

BUSINESS INTERVIEW RESULTS

October 2014



grow | guelph
BUSINESS RETENTION
+ EXPANSION ►



TABLE OF CONTENTS

Introduction	5
BR+E Background	6
Project Scope	7
Business Information	8
Business Climate	13
Future Plans	18
Business Development	20
Workforce Development	23
Community Development	28
Guelph Community Survey	29
Manufacturing Survey	32
Key Findings and Priorities	37

The 2013/2014 Grow Guelph Business Retention and Retention (BR+E) Advisory and Taskforce Committee

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INTRODUCTION

Launched in November, 2013, the Grow Guelph Business Retention and Expansion (Grow Guelph BR+E) program was established as a community-wide effort to investigate issues and concerns of, as well as opportunities for, local businesses. These findings will help the City of Guelph and its economic development partner agencies, set priorities for projects that address these needs and ultimately improve the profitability of local businesses here in Guelph.

The Grow Guelph BR+E program is driven by a committee of co-ordinated business support and service organizations that develop and deliver various programs, services and influence policies that support the retention, growth and profitability of local business.

Existing firms within a local community are the engines of economic growth and they set the stage for the local business climate and a community's quality of life. The Grow Guelph BR+E Committee recognizes that in most Canadian cities, as much as 80% of new jobs are created by existing firms. When a community commits to establishing a dedicated BR+E program it commits to working with a group of companies that are important to the future of the local economy and to those who are already invested in the community.¹ A BR+E plan is an economic development strategy that is an action oriented and community-based approach to better support business and the local economy.

On-going communication and collaboration is a key component of the Grow Guelph BR+E Program and Committee. Collectively, by evaluating and helping to address present labour force requirements, business challenges, and local businesses' future plans, we aim to create a strong local economy where businesses can grow and prosper.

¹ G. Morse and S. Loveridge, 1997

The Grow Guelph BR+E Advisory and Task Force Committee would also like to acknowledge and thank community members who assisted in the Business Visitation Program, the BR+E Data Analysis Retreat Workshop and/or the BR+E Action Planning Meeting.

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BR+E BACKGROUND

In 2009 Mayor Karen Farbridge assembled a Mayor's Task Force on the Economy, comprised of key business and community leaders. The role of the Task Force was to help direct and advise the establishment of a new ten-year Economic Development & Tourism Strategy. In 2010, Prosperity 2020 - Economic Development Strategy for Guelph was developed. One of several recommendations coming from this strategy was to develop and implement a Business Retention and Expansion (BR+E) program.

In 2011/12, the City of Guelph Economic Development Services, commissioned a comparative study of BR+E programs across Canada. This study also included a comprehensive survey of 49 Guelph business owners/managers and a thorough review of programs and services offered by local, regional, provincial and federal business support agencies, available to local businesses.

Following this study, a committee of local business support and economic development agencies, established the Grow Guelph Business Retention and Expansion (Grow Guelph BR+E) program – a community-wide effort to investigate and address issues, concerns and opportunities for local businesses. The committee included representatives from the following organizations: City of Guelph; Guelph Chamber of Commerce; Innovation Guelph; Workforce Planning Board of Waterloo Wellington Dufferin; Guelph-Wellington Business Enterprise Centre; Guelph Downtown Business Association; Ontario Ministry of Economic Development Trade Employment & Infrastructure; Ontario Ministry of Agriculture Food & Rural Affairs; University of Guelph; Conestoga College; Guelph-Wellington Local Immigration Partnership, and Career Education Council.

The Grow Guelph BR+E program's short-term and long-term objectives include:

Short-Term Objectives

- ▶ Increase communications, business development and networking among Guelph businesses;
- ▶ Better understanding of Guelph's business needs and identify and develop services and programs to address these needs;
- ▶ Recognize the contribution and value of local businesses;
- ▶ Identification and mitigation of issues and opportunities among businesses in Guelph;
- ▶ Increase business awareness of Economic Development, City services and other business support agencies and services in the community;
- ▶ Better understanding of the labour force needs to support Guelph businesses' growth and retention; and
- ▶ Identify and minimize gaps and duplication of Guelph business support services and delivery.

Long-Term Objectives

- ▶ Reposition Guelph and renew business climate and image;
- ▶ Increase competitiveness and profitability of Guelph businesses;
- ▶ Improve local economy in the areas of job retention and creation; and
- ▶ Improve working relationship and communications with all economic development and business support agencies in the Guelph-Wellington region to deliver coordinated and improved business support services.

PROJECT SCOPE

From November 1, 2013 to May 30, 2014, approximately 20-25 Guelph companies, in each of the following sectors, were randomly selected and contacted to participate in a business interview and survey:



Not all businesses contacted were available to participate, therefore a total of fifty-four interviews were completed. Survey data from all 54 company interviews have been included in the analysis and overall results presented in this report.

At the time of the analysis of the BR+E survey data, 3 Downtown business surveys were completed and included in this report.

Therefore due to the small sample size, data from the Downtown sector is only included in overall findings and is not included in data classified by sector. More detailed Downtown sector data will be available in 2015.

These interviews were carried out by members of the Grow Guelph BR+E Task Force and Advisory Committee and community volunteers.

The survey tools and resources used in the Grow Guelph BR+E program were developed and supplied by the Ontario Ministry of Agriculture, Food and Rural Affairs, who has assisted over 160 Ontario communities implement BR+E programs, since 1998. OMAFRA provided the Grow Guelph BR+E Committee with community BR+E surveys, training and the use of a CRM database software license, for collecting, managing and tabulating business survey and economic development data.

Figure 1: Number of Guelph businesses interviewed

Advanced Manufacturing



Agri-Food / Agri-Innovation



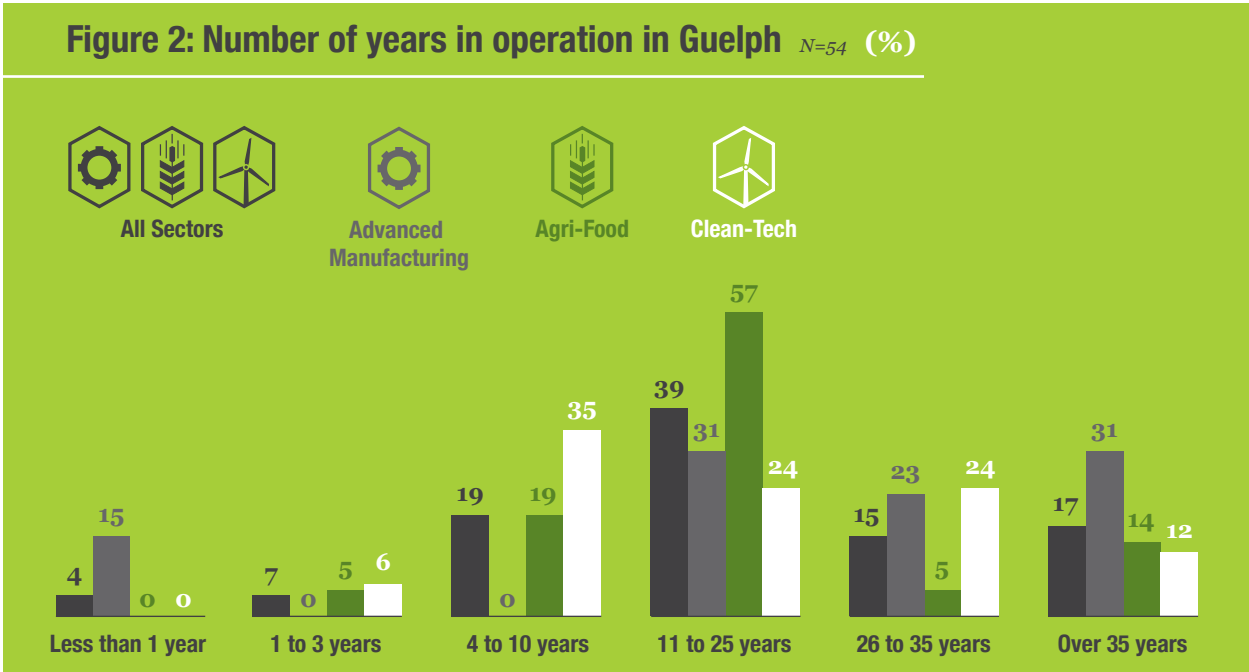
Clean Tech



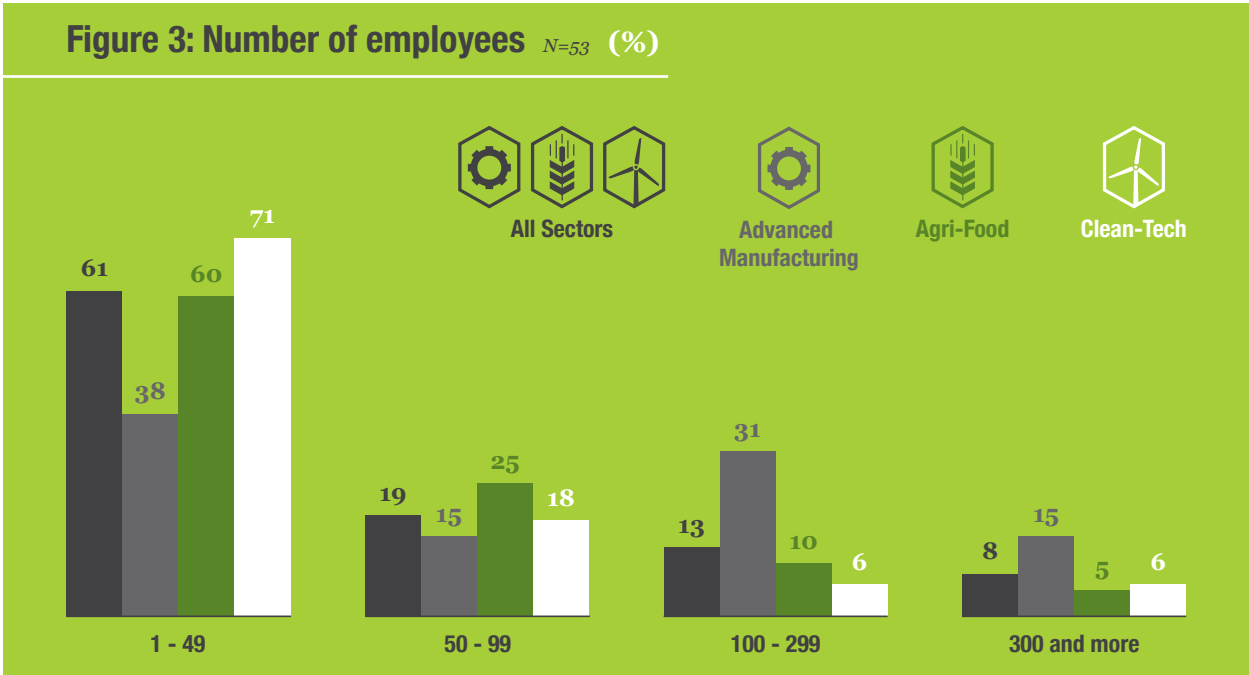
Note: Three additional sets of survey results from downtown businesses were included in the analysis, when overall data is presented in this report and is not included in sector related data.

BUSINESS INFORMATION

The majority of the participating businesses have been in operation in Guelph for over 10 years (71%). Further breakdown of these companies reveal that 85% of these businesses are in the Advanced Manufacturing sector, 76% are in Agri-Food/Ag Innovation sector and 60% are in the Clean Tech sector (Figure 2).

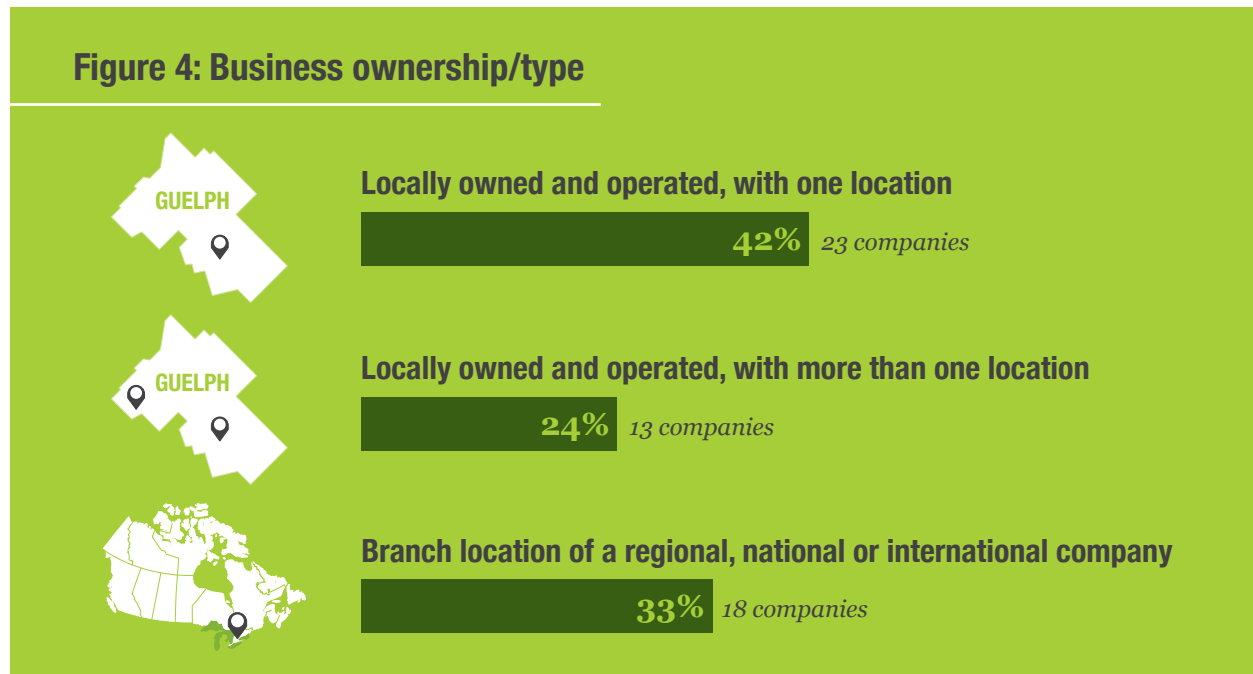


The businesses interviewed, ranged in size of workforce across sectors. Sixty-one percent of Advanced Manufacturing firms employ a larger workforce (50 employees or more); while 40% of companies in the Agri-Food/Ag-Innovation sector, indicated they employ 50 employees or more. Companies within the Clean Tech sector generally employ a smaller workforce, with 71% of these companies indicating they employ less than 50 employees (**Figure 3**).

