

# BUSINESS FIRST INITIATIVE REPORT

# 2021

A survey of local,  
registered businesses  
located in St. Cloud, FL

*St. Cloud*  
FLORIDA

Your Centerplace  
for Business





Best Small Cities in the U.S. to Start a Business.

St. Cloud, FL

#46

—2022, WalletHub



## Local Business: The True Economic Driver

**O**n behalf of the Office of Economic Development, I'd like to welcome you to our slice of heaven. This report will offer data that support the promotion and execution of economic development as a true economic driver.

Economic development is a funny tool. It doesn't relate to economics, at least not practically; nor does it create or construct, as the word 'development' implies. However, it is the administration and execution of innovative practices to effectuate change in the business growth and job creation of a community. In other words, how do we move the needle? How do we create an environment of prosperity and sustainability within the city?

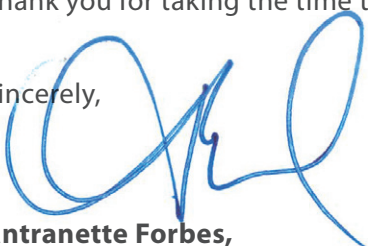
Supporting the positive growth of local businesses is imperative and a cornerstone to economic development. Local businesses are the best cheerleaders for our community. They offer 'insider information' on the city's history and growth. They have seen the changes throughout product life cycles and have adapted. Not to mention, they promote economic sustainability as they are prominent contributors to the tax base and they create local jobs. The promotion of local business growth is referred to as business retention and expansion (BRE). BRE, as we economic development professionals call it, is the bedrock of every community.

The Office of Economic Development is all about relationship building. Together, businesses, residents, community advocates and resource providers are a community collective with the same goal...a thriving St. Cloud. As you review this report, consider the more than 2,000 registered businesses that help contribute to our local economy. Working together is the only way to establish and sustain a successful and prosperous economy.

That sense of togetherness can be found in every corner of our city, remaining true to the authentic nature and spirit of life in St. Cloud in the midst of growth and new opportunities.

Thank you for taking the time to review this report. We welcome your comments.

Sincerely,



**Antranette Forbes,**  
**Economic Development & Special Projects Manager**





# INTRODUCTION

St. Cloud is the Centerplace for Life. That's our brand. And it represents our commitment to provide a great place for families and businesses. Our 5 year Strategic Plan reads that St. Cloud intends to create economic prosperity by diversifying industries, investing in workforce development, and promoting destination locations.

The City of St. Cloud is perfectly positioned in Central Florida to grow economically and attract businesses. Being the City conveniently located between major Central Florida economic, technological, transportation, and tourism hubs, the City intends to develop economic development strategies to accomplish the following objectives:

1. Ensure goods and services are available to meet current and future population demands.
2. Assist businesses seeking to boost productivity and workforce.
3. Foster and establish partnerships with local and regional organizations that can expedite planning and business development.

St. Cloud boasts a workforce of more than 14,000 workers. Our population is continually growing—2.96% annually to be exact. And so is the economy! Our community offers an exceptional workforce, advanced education and skill development, high quality healthcare, and innovations in technology. Our goal is to provide a diverse industry of employers and an educated workforce. Our high school graduation rate is 89.3%. With a 74% home ownership rate, Zillow reports a typical home value of \$347,970. St. Cloud has seen the job market increase by 28% since 2015.

From 2015 to 2020, St. Cloud jobs increased by 13.4% in 5 Florida ZIPs from 17,821 to 20,207. This change outpaced the national growth rate of 0.0% by 13.4%<sup>1</sup>. This change outpaced the national growth rate! Construction, healthcare and retail trade lead are our largest industries.

We are the 9th fastest growing city in the US and 2nd in Florida. In fact, in 2019, 11,725 people migrated from Orange County to St. Cloud, Florida. Our combination of natural beauty, accessibility, ecotourism, high job growth and above average homeownership rates, demonstrates our commitment to great city and diverse economy. As of Q4 2020 the region's population increased by 28.0% since 2015, growing by 19,783. Population is expected to increase by 13.0% between 2020 and 2025, adding 11,720<sup>2</sup>.

The City of St. Cloud, Florida recognizes the need for economic development not only in new developments, but also in its existing business structure. Florida is one of the United States' economic powerhouses. It's the third biggest state in the country by population with more than 21 million people, and has ranked second for its economic outlook<sup>3</sup>. In fact, its GDP per capita is \$56,325 and ranked 4th in the US. Florida's economy is extremely diverse, with tourism and agriculture among its top industries. In fact, Florida produces 70% of the citrus and home to nine of the top 25 beef producers in the US.

<sup>1</sup>Emsi Economy Overview Q4 2021 for 5 Florida ZIPs 34769, 34770, 34771, 34772 and 34773

<sup>2</sup>Emsi Economy Overview Q4 2021 for 5 Florida ZIPs 34769, 34770, 34771, 34772 and 34773

<sup>3</sup>Rich State, Poor States. Retrieved March 24, 2022 from <https://www.richstatespoorstates.org/states/FL>

Small businesses are an essential part of the economic landscape in Florida, making up 99.8% of all businesses and employing 3.4 million employees, more than 42% of the state's workforce. There are more than 2.5 million small businesses in Florida. Small businesses are defined as less than 1,500 employees and a maximum of \$38.5 million in average annual receipts, per the U.S. Small Business Administration. In fact, 88% of all employer businesses are small businesses with fewer than 20 people. These statistics are consistent with St. Cloud's business landscape, as well. St. Cloud has 2,081 registered businesses and less than 2% employ more than 50 people.

These businesses serve as an incubator for job creation, as they employ nearly half of all private sector employees and create three-quarters of net new jobs<sup>4</sup>.

St. Cloud's unemployment reduced from 6.4% to 5.8% as of March 2022, which is lower than the national average of 6.0%. However, it should be noted that this time last year, the economy was still feeling the early economic impacts of COVID-19. Since that time, several economic recovery programs have gone into effect. To date, St. Cloud businesses have received more than \$42M in funding from multiple resources nationally, regionally and locally.



There has been an resurgence of commercial development too. St. Cloud has 70.3% home-owner occupancy. Commercial development has increased by 140,903 in FY 2020; this equates to a valuation of \$15,495,602 in new commercial construction<sup>5</sup>. In an effort to gauge the current business climate of St. Cloud from its businesses, the report attempts to provide an overview of the business community and their impressions of the immediate future.

There are 2,081 registered businesses within the city geographic boundaries. 844 are for home or mobile based businesses and 581 are in the community redevelopment area.

This survey represents a sample population of 2% (or 48 respondents).

The survey, consisting of 20 questions, was itemized into sections: demographics, sales, workforce, location, management and quality of life. These questions are the same as the previous year to allow for baseline comparison. The demographics section asked simple questions to determine business industry types, age of existence, number of employees, and property ownership. This information is pertinent in understanding the composition of St. Cloud business community. The sales section requested information about marketing tactics, domestic and international sales, e-commerce and growth projections. This information is useful in determining the demand for products and inventory management. A qualified workforce is imperative in the successful longevity of a business. Without talent, businesses would be forced to locate outsourced solutions. The next section of questions concerning location, helps determine where business activity is occurring. Management and quality of life sections directly address the connection between business owners and what factors directly affect how/where/when they choose to do business.

The survey also allows respondents to voice concerns, kudos, and criticisms of St. Cloud's economic environment. Every effort is made to include these comments in each survey. The survey is administered, written, and published by the economic development staff of the City of St. Cloud. We welcome your comments and suggestions regarding the report, including suggestions for special topics or questions in future editions.

<sup>4</sup> SBDC. State of Small Business Report 2020 retrieved from [http://floridasbdc.org/Reports/2020-State-of-Small-Business/State\\_of\\_Small\\_Business\\_Florida\\_2020\\_FINAL\\_web.pdf](http://floridasbdc.org/Reports/2020-State-of-Small-Business/State_of_Small_Business_Florida_2020_FINAL_web.pdf)

<sup>5</sup> City of St. Cloud Building Department, retrieved from [https://stories.opengov.com/stcloudfl/published/hKnA\\_agE3](https://stories.opengov.com/stcloudfl/published/hKnA_agE3)

## EXECUTIVE SUMMARY

In 2019, the staff of the Economic Development Office wanted to learn more about the business climate and configure programming to assist the business community. While the application for a business tax receipt provides basic information, more information is required in order for city staff to better furnish its existing and proposed new business community.

