Voice of the Customer

2009 Summary Results

Rockford Area Economic Development Council

Preface

Over the past six years, the Rockford Area Economic Development Council (RAEDC) has met with nearly 400 companies which in aggregate employ over 50,000 people within our region (approximately 30% of our regional workforce). As in past reviews, our primary objectives with this activity are to:

- Understand the future plans of existing organizations within our communities
- Identify current site issues and improvement opportunities that would help businesses grow
- Identify key inputs for infrastructure planning and development plans, manage growth expectations, and develop long and short-term improvement projects
- Assure better use of our local resources
- Demonstrate the importance of public-private partnerships in establishing effective approaches to economic development

In May of 2007, the RAEDC Board of Directors approved *Rockforward!*, a new five-year strategic plan for 2008-2012. *Rockforward!*'s five powerful strategies focus the RAEDC to change in areas that take advantage of our strengths, overcome our weaknesses, and invest in opportunities while mitigating threats. The Voice of the Customer (VOC) process is an important tool in assuring that our employers' ideas and concerns are included in our strategy development and implementation.

This report uses the Synchronist Business Information System® developed by Blane Canada Ltd. and is a sophisticated approach to economic analysis for business retention and expansion efforts. ComEd provided the financial support to the RAEDC in order to access the online system and we thank them for their assistance. Past information has been used to communicate broad themes and numerous opportunities for improvement within our community. This input, which we refer to as our "Voice of the Customer" is invaluable in helping public and private entities create a more competitive, thriving region.

In a number of the charts, you will see comparative data labeled "NA Study 08". This data was provided by Blane Canada Ltd. and was developed from a compilation of over 26,000 executive interviews in 33 states and 3 Canadian provinces covering 1,396 different communities during the period 2005-2009. This benchmark data, representing the largest primary research project ever undertaken by economic developers working collaboratively, provides a comparison for our region to consider during our analysis.

We appreciate the opportunity to meet with companies throughout the region and for their willingness to openly share their concerns and improvement ideas. Their participation helps our community to maintain forward momentum and will result in an improved business climate. Thank you for your support!

Mark P. Podemski

Mark P. Podemski
Vice President for Development

March 2010

Executive Summary

Our region's wealth is primarily driven by the creation of jobs from which goods and services are exported outside the region. This creates new money in the region that will then circulate throughout other sectors of the local economy creating wealth. On average, communities can expect 70% of their job growth and capital investment to come from existing employers.

An on-going business retention and expansion program is vital for aligning our economic development strategies with real world practicalities. The Voice of the Customer (VOC) process is an integral element of our ***Rockforward!*** strategic plan, particularly as it pertains to creating a thriving business climate. The input we receive from local companies provides the following benefits:

- Focuses resources on the greatest opportunities
- Makes business retention/expansion an integral part of a more comprehensive approach to regional growth
- Works to identify opportunities to diversify the economy

In 2009, 102 companies participated in the Voice of the Customer process. These conversations are received very positively by our employers and represent vital input used in *Rockforward!* strategy development. Every interview provides new information that helps our organization understand the key issues on the minds of our employers. All of the companies reside in Winnebago County. 78% of the companies employed less than 100 people and 66% of them had less than 50 employees. Nearly two-thirds of the companies are in the manufacturing sector.

This year's report utilizes valuable portfolio assessment tools provided by the Synchronist Business Information System®. In economic development, our assets are business enterprises. Our economic portfolio of businesses provides benefits to the community as well as individuals within the community. Documenting each company's Value and Growth potential is a central feature in a Synchronist Portfolio Assessment.

A "business portfolio analysis" has been performed based on the relative value and growth prospects of companies that have been interviewed during the 2006-2009 time period. In this manner, we can objectively analyze the performance of our companies as a whole in order to better align strategies with improved economic health for our region. ***The average value, growth and risk profile of companies in the Rockford Region is comparatively better than the averages of the '08/'09 North American Study group***, while satisfaction is comparable. This represents a competitive advantage as compared to other regions in the study. Additionally, this analysis reaffirms and quantifies the need for continuous improvement, globalization strategy development, and research & development investments. For example:

- 19% of the North American Study group participants generate >40% of total sales from international efforts. Only 8% of Rockford Region companies achieve this level.
- 87% of Rockford Region companies surveyed in 2009 invest <6% of sales in R&D efforts as compared to 84% of the NA Study companies. Increased levels of development and innovation will drive wealth creation.

The strengths in the report from which we can build include the following:

- Our region has a high concentration of valuable companies when compared to national averages.

- We have excellent infrastructure elements such as the Chicago Rockford International Airport for local cargo and passenger services and O'Hare Airport for numerous international destinations.

- Our business climate is enhanced by the excellent access to business and political leaders.

- We reside in a cost-effective region in which to conduct business.

- Our manufacturing supply chain continues to be a significant force in our economy.

- Numerous attributes exist in support of an excellent quality of life encapsulated by our recreational activities, commute times, affordability, arts & culture, and geological beauty.

- Collaboration is occurring in an increasing manner as evidenced by the numerous initiatives surrounding our education systems, infrastructure and programs.

Key barriers to growth as identified by our companies include educational system weaknesses, concerns with our workforce, building availability and a difficult business environment. These barriers have been previously identified as a result of past company interviews and are now being addressed by several tactics within the *Rockforward!* strategy.

In regard to our workforce, our employers tell us that:

- Workforce availability has improved as the economic conditions have deteriorated

- Improvement in the quality of workforce has not been demonstrated

- Employee turnover in most segments is at acceptable levels

- Employers are generally satisfied with workforce productivity

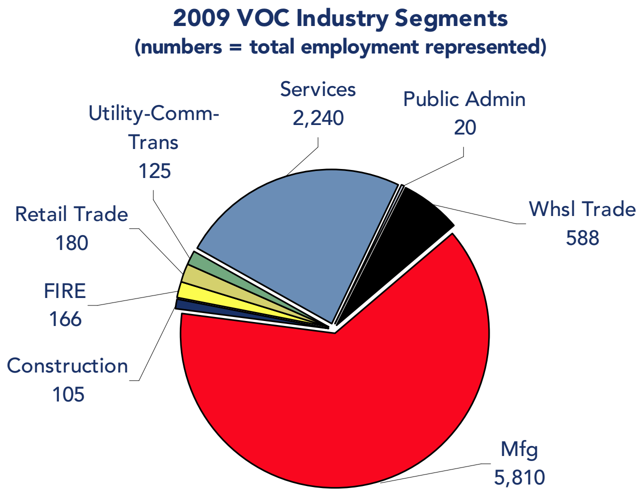
During our visits, there are many issues raised which are considered to be "red flags". These items are transmitted to the person or organization best suited to resolve the concern. In this manner, improvements and resolutions can be started in a timely fashion. Other feedback becomes part of a strategic planning process in order to align programs and organizations focused on the highest priorities.

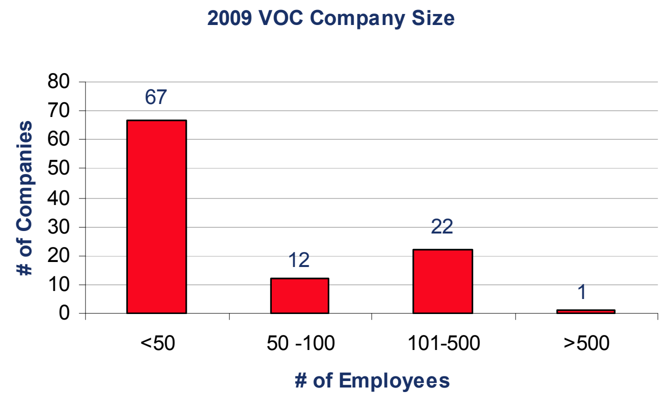
Consistent with our findings in past surveys, satisfaction levels with our utility providers remain at fairly high levels and do not pose any barriers to our regional economic development efforts.

The 2009 Voice of the Customer report is noteworthy in that it delivers a consistent message of improvement opportunities which are similar to the 2007 and 2005 reports. The Voice of the Customer process is an integral part of the work performed by the RAEDC in support of our region's objectives. The fundamental goal of *Rockforward!* is to create $2.8 Billion of new wealth in the Rockford Region by 2012. Since approximately 70% of job growth and capital expansion comes from our existing employers, it is absolutely critical we discuss barriers to growth and improvement opportunities for our community. This input is vital to achieve our *Rockforward!* goals. Our region is implementing multiple strategies in support of these goals. Working together in public-private partnership, we can build an economy that is more sustainable and creates increasing opportunities from which our citizens can prosper.

