

# BUSINESS FIRST INITIATIVE 2024

A Report of Surveyed Local Registered Businesses





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

St. Cloud, FL

#54

-2023, WalletHub



# welcome

On behalf of the Office of Economic Development, thank you for taking time to read the 4th Edition of the Business First Initiative Report. 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 are 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 adapted. Not to mention, they promote economic sustainability as they are prominent contributors to the tax base and 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.

## Mission

The Office of Economic Development works to create economic prosperity by diversifying industries, investing in workforce development, and promoting destination locations.

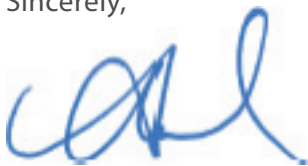
With constant changes occurring globally over the past few years, St. Cloud has consistently provided resources-both financial and technical-to create the best environment to support business growth. In the past few years, the Office of Economic Development has awarded over \$500,000 in business grants to assist our local business community during and post-COVID with economic recovery and sustainability. New events such as the Culinary Bicycle Tours and Hola St. Cloud have brought new patrons to downtown; not to mention, these events have won state and national awards for their creativity. Several commercial and residential facade projects have been completed in the community redevelopment area, resulting in \$124.BM in increased tax value.

Our work has not been unnoticed as WalletHub has ranked St. Cloud in its Top 100 Best Small Cities to Start a Business-for the 2nd year in a row! As you review this report, consider the more than 2,000 registered businesses that help contribute to our local economy. St. Cloud's hometown feel, strong workforce and low cost to do business are some of the great reasons people choose our city to do business.

St. Cloud has successfully transcended our business economy to be an eclectic and robust change agent. This paradigm shift 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. The Office of Economic Development is eager to help our business succeed. Give us a call anytime!

Thank you for taking the time to review this report. We welcome your comments. Lastly, please visit our new website, [www.CenterplaceForBusiness.com](http://www.CenterplaceForBusiness.com), for the most recent information on economic development activities.

Sincerely,



Antranette Forbes  
Director, Economic Development



# 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. St. Cloud, FL is at the heart of Central Florida. We are the 9th fastest growing city in the US and 2nd in 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.

The Office of Economic Development's mission is 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:

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

With 66,000 residents, St. Cloud boosts a workforce of more than 21,000 workers. **Our population is continually growing 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 91%. (Florida's rate is 88%.)

With a 78.8% home ownership rate, Zillow reports a typical home value of \$406,519, up 0.7% over the past year. St. Cloud has seen the job market increase by 23% since 2018. From 2018 to 2023, jobs increased by 18.2% in 5 Florida ZIPs representing St. Cloud from 17,855 to 21,098. This change outpaced the national growth rate of 3.6% by 14.6%.<sup>1</sup> This change outpaced the national growth rate! Restaurants, healthcare and retail trade lead are our largest industries.

As of 2023 the region's population increased by 23.3% since 2018, growing by 19,833. Population is expected to increase by 13.5% between 2023 and 2028, adding 14,121.<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 23 million people, and has ranked second for its economic outlook.<sup>3</sup> In fact, its GDP per capita is \$64,692.<sup>4</sup> Florida experienced an average growth rate of 0.84% and ranked 4th in the US. Florida's economy is extremely diverse, with tourism and agriculture among its top industries.<sup>5</sup> In fact, Florida produces 70% of the citrus and home to nine of the top 25 beef producers in the US.

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<sup>1</sup> Lightcast Q1 2024 Data Set for for 5 Florida ZIPs 34769, 34770, 34771, 34772 and 34773

<sup>2</sup> Lightcast Q1 2024 Data Set for 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/>

<sup>4</sup> Florida Scorecard. Florida Chamber of Commerce. Retrieved February 19, 2024 from <https://thefloridascorecard.org/pillar&c=0&pillar=2>

<sup>5</sup> Bureau of Economic Analysis, forecasted 2023, from [https://www.opendatanetwork.com/entity/0400000US12/Florida/economy.gdp.per\\_capita\\_gdp?year=2018](https://www.opendatanetwork.com/entity/0400000US12/Florida/economy.gdp.per_capita_gdp?year=2018)



Small businesses are an essential part of the economic landscape in Florida, making up 99.8% of all businesses and employing 3.6 million employees, more than 41% of the state's workforce.<sup>6</sup> 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. According to the Census Statistics of US Businesses, Florida small business employment grew by 31.8 percent between 1995 and 2019, which exceeded the national small business employment growth rate. These statistics are consistent with St. Cloud's business landscape, as well. St. Cloud has 2,173 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>7</sup>

St. Cloud's unemployment reduced from 5.8% in March 2022 to 3% in January 2024, which is lower than the national average of 3.7%.

There has been an resurgence of commercial development too. St. Cloud has 78.8% homeowner occupancy rate. Commercial development has increased by 248,781 since 2021; this equates to a valuation of \$80,280,852 in new commercial construction in the last 2 years.<sup>8</sup>

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 2,173 registered businesses within the city

geographic boundaries. 694 are for home or mobile-based businesses and 535 are in the community redevelopment area. This survey represents a sample population of 2% (or 53 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.

