

THE WATER COUNCIL SMALL BUSINESS CHANNEL NEEDS ASSESSMENT



Institute for Water Business
University of Wisconsin-Whitewater



SMALL
BUSINESS
CHANNEL



UNIVERSITY OF WISCONSIN
WHITEWATER
ADVANCED STUDENT APPRENTICESHIP
PROGRAM AND OUTREACH SERVICES

INTRODUCTION

Through a U.S. Small Business Administration Regional Innovation Cluster award, the Small Business Channel promotes the growth and development of small businesses operating in the water technology sector—first in the Midwest and then across the United States.

The Water Council's Small Business Channel connects small and medium sized water technology businesses with a range of services including: matchmaking with large and small business, connections to capital resources, training and workshop opportunities, export and procurement resources, mentoring, and access to the Global Water Port.

Participating in a menu of Small Business Channel's services enables small water technology businesses to shift from working in isolation to connectivity with the larger water technology industry. The Small Business channel provides an opportunity for these firms to significantly enhance their credibility and network resulting in growth and profitability.

The Water Council, in collaboration with the University of Wisconsin Whitewater Institute for Water Business, conducted a needs assessment in Winter 2015/2016 to gather information on small business' awareness of the Small Business Channel. Topics explored include business demographics, knowledge of the Small Business Channel resources and services, participation in Water Council activities and events, and professional and business development needs.

PURPOSE

The purpose of the Needs Assessment report is to:

1. Provide information to Water Council and its stakeholders regarding the needs of small businesses operating in the water technology sector.
2. Become a reference tool for the Water Council and its stakeholders when developing Small Business Channel strategic priorities and action plans.
3. Provide baseline data for assessing impact and guiding development of new resources, programs, and/or services.

DATA COLLECTION

The 2015-2016 Small Business Channel Needs Assessment included a web-based survey of all small businesses in the Channel's database and individual (telephone) interviews. Karen Frost, the Water Council's Small Business Program Manager and Denise Ehlen, the Director of the University of Wisconsin-Whitewater Institute for Water

Business developed the surveys and interview questions (included as **APPENDICES 1 to 3**). Small Business Channel and University of Wisconsin-Whitewater students provided administrative, research, and reporting assistance. Data were collected between December 2015 and February 2016.

ANALYSIS

Thirty-Four companies responded to the initial survey. Respondents were not required to answer every question. The research team interviewed fourteen companies as part of the phase 2 follow up survey and/or telephone interviews. All respondents received the follow up survey or participated in a telephone interview. Quantitative (survey) data were compiled and are presented in the **RESULTS** section of this report. Qualitative (interview) data were reviewed for key themes; recurrence of themes determined the order of priority service areas included in this report. The themes that recurred most often (in small businesses responses) were ranked highest. Qualitative data are also presented in the **RESULTS** section of this report.

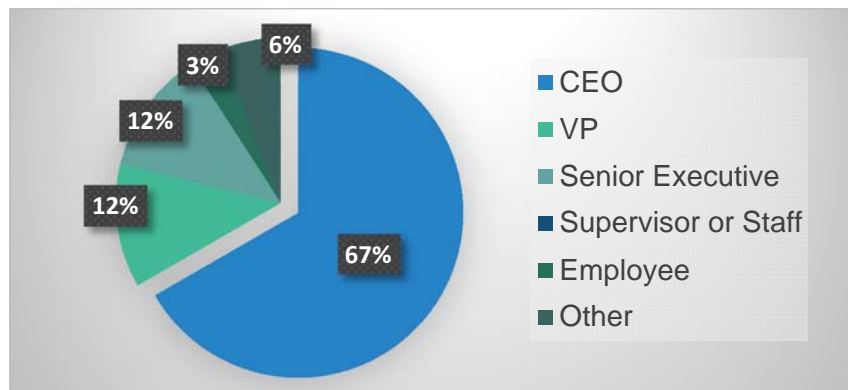
RESULTS: PHASE 1 [INITIAL SURVEY]

SMALL BUSINESS [RESPONDENTS] PROFILE

Year
Business
Was Started

The year of business launch ranged from 1952-2014 (based on responses from the 22 respondents who chose to answer this question).

Respondent's
Role in the
Company



Type of Business

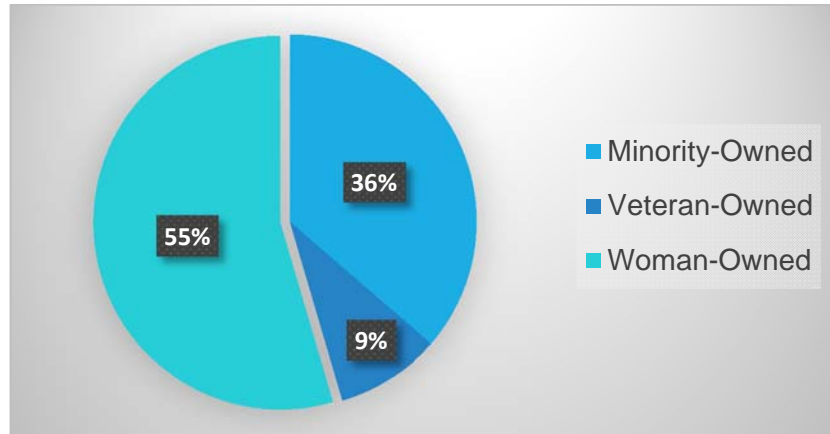
Respondents could choose from 16 different business types, including “other.” Of the offered options, no businesses self-identified as “mechanical: not covered in other categories,” “aquaculture components and systems well,” “residential water treatment components and systems water,” or “resource recovery systems and components.”

In the “other” area, businesses ranged from portable water purification systems, commercial water well contractor, water energy generators, river / harbor sediment decontamination, venture capital, metal fabricator, engineering, and assembly, and testing, measurement, and diagnostics.

32%	Other
12%	Water Distribution Systems
9%	Industrial Water Treatment Components and/or Systems
9%	Storm Water Collection, Treatment, and Reduction Components and/or Management Systems
9%	Engineering, Planning, Software Services, and/or Consultant for Water, Wastewater, Storm Water, Water Harvesting, and/or Sustainable Practices
6%	Industrial Water Process Systems
6%	Wastewater Treatment Systems and/or Components
6%	Water/Energy Use Efficiency Components and/or Systems
3%	Desalination Components and/or Systems
3%	Water Harvesting Components and/or Systems
3%	Well Monitoring Systems
3%	Water System Products--Non-mechanical, Not Covered in Other Categories

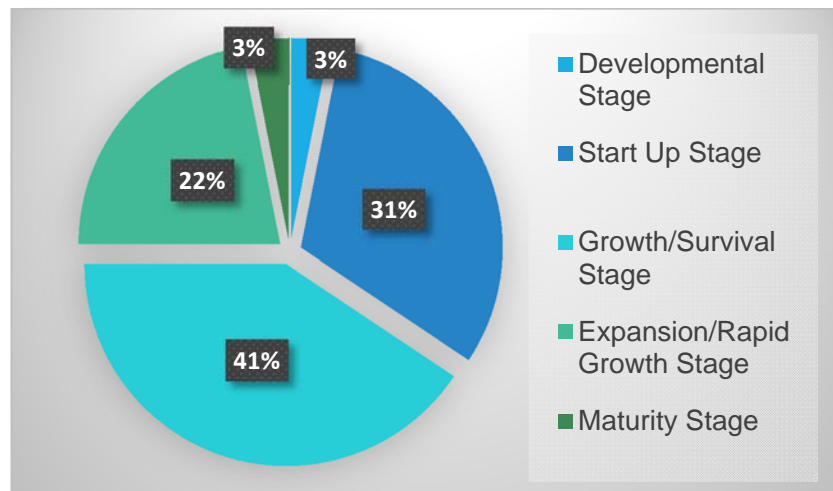
Business Ownership

Eleven of 32 respondents self-identified as minority-owned, veteran-owned, or woman-owned.



