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CARTER JONES

For Progress

Workforce shortages in Perham, particularly in manufacturing, peaked to a "crisis level" about two years ago. While the situation is less dramatic today, shortages remain an issue for some major employers in town.

PERHAM HAS MORE JOBS THAN PEOPLE

Business and community leaders tackle the demands of a growing workforce with collaboration and creativity

BY MARIE JOHNSON For Progress

Perham is famous for being Minnesota's small town with "more jobs than people."

The city is home to an estimated 3,397 residents, and more than 4,400 jobs. That's a full thousand more jobs than people, in a town that only has a few thousand people to begin with.

Analyses by the Minnesota Department of Employment and Economic Development, or DEED, show Perham has been a "labor importer" and "regional employment center" for decades. It was an economic boom that started in the early 2000s, though, that really created the dramatic job surplus of more recent years.

Between 2006 and 2015, Perham employment increased at a rapid and steady rate, with nearly 1,200 jobs added. This was "despite a recession in 2008 which led to massive job losses in most of Minnesota, including Otter Tail County," according to one DEED report.

Perham's job boom peaked about two years ago, when the community found itself in a "crisis situation," as it was dubbed by Perham business leaders and later reiterated by media outlets. At that time there were about 350 unfilled jobs in town, and employers were scrambling to patch those holes.

The situation appears to have cooled since then, but hasn't disappeared altogether. Today, insiders say, there are significantly fewer unfilled positions in Perham than there were at that peak, but

a handful of top employers still report shortages — shortages bad enough to potentially affect their bottom lines.

"The rapid pace of growth in Perham that was happening for a while there has started to slow down now," says Chuck Johnson, Perham's Economic Development Director. "I think that's because it was time to slow down. It was starting to choke."

Large employers, particularly manufacturers needing a high number of entry-level laborers, which are especially hard to come by, reached a point of desperation at the height of the shortage, with some forced to turn down new business because they simply didn't have enough people to produce any new orders.

In addition, Johnson says two prospective major employers expressed interest last year in bringing their companies to Perham, but both "got scared off because of the potential inability to find employees. After serious discussions, they backed away because they know how tight Perham is."

Ken Stine measures a piece of metal in the shop of Perham Steel and Welding.



It's a tough world out there today. It's more visible in Perham because we've got that growth and that job need that's been out there for a long time, but societally, the Baby Boomer retirement is putting a crunch on everybody.

— CHUCK JOHNSON,
PERHAM ECONOMIC
DEVELOPMENT DIRECTOR



Worker shortages are not unique to Perham. Communities and businesses across the state, region and beyond have been fretting about employment for years. The nation is in the midst of a Baby Boomer “retirement wave,” Johnson explains, “and there’s a lot of wave left yet.”

“It’s a tough world out there today. It’s more visible in Perham because we’ve got that growth and that job need that’s been out there for a long time, but societally, the Baby Boomer retirement is putting a crunch on everybody,” he adds. “(Employers) aren’t just competing for people in Perham, they’re competing for people all across the U.S. That’s why the unemployment rate is what it is today (it was under 4% at the end of 2018), because there just aren’t people to hire.”

When communities are lucky enough to experience rapid economic growth as Perham has, people usually end up describing the situation as “too much of a good thing” or “a good problem to have.” Industry flourishes, and it’s

the rest of the community’s job to keep up. Commercial growth requires more workers, and those workers require homes and services like healthcare, daycare and good schools, amenities like restaurants and workout centers, plus opportunities for entertainment and recreation.

Every sector of the community — health, education, religion, government, business, arts and entertainment, etc. — is connected, and they’re all responsible for the community’s success or failure. A community either grows together, or it falls apart.

That’s where Perham gets it right.

‘WHY IS PERHAM...?’

Johnson says most of the questions he gets about Perham from people who’ve never lived here start with, “Why is Perham...?”

As in, “Why is Perham, a tiny town in the rural Midwest, always making headlines?” “Why is Perham always growing?” “Why is Perham so successful?” “Why is Perham, *Perham*?”



