

Concord *Focuses* on Business

The City of Concord recently completed a comprehensive economic profile of its business community entitled "An Expanding and Transitioning Economy". From this profile, key industry business clusters were identified. They are business support, healthcare, construction/engineering, information technology, environmental technology, instrumentation and life sciences. In order to gain a better understanding of the needs and issues of these clusters, the City's Economic Development Program is holding "focus group" meetings with representatives companies. At these meetings, the following topics are discussed:

- Common Needs and Concerns
- Common Issues
- Employee Recruitment and Retention
- Location Strength and Weaknesses

On June 26, representatives from six firms in Concord's engineering cluster met in the first focus group. Based on issues discussed at that meeting, the Economic Development Program is developing a plan to address short-term as well as long-term issues and needs. By developing concrete strategies, the Economic Development Program is better able to meet the needs of its existing business clusters.

Representatives from Concord's life science firms attended a second focus group on October 22. The City will be holding similar focus group meetings with other clusters in the near future.

The City means business when it comes to helping firms succeed in Concord. The focus groups are just one more way to link the City with its business community. ♦

Need an Answer?

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Graffiti Hotline	(925) 671-3080
One-Stop Shop/Building Permits	(925) 671-3114
Planning Department	(925) 671-3152
Potholes	(925) 671-3228
Police Services, Information	(925) 671-3232
Redevelopment Agency	(925) 671-3355
Street Trees	(925) 671-3230

*application is available on website above

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ECONOMIC



Insight

December 2003

A NEWSLETTER OF THE CONCORD ECONOMIC DEVELOPMENT PROGRAM

Cash in on Concord: Information Businesses Can Use Right Now

"Making More Money and Finding New Opportunities In Uncertain Times" was the title of Concord's most recent "Cash In On Concord" business workshop. It featured nationally recognized business expert Kent Burnes, President of Burnes Consulting, a small business and economic development consulting firm located in Grass Valley, California.

Kent Burnes has worked with more than 700 communities and 100,000 businesses. While attracting new businesses is key to a vital economy, expanding and retaining existing Concord businesses are the cornerstones of the City's Economic Development Program. The City of Concord recognizes the importance of its existing companies and the positive impact that they have on our economy and community. Concord's Business Retention Program is in place to assist companies to grow and expand in Concord. The workshop and this newsletter demonstrate Concord's strong commitment to the business community. In these pages, you'll find valuable information taken from the workshop that you can put to work right now. ♦

Small Business is Big Business in Concord

Concord's Economic Development Program is a partner to rely on

It's good to have friends, and small businesses have a big one. Concord's Economic Development Program works with small businesses every day. In a typical year, Economic Development assists over 40 businesses with such issues as relocation, expansion, education and business operation. As a result, over 550 new jobs have been created in the past five years.

The challenges are as varied as the companies that are served. The Economic Development Program may help a coffee shop find a downtown location or facilitate a retailer's expansion. Manufacturers



Sea Tel recently expanded into 50,000 square feet in North Concord

large and small have used Economic Development resources to access financing programs and employee training. The Program also helps clarify the entitlement process and can provide direct access to appropriate personnel who will facilitate City and County issues.

See *Business*, page 4

IN THIS ISSUE

- Small Business is Big in Concord
- Changing Times, Changing Business Practices – The more you know, the more quickly you can adapt
- Keeping Pace With a Changing Marketplace – Eleven trends reveal where you'll find new customers, and how you'll attract them
- 2003 Business Survey Results
- Price, Volume and Profit
- Advertising That Works! Eleven tips for heating up sales
- An Expanding and Transitioning Economy



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Changing Times, Changing Business Practices

The more you know, the more quickly you can adapt

Though competition remains fierce, small business is still the economic engine for the American economy. Nationally, small businesses employing fewer than 20 people generate over 54% of our gross domestic product and more than 55% of retail sales. Small business also reinvests a higher percentage of earnings back into local economies than do other business segments.

Yet most independent business owners may have little or no formal training in managing their companies. Combine this with other factors, and it's no surprise that the failure rate for small business is so great.

A host of challenges

The fact is, many small businesses are challenged by poor management, lack of capital, disregard for competition, inflation of expenses, loss of market share and an unwillingness to change. Small business success depends on an owner's ability to recognize the changing business environment and work with, and not against, those changes.

These ten important points are well worth remembering:

1. Consumers seek destination density.

Most small businesses are no longer destinations by themselves. The shopping area is the destination.

2. Survival requires adaptation.

Today's business owners must adapt to changes in their industry and in customer buying habits. They must move with the changes and think outside the box. This requires a real focus or specialty. Today's businesses can't be all things to all people.

7. Premium-priced products and services sell.

Consumers are looking for luxury products at affordable prices and economy models with a brand name. Example: the introduction of entry-level Mercedes and Jaguars in the auto industry.

