

LEADERSHIP HUNTERDON 2014 CLASS



WHITE PAPERS





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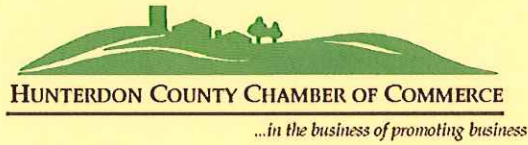
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June 2014

"If you don't like something, change it. If you can't change it, change your attitude about it."— Maya Angelou

It has been a great privilege to get to work with the Leadership Hunterdon Class of 2014. Having the opportunity to watch how this year's class has spent their time meeting with a multitude of leaders, visiting businesses and organizations and immersing themselves into the fabric of Hunterdon County has truly been rewarding.

The Leadership Hunterdon Class of 2014 has been inspired and has heard many of the challenges that face Hunterdon County in the upcoming years. I commend you on the time and thoroughness of your White Paper project. The insights and the recommendations you have made will have a lasting impact on our business community. A strong business community can only help so many other facets of our County, from the private sector to education, healthcare, non-profits, civic groups and government to be that much stronger.

Strong leadership and strong leaders are what is needed today. You have been given the challenge to be agents for ***"Positive Change"***. Thank you again for your dedication to Leadership Hunterdon and allowing the process to help shape your future. It is with great pleasure that I welcome you officially to the ranks of our Alumni, which has hit a milestone, 30 STRONG!

With best regards,

Christopher J. Phelan
President
Hunterdon County Chamber of Commerce



Spring 2014

Dear Leaders,

Early last fall you joined the Hunterdon County Chamber of Commerce **Leadership Hunterdon** program with a vision of joining Hunterdon County's leadership ranks. During the ensuing months you have learned about the County's treasures and needs; met with members of its current business leadership; visited its organizations; and talked with government officials at every level. You now know more about this idyllic place we call Hunterdon County than most residents will ever know. And now the time has come to choose to use that knowledge to better your respective businesses, communities and careers by putting your particular skills and talents to the test.

The State (not status) of Entrepreneurship in Hunterdon County and Successful Business Habits Evident in the Hunterdon County Business Environment are the topics you chose to explore as The Class of 2014. Already a contribution, the product of your examinations will serve others working toward understanding the County's current economic challenges and those planning for a future of business ownership.

It has been my privilege to accompany you on this year's journey. I have witnessed the professional growth that comes with gaining a strategic viewpoint. I have enjoyed the camaraderie that comes with shared experience over time and I have come to anticipate the future as individual members of the Class of 2014 move into action. I ask that you not lose touch with each nor of the successful graduates of the classes that preceded you, for you *are* Hunterdon County's future leaders. You are informed, equipped and ready to step into that role.

I assert that those for whom you work, those whom you will serve and those who get to work with you as you enter leadership roles are all benefactors. And you, too, have an edge. You have earned the right to be proud of your willingness to declare your intentions and enhance your careers. Because of these reasons, I thank you. I celebrate your accomplishment and I invite you to play full out! with heart, wisdom and generosity.

Fondly,

Suzanne Lagay
Member, Board of Chosen Freeholders
Hunterdon County, New Jersey

United Way of Hunterdon County

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June 10, 2014

To the Leadership Hunterdon Class of 2014:

If it is true that a community can be judged by the way it responds to the needs of its citizens, then Hunterdon County residents have many reasons to be proud.

“Leadership will work to transform people to become trustees to our communities, to become leadership resources and work for the betterment of Hunterdon County.” That is our goal.

Your successful completion of the Hunterdon Leadership program means you have distinguished yourself as leaders and speaks volumes about your dedication and commitment to filling the needs in Hunterdon County.

The white papers you have collectively taken on represent an in-depth and unique approach to understanding the complex economic development needs in Hunterdon County. Together you have accomplished much. Moving forward, achieving the change you envision will require unified support from all segments of our community. This is why I hope you will be inspired to join an organization and work to build a healthier, safer and more vibrant community for all.

Through excellence in organizational leadership and governance, you will become mission-driven, where those around you are passionate, focused and aligned to achieve goals. You will continuously improve and innovate, you will become more resilient and able to negotiate, navigate and capitalize on opportunities. Finally, you will develop a reputation for integrity, transparency and accountability and be recognized as a leading voice for human welfare in Hunterdon County.

To all our graduates, on behalf of the Board of Trustees of Leadership Hunterdon and the Chamber of Commerce – Congratulations!

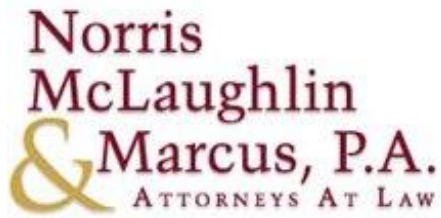
I wish you much success and hope to see you at the table leading Hunterdon County into a brighter future.

Sincerely,

Bonnie Duncan
CEO, United Way of Hunterdon County
2014, Chair, Board of Trustees, Leadership Hunterdon



Thank You to our Sponsors



STATE OF ENTREPRENEURSHIP

IN

HUNTERDON COUNTY

PREPARED FOR LEADERSHIP HUNTERDON 2014

PREPARED BY:

KIM BLANDA
PEGGY DOWD
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INTRODUCTION

“He not busy being born is busy dying.” Perhaps Bob Dylan did not have entrepreneurs in mind when he wrote this lyric however, the relevance cannot be denied. (Leibs, 2014) The history of entrepreneurship in the United States dates all the way back to Christopher Columbus and the Mayflower, seeking trade routes to Asia. The evolution of business over the past five plus centuries has been significant. However, just like in the colonial days of Columbus some entrepreneurial journeys succeed and many more do not. What makes the difference between success and failure? How does one make sure to set off on a trajectory that leads to success? What resources are available to help attain this and more specifically what opportunities exist in Hunterdon County in this regard. Through a series of personal interviews with business owners, community leaders, and educators as well as researching business best practices we will provide a view of entrepreneurship in Hunterdon County and a reference for its future.

AGRICULTURAL BUSINESSES

Named after Governor Robert Hunter’s home town of Hunterston, Hunterdon County just celebrated its 300 year anniversary. Hunterdon County is about 437 square miles with approximately 120,043 acres of farmland assessed acres according to the 2005 NJ Farmland Assessments. The agricultural community has seen many changes over the three centuries. Some of the more recent changes were directly related to the mid-1980’s demand for farmland to be converted to residential and industrial use in some areas of the county. As Hunterdon County

became more accessible, land values escalated and so did the property taxes according to one horse farm owner. "It has become increasingly difficult. My land taxes have doubled in the past fifteen years since we bought the farm." She explained that if she passed all the additional costs onto her boarders they would probably leave. "Costs are continuing to rise. Feed, shavings (bedding material), and land expenses are going up and up but I can't charge that much more. Many people are going out of business." (Holder, 2014)

Another challenge farmers discussed was the increase in regulations. A horse farmer had to reduce the number of horses she boards. The reason for this is new regulations about the disposal of horse manure. Farmers who have more horses must either purchase expensive equipment to compost the manure or have it trucked off the farm which is also very costly. She explained that it is becoming increasingly difficult for horse farmers to breed or board horses for a hobby or on a small scale where there is not enough profit to cover the rising costs. Her husband works the farm full time and she has a full time job off the farm. This seems to be a common trend in this community. One family member works outside the farm in order to maintain a steady income and the financial stability of the farm.

One of the challenges of the produce farmer is the regulations on the farm stand where they sell their goods. "If a stand is movable, it is not regulated by the Office of Weights and Measures. Our scales all have to be inspected regularly to make sure they are accurate, but theirs do not. Also, we need to keep our eggs in a refrigerator but I'm sure everyone has seen those coolers at the end of driveways

with signs that say “Eggs for Sale” and those are fine. It makes our costs higher and it makes it harder to compete.” (Tigar, 2014) This stand used to carry homemade baked goods, but state regulations now prohibit using a residential kitchen for production of baked goods for retail. The kitchens must have mandated equipment which can be cost prohibitive for a small farm stand selling limited bakery items.

There may be a communication break down or perhaps lack of communication between regulatory entities and the agricultural community. The farmers we interviewed admitted that a lot of the information they got was from other farmers and that “no-one ever let us know” referring to the horse manure management regulations. As part of Leadership Hunterdon we spoke with Tadhg Rainey, Hunterdon County Public Health Services Director. We discussed some of the challenges that farm stand owners were experiencing. He was very open to being a resource for farm stand owners and expressed an interest in improving communication with farmers. He encourages farmers to call his office or go on the Hunterdon County Public Health Services website.

Produce farmers also have their challenges. One farmer who owns a four generation 140 acre farm and grows produce and feed explained that it is difficult to compete. “People want the convenience of one-stop shopping offered by the big box stores. They don’t always make the extra trip to a farm stand.” (Tigar, 2014) Customers complain about the high prices of the farm market produce when they can buy it at the local grocery for less. A limited number of local growers are meeting these large demands and the local supermarkets now carry their produce,

leaving the smaller farmers to sell their crops in smaller venues and farm stands. The popularity of organic produce has also created a challenge for non-organic farmers. "People ask for organic fruits and vegetables. Unless you have greenhouses, it is difficult and costly to grow organic." (Tigar, 2014) Consumers are also hungry for perfect looking produce without blemishes. Is the advent of genetically modified produce stimulating this? What are we sacrificing for these perfect looking fruits and vegetables?

