



# **East Algoma Economic Development Strategic Plan Regional Report - April 2012**

**East Algoma**  
Economic Development  
Strategic Plan



Prepared by:



# ***Economic Development is an investment, not a cost.***

## **List of Related Reports**

Economic Development Strategic Plan for the Town of Bruce Mines  
Economic Development Strategic Plan for the Municipality of Huron Shores  
Economic Development Strategic Plan for the Township of Johnson  
Economic Development Strategic Plan for the Township of Plummer Additional  
Economic Development Strategic Plan for the Town of Thessalon

## **The Consultants for this project were:**



# EXECUTIVE SUMMARY

This regional plan identifies two areas of opportunities for cooperative economic development. The opportunities have been drawn from the individual community reports listed at the start of this regional report, and these documents should be consulted for the background to the project.

The two main areas of collaborative opportunity are:

- Regional Tourism and People Attraction (Section 1.0 of this report)
- Regional Economic Development Officer (EDO) as coordinator for regional tourism development efforts (Section 2.0 of this report)

Each community has its own characteristics and must make particular improvements to develop their local tourist sector. While each community on its own may not have sufficient to offer potential tourists, regionally, with other communities, a more compelling case may be made. Tourism Development, Tourism Marketing and Tourism Branding are discussed on a regional basis.

While economic development activities are greatly aided by local “Champions”, a paid and mandated resource is essential in order to make significant progress on a regular basis. Taking into account the limited financial resources available to the five participating communities, a recommendation is made to hire an economic officer on a regional basis. A minimum period of three years for this resource is strongly recommended, in order to be able to achieve tangible progress. A regional resource will permit cost sharing between the communities, and senior governments may be approached to further reduce the local cost burden.

Two related regional considerations are described in full here:

## **Creation of a Regional Economic Development Advisory Committee (Regional EDAC)**

The creation of an EDAC at the regional level will be valuable in the sharing of ideas and developing those of mutual regional interest. One representative from each of the five municipalities participating in this project would be sufficient. Ideally, this should be a private sector member of the individual community EDAC.

## **Opportunities Arising in Agri-Value Added Activities**

Although these will arise in one community or another, opportunities may emerge for collaboration between two or more communities. In fact, such collaboration may be essential in order for the development to take place. The nature of these opportunities cannot be predicted, since they will arise from within the agricultural sector itself.

The attached appendices describe some general aspects of economic development that may be of value to the communities as a whole, now and into the future.



# Table of Contents

## EXECUTIVE SUMMARY

### 1.0 REGIONAL TOURISM AND PEOPLE ATTRACTION ..... 1

1.1 Some Best Practices in Tourism Development .....	2
1.2 Some Best Practices in Tourism Marketing.....	2
1.3 Some Best Practices in Tourism Branding .....	3

### 2.0 REGIONAL ECONOMIC DEVELOPMENT OFFICER (EDO)..... 5

### APPENDIX I: LAND USE PLANNING CONTEXT ..... I

History.....	i
The Planning Framework in East Algoma .....	ii
Planning Act.....	ii
Provincial Policy Statement .....	ii
Growth Plan for Northern Ontario .....	ii
Official Plans .....	iv
Zoning By-laws.....	iv

### APPENDIX II: VALUE-ADDING IN THE AGRICULTURAL SECTOR ..... V

The Necessity for Value-Added Agriculture and Agri-Food .....	v
Farm Productivity .....	vii
The Value-Adding Process .....	viii
The Market: the vital start of the process.....	x
Planning .....	x
Coping With Risk.....	xi

### APPENDIX III: SOME BEST PRACTICES IN ECONOMIC DEVELOPMENT ..... XII

A Business-Friendly Jurisdiction Is Not Just Important, It Is Vital.....	xii
Research into the Evolving “New Economy” .....	xii
Communicating With Youth .....	xii
Positive Support Is Essential From All Municipal Departments.....	xii
Ongoing Community Input .....	xiii
Community Capacity Building .....	xiii
The Jurisdictional Cost-Competitiveness Challenge .....	xiv
Inertia Can Mask the Issues .....	xv
Plan, But Don’t Over-Plan .....	xvi
Creation of an Investment Business Case to Prove the Benefits to Potential Investors .....	xvi

Communicating What Is Happening in Economic Development .....	xvii
Attraction of “New Canadian” Residents.....	xvii
The Posture of Existing Firms, Testimonials and References .....	xviii
Understanding and Mitigating Jurisdictional Impacts on Local Industry .....	xviii
Stimulating Growth in the Small and Medium Size Companies .....	xix
Awareness Of and Application to Government Assistance Programs.....	xix
A “Best Practices” Review on acting regionally .....	xxi
The Imperative of Collaboration .....	xxi
Public-Private Partnerships.....	xxii
Sharing of Information.....	xxii
Community Involvement.....	xxiii
Goals and Measurements for Progress Tracking and Adjustment.....	xxiv
Workforce Development Systems .....	xxvi
Both Short and Long-Term Perspectives Are Essential .....	xxvi
Adaptation to Change .....	xxvii
<b>APPENDIX IV: RUNNING ECONOMIC DEVELOPMENT ADVISORY COMMITTEE (EDAC) MEETINGS .....</b>	<b>XXVIII</b>
<b>APPENDIX V: CLUSTER DEVELOPMENT .....</b>	<b>XXXV</b>

## LIST OF FIGURES

Figure 1 – Northern Central Ontario, Tourism Region.....	1
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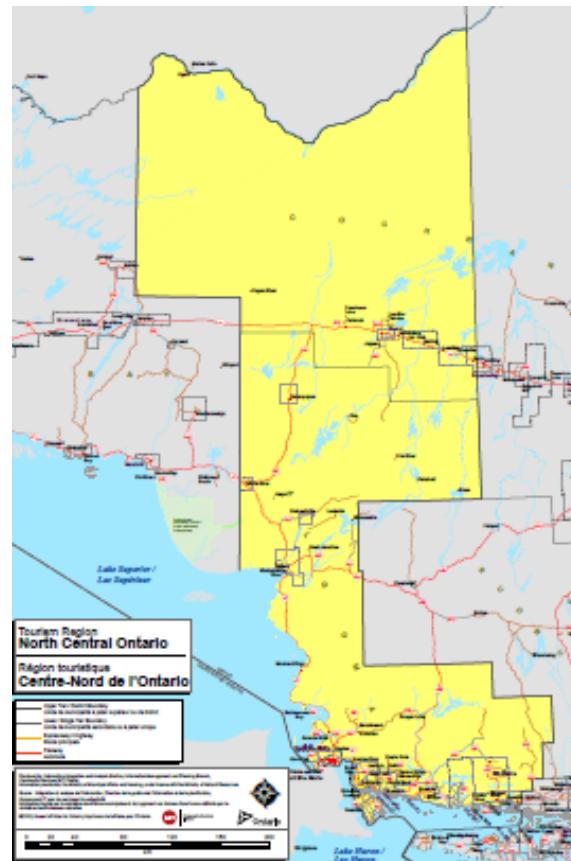
# 1.0 REGIONAL TOURISM AND PEOPLE ATTRACTION

Recommendations for tourism development and people attraction are made for each of the individual communities in their particular community Economic Development Strategic Plan.

Although each municipality on its own may not have sufficient to offer potential tourists to cause people to visit, collectively, with other municipalities, a more compelling case may be made.

- Regional tourism development ensures more coordination between the communities.
- Regional tourism marketing reduces the individual cost to each community.
- Regional tourism branding offers a more impressive “package”, with more attractions to tempt the tourist.

The local region falls under Regional Tourism Organization (RTO) 13b, as shown in the map. The umbrella RTO 13 is based in Sault Ste. Marie and more information may be found at: <http://noto.ca/rto13>



**Figure 1 – Northern Central Ontario, Tourism Region**

“Discovering Ontario: A report on the future of Tourism” is a most current document (2009) on the tourism industry in Ontario and can be found at: [http://www.mtc.gov.on.ca/en/publications/Discover\\_Ontario\\_en.pdf](http://www.mtc.gov.on.ca/en/publications/Discover_Ontario_en.pdf)

A report more focused on Northern Ontario is the “Five-Year Tourism Marketing Strategy 2008-2012” and this can be found at: [http://www.connectionnorth.ca/uploads/documents/Northern%20Strategy%20FINALR\\_Jan09.pdf](http://www.connectionnorth.ca/uploads/documents/Northern%20Strategy%20FINALR_Jan09.pdf)

Both of these reports identify the challenges and opportunities facing the tourist industry and lay out a long term plan to address these. In particular, the Northern Ontario report provides research details on “best bets” for target markets, with rationales.

## 1.1 Some Best Practices in Tourism Development

- Establish and use community Champions to further the process. Passion, facilitation skills, and technical knowledge of the industry are desirable attributes of these Champions.
- For issues that exceed the expertise and capabilities of the local resources, do not hesitate to engage tourism-specific consultants on focused projects. The investment will be worthwhile.
- Become engaged with regional tourism organizations and those in nearby centres; tourists often travel beyond their initial destinations.
- Engage the community in all stages of the planning process to ensure community ownership of the plan and a shared vision.
- Convene an advisory board comprising representatives from local government, business and community stakeholder interests with expertise/knowledge of tourism. This can serve as a structure for communication and information exchange about tourism amongst stakeholders.
- Establish special committees as required to address specific needs such as marketing, events development, etc.
- When required, ensure that local government staff are given the time and resources to act to support events and similar activities.
- Ensure that local facilities are tourist-friendly, have convenient parking, are well signed and so on.
- Beautify the place to provide the very best image.
- Support and encourage entrepreneurs to establish innovative visitor experiences that complement community values.

## 1.2 Some Best Practices in Tourism Marketing

- Establish a marketing committee to guide and inform decision-making.
- Use available reports such as “Five-Year Tourism Marketing Strategy 2008-2012” to gain information regarding target markets and their characteristics.
- Develop a plan to guide the efforts, with time-lines and responsibilities.
- Coordinate the efforts using experienced staff.
- Work with all levels of government and regional/provincial organizations to help get the message out. Being responsive to their requirements will encourage them to deal with the community.
- Encourage the support of commercial tourism and business operators to contribute and invest in marketing initiatives
- Seek the support of governments and agencies for marketing activities. Source adequate funding to ensure that all levels of industry can participate in marketing campaigns.
- Partner with broader neighbouring regions to develop stronger campaigns.
- The widespread use of the Internet allows the consumer 24/7 access to information and it is unequivocally the number one travel planning tool today. Making it easy for consumers to access information and plan their trip online is imperative. Consumers can be lured to take a

trip to other destinations based on the information and the images presented at the travel website, the ease of use of the website, and so on.