## **DID YOU KNOW?**

**The CRA has awarded more than \$750,000 in building & site improvement grants.**

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<sup>6</sup> How to Run a Business in Florida. Business News Daily. January 13, 2024 by Adam Uzialko

<sup>7</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>8</sup> City of St. Cloud Building Department, 2022 and 2023 data retrieved from <https://publish.clearpointstrategy.com/7223/buildingdepartmentmetrics/object=measure&objectId=1443054&periodId=290456&scorecardId=143193.html>



## EXECUTIVE SUMMARY

In August 2017, the first survey was performed through the St. Cloud Chamber of Commerce by its then-President Kari Whaley. That survey interviewed 60 businesses.

In 2019, the Office 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 for city staff to better furnish its existing and proposed new business community with resources. Since that time, surveys have been issued 2 times prior (2020 and 2022). This survey report provides an overview of the St. Cloud economy based on its business owners' perspectives of the local economy. An invitation was sent to 4,017 email addresses. A special alert message and reminders were sent in the January monthly newsletter, The Connection. 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. 53 businesses completed the survey.

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 2022 survey.

- Small increase in respondents; 61% percent decrease since 2019 survey
- The option of home-based was added to the question regarding property ownership in 2022. 38% of respondents noted home-based business
- 89% of respondents only served local customers (no regional, national or international commerce)
- 54% project an increase in sales for 10-49% in the next year
- 47% of respondents do not provide online point-of-sale options
- Most respondents, 73%, provide some form of on-the-job training for their employees
- 51% respondents reported lack of access to capital as a threat to their business growth
- Healthcare, retail and other service-related companies were the top participants in the study
- 29 St. Cloud businesses are classified with the State of Florida as women-, minority-, or veteran-owned; 5 more than last year. 299 St. Cloud businesses are verified certified contractors; 251 more than last year<sup>9</sup>

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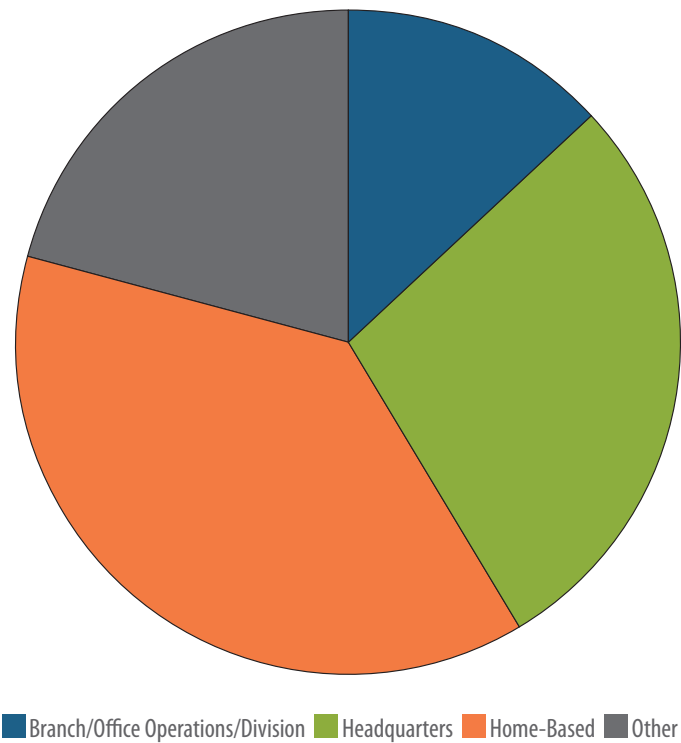
<sup>9</sup> Office of Supplier Diversity, Florida Department of Management Services

# 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. **Figure 1** above represents the different types of business structures. Headquarters, defined as the managerial and administrative center of an organization, represents 28% 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 13%.

Figure 1 - Business Sites



21% 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 post-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.

According to The U.S. Small Business Association, 50% of all small businesses begin at home. (The SBA also reports that 60% of all businesses without staff are home-based.) With 32.5 million small businesses, that means about 19 million are home-based. The pandemic has created lasting changes to the economy.

More people are working from home, video calls are replacing business travel, and workers are switching jobs to find a better work-life balance. Another development is that home-based entrepreneurship is booming. The pandemic alerted people to the advantages of running a business from their homes, and new internet platforms are making it more feasible than ever.<sup>10</sup>