### **"Intersection construction can be detrimental to businesses."**

This survey report attempts to provide an overview of the St. Cloud economy based on its business owners. An invitation was sent to 2,370 email addressed for registered business owners. A special alert message and reminders were sent with the November and December monthly newsletters. In addition, a link to the survey was provided to the St. Cloud Chamber of Commerce and Main Street Program. Each entity sent the survey link to the respective distribution lists. 48 businesses completed the survey between December 31, 2021 and January 2022.

### **"St. Cloud needs more diverse commercial businesses."**

The first survey was performed through the St. Cloud Chamber of Commerce almost four years ago by its then-President Kari Whaley. That survey interviewed 60 businesses from April to August 2017. The second survey was performed between November 14 and December 6, 2019. The third survey was performed last year between December 2021 and January 2022. The same questions were used again for comparative analysis in this survey. Here are highlights. Please note that unless otherwise notated, the figures are in comparison to last year's 2020 survey.

- 65% decrease in respondents; 20 percent decrease since 2017
- The option of home-based was added to the question regarding property ownership. 35% of respondents noted home-based business.
- Most respondents have been in business more than 10 years
- 10% increase in respondents seeking to target national markets for growth.
- 23% increase in the respondents who believe their projected sales growth will increase 1-9% in their next fiscal year
- 5% decrease in the respondents who believe their projected sales growth will remain unchanged.
- 9% increase in respondents who reported having trouble recruiting employees.
- 24% increase in the number of respondents to intend to expand or relocate in the next year.
- 4% decrease in the number of respondents that do not expect changes in top management or ownership in the next 3-5 years
- 24 St. Cloud businesses certified with the State of Florida as women-, minority-, or veteran-owned; 6 more than last year<sup>6</sup>.

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<sup>6</sup> Office of Supplier Diversity, Florida Department of Management Services



## COMPANY CHARACTERISTICS

### What type of facility best describes the business/organization?

Site selection is a huge component of economic development activity. In an effort to learn more about our existing business inventory, several questions were asked that included business structure, ownership and age of existence. The **figure1** below represents the different types of business structures. Headquarters, defined as the managerial and administrative center of an organization, represents 21% of the responses. (It should be noted that in 2017, 54% of the respondents listed St. Cloud as their headquarters or main office location. Branch, defined as a location other than the main office which usually consists of smaller division of the company, represents 17%. For the purposes of this study, this category was consolidated with Branches. 23% defined the facility as 'Other'; however upon reviewing the comments most were service or retail trades. Office operations is practical application of processes within a business.

Home-based businesses were a new category this year. Startups are capitalizing on this trend, electing to practice more prudent financial conservation since the financial downturn of 2008, and now in the wake of the COVID-19 global pandemic.

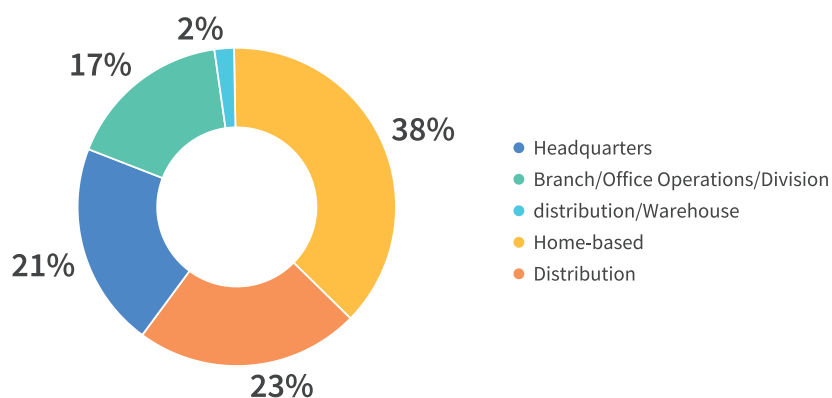
As this trend becomes more prominent, we must adapt and offer services to assist these businesses to encourage growth and expansion.

Every month more than 543,000 businesses start every month in the US<sup>7</sup> and 52% are home-based<sup>8</sup>. That number increases to 60.1% when looking specifically at non-employer firms, or companies that don't have any employees. According to BusinessforHome.org, in 2012, there were over 38 million home-based businesses in the United States (including direct/network marketing representatives), and they contribute to more than half of all new businesses annually. At that time, home-based businesses were generating \$427 billion in annual revenue and creating one new job every 11 seconds.<sup>9</sup> The Small Business Administration reported more than 50% of all businesses in the US are located in the home of the

business owner. The three most common industries for small employer firms across the United States are professional, scientific, and technical services; other services (except public administration); and retail trade.<sup>10</sup> In 2020, there were 541 St. Cloud businesses registered as home-based; in 2021, there were 844—a 36% increase in one year!<sup>11</sup>

Statistics show there's a 70% chance of information industries being home-based, and a 68.2% chance of construction businesses being home-based.<sup>12</sup> The next most popular industries to have home-based businesses are professional, scientific, and technical services.<sup>13</sup>

**Figure 1. Business Sites**



<sup>7</sup> 16 Surprising Statistics About Small Businesses," Forbes.com – Accessed March 29, 2018, <https://small-bizsense.com/16-surprising-facts-about-small-business-in-america/>

<sup>8</sup> Half of US Respondent Businesses Were Home-Based, Majority Self-Financed, Census Bureau Reports—Accessed April 6, 2018, [https://www.census.gov/newsroom/releases/archives/business\\_ownership/cb11-110.html](https://www.census.gov/newsroom/releases/archives/business_ownership/cb11-110.html)

<sup>9</sup> [https://www.iedconline.org/clientuploads/directory/docs/EDJ\\_18\\_Winter\\_Davidson.pdf](https://www.iedconline.org/clientuploads/directory/docs/EDJ_18_Winter_Davidson.pdf)

<sup>10</sup> Small Business Profile: Florida (Advocacy: the voice of small business in government), Small Business Administration, Office of Advocacy—Accessed April 9, 2018 from [https://www.sba.gov/sites/default/files/advocacy/FL\\_0.pdf](https://www.sba.gov/sites/default/files/advocacy/FL_0.pdf)

<sup>11</sup> Track-It reported of home-based businesses, retrieved July 1, 2020 and February 24, 2022.

<sup>12</sup> "69 Percent of US Entrepreneurs Start Their Businesses at Home," Small Business Trends—accessed April 6, 2018 from <https://smallbiztrends.com/2013/07/home-based-businesses-startup.html>

<sup>13</sup> 9 Home-Based Business Statistics You Need to Know (2020)—accessed September 16, 2020 from <https://www.fundera.com/resources/home-based-business-statistics>

