2015 ACTION PLAN & ECONOMIC TREND REPORT

NORTHWEST IOWA DEVELOPMENT
Beyond Expectations.


EXISTING BUSINESS VISITS
LEGISLATIVE ADVOCACY
REGIONAL WORKFORCE INFORMATION
2015 ACTION PLAN
FOREIGN TRADE ZONE
COMMUNITY VENTURE NETWORK
TAX STUDY
VIDEO AND SOCIAL MEDIA

Northwest Iowa Development

2014-2015 Action Plan

Northwest Iowa Development (NWID) is a six county regional economic development partnership organization that strives to maintain the focus of their efforts on behalf of the region on a consistent set of core growth strategies. Those strategies revolve around supporting existing businesses, positively promoting the region and providing tools to support local members. The action items summarized at right highlight the NWID regional program.

TRADE SHOWS
Partnering with IEDA on targeted promotions

TARGET BUSINESS PROFILES
Promoting regional industry targets

"BEYOND EXPECTATIONS" VIDEO AND SOCIAL MEDIA
Building Northwest Iowa "followers"

TAX STUDY
Comparing taxes with neighboring states

FOREIGN TRADE ZONE
Promoting trade and expanding markets

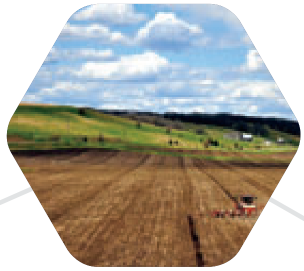
DREAM BIG, GROW HERE
Showcasing Northwest Iowa's top entrepreneurs

SKILLS READY REGIONAL WORKFORCE INFORMATION
Current profiles of the skills in Northwest Iowa

LEGISLATIVE ADVOCACY
Promoting pro-economic development policies to regional legislators

SYNCHRONIST EXISTING BUSINESS VISITS
Supporting industry retention and growth

COMMUNITY VENTURE NETWORK (CVN) PARTICIPATION
Identifying opportunities to attract emerging growth companies



Northwest Iowa Economy Update
Trends, Outlook, Opportunities & Challenges

As the 2014 Annual Report illustrated, the Northwest Iowa region clearly has the opportunity to grow over the next decade. Addressing the business development and workforce challenges ahead will be crucial as the region continues on the path to success.

The 2015 report illustrates many of the same trends shown in 2014. Regional employment continues to grow and is projected to maintain a growth path over the next 10 years. The rate of employment growth over the last 10 years in the region has outpaced both the state of Iowa and the U.S. The left-hand column of charts illustrates this past employment growth trend in the Northwest Iowa region and compares the region to the State and U.S. We also see projections (Source: EMSI) that indicate continued employment growth that outpace Iowa and the nation. Figure 2-3 continues to show unemployment rates in the region consistently below Iowa and the U.S. This strong regional employment picture has led to a relatively healthy and self-sustaining economy. However, the low unemployment rates point to one aspect of the workforce challenge the region is facing.

The second column of charts shows that Earnings per Worker (EPW source: EMSI) in the region continues to lag behind Iowa and the U.S. Lower wages in Northwest Iowa points to another factor to consider when evaluating the workforce challenge facing the region. Overall population trends in the region are stable with a flat trend line over the next 10 years. However, when you look specifically at working age population (20-69), the trend indicates a slow, steady decline. Therefore, when you look at projections of employment growth and working age population (Figure 2-6) in the region, the workforce challenges that lie ahead come into clear focus.

The following section on Business Trends provides a comparative look at the trends related to what regional businesses see as the opportunities and challenges facing them on their path to growing their companies in the region.