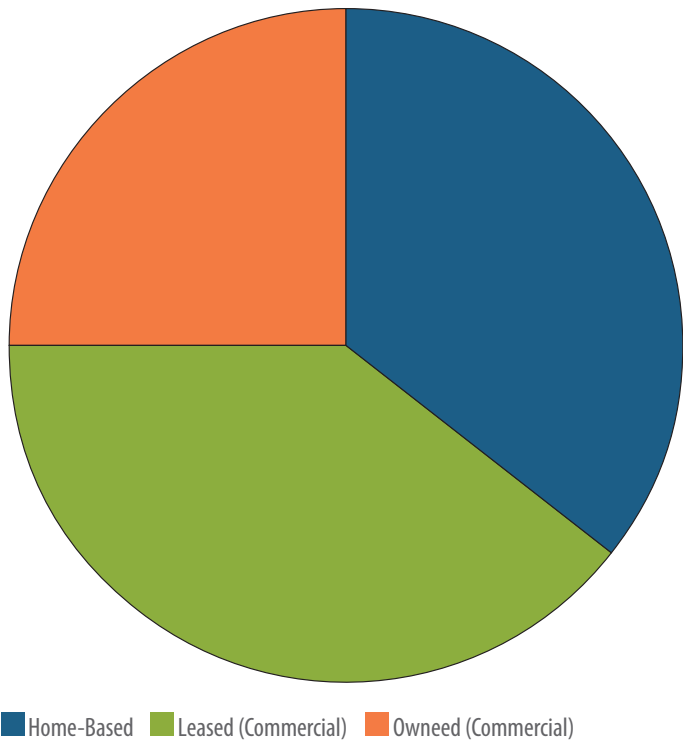
Every month more than 543,000 businesses start every month in the US<sup>11</sup> and 52% are home-based.<sup>12</sup> That number increases to 60.1% when looking specifically at non-employer firms, or companies that don’t have any employees. Home-based businesses are important contributors to the local economy and our infrastructure. Not only do they produce early entry jobs but reduce traffic congestion. By reducing early overhead costs with items such as rent, payroll, daycare and gas; home-based businesses afford entrepreneurs the opportunity for work-life balance, schedule flexibility and innovation in goods and services.

<sup>10</sup> Entrepreneurship and Home Businesses. Cato Institute. December 15, 2022. Chris Edwards  
<sup>11</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>12</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)



In Florida, between March 2020 and March 2021, 103,868 Florida establishments opened and 73,913 closed, for a net increase of 29,955. Employment expanded at 124,895 establishments and contracted at 141,927. Small businesses accounted for 97,004 openings and 66,198 closings.<sup>13</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>14</sup> However, in 2024, 694 businesses are registered as home-based.<sup>14</sup> It should also be noted that there are 73 delinquent business tax receipts in the community redevelopment area.

Figure 2 - Property Ownership



Is the property leased or owned?

This question was asked to assist our office in determining capacity for future build out. **Figure 2** shows that the city continues to experience substantial growth. The number of commercial projects remained the same for 2022 and 2023 at 17 projects but the total square footage decreased to 167,156 square feet (down from 88,859 last year).

25% of respondents were owners of their property compared to 55% in 2019. 36% were home-based. 40% reported leasing their facility, compared to 41% last year. In comparison to the 2017 survey, business property ownership has decreased by 30%.

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 3** (on the following page) represents the responses of the above referenced question. The largest industry representation was Other Service-related Businesses and Retail/Hospitality--both at 25%. Healthcare was close second at 21%. These categories can include certain subcategories, for example medical coding, home healthcare, and assisted living facilities. 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. In fact, the impact of COVID-19 on Florida’s small businesses has been unprecedented. A report on businesses with less than 100 employees shows that 60 percent of net new job gains in Florida since 2012 have come from small businesses with less than 100 employees, confirming the important role small businesses play in the state’s economy.<sup>15</sup>

Service providers play a critical role in responding to other small and medium size businesses during economic instability. The construction industry represents 78% percent of global GDP, and unlocking currently constrained labor availability could help drive recovery while addressing issues of supply chain demands and broad economic trends. 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.

<sup>13</sup> SBA Office of Advocacy –Florida 2022. Retrieved from chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://advocacy.sba.gov/wp-content/uploads/2022/08/Small-Business-Economic-Profile-FL.pdf

<sup>14</sup> Track-It reported of home-based businesses, retrieved July 1, 2020 and February 14, 2024

<sup>15</sup> The Impact on the COVID-19 Pandemic on Florida’s Small Business. Florida Chamber of Commerce. Retrieved February 19, 2024 from https://www.flchamber.com/the-impact-of-the-covid-19-pandemic-on-floridas-small-business/



As certain industries like healthcare and retail continue to grow, its effect has already begun to show differences in the marketplace. Costar reports the overall vacancy rate is 8.9%, with asking rent growth at 2.2%. St. Cloud added 2.5M square feet of residential construction and 88,859 of commercial in 2023, with a cumulative valuation of over \$435.6M dollars.

