OKLAHOMA LEADS
NATION IN GSP GROWTH RATE- *BIZJOURNALS*

OKC A TOP 20 BOOM TOWN IN THE U.S.
- *KOTKIN*

BEST PLACES FOR BUSINESS AND CAREERS:
OKC #28 OF 200
- *FORBES*

OKC #1 IN TECH JOB GROWTH
- *TECHAMERICA FOUNDATION*

"TOP TEN PLACES POISED FOR RECOVERY"
HIGHLIGHTS OKLAHOMA CITY- *NEWSWEEK*

OKC #3 ON "BEST CITIES FOR RECENT GRADS" LIST- *NEWSWEEK*

OKLAHOMA CITY BOASTS
TOP TEN
(#6) PRIVATE-SECTOR JOB GROWTH RATE

INSIGHT TO IMPACT

ANNUAL BUSINESS RETENTION AND EXPANSION REPORT | 2010-2011

OKLAHOMA RANKED 6TH-LOWEST COST OF BUSINESS STATE, 4TH-BEST ECONOMY
- *CNBC*

OKC #8 OF "TOP BIG CITIES FOR MANUFACTURING JOBS" - *FORBES / NEW GEOGRAPHY*

A PUBLICATION OF THE **GREATER OKLAHOMA CITY CHAMBER**

OVERVIEW

Business Retention and Expansion activities are a vital part of economic development programming. The Greater Oklahoma City Chamber recognizes the critical importance of existing businesses and nurtures ongoing and meaningful relationships with key industry sectors, including Aerospace, Bioscience, Corporate Services, Energy, Information Technology / Software, Logistics, Advanced Manufacturing, and more.

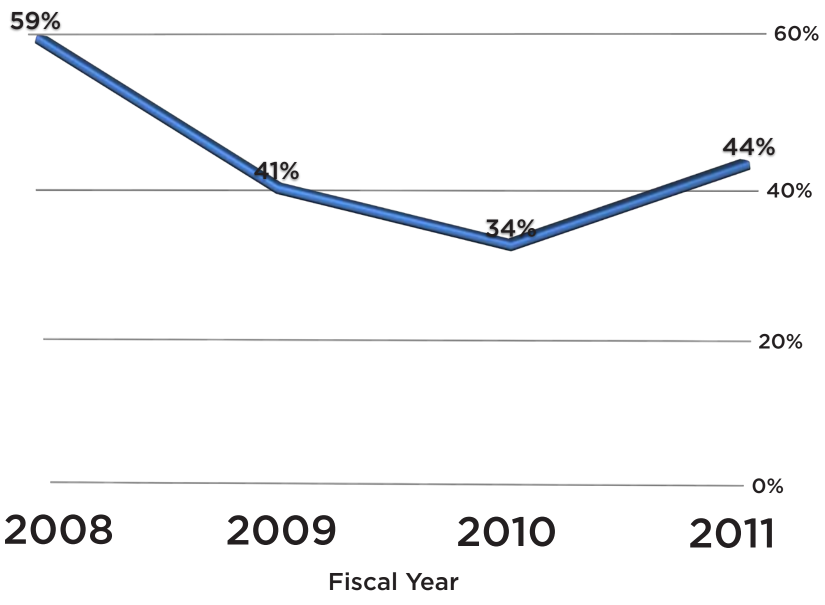
More than 65% of new jobs created in the U.S. are derived from existing businesses, while another 31% are derived from new business creation through entrepreneurial activities. Companies represented in this report range from new start-up firms with one employee to existing businesses in some of the state's largest and most seasoned employers, as well as the full range in between.

As one of the foundations of our economic development program, the significance of proactively assisting and reaching out to existing businesses cannot be overstated. At a time when the global economic climate is in a tenuous state, it is more important than ever to provide technical assistance and support to our companies, whether they are at risk or rapidly growing. A strong existing business infrastructure is vital to attracting new jobs, capital investment, support business formation and attracting the best and brightest talent. Partnerships, like the ones we share with the City of Oklahoma City, Oklahoma County, and the state of Oklahoma are critical to supporting growing companies.

This report summarizes the hundreds of conversations, meetings, phone calls, and correspondence with 317 businesses visited between July 1, 2010 and June 30, 2011. These businesses represented 50,588 employees in eight industry sectors. The key finding is the planned expansion of existing companies and the turn-around of the OKC regional economy. This is quantified in our data, which indicates 44% of our clients have plans to expand, as compared to 34% one year ago.

Plans for additional employment are expected to yield an additional 7,320 jobs within the next 36 months. These jobs are in addition to the 4,037 added by surveyed companies over the past year. It is anticipated that much of the job expansion activity will come as a result of smaller, across the board hiring, as 72% of those interviewed indicated they planned to hire new employees within the next 12-18 months. *(see figure 1 on page 3)*

