



LEE'S SUMMIT MISSOURI

**BUSINESS RETENTION
REPORT**

2004-2005 FY

Lee's Summit Economic Development Council
Aquila



TABLE OF CONTENTS

OVERVIEW OF THE PROCESS	2
ANNUAL ECONOMIC IMPACT	3
RESPONDENT DEMOGRAPHICS	6
BUSINESS/PRODUCT DEVELOPMENT	9
MARKET	12
INTERNATIONAL INFLUENCE	14
BUSINESS CHANGES/FORECASTS	16
COMMUNITY EVALUATION: OVERVIEW	19
WORKFORCE EVALUATION	21
PARTICIPATING COMPANIES	25

OVERVIEW OF THE PROCESS

One of the Lee's Summit Economic Development Council (LSEDC)'s four work program elements is to help to retain and to expand existing businesses, especially "basic industry" businesses which import new money into the community. Why? Because 80% of a community's growth comes from within!

"Basic industries" are defined as companies that produce products or services which are sold outside of the area in which they are produced. Basic industries are desirable as they bring new money into the community rather than recycle it within. Basic industries invest new money in new jobs and in plant and equipment and supplies. Workers spend their wages on consumer goods and services. Over 88% of the respondents are basic industries.

Expanding business means more assessed valuation, more jobs and a broader tax base to pay for schools and for city services. Finally, when attracting new industry, communities' best sales personnel are existing employers who have favorable testimonials regarding the community's operating costs and operating environment.

While LSEDC's day to day Business Retention and Expansion Program activities are tailor made on a case by case basis, a systematic evaluation of a sample of businesses' collective issues helps build better public policy guidance. A software system, Synchronist, which has been acquired with a grant from Aquila, makes analysis and policy guidance more rational.

The Synchronist software provides three main benefits:

- Maintains a detailed profile for each industry
- Analyzes the survey responses to provide each company a score on their value to the community, growth potential, satisfaction of the community and the retention risk of the company.
- Groups all the survey responses together and provides information of the status of businesses as whole in the community and spots issues that need to be addressed as a community to create an environment for businesses to succeed.

For the past several months, the Lee's Summit Economic Development Council staff (Jim Devine, President & CEO; Teresa Evans, Director of Community and Investor Relations; and part time consultant Bob Guntert, formerly of Commerce Bank) have been conducting extensive Synchronist questionnaire based surveys with the executives of 61 existing industries through one-on-one interviews. Over 75 questions have been entered into the Synchronist Software System. The report that follows summarizes the respondents' answers. Based upon these answers, the LSEDC will develop and recommend any needed pro business policies and plans necessary to improve Lee's Summit's business environment.

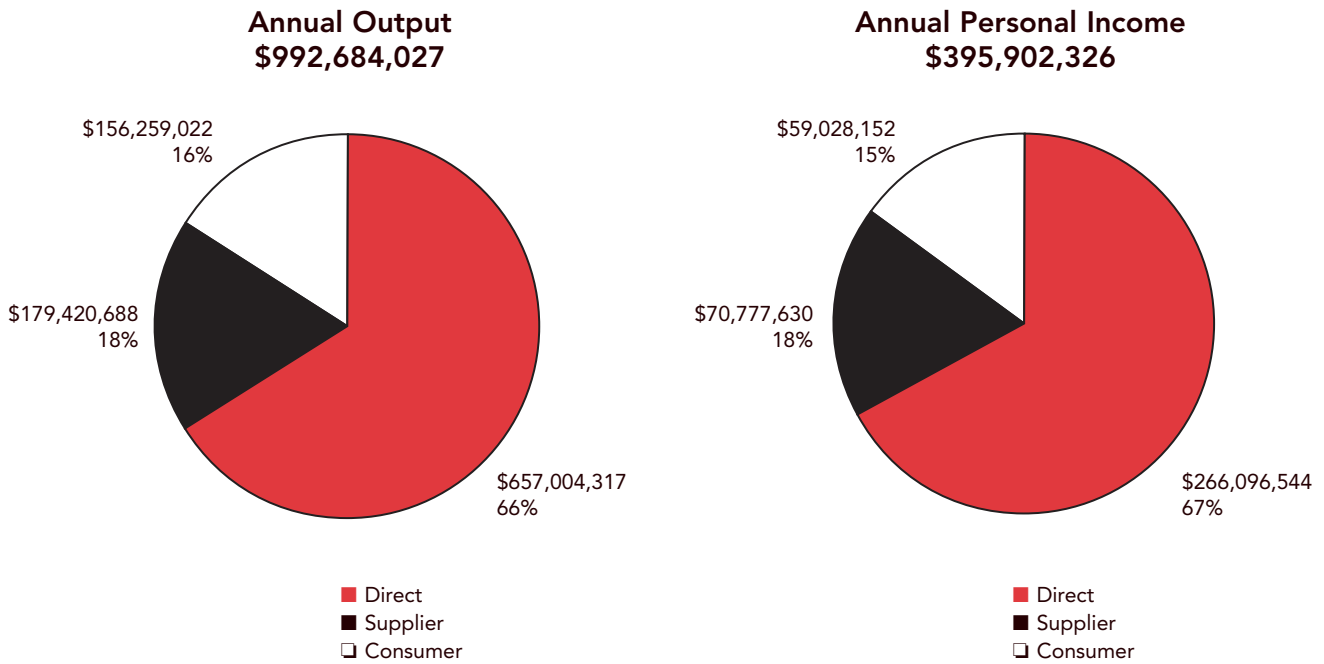
On behalf of the Lee's Summit Economic Development Council, we would like to express thanks to the 61 businesses that took time to participate in the survey. Additionally, we would like to thank the City of Lee's Summit, the R-7 and R-4 School Districts and our 134 private sector investors for continued funding and support of our economic development efforts. We also wish to thank Aquila for the ability to purchase the Business Synchronist Software at a reduced price through use of their license agreement.

