



San Diego County's Sports & Active Lifestyle Industry

An Economic Impact and Workforce Needs Assessment

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Executive Summary

INTRODUCTION

San Diego County's Sports and Active Lifestyle (SAL) industry cluster is a vibrant contributor to the region's economic and employment landscape. The cluster includes businesses that provide services as well as those that design and manufacture products. They are connected by a shared customer pool that participates in sports and an active lifestyle. While this industry cluster

is not unique to San Diego, the region's weather, diverse and abundant natural resources (beaches, mountains and deserts), and its physically active population all contribute to the industry's growing status in the county.

This study was sponsored by the San Diego Workforce Partnership (SDWP) with special assistance provided by the San Diego Regional Economic Development Corporation (SDEDC) and San Diego Sport Innovators (SDSI) to advise and direct BW Research Partnership, Inc. (BW Research) and National University System Institute for Policy Research (NUSIPR) in the completion of this research. The study had three key research objectives:

1. Define San Diego's SAL cluster, including a description of the industries and activities that make up the sports and active lifestyle community as well as a profile of the businesses that make up the industry cluster.
2. Quantify the economic impact that sports and active lifestyle industries have on San Diego's regional economy and compare and contrast that with other comparable regions within the United States, including the regional economies associated with Seattle - Washington, Providence - Rhode Island, Boulder - Colorado as well as Orange County - California.
3. Develop an assessment of the talent needs of the region's sports and active lifestyle employers by identifying the career pathways, occupations, and skills that the county's employers are seeking from the region's workforce.

These three research objectives provide a foundation for the research questions that drove the analyses for this study. To complete the analyses, the research team - BW Research and the National University System Institute for Policy Research - developed and implemented several research methodologies, including:

- An economic impact analysis that included an examination of historic, current, and expected employment and economic output¹ in San Diego County by industries and related sectors.
- A telephone and online survey of 149 (n=149) SAL employers within San Diego County, inquiring on issues related to economic and workforce development.
- Several executive interviews with leading employers and industry experts on San Diego's SAL industries.

These methodologies were implemented concurrently and the combined results provide the foundation for the research findings that are presented in this report.

Key Findings

1. San Diego's SAL cluster includes over 1,200 businesses and approximately 23,000 employees;
2. San Diego is viewed as an excellent location to start and/or grow SAL businesses;
3. San Diego's SAL cluster is driven by startup activity and business relocation;
4. The direct economic impact in San Diego is measured at \$1.35 billion. The total contribution reaches \$2.24 billion including both indirect and induced effects, with 32,407 total jobs dependent upon sports and recreation related activities.
5. Employers are generally willing to train for industry-specific or technical skills, but expect applicants to be proficient with nontechnical work readiness skills.

CONCLUSIONS AND RECOMMENDATIONS

The SAL employers in San Diego will add approximately 700 new jobs over the coming 12 months. Recommendations for workforce development include:

1. **Develop strong workplace readiness or non-technical training modules.** SAL employers noted high level of frustration with applicants' levels of communication, teamwork, work ethic, and other non-technical skills. At the same time, employers stated that they expect applicants to have these skills prior to starting work, and are much less willing to teach them on the job. This is in stark contrast to technical skills and industry-specific knowledge, which they are less likely to expect an applicant to have already, and much more willing to teach post-hire.
2. **Focus on entrepreneurship.** Much of the strength and vibrancy of the SAL cluster is in its startup activity. One of the key components to the cluster's success in San Diego has been its entrepreneurial heart. Increasingly, growth follows new business creation, so additional training in how to start and run a

¹ Economic output for this study is defined as the quantity of goods or services produced in a given time period.

business, attract capital, negotiate contracts, and other technical and business support modules should be developed. In particular, these programs should be targeted toward residents and clients who have previous work history and are interested in transitioning into the sector.

3. **STEM (Science, Technology, Engineering & Mathematics) matters.** STEM skills are typically thought of as being relevant to biotechnology or information technology (IT) in San Diego, but a significant number of SAL firms reported that these skills are important for many of their employees. Generally speaking, firms that design, develop, or produce products were more likely than service firms to report preference for STEM skills, but even within more service-related firms, workers with skills in IT and finance are harder for employers to find. Workforce development programs should include STEM-based training in their curricula as it will benefit trainees whether they pursue a job within SAL or in any other of San Diego's growing industries.
4. **Test and Remediate Algebra and English Skills.** While this may seem an incongruous recommendation, the research indicates that the combination of technical and non-technical skills demanded by employers can be linked to academic proficiency in basic, eighth-grade algebra and English proficiency at the high school level. Trainees' level of academic proficiency in each of these areas should be assessed and improved as part of any training module for SAL and other innovative industries in San Diego.

Recommendations for economic development include:

1. **Highlight San Diego's natural assets,** including its year-round favorable environment for outdoor activities, proximity to multiple climates and terrains, and active residents. Employers recognize the value of these assets and report them as favorably impacting their businesses. Economic developers should use case studies and examples of these businesses when recruiting companies to the region.
2. **Continue to support entrepreneurs.** The number one reason provided by employers for why they located their businesses in San Diego is because it is where the founder lives. Local development and startup activity is key to the cluster. San Diego should continue to support SAL entrepreneurs by offering business incubator services, specialized entrepreneurial training, and networking events to help launch new businesses in the region.
3. **Strengthen ties with Mexican businesses.** Particularly as firms look for manufacturing partnerships, the close proximity to lower cost production in Mexico is a significant advantage to firms in San Diego County. Economic developers should recognize the importance of strong trade relations, reduced border-crossing time, and enhanced partner-building between San Diego companies and their counterparts in Mexico.
4. **Focus on logistics.** Of the concerns raised by SAL businesses in San Diego, one that deserves specific attention is logistics and shipping. Economic

developers and proponents of the SAL cluster should recognize that investments in the ports and airports are critical to the continued success of the cluster by reigning in costs and reducing shipping time.

5. **Partner with workforce developers and educators.** Employers recognize the need for trained workers and see it as a critical driver for their business. By promoting STEM from K-12 and beyond, linking training programs to experience and higher education, and providing abundant internship and mentoring opportunities, economic developers can help SAL companies ensure a solid pipeline of workers and attract businesses more successfully to San Diego.



Part 1

Understanding San Diego County's Sports & Active Lifestyle Cluster

DEFINING & SEGMENTING THE SAL CLUSTER

The SAL industry cluster is best defined and segmented by both the sports and activities it is connected to as well as the products and services it provides. Ultimately, firms are determined to be a part of this cluster if they provide products and/or services that allow or assist people in the **participation** of sports and an active lifestyle.

The table below provides a simple delineation of the key segments in the SAL cluster by the activities on the vertical axis and the traditional industry segments on the horizontal axis. In each of the segments, a short description or example of the type of firm that would be involved in each cluster segment is provided.²

Table 1: A Matrix of the Sports & Active Lifestyle Industry Cluster

<i>The Simple Sports & Active Lifestyle Matrix</i>	Product Design & Manufacturing	Sales & Logistics	Business Support Services	Event Planning, Facilities & League Organization	Coaching, Training & Other Service Providers
Traditional Team & Individual Sports	<i>Sports Products & Training Equipment</i>	<i>Retail Sales & Distribution</i>	<i>Marketing, Branding, and Legal Support</i>	<i>Sports Clubs and Organizers</i>	<i>Sports Training & Coaching</i>
Endurance Sports	<i>Apparel, Footwear & Nutrition</i>	<i>Sales for Footwear & Bicycles</i>	<i>Race Promotion & Tech Support</i>	<i>Race Organization</i>	<i>Running & Triathlon Coaching</i>
Lifestyle and/or Extreme Sports	<i>Product Design & Production</i>	<i>Retail Sales for Products and Apparel</i>	<i>Advertising for Products & Events</i>	<i>Event & Competition Planning</i>	<i>Camps, Classes & instruction</i>
Health, Fitness, Wellness & Rehabilitation	<i>Product Design for Fitness & Rehabilitation</i>	<i>Sales for Health & Fitness Memberships</i>	<i>Advertising and Legal Support</i>	<i>Event Planning</i>	<i>Yoga and Fitness Centers</i>
Motor Sports	<i>Off Road Vehicles & Boats & parts</i>	<i>Off Road Vehicle & Boat Sales</i>	<i>Advertising</i>	<i>Marinas and Off-Road Facilities</i>	<i>Rentals & Instruction</i>

² Please see Appendix C for a more detailed matrix of the Sports and Active Lifestyle cluster.

What is Not Included in the SAL Cluster Definition

While the Sports and Active Lifestyle cluster is defined and segmented by the both the activities and industries, it is also closely connected to some of the county's more traditional industries including **healthcare and rehabilitation, tourism and recreation, recreational infrastructure (public sector), and professional sports and gaming.** Most of the employment and economic activity in these supporting industries were not included in this study's definition of the SAL cluster. However, these supporting industries create a valuable foundation for drawing customers from both within the county and those coming from outside of it. The supporting industries also provide the human capital and in some cases the entrepreneurs that are responsible for growing the SAL cluster. San Diego's professional sports industry plays a particularly important role in providing the infrastructure and facilities that are often needed by SAL businesses especially those businesses focused on traditional team and individual sports as well as endurance sports. The figure below identifies those supporting industries that are critical to the success of the SAL industry but that are generally not included within this study's cluster definition.

Figure 1: Sports & Active Lifestyle's Supporting Industries that are Not Defined as Part of the Cluster



Like many new and emerging industry clusters, SAL cannot be completely defined by traditional industry classification strata. Both NAICS (North American Industry Classification System) codes and SIC (Standard Industry Classification) codes are unable to provide a comprehensive delineation of what is included within the cluster. However, given the need to better understand the economic and employment connections with the SAL cluster and San Diego County’s economy as well as the ability to develop regional comparisons, some effort was put in to identifying the primary and secondary NAICS codes that provide a foundation for the SAL cluster.

Table 2: Foundational NAICS Codes for the SAL Cluster³

Primary NAICS Codes	
33992	Sporting & athletic goods manufacturing
336991	Motorcycle, bicycle, parts manufacturing
31621	Athletic shoes manufacturing
42391	Sporting & recreational goods & supplies merchant wholesalers
45111	Sporting goods stores
61162	Sports and recreation instruction
71391	Golf courses and country clubs
71392	Skiing facilities
71393	Marinas
71394	Fitness and recreational sports centers
71395	Bowling centers
71399	All other amusement and recreation
532292	Recreational goods rental
Secondary NAICS Codes	
3152	Apparel manufacturing (64%)
4243	Apparel wholesalers (31%)

It should be noted that these foundational NAICS codes provide an estimate for those businesses that are directly connected to the cluster and whose businesses are largely identified with a SAL industry. It does not include those businesses in areas such as technology, education, or media that are focused on components of the SAL cluster but whose industry classification is largely not associated with the cluster. It also does not include those employers, particularly larger employers, like a university or large manufacturer who has a small portion of their employment directly engaged in some component of the SAL cluster.

