

2006 Business Retention and Expansion Survey

Economic Development Council of Snohomish County

Are you a manufacturing firm that wants to grow, but cannot find the skilled workforce to keep up with demand? You are not alone. The Economic Development Council (EDC) of Snohomish County did its first Business Retention and Expansion (BRE) Survey of manufacturing firms all over the county and found that a lack of skilled workforce is one of the most prevalent problems.

Washington State Community Trade & Economic Development (CTED) funded this statewide program so that local economic development councils can understand some of the benefits and challenges that manufacturing firms in their backyard face daily. Once we know the obstacles, effective solutions can be put in place.

The EDC of Snohomish County was one of 39 EDCs to take on the task of surveying their local business climate. The raw database started out with over 750 manufacturing companies in Snohomish County. From that list, 108 companies are in our database, exceeding CTED's expectations of 100. Statewide, over 600 companies were surveyed by the end of 2006.



Snohomish County EDC

Snohomish County's manufacturing industry serves global markets.

Throughout the state, including Snohomish County, over 60 percent of the surveyed firms are private. Industrial and consumer manufacturing were the most prominent sectors in the county and state. However, their customers are slightly different. 60 percent of Snohomish County firms focus on national and international markets. Statewide, firms are more focused on the regional and national markets. This reflects the globalization of the manufacturing industry. Of the 48 percent of the firms reporting export sales, 25 percent said that they generate more than 40% of their sales from exports. At the same time, 33 percent of firms are increasing the amount of products imported. Not only are the goods being traded, but the manufacturing processes are being outsourced as well. Snohomish County's survey results show that 25 percent of companies have some sort of overseas production.

Manufacturing firms in Snohomish County continue to grow.

Many of the manufacturing companies in Snohomish County are still in the growth phase of their business life cycle. 84 percent of surveyed companies said they have introduced a new product in the past five years. From that, 68 percent of manufacturing firms have seen an increase in not only their sales, but their market share as well. One of the reasons for the success of new products is because of the importance placed on research and development. In Snohomish County, 42 percent of companies reported that they spent three percent or more of revenues on research and development.

52 percent of companies confirmed their plans to expand in the next three years. On the other hand, 41 percent of all manufacturing firms surveyed in Snohomish County said they do not have the space to expand should they want to. 27 percent of the companies agreed that they may not consider expanding in Snohomish County in the future. Some of their reasons include workforce issues, commercial real estate availability and costs, housing costs and workman's compensation.

Finding a Skilled Workforce is the Biggest Challenge.

One of the biggest revelations from this survey is the growing need for a larger trained workforce and the current gap between what is available versus what manufacturing firms need. The firms surveyed in Snohomish County represent 12,000 manufacturing employees; statewide firms account for over 50,000. In both Washington State and Snohomish County, the majority of the firms have less than 100 employees.

64 percent of surveyed firms say that their employment needs are increasing. However, 45 percent say they have difficulties finding the skilled workers they need. A small percentage of firms report no difficulty in finding employees. These were smaller firms with a positive work environment using referrals from current employees.

Manufacturing companies mostly agree that the skilled workforce issue is an industry-wide problem. 66 percent of companies surveyed reported that they are having difficulty in their recruiting efforts. Even though everyone talks about the lack of engineers and machinists, all of the firms reiterate that these positions are not the only jobs the employers are desperately trying to fill. The assemblers and truck drivers are just as much in demand.

Other regional issues important to Snohomish County's manufacturing firms.

These are some of the other issues brought up by manufacturing companies surveyed in Snohomish County.

Education

Generally, Snohomish County's surveyed manufacturing firms are satisfied with the educational system, from K-12 to community colleges and universities.

Transportation

27 percent of firms have a below average satisfaction level for local streets and roads in Snohomish County. However, 53 percent of surveyed firms are dissatisfied with state and national highways.

Zoning Changes and Building Permits

Responses about building permits and zoning changes in Snohomish County were positive, with less than five percent of respondents showing a below average level of satisfaction.

Legislation

46 percent of surveyed manufacturing firms believe that legislation passed over the next five years will adversely affect their business. However, 31 percent of companies anticipate legislation that will benefit their business over the next five years.