ANNUAL ECONOMIC IMPACT

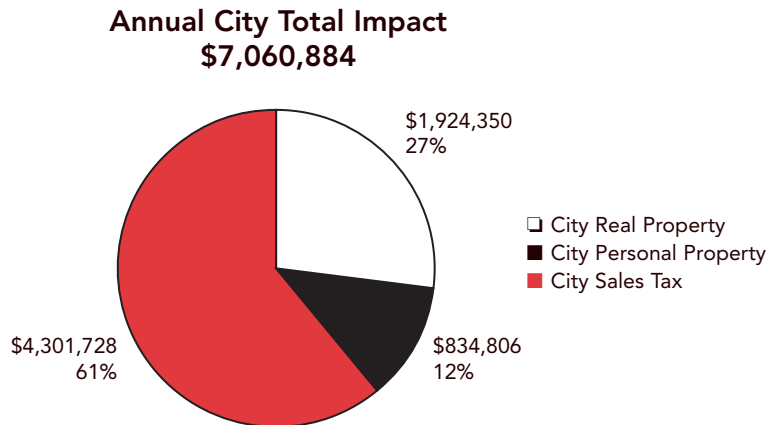
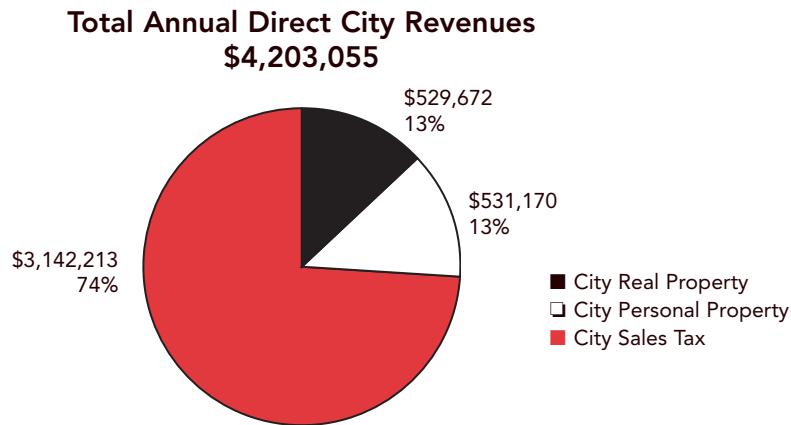
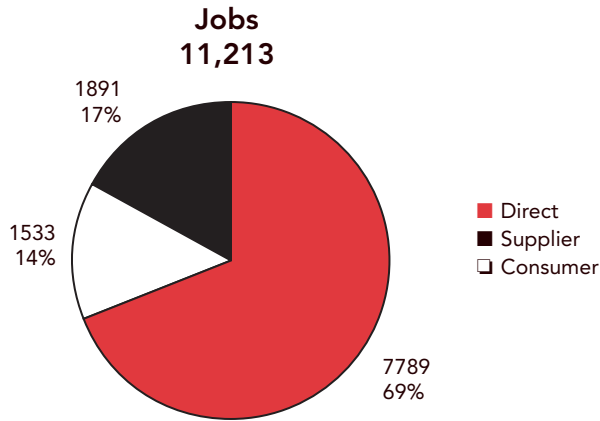
Firms' annual economic impacts can be measured in many dimensions. For the purpose of this report, only a few of the most common impacts are displayed below. A more complete summary report is available from LSEDC.

A few years ago, LSEDC acquired the Regional Project Assessment System (RPAS) to quantify LSEDC's return on investment in the community. These impacts have been published in annual reports. Also, using the RPAS model, LSEDC has quantified the impacts of four (4) health care providers, the impact of Calmar and the impacts of prospective new industry on the community.

As seen below, the 61 respondent firms represent a considerable economic force within Lee's Summit. Impacts such as these are easier to nurture and sustain as compared to attracting new firms to Lee's Summit. Remember, the numbers below are annual!

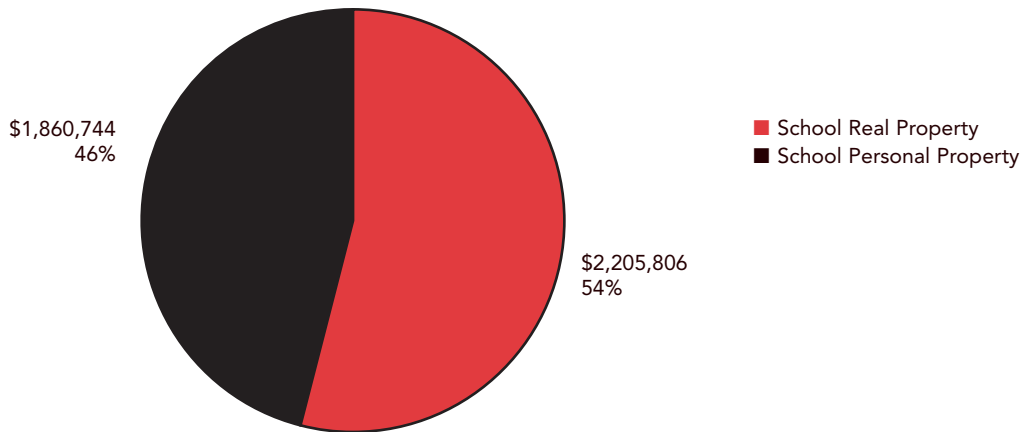


ANNUAL ECONOMIC IMPACT CONTINUED

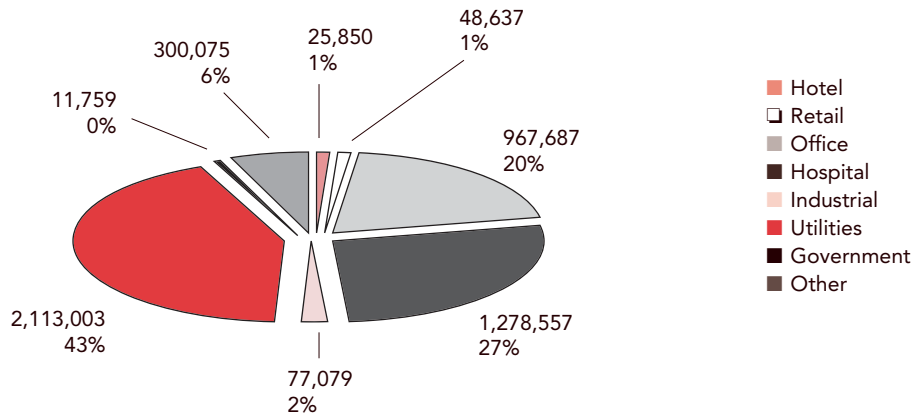


ANNUAL ECONOMIC IMPACT CONTINUED

Annual Direct Impact School Revenues
\$4,066,550



Total Impact - Non Residential Square Footage
4,822,647 s.f.

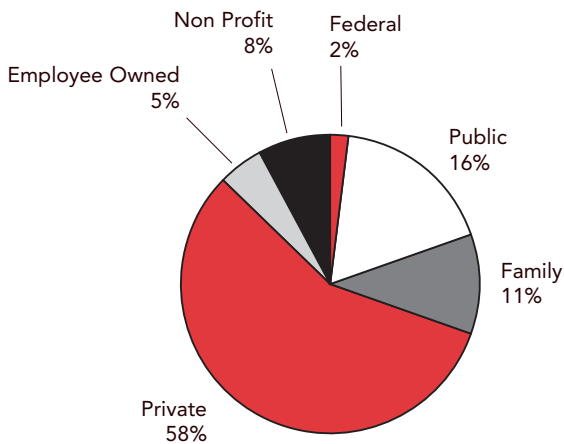


RESPONDENT DEMOGRAPHICS

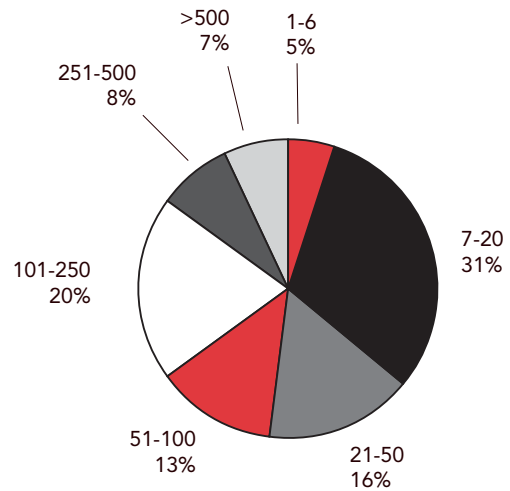
Following are demographics of the 61 companies surveyed:

- 57% of the businesses have been in business over 20 years and only 10% have been in business less than 3 years.
- 74% of the businesses are privately held businesses and 16% of businesses are publically held.
- 57% of businesses own their building.
- 57% of the buildings average less than 50,000 sf.
- 90% of businesses are not unionized.

