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Business Retention and Expansion (BRE) Programs: Developing a Business Retention and Expansion Survey[1]

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Introduction

One way for an Economic Development Organization (EDO) to learn about business needs, the use of local programs and services, attitudes about the community, and future plans is by conducting a business survey. These surveys may be conducted in a variety of ways, including telephone, mail, or face-to-face visits. Interviewers may engage in casual conversation, taking note of any particular issues raised by the business, or use a formal questionnaire to record responses. A written questionnaire is often used so that comparisons of results can be made across all the businesses surveyed. This allows for the identification of common problems and issues that may impact the entire business community. The most common approach for administering a written questionnaire is a face-to-face visit with the owner/operator of a business. These business visitation programs can yield substantial information in a relatively short period of time. Thus it is important to begin the process by paying close attention to the development and implementation of the survey process. A properly constructed questionnaire, administered by trained interviewers, can provide most of the information needed for a community to develop programs to address the needs of existing local businesses. Though often used interchangeably, "a *survey* is the entire data-gathering process, whereas a *questionnaire* is the survey instrument used to ask questions and record responses" (Degner, 2006).

BRE surveys generally include the following steps:

- Determine the purpose of the survey.
- Choose a survey method.
- Select the businesses to survey.
- Develop the questionnaire.

This publication is not intended to be a detailed discussion of survey methodology, questionnaire development, or sampling. Rather it is intended to provide a general overview of the major steps in a process that leads to successful survey administration. There are excellent resources that address the pros and cons of sampling and the extrapolation of sample data to a larger population. One such publication is *How to Conduct Your Own Survey* (Salant and Dillman, 1994).

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This publication is the fourth in a series of ten on establishing Business Retention and Expansion programs. The publications in this series can be found online at the EDIS website at http://edis.ifas.ufl.edu/TOPIC_SERIES_BRE.

Determine the Purpose of the Survey

Reviews of business questionnaires (Kraybill, 1995; Morse and Loveridge, 1998) found that the goals (objectives or purposes) of most surveys were intended to:

- Identify immediate concerns of the businesses.
- Identify training and technical assistance needs.
- Identify future plans for the businesses.
- Show the community's appreciation for the businesses.
- Develop an economic development plan designed to improve the local business climate.
- Foster local action through the creation of local implementation work groups.

As research has shown, business surveys are conducted for many reasons, ranging from single issues (e.g., annual wage updates) to detailed questionnaires intended to identify the immediate problems and future plans of local businesses. Salant and Dillman (1994) explore the key questions that must be addressed in creating business surveys:

1. What is the purpose of the survey? (This requires a thorough understanding the problem you are trying to solve).
2. What method(s) should be used to collect the required information?

Taking the time to answer these two fundamental questions before starting the questionnaire development process has two distinct benefits:

1. Questions that are not relevant to the purpose can be identified and eliminated.
2. Questions that are not clearly focused are identified and can be changed.

Involving several members of the intended recipients of the questionnaire is one way to ensure that you address these two questions at the outset of the questionnaire development process. Involvement of “end users” increases the credibility of the survey and the chances of a positive outcome.

Choose a Survey Method

Having clearly defined the purpose of the survey, consideration should be given to how it will be administered. Selecting the best method for data collection also includes consideration of available resources (Salant and Dillman, 1994). Resources include such things as access to facilities and equipment; the amount of time you have to conduct the survey; the need for, availability, and cost of outside assistance; how much money you can spend on the project; and how many people you have who can assist in data collection, as well as whether they need specific training in interviewing techniques. Together, the purpose and awareness of resources help identify the optimal data collection method.

Research has shown that various methods of collecting data have different response rates and are subject to different levels of error in coverage, measurement, lack of response, and identification (and selection) of businesses to interview. As mentioned above, survey data can be collected using face-to-face interviews, mail, telephone, internet, drop-off, or various combinations of these methods.