Finding farm labor is another challenge for farmers. Farming is labor intensive and not everyone is up for this type of physical work. "We have tried hiring kids to help in the summer months. Our experience has been that they don't want to work this hard. It is not their farm and they don't have the personal connection with it that we do." (Tigar, 2014) They also explained that workers are demanding wages that they cannot afford to pay. Both farmers interviewed, talked about their love of the land and what they do, but their strong determination and desire may not be enough if the challenges make it impossible to afford to do what they love- some for generations.

Some farmers have expanded their offerings to include agricultural tourism. Agricultural tourism is a commercial enterprise at a working farm, ranch or agricultural plant conducted for the enjoyment or education of visitors, and that generates supplemental income for the owner. This may include farm stands, U-pick, pumpkin patches, Christmas tree farms, winery weddings, orchard dinners, holiday themed entertainment, youth camps, tours, and on-farm classes. "This can

be very profitable but we were always worried about the liability issues. People are always suing these days.” (Tigar, 2014) This type of exposure can deter some farmers from considering this option however; their growing popularity should be considered a viable income opportunity.

We have all seen the bumper stickers, “No Farmers, No Food”. At this point it is important to ask ourselves how we can better support the agricultural community in Hunterdon County and throughout the state of New Jersey. Do all legislatures understand the needs and challenges of farmers? Are the regulations well thought out taking into consideration the impact they will bring to the farmers (large and small) or are the majority suffering for the mistakes of the few? Are all farmers’ voices being heard or is it only the biggest and most powerful that are the most influential? If we want to maintain the charm, beauty, and resources that Hunterdon County’s farms provide, we need to support and sustain its’ agricultural community and this type of entrepreneur.

BUSINESS DEVELOPMENT & SUPPORT

Hunterdon County has a tremendous resource for entrepreneurs and small business owners. The New Jersey Small Business Development Centers (NJSBDC) network is partially funded by the U.S. Small Business Administration (SBA) and the New Jersey Economic Development Authority (NJEDA). Raritan Valley Community College contributes to the funding of its Small Business Development Center (SBDC). The SBDC at Raritan Valley Community College is located at 14 Vogt Drive, in

Bridgewater, New Jersey. As stated in their brochure, “Our mission is to contribute to the economic vitality of Somerset and Hunterdon Counties by providing small businesses with the tools they need to reach their goals”.

The SBDC provides assistance to small business owners and entrepreneurs to help them plan and develop successful ventures. “Our purpose is to help aspiring small business owners and those already operating a business, define or redefine their business objectives and assist them in moving forward. We provide services to small businesses in all industries, including technology, manufacturing, retail, service, wholesale, as well as international trade.” (Small Business Development Center at RVCC, 2014)

The SBDC offers training classes, one-on-one counseling, and seminars catered to the needs of small business entrepreneurs. They also offer an Entrepreneur Certificate Program (ECP). This course covers business planning, legal aspects, human resources tools, market research techniques, comprehensive marketing strategies including advertising, sales and promotions, financial management tools including record keeping and tax reporting. The Entrepreneur Certificate Program is a statewide 33-hour certificate program.

According to Bill Harnden, Director of the SBDC at Raritan Valley Community College, twenty nine percent of the businesses they help are from Hunterdon County. They saw 390 new clients last year in total. Most of their clients are retail oriented, and twenty-five percent are home based businesses which include a large number of consultants. Only a small percentage of the people they see are inventors,

however the SBDC has access to many resources for those who have specialized needs including a large network of mentors (many retired executives) available to assist the entrepreneurs. We asked Bill, “What makes them succeed?” Bill answered, “They have to do their “homework” and be engaged- working capital is essential and training themselves and their employees.” He also stressed the importance of networking through professional associations such as the Chamber of Commerce. Bill describes the typical person who uses the services of the SBDC as highly motivated with a good knowledge of their type of business. “They just need a little coaching.” We also asked Bill what were the biggest challenges for new business owners. “Access to capital is one of the biggest challenges” said Bill. He also stated, “Access to information can be another challenge.” The benefit of accessing the SBDC is that they have so many resources and experts to assist entrepreneurs and small business owners, from business plan development to expansion and everything in between. “They can learn from our mistakes and avoid their own”, said Bill. He also lists high real estate costs in Hunterdon County as another challenge for many new businesses. (Harnden, 2014)

Dr. Lindsey Mansueto, owner of Flemington Chiropractic Center and the recipient of the Chamber of Commerce ‘Most Promising New Business’ award in 2013, utilized the services of the Central Jersey chapter of ‘SCORE’ (Service Corps of Retired Executives), a national all volunteer, non-profit resource partner of the Small Business Administration. In addition, Dr. Lindsey had opportunities prior to opening, to work with networking groups such as the Hunterdon County Chamber

of Commerce and BW Nice, Business Women Networking Involving Charity & Education. Originally, the business plan was not necessarily a new business; however a key factor in Dr. Lindsey's decision to open her own practice, as opposed to joining an existing one, was based on the fact that she did not find another practice that shared her vision, which is an evidenced based holistic approach to healing the entire person and not just treating symptoms. In creating one's own business, it is important to distinguish your business from the competition. Dr. Lindsey does this through her unique approach to not only alleviate pain in her patients, but more importantly, inspire her patients to become active participants in their own well-being. Finally, by making the decision to accept all insurance, Dr. Lindsey hoped to make chiropractic care affordable and bring it to the masses. This philosophy sets her business apart from other chiropractic care in Hunterdon County. (Mansueto, 2014)

CREATING SUCCESS - CREATING COMMUNITY

Through personal interviews with entrepreneurs in Hunterdon County, the reasons for opening businesses ranged from a personal fondness and emotional connection to Flemington, to a more strategic plan of taking advantage of the good health and abundant wealth of the county. However, a common theme of all of the successful entrepreneurs in Hunterdon County has been the networking involved in creating relationships and a sense of 'community'. Dr. Lindsey Mansueto was out in the community donating her time and talent at 5K fundraisers and other events to promote her business even before she opened. Her philosophy is that "when you

give something to the community, it comes back in a greater way". (Mansueto, 2014)

This sentiment was echoed by Sophie Shor of Roman Jewelers. In describing her business, the emphasis was on what she does for the community in terms of fundraising, donating her time and talents, getting involved with local causes that she feels are important in Hunterdon County, and creating a sense of family within the business. She is always willing to give, because she realizes that so much more will be received in the long run. (Shor, 2014)

Sue Goodwin, owner of Blue Sky Boutique in Flemington, stressed the importance of networking with other local business owners. She makes a point of shopping locally and patronizing her neighboring businesses in town. (Goodwin, 2014)

Formalizing the concept of community support, Wendy Richardson, owner of the Software School in Flemington, started 'Flemington Rocks' and has put together a list of business owners on and around Main Street, Flemington and organized meetings and events for the purpose of networking and support. (Richardson, 2014)

The first meeting of Flemington Rocks was April 3, 2014 where town business owners and interested parties were invited to get together to get the town moving. A representative from the BID (Business Improvement District) also attended. Sue Goodwin explained, "Basically, as I see it, Flemington Rocks serves 3 functions. One, it gives us all an opportunity to get to know one another and therefore recommend one another's business. Secondly, it creates an organized way to advocate for positive change in town whether we push the BID or the Town Council. Finally, there is a big drive within Flemington Rocks to get arts and music going in town and to beautify the town." (Goodwin, Owner Blue Sky Boutique, 2014)

A sign of the times is the fact that 'community' is now on-line. The impact of Social Media on entrepreneurship and the growth and health of new businesses has been tremendous. Even farmers are asking customers to "Like" them on Facebook. "Social media has made businesses more transparent than ever before," says Dave Kerpen, co-founder of and chairman of Likeable Media. (10 Up and Coming Leaders, 2014) Social Media has been a great tool for Sue Goodwin at Blue Sky, especially in winter when shoppers were not out and about, Blue Sky would advertise specials and post pictures of local customers modeling the merchandise on Facebook to attract customers.

CHALLENGES

Owning your own business is "not for the faint of heart!" Sue Goodwin exclaimed when talking about the challenges of the entrepreneur. (Goodwin, Owner Blue Sky Boutique, 2014) Both Anne Thorton, President of MSI Plumbing and Remodeling and George Ditzler, Owner of Team Link, relayed their challenges and the 24/7 commitment it takes to own your own business. Anne Thorton stated, "live small, diversify and write a new business plan every year". (Class, 2014)

In opening Blue Sky, Sue spoke of her vision to create a unique shop where customers would have an EXPERIENCE, one on one personal attention in helping to select clothes as opposed to much of the on line shopping that has dominated our culture. Sue felt that the community did not have this type of retail establishment, and wanted to encourage 'community' and provide something that was not already

here. The reality has been that the consumer wants a 'deal' and that the larger national stores and on-line is where the general public shops. The economy also influences the shopping patterns: business casual dress, not as many holiday parties and formal business affairs translates to a decreased need for fancy attire. In reaction to this revelation, Sue has dramatically changed the items she buys for the store and has taken other opportunities to sell the stock (fashion fair in Warren, Rice's market, trade shows, on-line). Other challenges lie in renting the STANGL Factory space, which originally was the inspiration and sealed the deal in opening this unique boutique. The slow renovation of the rest of the factory has hindered business. (Goodwin, Owner Blue Sky Boutique, 2014)

For Dr. Lindsey, the red tape and delays at the time of opening Flemington Chiropractic Center were the biggest challenge. Dr. Lindsey signed the lease in January 2012 and did not open the doors for the first patient until May. Because of the economy, the hours for inspection were decreased so the inspections could not be done in a timely manner. (Mansueto, 2014)

The regulations on signage appear to be a problem for entrepreneurs who are trying to promote their businesses. The county has imposed fines on some who did not have their sign in by the end of the business day.