- Have a separate webpage for each point of interest and include as much information and as many images as needed to make the site attractive to the visitor. This might include historical context, and so on. Then identify the next closest or logical site to visit and provide clear directions.
- Mobile devices are playing an increasingly important role in travel planning and during the trip as well, from checking in for flights and hotels to accessing information on attractions and restaurants. Accessibility of travel information on mobile devices makes it easy for travellers to be informed, make or change travel plans and get the most value for money on their trip. All this provides great opportunities for marketers to be innovative and attract consumer attention.

### 1.3 Some Best Practices in Tourism Branding

- Consult with the community and stakeholders to develop a brand that best reflects the image that the tourism industry wants to present and which focuses on what it has to offer.
- Communicate the brand and image to industry operators and ask them to consider the destination brand when developing product and their own marketing (e.g. develop brand toolkits).
- Ensure consistent delivery of the brand through associated advertising, sales and promotional strategies.
- Use realistic images and messages to support the brand and image.
- Ensure a coordinated approach to visitor information services and ensure that is consistent and of high quality.

## An Example of Success

Chemainus is a seaside community of approximately 4500 people located on Vancouver Island, Canada. The local economy was based on primary industries, in particular forestry. In 1983, the sawmill closed and 700 people lost their jobs, forcing the town to rapidly search for a new basis for its economy. The town received a provincial redevelopment fund that it used to setup a mural festival and commission the creation of five murals.

Karl Schultz, a member of the community, was the originator of the idea of using murals as a way to revitalise the town. His vision was to develop a festival to showcase the murals and attract visitors to the town. The festival is held annually and has grown over the years to turn the whole town into a work of art, showcasing 35 murals and 13 sculptures. The murals have proved extraordinarily successful and attract 400,000 visitors a year to Chemainus. They have led to the establishment of over 200 new small businesses, which has diversified employment and created a cultural hub.

Many members from the town were involved in extensive participative planning that consisted of community meetings and workshops, that led to the creation of the Official Community Plan to manage growth, development and tourism in the town.

More information can be found at <http://www.chemainus.com/>

## 2.0 REGIONAL ECONOMIC DEVELOPMENT OFFICER (EDO)

Paid and mandated resources are essential; volunteer “Champions” will become quickly exhausted without this resource. An Economic Development Officer (EDO) focusing on tourism development would be an ideal solution, except for the cost implications. On an annual basis the consultants recommend budgeting at least \$150,000, including salary, benefits and associated expenditures.

No single municipality of the five can afford this expenditure; further, a regional approach to tourism marketing is strongly recommended. As a first step we recommend that one EDO be shared between the five municipalities. Yet the resulting bill is still a severe cost impact. Senior levels of government may assist in this with funding for a period of time, ideally no less than three years.

Initially, the EDO would focus on developing the tourist industry regionally, as well as advising each municipality on specific local issues and opportunities.

With a shared resource comes the complexity of reporting channels and the importance of the EDO feeling secure, and not torn between competing factions.



## APPENDICES



## APPENDIX I: LAND USE PLANNING CONTEXT

East Algoma is a sub-district within Algoma District, made up of the Township of Johnson, the Township of Plummer Additional, the Town of Bruce Mines, the Town of Thessalon, and the Municipality of Huron Shores. The East Algoma sub-district is about 806 km<sup>2</sup> and 70 km wide, and straddles the Trans-Canada Highway 17 along the north shore of the North Channel of Lake Huron, east of Sault Sainte Marie and west of Greater Sudbury (Figure A-1). Together, the municipalities which make up East Algoma reported a population of 4,968 people in the 2011 Census.

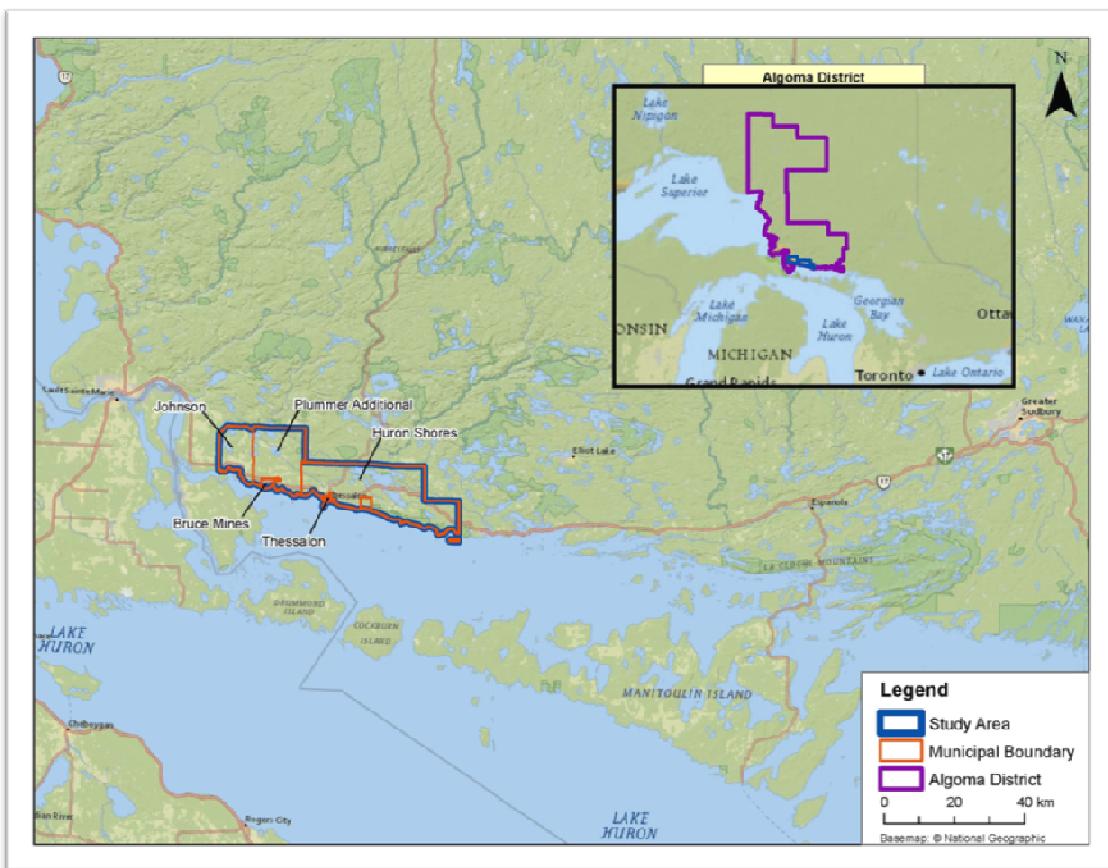


Figure A-1 – Location of East Algoma

### History

Settlement in East Algoma has historically gravitated toward the shores of Lake Huron and the Mississagi River. Modern growth has centred along Highway 17, which also serves as a spine for the network of permanent and seasonal roads, providing access to smaller settlements and scenic and pristine lakes. A CPR rail line also traverses the study area, roughly paralleling the north shore of Lake Huron.

## The Planning Framework in East Algoma

Municipal land use planning in the Province of Ontario is undertaken within a framework established by both Provincial legislation and major Provincial plans. These are the Planning Act, the Provincial Policy Statement, and the Growth Plan for Northern Ontario.

Municipalities (and planning areas) are obliged to prepare local planning documents to implement the provincial planning legislation, namely Official Plans and Zoning By-laws.

### Planning Act

The Planning Act requires that all municipalities implement Provincial policy direction through Official Plans, which set out long term policies on how and where a municipality is to grow. These policies are to be applied to any and all planning decisions that are made. The Act establishes a policy-led land use planning system in the Province which requires all municipal planning decisions to be consistent with the Provincial Policy Statement. There must also be conformance with other Provincial plans, namely in Northern Ontario, the Growth Plan. The Act also seeks to ensure fair planning processes which are open, accessible, timely and efficient, and which encourage co-operation and coordination among various interests while also recognizing the decision-making authority and accountability of municipal councils. Lastly, the Act promotes sustainable economic development.

### Provincial Policy Statement

The Provincial Policy Statement, 2005 (PPS) is issued under the authority of Section 3 of the Planning Act and provides direction on key Provincial interests related to land use planning. One of the main goals of the Provincial Policy Statement (PPS) is to ensure that the most efficient use of land is achieved through compatible land use and development patterns. The PPS also guides land use and development in both settlement areas and agricultural areas and aims to protect, enhance or restore natural heritage features and functions. It also seeks to preserve and protect land uses which are sensitive to growth such as environmentally sensitive areas, natural resource areas and agricultural lands, while also minimizing potential conflicts with new and expanding settlement areas.

The PPS is also intent upon fostering “strong communities” by providing policies relating to land use and development as they relate to: public health or safety, or property damage; appropriate management of land and resources and the provision of housing necessary to meet future needs; and the protection of employment areas to promote economic development and competitiveness.

### Growth Plan for Northern Ontario

The Growth Plan for Northern Ontario (GPNO) was introduced by the Ministry of Energy and Infrastructure (MEI) for public review and comment on October 23, 2009 and obtained Royal Assent on March 3, 2011. The document outlines a policy framework for Northern Ontario

towards 2036. Overall, the Plan is aimed at creating a “skilled, educated and healthy population” by bringing modern infrastructure and technology to the North. The document aims to strengthen the northern economy by highlighting potential areas where linkages between governments, industry, communities, and First Nations can be created and enhanced.

The GPNO was written with the intent to address the changing global economy, and provide a role for Northern Ontario to be an active player therein. It focuses on opportunities to use existing investments and assets much more effectively, in light of economic uncertainty and fiscal pressure. It is the Province’s view that “...to prepare for an evolving future, it will be critical to have a long-range plan for Northern Ontario, that is both visionary and fiscally sustainable”. As such, the GPNO focuses on positioning the northern economy to meet the challenges of the twenty-first century, and sets out a framework for putting the building blocks in place.