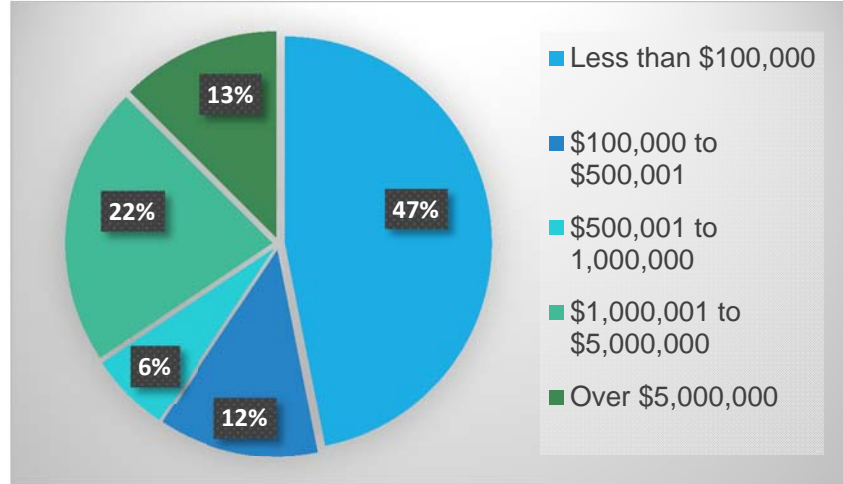
Current Stage of Business

The majority of respondents (32) reported the current stage of their business. The majority of businesses classified as growth/survival (consistently adding customers/revenue), expansion/rapid growth (established within the market and looking for new opportunities), or mature (slower growth from top place in market).



Respondents were asked to select from a range of categories that best describes the business' revenues for the 2015 fiscal year.

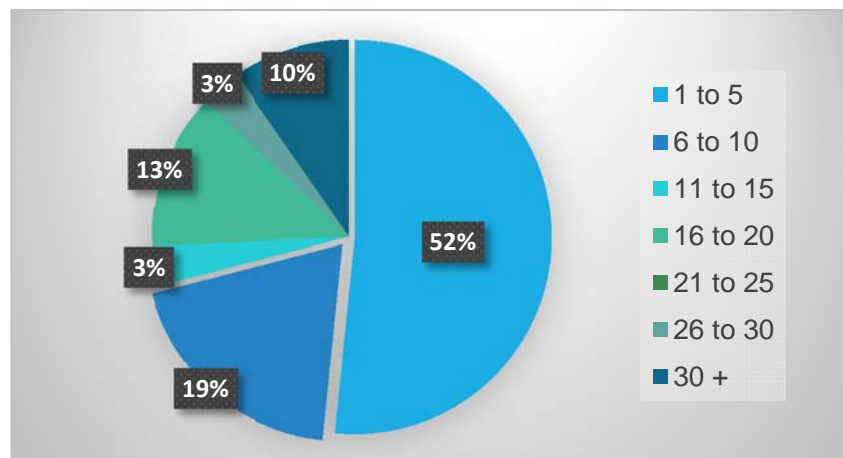
Business Revenues



The researchers collected employee data including the number of employees in each of the following categories: full-time (more than 20 hours/week), part-time, not including interns (less than 20 hours/week), and interns.

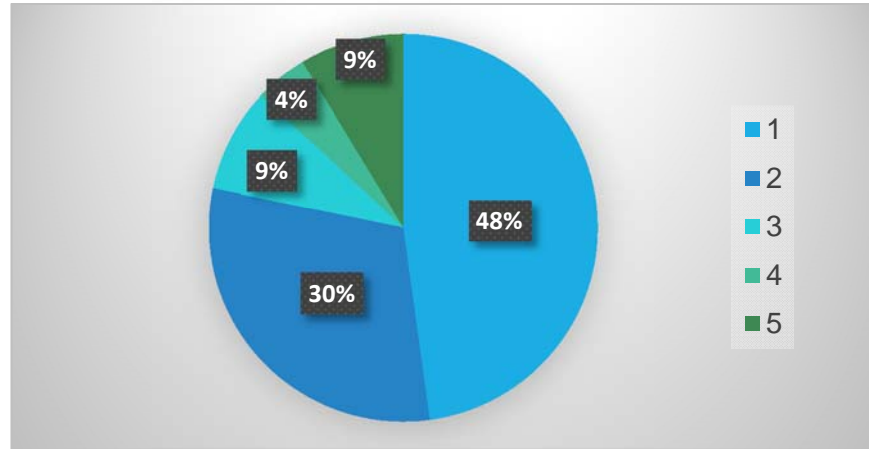
The majority of respondents (16 or 52%) employed five or less full-time staff.

Number of Employees by Category



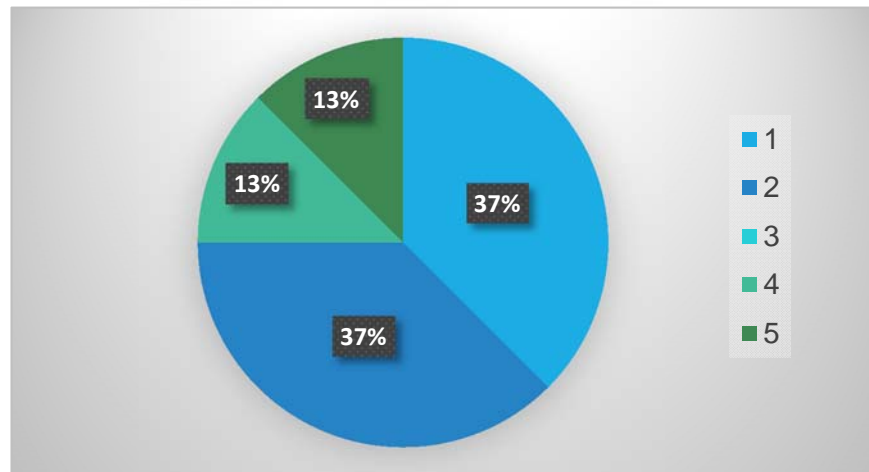
Seventy-eight percent (23) of small water businesses reported retaining two or less part time employees.

Part-Time Employees



Thirty-one small business professionals responded to this item and only eight (8) currently employ interns. The majority (6 or 74%) employed two (2) or less interns).