Public Safety

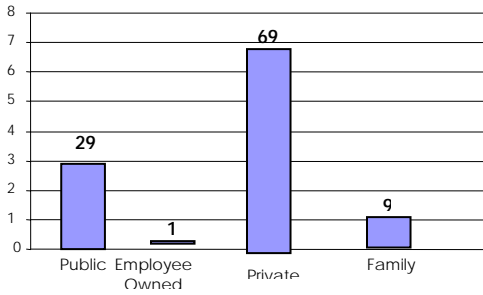
Only 4 percent of surveyed companies are below the average level of dissatisfaction with the fire, police and ambulance paramedic services departments.

Child Care Services

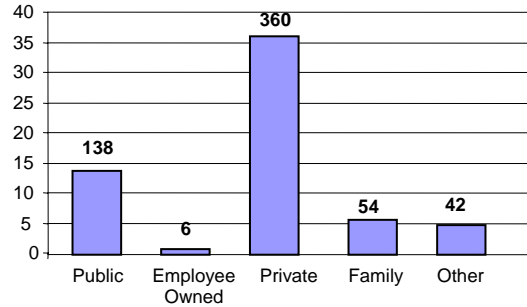
Results for child care services are not representative because a large number of respondents declined to answer. However, 59 percent of those who answered are above the average level of satisfaction.

APPENDIX A – Snohomish County’s Manufacturing Industry Serves Global Markets

Breakdown of Ownership Snohomish County

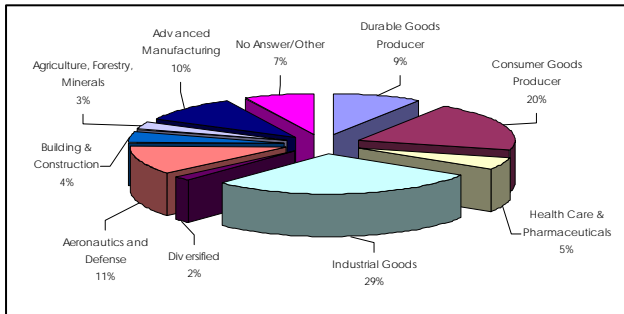


Washington State

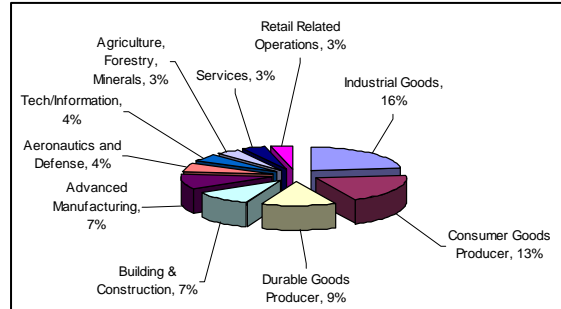


In the county, 69 of the 108 companies surveyed (63 percent) are privately owned, while 29 are public (27 percent). 60 percent of Washington’s manufacturing firms are private (360) with 23 percent public (138).

Manufacturing Industry Sectors Snohomish County

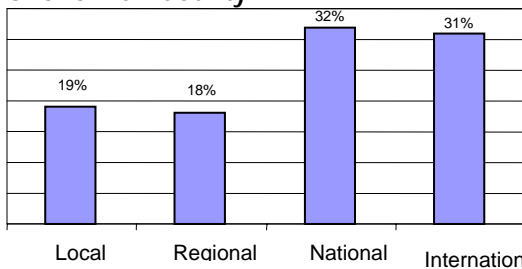


Washington State

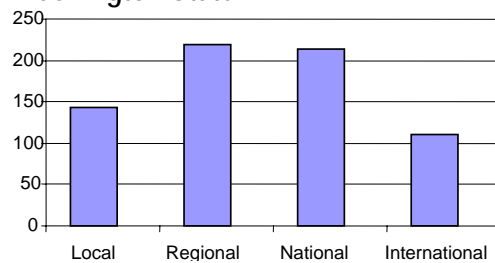


In both Washington State and Snohomish County, industrial and consumer manufacturing are the most prominent sectors. Additionally, aeronautics/defense and advanced manufacturing are also very important to Snohomish County. (Note: The Washington State pie chart only shows the top ten sectors.)