Participants

A total of 102 companies are represented in the 2009 on-site interviews. These companies represent more than 9,200 employees in our region (5.5% of Winnebago/Boone County labor force). The industry segments represented are as follows:





78% of the respondents employ < 100 employees

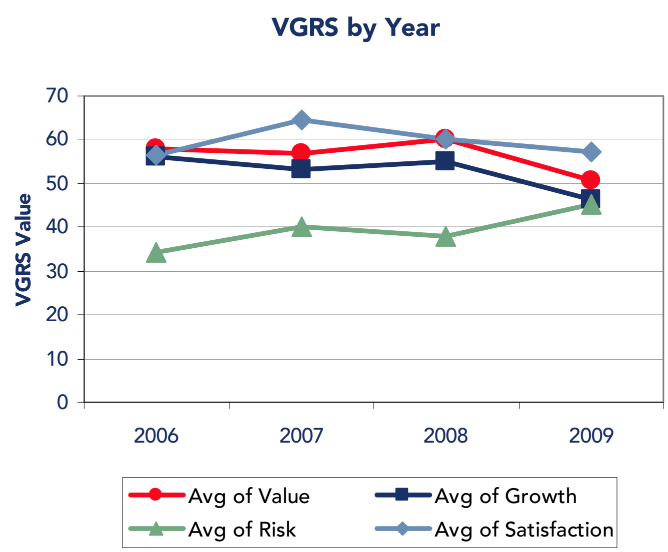
(96% of companies in MSA and State of IL have <100 employees)

Companies surveyed in 2009 reside in:

- Loves Park
- Machesney Park
- Rockford
- Rockton
- Roscoe
- South Beloit
- Winnebago

Key Findings - *Regional Company Strengths and Value*

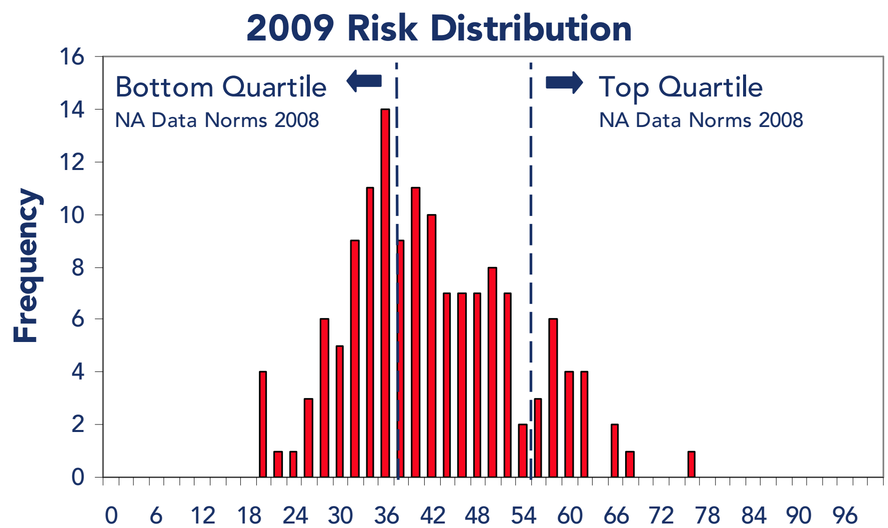
Within the Synchronist Business Information System®, multiple questions within the survey are used to assess the **Value** to the community, **Growth** potential, **Risk** of downsizing, leaving, or closing and **Satisfaction** with the community as a place to do business for companies in our region (VGRS) . The purpose of a VGRS evaluation is that it helps provide an objective comparison of the businesses in the community's "portfolio".



The chart on the right shows historical VGRS values. These numbers will change depending on the group of companies within any given year. Only interviews that have high data quality indexes (nearly all questions in the interview are answered) can be used in this analysis. Additionally, comparative analysis is performed only on primary employers (produces goods and/or services for customers that are predominantly outside the community).

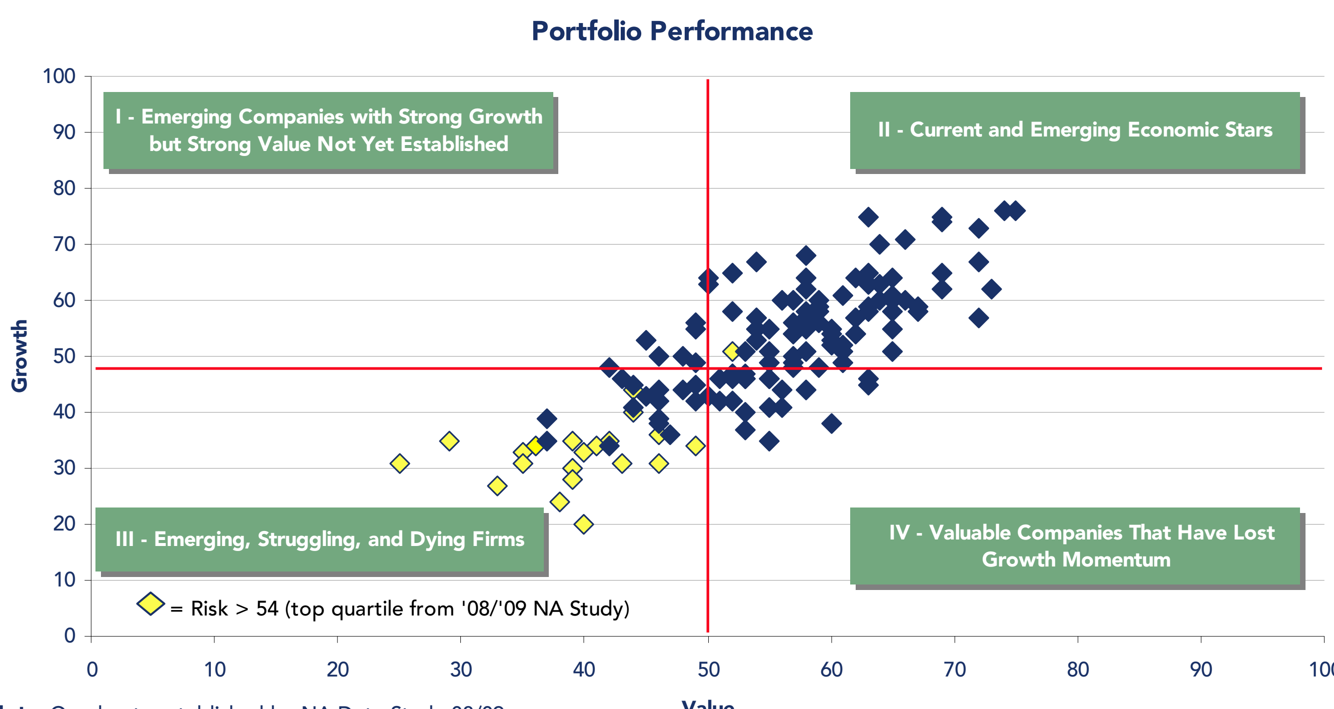
The average value, growth, and risk of companies in the Rockford Region for 2009 is comparatively better than the averages of the '08/'09 North American Data Study group. Satisfaction is comparable. ***This represents a competitive advantage for our area as compared to the other regions in the study.***

While the average **risk** level of the companies in our region is lower than the North American Study averages (lower is better), it remains a cause for concern that needs to be further analyzed. A company risk value above 40 indicates a possible issue that calls for intervention. The average for the Rockford Region companies in this study is 42. Looking at the distribution of companies from the 2009 survey members, there are numerous opportunities for further discussion. These ratings are certainly negatively influenced by the extended recessionary period experienced in 2008 and 2009.



Satisfaction levels are comparable to the North American Data Study population and do not cause any level of concern.

Another insightful tool is to perform a Value-Growth scatter plot analysis. The chart below is created from company visits over the 2006-2009 time period. In this manner, we can review numerous companies within our region as a "portfolio" of businesses. ***Our region has a relative competitive advantage*** when compared to the 08/09 North American Data Study population ***based on the high concentration of high value/high growth companies*** located in Quadrant II. These are highlighted as "Current and Emerging Economic Stars". There are companies located in this sector that we need to embrace and insure they are receiving all the support necessary to assist and accelerate their growth.



Note: Quadrants established by NA Data Study 08/09 averages

Companies in Quadrants I and II are considered our pipeline for current and future growth. It is critically important to develop systems and infrastructure that encourage and nurture new businesses. This is why the RAEDC signed a memorandum of understanding to acquire the assets of Rockford Area Ventures in 2009 with the intent of working with partners to enhance the entrepreneurial support services within the region. Marketing of these services will be enhanced since we need to encourage not only new company development but also identify existing companies that may benefit from increased support. Rock Valley College will be the key partner in these entrepreneurial efforts and deliver a wide variety of programs to assist companies. Additionally, these companies will benefit from international development strategies and programs that will help to diversify and expand their customer base.

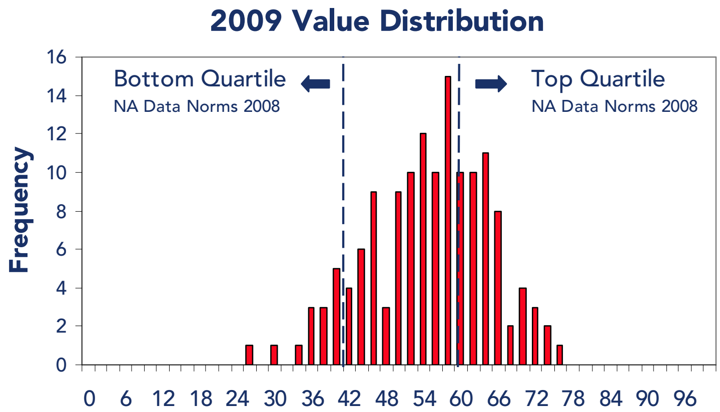
Companies in Quadrants III and IV are prime candidates for lean manufacturing adoption, particularly those identified as higher risk. These techniques apply equally well to service companies as well as manufacturing entities. The payoff for these companies to embrace lean is that it will reduce waste and unlock working capital that can then be redeployed in growth areas such as new product development and international expansion.

