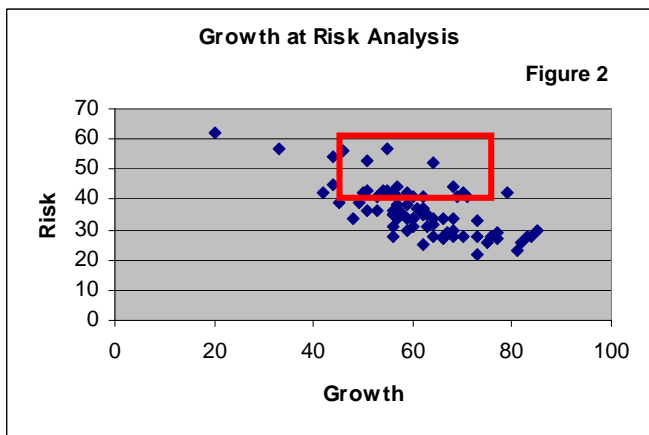
As suggested by the distribution in Figure 1, Licking County companies have a higher median V/G than the North American companies studied.

This portfolio profile should produce solid economic momentum for Licking County with low economic drag caused by business downsizing or closures.

If this data is a representative sample, then Licking County holds a significant competitive advantage over more than 80% of the communities covered in the 2007 NADS. In fact, 40.2% of Licking County's companies meet the value/growth KPI of 60, Blane, Canada Ltd.'s accepted baseline benchmark, or higher as compared to the 2007 NADS where only 26.9% meet this high standard.

No Guarantee

Achieving a high performance economy is a goal of every community. As shown in the following report, Licking County has many of the characteristics of a high performance economy. Yet, as shown in Figure 2, even high growth companies have their challenges. From the executive interviews, it is clear that 17 of the companies interviewed have high to very high growth potential and at the same time are high risk.



Licking County also has opportunities to improve its Competitive Capacity. But, economic development is a moving target.

Every business is constantly working to stay competitive in a globally challenging market place. Licking County's Portfolio Profile, Figure 1 (as shown earlier) contrasted against Figure 2 which explores growth/risk characteristics of the Licking County companies interviewed. Hence, the strong, high value/growth base is not a guarantee of future success. In a global competitive environment, success requires diligence. There are now and will be new issues to be addressed. For example, there are community based, product issues to be addressed in Licking County. It is equally important to look at the dynamics of the business base. Future strides depend on the actions of the community as well as those of the businesses within the community. This is especially important when the goal is to understand Licking County as a "high performance economy."

Additionally, there is the important matter of strategy. What is the best economic development strategy for a community with Licking County's Competitive Capacity? What strategy maximizes the long-term potential of this strong portfolio?

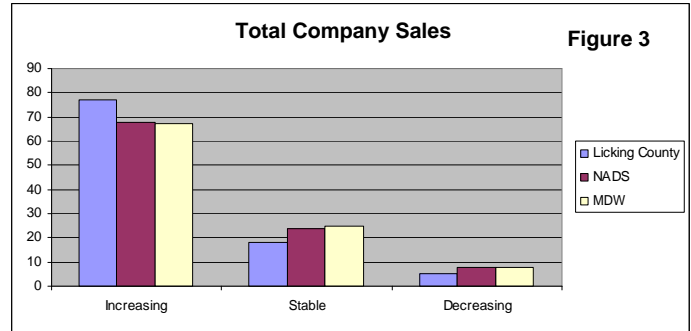
Business Dynamics

Sales

Licking County’s portfolio is producing strong positive momentum within the community. The total company sales KPI is significantly above both the national average as well as Midwestern peers.

One important component of the sales picture is international exporting. Thirty-three of the interviewed firms export product. Twenty of these firms are increasing their export level.

Two important drivers behind this strong performance are new product introductions and R&D investments.

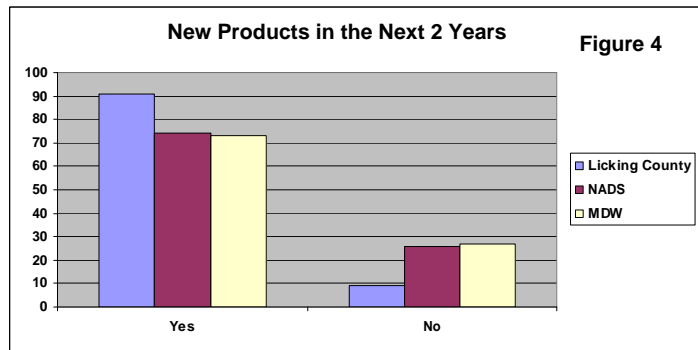


NADS = North American Data Study
MDW = Midwest

New Product Introductions

A contributing factor to Licking County’s strong sales is the active focus of area companies on new product development. New product introductions past and future give Licking County a significant economic competitive advantage.

Both new products introduced in the past five years and new products planned (Figure 4) show Licking County’s portfolio of companies provides a major competitive advantage. In both cases over 90% of the firms are pumping out new products. This is nearly a 20 point differential advantage for Licking County.



