

# BREI Annual Conference



## Maximize the Value of Business Visitation (*Make it Worth Everyone's Time*)



# Maximize Value of Biz Visitation

- To do this, visitation needs to serve EcD purposes beyond BR&E itself
- It is the major tool to:
  - Understand improvements required to the overall business infrastructure, environment
  - Understand weaknesses in the “People & Relationships” part of EcD success
  - To give to biz’s, not just take...



# Formula for Economic Development Success®



# Maximize Value of Biz Visitation

- Use it to:
  - Address/strategize improvements required to the overall business infrastructure, environment
  - Address/strategize weaknesses in the “People & Relationships” part of EcD success



# **Finding Real Purpose for doing BR&E**

- What are your thoughts, ideas on the real purposes for conducting BR&E:
  - A
  - B
  - C
  - D
  - E

# Possible Valid Purposes for BR&E

- Consider these (more is better):
  1. Part of consultation to prepare a Community, EcD, Sector, or FDI strategy
  2. To introduce yourself as EDO into community, or to introduce revitalized EcD program
  3. To validate suspected or known issues in the business environment
  4. To identify investment readiness issues

# **Possible Valid Purposes for BR&E**

5. To identify particular business infrastructure or support gaps
6. Relationship-building with local businesses/build capital with business community
7. To support the building and implementation of an investment attraction program
8. To diversify the local economy
9. To identify business succession planning opportunities

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# Economic Diversification

- With the fall in oil prices, the need for diversification has been painfully & dramatically illustrated in Alberta
- Rest of country slower to come to that realization, although Ontario took a big hit on manufacturing in 2008-09



# Diversification vs. Specialization

- Since Michael Porter's cluster theory, cluster or sector development has been the EcD rage
- Some communities are overly focused on cluster development
- Diversification is not for all communities



# **Diversification or Specialization Requires:**

- A strong foundation of investment readiness to support
  - Business retention
  - Business growth
  - Entrepreneurship, new biz starts
  - Investment attraction

# Investment Readiness

- Still a huge weakness in communities across Canada
- Lack of investment readiness negatively impacts diversification, specialization, and economic growth

# Investment Readiness Fundamentals Frequently Lacking



- 2017 Data & Information Readiness
- Community/Economic Profile
- Maps (location, transportation, labour)
- ED website: lacking or incomplete
- Available properties inventory
- Inadequate infrastructure (hard/soft)
- Competitive analysis



# **Investment Readiness Fundamentals Frequently Lacking**

- Labour force data, analysis,
- An EcD Strategy
- Marketing strategy, collateral
- RFP Response Capability
- Site Visit Capability
- Ability to close the deal



# **What is the Top Investment Readiness Issue for your Community?**

- A
- B
- C

# **Top Six Investment Readiness Issues**

- Lack of appropriately designated, zoned & serviced land for business expansions
- Business growth limited by labour quality/skills/availability
- Community quality of life does not support workforce retention/attraction (or owners)

## **Top Six I.R. Issues (con't)**

- The people part of the “Formula for Success” is broken or lacking. Or simply not aware of its importance
- Lack of relationships with local businesses
- Lack of business support ‘eco-system’

# **Conclusion 1: BR&E Should Identify Investment Readiness Issues**

- Ask questions to identify/validate/quantify investment readiness issues (from the business point of view)

# **Conclusion 2: BR&E Should Identify & Support Business Development Opportunities**

- Ask questions to identify business development & diversification opportunities

# Diversification Sources

- Local entrepreneurs
- Local business opportunities/gaps
- Diversification within existing sectors of strength
- Import replacement/local supply chain development
- Geographic expansion/client locations

# Local Entrepreneurship

- Are your local businesspeople real entrepreneurs?
- Can local real entrepreneurs lead your community's economic diversification?
- What questions could you ask to identify those true entrepreneurs?
- What assistance do they need?



# **Identification of Business Opportunities**

- Many communities SAY they have business opportunities – few of these opportunities are actually documented
- Even fewer take a systematic approach to discovering, documenting and marketing business opportunities

# Asking Questions and Getting Answers That Make a Difference

- Confidentiality is key (and timing)
- Need for both quantitative and qualitative data
- Ask yourself for each question:
  - How will this data assist me?
  - Will the business see the relevance of this question?



