

Haines Chamber of Commerce Business Retention and Expansion Report



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December 2016

I. Introduction

The Business Retention and Expansion Program survey, created by the Alaska Department of Commerce, Community, and Economic Development, contained 61 questions. According to the state's Division of Economic Development, the BRE program "assists communities in analyzing the key drivers of their local economy, identifying opportunities to improve the business climate, and implementing strategies that grow and expand existing local business and industry."

Over the past 10 months, two project managers working under the Haines Chamber of Commerce conducted 41 interviews with business owners and general managers operating within the Haines Borough. Before each interview, the participant and project manager both signed a document outlining a) the participant's right to skip any question for any reason, and b) confidentiality and how the survey information would be used. Respondents included retailers, grocery stores, mineral exploration companies, real estate companies, construction firms, tour companies, lodging facilities, media, manufacturers, restaurants, bars, and others. The first interview was conducted on March 18, 2016. The last was on Dec. 2, 2016.

The report is separated by section, corresponding to the sections of the survey. The project manager met with Chamber executive director Debra Schnabel, who gave direction on which questions to include and omit based on relevance. Therefore, some of the questions in the survey are not reflected in this report. You will see questions referred to by "R#," so if you choose to access the full report at some point, it will be easier to navigate.

As respondents were not required to answer all of the questions -- because the question was not applicable to their business, they simply did not want to divulge the information, or they didn't know the answer -- not every question has 41 responses. Conversely, some questions allowed respondents to mark all applicable answers, generating more than 41 responses.

II. General Information

R6. What is your business type?

The majority of those surveyed are LLCs (46 percent). S Corp and Sole Proprietor businesses are about evenly split with 24 percent and 22 percent, respectively. Only 5 percent are C Corp, and one respondent indicated "Other."

R7. Is your business locally owned?

87.5 percent of respondents indicated 'Yes.' 12.5 percent indicated 'No.'

R8. What are your top three reasons for locating/keeping your business in Haines?

Response	Number	Percentage
Access to Customers	13	13.4%
Access to Suppliers	1	1%
Proximity to Home	26	26.8%
Cost of Doing Business	3	3.1%
Financial Incentives	3	3.1%
Access to Business Support Services	1	1%
Recreation Facilities/Entertainment	3	3.1%
Quality of Life	30	30.9%
Safety Services	1	1%
Other	16	16.5%

"Other" responses included:

- Product is Haines specific
- Sense of community
- Wanted to stay
- Living here
- This is home
- Physical environment
- Competition
- Already owned the building
- Marketing and image is tied to Haines
- Family
- Mineral endowment
- Took over family business
- Parents built business here

R12. Do you rent/lease or own your facility?

65 percent (26 respondents) own, and 35 percent (14 respondents) rent/lease.

R14. Do you have multiple locations?

65 percent (26 respondents) said 'No,' while 35 percent (14 respondents) said 'Yes.'

III. Workforce Information

R18. How many workers (including yourself) are employed at this location?

39 respondents answered this question. The highest number of workers reported was 75. The lowest was one. The average was about 10 employees. The mode was a tie between one, two, three, and six (which each appeared four times), and the median was six.

Of the 392 total employees reported, 50.2 percent were full-time, 22.5 percent were part-time, and 27.3 were seasonal.

R19. Is your business planning to increase, decrease, or maintain your workforce in the next three years?

Most businesses are planning to maintain their workforce (25 respondents, or 62.2 percent). Only 2 respondents (5 percent) plan to decrease their workforce, and 13 (32.5 percent) said they plan to increase.

R20. Has your business experienced a decrease, increase, or no change in the past three years in the following six areas?

Skill Level of Workforce		
Response	Number	Percentage
Decrease	2	5%
Increase	14	35%
No Change	23	57.5%
No Response	1	2.5%
Total	40	100%

Size of Workforce		
Response	Number	Percentage
Decrease	10	25%
Increase	13	32.5%
No Change	17	42.5%
No Response	0	0%
Total	40	100%

Education of Workforce		
Response	Number	Percentage
Decrease	0	0%
Increase	9	22.5%
No Change	28	70%
No Response	3	7.5%
Total	40	100%

Wages of Workforce		
Response	Number	Percentage
Decrease	1	2.5%
Increase	23	57.5%
No Change	13	32.5%
No Response	3	7.5%
Total	40	100%

Average Age of Workforce		
Response	Number	Percentage
Decrease	3	7.5%
Increase	8	20%
No Change	26	65%
No Response	3	7.5%
Total	40	100%

Retention of Workforce		
Response	Number	Percentage
Decrease	5	12.5%
Increase	8	20%
No Change	23	57.5%
No Response	4	10%
Total	40	100%

R21. If the number of employees in your business is changing, identify the reasons for the employment change (mark all that apply).