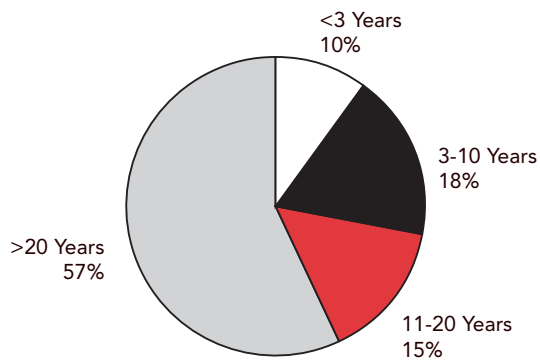
Type of Ownership



Company Size By Employees

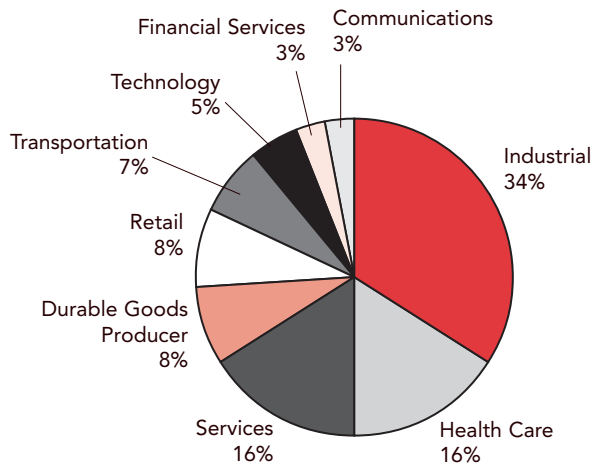


Years in Business

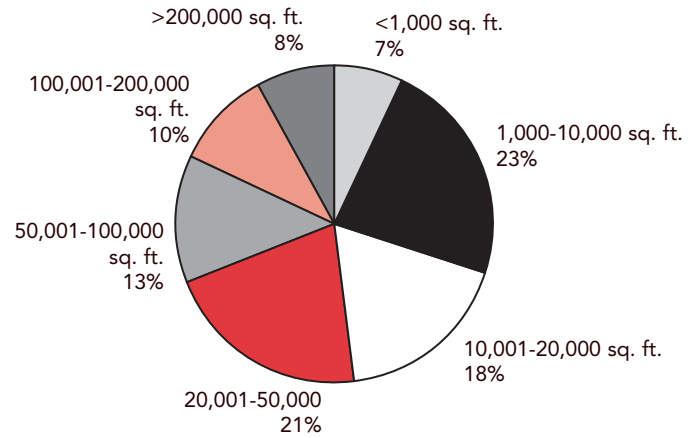


RESPONDENT DEMOGRAPHICS CONTINUED

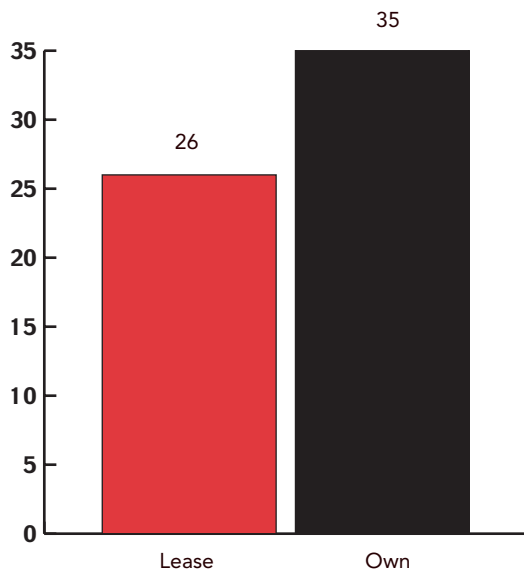
Business Sector Distribution



Building Size (sq. ft.)

