

2006 Voice of the Customer Summary Results




Introduction

The creators of the survey used to capture the voice of our employers in the region, Blane Canada Ltd., report that the average community will derive 76% of their new jobs and capital investment from existing businesses. Business attraction will contribute 15% and entrepreneurship will deliver the balance of the new jobs and capital investment. This data underscores the importance of meeting with our current employers and understanding their concerns and identifying opportunities for improvement that will help employers grow and reinvest in our community.

As in past reviews, our primary objectives with this activity are:

- To understand the future plans of existing organizations within our communities
- To identify current site issues and improvement opportunities that would help businesses grow
- To be used as an input for infrastructure planning, development plans, managing growth expectations, and the development of long and short-term improvement projects
- To better utilize our local resources
- To demonstrate the importance of public-private partnerships in establishing effective approaches to economic development

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



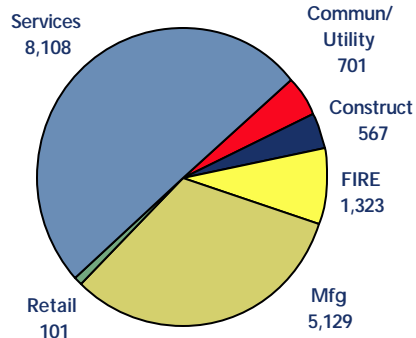
Mark Podemski
Vice President for Development

May 2007

Participants

A total of 55 companies participated in on-site interviews this past year. These companies represent nearly 16,000 employees in our region. The industry segments represented are as follows:

2006 VOC Industry Segments
(numbers = total employment represented)



67% of the companies surveyed are from Rockford. Remainder are located in Loves Park, Machesney Park, and Belvidere

This is the first year we have begun to capture information from our service-oriented businesses. It was interesting to note that as a group they expressed many similar workforce, business climate and infrastructure issues as our manufacturers.

In terms of company size, we had good representation as measured by number of employees:

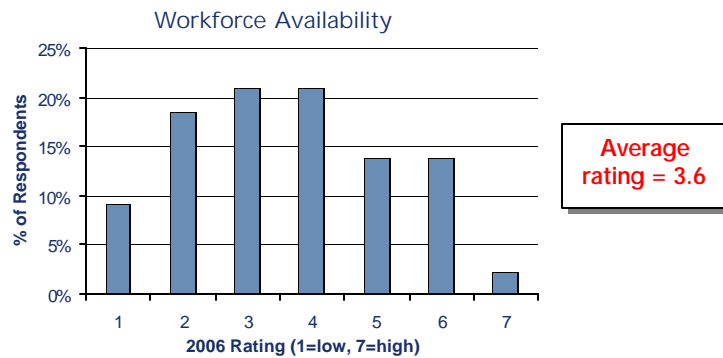
2006 VOC Company Size



54% of the respondents employ less than 100 employees

Key Findings - Workforce

Access to a skilled workforce remains one of the top concerns for employers in the region. When asked to rate availability, quality, stability, and productivity of the workforce, the following results were obtained:



Source: 2006 VOC Data Summary

Employers identified a number of positions for which it has been difficult to find qualified candidates. Here are some identified examples:

- Project managers
- Sales personnel
- Nurses (chronic shortage)
- Aerospace engineers
- Engineering techs
- Lean manufacturing trained
- Architects
- Pharmacists
- Adjunct professors
- Mechanical engineers
- Electrical engineers
- CNC operators
- Grinding/machining operators
- Skilled factory operators

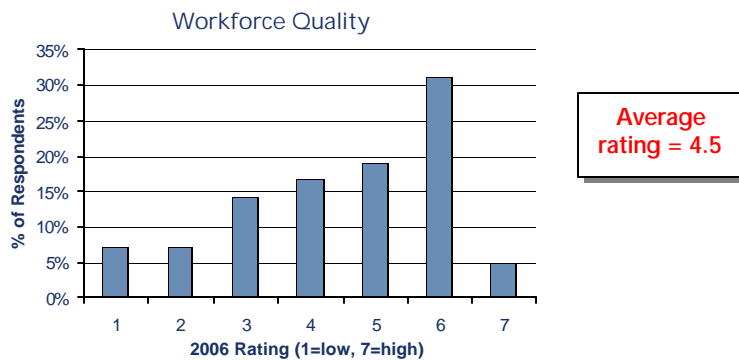
As can be seen, the employment needs are broad and include numerous professional positions and skilled manufacturing operator positions. It was also noted that many employers expressed a particular challenge in identifying and attracting qualified diverse and

minority candidates for professional and skilled positions. 47% of companies planned to increase their workforce in the coming 18 months while the remaining 53% expected a stable workforce. No companies interviewed indicated they were planning on decreasing their workforce at this time.