FINANCING YOUR BUSINESS

Bill Harnden, Director of the Small Business Development Center stated, "Access to capital is one of the biggest challenges for new businesses." The most

obvious source of this capital is from a bank or lending institution but securing funds for new businesses can be very difficult because there is no history for a new business and there is no track record if the business can be financially successful. Non-profit organizations may qualify for grants and other federal or state funded programs, for profit business may not be able to take advantage of these programs.

In any business, there is a risk versus reward but in the case of the financial institution that is lending out tens or hundreds of thousands of dollars to a new business, this lack of a proven track record can often times be too risky to the lender and not a sound business decision in their eyes. Many financial institutions follow the common practice known as the “5 C’s of Credit” in order to decide who may obtain funding from their institutions. The 5 C’s of Credit and their definitions are:

- 1. Character:** This can be commonly associated with credit worthiness or ones integrity when it comes to paying back their debt obligation. A past payment record of successfully paying back ones obligations is an important indicator as to their views of paying debt and a strong indicator of the chances a loan will be paid back.
- 2. Collateral:** This is the item that is being pledged to secure a loan or line of credit. Unsecured loans are the riskiest of loans due to the fact that there is no material that is being pledged should there be a default by the borrower. The stronger the collateral, the better chance of securing credit and obtaining a better rate for the funds borrowed.

3. **Capacity:** This is the ability of a business to successfully pay for the loan and other debts and expenses by way of the cash flow and proceeds generated by the business once the business is up and running. This is commonly referred to as the businesses' daily cash flow.
4. **Capital:** The borrower's strength is also measured by the ability to secure funding from other means besides the loan and the revenue generated by the business. In other words, should the business fail to be able to generate the necessary cash flow to repay the money borrowed, and other operating expenses, what other resources can the borrower utilize in order to pay back their debts? This can consist of a personal guarantee from the borrower, personal savings or assets like their personal home, and pledges by others close to the business who can assist the company pay off the debt.
5. **Conditions:** This is a critical analysis which measures the past, present and future economic, political or social conditions that may affect the borrower's success or failure in their venture. (Foundation)

Now is this enough to get the financing you are looking for? Many times, the lenders will look for the borrower to align themselves with a strong financial partner who can help lessen the risk of the loan going into default should the business not be successful. One such common partner is the United States Small Business Administration, (SBA) referenced earlier. SBA is a federally funded agency

that promotes and supports programs to assist small businesses grow and maintain sustainability for the business community. They are an advocate for small businesses with a mission statement to act "*as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation.*" (Administration)

When it comes to assisting businesses obtain capital, the SBA does not actually provide financial funding for companies but it creates lending programs for businesses that cannot get funding through traditional banking channels. They actually guarantee repayment of some of the funds borrowed. In essence, they act as guarantor for the loan thus eliminating some of the risk to the lenders. The Microloan, 7(a) Loan, 504c Real Estate Loan and the Disaster Loans are the most common programs sponsored by the SBA.

In order to qualify for such loans, it is required that the borrower develop a 3 to 5 year Business Plan. This plan is very detailed and should describe all aspects of the business including detail regarding the visions and values of the company and why it will succeed. According to Entrepreneur Magazine, there are seven major sections of the business plan. They are:

1. Executive Summary: a listing of the owner's vision for the company.
2. Business Description: a description of the industry and overview of the markets within the industry.

3. Market Strategies: a description of the targets and opportunities in which the company will gain market share. This could be new products or trends in the market.
4. Competitive Analysis: documentation of the strengths and weaknesses of the competitors within the market and an outline of strategies to overcome obstacles and gain market share.
5. Design & Development Plan: a plan to provide potential investors with a description of the business and defined projected goals and budgets.
6. Operations & Management Plan: a description of the management and operations team, their roles and responsibilities as well as the budgets for each team.
7. Financial Factors: the hardline numbers of why this business will succeed. Included should be the cash flow projections for the business. (How to Write a Business Plan)

To make the best financial decisions for the future, it is important to know all of the lending options. Partnering with a traditional bank or SBA sponsored advocates like the SBDC, SCORE or Regional Business Assistance Corporation (RBAC) is the first step in learning which financing option is best for a new business. The knowledge gained by working with partners who will keep informed of new programs and options that are available is the key to obtaining the financial support needed to embark on any new business venture.

YOUTH AND ENTREPRENEURSHIP

“Entrepreneurs are not born, they become. The characteristics that have been found to denote the entrepreneur from others are not genetically determined or fixed forever in one's earliest years. They are attained through experience. They are hopefully nurtured through education, and they are amenable to personal choice and decision. We humans have the unique capacity to decide, to choose many of the experiences that determine who we will be.” (Shapero, 1982) While some would argue that becoming a successful entrepreneur requires at least some level of innate talent, without the support and framework necessary, we as a community may never realize the impact our youth can have in propelling us forward. The importance of fostering entrepreneurial experience for our youth is critical to the future of our economic and social success. The potential for job creation from new businesses formed by these young people, coupled with the current lack of sufficient skilled labor in our employer community further enforces the need for a new level of proficiency in entrepreneurial skills; to take innovation and creativity, and move ideas into reality. In his book *The Coming Jobs War*, Gallup Chairman, Jim Clifton, asserts that political and business leaders focus too much attention on innovation and too little on cultivating talented entrepreneurs. “They’ve got it backward, Clifton says. To create jobs, leaders must understand that great, thriving business people matter far more than great ideas, which are a dime a dozen.” (Clifton, 2011) According to a recent report by the Global Entrepreneurship Monitor (GEM), research has indicated that entrepreneurship education is lacking at primary and secondary school levels. “Given the high level of youth unemployment as well as the

number of unemployed graduates, focusing on providing an education that allows young people to be both future employees as well as future employers is critical". (Kew, Herrington, Litovsky, & Gale, 2013)

So what are we doing in Hunterdon County to foster this experience for our youth? What programs are available and what might we do to further the cause?

Across the school districts and at Raritan Valley Community College, there are a number of courses and programs designed to promote awareness in business concepts and leadership, but few that truly focus on entrepreneurship. The Future Business Leaders of America (FBLA) have presence throughout the county with chapters at South Hunterdon, North Hunterdon, and Hunterdon Central Regional high schools. The FBLA's Mission is "to bring business and education together in a positive working relationship through innovative leadership and career development programs". (Mission and Pledge: Future Business Leaders of America, 2014) While fairly insular to education, programs such as "Virtual Business" can afford students the opportunity to take a test drive of owning their own business in a virtual environment.

Taking on the more social implications of entrepreneurship on a local and even international level is a group called Enactus at Raritan Valley Community College (RVCC). Enactus is a community of student, academic and business leaders committed to using the power of entrepreneurial action to transform lives and shape a better more sustainable world. The acronym "Enactus" is formed from the

words *entrepreneurial, action* and *us*. (Our Story: Enactus, 2014) Over the past several years, student participants have used their skills to assist small businesses with social media strategy, create business opportunities for at-risk middle school students and trained low-income individuals at home and abroad to become successful entrepreneurs. They have also continued work on the “Let’s Can Hunger” program, an ongoing effort that provides urgent and long-term hunger relief to those in need in our local community. According to Tracy Rimple, RVCC professor, Enactus advisor and Sam Walton Fellow, “the Enactus program is a wonderful opportunity for RVCC students to put business theories to work and apply leadership and communication skills, at the same time assisting their communities and making the world a better place.” (RVCC Enactus Team Wins U.S. Regional Competition, 2013)

In addition to the efforts of Enactus, over the past several years, Raritan Valley Community College (RVCC) has offered a variety of summer programs for youth ages 8-17 designed to introduce students to concepts needed to start their own business. According to Ralph Dunham, RVCC’s Program Director, Youth/Community Outreach, new programs will be offered this summer due to the success of previous sessions of a course called “The Money Camp”. The Money Camp is geared for students ages 13-17, and provides an introduction to a simple money management system. The students learn about money and wealth-building concepts, good and bad credit, and want vs. need. The goal is help students begin to think like entrepreneurs. New this summer are two courses: Young Entrepreneurs

(for ages 8-10), and Introduction to Entrepreneurship (for ages 13-17). During these courses, students are taught how to develop a business plan, prepare promotional materials, and begin to think through the process of starting and owning their own business. (Dunham, 2014)

While these programs offer a basic understanding for would-be entrepreneurial youth, they do not offer the hands-on activity or time necessary for the likelihood of actual business creation. Potential for exactly this does exist for Hunterdon County through the Young Entrepreneurs Academy (YEA!).

The Young Entrepreneurs Academy (YEA!) is an 8 month long after-school program geared for middle and high school students currently operating in 96 sites across the nation. The program “transforms local middle and high school students into real, entrepreneurial success stories through an exciting, proven projects-based approach.” (Young Entrepreneurs Academy: Introduction, 2014) Students learn how to run a real business, pitch their idea to a team of investors, and actually launch their business prior to the close of the program. Many of the participants continue their businesses after the program concludes, and about 20% open a second business venture. (Martin, 2014) YEA! is a non-profit 501 C3, and provides all materials, curriculum, supplies and ongoing support to make the program successful for the host community.

With support from the Kauffman Foundation, YEA! was founded at the University of Rochester in 2004, and now serves hundreds of students each year in partnership with the United States Chamber of Commerce and the Campaign for

Free Enterprise. The program not only provides young people with the tools needed to launch a business and create jobs, but also arms them with cross-functional leadership skills and self-confidence. Courtney Martin, a 2013 YEA! graduate, says the experience was life changing for her. Prior to the program, Martin was extremely shy, and had difficulty presenting in front of a group. The program gave her the confidence and tools she needed to overcome this challenge, and she now makes successful public presentations in front of groups of 400 or more.