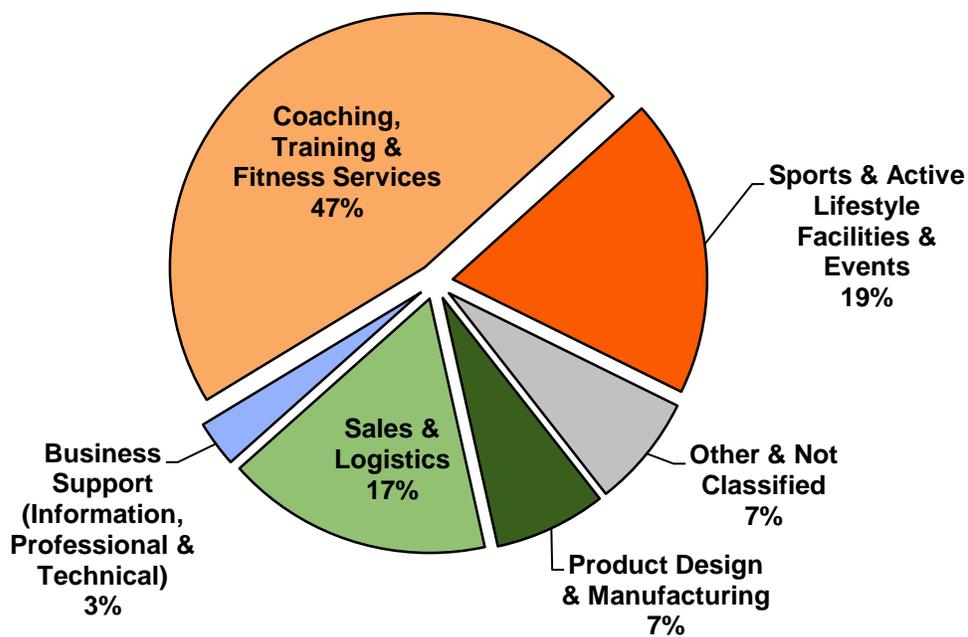
³ The percentage of secondary NAICS codes attributed to the SAL cluster was determined by a firm level analysis of relevant businesses (Dun & Bradstreet) within San Diego County and the portion of their employment connected to the SAL cluster.

PROFILING SAN DIEGO COUNTY’S SAL BUSINESSES⁴

The SAL cluster in San Diego County is comprised of a broad range of businesses providing a diverse mix of products and services. The figure below shows the industry distribution of the county’s SAL business locations, based on the SAL database of San Diego County businesses that was developed for this study. It is worth noting that this figure reveals the distribution of business locations and not employment. Training and fitness services are more likely to be small businesses with just a few employees while manufacturers are more likely to have 50 or more employees at a single location.

Coaching, training and fitness services include business locations that offer a broad array of fitness and rehabilitation services such as yoga, martial arts, cross-fit, team and individual sports instruction and organization as well as personal training and sports rehabilitation. Sports and active lifestyle facilities and events include business locations such as golf and country clubs, gymnasiums, marinas, sports clubs as well as spa and wellness centers.

Figure 2: SAL San Diego Business Locations by Traditional Industry Classification

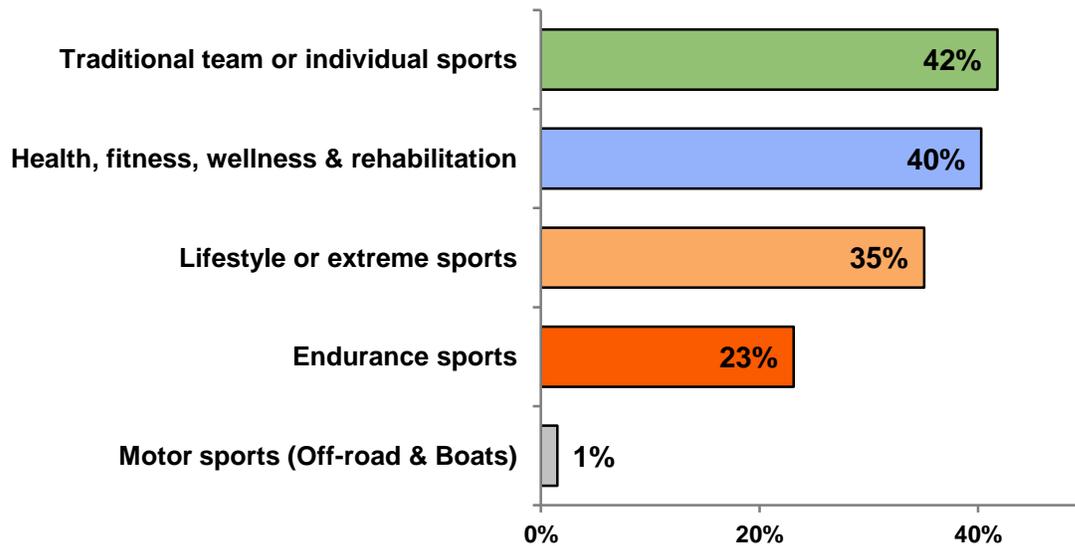


⁴ Data and information in this section are based on the San Diego SAL database and the surveys that were completed from that list unless otherwise noted.

Direct Employment in San Diego County’s SAL Cluster – Approximately 23,000 employees and 1,200 Business Locations: The research process for this study used two distinct methodologies for counting business establishments and employment that are directly engaged in the Sports & Active Lifestyle cluster. The first methodology was based on developing a known database of SAL businesses with a business location in San Diego County and using public and proprietary databases to estimate employment.⁵ The second methodology was based on the foundational NAICS codes that were identified in Table 2 and an individual assessment of certain secondary NAICS codes. These methodologies were implemented independently and yet came up with similar results for both total employment and number of business locations within San Diego.

A survey of SAL businesses in the county also provided an indication of which SAL activities employers were most likely to be involved with. The figure below is based on those survey respondents who indicated a primary focus in one of the five SAL activities. Please note that survey respondents were allowed to indicate more than one primary activity, hence the percentages equal more than 100 percent.

Figure 3: SAL San Diego Business Locations by Activity



⁵ The SAL database was built with the assistance and consultation of SDSI.

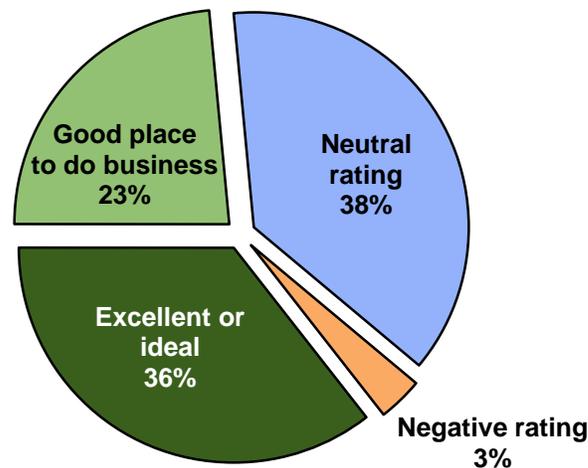
Customers, Suppliers, & Vendors

Over two-thirds (69%) of SAL businesses indicated that their primary customers are located in San Diego County, with another 10 percent outside of San Diego but found in the state. Just over 20 percent of San Diego's SAL businesses indicated their customers are primarily located outside of California but in the United States. SAL's San Diego County businesses were more likely to focus on supplier and vendor relationships that were outside of the county. Only 17 percent of SAL businesses indicated their suppliers and vendors were primarily located in San Diego County, with 44 percent outside of California but within the United States and another 12 percent indicating their primary suppliers and vendors were outside the United States. Of those SAL businesses with suppliers and vendors primarily located outside of the United States, one-third had suppliers or vendors located in Mexico.

PERCEPTIONS & EXPECTATIONS FROM SAL'S SAN DIEGO COUNTY BUSINESSES

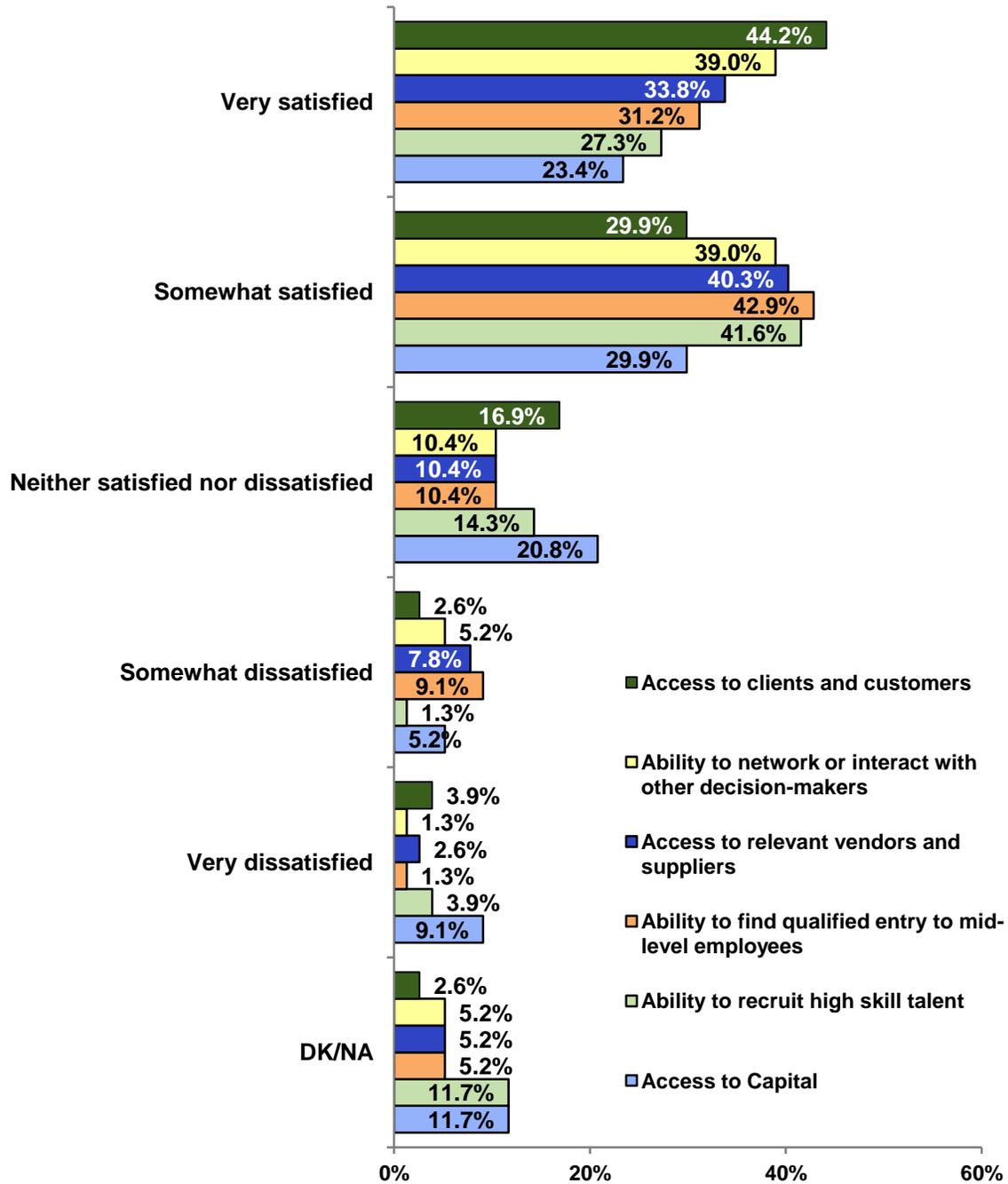
San Diego County SAL businesses were generally satisfied with the region as a place to do business or have their business located. Approximately three out of five businesses indicated San Diego County was either an "ideal location" or an "excellent" or "good" place to do business. Fewer than five percent of San Diego County SAL businesses gave the region a negative rating of the County as a location or place to do business.