It is the intent that the GPNO will guide infrastructure investments by the Province in Northern Ontario, (\$3 billion over three years) and will complement a multi-year capital plan for Ontario. Specifically, investments in infrastructure, including “green” energy and construction, and transportation planning are proposed for Northern Ontario to help continue to attract and retain economic opportunities. The GPNO positions the North towards a knowledge-based economy, and encourages this through investments in broadband expansion. It also proposes a variety of policy actions focusing on attracting investment and business growth to Northern Ontario, through leveraging its vital natural resources (mining, forestry, and agriculture), the economy, green energy, and its aquaculture and tourism & culture industries. In delivering on the Plan’s objectives, it will involve the combined efforts and a focus on six key principles:

- Creating a highly productive region, with a diverse, globally competitive economy that offers a range of career opportunities for all residents.
- Developing a highly educated and skilled workforce to support an evolving knowledge-based economy and excellence in the trades.
- Partnering with Aboriginal peoples to increase educational and employment opportunities.
- Delivering a complete network of transportation, energy, communications, social and learning infrastructure to support strong, vibrant communities.
- Establishing innovative partnerships to maximize resources and ensure this Plan achieves its ambitious vision and is fiscally sustainable.

There is an additional “community” focus on long-range strategic planning while supporting the goals and objectives of the GPNO. Municipalities are encouraged to undertake these long-range strategic planning assignments, either individually or regionally, to ensure that their economic and planning future is secured and that communities be enabled to achieve:

- Economic, social, and environmental sustainability;
- Accommodation of the diverse needs of all residents, now and in the future;
- Optimized use of existing infrastructure;
- A high quality of place;
- A vibrant, welcoming, and inclusive community identity that builds on unique local features; and
- Local implementation of regional economic plans, where such plans have been completed.

This report is one of the key recommendations of the GPNO and local implementation tools to assist in outlining a path forward, and bolstering the economy in East Algoma.

## Official Plans

An Official Plan is a policy document, adopted by Council under the provisions of the Planning Act. It reflects matters of provincial interest and applies to the entire municipality. The document formally lays out the municipality's planning goals and objectives over a 20 year time horizon. Using the Plan as a guide, Council may also adopt more detailed planning policies, such as secondary plans and community improvement plans for specific neighbourhoods. An Official Plan addresses the development of new subdivisions, and individual parcels of land, through zoning and site plan control. It also establishes specific regulatory measures for these development applications. The Ministry of Municipal Affairs and Housing is the approval authority for Official Plans for all municipalities in East Algoma.

## Zoning By-laws

The Zoning By-law is one of the key regulatory tools that can be used to implement the policies of an Official Plan. A Zoning By-law contains provisions that regulate the use, size, height, density and location of buildings on properties within the municipality. The basic purpose of a Zoning By-law is to regulate what can be built on a property, its character, and how a structure will be configured on the lot. While local municipal Councils have the authority to deal with zoning matters, in the Township of Johnson, the authority for local zoning matters is handled by the Desbarats to Echo Bay Planning Board.

## APPENDIX II: Value-Adding in the Agricultural Sector

This is a summary of the challenges facing the Ontario farmer, as well as some of the means by which to develop and take advantage of value-added opportunities in agriculture.

The description of the challenges is taken largely from previous projects carried out by the consultants. The high-level discussion of some potential value-added solutions are derived largely from an intensive two-day course developed for the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) Strategic Business Unit. Since 2009, OMAFRA-SBU has offered this course to the Ontario farm community, in cooperation with the Canadian Farm Business Management Council.

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### The Necessity for Value-Added Agriculture and Agri-Food

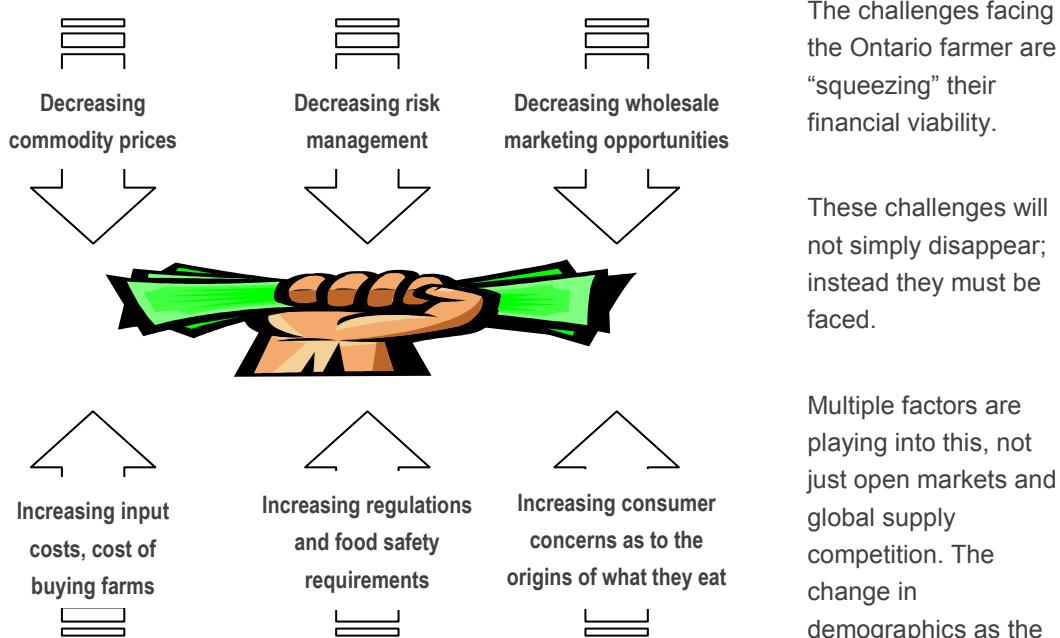


Figure A-2 – Agriculture Factors

the largest “nest-egg” that the world has ever seen, has created a demand for the “different and the unusual”. Healthy eating concerns are also more prevalent. This is not the same as yesterday’s fare.

The increase in the local ethnic market is another factor that will simply grow over time and the demand is not for traditional crops. Even meal preparation habits have an impact; in the 1930s the average preparation time for a meal was 2.5 hours; in 2008 this had reduced to just 8 minutes!

The entire mainstream agri-industry food chain has been experiencing, and will continue to experience, an increase in the level of consolidation, rationalization and integration. Between Canada and the U.S. this has been amplified since the Free Trade Agreement of 1988. The demand for increased profits coupled with the impact of the continued development of emerging nations as global producers of both raw materials and processed food products, has caused the industry to drive towards higher economies of scale and resultant lower costs per unit produced.

As one part of the food chain consolidates, the resulting 'mega-firms' also exhibit greater power in dealing with other elements of the chain, both upstream and downstream. As a domino effect, these other elements must now also grow in power in order not to be overwhelmed by the larger entities. This helps to ensure a consistent supply of input materials of the right quality on one side and a continued access to their market on the other side.

At the retail level, the traditional food retailers are also facing increasing pressure from non-traditional outlets such as Wal-Mart and Costco; cost is a constant factor in this form of competition.

Consumers themselves have also contributed to the need for larger size firms. Rapidly changing preferences, the demand for high levels of choice and changing demographics are most economically brought to bear by firms large enough to handle and retail thousands of unique items, with the attendant operating capital needs.

Finally, the precautions and systems required to address the ever-increasing food safety regulations and food security concerns require levels of investment that few small companies can afford.

Essentially, there are fewer, but much larger, companies and this consolidation is occurring in all levels of the food chain in North America: from the farm, through processing to the distributors and finally onto retail shelves. In the U.S. just five firms hold 45% of the national market share while in Canada, three firms hold a 65% share: Loblaw's, Sobeys and Metro-Richlieu. Also in Canada, just five plants supply over 90% of the beef consumed in Canada.

The food industry in Canada continues to be an important sector but, on a comparative basis with the overall economy, it has declined in relative importance over the last fifty years in terms of both gross domestic product percentage and employment. The change here is more a function of the relative growth of other sectors, rather than a decline in primary agriculture production but the latter is limited by consumption.

Over the shorter time-frame food expenditures tend to remain relatively constant as the economy waxes and wanes. Spending on food over the longer term has risen over the past decades but this has been at a far lower rate than the rise in incomes.

The good news here is that there has been no lack of wealth in the population to limit this spending. Rather, while people must always eat, there is a limit to how much". A small amount of the additional income has gone towards higher priced foods while the balance reflects the growing population. The less good news is that the producers of this food are receiving a much lower percentage of the national income yet must exist within the same economy.

Since 1990, the nature of the agri-food sector has changed considerably in Canada. At the export level, while the value of bulk production (farm-gate, commodity) has remained essentially flat, there have been significant increases in the value of intermediate processed food and 'consumer-oriented' food product.

All processed food exports had risen from a value-parity position with bulk food in 1990, to approximately six times that value in 2008. This strong gain in value-added output is a trend that is unlikely to diminish, and this is where the growth and future profit potential is strongest.

## Farm Productivity

However, the farmer has not sat back in the face of these challenges. Outside of the farm community it is little known that the farm has seen the most significant increases in productivity.

Productivity is simply a measure of 'how much you get out, for how much you put in'. Multi-factor productivity statistics make it clear that productivity gains in the agriculture sector have far outstripped those of the manufacturing and business sectors.

These improvements have come through farm concentration, the adoption of new technologies and significant investments in capital equipment. This is good news for Canadian farmers but, relatively, not so positive for job creation since the resulting labour productivity improvement has been significant, requiring few person-hours to achieve the same output.

Yet, despite these clear efficiencies, family farm incomes are dropping. Why? This can be likened to an escalator. The farmer is running ever faster up the escalator while other forces are turning the escalator even faster in the opposite direction, producing net erosion in the position of the family farm. These other forces are partially the effects of industry concentration as described above but are also greatly impacted by global trade and the rapidly rising export capabilities of third world countries with very much lower labour costs and income expectations. The relative rise in the value of the Canadian dollar has also affected this in recent years since many commodity products trade in U.S. dollars and Canadian exports have become, relatively speaking, 20-30% more expensive in the past three years compared to the latter part of the previous decade.

## The Value-Adding Process

*"Insanity is doing the same thing over and over again and expecting different results"*

*Albert Einstein*

One solution can be the creation of value-added opportunities for the farmer.

Status quo is not an option but the need is to work smarter, not harder. The reasons to

consider value-adding are manifold:

- There may be market opportunities that others have missed
- It allows more family members to earn a living from the farm
- It creates more succession options
- Opportunities to create local employment
- Survival!