In addition to creating a pipeline for new business and future business leaders, Martin describes several additional potential benefits to Hunterdon County through this program, one of which is in generation of revenue. Through a combination of grant funding, sponsorship donations, student tuition revenue and the Investor Panel event, participating chambers generate between \$20,000 and \$80,000 per year running this program. Another possible benefit for Hunterdon with this program is its potential to lessen the issue of “brain drain”. Because graduates develop a network and strong ties with the community during the course of their program, they tend to want to stay in the area they now see in a different light. (Martin, 2014)

CONCLUSION

“Of the many paths to success, none of them can be walked alone”. (Abrahams, 2014) This is something we heard repeatedly during our research. Whether seeking business training and development, securing funding or concentrating on business

operations, relationships and collaboration are critical. Couple this with a passion for hard work, determination and a splash of humility (many of our entrepreneurs talked about doing what they do best and letting someone else do what they cannot) and you are off to a good start.

Entrepreneurship in Hunterdon County is not just about building new businesses, it is about “who” the entrepreneurs are, in what way they affect the community, and the lives of their employees. Through conversations with some of the most successful entrepreneurs in Hunterdon, we have learned how much they truly value their employees, strategic business partners, professional organizations and the impact their businesses have on their community. In the words of successful entrepreneur Joe Colalillo, President, ShopRite of Hunterdon County, “My family has been serving the communities of Hunterdon and southern Warren County for over 50 years. Over the years our associates, past and present, have worked hard to enable us to grow and enrich the communities we serve. We believe in giving back to the communities that we serve and that have enabled us to sustain and grow our business.” (Colalillo) And in Hunterdon County, that is what we call a “win-win”.

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Successful Business Habits within Hunterdon County Business Environment

A White Paper as Graduate Requirement for Leadership Hunterdon Program 2014

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Successful Business Habits within Hunterdon County Business Environment

Mission of Paper

The mission of this White Paper is to qualitatively determine the best practices of *mature* Hunterdon County businesses that allowed them to survive and thrive throughout their business life span during the various business cycles within the Hunterdon County business environment. The scope of the paper is to only focus on the Hunterdon County environment and its effect on businesses and consequently learn of how each of the six businesses interviewed reacted to the environmental effect with an explanation of results. Using history as a guide along with current factors, the paper may provide a guide to being a successful business within the Hunterdon County environs in the future.

Target Audience

The primary audience of this White Paper is for business owners themselves. On one hand, the business owner could be situated in Hunterdon County presently. On the other hand, the business owner could be outside of Hunterdon County and may be considering relocating or expanding into Hunterdon County.

A secondary audience and equally important is the Hunterdon County business environment itself. Perhaps the disclosure of the successful Hunterdon County businesses within can provide insight to positive and negative factors that exist within the Hunterdon County business environment. With knowledge of those factors, those individuals and organizations with power and ability to change the environment will be motivated to do so for the sake of the business community and Hunterdon County's well-being as a whole.

Purpose

Hunterdon County is at a crossroads. Recently, many organizations and government agencies have taken notice that Hunterdon County's future is in jeopardy. Population demographics are changing with a negative trend (Economics and Real Estate..., 2014). In comparison to other counties within New Jersey, Hunterdon County is struggling with the departure of large business and a high vacancy rate. Because the business community is struggling, Hunterdon County's population may seek other destinations to live and work. Thus, Hunterdon County may continue to experience a downward trend towards providing a high quality place to live. The population of Hunterdon County and the business community are mutually dependent upon one another. Therefore, when one is negative the other is affected negatively as well causing a continuous downward spiral.

Interview Selection and Process

The goal of the white paper is to *glean* from *mature* successful businesses in Hunterdon County information that would help other businesses and business supporting entities to learn Hunterdon County business environ factors and how these businesses successfully navigated those factors. The team sought larger businesses with regard to stature and number of years of successful business practice. A number of the businesses considered are well known within the Hunterdon County business community.

Upon selection, the team requested an interview with the owner or director. The interviews were digitally recorded. To avoid a bias in the discussion, a simple introduction was given to each interviewee about the paper's purpose and how the interview would contribute to

the paper's content. The team asked the interviewee to discuss the business strategy through its past, present, and future with regard to a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis in the context of Hunterdon County business environmental factors. As the interviewee spoke, the team would ask questions for clarification or more detail that focused on Hunterdon County business environmental factors pertinent to the white paper's mission.

Historical Excerpts of Interviewed Businesses

All of the subject businesses started decades ago when Hunterdon County was rural and agrarian. Flemington Furs was founded in the 1920s in the same location it is today (Benjamin, 2014). Flemington ShopRite started as a small store on Main Street in Flemington (Colalillo, 2014). Steve Kalafer purchased his business in 1976 on Route 12 in Frenchtown (Kalafer, 2014). Hunterdon Radiological Associates was founded in the BREMS building in Annandale in 1977 (Malzberg & Halpin, 2014). Hunterdon Care Center opened its doors during the 1980s (Kovacs, 2014). Bill Healy was invited to be part of Flemington Cut Glass in 1991 established a barter arrangement with George Muller allowing Bill to start his business (Healy, 2014).

During these times, Hunterdon County was an affordable place to live and start a business. A potential business owner had access to capital, opportunity, and the size of a business was affordable as well with regard to being managed (Kalafer, 2014).

Boom of Hunterdon

In the 1980s and 1990s, municipalities were more *business friendly*. Government zonings and permit approvals were much easier to achieve (Colalillo, 2014). The mantra of residents and fellow business owners was "help thy neighbor" (Kalafer, 2014). For example, during the

pinnacle of the ceramics, glass, and pottery industry in Flemington, there was a *gentlemen's agreement* to not compete but enhance on another's business. The Waterford Crystal outlet store at Liberty Village Premium Outlets would recommend Bill Healy Designs for any repairs to a customer. Bill Healy would reciprocate to Waterford Crystal if a customer was in need of a certain design or pattern. Flemington Cut Glass would suggest engraving of a piece be done at Bill Healy Designs (Healy, 2014).

There was a genuine interest to improve Hunterdon County and its businesses (Kalafer, 2014). The county desired to attract business because business contributed and improved the community (Kalafer, 2014). Business had a strong cooperative relationship with local and county government and business owners personally desired to be part of the community and neighborly outside of the business/government relationship (Kalafer, 2014).

Where possible many of the successful businesses were self-contained for control. For the first 18 years, Bill Healy Designs had a factory, warehouse, and workshop in Flemington (Healy, 2014). Flemington Furs was a factory only in the 1920s but then added a retail showroom in the 1950s (Benjamin, 2014). Flemington Furs started to diversify in the 1980s with part ownership of Liberty Village Premium Outlets (Benjamin, 2014).

During the 1980s, Flemington had an identity and was a tourist and shopping destination (Benjamin, 2014). Flemington had the ceramics, pottery, and glass industries booming with household names such as Stangl, Phaltzgraff, and Flemington Cut Glass (Benjamin, 2014). Liberty Village Premium Outlets was a unique destination as well (Benjamin, 2014; Malzberg & Halpin, 2014). Business and tourism in Hunterdon County possessed a synergy (Benjamin, 2014).

Challenges of Businesses in the Past

The 1980s were not without challenges. The economy was slow and unemployment was high. Part time employees were scarce. To meet demand full time employees were hired instead but this did change the dynamics of expenses and cost of doing business (Colalillo, 2014).

As the population grew in Hunterdon County, retail stores providing household staples tried to keep up with demand. ShopRite of Flemington moved from the Flemington Borough location to its present day Raritan location. At this new location, condominiums were built behind the store increasing demand yet again. The store needed to be nimble and creative making *ad hoc* changes to acquire space inside its square footage and maintain customer service. The Raritan store was remodeled in the 1990s and a store in Clinton was opened to accommodate the continued growth in the county with two more expansions taking place in 2000 and 2008 (Colalillo, 2014).

Government forces and interaction posed challenges as well. Flemington Furs challenged Blue Laws in the area raising its weekend retail business to 65% (Benjamin, 2014). Conversely, the implementation of a reciprocal sales tax agreement between New Jersey and New York impacted sales and closed the price gap that Flemington Furs enjoyed for decades (Benjamin, 2014). Consequently, Flemington Furs achieved its biggest gross sales in the season prior to the sales tax implementation but realized a negative sales impact later. To offset the drop in demand, Flemington Furs consolidated employees and not all retail space is utilized (Benjamin, 2014).

Coinciding with the sales tax implementation, other changes were taking place with Hunterdon County impacting the business and tourism synergy. The primary owner of Liberty

Village Premium Outlets embarked on a similar project at Woodbury Commons cannibalizing demand at Liberty Village as shoppers residing North of Morristown were diverted (Benjamin, 2014). The previous success of Liberty Village in customer demand dissuaded residents from allowing governments to seek similar projects to pick up demand lost. Any projects promoting shopping and tourism at the levels similar to Liberty Village were discouraged because of the impact on daily life and commute (Benjamin, 2014).

Present Day

Hunterdon County Characteristics

Today, Hunterdon County has unique characteristics which make it attractive to certain demographics and businesses. Hunterdon County is the wealthiest county in New Jersey and fourth in the nation (Kovacs, 2014; American Community Survey, 2012). The population density is low in the most densely populated state in the country (Colalillo, 2014, US Census Bureau, 2010). Hunterdon County enjoys open space, a high quality of life (Colalillo, 2014). It is a great place to raise a family (Malzberg & Halpin, 2014).