Small business success depends on an owner's ability to recognize the changing business environment...

3. Discount chains rule.

It's no accident that WalMart tops the Fortune 500. Discounters pose challenges to small business by offering multiple lines of products and services.

4. Know your customer.

Consumers respond best when business marketing is based on what people want.

5. The Internet is for real.

It's the fastest growing consumer spending marketplace. Why? The Net provides a convenient, low-cost way to offer product information, promote services and grow a business. No wonder traditional bricks-and-mortar companies make the Internet part of their marketing/sales mix.

6. Demographics, tastes and fashions keep changing.

In turn, businesses must keep in touch with who is buying, what they want now, and what they're likely to want tomorrow.

8. Credit must be available.

Consumers want more access to credit and enhanced buying power. The mortgage refinance market has kept purchasing power high in the face of a slowed economy.

9. Sprawl doesn't appeal.

Community is in. Consumers prefer a high quality of life, which includes businesses that embrace the feeling of community and family values. They prefer to purchase goods and services within their local community from companies they trust rather than from what they perceive as faceless, greedy corporations.

10. Entertainment enhances businesses.

Consumers want to have fun with services and products. The shopping experience needs to be enjoyable for parents and kids alike. ♦

Price, Volume and Profit Raising Prices Can Build Success

National discount stores build profits on volume. Small businesses can't compete on volume, yet they often discount a product or service to increase volume and profits. Mistake! Discounting is dangerous for small businesses. What to do?

The secret: increasing gross margins

If the gross margin of profit for a small business is 35% and a 10% discount is given, 40% more volume must be captured in order to

maintain the 35% margin. On the other hand, if a strategic price increase of 10% is added to the 35% margin, 29% of the volume could be lost and still maintain the margin. This is just one example of how small businesses need to think about discounts to compete in today's market.

The good news? Small businesses can compete with volume discounters. Consumers are shifting away from the homogenous and generic products and services many discounters typically offer. Small companies can maintain

strong prices when they provide unique, high-quality services, products and shopping experiences. ♦



Kent Burnes speaks on price, volume and profit at "Cash In On Concord" event

Advertising That Works!

Eleven hot tips for heating up sales

Your physical location can build a positive image for your business. But many consumers will first get to know you before they ever see your store, shop or office. That's the role played by advertising and marketing.

True, most business owners don't have much expertise in these areas. But over time, you can learn a great deal, and build your business, if you start by asking these critical questions. ♦

1. What do I want to accomplish for my business? What are my top goals?
2. Is my advertising/marketing budget based on the growth of my business?
3. What do I know about my customers or potential customers?
4. What has worked for me in the past? What hasn't?
5. Am I ready to advertise now, based on my current image?
6. What are the top ways of advertising that others in my industry find successful?
7. Can I partner with other businesses?
8. Are all of my branding statements consistent?
9. Do I bounce back referrals with other local businesses?
10. Do I have a frequent buyer program?
11. Do I use my existing customers to promote my business? (They're the *best* source of advertising!)

2003 Concord Business Survey Results

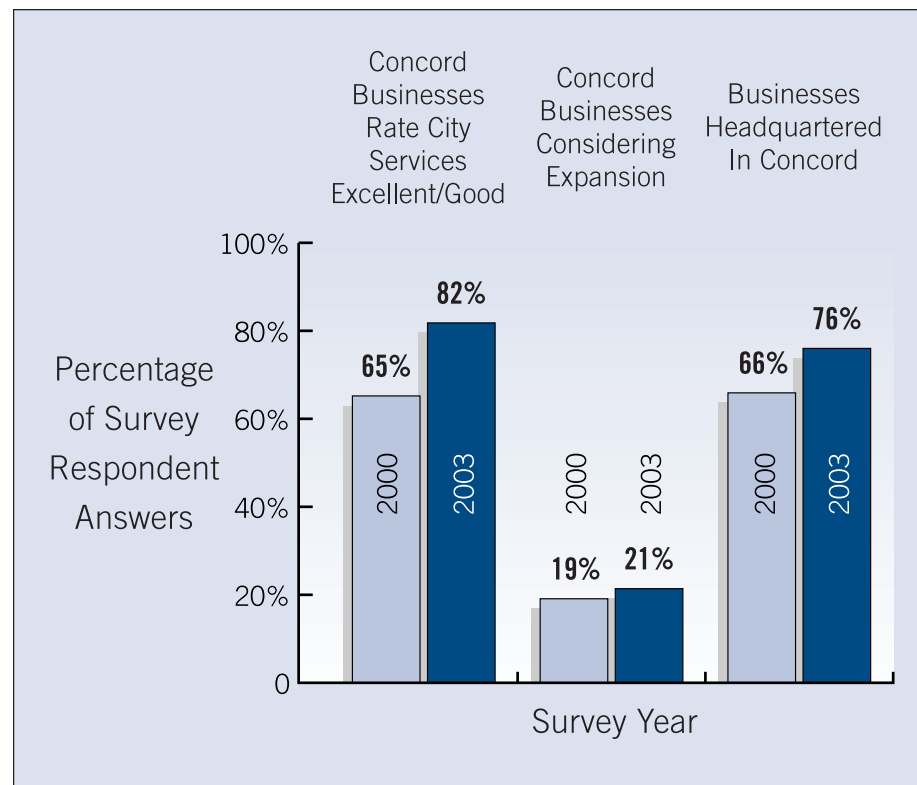
Profile: small companies expect business to improve and appreciate City services

