Know the Customer
A Survey of Utah’s Business Leaders

For 30 years the Economic Development Corporation of Utah (EDCUtah) has worked with thousands of companies in a wide array of industries. In addition to recruiting companies to the state, EDCUtah works to support and facilitate local Utah company expansions. The Know the Customer (KTC) program allows EDCUtah to better understand the challenges and plans of existing businesses and to support their future growth in the state. It is an exercise in listening to more effectively support their goals.
The KTC program began in 2019 as an initiative to engage with Utah’s key employers to identify the support they need. The KTC program also provides an “early warning system” to identify Utah companies considering to move jobs outside of Utah.

Conducted primarily by EDCUtah, these hour-long interviews often lead to insights about growth plans, affording “Team Utah” an opportunity to help companies in a timely manner.

Collectively, these interviews have the goal of informing state and local leaders. Aggregate data can prove useful to any party looking to improve the business landscape in Utah.

The information presented in this report represents feedback only from those companies interviewed. Companies were strategically chosen (targeted sample) based on a number of factors including industry, company size, geography, and impact to the state of Utah. The sample is small (74) relative to the total number of companies in Utah (100,000+), thus, care should be exercised in making inferences on the population as a whole.

A net promoter score (NPS) is a benchmark organizations use to measure customer loyalty on a scale from -100 to 100. To provide context, Amazon has a NPS of 62 and Netflix of 68, both considered excellent scores.*

Key Findings

**BUSINESS CLIMATE**

- The perception of Utah as a place to do business is high, with a NPS above 60.

- Companies that have moved operations to Utah have a higher NPS on average (67.6) than companies founded in Utah (61.1).

- The top two factors driving Utah’s favorable ratings are a quality workforce and affordable costs of doing business. A majority of companies believe the quality of Utah’s workforce is better than in other states.

- Utah’s greatest advantages compared to other markets were identified as Utah’s outdoor lifestyle (21 percent), cost of doing business (20 percent), and business and tax climate (18 percent).

- Fifty-nine percent of respondents indicated that their opinion of doing business in Utah has stayed the same over the past
two years, 19 percent said it has worsened, and 22 percent said it has improved.

**Expansion Plans and Hurdles**

- Two-thirds of companies are anticipating to expand their workforce in the next year.

- A shortage of available talent is seen as the top challenge the state faces over the next five years (28 percent); this perception crosses all industry sectors and company sizes.

- Many companies struggle to recruit / retain women and diverse talent; they consider this issue a greater challenge in Utah than in other locations where they do business.

- Population growth / cost of living (17 percent) and air quality (15 percent) are considered top challenges in Utah.

- A quarter of respondents indicated they had been offered incentives by economic development organizations outside of Utah.

**Company History in Utah and Plans for the Future**

Interviewed companies are generally happy with their Utah experience. The majority started in the state, but organizations that moved operations to Utah are slightly more satisfied with the local workforce than companies that were founded in the state, and are more likely to recommend Utah as a place to do business. The majority of companies are looking to expand over the next 12 months and are focusing on issues associated with growth, such as workforce training, building the sales pipeline, and upgrading technology systems.
 Companies do business in Utah due to low costs, quality workforce, and tax incentives, among other reasons. They feel that the talent shortage and increasing costs are the most pressing issues Utah will face over the next five to ten years.

**Workforce Issues**

Companies feel that Utah’s workforce is better than other locations but some struggle to recruit / retain executives (18%), more struggle to recruit / retain women (25%), and even more struggle recruit / retain diverse talent (33%).

**Policy implications: Ideas state leaders can glean from these preliminary results.**

- Create better connectivity between business and the public sector to increase NPS of existing companies. Retain the Utah value proposition through a focus on controlling costs and supporting a quality workforce and business-friendly environment.
- Organize around diversity and inclusion. Infuse this into economic development and other public policy objectives.
- Maintain what makes Utah great and what gives the state a unique talent attraction strategy—our superb outdoor environment and recreational opportunities. Recognize the importance of air quality to the business community.
- Continue supporting public education and programs that align education and industry. While evaluating incentives in general, consider workforce incentives for all companies as a means to support Utah’s positioning vs. other regions. Competition for growing companies is real, constant, and no respecter of state boundaries.
**Next Steps**
By July 1, 2020, EDCUtah plans to complete 100 KTCs to identify companies that need support or have possible expansion needs and to collect data on business trends in Utah. EDCUtah plans to broaden the outreach outside of Salt Lake County, ensuring the sample provides representation of each geography, industry, and company size.

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**Sampling Methodology**
The sampling methodology for KTC interviews is primarily based on location and industry. For the first 74 company interviews, EDCUtah focused on companies that fell in one of the six GOED targeted clusters and other targeted industries. Thus, the KTC program generally omits industries that fall outside of that scope, such as retail, call centers, universities, etc.

EDCUtah calculated the percent of establishments by county to determine the percent of companies in each county to interview. For example, 44.77% of Utah establishments are located in Salt Lake County, therefore, we would seek to complete 45 of 100 interviews in Salt Lake County. However, 0.04% of establishments are located in Piute County, which would produce less than one interview. In fact, the 17 smallest counties each have less than 1% of Utah establishments, and 12 of those 17 round down to zero. Because we want to ensure representation from every county, we rounded each of those 17 counties up to one rather than down to zero. By rounding upward for those counties, and restricting the number of interviews to 100, we had to under sample in a few other counties. For example, we interviewed 40 companies in Salt Lake County rather than 45. The first 74 interviews conducted were based somewhat on convenience in order to beta test the program, and the remainder will be outside of Salt Lake County.

EDCUtah is looking for a variety of company sizes to interview. Eighty-five percent of companies in Utah have fewer than 20 employees. Our goal is to sample medium and large companies as well, so our sample is not intended to match the distribution of Utah companies, but rather to ensure we have greater representation from larger companies.

Thirty-one cities are represented in our sample:

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**Companies by Employment**

- **State Distribution**
- **Sample Distribution**

**Completed Interviews**
- 68%

**Remaining Interviews**
- 32%
Like to know more about business in Utah?

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