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>16</sup>

It is clear that Floridians are still more ready than ever to launch their own business. In 2022, more than 607,510 business applications were filed, making Florida the top state in the nation again for business launches. According to the US Census Bureau’s Business Formation Statistics, more than 1.7M new businesses have been launched in the state since 2020.<sup>17</sup>

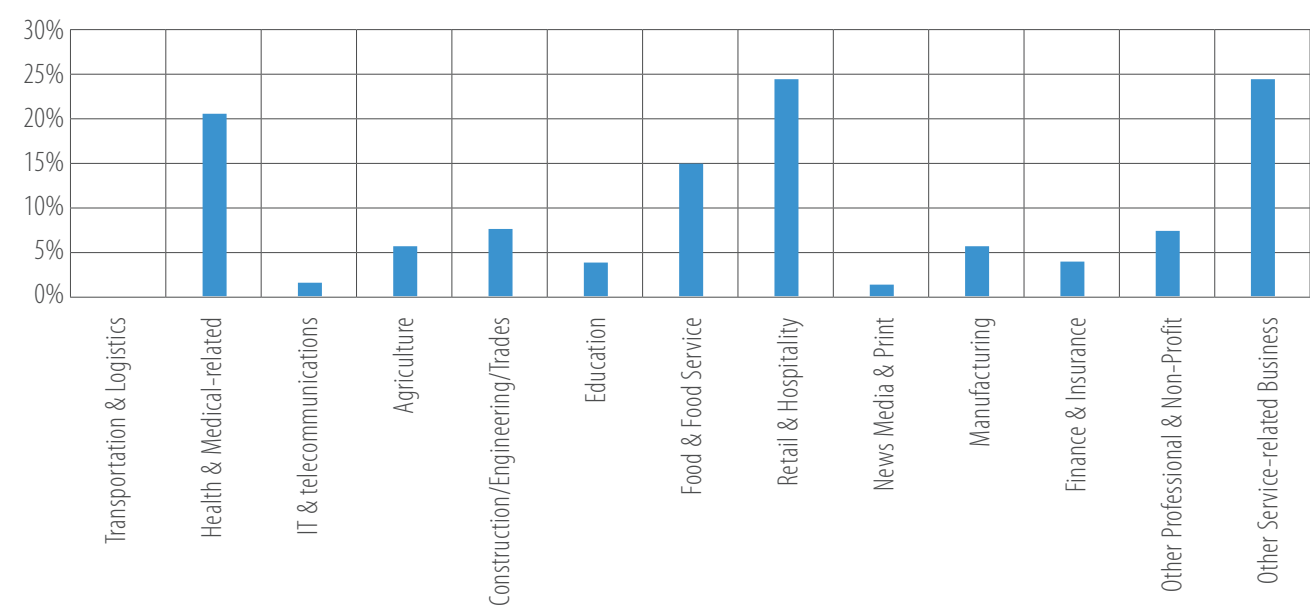
**DID YOU KNOW?**

**The City awarded \$328,100 in small business grants this year.**

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.

Figure 3 - Industry Types



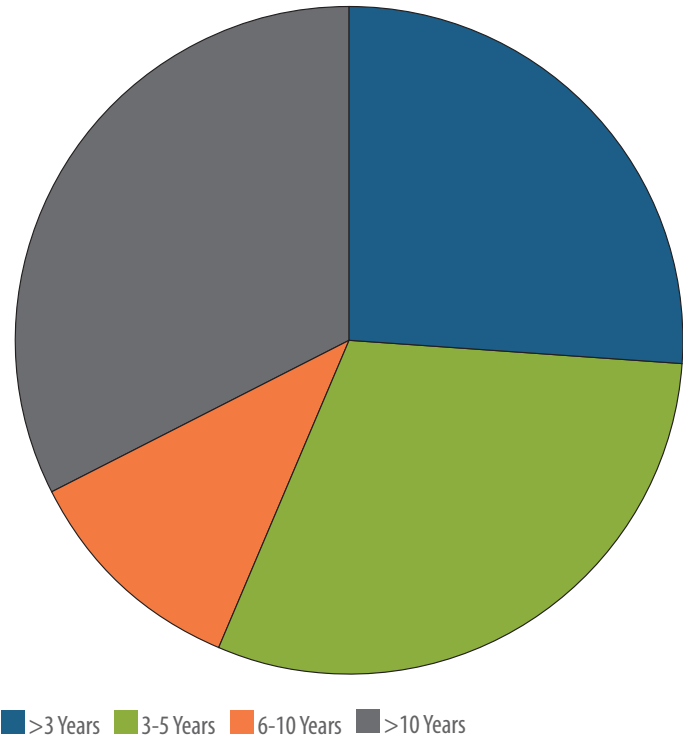
<sup>16</sup> Doing Business in Osceola County. Orlando Business Journal. November 26, 2020 retrieved from <https://www.bizjournals.com/orlando/news/2020/11/26/doing-business-in-osceola-county.html>

<sup>17</sup> State of Small Business Annual Report 2023. Florida SBDC retrieved from <https://indd.adobe.com/view/12f5f73e-dd73-49cf-b215-9bcbe8c8f081>

However, those who are successful receive the fruits of their labor with increased financial stability, growth and succession planning. According to the respondents, there appears to be an equal distribution of business ages.

Most respondents are new to market with less than 5 years of existence (56%); while 32% were more than 10 years old. (2020 noted 46.6% of businesses were 10 years old or more.) Early stage businesses, defined as business that are three years old or less, were recorded at 26% of respondents. For more new entries in the business market, the first three years are critical to its success; coupled with a sketchy economy flanked by a pandemic, most businesses struggled to maintain its existing operations due to a sharp decrease in working capital. **Figure 4** below reflects the age of businesses that completed the survey.

