

If We Build It, Will They Come?

Small businesses' relationship to transit

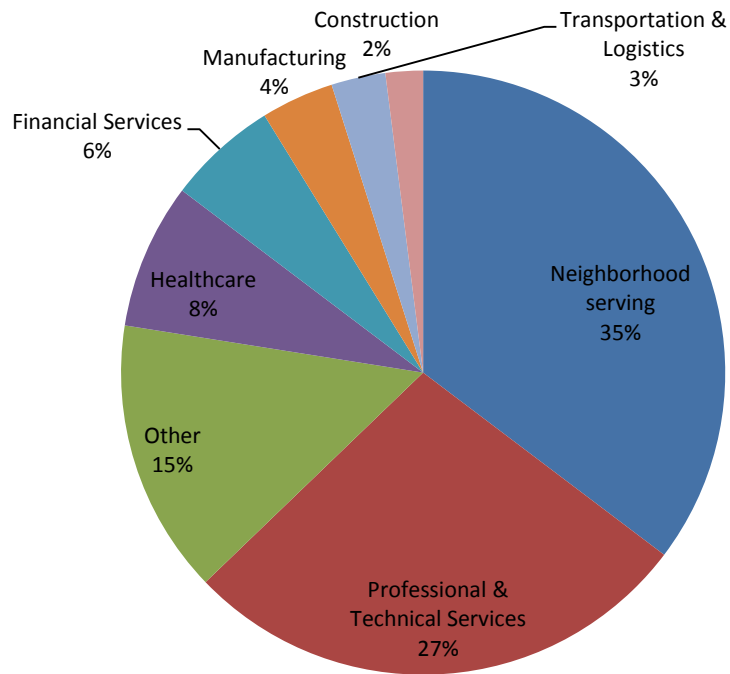


Small Business Survey Findings

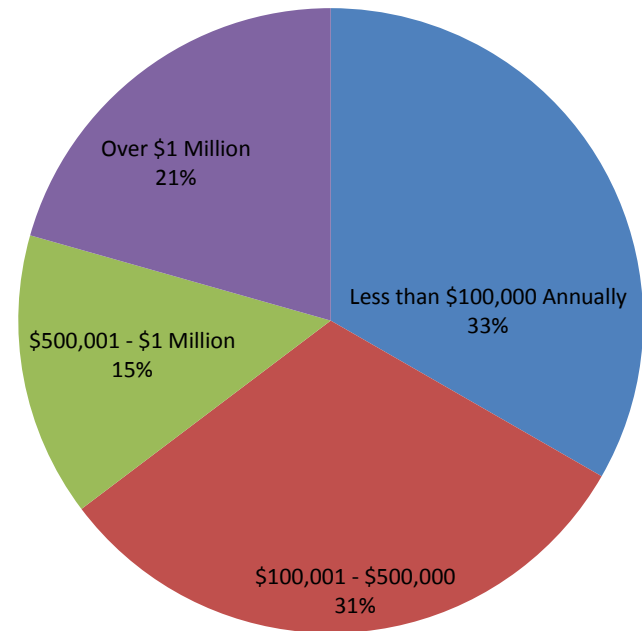
- Small business relationship to transit
- Requirements for offering benefits (including transit benefits) to employees
- Recommendations for supporting small business success

Small Business Profile

- In the Autumn of 2012, Mile High Business Alliance and the SBDC surveyed member businesses to **understand the current needs** of small businesses (including technical assistance and capital), their **relationship to transit** and **how local government can support small businesses**.
- In all, 112 businesses in the Denver metro region completed the survey, representing various industries, age and sizes.



Surveyed Business Industries



Approximate Annual Sales

Current Transit Use by Employees

Q: How many employees use these methods to get to work?

	None	Some	Many	Most
Single automobile	13.1% 14	19.6% 21	8.4% 9	59.8% 64
Carpool	87.9% 94	11.2% 12	0.9% 1	0.0% 0
Transit (bus/light rail)	70.1% 75	27.1% 29	1.9% 2	0.9% 1
Walking or biking	57.9% 62	27.1% 29	7.5% 8	7.5% 8

- Most employees are taking single automobile trips to work
- Walking or biking is the 2nd most common method for travel, followed by public transit
- Carpooling is the least common way to get to work

We lack the transit-oriented culture that supports transit as a primary way to get to work.

How Transit Factors Into Location

Q: How strongly does accessibility to transit factor into your decision of where to locate?