The most selected reason for a change in the number of employees was "Change in Demand (Either Growth or Lack of Demand)" with 31 percent. "New Products/Services" and "Other" each received 11 percent. The remaining options ("Business Did Not Exist Three Years Ago," "Change in Management," "Improved or Increased Efficiency," "Increased Competition," "Corporate Decisions/Policies," "Renovation/Expansion," "Entered New Markets," "Changes in Subcontracting," and "Government Regulation" garnered percentages in the single digits.

R22. Does your company have problems recruiting employees locally?

This was a fairly even split, with 18 respondents (46.2 percent) indicating ‘Yes,’ and 21 respondents (53.8 percent) indicating ‘No.’

R23. Is employee turnover a problem for your business? If yes, why?

Most businesses do not appear to have a problem with turnover, as 32 respondents (82.1 percent) said ‘No,’ and only seven respondents (17.9 percent) said ‘Yes.’ Reasons for problems with turnover included:

- People leave to work for SEARHC and AML because they are offered free school/training and benefits.
- The job is very demanding. Haines is a transitory community, so people come and go a lot.
- People are not accustomed to the level of work and time commitment.
- People here don’t want to work in the field.
- Small town with an older population.

R24. If you answered ‘Yes’ to R22, please identify the most important reasons for your recruiting difficulties.



“Other” responses included:

- People don’t want to work over a certain amount of hours and jeopardize access to benefits like Denali Kid Care
- People don’t want to stay year-round
- Alcohol problems
- People want fulltime, year-round employment instead of having their hours cut in the winter
- Can’t provide enough hours
- Not many young people available/older population
- Lack of general interest in specific position
- The job is hard work
- Tough environment

R25. What resources are you currently using to locate and hire new employees? Mark all that apply.

Most businesses seemed to rely on “word of mouth” (28 respondents or 23.9 percent) and “walk-ins” (20 respondents or 17.2 percent) for hiring new employees. Fifteen respondents (12.9 percent) place ads in the local newspaper. The Community Website and KHNS were also cited as “Other” avenues businesses take. Few businesses seem to reach outside the community via job centers (5 respondents or 4.3 percent) and job fairs (2 respondents, or 1.8 percent), though 9 respondents (7.8 percent) used Internet advertising. About 10 percent said they promote from within, 4 percent said they use professional associations, 5 percent said they advertise on their own website, and 4 percent said they use social media to locate new employees.

R26. Would any of the following topics be of value to your business?



“Other” responses included:

- Marine safety
- First aid/survival skills
- Developing a succession plan
- Cooking and baking
- A comprehensive class involving a bit of all of the above
- Computer literacy
- Tech support
- Microsoft Word and Excel
- Mountaineering
- Advanced math, CAD programs, engineering physics, and other engineering fundamentals
- How to sell your business

IV. Sales and Purchasing Information

R30. What percentage of your sales come from the Internet?

This question was largely applicable to tour companies, lodging facilities, and businesses that rely heavily on visitors. The vast majority of respondents said 0 percent of their sales come from the Internet. Of those that conducted Internet sales above 1 percent (10 businesses), the average percentage of their gross sales that came from the Internet was 47 percent.

R32. Have the sales of your products or services changed over the last three years?

About 70 percent of businesses (25 respondents) said their sales have changed over the past three years, with 11 respondents (about 30 percent) reporting sales had stayed steady. Individual respondents indicated reasons for the increase or decrease in their sales, including:

- Decrease of 25 percent because of a decline in the market and limited state funding for projects.
- More than doubled because of the amount of passengers and freight coming through the business.
- Increase of about 7-8 percent because of offering new products.
- Winter sales are staying the same but summer is getting increasingly busy.
- Increase of 5-15 percent each year over the past three because of experience, excellent Trip Advisor ratings, good relationship with cruise ship companies, and high service quality.
- About 20 percent increase due to moving downtown/increased visibility.
- About 50 percent increase due to improvement in the national economy.
- Doubled each year over the past three due to marketing/promotional efforts and increased tourist visitation.
- Increase of about 10 percent due to growth in tourism market and products delivered.
- Decline of about 30 percent because of Juneau stores and cost of freight.
- Increase of 100 percent because it is a new business experiencing rapid growth.
- Increase 15 percent due to better economy and lower fuel prices.

R33. What percentage of your purchases for the business are made over the Internet? Why?

The responses were either very small or very large percentages: either the business got mostly everything by ordering over the Internet, or nearly nothing. Of the 35 respondents, the average percentage of purchases made over the Internet was 37.3 percent. The primary reason given was availability. For example, many restaurants use food service companies where items come from a Seattle distributor, and some businesses require specialty technologies not available in Haines. Another top reason given was cost; items are less expensive online and can be bought in bulk.