The March 2007 report from IDES indicates that manufacturing employment in our region has increased by 1,700 positions (5.3%) when compared to March 2006. This robust growth partially explains the challenges being faced by manufacturers to bring on skilled operators and professionals in a timely manner.

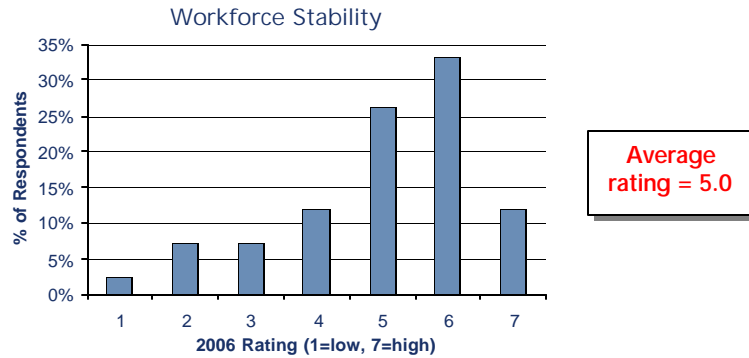
Respondents in this survey estimated that they added over 500 jobs in their operations over the past 3 years and expect to add more than 200 positions due to expansion in the next few years.

When asked to consider the quality of the workforce, employers differentiate between their existing employees and those that they are attempting to hire. While generally satisfied with current employees, many expressed dissatisfaction in regards to skills, work ethic, and the ability to pass integrity checks (drug screen and legal background records). A number of employers indicated that they needed to review large quantities of candidates to fill a few positions. Other employers indicated they have changed their hiring practices to find candidates that will fit into the culture of the company first and then consider current skills. Some employers have had a higher degree of success in attracting talent. Work environment, employee training and advancement, and wages play a significant role in attracting workers.



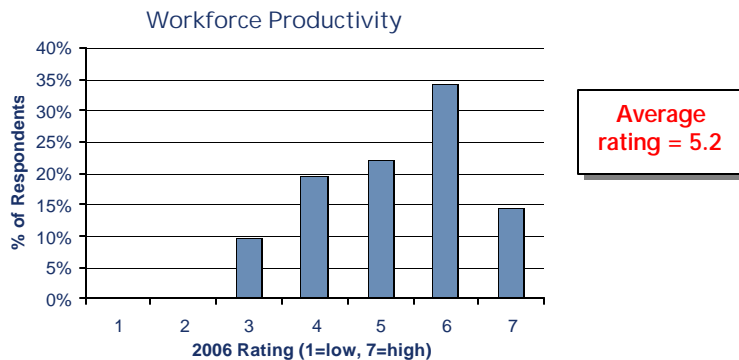
Source: 2006 VOC Data Summary

Generally, employers have been fairly satisfied with the stability and turnover rates of their workforce. There is a fair amount of variation between employers and industries due to skill levels, wages, and career advancement; however, most employers recognize these differences and plan for this in their hiring models.



Source: 2006 VOC Data Summary

Productivity garnered the highest average rating of the four attributes. While some companies have a detailed productivity measure, others were only able to provide a general statement of belief that productivity was good at their facility. There is an opportunity for more companies to measure productivity gains with a data-driven approach. A number of companies were able to provide favorable comparisons to operations in other states which appear to support the claim of higher productivity performance in the Rockford Region.



Source: 2006 VOC Data Summary

Key Findings - Training

The majority of companies identified that an increase in training was anticipated and none indicated they were planning to spend less on training. For those responding, approximately 60% of the training dollar was spent in-house predominately on on-the-job training with the remaining 40% spent on outside training suppliers.

