



COYOTE BUSINESS CONSULTING FINAL WRITTEN REPORT

Watertown Development Company Business Health Survey Report

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Coyote Business Consulting Program**

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Executive Summary

This report details the 2025 Business Health Survey carried out by University of South Dakota students through the Coyote Business Consulting program for the Watertown Development Company (WDC). The project aimed to pinpoint why businesses have been closing unexpectedly and to gauge overall business health statuses in Watertown, focusing on whether firms are struggling or looking to expand. We distributed a confidential survey in September 2025, drawing 101 responses from a mix of industries like manufacturing, retail trade, and services, with questions covering employee counts, years in operation, financial health, cash flow management, access to resources, insurance coverage, sustainability efforts, operational efficiency, technology use, cybersecurity practices, marketing reach, customer retention, among others.

Most respondents run established businesses over 15 years old with 1-5 and 20+ employees, reporting good to excellent financial health, strong cash flow confidence, regular financial reviews, adequate insurance, and preparation for near-term expenses. Operations are seen as efficient, with high employee morale and active community involvement, plus clear business plans and optimism about continuing operations. However, neutral or lower agreements surfaced in areas like using technology for productivity, cybersecurity confidence, effective marketing to target audiences, customer feedback use, employee development offers, and regular plan updates—pointing to potential gaps where support from WDC could help.

Based on these insights, we recommend prioritizing outreach to newer businesses, arranging cybersecurity programming or partnerships with local experts, developing marketing strategies and feedback collection methods, offering leadership and management classes for employee growth, and assisting with business plan updates. Overall, the survey paints a positive picture of Watertown's business ecosystem with solid foundations, but targeted programming, coaching, and resources from WDC could address key needs and prevent future closures.

Introduction

This report presents findings from the 2025 Business Health Survey conducted by University of South Dakota (USD) students—Carlos Rodgers, Ethan Strom, Haley Nolde, Sonja Braucht, and faculty advisor Mandie Weinandt—through the Coyote Business Consulting (CBC) program for the Watertown Development Company (WDC).

Watertown Development Company, a private non-profit economic development corporation founded in 1947, sought data to understand recent small business closures and identify current needs in programming, coaching, and support. The confidential survey distributed in September 2025 gathered 101 responses from Watertown businesses across industries.

Using WDC's priority areas, which include marketing, stakeholder communication, and employee relations, we analyzed quantitative trends and qualitative feedback through a survey to deliver a clear snapshot of business health, growth potential, and risk factors.

This report includes the methods, key findings, conclusions, and actionable recommendations to guide Watertown Development Company in strengthening Watertown's economic ecosystem.

Methodology

The project began with an initial meeting with Angie Yahne, Director of Economic Development Project Management at WDC, to understand the challenge of unexpected small business closures and the need for a business health survey. WDC provided sample questions focusing on business details, cash flows, debts, profitability, and operational challenges.

To address concerns about sensitive information and response rates, we utilized Data Axle, a USD research database containing public business data, to compile a [list of Watertown businesses](#). This included variables such as business name, address, phone, email, leader/executive details, industry, employee count, sales, credit score, and hours.

We refined the survey questions to be more general, aiming to gauge the "temperature" of Watertown's business ecosystem. The survey used a 5-point Likert scale (Strongly Disagree, Somewhat Disagree, Neither Agree nor Disagree, Somewhat Agree, Strongly Agree) for statements across categories like marketing & customers, workforce & community engagement, operations & technology, financial confidence & sustainability, and planning & outlook. Introductory questions covered industry, employee count, and years in operation. All questions were optional, and respondents could opt to be contacted by WDC.

The survey was distributed confidentially via email to businesses in Watertown through WDC, with an average completion time of 3 minutes (median) and 74.5% average question completion rate. We collected 101 responses by early November 2025.

Data analysis involved aggregating responses, calculating averages (where 1 = Strongly Disagree, 5 = Strongly Agree), and identifying themes from open-ended comments. Results were visualized using charts for clarity.

Results

The survey received a total of 101 responses. On average, participants spent 271 minutes with the survey open, though the median completion time was only three minutes, indicating that some respondents left the survey open for extended periods, in some cases spanning multiple days. The average completion rate was 74.5 percent of questions answered. As all questions were optional, several firms chose to skip certain sections, which accounts for the variation in response levels.