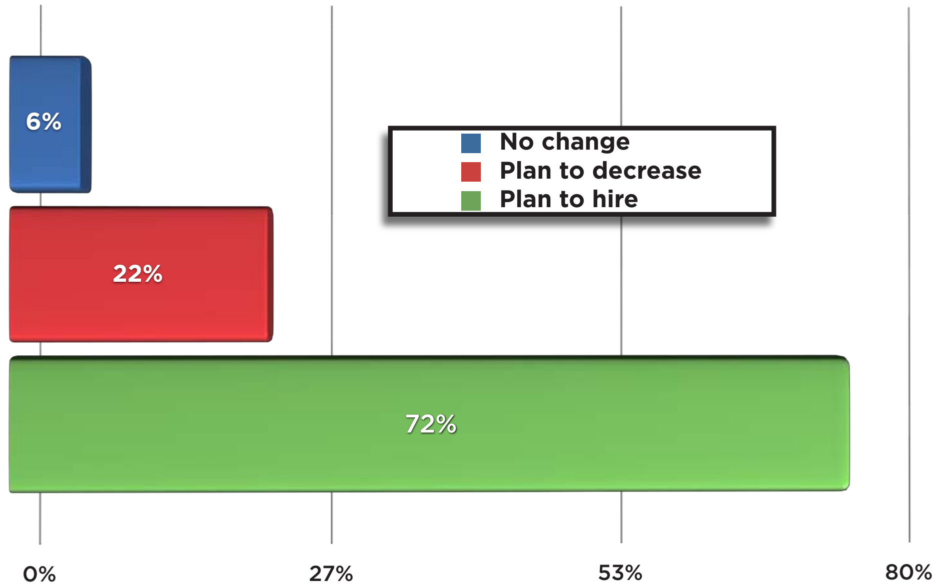
Companies With Expansion Plans Over The Next 36 Months



The firms we met with have a track record of success, as only 6% indicated they downsized employment. Many of those firms indicated that as people left or moved on, positions were not replaced, which did not negatively impact existing employees. Furthermore 47% added staff and 47% remained the same over the worst of the recession, dating back 36 months. *(see figure 2 below)*

Employment Projections

Figure 1

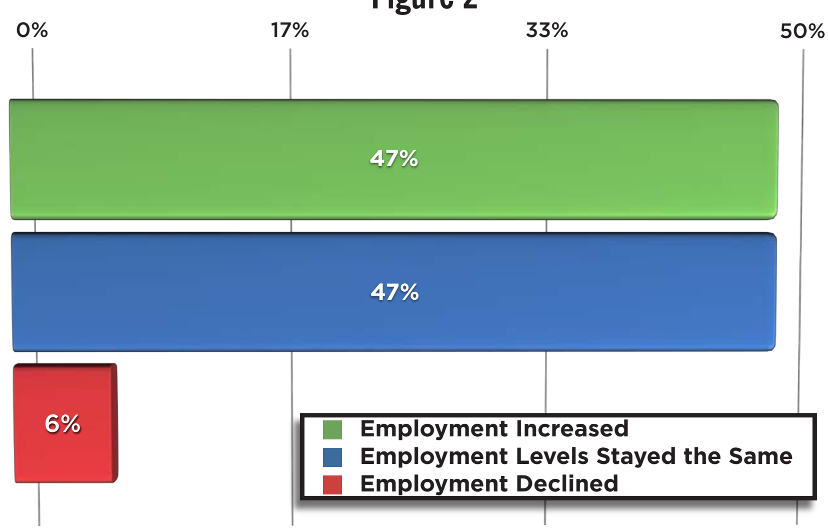


We are optimistic that the 2011-2012 timeframe will be a good year and our economic growth will continue to accelerate from within. We would like to sincerely thank those business leaders, partners, and stakeholders who spent untold hours working on resolving issues for 186 of the 317 clients visited.

Historical Employment Trend of Companies Interviewed

Last 36 Months

Figure 2



KEY FINDINGS & OPPORTUNITIES

While many economic challenges continue to confront businesses, many of the firms we interviewed were dealing with the current malaise relatively well. Anecdotally, the last half of 2010 was met with cautious optimism while the beginning of 2011 was met with a more positive attitude. This overall sentiment and the positive change in conditions in our regional market are further evidenced by other economic measures, some of which include unemployment rates, per capita income growth, real estate activity, sales tax collections, and consumer confidence levels.

Taken as a whole, the 317 companies we met with represent 50,558 employees. It is interesting to note the following:

- 51% of firms are creating new products and services
- 66% are in an emerging or growing life cycle of their primary product / service
- 50% are utilizing new technology in their primary product / service offering
- 26% have a research and development function at their OKC facility
- 83% have retained the same ownership structure over the past five years

The data also indicates that the businesses we interviewed have become adept at developing and expanding their products and services in order to grow their businesses. The fact that 68% of firms interviewed are privately or family owned also bodes well for their ability to invest in themselves.

Because 56% of these businesses are headquartered in Oklahoma, their economic impact will be much greater, as the state economy will capture a much greater share of the indirect and induced impacts of these firms.

Respondents shared that within the past five years, 25% had a change in management, of which 70% also indicated those changes were positive for their Oklahoma City operations. Similarly, 17% of businesses indicated that a change of ownership had occurred during the past five years of which 76% indicated positive impacts from those changes.

SUMMARY OF KEY FINDINGS & OPPORTUNITIES

317 companies interviewed

50,558 existing jobs represented

216 or 66% of companies interviewed plan to add staff within 36 months

7,320 additional new jobs in next 36 months (beyond the 4,037 added in 2010-2011)