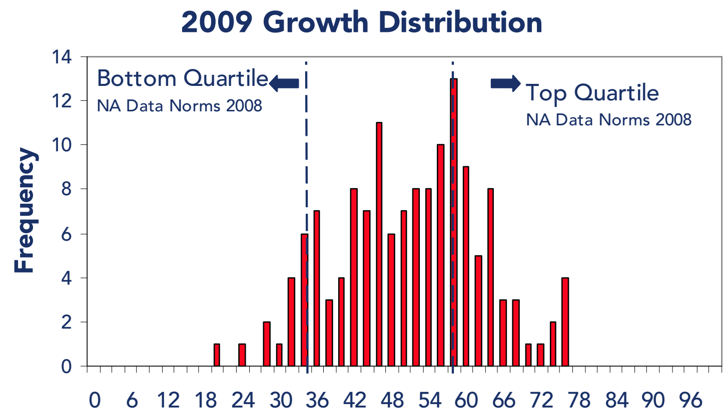
Our objectives as a region as we assess our portfolio of companies is to enact strategies that help companies migrate to the upper right (Quadrant II) of this chart. The more companies we can help move to this location, the more wealth we will generate in our communities.

At the 2009 RAEDC Annual Meeting, data regarding manufacturing employment in our region was presented. What the data illustrates during the 2006-2007 time period is that companies in our region with local ownership have gotten much smaller in terms of employment and that there are virtually no Stage 4 companies (more than 500 employees and locally owned). When this data is combined with the company portfolio data shown on the previous page, there is a strong message that our region must concentrate on helping existing companies grow. The economic health of our community will be significantly enhanced with the presence of a number of growing companies with local ownership.

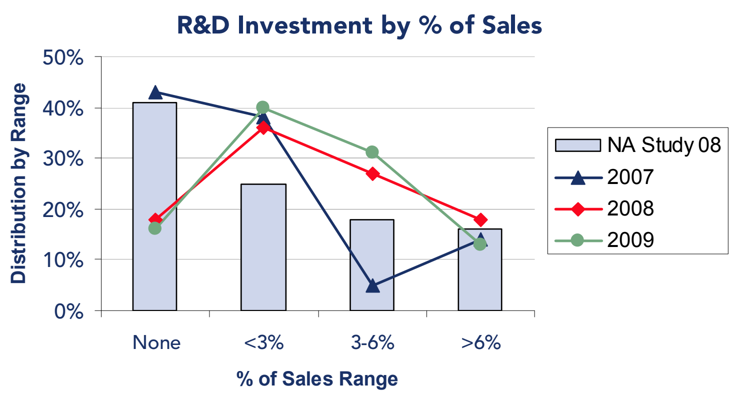
Manufacturing Company Employment	**2006**		**2007**		**Change 06-07**	
	#	**%**	**#**	**%**	**#**	**%**
Total	**37,520**	**100**	**34,132**	**100**	**-3,388**	**-9**
Noncommercial	no non-commercial in this industry					
Nonresident	19,248	51.3	16,281	47.7	-2,967	-15.4
Resident	18,272	48.7	17,851	52.3	-421	-2.3
Stage 1 (1-9)	2,595	14.2	5,052	14.8	2,457	94.7
Stage 2 (10-99)	8,972	49.1	16,759	49.1	7,787	86.8
Stage 3 (100-499)	5,061	27.7	442	36.1	-4,620	-91.3
Stage 4 (500+)	1,645	9	0	0	-1,645	-100

In reviewing the 2009 Value and Growth Distributions for companies in our region on the next page, there is a clear shift to the right indicating an increased concentration of higher value and growth companies. This does not mean that our companies are growing at a faster rate than national averages, just that they have characteristics of higher growth companies. Any actions we can take that support these higher value companies in their growth ambitions will be beneficial to our community.



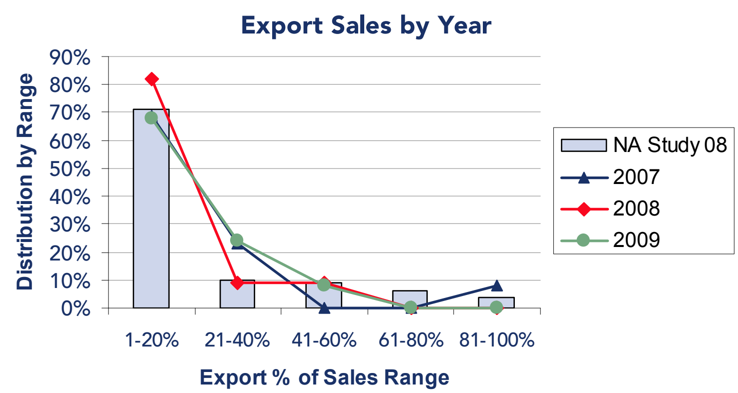


Two indicators of growth opportunity are found in the R&D Investment level and the Export Sales % metrics. As shown below, there is significant opportunity for improvement in each of these areas for local companies. 19% of NA Study participants generate more than 40% of total sales from international markets vs. only 8% for Rockford Region companies. This represents a significant competitive disadvantage in growth opportunities for our companies when compared to North American averages.



87% of 2009 Companies Invest <6% of Sales in R&D

Source: Synchronist Database & 08/09 NA User Study (Blane Canada)



70% of 2009 companies derive < 20% of their sales internationally

Source: Synchronist Database & 08/09 NA User Study (Blane Canada)

This disadvantage reinforces the importance of programs such as International Trade missions and conferences like "Go Global" within our region. It is imperative to continue to make it easier and less risky for local companies to explore international markets. The exports in our region continue to grow, yet our region would benefit from a larger percentage of our companies generating sales from global customers.

In speaking with our employers, it is evident that federal and state programs focused on investment tax credits for R&D and capital equipment purchases can be effective tools to encourage these activities. Our companies indicate that they would like our legislative representatives to continue working to expand these programs.

Key Findings – *Expansion Opportunities*

Surveyed companies identified expansion opportunities within the next three years, representing over **$69 Million of investment**. Estimated job creation due to these expansions is **161 employees** and new space needs exceeded **250,000 square feet**. These opportunities ranged across the manufacturing and service industries. These opportunities have all been entered into our project tracking system for follow-up.

A general concern raised in several industry sectors is that we don't buy enough goods and services within our own region. Many companies are disappointed when they see work that could be performed in our region go outside the area. This is particularly true of municipal contract work; however, the "Let's Do Business - Government Contracts" Seminar in 2009 was well received and appreciated. There is an opportunity to improve our regional economy by better utilizing the significant supply chain that exists here.

Key Findings – *Barriers to Growth*

During the course of our interviews in 2009, we received a few thousand individual comments that fit into a variety of categories. Many of these comments can be classified as community strengths or opportunities for improvement. Every community receives this type of feedback and it is important to note that frequency of response is not a good indicator of importance. You must look to the relevance and context of these comments to understand their importance in setting strategies. There are two questions we ask during the course of the interview that are particularly insightful: "Are there barriers to growth?" and "Are there reasons your company may not expand here?" These are the factors that affect local expansion decision making and they are also very likely to be issues that will limit attraction efforts.

Several growth barriers were identified in 2009 similar to those identified in past surveys. It is very important that we continue to work toward eliminating these barriers for our employers.

Educational System Weakness - Concerns with the public education system, which is predominately identified as a Rockford Public School system issue, generate a variety of areas for improvement. The reputation of the school district makes it more difficult for companies to attract the talent they need in the community to help their companies grow. This perception is created by several factors: graduation rates, truancy rates, violence in the schools, uncertainty of which school their children will attend and performance on standardized tests. This broad issue requires sustained community-wide effort and aggressive communication approaches to counteract deep rooted negative perceptions.

Workforce Concerns - While many employers are generally satisfied with their workforce, they continue to highlight concerns that the future workforce is underprepared for the work environment necessary to compete in the global economy. In reviewing the ratings of Workforce Quality in this report, it is evident that employers are not seeing any improvement in the overall skills of the workforce currently employed. Continued stagnation in existing employee skills will exacerbate the worry of employers in regard to the future performance of our region's workforce. Without a shared commitment and investment to education and improvement between employers and employees, this weakness will remain. An opportunity exists to develop a marketing campaign reintroducing manufacturing careers to our younger workforce to overcome perceptions that this sector is a poor occupational choice.

Building Availability - The lack of sufficient modern manufacturing space and shovel-ready land makes it more difficult for companies to expand their operations within our region.

Business Climate - State Government is not perceived to be business friendly and prevents companies from making expansion/relocation decisions in our favor. There is an opportunity to enhance State and local support programs for existing employers in the state. Numerous companies highlighted the workers' compensation costs as a barrier to future growth in the State of Illinois.

Key Findings - *Workforce*

Access to a skilled workforce remains one of the top concerns for employers in the region. In reviewing summary data in the 08/09 North American Data Study, ***it is evident that the Midwest Region has a modest competitive advantage in all four workforce factors***. This is consistent with earlier North American Data study findings and remains as a positive differentiator for companies located in the Midwest Region.

According to Blane Canada Ltd, when results are above 4.0 on a 7-point scale, the numbers are valuable for business attraction purposes. When asked to rate availability, quality, stability, and productivity of the workforce, the following results were obtained (1=Low, 7=High) as shown in the adjacent graphs.