<b>What Do You Want/Need?</b>	<b>What Does the Business Want/Need?</b>
<ul style="list-style-type: none"><li><b>Data (both qualitative and quantitative) to inform my economic development strategy and implementation planning.</b></li><li><b>Understanding where the challenges and opportunities are for our businesses.</b></li><li><b>Data to support business cases</b></li><li><b>Identify possible business opportunities to pursue/gaps.</b></li><li><b>Relationship-building /</b></li></ul>	<ul style="list-style-type: none"><li><b>For the Council to understand what we do, our challenges and opportunities</b></li><li><b>For the Council to appreciate what we contribute to the local economy and community with employment, taxes.</b></li><li><b>That they respond to our needs with their resources and networks that we don't have the time to research or find</b></li><li><b>That we establish a good relationship with the</b></li></ul>

# **Getting the Whole Picture**

- Information on business, markets, turnover, supply chains
- Future plans, barriers and opportunities
- Experience with Council and Community Services
- Workforce
- Advantages/Disadvantages & Big picture

## **'Alberta-izing' the BR&E**

- Customize survey and action-planning for current economic reality
- Focus on diversification
- Oil & gas exposure of business
- Community question(s)



# **Diversification: Key Growth Strategy for SMEs**

- BDC completed recent study:
  - 90% of Alberta firms sold 100% of their goods and services within Alberta
  - 70% diversified firms achieved high revenue & profit growth, < 20% undiversified firms have done the same
  - Diversification unrelated to business age

[https://www.bdc.ca/en/about/sme\\_research/pages/diversify-key-growth-strategy.aspx](https://www.bdc.ca/en/about/sme_research/pages/diversify-key-growth-strategy.aspx)

# **Diversification Opportunities in Existing Sectors of Strength**

- Ask questions to get at:
  - Downstream, value-added activities: what are they, could they be done here?
  - Can current technologies, processes, expertise be applied to other industries?
  - Are there R&D and/or commercialization opportunities/synergies?
  - Supply chain opportunities?

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# Client Diversification

- Revenue base is sufficiently diverse that loss of biggest customer would not result in significant impact
- *How would you describe your client base:*
  - *1 main client*
  - *A few clients (2-10)*
  - *Some clients (11 – 100)*
  - *Many clients (100 +)*



# Product/Service Diversification

- At least two product and/or service lines to protect against obsolescence risk
- *What best describes the number of types of products/services offered:*
  - 1 type
  - 2 types
  - 3 types
  - 4 or more types



# Sector Diversification

- Operating in at least two sectors to protect against sector contraction or decline
- *How many sectors (i.e. construction, transportation, manufacturing) does your company serve:*
  - 1 sector
  - 2 sectors
  - 3 sectors
  - 4 or more sectors



# Business-Geographic Diversification

- Operations in at least two cities to reduce geographic risks
- *Does your company have locations:*
  - *Locally only*
  - *Only within the Province/State (Where else?)*
  - *Nationally (Where?)*
  - *Internationally (Where?)*

# We're the Government – We're Here to Help!

- Quantitative question followed by a qualitative probing question:
  - What can the municipality do to assist?
  - You rated planning a 1/5, can you explain why?
  - What economic opportunities should the municipality be pursuing?
- Blue Skying...



# **STRATEGY/ACTION PLANNING/QUICK WINS**

# Post-Survey Analysis

- Prepare the strategy or action plans to fulfill the purpose for which the BR&E was undertaken?



# Quick Wins/Low-Hanging Fruit

- Resolve Red Flag issues immediately
- Ensure Pink Flag issues have been handled
- Capitalize on Green Flag opportunities
- Publicize quick wins (when appropriate)



# Strategies/Action Plans to Address:

- Investment readiness issues
- Act on local business opportunities
- Support “gazelle” entrepreneurs
- Diversification within sectors of strength



# **Strategies/Action Plans to Address:**

- Business support services
- Council process improvement
- Infrastructure planning
- Workforce planning
- Other investment readiness factors
- Business development & diversification strategies

# Conclusion

- BR&E, properly structured, offers tremendous opportunity to maximize the value & benefits of business visitation:
  - To each participating business
  - To all businesses in the community
  - To economic development & sustainability of the community

***Making it worth everyone's time...***

**For Assistance, Assessments,  
Guidance, or Questions, call:**



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