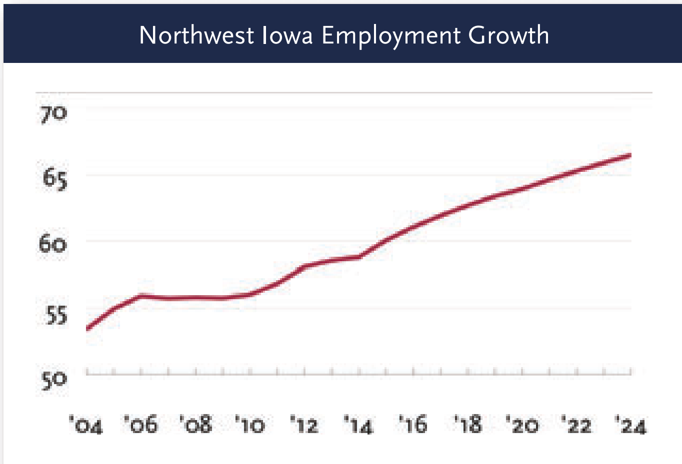


Figure 2-1

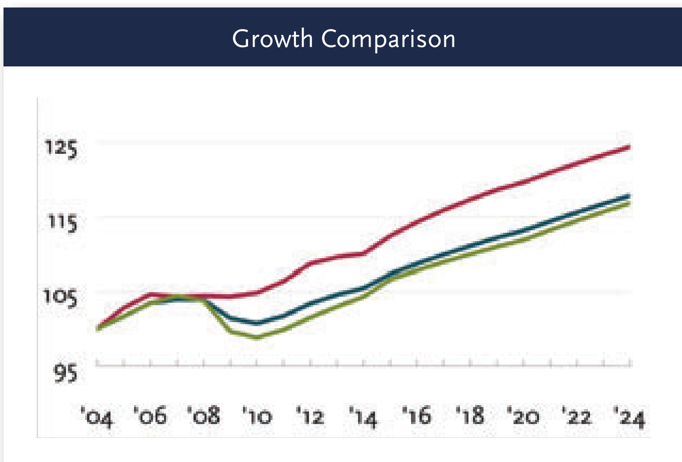


Figure 2-2

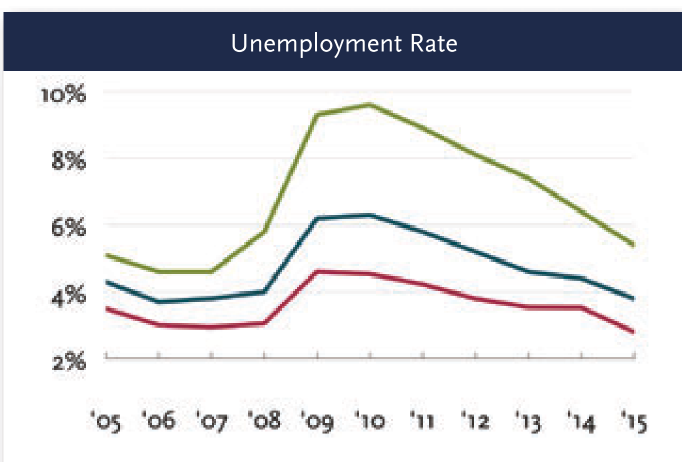


Figure 2-3

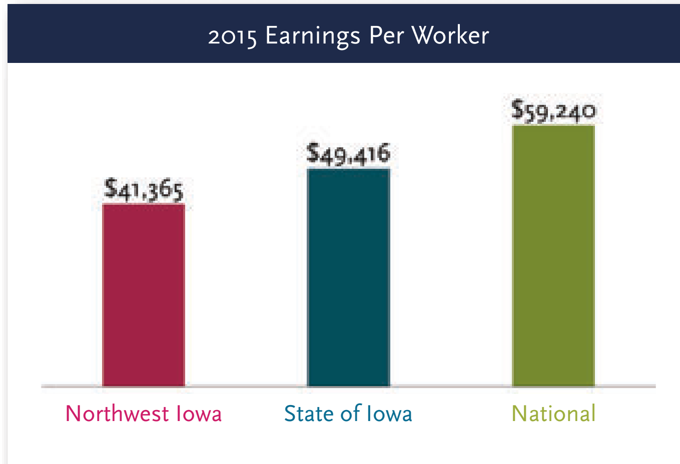


Figure 2-4

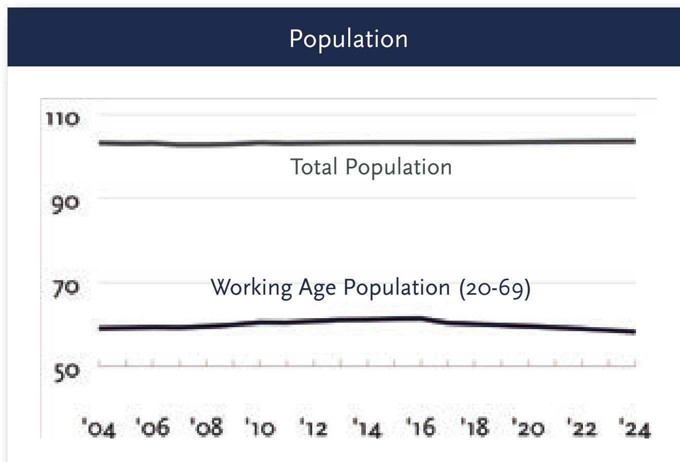


Figure 2-5

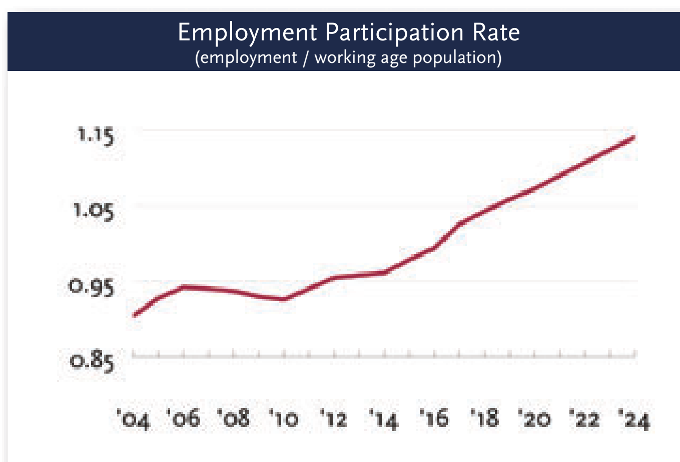
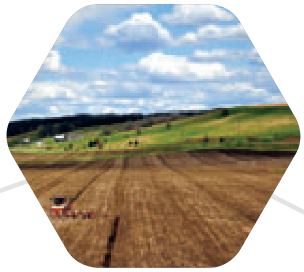


Figure 2-6

Northwest Iowa State of Iowa Nation



NW Iowa Region
Existing Business Trends
2014 -2015 Comparative Review

Most current and projected job growth will occur from the expansion of existing businesses. In fact, consistently over 80% of job growth is attributed to companies in our own "backyard". The six- county Northwest Iowa region has continued to place a priority on supporting our local economic development partners in their efforts to maintain regular and productive contact with regional businesses. We encourage our local partners to spend most of their resources in both time and money on our existing business expansion and retention efforts and NWID supports the utilization of a software system called Synchronist as an interview and information management tool to document the existing business meetings. Annually, NWID will track trends and create a report summarizing key findings. The following charts highlight comparative results from 2013/14 visits and 2014/15 visits. The results are based on approximately 30 visits made from July, 2013 to July, 2014 and just over 40 visits made from July, 2014 through August, 2015. The following highlights were chosen to learn more about the important trends facing our regional economy.