Figure 4 - Business Age



Revenue & Lead Generation

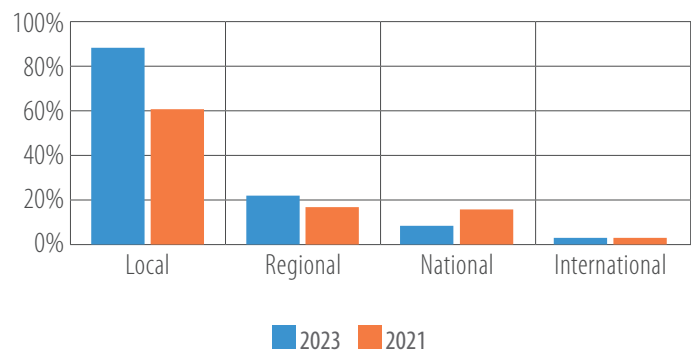
Each year, the question is asked “In which market do you currently conduct most of your business?” Generating new prospective clientele is a key indicator that a company of primed for expansion.

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.

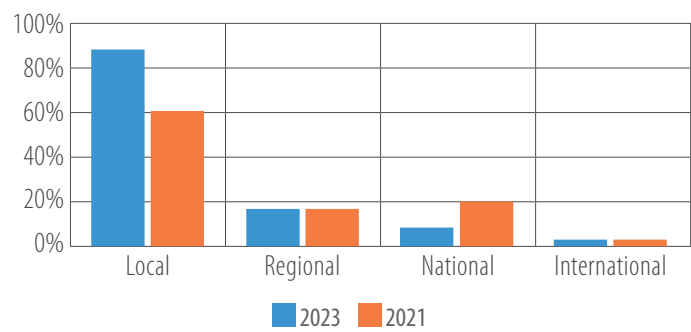
**Figure 5** shows where existing businesses are conducting the most business. Most respondents overwhelming stated that they perform locally, 89%-up 28% from last year. This is interesting as 2019 reported 74% of its market share originated locally. It can be reasonably interfered that many patrons are returning to local sources for their goods and services.

Figure 5 - Current Marketing Efforts



The number of businesses marketing regionally increased from 17% last year to 23%. The number of businesses marketing nationally decreased from 16% to 9% while international lead generation remained the same. **Figure 5** above 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.

Figure 6 - Targeted Marketing Efforts



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. **Figure 6** above shows that companies can benefit by modifying efforts to reach diverse demographics to expand their customer base.



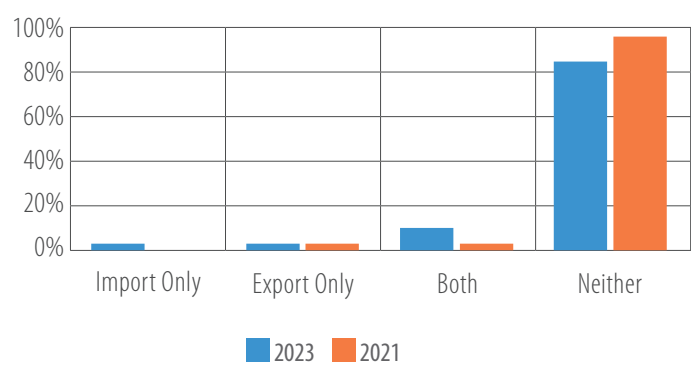
Expansion of market base includes the re-evaluation of target market, customer profiles and the preparation of a new market analysis. A deep dive into customer segmentation including geographic locations, psychographic and socioeconomic data can really add context as to whom the business' customer really is—specifically . While this is an extensive process, it will help increase sales and diversify companies' sales portfolio.

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 mid-size 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>18</sup>

**DID YOU KNOW?**

**St. Cloud is ranked in the top 100 Best Small Cities to Start a Business for the 2nd year in a row.**

Figure 7 - International Sales



As noted in **Figure 7** above, very little international trade is performed by St. Cloud businesses. This, unfortunately, has remained consistent through the years. Exports from Florida totaled \$67.5 billion in 2022, up 21% from 2021. Osceola County exports \$193 million in products including industrial machinery, wood pellets, automotive equipment and chemicals.<sup>19</sup>

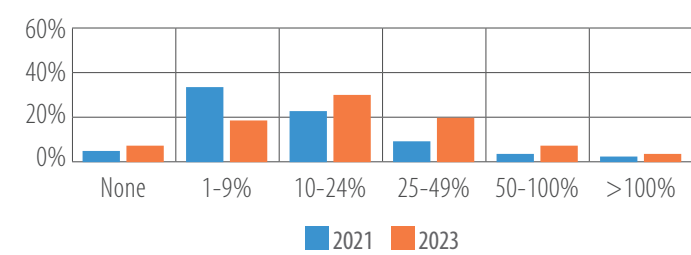
That’s a substantially large market not to be a part of. Our close proximity to major transportation hubs is unparalleled. St. Cloud is located minutes from the Florida Turnpike, with direct access to the Florida Turnpike, Interstate 4, State Roads 417 and 528. St. Cloud is only nine miles away from 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 and Procurement Technical Assistance Center, the City of St. Cloud has begun executing a series of educational courses (in multiple formats) to assist businesses in learning the international canvas.

