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Economic
Development is the
catalyst for public
and private
initiatives that
create employment
opportunities and a
vibrant and
sustainable
economy.*

2015 Business Survey Report

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EXECUTIVE SUMMARY

In January and February of this year, the Charlottesville Office of Economic Development (OED) conducted a survey of City businesses to assess perceptions of the local business climate and determine service needs given the current economy. The OED Business Survey focused on topics such as labor and workforce, sales, procurement, and City and OED services. There was also an attempt to ascertain local businesses' thoughts about Charlottesville's business climate in the future. The survey was distributed to businesses located within City limits using email. Hand delivery had been used in the past but email has proven to have a higher response rate and less staff is required to distribute surveys and collect the data. In the future, we plan to distribute the survey entirely through email. In total, 154 businesses completed the survey in its entirety; however, 216 participated in the survey. This executive summary provides a brief overview of key findings from the survey. It is followed by a report which more thoroughly examines the results.

Profile of Businesses

- 36.9% of respondents are located Downtown, 5.1% on Barracks Road, and 7.4% in the Belmont area
- 15.3% of businesses are in the retail industry, 11.4% in the professional/scientific/technical services industry, and 7.4% in the accommodation/food services/restaurants industry
- 60.4% of respondents have been in business for more than 10 years
- 38.1% of responding businesses are women-owned
- 14.2% of responding businesses are minority-owned
- 33.3% of minority-owned businesses are also women-owned

Employment and Workforce

- 54.4% of respondents have at 10 or less employees
- 87.0% of respondents recruit most of their employees from the Charlottesville Metropolitan Statistical Area (MSA)
- 48.8% of responding businesses do not have difficulties recruiting employees
- 82.4% of responding businesses do not have difficulties retaining employees
- 83.0% businesses plan to hire full-time employees within the next year, 69 will be hiring part-time employees, and 21 will be hiring contract workers
- 63.0% of respondents feel that the availability of the workforce in Charlottesville is good or excellent and 72.4% of respondents answered that quality of workforce is good or excellent

Sales and Performance

- 37.5 % of respondents had sales of more than \$1,000,000 in 2014
- 58.5% of businesses indicated that their 2014 sales are up when compared to 2013 sales
- 37.0% of businesses made budget cuts within the past year, a decrease from 52.4% in 2013
- 7.3% of business made layoffs within the past year, a drop from 10.8% in 2013
- 43.6% of respondents took out bank loans within the past two years
- 43% of respondents think that the willingness of Charlottesville banks to make loans is either excellent (12.2%) or good (30.8%), and 26.9% of respondents indicated this question was not applicable to their business

- 29.5% of respondents believe that the availability of capital/financing in Charlottesville is either fair (19.9%) or poor (9.6%)
- 33.1% of businesses say employee costs such as payroll taxes and insurance are the most challenging barrier to their business, followed by revenue growth (23.6%), and cost of commercial space (22.3%)

Purchasing and Procurement

- 39.2% of respondents purchase most of the supplies for their business locally (within 50 miles)
- 40.9% of respondents sell their products/services to the government through a contract agreement
- 25.4% of the total surveyed respondents are Small, Women-, Minority-Owned (SWaM) business certified
- 67.7% of businesses engaging in procurement are SWaM certified
- 88.6% of these SWaM certified businesses are classified as small, 38.6% are women-owned, and 13.6% are minority-owned
- Of businesses engaging in procurement, 72.3% are registered vendors with the Commonwealth of Virginia, 61.5% are registered vendors with the University of Virginia, and 66.2% are registered with the City of Charlottesville

Local Government and OED Services

- 57.4% of respondents believe that the overall business conditions in Charlottesville are good or excellent
- 46.7% of respondents rated the local government as good or excellent
- Local tax structure and state tax structure were rated as fair (47.0% and 48.3% respectively)
- 84.4% of respondents rated City Fire/Emergency Services as good or excellent
- Respondents are the most aware of services such as responses to inquires (94.12%), website resources (90.44%), business workshops (89.71%), and the community job fair (88.9%)
- A majority of respondents did not indicate a need for OED services and/or additional services
- Other service issues that were raised by respondents in an open-ended question include: lowering taxes and business license fees, increasing parking around the Downtown Mall area, and reducing panhandling in business areas

Local Economic Forecast

- 86.7% of responding businesses believe that their future sales and business prospects will be either good or excellent
- 73.4% of respondents are likely to upgrade/expand operations within the next two years
- 85.7% of respondents are unlikely to downsize operations within the next two years
- 74.8% of business are unlikely to move their operations outside of the City in the next two years
- 92.9% of respondents are unlikely to close their business due to poor sales in the near future, an increase from 90.0% in 2013