2010-2011 PROGRAM IMPACT

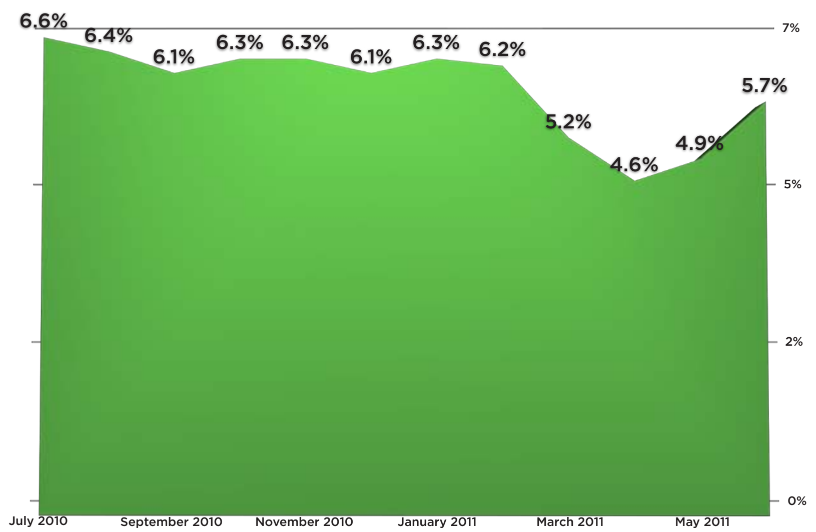
4,037 jobs were added by Chamber-assisted companies between 2010-2011

$71,946 was the average salary of new jobs added by companies over the past year

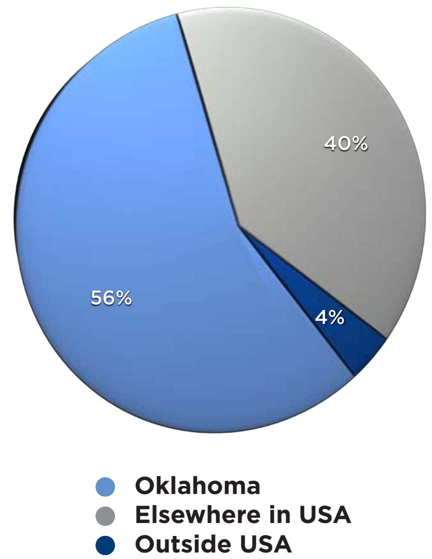
$375,908,000 in new capital investment was made by companies during the period

