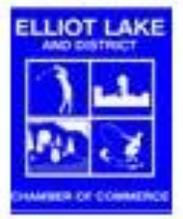


ELLIOT LAKE 2006

Business Retention + Expansion



Summary Report



Elliot Lake 2006 Business Retention and Expansion Summary Report

Introduction

The Elliot Lake Business Retention and Expansion (BR+E) interview process has now been completed and the full data published in the Tally Report. This Summary Report edits the full data into a more readable format and acts as an Executive Summary. Following the publication of this report the BR+E Task Force and the public at large will be engaged in discussing the issues identified and seeking solutions and related Action Plans to address each issue, where possible.

100 businesses were interviewed (representing approx. 27% of local businesses). All attempts were made to ensure that the businesses interviewed were sectorally representative of the overall business population. As much as possible, the BR+E team attempted to interview the appropriate percentage of businesses in each sector in the community. For example, with 84 retail businesses in Elliot Lake, representing 22 % of the local business community, we interviewed 21 retail businesses.

The following table provides an overview of what businesses were surveyed and the representation of each sector of the local economy.

Number of Businesses by Sector *		# Surveyed
Personal Services	79	20
Construction / Trades	50	13
Manufacturing	5	2
Mining	4	1
Natural resources (logging, gravel etc)	3	1
Misc. Services	26	7
Financial / Insurance and Real Estate	30	8
Hospitality / Food & Beverage	24	6
Tourism	9	5
Retail	84	21
Professional Services (accounting, legal etc)	16	4
Communications	6	2
Education	1	1
Health and Social Services	24	7
Transportation	9	2
Total	370	100

* Based on City of Elliot Lake online business directory with additional data taken from the latest Chamber of Commerce directory and the local Bell Canada phone directory.

Company Information

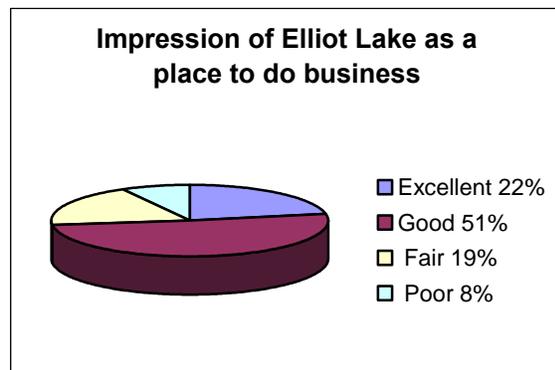
Of the 100 businesses surveyed:

- 11% were franchises
- 86% had the owner involved in day-to-day operation of the business
- 80% of business owners reside in the community
- 64% are family owned businesses
- 79% of the businesses were headquartered in Elliot Lake
- 18% reported the headquarters were elsewhere in Ontario
- 10% of businesses had been in operation less than 3 years
- 56% have operated for more than 10 years
- 15% of businesses participating are home-based

Business Operation

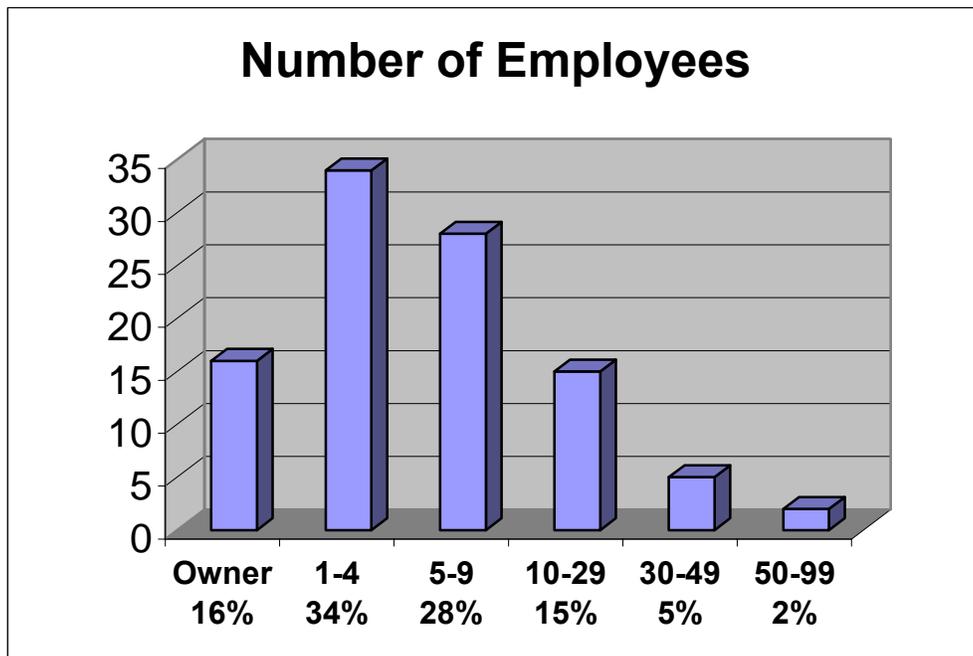
Of the 100 businesses surveyed:

- 43% reported that their attitude about doing business in the community had changed in the past 3 years:
 - with respondents split almost evenly whether their attitude was more positive or negative.
- Positive comments most often included:
 - a better overall feeling about the outlook for Elliot Lake
 - growth due to cottage lot development
 - an overall economic improvement.
- Negative comments ranged, with no one comment being mentioned by more than three respondents. However, a few examples included:
 - lack of city support for new business initiatives
 - lack of proactive business recruitment
 - poor skilled and unskilled labour pool
- 87% feel that Ontario is a good place to do business, primarily due to the overall health of the economy.
- 69% have a business plan
- 63% have a marketing plan
- 38% have a succession plan



- 49% own their location and 51% lease
 - 3 businesses forecast potential difficulty renewing their lease, primarily due to anticipated building sales.
- 22% reported other locations for their business outside Elliot Lake (of those 5 had their head offices in Elliot Lake).
- 92% are either somewhat or completely satisfied with their business site.
- Of those unsatisfied with their location, the most common reasons were:
 - their site was too small
 - skilled labour issues
 - inconvenient location for customers.

All of the businesses interviewed have less than 100 employees. See table below for more detail:



Listed below is an excerpt taken directly from the Tally Report (given the wide range of significant issues worth reviewing)

Question # BC4: Which of the following factors are barriers to the expansion of existing and the development of new businesses in the community ?		
Water/sewer fees	<u>7</u>	8%
Serviced land	<u>16</u>	17%
Resistance from local business	<u>16</u>	17%
Lack of proactive new business recruitment	<u>27</u>	29%
Availability of properly zoned land	<u>23</u>	25%
Availability of different sized parcels of land	<u>15</u>	16%
Approval processes	<u>16</u>	17%
Development charges	<u>6</u>	6%
Business taxes	<u>40</u>	43%
Business insurance	<u>33</u>	35%
Availability of skilled labour	<u>63</u>	68%
Availability of unskilled labour	<u>26</u>	28%
Availability of financing	<u>34</u>	37%
Road and highway system	<u>10</u>	11%
Trucking and distribution	<u>8</u>	9%
Public transit	<u>8</u>	9%
Information technology capacity	<u>5</u>	5%
Security/policing and fire service	<u>8</u>	9%
Availability of natural gas	<u>2</u>	2%
Availability of space for rent or lease	<u>19</u>	20%
Availability of training opportunities	<u>25</u>	27%
Health and medical services	<u>25</u>	27%
Other barriers	<u>11</u>	12%
Note: 93 total companies responded to the above question.		

Government Services

- Overall satisfaction levels with municipal government were quite positive (including police, fire and Public Works). However, some areas that were mentioned as requiring improvement were:
 - Planning / engineering / zoning permits: 32% somewhat or very dissatisfied
 - By-law enforcement: 28% somewhat or very dissatisfied
 - Street repair: 34% somewhat or very dissatisfied.

- Little agreement was evident from the survey data as to how to improve the local business climate, although 11% did mention a need for a business attraction plan.
- Listed below are the satisfaction rates (satisfied or very satisfied) of the services delivered by the project stakeholders that have reasonably high visibility in Elliot Lake:
 - ELNOS: 78%
 - Elliot Lake and District Chamber of Commerce: 66%
 - Ministry of Northern Development and Mines: 70%
 - East Algoma Community Futures Development Corporation: 80%
 - Elliot Lake Economic Development Office: 54%
- Given a recent rise in special events hosted in Elliot Lake, a local question was added to determine the impact of those events on the business community.
 - 47% feel that special events have a positive impact
 - 5% see a negative impact
 - 48 % see no impact
 - 39% would like to know how to better take advantage of the opportunity these events provide.
- 77% would like to see the City register all businesses as part of a business standards program.

Business Status

Of the 100 businesses surveyed:

- 48% intend to stay the same size for the next three years
- 45 % intend to expand
- 2 % will downsize
- 4 % will relocate (of the relocations, 3 will be within Elliot Lake)
- 2 % will close.

note: percentages do not add to 100 - one business plans to expand **and** relocate within Elliot Lake.