There are many opportunities and these generally fall into one the following categories:

- Re-inventing the existing core business
- Value-adding to the existing core product
- Diversifying into new products and services and value-adding

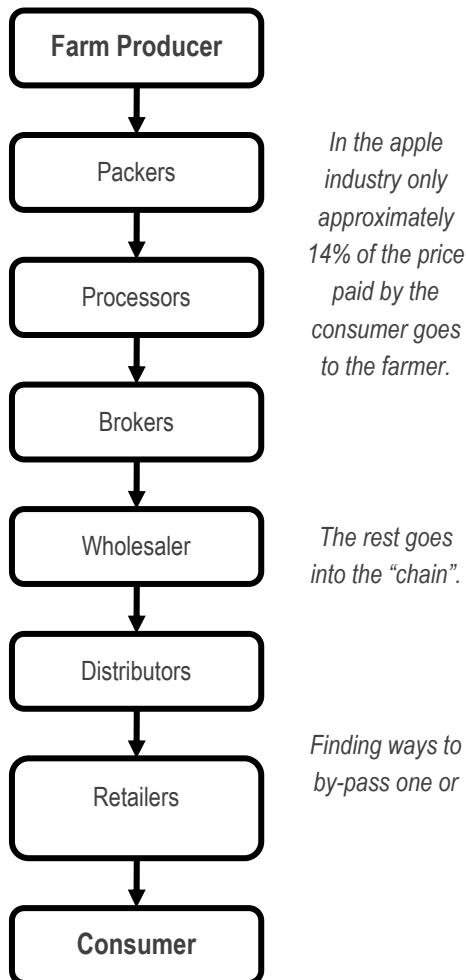
The single biggest hurdle is the mindset of any given farmer. This is not restricted to the farmer but is ubiquitous in the population. Statistics indicate that 10% of the populations are self-employed; farmers, for the very most part, fall into that 10%. However only between 1% and 2% of the population are entrepreneurial by nature. By inference, that means that only between 10% and 20% of farmers have these characteristics.

Entrepreneurship means understanding and accepting certain levels of risk in order to gain the potential rewards. Yet most of us would rather create reasons why we cannot do something, instead of determining how we can do it (sometimes referred to as "trained incapacity").

Some of the errors made (and these can be costly) are:

- Shooting from the hip with no plan
- Not performing thorough research to validate the marketing opportunity
- Not having a support team
- Over-estimating the value-adding skills of the individual farmer
- Re-inventing the wheel without knowing about it
- Under-valuing or under-pricing the product when it enters the market
- Under-anticipating financial requirements, especially cash-flow constraints
- Not promoting the new products or services or doing so in the same old manner
- Losing objectivity; the idea is so great that it must work
- Under-utilising available programs and services that can assist in the value-added development.

A step-by-step plan is essential to minimize the risk (investment) taken at each stage.



*“A journey of a thousand miles begins with a single step”*

*Lao Tzu – Chinese Philosopher*

The supply chain from the farm gate to the consumer offers some opportunities. Elements of the chain might look like this:

#### **Some Other Opportunities May Exist In:**

- Changing the product or how it is packaged and sold
- Changing the label; the wrong label is very off-putting for the consumer
- Creating a niche or specialty product
- Diversification into derivative or new products
- Branding
- Adding service to the product, such as home delivery
- Marketing on the Internet
- Creating synergistic partnerships
- Agri-tourism
- Organic products
- Products geared to the diverse and burgeoning ethic markets
- Medicinal plants
- Aquaculture
- Alternative livestock

**Figure A-3 – Investment Risk Reduction Plan**

### **Three Critical Components**

Implementing successful value-adding has three critical components:

- A clear strategic vision
- The necessary resources, skills and abilities
- An entrepreneurial mindset and enthusiasm

A major part of the process is a thorough assessment of the skills and abilities of the farmer. Farmers are self-sufficient people since they have to be. However, they must also realize that they may not have all of the skills, or even many of the skills, necessary to successfully develop and

run a value-added business. This self-assessment is crucial and is often best carried out by an independent person who will tell them what they need to hear, rather than a kind family member who may tell them only what they want to hear. While discussing family members, it is not always best to assume that a brother or cousin may have the necessary skills either, as much as the farmer may want to provide them with an opportunity.

## **The Market: the vital start of the process**

- Be very clear about the intended market. Failing to understand this will impact the next stage will set everything off the right track from the outset.
- What is the opportunity that you see in the Market?
- Develop market intelligence. Perform extensive market research to create a very clear understanding of every characteristic of that Market. Be Customer Focused.
- Develop a product that meets the market opportunity in every respect. A great product that cannot easily be distributed is limited to a small local market.
- Develop high quality promotional materials. Just as in job hunting, a poor resume will not gain the interview.
- Develop a market strategy.
- Establish the right price for the market. Not a low price but a price which is consistent with the product. A high price can often induce the consumer to regard the product as superior. If their expectations are met then they will be more likely to continue to pay this price, at least for a while.
- Brand the new product differently.

## **Planning**

A thorough business plan is essential. Failing to do so, or failing to follow, update and adjust the plan are frequent causes of failure. Further, a new plan must be developed for each new business opportunity and the implications on existing plans, resources and so on. Of course, the existing business must continue as well, at least until the new enterprise is making a sufficient contribution to the pocket of the farmer.

Amongst other factors in that plan consideration must be given to:

- Vision Statement
- Mission Statement
- A “SWOT” analysis
- Defining the strategic issues
- Developing strategies to manage the strategic issues
- Action plans, with timeline, to implement the strategies
- A succession strategy – that is, what does the farmer want to achieve in the end?

- The marketing plan
- Production plan
- Distribution plan
- Human resources plan
- A financial plan including:
  - Financing (debt or equity)
  - Cash flow
  - Break-even analysis
  - Risk assessment
  - Risk mitigation and contingency plans

## Coping With Risk

Risk is a chance or gamble that could potentially put the business in jeopardy but which also has the potential to add new value and prosperity to the farm. Reducing the risk to acceptable levels is the key. The biggest risk may be in not exploring the value-added opportunities.

Failures will occur in the process of value-adding. The key is to make that failure worthwhile by learning from it. That can be called “failing forward” in which some gain is made, despite the cost. Taking each part of the process step-by-step and investing only what you can afford to lose at that moment is the key to reducing risk to “acceptable” levels. Then to get back on the horse that just threw the rider, now with a deeper appreciation of how to ride that horse. The entrepreneur has this mindset.

There are two extreme reactions to all of this. Some will say “let’s just get on with it; who needs a plan?” – this can often result in a “game-over” outcome where unnecessary investment and risk is taken resulting in a devastating loss. The other extreme reaction is to become paralyzed into doing nothing because of the perceived extreme risk, without considering how to reduce these to acceptable levels.

*“You gain strength, courage and confidence by every experience in which you really stop to look fear in the face. You must do the thing which you think you cannot do.”*

*Eleanor Roosevelt*

## **APPENDIX III: Some Best Practices in Economic Development**

### **A Business-Friendly Jurisdiction Is Not Just Important, It Is Vital**

A Business Retention and Expansion program is an excellent opportunity probe this issue directly and confidentially with local businesses and to report back on the findings.

### **Research into the Evolving “New Economy”**

The term “new economy” is well worn, yet very applicable, most especially in uncertain economic times.

Communities that are best prepared for the future with fundamental strengths will be able to adapt to the emerging economy better than those who wait until everything is clear.

The best approach is not to guess at the future but to develop strengths that will most likely be valuable regardless of the emerging economy.

### **Communicating With Youth**

Understanding the needs of youth, their perspectives and challenges and creating hope for a prosperous future, may develop positive attitudes towards furthering their education and, with the advent of future employment opportunities, encourage them to remain in the locale.

### **Positive Support Is Essential From All Municipal Departments**

Socioeconomic Development is a critical mission for the jurisdiction and, as such, everyone has a positive role to play. It requires the active support of all municipal departments and the protocols between these and economic development must be established clearly.

Economic development is a function that is expected to push the envelope of operations; at the same time, other municipal departments properly have a role to police such plans and ensure that all necessary considerations have been taken into account. It is essential that these other Departments approach perceived barriers in a positive light and to work with the economic development function to find ways to overcome the encountered blockages.

Many municipal activities that fall outside of the sphere of economic development may have a great effect on that function. A comprehensive information system that can provide such information, to the greatest extent possible in electronic form, will aid greatly in the efficient functioning of economic development.

## Ongoing Community Input

The establishment of ongoing mechanisms to communicate with the community on socioeconomic development activities are strongly encouraged. This facilitates ongoing feedback as to Values and Ideas. It also provides credence to the concept that, while the socioeconomic development process is underway, new ideas are always welcome and agreed adjustments to the plans may be made with sufficient rationale and justification.

Such mechanisms may include:

- A municipal webpage dedicated to this aspect in the community, with links to other relevant sites.
- When sufficient materials have been prepared, these can be raised in profile through a separate municipal website dedicated to this purpose. Such a move is relatively low cost and demonstrates that the municipality is very serious in its intent.
- Encouragement of fax and written input, as well as face-to-face meetings.

## Community Capacity Building

There are many definitions of “Community Capacity Building”. One is:

“Activities, resources and support that strengthen the skills and abilities of people and community groups to take effective action and leading roles in the development of their communities.”

In economic development, community capacity building focuses on enhancing the future abilities of the community to prosper in a rapidly changing economic environment. Projecting educational and skills development requirements to meet future employment opportunities, identifying necessary infrastructure improvements to encourage appropriate economic growth as well as promoting collaboration and partnerships between organizations are some of the critical aspects. Communicating effectively with those charged with implementing these forward-looking investments is another key element of the role that economic development can play in community capacity building.

## The Jurisdictional Cost-Competitiveness Challenge

Figure A-4 is an analogy drawn from private sector product price positioning. Firms with a new product to market may attempt to drive a price higher and higher until the multiple {revenue per unit times total units sold} starts to decline.

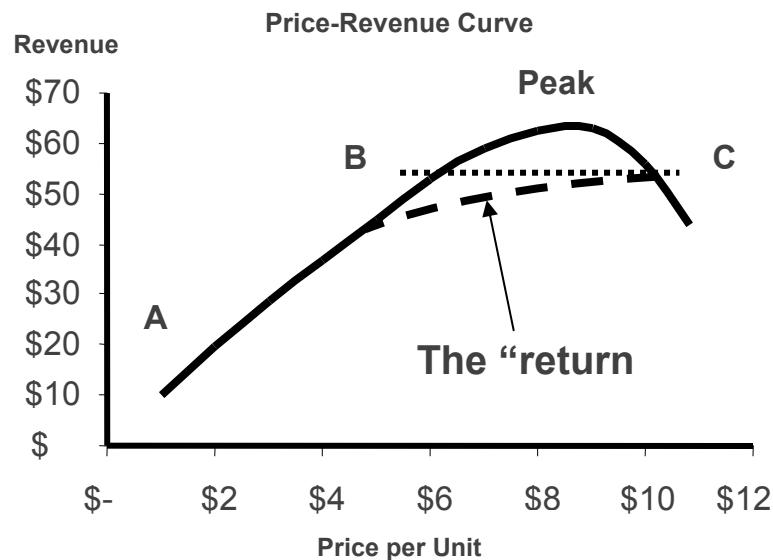


Figure A-4 – Price-Revenue Curve

From A to B all is well but the effects of a rising price start to impact the number of units sold until a peak is reached. Beyond that peak, heading now towards C, a yet higher price simply causes poorer financial performance for the company.