Hundreds of Ethernet cables keep Perham Health's computer network connected, demonstrating the big role that tech, and tech workers, play at major companies today.

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The answer to those questions, Johnson believes, is threefold: part of it is due to the city's size and location, part of it is strong leadership, and part is simply "dumb luck."

Perham "won the lottery" in terms of the character, quality and unusually large number of entrepreneurs that chose to establish themselves here years ago, and then ended up making it big, Johnson says.

Families that are locally famous now, like the Arvigs and the Nelsons, among others, were once rookie players when they started out on the scene generations ago, and no one at the time could have predicted their future success. But thanks to "good values and business sense," along with that "dumb luck" Johnson mentioned, those families are now leading some of the biggest and most well-respected businesses in the region, like Arvig and KLN.

Then there were other big companies that, for whatever reason, chose to settle here, like Bongards, and Kitmasters. And due to the area's strong agricultural presence, farmers and farming organizations like the Lakes Area Coop have flourished, bringing billions of dollars into the local economy over the years. Tourism is also strong thanks to the area's abundant opportunities for outdoor recreation.

"There is something to be said for dumb luck," says Fred Sailer, a recruiter at KLN and member of the Perham Jobs Committee. "You've got a combination of



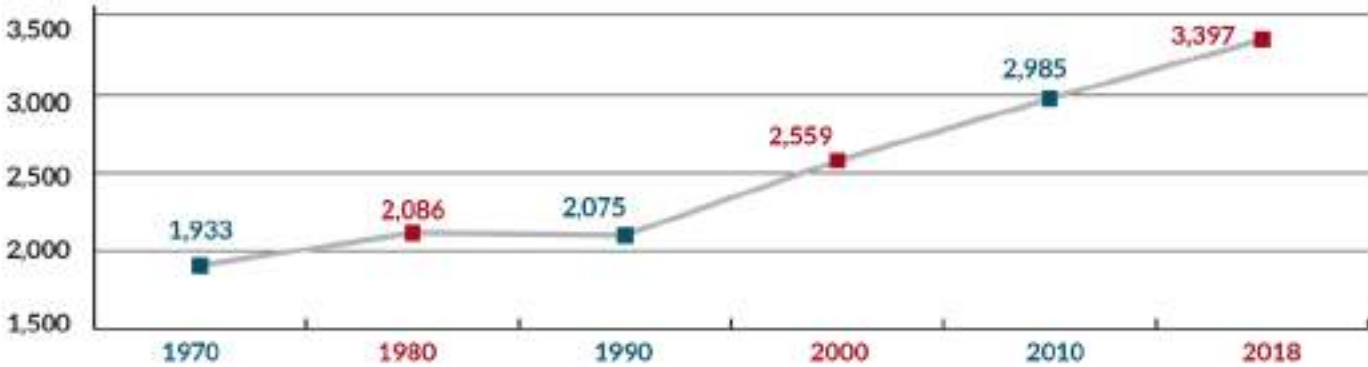
tourism, industry, agriculture... and also the distance from Fargo allows Perham to have a unique retail presence."

Size matters, too, according to Johnson: "Perham is small enough that you can't hide," yet big enough to offer resources and opportunities for professional growth.

"So part of the 'why' of Perham is that — the lottery stuff," Johnson says. "We won the lottery a few times, by accident. But I really think what separates Perham apart...is leadership. And the leadership thing doesn't happen by accident — it's a self-fulfilling prophecy."

An architect reviews a building plan in an office at BHH Partners in Perham. BHH has been behind many of the community's recent big-ticket construction projects, including the new Perham Health and Perham High School.