Of the 45 businesses planning to expand:

- 33% plan to undertake major renovations at their site
- 87% plan to invest in new equipment
- 87% predict an increase in need for employees
- 49% see a need to increase skills training
- 55% mentioned labour availability as a concern
- 47% will finance their expansion with available cash
- 21% with private investment
- 23 % will assume debt to fund the expansion and
- 9 % indicated a need for assistance with financing.

Market Development

- 80% of businesses import products or services from outside of Elliot Lake and 41% are importing from outside of Canada.
- 52% are unsatisfied with the current availability of products in Elliot Lake, and 46% are unsatisfied with the hours of operation of local businesses.
- 77 businesses feel market development outside Elliot Lake is very or somewhat important for their business competitiveness in the next 3 years.
 - 13 businesses are looking to enter into or expand existing international markets.
- 74 businesses see changes or additions to their current products and services as playing a role in market development.
- 83 businesses are concerned about the availability of labour and 85 with workplace skill development.
- Insurance rates, energy costs and the availability of telecommunications services also rated highly.
- 95% of sales are coming from within Canada (this is unchanged from three years ago).
- Over the last three years 78% of sales were to customers within the Elliot Lake area (this has not changed).
- 57% report increased sales in the past three years while 9% reported a decrease.
- 10% expect a decrease in sales next year, 56% expect an increase.
- 5% of businesses interviewed feel that competition from non-profit organizations negatively impacts their business.
- 38% are positive about Elliot Lake's demographics and 28% feel they are a hindrance. Most often mentioned were:
 - the focus on retirees (8) and
 - the lack of middle aged citizens (8).
- 41% of respondents to the particular question feel the City takes an adequate role in business and economic development while 36% feel the role taken is not adequate.

- Elliot Lake's stated advantages include: the quality of life and low costs. More specifically, the following advantages rated highly:
 - quality of life (95% good or excellent)
 - water and sewer capacity (87% good or excellent)
 - telecommunications infrastructure (86% good or excellent)
- Disadvantages include: distance to markets and cost of transportation. More specifically, the following disadvantages were noted:
 - transportation costs (75 % fair or poor)
 - availability of transportation (47% fair or poor)
 - availability of appropriately zoned land (66% fair or poor)
- Other various concerns were noted:
 - 59% state that land costs are good or excellent.
 - 62% have concerns with construction costs
 - 45 businesses have concerns with the cost of leasing space.
 - 48% rate the local permit process as good or excellent.
 - 80% are concerned with municipal taxes.
- Access to training facilities remains a concern for a vast majority (91%).

Workforce

- 38% of businesses have more employees than 3 years ago, 14% less.
- 42% see an increased need for labour within three years.
- 31% rate availability of workers as fair and 40% as poor. The most common reason given was lack of specialized skills.
- 71 % rate the availability of skilled labour as an issue and 40% rate labour costs as fair or poor.
- Current needs include:
 - skilled trades (31)
 - unskilled trades (21)
 - sales (11)
 - business administration (11)
- Current needs included a minimum of 62 positions for the 100 businesses surveyed.
- The projection of need for labour in the next three years is 207 positions among the 100 businesses surveyed with unskilled (41%) and skilled (29%) trades leading the responses.

- 43% report being unable to recruit sufficient qualified employees. However, once hired, 84% have no difficulties retaining employees.
- Skills requiring improvement were noted as:
 - computer software (39%)
 - sales and marketing (35%)
 - customer service (49%)
- The vast majority of employees are trained in-house or through customized training. However, cost, distance to training, and loss of productivity while training are serious concerns.

Listed below is an excerpt taken directly from the Tally Report.

Questions #: LC10 Describe how local business associations and/or economic development offices could assist your business sector.

Marketing seminars	<u>39</u>	45%
Access to capital seminars	<u>25</u>	29%
Trade shows	<u>46</u>	53%
Business networking sessions	<u>39</u>	45%
Export development programs and services	<u>9</u>	10%
Joint advertising and marketing	<u>49</u>	57%
Attraction of related supply/service businesses	<u>30</u>	35%
Workforce planning. employee training/attraction	<u>41</u>	48%
ID of opportunities for shared use of buildings	<u>26</u>	30%
Productivity improvement workshops	<u>37</u>	43%
Website development	<u>36</u>	42%
E-marketing	<u>32</u>	37%
Other	<u>7</u>	8%

Note: 86 total companies responded to the above question.

Energy

- The majority of businesses use electricity and natural gas, but several would be interested in exploring other energy sources.
- 41% are concerned with energy brownouts and inconsistent supply.
- 20% report high energy consumption issues, 20% are concerned with lack of productivity during burn outs.
- Of the respondents that feel that energy is a particular concern, 93% feel the cost of energy is an issue for their business.