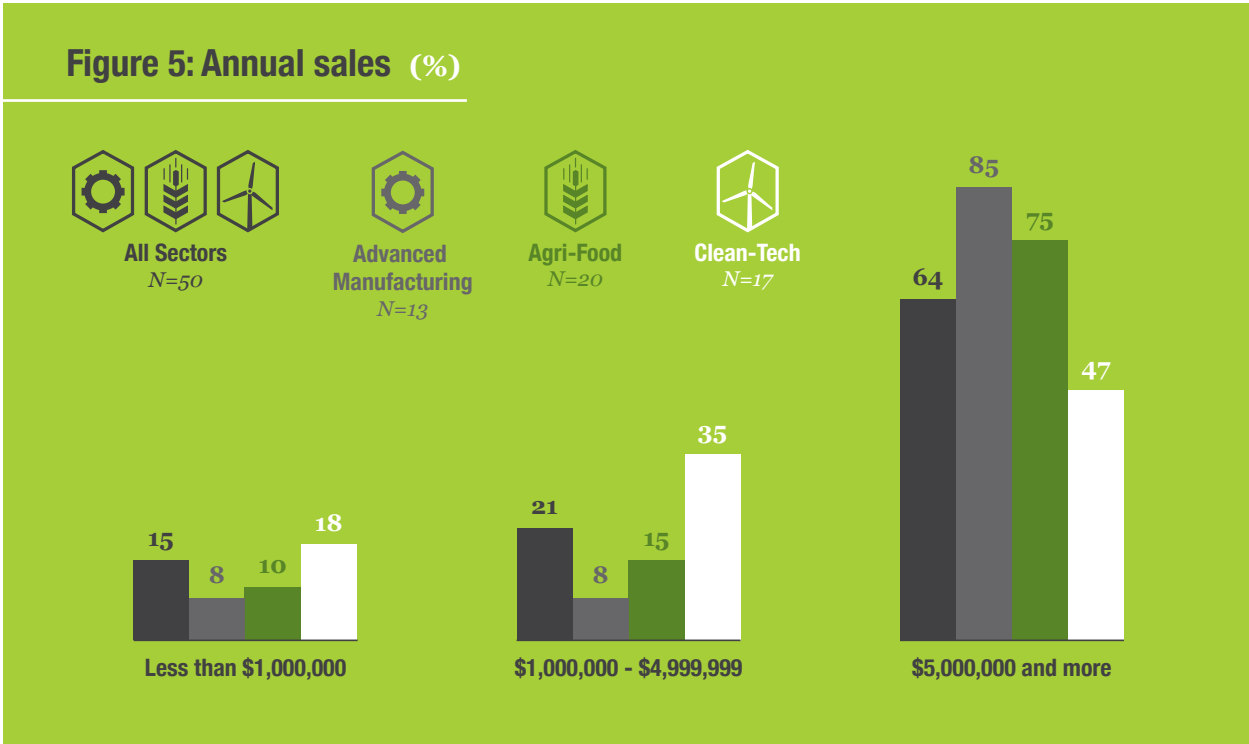


BUSINESS INFORMATION

Figure 4 provides a breakdown of ownership and types of businesses who participated in the surveys. The majority of the businesses (66%) were locally owned and operated, with 24% of these businesses having more than one location. Additionally, 65% of the businesses indicated that at least one of the owners/operators are involved in the day to day operations and roughly the same percentage of businesses reported that at least one of the owners/operators live in Guelph.



Eighty-five percent of Advanced Manufacturing and 75% of Agri-Food businesses reported annual sales at \$5 million or more. While Clean Tech companies had more modest returns with 47% of the companies reporting annual sales figure at \$5 million or greater per year (**Figure 5**).

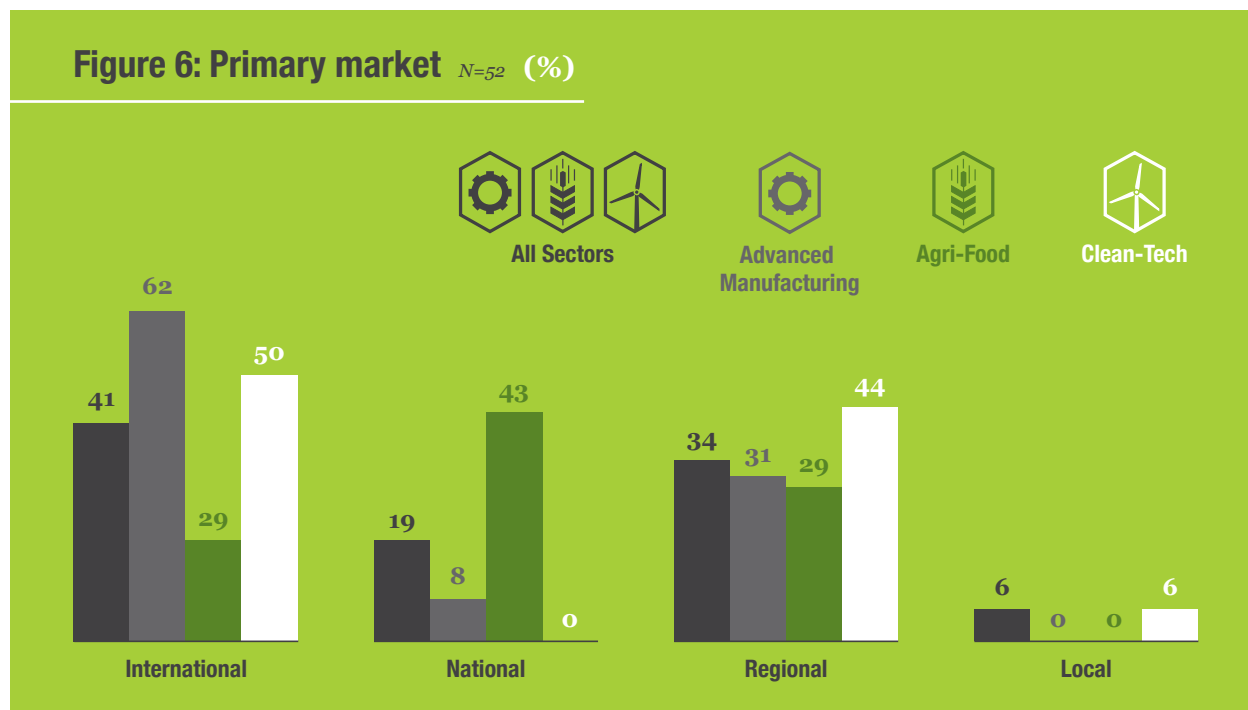


BUSINESS INFORMATION

Forty-one percent of all businesses indicated that their primary market was international while the remainder of the businesses indicated that their primary market was domestic including national, regional or local (**Figure 6**).

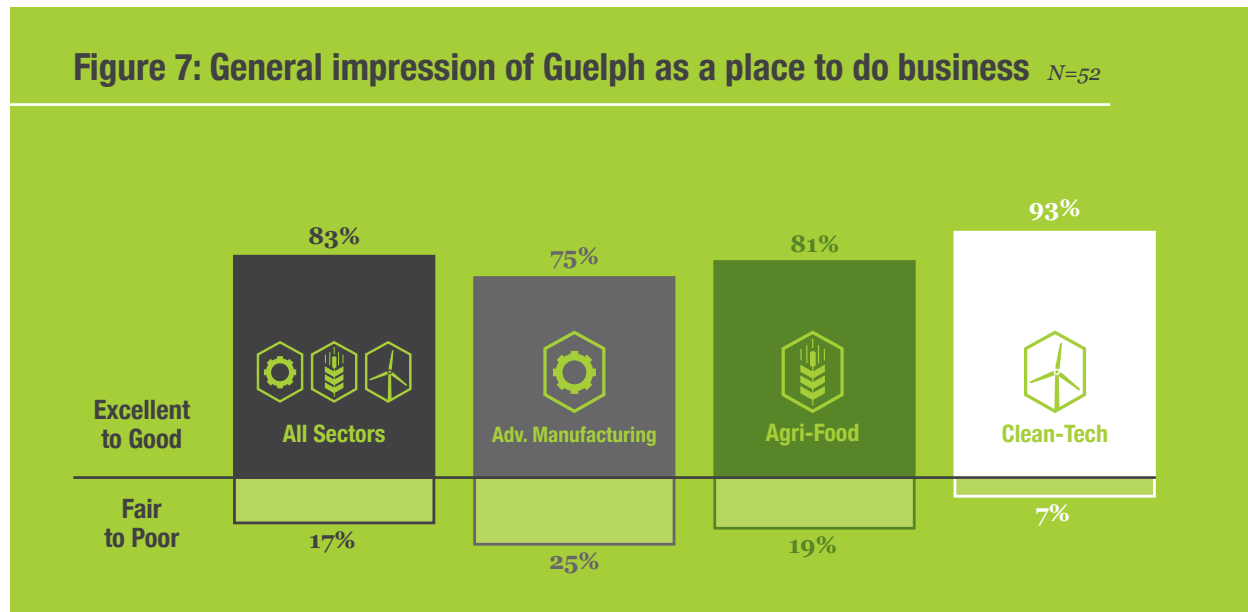
Additionally, 62% of Advanced Manufacturing companies and 50% of Clean Tech companies indicated that their primary market was international. The other 50% of the Clean Tech

companies interviewed, indicated that regional and local markets were primary markets for them. Forty three percent of the Agri-Food companies surveyed indicated that the international market was their primary market. There was an even distribution of Agri-Food companies who also indicated that national (29%) and regional (29%) markets were their primary markets.



BUSINESS CLIMATE

The overall business climate in Guelph was reported to be very positive, with 83% of all businesses surveyed stating that the community was good to excellent as a place to do business (**Figure 7**). Companies in the CleanTech and Agri-Food sectors had a more favourable impression of Guelph (93% and 81%, respectively), while 75% of Advanced Manufacturing businesses indicated that Guelph was a good to excellent place to do business.



BUSINESS CLIMATE

Over the past three years the attitudes of 65% of the businesses interviewed had not changed regarding their impression of Guelph as a place to do business. Nineteen percent of the companies interviewed reported having a more positive attitudinal change about the community as a place to do business, while 17% reported having a more negative change (**Figure 8**).

Reasons for a more positive change in attitude that were reported by businesses included: support and research at University of Guelph, community support and involvement, support/good relations with local government, support from police services and quality of life.

Those businesses that reported a more negative attitudinal change provided comments such as: many of their partner businesses had closed/moved, need for improved public transit for their employees, programs available locally are not effective, local market opportunities are not well

positioned, building and development approvals, road maintenance and construction, negative media attention and lack of City priorities focused on business.

Figure 8 further breaks down attitudinal change by business sector, with 46% of the Advanced Manufacturing businesses reporting a more negative change, while more Agri-Food (76%) and Clean Tech (88%) businesses reported having no change or more of a positive change in attitude.

Figure 9 provides business rating results of a variety of factors of doing business in Guelph. Quality of life, availability of natural gas and support from other businesses in Guelph were the top 3 ratings scored by the businesses. Alternatively, municipal taxes, local roads/streets and availability of space for rent/lease scored the lowest ratings by over 30 business respondents.