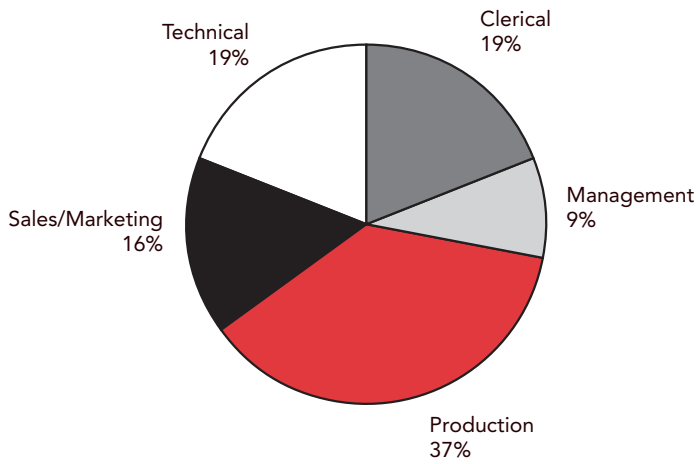


Lease vs. Own

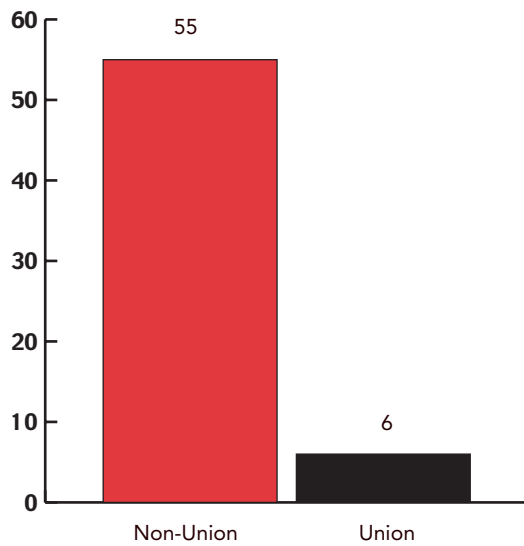


RESPONDENT DEMOGRAPHICS CONTINUED

Employee Breakdown by Type



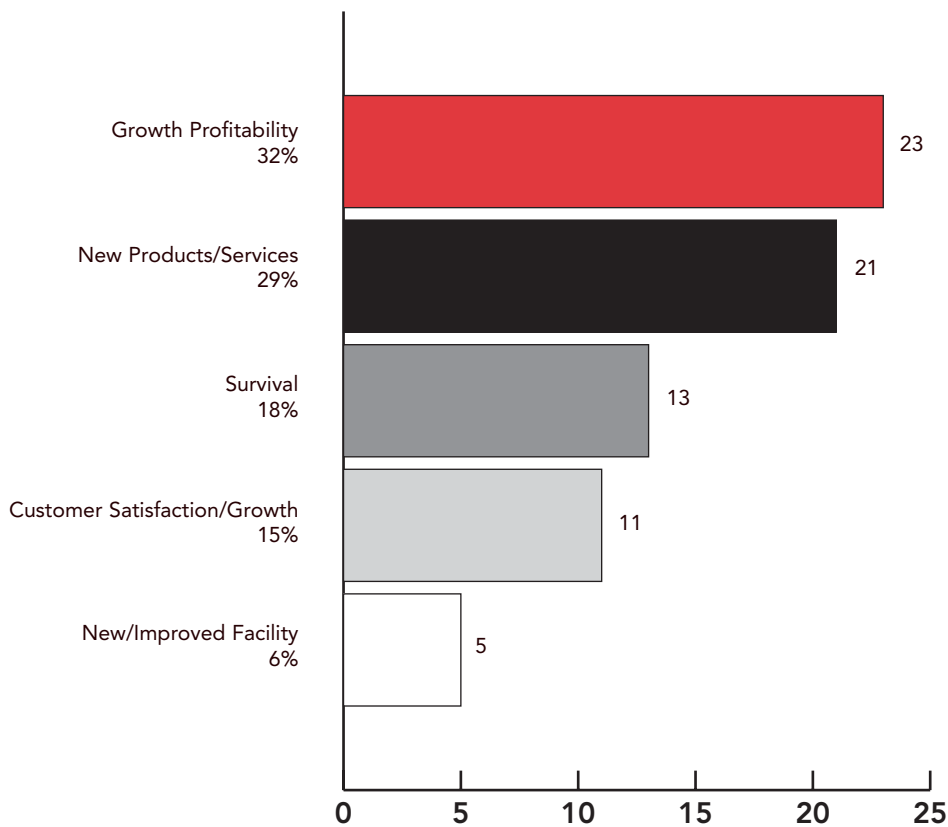
Union vs. Non-Union



BUSINESS/PRODUCT DEVELOPMENT

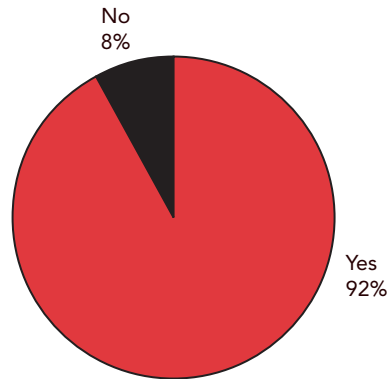
Despite the national economic condition, Lee' Summit businesses have done reasonably well over the last 5 years. Growth and Profitability (32%) was the most frequently cited greatest achievement followed by New Products/Services (29%). Looking to the future, 92% anticipate new product developments in the next 5 years. 89% stated that new technology will impact their processes. The internet, automation and document imaging were cited most frequently as technology trends which will affect their processes.

Greatest Achievement in the Last 5 Years

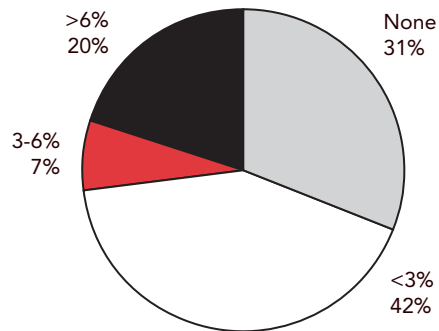


BUSINESS/PRODUCT DEVELOPMENT CONTINUED

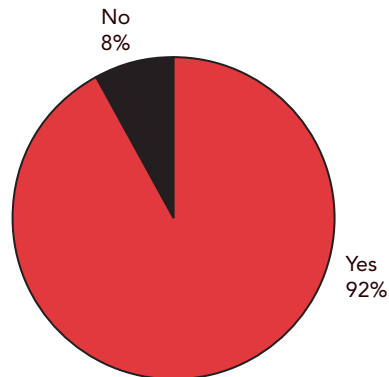
Has the company introduced new products/services/capabilities during the last 5 years?



R&D Spending

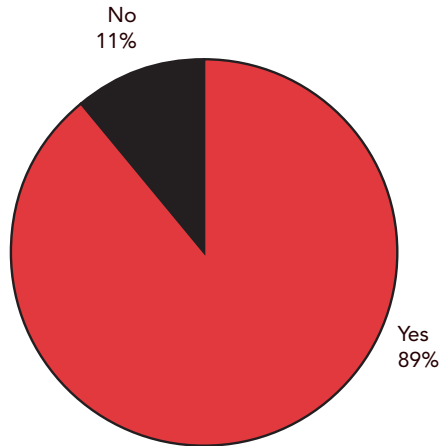


New products anticipated in the next two years.

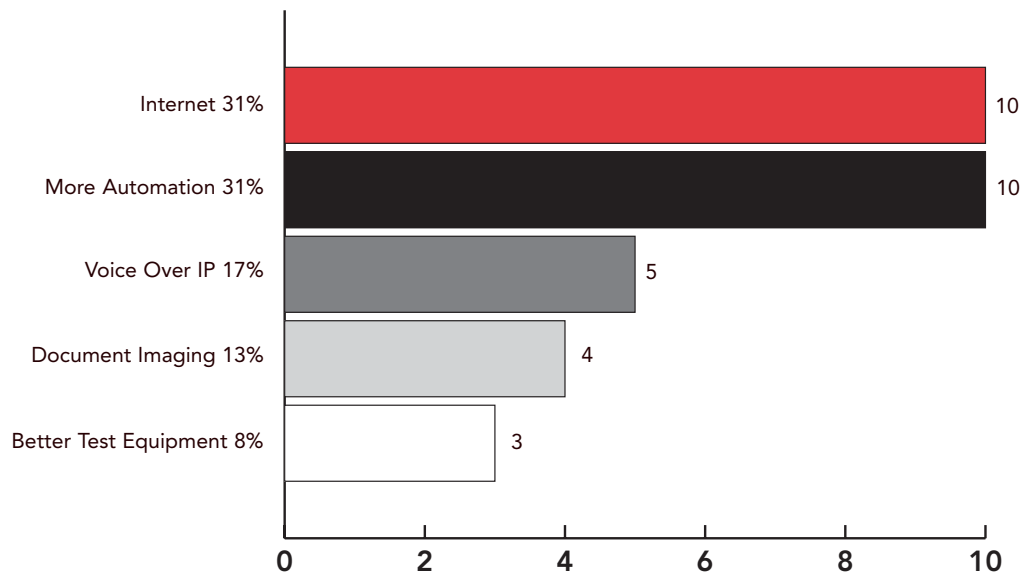


BUSINESS/PRODUCT DEVELOPMENT CONTINUED

Will New Technology Change Your Processes?



