



QUALITATIVE RESEARCH

Rural Economic Area Partnership Investment Fund, Inc.
Key Findings from Focus Groups

JM Strategies LLC

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Key Findings From Focus Group Sessions

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EXECUTIVE SUMMARY

PURPOSE OF THIS PROJECT

The mission of the Rural Economic Area Partnership is to assist North Dakota communities to develop cooperative strategies, improve economic viability, create diversity and competitiveness and facilitate partnerships that create vibrant rural economies.

In this project, qualitative research focused on Stark County's small business development and what services, if any, were available to those businesses.

The timing is ideal. Stark County has experienced explosive economic growth during the last decade. Fueled by the energy boom, Dickinson and surrounding communities have seen a significant increase in population. With the energy boom have come more opportunities. With more residents have come demands for more services. And all of this has fostered the creation of new small businesses and the expansion of existing small businesses.

The purpose of this project was to *identify attitudes, needs, and wants among small business owners and entrepreneurs in Stark County*. The impetus for this project was born out of a perception that there are fewer services available to small business owners and entrepreneurs in Stark County than in other regions of the state. This project was created to answer the following three questions:

- 1) *Is there a lack of services and resources to assist small business owners and entrepreneurs in the Dickinson area and Stark County and, if so, to what extent?*
- 2) *What, if any, specific services and resources are missing?*
- 3) *What can be done to ensure that small business owners and entrepreneurs have the support they need to grow and prosper?*

Research such as this is beneficial as an inexpensive tool to implement every three to five years in order to gauge the effectiveness and distribution of programs and services purchased by the communities. This work can and should affirm the collective long-term commitment of all stakeholders.

FUNDING FOR THIS PROJECT

This project was funded by a grant from the North Dakota Consensus Council.

BACKGROUND INFORMATION & METHODOLOGY

JM Strategies, of Bismarck, ND, was hired to manage this process and proposed a two-step qualitative research process.

The first step was to conduct an online survey of small businesses and entrepreneurs. JM Strategies, in consultation with representatives associated with REAP Investment Fund, developed an online survey that was sent to more than 125 participants in May. The survey's results identified issues, themes, and participants for the second research phase involving focus groups.

JM Strategies conducted two focus group discussions exploring attitudes and perceptions of economic development in the Dickinson area and Stark County. The focus group sessions were conducted on June 21 and June 28, 2017. Constructive feedback was solicited regarding steps that can be taken to provide greater assistance to entrepreneurs and small businesses and foster further economic growth in the area.

Thirteen (13) total participants participated in the focus group sessions, which were held at the Fluffy Fields Vineyard in Dickinson. The first panel discussion on June 21 consisted of seven (7) area entrepreneurs and small business owners/managers. One week later, the second panel discussion was held with six (6) economic development officials and area lenders. Both groups were asked the same set of questions. All participants had an understanding of economic development and/or the issues confronting area entrepreneurs and small business owners. Participants were not compensated for their attendance.

These focus group sessions enabled participants to share opinions and insights about issues and concerns. It is the intention that the information gathered from this project will serve as the foundation for further discussion among key stakeholders in the Dickinson area resulting in concrete solutions, strategies, and programs to assist entrepreneurs and small businesses.

KEY FINDINGS

The research found disparity and a lack of coordinated responses for small business development, education, and small business supports. It was clearly established by the business participants that larger primary sector businesses (those that sell goods outside the area or state) have seen supports and funding not available to small businesses.

Since some primary sector businesses were established decades ago, their continued access to supports and funding at the exclusion of smaller businesses is not well received nor supported. It can be argued that the global market has imbedded itself in the county and the argument for primary sector preference is no longer valid.

HOW TO VIEW THESE FINDINGS

This report conveys ideas, concerns, observations, and suggestions of the individuals who attended and participated in the focus group sessions. These comments do not represent a consensus or the position of the sponsors of this project.

Particular attention must be drawn to the views expressed by small business owners and entrepreneurs. This group was specifically critical of what they see as both a lack of services and resources but also a disregard for small businesses due to a preference for larger business. Stark Development Corporation was the entity explicitly cited by many of these participants. However, it should be noted that this is not surprising considering Stark Development Corporation's position as the region's largest and most prominent economic development organization. *In the absence of other strong organizations, focus group participants typically single out the most prominent organization.* This report should be read with this point in mind.

The comments from respondents speak for themselves. This report should not be interpreted as purposefully negative towards any institutions or organizations cited by participants in both sessions. Rather, this report should be seen for what it truly is: ***A summary of individuals' attitudes, perceptions, concerns, thoughts, and recommendations pertaining to the small business support and development environment in Stark County.***

As is always the case, there are no right or wrong answers in qualitative research projects. There are only responses that should be viewed as clarifying and as an opportunity to make positive changes.