This is often an empirical test and much time and money are spent in determining when the curve starts to descend. Unfortunately, if the downward momentum is not checked in time and prices are allowed to rise too far, when a remedy *is* put into place the curve then does not generally follow the path taken to get there. In many respects, the market “punishes” the company by forcing the price lower than it would otherwise have been.

The same effect can be seen in jurisdictions. It is very tempting to pass on a higher and higher tax burden to firms, since firms do not vote per se. The same applies to higher and higher wages. As long as the peak is not reached, this brinkmanship will work to the short and mid-term benefit of the community. However, the companies know what is happening and will look for remedies where possible. If the geographic or jurisdictional location of the business cannot be readily changed then the companies must bear with this but, for most companies, there are alternatives for their businesses. Unfortunately, these intentions are often not telegraphed directly to the jurisdiction, although complaints and other signs of discontent will be the first rumblings.

When the peak of the curve is reached, the companies start to fail or move on and the jurisdiction finds itself travelling “backwards” along the return path, ultimately being somewhat worse off than before the peak was reached.

## Inertia Can Mask the Issues

Inertia is a force that resists movement. In the case of large operations, the inertia is the cost impact of moving, and it is considerable. When most large plants move, there are several major costs to be considered:

- The physical cost of building the new facility or refurbishing an existing building that has been newly purchased. While assets, such as processing equipment may be moved, infrastructure, such as feeder pipes, electrical and gas connections and, in many cases, customized inter-processing conveyance equipment, will be lost and must be replaced in the new building. Costs will vary widely but can be considerable.
- The lost production time and lost opportunity cost attached to this move. Unless the new facility is built and prepared for production in parallel with the continued operation of the existing building (implying even more cost attached to replacing all processing equipment), then the operation will be out of commission (partially or completely) for the full duration of the move. This may take several weeks and represents a considerable financial impact. If a plant with annual revenues of \$600 million is out of commission for just one month, then the lost revenue will be \$50 million and the overall financial impact may be 30-60% of this figure.

This cost must be contrasted to the bottom-line savings that such an operation can gain from relocating. In some cases these will be relatively insubstantial in comparison to the cost, and the time required to regain the cost is very long. This is the inertia factor that tends to keep large processing facilities in place, long after the original decision to so locate was made, and long after the reasons that made the jurisdiction so attractive have evaporated.

Jurisdictions may sometimes use this inertia to their advantage. Believing that such plants will not readily move, it is tempting to pay little attention to their issues and, in some cases, to take advantage of that position, to the eventual detriment of the competitiveness of the operation. In the short term this may not create a backlash that the jurisdiction must absorb but, in the longer run, the processing facility will be lost to the region.

The real opportunity, and danger, comes about when factors force the multinational parent company to consider establishing a new plant; either to replace an existing plant that has no space to expand or that is too old to renovate, to start a new business division or to expand an existing one. If the present location(s) cannot handle the increase, or it is uneconomical to introduce the new process into that existing plant, then the parent will look for a new location.

This represents an entirely zero-based analysis for the parent; that is, they will start from scratch and consider all possible locations for the new entity. The fact that the existing plant may be located in a particular jurisdiction will help the case of that jurisdiction (existing suppliers, services and trained staff are present), but these may not be the overriding factors. Overall cost will be the likely criteria in most cases.

## Plan, But Don't Over-Plan

*“The best laid plans seldom survive contact with the enemy.” – Helmuth von Moltke*

Good plans are essential but do not expect them to be perfect. By definition, any plan or strategy is forward-looking, requiring a forecast of the future. No predictions are perfect, especially several years out, so it is often most effective to set short-term goals that can be more reasonably measured and general directions for the longer-term.

An ongoing examination of the evolving economic situation and analyses to re-assess the future will result in effective steps being taken to make adjustments as the execution of the strategy evolves. This is the “guided-missile” approach and it is vital that the longer term elements of the plan have an inherent flexibility that will facilitate and encourage adjustment as the targets move. This will allow the plan to become a “living plan” that adjusts with changing circumstance and, quite possibly, the evolving goals of the community.

## Creation of an Investment Business Case to Prove the Benefits to Potential Investors

Investors regard glossy brochures and general statements by jurisdictions as marketing. While the preparation of attractive documents is important, the decisions will usually be based upon hard facts, a business case.

If at all possible EDT should place itself in the role of the company or private sector investor, and determine what is important to the company. Then create the business case that shows how the region can meet those needs and how much better the region is compared to competitors to locate the company.

The KPMG methodology (Competitive Alternatives) is solid. If attempting to attract firms from other areas within the Province then the process can be simplified since many factors will be similar and need not be compared. Some comparison data are already available from KPMG, if attempting to attract from more distant locations.

These business cases can be created initially in the form of generic menus, from which a particular case, targeted towards the specific client and their needs, can be developed. These should be prepared only after the full needs and concerns of the prospective investor are clearly understood.

## Communicating What Is Happening in Economic Development

Information is the best way to generate enthusiasm for, and an understanding of, the economic development process.

The Mayor and Council can be the most effective communicators of what is happening in economic development in the Town of Grimsby, since constituents will pay attention to what is being said. By being well-informed, the Council can show their commitment to economic development and enthusiasm may be garnered throughout the community. Further, Council are frequently asked questions by their constituents and the media. By reporting these questions to the Economic Development and Tourism Department on a regular basis, the latter can develop and maintain a “Fact and Information” sheet that may be used by Council to respond, and which may be posted or issued publicly from time to time.

Every major initiative should be well publicized and the assumptions stated that lie behind the initiative. As with all investments, not all ventures will prove to be successful. When this happens, it is best to state this publicly, early, simply and with reasons. Then move on. This is an instance where the vocal support of the Champions, rather than “critical letters to the Editor”, is so important in support of the efforts of the Town.

## Attraction of “New Canadian” Residents

New Canadian residents, especially those with professional qualifications, represent an essential asset for the future of Ontario. Frequently, the first settling point for New Canadian residents will be in the major centres, especially if there is a similar existing cultural community-base. Later, having become accustomed to their new home, some may be enticed to pleasant urban-rural settings, such as Grimsby.

Where local firms are attracting newcomers for specific jobs, then that is an effort lead by the firm. The Town can provide a supportive environment and services for these newcomers and this investment will make the path easier to attract more, through the word-of-mouth promotion of Grimsby as a welcoming community.

From a broad target perspective, without specific job placements, there are two main target categories:

Wealthier, entrepreneurial immigrants: This falls under the People Attraction thrust, regardless of whether they are New Canadians or from a long line of Canadian-born descendants.

Younger well-educated and skilled workers: This will maintain the work force age demographic, and, potentially, improve the educational profile. Also, since many will bring families with them, the future profile is also enhanced. While such migration is necessary

in order to provide a strong workforce for the future, there is a question as to the nature of the work available now. If it is not commensurate with expectations, then the New Canadian may not remain in the Town for long, defeating the purpose of attracting them in the first place. Further, such younger families have fewer financial resources by which to sustain themselves while the local economy is developed. Success in adding younger New Canadian families implies that there must be good job opportunities apparent to fit the skill of the people.

## **The Posture of Existing Firms, Testimonials and References**

Existing firms in the region are the most important reference that the jurisdiction has available and it is vital to cultivate these references. Overall, the factors will vary from location to location and will depend heavily on the attitude of the particular plant manager or owner. Bear in mind that the existing firms in the region may or may not welcome the arrival of new large-scale operations into the area. This is especially true for regions with a smaller population base due to the upward pressure on pay scales. In large urban centres where there is, generally, a plentiful supply of labour, this may not be such an issue.

## **Understanding and Mitigating Jurisdictional Impacts on Local Industry**

Mitigating or removing barriers and other negative impacts is an activity generally welcomed by industry of any type and of any size; such activities are expected of the EDO by many firms and the EDO is seen as their advocate in local government affairs. The conflict arises when the jurisdiction, at any level, must act in what it believes to be the best interest of the community and when such actions are not always in the best interests of the local companies. This constant trade-off, waged at all levels of government, emphasizes that the goals of the private sector and those of the public sector are not always aligned, especially in the short to mid-term.

The EDO should consider the impact of pending changes in relation to their flock of companies, and discuss these with a representative sample, when some negative consequences are predicted. If the potential impacts are significant then a more rigorous analysis is called for with more consultations with the potentially affected firms. Feedback on these issues should be written up in a complete but concise manner, and the key government players in the jurisdiction made aware of the concerns and the implications.

Such activities may not always result in mitigation but it will heighten the awareness with the governing jurisdiction that there are impacts of some changes and that these are not always without consequence to the business community and, by extension, the local economy.

## Stimulating Growth in the Small and Medium Size Companies

The EDO can take a pro-active approach by helping the local small and medium-size firms to find and enter new markets outside of the locale. On the surface this is a beneficial concept but it is not easy to implement. Whereas companies are generally prepared to assist in removing tangible costs and barriers, the prospect of entering new markets brings with it the up-front costs, distractions from the core day-to-day business and the uncertainty of that investment of time and resources.

It is not for all companies and efforts here by EDT must be in concert not only with the clear aspirations of the business owner and/or management, but also with the timing of this effort. Other more pressing concerns will generally over-ride tentative market explorations, unless the business is sufficiently large so as to dedicate competent resources to the task. More often than not, in the small-to-medium size companies, these competent resources are restricted to the owner or close associates/family and much of their time is, necessarily, consumed with current activities.

## Awareness Of and Application to Government Assistance Programs

Making companies aware of assistance programs is a valuable service.

Many programs are surrounded by a seemingly complex set of barriers and conditions, as well as caveats and exclusions, none of which will encourage usage by the private sector. The EDO can simplify this, based upon his or her own experience, to permit the business to decide whether it will be of value to apply.