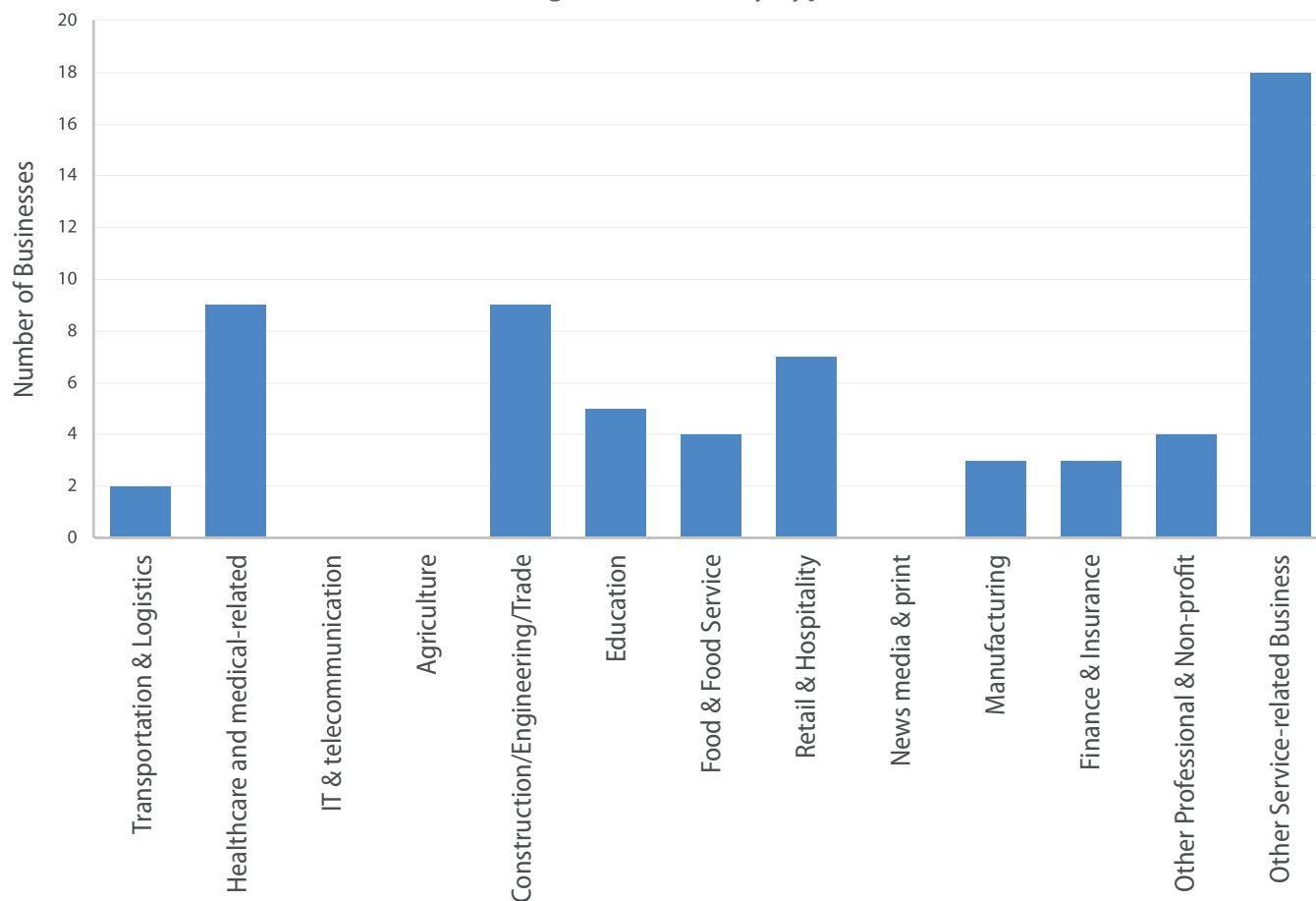
## What best describes your business industry?

There were 13 categories given of common business industry. This question helps define the nature of business transactions within St. Cloud. While St. Cloud offers an array of business goods and services, would benefit from more diversity and equity in its industry mix. **Figure 2** represents the responses of the above referenced question. The largest industry representation was Other Service-related Businesses at 37.5%. Healthcare and construction tied in second place at 18.75%. These categories can include certain subcategories for example medical coding, home healthcare, assisted living facilities, and construction trades. Retail & Hospitality scored 14.58%. It is also important to state these industries were self-reported and not defined by NAICS (North American Industry Classification System).

It can be inferred that this spike is representative of the unexpected increase in demand for medical services as a direct result of COVID-19. The pandemic has affected all major industries; most recently the construction industry.

From building hospitals in just a few days to donating lifesaving equipment, the industry has played a critical role in responding to the crisis and in the recovery. The construction industry represents 13 percent of global GDP, and unlocking currently constrained labor availability could help drive recovery while addressing our most pressing construction-related needs.<sup>14</sup> There are pros and cons to the rapid growth such as supply chain disruption, flexible work schedules interrupting scheduling, exponential housing and labor costs, etc.

**Figure 2. Industry Types**



<sup>14</sup> *How Construction Can Emerge Stronger After Coronavirus*. McKinsey & Company. May 8, 2020 retrieved from <https://www.mckinsey.com/business-functions/operations/our-insights/how-construction-can-emerge-stronger-after-coronavirus>



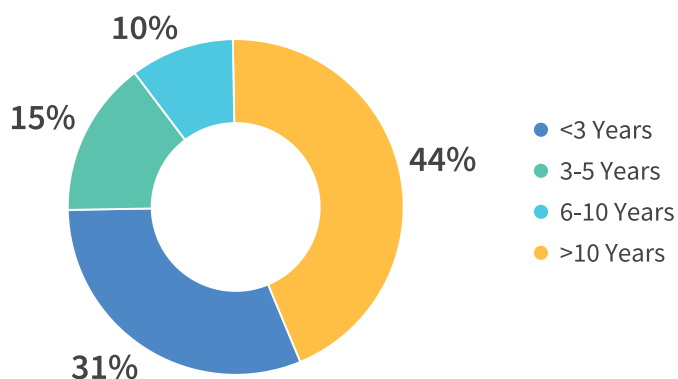
As certain industries like construction continue to grow, its effect has already begun to show differences in the marketplace. Costar reports the overall vacancy rate has declined from 3% net deliveries and 2.25% net absorption in 2020 to 2% net deliverables and 1.5% net absorption in 2021. St. Cloud added 3.75M square feet of residential construction and 140,903 of commercial, with a cumulative valuation of over \$493M.

While residential construction in Central Florida has held paramount in vertical growth, Osceola County remains a strong contributor to Central Florida's increased starts activity, and has continued to put up strong numbers. Historically, Osceola County has known for its agricultural roots; however since the progression of COVID-19, many businesses originally reliant upon tourism and retail have begun pivoting operations. Strong home sales are encouraging the development of new communities, restaurants are back open and commercial construction is seeing a lift. Hundreds of millions of dollars in construction of apartments, shops and eateries, and industrial real estate complexes are slated to create thousands of jobs.<sup>15</sup> This is expected to have a trickle-down effect to St. Cloud as our city offers affordable property prices and a large employment base.

## How old is your business?

While small businesses are the backbone to the US and local economy, small companies can come up against a lot of challenges during start up and first few years. Some issues are harder to overcome than others. However, those who are successful receive the fruits of their labor with increased financial stability, growth and succession planning. The majority of respondents (46.6%) were existing businesses more than 10 years old. **Figure 3** reflects the age of businesses that completed the survey.

**Figure 3. Years in Business**

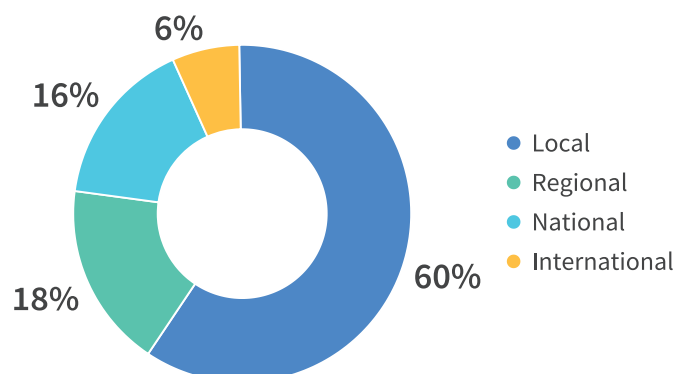


## REVENUE & LEAD GENERATION

Each year, the question is asked "In which market do you currently conduct most of your business?" Generating new prospective clientele is a key indicator that a company is primed for expansion.

Lead generation is an integral component to small business and economic development. It determines the source(s) of revenue to increase client base, customer engagement and build revenue. Economic developers are also curious about lead generation as it helps determine the source of business and workforce attraction. Suppliers and end-users are research byproducts and dictate marketing strategies and metrics. Companies that master lead generation for business to business connections also reap its benefits. The next few figures highlight the marketing efforts of St. Cloud businesses.