Answer	Count	Percent
Not at all	41	38.3%
Somewhat	41	38.3%
Very strongly	25	23.4%

Narrative responses fell into three main categories:

Employers who feel positively about transit, as expressed in their willingness to use it, their positive perceptions about the convenience for customers & employees, and their references to improving the culture and sustainability of the city. *(47% of respondents)*

Employers who feel negatively about the increased transit. This was expressed with statements such as, “We are a car driven society, and some people in government refuse to believe that,” and “It brings people in; however, it also aids in taking them out [of the neighborhood].” Two others referenced the high cost of public transit and the prevalence of “drunks, panhandlers and loiterers” at bus stops. *(6% of respondents)*

Employers who are neutral about the existence of transit. A high number of these responses referred to customers and employees using cars. Other responses indicated that transit is irrelevant (or even detrimental to) their business, while a few work from home. Some employers have been in the same location for 20+ years and aren’t considering moving, while others aren’t close enough to transit for it to have an impact. *(48% of respondents)*

Challenges & Barriers to Offering Transit Benefits

- Overall, 89% of surveyed businesses offer no kind of transit-related benefit.
- The benefit offered most often is flex hours (11.6%), followed by bike parking or RTD pass (1.8%) and tax-free transit/parking reimbursement (.9%)

Businesses were asked why they didn't provide transit related benefits. Their comments generally fell into the following categories:

Lack of Demand:

- Most businesses who commented in the survey indicated that there was no need or demand for transit options for employees. Employees live nearby, already have a car, or have never asked for a transit benefit, according to the owners.

Convenience:

- A few employers indicated that the transit system is not close enough or convenient enough for this to be a viable option. For many, the trips would take too long for them to be useful to employees.

Cost & Lack of Options

- Providing other benefits (paid time off, health care, etc) are generally more pressing than transit.
- Business owners are unfamiliar with available transit benefit options
- Some employers indicated the cost of transit benefits as being prohibitive

Employer's Relationship To Transit

For most employers, the question of distance to transit has more to do with **access to customers** than it does to employee's accessibility. Employers perceive transit as the employee's responsibility, not theirs.

**Employers are generally positive about transit,
but few see the connection to employee well-being.**



Recommendations for Increasing Biz Support of Transit

- Make a clear argument for how increased **transit brings more customers** into neighborhood businesses
- **Address safety concerns** around transit stops to prevent negative feelings about existence of transit near a business
- Increase business support through **employees' demand** or need (i.e., when employees use it, businesses will be more supportive)

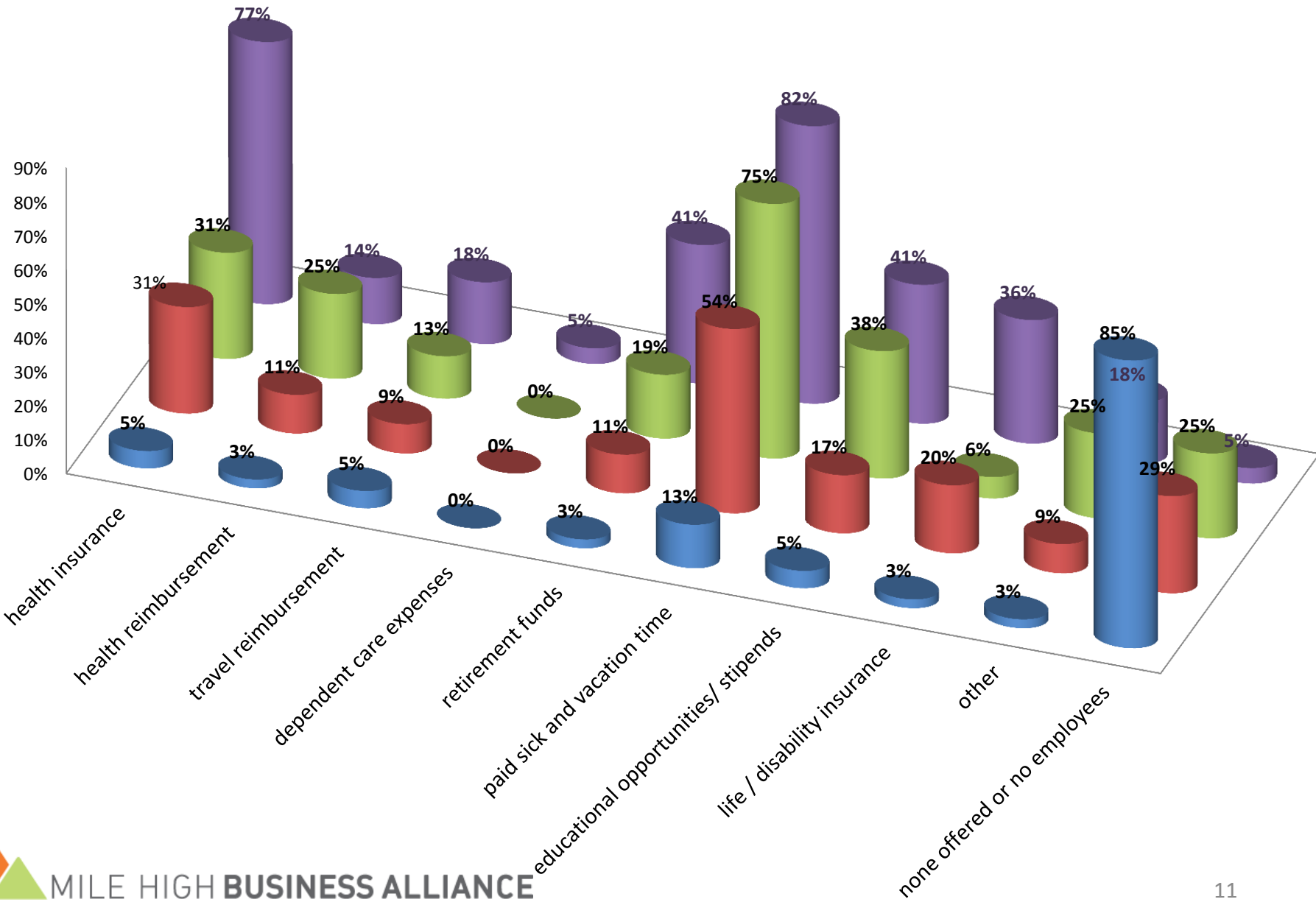
Recommendations for Increasing Provision of Transit Benefits