The following pages discuss the results of each individual question.

Demographic Information

Industry Breakdown

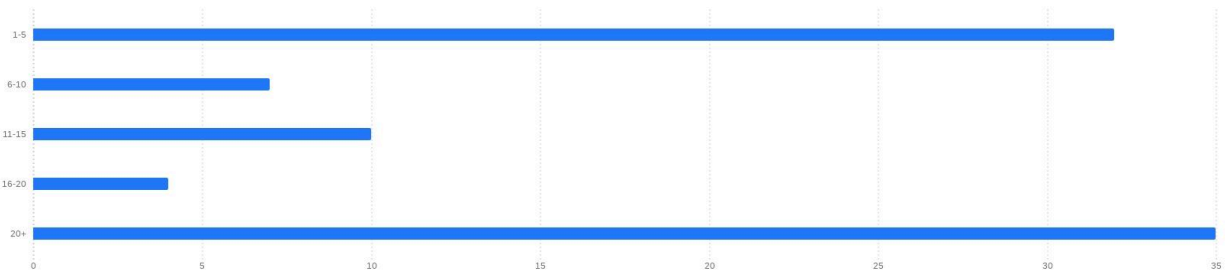
Among 85 respondents, the largest share comes from Manufacturing, representing 20% (17 businesses). The “Other” category follows at 19% (16 businesses) and includes sectors such as restaurant and food services, legal services, marketing, radio and digital marketing, childcare, healthcare, and education. Retail Trade and Services each account for 14% (12 businesses), while Agriculture, Forestry, and Fishing, Finance, Insurance, and Real Estate, and Public Administration each contribute 7% (6 businesses). Construction represents 6% (5 businesses), Transportation and Public Utilities make up 4% (3 businesses), and Wholesale Trade is the smallest group at 2% (2 businesses). Overall, the data shows that Manufacturing and miscellaneous service industries dominate, while sectors like Wholesale Trade and Transportation have minimal representation.

Respondents by Industry		
Industry	Percent of Respondents	Count of Respondents
Agriculture, Forestry, and Fishing	7%	6
Construction	6%	5
Finance, Insurance, and Real Estate	7%	6
Manufacturing	20%	17
Other	19%	16
Public Administration	7%	6
Retail Trade	14%	12
Services	14%	12
Transportation and Public Utilities	4%	3
Wholesale Trade	2%	2
Totals	100%	85

Employees

Among 88 respondents, the largest groups are businesses with 20 or more employees (40%, 35 businesses) and those with 1–5 employees (36%, 32 businesses). Mid-sized businesses are less common: 11–15 employees account for 11% (10 businesses), 6–10 employees represent 8% (7 businesses), and the smallest category is 16–20 employees, at 5% (4 businesses). This distribution indicates a strong presence of both very small and large businesses, with relatively few mid-sized organizations.

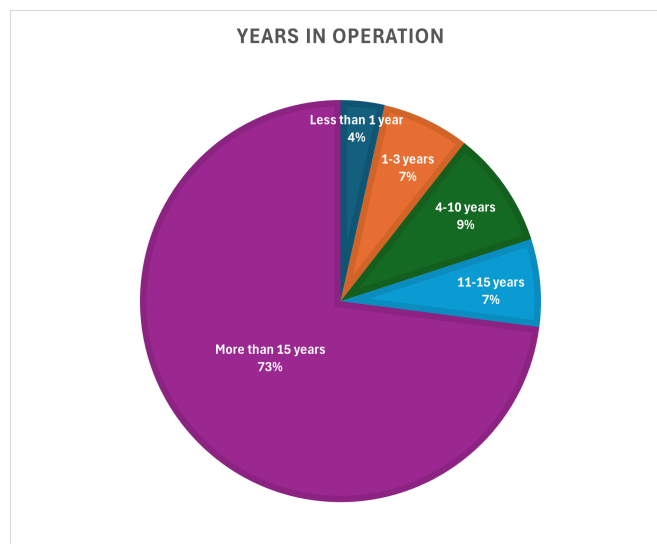
Q3: How many employees do you currently have? 88 ⓘ



Respondents by Number of Employees		
Number of Employees	Percent of Respondents	Count of Respondents
1-5	36%	32
6-10	8%	7
11-15	11%	10
16-20	5%	4
20+	40%	35
TOTAL	100%	88

Time in Operation

The distribution of businesses by years in operation reveals a strong presence of long-established entities within the community. According to the data, 73% of respondents have been in operation for more than 15 years, indicating a high level of longevity and potential stability among participants. In contrast, only 4% of businesses have been operating for less than one year, and 7% fall within the 1–3 year range. Mid-range experience levels are less represented, with 9% in the 4–10 year category and another 7% in the 11–15 year bracket. This skew toward older businesses suggests that outreach and support efforts may need to be tailored to engage newer and less established firms more effectively.