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 over-the-internet and e-commerce transactions, the internet has revolutionized the ways business is conducted.

Figure 8 - Projected Revenue



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. Since then, 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 8 above** shows 2021 and 2023 comparative results.

<sup>18</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>19</sup> World Institute for Strategic Economic Research (Orlando MSA) International Trade Administration, published 2021

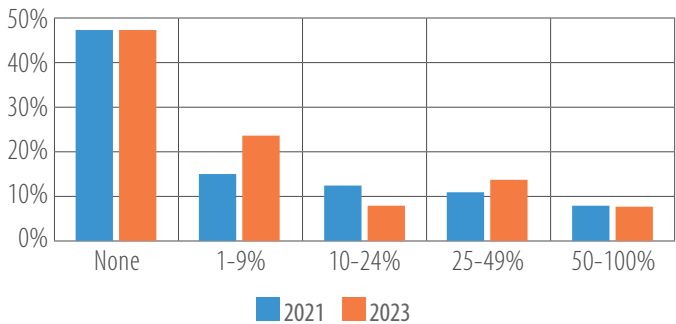
In 2021, 27% reported that they expected a sales growth between 10-24% next year; 47% reported 1-9% projected sales growth. Significant confidence levels has shown businesses projecting increases. In fact, 34% project sale increases of 10-24% next year—up by 7% and 21% project increases of 25-49%—up 9% since 2021. Note, this figure includes projected sales. It should be noted that the City has participated in several grant programs for the business community to assist with continuity of operations. Since 2021, the City has disbursed more than \$500K in financial and technical assistance through various programs including but not limited to Economic Gardening, Downtown Marketing Grants, CDBG Small Business Grants, GrowthWheel 360.

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 with previous survey responses. 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.” Twenty-eight percent of the small businesses in the survey said they don’t even have a company website.<sup>20</sup> According to recent statistics, 28% of all business activity is now conducted online.<sup>21</sup> This shift to online commerce reflects the increasing importance of the internet in today’s business world, and the growing trend of e-commerce. The ease and convenience of online transactions have made it a popular choice among consumers, and businesses are taking advantage of this shift by expanding their online presence. Now in post-COVID-19 economic recovery, 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. 87% of respondents said that customers make initial contact with them via social media (website, FaceBook, etc.) 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 9** represents the responses to the question: what percentage of sales are completed via the internet (eCommerce). The chart shows, 47%, did not conduct sales via the internet. However, this is not a good trend; as the amount of customers originating from search engines are typically from a mobile device. According to recent statistics, 51.2% of web traffic comes from mobile devices.<sup>22</sup> 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.

**Figure 9 - Internet 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 post-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.

**DID YOU KNOW?**

**The City building department has an online portal.**

<sup>20</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>

<sup>21</sup> Top Website Statistics for 2023. Forbes Advisor. Katherine Haan. February 14, 2023 retrieved from <https://www.forbes.com/advisor/business/software/website-statistics/>

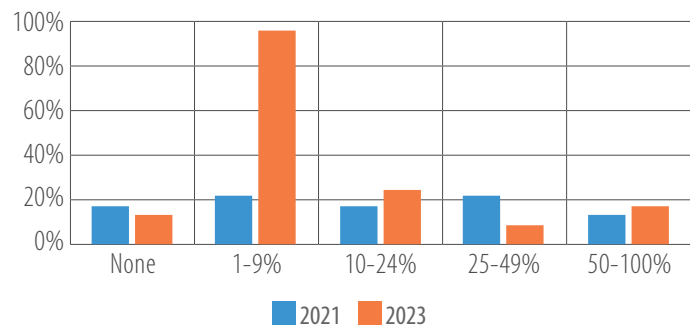
<sup>22</sup> Top Website Statistics for 2023. Forbes Advisor. Katherine Haan. February 14, 2023 retrieved from <https://www.forbes.com/advisor/business/software/website-statistics/>



And from all indications, e-commerce will remain a top trend for small businesses moving forward.<sup>23</sup>

