



PORT COLBORNE

CITY OF PORT
COLBORNE BUSINESS
RETENTION &
EXPANSION PROJECT

FEBRUARY 2015

TABLE OF CONTENTS

I.	Acknowledgements	2
II.	What is Business Retention & Expansion?	3
III.	Business Retention & Expansion in Port Colborne	4
IV.	Survey Results	7
V.	Recommendations	23

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WHAT IS BUSINESS RETENTION & EXPANSION?

Business Retention and Expansion, or BR+E, is an innovative approach to developing local economies that focuses on assisting existing local businesses with the aim of retaining business as well as facilitating its expansion. Given that anywhere between 40 to 90 per cent of new jobs come from businesses already existing within a community, BR+E offers a balanced approach to economic development that produces benefits for local businesses that are often overlooked, while creating opportunities for the attraction of future investment.

According to the Ontario Ministry of Agriculture, Food and Rural Affairs, BR+E's approach "combines the initiative of community business visits with a systematic interview process, using community leaders and other citizens to make it work." As a result, the BR+E approach offers a crucial opportunity for communities to engage with local businesses while involving local leaders and stakeholders from across the community.

BUSINESS RETENTION & EXPANSION IN PORT COLBORNE

In 2013, the City of Port Colborne received funding from the Ontario Ministry of Economic Development, Employment and Infrastructure to undertake a series of economic development initiatives focused on assessing the local economy and providing direction on actions that could be taken to help foster business growth and skills development in Port Colborne. Foremost among these initiatives was the completion of a Business Retention and Expansion project that would centre around a survey of local businesses in Port Colborne in order to better understand the business climate and hear the opinions of entrepreneurs on Port Colborne as a place to do business.

With the assistance of the Ministry, along with the advice and support of the Ontario Ministry of Agriculture, Food and Rural Affairs, who developed the model of the BR+E program used across Ontario, the City of Port Colborne used its 4-step process to engage the community in this important project. The four stages of the project include:

1. Project Planning
 - Includes outreach to key community leaders to help plan and promote the project, introduction of the BR+E project to the community, planning the project and survey development, as well as conducting of business visits.
2. Immediate Follow-up
 - Immediate actions coming as a result of business visits that seek to address both “red-flag” and “green-flag” issues where businesses can receive assistance in emergencies or with opportunities.
3. Data Analysis and Recommendations
 - Input and analysis of data resulting from surveys conducted during business visits. This includes bringing preliminary results before community leaders volunteering with the BR+E and receiving input on what should appear in the final report.
4. Presentation of Findings and Implementation of Action Plan
 - Presentation of the final report to the public and council, including an action plan based on survey responses from businesses.

Project Deliverables

The deliverables for the BR+E project for the City of Port Colborne included:

- Completion of 100 employer surveys using the OMAFRA BR+E tool (base survey)
- Development and completion of additional custom questions catered specifically to Port Colborne
- An additional survey of manufacturers in Port Colborne provided by OMAFRA
- A survey follow-up log with brief notes on how each problem or request arising from business visits was addressed

Project Success

With surveying commencing in October of 2013, the BR+E was well-received by the business community as businesses eagerly participated in the project. As a result, the project team was able to meet its target of 100 employer surveys before the scheduled end of surveying in May of 2014. In addition to its success in getting widespread participation from businesses, the BR+E had generated local media interest and had received mention in media outlets such as the Welland Tribune, News In Port Colborne and Wainfleet, as well as in Bullet News Niagara.

Perhaps the biggest measurable success outside of the survey results was the extent to which the City of Port Colborne and its community partners were able to assist businesses during the course of the project. Although the purpose of the BR+E was to survey and analyze the business climate in Port Colborne, the project also had a built-in mechanism to respond to business emergencies and requests, making it both a research and action-based project that sought out opportunities for assisting businesses. As a result, of the 100 businesses that were surveyed during the course of the BR+E, over 40 received some form of assistance from the City, ranging from requests for information or support from the City and other community organizations, to assistance with relocation or expansion within the community as well as assistance with navigating through various government funding applications and other regulatory or planning related issues.

Project Leadership

In order to ensure that the BR+E project had input and involvement from the community, two committees with specific mandates were formed to provide overall management as well as support for the project. The Executive Committee for the BR+E project comprised of a group of local leaders to provide the overall strategic direction to the project, and were selected based on their expertise in a specific area of importance to the project. This committee met on a monthly basis to track the progress of the BR+E and the findings in this report are the result of the Executive Committee's input on which data from the BR+E was most illustrative in explaining the current state of businesses in Port Colborne as well as data that demonstrates future trends and skills needs that should be addressed to help enhance the climate for business.