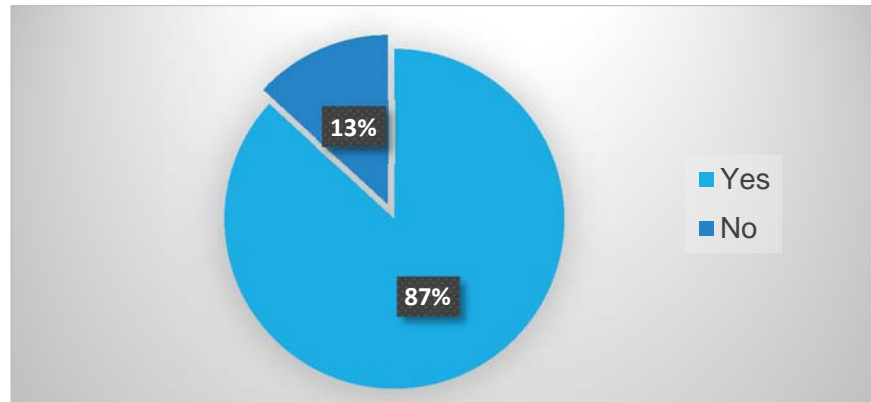
Interns



Hiring Employees within the Next Six Months

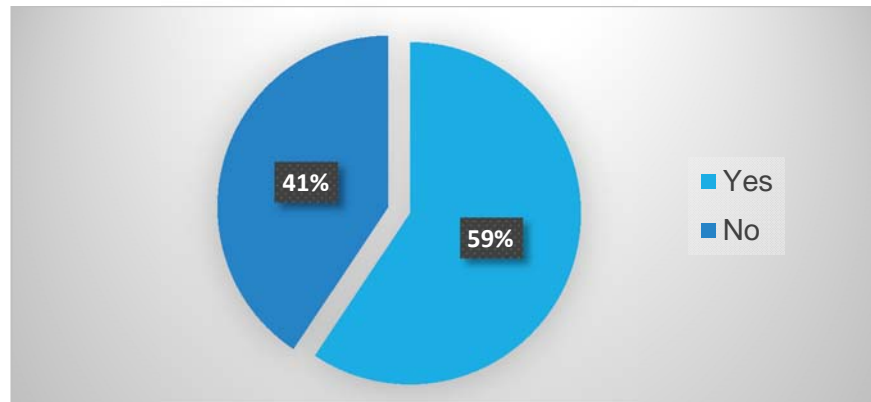
The needs assessment included questions regarding growth plans for the next six months, including plans to hire employees (full- or part-time) Of the 33 responses, 87% indicated they plan to hire new employees.

Hiring Employees Within the Next Six Months



Twenty-Seven of the 28 respondents who said they would be hiring in the next six months noted the number they would be hiring. The number was between 1 and 5 for all companies, with two outliers: 20-25 and 10.

Hiring Interns Within the Next Six Months



The needs assessment also explored plans to recruit interns in the next six months. Of the 32 responses, the majority (19 or 59%) responded in the affirmative.

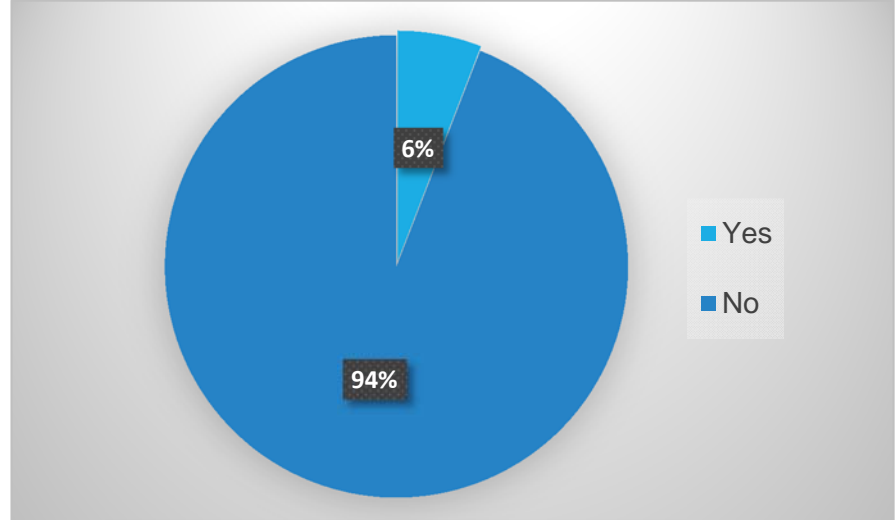
The majority (18) of the 19 who replied "Yes." Indicated they would be hiring between one and three interns within the next six months.

Water Council Membership

Twenty-four of the 34 respondents (71%) are currently members of The Water Council. The 10 non-members all indicated interest in becoming members.

Ninety-four percent (32) of respondents (34) indicated they are NOT currently participating in the Small Business Channel Program.

Small Business
Channel
Program
Participation

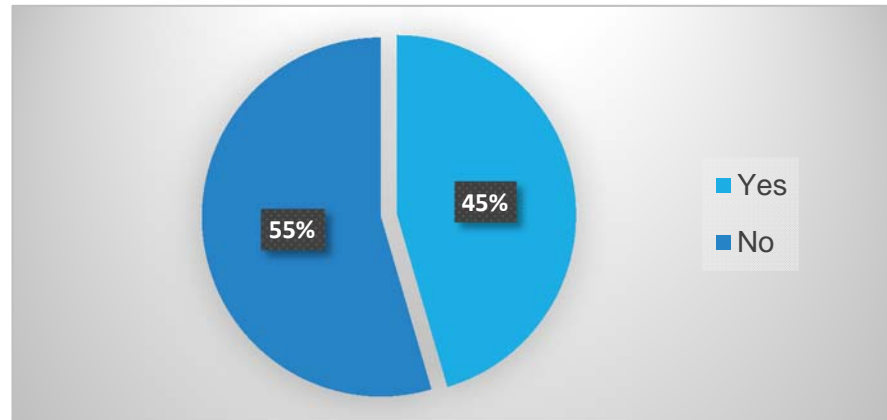


Twenty-nine of the 32 non-participants would like to learn more about the Small Business Channel.

CONTRACTING

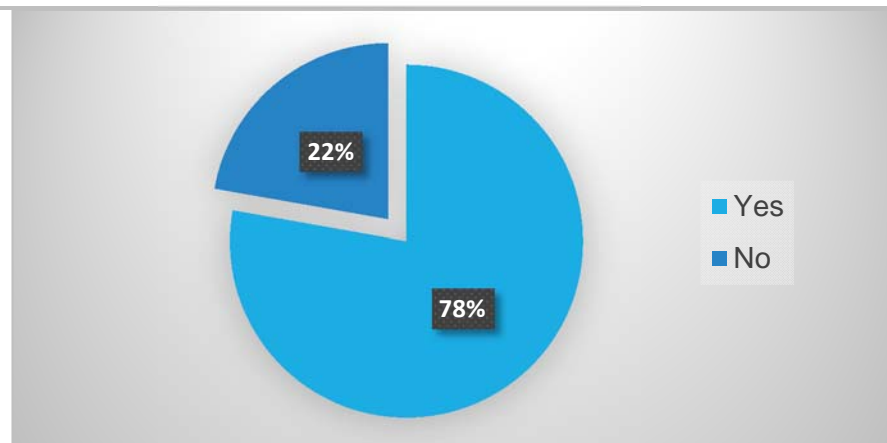
The majority of water technology businesses responding to this survey (18 or 55%) do not currently contract with local (non-federal) and/or federal government agencies.

Contracting



The needs assessment included items related to small water businesses' interest in learning more about contract opportunities. Of the 18 who chose to answer this question, 14 are interested in learning more about contract opportunities.