**Figure 4. Current Market**



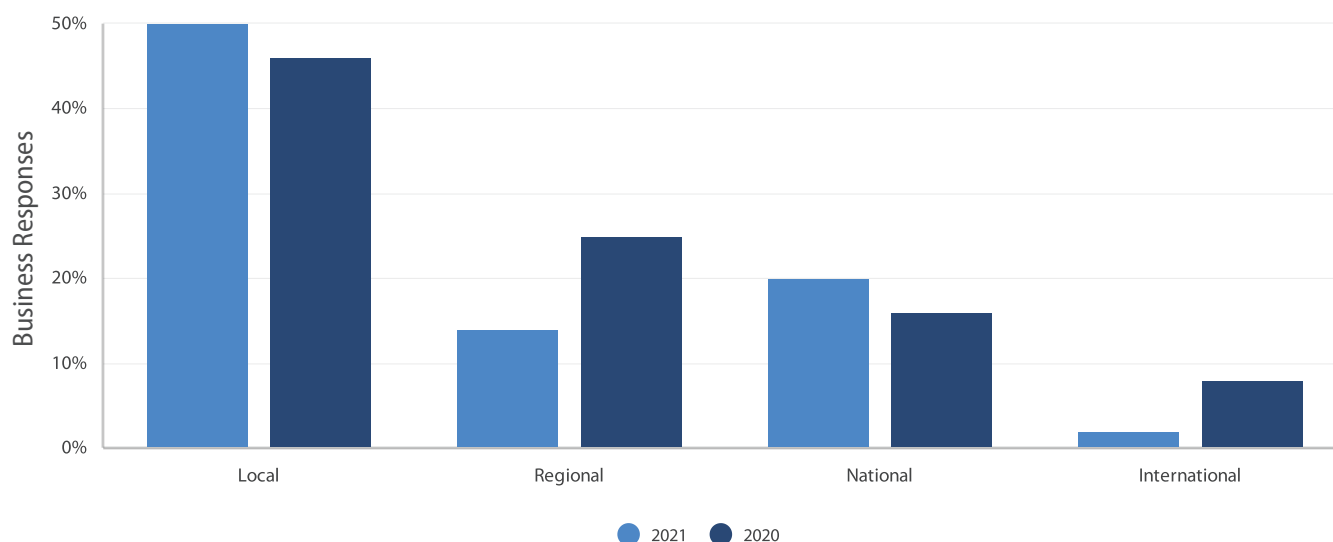
**Figure 4** shows where existing businesses are conducting the most business. Most respondents overwhelmingly stated that they perform locally, 77%-up 12% from last year. This is interesting as 2019 reported 74% of its market share originated locally. It can be reasonably interfered that many patrons are returning to local sources for their goods and services.

The number of businesses marketing regionally from 49 last year to 37. The number of businesses marketing nationally and internationally has also increased from 30 to 10 and 21 to 4, respectively.

**Figure 5** on the next page shows the results of businesses' marketing efforts, specifically, which market the business is targeting for growth. It would appear that most businesses are retaining their efforts in the local economy. This data remains consistent with previous years' reporting.

<sup>15</sup> *Doing Business in Osceola County*. Orlando Business Journal. November 26, 2020 retrieved from <https://www.bizjournals.com/orlando/news/2020/11/26/doing-business-in-osceola-county.html>

Figure 5. Targeted Market



It should be cautioned that utilizing one source of lead generation may cause a disruption in sales when/if the company encounters growth limits in its original target market. Companies can benefit by modifying efforts to reach diverse demographics to expand their customer base. Expansion of market base includes the re-evaluation of target market, customer profiles and the preparation of a new market analysis. A deep dive into customer segmentation including geographic locations, psychographic and socioeconomic data can really add context as to whom the business' customer really is—specifically. While this is an extensive process, it will help increase sales and diversify companies' sales portfolio.

## INTERNATIONAL SALES

Central Florida is an international hub for transportation, tourism, retail, culture and people. Sweeping changes in the competitive landscape, including the presence of foreign competitors in domestic markets, are driving businesses to rethink their strategies and structures to reach beyond traditional boundaries. Increasing numbers of small and midsize companies are joining corporate giants in striving to exploit international growth markets or in trying to become world-class even if only to retain local customers.<sup>16</sup>

As noted in **Figure 6** on the following page, very little international trade is performed by St. Cloud businesses. This, unfortunately, remains consistent with last year's findings. For the past three years, Florida has exported an average of \$64 billion in goods sourced in our state.

Florida has more than 60,000 companies registered to export, and more than 95 percent of our state's exporters are small-to-medium-sized businesses that produce two-thirds of Florida's total export value.<sup>17</sup>

That's a substantially large market not to be a part of.

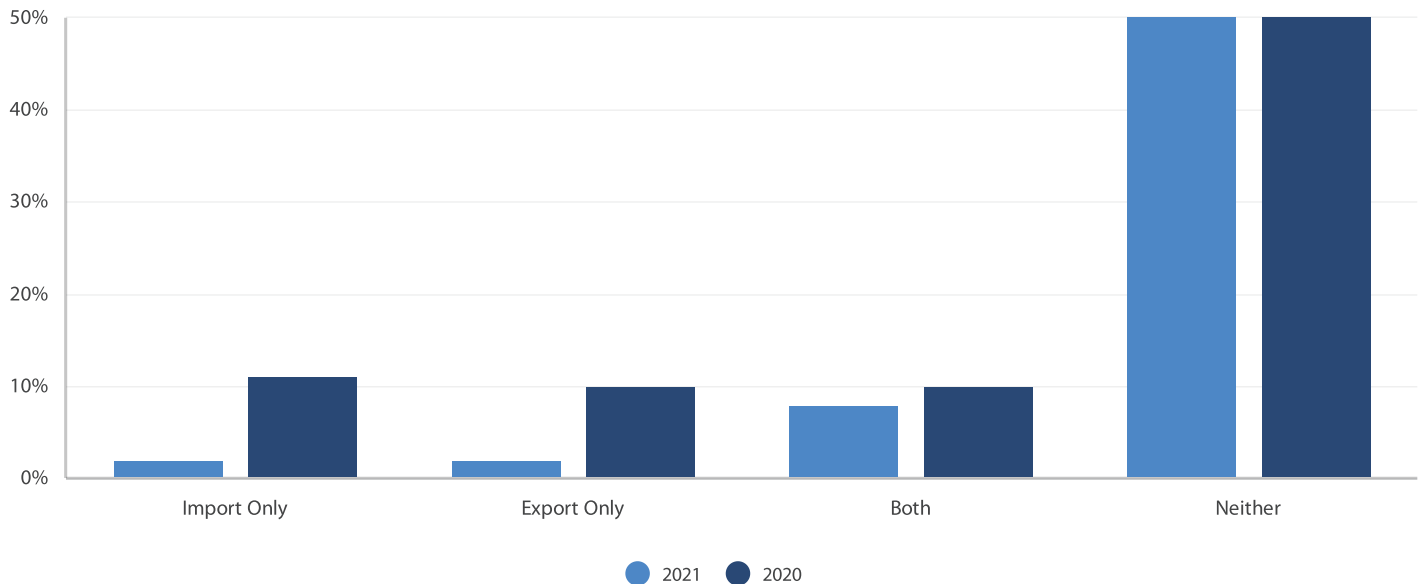
Our close proximity to major transportation hubs is unparalleled. St. Cloud is located minutes from the Florida Turnpike, with direct access to the Florida Turnpike, Interstate 4, State Roads 417 and 528. St. Cloud is only nine miles away from Sunrail, Central Florida's commuter rail system and a 30 minute drive from the Orlando International Airport, the 10th busiest airport in the U.S.

Through its strategic alliance memorandum with the U.S. Small Business Administration, the City of St. Cloud will begin executing a series of educational courses (in multiple formats) to assist businesses in learning the international canvas.