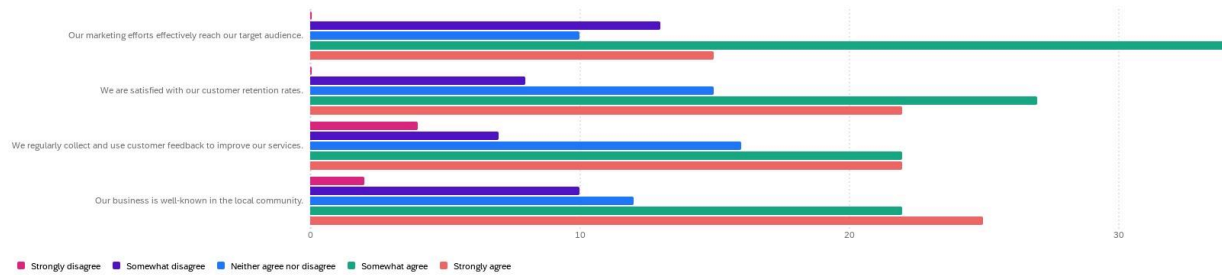
Respondents by Years in Operation		
Years in Operation	Percent of Respondents	Count of Respondents
Less than 1 year	3%	3
1-3 years	7%	6
4-10 years	9%	8
11-15 years	8%	7
More than 15 years	73%	64
TOTAL	100%	88

Results from Likert Scale Questions

Marketing & Customers

Responses from 71–72 businesses show generally positive sentiment. Effectively reaching the target audience averages 3.71, with 68% agreeing (34 somewhat, 15 strongly). Customer retention satisfaction averages 3.88, with 68% agreement (27 somewhat, 22 strongly). Collecting and using customer feedback averages 3.72, with 62% agreement (22 somewhat, 22 strongly) and the widest variability (SD 1.17). Local name recognition averages 3.82, with 66% agreement (22 somewhat, 25 strongly). Overall, most responses cluster around “somewhat agree,” indicating solid performance with room for improvement in feedback practices.

Q5: Marketing & Customers: Please indicate your level of agreement with the fol... 72



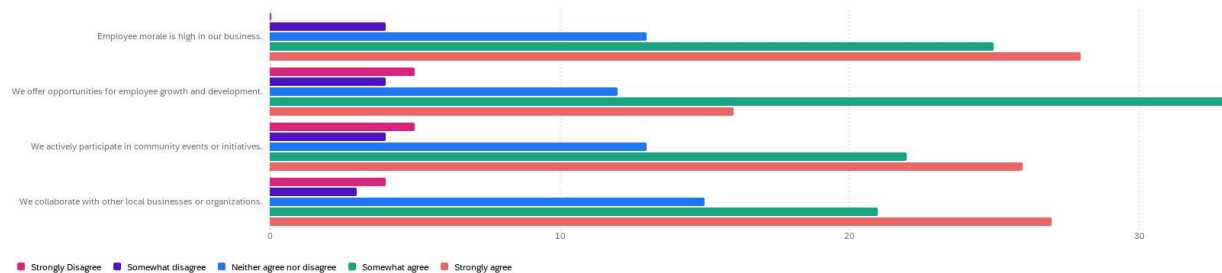
Count of Responses for Marketing & Customers Questions					
Marketing & Customers	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
Our marketing efforts effectively reach our target audience.	0	13	10	34	15
We are satisfied with our customer retention rates.	0	8	15	27	22
We regularly collect and use customer feedback to improve our services.	4	7	16	22	22
Our business is well-known in the local community.	2	10	12	22	25