125 companies interviewed by the Chamber added jobs in 2010-2011

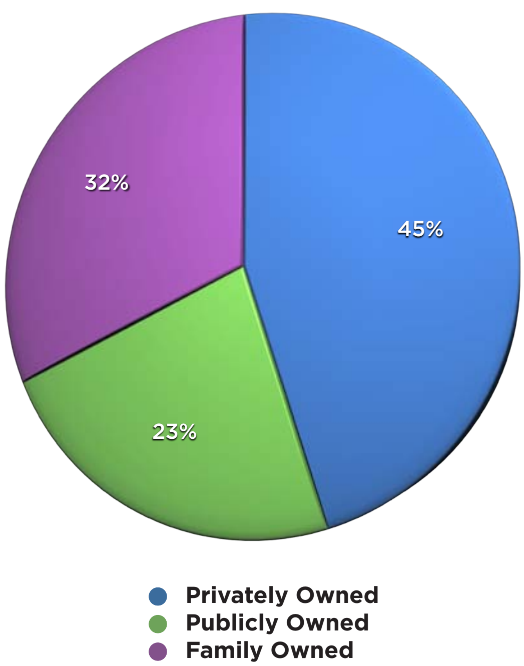
Oklahoma City MSA Unemployment Rate



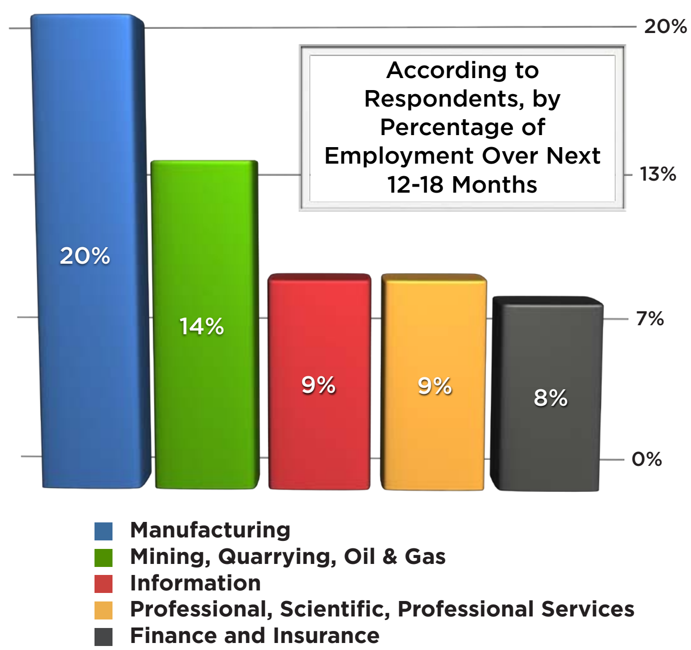
Location of Company Headquarters



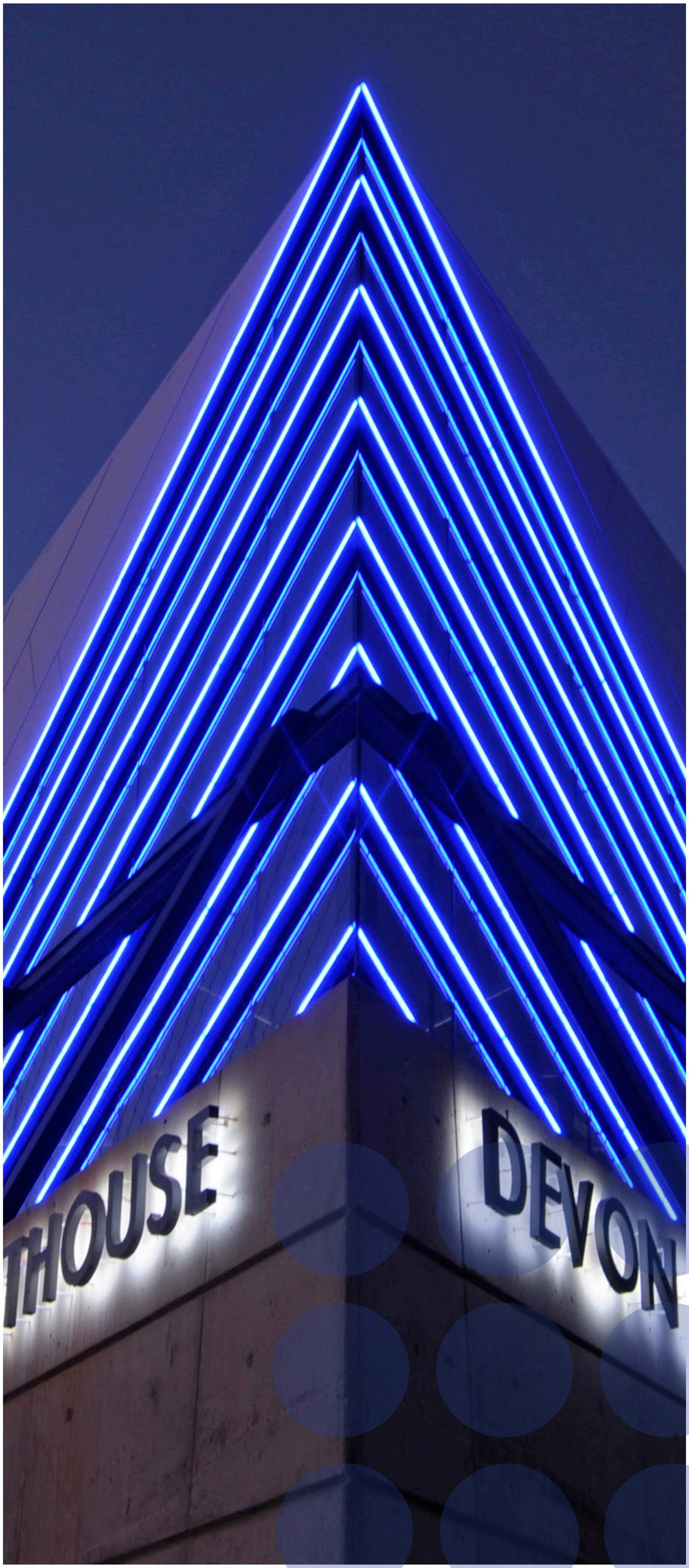
Ownership Status



Top Five Sectors Projected to Grow



BUSINESS ASSISTANCE PROCESS



The Chamber's Business Retention and Expansion team constantly refines the portfolio of firms we visit with a goal of visiting high-impact, high-value businesses from multiple sectors. The team attempts to visit larger employers (those with more than 500 FTE) at least once a year, while other firms are reached more frequently, based on the clients' needs. Each visitation is meant to be an open dialogue geared toward spurring a conversation relative to the business' background, current situation, industry dynamics, challenges, opportunities and specific issue(s) of the client. Chamber staff manages and conducts these visitations, which are confidential.

Staff researched and met with additional companies this year including entrepreneurial firms (defined as companies in our targeted industries less than 5 years old who have 15 or fewer employees) as well as other companies. The staff also began collecting more granular workforce data. This data collection will become increasingly important based on tightening labor markets, increased and evolving skill requirements, and the need to quantify relevant, cutting-edge training needs.

Our Chamber team schedules one-on-one visitations with CEOs, VPs, and other managers of the firms visited. Typically, these confidential visitations occur at the company and often involve additional company representatives. Information gleaned during these interviews is proprietary to protect our client relationship and the objectivity of our role. When issues are identified, we involve and engage those partners who we feel are best able to assist the firm. Some examples of assistance include workforce training assistance, providing relocation materials to recruit out of state candidates, business intelligence, incentive information, permitting assistance and more.