SUMMARY OF DISCUSSIONS

The questions for the focus group sessions were divided into three parts. The following is a summary of the responses to the questions presented during the sessions.

PART 1: LIGHTENING ROUND

The first set of questions were part of a lightning round where participants were asked to use a word or phrase to describe their impressions of *economic development, Stark County, Dickinson, and the business climate in Stark County.*

Lightning round questions capture top of mind responses, which typically are truest to what a participant really thinks and feels. When these questions are asked at the start of a session, they can serve to break the proverbial ice amongst participants and provide a foundation for future discussion points. Further conversation followed the questions, which provided additional insight as to why participants answered the way they did.

- **IMPRESSIONS OF ECONOMIC DEVELOPMENT**

By and large, both groups expressed generally positive or neutral impressions of economic development. The most popular answers for entrepreneurs and small business owners were “more people” and “more industry.” A few mentioned “paperwork,” citing the process involved in acquiring financing. Lenders and economic development professionals cited “sustainability,” “growth,” “job development,” “opportunity,” and “quality of place.”

- **IMPRESSIONS OF STARK COUNTY**

Attitudes tended to diverge amongst the two panels on this set of questions.

Entrepreneurs and small business owners held differing impressions of Stark County. Some saw it as growing while others mentioned that less people were living in the county due to the downturn in the energy sector. All said “rural” or “western” immediately came to mind when they thought of the county. More than half of these participants mentioned either “politics” or “political.” These individuals elaborated on what they perceived to be a “club” mentality when it comes to economic development in the area and how some businesses are favored over others.

For their part, lenders and economic development professionals addressed the economic slowdown by the recent slide in the oil and gas markets with one mentioning that the county is “stressed” by what’s to come. Another participant followed up on that point by speaking about the area’s “total dependence” on the energy and agriculture sectors. Others mentioned Dickinson’s natural dominance as the county’s largest city. More than half of the lenders and economic development professionals stated that growth and opportunity are available in the county.

- **IMPRESSIONS OF DICKINSON**

While impressions slightly differed regarding Stark County, a major divide was evident when discussion turned to impressions of Dickinson. Lenders and economic development professionals were positive, while entrepreneurs and small business owners were generally negative. Here were responses from both groups that highlight the divide:

Entrepreneurs and Small Business Owners:

- "Lack of opportunity"
- "Really political"
- "Out of touch"
- "Greed"
- "Old school"
- "All of the above"
- "Opportunity"
- "Attempting progress"

Lenders and Economic Development Professionals:

- "Progress"
- "Opportunity"
- "Growth"
- "Home"
- "Strong economic environment to rally around"
- "Collaboration"

- **IMPRESSIONS OF THE BUSINESS CLIMATE IN STARK COUNTY**

There was general consensus regarding the business climate in Stark County among participants in both groups, however, entrepreneurs and small business owners were more pointed in their observations and criticisms.

Lenders and Economic Development Professionals:

- "Tentative"
- "Stressed"
- "Hesitant"
- "Maintaining / Holding Its Own"
- "Diverse"

Entrepreneurs and Small Business Owners:

- "Stagnant"
- "Myopic"
- "Cliques / Cliques"
- "Cautious"
- "Regionally non-competitive"
- "Hesitant to move forward"

Two small business owners were quite specific in their views. One stated residents are by their nature conservative and that the cultural impact of agriculture cannot be overstated. "Many lifelong residents are risk adverse," said the participant. "Their attitude is it 'might not rain this year' so don't spend, don't invest, don't try anything new. We have to leave well enough alone. This attitude holds us back."

Another business owner was blunt. "Locals are jealous of newcomers who take risks. Some don't want success unless if they can get a cut. Dickinson only gets behind a business once it succeeds."

The response to impressions of Dickinson and Stark County's business climate more than validate the age-old adage of where you stand depends on where you sit. Overall, entrepreneurs and small business owners see a challenging and very political environment in Dickinson. Their counterparts in the second group, the lenders and economic development professionals, see a community with potential and a positive economic climate, albeit in a county that more than one described as "hesitant" and "tentative" in its approach to business development.

PART 2: IDENTIFICATION

We focused on identification during this phase of the discussion. Whereas the first phase dived into existing perceptions and attitudes amongst participants, this section sought to identify issues and factors that are positively and negatively impacting the area's entrepreneurial culture and economic development efforts.