Our employers indicated that the **availability** of workers has improved over the past few years. This improvement is due in large part to the displacement of workers as a direct result of the deteriorating economy. Workforce availability is a competitive advantage for our region at this time.

The ratings of **workforce quality** have remained relatively unchanged over the study period. While the ratings remain above a value of 4.0, our employers have expressed an increasing level of concern with the skills and preparedness of workers to meet their higher level of technical and team-based work environments.

Employee turnover as measured by **workforce stability** continues to be at acceptable levels for the vast majority of industry segments. As economic conditions improve, employees will have greater job choice and mobility. Employers will need to keep a closer eye on this metric to insure the availability of skilled workers for their organization.

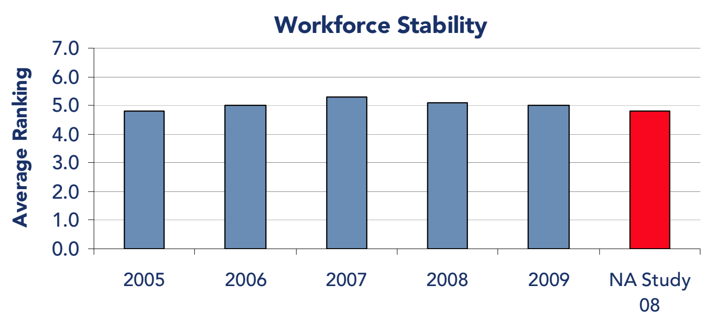
Employers in our region consistently rate the **productivity** of their workforce highly. Our region's ratings are consistent with North American averages and it does not appear that this is a differentiating element for companies in our region when compared to the rest of the country.

Declining economy improves workforce availability ratings

Source: Synchronist Database & 08/09 NA User Study (Blane Canada)

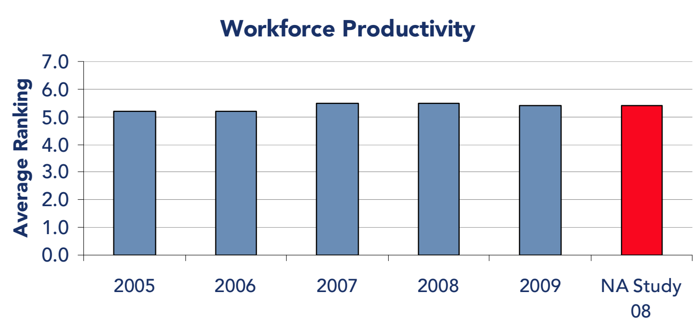
Improvement in workforce quality has not been demonstrated

Source: Synchronist Database & 08/09 NA User Study (Blane Canada)



Employee turnover in most segments at acceptable levels

Source: Synchronist Database & 08/09 NA User Study (Blane Canada)



Employers generally satisfied with workforce productivity

Source: Synchronist Database & 08/09 NA User Study (Blane Canada)

Key Findings – *Utilities*

Consistent with our findings in past surveys, **satisfaction levels with our utility providers remain at fairly high levels and do not pose any barriers to our regional economic development efforts**. Since we perform at the same level as North American (NA) Study averages, there appears to be room for improvement with all of our providers which could lead to a positive differentiator for our region.

Non-manufacturing respondents consistently rank our utility providers at a higher level of satisfaction than do our manufacturing companies. The only exception to this trend relates to internet access and speed where they demonstrate the same levels of satisfaction.

As highlighted in the past, most companies have not sought out relevant comparisons with which to evaluate the value or competitiveness of these services. It may be helpful to provide benchmark data to address this potentially negative perception and to develop strategies to assist companies in our region to better manage their costs.

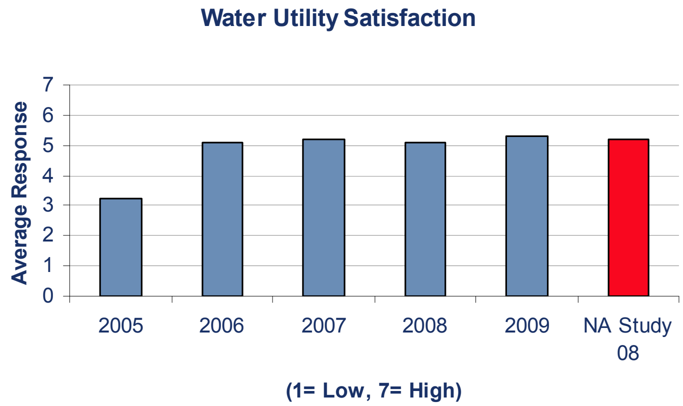
In nearly all cases, our local ratings are consistent with the NA levels which indicate that our utility providers are considered to be reliable and of high quality.

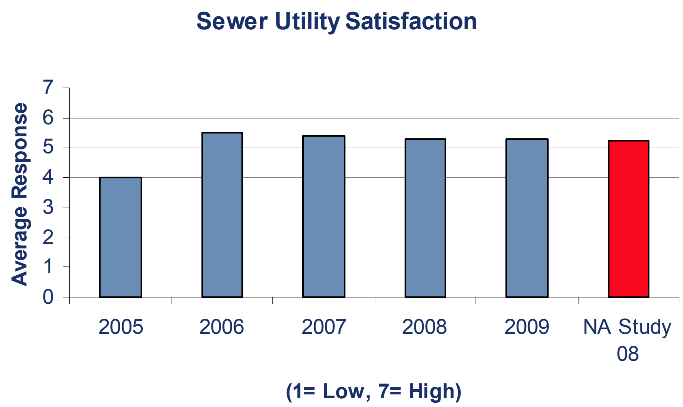
A primary concern highlighted by several companies as it pertains to **water** centered around the taste of the water for drinking purposes.

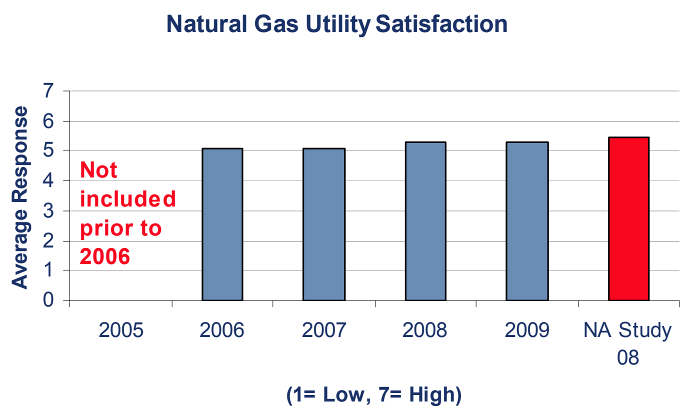
There were no broad issues raised with our **sewer utility** provider. A few employers identified some capacity issues based on storm sewer runoff and localized flooding during periods of heavy rain.

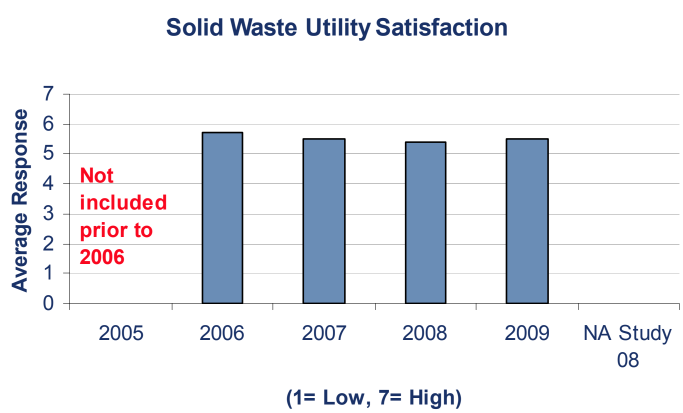
Our **natural gas** provider was perceived to be very reliable. The only area of concern involved the question of provider choices. They felt that this is a confusing issue resulting in little or no real choice.

A few employers expressed a desire to have a recycling program for businesses available through their **solid waste** removal provider.