NADS = North American Data Study
MDW = Midwest

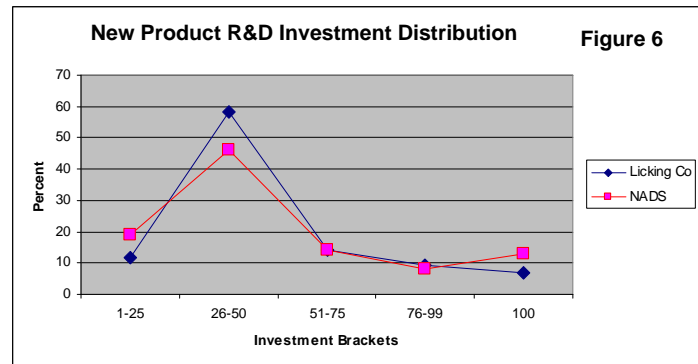
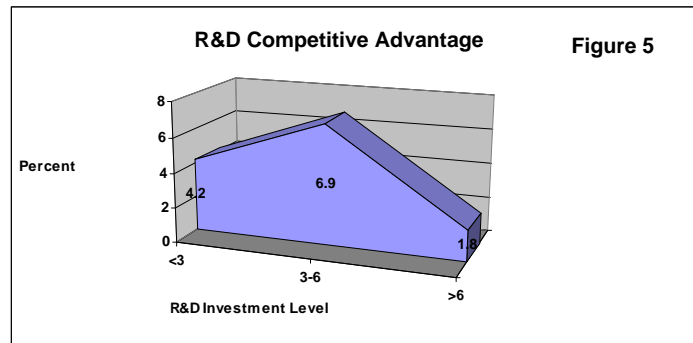
R&D

R&D activity suggests another portfolio strength for Licking County. Using the North American Data Study (NADS) as a baseline, Licking County has an advantage in every R&D investment category.

Some of this differential could be the result of interview quality. The Licking County interviews included fewer none/blank responses.

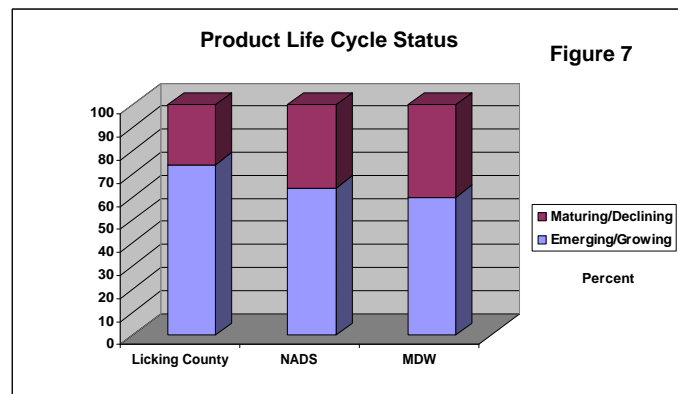
Isolating new product R&D activity however, shows a different perspective. As seen in Figure 6, Licking County companies have a positive differential within the first two categories, on par in the next two and fall short of the national average for new product commitment at the 100% level.

Therefore, while the overall investment in R&D in Licking County is a significant competitive advantage it is also clear that companies in the Licking County portfolio distribute their R&D investment more broadly within new product, product improvement, and production improvement. As a result, there is no dominance in any one category. Clearly, this strategy serves Licking County companies well as they out perform national and Midwestern peers in both sales and new product introductions.



Product Life Cycle

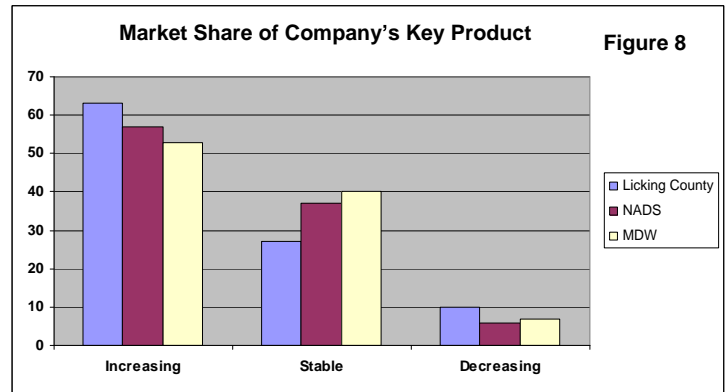
Product Life Cycle is another area where Licking County companies exhibit strengths. 74% of Licking County's companies have products with Emerging/Growing position in their product life cycle. This result puts Licking County in a strong position when compared with peers. Licking County has competitive strengths - fewer companies with mature/declining products - and more companies with emerging/growing products. The result is a major advantage within the nation (10%) as well as the Midwest (14%).



Licking County's 12 to 7 advantage in companies with emerging products over other Midwestern communities suggests more entrepreneurial activity within the business base.