POPULATION GROWTH IN PERHAM, 1970-2018



From information submitted by Perham Economic Development Director Chuck Johnson

TOP EMPLOYMENT FIELDS IN PERHAM

34%

Manufacturing (accounts for more than a third of all employment, with more than 1,500 jobs)

25%

Other (1,139 jobs)

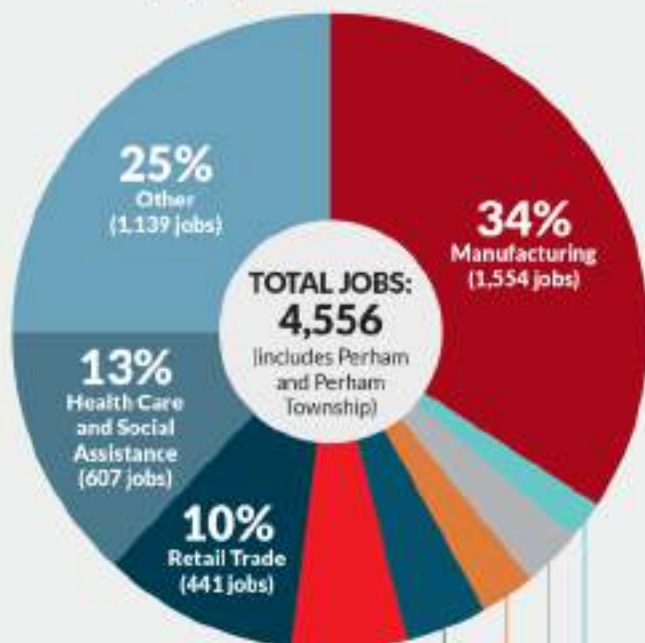
Transportation, Agriculture, Forestry, Construction, Real Estate, etc.

13%

Health Care and Social Assistance (607 jobs)

10%

Retail Trade (441 jobs)



6%

Educational Services: (257 jobs)

4%

Administrative Support and Waste Management Services: (165 jobs)

3%

Information: (149 jobs)

3%

Wholesale Trade: (144 jobs)

2%

Finance and Insurance: (100 jobs)

From a 2016 report by the Minnesota Department of Employment and Economic Development

That leadership goes back to those 'founding families' of modern Perham, which instilled a spirit of collaboration, optimism and success into the community in its early days, and that's carried through into today.

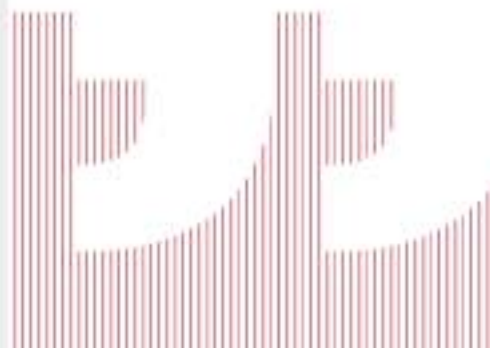
"I grew up in this community, and it wasn't okay to be average," Sailer contends. "When you have that kind of leadership, it brings you up to another level. When the tide goes up, all ships float. There's that mentality here."

It helps that many of the top employers in town are locally-owned, family-run businesses, which are typically more willing to invest in the community than companies without strong local ties.

"Those owners stay, even through tough times, because this is their home, and their employees are their neighbors," Johnson says. "We tend to forget, I think, the value of local ownership."

I grew up in this community, and it wasn't okay to be average. When you have that kind of leadership, it brings you up to another level. When the tide goes up, all ships float. There's that mentality here.

- FRED SAILER, KLN RECRUITER AND JOBS COMMITTEE MEMBER





CLOCKWISE FROM TOP:
Shots of espresso
pour from a
machine at a
local coffee shop.
Perham has a
strong supply
of retail and
hospitality jobs.

Curt Palubicki
uses a joy stick
to operate the
mechanical arm
on his Steve's
Sanitation side
loading garbage
truck.

A display of
oranges at a
local grocery
store. Retail is
one of the top
employment
fields in Perham.



Perham benefits from what Johnson describes as a "leadership pyramid." There are really strong leaders at the top who work well amongst themselves and with others to create solutions for whatever problems come up in the community, he explains, and their can-do attitudes filter down to everyone else. These leaders also work to recruit and bring their associates back to town to fill other leadership roles, which continues to feed the cycle of success.

"Perham has very significant leadership...and it's been like that forever," he says. "I'm very strongly convinced that the thing that separates Perham from almost any other town, is leadership."