Figure 4: SAL Business Rating for San Diego County as a Business Location



SAL businesses were also given the opportunity to rate their satisfaction with different attributes of San Diego County's business community. The figure below shows employers' level of satisfaction with six attributes related to the county's economic attributes.

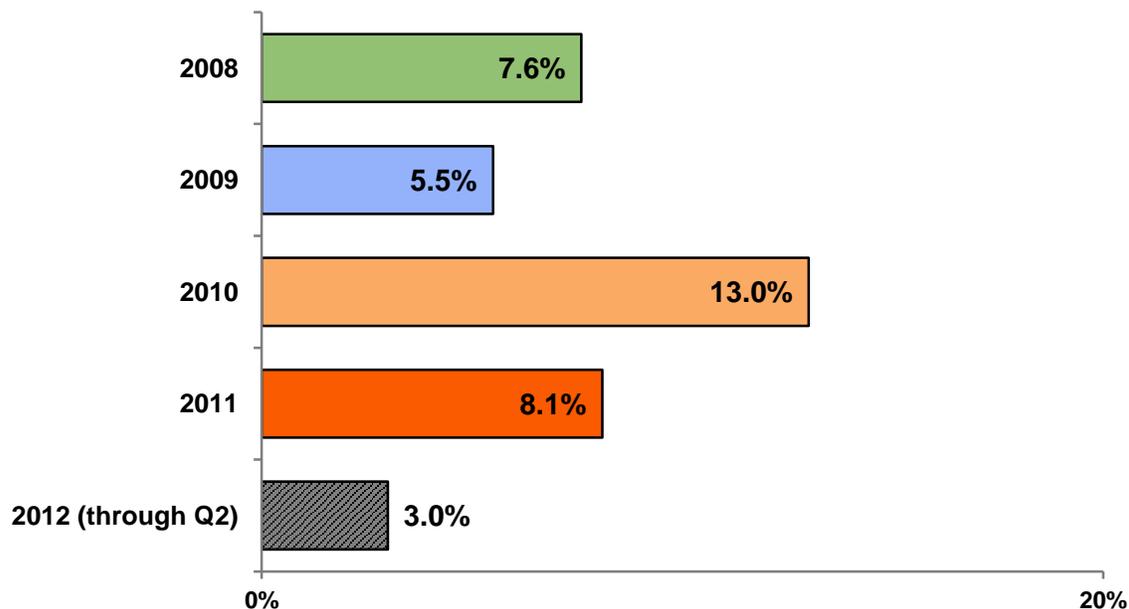
Figure 5: SAL Business Satisfaction on Six Regional Economic Attributes



Startup Activity and Entrepreneurship

San Diego's SAL cluster includes many large and established firms that operate similarly to other stable companies. However, the SAL cluster's past growth and rise to national prominence has been propelled by entrepreneurship and startup activity. Of the approximately 1,200 SAL establishments in San Diego County, an incredible 43 percent have been established since 2008. Figure 6 below illustrates the growth in establishments from 2008 through the second quarter of 2012.

Figure 6: SAL Growth in Establishments, 2008 – 2102 (Q2)



These new startups have added thousands of jobs to San Diego's local economy. It is especially notable that establishments grew at a 5.5 percent rate even in 2009 during the height of the recession. Future trends also look promising, with expectations of continued startup growth in 2013 and beyond.

Expectations for Growth

Just over one-third of San Diego County SAL businesses expect to increase total employment at their firm location over the next 12 months with most of the remaining employers expecting to stay the same size. About three percent of businesses expect to decline and two percent did not provide an estimate of growth or decline for the next 12 months. Here are some of the key findings related to employment expectations and recent experiences among surveyed employers:

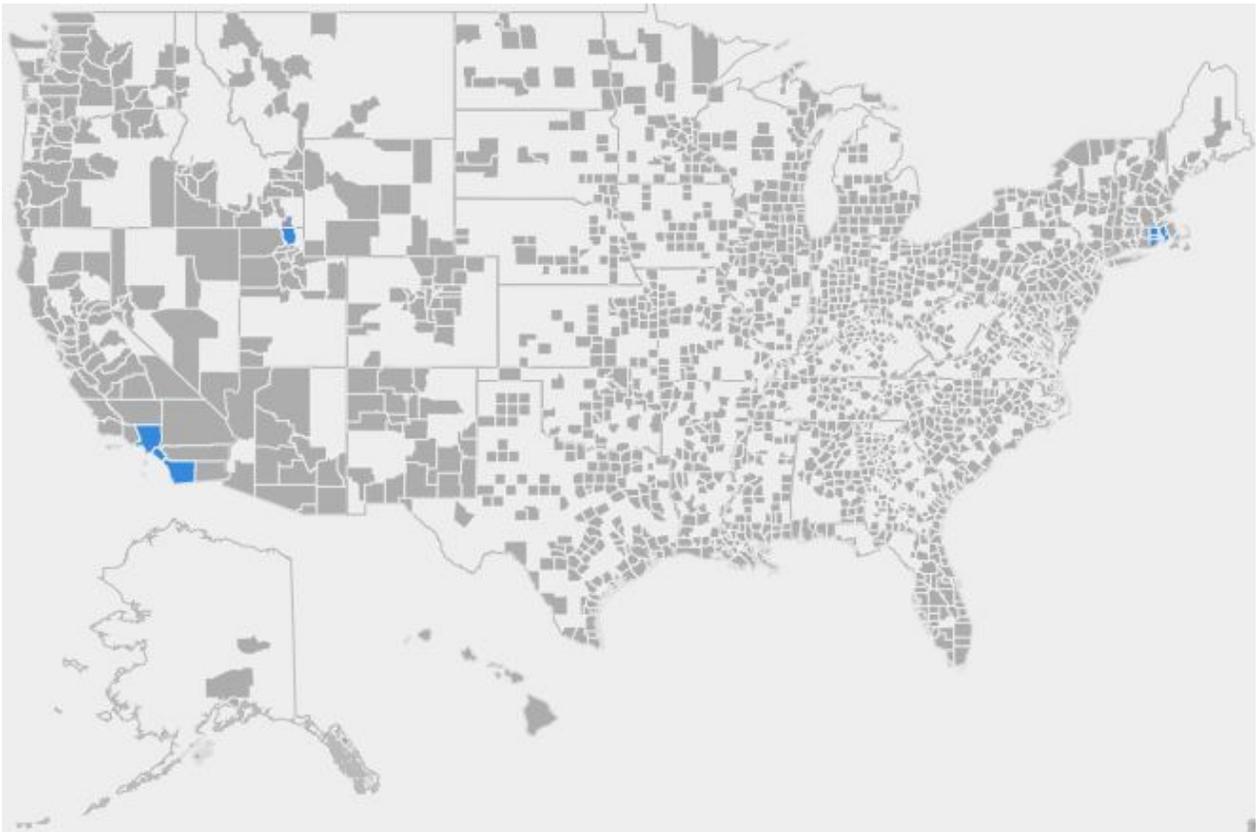
- Overall employment growth expectations for the SAL cluster are **between three and five percent for the next twelve months**, which is one to three percentage points higher than employment growth expectations for San Diego County as a whole. These figures do not account for the growth that is likely to be generated from new startups.

- Over the last three years (2010 to 2013), 29 percent of the SAL businesses that were surveyed had experienced growth, 58 percent had remained the same size, and 10 percent had declined. Not surprisingly, those firms that had experienced growth over the last three years were more likely to indicate they expected to grow over the next 12 months (36%) compared to those that had not experienced growth over that time period (25%).
- Almost half (47%) of small (5 to 9 employees at one location) and micro (less than 5 employees at one location) sized businesses expect to grow in the next 12 months compared to only one-quarter of businesses with 10 or more employees.
- Just under 40 percent (39%) of businesses that indicated **endurance sports** was their primary focus expected to grow next year compared to only one-quarter of those businesses that indicated **traditional team or individual sports** were their primary focus.

SAN DIEGO COUNTY'S SAL CLUSTER WITHIN THE NATIONAL ECONOMY

San Diego County is the number two metropolitan statistical area (MSA) in the country for cluster specialization in sporting and athletic goods followed only by the Providence, Rhode Island MSA, according to the US Cluster Mapping tool developed by Harvard's Institute for Strategy and Competitiveness. Cluster specialization is based on total employment as well as the share of employment within that MSA. While sporting and athletic goods does not capture the entire breadth of the SAL cluster, it does provide a valuable indication of the region's importance for at least a portion of the cluster.

Figure 7: Cluster Specialization by MSA, 2010 – Sporting & Athletic Goods⁶



Strengths of San Diego's SAL Clusters

Feedback from SAL employers and industry leaders indicated that the San Diego region had several unique strengths that made the region a national leader. These included:

1. San Diego's **favorable weather and regional beauty provide an ideal showcase for the products and services related to the SAL cluster.** When asked, just over 90 percent of SAL businesses either strongly or somewhat

⁶ Source: <http://www.clustermapping.us> – areas in blue have the greatest cluster specialization for Sporting & Athletic Goods.

agreed with a statement highlighting these strengths as an advantage of doing business in the county.

2. San Diego's **diverse natural assets, including beaches, mountains, and deserts provide a valuable testing ground for developing sports related products and services**. When asked, just over 80 percent of SAL businesses either strongly or somewhat agreed with a statement highlighting these strengths as an advantage of doing business in the county.
3. San Diego's **residents who participate in sports and maintain an active lifestyle benefit SAL companies by providing customers and potential employees who have a deeper understanding of sports and an active lifestyle**. When asked, more than 80 percent of SAL businesses either strongly or somewhat agreed with a statement highlighting these strengths as an advantage of doing business in the county.
4. The SAL businesses in San Diego that are developing and producing new products and goods **have indicated that the region's connectivity to Mexico could be a valuable advantage** as more manufacturing capabilities are available south of the border.

San Diego's quality of life and natural resources, including favorable weather, active population, and the regional concentration of related businesses all provide the backbone for one the leading SAL cluster regions within the country.

Challenges & Threats Facing San Diego's SAL Clusters

San Diego County and California as a whole are facing challenges that impact San Diego's SAL business cluster as well as other challenges and threats that are specific to the cluster. These include:

1. **Product shipping and logistics** is a critical component of the business for portions of the SAL cluster in San Diego. Several of these businesses are concerned with the region's airport situation and the cost and inconvenience associated with moving and distributing packages across the country and across the globe.
2. **Talent and the ability to find workers** that have specific skills (software development and mobile applications development just to name a few) and/or the ability to effectively work with a broad and diverse customer base remain a concern among some SAL businesses.
3. Regulations, taxes, and the costs associated with housing and healthcare remain a concern with some SAL businesses, but often they discuss these issues as a statewide concern and not as much a local or regional problem.

Part 2

The Economic Impact of the Sports & Active Lifestyle Industry on San Diego County

Sports, recreation, and related business establishments in San Diego number 1,212 employing 22,914 workers. Payrolls total \$793.4 million, with an average annual wage of \$34,627 per employee.

Based on the 22,914 jobs involved in sports and recreation, the *direct* economic impact in San Diego is measured at \$1.35 billion. The *indirect*

and induced impacts are \$892 million. In total, the industry's economic contribution is \$2.24 billion with 32,407 jobs in the region dependent upon sports and recreation related activities.

This accounts for 1.3 percent of San Diego's 2011 economy (GDP: \$173 billion), larger than the annual impact of San Diego's aerospace industry or equivalent to hosting four Super Bowls every year.