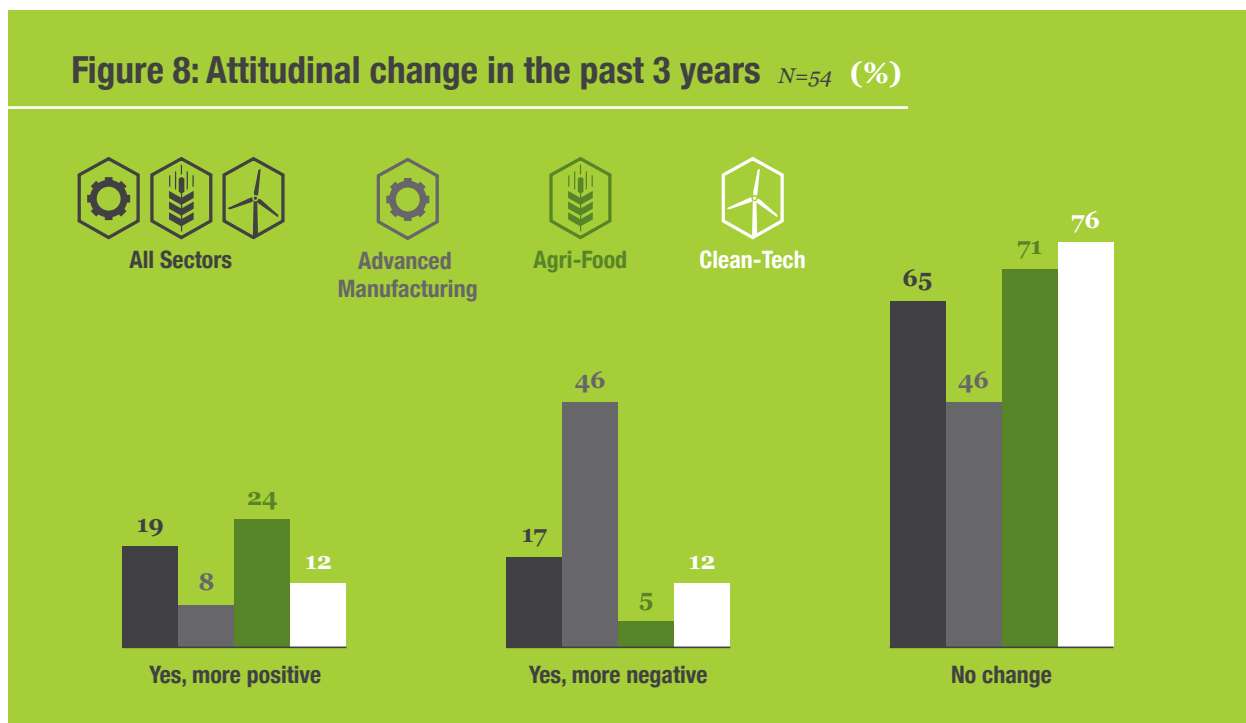
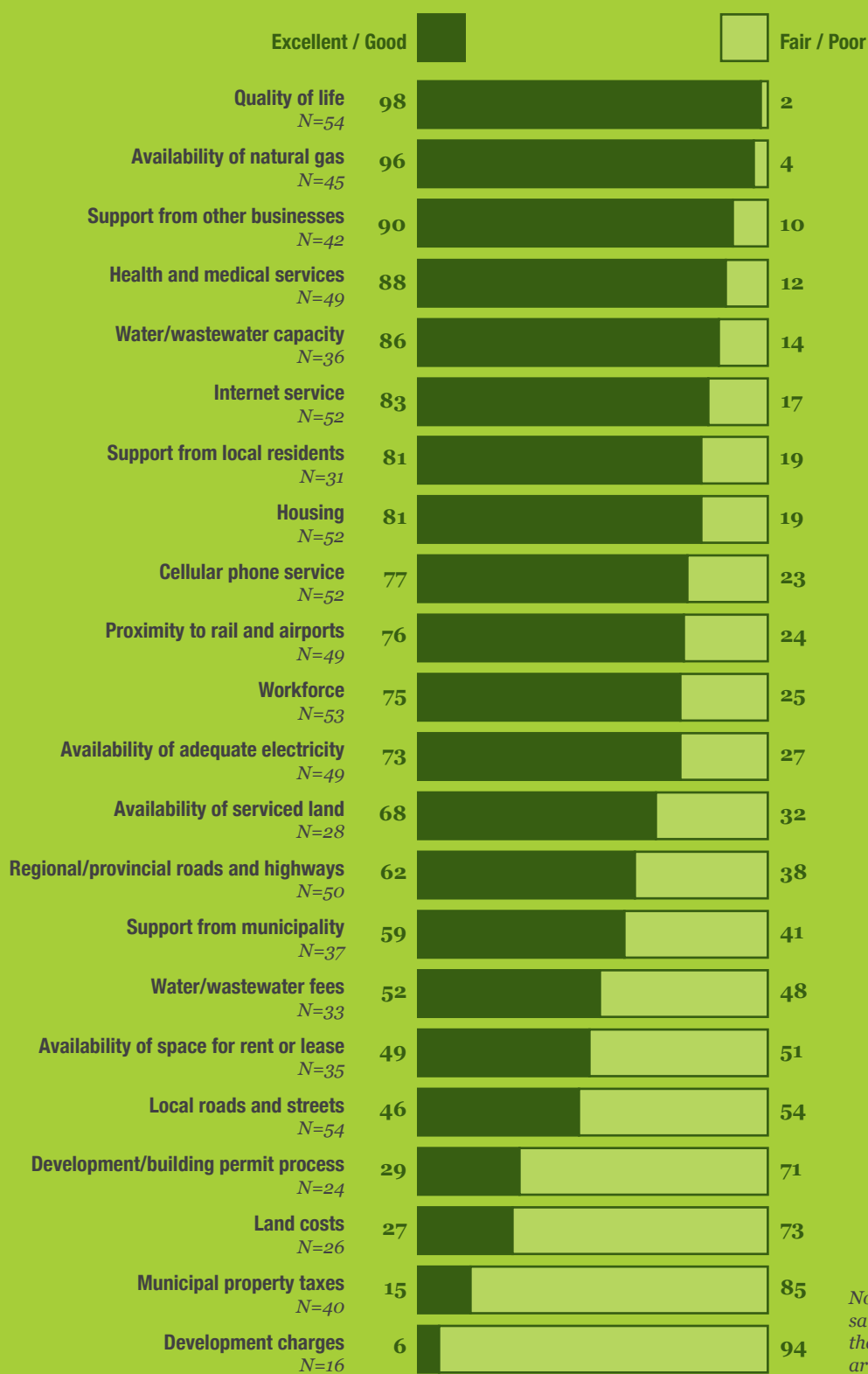
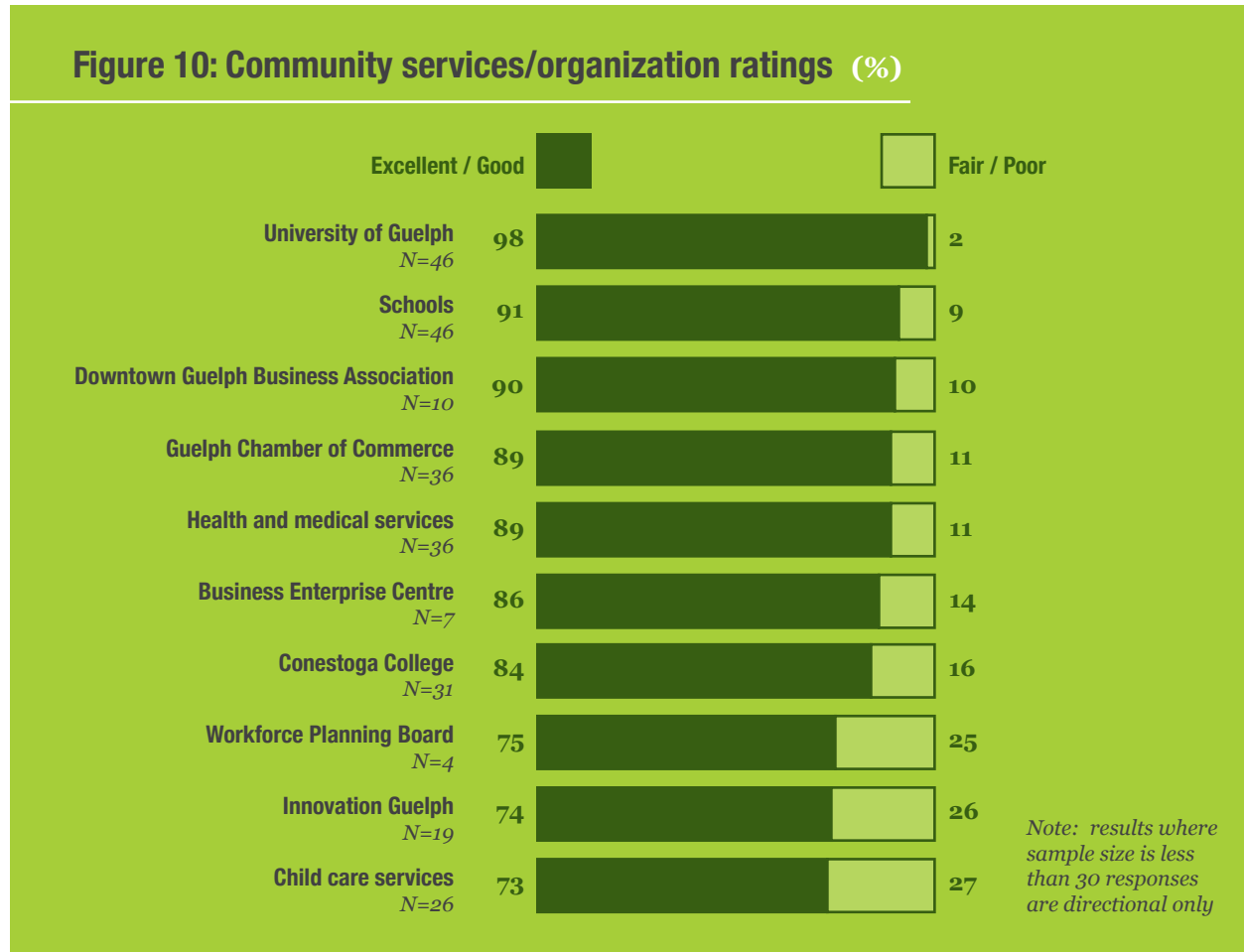


Figure 9: Ratings for factors of doing business in Guelph (%)

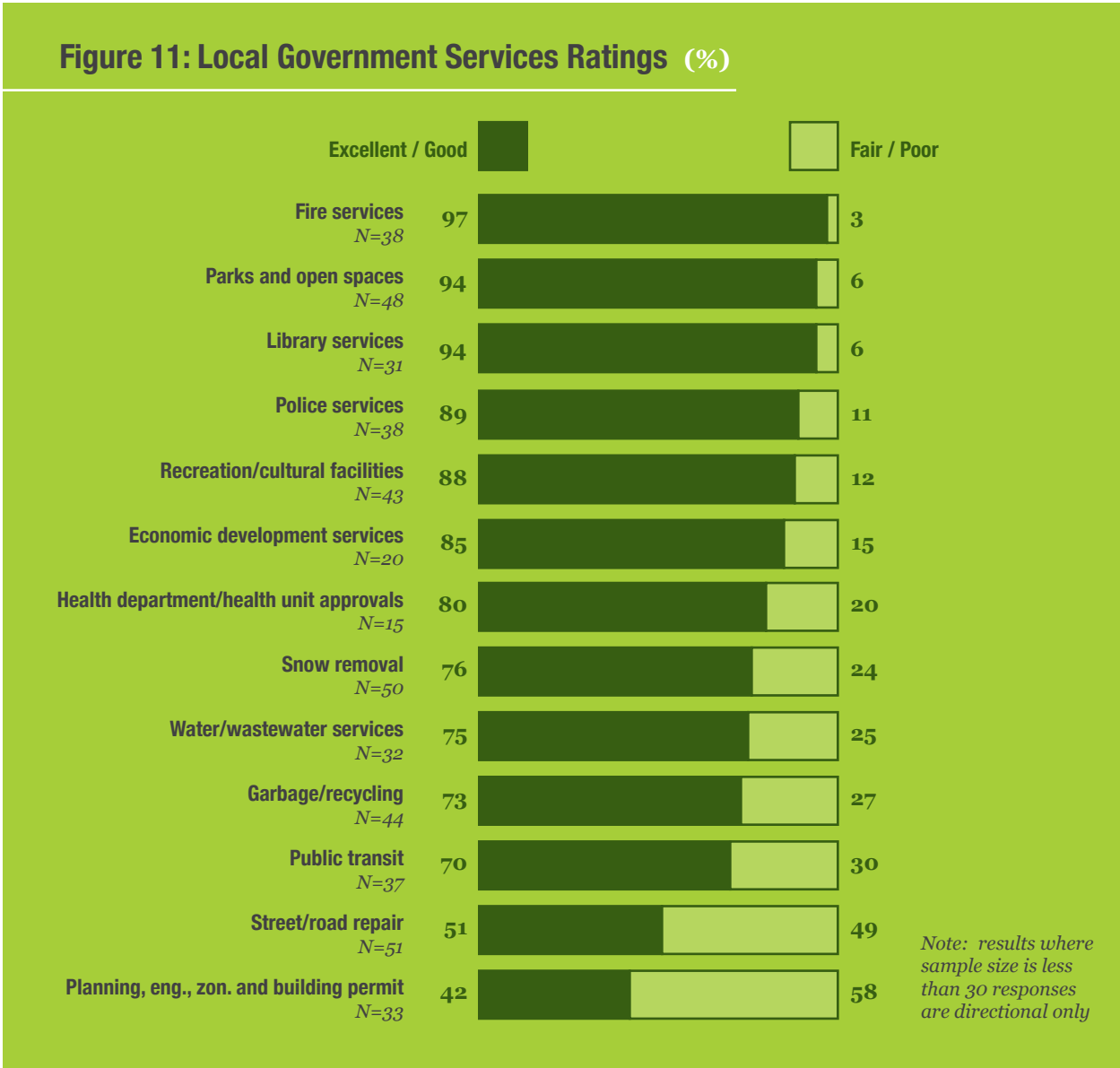


BUSINESS CLIMATE

Businesses were also asked to rate their level of satisfaction of a number of community and business services and agencies. **Figure 10** shows high levels of satisfaction with all community services offered.