Primary Markets Snohomish County

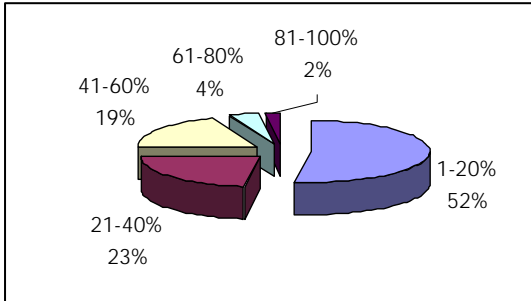


Washington State



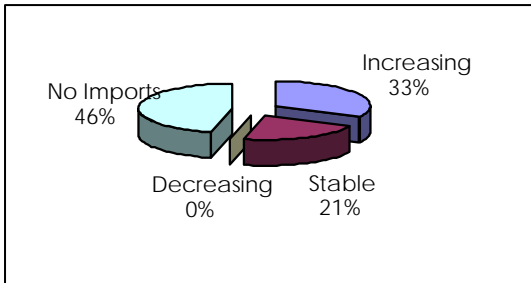
Snohomish County tends to focus on the national and international markets while Washington State centers on the regional and national markets.

Export Sales Snohomish County



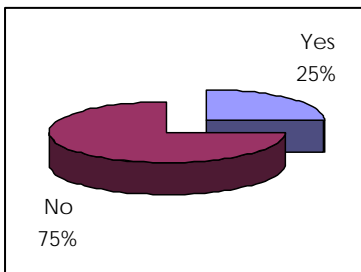
Of the 48 percent of the firms reporting export sales, 25 percent said that they generate more than 40% of their sales from exports.

Need for Imports Snohomish County

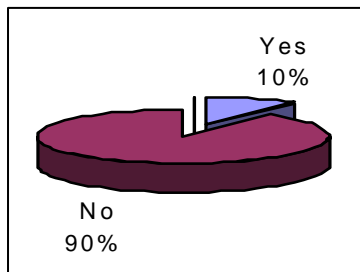


33 percent of Snohomish County firms are showing an increasing need to import products or components, while 21 percent are stable in their imports.

Overseas Production Snohomish County



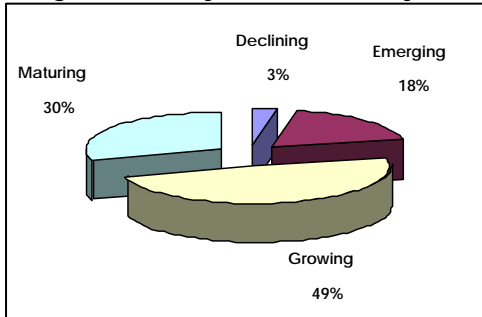
Washington State



25 percent of the Snohomish County manufacturing firms surveyed and 10 percent of the statewide participants have overseas production.

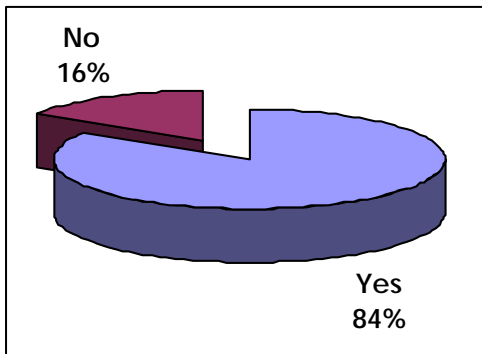
APPENDIX B - Manufacturing Firms in Snohomish County Continue to Grow

Stage in Life Cycle for Primary Products



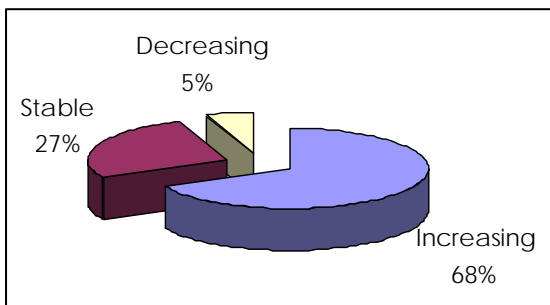
67 percent of surveyed companies in Snohomish County state that their primary product is either in the emerging or growth stage, which means that there are quite a few of young products and companies in the industry.

Introduction of New Products



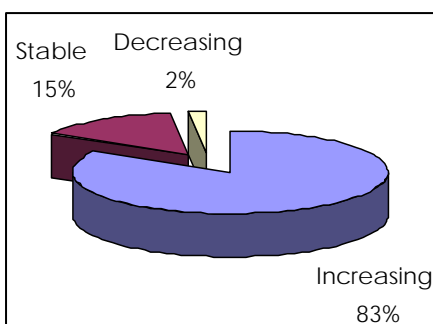
84 percent of the Snohomish County manufacturing firms have introduced a new product in the past five years.