- **ESSENTIAL BUILDING BLOCKS FOR A HEALTHY ENVIRONMENT FOR ENTREPRENEURS AND SMALL BUSINESSES**

Entrepreneurs and Small Business Owners:

- Financing
- Community support (Split opinion among participants)
- Good employees
- Southwest REAP – “Wonderful”
- State and local government – “Great”

Lenders and Economic Development Professionals:

- Strong base population with Dickinson's population getting younger
- Strong birth rate and rising kindergarten rates
- Younger population – “Filled with new ideas and creating business niches”
- New and different types of businesses
- More diversity in our culture

- **BUILDING BLOCKS THAT ARE CURRENTLY PRESENT**

Entrepreneurs and Small Business Owners:

- Land mass and area to support expansion and growth
- Dickinson's infrastructure – “The city made smart investments”
- More choices for restaurants, bars, hotels, and venues – “Dickinson is slowly becoming a destination”
- More housing – “More choices and the market is good”
- Community Center – “It has had a huge impact”
- Hospital

Lenders and Economic Development Professionals:

- Strong base population with Dickinson's population getting younger
- Strong birth rate and rising kindergarten rates
- Younger population – “Filled with new ideas and creating business niches”
- New and different types of businesses
- More diversity in our culture – “Makes us more attractive to younger people”
- Quality of life

- **BUILDING BLOCKS THAT ARE CURRENTLY ABSENT**

Entrepreneurs and Small Business Owners:

- Lack of state political support – “State politics hurts us; the power is in the east”
- Positive perceptions of the west – “We’re a cash cow for the state”
- Support from banks – “Many view us as a nuisance; they can be a pain in the ass”
- Local support – “Locals are stingy in their support”
- Lack of diverse of economy – “Too dependent on commodity markets”
- Lack of support for new businesses – “The Dickinson business establishment is biased in favor of the ‘core four’ businesses”
- Consistent population – “It has always fluctuated with the energy market”
- Lack of workforce (Cited by four participants)
- Wages are too high – “Bismarck is 20 to 30 percent lower”
- Weather
- Lack of a narrative – “We don’t tell our story”

Lenders and Economic Development Professionals:

- Small area communities are not growing – “They’re becoming bedroom communities”
- Mental health services
- Drug treatment center and services – “Major problem”
- Community strategy

Key Takeaways: *The divide between these two groups was pronounced. In fact, in many areas, the two groups are not even on the same page much less reading from the same book.*

A look at the discussion regarding missing building blocks best illustrates the depth of the divide. Entrepreneurs and small business owners openly (and easily) rattled off a list of challenges and shortcomings that they perceive to be stifling entrepreneurship in the area. For their part, lenders and economic development professionals addressed larger macro community challenges. This is especially disconcerting when you consider the fact that entrepreneurs and small business owners are largely dependent on lenders and economic development professionals for support.

Participants did seem to be close to agreement on the impact of the energy boom on the area’s psyche as both groups volunteered impressions. Entrepreneurs and small business owners spoke of the negative impacts the boom had on housing costs and wages. However, many singled out Dickinson for praise in the way city leaders invested in infrastructure and managed construction. Lenders and economic development professionals addressed the disconnect between lifelong residents and newcomers with one participant summarizing it this way: “Lifelong locals now enjoy all the benefits from the boom but now want to go back to the way it was before the boom. They hope oil doesn’t come back.”

- **USE OF SERVICES & RESOURCES**

Three of the seven participants in the panel of entrepreneurs and small business owners stated that they had used area services and resources to help start or grow their businesses. Those who did mentioned Roosevelt Custer and Southwest REAP. Two of the individuals mentioned the assistance of the now-closed Strom Center in the development of their business plan. Other participants indicated that they had received grants from other sources, most notably through the state. By and large, most were unaware of available services and resources. Those who did know of available services said they did so only through word of mouth. What is striking is that all were largely contemptuous of the Stark Development Corporation as the entity is viewed as only favoring large businesses and the “core four businesses” in Dickinson. One panelist asked: “What is Stark County Development doing to attract businesses?”

This stands in contrast to the discussion among lenders and economic development professionals. Panelists during that session admitted that banks were struggling to keep up during the boom. All believe that the Stark Development Corporation and SBDC provide “decent resources for people to go to.” The Strom Center was brought up and provoked comments ranging from supportive of the former center’s mission to dismissive of the services they delivered. All participants in the lender and economic development panel were blunt in their assessment emphasizing that entrepreneurs need to “take the initiative” and “network” within the community and their sector. More than one participant stated that some entrepreneurs are looking for the proverbial “silver bullet” when they should be focused on having some “skin in the game” in terms of capital and collateral.