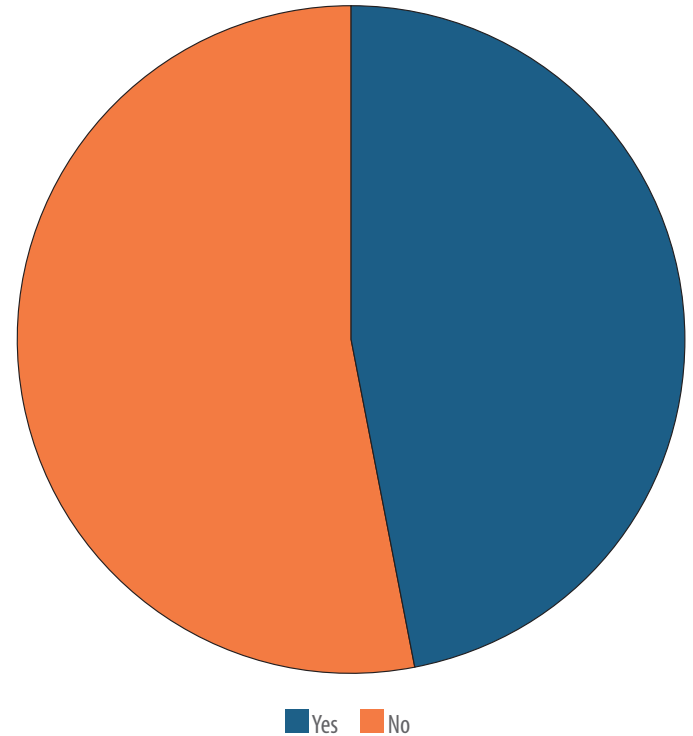
As technology advances, so does a business ability to communicate with its customers. St. Cloud business must adapt in order to compete regionally and nationally. When asked what percentage of customers make initial contact online, the following data was represented in **figure 10** below. (Note: this 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 overdependence 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>24</sup> However, small businesses must soon realize that digital marketing is the most effective method is reaching a larger customer base.

**Figure 10 - SEO/Online Customer Engagement**



As shown in **figure 11**, an integral component of sales is technology. As technology influences our ability to communicate with customers and modernize operations. **Figure 11** is a further indication of how technological advances may have stalled on St. Cloud business operations as 53% state that are unaware of any new industry trends (specific to their business) that will change their products, services or production.

**Figure 11 - New Emerging Technology**



Of the respondents who provided further detail of their opinion that emerging technological changes would drive change in their business, noted artificial intelligence as the biggest paradigm shift in their industry. As one respondent noted, “We have access to new AI technology that will speed up the approval process for our customers.”

One comment from this year’s survey accurately summarized the technology gap. “AI helps us in marketing, and analysis of sales and inventory.”

<sup>23</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/>

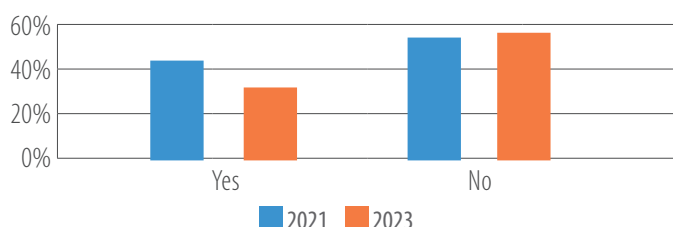
<sup>24</sup> Digital Marketing: What’s Working for Small Business. Business Know-How. December 30, 2020 Retrieved from <https://www.businessknowhow.com/marketing/digital-marketing.htm> on January 21, 2021

## Workforce & Talent Attraction

Even NeoCity, a \$1 billion high-tech community and technology hub faces workforce challenges due to a skill gap and supply chain issues in the semiconductor industry that some feel could challenge its ability to meet agreed-upon hiring benchmarks.

This same industry-wide issue could also mean the US remains dependent on device coming from countries such as Taiwan, said Kevin Carr, CEO of the manufacturing consulting business FloridaMakes.<sup>25</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>26</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.

**Figure 12 - Issues with Employee Recruitment**



Note that **figure 12** shows 57% 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 January 2024, it is 3%.

74% 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 4% offered apprenticeships. Of the respondents who offered comments about the difficulty in finding talent, here are some of the comments:

*"We are retail and there is high turnover. Our wages are on the lower end so it is difficult to find employees with good skills. College students are working out well for us or retirees the want part-time work"*

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 in the past 4 years, with 800 new businesses registered in St. Cloud and 697,765 square feet of new commercial construction, totaling \$129.8M 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>27</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 consumer prices for all items rose 3.4% from December 2022 to December 2023, many companies have struggled to keep up with the cost of goods and services.

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.

<sup>25</sup> NeoCity Faces Challenges Long Wait Times to Fulfill Large Job Creation Plan. Orlando Sentinel. February 27, 2023. Retrieved February 19, 2024 from <https://www.orlandosentinel.com/2023/02/27/neocity-faces-challenges-long-wait-times-to-fulfill-large-job-creation-plan/>

<sup>26</sup> Crain's New York Business. The Challenge of Talent Attraction and Retention. October 28, 2019 retrieved from <https://www.craigslist.com/sponsored-bank-america/challenge-talent-attraction-and-retention> on December 16, 2019.