Businesses were also asked to rate their level of satisfaction with a number of local government services. In **Figure 11**, 85% of businesses or more gave high satisfaction scores for Guelph’s fire services, parks, recreational facilities, libraries, police services and economic development services. Municipal permitting processes, street and road repairs and public transit had the lowest satisfaction scores (Fair/Poor) by business managers.

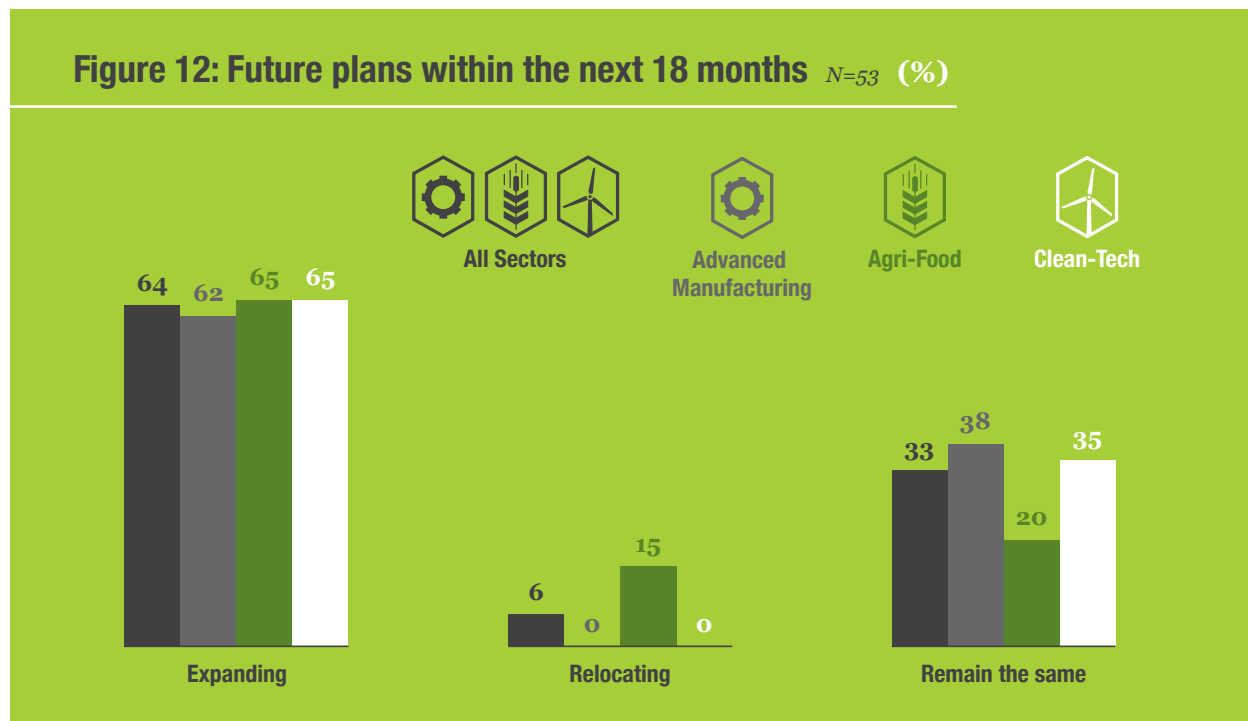


FUTURE PLANS

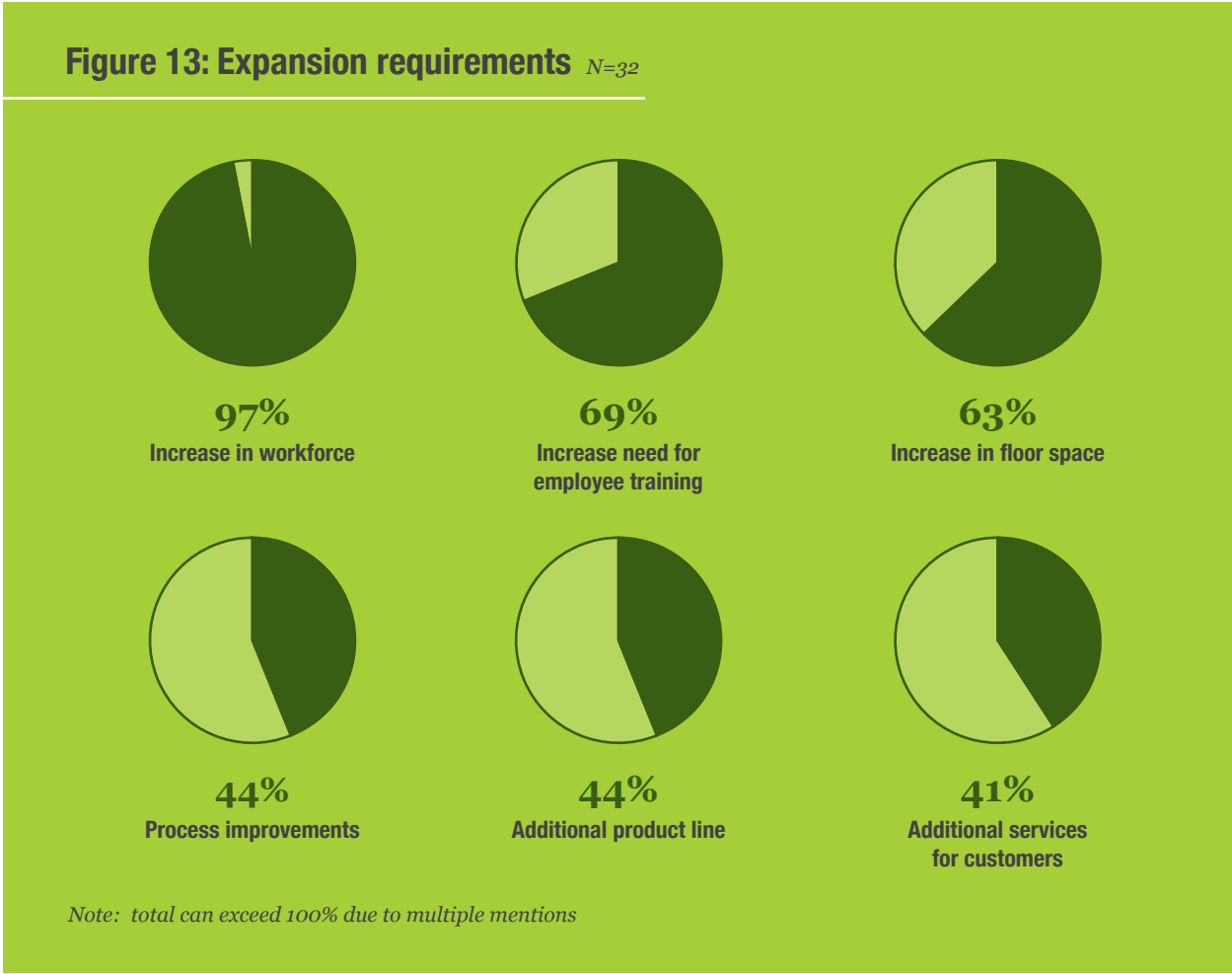
Future plans for many of Guelph's businesses look very promising with just over 60% of the businesses, across all sectors, planning to expand within the next 18 months. Many of the businesses cited reasons for their proposed expansion being due to increased market and/or export growth and demand for their products and services. Other businesses indicated that improved productivity and new product lines were also reasons for the growth and need for expansion (**Figure 12**).

Another positive indicator of Guelph's economic climate is that of the business owner/managers interviewed, none indicated that they had plans to close their business within the next 18 months.

There were no reported companies in the Advanced Manufacturing or Clean Tech sector looking to relocate, while 2 Agri-Food businesses indicated that they would be moving. One of these companies will be consolidating their locations and moving within the area, but outside of the City limits and the other will be relocating within the city boundaries.



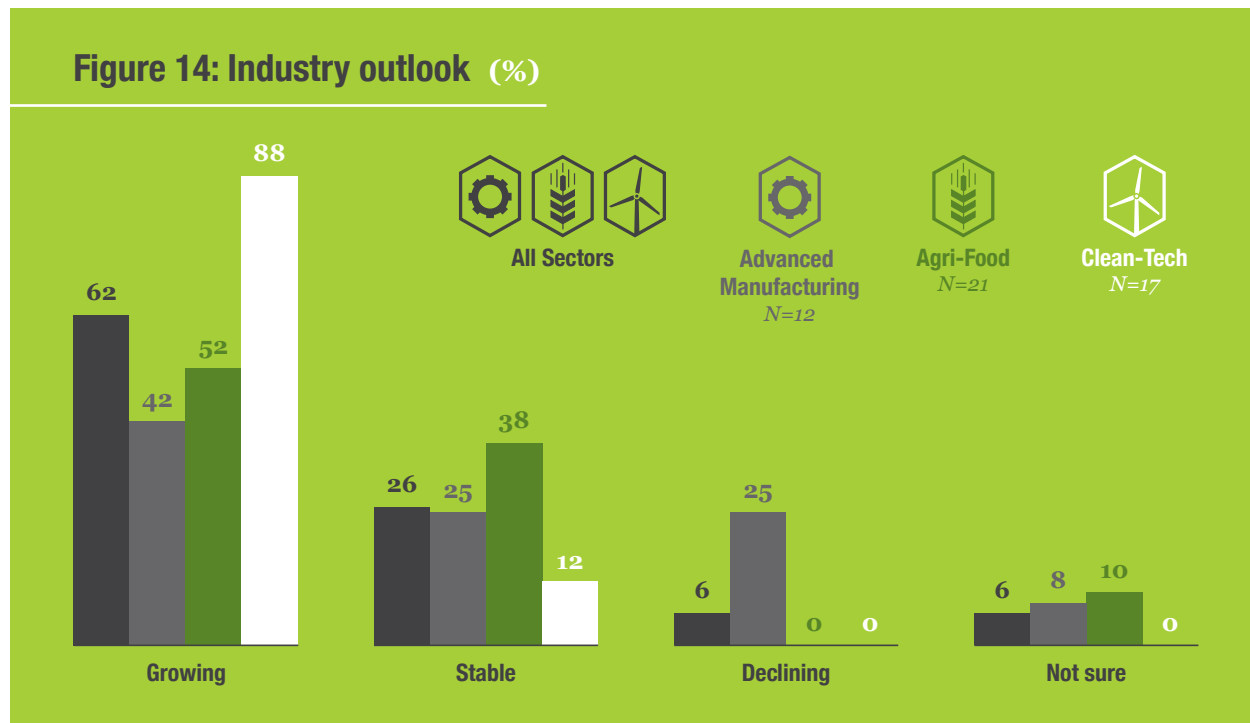
For the 64% of the businesses planning to expand, almost all (97%) of these businesses indicated that they will need to increase their workforce. For businesses who reported the number of anticipated employees required, it totalled to 335+ additional employees. Sixty-three percent of the businesses interviewed who plan to expand in the next 18 months, also indicated they will need to increase the size of their facility, with an additional 200,000+ square feet of floor space anticipated (**Figure 13**).



BUSINESS DEVELOPMENT

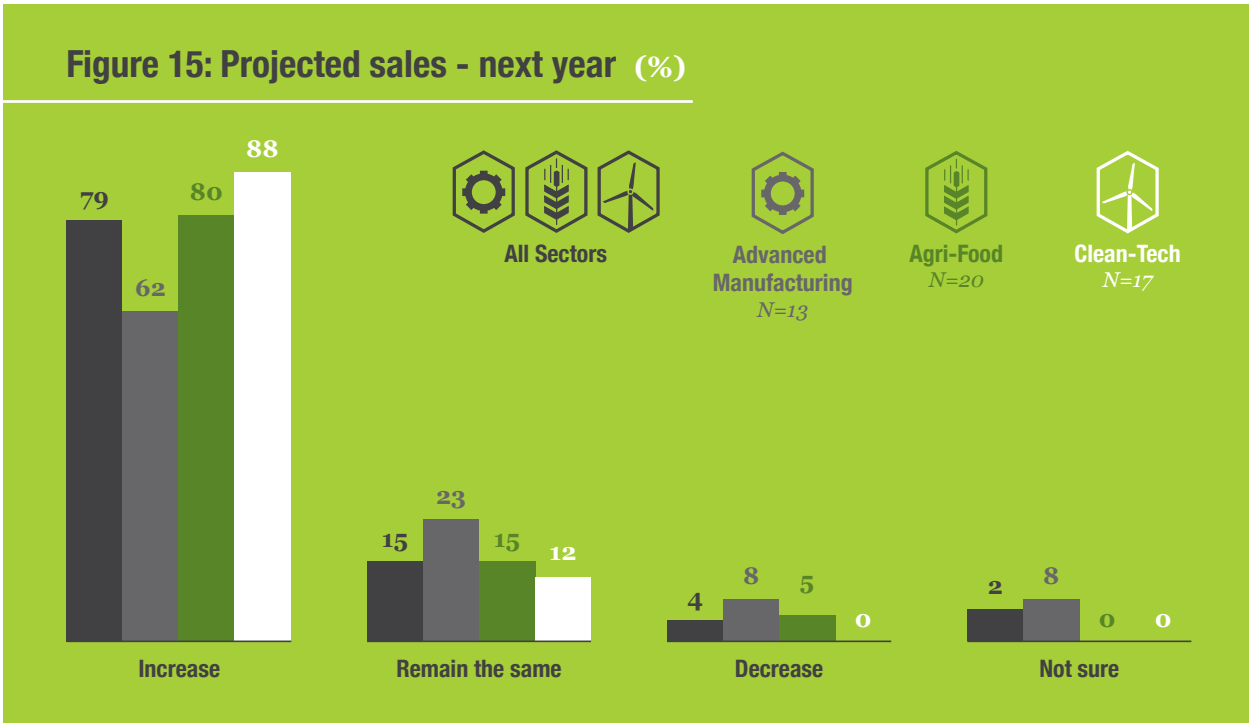
In the Business Development section, businesses were asked questions to provide insights into the outlook for their business and industries, interest in business to business or business to government collaborations.