Product Market Share



Market share on primary products is increasing in 68 percent of surveyed companies, and decreasing in a mere five percent.

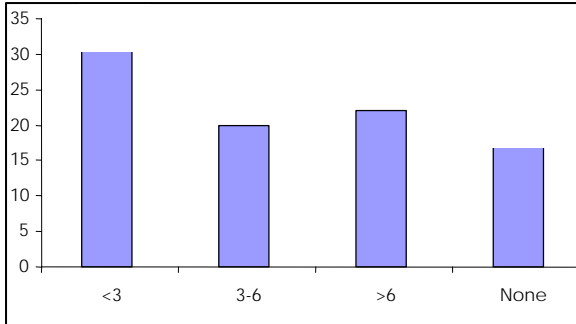
Total Company Sales



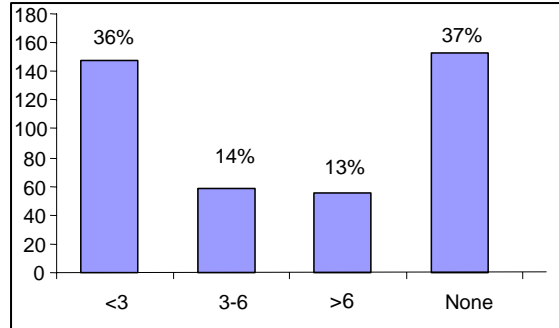
83 percent of manufacturing firms reported that their sales are increasing, while 15 percent say sales are stable.



Research and Development Snohomish County

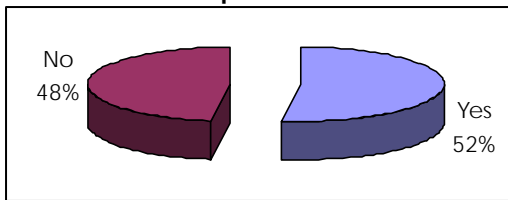


Washington State



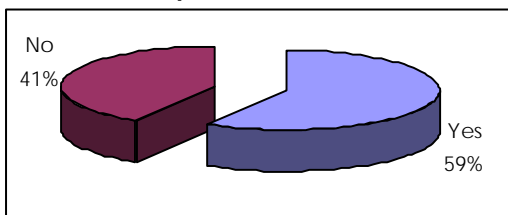
Snohomish County places great importance on Research and Development with 22 percent of surveyed firms spending over six percent of revenue on R&D, compared to 13 percent of Washington State companies.

Intentions to Expand



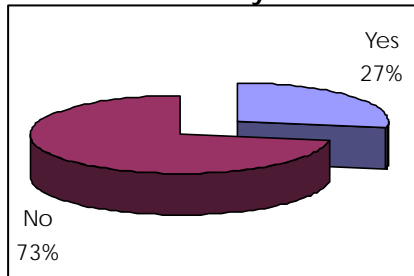
52 percent of Snohomish County firms said that they plan to expand over the next three years.

Room for Expansion



As a separate question, 59 percent have room to expand at their current location.

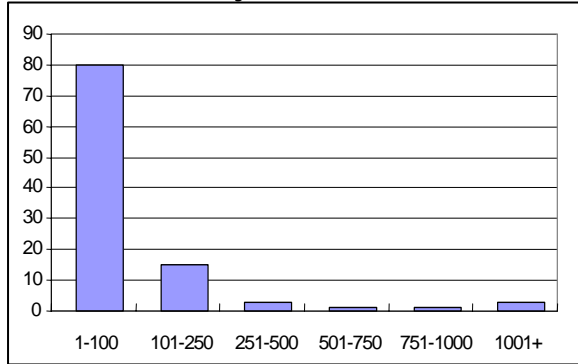
Snohomish County as a Reason Not to Expand



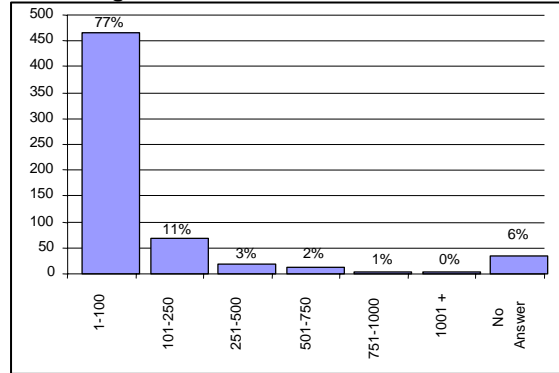
27 percent of respondents identified issues that would cause them not to expand in Snohomish County. Some of the specific reasons are workforce issues, commercial real estate availability and cost, workman's compensation insurance program and cost of housing.