Market Share by Key Product

The market share of a company’s key product is an important indicator of business performance. Another factor supporting sales current and future is the life cycle status of each company’s primary product. While it is true many companies have multiple products, almost every company has a dominant product that generates a disproportionate share of the company’s revenue. As is evident from Figure 8, Licking County firms have a strong competitive advantage due to the life cycle status of their key product. While the Midwest has a significant competitive disadvantage as a region, Licking County counters this trend. Licking County eclipses not only the Midwestern key product KPI, but also the national KPI.



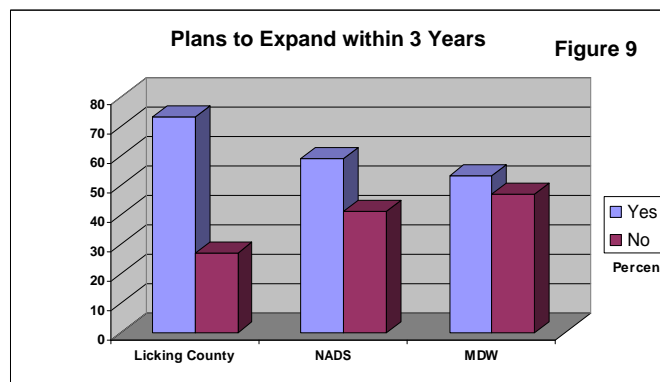
This is significant for Licking County in that a disproportionate share of Midwestern firms have older, less competitive products – fewer with increasing market share. Many Midwestern firms have products which are losing market share setting off a chain reaction of contractions in Midwestern communities.

On the other hand, Licking County does have a higher KPI for firms with decreasing key product market share, Figure 8. This small cluster of firms with decreasing market share is a competitive weakness when compared to the national KPI. While still a minority of firms, it is an important leading indicator to watch as the existing industry program continues.

Plans to Expand

In keeping with the strong product life cycle status, sales, R&D and product introductions, Licking County’s portfolio reflects a positive competitive advantage for companies planning to expand.

The 73 percent of Licking County companies planning to expand in the next three years puts Licking County at the top of the curve nationally. To add another perspective, when compared to the regional KPIs, Licking County has a major competitive advantage within the Midwest, a 20% competitive advantage.



Investment Forecast

These underlying growth factors bode well for Licking County’s future economic growth. Licking County companies are already forecasting needed expansions based on the growth of their individual businesses. Economically, this creates a positive tail-wind for the County’s economy.

Seventy-three (73) percent of the companies interviewed (56 companies) have provided some estimate of the needed investment, jobs, and building expansions. Twenty-seven percent (27%) had no specific estimate of their needs when interviewed. If all expansions are maximized, new investment in Licking County could approach \$1 billion dollars. Therefore, a conservative estimate of \$5 – 6 hundred million should be possible.

Table 1			
	Capital Investment	New Jobs	New Sq. Footage
	\$295,495,000	1,106	2,281,510
<i>Est. Economic Impact*</i>	\$502,341,500	2,654	
<i>Total*</i>	\$797,836,500	3,760	

* This simplified economic impact calculation is provided for general guidance only. It is not for decision-making. It is strongly recommended that the LCED seek counsel to calculate a more comprehensive economic impact of the potential growth which was beyond the scope of this assignment. The Synchronist System is not designed to provides economic impact assessments.

This growth forecast raises an important consideration. Is Licking County prepared with land and infrastructure to host an additional 2.2 million square feet of business facilities. This issue must be considered along with the fact that business executives are already concerned about the cost and availability of land. (See Table 3, page 12)

This growth forecast is of course no guarantee that the growth will occur or that it will occur in Licking County. Therefore, LCED must continue to work to maximize the potential growth in Licking County by systematically adopting the recommendations in this report.

Portfolio Risks

Risk comes in many forms. Risks threaten not only poor performers, but strong performers as well. Noted earlier was the competitive disadvantage of firms with a decreasing market share for their key product. This is not currently a large cluster of companies in Licking County; however, it is an important leading indicator to be watched.

Aside from competitive weaknesses identified from the Key Performance Indicators, another method of identifying companies at risk is the use of Synchronist screening techniques. The result is a sub group of companies sharing a common set of characteristics.