Figure 14 shows that the majority of the businesses interviewed see projected growth opportunities both for their business and their industry as a whole – 62% of all businesses expected growth in their industry while 79% of the businesses forecast growth in their company’s sales next year.



Potential growth opportunities were most evident in the Clean Tech sector with 88% of the companies indicating they see both industry growth and projected sales growth for their business (Figure 15). Reasons reported for this anticipated growth included new emerging and innovative products becoming more available, niche market opportunities, government stimulus programs and overall market demand.

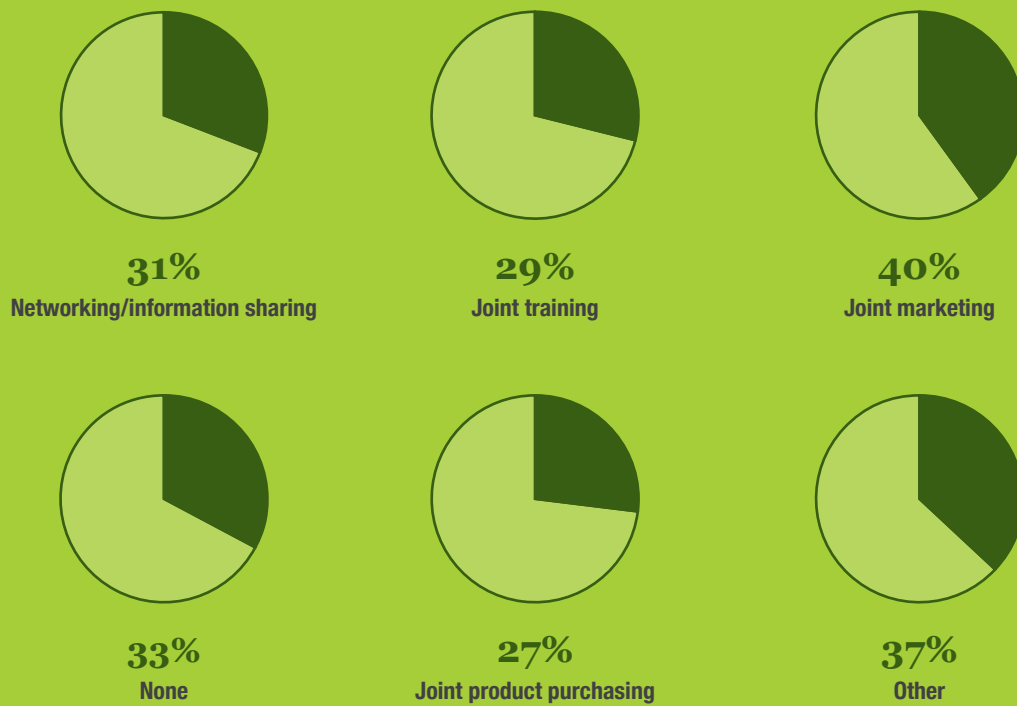
Fewer Advanced Manufacturing companies reported projected increase growth in both their industry and company sales (42% and 62%, respectively) compared to companies in the other two sectors. Many manufacturing businesses reported that growth is improving since the economic downturn and is related to the lower Canadian dollar, increased demand for new products and overall gradual improvement in the economy.



BUSINESS DEVELOPMENT

Overall, there was a moderate degree of interest in collaborative opportunities with other businesses. Joint marketing was selected the most with 40% of the businesses expressing interest in this area (**Figure 16**).

Figure 16: Co-operative interests



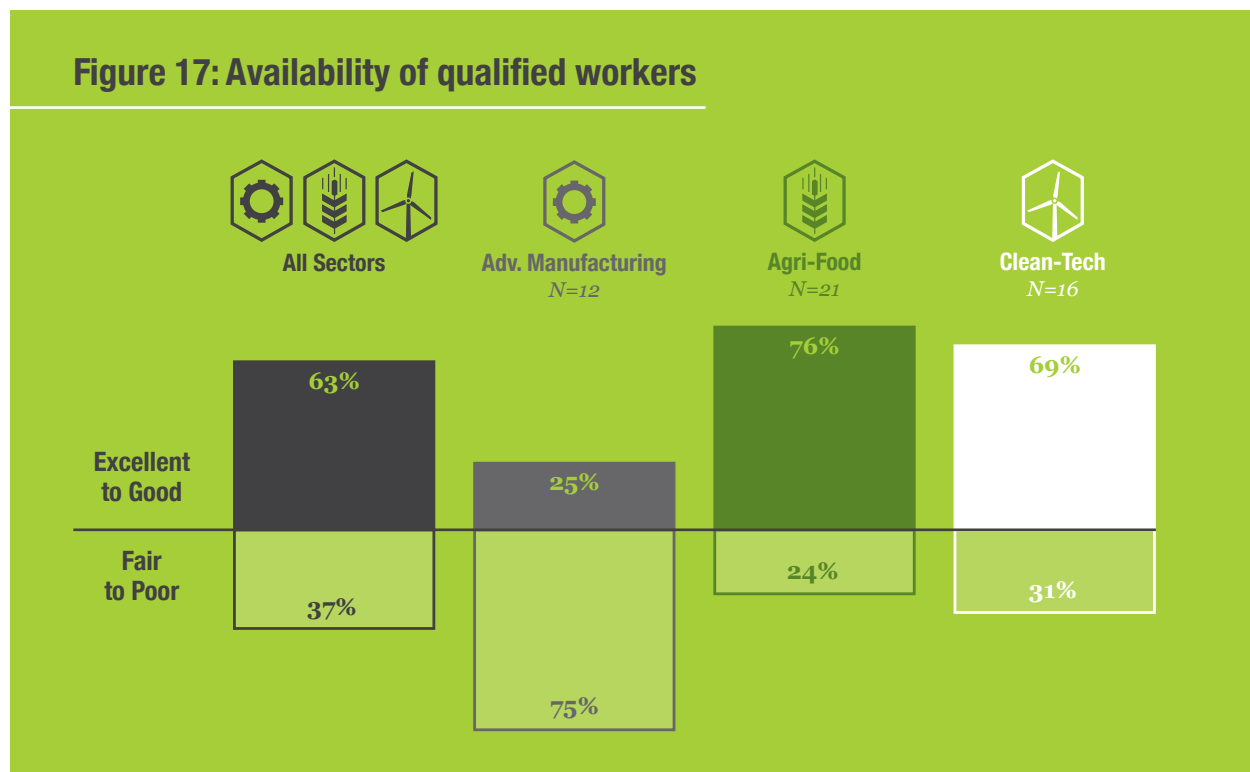
Note: total can exceed 100% due to multiple mentions

WORKFORCE DEVELOPMENT

Companies in both the Agri-Food and Clean Tech sectors reported having more success in the availability, attraction and retention of qualified employees, compared to Advanced Manufacturing firms, where significant workforce challenges exist.

In total, 28 companies interviewed, or 52%, reported currently having hiring challenges. Of these companies 50% of these businesses were manufacturers.

Figure 17, 18 and 19 further detail the challenges that Advanced Manufacturing firms have as 75% of manufacturing business indicate that the availability of qualified workers is fair to poor and 58% of these businesses rate the stability, attraction and retention of their workforce as fair to poor.