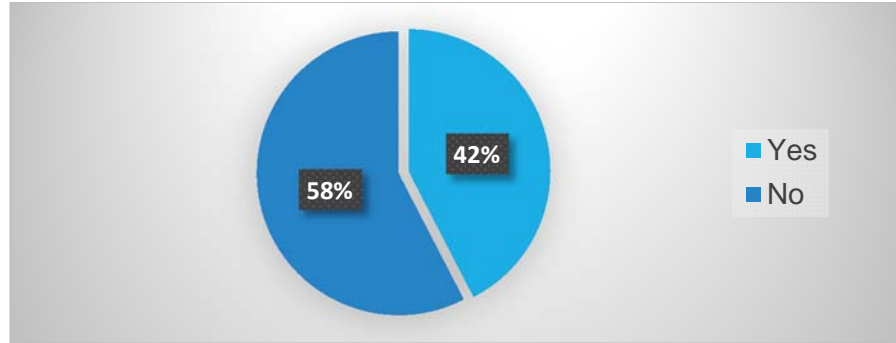
Interest in Learning More about Contract Opportunities



EXPORTING

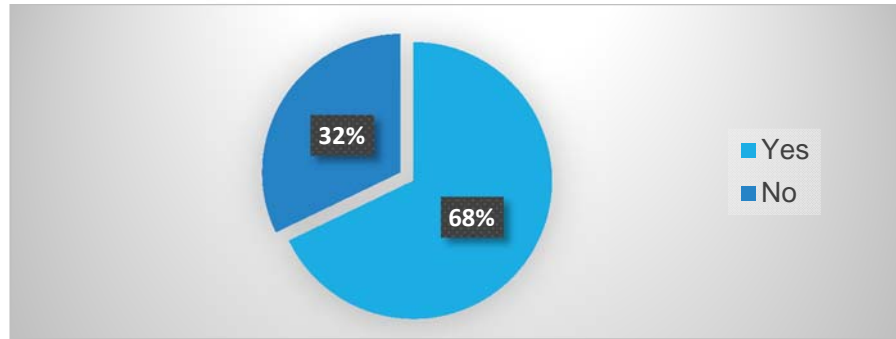
Currently Exporting a Product Outside the US

The majority of small businesses are NOT exporting a product.



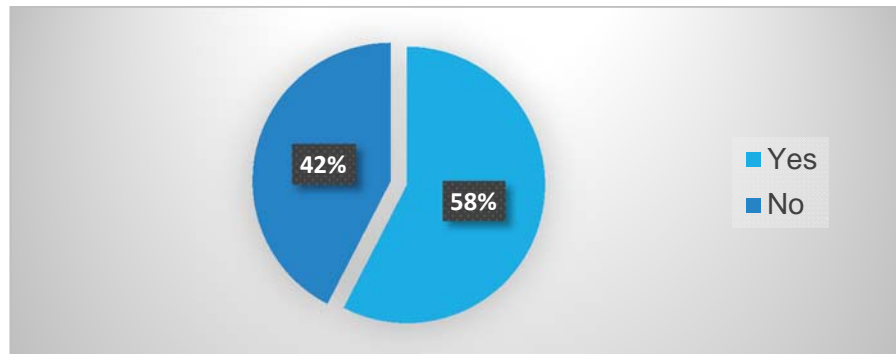
Plans to Export

The majority of small businesses DO plan to export a product.



Interest in training and/or professional development in exporting

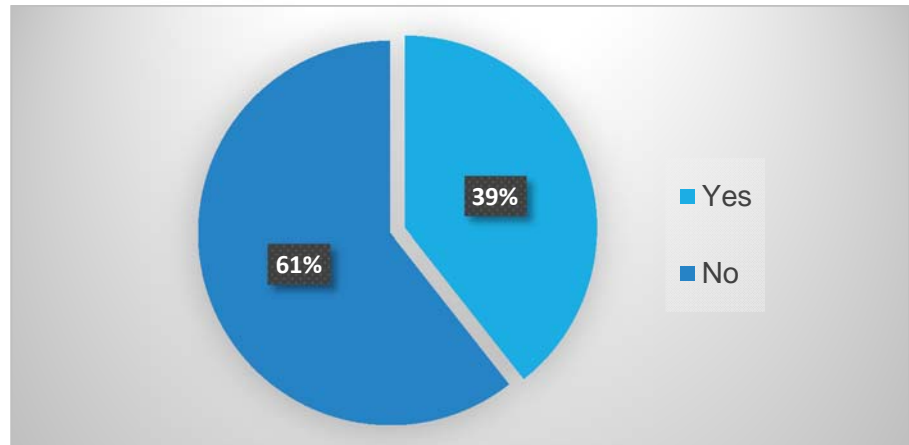
Of the 33 respondents, 19 (58%) were interested in export training, resources, and assistance.



PROFESSIONAL DEVELOPMENT PROFILE/NEEDS

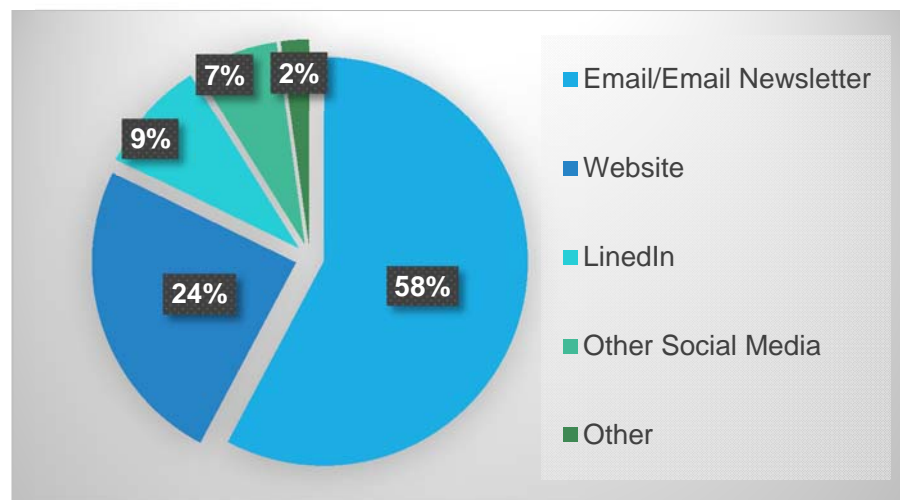
Sixty-one percent of respondents have NOT attended a Water Council workshop or other training (sponsored by the Water Council).

Attend a Water Council Workshop or Other Training



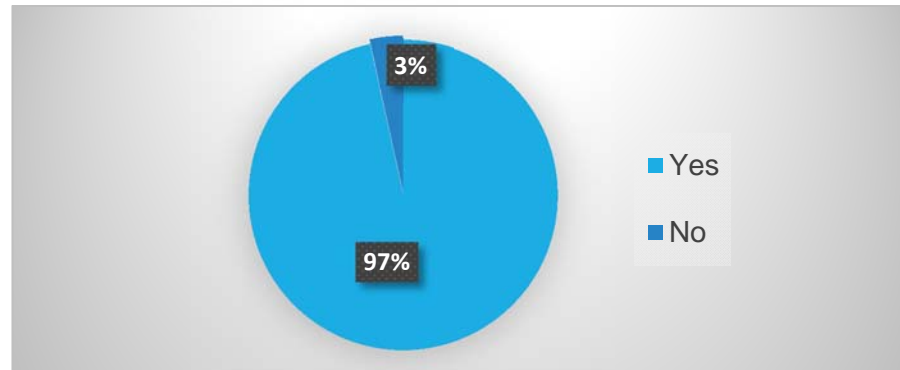
The majority of respondents (58%) learn about Water Council workshops, services, and/or other special events from direct email correspondence or emailed newsletters.