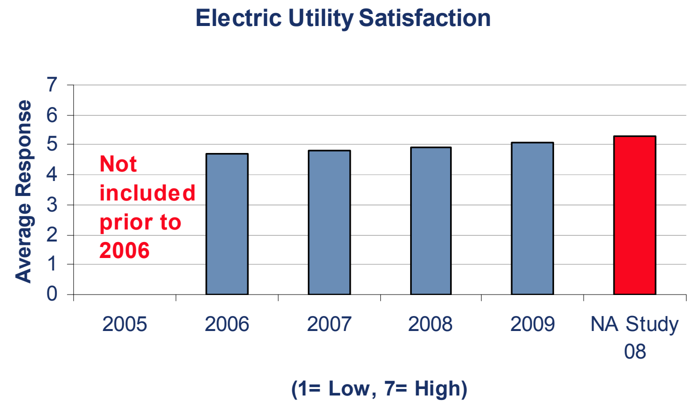




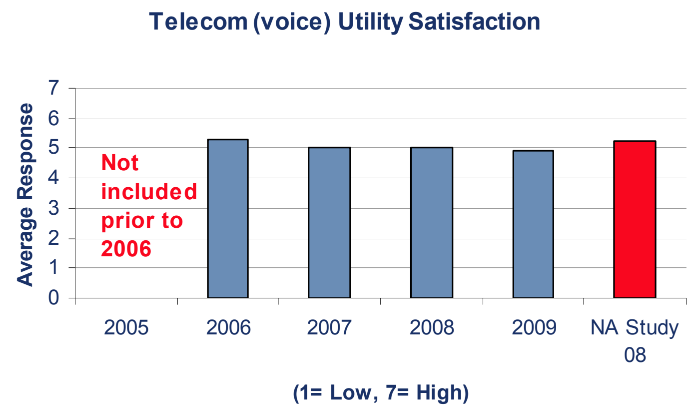




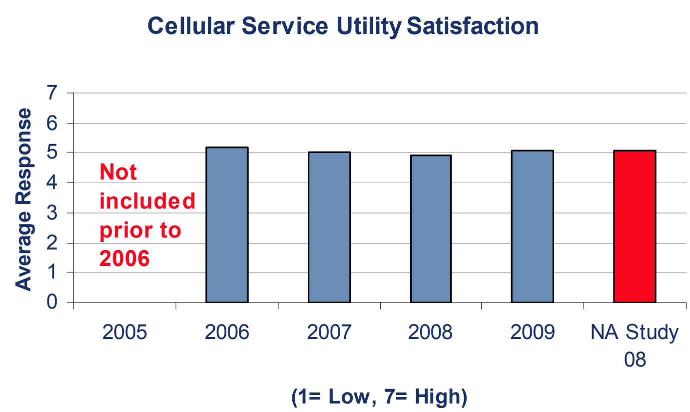
Our **electric utility** receives high ratings and is comparable to NA Study averages. This utility typically generates the most amount of conversation predominately due to singular events that may or may not be in the utility's control, but created a difficult situation for the user. There are, however, some sections in our community where groupings of reliability concerns are identified. There is an opportunity to more formally share this information with our electricity providers and for them to communicate completed and planned infrastructure improvements to help employers understand the investments being made on their behalf.



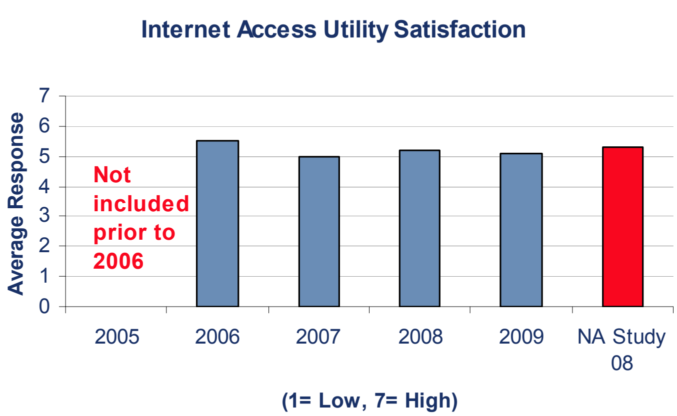
In regard to our land-based **telecom** providers, most employers are generally satisfied with the service levels provided. One issue highlighted by those companies that did have a service problem is that it is often difficult to know who to call for resolution since the provider of service may not be the owner of the infrastructure. There appears to be an opportunity for improvement in problem resolution between multiple telecommunications providers.

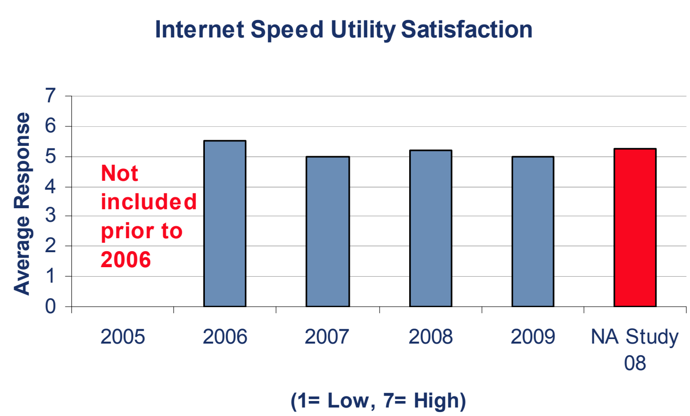


Cellular service satisfaction levels are acceptable; however, there remain a few locations within our region that employers recognize as not providing adequate coverage.

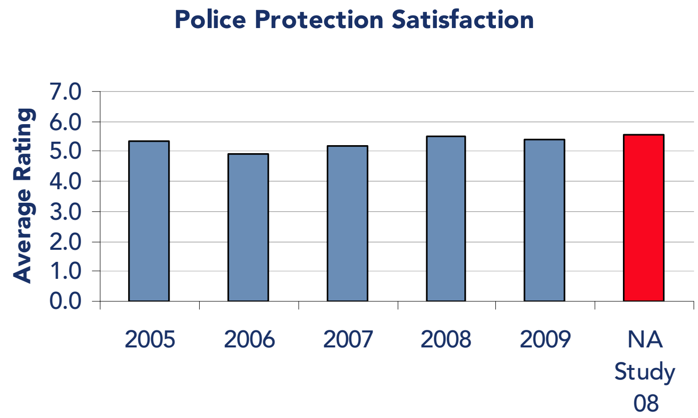


The vast majority of employers rated **internet access and speed** as acceptable for their operations. However, it is worth noting that more employers are discussing the merits of improved speed at a reasonable cost when compared to 2007 VOC survey results. This may signal an opportunity for increasing business internet services demand in the near future.

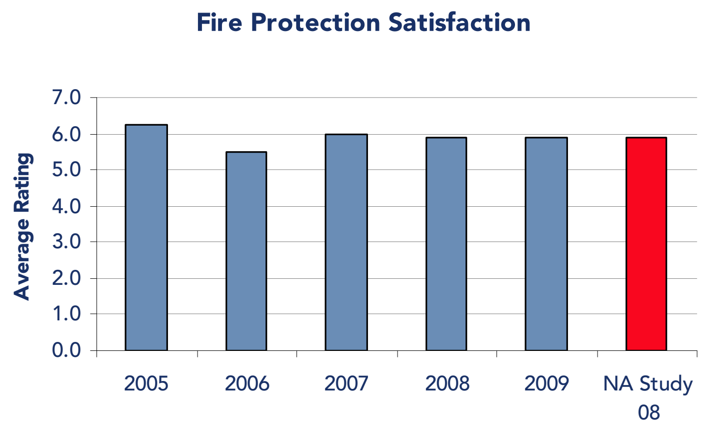




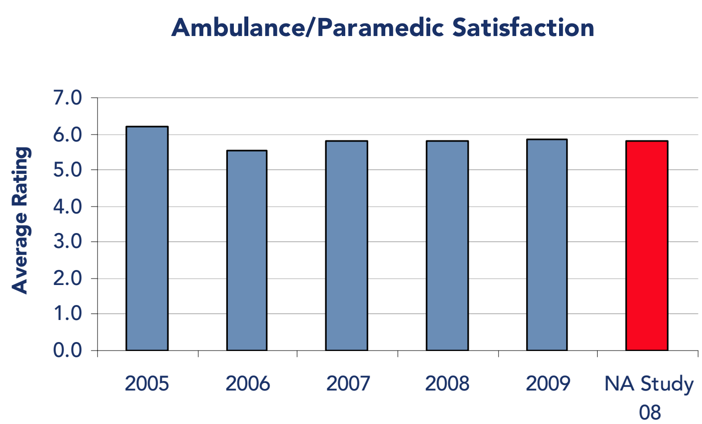
Key Findings – *Community Services*



The majority of organizations continue to be pleased with the **Police Protection** that they receive. Employers' perception of safety and public safety services is predominately driven by local reports of crime throughout the community as opposed to personal experience at their company. Additionally, organizations are concerned about the overall crime rate in the area and how that hinders their ability to attract and retain talent. There is an opportunity to positively influence employer satisfaction ratings by broadly communicating crime fighting efforts and improving crime rates.

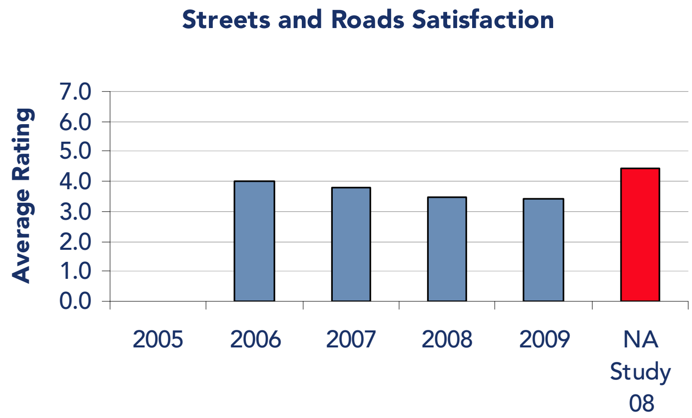


Satisfaction ratings for **Fire and Ambulance** services remain at a very high level. Most employers do not have much direct experience with these providers; however, their services are highly regarded by the business community.