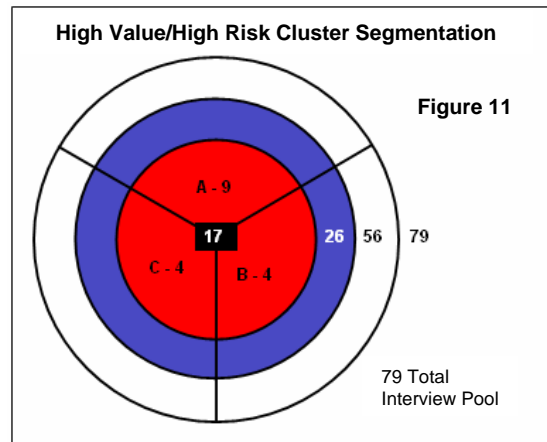
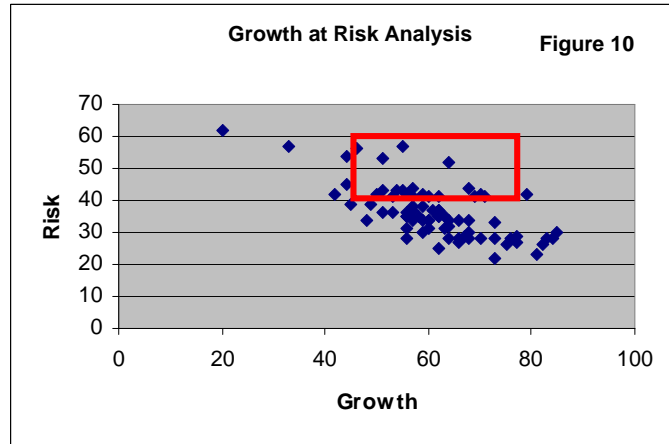
Using this screening technique with available interview data, Licking County Economic Development (LCED) can drive resources (internal resources or external partner resources) to the appropriate groups. This approach has the potential to dramatically increase LCED's impact on companies and the community's economy.

Figure 11 shows how this technique progressively reduces the group of companies into smaller and smaller clusters. From the total interview pool of 79, screens are used to reach the target group of highest priority cluster of 9 companies shown in the A segment of the graph.

This method clearly identifies high value/high performance companies within this high risk cluster. These can be seen in the Growth/Risk assessment in Figure 11. Identifying groups of companies using these techniques will allow LCED to focus resources on risk as well as opportunity. Company lists for clusters identified as part of this research are provided to management and not included in the report to maintain the confidentiality of the individual companies.

The following screens were used to explore potential portfolio issues. Some issues are outside the community's control while others can be influenced by the LCED or its partners. These issues directly impact each company's future performance and potentially their role in the community's future economy.

- High Value Firms with Recruitment Problems
- Product Induced High Risk Screen
- Expansion Risks Screen
- Real Estate Needs Screen



Product Assessment – SWOT Analysis

Licking County SWOT Analysis

The Product Assessment of the Competitive Capacity Analysis product looked at over 20 Key Performance Indicators. The basic economic development Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis begins with a look at community strengths and weaknesses to identify opportunities and problems noted by business executives. The overall Strengths, Weaknesses, Opportunities, and Threats (SWOT) assessment for Licking County shows a wide variety of issues. The impact of the small number of executive interviews can be seen in the analysis of responses to open-ended questions. There is less information available to determine the importance of each issue where there are many possible issues.

The advantage of the national KPI is that it allows strength and weakness comments to be seen in a broader context. An item identified as a strength by local executives is only a true strength if it provides the community a competitive advantage. Therefore, by creating a comparison between the identified strength and the KPI it becomes possible to objectively identify an item as a true strength or conversely identify a presumed strength that is in fact a competitive weakness.

Using the Synchronist System KPIs, the strengths attributed to Licking County paint a positive picture of the relationship between businesses and the community overall. However, in comparison to the Synchronist KPIs, the Licking County strengths fade somewhat:

- 3 Major strengths
- 1 Minor strength
- 3 Neutral strength on par with those of peers
- 2 Major weaknesses
- 1 Minor weakness

Licking County Strengths	Licking Co		KPI
	Count	Percent	Differential
Workforce/ Labor Market Attributes	31	29.5	Major S
Quality of Life Positive	15	14.3	Major S
Business Climate Positive	12	11.4	On Par
Transportation System Good	12	11.4	Minor S
Community Leadership Positive	12	11.4	Major S
Customer/ Supplier Accessibility	5	4.8	Major W
Location	4	3.8	Major W
Business Mix, Services	3	2.9	Minor W
Cost of Living Low	2	1.9	On Par
Infrastructure Good	2	1.9	On Par
Other	4	3.8	On Par

List excludes all single entry issue references.

Turning our attention to the identified weaknesses, the Licking County interviews include 105 comments to the question on Community Weaknesses. Many were a single reference, unsupported by other respondents and were consequently eliminated from consideration.

The results for Licking County are shown in Table 3. However, looking at weakness responses alone can lead to misinterpretation of the information.

Table 3			
Community Weaknesses	Licking County		NADS
	Count	Percent	Differential
Transportation	7	9.9	Major S
Labor - Employee Poor Work Ethic	6	8.5	Major W
Labor - Other	5	7.0	Major S
Business Climate Negative	5	7.0	Major S
Educational System Weaknesses	5	7.0	Minor W
Infrastructure Poor	5	7.0	Minor W
Community Services Poor	5	7.0	Major W
Customer, Supplier Accessibility Poor	4	5.6	Major W
Labor - Skilled Worker Supply Inadequate	3	4.2	Minor W
Cost of Doing Business High	3	4.2	Minor S
Business Services Inadequate	2	2.8	Minor S
Cost of Living High	2	2.8	Minor W
Land Availability or Cost	2	2.8	Minor W
Other	15	21.1	

List excludes all single entry issue references.
 Highlighted categories overlap with Table 3 priorities.