There was no significant mention of on-line training methodologies incorporated in-house. This approach may be used more today; however, it did not come up during the interviews as a growing alternative.

On average, remedial training in the manufacturing sector garners 20% of the training dollar and ranged from 0% to 50% of training dollars spent by the interviewed manufacturing companies.

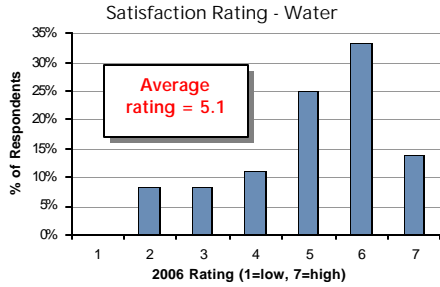
Key Findings – Expansion Opportunities

Identified expansion opportunities within the next three years representing over \$150 million of investment were discussed. Estimated job creation due to these expansions is 200 employees and new space needs approach 250,000 square feet. These opportunities ranged across the manufacturing and service industries. There were very few indications of upcoming business contractions.

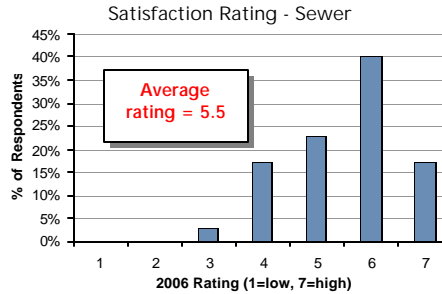
There are many projects to follow up and to insure that assistance is offered and communicated.

Key Findings – Satisfaction With Utilities

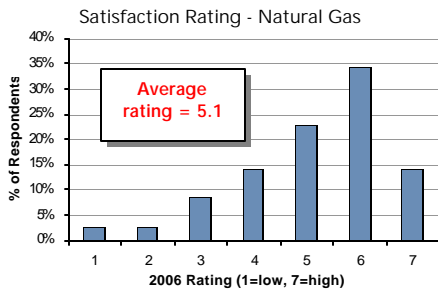
All the companies were asked to rate their level of satisfaction with a variety of utility and telecommunication services. The following charts demonstrate that while there is room for improvement, this element of our infrastructure does not pose broad barriers to our regional economic development efforts.