WORKFORCE DEVELOPMENT

Figure 18: Stability of the workforce

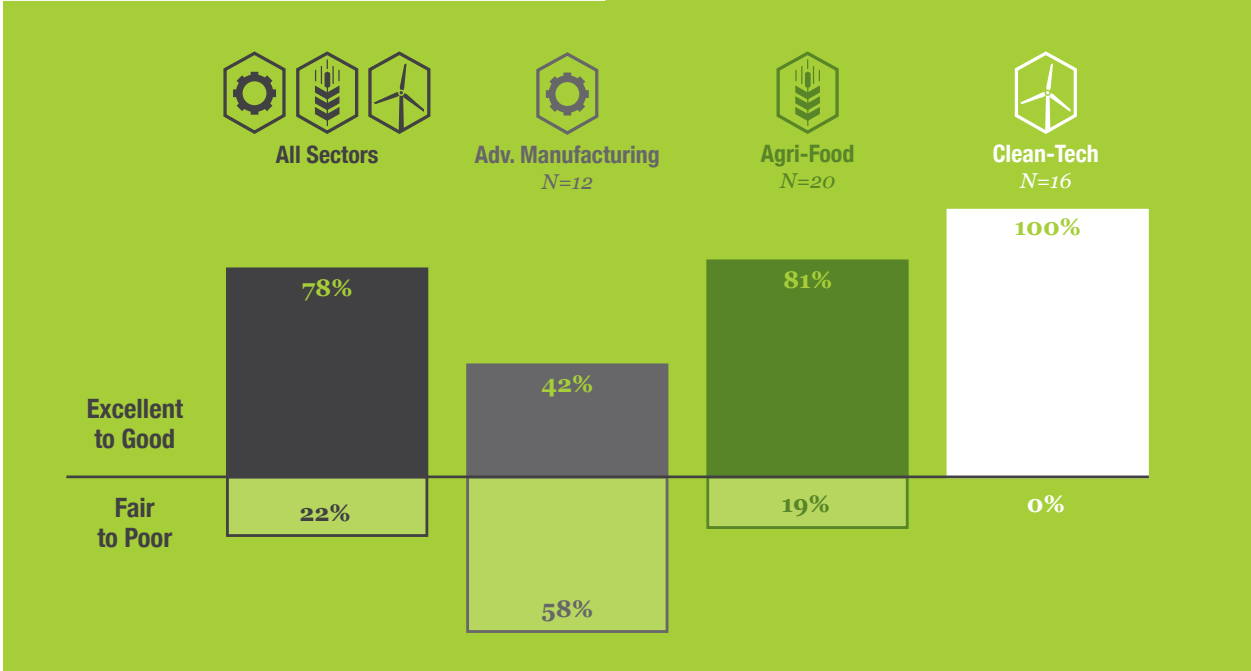


Figure 19: Ability to attract and retain new employees

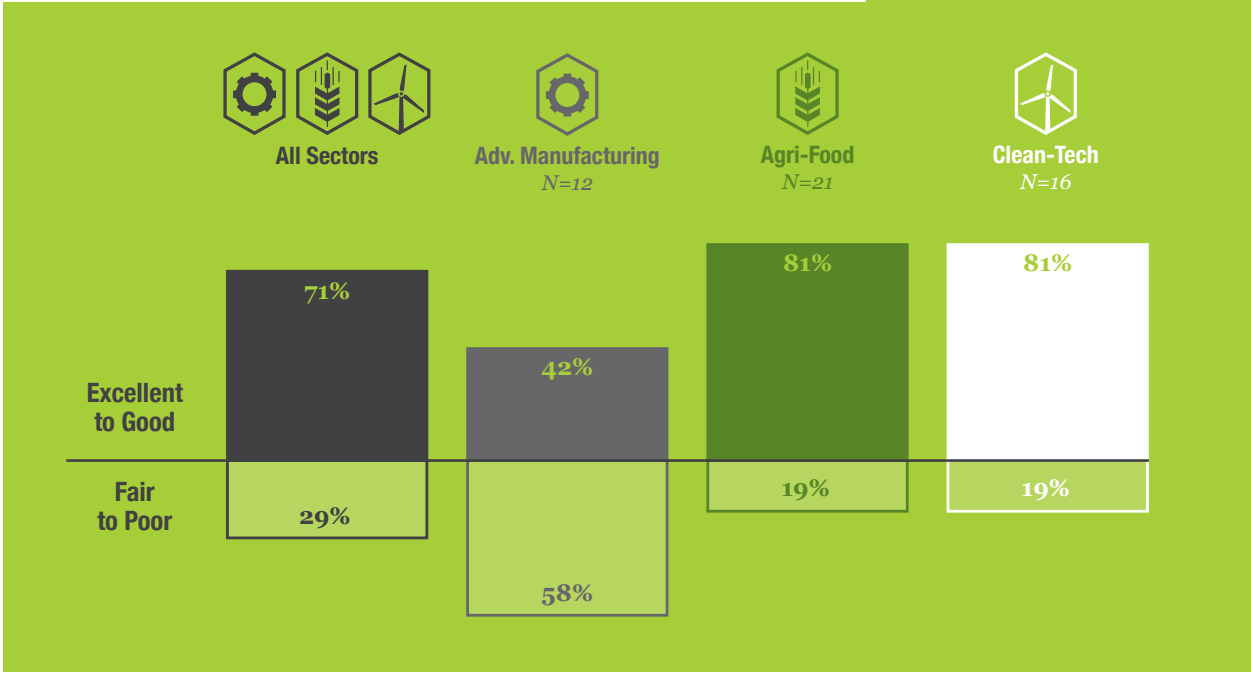


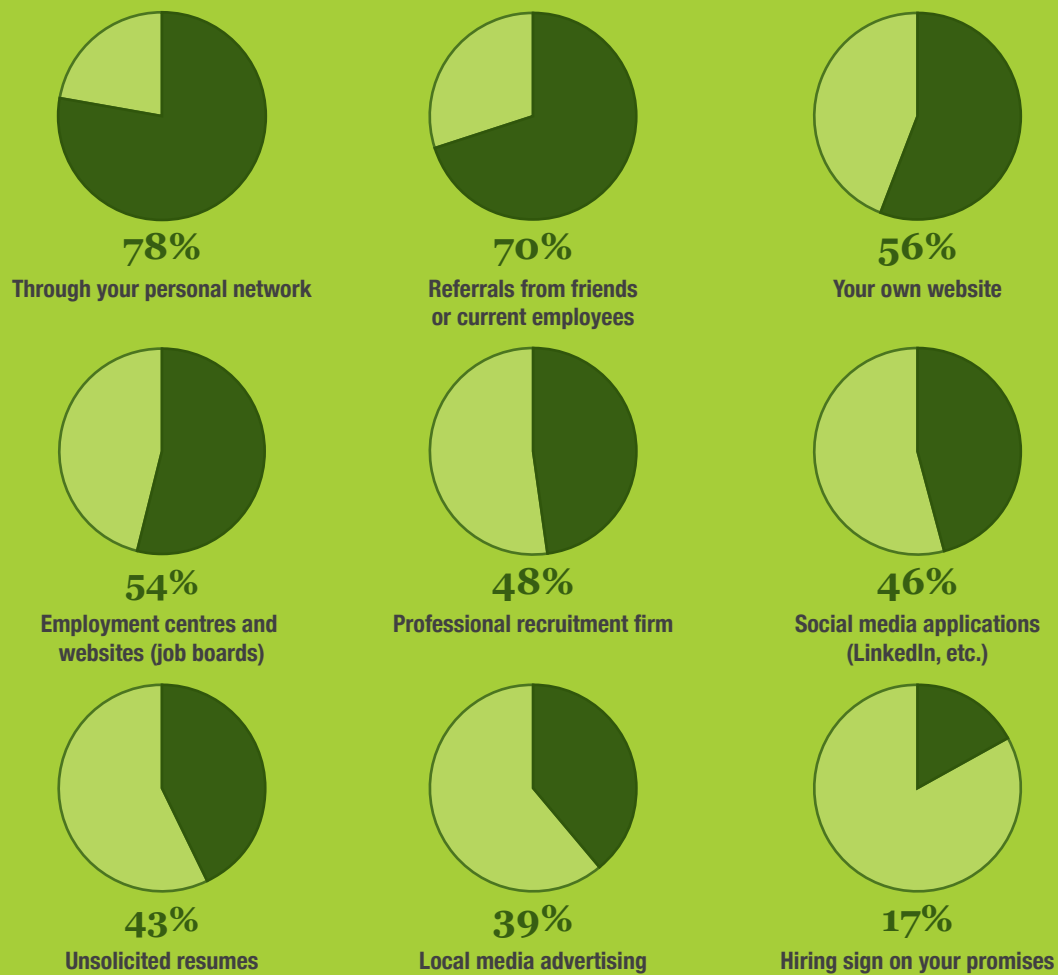
Table 1 provides a shortlist of the occupations that businesses reported having difficulty recruiting by sector.

Table 1: Short supply occupations		
 Advanced Manufacturing	 Agri-Food	 Clean-Tech
Brake press operator	Client service support specialists	Bilingual-customer service
Cabinet installers	Electricians	Construction electricians
Cabinet makers	Finance	Electrical assemblers
Custodians	Food Safety Auditor	Electrical engineers
Distribution manager	General labour	Engineering technologists
Electrical engineers	IT (programmers, web development, software managers)	Lab technicians
Electricians	Marketing	Labourers
Engineers	Operations/production management	Maintenance technicians
Fitters	Research and development	Marketing
General labour	Sensory scientists	Mechanical engineers
Line operators	Skilled dairy operators	Mechanical assemblers
Machine operators	Technicians	Multidisciplinary chemistry/microbiology technicians
Machinist apprentices		Office administrative (managers and assistants)
Millwrights		Product designers
Moulding engineers		Production technicians
Sales		Project managers
Skilled trades		Quality control
Supervisors		Skilled workers
Welders and robotic welders		Solders

WORKFORCE DEVELOPMENT

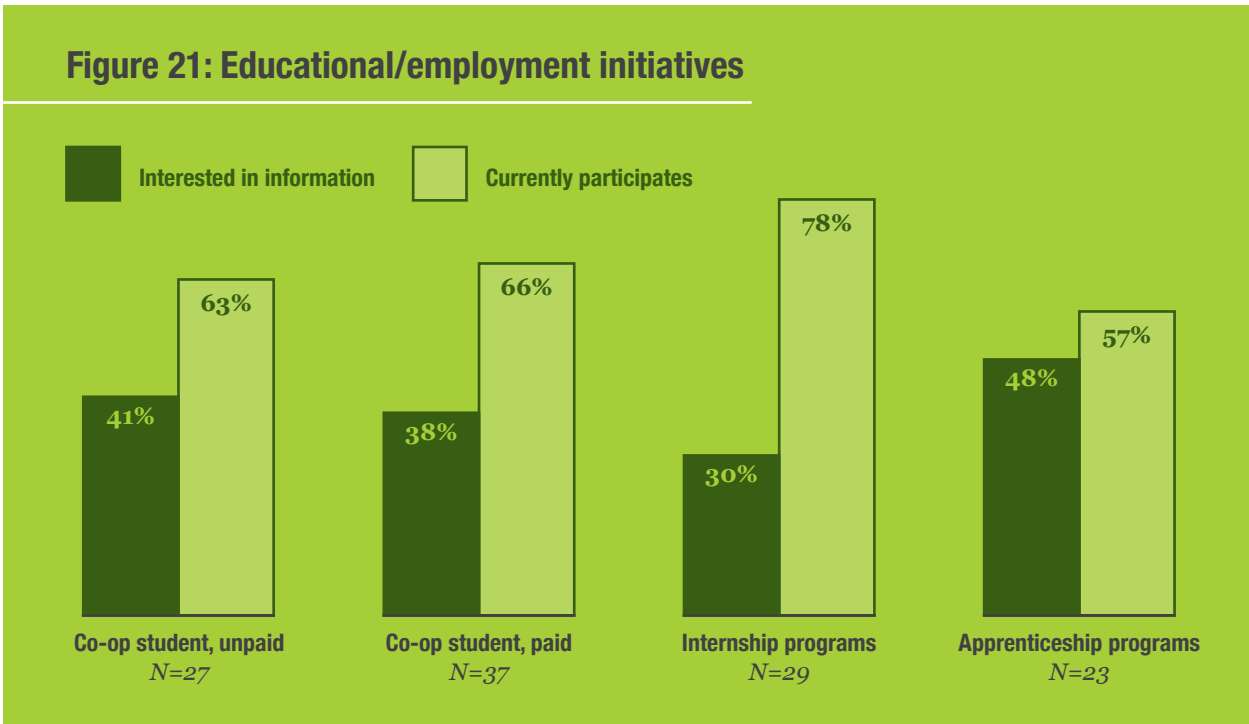
Businesses in Guelph are using a variety of methods to recruit staff. However, many companies still rely on their personal network and/or referrals from friends and current employees (**Figure 20**).

Figure 20: Methods of recruiting



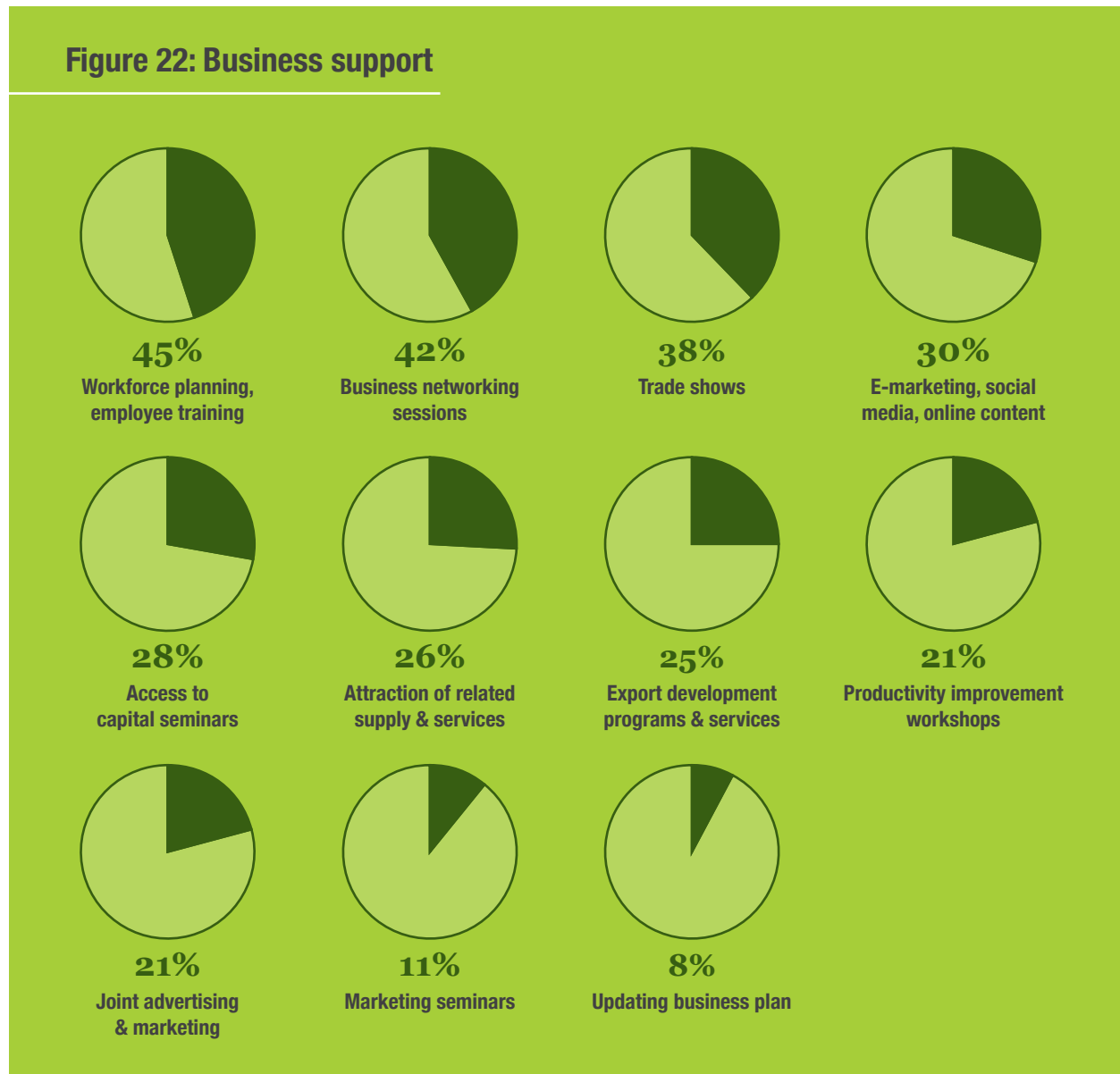
Note: total can exceed 100% due to multiple mentions

Guelph benefits from a number of high school and post-secondary education/employment initiatives, however less than half of the 54 employers interviewed indicated that they participate in co-operative education, apprenticeship and/or internship programs offered from local academic institutes. There was interest however, by several businesses who requested additional information about these programs.



COMMUNITY DEVELOPMENT

Businesses were asked to select what areas of assistance that would be helpful if available in the community (**Figure 22**). The top three areas of assistance businesses identified as beneficial were workforce planning, training and attraction (45% of the responses), business networking (42% of the responses) and tradeshow (38% of the responses).



GUELPH COMMUNITY SURVEY

The Grow Guelph BR+E Committee worked together to create some additional questions in the survey, that were not included in the Province of Ontario's survey. We believed these additional questions were important to ask Guelph businesses about our community and the local services and programs currently available to businesses and/or are being considered.

Thirty-nine companies (72% of the companies surveyed) indicated that they have utilized research and development services offered by local academic institutes. However, the majority of these companies were from either the Agri-Food/Ag Innovation or Clean Tech sectors (91% and 71%, respectively). Only 46% of the Advanced Manufacturing sector indicated they had utilized research and development services from local academic institutes (**Figure 23**).