- **Provide education** as to the long-term benefits to employers & employees with transit use
- **Build partnerships** with transit partners (RTD, car share, biking) to specifically reach employees in targeted regions / station areas
- **Create products that can actually be used** by small businesses and improve how these are communicated with businesses (tax benefited passes with better pricing?)
- **Reduce the barriers** to offering transit benefits (online signup, transparent pricing, guide to tax deductions)

How do we increase firms offering benefits to workers?

Types of Benefits Offered By Size of Business

■ Under 100K (39 responses)
 ■ 100-500K (35 responses)
 ■ 500K-1M (16 total respondents)
 ■ Over 1M (22 total responses)



How Business Size Impacts Benefits

Businesses with higher revenues obviously have a greater capacity to provide benefits to employees. As a business grows in revenue, so does their ability to provide for employees.

- Under \$100K: **84.6% don't offer benefits**
- Between \$100K - \$500K: **25.7% don't offer benefits**
- Between \$500K - \$1M: **25% don't offer benefits**
- Over \$1M: **4.6% don't offer benefits**

The biggest single factor in providing better wages and benefits has to do with the revenue generating capacity of the business.

We can also see which benefits businesses choose to offer as their revenues increase. The benefit most offered by firms under \$100K is paid time off. In the next revenue category, firms begin to offer health insurance and retirement accounts.

Barriers & Considerations Related to Offering Benefits

1. **Money:** Greater capacity, as expressed in \$, is the determining factor in increased minimum salaries and benefits offered
2. **Number of Employees** is not an adequate measure of the capacity of a business to provide good wages or benefits. The majority of all firms surveyed (57%) have 1-9 employees.
3. **Business Phase:** Start-Ups lack revenue & cash flow to afford benefits and higher salaries. Only 14% of businesses less than a year old offer any benefits, while 39% of businesses 1-5 years do, and 74% of firms over 10 years provide benefits to employees
4. **Revenue Thresholds:** Making more than \$100K in revenue provided the first big increase in benefits to workers, while the \$100K - \$1M mark doesn't change the number of overall firms offering benefits. What does change are the *type and diversity* of the benefits. For example, 31% of firms with revenues between \$100K and \$1M offer health insurance, while 77% of firms with revenues over \$1M do.

The Biggest Challenge:



We asked businesses what concerns would need to be addressed before they could offer benefits. The reason most cited by respondents is that the cost of offering benefits is prohibitive, and that they would need to increase revenues before offering them. This certainly matches what we've seen in the survey response.

Businesses are willing to increase wages and benefits as their revenues grow.

Recommendations for Moving Forward

Building Business Revenue/Capacity is the most obvious lever for increasing wages & benefits:

- When businesses have the revenue, they will provide increased wages and benefits.
- Understand and communicate effective business support programs aimed at increasing revenue (*Brokering, marketing, contracts, expansion*)
- Support in four primary domains: customers, strategy, capital, talent

Reducing barriers to make it easier for businesses to increase benefits and wages:

- First task is to provide clear information in an easily accessible way
- Provide group purchasing opportunities to reduce costs for small businesses
- Help businesses identify at what stages they can hire employees, increase wages or add benefits
- Provide HR resources & training to new business owners around flex time, paid time off and other low-cost, low-hurdle benefits to employees

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