

January 2013

Primary Jobs Driving Our Economic Recovery

We are looking at what could be one of our most exciting years as far as diversified economic growth in the Reno-Sparks area in 2013. This growth will be fueled primarily by the addition of quality *primary jobs*. A primary company is a company that conducts business predominantly with customers from outside of the region. The difference is easy to see if you compare a company like Intuit or Microsoft to a restaurant or even an accounting firm. It is not about how much an employee gets paid but rather does the company bring wealth into the community through customers from outside the region that use its product or service.

Primary companies add wealth to the region through the payroll of the company, their capital investments and taxes paid. This wealth is used over and over again to fuel the local economy when their employees buy a house or a car, when the company pays property taxes to the school district or when the company uses other local business as suppliers. This is often called the multiplier effect and generates many additional, non-primary jobs. Depending on the average salary of the employee and that capital investment of the company, this multiplier could be as much as three additional jobs created per primary employee. These are the construction, retail, financial and even government jobs that make up much of our economy.

Of the more than 15,000 businesses in the region less than 5% are considered primary. That 5% creates half of all the jobs and the vast majority of our economic activity. Given EDAWN's limited resources as a non-profit, we focus exclusively on these "primary" employers to most effectively achieve our mission: to attract, retain and grow quality jobs. Adding another restaurant to the region, no matter how different or exclusive it is, will create jobs at the expense of other restaurants already in the region.

Contrary to the belief that adding a new company adds more people to the region, we find on average that more than 90% of the employees hired by a new company are already located here. That's why the quality of the workforce is such an important factor in the company's selection process. It is much too expensive to relocate employees, and the quality of the workforce will likely determine the success of the company.

So why is this coming year looking so good? EDAWN is working with more than 140 primary companies at this time that are considering a relocation or expansion. About 40 of these companies are in the final phases of their decision making process. This process normally includes a visit to the community or communities that they are considering, and our visit numbers for 2012 were almost double that of 2011. Given our very high closure rate on companies that visit and make a decision, we could be looking at many announcements in the weeks and months ahead totaling more than 2,000 new primary jobs over the coming year!

Given a multiplier of just one that means thousands of additional non-primary jobs as well.
Hang on for a Happy New Year!