Hunterdon County is consistently one of the healthiest counties in the country (Kovacs, 2014; Livio, 2014) The medical field experiences a more educated patient and family members are very involved in healthcare services and decisions (Kovacs, 2014). In addition, the community at large desires to take care of its senior citizens (Kovacs, 2014).

One may question whether the resident characteristics are a benefit. The population is mostly Caucasian and mostly conservative. The residents possess *older values* where a “handshake is still a contract” (Malzberg & Halpin, 2014).

Business Characteristics

Turning to the business climate, customers are very loyal provided that the business has proven trustworthy and is genuine (Malzberg & Halpin, 2014). The traditional Hunterdon County values of business owners and business being part of the community still exist but some business owners believe that the quality and intensity have eroded (Healy, 2014; Kalafer, 2014). For instance, Bill Healy co-sponsors any nonprofit awards to help emphasize the nonprofit organization's mission and image (Healy, 2014). As a co-sponsor, Bill Healy is knowledgeable of the details of each organization and promotes each respective organization in his own store (Healy, 2014). Conversely, other business owners believe that the substance of community assistance has become government self-promotion (Kalafer, 2014). To combat this notion, Hunterdon Radiological Associates, P.A. annually hosts a free luncheon to all breast cancer survivors in the county to give back to their patients and community at large (Malzberg & Halpin, 2014).

At a minimum, a successful business is contributing to the community (Healy, 2014). Local business pays taxes that contribute to the municipal budgets. A cluster of stores draws consumer traffic to the specific business community increasing the potential for a consumer to frequent other businesses surrounding the original business visited. Today the consumer traffic in Clinton is "tremendous" and harkens back to the 1980s and 1990s when Flemington flourished (Healy, 2014). The contrast between the Town of Clinton's success and the struggles of Flemington suggest that some of the Hunterdon County's struggles are at a local level.

A successful business today has certain characteristics. The business provides a product that meets the majority population's needs (Malzberg & Halpin, 2014). The product or service is

a local staple or unique and innovative (Benjamin, 2014; Colalillo, 2014; Healy, 2014). Many businesses have a geographically distributed market for diversification and protection (Kalafer, 2014). Bill Healy designs' sales are equally divided between local and national corporate accounts (Healy, 2014). Nine percent of Flemington Furs customers are from Hunterdon with 20% from Somerset County, 16% from Monmouth County, 15% from New York State, and 10% from outside the trade area including international sales (Benjamin, 2014).

The attitude of the business owner must be high quality customer service to achieve customer loyalty (Benjamin, 2014; Healy, 2014). Such loyalty can be acquired by subsequent generations. For example, Flemington Furs and Bill Healy Designs are building relationships with the third generation of clients (Benjamin, 2014; Healy, 2014). It is also important to note that a majority of the business owners interviewed, possessed a high quality personal association trait and customer loyalty which the respective business owners believe are most important to their success (Healy, 2014).

Customer service is not limited to retail. Hunterdon Radiological Associates treats patients like family. The organization trains all technicians to be efficient and empathetic to each patient's concerns. The organization desires to educate patients on ailments, insurance changes, new technological choices and capabilities. The patient rapport continues with follow-up and celebration as patients overcome healthcare challenges. The philosophy has been multi-generational as numerous county residents are very familiar and have positive experiences at the BREMS Building (Malzberg & Halpin, 2014).

The physical business structure contributes to the high quality customer service. Flemington Furs and Bill Healy Designs only have one retail location (Benjamin, 2014); Healy,

2014). This footprint allows for all inventories to be local, putting the unique product in the hands of the customer to contemplate size and quality. Final negotiations and sale close are performed on site allowing the customer to go home with the product (Benjamin, 2014; Healy, 2014).

A change to the physical business structure from the past happened as a result of business expense and contemporary attitudes towards manufacturing. Many of the unique products are manufactured outside the local area. The cost of labor is too expensive in the United States (Benjamin, 2014; Healy, 2014). Not enough skilled laborers exist and not many citizens possess the desire to do hand work in the industry (Benjamin, 2014; Healy, 2014). Countries such as Greece, Italy, Canada, Germany, Hong Kong, France, and Ireland have a skilled workforce to meet local business manufacturing demand (Benjamin, 2014; Healy, 2014). Soon Asia will attain a similar workmanship quality and efficiency (Benjamin, 2014). United States Customs policy and procedures are efficient and relationships between the US Customs Office and business are strong allowing for easy shipment internationally (Benjamin, 2014). However, the Flemington location has skilled fur craftsman for customer workmanship, repairs, service, and storage (Benjamin, 2014).

Bill Healy Designs moved its workshop to Bethlehem, Pennsylvania when the retail store relocated from Flemington to the Town of Clinton five years ago (Healy, 2014). Custom work is created at the workshop and standard pieces are contracted from craftsman in Pittsburgh, PA and Ireland (Healy, 2014).

Within the local and county wide business community, the business owners recognize a community mindedness. They referenced the knowledge and experience among the business

owners and recognized an attitude of partnerships, friendships, and reciprocal recommendations (Healy, 2014). One could sense each interviewed business owner felt the need to meet the business community's expectations with regard to local business relationship practices.

Hunterdon Care Center spoke of many of these reciprocities. When electricity was lost and business was shut down during Hurricane Sandy, Hunterdon Care Center housed employees, patients, families, and even some residents. A local pizza shop owner came to make and provide food on the premises. The management of BJ's Wholesale Club called to notify Hunterdon Care Center when the milk and bread deliveries arrived to help with food inventories. At a later date when the Senior Center needed assistance with low cost vision and hearing aide care and an adjustment to a traffic light, Hunterdon Care Center could call upon the mayors of Raritan Township, Flemington Borough, and state representative Donna Simon based on a cache of goodwill (Kovacs, 2014).

Healthcare within Hunterdon County

In an article on NJ.Com dated March 26, 2014; Hunterdon County was named the healthiest county in New Jersey. According to this article, this was the fifth consecutive year the county received this recognition. The results were based on how many residents had low birth weights, the average length of life and how many residents were considered to have fair or poor health along with residents who experience bad physical or mental health days. Hunterdon scored first in two overall categories — health outcomes and health factors.

Hunterdon County is known for its Hunterdon Healthcare System (HHS) and its outstanding medical community. The system is comprised of the Hunterdon Medical Center, a

178-bed community hospital with a vast array of highly trained specialists of Board Certified physicians along with the state-of-the-art equipment used in the diagnosis of disease. The Hunterdon Healthcare System is part of an Integrated Delivery System (IDS). Thus, this term is used to define the IDS as a coordinated network of healthcare organizations and providers under a parent holding company, known as Hunterdon Healthcare Partners. This network of facilities and providers are working together to offer a continuum of care to a specific geographical area, known as Hunterdon County. This formation of the IDS was created by over 125 physicians and the Hunterdon Healthcare System, which is the parent company of the Hunterdon Medical Center. The Integrated Delivery Systems was put into effect in January 1999. The Hunterdon Healthcare System now consists of over approximately 259 physicians comprised of: numerous specialists and PCPs (Primary Care Physicians) along with Hospice, Home Health care, Surgery Center and outpatient radiology centers. Some of the benefits in launching an IDS are; a way to control medical costs, improve outcomes and to ensure that healthcare providers are delivering the best possible care to the patients. The IDS in Hunterdon County also participates with numerous insurance providers (M. Malzberg, M.D., personal communication, April 22, 2014, Jeffrey Weinstein, personal communication May 27, 2014).

Hunterdon Healthcare System has a two-fold approach which can be referred to as a double-closure system and was structured in a way to protect the health care opportunities and the health care organizations within the Hunterdon Healthcare System. The structure of this organization is very unique compared to other healthcare systems in the surrounding areas. The system is comprised of two separate components. The aspects of this system are a Needs Committee and a Credentialing Committee. Although a Credentialing Committee is not uncommon in other healthcare systems, the Needs Committee is the element that separates

Hunterdon Healthcare System from all the others. The Needs Committee is made up of a mix of physicians elected by the medical staff of the Hunterdon Medical Center, Board of Trustees and Representatives of the community. The duty of this committee is to determine if in fact a need is present because of a growing increase of patients requiring a precise specialist or PCP. If a healthcare practitioner wishes to practice in Hunterdon County, first and foremost they would have to go before the Needs Committee to determine if and fact there is a need for their services within the community. That being the case, the physician would then continue on before the Credentialing Committee. If a need for the service cannot be justified in the community, the practitioner would still be able to practice medicine in his/her field of specialty in Hunterdon County, however the physician would not advance to the next phase of the Credentialing Committee and therefore hospital privileges would not be granted. Hospital privileges are defined as hospitals granting outside physicians the ability to work within the hospital, which includes allowing physicians to admit patients to the hospital, perform their specialized expertise within the hospital, order labs and treatment, etc. An example of how not obtaining hospital privileges can affect a patient's care is if a woman wanted to give birth in a certain hospital, her OB/GYN would need to have been granted hospital privileges in order to deliver the baby in that hospital. Therefore, if a physician practices medicine in Hunterdon County and is not a part of the IDS or the Hunterdon Healthcare System, they are actually unable to fully treat their patients within the confines of Hunterdon Health System. These doctors can treat their patients in the hospitals where their privileges are valid; however, it would not be in the Hunterdon Medical Center. This sector of the system is actually referred to as a "Closed System" (M. Malzberg, M.D., personal communication, April 22, 2014).

All organizations that are represented within the IDS must follow a strict guideline of responsibilities that are required in order for the physician to remain a participating member of the IDS. These responsibilities include: Maintain all licenses and certification and maintain office standards, medical record charting standards, and patient confidentiality.