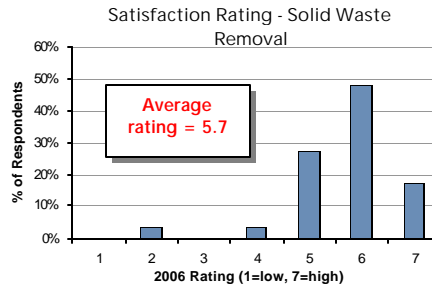
Source: 2006 VOC Data Summary



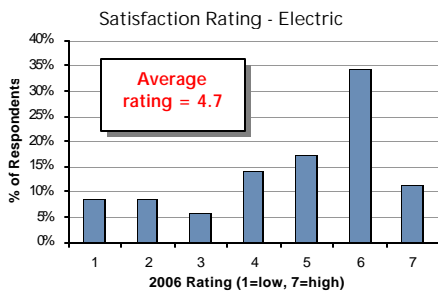
Source: 2006 VOC Data Summary



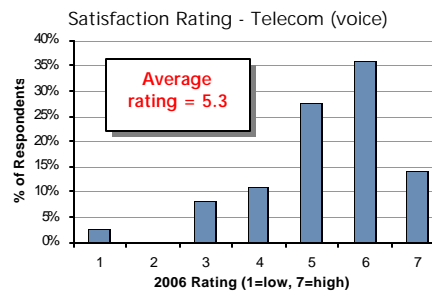
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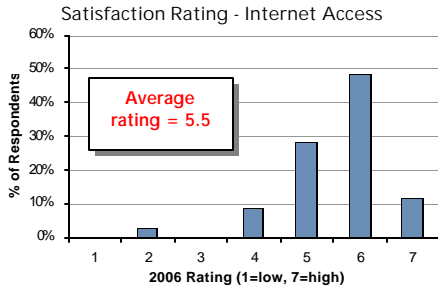
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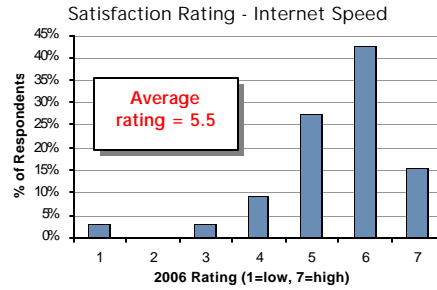
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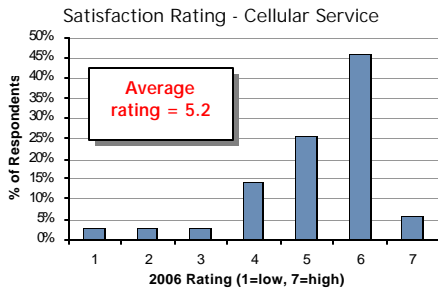
Source: 2006 VOC Data Summary



Source: 2006 VOC Data Summary



Source: 2006 VOC Data Summary



Source: 2006 VOC Data Summary

Key Findings – Community Strengths & Opportunities for Improvement (OFIs)

The strengths and OFIs fell into several broad categories:

- Attitude
 - Business Climate
 - Community Services
 - Education
 - Infrastructure
 - Leadership
 - Planning
 - Quality of Life
 - Workforce
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ATTITUDE
<p>Strengths</p> <ul style="list-style-type: none"> • A general feeling of positive movement is evidenced by more opportunities, improved downtown investment and increased involvement by community members.
<p>Opportunities for Improvement</p> <ul style="list-style-type: none"> • Concerns were highlighted regarding the Rockford region's apparent reluctance to grow and a general sluggishness to change. Seem to maintain an inferiority complex.
BUSINESS CLIMATE
<p>Strengths</p> <ul style="list-style-type: none"> • A reasonable cost of living helps attract the workforce. • Overall cost competitiveness within this region as compared to other locations. • Business environment is improving which helps many segments of our economy. • We are in an excellent location with our proximity to other urban and rural areas and the natural benefits the riverfront affords. • We maintain an excellent manufacturing supply chain base in our region.
<p>Opportunities for Improvement</p> <ul style="list-style-type: none"> • Tax burden is perceived to be uncompetitive (state and local issue) and some concerns were raised that tax assessment methods create wide disparities. • There is a desire to improve communication with the business community whenever upcoming events will impact their operations (roadwork, festivals, etc.) and to increase awareness of assistance that may be available. • Entrepreneurial support environment could be broader and more wide-ranging. • Business community would like to see increased levels of collaboration between community organizations that are sustained over longer periods of time.

COMMUNITY SERVICES
<p>Strengths</p> <ul style="list-style-type: none"> • A portion of our business owners have noticed a change in policing efforts and are appreciative of the new strategies being deployed.
<p>Opportunities for Improvement</p> <ul style="list-style-type: none"> • There appear to be inconsistencies in communications provided by service providers. This may make it difficult for businesses to understand what is expected of them to achieve a timely, positive outcome. • It does not appear that all service providers have developed a customer-focused approach to service delivery. This may result in business delays and dissatisfaction with providers. • Petty theft and vandalism crimes do not always seem to be addressed. Left unchecked, this may result in perceptions that city and county police do not respond to business concerns. • Downtown business owners are concerned about streetscape maintenance and lighting. Inattention to these areas may result in perceptions of a lack of personal safety and urban decay.

EDUCATION
<p>Strengths</p> <ul style="list-style-type: none"> • There are many examples of excellent student achievement in our public schools. Need to highlight this more to overcome negative perceptions.
<p>Opportunities for Improvement</p> <ul style="list-style-type: none"> • There continues to be a concern that students are not adequately prepared to meet employer's needs. Particular concerns exist with work ethic, math & science skills, collaboration skills, and developing a culture of life-long learning. This can result in misaligned expectations in the workforce. • Employers expressed a perception that it is difficult to obtain 4-year degrees in our region. This may lead to a lack of educational attainment if left unaddressed.

EDUCATION

Opportunities for Improvement (cont.)