MEASURING SAN DIEGO SPORTS AND RECREATION INDUSTRIES

The number of firms, employment, and payroll wages of sports and recreational businesses in San Diego were determined by aggregating U.S. Bureau of Labor Statistics (BLS) "Quarterly Census of Employment and Wages" (QCEW) data. The QCEW is compiled from unemployment insurance payroll information constituting a virtual census of employment in the United States, covering 99.7 percent of wage and salary civilian employment.

The BLS classifies businesses and employment according to the North American Industry Classification System (NAICS) by type of economic activity. All data cited from BLS databases are annual 2011 average levels of employment, compensation, and number of establishments.

NAICS categories are related to the technology and activity they are primarily engaged but not by the market they necessarily serve. To get the most complete understanding of the industry, the research team augmented the QCEW data by both surveying firms in several additional NAICS categories and using proprietary databases such as Dun & Bradstreet.

We began from industry interviews which identified specific firms involved in the industry but which were classified under broadly defined NAICS sectors. For example, early interviews suggested that a significant proportion of San Diego apparel companies were focused on the sports and active lifestyle market. To get a complete understanding of industry it was necessary to get firm-level data from these companies. We first derived data from Dun & Bradstreet (D&B), and ReferenceUSA. These databases are compiled

from regular phone surveys of individual firms and provide reasonably complete data on employment at a specific location, product, and some data on sales. For some of the largest firms we augmented the D&B data from information of individual company's annual reports and public financial filings. Finally, we confirmed data and filled in any missing information from the direct surveys of firms conducted as part of this research project.

Based upon this analysis, total sports, recreation, and active lifestyle companies were found to number 1,212 in San Diego directly employing 22,914 total workers. Payrolls total \$793.4 million, with an average annual wage of \$34,627 per employee.

Table 3: Sports & Active Lifestyle Industries

San Diego Sports and Recreational Industries, Annual 2011

NAICS	Category	Estab-lish-ments	Emp-loyees	Total Wages (millions)	Average Annual Pay
TOTAL		1,212	22,914	\$793.4	\$34,627
Fully included NAICS sectors		1,113	19,924	\$653.3	\$32,792
31621	Athletic shoes manufacturing	7	187	5.9	31,726
336991	Motorcycle, bicycle, parts manufacturing	9	158	9.2	58,065
33992	Sporting & athletic goods manufacturing	73	2,378	173.9	73,114
42391	Sporting & recreational goods & supplies merchant wholesalers	85	1,834	127.8	69,676
45111	Sporting goods stores	277	3,369	84.8	25,184
532292	Recreational goods rental	22	113	2.2	19,088
61162	Sports and recreation instruction	130	818	16.3	19,947
7139	Other amusement and recreation	510	11,067	233.3	21,078
71391	Golf courses and country clubs	64	4,100	100.1	24,418
71392	Skiing facilities	2	ND	ND	ND
71393	Marinas	22	ND	ND	ND
71394	Fitness and recreational sports centers	275	4,970	85.9	17,289
71395	Bowling centers	11	491	7.8	15,949
71399	All other amusement and recreation	136	1,136	25.6	22,574
Partially included NAICS sectors		99	2,990	\$140.1	\$46,854
3152	Apparel manufacturing	45	1,351	40.1	29,648
333314	Optical instrument & lens manufacturing	3	179	12.3	68,886
31699	Other leather product manufacturing	2	80	2.5	31,726
4243	Apparel wholesalers	47	680	32.1	47,167
54151	Computer systems design, related services	1	500	47.0	93,962
7113	Performing arts and sports promoters	1	200	6.1	30,579

ND: Not Disclosed, included with Other Amusement and Recreation totals.

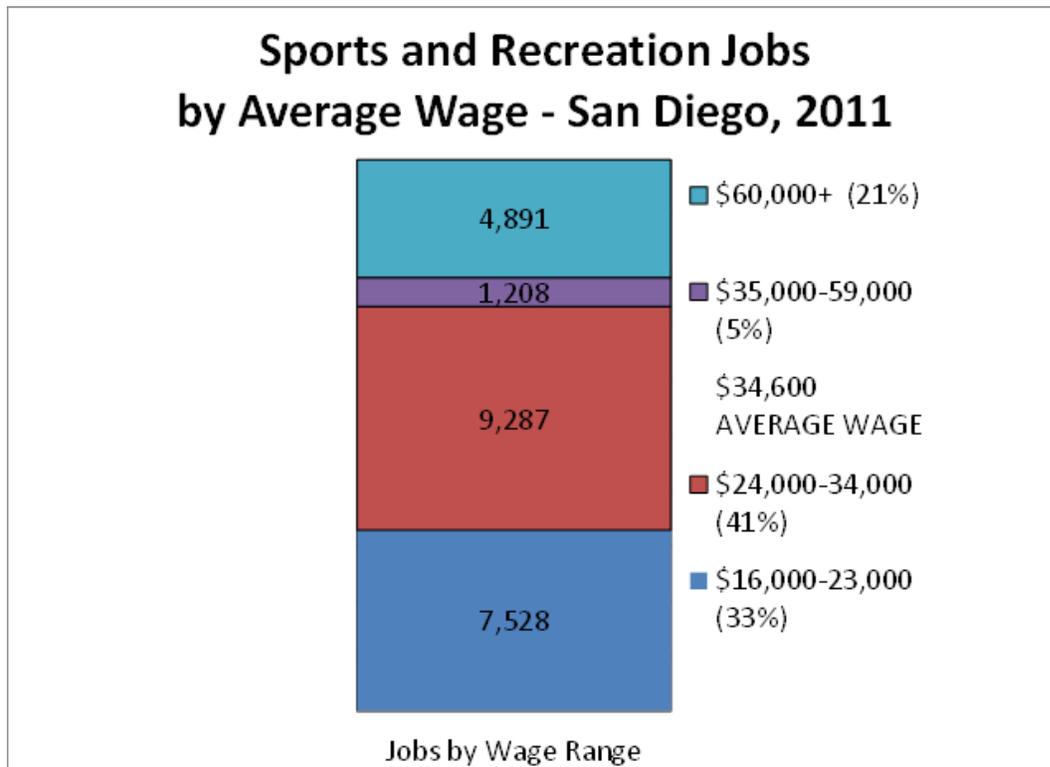
Source: U.S. Bureau of Labor Statistics, Census of Employment and Wages; National University System Institute for Policy Research.

The majority of these workers (11,067) are employed in companies providing recreational activities, including golf courses, fitness and recreational sports centers, bowling, and other types of recreation activities.

Retail stores specializing in sporting and recreational goods make up the second largest cluster of employees (3,369). It should be noted this only reflects retail businesses specifically selling sports and recreational goods and does not include a considerable amount of additional such sales by general merchandise and warehouse stores such as WalMart and Costco.

The figure below shows the average wage distribution of jobs among those working in San Diego County's SAL cluster. About one in five SAL jobs provide annual wages of more than \$60,000, while one-third offer an annual wage between minimum wage and \$23,000. This variation is reflective of an industry that has both firms involved in research, development, design, and manufacturing as well as companies which are involved in personal services and retail activities.

Figure 8: Average Wage Distribution for SAL Cluster, San Diego County 2011



COMPARABLE ACTIVE LIFESTYLE METRO AREAS

San Diego has the second largest number of jobs (3,160) in the nation for sporting and athletic goods manufacturing.⁷ Most of these workers are employed by major golf club and equipment companies located in San Diego, including Callaway, TaylorMade-Adidas, Titleist, and Aldila. Surf and skate board manufacturers are also noteworthy for this sector.

Contrasting similar sports oriented metropolitan areas by the same NAICS count of fully included sports and recreational NAICS industries, Seattle shows more establishments and employees than San Diego, but less total payroll and lower average wages. San Diego sports and recreation wages are significantly bolstered by high-value golf equipment manufacturing.

Table 4: Sports and Recreation Comparable Metropolitan Areas

Comparable Metropolitan Area Sports and Recreation Industries - Annual 2011

Metropolitan Area	Estab-lish-ments	Em- ployees	Annual Payroll (\$000s)	Average Annual Wage
Seattle-Tacoma-Bellevue, WA	1,471	24,073	\$537,060	\$22,310
SAN DIEGO-CARLSBAD, CA	1,113	19,924	653,344	32,792
Anaheim-Santa Ana, CA	1,073	18,388	501,065	27,250
Portland-Vancouver, OR-WA	901	14,316	307,807	21,501
Providence-Warwick, RI-MA	848	7,803	460,196	58,977
Boulder, CO	225	3,472	71,699	20,651

Source: U.S. Bureau of Labor Statistics, Census of Employment and Wages; National University System Institute for Policy Research.

Relatively small Providence-Warwick, RI-MA is also dominated by golf equipment maker Acushnet. With relatively little other sports related industries, their average wage is even more skewed by high-wage golf equipment production, while San Diego has a much larger and broader mix of other sports and recreation related industries.

MEASURING ECONOMIC CONTRIBUTIONS

To determine the economic impacts of business or changes in activity, economists use input-output models to calculate how changes in level of demand within one activity impacts other parts of the economy. These models take information about the composition of a regional economy and the kinds of goods and services bought by businesses within particular sectors and uses the data to predict how changes in demand (the input) impacts other economic activity within the particular geographical area (the output).

⁷ The Providence-Warwick, RI-MA metro area is home to Acushnet, comprising Titleist and FootJoy golf companies.

To estimate the total economic contribution of San Diego’s SAL industries we used IMPLAN, a leading regional input-output model, to measure direct and indirect employment and value added effects. First developed at the University of Minnesota, IMPLAN has been used in tens of thousands of regional economic impact studies.⁸ The model is tailored to individual regions to account for differences in the presence (or absence) of local suppliers and thus how slow (or how fast) dollars “leak” out of the region.

The model estimates how changes of economic activity impacts the rest of the local economy as contractors are utilized, materials bought, and workers spend wages they are paid. The effects can vary significantly from region to region and among different economic activities. For this measure we utilized the latest available data from IMPLAN adjusting inputs.⁹

Table 5: Economic Impact of San Diego Sports and Recreation Industries

Summary of Economic Impact of San Diego Sports and Active Lifestyle Industry, 2011

Impact Type	Employment	Labor Income	Economic Impact	Output
		(\$millions)		
Direct Effect	22,914	\$844.9	\$1,349.2	\$2,228.8
Indirect Effect	3,594	208.3	374.9	586.9
Induced Effect	5,899	275.3	517.1	802.5
Total Effect	32,407	\$1,328.4	\$2,241.2	\$3,618.1

As noted previously, we estimated that there are 22,914 jobs in San Diego’s sports and active lifestyle industry. The direct economic impact calculation indicates a total of \$1.35 billion.

Another 3,594 jobs are indirectly impacted through businesses providing component parts and equipment to local sports and recreational companies. An even greater 5,899 jobs are stimulated by the spending of the workers directly and indirectly supported by the industry (induced impacts) The total economic contribution, including both indirect and induced effects, is more than \$2.24 billion with 32,407 total jobs dependent upon local sports and recreation based industries. These sports and active lifestyle industries account for 1.3 percent of San Diego’s regional economy (GDP: \$172.6 billion) in 2011. This is larger than San Diego’s aerospace industry and equivalent to hosting four Super Bowls each year

⁸ IMPLAN, MIG, Inc., <http://implan.com/V4/Index.php>.

⁹ For more information on the input-output model, please see the Methodology section.