Every year the City of Concord's Economic Development Program surveys its business community. This enables businesses to let the City know how it can meet their needs most effectively. The survey also gauges how the overall business climate of the City impacts each participant's specific company.

This year the Economic Development Program mailed 6000 surveys and received 457 responses. Companies that responded to the survey were mainly small businesses employing ten or fewer employees (80%), operating out of a single location or headquarters office (76%), and either working out of a home office or occupying less than 5,000 square feet of space (78%). In addition, the survey showed that the majority of respondents (71%) have been in Concord for over five years.

In spite of the economy's sluggishness over the past two years, 91% of respondents believe that the Bay Area economy will hold steady or improve in the next 12 months. Twenty-one percent of the companies stated that they are expanding their business, and 75% expect to add employees.

Ninety-four percent of respondents are satisfied with the services they received from the City, with 28% rating service as excellent, 54% as good, 12% as fair, and 6% as poor.



Survey comparison 2000 – 2003

Survey comparison reveals positive changes

Comparing answers from the 2003 survey with responses over the last four years showed a positive trend in a number of categories. When asked in 2000 how businesses would rate the services they received from the City, 65% rated City services as excellent or good. By 2003, this total had grown to 82%.

Businesses also gave the newsletter increasingly positive reviews. In 2001, 13% of the respondents gave the newsletter an excellent rating, compared to 21% in 2003.

Over the last four years, the comparison also showed that more companies are choosing to locate

their headquarters in Concord and more existing Concord companies are expanding their operations by adding new employees or more space. From 2000 to 2003 businesses that have their headquarters in Concord increased by 10%. Business also reported a 2% increase in hiring staff for their business operations during that same period of time.

We appreciate your doing business in Concord and welcome your comments. To contact Concord's Economic Development staff or receive a copy of detailed survey results, please call (925) 671-3048. ♦

Keeping Pace With A Changing Marketplace

New trends reveal where you'll find new customers-and how you'll attract them

Many of the changes in today's business environment reflect changes in social and demographic trends. Knowledge of present and future trends can help business owners make changes and adopt strategies to benefit their business. Here's an overview of what every business needs to consider.

We're a multiracial, aging society

The portrait of the "typical American" has changed. Americans come in all colors and with a variety of religious and ethnic backgrounds. There's no longer one holiday season or one single language with which to approach the marketplace.

Americans are growing older, too. Seventy-six million Baby Boomers are now into or approaching their

fifties. While they wouldn't have admitted it in their younger days, they're getting more conservative. And service has become more of a priority.

High-end and value retail thrive

Income remains a major factor in the way people buy. Upscale markets continue to grow as does the lower end of the spectrum, as consumers look for luxury at an affordable price. Business owners need to remember that service needs to be increased along with higher spending levels.

Rich or not, consumers are buying more on emotional factors. Such major events as 9/11, the Gulf War and a difficult economy leave consumers feeling vulnerable. They seek a warm welcome and a home-like environment where they shop.

The trends keep on coming

Businesses of every size have so much more to keep pace with as well. They're filling a need by making shopping an "experience." They're focused on consumers who would rather "nest" in the comfort of their homes, and are targeting goods and services for the home and those used by "do-it-yourselfers."

With all the purchasing power flexed by Boomers, businesses aren't forgetting "kid power." The fact is, children from ages 5 to 15 represent \$40 billion in personal spending power.

From advertising and selling on the Internet (no, it's not a fad), to changes in making the shopping experience more convenient and user-friendly, every company, large or small, has a lot to think about. ♦

Business, from page 1

A customer-focused approach

Economic Development's approach is simple and productive: learn what each business needs and find solutions. After all, each small business is unique. So each issue requires thorough analysis and, when necessary, a creative approach. To accomplish this, the Economic Development

Program meets with individual businesses to become more familiar with a company's operations as well as its strengths and weaknesses. By developing a more in-depth understanding about a business's core functions, the City can inform companies of opportunities in the local market place and even help

link businesses in a common undertaking.

Without question, the growth of Concord's economy has been, and will continue to be, based on small business's success. That's why the City remains actively engaged in helping small business grow and succeed in Concord. ♦