- Manufacturing employers are concerned about the lack of vocational programs to support their future needs. Additional public-private collaborations and innovative approaches to training may help to better prepare students.

INFRASTRUCTURE

Strengths

- Many employers expressed optimism that riverfront development will begin to occur. There is a strong desire to see Rockford leverage this important asset in support of a strong regional economy.
- Employers indicated that our highway resources help them to move goods cost-effectively throughout the nation.
- Chicago/Rockford Int'l Airport is a tremendous asset for our region. Employers want to see continued success and expanded services. Additionally, our proximity to O'Hare is also a major strength.

Opportunities for Improvement

- Condition of local roads is a widely-recognized cause for concern.
- Expanded airline destinations from Rockford would be welcomed. While the overall trend at the airport is very positive, several employers experienced higher prices and less flexibility when compared to O'Hare.
- Several manufacturing companies indicated that rail service is not a viable option due to their size. Greater access to rail may help local company competitiveness.
- Passenger rail to Chicago was mentioned as a method to enhance the image of the Rockford region and to improve our connectivity.
- It was noted that public transportation doesn't always connect those needing a job and the employers. Employers would like to better understand how to influence times and routes.
- Downtown employers are concerned about parking availability for employees and customers. Would like to see improvements in signage, locations, and time management.

LEADERSHIP

Strengths

- A number of employers expressed appreciation for the leadership in the Rockford school district. While they understand there is more to be done, employers are beginning to see progress as measured by test scores, zone schools and other difficult issues.
- Many employers were happy to see the city and county working closer together for our region. Particularly happy to see cooperation on downtown redevelopment.

Opportunities for Improvement

- A broad concern was raised regarding the region's ability to influence decisions in Springfield. Many called for a stronger presence and to speak with one voice.

PLANNING

Opportunities for Improvement

- Many employers would like to see a variety of regional, transportation and downtown development plans. It was indicated that they do not receive any guidance from a community planning process. Without this input, companies may not be willing to make investments in their properties.
- One employer referenced an abandoned city nursery on Baxter Road that could be put back in service to help with cityscape activities. This was presented as an example of planning disconnects.
- Many downtown employers highlighted the need to improve traffic flows through improved stoplight timing, removal of one way streets, and better planning during events.

QUALITY OF LIFE

Strengths

- Many of our employers continue to highlight the many attributes that provide a wonderful quality of life in our region: scenic parks and golf courses, short commutes, housing costs, beautiful riverfront and many other attributes.
- Downtown employers appreciated the closing of Ken's Hideaway which is helping to create a better perception of downtown. This has been one factor leading to increased investment and expansion in the downtown area.

Opportunities for Improvement

- There continues to be a perception that the downtown is not safe during early and late hours. Allowing this perception to remain may result in slowing growth in the downtown area.
- There were a number of comments made that Rockford is not a good town for single citizens. Without a strategy to address this perception, many younger workers will not remain in our region to work and contribute energy to improvement projects.
- Property tax levels were again of great concern to most employers since it pushes many to live outside Rockford. Most respondents felt that this topic has been raised enough times and they are hopeful actions can be taken to help alleviate this situation.
- Concerns raised that Rockford is losing events downtown due to costs (rental and revenue sharing agreements) and the lack of permanent outside venues. The riverfront is significantly underutilized. Conservative attitudes are a hindrance to an improved quality of life.
- Community prejudices were highlighted as a barrier to growth.

Closing Observations

- When compared to the March 2005 Global TradePark analysis, employers have recognized an improvement in several areas of the community. Among them are:
 - ✓ Progress with District 205. Not there yet, but moving in the right direction.
 - ✓ Economy has generally improved for the majority of our industries.
 - ✓ Chicago-Rockford International Airport continues to grow and more companies are recognizing the importance of a connected airport.
 - ✓ There is a growing sense of collaboration happening at more levels. Employers are encouraged by this and hope that it is sustained.

 - Areas that continue to need focused improvement approaches when compared to the March 2005 report include:
 - ✓ Workforce pipeline development
 - ✓ Coordinated community planning
 - ✓ Improved legislative environment for business. Employers are concerned that Illinois is working against business interests.
 - ✓ The development of customer-focused governments that deliver seamless, competitive services.
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