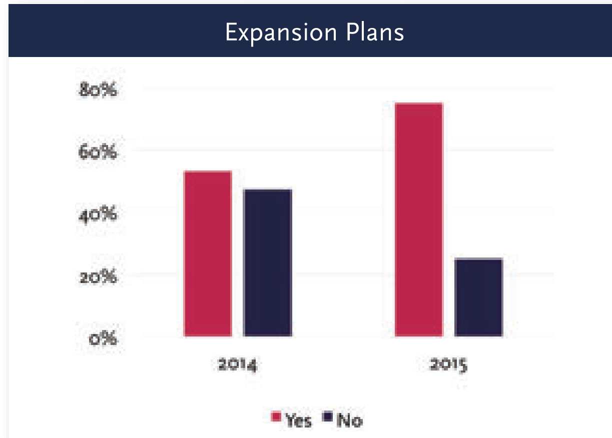
Greatest Achievements

Greatest Achievements

(below, left) This chart details responses to the question companies were asked regarding what they believed to be their greatest achievement over the last year. The highest rated achievements continue to be related to successfully meeting a business challenge and to achievements/ systematic improvements leading to growth. This trend is recognition of the fact that our businesses are operating in a highly challenging global environment and are continually focused on productivity improvements. Identifying challenges companies face related to growth and stability is a prime reason existing business visits are so important.

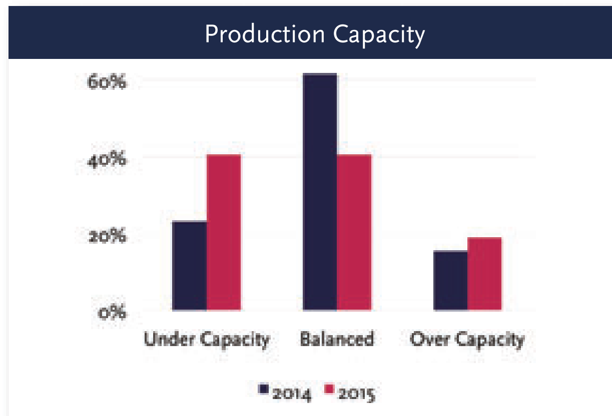
Expansion Plans

This chart details responses to the question related to plans to expand over the next three years. The trend in this chart is good news for the regional economy and is consistent with employment growth projections mentioned earlier. Significantly more companies in 2014-15 indicated plans to expand in the next three years than indicated growth plans in the previous year.



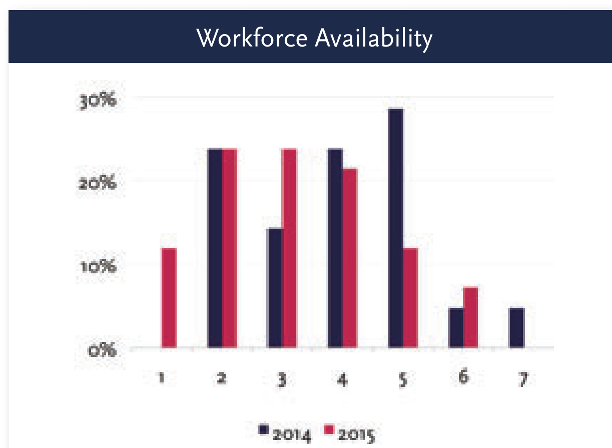
Production Capacity

Companies were asked about the status of current industrial capacity. Over 80% of the companies in 2014-15 indicated that they were either under capacity or balanced, which is similar to the previous year. However, an increase in companies indicating that they were under capacity in 2014-15 points to potential for growth.



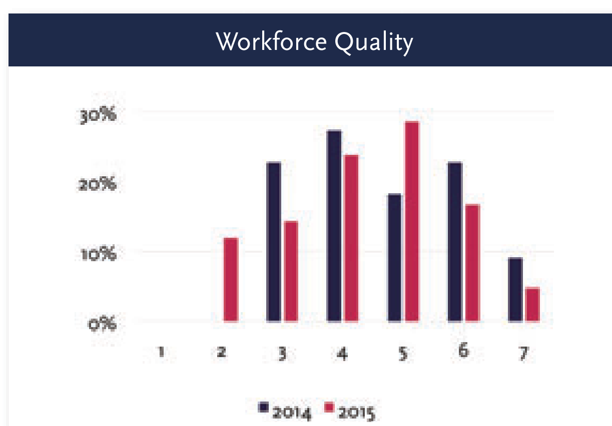
Workforce Availability

Companies were asked to rate the availability of workforce. A rating of 1 is low availability and 7 is high availability. The responses show a noticeable increase in ratings on the low end of the scale (1-3) from 2013-14 (38%) to 2014-15 (60%). Conversely, there was a reduction in ratings on the mid-to- high end of the scale (4-7) from 2013-14 (63%) to 2014-15 (40%). This clear trend points to increasing concerns on the part of regional businesses regarding worker availability.