Table 6: Top Employment Sectors in SAL Industries**Top 20 Employment Sectors Indirectly and Induced
by San Diego Sports and Recreation Industries**

Industry Sector (IMPLAN categories)	Jobs
Food services and drinking places	758
Real estate establishments	456
Wholesale trade businesses	403
Offices of physicians, dentists, other health practitioners	352
Employment services	269
Securities, commodity contracts, investments, related activities	231
Services to buildings and dwellings	230
Private household operations	208
Nondepository credit intermediation and related activities	206
Retail Stores - Food and beverage	199
Retail Stores - General merchandise	190
Management of companies and enterprises	185
Private hospitals	180
Nursing and residential care facilities	174
Legal services	154
Advertising and related services	142
Accounting, tax preparation, bookkeeping, payroll services	131
Retail Stores - Motor vehicle and parts	122
Management, scientific, and technical consulting services	114
Civic, social, professional, and similar organizations	113
All other sectors	3,914
Total Indirect and Induced Jobs	8,729

The table above shows the estimated indirect and induced impacts from the SAL industry. Much of the impact is in the service sector, reflecting the impact of workers spending their wages. Furthermore, table 7 indicates a relatively low number of indirect jobs in manufacturing and materials industries, suggesting that the supply chain to local SAL manufacturers is relatively underdeveloped. This is logical given San Diego's relatively high cost of doing business, but it may be worth economic developers exploring opportunities to attract more suppliers of materials used by San Diego's SAL manufacturers.

It is important to note that the economic contribution is different than gross sales. They refer to the "value added" by activities carried out in San Diego. Thus, for example, if the materials imported into San Diego are valued at \$40 and the finished good is sold for \$100, the direct economic contribution of the San Diego activities is \$60. That distinction is particularly important when thinking about a sector such as SAL in which there is a significant amount of retail activity – since as a general rule retail trade does not add a proportionally large amount of economic value when compared, for example, to manufacturing. We also believe it important to speak of the industry's economic contribution rather than impact since a proportion of the economic activity associated with the SAL industry is a function of the spending of San Diego county residents and not the export of products and services to outside the region.



Part 3

Talent, Expertise and Passion: Employment Opportunities in the Sports & Active Lifestyle Industry

The sports and active lifestyle cluster has experienced significant growth across San Diego County. Unlike many of San Diego's traditional industries, however, it has not grown in a linear fashion through existing firms adding employees.

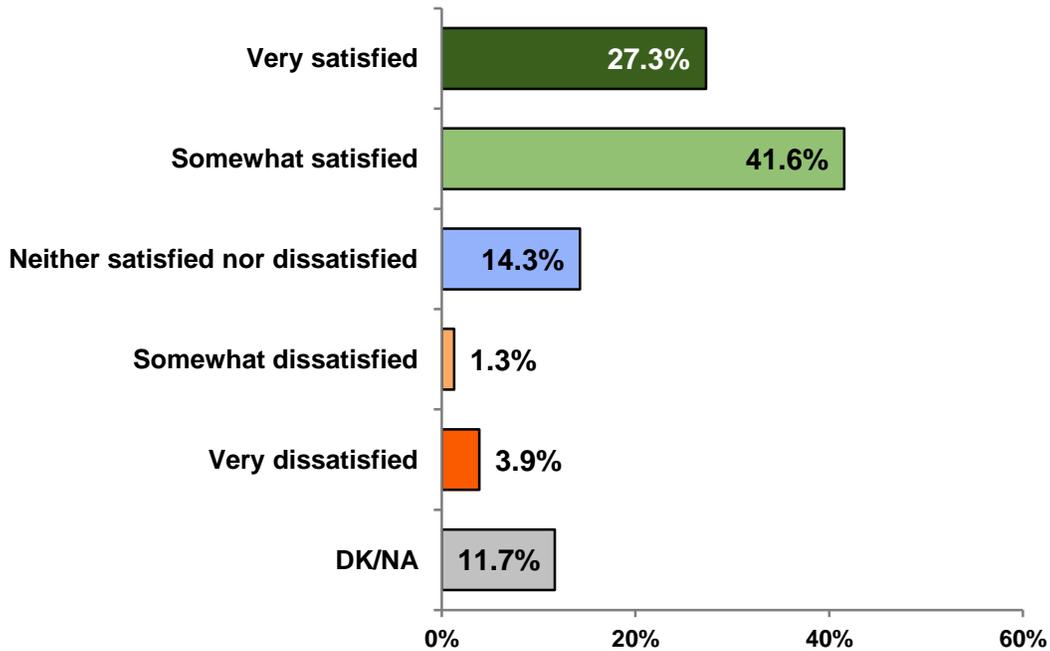
Rather, the SAL cluster has been driven by entrepreneurship, relocation, and acquisition.

This kind of organic growth is good news for business, but it is exceedingly challenging for workforce development because jobs are not filled, they are created. This section is primarily focused on traditional workforce development trends and recommendations. However, it must be noted that training in entrepreneurship, support for start-ups, and continued thoughtful business recruitment practices are likely to have the most significant impact regarding jobs in San Diego's SAL cluster.

EMPLOYER DIFFICULTY

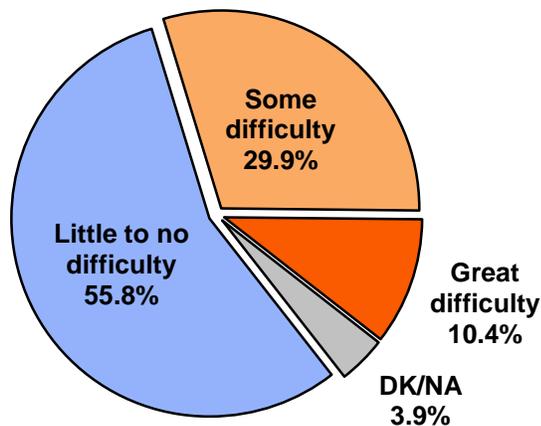
Sports and active lifestyle employers are generally satisfied with their access to talent and ability to find the workers that they need locally in San Diego. Overall, nearly 70 percent of the surveyed employers reported that they were satisfied with their ability to recruit high skilled talent (27% very satisfied), while only five percent of employers reported dissatisfaction. Nearly three-fourths of employers reported satisfaction in their ability to find qualified entry- to mid-level employees.

Figure 9: Satisfaction with Recruiting Workers



In terms of entry-level positions, the majority (56%) of employers reported little to no difficulty in finding qualified applicants that meet the organization’s hiring standards. Approximately 10 percent reported great difficulty, which suggests that while the labor pool for entry-level applicants is generally deep, there is opportunity for improvement.

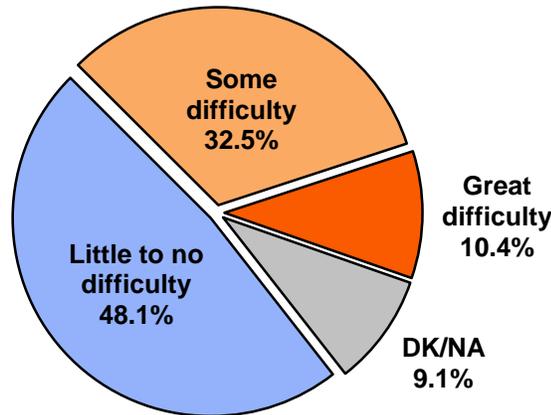
Figure 10: Entry-Level Difficulty Hiring



One of the consistent research findings since the recent economic downturn is that employer difficulty is more acute for non-entry-level positions. SAL employers that participated in this study, however, have generally the same level of difficulty (43% for

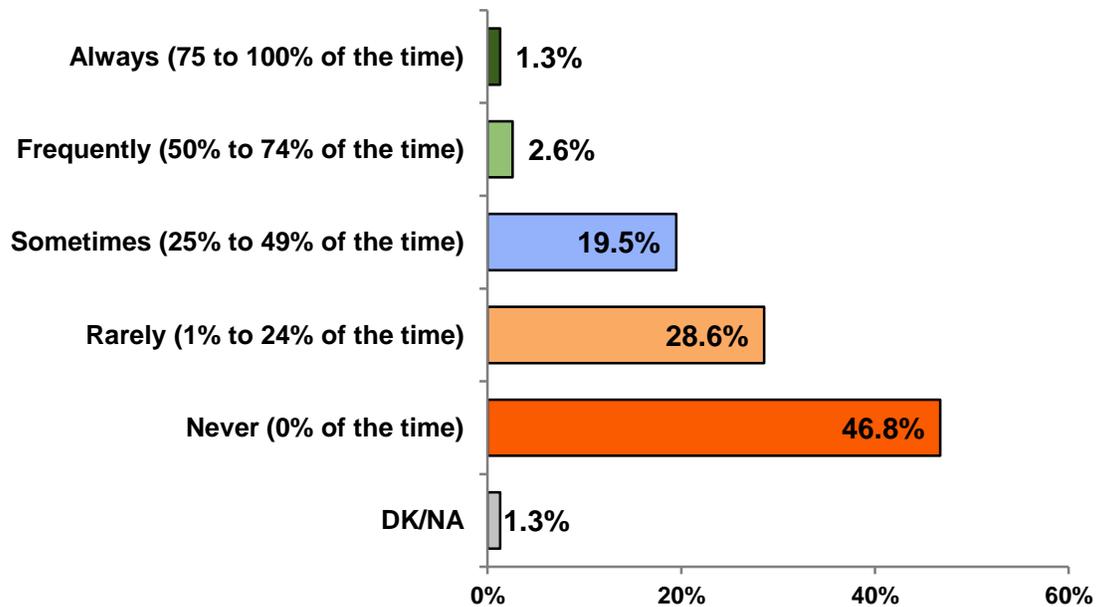
non-entry-level and 40% for entry-level). In fact, most of the occupations reported by employers as difficult to find were entry-level positions.

Figure 11: Non-Entry-Level Difficulty Hiring



It is well known that a large pool of qualified applicants, low levels of reported hiring difficulties, and general employer satisfaction with the ability to find and recruit skilled workers are important components to fostering a growing industry. It also has significant impacts for the local workforce, evidenced by the substantial portion of local hiring reported by survey respondents. When asked specifically about non-entry-level hiring practices, SAL employers reported that they rarely or never hire from outside of San Diego an astonishing 75 percent of the time.