- **IDENTIFIED NEEDS**

Entrepreneurs and Small Business Owners:

- Education on business basics and continuing education courses
 - o QuickBooks
 - o Social media training
 - o Using software programs
 - o Marketing
 - o Legal
 - o Financial
 - o Human Resources basics
 - o Regulatory compliance
 - o “Practical steps on how to make your idea a reality”
- Access to capital
 - o “Strom-like center that provides incentives and lays out metrics to determine credit lines”
 - o Assistance to help restructure debt
- Childcare
- Workforce training
- Tax incentives
- Mentorship
- Internship opportunities to help meet workforce needs

Entrepreneurs and small business owners were specific and extensive in their ideas on services that should and can be provided to assist them. Most spoke of the void left with the closure of the Strom Center and many felt Dickinson State University, the Chamber, or another new entity could fill this need.

Lenders and Economic Development Professionals:

- Capitalization
- Reliable workforce
- Education and training on generational differences in the workforce
- Childcare – “It’s a major economic development issue”

Again, the divide between the panels was evident. Half of the panel believed that services and resources are currently available but that individual initiative was necessary to find them. Three panelists opposed the creation of another Strom Center-type entity. Two participants stated the Center “gave too much away.” On a positive note, a majority admitted that while there is not a “one-stop-shop” to assist entrepreneurs and small business owners there is still a need for a roadmap and a strategy.

To that end, the executive director of the Stark Development Corporation shared his specific ideas and some general thoughts on how the entity could fill the need. He spoke of providing an online portal that would direct individuals to specific services and resources. Of all the participants, the director was the most positive and his ideas were the only opening the moderator saw where progress could start towards bridging the very evident divide.

PART 3: RECOMMENDATIONS & PERCEPTIONS

The final set of questions centered on recommending strategies, solutions, programs, and potential allies that could aid entrepreneurs and small businesses and foster a more supportive and friendly business climate. The two final questions were perception questions aimed – again – at eliciting top-of-mind responses.

• POTENTIAL STRATEGIES & PROGRAMS

Entrepreneurs and Small Business Owners:

- Marketing training (Cited by three participants)
- Mentorships
- Internships
- Education (workshops and courses) – “Ask businesspeople what they need and if they would attend”
- Management training
- Awareness of available services – “I’d be happy with a one day session on what’s available”

Lenders and Economic Development Professionals:

- “Programs are already there, they just need to be utilized”
- Education
- Marketing
- “Engage accountants to help on financial training”

• POTENTIAL ALLIES & ENTITIES

Entrepreneurs and Small Business Owners:

- Stark County Commission
- City Commissions and City Councils
- Dickinson Chamber – “The Dickinson Chamber needs to change their focus and find a mission”
- Other local Chambers of Commerce
- Jobs Development Authority (JDA)
- Dickinson State University – “Should be a partner”
- “Bring back an organization like the Strom Center”

Lenders and Economic Development Professionals:

- Stark Development Corporation
- Small Business Development Center (SBDC)
- USDA Rural Development

- **USE OF LOCAL DEVELOPMENT FUNDS**

How can local development funds best be used to encourage more small business development and support entrepreneurs?

Entrepreneurs and Small Business Owners:

- Focus on growth – “You should only use the funds to promote real growth. The ‘big four’ are fine and can hold their own. Help businesses that need help.”
- Develop a strategy and plan to specifically assist small- and medium-sized businesses
- Accountability – “Hold those in charge of the funds accountable”

Lenders and Economic Development Professionals:

- Create a roadmap for services
- Develop an entrepreneurship network

- **WHAT CAN YOU TELL ME?**

I’m from out of town and I want to start a business in Stark County and I approach you for advice. What would you tell me? Whom do I contact for information and assistance on starting a business?

Entrepreneurs and Small Business Owners:

- “A lot of people”
- “You have to do research”

Lenders and Economic Development Professionals:

- “Get an accountant” (Response from three participants)
- “Go to a lawyer”
- “Chamber”
- “Stark County Development” – “We need to be the economic development point persons”
- “SBDC”
- “Don’t come to the banks unless you have a plan. I want to see entrepreneurs do it for themselves. I’m more inclined to support those that take an initiative.”

Key Takeaway: To borrow the old cliché: *Perception is reality.*

The major problem is that both groups have vastly different perceptions on the current reality for entrepreneurs and small business owners. The difference in these views is so strong that getting both sides to sit down to understand where the other is coming from is the very first step that must be taken if anything meaningful and positive will result from this project.