

# *Business Sector Business Retention and Expansion*

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*Markdale Chamber of Commerce*

A Report examining the strength of business conditions in Grey Highlands across different business sectors using a survey and analysis.



**Growing Business in Grey Highlands!**

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*Markdale Chamber of Commerce*

19 Toronto St North Box #177  
Markdale ON, NOC 1H0

Phone: 519-986-4612  
Fax: 519-986-4612  
Email: [markdalechamber@cablerocket.com](mailto:markdalechamber@cablerocket.com)



*Markdale Chamber of Commerce*  
The Olde Firehall, 19 Toronto St. N., Box 177, Markdale, Ontario N0C 1H0  
Phone/Fax: 519-986-4612 markdalechamber@cablerocket.com Toll Free: 888-986-4612  
[www.village.markdale.on.ca](http://www.village.markdale.on.ca)

## **BR&E BUSINESS SECTOR REPORT**

### **INTRODUCTION:**

#### ***What is BR&E:***

Business retention and expansion is a community-based economic development strategy with a focus on “*taking care of, nurturing and supporting*” businesses already existing in the community. A structured business survey is utilized as a means of beginning a dialogue with local businesses with the intent of identifying issues, concerns and potential opportunities and taking action where appropriate. BR+E works to improve the competitiveness of local businesses by identifying and addressing their needs and concerns and building on business development opportunities. This is crucial to the sustained viability of communities since businesses that stay competitive are more likely to remain and expand in the community.

**BR+E is “An ongoing cooperative effort between business, local government, agencies, other organizations and people in the community. With the purpose of identifying opportunities and actions to assist local businesses in expansion, the retention and creation of jobs and the diversification of the local economic base, as well as the implementation of defined actions to improve the local business climate.”**

#### **Short-Term Objectives**

- Build relationships with existing businesses
- Demonstrate and provide community support for local business
- Address urgent business concerns and issues
- Improve communication between the community and local businesses
- Retention of businesses and jobs where there is a risk of closure

#### **Long-Term Objectives**

- Increase the competitiveness of local businesses
- Job creation and new business development
- Establish and implement strategic actions for local economic development
- Strong viable local economy

### **Why BR&E :**

Research and anecdotal evidence has shown that the majority of new jobs created come from existing businesses. David Birch, MIT, in his study “Jobs Created in America”, identifies that 40-80% of new jobs created come from existing businesses. The following represent a number of the key reasons for incorporating business retention and expansion in an overall community economic development strategy.

#### *Business retention and expansion:*

- contributes significantly to the growth of the local economy through job creation, increased property assessment, etc.;
- facilitates the gathering of strategic business intelligence, which can lead to the development of an effective strategic planning for economic development;
- represents a more cost-effective approach to economic development than the attraction of new businesses;
- facilitates the development and implementation of actions to address urgent business issues i.e. early warning system;
- acts as a business attractions strategy; and
- facilitates the development of an improved local business climate.

Communities interested in economic development cannot afford not to be involved in taking care of their existing business sector. Businesses and communities benefit from such a strategy.

### **BR+E in Ontario: Past and Present**

A select number of municipalities in Ontario, particularly large urban municipalities with financial and human resources available, implement some form of a business visitation program. Smaller municipalities on the other hand, have generally not had the resources or the staff to initiate such an economic development strategy.

In 1997, the Rural Programs Branch of the Ontario Ministry of Agriculture, Food and Rural Affairs took steps to develop business retention and expansion (BR+E) resources (survey, database, implementation manual, promotion and training resources) for use by rural communities. Ten communities representing a broad cross-section of rural communities in northern and southern Ontario agreed to participate in this BR+E pilot program. The successful pilot program has encouraged other

municipalities to engage in this strategy.

Almost 100 community BR+E projects have been implemented utilizing the BR+E resources. The following represent examples of BR+E outcomes and impacts at the community level.