Some applications require information to be filled in that, at first glance, may seem to be unnecessary or even intrusive. While the larger firms will find staff to complete most of this, the medium size and smaller enterprises will not have the same resources and often the owner will be the key person to do this. With a business to run and an uncertain return on the effort involved, that business owner may never complete the task. Nor are all business owners creative and articulate writers, and when asked to describe their business and opportunities in depth, they may find this to be a daunting task that they do not enjoy. Language barriers may also apply in some cases.

Where a local industry association is lacking, in an even more pro-active approach, the EDO can step into this role and provide the necessary focus and drive to achieve a successful application on behalf of several companies. The EDO can identify industry sub-sectors and groups of firms that might benefit from such assistance. Promoting the benefits of the program to such a group, recruiting participant firms and coordinating the application can bring benefits to multiple companies in the area that might not have been eligible individually.

By acting regionally, through both formal and informal collaborations, local areas can leverage the resources of the entire region to better effect. This can accrue through:

- The sharing of research on regional, national and global economic data, whether historical or predictive, which does not change by moving from one neighbouring jurisdiction to the next. Collaborating with others in the region to obtain this on a more frequent basis has more value than collecting it independently for each jurisdiction less frequently. This is especially so given the ever-increasing rate of economic change.
- The promotion of the region as a whole to all but the most local investment targets. When viewed from afar, even from as close as a few hundred kilometres, investment attraction targets, whether large corporations or the individual tourist family, do not recognize local jurisdictional boundaries. Attempts to carry out such strategies by small municipalities will often result in the question “where exactly are such and such”. This approach is self-defeating, ineffective and much more costly than combining with other nearby jurisdictions in a partnership initiative.
- Acting as a cohesive region with a combined voice and face for the outside world in terms of advocacy, investment attraction, workforce development and so on.
- Both “Formal Leaders” (those elected or appointed) and “Informal Leaders” (those with influence who lead without formal office) working effectively together, showing unwavering mutual support.
- Broader community engagement and involvement from planning through execution.
- Workforce development as a very high priority, often drawn from across multiple jurisdictional boundaries.
- Taking both short-term and long-term perspectives, with a clear understanding that economic development is not an immediate process.
- Most citizenry expect intra- and inter-regional cooperation between jurisdictions. To them, it makes sense.

## A “Best Practices” Review on acting regionally

### The Imperative of Collaboration

The following extract is from an address delivered by John Whitehead, Secretary to the Treasury, Government of New Zealand, in November, 2005. The address was to the Economic Development Committee of Auckland County Council and focused on the collaboration between senior and local levels of government. It gives a particularly sharp definition of collaboration.

#### *What is Collaboration?*

The first issue is: What do we actually mean by collaboration? And how do we distinguish it from other things that might look a bit like collaboration but aren’t? Firstly, let me say what collaboration isn’t.

- It isn’t a synonym for consultation – and by this I mean proper consultation, where views are genuinely sought from interested groups and genuinely taken into account in reaching decisions.
- It also isn’t a synonym for communication – where we seek to inform each other about decisions made, their implications, their rationale, their aims and objectives, and so forth.
- It also isn’t a negotiation – where each party is seeking some form of commitment from the other.
- It isn’t even co-ordination – where we typically look at making sure that our respective services or policies don’t conflict with or duplicate each other, or for that matter have large gaps.
- And finally, it isn’t advocacy – where one party is seeking to raise and highlight an issue or a solution with another who is at least thought to have the means to address it.
- The danger is that we start to use “collaboration” loosely to mean any or all of these things, and arrive at the table with different expectations.
- What I think the examples of transport and regional economic development illustrate is that “collaboration” in these contexts refers to joint strategic planning, generally leading to an alignment of policies or a coordinated delivery of services.
- It is entered into with a commitment from both sides to “own” the outcome.

The focus is on agreeing what the problem is, what the objectives are, what the desired outcome is and so forth, based on an acceptance that all parties have an important stake in an issue, and are more or less equally well-placed to contribute to its solution.

## Public-Private Partnerships

*“Harness the power and resources. Harness the speed and agility”. - Unknown*

The collaborative approach is by no means restricted to public sector organizations.

A report presented at the Annual Meeting of the European Regional Science Association, in Porto, Portugal, August, 2004 (<http://www.unt.edu/cedr/presentations/ersa2004.pdf>) reported on extensive research carried out in four countries (the United States, the United Kingdom, Ireland and Australia). “Multinational Lessons from Local and Regional Economic Development Agencies” examined the activities of some 900 local and regional economic practitioners and compared the effectiveness of various approaches. The research found mixed results for a number of different tactics employed but there was an overwhelming agreement from all practitioners in the four countries examined. From page 22:

“In all four nations, practitioners nominated the promotion of networks and partnerships as an effective activity, which is supported empirically in the US and Australia. This is a relatively low cost activity that business associations typically count as one of their core strengths. The lesson is perhaps more targeted to government-based agencies suggesting the value of placing renewed emphasis on connecting with the business community and developing appropriate partnerships.”

## Sharing of Information

This is an absolutely essential aspect of any strategy. No matter how comprehensive and convenient a mechanism is developed for communications, it will be of no value unless it is used. This depends greatly upon a willingness to share information and the discipline to do so in a consistent manner.

The types of information that can be shared are unbounded. Of most importance will be:

- Current activities
- Planned activities
- Results obtained
- Opportunities identified
- Barriers encountered
- Data collected

The information holder cannot reasonably assess what is of value to another organization or group and pre-editing may result in lost opportunities for collaboration. The most effective approach and, with technological aid, one that can be executed with little loss of efficiency, is that of making available all possibly relevant materials in an organized manner that can be readily searched for items of interest.

The following extract highlights the thoughts of the Boston Metropolitan Area Planning Council, from their website: [http://www.mapc.org/economic\\_development.html](http://www.mapc.org/economic_development.html) . This statement talks to many of the challenges facing municipalities and the need for leadership in the highest degree.

“Effectively addressing the interrelated economic development challenges facing Greater Boston will require inspired civic leadership. This is a challenge in a region known for fragmentation and parochialism. Richard Freeland, who recently stepped down as President of North-eastern University, commented on the once-quaint Boston tradition of inspired self-confidence, “History is filled with stories of decline among communities that believed a successful past entitled them to a flourishing future. We ignore patterns that point toward erosion of our position at our peril.”

Whether the issues at hand are university-industry partnerships, workforce development, regional standards for development, or the provision of Adult Basic Education and English for Speakers of Other Languages, collaboration and coordination are required to deal with this issue.

A related challenge is the parochial nature of leadership in Greater Boston. The economic development challenges that face Greater Boston are metropolitan in scale. The interrelated issues of middle class job creation, human capital supply, housing, transportation, and social and economic disparity cut across municipal boundaries. Challenges to regional economic growth cannot be met by a single municipality. Rather, they will be met when the region’s civic and business leaders transcend urban-suburban rivalries and come together to develop solutions that are in the best interest of the entire metropolitan region.

While mutual support is easier to display when progress is being made, it is when the inevitable disappointments occur (and there will be some) that the strong and unequivocal support of the Informal Leaders for the efforts of the Formal Leaders is so critical. If that support diminishes then the potential for future success will also wane.

## **Community Involvement**

Community participation is the best mechanism by which to:

- Inform the public of the facts of the present situation, rather than leave it to uninformed speculation and opinions. Reality is less daunting than imagined fears. Further, reality can be agreed upon, whereas the imagined fear knows no boundaries.
- Derive the Values and Vision of the community, which are then used to establish the mandate for the socioeconomic development mission.
- Obtain ideas and other input from the community for use in the overall strategy development mix.

- Recruit “Informal Leaders” from the community to work with the “Formal Leaders” and related organizations to help champion the overall strategy and to work on specific initiatives over time.

### **Goals and Measurements for Progress Tracking and Adjustment**

Develop clear and measurable goals for the program and timelines to measure how well they were achieved. Examples of goals can include increasing employment by a certain number of jobs, increasing wages by a certain amount, increasing new investments into a targeted area by a certain amount, reducing unemployment in a given area by a certain percentage, increasing exports of area products, retraining a certain number, or percentage, of workers, generating more tax revenues and so on.

While organizations focused on economic development have metrics such as job creation, business start-ups, industrial and commercial tax base increases and similar “hard” numbers to assess their progress, the “socio” emphasis will adopt different measurement schemes.

Traditionally these two worlds have not “compared notes” and an acrimonious debate can arise. The burden of leading economic development efforts falls on the traditional economic development community, yet often the measurement of results is undertaken by the “socio” organizations. The measurement of one branch according to the metrics of another is almost certain to lead to criticism and debate unless there is a common set of agreed metrics.

An example of this might be in the arena of job creation; if jobs paying \$25 per hour are lost and replaced with those paying \$10 per hour then, while the number of jobs might not have diminished, the impact on the prosperity of the individual and the community is clear. What is required is that the successful efforts regarding job replacement be recognised, coupled with the need to re-double the efforts to replace the prosperity that may have been lost. Belittling the success of the former, or ignoring the impacts of the latter, are both damaging outcomes, resulting in the further isolation of the “socio” and “economic” thrusts rather than further encouraging positive collaborations.

Thunder Bay, in their “Fast Forward” initiative recognizes the importance of measuring progress in a manner that is consistent with community goals. From the Fast Forward Thunder Bay 2001-2003 report, page 6, the following is an extract:

“Many communities are finding indicators to be helpful in answering the question: “Are our efforts moving us toward achieving our goals?” The Fast Forward partnership believes that our indicators are an important aspect of the annual progress report to County Council. These indicators provide an overall picture of the status of Thunder Bay’s sustainability in terms of its quality of life and diversified economy. The indicators include a range of information about economic, environmental, social conditions, health and demographic data in our community, which can then be used to make judgements about whether the community is making progress towards our goals.

Evidence of positive advancement is important to substantiate past expenditures on initiatives and creating support for new ones. Evidence of a lack of sustainability can provide a catalyst for community groups to take action and to demand more action from local government, other levels of government, or the private sector. Members of the community can also use the indicators report to educate themselves about trends and evaluate how their own actions may improve sustainability.

To provide the Indicators Committee with a framework for the selection process of indicators, the following principles have been utilized:

1. Indicators must be recognized as accurate, objective and reliable.
2. Indicators must be regularly available from secondary sources.
3. Indicators must measure some aspect of the Fast Forward plan.
4. Indicators must measure something around which community action can be taken.

Selecting the individual indicators and how they are reported is not a simple process. There are many different factors to consider, but we hope the annual indicators review will provide the impetus for growth and change in our community.”