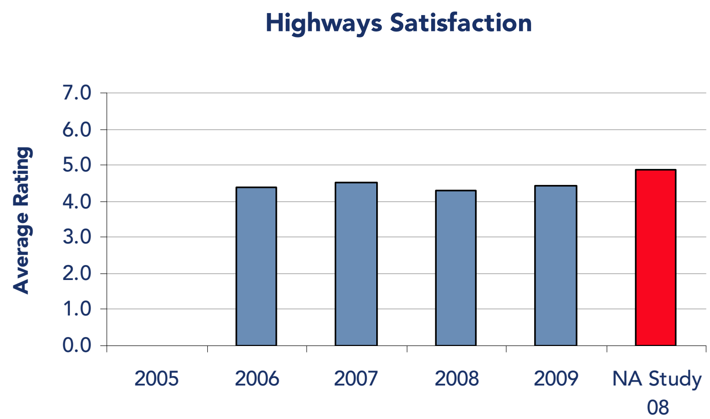


Streetscape Maintenance satisfaction levels were average. The main concerns center around lack of consistency in the design and visual appearance, and trash along the streets. Additional comments are related to the need for more gardens and green space. Many of our respondents have commented on the positive changes in the Kishwaukee corridor and Harrison Avenue.

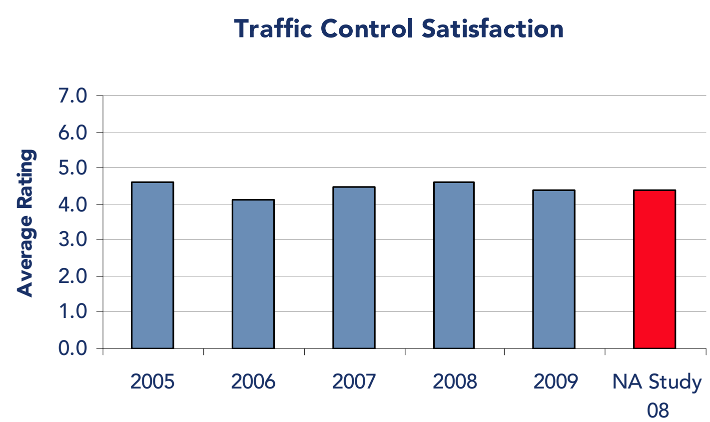
Satisfaction with **Local Streets and Roads** has steadily declined. Companies cited poor communication of road projects, as well as dissatisfaction with overall maintenance as their main concerns. Additionally, companies feel that local roads do not show a good impression of the community to their vendors, corporate executives and others that visit their offices. This concern is reinforced by the national data clearly showing a competitive disadvantage in this metric for our region. Projects completed in 2009 will have a positive impact on satisfaction ratings. There is an opportunity to promote these accomplishments along with future plans which will lead to higher satisfaction levels in the future.



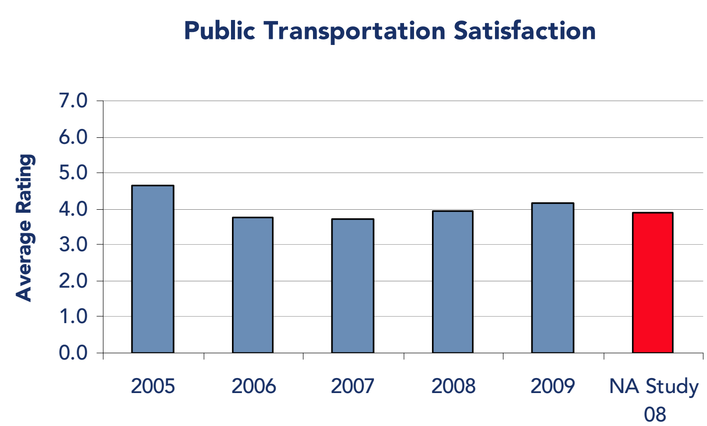
Satisfaction levels of **Highways** had been increasing, but dipped in 2008, and recovered slightly in 2009. This is attributed to construction on both I-90 and Business 20 that is now complete. While some companies indicated that the state highways are not up to par for trucking, overall the consensus indicated that the Rockford Region's location was a strength for their business and that in most cases, access to our interstate system enabled them to better serve their customers.



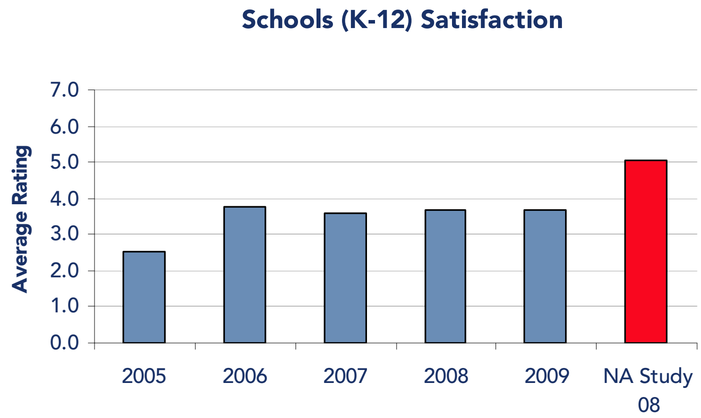
Traffic Control satisfaction overall is rated slightly above average. The main concerns raised center around problems related to key areas of growth and lack of traffic flow planning. Companies also commented on their concerns of people running stop lights, as well as how the timing of lights could be improved to improve traffic flow.



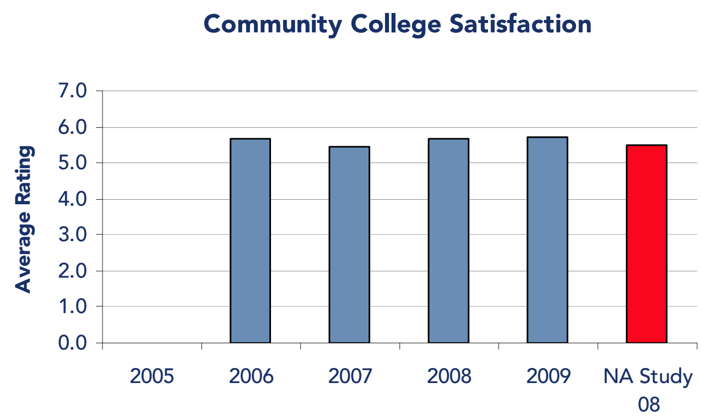
While satisfaction levels have been rising the last few years, the key comments in regard to **Public Transportation** are lack of options in the public transportation system in terms of both variety and availability. Companies feel that providing intra-city transportation would aid our workforce attraction efforts.



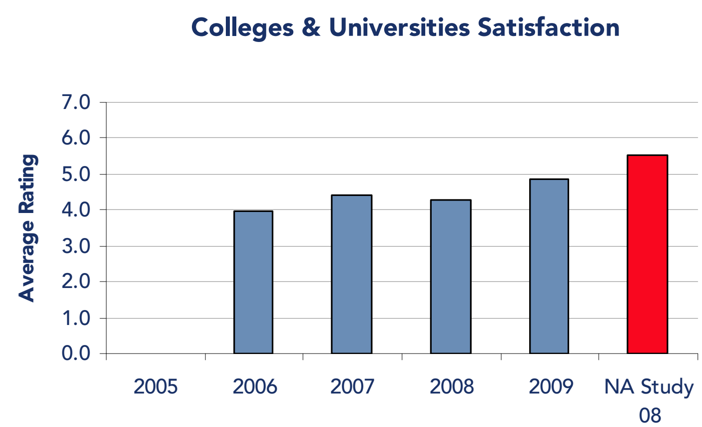
Satisfaction with our **K-12 system** continues to be ranked fairly low. Employers believe that adding the career education facility (ACE High School) and the creation of several charter schools is on the right path for educating a significant part of our future workforce. However, there continues to be a concern that students are not adequately prepared to meet employers' needs. Particular concerns exist with work ethic, math & science skills, collaboration skills, and developing a culture of life-long learning. This can result in an inability of employers to expand and prohibit new companies to locate within our region. Employers appear to understand that our local educational challenges are multi-faceted and will require a coordinated effort to achieve sustained improvement.



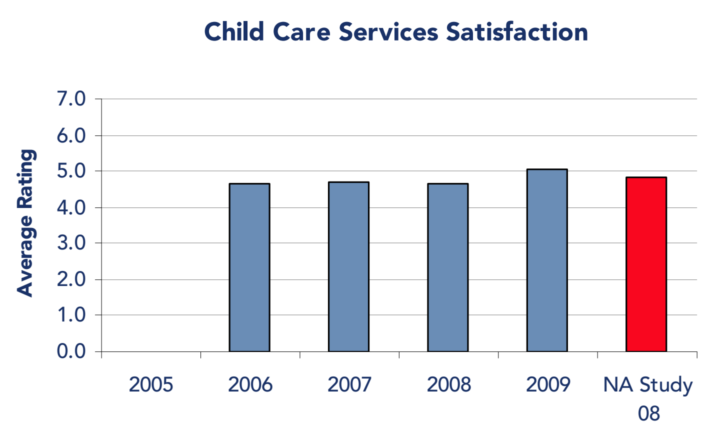
Overall the satisfaction with **Community Colleges** is very good. Companies cite that Rock Valley College is an asset to the community.