Taken at face value, there is reason to be concerned given this array of weaknesses identified in Licking County through the executive interview process. The list includes difficult and costly challenges for economic development. It includes issues that can derail planned and future expansions. However, some of the issues that are identified through a SWOT Analysis are more important than others. Traditionally, economic development SWOT analysis has used frequency (number of mentions) and “professional judgment to determine importance of the different weaknesses identified.”

Both frequency and judgment are important factors; yet, our research based on the analysis of more than 32,000 open-ended question responses in the North American Data Study proves that these factors are only about 30% accurate. To address this problem, the Synchronist System replaces the subjective factors of frequency and judgment with an objective interpretation of how each issue impacts company decision-making.

The Synchronist System uses a layered design to validate important findings such as weaknesses. Responses to the validation questions are used to test

responses to weaknesses. The difference between a general response on community weaknesses and responses to validation questions separates the issues impact on the company’s decision making. This internal validation, never before possible in economic development, shows how each issue affects a company’s decision making.

In the end, the differences can be dramatic. Responses to Licking County’s community weakness question identified 7 important issues ranked 5 or higher as shown in Table 3. In contrast, the validated weaknesses, Table 4 narrow the focus to 5 issues. Plus, these 5 issues are ranked differently. The two least from the general table are actually the most important to company decision-makers. Knowing the difference makes a major difference in how priorities will be set and how resources will be allocated.

Table 4				
Licking County SWOT Priorities for Business				
Greatest Impact	Moderate Impact	Weakest Impact	Ranked Issue*	Evaluation
5	7	2	Land Availability/Cost ¹	Critical difference
2	1	3	Cost of Doing Business High	Dead On
	3	5	Business Climate Negative	Over rated by 2
1	3	6	Labor – Employee Work Ethic Poor	Over rated by 5
1	4	7	Transportation	Over rated by 6

* Excludes all issues with a single verification reference.

¹ Consistent with NADS Findings

Narrowing the list to the most important issues should not take less important items completely off the table for all consideration. All issues should be taken seriously. As is proven by the analysis shown in Table 4, a low rank does not mean insignificance. A fact of great importance may only be known to one individual. Additional interviews may underscore the importance of other items on the list of weaknesses.

While business failures and loss of jobs in Licking County are far more likely to result from the overall US economy and competitive forces than from conditions within the community, community issues cannot be taken for granted. The impact of the overall economy should not suggest that Licking County leadership accepts the status quo for the business climate identified in Table 3. Failure to move forward is a decision to drift backward.

Public Service Issues

The public service questions are a quick measure of satisfaction with the community’s resources and services. These topics can also trigger conversations on unreported as well as under reported issues.

Underscoring the high satisfaction with Licking County, of the 23 features and services discussed with respondents, Licking County has major competitive advantages on 13, minor competitive advantages on 5, 3 are at par, and only 2 can be described as minor weaknesses.

Table 5		
Licking County Public Services Evaluation		1-low, 7-high
Service	Licking Co.	KPI Differential
Police Protection	5.88	On Par
Fire Protection	6.47	Minor S
Ambulance Paramedic	6.3	Minor S
Health Care Services	5.32	Major S
Child Care	5.17	Major S
Schools (K-12)	5.19	On Par
Tech College	5.94	Major S
Community College	6.00	Major S
Colleges & Universities	6.11	Major S
Public Transportation	3.88	Minor W
Traffic Control	4.79	Minor S
Streets & Roads – Local	5.17	Major S
Highways	5.71	Major S
Airline Passenger Service	5.53	Major S
Air Cargo Service	5.86	Major S
Trucking	5.78	Major S
Property Tax Assessment	4.23	Minor W
Zoning & Building Permits	5.55	Minor S
Regulatory Enforcement	4.95	On Par
Community Planning	5.24	Major S
County Services	5.58	Minor S
Chamber or Business Assn.	5.79	Major S
Economic Development Org.	6.05	Major S

On par means essentially the same finding.

Minor strength or weakness is within 0.5 +/- of the KPI

Major strength or weakness is more than 0.51 +/- from the KPI

Utility Satisfaction

Utility Satisfaction provides insight on the wide variety of services essential to business operation. The Utility satisfaction evaluation is another look at overall satisfaction as well as an opportunity to identify unnoted concerns about these essential infrastructure elements.

Table 6		
Licking County Public Services Evaluation		1-low, 7-high
Service	Licking Co.	KPI Differential
Water	4.58	On Par
Sewer	4.34	Minor W
Natural gas	5.36	Minor W
Electric	5.63	On Par
Telecom (voice)	5.09	Minor W
Cellular services	5.29	Minor S
Internet access	5.58	Minor S
Internet speed	5.54	Minor S

On par mean essentially the same finding.