An ongoing examination of the evolving economic situation and analyses to re-assess the future will result in effective steps being taken to make adjustments as the execution of the strategy evolves. This is the “guided-missile” approach and it is vital that the longer term elements of the plan have an inherent flexibility that will facilitate and encourage adjustment as the targets move. This will allow the plan to become a “living plan” that adjusts with changing circumstance and, quite possibly, the evolving goals of the community.

## Workforce Development Systems

Ultimately, the capability of the workforce to meet changing economic demands will be the most vital element in coping with economic changes.

Although published over a decade ago, the “Employment and Social Services Policy Studies Division” of the National Governors Association in the United States, in their report “Restructuring and Reinventing State Workforce Development Systems” describes many policies and practices.

From page 1:

“Several recent developments have prompted states to reform their workforce development systems. A consensus has emerged that existing employment and training efforts need to be streamlined to respond effectively to the challenges posed by a rapidly changing and increasingly global economy. Consequently, states are examining ways in which the existing patchwork of federal and state employment and training programs can be brought together to form systems that better meet the labour market needs of employers, job seekers, and workers.

In addition, states are using many of the principles described by David Osborne and Ted Gaebler in their 1992 book Reinventing Government to improve the efficiency and effectiveness of state government. These principles include changing the focus of government from tracking processes to measuring results, focusing on the needs of the customer, enhancing public-private partnerships, and developing innovative ways to finance services.”

The report placed emphases on, amongst other points:

- Public-private sector councils from broad regions – the Ontario Local Workforce Planning Boards are one example.
- Focusing more on results, and less on process, with outcome-based accountability.
- Building the capacity of information and case-management systems

The full document may be found at:

<http://www.nga.org/Files/pdf/011597WORKFORCESTRUCT.pdf>

## Both Short and Long-Term Perspectives Are Essential

To the extent possible, activities undertaken today for near-future benefit should not detract from the longer term goals that will be sought over the coming years. At the same time, investment for the future should not unreasonably reduce the advantages that can accrue in the shorter term. This trade-off is a common dilemma in socioeconomic development and, indeed, in most

businesses. Nor, as in business, will all ventures be successful. The one certainty is that if no forward momentum is created then nothing will happen, apart from a gradual deterioration in the socioeconomic well-being of the community.

### **Adaptation to Change**

The following is the conclusion on page 68 of “The 2007 State New Economy Index”, published by the Ewing Marion Kauffman Foundation and Information Technology and Innovation Foundation. Although entirely focused on the U.S. economy, the message crosses our border with relative ease.

“Perhaps the most distinctive feature of the New Economy is its relentless levels of structural economic change. The challenges facing states in a few years could well be different than the challenges today. But notwithstanding this, the keys to success in the New Economy now and into the future appear clear: supporting a knowledge infrastructure – world-class education and training; spurring innovation – indirectly through universities and directly by helping companies; and encouraging entrepreneurship. In the past decade, a new practice of economic development focused on these three building blocks has emerged, at least at the level of best practice, if not at the level of widespread practice.

The challenge for states will be to adopt and deepen these best practices and continue to generate New Economy policy innovations and drive the kinds of institutional changes needed to implement them. And it’s this last challenge that is key. Success in the New Economy requires that a whole array of institutions – universities, school boards, firms, local governments, economic development agencies – work in new, and often uncomfortable ways. At the end of the day, this is a challenge of leadership. States with leaders who challenge their institutions and businesses and who follow through with bold new policies focused on innovation, learning, and constant adaptation – will be the ones that succeed and prosper.”

## APPENDIX IV: RUNNING ECONOMIC DEVELOPMENT ADVISORY COMMITTEE (EDAC) MEETINGS

The following have been taken from the meeting practices of many different EDACs. Effective meetings are essential in order to accomplish what must be done, as well as to ensure participant interest.

These practices should be reviewed for applicability to the particular EDAC and none should be adopted without such a review. Adaptation for the specific circumstances will almost certainly be necessary.

BP #	Best Practice	Remarks
1	<p><b>Best Practices Optimization</b></p> <p>Based upon an appropriate majority of the Members being in agreement, EDAC will continuously revise the Best Practices for maximum effectiveness and efficiency:</p> <ul style="list-style-type: none"><li>• Best Practices will be improved.</li><li>• Best Practices will be removed if not necessary or not effective</li><li>• Best Practices will be added as needed.</li></ul> <p>These Best Practices may be continuously improved and modified at any time through mutual EDAC Member agreement. A simple majority of Voting Members, in quorum, will suffice to make such amendments, subject thereafter to the concurrence of Council.</p>	There must be a balance between structure (bureaucracy) and unfettered behaviour. Striking that balance is the challenge.
2	<p><b>The Mission of EDAC</b></p> <ul style="list-style-type: none"><li>• <b>TO</b> further the economic development objectives of the municipality.</li><li>• <b>BY</b> making recommendations to Council for and against particular initiatives, with a clear and very defensible rationale.</li><li>• <b>THROUGH</b> volunteer resources that augment and work collaboratively with Council and Staff.</li></ul>	

BP #	Best Practice	Remarks
3	<p><b>Examples of Roles for EDAC</b></p> <p>These may be modified and added to at any time, with the concurrence of Council:</p> <ul style="list-style-type: none"> <li>• Business Retention and Expansion (BR&amp;E)</li> <li>• Business Attraction.</li> <li>• Tourism Development and People Attraction.</li> <li>• Local Entrepreneur Development.</li> <li>• Review and recommend cases to Council as they are brought forward.</li> </ul> <p>Each role will have a defined Term of Reference to which EDAC Members will adhere:</p> <ul style="list-style-type: none"> <li>• To ensure that all Members are on the same page.</li> <li>• So that Member training needs can be better identified.</li> <li>• To ensure that expectations are aligned and more likely to be met.</li> <li>• To define when the task is complete.</li> </ul>	<p>Training in particular roles may be needed to ensure a consistent result.</p> <p>Business Retention and Expansion is one such role that benefits from training.</p>
4	<p><b>Relationship to Staff</b></p> <ul style="list-style-type: none"> <li>• EDAC will not assign tasks directly to the Staff since the Staff have only one master, and that is the municipality.</li> <li>• EDAC will provide additional resources to assist the Staff in achieving overall municipal objectives.</li> <li>• EDAC will request and receive technical economic development advice and assistance from the Staff.</li> </ul>	
5	<p><b>Source of activities and actions for EDAC</b></p> <ul style="list-style-type: none"> <li>• From Council: <ul style="list-style-type: none"> <li>• EDAC will make a recommendation as to whether Council should or should not, proceed, with a rationale appropriate to the magnitude of the decision.</li> </ul> </li> <li>• From any other sources: <ul style="list-style-type: none"> <li>• EDAC Members.</li> <li>• Any other Members of the Community.</li> <li>• From outside the Community, anywhere.</li> <li>• Unless requested otherwise by Council in a given situation, EDAC will only bring to Council those where the recommendations are to proceed.</li> </ul> </li> </ul>	<p>Council initiated actions are usually less common than from other sources.</p> <p>In fact, one of the main purposes of EDAC is to identify/create worthwhile economic development initiatives for Council to consider.</p>
6	<p><b>Communications from Staff to EDAC</b></p> <ul style="list-style-type: none"> <li>• Direct communications from Council are not expected on every issue.</li> <li>• EDAC expects Staff to ensure that EDAC is fully informed, and in a timely fashion, to ensure the effectiveness of EDAC.</li> <li>• EDAC does not expect to be informed of details that cannot be disclosed publicly at any given point in time.</li> </ul>	

BP #	Best Practice	Remarks
7	<p><b>EDAC Appointment Process</b></p> <ul style="list-style-type: none"> <li>Since Members are appointed by Council, the process will follow current Council guidelines.</li> <li>EDAC will make recommendations to Council as to which EDAC seats should be voting or non-voting, to respect potential conflicts of interest.</li> </ul>	
8	<p><b>Seats on EDAC</b></p> <ul style="list-style-type: none"> <li>As many or as few Members to make EDAC function most effectively and most efficiently.</li> <li>Voting Member <ul style="list-style-type: none"> <li>Member with “no inherent” conflict of interest.</li> <li>May have declared “ad hoc” conflict of interest.</li> </ul> </li> <li>Non-voting Member <ul style="list-style-type: none"> <li>Member with an ‘inherent’ conflict of interest. For example: <ul style="list-style-type: none"> <li>‘Other municipality’ EDAC Committee representative.</li> <li>Chamber of Commerce representative.</li> </ul> </li> </ul> </li> </ul>	<p>Consider a smaller Executive Committee for certain decision-making. Perhaps the Chair, the Vice-Chair, Treasurer, etc.</p> <p>Every currently Voting Member should be considered with respect to potential inherent conflict of interest and their status adjusted accordingly.</p>
9	<p><b>EDAC Member Seats on other Committees</b></p> <ul style="list-style-type: none"> <li>EDAC will request a full (may be non-voting) seat on other Committees which are primarily concerned with economic development.</li> <li>Where another committee deals with economic development issues from time to time, then a guest seat may be requested (not requiring regular attendance). <ul style="list-style-type: none"> <li>EDAC should receive all minutes to determine participation at any given time.</li> </ul> </li> <li>Under normal circumstances, EDAC will decline participation in all other types of committee.</li> </ul>	
10	<p><b>EDAC Meeting Times</b></p> <ul style="list-style-type: none"> <li>Meeting times will be chosen for the availability and convenience of Members who have restricted schedules (are employed or are running a business, etc.).</li> </ul>	<p>Early morning sessions are common-place for such committees, so that people do not get tied up in their daily work beforehand.</p>

BP #	Best Practice	Remarks
11	<p><b>Managing Conflicts of Interest</b></p> <p>EDAC recognizes that conflicts of interest are likely to arise with Voting Members at some time.</p> <ul style="list-style-type: none"> <li>Especially when the Member brings or sponsors a proposal to the table.</li> <li>The rules adopted by the Council should be used as the basis for the determination of potential conflict of interest.</li> <li>These actual or potential conflicts of interest must be declared by the Member at the start of the meeting in which the item will be discussed or as soon as apparent to the Member, for those emergent conflicts. Failure to do so may result in a challenge by another Voting Member.</li> <li>When in a conflict position, the Member loses the privileges of a Voting Member for that issue only and is treated as would be a Proponent.</li> <li>This loss of privilege applies also for matters related to the item, such as item prioritization on the agenda.</li> </ul>	