<sup>16</sup> Harvard Business Review. Thriving Locally in the Global Economy. August 2003 retrieved from <https://hbr.org/2003/08/thriving-locally-in-the-global-economy>

<sup>17</sup> Florida Chamber of Commerce. Did You Know More Than \$60 Billion in Florida Goods Exported Each Year? February 17, 2015. Retrieved March 28, 2022 from [https://www.flchamber.com/know-60-billion-florida-goods-exported-year/#:~:text=Florida%20has%20more%20than%20\\$60%2C000,of%20Florida's%20total%20export%20value.](https://www.flchamber.com/know-60-billion-florida-goods-exported-year/#:~:text=Florida%20has%20more%20than%20$60%2C000,of%20Florida's%20total%20export%20value.)

**Figure 6. International Sales**



## SALES & MARKETING

With the insurgence of e-commerce and COVID-19, most brick and mortar stores are competing with virtual stores that have the benefit of lower overhead. Now that most business is run digitally, communication has also changed customer demand including the way products and services are bought and sold. Considering that in 1998, only 5% of all business worldwide had begun some form of over-the-internet and e-commerce transactions, the internet has revolutionized the ways business is conducted.



In the 2017 survey, it was recorded that sales had increased for 67% over the previous year and 82% thought their sales would continue to increase into their next fiscal year.

In just 3 years, there have been several changes that have been drastic and subtle movements in the economy—most notably the supply chain disruption due to the pandemic.

**Figure 7** on the following page reports 2020 and 2021 comparative results.

In 2021, 27% reported that they expected a sales growth between 10-24% next year; 47% reported 1-9% projected sales growth. The Osceola County Office of Emergency Management, which is responsible for data collection within the county, began its business damage assessment survey in March 2020 to ascertain the level of economic loss by businesses. As of January 20, 2021, 469 St. Cloud businesses had participated. As there are more than 5,000 private sector firms in the county, that represents a sample population of 9%. It reported that 349 of those St. Cloud businesses reported an estimated cost of damage of more than \$52.2M. This figure includes projected sales.<sup>18</sup>

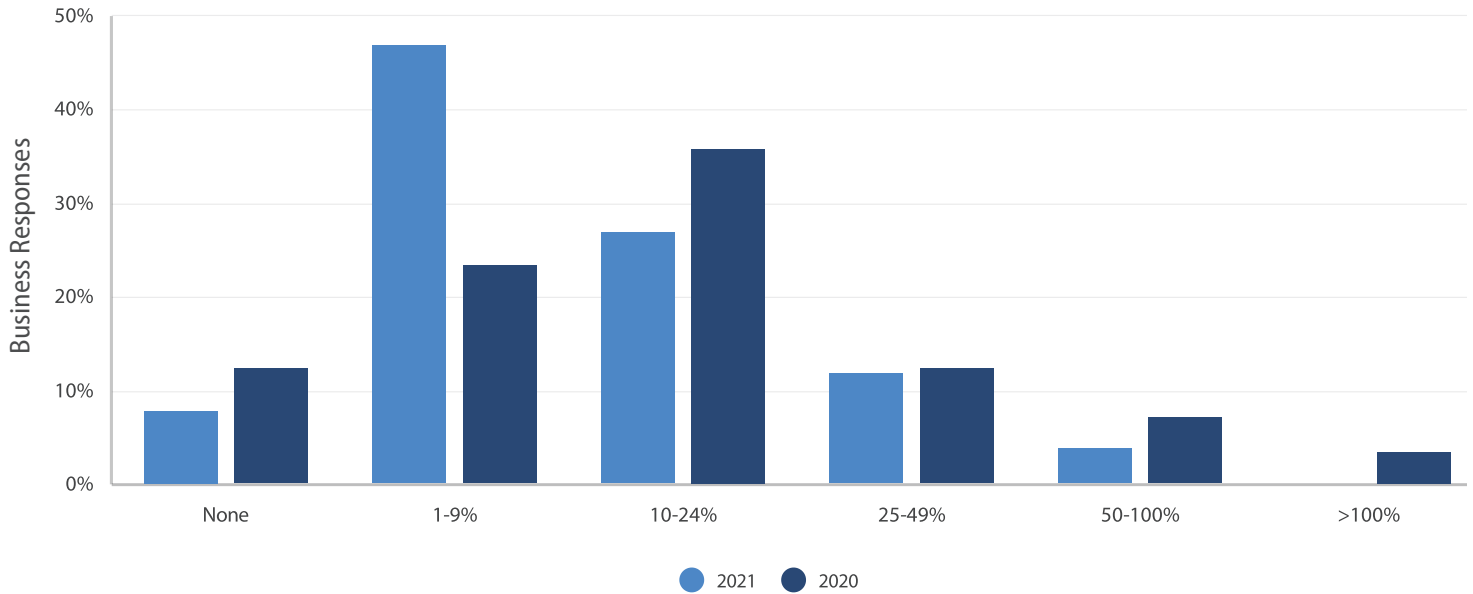
The question was asked about the percentage of sales completed via internet (e-commerce). The majority of respondents, 48%, replied none of their sales were completed via e-commerce. This response is on par from last year. The number appears to be a representation of a trend among small businesses. 42 percent of the small businesses surveyed by SurePayroll say “the Web really isn’t that important to their business.”

<sup>18</sup>Osceola County Office of Emergency Management COVID-19 Leadership Briefing Dashboard retrieved January 20, 2021 from <https://osceola-oem.maps.arcgis.com/apps/MapSeries/index.html?appid=f537b1d6b15b472397cb41c7758aa445>

<sup>19</sup> Small Business Trends. 74 Percent of Small Business Websites Have No eCommerce. February 25, 2019 retrieved from <https://smallbiztrends.com/2016/06/small-business-ecommerce-trends.html>



**Figure 7. Projected Revenue**



Twenty-eight percent of the small businesses in the survey said they don't even have a company website.<sup>19</sup> As the economic ripple efforts of COVID-19 continue and recommendations by the Center of Disease Control to social distance prevail, businesses who do not engage in online transactional activity will miss out on a huge source of revenue.

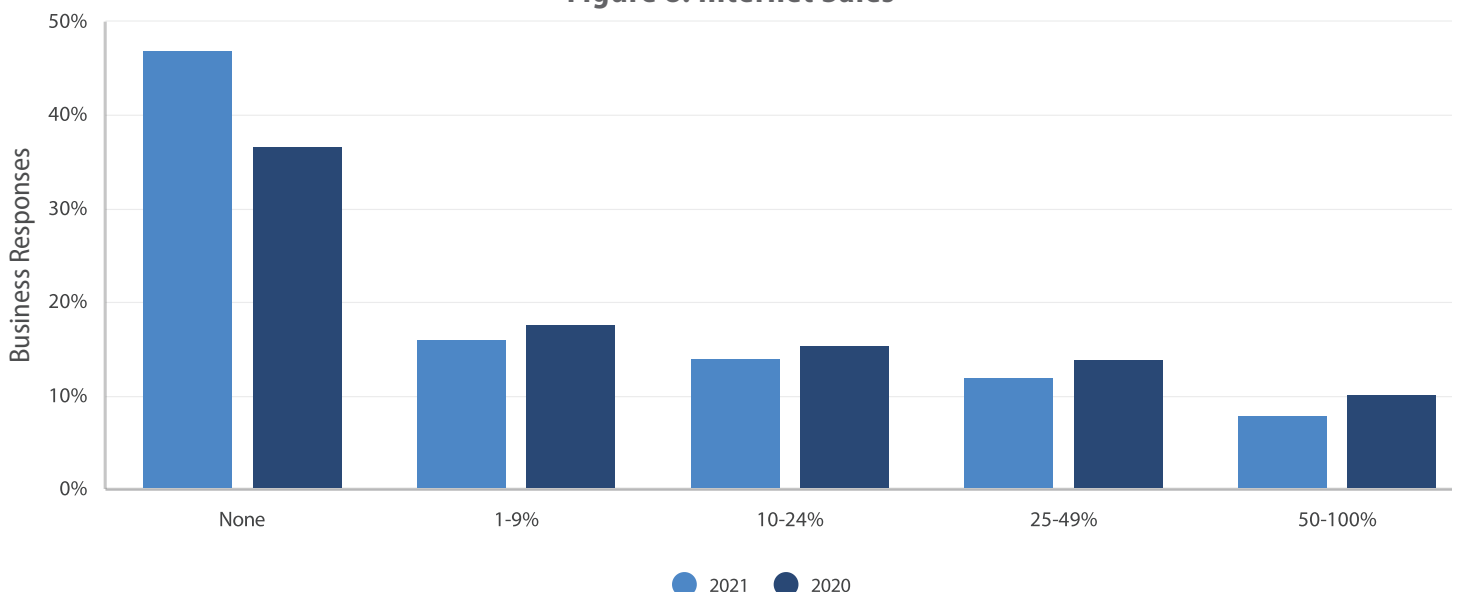
While many businesses do not conduct sales over the internet, they do connect with their customers that way. Most businesses reported some percentage of their customers make initial contact via the internet. 82% of respondents said that customers make initial

contact with them via social media (website, FaceBook, etc.) This year, 81% of respondents reported their customer base originated from the internet.

