

The Economic Impacts of A Customer Service Company on Winnebago County

Operational Impacts

March 11, 2008

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The Economic Impacts of a Customer Service Company on Winnebago County was prepared by John Lewis and Lisa Bergeron of the Regional Development Institute at Northern Illinois University under agreement with the City of Rockford. Questions and inquiries regarding the contents of this report can be directed to John Lewis (815) 753-0936 or Lisa Bergeron (815) 753-0924. For more information on NIU Outreach and the Regional Development Institute, please visit our website at www.niurdi.org or www.outreach.niu.edu.

The findings and conclusions presented in this report are those of the authors/project team alone and do not necessarily reflect the views, opinions, or policies of the officers and/or trustees of Northern Illinois University.

Operational Impacts on the Winnebago County Economy

The Regional Development Institute (RDI) at Northern Illinois University completed an analysis of the economic impact of a customer service company on the Winnebago County economy. The following analysis represents annual impacts as a result of operations.

The analysis was completed using the IMPLANPro input/output model developed by Implan group. The model is unique in that the I/O coefficients are based on 2006 county specific patterns and include both industry specific direct and indirect impacts. Direct impacts are those that result from annual operations such as employee compensation, output/sales, and taxes. Indirect impacts are the secondary effects on the area. For example, as a result of the customer service company's operations, the Winnebago County economy will experience increased economic activity. This will lead to increases in employment, compensation, and output in retail trade, health and social services, and other industry sectors. The analysis does not include any economic impacts on surrounding counties related to the company's operation.

The economic impacts in this analysis were developed based on a customer service company with total employment of 400 permanent workers at an estimated wage of \$14.00 per hour. Analysis for the customer service company was completed based on the North American Industrial Classification Code 5614 – Business Support Services, which is the lowest level of detail available.

Below is a summary of economic impacts generated as a result of annual operations of the customer service company in Winnebago County, Illinois.

Customer Service Industry Winnebago County Illinois			
	Direct	Indirect	Total
Operations (annually)			
Employment (full- and part-time)	400	142	542
Employee Compensation	\$14.5 mil	\$4.3 mil	\$18.8 mil
Output	\$23.4 mil	\$15.5 mil	\$38.9 mil
Value Added	\$17.4 mil	\$8.4 mil	\$25.8 mil
Local taxes, sales and property			720,000

SUMMARY OF EMPLOYMENT IMPACTS

- The customer service company will employ 400 workers in Winnebago County. Indirect employment of 142 full- and part-time jobs will also be created in the county as a result of operations.
- Indirect employment will have the greatest impact in the following industries:
 - 26 in retail trade
 - 23 in administrative and waste services
 - 22 in health and social services
 - 15 in accommodations and food services
 - 11 in other services
- For each 100 employees added to the customer service company, 36 additional jobs are created in the county.

SUMMARY OF OUTPUT IMPACTS

Output represents the value of an industry's business activities including sales and is used as a measure of overall industry productivity.

- The customer service company will generate \$38.9 million in direct and indirect economic activity (sales and output) in Winnebago County annually, \$23.4 million in direct and \$15.5 million in indirect output.
- Industries with the highest indirect output impacts include:
 - \$1.9 million in health and social services
 - \$1.7 million in manufacturing
 - \$1.5 million in retail trade
 - \$1.2 million in finance and insurance
 - \$976,000 in real estate and rental
 - \$869,000 in administrative and waste services
 - \$833,000 in professional, scientific, and technical services

SUMMARY OF VALUE ADDED (Wealth) AND EMPLOYEE COMPENSATION

Value Added is a measure of wealth created by business in terms of total of employee compensation, rent, interest, taxes, and profit paid or earned, and is an important indicator of the industry's productivity and regional sector strength. Employee compensation includes wages and employee benefits.

- The customer service company will increase the value added (wealth) of the county by over \$25.8 million, \$17.4 million from the operations directly and \$8.4 million from indirect impacts on other industries in the region.
- Direct and indirect employment by the customer service company will result in annual employee compensation of \$18.8 million being paid by Winnebago County employers, \$14.5 million directly by the company itself, and an additional \$4.3 million from indirect employment in other industries in the region.
- Indirect employee compensation impacts will be greatest in the following industries:
 - \$1.0 million in administrative and waste services
 - \$945,000 in health and social services
 - \$569,000 in retail trade
 - \$327,000 in finance and insurance
 - \$307,000 in professional, scientific, and technical services
- Average annual employee compensation for the customer service company is estimated to be approximately \$36,302 including fringe benefits.
- For every million dollars of employee compensation paid by the customer service company, other businesses in the county will pay an additional \$432,000 in employee compensation.

OTHER ECONOMIC IMPACTS

- The customer service company will generate \$1.8 million in state and local taxes annually, \$1.1 million on state taxes and \$720,000 in local taxes. Local tax generation includes \$111,000 in sales tax revenue and \$609,000 in property tax revenue annually.