- 43% would be interested in technical support for energy conservation and efficiency.

Telecommunications

- The vast majority of the businesses surveyed are accessing the Internet with 78% using some form of high-speed access.
- 46% have their own website.
- 5% use VOIP (Voice Over Internet Protocol)
- Cost of service remains a concern for many small businesses and 11% reported a lack of local service technicians.

Red Flags / Short Term Issues

Red Flags are defined as requests for assistance and/or issues identified in the discussions with business owners where the project partners can offer immediate assistance.

A process was established by the Leadership Team (LT) where the BR+E Coordinator and the volunteer surveyors reviewed each survey in depth for red flags. The vast majority of red flags were requests for information or clarification on various issues of concern to the business owner. In those cases the Coordinator, with some assistance from the LT members, would assemble the data or information requested and provide that information to the business owner as quickly as possible, usually within one week. The process established also ensured that the Coordinator would follow-up 30 days after the information was provided to determine if the information was valuable or if any other assistance was required with that particular issue.

The process established for red flags also served to track short, mid and long term issues. Obviously, not all issues identified could be immediately addressed, so a process was needed to facilitate the review of the longer term issues at the end of the survey process.

To meet that need, the LT created “issue tracker” forms for each business surveyed. Those forms summarized the issues identified by the business owner, using only a numeric identifier (a mock example is attached as Appendix A). The forms were also used to track follow-up courses of action with each concern raised. The issue trackers were reviewed by the Leadership Team on a regular basis.

As noted, the vast majority of red flags were requests for information and clarification. To summarize, there were 81 requests for information regarding short-term issues that can be categorized as:

- various business issues: 52
- training: 3
- labour: 8
- municipal services: 4
- energy: 11
- govt. requirements / regulations / services: 3

Transit Schedule Red Flag:

There was however one distinct red flag that was raised by a number of businesses across various sectors that was larger than simply requesting information. Many business owners found the fact that the municipal transit schedule began only at 8:00 am while many of their employees required to begin work at 8:00 am problematic. Many of their employees had difficulty arriving on time, or had to make alternate arrangements, parking their vehicles in sometimes congested areas in the downtown core. One business had a high school student intern who could not take the bus to arrive at work, despite their student bus pass.

The LT recognized this concern and discussed options to address it with the city of Elliot Lake. The municipality agreed to conduct a trial from September to December 2006, beginning the service at 7:00 am 6 days a week from Monday to Saturday. The cost of this trial period was absorbed using revenue from the federal government's gas tax allotment program. The statistics on usage will be reviewed to determine whether the service should continue into 2007 and beyond. Anecdotally many businesses find the new service beneficial.

Summary of Longer Term Issues

Recently, with all the survey data collected and issue tracker forms completed, the Leadership Team assembled a collection of the longer term issues identified by the surveyed business owners. Those issues were grouped together based on various themes and are summarized in a table format in Appendix B. At this stage in the BR+E process, the issues have simply been identified and listed, and have not been prioritized or listed in order of the number of businesses who have identified them.

Issues can be opportunities for growth, barriers to growth or general concerns and are currently grouped in following categories:

- Training and Labour:
 - issues related to recruitment, retention and general human resource needs of the business community as employers.
- Energy:
 - issues related to the business community as users of various forms of energy and utilities and how that impacts the business community.
 - Examples include: cost of transportation and fuel / utilities, energy retrofits and availability of technicians and grants
- Infrastructure / Municipal Services / Processes:
 - issues related to the services that the municipality provides to the business community and to residents and related community infrastructure
 - Examples include: land and zoning issues, land and building availability, taxes, bylaws / fees, parking, approval processes, derelict buildings, business registration program / licensing, relationship and communication with senior levels of govt.
- Networking:
 - issues that most or groups of businesses face in one way or another and/or opportunities to improve communication between businesses in the community
 - Examples include: joint purchasing and marketing opportunities, shared occupancy of space, Chamber of Commerce issues.
- Quality of Life / Community Image
 - issues related to the overall quality of life in Elliot Lake and the community's image and how that impacts the business community.
 - Examples include: trails, signage, beautification initiatives (downtown, industrial areas and overall impression)
- Business and People Attraction
 - observations and issues communicated through the surveys related to the importance of attracting new businesses and/or new people to fill a severe labour shortage now and into the next 3 years (approx. 750 jobs)

The Process / Next Steps

There may be issues that have been missed or viewpoints on the existing issues that need to be taken into account. The role of continuing to identify new issues, modify the existing list and determine priorities and action plans to address the issues will be done by both the Task Force and later the general public in a series of meetings to be held in November 2006.