While the 2017 survey questioned the trend of sales over the previous year and future year's projection, it was imperative staff performed a deeper account for the source of sales.

**Figure 8** below represents the responses to the question: what percentage of sales are completed via the internet (eCommerce). The chart shows, 48%, did not conduct sales via the internet. While these figures seems alarming, it is actually on trend.<sup>20</sup>

**Figure 8. Internet Sales**



<sup>20</sup> Small Business Website in 2016: A Survey revealed 46% did not have a website. (Survey issue date February 17, 2016) retrieved from <https://clutch.co/web-designers/resources/small-business-websites-2016-survey> on December 17, 2019.

However, this is not a good trend; as the amount of customers originating from search engines are typically from a mobile device. As the amount of smart phone dependent users increase, having an online presence could yield a sustainable amount of new customers. The data reflects many respondents are starting to increase the use of online marketing to promote their business but are reluctant to begin online sales. St. Cloud businesses were no different than most of the national economy, consisting of small businesses, who immediately began to feel the effects of COVID-19. Many learned to pivot their operations to offer online purchases. Online shopping helped hundreds of thousands of small businesses not just survive, but stand out and thrive. In 2020, online shopping pushed overall retail sales up nearly 3.5 percent, to \$5.6 trillion, compared with the previous year, according to the research firm eMarketer. E-commerce alone grew by 33.6 percent in 2020. Small retailers, in particular, saw a big bump in online sales during this past holiday season – an average 104% increase over last year. And from all indications, e-commerce will remain a top trend for small businesses moving forward.<sup>21</sup>

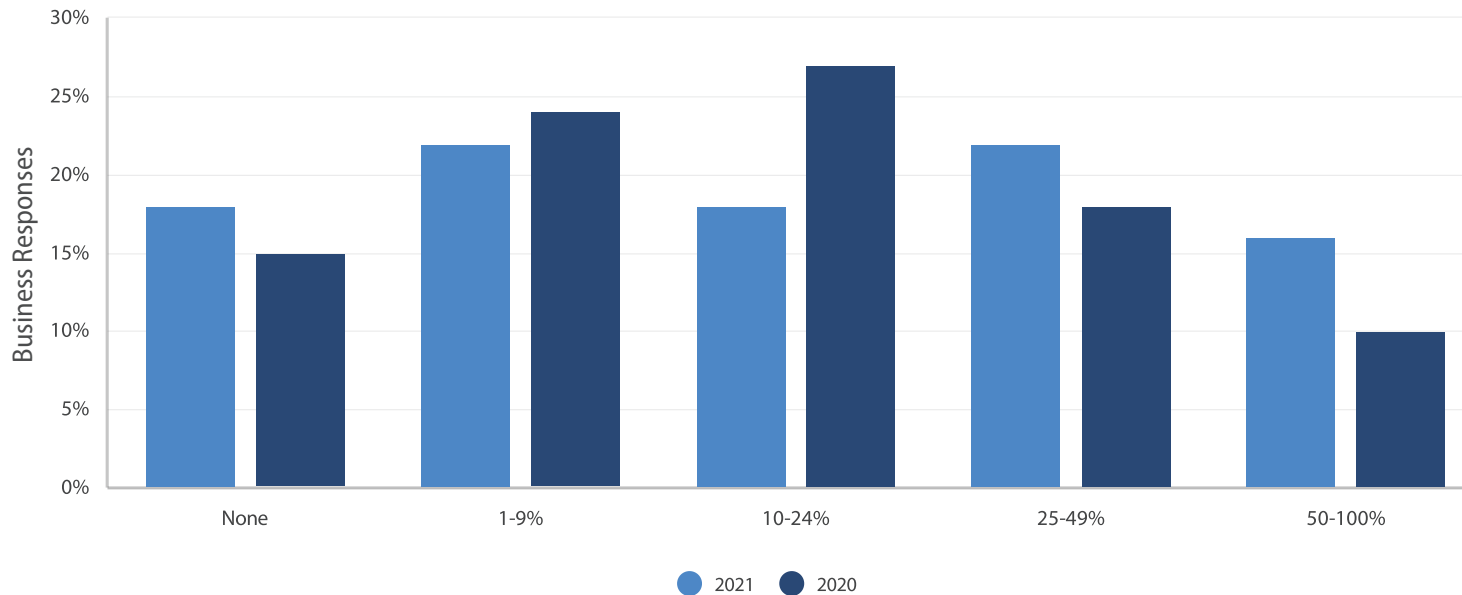
As technology advances, so does a business ability to communicate with its customers. St. Cloud business must adapt in order to compete regionally and nationally.

When asked what percentage of customers make initial contact online, the following data was represented in **Figure 9**. (Note: this question references the ability of the business to capture its customer via online marketing activity including website’s contact us page, social media and search engine optimization tools but it does not include transactional activity.)

Staying ahead of marketing trends have traditionally been challenging for small businesses but more so in recent years as the evolution of technology has created a hyperactivity and over-dependence by consumers to locate goods and services. With few or no employees, small business owners and independent contractors are tasked with both running the day-to-day operations of their business and figuring out what digital marketing is all about, or which digital media marketing tactics are working for small businesses now.<sup>22</sup> However, small businesses must soon realize that digital marketing is the most effective method is reaching a larger customer base.

An integral component of sales is technology. As technology influences our ability to communicate with customers and modernize operations. **Figure 10** on the following page is a further indication of how technological advances may have stalled on St. Cloud business operations as 77% state that are unaware of any new industry trends (specific to their business) that will change their products, services or production.

**Figure 9. SEO/Online Customer Engagement**

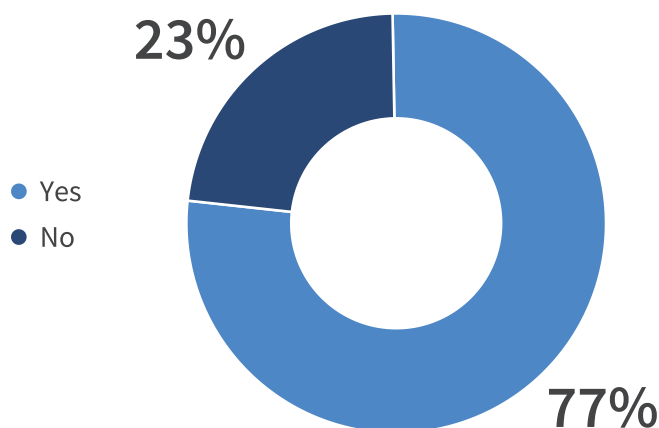


<sup>21</sup> Small Business Trends: The big pivot to e-commerce. By Sharon Goldman. The-Future-of-Commerce.com retrieved April 11, 2022 from <https://www.the-future-of-commerce.com/2021/04/19/small-business-trends/>

<sup>22</sup> Digital Marketing: What’s Working for Small Business. Business Know-How. December 30, 2020 Retrieved from <https://www.businessknowhow.com/marketing/digital-marketing.htm> on January 21, 2021

However, of the respondents who provided further detail of their opinion that emerging technological changes would drive change in their business, noted social media as the biggest paradigm shift in their industry. As one respondent noted, “There are always new technologies coming. The biggest is the innovation and change in customer buying trends. We have to continuously change with these trends or get left in the dust.”