Many BRE programs rely on paid staff and volunteers to administer questionnaires face-to-face. This method is chosen for several reasons (Morse and Loveridge, 1998). First, the purpose of most BRE surveys includes the identification of immediate business plans and concerns, thus necessitating a quick response to individual business owner/operator requests. Second, face-to-face BRE surveys offer opportunities for probing questions to clarify responses. Probing questions are not typically included in the questionnaire and are left to the discretion of the interviewer. Third, face-to-face interviews give the interviewer an opportunity to learn about the business and to establish a personal relationship with the owner/operator, which is critical to the success of the BRE program. Other reasons for choosing face-to-face interviews include :

- Very high response rates.
- Consistent interpretation of the questions.
- Assurance that the "right" person responds to the questionnaire.
- Enhances the chances of getting the "best" data about the business being interviewed.
- Large amounts of data can be obtained in a short time period.

When the face-to-face interview involves using people outside the direct control of the BRE program, there are several "costs" that must be considered. Face-to-face visits are time-consuming; experience has shown that a typical business visit takes about one hour, excluding travel time. Also, most business visitation programs rely on teams of volunteers and limit the number of businesses assigned to each volunteer team. Thus these programs are fairly labor-intensive. In addition to recruiting volunteers, there is the cost of training the interviewers and managing the overall process. For more information on conducting business visits, see EDIS publication FE655, Conducting Successful Business Retention and Expansion Visits (http://edis.ifas.ufl.edu/FE655).

Mail, telephone, and internet surveys are often used by BRE programs when the scope of the questionnaire is limited and there is a specific person in the business to which the survey is directed. For example, if the questionnaire is designed to collect salary data or to identify training needs, it can be directed to the specific individual who can provide answers to the queries.

The drop-off method can be used for BRE programs that want face-to-face contact with the business but lack sufficient paid staff or volunteers to conduct the interviews. This method requires that a questionnaire be hand-delivered (dropped off) to the person who will complete it. When the questionnaire is dropped off, a return time to retrieve the completed questionnaire is scheduled. This method significantly reduces the necessary time to interact with the business owner/operator while maintaining minimal face-to-face contact.

In those instances where it is desirable to include all the businesses in a survey effort but lacking the necessary human resources to conduct face-to-face interviews with all the businesses, combining two or more data collection methods could be used. Care must be taken in the construction of the questionnaire and in the interpretation of the results because of differences in response rates and the potential for data collection errors associated with each data collection method. If there are questions regarding the impact of mixing two or more methods, it is best to work with a professional to design and carry out the survey.

Select the Businesses to Survey

Surveys of businesses involve different challenges than do other types of surveys (Dillman, 2000). These challenges exist in part because of the variations in the nature and size of the businesses, business locations, and the difficulty in finding the "right" persons to respond to the survey.

The first step in selecting businesses to survey is to identify all the businesses in the community. While this may seem an easy task, it often proves to be difficult if not impossible. The reason for this is quite simple: there is no single source available that identifies all of the businesses in a community. For example, not all communities require occupational licenses and not all businesses have licenses, so a visit to the local tax office will not yield a list of businesses. Not all businesses are members of the local Chamber of Commerce, so a complete list will not be found there, either. Agricultural enterprises and home-based businesses may be difficult to locate as well. In some cases, the "snowball" approach can be used to identify businesses that may have limited visibility in the community. In most instances, you will need to consult multiple sources in order to identify the businesses in your community. Common sources of business lists include:

- Tax Assessor (business licenses).

- Utility lists.
- Sales tax rolls.
- Chamber membership lists.
- ES 202 (Covered Employment and Wages) reports.
- County Extension Office or Conservation District (for agricultural enterprises).
- Commercial directories, such as Dun & Bradstreet and Hoovers.
- Telephone directories.