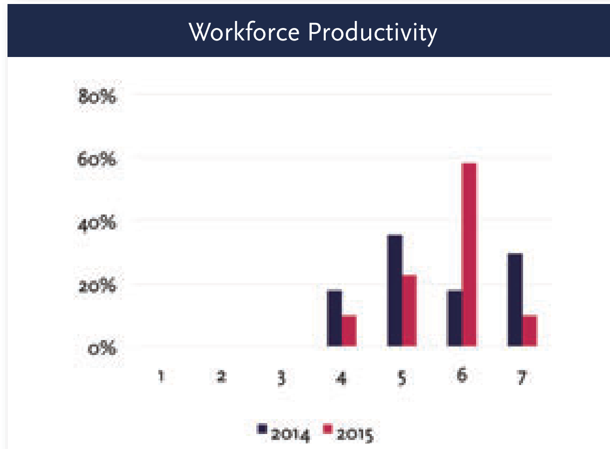
Workforce Quality

This chart details how businesses rated the quality of the workforce. A rating of 1 is low and 7 high. There is no doubt that the quality of workforce is a crucial issue facing the nation right now. Although each business may have differing definitions of "quality", the results show a consistent high end rating (5-7) from 13-14 (50%) to 14-15 (51%). This is a positive trend that points to a continuing emphasis on skills development and focus on increasing the "pipeline" of quality workers.



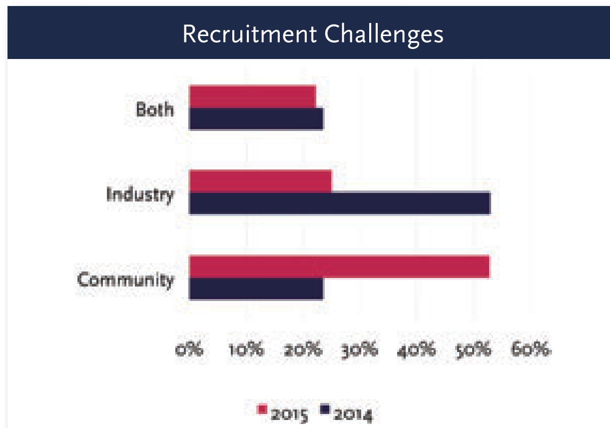
Workforce Productivity

This chart illustrates the evaluation of worker productivity discussed earlier. The ratings (with 7 being high) show a major increase in high ratings (6-7) from 13-14 (47%) to 14-15 ((68%). This is a clear regional workforce strength that can be promoted and built upon to enhance the regional economy.



Recruitment Challenges

This chart details the responses when asked if the problem with recruiting new workers was with the community or the industry (primarily manufacturing). A complete reversal occurred between the 2 years. In 2013-14, Northwest Iowa businesses felt overwhelmingly that the recruiting in their industry was the primary recruitment challenge. However, in 2014-15 regional businesses felt that recruiting in their community was the bigger challenge. These results clearly point to the need to strengthen communication efforts throughout the region related to such positive features as quality of life, cost of living and quality education.



Overall Summary

The Northwest Iowa region has a strong and vibrant existing business base. Clearly, existing businesses are, and have been, facing challenges to maintain and grow their workforce in a highly competitive business environment. It is also clear that the regional workers are highly rated in terms of quality and productivity. Addressing skill gaps and recruitment challenges in a comprehensive manner and, nurturing expanding companies in NWID communities presents the clear path towards stability and growth in the region.

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