Examples of New Technology Changes



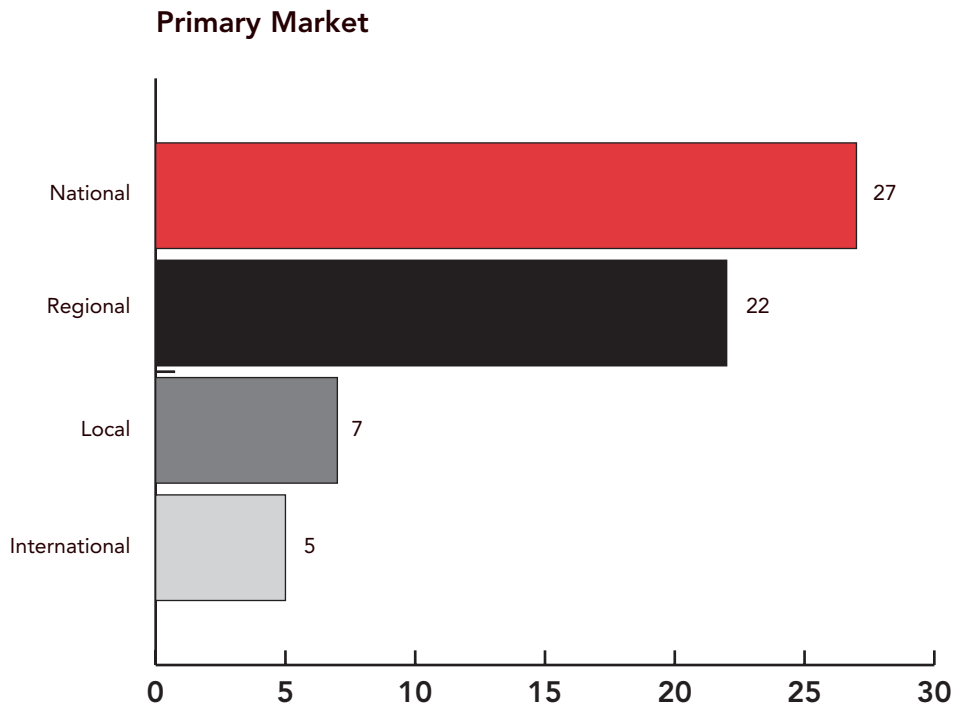
MARKET

“Basic industries” are defined as companies that produce products or services which are sold outside of the areas in which they are produced. Basic industries are desirable as they bring new money into the community rather than recycle it within. Basic industries invest new money in new jobs and in plant and equipment and supplies. Workers spend their wages on consumer goods and services.

Over 88% of the respondents are basic industries.

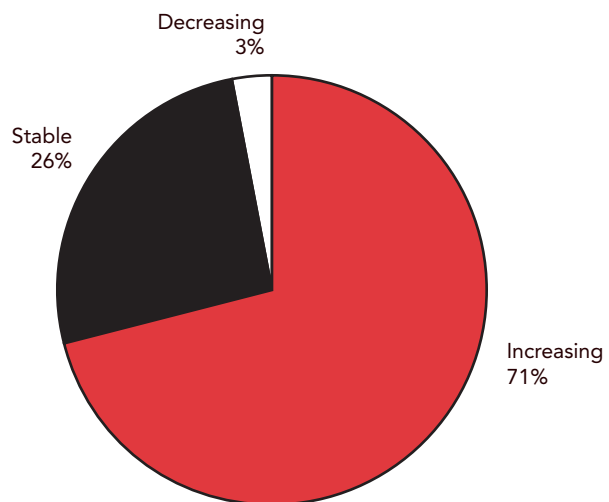
With globalization, we are fortunate that our respondent firms choose to do business in Lee’s Summit rather than other locations. Despite the recent national economy slowdown, 71% of businesses report their sales are currently increasing, compared to 3% stating sales are decreasing. Another variable demonstrating the success of our existing businesses is that 71% report the market share of their primary product is increasing and only 3% report the market share decreasing.

Fortunately, little management or merger and acquisition activity is expected in the future.

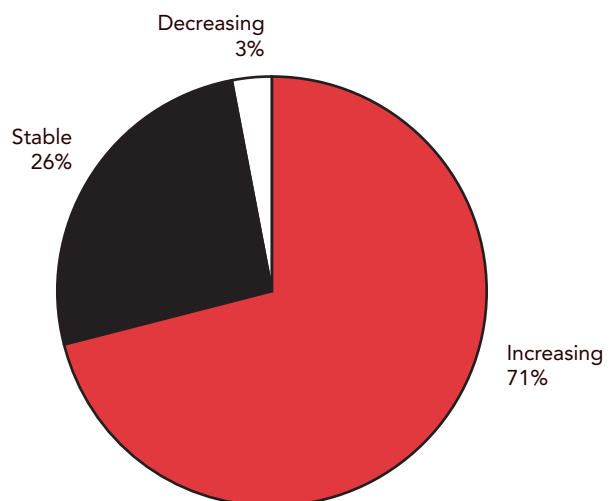


MARKET CONTINUED

Total Company Sales



Market Share of Key Products

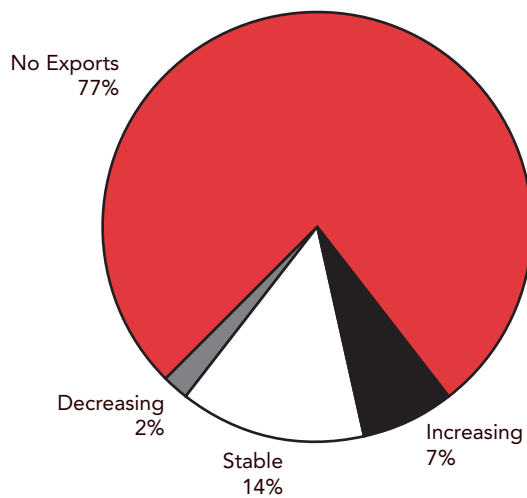


INTERNATIONAL INFLUENCE

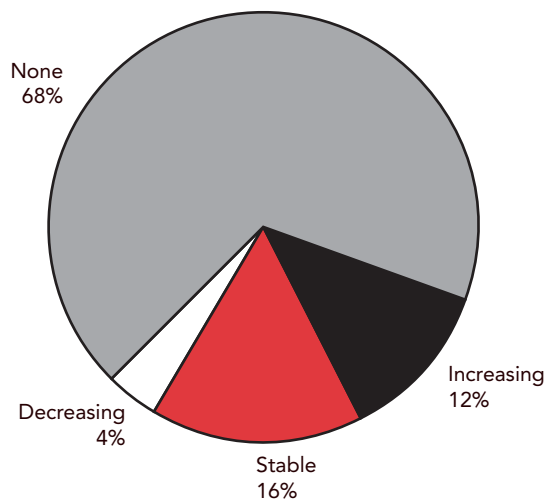
The impact of the global economy cannot be underestimated. US firms are forced to compete with lower operating costs in Mexico and Asia. Due to the sample size, only 5 firms (23% of the respondents) currently export products. Fortunately the other firms are basic, export firms in that they sell outside the local area thereby still bringing in new dollars to the community.

Respondents do not seem to be affected by foreign competitors doing business here or competitors moving production overseas. Few companies import raw materials or products.