Minor strength or weakness is within 0.5 +/- of the KPI

Major strength or weaknesses is more than 0.51 +/- from the KPI

Legislative Issues

Overall, Licking County executives appear to be more optimistic than their counterparts throughout the U.S. Not only do they believe they will see fewer legislative and regulatory changes that adversely affect them (5% below the national average), but a substantially greater number see legislative and regulatory changes that will benefit their business (20% above the national and 10% above Midwestern peers). This outcome could be an outcome of thin data or a consequence of the firms interviewed. As an outlying factor, it is not a major issue for Licking County. However, when Licking County data can be analyzed with Ohio data, the insights could become quite valuable to businesses in Licking County and elsewhere in Ohio.

Assistance Requests

Licking County Economic Development has cataloged 57 assistance requests in 18 categories. The only surprise from the Licking County assistance requests is the infrequent requests for financial assistance. Nationally, financial assistance is in the top three with workforce attraction and workforce training.

Table 7	
Assistance Tracking Sec. 1	Licking Co
	Percent Responding
Streets & Highways – Local	16.1
Workforce Attraction	14.3
Utility – Water/Sewer	10.7
Workforce Training	8.9
Regulation – State/Federal	7.1
Community Based Problems	7.1
Facility Expansion Support	5.4
Business Referrals	5.4
Utility – Electric	5.4
Regulation – Local	3.6
Finance Assistance	1.8

The categories highlighted are the top three from the North American Data Study.

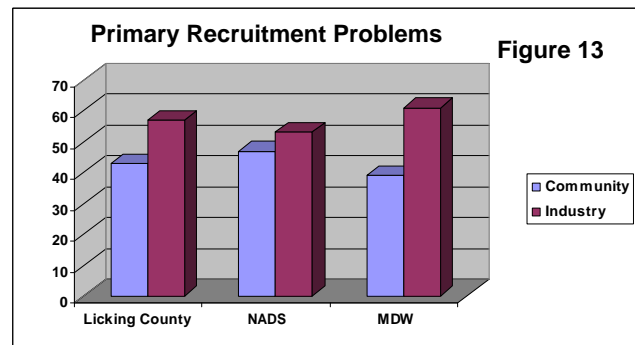
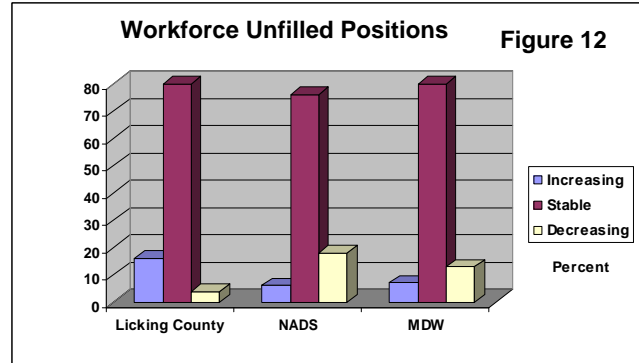
Workforce Assessment

Workforce is a significant product issue in Licking County. Comparison to the peer group further underscores the situation in Licking County. For example, the number of unfilled positions in Licking County is increasing for 16% of the executives interviewed, Figure 12. This level of increase puts Licking County at a significant competitive disadvantage to the overall 2007 NADS findings and peers within the Midwest. In both cases, comparables were in single digits for increasing rates.

These recruitment problems are substantially viewed as industry problems, Figure 13. Fifty-seven percent (57%) of the executives interviewed believe the challenge is caused by a general shortage within the industry. In these cases, the problem is not specific to Licking County. Community based workforce problems sit in the middle between the national (higher) and the Midwestern benchmark (lower). Consequently, Licking County has a competitive advantage when competing for investment nationally, but a significant disadvantage with peers in the Midwest.

A unique aspect of the Licking County data is the combination of increasing unfilled positions and unfilled positions specific to industry. This combination implies that demand for specialized positions is rapidly increasing.

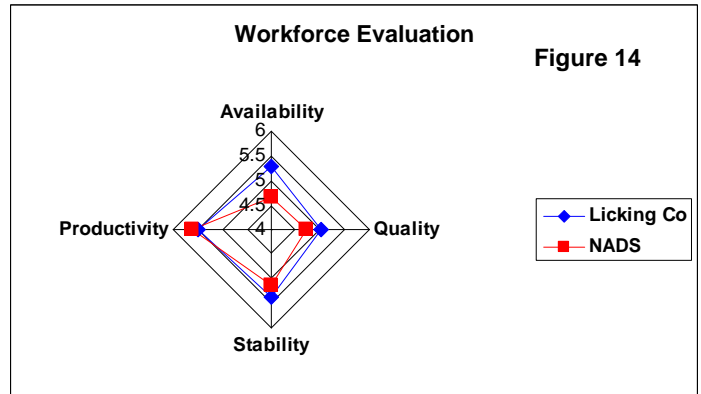
To explore this issue further, a review of the current Licking County Synchronist Worker Skill Gap Report was conducted to determine the skill levels of positions hardest to fill. The review shows that many of the positions executives are having difficulty filling are very highly skilled positions including management, sales, engineering and technical staff. This is not inconsistent with the results in other communities.