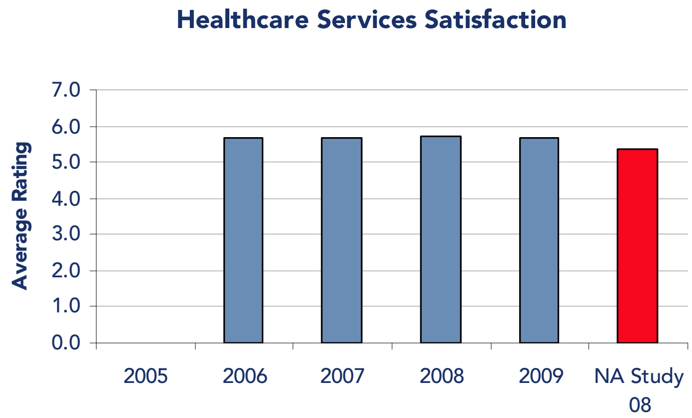
Satisfaction with **Universities and Colleges** increased as a result of additional opportunities for completion of a 4-yr degree. There is a large percentage of companies that do not offer a formal tuition reimbursement program. There is an opportunity to support educational attainment to a greater degree within our employer base.

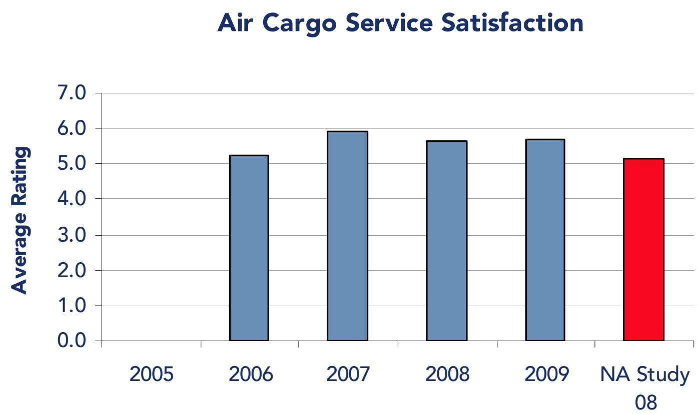


Satisfaction with **Child Care Services** continues to be rated fairly high. Companies comment that the number of options and quality of the providers is very good in our community. When concerns are raised, it is generally due to a lack of understanding of what services are available and flexible child care hours that better support changing work schedules.



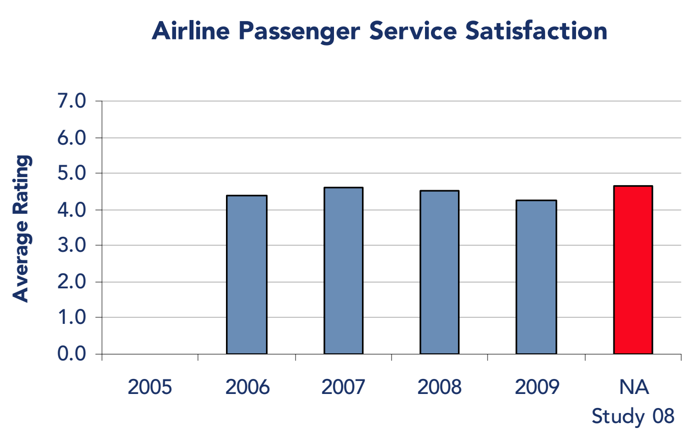
Health Care Services continue to be one of the highest rated elements in our community. Companies cite the access to a variety of specialties and the assortment of options as positive attributes; however there are significant concerns over the rising costs. Employers generally want to offer good medical benefits; however, they often don't know how to help control costs.





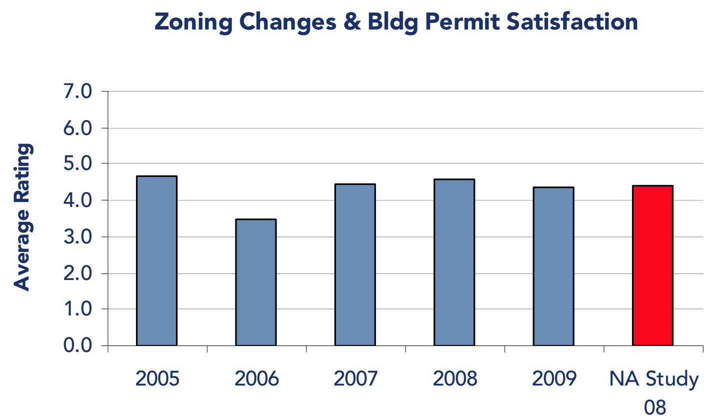
Air Cargo and Trucking Services continue to be rated quite highly. Companies that use these providers feel that we have very good service in these areas. Manufacturing employers in particular are very pleased with the two-shift availability for overnight delivery due to the presence of the UPS air hub at the Chicago-Rockford International Airport.

Consensus among companies is that there is a lack of business-related destinations out of Rockford. Chicago-Rockford International Airport (RFD) provides family and vacation travel, but destinations are limited and higher ticket costs as compared to O'Hare is frequently mentioned. Overall, they support RFD and use it when they can, but hope that it continues to grow and offer more business options. Companies also recognize that with O'Hare only a little over an hour away, our region is well connected.

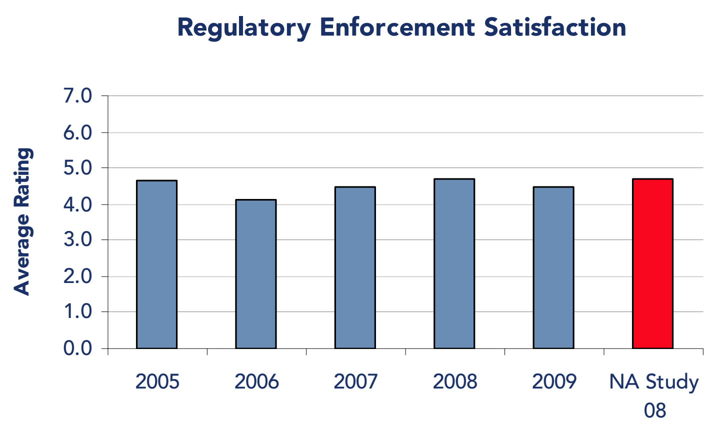


Companies continue to rate their satisfaction of **Property Tax Assessments** low. Comments center around the value they receive vs. the amount of property taxes paid. Additionally, concerns are raised in regard to the consistency in assessment and in the methodology used. Companies indicated that property tax assessments are a barrier to their growth, as well as a deterrent for attracting people to the area.

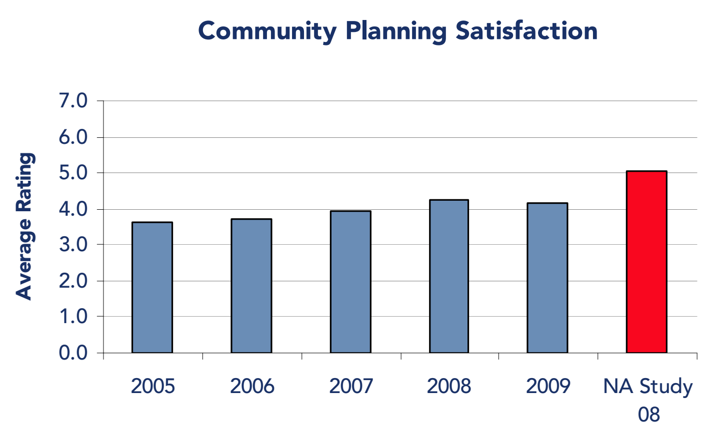
Satisfaction ratings of **Zoning Changes and Building Permits** are based on perceptions and experiences of a relatively small percentage of the respondents. While improvements have been made in this area, there is still an opportunity for on-going communications to improve these rating levels in the future. It is worthy to note that several participants that utilize the process were quite complimentary of the improvements made to date.



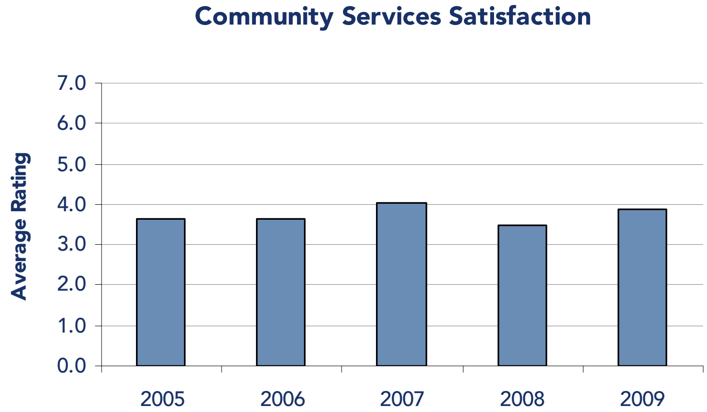
Regulatory Enforcement is perceived as a mandatory part of doing business for several industries, and does not present any significant competitive disadvantage. Satisfaction levels remain consistent.

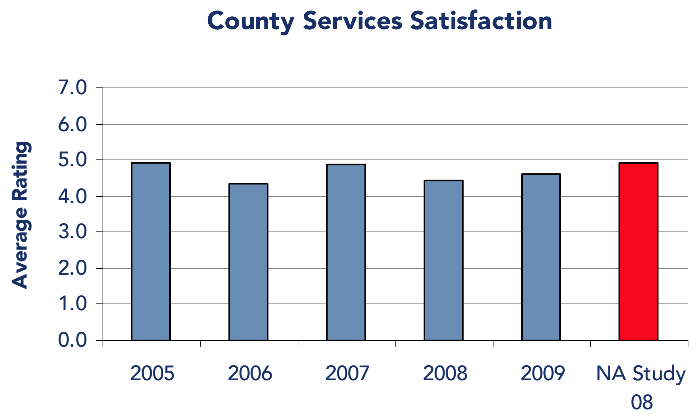


Satisfaction rates in terms of **Community Planning** are trending positively; however, our region's satisfaction with this element are well below the NA Study average. The majority of the comments from companies are in regard to the need for more quality growth, and better implementation of studies and plans. The need for more collaboration, streamlining development and capitalizing on the river downtown were also indicated.