Export Sales

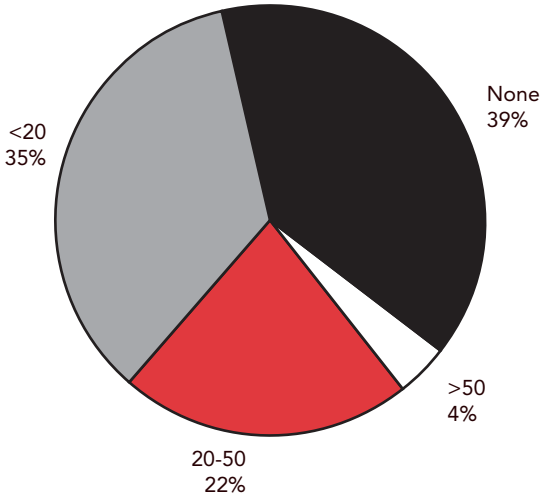


Products Imported

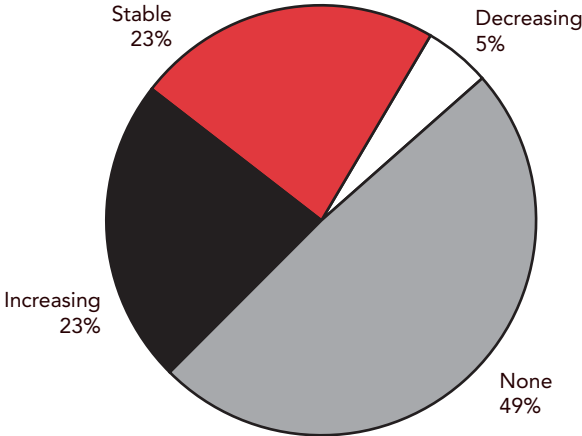


INTERNATIONAL INFLUENCE CONTINUED

International Competitors' US Market Share



Overseas Production by US Competitors



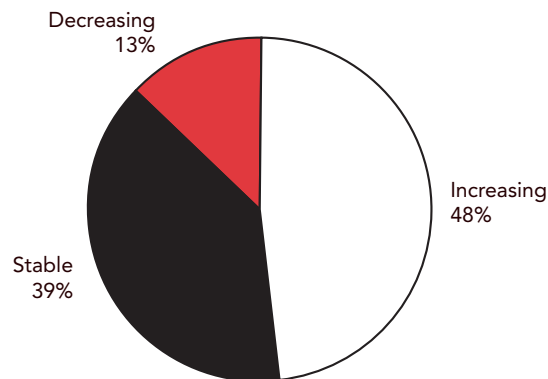
BUSINESS CHANGES/FORECASTS

Companies were cautiously optimistic about expansions in the next three years.

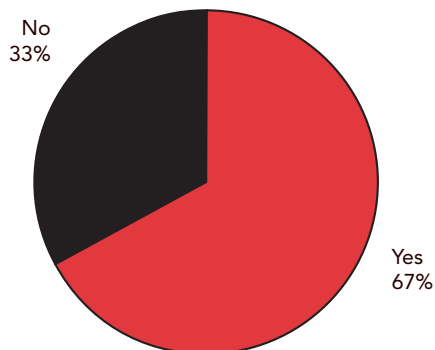
- 512,957 sf of space was added in the last 3 years
- 58% plan to expand or add new jobs in the next 3 years
- 768,525 square feet of new space is needed
- 1,263 new jobs are anticipated
- A net of 851 new jobs were added by the respondent firms over the last 3 years
 - 29 companies added 1058 employees
 - 24 companies employment was stable
 - 8 companies reduced employment by 207

8.2% of the local companies expected ownership changes and 8.20% anticipated local or corporate management changes that could affect the local operation. The relative stability of local management is reassuring to the viability of local operations.

Projected Employment Needs

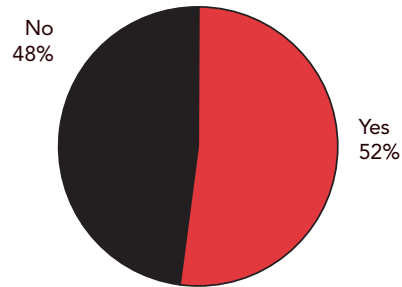


Facilities Adequate for the Future?

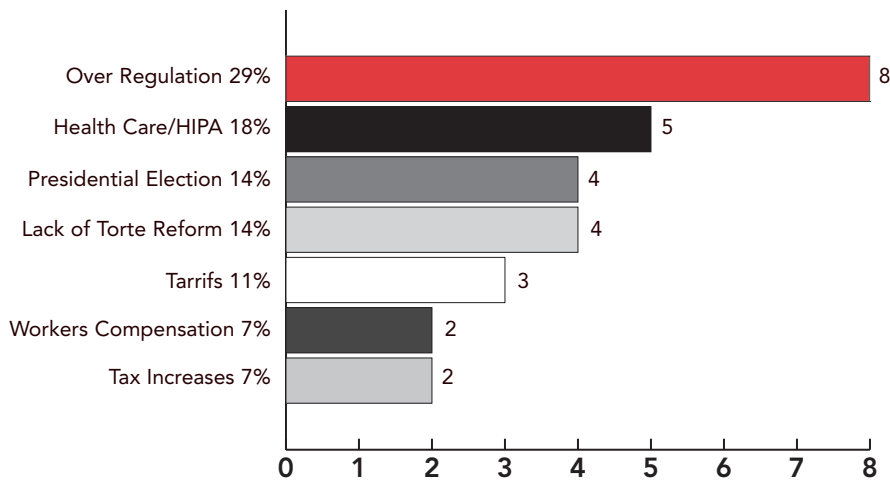


BUSINESS CHANGES/FORECASTS CONTINUED

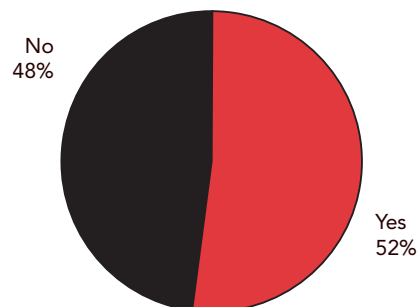
Do you anticipate any federal, state or local legislation that will adversely affect business in the next five years?



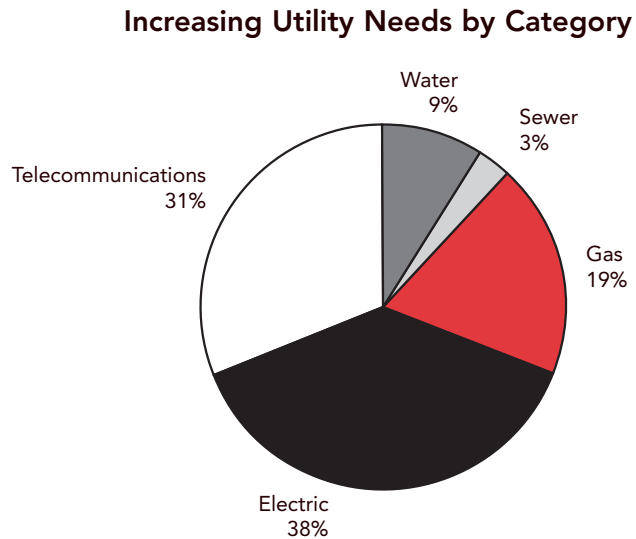
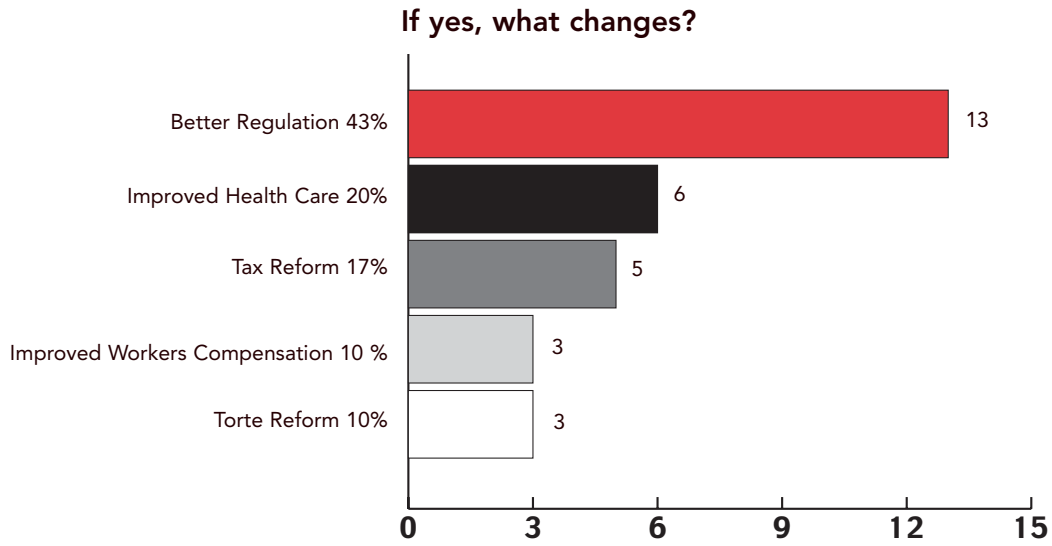
If yes, what changes?