Sources for Information Regarding Workshops, Services, and/or Special Events Sponsored by the Water Council



Join the Small Business Channel Mailing List

The majority (97%) of respondents asked to be added to the Small Business Channel mailing list to receive information regarding business workshops, services, special events, networking events, etc.

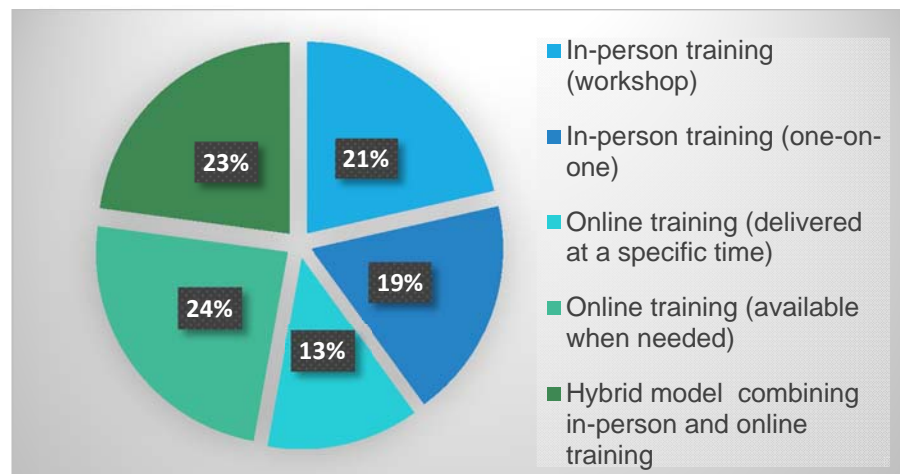


Training, Certification, and Professional Development

Fifty-nine percent of respondents (19 of 32) indicated they planned to sponsor or support training, certification, or other professional development for their employees within the next six months.

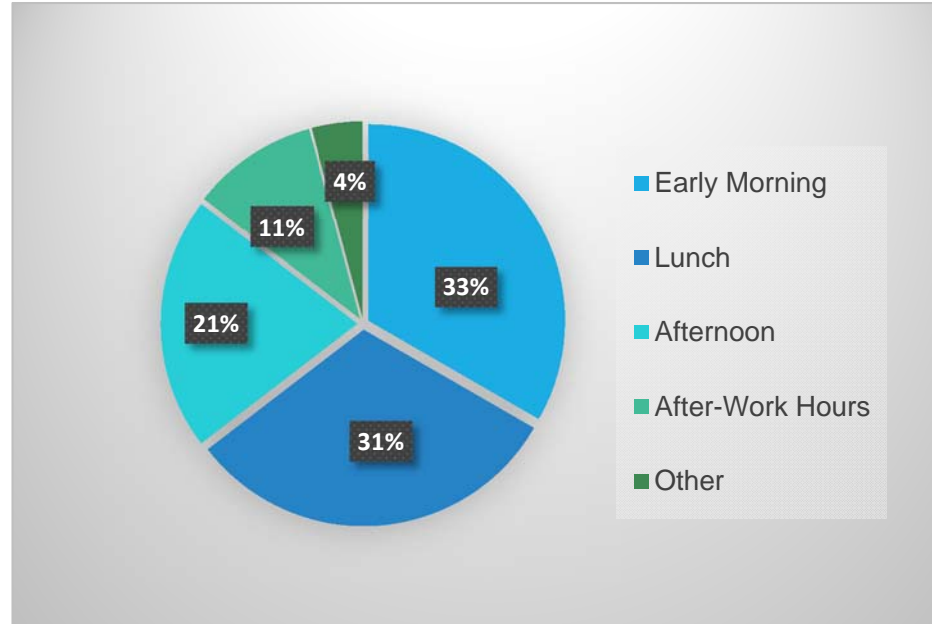
Preferred Delivery Method for Training and/or Assistance

The water-based businesses surveyed expressed interest in a variety of training modalities—from individualized in-person training to online offerings.



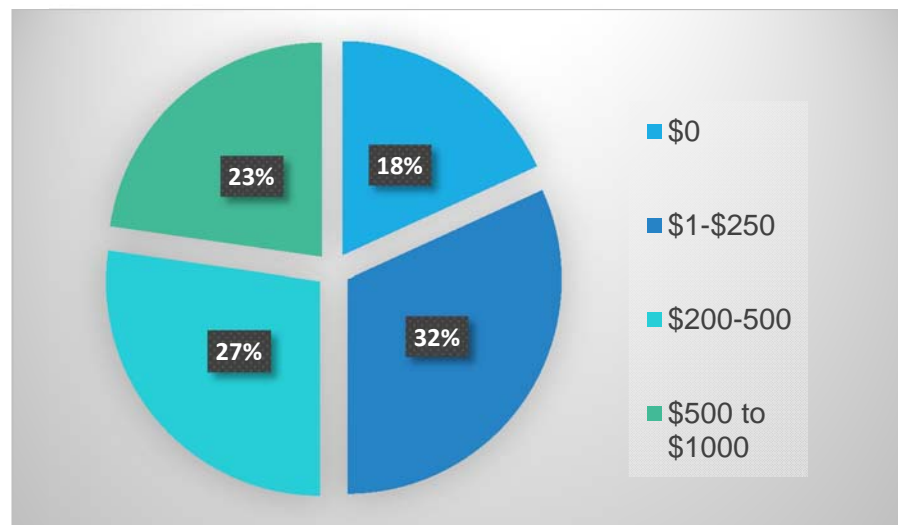
The majority of respondents (64%) would prefer to attend training during lunch/afternoon. The preferred length for training and/or professional development was one to three hours.

Preferred Time and Length for Professional Development



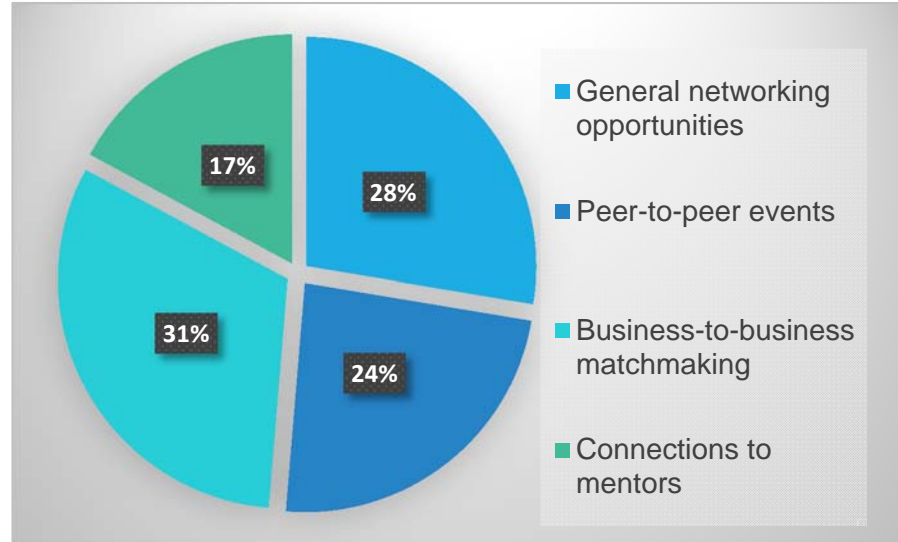
The majority of small businesses (64%) do not pay for short training (less than four hours). Small businesses are willing to pay \$0 to \$1,000 per staff member for a full day of training or other professional development.