The Hunterdon Healthcare System controls approximately 60% of medical services in the county. This being said, Hunterdon Healthcare System controls most of healthcare within Hunterdon County. By participating in the IDS, this is a way to help the healthcare givers within the community insure that the residents of Hunterdon County are receiving the best possible care.

Hunterdon Healthcare System seems to have an overall great working relationship with all healthcare providers within the county, as stated by Dr. Mark Malzberg, M.D. of Hunterdon Radiological Associates, P.A. and also by Robert Kovacs of the Hunterdon Care Center. Both men commented on having a “help thy neighbor” attitude when it comes to dealing with healthcare in the county (M. Malzberg, M.D. 2014, Halpin, 2014, Kovacs, 2014).

In conclusion, with all the information gathered regarding the Integrated Delivery System (IDS) and Hunterdon Healthcare System, it would seem that all healthcare organizations and physicians under the Hunterdon Healthcare System umbrella are considered protected from most competition wanting to move into the area. However, for new healthcare practitioners wanting to start a healthcare practice in Hunterdon County it would seem to be very hard to be able to penetrate the veil of the Hunterdon Healthcare System. It may be difficult for them to practice within Hunterdon County not being a part of the IDS; nonetheless, it is not impossible.

Transportation and Work-Life Balance

Hunterdon County is the wealthiest county in the state and the 4th wealthiest counties in the U.S, according to the 2012 American Community Survey. Most (but not all) families in the county have ready access to an automobile. However, not everyone living in the county has a car, and public transportation within the county leaves much to be desired. While the county does have the LINK system, the routes are not extensive, and their times are not frequent. The LINK system was set up to help out senior citizens and the disabled (which is a laudable goal), but it was not set up to handle commuting workers. The Hunterdon Area Rapid Transport (HART) is trying to alleviate the problem by having large companies within the county set up vanpools. But there are still challenges within the county regarding the deficiency of public transportation. Joe Colalillo of ShopRite commented that if public transportation was better within the county, it would be easier for employees to get to work, whether they are teenagers who need a ride from their parents, or other employees who don't own their own car.

The Hunterdon County CEDS study mentions some transportation related statistics within the county. : Over 82% of county workers drive alone to work and most of the job growth within the county recently has been in lower paid service industries such as healthcare, retail, hospitality, and lodging. A disproportionate number of these employees require public transportation.

There are other trends within the county that will aggravate this public transportation problem. Growing trends among “millennials” (people born after 1980) show that they want a work/life balance. Many young professionals who grew up in the county and are now starting families cannot afford to buy the large and expensive houses in Hunterdon County, and they

want to live “where the action is.” In addition, corporations are changing their relocation strategy. They are moving to “where the talent resides” (as quoted by Suzanne Legay at the April 30th, 2014 CEDS study hearing at the Raritan Township Municipal Building). Over the past several years, the county has lost several manufacturing employers, such as Yale, Lipton, and Foster Wheeler, with Merck soon to be a very large casualty. These jobs are not coming back to Hunterdon County.

These trends will mean that current Hunterdon County residents will be working more and more outside of the county, and that the millenials in the county will likely relocate to other counties where the new jobs reside, unless certain long-term solutions are instituted by the County. There are many ideas advanced by various business and community leaders; here are a few:

First, create a more favorable tax situation for businesses. This idea will have to be done in tandem with state-wide initiatives. There should be tax moratoriums on certain new businesses relocating in Hunterdon County, similar to the programs that New York State has recently launched. We need to attract a large business (or groups of businesses) to the soon to be vacant Merck office park in Readington Township. Municipal planning boards must be more forward thinking in their zoning laws, so that mature businesses will want to relocate to or add a facility within the county and mature businesses already in the county will want to expand their facilities within the county. While open space and farmland preservation for the vast rural expanses of the county continue to be important, the more urban areas of the county must focus on creating more jobs.

Second, the county's population has stagnated for the last 20 years. The number of young families and families with young children is declining in Hunterdon County. The high cost of living and lack of public transportation and affordable housing is making the county an unattainable place for some people to live. To counteract these recent trends, within the town centers of Flemington, Clinton, Lambertville, and the other such municipalities within the county, we need to create more reasonably cost housing to retain the current youth population within the county and to attract younger workers and their families currently outside of the county to relocate there. In addition, these town centers need to have more social amenities, such as movie theaters, bowling alleys, and night clubs, to entertain county residents of all ages. Many highly educated professionals who work in Hunterdon County live outside of the county because there is currently little social or cultural activity within the county.

Third, relatively affordable housing must be built within the town centers. The Millennials and their children cannot afford to buy their very large houses that were built in the county within the last 15 years. The Flemington Business Improvement District (BID) has realized this problem, and is encouraging developers to build low-density housing a couple of blocks from Flemington's downtown Main Street area. In addition, The Flemington BID is hopeful that the Union Hotel revitalization project will cause current borough businesses to expand their current facilities and attract new businesses into town.

Fourth, emphasize tourism even more within the County. Between the wineries, horse farms, and the historical downtowns of Flemington, Clinton, Lambertville, and other small towns, there is a lot for families and couples to see and do within the county, whether they live in the county, or nearby in other counties or in Pennsylvania. Also, the county should focus on the

river towns of Frenchtown, Stockton, and Milford. These types of towns have proven to be lucrative endeavors to other surrounding communities. The Hunterdon County Chamber of Commerce has a separate website devoted to tourism, but county government itself should target funds to advance tourism.

In summary, if the county can have a more vibrant public transportation system, growth in the job base in the county, and growth in the social and cultural activity in the county, more people will want to both work and live within Hunterdon County. A 2008 I-78 Corridor Transit Study prepared for the NJ Department of Transportation has recommended extending passenger rail service to Phillipsburg and potentially Pennsylvania, as well as establishing express and shuttle bus services, such as Transit Hubs and Park and Ride facilities. These changes will help lessen the current traffic jams of commuters on Routes 78, 31, 202 and 22 and help increase both job and population growth within the county.

Challenges of Businesses Today

Successful businesses still face challenges every day. Physical location is impacted despite the *open space* of Hunterdon County. Parking is generally a challenge at urban areas and retail locations that continue to expand (Colalillo, 2014). Businesses that once enjoyed controlling all aspects of the business at one location have relocated business functions to different geographical areas. For example, Bill Healy Designs moved the factory and workshop to Bethlehem, Pennsylvania because the retail location in the Town of Clinton does not have the necessary square footage but also because manufacturing is a frowned upon endeavor in the Hunterdon County region (Healy, 2014).

Population is a two headed challenge for business in Hunterdon County today affecting both the customer base as well as the labor pool. A *chicken and egg* enigma is present with population decline affecting large corporate entities leaving Hunterdon County while large corporations leaving the county forces employees to transfer out of the area (Colalillo, 2014). Corporations are consolidating given the recent economic climate and these entities are seeking business friendly areas. Large companies are moving to “where the talent resides”. Over the past several years, the county has lost several manufacturing employers, such as Yale, Lipton, and Foster Wheeler, with Merck soon to be a very large casualty (Benjamin, 2014; Colalillo, 2014; Healy, 2014; Kalafer, 2014; Kovacs, 2014; Malzberg & Halpin, 2014). Competition is fierce such as the recent Start-Up NY campaign versus the ChooseNJ campaign (Colalillo, 2014; Malzberg & Halpin, 2014). The open spaces and distance from the metropolitan areas, characteristics that once made Hunterdon County attractive are now a deterrent given the congested commute on Routes 78, 202, and 31 (Kalafer, 2014). Couple the congestion with the high cost of gasoline; large corporations, employees, and residents of Hunterdon are seeking other options (Kalafer, 2014).

Within the medical industry, Hunterdon Medical Center controls 60 percent of medical services in the county. Those professionals within the Integrated Delivery System of Hunterdon Healthcare enjoy a steady stream of patients but are led by the Hunterdon Healthcare strategy. Those outside of the system are more in control of their practice but do not have privileges within the Hunterdon Medical Center (Malzberg & Halpin, 2014).

Population density within Hunterdon County causes the majority of medical services to cluster around the Flemington – Clinton corridor where the medical center is located and a

majority of the population resides. Cost of entry for medical businesses makes locations outside of the Flemington- Clinton area not feasible (Malzberg & Halpin, 2014).

Business Climate/Logistics

Population of Hunterdon County with regard to labor is an issue especially in retail (Colalillo, 2014). The economic downturn since 2007 has brought over qualified people into the part time workforce but their tenure is only temporary until they slowly return to full time jobs as the economy and unemployment rate improves (Colalillo, 2014). These temporary workers have displaced the teens, college, and senior residents that normally filled such positions. At the same time, teens have more activity choices today than ever before and parents influence whether a teen will work or not (Colalillo, 2014). Thus, other activities and complacency may be negatively impacting teens seeking employment (Colalillo, 2014).

Education and career aspirations are also affecting the labor force in Hunterdon County. Not enough local residents desire to learn Certified Nursing and the local vocational programs do not produce enough certified nursing assistants to fill the local need (Kovacs, 2014). Many students that enroll in nursing curriculums usually move on to higher education such as Raritan Valley Community College's Licensed Practical Nurse program (Kovacs, 2014). To meet the high demand, Hunterdon Care Center seeks associates from outside Hunterdon County (Kovacs, 2014).