Do you anticipate any federal, state or local legislation that will benefit your business in the next five years?



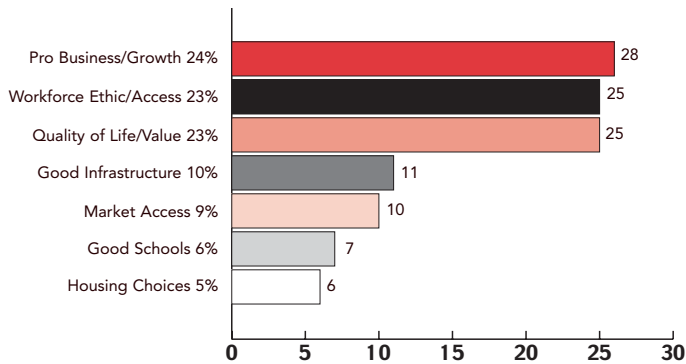
BUSINESS CHANGES/FORECASTS CONTINUED



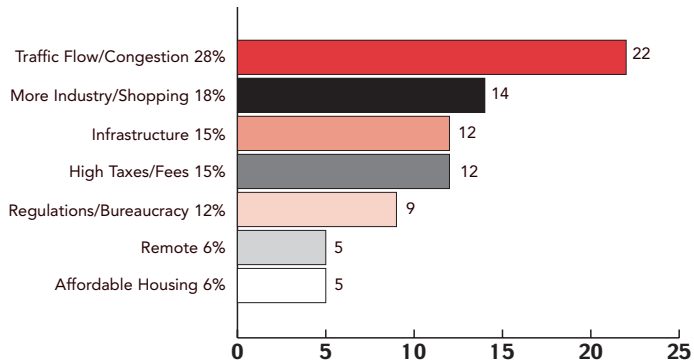
COMMUNITY EVALUATION: OVERVIEW

Lee's Summit was considered a good place to do business. A pro business environment, good workforce and a high quality of life were most frequently mentioned. Weaknesses included traffic congestion, the need for more industry and shopping, and infrastructure improvements. Barriers to growth included: high taxes, lack of quality business parks, red tape, traffic and lack of highly skilled niche workers in machining, nursing, high end professionals and entry level production workers.

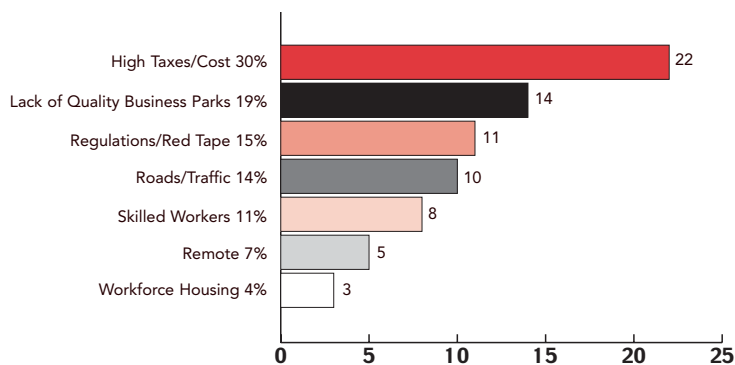
Community Strengths



Community Weaknesses



Perceived Barriers to Growth



COMMUNITY EVALUATION: OVERVIEW CONTINUED

Lee's Summit's Public Services Evaluation yielded few surprises. All services were regarded as average (3) or above average , with the exception of public transportation (1.64) which is relatively absent in the region. The overall average, minus public transportation was 4.10. Scoring especially high (4.5 or higher) were Police (4.62), Fire (4.77), Ambulance/ Paramedics (4.77) and Schools (4.58).

PUBLIC SERVICES EVALUATION

1 = Low, 5 = High	1	2	3	4	5	NA	Ave
Police Protection		2%	2%	22%	67%	8%	4.62
Fire Protection			2%	18%	75%	5%	4.77
Ambulance Paramedic				17%	56%	27%	4.77
Traffic Control	3%	17%	31%	24%	15%	10%	3.34
Public Transportation	27%	10%	2%		3%	58%	1.64
Sewage Treatment	5%	5%	14%	32%	29%	15%	3.88
Water Quality			12%	40%	43%	5%	4.33
Schools (K-12)	2%		3%	23%	60%	12%	4.58
Property Tax Assessment	5%	7%	48%	25%	9%	5%	3.26
Community Planning	2%	3%	16%	52%	24%	3%	3.96
Regulatory Enforcement		2%	26%	36%	28%	9%	3.98
City/Village Services			16%	39%	23%	23%	4.09
County Services		4%	23%	18%	14%	42%	3.73

WORKFORCE EVALUATION

In this global economy, the knowledge based industries drive employee and community wealth. Lee's Summit's relative ability to be competitive regionally, nationally and globally depends on workforce readiness.

Fortunately, workforce availability, quality, stability and productivity all rated above average ranging from 3.72 to 4.08. And 93% of the businesses provide employee training. Recruitment problem areas included: skilled machinists, entry level nurses and production workers, and high end professionals. Fortunately, many highly respected venues are available to help training needs. Among them include the Eastern Jackson County Workforce Consortium, MCC's Longview Community College, MCC's Business and Technology College, and R-7's acclaimed Summit Technology Academy.