Training Budget



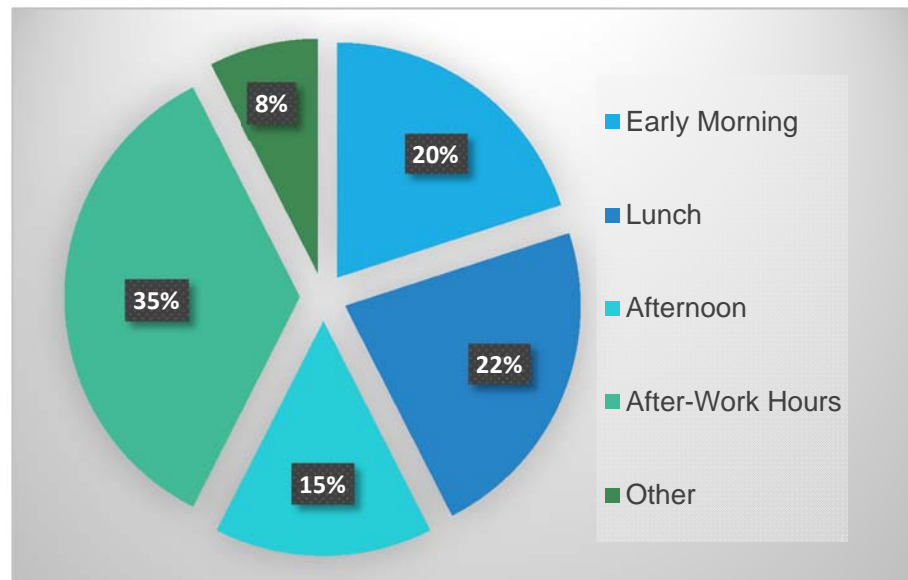
The water-based businesses participating in this needs assessment expressed interest in a wide range of networking opportunities as a professional development experience.

Networking



Networking could be offered at a variety of times and still be of interest to small businesses in the water cluster.

Preferred Time for Networking



Knowledge of
Small Business
Channel
Resources

The Small Business Channel services offered include a number of resources. The researchers asked small businesses to indicate their awareness and use of regional resources using the following scale: “aware of resource,” “have accessed the resource,” and “have interested in the resource.”

Resource	Aware	Accessed	Interested
B2B Matchmaking with Large and Small Businesses	21%	3%	76%
Resources/Training to Facilitate and/or Support Access to Capital	30%	3%	67%
Training and Workshops	30%	18%	52%
Export and Procurement Resources	28%	11%	62%
Technical Assistance: SBIR/STTR, Defense Contracting, Customized Evaluation, Other	36%	0	63%
Mentoring	38%	8%	54%
Connecting to Technical Experts	35%	10%	55%
Global Water Port (Online Water Collaboration and Innovation Platform)	25%	14%	61%

Topics of Interest for Trainings or Informational Events

Respondents were asked to check all training and/or informational topics of interest from a list of Small Business Channel offerings (or potential offerings).

The priority topics (in rank order) are:

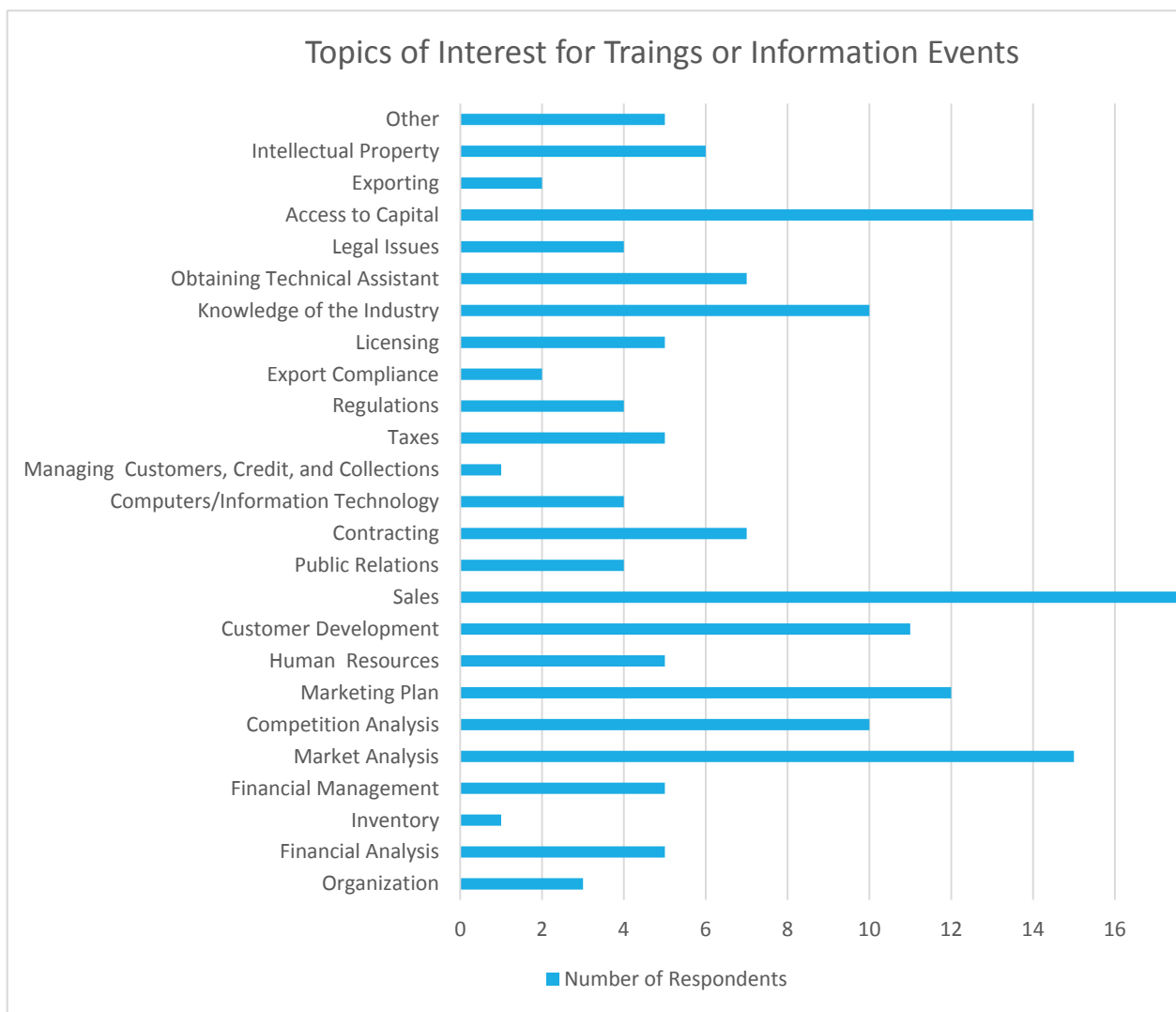
- Access to Capital,
- Customer Development,
- Market Analysis,
- Sales, and
- Marketing.