Summary Statistics for Marketing & Customers Questions					
Marketing & Customers	Average	Minimum	Maximum	Standard Deviation	Count
Our marketing efforts effectively reach our target audience.	3.71	2	5	0.99	72
We are satisfied with our customer retention rates.	3.88	2	5	0.97	72
We regularly collect and use customer feedback to improve our services.	3.72	1	5	1.17	71
Our business is well-known in the local community.	3.82	1	5	1.14	71

Workforce & Community Engagement

Among 70 respondents, employee morale scores highest, averaging 4.10, with 76% agreement (25 somewhat, 28 strongly). Opportunities for growth and development average 3.73, with 70% agreement. Community participation averages 3.86, with 69% agreement, and collaboration with local businesses averages 3.91, with 69% agreement. Agreement levels lean toward “somewhat agree,” with morale and collaboration as strengths and community participation showing the greatest variability.

Q7: Workforce & Community Engagement: Please indicate your level of agreement w... 70



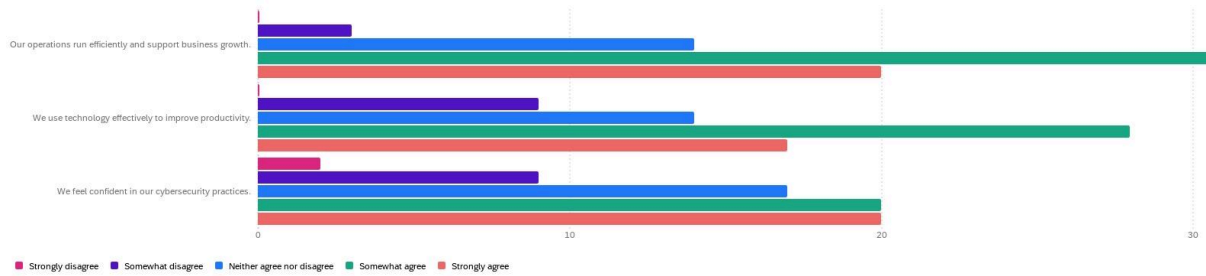
Count of Responses for Workforce & Community Engagement Questions					
Workforce & Community Engagement	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
Employee morale is high in our business.	0	4	13	25	28
We offer opportunities for employee growth and development.	5	4	12	33	16
We actively participate in community events or initiatives.	5	4	13	22	26
We collaborate with other local businesses or organizations	4	3	15	21	27

Summary Statistics for Workforce & Community Engagement Questions					
Workforce & Community Engagement	Average	Minimum	Maximum	Standard Deviation	Count
Employee morale is high in our business.	4.10	2	5	0.90	70
We offer opportunities for employee growth and development.	3.73	1	5	1.09	70
We actively participate in community events or initiatives.	3.86	1	5	1.19	70
We collaborate with other local businesses or organizations.	3.91	1	5	1.13	70

Operations & Technology

Among 68 respondents, operational efficiency averages 4.00, with 75% agreement. Technology use for productivity averages 3.78, with 66% agreement, while cybersecurity confidence averages 3.69, with 59% agreement. Overall, businesses are most confident in operational efficiency, somewhat less so in technology use, and least certain about cybersecurity.

Q9: Operations & Technology: Please indicate your level of agreement with the f... 68



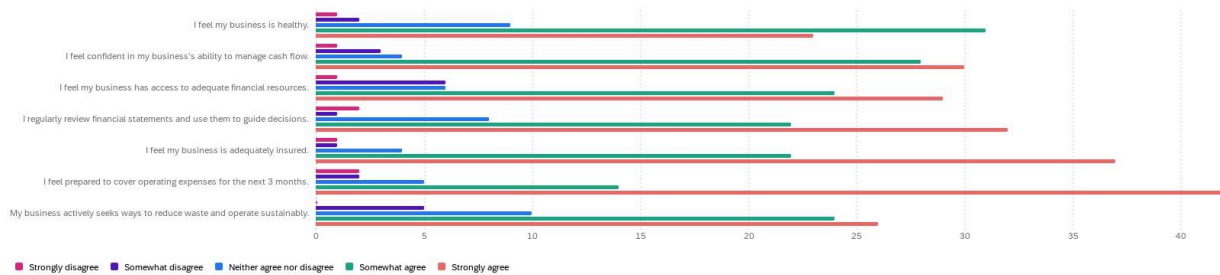
Count of Responses for Operations & Technology Questions					
Operations & Technology	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
Our operations run efficiently and support business growth.	0	3	14	31	20
We use technology effectively to improve productivity.	0	9	14	28	17
We feel confident in our cybersecurity practices.	2	9	17	20	20