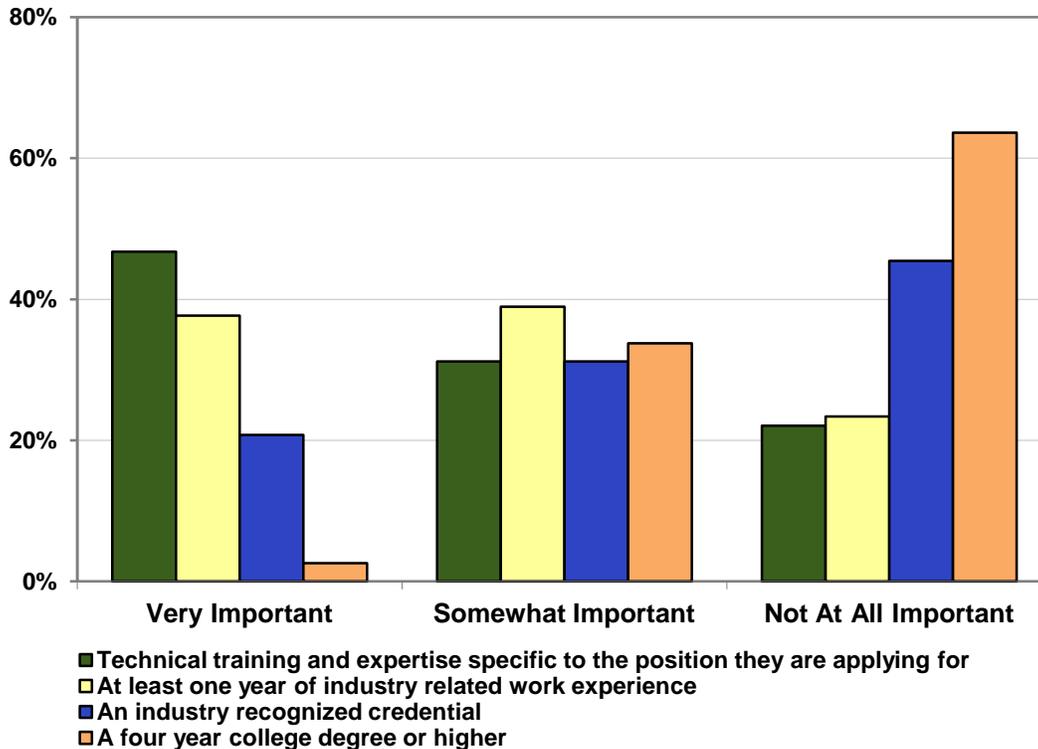
Figure 12: Recruitment Outside of San Diego County



SKILLS ASSESSMENT

San Diego’s SAL employers offered valuable feedback on the skills, education, and training preferences that are most important for workers in the industry and for job applicants. This feedback is critical to creating workforce development strategies to continue to bolster this growing cluster. As shown in the figure and described below, several specific skills are apparent in the research.

Figure 13: Importance of Entry-Level Skills, Experience, and Training



Commitment to specialized, technical training: Most recent employment studies suggest that higher education is critical to success; however, technical training specific to the position is more important to SAL employers. In fact, a four-year degree was rated as least important among four attributes, with nearly two-thirds of employers reporting that it is not needed. Seventy-eight percent of employers, however, deem technical training specific to the position to be important (47% very important).

Relevant experience: While SAL employers do not typically require college degrees for their workers, they do strongly prefer workers who have previous experience. More than three in four employers reported that at least one year of industry experience is important for applicants (38% very important).

Ability to communicate with customers and colleagues: SAL employers expect that applicants for positions at their firms will be equipped with customer service skills, interpersonal communication skills, and the ability to work with people. At the same time, employers reported that applicants are most often deficient in these same skills.

Willingness to learn: While employers clearly value experience and technical ability, they are less likely to expect applicants to already have technical expertise and industry experience specific to the position, and they are more willing to teach workers these skills post-hiring. This is in stark contrast to soft skills such as customer service and communication skills, which employers expect applicants to have and are generally much less willing to train for post-hire.

Technical Skills & the value of a STEM Education for the SAL Cluster

Science, Technology, Engineering, and Math (STEM) skills are more typically thought of as being relevant to biotechnology or information technology (IT) in San Diego, but a significant number of firms reported that these skills are important to their SAL activities. Generally speaking, firms that design, develop, or produce products were more likely than service firms to report preference for STEM skills, but even within more service-related firms, workers with skills in IT and finance are harder for employers to find.

During the interviews, firms were asked about their specific education and training requirements for applicants. Forty-three percent of SAL employers reported that they seek individuals with a college degree, and most of these responses came from firms that produce products rather than services. Of the firms that require college education, the three most frequent degrees mentioned were finance degrees and credentials (including Certified Public Accountant and Master of Business Administration), engineering (and specifically, mechanical engineering) degrees, and computer science and other technology related degrees and certifications.

Firms were asked about the importance of technical training and expertise to successful employment across a range of occupations. While much of this training occurs on-site after the hire, nearly half of all employers reported that technical training and expertise are "very important" for their employees and that they look for applicants that have and aptitude and willingness to learn technical skills on the job. This is a significant number - larger than what was reported in previous studies of innovation clusters in San Diego - and outranking other attributes such as education, related experience, and non-technical skills.

Specifically, firms across a variety of industry segments frequently mentioned software skills and other IT related skills in their interviews. Said one SAL executive;

"Customer service is important, but it is easier to find. What is really difficult is finding someone who is willing to talk with customers but also has software skills. A passion for [the industry] is also something you can't teach but is something we look for in every hire..."

Several initiatives can help expand STEM proficiency in the region's applicant pool, including President Obama's Educate to Innovate initiative and its connection to STEM in Sports campaign, which is managed and funded by Time Warner Cable.¹⁰ These initiatives are funding novel approaches to teaching STEM in the context of applications

¹⁰ For more information go to: <http://www.connectamillionminds.com/campaigns/stem-in-sports>

of interest to our nation's youth. As STEM in Sports so eloquently explains its \$100 million initiative, sports from golf to football to racing are built on math, physics, and engineering. Using these models can help prepare the local talent that will be required to create the next generation of SAL products and keep San Diego competitive in new SAL product development.

OCCUPATIONAL PATHWAYS

San Diego sports and active lifestyle employers identified a few occupations that they expected to have difficulty hiring and these occupations were grouped into broader occupational categories or pathways. Overall, employers were more likely to identify entry-level occupations that they would have difficulty finding and hiring compared to non-entry-level occupations. That being said, entry-level positions are growing significantly faster within SAL industries than overall in the region. Pathways include:

Entry-Level Pathways-

- **Training, Coaching, and Instruction occupations:** These entry-level positions are typically focused on working directly with customers. Examples include fitness instructors, coaches, and personal trainers.
- **Sales & Customer Service occupations:** These positions are also focused on working directly with customers, typically more so in developing sales leads and working to solve initial problems that customers may encounter when using their products or services.
- **Administrative occupations:** These positions are largely focused on supporting the continued operations of companies, assisting customers (front desk), and conducting office support services.

Unlike many other clusters, this entrepreneurship-driven industry has more opportunities for entry-level workers than non-entry-level ones. At the same time, employers report low levels of difficulty in finding talent in San Diego. While this is great news for businesses looking to expand or locate to San Diego, it may be frustrating for job-seekers.

Non-Entry-Level Pathways-

- **Management and Supervisorial occupations:** These positions are focused on managing existing staff, leading organizations, and solving customer problems.
- **Sales and Marketing occupations:** These positions are focused on working directly with customers, developing and following up on sales leads and providing initial cost estimates, and marketing existing services.
- **Research and Development and Engineering Occupations:** These non-entry-level positions are most prevalent at larger firms, particularly those involved in manufacturing. As with most industries and regions, engineering talent remains in short supply and is necessary for continued product development and innovation.

RESUMES

While most employers prefer personal referrals to other recruitment methods, the resume is often the first opportunity for a job-seeker to make an impression on an employer. For about one-third of employers, the resume represents an important component of the hiring process. Overall, however, resumes are generally less important for most service providers but more important for manufacturers.

In addition to the typical components of a resume, such as education, experience, and skills, employers in SAL reported a preference for quantified success, community and civic involvement, direct customer experience, and communication ability.

Employers often view the resume as an opportunity for a candidate to introduce him or herself and will look for character traits that they value in their company. Most typically, employers noted work ethic, passion, teamwork, and respect as attributes they like to readily identify in a resume. As one employer put it, do not just give a “rehash of a job description; [provide] evidence of character, creativity, dependability, insights into personal interests, and how they relate to work goals and challenges.”

Of course, the resume is only one component to the hiring process. When asked to rank the importance of various attributes, employers report that the quality of the interview is most important, followed by experience, technical skill, and finally, educational background. This further demonstrates that experience and skill trump education among most SAL employers in San Diego.

SPECIAL POPULATIONS

The workforce research illustrates a cluster that is competitive, with employers that do not have significant difficulty finding skilled workers for their open positions. This is typically a more challenging environment for job seekers, and is particularly so for populations that are more difficult to serve. Recent research shows that across all industries, employers in San Diego generally prefer not to hire formerly incarcerated applicants (36% unwilling to hire) or people with disabilities (56% unwilling to hire). Older workers, defined as people over the age of 50, are generally not preferred for entry-level positions, but often preferred over younger workers for management and other non-entry-level jobs. Even veterans of the U.S. Armed Forces are only preferred by 18 percent of employers in the region. Sports and active leisure employers were not significantly different in these findings.

Part 4

Recommendations

WORKFORCE DEVELOPMENT

The SAL employers in San Diego will add hundreds of new jobs over the coming years. Some of the strategies for workforce development professionals to support San Diego residents in finding a job in the SAL cluster include:

1. **Develop strong workplace readiness or non-technical training modules.** SAL employers noted high level of frustration with applicants' levels of communication, teamwork, work ethic, and other non-technical skills. At the same time, employers stated that they expect applicants to have these skills prior to starting work, and are much less willing to teach them on the job. This is in stark contrast to technical skills and industry-specific knowledge, which they are less likely to expect an applicant to have already, and much more willing to teach post-hire.
2. **Focus on entrepreneurship.** Much of the strength and vibrancy of the SAL cluster is in its startup activity. One of the key components to the cluster's success in San Diego has been its entrepreneurial heart. Increasingly, growth follows new business creation, so additional training in how to start and run a business, attract capital, negotiate contracts, and other technical and business support modules should be developed. In particular, these programs should be targeted toward residents and clients who have previous work history and are interested in transitioning into the sector.
3. **STEM matters.** Like almost every other sector in San Diego's innovation economy, getting a job is easier when applicants have a strong background in Science, Technology, Engineering, and Math (STEM). Workforce development programs should include STEM-based training in their curricula as it will benefit trainees whether they pursue a job within SAL or in any other of San Diego's growing industries.
4. **Test and remediate algebra and English skills.** While this may seem an incongruous recommendation, the research indicates that the combination of technical and non-technical skills demanded by employers can be linked to academic proficiency in basic, eighth-grade algebra and English proficiency at the high school level. Trainees' level of academic proficiency in each of these areas should be assessed and improved as part of any training module for SAL and other innovative industries in San Diego.

ECONOMIC DEVELOPMENT

The SAL cluster in San Diego is growing, and entrepreneurship and recruitment are key to expanding its footprint. Some strategies for economic development professionals to aid in recruitment, expansion, and retention activities include:

1. **Highlight San Diego's natural assets**, including its year-round favorable environment for outdoor activities, proximity to multiple climates and terrains, and active residents. Employers recognize the value of these assets and report them as favorably impacting their businesses. Economic developers should use case studies and examples of these businesses when recruiting companies to the region.
2. **Continue to support entrepreneurs**. The number one reason provided by employers for why they located their businesses in San Diego is because it is where the founder lives. Local development and startup activity is key to the cluster. San Diego should continue to support SAL entrepreneurs by offering business incubator services, specialized entrepreneurial training, and networking events to help launch new businesses in the region.
3. **Strengthen ties with Mexican businesses**. Particularly as firms look for manufacturing partnerships, the close proximity to lower cost production in Mexico is a significant advantage to firms in San Diego County. Economic developers should recognize the importance of strong trade relations, reduced border-crossing time, and enhanced partner-building between San Diego companies and their counterparts in Mexico.
4. **Focus on logistics**. Of the concerns raised by SAL businesses in San Diego, one that deserves specific attention is logistics and shipping. Economic developers and proponents of the SAL cluster should recognize that investments in the ports and airports are critical to the continued success of the cluster by reigning in costs and reducing shipping time.
5. **Partner with workforce developers and educators**. Employers recognize the need for trained workers and see it as a critical driver for their business. By promoting STEM from K-12 and beyond, linking training programs to experience and higher education, and providing abundant internship and mentoring opportunities, economic developers can help SAL companies ensure a solid pipeline of workers and attract businesses more successfully to San Diego.