APPENDIX C – Finding a Skilled Workforce is the Biggest Challenge

**Number of Employees per Company
Snohomish County**

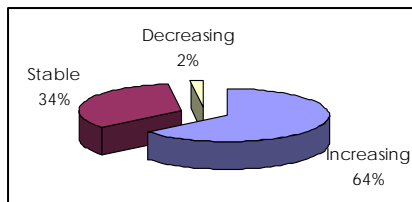


Washington State



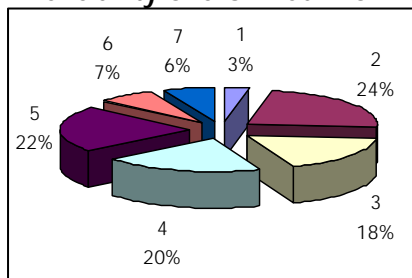
Snohomish County surveyed firms employ over 12,000 people in the manufacturing industry, while Washington State has over 50,000. Of that, almost 80 percent of the companies have fewer than 100 employees in both the county and state.

Employment Needs



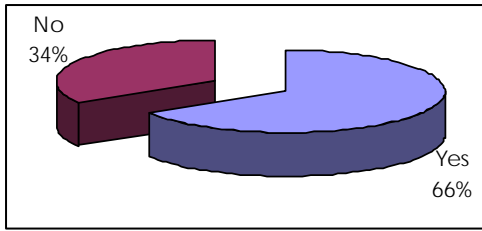
Employment needs in Snohomish County are significantly increasing, as that is how 64 percent of surveyed firms responded.

Availability of a Skilled Workforce



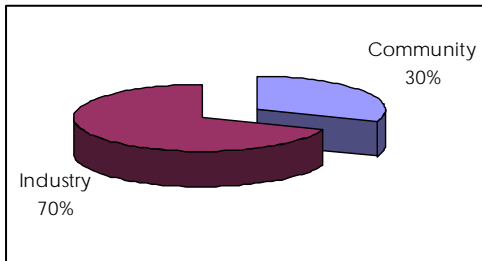
Surveyed manufacturing firms ranked the availability of a skilled workforce on a scale of one to seven. (One is not available and seven is readily available.) It is clear that the majority of firms believe that the workforce they need is not available to them.

Recruitment Problems



66 percent of companies said that they are currently experiencing recruitment problems.

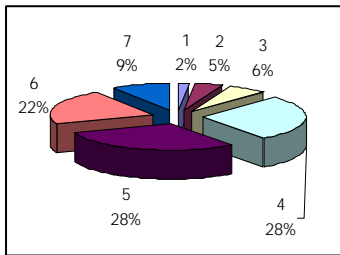
Recruitment as an Industry-Wide Issue



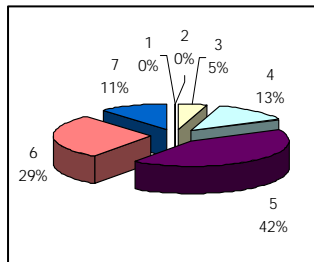
The majority of respondents feel that the difficulties in recruiting are not specific to their community, but rather an industry-wide problem.

APPENDIX D – Other Regional Issues Important to Snohomish County’s Manufacturing Firms