Businesses' also expressed interest in training these same areas.



Ranked Topics of Interest for Trainings or Informational Events (Most Important Training and Professional Development Needs).

The researchers asked the small businesses surveyed to select five of their most important training/development needs out of a list of 25 options, including "Other." Topics given for other included project management/leadership, accounting, overseas manufacturing, and general process and water.

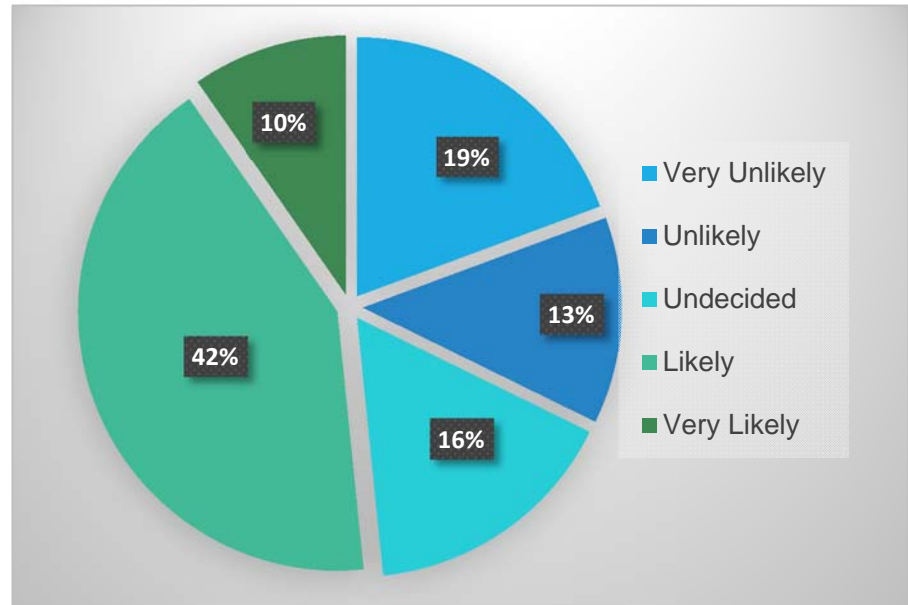


Interest in
Market
Research and
Product
Assessment
Services

The Small Business Channel asked respondents to indicate how likely they would be to take advantage of market research and/or product assessment services, if offered. The researchers asked businesses to rank their interest in six different market/product assessment services using a scale of “very unlikely” to “very likely.”

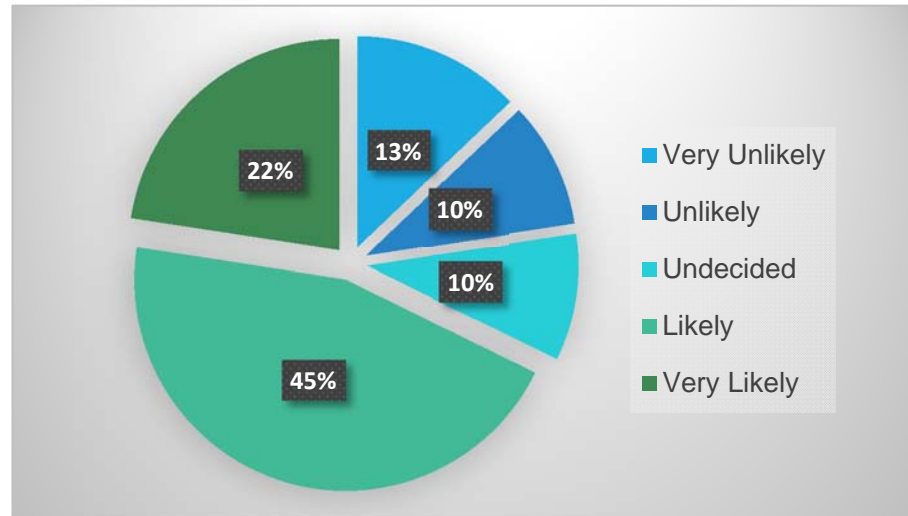
Fifty-two percent of respondents were likely or very likely to benefit from a new product assessment. A new product assessment includes technical feasibility, competing products, preliminary patent searches, estimated demand, and relevant trends.

New Product
Assessment



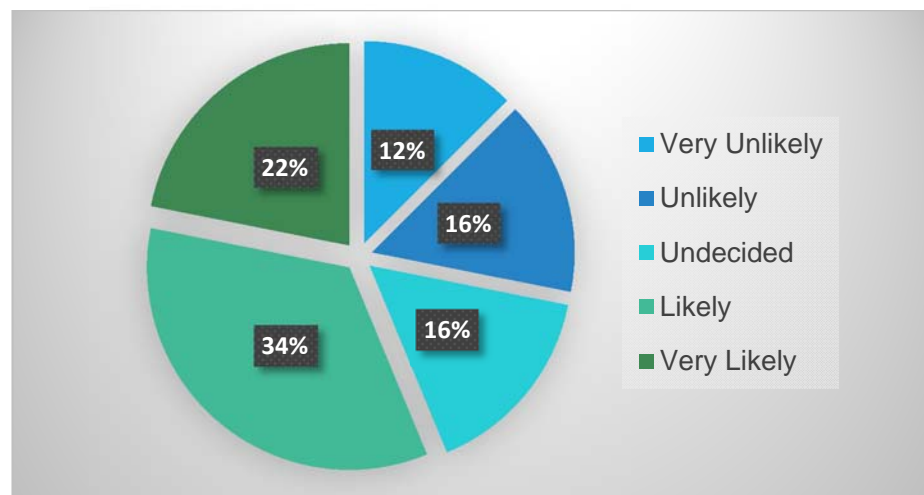
A majority of small water businesses (67%) expressed interest in a market assessment; a tool that provides access to information to help businesses measure their competitiveness, create a positioning strategy, determine market accessibility, estimate growth potential, and gain feedback on new product design options.

Market Assessment



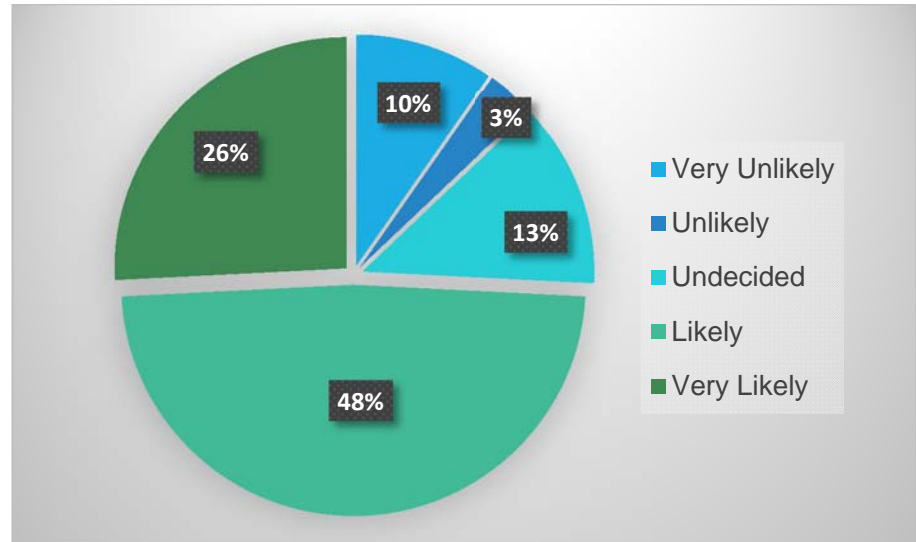
A distributor assessment includes interviews of 20 or more potential or current product distributors exploring market conditions and customer needs. Fifty-six percent of businesses responding to the survey were likely or highly likely to request a distributor assessment.