Workforce Evaluation

The challenge painted by the unfilled positions response is contradicted by responses to workforce availability in Figure 14. The average response by respondents was 5.27 (7 point scale, 7 high) to worker availability. This is an above average response when compared to the NADS benchmark.

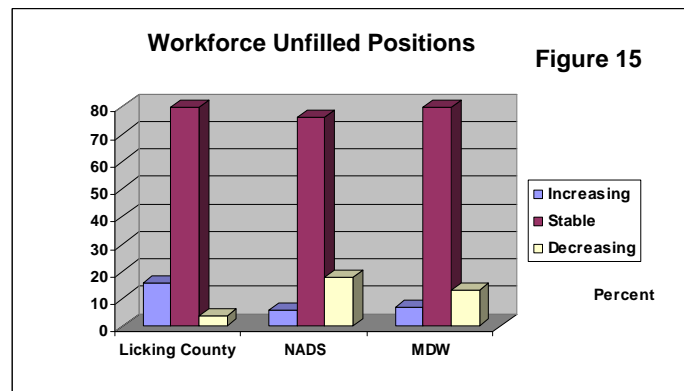
As noted earlier, the skill gap review shows that many of the open positions executives are attempting to fill are highly skilled jobs including engineering and technical staff. While still unclear, it appears that executives mentally filter high skilled workers and management workers when responding to the question on the availability of workers. Licking County has a major competitive advantage of worker availability as rated by executives interviewed. Workforce Quality and Stability are minor advantages while Productivity is on par with other respondents, as seen in Figure 14



It is not possible to draw a firm conclusion on the problem of increasing recruitment problems. It is possible to use Synchronist tools to drill down on the workforce issues impacting Licking County employers and identify potential short-term risk for specific groups of companies. This screening technique, described below, produces a list of companies meeting each of the criteria identified.

Unfilled Positions

Unfilled positions are an important leading indicator of future workforce problems. From the Licking County interviews, it appears unfilled positions are a competitive disadvantage for Licking County. Unfilled positions are increasing more dramatically than either the Midwest or the national peers. In addition, the firms reporting decreasing unfilled positions is substantially behind both as well.



Employment Needs

Generally Licking County's 6% advantage – employment needs increasing – is a positive indicator for the community's portfolio, a competitive advantage. New jobs are always welcome. However, in a tight labor market, increasing employment needs can drive an increasing number of unfilled positions or a longer lead time in filling positions. In the case of Licking County, this conflict is evident in the findings.

Employment growth as represented by increasing employment needs is a negative factor to be addressed in Licking County. It is becoming a competitive disadvantage when compared to either the national or the Midwestern peers.

The combination of increasing employment needs and unfilled positions also challenges the relatively high rating for worker availability – 5.27 on a 7 point scale.

High Value Firms with Recruitment Challenge

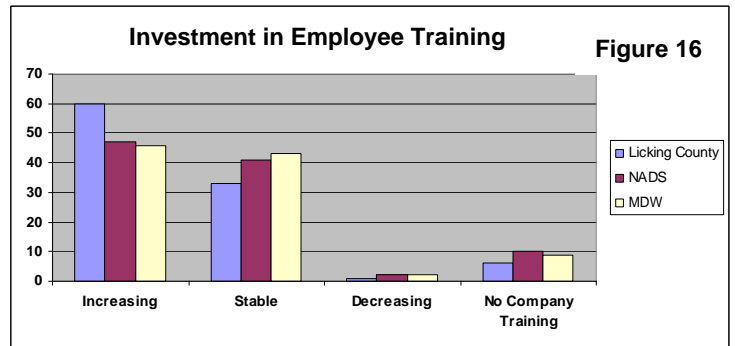
Every community wants to focus resources to high priority work. Using Synchronist techniques, it is easy to identify such firms using a combination of factors. For the High Value firms with recruitment challenges, the total pool of Licking County firms was screened to identify high value firms resulting in 56 firms with known high priority status. This high value cluster represents 70% of the companies interviewed. Using additional screens, as described earlier, the list was can be culled down to 26 companies, a more manageable 32% of the companies interviewed. These 27 firms represent the highest priority firms for LCED’s attention. Each represents a potential high value opportunity colliding with a worker recruitment challenge. It is therefore, important to learn as much as possible about their future plans. At the same time, additional partner resources should be drawn together to address the worker attraction issues of the group. In addition, within the group workforce challenge, four of these companies are A+ priority (multiple issues to be understood and addressed), 4 A priority, 1 A-, and 4 B priorities as a result of additional concerns noted in the screen.

For confidentiality, the resulting company lists are not incorporated in the report. Lists have been shared independent of the report with staff for further review.