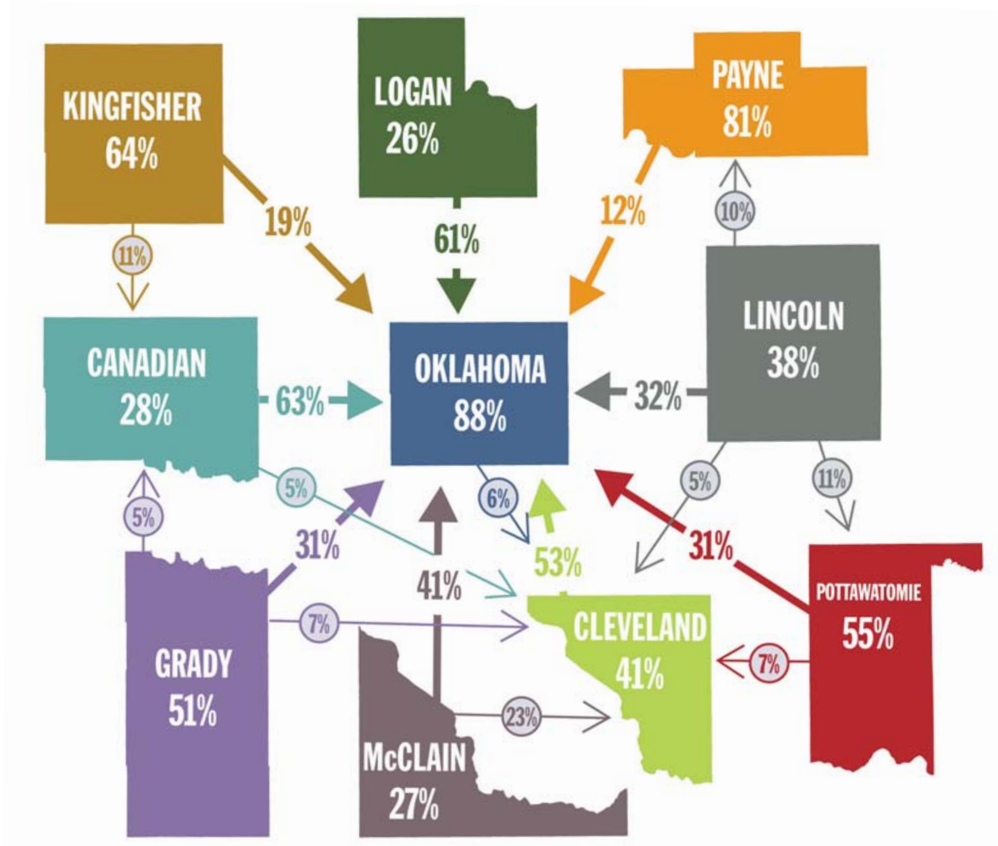
REGIONAL IMPACTS

The following section shows that Oklahoma County-based businesses are regional employers. The following impacts correspond to our regional commuter traffic patterns, which show that Oklahoma County imports a significant number of employees from the surrounding nine counties.

Of the 317 businesses visited between July 1, 2010 and June 30, 2011, 125 indicated that they undertook an expansion. These projects may include capital investment for new machinery or equipment, new jobs, an expansion of physical space, acquisition of real estate, or any combination.

The following summarizes the direct, indirect (supplier) and induced (consumer) impact of projects generated by those 125 companies during the 2010-2011 time period.

Regional Commuting Patterns



The number listed in the county is the percentage of residents who stay in their home county to work. The lines between counties show the percentage of residents who travel to other counties to work. (Note: For the purpose of clarity, only commuter flows of 5% and above are pictured, so numbers for each county may not total 100%.)

Total Employment	Total Population Impacted	Personal Income Supported	Total Economic Output
8,845	14,628	$487.2 M	$1.666 B

Based on the economic impact analysis, those 125 expanding companies will create an additional 4,808 indirect and induced jobs with a total economic output of $1.6 billion within our 10-county region. Concurrently, local and state tax revenues also derive great benefit from these expansions as revenues will be positively impacted by $14.87 million at the local level and an additional $28.13 million at the state level.

PROFILE OF PARTICIPATING BUSINESSES

Of the businesses participating in interviews during the 2010-2011 timeframe, it is important to note that a wide array of functions and activities took place within the facilities visited. Although some firms were classified as manufacturers or corporate service facilities, many also included back office functions, processing, headquarters and other operations. This fact bodes well for the health of these businesses and offers additional expansion potential through diversification of facilities in Oklahoma City locations.

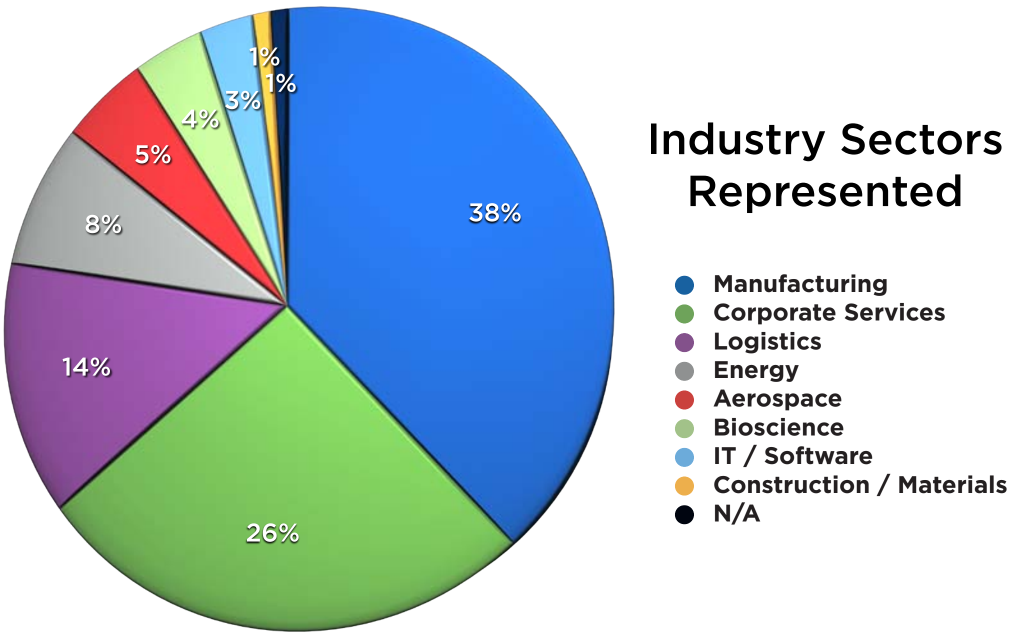
The chart on the next page references all of the functions located at the facilities visited in Oklahoma City. As there is often more than one function taking place, the total does not equal 100%.

The 2010-2011 business participants represented a diverse set of companies engaged in an equally diverse set of businesses.