**Figure 10. New Emerging Technology**



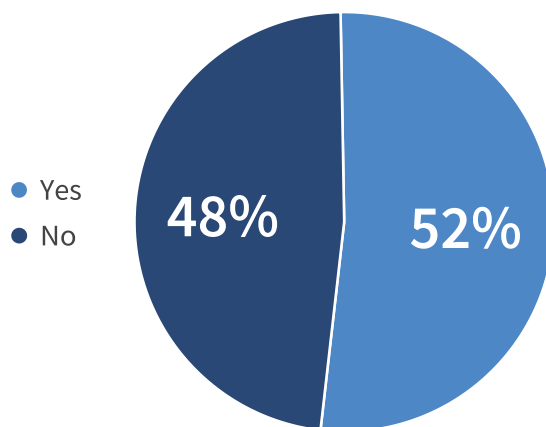
One comment from the 2020 survey accurately summarized the technology gap. “Technologies are always improving and it is important to stay on top of it.”

## WORKFORCE & TALENT ATTRACTION

According to the Brookings Institute, more than 27 percent of Central Florida jobs are in high risk industries because of coronavirus.<sup>23</sup> The ability to attract and retain high quality talent is an ongoing issue—not issue in St. Cloud, but nationally. A strong labor market is a sign of a booming economy.<sup>24</sup> While St. Cloud’s previous low unemployment was a great way to gauge the economic sustainability of a community; it no longer accurately conveys the issue of businesses ability to retain its existing talent with lulling sales caused by the pandemic.



**Figure 11. Issues with Employee Recruitment**



Note that **Figure 11** shows 52% of employers said they do not have problems recruiting employees. Of course nationally, unemployment which was originally at historic highs in the early days of the pandemic, circa 2020, has now seen the unemployment rate varying between 2.3% and 6.10% between states. Osceola County’s unemployment rate reached 31% in June 2020. However, the current unemployment rate is on average lower than it was in 2018; as of December 2021, it was 4.5 %.

<sup>23</sup> Coronavirus Hits Commerce. Osceola News-Gazette. March 20, 2020 retrieved January 7, 2021.

<sup>24</sup> Crain’s New York Business. The Challenge of Talent Attraction and Retention. October 28, 2019 retrieved from <https://www.crainsnewyork.com/sponsored-bank-america/challenge-talent-attraction-and-retention> on December 16, 2019.

<sup>25</sup> Companies are planning raises in 2022—here’s how much workers can expect by Jennifer Liu published in CNBC Make It. December 9, 2021 retrieved from <https://www.cnbc.com/2021/12/09/companies-are-planning-raises-in-2022how-much-workers-can-expect.html>



75% provided some of training either in-house training programs or on-the-job/learn-as-you-go training; only 2% provided external/outside consultant training; and 2% offered apprenticeships. Of the respondents who offered comments about the difficulty in finding talent, here are some of the comments:

- “It’s hard to find qualified people who want to work.”
- “The employees are able to negotiate salaries with larger companies which make it difficult for employers like us to compete.”

Now that the economy has begun its recovery particularly in employment, it has started to feel the effects of inflation, supply chain shortages and the great resignation. Those who do have enough employees, are forced to deal with the issue of retaining them. With the regional and national trend of technological advances, employers require employees with specific skillsets.

The amount of new businesses have increased exponentially over the past 3 years, with more than 700 new businesses registered in St. Cloud and 537,843 square feet of new commercial construction, totaling \$70.9M in valuation.

Additionally, the rising cost of living exacerbated by the lack of affordable housing have placed employers between the proverbial rock and hard place. Wage growth has accelerated dramatically since the spring as the economy reopened and employers needed to staff up quickly. Meanwhile, workers primarily in lower-wage sectors suddenly had more opportunities to quit for a higher-paying job. People who changed jobs saw average wage growth of 6.6% in September, up from 5.1% in the first half of the year, according to the payroll company ADP.<sup>25</sup>

Many companies have been forced to increase wages to retain talent, from entry-level to salaried positions—just to keep up with rising cost of demand on qualified, experienced talent. As the consumer price index increased by 6.2% from October 2020 to October 2021, many companies have struggled to keep up with the cost of goods and services.

**“We are more than pleased with our decision to make St. Cloud the home for our new business.”**

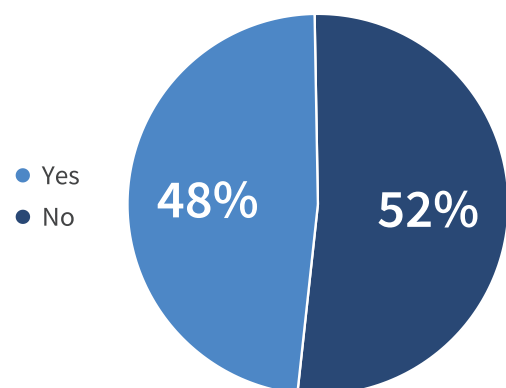
## LOCATION. LOCATION. LOCATION.

The location of a business is integral to its success. Logistically, it must access to its suppliers and customers. It also will influence operational costs, competitive advantage, and marketing efforts.



*Figure 12* illustrates the responses to the question: *Is the ability to expand or relocate an important factor to growing your business/organization?* This is an important question to economic developers. It helps staff research the strategies, techniques and potential new programming to incentivize the business to relocate or continue its operations within a geographic area. Relocation can lower operation costs significantly via lower tax structure, reductions to property maintenance expenses and operational expenses (i.e. logistics/transportation costs), and/or closer access to its workforce population. In fact, when asked if the ability to expand or relocate was an important factor to growing its business, 48% stated ‘yes’—down from 9% last year.

**Figure 12. Plans to Expand**



In 2017, 29% of surveyed businesses reported they have expanded or relocated in the past year and 43% planned to expand to relocated in the next year (2018). Currently, 48% of surveyed businesses report they intend to expand or relocate in the next 3 years.

This is critical information as the ability to offer real solutions in the form land availability, incentives, talent pool (workforce), close proximity to transit solutions and streamlined logistical options for operations to decrease downtime will prove invaluable tools to potential businesses.

St. Cloud’s short/reverse commute, high median household income, direct access to transit systems (rail, roadway, air, sea ports, etc) and high volume of its workforce talent pool makes it a great destination for future development opportunities. In fact, several commenters referenced St. Cloud’s location and close vicinity to the Turnpike, Neo City, Lake Nona Medical City, and Narcoossee Road as assets and integral to its success. Other comments included quality of life and cost of living as benefits.