Population decline affects the number of potential customers as well. Local business need population growth as the cost of doing business year over year rises. Some of the successful businesses only depend on Hunterdon County demand as a percentage of their overall sales

(Benjamin, 2014; Kalafer, 2014; Healy, 2014). Other businesses are considering expanding to other neighboring counties or states to achieve sales growth (Benjamin, 2014; Colalillo, 2014). One final option is to draw customers from out of the local area (Benjamin, 2014; Kalafer, 2014; Healy, 2014). Many of the successful businesses have been reaching external markets through advertising including long-term advertising campaigns through billboards, radio, TV, and reputation (Benjamin, 2014; Kalafer, 2014; Healy, 2014).

However, drawing customers from outside the local area is increasingly more difficult. Businesses that provide a unique product and high quality customer service continue to be rewarded (Benjamin, 2014; Kalafer, 2014; Healy, 2014). Clusters of businesses with these characteristics have become tourist destinations such as the Town of Clinton and Lambertville (Healy, 2014; Malzberg & Halpin, 2014).

In contrast Flemington Borough is not a tourist draw compared to its boom decades and requires businesses such as Flemington Furs to market to customers outside the county on its own reputation (Benjamin, 2014). The average Flemington Fur customer travels 45 miles and is a potential tourist for the day they are awaiting services to be completed (Benjamin, 2014). The tourist customer's destination used to be Flemington but today the similar customers frequent New Hope, Lambertville, and Lahaska (Benjamin, 2014).

Numerous reasons attribute to the decline in Hunterdon County population. New Jersey has very high real estate taxes. Residents that moved into the county into larger homes decades ago are faced with high real estate taxes but may not have experienced a steady income growth making some homeowners house poor (Colalillo, 2014; Kalafer, 2014). Seniors also look at estate taxes in New Jersey as a reason to retire elsewhere (Colalillo, 2014).

The *Millennial Generation's* departure from Hunterdon County is particularly concerning to local businesses. Millennials, individuals born roughly between 1980 and 2004, are leaving Hunterdon County for numerous reasons (US Census Bureau, 2010). A lack of job opportunities is one consideration and as stated above, a cyclical condition exists between loss of large employers from Hunterdon County and the departure of employees (Colalillo, 2014; Malzberg & Halpin, 2014). As the wealthiest county in New Jersey and one of the wealthiest in the nation, many young professionals who grew up in the county and are now starting families cannot afford to buy the large and expensive houses in Hunterdon County, (Kovacs, 2014; American Community Survey, 2012).

Even if Millennials could afford to reside in Hunterdon County, many businesses feel that the characteristics of Hunterdon County enjoyed for many years, such as open space, do not appeal to the millennial generation (Benjamin, 2014). Hunterdon County does not offer the active lifestyle Millennials seek (Colalillo, 2014; Malzberg & Halpin, 2014). Hunterdon County depends upon surrounding areas such as Bucks County in Pennsylvania, Somerset County, Mercer County, Newark, Philadelphia, and New York City to provide the nightlife (Colalillo, 2014). Specifically, the movie theater void is deeply concerning and symbolic of the activities Hunterdon County is missing and residents crave (Benjamin, 2014; Colalillo, 2014; Malzberg & Halpin, 2014). Hunterdon County residents must travel to Hillsborough, Bridgewater, Phillipsburg, or Doylestown for a cinema (Benjamin, 2014; Colalillo, 2014; Malzberg & Halpin, 2014). For live theatrical performance, the closest destination is New Brunswick (Malzberg & Halpin, 2014). Ironically, Hunterdon County possesses local theater companies but the lack of a theater structure diminishes their stature as a quality destination.

Transportation

Residents seeking out of county activities must contend with a travel and transportation dilemma. Time spent commuting to a destination weighs on the decision. In addition, certain activities, where alcohol is consumed, deter driving and influence the use of public transportation. Yet, public transportation inter and intra county is not robust or frequent enough to make its use an easy decision (Benjamin, 2014; Colalillo, 2014).

The quality of Hunterdon County public transportation is a direct challenge for businesses as well. Most of the job growth within the county recently is lower paid service industries such as healthcare, retail, hospitality, and lodging. A disproportionate number of these employees require public transportation (Hunterdon County CEDS, 2013). Labor from Somerset and Mercer Counties are deterred with poor transportation options (Kovacs, 2014). Local teen labor is not motivated to fill part time jobs because of the time and expense of commuting and could be alleviated with a robust public county transportation system (Colalillo, 2014). Some employees use Hunterdon County's Transportation System (LINK) but its routes and frequency cannot handle commuting workers (Kovacs, 2014). The Hunterdon Area Rapid Transport (HART) works to alleviate the transportation challenges having large companies within the county set up vanpools. Still, some employers provide their own shuttle buses to reach their labor from outside the county and bring them to work (Kovacs, 2014).

Transportation affects employment but also affects customers. The Hunterdon County public transportation woes make all roads congested including major arteries of Route 78, 22, 202, and 31. The long travel, harsh winter, and congested roads caused some businesses to have a flat year in sales compared to profitable year within each business' respective industry

(Benjamin, 2014). Shopper parking in town centers is a challenge and a deterrent (Malzberg & Halpin, 2014). Some customers use the LINK but not all are aware of its availability, schedule, and process (Kovacs, 2014; Malzberg & Halpin, 2014).

EDUCATION IN HUNTERDON COUNTY

As you will see in the graph below, Hunterdon County has the most residents with Bachelor's and Graduate degrees in the state of New Jersey. However, Hunterdon County is faced with the challenge of supplying enough jobs for today's recent college graduates that are coming out of college with degrees in the technology field, biotechnology, medical and business management. Many of these students are coming out with large student loan balances, and are leaving Hunterdon County in order to find jobs within their field.

The current trend in the county is that there are not enough jobs for the younger workforce. Bringing in developers in to provide low-income housing clusters could help create new jobs. Bringing in more educational facilities could also create new jobs. Public Transportation services would enhance the workforce in Hunterdon County because more people could come to Hunterdon County to work instead of leaving and going to other counties where the jobs are.

Hunterdon County also has some of the highest property taxes in the US making it too expensive for the younger population to afford to work and live in the county. Many still live at home with their parents but travel out of the county to their jobs, and when they purchase or rent they are choosing to move closer to their jobs and to where there's more of a social life; they are not staying in Hunterdon County. As mentioned earlier, if Hunterdon County would provide

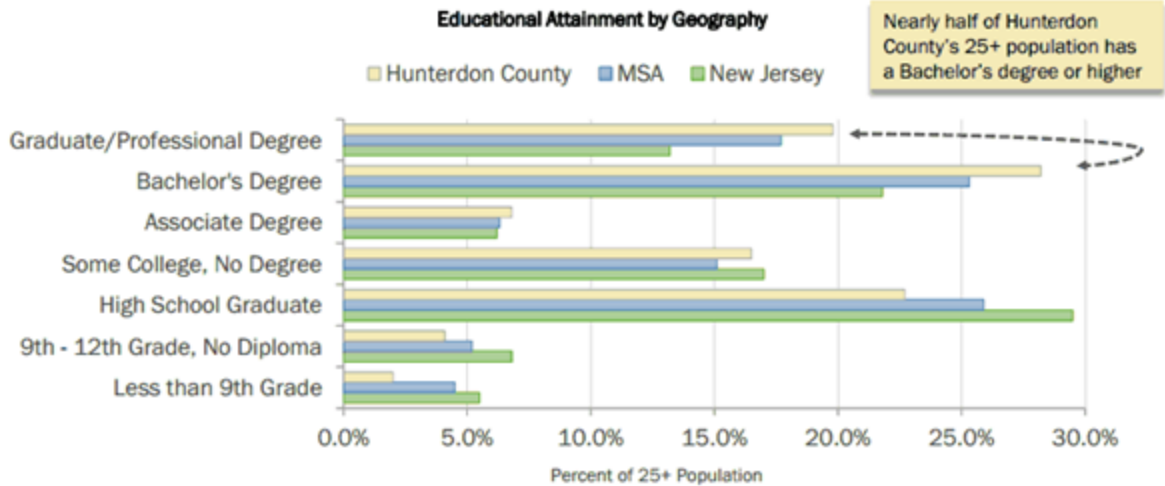
low-income housing clusters, perhaps the younger population will decide to stay within the county.

Over the past few years, our schools in Hunterdon County have begun to show a steady decrease in enrollment. This is a result of having more non-family residents in the county. This will have a trickle-down effect on teaching professionals as many school districts in Hunterdon County will face cutbacks due to lower enrollment.

Raritan Valley Community College (RVCC) is the county's community college; however, it is located in Somerset County. The need for educational facilities also being available in Hunterdon County would give more Hunterdon County residents the opportunity to attend classes to obtain a degree or skills to go on to a better paying job. However, since Hunterdon County does not have public transportation, many students are unable to get to and from RVCC; therefore, they often don't get the opportunity to go to school. Placing educational facilities within Hunterdon County could help alleviate part of this issue.

Educational Attainment

Illustrated below, Hunterdon County exhibits higher educational attainment levels than both the tri-county MSA and state – consistent with the earlier identified large share of high wage occupations in Hunterdon County. Further, the relatively high levels of educational attainment within Hunterdon County have created an attractive labor pool for corporations needing highly educated workers, as well as fertile ground for start-up companies, as high educational attainment and entrepreneurialism are linked.



Draft Document Workforce/Labor Market Analysis. (2014, February 20). Retrieved May 10, 2014, from http://www.hunterdonceds.com/documents/Hunterdon_Workforce_Labor_Analysis_Draft.pdf

Government

With all the challenges facing the county it is surprising to learn the business perception of local government. Gone are the days of business and government leaders working in consort for the community well-being. Business is looked upon as a source of revenue and expected to be the savior of financial rescue in the municipalities and non-profits (Colalillo, 2014; Kalafer, 2014). Business perceives government's sense of entitlement towards business revenue despite the estranged relationship between business and government with communication with business

perceived as fundraising for high profile *pet projects* (Kalafer, 2014). Business perceives government officials not working for answers but working for re-election. No accountability is expected of local officials and the electorate have expected and received less leadership (Kalafer, 2014).