APPENDIX A: METHODOLOGY

Our sports and active lifestyle study was developed through several data collection methodologies:

- a. **Comparative regional analysis (National University System Institute for Policy Research)** was based on several sources.
- b. **Extensive employer survey (n=149) and executive interviews (BW Research)** was completed with employers throughout the county and in the sports and active lifestyle industry.

COMPARATIVE REGIONAL ANALYSIS – NATIONAL UNIVERSITY

Input-output models distinguish three types of impacts. The first are direct economic impacts resulting from activity responding to changes in demand for products or services. For example, when demand goes up, a firm can be expected to buy more raw and intermediate goods and hire more workers. The economic model aggregates these purchases and estimates direct impacts of the change in level of activity by business.

IMPLAN also estimates the indirect economic impacts resulting as suppliers to the first firm respond to the change in demand. The suppliers of suppliers will also respond to changes in demand and so on and so forth as the initial change in activity filters throughout the economy. IMPLAN tracks these relationships and aggregates thousands of transactions to calculate the indirect impact to a change in demand.

Finally, induced impacts refer to the economic effects associated with the spending of wages and salaries by workers at all the firms impacted by the original change in demand. This spending (and subsequent transactions as the wages continue to circulate in the economy) are referred to as induced impacts.

Output refers to the value of industry production or sales of goods and services. For manufacturers this is sales plus/minus change in inventory. For service sectors production this equals sales. For retail and wholesale trade, it equals gross margin (not gross sales).

Value added is the total economic impact of the activity within the region. The value added is the difference between industry or an establishment's total output and the cost of intermediate inputs. This is the economic amount contributing to a region's GDP.

PRIMARY RESEARCH – SURVEYS AND EXECUTIVE INTERVIEWS

Data compiled for this report were drawn from both primary and secondary data sources. The following table provides a brief overview of the methodology utilized for the survey research component of the project. BW Research also completed several executive interviews with representatives from leading employers in San Diego's sports and active lifestyle industry.

Table 8: Overview of Survey Methodology

Method	Web & Telephone Survey of San Diego County Employers
Number of Survey Participants	149 Sports and Active Lifestyle Employers in San Diego County.
Survey Field Dates	Web & Telephone Survey: June 5 – 21, 2013.
Survey Universe	1,212 Sports and Active Lifestyle Firms in San Diego County
Survey Margin of Error	The margin of error for questions answered by all 149 respondents was +/-7.52% at the 95% level of confidence.

SURVEY DESIGN

Through an iterative process, BW Research worked closely with the San Diego Workforce Partnership and the Regional Economic Development Corporation as well as its internal research partners (National University System Institute for Policy Research) to develop a survey instrument that met the research objectives of the study. In developing the survey instrument, BW Research utilized techniques to overcome known biases in survey research and minimize potential sources of measurement error within the survey.

Sampling Method

A database of 1,212 San Diego County sports and active lifestyle firms provided by SDSI.

Data Collection

Prior to beginning data collection, BW Research conducted interviewer training and also pre-tested the survey instrument (web and phone) to ensure that all words and questions were easily understood by the respondents. Telephone interviews were generally conducted from 9:00am to 4:30pm Monday through Friday. The data collection period was June 5 through June 21, 2013.

A Note about Margin of Error and Analysis of Sub-Groups

The overall margin of error for the survey, at the 95 percent level of confidence, is +/- 7.52 percent for questions answered by all 149 respondents. It is important to note that questions asked of smaller groups of respondents as well as results presented separately for each segment will have a margin of error greater than +/- 7.52 percent, with the exact margin of error dependent on the number of respondents in each sub-group.

APPENDIX B: SAN DIEGO COUNTY SPORTS & ACTIVE LIFESTYLE EMPLOYER SURVEY

Screeners Questions

SCREENER A Do you have a location with employees in San Diego County, California? If yes, how many?

- 81.9% Yes, just one San Diego location [CONTINUE]
- 18.1% Yes, more than one San Diego location [CONTINUE]
- 0.0% No [TERMINATE]
- 0.0% Not sure [TERMINATE]

SCREENER B For this survey, please only answer for your current San Diego business location. If your firm has more than one location, please do not include their information. What is the zip code of your current location? (If needed: This is the location where you are physically located). (n=77)

Percentages among the 77 respondents that completed the survey over the phone

- 100.0% I am answering for my business location in zip: _____ [CONTINUE]
- 0.0% (DON'T READ) Refused [TERMINATE]

[PHONE – CHECK DATABASE OF COMPLETES AND END SURVEY IF ALREADY HAVE ONE FOR THAT SAME COMPANY IN THE ZIP CODE GIVEN]

SECTION 1 – History and Industry Connectivity

Q1 I want to start by asking about your current location and discuss issues related to doing business in San Diego County.

How long has your company been located in San Diego County? (n=77)

Percentages among the 77 respondents that completed the survey over the phone

- 9.1% Less than 3 Years
- 9.1% Between 3 and 5 Years
- 14.3% Between 6 and 10 Years
- 67.5% More than 10 Years

Q2 What are the main reasons your company is located in San Diego County?
[CHECK ALL THAT APPLY - DO NOT READ OPTIONS] (n=77)

Percentages among the 77 respondents that completed the survey over the phone

- 49.4% Founders live here
- 23.4% Proximity to customers, collaborators, and vendors
- 11.7% Quality of life in the County
- 2.6% Lifestyle and natural resources in San Diego
- 1.3% Spun-off another company that was already here
- 0.0% Access to consumers/employees with active sports experience
- 0.0% Proximity to skilled workers and talent
- 7.8% Other – *No single category over 2%*
- 6.5% (DON'T READ) DK/NA

Q5web What were the main reasons your company originally located in San Diego County? [CHECK ALL THAT APPLY - DO NOT READ OPTIONS] (n=72)

Percentages among the 72 respondents that completed the survey on the web

- 55.6% Founders live here
- 37.5% Quality of life in the County
- 22.2% Lifestyle and natural resources in San Diego
- 11.1% Proximity to customers, collaborators, and vendors
- 8.3% Access to consumers/employees with active sports experience
- 6.9% Spun-off another company that was already here
- 4.2% Proximity to skilled workers and talent
- 6.9% Other – No single category over 2%
- 4.2% Don't know/ Refused

Q6web Now thinking about San Diego County and your industry and the products and services you provide, how would you rate San Diego County as a place to have a business? (n=72)

Percentages among the 72 respondents that completed the survey on the web

- 48.6% Ideal location
- 50.0% Good to OK location but could be better
- 1.4% Poor location, may look outside the County for relocating
- 0.0% Don't know/ Refused

Now I would like to ask about the industries and activities that are most important to your firm.

Q3

What industry or industries best describe the work your firm is most connected to? (DO NOT READ, ALLOW MORE THAN ONE RESPONSE) (n=77)

Percentages among the 77 respondents that completed the survey over the phone

23.4%	Fitness
14.3%	Sports industry
14.3%	Retail Sales
11.7%	Health, Wellness and/or Rehabilitation
11.7%	Outdoors and recreation
9.1%	Manufacturing
9.1%	Service providers
3.9%	Ocean, water sports
3.9%	Apparel
2.6%	Non-profit organization
1.3%	Extreme sports
18.2%	Other – <i>No single category over 2%</i>
0.0%	(DON'T READ) DK/NA

Q4

Which of the following activities best describe the primary focus of your firm.
(ACCEPT UP TO TWO RESPONSES)

[REPEAT CATEGORIES AS NEEDED]

- 37.6% Traditional team or individual sports
- 20.8% Endurance sports
- 31.5% Lifestyle or extreme sports
- 36.2% Health, fitness, wellness & rehabilitation
- 1.3% Motor sports
- 6.7% None of them
- 6.0% Other – *No single category over 2%*
- 2.0% (DON'T READ) DK/NA

SECTION 2 – General Workforce Profile

For this survey, we will just be asking about the employees that work from or directly report to your current location.

Q5 Including all full-time and part-time employees, how many permanent employees work at or from your location? For the purposes of this survey, please count yourself as an employee if you are an owner-operated business or sole proprietor.

[IF UNABLE TO PROVIDE NUMBER, OFFER INTERVALS]

<u>Total Employees</u>	<u>Mean</u>	<u>Median</u>
53,774 ¹¹	368.32	12.00
<u>Breakdown:</u>		
26.8%	Less than 5 employees	
16.1%	Between 5 and 9 employees	
19.5%	Between 10 and 24 employees	
8.7%	Between 25 and 49 employees	
4.7%	Between 50 and 99 employees	
22.8%	100 or more employees	
1.3%	(DON'T READ) DK/NA	

¹¹ This figure includes all employment at a location, not necessarily the indirect or direct SAL employment. For some employers, SAL workers account for only a portion of total employment (i.e. universities, etc.).

Q6

If you currently have [TAKE Q5 #] full-time and part-time permanent employees at your location, how many more or less employees do you expect to have at your location 12 months from now?

Breakdown:

- 34.2% More
- 3.4% Less
- 60.4% Same number of employees
- 2.0% Don't know/ Refused

Expected Employment in 12 months

(Calculated by only examining businesses with both current and projected data)

All Respondents	<u>Current</u>	<u>12 months</u>
n	100	100
Mean	69.13	70.74
Median	7.50	10.00
Total Employees	6,913	7,074
Change		161
% Growth		2.3%

Outlier Analysis (w/ 4,000 worker firm taken out)	<u>Current</u>	<u>12 months</u>
n	99	99
Mean	29.42	31.05
Median	7.00	10.00
Total Employees	2,913	3,074
Change		161
% Growth		5.5%

[If amount differs by 10% or more in either direction, ask:]

Just to confirm, you currently have ____ permanent employees and you expect to have ____ (more/less) employees, for a total of ____ employees 12 months from now.

Q7 Over the last three years, has your company grown, declined or stayed about the same in terms of permanent employment at your location? [If it has grown or declined, ask] By about how many people? (n=77)

Percentages among the 77 respondents that completed the survey over the phone

- 28.6% Grown
- 58.4% Stayed the same
- 10.4% Declined
- 2.6% (DON'T READ) DK/NA

Firms that grew over the last 3 years (n=21)

<u>Total Growth</u>	<u>Mean</u>	<u>Median</u>
281	13.38	4.00

Firms that declined over the last 3 years (n=8)

<u>Total Decline</u>	<u>Mean</u>	<u>Median</u>
51	6.38	5.00

Q8 Where are your customers primarily located? (n=77)

Percentages among the 77 respondents that completed the survey over the phone

- 68.8% Within San Diego County
- 5.2% Within Southern California
- 5.2% Within California
- 20.8% Within the United States
- 0.0% Outside the United States
- 0.0% (DON'T READ) DK/NA

Q9 Where are your suppliers and vendors primarily located? (n=77)

Percentages among the 77 respondents that completed the survey over the phone

16.9%	Within San Diego County
14.3%	Within Southern California
9.1%	Within California
44.2%	Within the United States
11.7%	Outside the United States
3.9%	(DON'T READ) DK/NA

[IF Q9="Outside the United States" ASK Q10 OTHERWISE SKIP]

Q10 Do you have any suppliers or vendors located in Mexico? (n=9)

Percentages among the 9 respondents that said their suppliers and vendors are primarily located outside the United States (Small sample size – caution generalizing the results)

33.3%	Yes
66.7%	No
0.0%	(DON'T READ) DK/NA

Q11 Does your firm have locations outside of San Diego County? (n=77)

Percentages among the 77 respondents that completed the survey over the phone

29.9%	Yes
70.1%	No
0.0%	(DON'T READ) DK/NA

[IF Q11="Yes" ASK Q12 OTHERWISE SKIP]

Q12 What city is your firm headquartered in? (n=23)

Verbatim responses to be provided

Q13 Now thinking about San Diego County, how would you rate **San Diego County** as a place to do business? (n=77)

Percentages among the 77 respondents that completed the survey over the phone

23.4%	Excellent
45.5%	Good
26.0%	Fair
3.9%	Poor
1.3%	Very poor
0.0%	(DON'T READ) DK/NA

Please tell me how satisfied your company is with the following issues and attributes regarding the business climate in San Diego County.