Distributor Assessment: Current and Potential



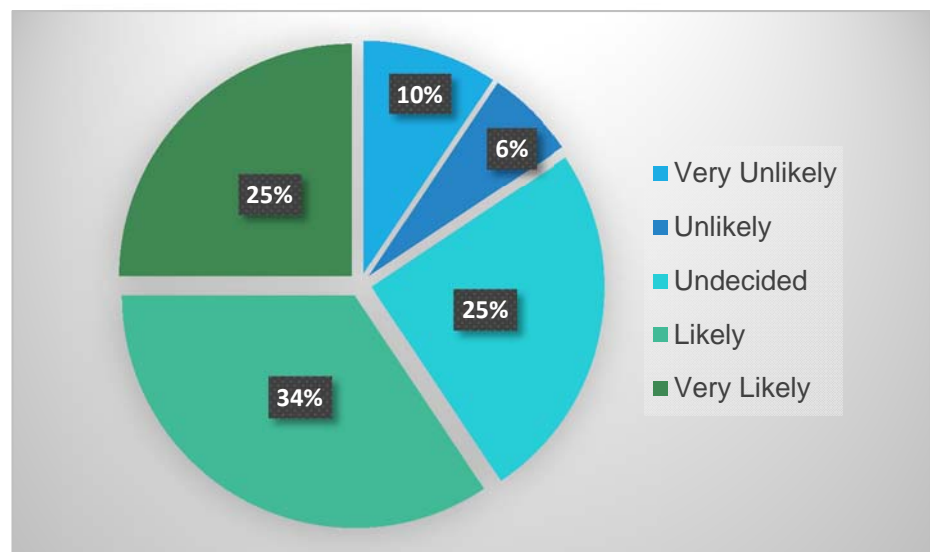
Only 13% of small businesses were unlikely or very unlikely to take advantage of a customer assessment, if offered. A customer assessment includes interviews of 20 or more potential and current customers to help gauge potential demand for new products, product applications in new markets, and how customers perceive you/your product(s) compared to the competition.

Customer Assessment: Current and Potential



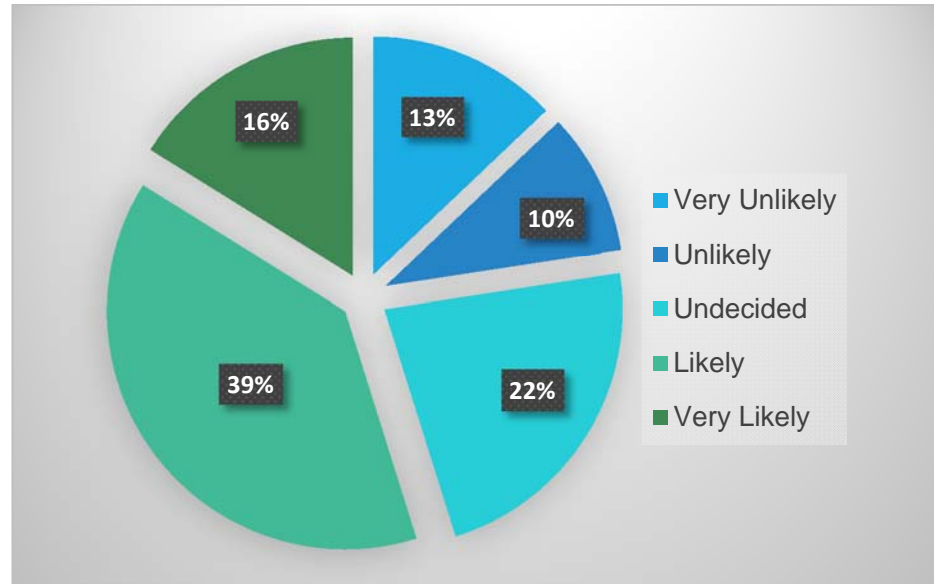
A licensing/strategic partner search includes interviews of 20 or more potential partners. Fifty-nine percent of respondents were likely or very likely to use this service.

Licensing / Strategic Partner Search



Fifty-four percent of respondents were interested in a business assessment or benchmarking.

Business Assessment or Benchmarking



RESULTS: PHASE 2 [TELEPHONE INTERVIEW]

The researchers reviewed the qualitative data (collected from fourteen telephone interviews) and developed a preliminary list of themes based on key training topics (sales, market/customer analysis, and access to capital). Respondents could offer feedback on additional training needs. The researchers compiled and ranked the themes based on frequency (the number of small businesses expressing a need for training in that specific area).

RANK TOPIC

Type of Business

1	Identifying (small businesses') competitors
1	Defining niche (market/industry analysis)
2	"Pitching" the business to investors and/or lenders
3	Networking with peers, potential clients, and/or partners
4	Learning and/or improving business, technical, and/or grant writing
5	Coaching for trade shows
6	Guidance and/or templates for securing local and state contracts
7	How to sell (basics or "sales 101")

RECOMMENDATIONS

The results of the 2015-2016 Small Business Channel Needs Assessment revealed that small businesses are not aware of the majority of services and resources available to support their development. The majority expressed an interest in learning more about The Water Council and The Small Business Channel.

The majority of water-based businesses participating in the needs assessment want to engage with the Small Business Channel (joining the Small Business Channel mailing list, receiving information on new training and development opportunities, and participating in training and professional development, for example).

The survey respondents are businesses that, on average, are newer businesses, within their first fifteen years of operation. The majority employ five or fewer staff, but many are planning to hire within the next six months. This signifies continued growth in the start-ups and small businesses in the local water cluster.

Small businesses expressed a need for and/or an interest in a variety of training and professional development. The highest rated areas or topics were access to capital, customer development, market/competitor analysis, sales, and marketing. Businesses learn about The Water Council and Small Business Channel services, resources, and events primarily through the email newsletter.

Follow up telephone interviews identified the following specific training needs (in priority order):

- Identifying small businesses' competitors
- Defining the business' niche (market/industry analysis)
- "Pitching" the business to investors and/or lenders
- Networking with peers, potential clients, and/or partners
- Learning and/or improving business, technical, and/or grant writing
- Coaching for trade shows
- Guidance and/or templates for securing local and state contracts
- How to sell (basics or "sales 101")

Small water businesses prefer in-person training or at a minimum, a hybrid method that combines in-person training with a distance or online offering. Training during the lunch hour or early afternoon is preferred. If online training is offered, businesses prefer static "on demand" training over interactive webinars.

Small businesses are willing to pay up to \$250 per person for short (less than four hours) training and professional development. The majority have no budget for these types of activities (likely because of the broad range of free training offered in the region).

Small businesses want to engage with the Water Council members through networking, preferring after hours events.

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