Hunterdon County business desires to restore the cooperation and engagement with government but the government cannot rely on business leaders for the answers alone to solve the county's problems (Colalillo, 2014; Kalafer, 2014; Healy, 2014). Instead, business perceives benign neglect and arbitrary decisions to a point of communicating an *anti-business* position especially zoning, growth, and approval for expansion (Colalillo, 2014; Kalafer, 2014; Healy, 2014). Perhaps government officials are fronting the reaction of residents from the boom years which threatened the unique Hunterdon County lifestyle (Benjamin, 2014; Colalillo, 2014).

Successful businesses decide facing the current government relationship whether the cost of entry or expansion is worth the time, energy, and financial resources to endure (Colalillo, 2014; Kalafer, 2014; Kovacs, 2014; Malzberg & Halpin, 2014). Some businesses may choose to expand or move out of the county for the necessary growth needed (Benjamin, 2014; Colalillo, 2014; Healy, 2014; Kalafer, 2014; Malzberg & Halpin, 2014). Other counties may have similar onerous processes but the projected business acquisition after completion makes the decision to endure more valuable (Kalafer, 2014). However, local business perceives neighboring Pennsylvania, Somerset and Morris Counties as *pro-business* and proactive in tackling problems which include business (Benjamin, 2014; Colalillo, 2014; Healy, 2014; Kalafer, 2014; Malzberg & Halpin, 2014).

Successful Business Qualities

A business in Hunterdon County needs to provide a unique product or service (Benjamin, 2014; Healy, 2014). If not unique, the business must provide staples in close proximity to its customer area. To compete with *big box stores* and online retailers will be a struggle because of their product buying power cost advantage (Healy, 2014). The product or service must meet the needs and characteristics of Hunterdon County's general population (Malzberg & Halpin, 2014). While such advice may seem obvious, a future business should recognize the homogeneous characteristics of current residents and continue to monitor the county demographics for gradual changes as new initiatives within the county take hold to change the population decline.

The location of the business should take into account competitors in the area. Intuitively, a business might want to compete with similar businesses but *cannibalization* of self or competitors goes against the *community* characteristic of Hunterdon County and establishes a toxic marketplace (Colalillo, 2014). The goal of all businesses is growth for all businesses to create a healthy thriving community (Colalillo, 2014).

Two other successful business characteristics are distribution and diversification. A business must not count on one product, one geographical region, and one type of customer. This strategy protects a business from negative market cycles.

To differentiate a business, customer service is paramount to achieve loyalty (Benjamin, 2014; Healy, 2014; Malzberg & Halpin, 2014). Business representatives must have a personal association with each customer (Benjamin, 2014; Healy, 2014; Malzberg & Halpin, 2014). A

business must know each customer's *story* reinforcing the "help thy neighbor" and *handshake contract* attributes of Hunterdon County residents (Kalafer, 2014; Malzberg & Halpin, 2014).

A successful business must be community minded. *Community* has several contexts and/or several geographic areas. Foremost, a business should provide a product or service at its highest level. Happy loyal customers are apt to frequent the business and area repeatedly. Clusters of businesses take on the risk as part of a master plan (Benjamin, 2014). Knowledge of the other businesses within the micro local business community provides comfort to each individual business owner that the destination will be full and attract customer traffic. Each business within its micro local business community should feel compelled to help and learn from one another with business knowledge, exchange of services, and customer recommendations. Businesses should also be mindful of government and nonprofit initiatives. Mutual and cooperative relationships with these entities enhance the well-being of the area and are an opportunity to promote the individual business (Healy, 2014).

When establishing the physical business footprint, it is best to have all departments in close proximity to contribute to high-quality customer service. Inventories on hand allow customers to shop and experience a product. Negotiations and sales take place on the premises along with any customizations. If at all possible, the goal is to have the customer go home with the product that day (Benjamin, 2014; Healy, 2014).

Labor may be a challenge for a business. The business labor needs may not exist within Hunterdon County because of its resident's education or aspirations. Transportation may limit acquiring laborers from outside of the county. A business may need to forge relationships with

other organizations to achieve transporting employees with proper skills from outside the county or train residents inside the county.

Transportation may be a challenge for a business' customers as well. While the county is starting initiatives to improve public transportation inter and intra county; a business should locate itself with knowledge of customer transportation capabilities and monitor the government initiatives to improve transportation within the county.

Hunterdon County's Future

Hunterdon County is searching for an identity

It is evidently clear that Hunterdon County cannot continue focusing on the Open Space and Farmland Preservation agenda any longer. This strategy has worked well in the past; however, it's run its course. The time has come for the County to turn its attention towards the cities located in Hunterdon County.

Given its history, Hunterdon County has many facets to explore; an agrarian position with perhaps farmer's markets. Charles Lindbergh is still an iconic figure almost a century later (Malzberg & Halpin, 2014). A celebration of shopping and tourism harkening back to the day of the ceramic and glass industries could be explored while a training facility and museum thrives to show off the craft and train the next generation of craftsmen (Healy, 2014). History can also be emphasized with Flemington boasting the second largest collection of Victorian style homes in New Jersey or Flemington being considered the *Typical American Town* as touted by Life Magazine in 1964 (Benjamin, 2014). A large cluster of unique restaurants could establish a restaurant capital of Northwest New Jersey (Benjamin, 2014). The possibilities are endless but at

the same time confounding. The Flemington BID is working on a *Branding Council* to decide on the identity of Flemington but the same is necessary for the county.

Measures need to be taken to bring back the “millennial” generation to the area. Growing trends among “millenials” show that they want a work/life balance. Many young professionals who grew up in the county and are now starting families cannot afford to buy the large and expensive houses in Hunterdon, and want to live “where the action is”. In addition, corporations are changing their relocation strategy. They are moving to where the talent resides.

At present time, children are going off to college, receiving degrees and relocating where the jobs and culture/attractions are. They are not returning to Hunterdon County. Our population in the county is aging rapidly and the “Baby Boomers” generation is approaching retirement. Residents of retirement age are experiencing difficulty in the down-sizing of their homes because there is a deficiency of young adults settling in the area with the intent to raise their family in the County.

Flemington Borough is in desperate need for revitalization. In order for the town to thrive once again, changes need to be made to the Master Plan and to zoning ordinances by the local government. Making these changes would show effort on the part of local municipalities; as Bob Benjamin of Flemington Fur Company and also a member of the BID, stated, “Flemington Borough is open for business.” This message should be delivered to all the big developers interested in the area. This area is in need of real developers. Unfortunately, at this time and place in the economy stores do not take risks by themselves any longer. Businesses that the younger generations would find favorable surround themselves with other successful businesses. We know that the business people of Flemington Borough, through the

establishment of the Flemington Business Improvement District (BID), are trying to reverse the trend. Matt MacPherson and Liam Burns has targeted the summer or fall of 2016 as the reopening of the Union Hotel in downtown Flemington, which they and other Flemington business owners hope will spawn a business redevelopment renaissance that will attract people back into downtown Flemington.

In addition, public transportation in the county leaves much to be desired. While the county does have the LINK system, the routes are not extensive, and their times are not frequent. The LINK system was set up to help out senior citizens and the disabled; it was not set up to handle commuting workers.

More and more of Hunterdon County residents are now commuting into adjacent counties, Pennsylvania, or New York City.

These examples of the lack of public transportation have made car traffic on Routes 78 and 22 to be ever increasing.

Furthermore, many municipalities in the county seem to prize open space preservation over business development. Many of the business leaders that we interviewed felt that the local municipalities were indifferent, or even hostile, to providing permits for business expansion. The business leaders also believe that the population of Hunterdon County must increase. Otherwise, ratables will go up, considering the stagnant population level and the drop in employment within the county.

The county is currently going through a Comprehensive Economic Development Strategy (CEDS). The CEDS study is focusing on where Hunterdon County is now, and where it wants to be in the near future.

The Hunterdon County Freeholders are counting on using the conclusions of the CEDS study to reverse these disturbing trends. However, they have to contend with 26 different municipalities within the county who want to do what's best for them, and not what's best for the county as a whole. This is common through New Jersey, as the state stresses "Home Rule," whereby the municipalities have a lot of power within their domain, and don't want to share that power. This often results in a waste of taxpayers' money, especially in a sparsely populated county like Hunterdon. Police departments and other municipal services, as well as school districts, should share their services with adjacent municipalities, but nobody wants to give up their fiefdoms of power.

Government is beginning to spur optimism. The newly elected Freeholders have demonstrated new initiative towards a change in the revitalization of Hunterdon County. The CEDS is a first step that is positive but most projects at the outset are positive because they have vision and no barriers. The Flemington Business Improvement District is also a positive endeavor focusing specifically on Flemington Borough, the county seat and a symbolic focus of the revitalization of Hunterdon County. As Flemington goes Hunterdon goes in terms of motivation and accomplishment.

Though new government initiatives are refreshing, many businesses are skeptical from so many years of eroding relationships. A business coming into Hunterdon County should know specifically what is expected by the local municipality with regard to zoning and approvals. A

business entering the county should realize that taxes are based on assessed value and not cost of entry, construction or distressed value. Lastly, while Hunterdon County continues to transition through this economic ebb, many established businesses may embark on a tax appeal process. Upon learning that information, the business can better determine cost benefit to continuing its location endeavor (Kalafer, 2014).

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