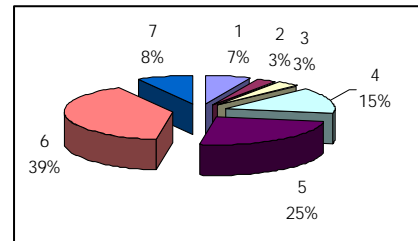
Education K-12



Community Colleges

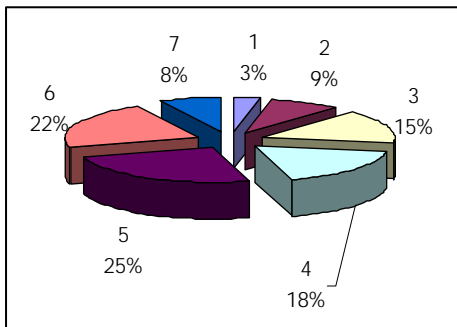


Colleges and Universities

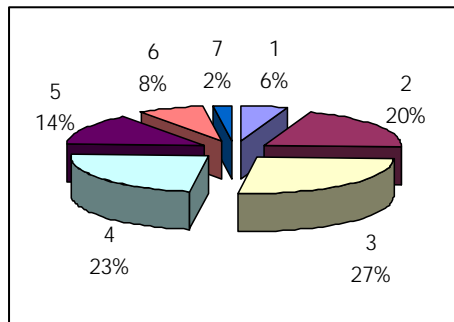


Few firms indicate a less than average level of satisfaction with K-20 education. (One is not satisfied and seven is highly satisfied.)

Transportation Local Streets and Roads

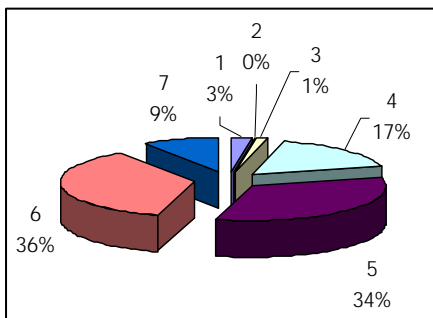


State and Federal Highways



Though many surveyed businesses seem to be satisfied with local streets and roads, 53 percent were dissatisfied with state and federal highways. (One is not satisfied and seven is highly satisfied.)

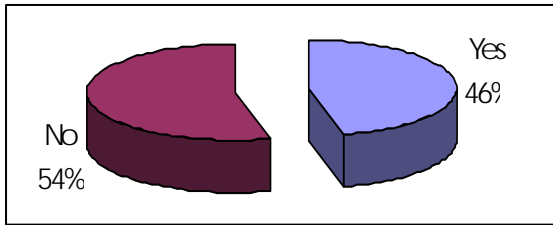
Zoning Changes and Building Permits



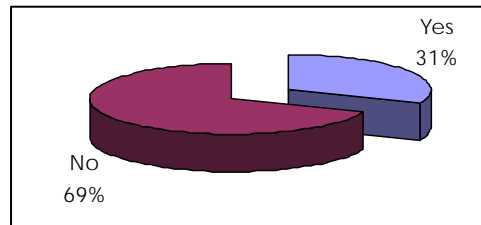
79 percent of respondents are highly satisfied with Snohomish County’s zoning and permitting processes.

Legislation

Adversely Affect Businesses



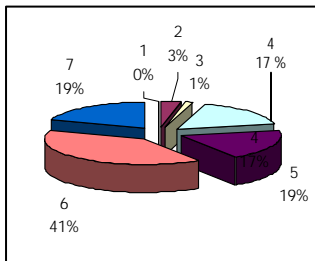
Benefit Businesses



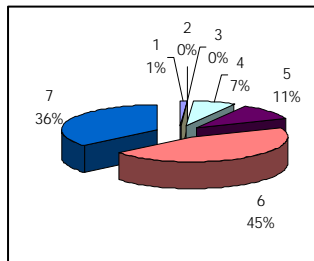
46 percent of Snohomish County respondents believe that legislation will be passed over the next five years that will adversely affect their business. On the other hand, 31 percent of these firms anticipate legislation that will benefit their business over the next five years.

Public Safety

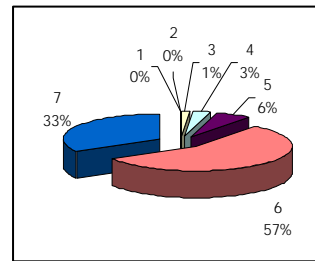
Police



Fire

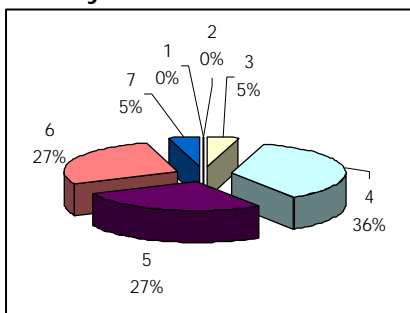


Ambulance Paramedic Service



Overall, surveyed firms are mostly satisfied with public safety institutions. (One is not satisfied and seven is highly satisfied.)

Quality of Child Care



Child care is an unexplored issue, as 80 percent of the respondents did not answer this question. (One is not satisfied and seven is highly satisfied.) However, those that did respond are mostly satisfied.