Summary Statistics for Operations & Technology Questions					
Operations & Technology	Average	Minimum	Maximum	Standard Deviation	Count
Our operations run efficiently and support business growth.	4.00	2	5	0.82	68
We use technology effectively to improve productivity.	3.78	2	5	0.97	68
We feel confident in our cybersecurity practices.	3.69	1	5	1.11	68

Financial Confidence & Sustainability

Responses from 66 businesses indicate strong financial confidence. Business health averages 4.11, cash flow management averages 4.26, and access to financial resources averages 4.12. Reviewing financial statements scores 4.25, while insurance coverage and preparedness for operating expenses rank highest at 4.43 and 4.42, respectively. Sustainability efforts are present but slightly more variable. Overall, scores cluster between 4.1 and 4.4, reflecting consistent agreement and strong financial preparedness.

Q11: Financial Confidence & Sustainability: Please indicate your level of agree... 66



Count of Responses for Financial Confidence & Sustainability Questions

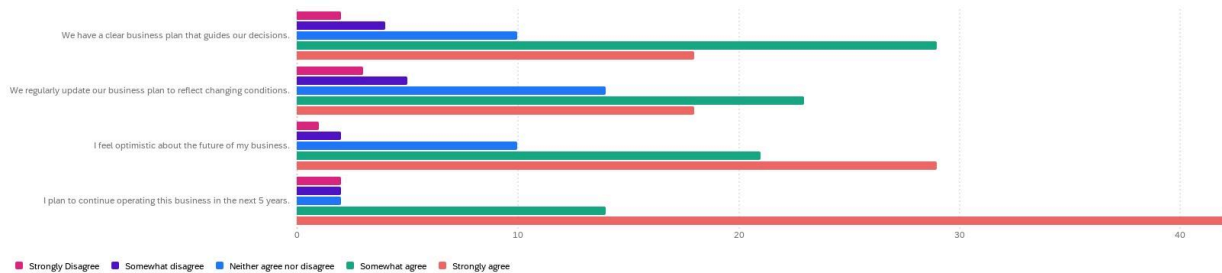
Financial Confidence & Sustainability	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
I feel my business is healthy.	1	2	9	31	23
I feel confident in my business's ability to manage cash flow.	1	3	4	28	30
I feel my business has access to adequate financial resources.	1	6	6	24	29
I regularly review financial statements and use them to guide decisions.	2	1	8	22	32
I feel my business is adequately insured.	1	1	4	22	37
I feel prepared to cover operating expenses for the next 3 months.	2	2	5	14	42
My business actively seeks ways to reduce waste and operate sustainably.	0	5	10	24	26

Summary Statistics for Financial Confidence & Sustainability Questions					
Financial Confidence & Sustainability	Average	Minimum	Maximum	Standard Deviation	Count
I feel my business is healthy.	4.11	1	5	0.86	66
I feel confident in my business's ability to manage cash flow.	4.26	1	5	0.88	66
I feel my business has access to adequate financial resources.	4.12	1	5	1.01	66
I regularly review financial statements and use them to guide decisions.	4.25	1	5	0.95	65
I feel my business is adequately insured.	4.43	1	5	0.80	65
I feel prepared to cover operating expenses for the next 3 months.	4.42	1	5	0.97	65
My business actively seeks ways to reduce waste and operate sustainably.	4.09	2	5	0.92	65

Planning & Future Outlook

Among 63 respondents, confidence in future planning is high. Having a clear business plan averages 3.90, and updating plans for changing conditions averages 3.76. Optimism about the future averages 4.19, while intent to continue operating for the next five years is strongest at 4.48. Agreement levels cluster around “somewhat agree” and “strongly agree,” indicating strong long-term confidence with slightly less consistency in plan updates.