R34. What specific goods and services do you purchase locally?

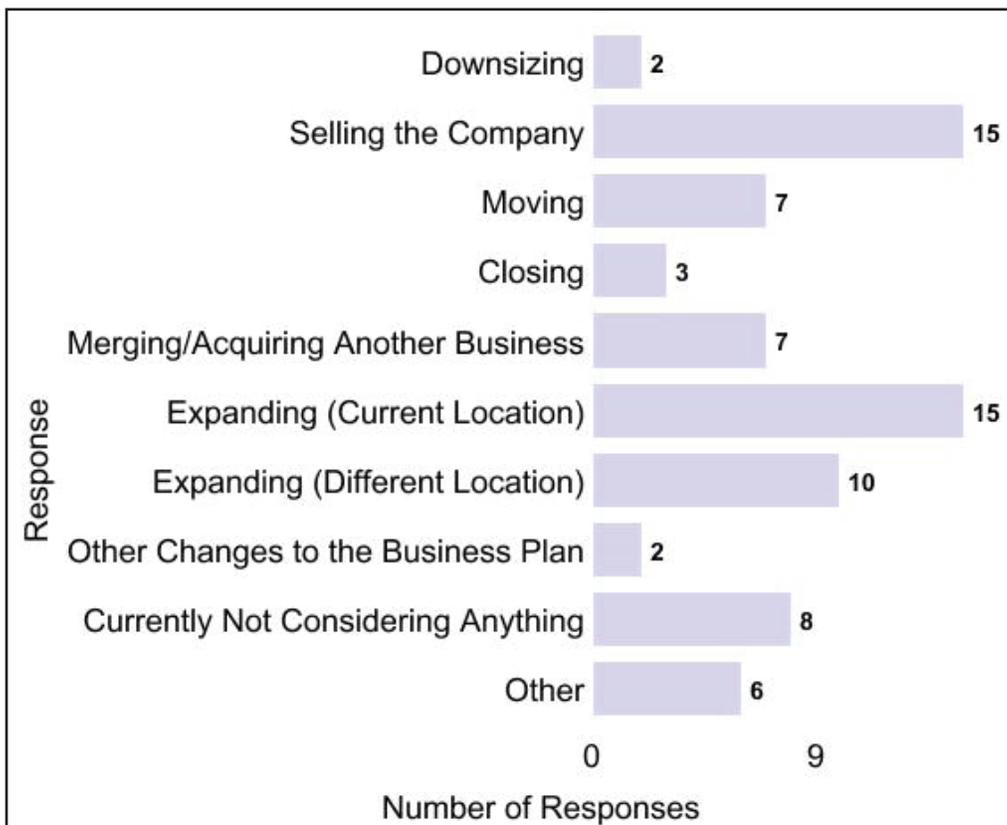
The most cited items were fuel, utilities (trash, Internet, electric, etc.), office supplies (when King’s Store was open), contracting services (electrical, plumbing, etc.), and building materials. Most respondents emphasized they make an effort to use local products and support local businesses to some degree (for example, restaurants using Olerud’s for all meat products or local farmers for produce, tour companies buying client lunches from Mountain Market, etc.).

V. Technology and Operations Information

R36. Are there major technological or other innovations on the horizon in your industry that might impact your company?

About 58 percent of respondents (22) said there are technological innovations on the horizon that might impact their business, positively or negatively. About 24 percent (9) said there are not any, and 18 percent (7) said they are unsure.

R37. Are you currently considering any of the following?



“Other” responses included:

- Adding new products
- Adding a new tour
- Just moved to a more visible location
- Retiring
- All of the above

R38. If you are considering moving or expanding to another location, which area are you considering?

About 53 percent of respondents (8) considering moving or expanding to another location said they were considering moving or expanding to another area of Alaska. About 47 percent (7) said they were considering moving or expanding in Haines. No respondents said they were considering moving to another state or country.

R39. Does your company’s current property allow for expansion, if necessary? If you are not expanding your business, what is the single biggest factor or issue preventing you from doing so?

68.4 percent of businesses (26) said their current property allows for expansion, 26.3 percent (10) said their current property does not allow for expansion, and 5.3 percent (2) said they were unsure. Respondents cited market conditions as the primary reason they are choosing not to expand at this time.

R40. If you are considering changes to your business (selling, moving, expanding, etc.) what are the contributing factors?



- “Other” responses:**
- Building doesn’t have bathroom facilities
 - Taking care of relatives in the Lower 48
 - Need more storage space and bathrooms
 - Moving family to a bigger city so they have more opportunities
 - Downsizing
 - Personal reasons
 - Increasing market share

R41. Does your business have a current written business/strategic plan?