Additionally, 39% of the companies reported participating in Guelph Hydro's energy efficiency programs, while 65% of the businesses indicated that they would like to learn more about energy

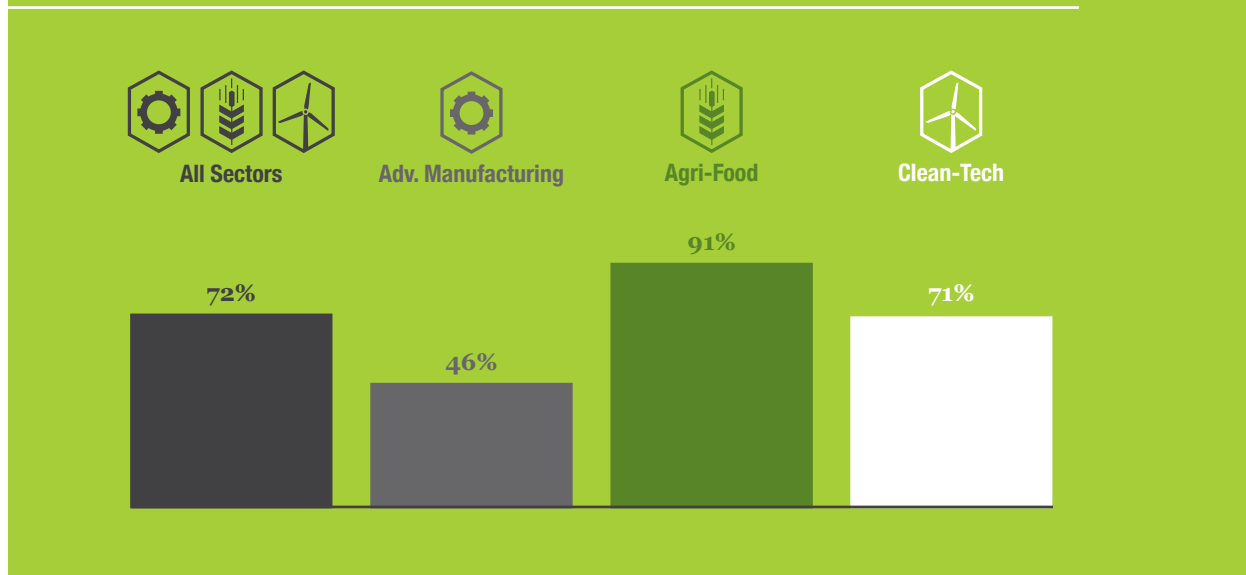
conservation and efficiency programs and receive information.

Only 16% of the companies indicated that they had participated in the City of Guelph water conservation programs offered. Not all businesses surveyed were heavy water users and could not see the benefit in participating in the City of Guelph ICI Water Buy-Back program. However, 42% of the business owners/managers interviewed indicated that they would be interested in learning more about the program and receiving information.

Businesses were also asked about their interest in participating in a trade show or trade events under a Guelph umbrella. Forty-seven percent of businesses indicated that they were interested in participating in such events (**Figure 24**).

Businesses were also asked their perspective on how Guelph could be more welcoming to new and existing businesses as well as newcomers to Guelph. Businesses provided a number of suggestions which have been aggregated into themed areas (**Table 2**).

Figure 23: Utilization of local academic institute research resources



GUELPH COMMUNITY SURVEY

Figure 24: Interest in tradeshow and trade events in Guelph

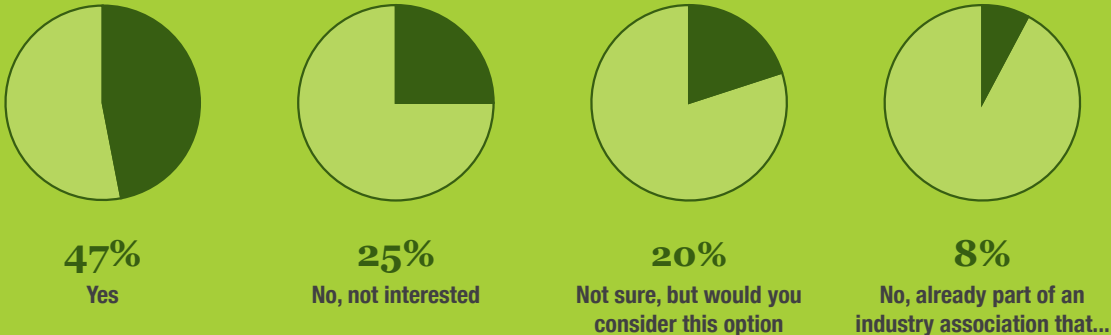


Table 2: Ways to be more welcoming

New and existing businesses

Transportation

Parking improvements in downtown
Better access to bus services for employees
Road construction
Communications re. road construction
Improved transit to industrial areas of the city

Welcoming new and existing businesses

Welcome package from City for new businesses
Greeting from the Mayor
Recognize long-standing businesses in Guelph

Tax and financial initiatives

Lower taxes to compete internationally
Grants

Access to business information

Better access to research
Site selection information
Information about education and programs
Grant information
Build awareness of municipal services and information

Local government support and services for businesses

Improve wastewater by-law
Assistance through permitting processes
Accelerate and streamline approval processes
More and regular communications to businesses
Open Door policy at City Hall
Business development department to liaison with local businesses to other businesses, realtors, funding, networking, etc.
Support in workforce training and attraction (Job Fairs)
Awareness of economic development services

Newcomers/new residents

Welcoming newcomers

Welcome package for new employees
Information about City (housing, transit, banking, shopping, etc.)

Medical services

Information/assistance finding a doctor
Map of medical facilities in community and location

Employment assistance

Job Fairs
Information on employment placement resources

Attraction of Employees

Attract new employees and residents to Guelph
Employment attraction marketing package/toolkit for employers

General

Relocation services for employers to help new employees moving to Guelph
Information on recreation facilities and programs
Networking opportunities
Government office locations (licenses, passports, health card)
More community programs and support for immigrants (English, math skills, etc.)

MANUFACTURING SURVEY

For companies who also manufacture, an additional survey was provided to gain insights into their products' lifecycle, outsourcing needs, innovation and process improvements, production capacity and exporting needs and requirements. There were 21 companies who participated in this survey. Note that along with all the advanced manufacturing businesses, other businesses classified in the agri-food and clean-tech sectors who also manufacture products,

were provided the manufacturing survey and were part of this sample set.

Forty-eight percent of the manufacturing companies surveyed indicated that their primary product is growing in their product life cycle, while 67% of the manufacturers indicated that their secondary product is either growing or emerging.

Figure 25: Primary and secondary product life cycle

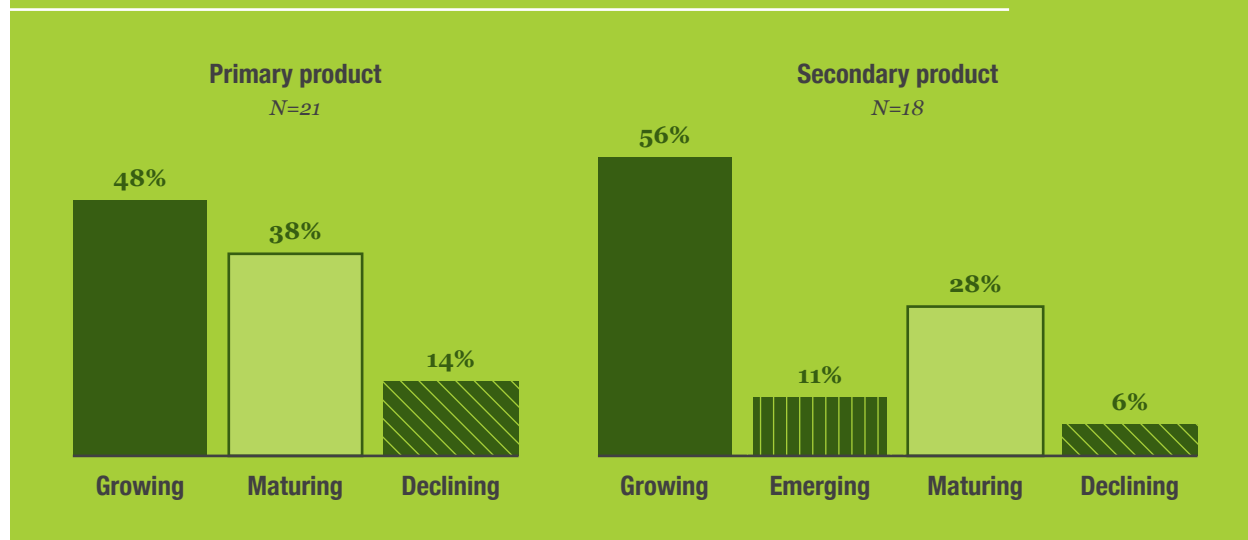
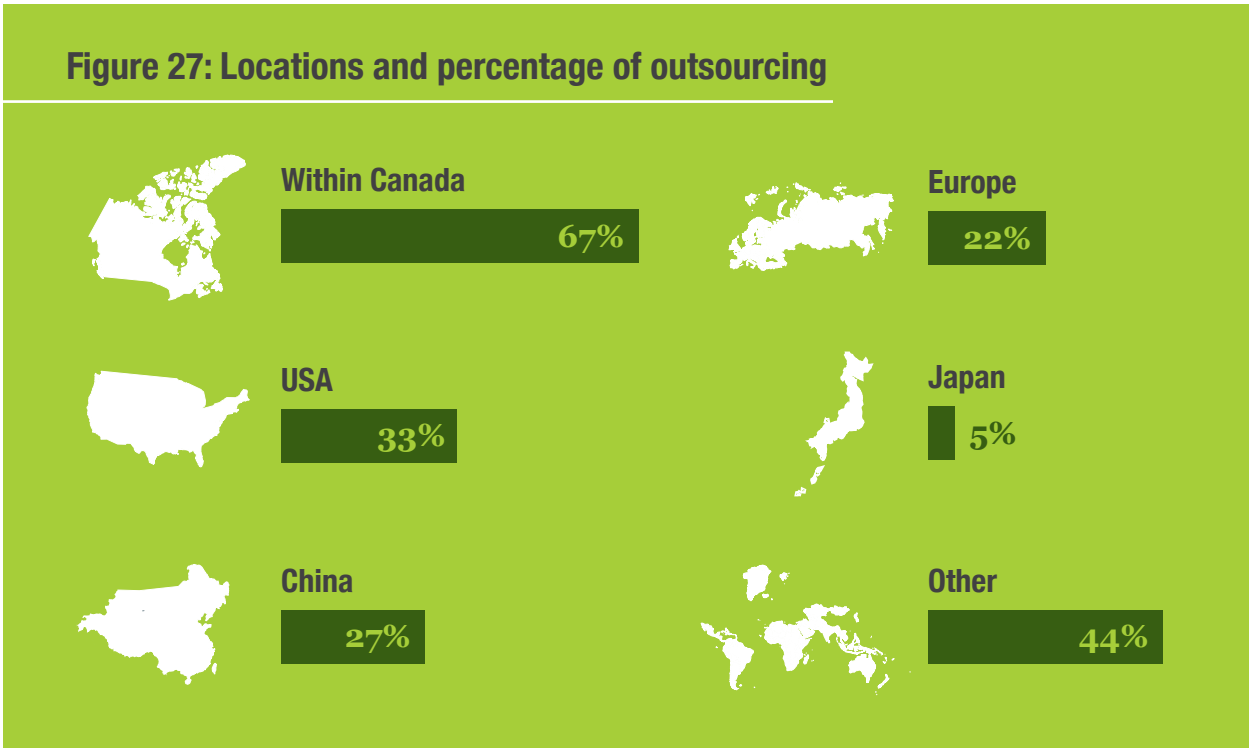
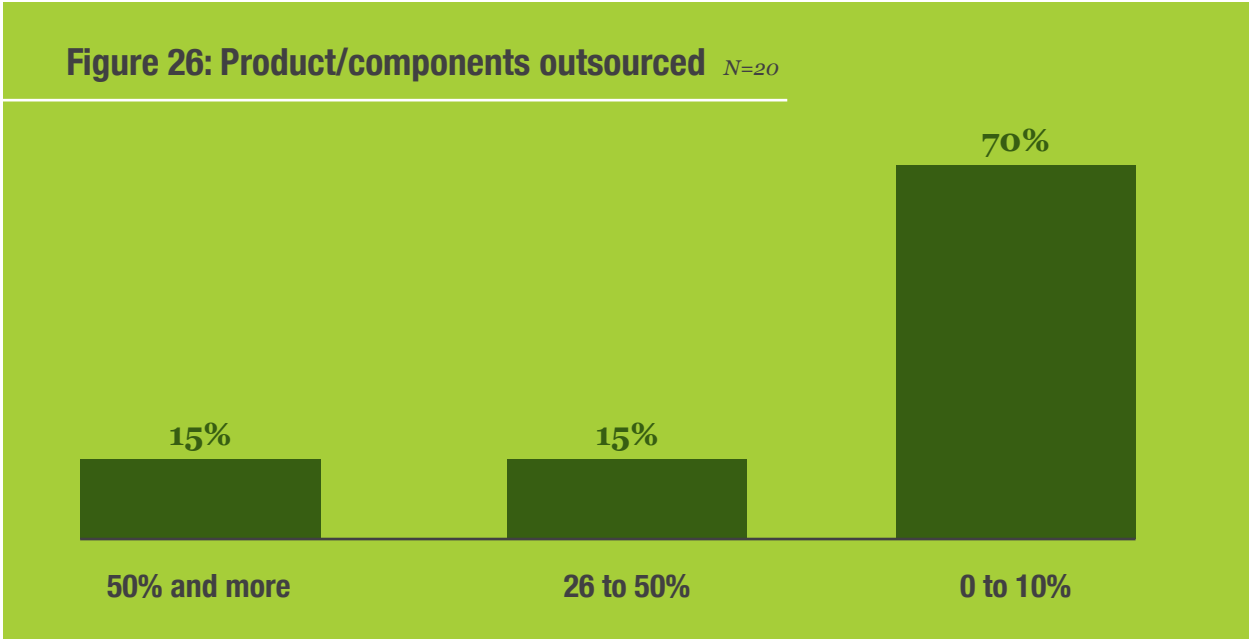
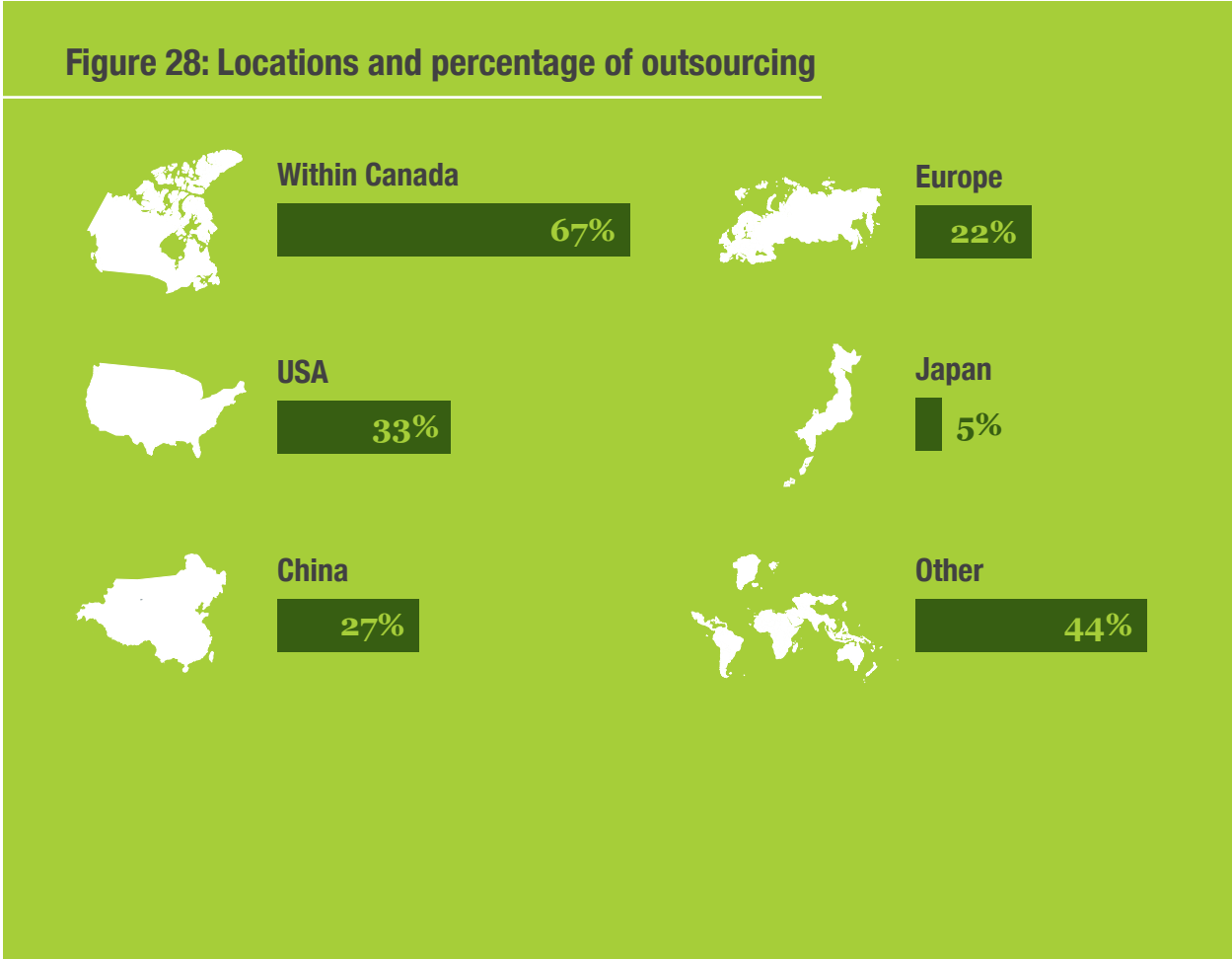