Q13: Planning & Future Outlook: Please indicate your level of agreement with the... 63



Count of Responses for Planning & Future Outlook Questions					
Planning & Future Outlook	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
We have a clear business plan that guides our decisions.	2	4	10	29	18
We regularly update our business plan to reflect changing conditions.	3	5	14	26	18
I feel optimistic about the future of my business.	1	2	10	21	29
I plan to continue operating this business in the next 5 years.	2	2	2	14	42

Summary Statistics for Planning & Future Outlook Questions					
Planning & Future Outlook	Average	Minimum	Maximum	Standard Deviation	Count
We have a clear business plan that guides our decisions.	3.90	1	5	0.99	63
We regularly update our business plan to reflect changing conditions.	3.76	1	5	1.09	63
I feel optimistic about the future of my business.	4.19	1	5	0.92	63
I plan to continue operating this business in the next 5 years.	4.48	1	5	0.95	62

Recommendations

Reaching newer and less established businesses should be a priority. While many organizations in the community have been operating for decades, younger businesses often face unique challenges that require targeted support. Providing resources and guidance to these emerging enterprises can help them establish themselves more firmly in competitive markets and contribute to the overall economic growth of the region.

A majority of responses to the survey came from businesses that have been in operation for over 15 years. This highlights the strong presence of long-standing organizations, but it also underscores the importance of balancing support between established enterprises and those that are just beginning. By doing so, the community can ensure both stability and innovation across its business landscape.

Cybersecurity was identified as a significant area of concern. Many businesses expressed interest in arranging cybersecurity programming or collaborating with local cybersecurity firms to provide services to those with less confidence in their digital security practices. Offering accessible training and partnerships could help protect businesses from growing cyber threats and build trust with their customers.

Marketing also emerged as a key theme. Respondents showed a clear need for effective marketing strategies, as well as better methods for collecting customer feedback. Strengthening marketing efforts can help organizations expand their reach, improve customer engagement, and adapt to changing consumer expectations.

Strategic planning was another area where businesses are seeking support. Employee growth and development were frequently mentioned, with leadership and management classes seen as valuable opportunities for local organizations. In addition, many businesses indicated that they may need assistance with updating their business plans to remain competitive and aligned with current market conditions.

To provide programming in these areas, WDC could pull from existing resources, Watertown Business leaders, and existing partnerships. We would also recommend either adding a “Resources” or “Training” link more prominently on the website or updating the “Events Calendar” link to something like “Training and Events Calendar” to make it clear where website visitors will find these kinds of resources.

While WDC may already be in contact with USD outreach partner, the [South Dakota Business Development Center](#), using their resources would be an excellent way to supplement WDC existing pool of support. USD outreach partner, [Prairie Family Business Association](#) also provides a number of educational opportunities for family owned businesses in South Dakota. The USD Beacom School of Business also can provide more direct support in many of these areas and would be happy to become a longstanding WDC partner!

Conclusion

The findings from the 2025 Business Health Survey offer a detailed and encouraging view of Watertown's business environment. The data indicates that the majority of local businesses are well-established, financially stable, and optimistic about their future. High scores in areas such as cash flow management, insurance coverage, and operational efficiency reflect a strong foundation that supports long-term sustainability. Furthermore, employee morale and community engagement emerged as notable strengths, reinforcing the resilience and collaborative spirit within Watertown's economic ecosystem.

However, the survey also highlights critical areas where improvement is necessary to maintain competitiveness and prevent future closures. Technology adoption and cybersecurity confidence remain moderate, signaling a need for targeted training and partnerships to safeguard businesses against evolving digital threats. Similarly, marketing effectiveness and customer feedback utilization show variability, suggesting opportunities for enhanced outreach strategies and data-driven decision-making. Strategic planning, particularly in updating business plans and fostering employee development, also surfaced as areas requiring attention to ensure adaptability in a dynamic market.

These insights underscore the importance of proactive engagement by the Watertown Development Company. By prioritizing support for newer businesses, expanding access to cybersecurity resources, and offering leadership and marketing programs, WDC can address existing gaps while reinforcing the strengths of the local business community. Leveraging partnerships with organizations such as the South Dakota Business Development Center, Prairie Family Business Association, and USD's Beacom School of Business will further amplify these efforts, creating a robust network of resources for businesses at all stages of growth.

In conclusion, Watertown's business ecosystem is positioned for continued success, provided that strategic interventions are implemented to close identified gaps. Through collaborative programming, resource visibility, and sustained outreach, WDC can play a pivotal role in fostering innovation, resilience, and long-term prosperity for the region. These actions will not only mitigate risks but also ensure that Watertown remains a thriving hub for economic development well into the future.