WHERE THE NEEDS ARE

Dave Schornack, director of sales and business development at Arvig and a longtime real estate developer, recently said, "I think one of the biggest detriments that we have as a community is not having a large enough workforce. Sometimes when you have too many opportunities for jobs, it may limit the amount of creativity as far as creating

I think one of the biggest detriments that we have as a community is not having a large enough workforce.... The No. 1 thing holding us back as a community, and as an area, is the workforce.

— DAVE SCHORNACK, DIRECTOR OF SALES AND BUSINESS DEVELOPMENT AT ARVIG

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new jobs, new companies...new ideas that could be spun off of the businesses in town. The No. 1 thing holding us back as a community, and as an area, is the workforce."

According to DEED, manufacturing has the greatest workforce needs in Perham right now, but plenty of other fields need people, too.

"When you think about jobs in Perham, it's real common to think about the production jobs, but the fact of the matter is, Perham has a lot of professional jobs," says Johnson.

"You need accountants, a legal team, food scientists, sales and marketing people..." according to Saller. "There are a lot of professional jobs that go along with our local industry and business."

Manufacturing jobs account for more than a third of all employment in Perham, with more than 1,500 jobs, making it no surprise that there's such a need for manufacturing workers. Other top employment fields in town include health care, retail, education and administrative support. While worker shortages are less dramatic today than they were a couple years ago, certain professions are chronically hurting. Part-time, seasonal, and entry-level positions of all types are always hard to find good candidates for, local employers say, and retainment is usually an issue for those, as well. Certain skilled, specialized roles can be tricky to fill, too.

At Perham Health, which employs 583 people between its hospital, clinic and assisted living facilities, Human Resources Director Pat Ferguson says it can be a bit of a challenge to fill specialty positions and nursing assistant positions, but shortages are relatively rare overall.

"Our biggest challenge is nursing assistant positions at the nursing home," she says. "It has the highest turnover and number of openings as an organization. We are very fortunate in the hospital, as far as shortages. We usually only have one or two openings at any time for nurses."

RIGHT: Pete Waldon, of Disgruntled Brewing in Perham, shows off some hop pellets used in brewing beer. Becoming a master craft beer brewer takes skill, creativity and years of practice.

FAR-RIGHT: Wort is drained from a tank during a test batch of craft beer at Disgruntled. Most people tend to think of manufacturing jobs when they think of the employment Perham has to offer, but there are plenty of opportunities for professional, entrepreneurial and creative jobs as well.

Even so, recruitment is a neverending process. The healthcare organization is constantly working to maintain a strong presence on the web, Ferguson says, as the majority of job applicants find out about their openings through online job postings. People are applying from an expanded region these days, she says, with some people willing to commute from as far away as Alexandria.



TRAVELING HERE, THERE AND EVERYWHERE: COMMUTING TO AND FROM PERHAM*

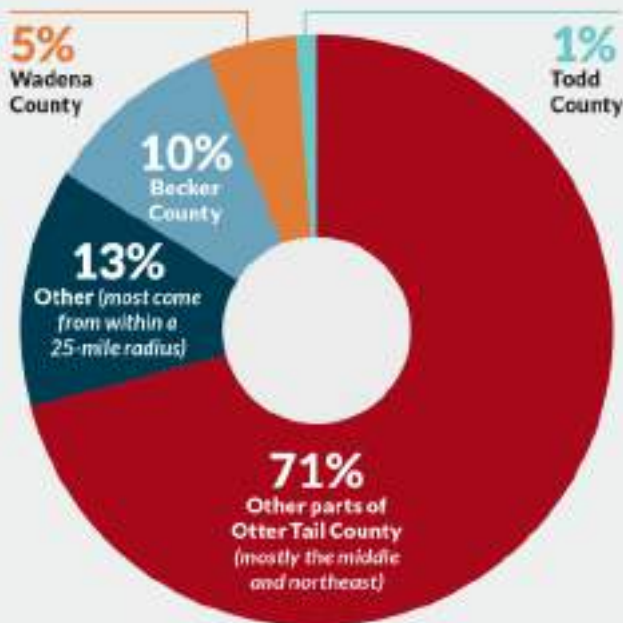
- ▶ More than 3,000 workers commute to Perham every day, while almost 1,000 Perham residents commute out. Approximately 718 Perham residents stay in Perham to work.
- ▶ The vast majority of Perham workers who commute into town live in Otter Tail County and drive less than 25 miles to get here. About 82 percent of those come from within the middle and northeastern parts of Otter Tail County, another 10.1 percent from Becker County, and 3.7 percent from Wadena County.
- ▶ Almost 17 percent of commuters out of Perham travel 30 minutes or longer to their jobs, but the mean travel time is 12.2 minutes.
- ▶ While Perham is a labor importer, with more jobs than people, the 25-mile radius around the city is the opposite; approximately 11,751 people who live in that radius commute out of it for work every day.
- ▶ Residents within that 25-mile radius mostly remain in Otter Tail County for work, but nearly a quarter travel to other counties, primarily Becker and Wadena Counties as well as Cass County, N.D.
- ▶ More than half of total commuters from Perham are ages 30 to 54.