BP #	Best Practice	Remarks
12	<p><b>Agenda Priorities</b></p> <p>The agenda will be structured to show at least three distinct priorities of items:</p> <ul style="list-style-type: none"> <li>• Time-sensitive items that must be addressed NOW, else benefits may be lost or negative consequences ensue. <ul style="list-style-type: none"> <li>• New, acute issues may be brought into this category at the meeting itself (through a simple show of hands vote).</li> </ul> </li> <li>• Regular items <ul style="list-style-type: none"> <li>• Where feasible, these will be prioritized by the estimated benefit to the economic development mission.</li> <li>• Where not feasible, or for items of estimated equal benefit, then these will be prioritized in the order in which they were brought to the Committee.</li> </ul> </li> <li>• Abeyance items <ul style="list-style-type: none"> <li>• Items that are in front of the Committee but are not scheduled on the agenda for that particular meeting.</li> <li>• Often this is to allow time for activities to occur before they are considered again.</li> <li>• Usually, these will have a date assigned at which time they are expected to be on the active agenda once more</li> </ul> </li> <li>• Pending-new items <ul style="list-style-type: none"> <li>• Items that are not yet in front of the Committee and are not scheduled on the agenda for that particular meeting.</li> <li>• Putting one or more pending-new items on the agenda for this meeting may be proposed (through a simple show of hands vote).</li> <li>• A 'rule' may be invoked that new items cannot be held pending for more than a certain number of meetings before being placed on the agenda,</li> <li>• A special meeting may be called to clear off excess items or these will be assigned to a sub-Committee for initial dispensation.</li> </ul> </li> </ul> <p>The priority order for the meeting may be challenged and changed (through a simple show of hands vote).</p>	<p>Creating the agenda in a spreadsheet makes prioritizing easier.</p>

BP #	Best Practice	Remarks
13	<p><b>Meeting Agenda Time-keeping</b></p> <ul style="list-style-type: none"> <li>• All agenda items will be assigned a specific amount of minutes and this will be shown on the agenda issued before the meeting.</li> <li>• A meeting Timekeeper will be appointed (not the Chair) to alert on agenda item time. <ul style="list-style-type: none"> <li>• The Timekeeper will announce the 'half-way' point for any given item and 'one minute to go' (or similar useful time flags).</li> </ul> </li> <li>• At the discretion of EDAC additional time may be added for any item as it unfolds (through a simple show of hands vote). <ul style="list-style-type: none"> <li>• If more time is granted for an item then lower priority items may now not be reached in that meeting</li> <li>• The overall length of meeting may be increased if Committee desires (through a simple show of hands vote).</li> </ul> </li> </ul>	Creating the agenda in a spreadsheet makes time-tracking easier.
14	<p><b>Advising Council: Making the Case</b></p> <ul style="list-style-type: none"> <li>• Economic Development is an INVESTMENT, not a COST, and EDAC recognizes that there should be a return on that investment.</li> <li>• EDAC will make recommendations as to whether Council should, or should not, make any particular investment in economic development and provide a rationale commensurate to the level of investment under consideration. The thoroughness and detail required will be determined in each case in conjunction with Staff.</li> <li>• The level of due-diligence and the detail in the case will be sufficient to permit a Council Member to answer a question from the public, in full confidence of the facts.</li> <li>• Staff will be expected to provide support for these case analyses, most especially for the higher levels of investment.</li> </ul>	“Government should be run more like a business”. The two do have different objectives but some of the processes and principles are common.

BP #	Best Practice	Remarks
15	<p><b>Proponents and proponent presentations</b></p> <ul style="list-style-type: none"> <li>• Presenters must provide, well ahead of time, a “no-more-than one page” briefing note that EDAC members will review before the presentation. This will allow more efficient use of meeting time and permit more incisive questioning by EDAC. This will also permit the determination by EDAC of whether the matter really is related to economic development</li> <li>• The Proponent will be advised well ahead of time how much of the meeting time will be allotted to their presentation and that exceeding this will be determined only by a vote on the committee</li> <li>• Proponents will be allowed to participate in discussion regarding the proposal, unless a EDAC Member requests otherwise and a simple majority vote then confirms that request</li> <li>• Normally Proponents will be asked to leave the room if a vote is conducted on the matter</li> </ul>	
16	<p><b>Receiving information presentations</b></p> <ul style="list-style-type: none"> <li>• These are distinct from Proponent presentations and are by invitation from EDAC or at the request from the Presenter</li> <li>• Unless there is a good reason to consider otherwise, only presentations with some direct relevance to economic development will be entertained</li> <li>• The Presenter will be advised well ahead of time how much of the meeting time will be allotted to their presentation and that exceeding this will be determined only by a vote on the committee</li> <li>• Presenters will be encouraged to provide, well ahead of time, a “no-more-than one page” briefing note that EDAC members will review before the presentation. This will allow more efficient use of meeting time and permit more incisive questioning by EDAC</li> </ul>	Where the presenter is a senior government or other body discussing the possibility of project funding for some economic development activities, then you may wish to give them as much time as they like.
17	<p><b>Regular “status” presentations to Council</b></p> <ul style="list-style-type: none"> <li>• EDAC will make a short presentation to Council on a regular basis discussing overall progress, what is working, what is not working and recommendations for EDAC effectiveness and efficiency improvements.</li> </ul>	Perhaps every six months? Make the presentation longer or shorter and more or less frequent as Council and EDAC decide. The important thing is to do it regularly.

## APPENDIX V: CLUSTER DEVELOPMENT

The following is extracted and derived from:

**“Creating smart systems: A guide to cluster strategies in less-favoured regions”**  
Stuart A. Rosenfeld - Regional Technology Strategies - Carrboro, North Carolina, U.S.A.  
April 2002

This is an excellent paper, very pragmatic, with many valuable ideas to help the “less-favoured region”. Equally, it has no magic bullets to offer and emphasizes much of what the public sector must do to lay the ground-work. Certainly, most communities in Ontario today, must look to the recreation of their economy, in at least some part, using the recommendations made in this paper.

“We assume there are three basic categories of less advantaged regions:

1. The first is the older industrialized region dominated by labour intensive industries that have lost their cost advantage to newly industrialized nations.
2. The second is the semi-industrialized region that had many small craft industries that operate with very low levels of technology.
3. The last is the peripheral or less populated region that has been dependent on resource-based industries but which must, with rising productivity, the out-migration of youth and reducing employment, find new clusters with growth opportunities.”

“The most successful clusters build mechanisms that can speed the movement of ideas, innovations, and information from firm to firm throughout the economy. The dynamics of clusters, not the individual accomplishments, create the learning region and innovation cluster. The mechanisms and entities for collecting and disseminating knowledge - the gatekeepers, brokers, and intermediaries that encourage and facilitate all forms of associative behaviour - provide the value embodied in social capital that is so important to cluster competitiveness.”

“The limits or constraints to active participation in a successful cluster are largely a function of lack of “connections”, or deficits in social capital. Some of a region’s stock of social capital resides in its civic and professional associations, and its economic value is deeply embedded in the functions of groups that bring people together to share ideas and knowledge. A variety of entities that work with clusters, including technology centres, NGOs, or skills councils, serve as gateways to information, knowledge, and labour and as linking agents.”

“Regions are beginning to use incentives to recruit talent as they once recruited branch plants. Universities want faculty who will attract research dollars and bright graduate students, and clusters - especially in knowledge intensive sectors - need bright young people to attract other new firms and young companies. Talent is attracted not just by

salaries but by the chance to interact with peers in their field, opportunities for professional development, and membership in local professional associations. Less advantaged and peripheral regions (or even low-income communities in relatively advantaged regions) have trouble keeping their best and their brightest graduates from moving to the “cool” places that can offer recreation activities, high culture, choices of good jobs, and that cater to diversity.”

“Clusters live or die with the entrepreneurial and innovative abilities of local employees and companies. The development and commercialization of new ideas requires resources and capital. But capital markets often prefer New Economy companies to mature and low technology companies and innovation centres over more remote places that are difficult to monitor and assist. Some clusters, especially in smaller communities, have been able to find local sources of capital that understand their business and are willing to invest in building the economy.”

What if there are no clusters in a region? After an analysis of the industry data and observation of the businesses in a region, there may not be any set of industries that appears to have either the scale or concentration to be a typical cluster. But there may be clusters that are not easily found without expanding the catchment area to include surrounding areas, looking for connections (umbilical cords) to clusters in adjacent areas considering less obvious commonalities and more generic needs, or considering micro-clusters that lack scale but represent unique local competencies. Re-orienting the central theme of the cluster from some commonality of production process to a commonality related to knowledge, innovation or entrepreneurship may also open up new possibilities for generating externalities and taking collective actions in a region.

Knowing and understanding clusters are of value to regions only if that knowledge leads to actions that grow economies and raise standards of living. Unfortunately, there is no single recipe for less favoured regions to follow that will meet the needs of all clusters, which embody many types of systemic relationships and kinds of industries. But there is a menu of actions from which to choose. The choices regions make depend on many factors, including geography, stage of development, resource constraints, special societal needs, cluster priorities, market imperfections, and local preferences.

“Multipliers” {or a form of Champions} are people intimately familiar with the companies and able to detect and assess opportunities for collaboration that can be passed on to brokers. Referred to as “scouts,” they include staff of chambers of commerce, trade associations, banks, accounting firms, law offices, trade centres, technical colleges, and technology extension services.

Entrepreneurs and young firms have a greater need for networking than existing companies because they have less experience and no established routines. They thrive on information, advice, and knowledge. The most effective networks are based on some sort of existing relationships among entrepreneurs, such as incubators, economic development programmes, common sources of capital, or associations.

The most successful clusters result in a brand that identifies a place with quality, establishes customer loyalty, and becomes a prime destination of retail and wholesale buyers. Brands have been common in agriculture, with French champagne, Scotch whiskey, Belgian chocolates, Vermont maple syrup, Modena balsamic, and Parma's cheese and ham - all globally recognised brands associated with clusters. In other fields, Finland has become internationally known for cell phones, southern California for movies, Germany for machine tools, Denmark for modern furniture, New York for publishing, Waterford for crystal, Venice for glass, Orlando for theme parks, and Boston for education.

It goes almost without saying that all governments must commit the resources to support the basic foundations for economic growth that are required by any cluster. These include a universal basic education from early childhood through secondary; the infrastructure of roads, ports, public transportation, utilities, water, waste disposal and sanitation; health care and a healthy environment; and adequate housing. Less favoured regions are often stuck in a cycle of economic distress because they lack the tax base and resources to pay for the basic conditions for growth and the economic wealth that would give them the resources.