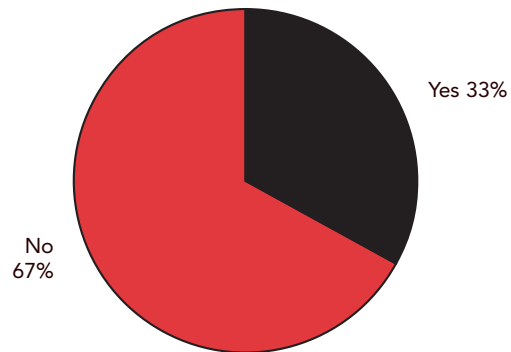
Day care does not present a problem for 62% of the firms interviewed. Opinions are equally divided about the availability of housing choices. About 33% of the respondents believe affordable housing is available, 33% believe housing is expensive and 33% had no opinion. Lee's Summit's housing market was perceived as a regional market including Raytown, Independence, Greenwood, Pleasant Hill and Lone Jack.

WORKFORCE ATTRIBUTES

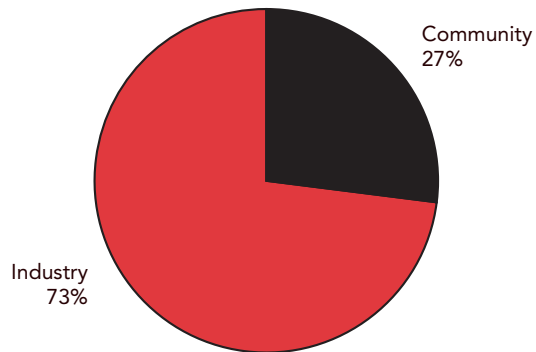
1 = Low, 5 = High	1	2	3	4	5	NA	Ave
Availability		9.84%	27.87%	36.07%	21.31%	4.92%	3.72%
Quality			16.39%	55.74%	22.95%	4.92%	4.07%
Stability		1.64%	16.39%	60.66%	16.39%	4.92%	3.97%
Productivity			8.20%	37.70%	13.11%	40.98%	4.08%

WORKFORCE EVALUATION CONTINUED

Is the company experiencing recruitment problems?



New Recruiting Problems

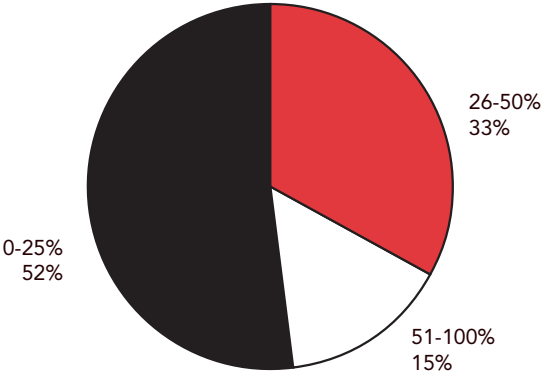


Recruitment Problem Areas

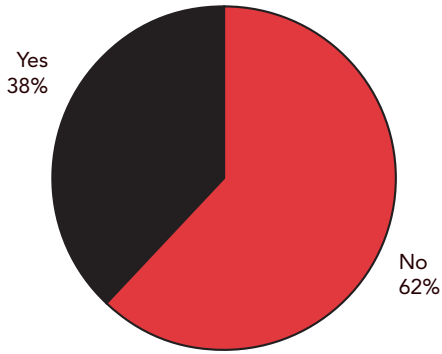
- Skilled Machinists
- Entry level nurses and production workers
- High-end professional

WORKFORCE EVALUATION CONTINUED

Percentage of Children in Day Care

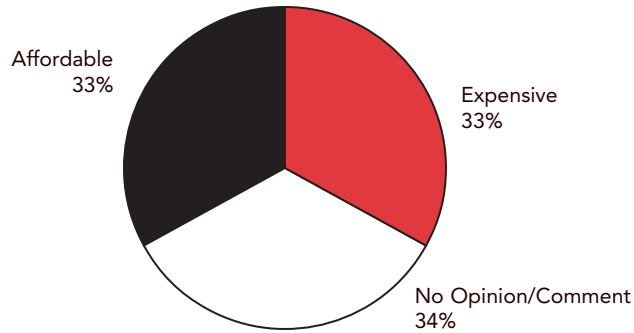


Does Day Care Present a Problem?

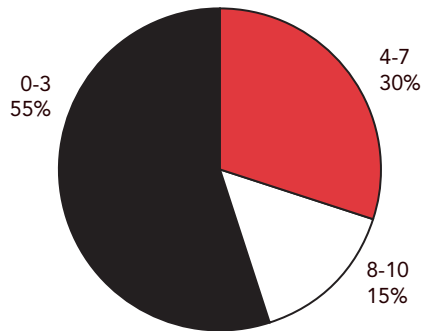


WORKFORCE EVALUATION CONTINUED

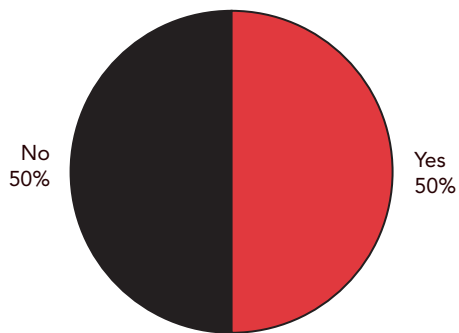
Observations About Housing



On a Scale of 1-10 (10 Being Critical) Quantify Workforce Housing's Effect On Attracting And Retaining Workers.



Would Mass Transit Help Attract or Retain Workers?



PARTICIPATING COMPANIES

ABI Corporation
Acceleration
Adesa Auto Auction
Bartlett and West Engineers
Beacon Press
Bennett Packaging
BHA Technologies
Billy Goat Industries
Bob Sight Ford, Inc.
C K Enterprises, Inc.
Caremark, Inc.
Central Missouri Plastics
Century Concrete - Ash Grove Materials
County Beverage
Creative Blow Mold Tooling
Data Link Corp
Don Kahan Chevrolet
Electronic Office Systems
FabTech, Inc.
GEHA
Geiger Ready Mix
Hawn Bedding
Heartland Fabrication
Heartland Tanning
High Tech Polishing
Hy-Vee
Industrial Machine and Gear
Jay Wolfe Automotive Group
John Knox Village
K & E Manufacturing, Inc.
Lawler Gear Corp
Lee's Summit Honda
Lee's Summit Hospital
Longview Community College

Marco Industries
Metcraft Industries
MiraCell
NRCCUA (Nat'l Research Center for
College/Univ. Admissions)
Pavestone
Pfizer Inc
Plastic Enterprises Company, Inc
Polytainers
PPO, USA
Progress Instruments
R & D Tool Engineering
Regulatory Clinical Consultants, Inc.
Saint Lukes Health System Information
Systems
SBC Communications, Inc.
Service Mark
Stemlock, Inc.
Superior Bowen Asphalt
Symtech Corporation
T & W Steel
Ted Ruhling Co.
Truman Medical Center Lakewood
Ultrax
Unitech
U. S. Citizen & Immigration Services -
U. S. Department of Homeland Security -
National Benefits Center
ViraCor
W C Tingle
Weed Man - Turf's Up

LEE'S SUMMIT ECONOMIC DEVELOPMENT COUNCIL

218 SE Main Street • Lee's Summit, Missouri 64063 • 816-525-6617

jdevine@leessummit.org • tdevans@leessummit.org

www.leessummit.org

JIM DEVINE - President and CEO

TERESA EVANS - Director of Community and Investor Relations

BOB GUNTERT - LSEDC Advisory Board Member