Ideally, every business that can provide information directly related to the purpose of the survey should have an opportunity to participate in the survey. Realistically, this is rarely ever the case. Aside from the fact that it may be impossible to identify every business, resource constraints (time, staffing, and money) limit what can be accomplished by the survey program. As a result, most economic development survey efforts, whether focusing on a single sector or all businesses in a community, target a sample of the total population.

Depending on the intended use of the data, the method used to select a sample to survey is a critical part of the survey process. If the survey results are to be interpreted to represent the entire business community, care should be taken in identifying all the businesses and in selecting the interview sample. While selecting a sample and the issues associated with sampling are outside the scope of this publication, it is important that the sample be randomly chosen to ensure that the results of the sample can be generalized to the overall business community. It may be important to select the sample so that businesses of all sizes and from all sectors are included in the sample.

Surveys of local businesses have a number of purposes. Adhering to strict rules about sample selection and cautions about projecting the responses from a sample to the entire business community may not always be the only factors in decisions about what businesses to survey. There are also political considerations that must be factored into the decision-making process. For example, you may choose to exclude certain types of businesses or businesses of a certain size, or you may decide that some businesses must be included even when not randomly selected. When interpreting and presenting survey results, it is important to disclose decisions about how the businesses were selected.

Once all the businesses have been identified and businesses have been selected to survey, you must find the “right” person in each business to interview. Who sees the questionnaire and responds is dependent on such things as the size of the business, the depth and breadth of the questions being asked, company policy, the survey methodology, and who opens the mail (Dillman, 2000). The general practice in business surveys is to talk to the owner/operator; however, if this is impossible, then talk to the highest-ranking person in the organization who can respond accurately to the questions being posed.

Develop the Survey Questions

Few BRE programs take the time to engage in a process that develops and tests the questions included in their surveys. The typical approach is to use existing questionnaires, or to pick and choose questions from a variety of questionnaires and assemble these into a “new” questionnaire. While this is not in and of itself wrong, it often leads to surveys that include “bad” questions or omit “good” questions. Either way, the knowledge gained from such a survey is of limited use.

So, how do you tell a good question from a bad question? A good question produces answers that are reliable and provide the information being sought (Fowler, 1995). Good questions are those that the respondent is both willing and able (have access to appropriate information) to answer. Whether you choose to use existing questions, develop the questions yourself, or use outside assistance, there are some simple guidelines that can be used to assist you in evaluating each question.

- Is the question related to a stated purpose of the survey?

- Is the question strategically important?
- Can the answer be found from a secondary source or from someone in the company other than the owner/operator?
- Can the person being interviewed answer the question?
- Can the question be easily read and understood?
- Does the desired answer lend itself to analysis?
- Are you using terms or abbreviations that will not be understood by the respondent?

An analysis of more than 50 BRE questionnaires found that over 53% of the questions were designed to confirm information that was already known or could have been learned from sources other than the business owner/operator, and that less than 6% of the questions asked focused on company or industry intelligence (Canada and Rendleman, 1996). The authors concluded that “typical” BRE surveys fail to provide strategic value to the BRE practitioner, thus limiting the ability of the economic development office to provide valuable retention and expansion assistance to firms in their community. The authors suggest that questionnaires should focus more on gathering information on internal decision-making processes and information that can help economic developers anticipate possible expansion or relocation decisions.

Conclusion

The cornerstone of a strong BRE program is the business survey. Developing a personal relationship with local businesses through face-to-face contact is important, and the use of a written questionnaire to learn the needs and plans of local businesses provides valuable information to the program administrator. Developing a BRE survey requires a significant effort on the part of the economic development office that requires the dedication of a considerable amount of human and fiscal resources. Beginning with the decision to conduct a survey and continuing through questionnaire development and implementation, careful attention must be paid to each step in the process to ensure a successful outcome. Given the complexity of questionnaire development and sample selection deciding whether or not to seek outside assistance is a key decision in the process. Regardless of the approach you take, following the steps outlined in this publication can lead to a successful survey program.

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