*From the most recent data available from the Minnesota Department of Employment and Economic Development.

[DEED data, "Commuting Patterns - Perham, MN," from Dec. 2017.]



82% of Perham's workforce commutes into town for work: Where are they coming from?†



Roughly 720 Perham residents commute out of town for work. Most go to Becker and Wadena Counties in Minn., as well as Cass County, N.D.

FAST FACTS ABOUT WORK AND WORKERS IN PERHAM*

Overall employment growth has slowed in the past few years, but growth in several industries remains much higher than average, including healthcare and social assistance, wholesale trade, transportation and warehousing, and public administration.

Between 2006 and 2015, Perham employment increased at a steady rate, adding nearly 1,200 jobs. This occurred despite a recession in 2008 which led to massive job losses in most of Minnesota, including Otter Tail County. Manufacturing accounts for more than a third of total employment growth.

More recently, employment in Perham decreased by over 50 jobs from 2015 to 2016, the first annual decrease in local employment since at least 2012. Perham Township, however, added nearly 30 jobs in that same time period, keeping local losses to a minimum.

Wages for production occupations are generally lower in West Central Minnesota than in the state as a whole, with production workers earning an average hourly wage of \$13.08.

Labor force growth from 2012-2015 indicates that many new local jobs were filled by new labor market entrées. Job growth in Perham significantly outpaced local labor force growth, indicating many (but not all) new jobs were filled by non-residents.

*According to the most recent data available from the Minnesota Department of Employment and Economic Development

To help with recruitment, Perham Health has just launched a new marketing campaign to brand itself as a great place to work. Its new slogan, printed on posters and business cards that get handed out at career fairs, is "We don't do average, we do awesome!" — a carryover from the theme of last year's Company Appreciation Week.

Along with recruitment, Ferguson says Perham Health is focusing on retention as a major strategy against worker shortages, putting it in the same boat as a few other key employers in town, such as KLN. Perham Health has begun offering more trainings and educational sponsorships, and has been working more directly with its nursing staff to provide them with their preferred shifts.

"Our model of care brings us really high quality candidates," she says. "And we never take that for granted. We are working on that every single day."

"It's not a crisis," she adds of the current employment situation in town. "But we can't take our eye off the ball." •



Small businesses, like the new Willow Bookstore that opened on Main street this past fall, tend to do well in Perham. The town has a reputation for being good to entrepreneurs, and business owners work together for the overall benefit of the community and their businesses.



<i>Mindy Christensen</i> STYLIST/SPA TECH	<i>Natalie Langen</i> SALON COORDINATOR	<i>Missy Lubitz</i> CO-OWNER STYLIST	<i>Bri Tuman</i> STYLIST	<i>Sarah Jayne</i> CO-OWNER STYLIST	<i>Karla Kupfer</i> SALON COORDINATOR	<i>Jennifer Holzer</i> MESSAGE THERAPIST	<i>Cassie Disselbrett</i> STYLIST/SPA TECH
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