Q14

Is your company satisfied, dissatisfied, or neither satisfied nor dissatisfied with San Diego's: _____? (GET ANSWER AND THEN ASK:) Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)? (n=77)

Percentages among the 77 respondents that completed the survey over the phone

RANDOMIZE	Very satisfied	Somewhat satisfied	Neither satisfied nor dissatisfied	Somewhat dissatisfied	Very dissatisfied	(DON'T READ) DK/NA
A. Access to Capital	23.4%	29.9%	20.8%	5.2%	9.1%	11.7%
B. Access to clients and customers	44.2%	29.9%	16.9%	2.6%	3.9%	2.6%
C. Ability to recruit high skill talent	27.3%	41.6%	14.3%	1.3%	3.9%	11.7%
D. Ability to find qualified entry to mid-level employees	31.2%	42.9%	10.4%	9.1%	1.3%	5.2%
E. Access to relevant vendors and suppliers	33.8%	40.3%	10.4%	7.8%	2.6%	5.2%
F. Ability to network or interact with other high-level decision-makers in your industry	39.0%	39.0%	10.4%	5.2%	1.3%	5.2%

Now I'm going to read a list of statements that describe attitudes or opinions regarding San Diego County as a place to do business.

Q15 Here is the (first/next) one: _____ Do you generally agree, disagree, or neither agree nor disagree with the statement? (GET ANSWER IF AGREE OR DISAGREE ASK:) Would that be strongly (agree/disagree) or somewhat (agree/disagree)? (n=77)

Percentages among the 77 respondents that completed the survey over the phone

RANDOMIZE

	<u>Strongly agree</u>	<u>Somewhat agree</u>	<u>Neither agree nor disagree</u>	<u>Somewhat disagree</u>	<u>Strongly disagree</u>	<u>(DON'T READ) DK/NA</u>
A. San Diego's residents who participate in active sports, benefit companies like mine, who need employees and customers that have a deeper understanding of our sports and activities	46.8%	33.8%	18.2%	1.3%	0.0%	0.0%
B. San Diego's favorable weather and regional beauty provide an ideal environment to showcase the products and services related to my business	70.1%	20.8%	3.9%	2.6%	1.3%	1.3%
C. San Diego's diverse natural assets, including beaches, mountains and deserts provides a valuable testing ground for developing sports related products and services	58.4%	24.7%	10.4%	2.6%	1.3%	2.6%

SECTION 3 – Workforce Development & Training Needs – Entry-level

Q16

Now I would like to ask about your organization’s need for new employees. First let me ask about your entry-level positions.

Thinking about the entry-level positions that you hire at your location, how much difficulty does your company have finding qualified applicants who meet the organization’s hiring standards? (n=77)

Percentages among the 77 respondents that completed the survey over the phone

- 55.8% Little to no difficulty
- 29.9% Some difficulty
- 10.4% Great difficulty
- 3.9% (DON'T READ) DK/NA

Q17

Please tell me how important the following items are when considering candidates for entry-level positions at your firm: very important, somewhat important, or not at all important. (n=77)

Percentages among the 77 respondents that completed the survey over the phone

RANDOMIZE	<u>Very important</u>	<u>Somewhat important</u>	<u>Not at all important</u>	<u>It depends</u>	<u>(DON'T READ) DK/NA</u>
A. An industry recognized credential	20.8%	31.2%	45.5%	1.3%	1.3%
B. At least one year of industry related work experience	37.7%	39.0%	23.4%	0.0%	0.0%
C. A four year college degree or higher	2.6%	33.8%	63.6%	0.0%	0.0%
D. Technical training and expertise specific to the position they are applying for	46.8%	31.2%	22.1%	0.0%	0.0%

Q18

Are there any entry-level positions at your firm that you expect to hire for in the next 12 months that you are having at least some difficulty finding qualified applicants for and if yes, could you identify the position(s)?

Verbatim responses to be provided

SECTION 4 – Workforce Development & Training Needs – Non Entry-level

Q19

Now I would like to switch gears and ask about non entry-level positions at your firm

Thinking about the non-entry-level positions you hire at your current location, how much difficulty does your company have finding qualified applicants who meet the organization's hiring standards? (n=77)

Percentages among the 77 respondents that completed the survey over the phone

- 48.1% Little to no difficulty
- 32.5% Some difficulty
- 10.4% Great difficulty
- 9.1% (DON'T READ) DK/NA

Q20 How often does your firm recruit non-entry-level individuals from outside San Diego County? (n=77)

Percentages among the 77 respondents that completed the survey over the phone

- 1.3% Always (75 to 100% of the time)
- 2.6% Frequently (50% to 74% of the time)
- 19.5% Sometimes (25% to 49% of the time)
- 28.6% Rarely (1% to 24% of the time)
- 46.8% Never (0% of the time)
- 1.3% DK/NA

Q21 Are there any non-entry-level positions at your firm that you expect to hire for in the next 12 months that you are having at least some difficulty finding qualified applicants and if yes, could you identify the position(s)?

Verbatim responses to be provided

Lastly, I'd like to ask you a couple general questions and verify your contact information.

SECTION 7 – Revenue and Permission Questions

Q22

Before we finish, we want to get a sense of the size of your organization. This information will not be presented individually and your response will remain confidential.

In 2012, what would you estimate was the total revenue of your company?

[IF NOT ABLE TO GIVE A SPECIFIC ESTIMATE ASK]

(n=77)

Percentages among the 77 respondents that completed the survey over the phone, 43 respondents provided a numerical answer

<u>Total Revenue</u>	<u>Mean</u>	<u>Median</u>
\$457,682,500.00	\$10,643,779.07	\$175,000

Breakdown:

- 41.6% Under \$1 Million
- 10.4% Between \$1 million and just under \$10 million
- 1.3% Between \$10 million and just under \$50 million
- 0.0% Between \$50 million and just under \$100 million
- 1.3% More than \$100 million
- 45.5% (DON'T READ) DK/NA

Q23

Would you be willing to be contacted by researchers and/or educators who are developing new curricula for students interested in working in your industry and seeking input from industry representatives? (n=77)

Percentages among the 77 respondents that completed the survey over the phone

41.6%	Yes
51.9%	No
6.5%	(DON'T READ) DK/NA

Since it sometimes becomes necessary for the project manager to call back and confirm responses to certain questions, I would like to verify your contact information.

**Those are all the questions I have.
Thank you very much for your time.**

APPENDIX C: MATRIX OF THE SPORTS & ACTIVE LIFESTYLE INDUSTRY CLUSTER

<u>General Category</u>	<u>Secondary Classification</u>	<u>Specific Category</u>	<i>Product Design and Research & Development</i>	<i>Product Manufacturing & Production</i>	<i>Wholesale Trade & Logistics</i>	<i>Sales (Retail & Other)</i>	<i>Business Support Services</i>	<i>Event Planning, Facilities & League Organization</i>	<i>Coaching, Training and Supervising</i>	<i>Marketing, Advertising & Promotions</i>	<i>Service Provider</i>
Team Sports	Youth	Soccer									
Team Sports	Youth	Football									
Team Sports	Youth	Baseball									
Team Sports	Youth	Basketball									
Team Sports	Youth	Lacrosse									
Team Sports	Youth	Rugby									
Team Sports	Youth	Volleyball									
Team Sports	Youth	Hockey									
Team Sports	Youth	Other									
Team Sports	Adult	Soccer									
Team Sports	Adult	Football									
Team Sports	Adult	Baseball									
Team Sports	Adult	Basketball									
Team Sports	Adult	Lacrosse									
Team Sports	Adult	Rugby									
Team Sports	Adult	Volleyball									
Team Sports	Adult	Hockey									
Team Sports	Adult	Other									
Endurance		Running									
Endurance		Biking (road)									
Endurance		Biking (mtn)									
Endurance		Swimming & Aquatic Sports									
Endurance		Multi-Sport									
Individual Sports	Youth	Golf									
Individual Sports	Youth	Tennis									
Individual Sports	Youth	Boxing/MMA & other Combat Sports									
Individual Sports	Youth	BMX racing									
Individual Sports	Youth	Other									

General Category	Secondary Classification	Specific Category	<i>Product Design and Research & Development</i>	<i>Product Manufacturing & Production</i>	<i>Wholesale Trade & Logistics</i>	<i>Sales (Retail & Other)</i>	<i>Business Support Services</i>	<i>Event Planning, Facilities & League Organization</i>	<i>Coaching, Training and Supervising</i>	<i>Marketing, Advertising & Promotions</i>	<i>Service Provider</i>
Individual Sports	Adult	Golf									
Individual Sports	Adult	Tennis									
Individual Sports	Adult	Boxing/MMA & other Combat Sports									
Individual Sports	Adult	BMX racing									
Individual Sports	Adult	Other									
Individual Sports	Indoor Sports	Bowling									
Individual Sports	Indoor Sports	Darts & Other									
Individual Sports	Indoor Sports	Pool / Billiards									
Lifestyle/Extreme Sports	Ocean	Surfing (Short & Long)									
Lifestyle/Extreme Sports	Ocean	Kite-surfing									
Lifestyle/Extreme Sports	Ocean	Windsurfing									
Lifestyle/Extreme Sports	Ocean	Paddling, Rowing & SUP (Ocean & Flat)									
Lifestyle/Extreme Sports	Ocean	Sailing									
Lifestyle/Extreme Sports	Ocean	Fishing									
Lifestyle/Extreme Sports	Street	Skateboarding (Short & Long)									
Lifestyle/Extreme Sports	Air	Sky-diving									
Lifestyle/Extreme Sports	Air	Bungee Jumping									
Lifestyle/Extreme Sports	Mountain	Mountaineering									
Lifestyle/Extreme Sports	Mountain	Rafting, Kayaking (river paddling)									
Lifestyle/Extreme Sports	Mountain	Rock-Climbing									
Lifestyle/Extreme Sports	Mountain	Fishing & Fly Fishing (river & lake)									
Lifestyle/Extreme Sports	Mountain	Winter sports (Skiing, Snowboarding)									
Lifestyle/Extreme Sports	Outdoors	Hunting & Shooting									
Lifestyle/Extreme Sports	Outdoors	Equestrian (Equine Activities)									
Lifestyle/Extreme Sports	Outdoors	Other/New									
Motor Sports	Off-Road	ATV's									
Motor Sports	Off-Road	Motorcycles									
Motor Sports	Water	Boats (Freshwater)									
Motor Sports	Water	Boats (Saltwater)									
Motor Sports	Water	Personal Watercraft									
Health & Wellness		Yoga & Pilates									
Health & Wellness		Weight loss									
Health & Wellness		Sports Performance									
Health & Wellness		Traditional Gymsnasiums									
Health & Wellness		Cross-Training Gymsnasiums									
Health & Wellness		Other Fitness Classes									