## MANAGEMENT & GROWTH

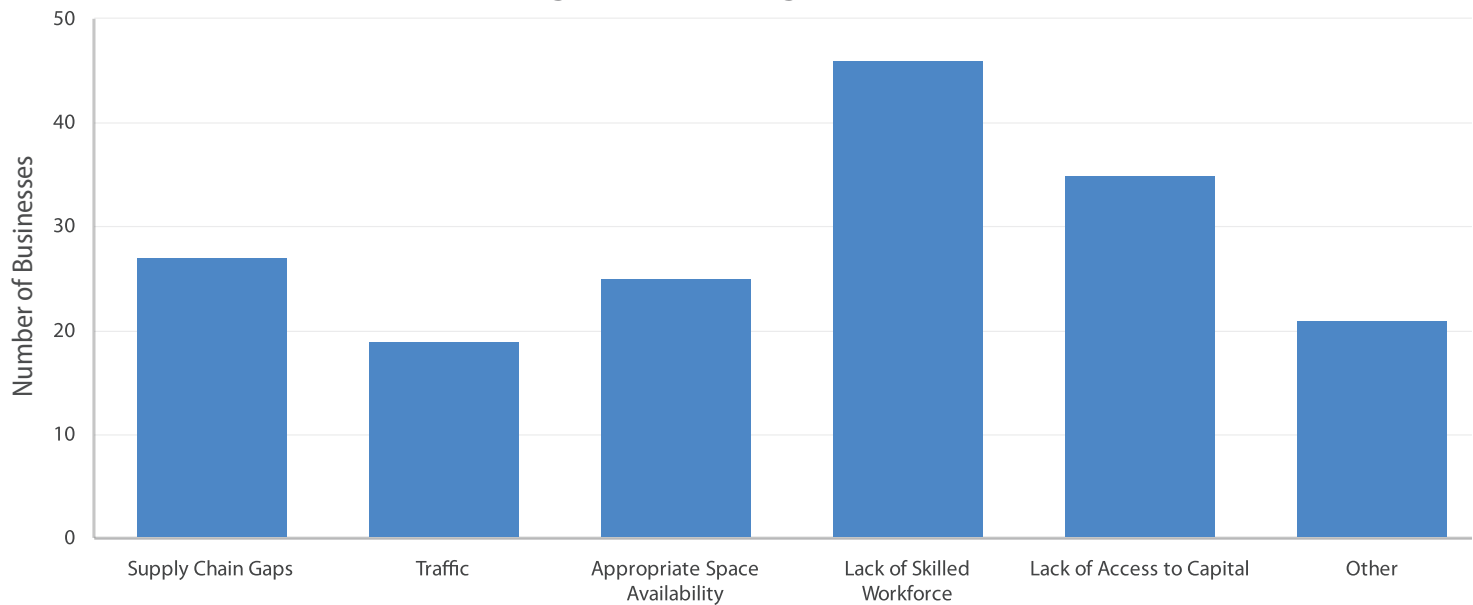
The question was asked whether the business/ organization expected any changes in upper management or ownership in the next 3-5 years. Internal changes in a business ownership can affect operations in several ways including, but not limited to, tax structure, corporate strategy, organizational structure and long term strategic planning. As many businesses in St. Cloud are sole proprietorships (either

through franchisee, self-employment or independent contractors), it should not be a surprise that most responded ‘No’; 94%, in fact (24% increase from 2020). In 2017, 18% of businesses reported expected changes in upper management—compared to 18% in 2020. This constant can be interpreted as a positive sign of economic stability.



External changes can also post a threat to a business projected growth if not forecasted and planned. The follow-up question to business’ plans for management, were the perceived external threats to its growth. **Figure 13** represents the responses to the question, “What challenges, if any, could threaten your business/ organization growth?” It should be noted that this question allowed for multiple responses. This year, lack of skilled workforce was identified as the largest barrier (46%); while 2020 reported lack of access to capital as the top response.

Figure 13. Challenges to Growth



<sup>26</sup> Companies are planning raises in 2022—here’s how much workers can expect by Jennifer Liu published in CNBC Make It. December 9, 2021 retrieved from <https://www.cnbc.com/2021/12/09/companies-are-planning-raises-in-2022how-much-workers-can-expect.html>

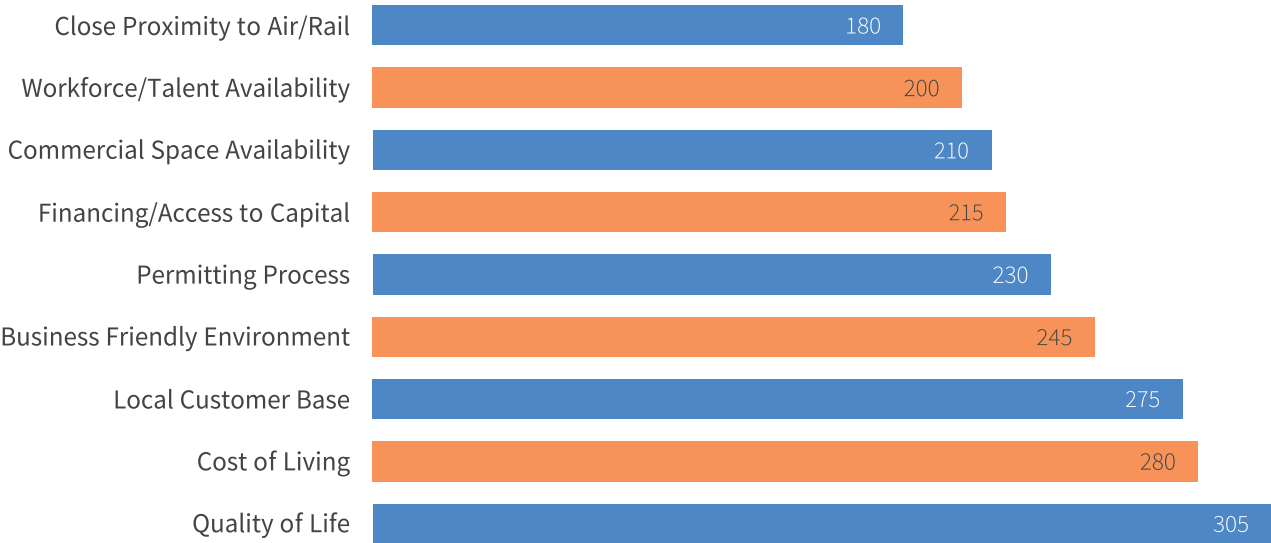
This shift in responses is in direct correlation to the changes in the national economy where talent is the new commodity.

This can result in a wage-price spiral, or when higher prices and rising pay feed into each other and accelerate even more. Businesses will have to decide how much to raise their salaries to keep their employees while also deciding how much to pass on those costs to the consumer, according to think tank The Conference Board’s Chief Economist Gad Levanon.<sup>26</sup>

## FACTORS FOR A SUCCESSFUL BUSINESS

As previously referenced several times, there are many factors that subject a business to its success or failure. *Figure 14* illustrates respondents’ perception of certain predominant ones such as space availability, business environment, financing options, cost of living, etc. Due to the large volume of information in this chart, the following breakdown is available:

Figure 14. Factors for St. Cloud



Note: The legend reflects the representative number of respondents and their respective (multiple) scores. The adjacent chart reflects the percentage of respondents.



Response	Average rank	Ranked 1	Ranked 2	Ranked 3	Ranked 4	Ranked 5	Ranked 6	Ranked 7	Ranked 8	Ranked 9
Quality of Life/sense of Place	3.6	29.17%	12.50%	10.42%	16.67%	6.25%	6.25%	6.25%	12.50%	0%
Cost of Living	4.1	14.58%	18.75%	16.67%	6.25%	14.58%	6.25%	16.67%	2.08%	4.17%
Local Customer Base	4.2	18.75%	8.33%	14.58%	18.75%	8.33%	10.42%	10.42%	4.17%	6.25%
Business Friendly Environment	4.9	2.08%	16.67%	18.75%	10.42%	6.25%	18.75%	10.42%	8.33%	8.33%
Permitting Process	5.1	6.25%	8.33%	8.33%	18.75%	14.58%	16.67%	8.33%	12.50%	6.25%
Financing/ access to Capital	5.4	6.25%	8.33%	6.25%	12.50%	16.67%	10.42%	16.67%	16.67%	6.25%
Commercial Space Availability	5.5	6.25%	16.67%	10.42%	2.08%	12.50%	8.33%	8.33%	16.67%	18.75%
Workforce/ talent Availability	5.8	6.25%	4.17%	8.33%	4.17%	20.83%	12.50%	14.58%	16.67%	12.50%
Close Proximity to Air/Rail/Port	6.3	10.42%	6.25%	6.25%	10.42%	0%	10.42%	8.33%	10.42%	37.50%

## CONCLUSION

In most areas, the responses were good or fair. However, it should be noted that certain area received high responses in the poor or very poor category that warrant observation. High facility/lease rates, workforce/talent availability and the permitting process are the most prominent.

The last question of the survey allowed for surveyors to offer additional comments not included in the initial questions. Below is a snapshot of the responses:

- "Building department is very responsive."
- "Traffic sucks."
- "The city's desire to attract, maintain and assist the growth of new business is better than any city I've worked with in 25+ years of business."
- "Downtown St. Cloud has become an absolutely wonderful place to conduct business. The atmosphere of the downtown area is conducive to the successful operation of small businesses. Keeping local business local is important."
- "The city has to do more for non-downtown business, the city is expanding and needs to promote businesses outside the downtown area."

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