Workforce Training

Workforce training in Licking County has a significant competitive advantage over both national and Midwestern peers. The workforce training investment can be segmented into three functional uses: remedial, proficiency, and new skill training. If the increase is due to remedial training, this increase is a huge negative. If it results from new skill training, it is a positive adding value to the community’s workforce. In Licking County, the increase

is a positive. The average commitment to remedial training is 37% of the training budget. The average for new skill training is 57%. Therefore, the investment in remedial training is comparable to that for proficiency training’s 35% commitment. Looking specifically at the remedial training budget commitment over time, the investment in remedial training is trending down. In 2006, the average budget commitment for remedial training was 36%. In 2007 it was down to 28%. Some of this change can be attributed to the differences in the firms interviewed. However, it does not provide any evidence that the increased training is due to addressing a remedial training problem in the workforce.



Competitive Capacity WhitePrint

Recommendations and Conclusions

Preamble

As noted, Licking County's currently strong portfolio is not a guarantee of future success. In a global competitive environment, success requires a proactive strategy. Part of LCED's economic development strategy, recommended here, will require a strategic shift to maximize the long-term potential of Licking County's strong portfolio.

Embedded in these recommendations is a strategic shift in how problems are addressed. This shift is central to the Synchronist System strategy which has two characteristics: Wholesaling and Direct Intervention.

Two economic traditions reduce impact and value delivered to existing businesses. First, traditional economic development organizations deal with one company at a time. Some issues of course require personalized attention or one-to-one support. However, the new model for economic development client management is a wholesaling model or one-to-many approach. Key to the wholesaling strategy is the ability to identify companies with a shared or common problem as provided by the Synchronist screening tools.

By working with groups of impacted clients, everyone at the table has a stake in the outcome. For example, the workforce recruitment problem screening identified 26 high-value Licking County companies with worker recruitment problems. Working with these companies as a group to address the problem has a much higher potential return on investment than attempting to address each company's problem independently.

Second, economic developers frequently take the indirect route to problem solving. Successful wholesaling is not forming a committee or a task force. Committees are an indirect approach. The direct approach is to bring as many of the 26 impacted companies together to work on the common problem, as members of a cooperative.

Competitive Capacity Summary

Table 8 provides a quick summary of Licking County's Competitive Assessment. It clearly shows the competitive strength of Licking County's Portfolio, Product, and Workforce.

In short, Licking County is in a dominant position. There are weaknesses as identified in the report. However, the strengths will provide solid long-term growth for Licking County with reasonable leadership and management. With aggressive management and adoption of recommendations contained in this report Licking County is in a position to build on an already strong economic position with substantial competitive advantages both within the Midwest and the Nation.

Table 8				
		Strength	Weakness	Ratio
Portfolio	Minor	2	0	2:0
	Par	1	0	1:0
	Major	10	3	3.4:1
Product	Minor	15	10	1.5:1
	Par	8	2	4:1
	Major	32	4	8:1
Workforce	Minor	2	0	2:0
	Par	1	2	1:2
	Major	5	3	1.6:1
Summary	Minor	19	10	1.9:1
	Par	10	4	2.5:1
	Major	51	10	5.1:1

On Par is 1% +/- the Key Performance Indicator, unless otherwise noted.
 A minor competitive advantage/weakness is 1-3% +/- the Key Performance Indicator, unless otherwise noted.
 A major competitive advantage/weakness is 4% +/- the Key Performance Indicator unless otherwise noted.

It is clear from this research that Licking County has a strong competitive position. The County’s economic portfolio is rich with growing, valuable firms. The Competitive Capacity Analysis provides a framework for better understanding how Licking County is positioned for future economic growth. It also highlights some challenges. The following recommendations are intended to help LCED move from research to action.

Recommendations

Portfolio Management

- Economic Development Strategy
 - Form a **Client Solutions Unit** (one-to-one services)
 - ♦ Investigate the 17 high growth/value companies that have risk factors above 40 to determine if individualized action is needed
 - ♦ Investigate the Product Induces High Risk cluster of 20 firms
 - Create a Licking County **High Impact Portfolio** (one-to-many services)
 - ♦ Craft a strategy for pushing resources (LCED and external partner) to high performance companies
 - ♦ Focus attention on the cluster of Licking County’s High Value companies with worker recruitment problem

Product/Community Development

- Explore the question of land availability and cost to determine if action is required.
 - Conduct a study to determine the feasibility of an additional 1 million sq. feet of industrial and commercial space for growth
- Formulate a strategy for addressing community weaknesses including:
 - Negative business climate concerns
 - Employee work ethic
 - Transportation

Workforce Development

- Form a cooperative of the 26 firms with the greatest worker recruitment challenge to look for cooperative solutions.
 - Push solutions to others employers
- Conduct further investigations into specifics of the workforce problems including work ethic.

Economic Development

- Licking County is looking at \$750,000,000 billion in potential investment and over 1,000 new jobs as documented by executive interviews.
- Fund economic development through the current organization or a new public/private organization to address the needs of the current employers and maximize the known growth potential.
- Continue the work of the Licking County Business Retention Task Force.