Most businesses (55.3 percent, or 21) did not have a current written business/strategic plan, while 39.5 percent (15) did have one. About 5 percent (2) were unsure.

R42. Does your business have a succession plan for ownership/management?

Respondents to this survey overwhelmingly did not have a succession plan for ownership or management (73.7 percent, or 28 businesses). Only 21.1 percent (8) had a succession plan, and 5.3 percent (2) were unsure.

VI. Trading Area Information

R44. What are the greatest advantages and disadvantages of operating your business in Haines, as opposed to elsewhere?

There were no optional answers for this question; respondents gave their own impressions of the advantages and disadvantages of doing business in Haines. The high cost of freight, low population, and expensive utilities (electricity, Internet, fuel) were the most-cited disadvantages. Quality of life and community were the two most-cited advantages. A sampling of some of the advantages and disadvantages listed by respondents included:

Disadvantages:

- High cost of freight
- Limited market due to population
- Seasonality of sales and work
- High energy/fuel costs
- Expensive Internet
- Unstable financial market in Canada
- Lack of tourism
- Too much competition in the restaurant industry
- Local politics
- High tax rates
- Internet and 'Big Box' stores are cheaper
- Oppressive borough/state regulations
- Uninformed residents unsupportive of economic development
- Monopolies on major services
- Transportation logistics (cost and time)
- Lack of supporting businesses (legal, printing, accounting, etc)
- Shallow and unskilled labor pool
- Weather

Advantages:

- Close to home
- Quality of life
- Supportive community
- Have a monopoly on the market
- Necessary service due to isolation
- Geographic uniqueness
- Access to natural resources (fish, game, plants)
- Less restrictive zoning/inspection requirements
- Cruise ship traffic
- Good labor force
- Image of "Haines" promotes the product
- Close relationship with customers

R45. What type of Internet service does your business use?

About 72 percent of businesses (28 respondents) use DSL Internet. The other options (satellite, dial-up, cable, T-1 lines, none, other, and unsure) each received three responses or less.

R46. Are you satisfied with your current Internet service?

Nearly 67 percent (26) of respondents said they were not satisfied with their current Internet service because it is too slow and expensive. About 28 percent (11) said they were satisfied, and 5 percent (2) were unsure.

R47. Is cell phone reception or "dead areas" an issue for your business?

60 percent (24) respondents reported "dead areas" are an issue for their business. 37.5 percent (15) said cell phone reception isn't an issue, and one respondent said they were unsure.

VII. Resource Information

R49. During the last three years, have you used any local, regional, state or federal programs to help your business?

Overwhelmingly, about 85 percent of respondents (33) indicated they have not used any programs to help their business. Only 15 percent (6) said they had.

R50. Would you like to receive assistance with any state, local, or federal programs?

About 44 percent (16) of respondents said they would like assistance with programs, while about 56 percent (20) declined assistance. Those who indicated they would like assistance said they were specifically interested in programs that would help finance expansion/construction, provide low or no interest rate loans to small businesses, provide weatherization and energy grants/loans, or perform a business audit and identify areas for improvement.

R51. What is your overall opinion of Haines as a place to do business?

	No Response	Poor	Fair	Good	Very Good	Excellent
Number	1	5	16	11	5	2
Percentage	2.5%	12.5%	40%	27.5%	12.5%	5%

R52. What is your overall opinion of Haines as a place to live?

	No Response	Poor	Fair	Good	Very Good	Excellent
Number	1	2	2	9	9	17
Percentage	2.5%	5%	5%	22.5%	22.5%	42.5%

R53. What federal, state, and local policies are of greatest significance to your company?

- Federal and state environmental regulations and policies (including Tier III designation)
- Local bidder preference or preference policies for small businesses
- Federal interest rates
- Local planning and zoning regulations
- State and federal excise tax
- Health care
- Small business tax breaks
- Land management issues, including for state parks

R57. What recommendations do you have for improving the business climate or quality of life in the State of Alaska?

- Increase youth and health services to attract families and allow them to stay
- Make it easier to deal with state agencies like DEC, DOT, Fish and Game, etc.
- Implement programs to keep energy costs reasonable
- Maintain adequate ferry service to Haines
- Make a conscious effort to protect water quality
- Relax burdensome agency regulations and paperwork requirements
- Create long-term, year-round jobs to rebuild labor force
- Lower the cost of freight by encouraging competition
- Promote tourism
- Figure out a long-term budget plan so people know what is coming

R58. Are there new local businesses/companies that would improve your business' operations or profitability?

Many respondents noted that another freight company would help bring down the cost of doing business. Other existing or potential companies mentioned included a taxi service, ferry shuttle, development of a mine, a boat-building business, more cruise ships, Aspen Hotel, Haines Brewing Company, and the Port Chilkoot Distillery.