<sup>27</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>



Figure 13 - Plans to Expand/Relocate

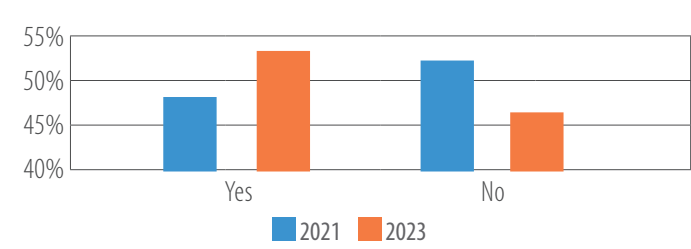


Figure 13 illustrates the responses to the question: Is the ability to expand or relocate an important factor to growing your business/organization? This is an important question to economic developers. It helps staff research the strategies, techniques and potential new programming to incentivize the 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, 54% stated ‘yes’—up 6% from last year. 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, 54% 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

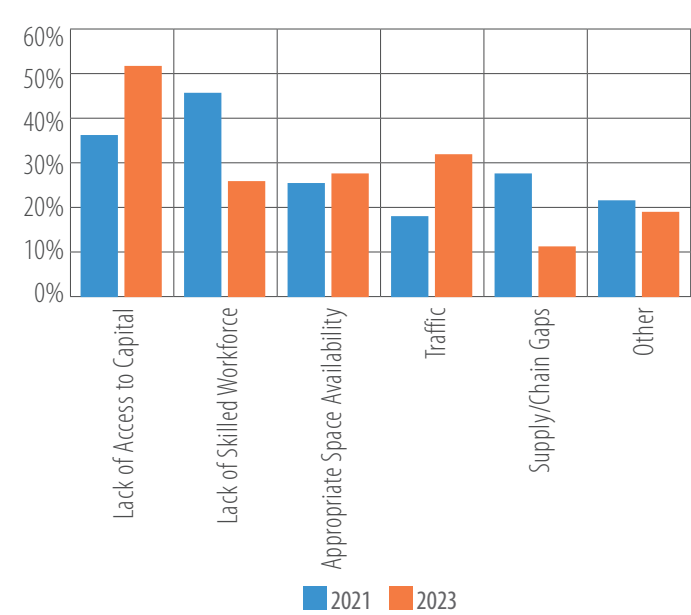
The question was asked whether the business/ organization expected any changes in upper management or ownership in the next 3-5 years. Internal changes in a business ownership can affect operations in several ways including, but not limited to, tax structure, corporate strategy, organizational structure 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’; 74%, however, that represents a 20% decrease from 2021).

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 14 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 access to capital was identified as the largest barrier (51%); in previous years, the top response has consistently been lack of skilled workforce. This shift in responses is in direct correlation to the national economy stabilizing including the reduction of federal, state and local financial assistance programs.

Figure 14 - Challenges to Growth



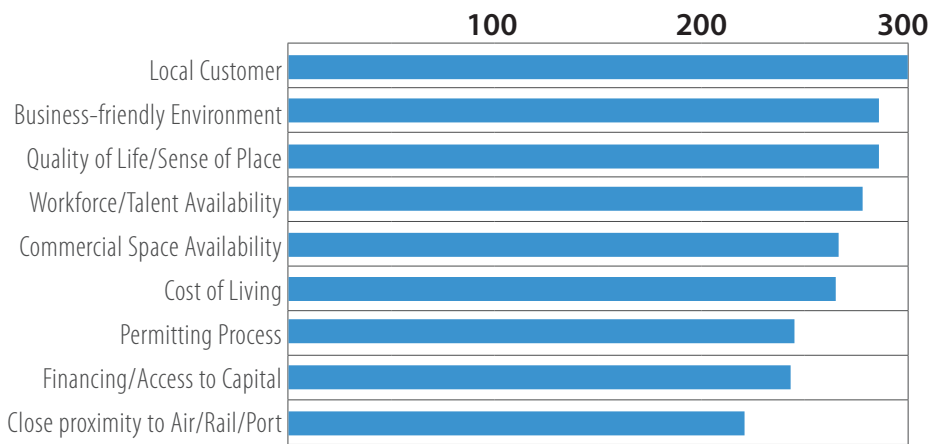
This can result in a wage-price spiral, or when higher prices and rising pay feed into each other and accelerate even more. Businesses will have to decide how much to raise their salaries to keep their employees while also deciding how much to pass on those costs to the consumer, according to think tank The Conference Board’s Chief Economist Gad Levanon.<sup>28</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 15** 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 15 - Ranking of Business Factors**



Note: The legend reflects the representative number of respondents and their respective (multiple) scores. The scores are then added to reflect the cumulative ranking on each option.

In 2022, Osceola County had 12,217 startup businesses. One of the reasons small businesses often succeed is that they reach consumers first. Their contribution to the local economy moves by providing goods and services help stimulate consumer spending and drive demand thereby increasing the overall gross domestic product.

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:

*" For our shop customers are loyal. Community wants quality, customer service and value and if they get it they are loyal and promote your business."*

*"Prices for rent are extremely high and the spaces to rent are too big versus a small office (10x10) that is less expensive."*

*"I love my city and love operating a business here! I currently only offer mobile services but within the next 3 years I hope to find commercial space in St Cloud to operate from."*

*" This city needs more local events to help home based businesses grow."*

*"Lack of parking in down town; we need a parking garage."*

*" The growth of our city is certainly an advantage to doing business."*

*" I appreciate the pop up events available for small businesses to participate in."*

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