### **Economic impacts from 9 BR+E projects**

Actions taken to assist in the expansion of existing businesses and prevent the closure and/or relocation of existing businesses

- 1090 jobs saved & 100 new jobs created
- \$45 million in wages & salaries
- + 600 jobs projected to be saved in future

Wide range of specific actions implemented to support the business sector

- • Improved municipal approval processes
- • Workforce and skills development programs
- • Customer service training
- • Tourism marketing
- • Targeted business counseling services
- • Export development and import replacement programs
- • Infrastructure development
- • Health care facility development
- • Improved business climate

### **The Future of BR+E in Ontario**

Community response to the BR+E web-based application has been extremely positive. It is anticipated that upper and lower tier municipalities, Community Future Development Corporations and economic development organizations will avail themselves of this economic development resource.

## **MUNICIPALITY OF GREY HIGHLANDS:**

With a population of more than 9,000, the Municipality of Grey Highlands is a group of communities with a shared economic base, marketplace, workforce, and history. Grey Highlands was formed when the former townships of Artemesia, Euphrasia, Osprey and the Village of Markdale were amalgamated in 2001.

The Municipality of Grey Highlands is located in the middle of Grey County, well situated among the major centres of southern Ontario and popular recreational areas along the eastern shore of Lake Huron and southern Georgian Bay. It is only a 1½ to 2 hour drive from Grey Highlands to centres in Canada's "Golden Horseshoe" industrial heartland, such as Toronto, Kitchener-Waterloo and Hamilton. The City of Owen Sound offers Great Lakes port and shipping facilities 32 kilometers to the north, as does the Town of Goderich situated approximately 100 kilometers to the southwest.

Agriculture is one of the largest industries in Grey Highlands. Farms range from small and family-owned to large and highly automated. Mennonite families from Waterloo Region have migrated to Grey Highlands and contribute to the success and prosperity of the agricultural lifestyle. The area is also well-supported by a variety of industries ranging from small service industries to large manufacturing corporations.

The Municipality of Grey Highlands is situated in one of the most beautiful parts of Grey County. The area proudly boasts the natural beauty of waterfalls, the Bruce Trail, the Osprey Bluffs, the Saugeen and Beaver Rivers and Lake Eugenia. Truly making Grey Highlands the place for all seasons.

## **OVERVIEW OF GREY HIGHLANDS PROCESS:**

Through December 2009 and March 2010 the Markdale & Flesherton Chambers of Commerce conducted a Business Retention and Expansion (BR&E) Survey for the entire municipality of Grey Highlands. In the fall of 2009, the Chamber successfully applied for a Community Futures Rural Development Fund grant through Saugeen Economic Development Corp. to undergo this project. The project entailed training provided by Ontario Ministry of Agriculture, Food and Rural Affairs

(OMAFRA), the recruitment of volunteer visitors to conduct surveys, subsequent training of interviewers, and a volunteer leadership team. The survey data was then entered into an online database provided by Executive Pulse, as arranged through OMAFRA for analysis. The survey portion of the project was completed by the end of March 2010. The volunteer Leadership Team developed an interim report and created a Task Force to study ways to implement actionable strategies as determined by the needs identified in the surveys. Public meetings were held in February 2011 to share the report results with the public and seek further input.

### **BACKGROUND OF BR&E – LEADERSHIP TEAM**

The BR&E process was developed a decade ago by OMAFRA as a tool for small rural communities to identify strengths and weaknesses within their local economic climate. Each community is invited to include its own local questions in the process to assess any specific issues to be dealt with during the project. There are many online and printed resources available as well as OMAFRA staff support. A volunteer Leadership team is developed locally to oversee the process. The Markdale Chamber's Leadership Team for this project consisted of the following dedicated volunteers, who are here recognized and thanked for their contributions:

- Charmaine Peever, Committee Chair - Vice President of Markdale Chamber
- Doug Crawford – President of Markdale Chamber – Markdale Foodland
- David Turner – President of Flesherton & District Chamber – Flesherton Art Gallery
- Wayne Fitzgerald – Past President Markdale Chamber
- Rick Gamblen – Director of Markdale Chamber – Grey Bruce Insurance
- Kathy Gamblen - Director of Markdale Chamber – Grey Bruce Insurance
- Lynn Silvertan - Director of Markdale Chamber – Municipal Councilor
- Stewart Halliday - Director of Flesherton Chamber – Municipal Councilor
- Dave Barrett – Project Manager for Saugeen Economic Development Corp.
- Kate Russell – Project Coordinator – Markdale Chamber Coordinator
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### **SURVEY EXPLANATION – VOLUNTEER VISITORS**

Surveys were conducted at random from a business listing of as many businesses in Grey Highlands as were found during a comprehensive search of local listings, phone books, ads and other sources. Each business was assigned within a business sector, and then those sectors were sampled to a size to reflect their size in the community. Some sectors not included - mining/forestry; public administration; healthcare and agriculture. (Agriculture has been the subject of a sector-specific survey during 2011

and the final report is now available.) Once selected, businesses to be surveyed were contacted and volunteer visitors set up interview times at the convenience of those to be interviewed. Each volunteer visitor was trained to do the interviews during two training sessions or one-on-one training with the project coordinator. Many thanks go out to the following volunteer visitors who participated in the project:

- Lucy Anders
- Phillip Alliston
- Debra Bujeya
- Alan Coleclough
- Doug Crawford
- Denise Edwards
- Williard Foster
- Kathy Gamblen
- Rick Gamblen
- Diane Jackson
- Art Jefferies
- Janet Lamb
- Charmaine Peever
- Elizabeth Pierre
- David Turner
- Mont Wehrle

***THANK YOU!***  
***WE COULDN'T HAVE DONE IT WITHOUT YOUR SUPPORT***  
***AND HARD WORK!***



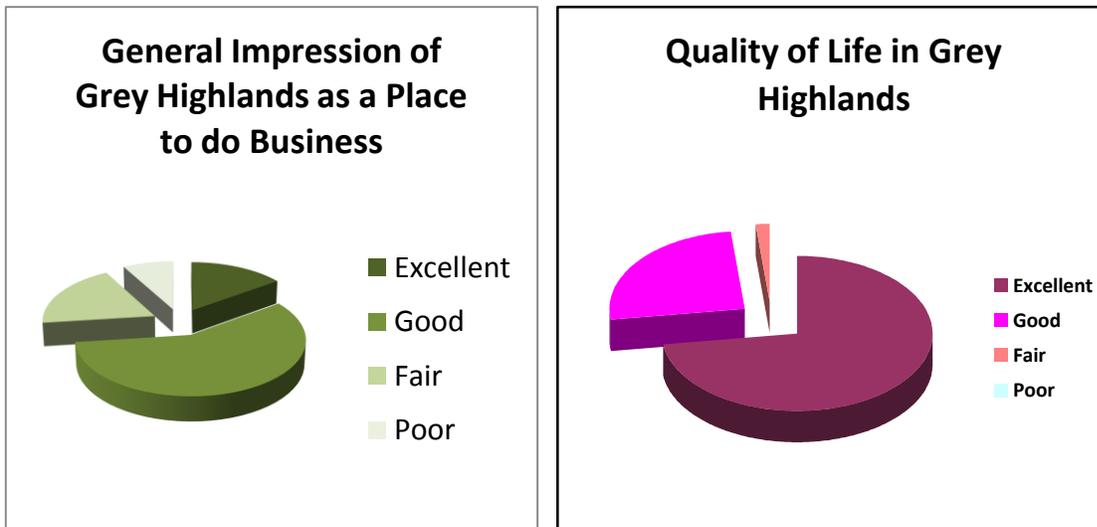
## OVERVIEW OF FINDINGS – STATISTICS

In reviewing the completed BR&E surveys, the Leadership Team chose to focus on three main sections of the study for development of an interim report and the building of the Task Force. These 3 areas are **1) Business Climate 2) Local Climate 3) Future Plans.**

The first area reviewed was the overall **BUSINESS CLIMATE**. The following is a summary of the findings:

**73** per cent of respondents feel this is a **GOOD** community to do business in.

**98** per cent said the **QUALITY OF LIFE** in Grey Highlands is excellent or good.



Satisfaction level is **good or high** regarding:

- policing
- fire prevention
- public utilities
- street repairs
- snow and garbage removal

**The top 5 issues affecting business expansion were identified as**

- lack of proactive business recruitment & suitable land availability
- water/sewage availability and capacity
- approval processes & development charges
- information technology accessibility
- need for more medical facilities.