Here are some characteristics of businesses interviewed:

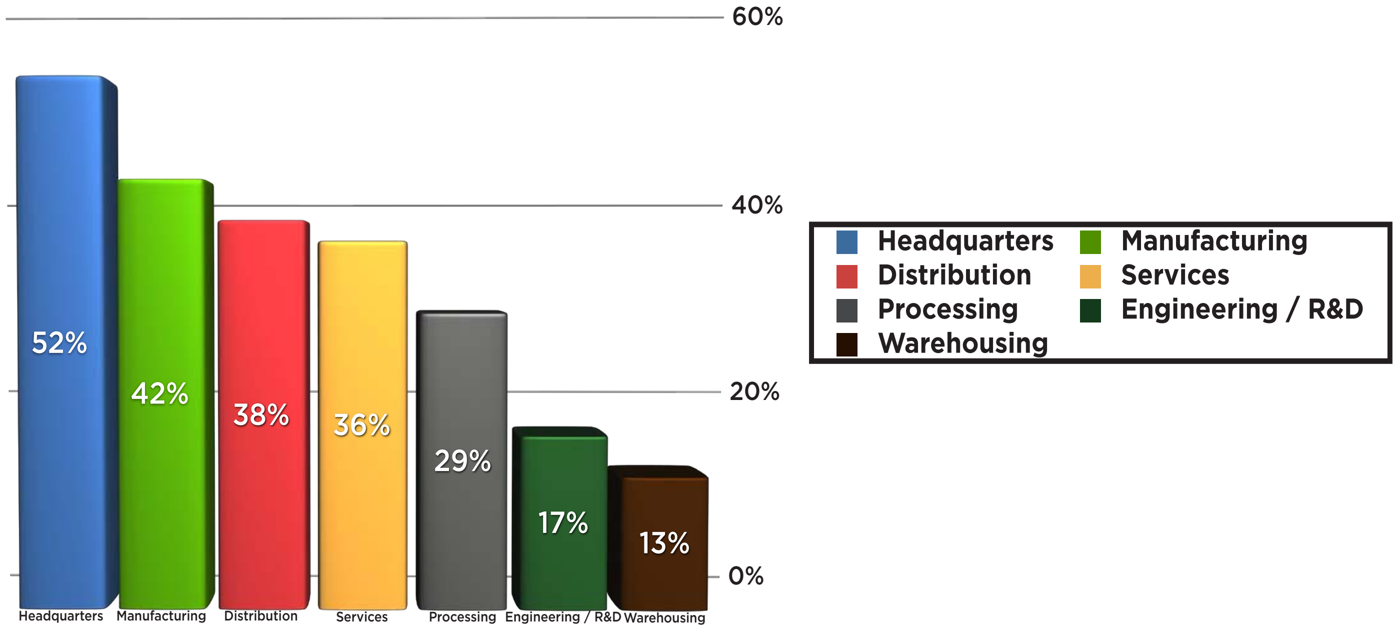
- 59% own their buildings
- Average building size was 112,249 square feet
- 67% of businesses operate one shift
- 56% plan on purchasing new equipment within the next 18 months
- 70% have room to physically expand at their current locations

The following chart indicates the **business sectors** represented in this report.



PROFILE OF PARTICIPATING BUSINESSES

Functions Located at This Facility



Industry	Firms	Employees	Average # Employees Per Firm
11 – Agriculture, Forestry, Fishing and Hunting	0	0	0
21 – Mining, Quarrying, and Oil and Gas Extraction	19	4,251	224
22 – Utilities	2	27	14
23 – Construction	13	1,403	108
31 – Manufacturing (food, beverage, etc.)	12	1,789	149
32 – Manufacturing (wood, paper, etc.)	38	2,853	75
33 – Manufacturing (primary and fabricated metal, etc.)	84	9,589	114
42 – Wholesale Trade	14	1,359	97
44 – Retail Trade (motor vehicle, furniture, etc.)	4	1,359	340
45 – Retail Trade (sporting goods, book, music, etc.)	3	2,506	835
48 – Transportation and Warehousing (air, rail, truck, etc.)	17	1,634	96
49 – Transportation and Warehousing (postal service, couriers, etc.)	6	2,033	339
51 – Information	12	4,197	350
52 – Finance and Insurance	16	4,104	257
53 – Real Estate and Rental and Leasing	5	2,304	461
54 – Professional, Scientific, and Technical Services	35	4,414	126
55 – Management of Companies and Enterprises	6	713	119
56 – Administrative and Support and Waste Management and Remediation Services	15	2,480	165
61 – Educational Services	1	6	6
62 – Health Care and Social Assistance	7	3,517	502
72 – Accommodation and Food Services	4	742	186
81 – Other Services (except public administration)	4	58	15

BUSINESS CLIMATE & RANKINGS

The following tables and charts summarize the business climate rankings as reported during the 2010-2011 period.