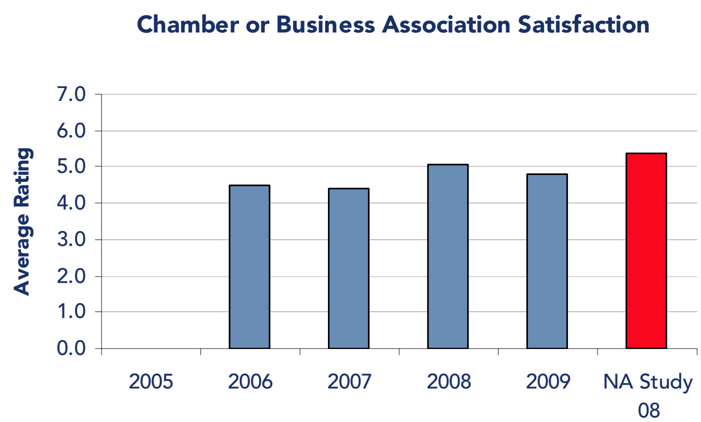


There has been a slight increase in the satisfaction with both **County and Community Services**. Many business leaders had a hard time differentiating between the services provided by the county as opposed to the community. There may be an opportunity to further clarify to businesses the services provided by each entity.

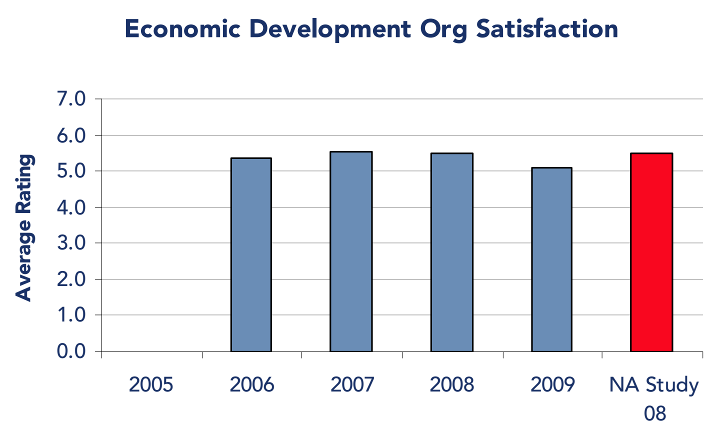




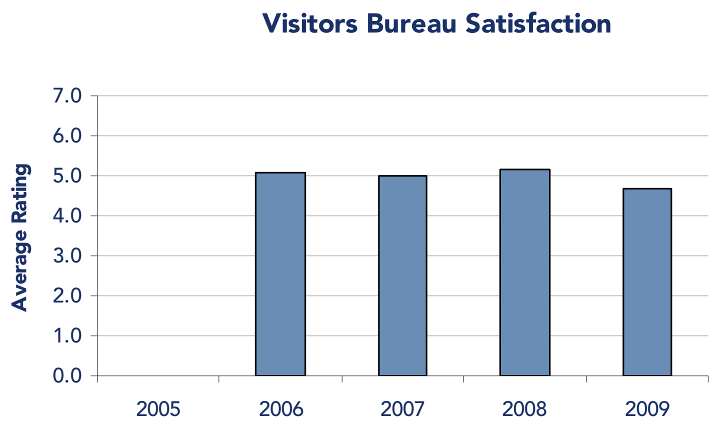
Satisfaction ratings of the **Chamber of Commerce** remain fairly stable. However, a share of the companies throughout the region indicated that they were not sure of the benefits of chamber membership. The vast majority of respondents are considering the Rockford Chamber of Commerce when responding to this satisfaction question.



Business leaders feel that there is more collaboration within the community relative to **Economic Development**. Existing employers would like to see more support from the region to assist their growth aspirations. This is particularly true for the small, developing companies.

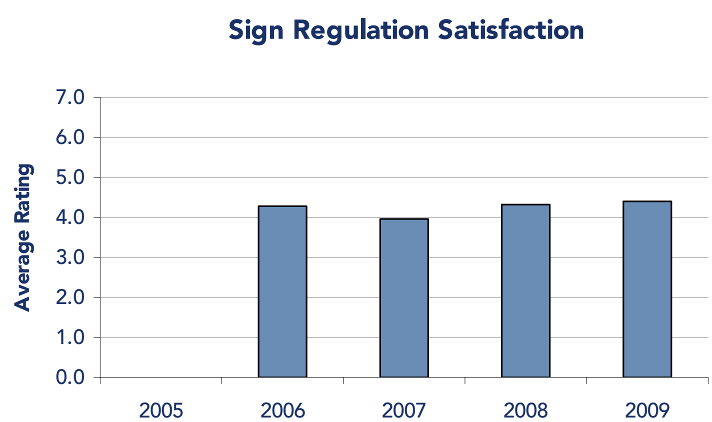


While many local companies feel that they have not utilized the services of the Rockford Area Convention & **Visitors Bureau**, they believe that the work that is done is of value.



Housing satisfaction remains high as there are many options, and currently a high amount of housing stock available.

Satisfaction with **Sign Regulations** hasn't changed significantly. Concerns that remain tend to be in terms of aesthetics and the desire to have better signage, appearance and consistency throughout the community.



Spousal Employment Opportunities is considered to be a minimally limiting factor for attracting dual-career professionals to our community. With a rating above 4.0, however, this does not represent a significant barrier.

Closing Observations

In reviewing past surveys and reports, it is evident that improvements have been made in our communities and that there are numerous opportunities for improvement yet to be realized. Many points from our 2007 VOC Report remain true today and demonstrate the need to maintain our course and support long-term strategy implementation.

- The challenges our community face are not unique; however, we have an opportunity to create unique solutions to help build wealth in our community.
- Companies will seek out communities where they can succeed. If companies are moving faster than the community in which they reside, it creates a risk that they may leave.
- Areas that continue to need focused improvement methods have been identified over the last several years:
  - ✓ Workforce pipeline development
  - ✓ Coordinated community planning and infrastructure development
  - ✓ Improved legislative environment for business.
  - ✓ The development of customer-focused governments that deliver seamless, competitive services.
- While many businesses have adopted Continuous Improvement (CI) approaches such as Lean Principles, there are many more which have not fully embraced this philosophy. Greater volatility and risk are associated with companies that do not utilize CI methodology.
- Too few companies have developed comprehensive strategies to respond to the realities of our global economy. Every sector of our community is impacted and must consider how global forces will affect them and then devise appropriate responses.
- Educational performance and attainment continue to be one of the top areas of concern for employers. Developing a culture of lifelong learning for our community is a shared responsibility between our educators, families, employees and employers. A workforce with continuously improving skills and knowledge is a critical factor for wealth creation in our region.

Special thanks to ComEd for their financial support of the Synchronist Business Information System® used to compile the information for this report.

Appendix A - Methodology: Synchronist Business Information System®

There are three priorities for pursuing business retention with a formal process like the Synchronist System. (1) Establishing meaningful relationships with company executives within the region (2) Identifying and dealing with "red flag" issues (3) Finally, analyzing the data as part of an overall improvement process. The Synchronist System survey instrument focuses on the collection of information designed to help answer six specific questions of concern to every economic development decision-maker, questions which cannot be addressed directly with the company's representatives. These questions are:

- What is the company's value to the community?
- What is the growth potential of the company?
- Is the company at risk of downsizing or relocating?
- What is the company's level of satisfaction with the community and its services?
- Do any existing or emerging problems in the community pose a threat to existing or potential businesses?
- Are there untapped marketing opportunities (e.g. industries, companies, strategies) that could be leveraged for attracting new businesses to the community?

The Synchronist System was designed for use with primary sector companies. Primary sector companies, such as manufacturing and insurance companies, import capital into the community from outside the region. In 2006, the CRTS (Convention , Retail, Tourism, Service) version of the interview was created to better capture input from these sectors of our economy.

These 43 questions (46 for CRTS) cover the following topics:

- Product/Service
- Community
- Management
- Utility Services
- Workforce
- Technology
- Community Services

The input is entered into Synchronist Business Information System® for analysis and report generation. All indvidual company information is confidential; however, we aggregate the data to develop high level conclusions and recommendations.

Executive Interviews
The purpose of the executive visit is to learn about the company, its industry and relationship to the community. One aspect of the company's relationship to the community is identifying any problems that interfere with the company's satisfaction or its ability to expand in the community.

However, unlike many business retention survey instruments, the primary goal of the Synchronist Survey instrument is not to identify problems. The primary purpose is to gather information about the companies in the community that will allow the economic development organization to make policy, program, and resource allocation decisions. Identifying problems is a by-product of this process.

The primary role of the Rockford Area Economic Development Council is to enhance wealth creation in the Rockford Region by marketing the area and helping employers retain and create quality jobs. The RAEDC works closely with many partners to serve as a one-stop resource for clients, to improve the competitiveness of the region, and to engage the community in the work of economic development.

Rockford

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ROCKFORD AREA ECONOMIC DEVELOPMENT COUNCIL

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