**The following were items identified as needing more information available to the public:**

1. Local training board
2. Community College/university – regional facilities
3. Cultural facilities and assets
4. Saugeen Economic Development Corp. - Community Futures Corp.
5. Business Development Bank of Canada
6. Business Enterprise Centre in Owen Sound
7. Granting opportunities through: OMAFRA, Ministry of Culture & Tourism etc.

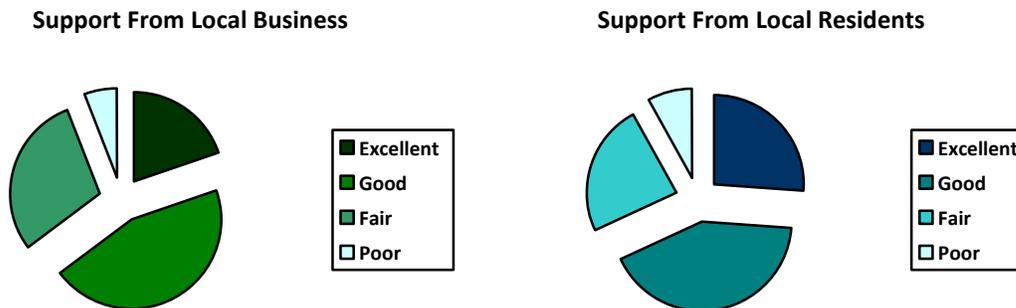
**IDENTIFIED ACTION FOR FOLLOW-UP:** To create a resources list, post the information online and be made available at public offices – such as the Chamber, the municipality etc. Contact representatives of these groups to arrange information sessions in the community. Ensure the continuation of promoting and marketing the quality of life in Grey Highlands. Ensure the Task Force has representation to address all items identified.

**ACTION:**

Creation of the resource list is an ongoing project with much of the information available at the office of the Markdale Chamber. Public information sessions were held late February 2011 and October 2011.

The second area The Leadership Team reviewed was the **LOCAL CLIMATE**.

Overall business owners felt that they received good support from other local business 65% as well good support from local residents 68%



**The top issues affecting local climate were identified as:**

- Availability of labour/cost of labour.
- Transportation costs/availability - Trucking costs.
- Appropriately zoned land
- Municipality
  - Local Permit process –73% low satisfaction. Planning and building is an issue.
  - Availability of utilities
  - Municipal taxes – (Breakdown of Distribution)
  - Support from municipality – 75% low satisfaction
  - Water/sewer capacity
  - Development charges
  - Municipal bylaws – 70% low satisfaction
- Access to markets/clients
- Access to suppliers.
- Telecommunications infrastructure- outdated.
- Size of local market
- Access to Research & Development – (information/resource)
- Access to training facilities- (information/resource)

**IDENTIFIED ACTION FOR FOLLOW-UP:**

To ensure the task force has community business members and community leaders including members of the Municipality to address each of the above items. Provide additional input to the Task Force from public meetings and information collected from community group meetings.