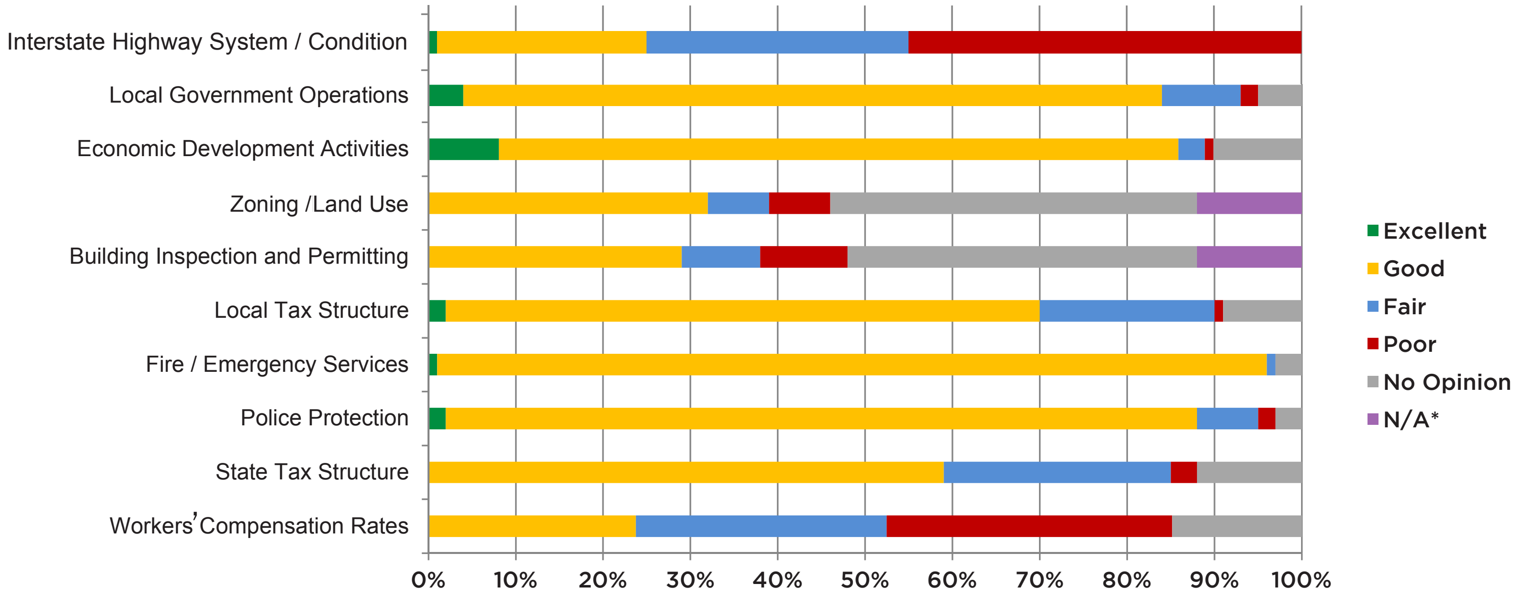
2010-11 Community Strengths and Weaknesses

	Strength	Weakness
Business Services	91%	8%
Community Services	93%	3%
Community Leadership	100%	0%
Cost of Doing Business	99%	0%
Cost of Living	100%	0%
Customer / Supplier Accessibility	95%	2%
Economy	100%	0%
Employee Work Ethic	87%	12%
Infrastructure	41%	56%
Central Location	99%	0%
Quality of Life	100%	0%
Work Force	59%	35%
Transportation	15%	78%
Education	2%	85%
State and Local Taxes	69%	17%

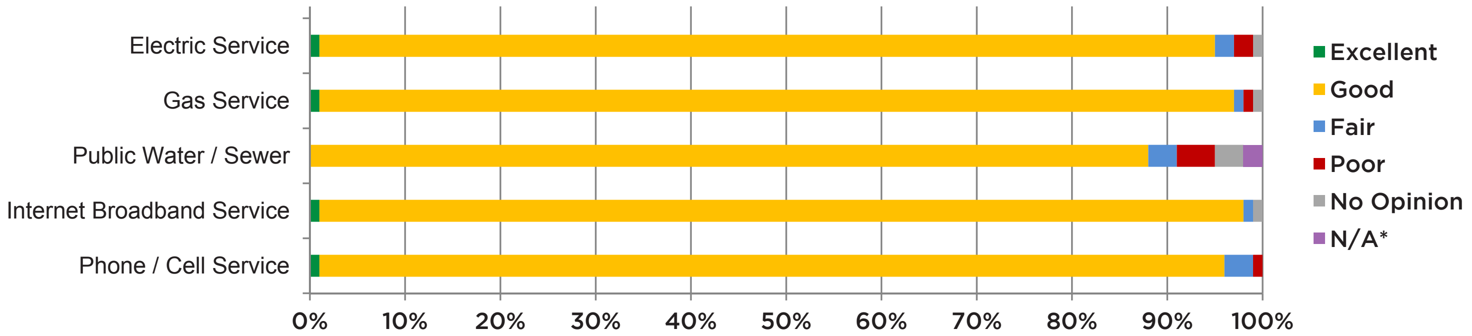
Note: More than one response can be selected for this question. Percentages may not total 100%.

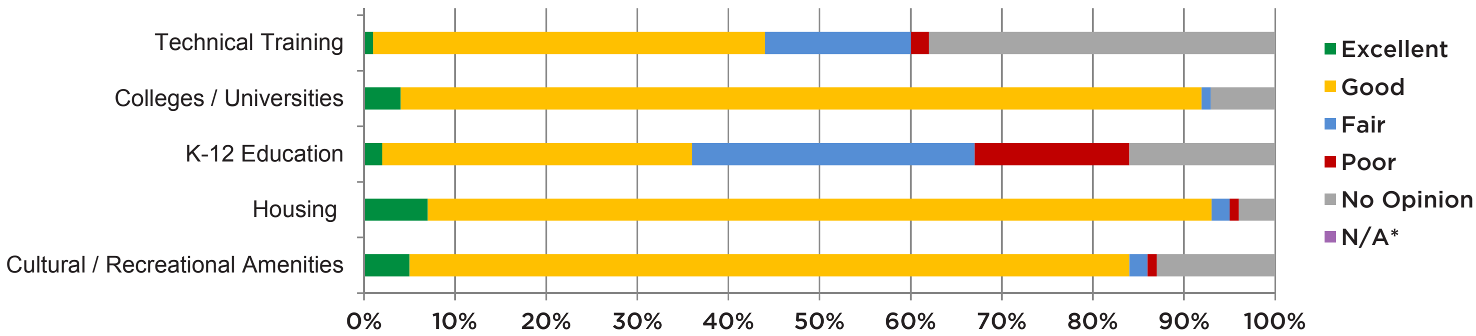
Based on the following charts, one of the top issues challenging business is the cost of the Oklahoma Workers' Compensation System. It was also noted anecdotally and based upon the 2010 gubernatorial election, many interviewees remained hopeful that the new governor would address this issue. As one of the Chamber's cornerstone legislative initiatives, significant progress has been made on this front, although the results of this legislation have not yet impacted the bottom line for companies.