More specifically, the Leadership Team will lead the Task Force through a review of the initial list of issues, determine whether or not they are applicable and modify them accordingly. The next step involves looking at the issues and determining recommended action plans to address the issues that have been raised by the business community. This is all done with a view to improving opportunities for growth for our local businesses with improved planning and implementation in 2007 and beyond.

Those recommendations and action plans will be presented to the general public for their feedback and recommendations. Finally, a final report will be tabled to the project partners (i.e. City Hall, ELNOS, the Chamber of Commerce, the Province of Ontario and the East Algoma Community Futures Development Corp.) in December 2006 or January 2007 for their consideration for implementation, where appropriate.

Elliot Lake BR+E Issue Tracker

APPENDIX A

Business ID
A111
Company Name
Interview Date
May 2, 2006

Issue Summary
<ul style="list-style-type: none"> ➤ Employee retention information ➤ Succession plan info request ➤ Lack of proactive business recruitment ➤ Façade improvement ➤ Super Host training ➤ Energy issues (conserve and retrofit) ➤ Public transit not meeting needs of business

Red Flag?		Time Schedule			Lead	How Issue is Dealt With	Action(s) Taken – Indicate Date			Status of Issue
		Short	Med.	Long			1	2	3	
Information Request										
▶	➤ Employee Retention strategies	X			Todd	Provide information, follow up for relevance	Todd contacted business owner, reviewed the issues and thanked the business for participating - May 20 th /06	Dropped off package. May 15 th /06.		Ongoing
▶	➤ Succession Plan info	X			Todd	COBSC, other sources of info, package, provide, touch back later for relevance	Todd contacted business owner, reviewed the issues and thanked the business for participating - May 10 th /06	Dropped off package. May 15 th /06.		Ongoing
Issues										
	➤ Proactive business recruitment			X	Dan	Initial contact to explain we will aggregate demand.	Todd contacted business owner, reviewed the issues and thanked the business for participating - May 10 th /06			Done
	➤ Façade improvement			X	Dan	Explore funding programs, approach council (i.e. BIA) if need be.	Todd contacted business owner, reviewed the issues and thanked the business for participating - May 10 th /06			Done
	➤ Super Host training		X		Dan / Marie	COBSC, other sources of info, package, provide, touch back later for relevance	Todd contacted business owner, reviewed the issues and thanked the business for participating - May 10 th /06	Dan and Marie to work on some hospitality training.		Ongoing
	➤ Energy issues (conserve and retrofit)			X	Todd	Contact, provide with available info, follow up for relevancy	Todd contacted business owner, reviewed the issues and thanked the business for participating. May 10 th /06			Done
	➤ Transit Issues		X		Dan	Dan to review and follow up	Todd contacted business owner, reviewed the issues and thanked the business for participating - May 10 th /06			Ongoing

BR+E ISSUES

APPENDIX B

TRAINING & LABOUR	NETWORKING	ENERGY
<ul style="list-style-type: none"> • event planning workshops • access to training facilities (i.e. no local post – secondary) • seminars (marketing, etc.) • customer service training (Super Host, Get Ready) • high cost of training concern • shortage of skilled • shortage of unskilled • recruitment / retention • limitations of wage rates • service levels 	<ul style="list-style-type: none"> • networking / alliances (joint purchasing, marketing etc.) • lack of succession plans • shared occupancy of space • business-to-business / Chamber • retail store hours (i.e. hardware) 	<ul style="list-style-type: none"> • access to expertise: for retrofits or alternative energy forms • fuel / transportation issues incl. freight costs • cost of energy • brown outs • retrofits: access to grants ?
INFRASTRUCTURE / MUNICIPAL SERVICES / PROCESSES	QUALITY OF LIFE / IMAGE	BUSINESS & PEOPLE ATTRACTION
<ul style="list-style-type: none"> • parking • by-laws / enforcement / fees • licenses (cost, process) • transit (schedule, serviced areas i.e. industrial etc) • direct competition from the municipality • process (approvals) • taxes availability of suitable locations (land, bldgs etc) • business registration / standards program (quality) • taxes: assessment value vs. actual value, shifting assessments • zoning concerns • derelict buildings • road maintenance • IT infrastructure (i.e. industrial areas) • events 	<ul style="list-style-type: none"> • health services / medical recruitment • beautification efforts (downtown, industrial areas and other) • signage • trails 	<ul style="list-style-type: none"> • new business recruitment efforts • city image • population growth ?