**ACTION:**

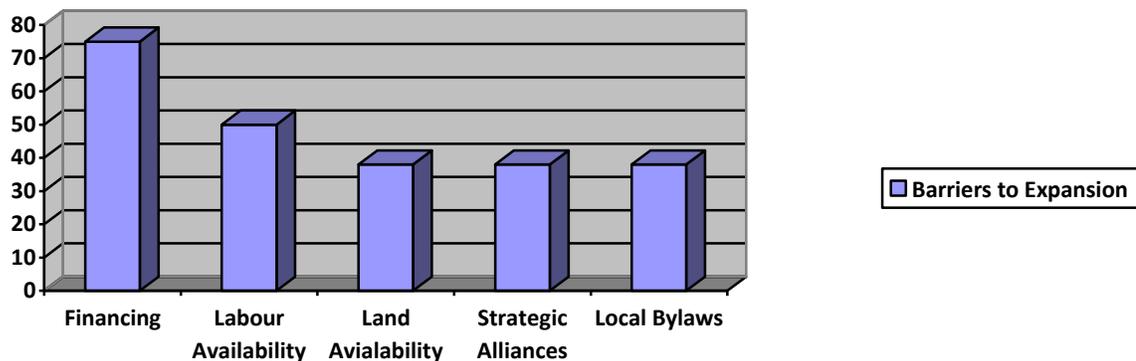
The Task Force did include business and community leaders as well as representatives from the Municipality. There were public meetings and several presentations to Grey Highlands Council to share the results of the BR&E survey.

**The third review is a comprehensive look at the FUTURE PLANS of businesses in the area, with the following notable information:**

- Half businesses surveyed are expanding - good indicator of local growth
- 88% of expansions will include new equipment
- 75% of expansions because of business innovation
- 88% of expansions will include an increase in workforce and increase in services
- 71 % of expansions will include investments in equipment and new technology

**The top issues affecting the Future Plans of Local Businesses are:**

- About half those expanding need help with financing needs.
- **Issues as barriers to expansions include:**



**IDENTIFIED ACTION FOR FOLLOW-UP:**

To ensure the Task Force has representatives from the banking industry, Business Development Bank, and the Saugeen Economical Development Corp. in addition to those representatives from the municipality and business community to address these issues.

**ACTION:**

Representatives of the municipality, banking and business communities were represented on the Task Force. A business information session was held October 19<sup>th</sup>, 2011 to share information from these groups with business owners. A Business Development Facilitation Session was held in 2010 and the results are included with this report.

## **Business Development Facilitation Session:**

### *What 'Skills' does a business owner need to grow a business?*

The top 5 responses are:

- Business Planning
- Vision
- Sales and Marketing
- Product Knowledge
- People Skills – Ability to manage staff and delegate responsibility

### *What information does a business owner need to grow a business?*

Information to **develop a business plan**. Each business is different and requires knowledge of appropriate costs and returns. A business plan usually contains a listing of assets, inventory and liabilities, a balance sheet, and an Income and Expense statement for the previous year. Lending institutions require a Projected Income and Expense statement for the following year and also projections for the next 3 to 5 years. Cash flow statements are included on a weekly, monthly or quarterly basis depending on the business. Items that need to be considered for income and expenses include:

- Building costs – capital costs including financing vs. renting or leasing
- Equipment costs
- Utility costs – heat, hydro, water, septic, communication devices, etc
- Retail items for resale
- Labour costs

Revenue includes mark up on product and labour. Other businesses (retail) pay for labour costs from the product that is sold.

A '**Vision**' usually happens before a **business plan** is drafted. Often a '**Vision Statement**' is included in the **business plan**.

**Marketing plans** are usually included in a **Business Plan**. What marketing tools work best for your business? Some tools include:

- a web site,
- social media tools such as Face Book, Twitter
- Flyers, newspaper advertisements
- Radio and TV advertisements
- Signage
- Networks

Determine which tool(s) are the most effective for the dollars invested.

Marketing product into other countries requires knowledge of money exchange rates, government regulations, transportation costs and penalties associated with late delivery.

***Knowledge of your Industry, Product, Service that is being marketed***

What products, services, grants and loans does government ministries and agencies have available for business? Information can be obtained from the following:

- Ontario Government
- Federal Government
- Saugeen Economic Development Corporation
- Business Development Bank
- Business Enterprise Centre

Going Green. Is there any government assistance to help? Can we Reuse, Recycle, Reduce in our business? It is especially advantageous if savings occur for the business.

***Other suggestions***

Small tourism related businesses are open for the summer and/or winter season. These businesses need to be encouraged to keep businesses open year round.