Figure 26 provides a breakdown of the amount of supplies and components that the manufacturers procure and **Figure 27** identifies the primary locations for sourcing these materials.

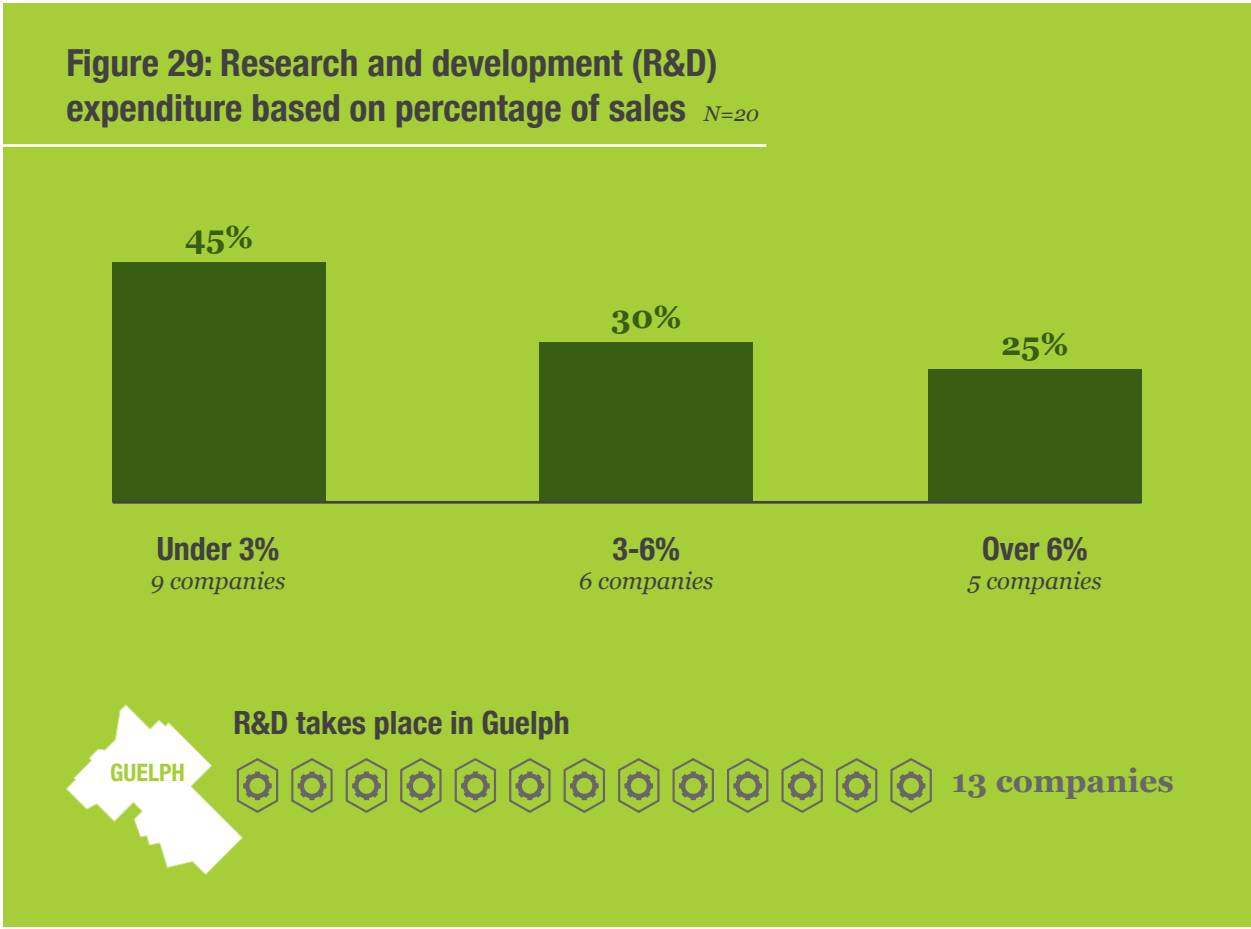


MANUFACTURING SURVEY

Thirteen manufacturing companies indicated that technology will play a key role in their business. **Figure 28** outlines the various areas where they will focus new technologies and innovations.



Manufacturing companies were asked as a percentage of sales, how much they spend on Research and Development (R&D). Twenty respondents answered this question and 45% of these companies indicated that they spend less than 3% on R&D, while 25% spend greater than 6% on R&D. Thirteen manufacturers indicated that their R&D takes place at their Guelph location and 13 manufacturers indicated that they would benefit from having external research and development assistance and support (**Figure 29**).



MANUFACTURING SURVEY

When asked about manufacturing capacity, 8 companies indicated that they were at capacity, 14 companies reported being underutilized, while 4 companies stated their equipment and manufacturing was out-dated.

Ninety-five percent of the manufacturers interviewed indicated that they export to some

level and 65% are multi-market exporters (**Figure 30**). Additionally, 76% of these manufacturers indicated that exporting will be somewhat to very important over the next three years to ensure their business remains competitive (**Figure 31**).

Figure 30: Manufacturer exporting *N=20*

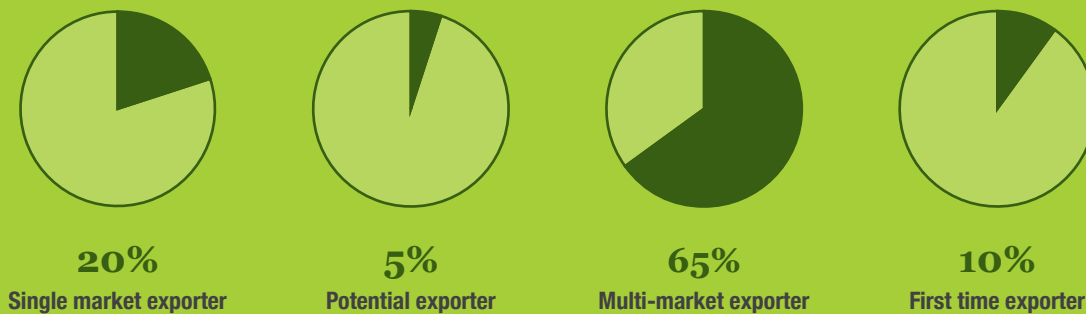
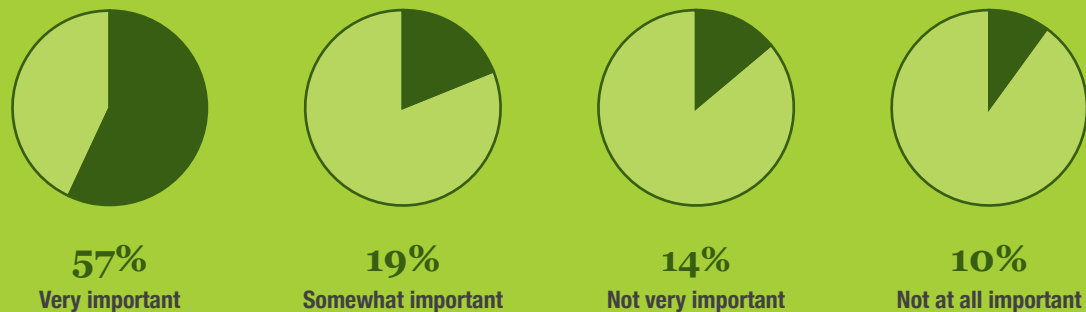


Figure 31: Importance of export markets over the next three years *N=21*



KEY FINDINGS AND PRIORITIES

On June 24, 2014 the Grow Guelph BR+E Committee and members of Guelph Economic Development Advisory Committee, held a retreat to review the survey results of the 54 Guelph based businesses interviewed. Participants were assigned to tables that focused on one of the 3 key sectors. The groups reviewed the quantitative and qualitative data (open ended questions and comments) that had been collected and tabulated. Each group was asked to identify key priorities observed from the data within the sector on which they were working on. These priorities were discussed across all groups and identified as shared issues across all sectors or issues only pertaining to that sector. Priorities identified were categorized in to 4 main themes:

WORKFORCE

- ▶ Workforce development and training to reduce the trade/skills mismatch in Advanced manufacturing
- ▶ Retention of graduates, PhDs, young professionals
- ▶ Workforce attraction/assistance and development of marketing collaterals to attract talent
- ▶ Employee relocation assistance/newcomer information

BUSINESS DEVELOPMENT

- ▶ Support with trade events (B2B tradeshows and trade missions)
- ▶ Export support programs and resources
- ▶ Connect City's investment attraction activities with local company supply chains and their relationships
- ▶ Underutilized manufacturing facilities
- ▶ Create a Clean Tech cluster/brand in Guelph
- ▶ Transportation – movement of goods and services
- ▶ Business networking activities and events
- ▶ Funding/access to capital

BUSINESS CLIMATE

- ▶ City Hall development approval process – improve/streamline and better educate and communicate these processes, timelines, legislative requirements, etc.
- ▶ Comparative analysis of the cost of doing business and living in Guelph (taxes, development charges, land costs, housing costs/types) compared to other jurisdictions
- ▶ Communications – improved and proactive communications from City Hall to businesses (road construction notices, new businesses coming to the City, easier access to City and community information, etc.)
- ▶ Transportation – public transit and movement of people/employees

INNOVATION

- ▶ Productivity improvements/cost recovery
- ▶ Building stronger research/industry collaborations and on-going awareness of sector related research taking place at the University of Guelph and Conestoga College
- ▶ Access to R+D funding opportunities

NOTES



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BUSINESS RETENTION
EXPANSION ▶