Other key challenges include K-12 education, the local and state road network and the condition of the Interstate Highway system within the region. Many respondents indicated that as a result of our economic growth, infrastructure construction projects are inevitable and understand that these will bear fruit once complete. Of particular note was the new I-40 alignment, Project 180, as well as capacity concerns in the rapidly developing industrial and business corridors throughout the City.



BUSINESS CLIMATE & RANKINGS





* N/A = Non-Applicable or Not Ranked

BUSINESS INSIGHTS

WORKFORCE

Workforce continues either to be a challenge or an opportunity, depending on the specific skill requirements of the company and / or the sector involved. The following statistics paint a picture of current workforce conditions:

- 38% of respondents pay above the average local wages for their industry and job classification, with only 3% paying below the average wage of $40,602.
- Only 12% of employers indicated they have problems retaining employees.
- 46% indicate they are having challenges recruiting employees, while 56% do not. These challenges are diverse and include everything from essential production jobs to high-level executive positions.
- Nearly two-thirds of respondents have a workforce training program in place and of those, the vast majority utilize internal programs.

- 50% stated that local and regional programs were adequate to train workers to fulfill job requirements, and the other 50% said they were not. The primary reason given that these programs were not adequate was due to specific technologies and processes implemented on-site by these employers, so training had to take place in-house.
- Very low union representation was evident, as only 7% of companies contacted were union shops.
- A future challenge for employers is the age of their workforce. Respondents indicated that 85% of key workers were of middle age, so filling the gap to mitigate retirement will be key.

CALL TO ACTION

Oklahoma City's business climate is recognized by existing companies and analysts as one of the more conducive in the country for business. Continuing to address critical needs will only enhance the ability of our companies to grow. In the coming year, the business, civic and government sectors must work together on these critical issues:

TALENT

Nearly 50% of Oklahoma City employers are having difficulty recruiting the employees they need – candidates lack the skills and education levels needed to meet companies' demands. Increasing the number of college graduates and improving outcomes at all levels of the education pipeline is vital. There continues to be a concern about the pending retirement of the baby boomers, with 85% of key workers reported to be middle-aged. Recruiting younger talent to the region to fill this gap remains an important building block for future growth.

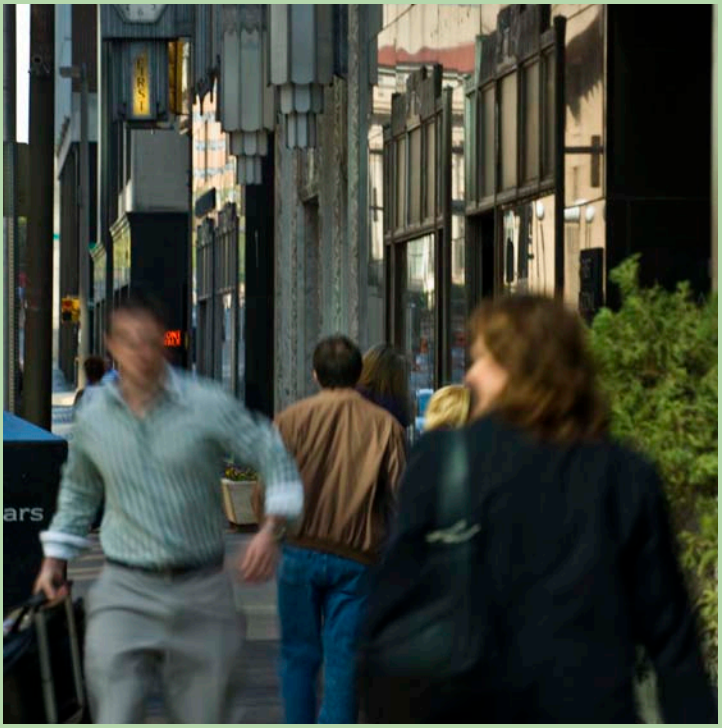
WORKERS' COMP REFORM

Reforms passed by the Oklahoma legislature in 2011 are just beginning to impact companies with a reduction in rates. This progress is promising but continued monitoring and attention to this issue to ensure companies have a way to control their costs in this area is important. These reforms should be evaluated as they are implemented to be certain of the desired outcomes and to determine if additional reform is necessary.

TRANSPORTATION

Oklahoma City and the state of Oklahoma are investing heavily right now in our community's surface transportation system. However, years of neglect cannot be fixed overnight. Growth in funding for additional improvements is needed and should be supported. Additionally, there needs to be increased awareness and understanding of the options available in our area's public transit system for workforce use.

BUSINESS RETENTION AND EXPANSION TEAM



Year after year, statistics show that Oklahoma City's most impactful job growth comes from existing businesses. Helping facilitate smoother, more profitable operations for our business partners is a big priority for the Greater Oklahoma City Chamber. That's why our Business Retention and Expansion (BRE) Team can't wait to help you solve problems. Contact us today.

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