A larger Work Committee was also formed mainly to act as a resource to the BR+E project. This committee was mainly comprised of representatives from a wide range of business resources and community support groups that could assist with any immediate issues a business might be facing. Although this committee only met on three occasions, the purpose of the committee was not to provide direction on the project but rather to act as a resource network that would be available to the project manager and the Executive Committee in situations where businesses requested assistance.

The City of Port Colborne would like to thank the following individuals for their hard work and support for the BR+E project, and for their efforts in helping to ensure that the needs of businesses were met with in a prompt and effective way:

Executive Committee Members

David Alexander, Niagara Workforce Planning Board

Nick Dawson, Liquid Capital Financial Services

John D. Maloney, Barrister & Solicitor, Former Member of Parliament for Welland

Kim Reep, Ontario Ministry of Agriculture, Food and Rural Affairs

Work Committee Members

Fred Davies, South Niagara Community Futures Development Corporation

Patti Stirling, Port Colborne-Wainfleet Chamber of Commerce

Jamie Madronich, MG Associates

Bill Armstrong, Referral Group Realty Ltd.

Amy Elder, Brock University

Marc Nantel, Niagara College

Rick McLean, Ontario Ministry of Training, Colleges and Universities

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Danny DiLorenzo, Lakeshore Catholic High School

Robert Heil, City of Port Colborne

Dan Aquilina, City of Port Colborne

Ron Hanson, City of Port Colborne

SURVEY RESULTS

Characteristics of Businesses Surveyed

The Business Retention and Expansion (BR+E) survey for Port Colborne ensured that the businesses surveyed represented various business sectors in the community. Efforts were made by the City to be as inclusive as possible of all business sectors in order to get a better picture of the business climate in Port Colborne and include most of our largest employers along with small and medium sized enterprises in varying industries. The charts and tables below provide some important insights into the characteristics of the businesses that were surveyed by sector, industry, and composition that help give an understanding of what types of businesses currently exist in Port Colborne. Figure 1 lists each sector that participating businesses identified themselves as belonging to.

Figure 1: Participating Businesses by Described Sector

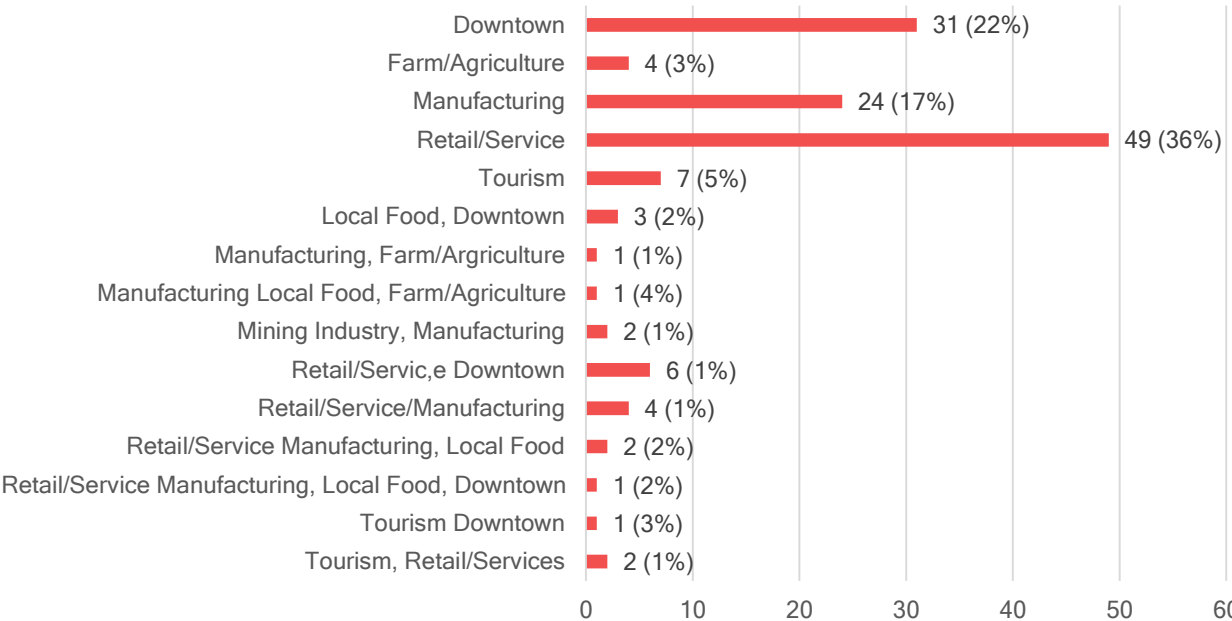
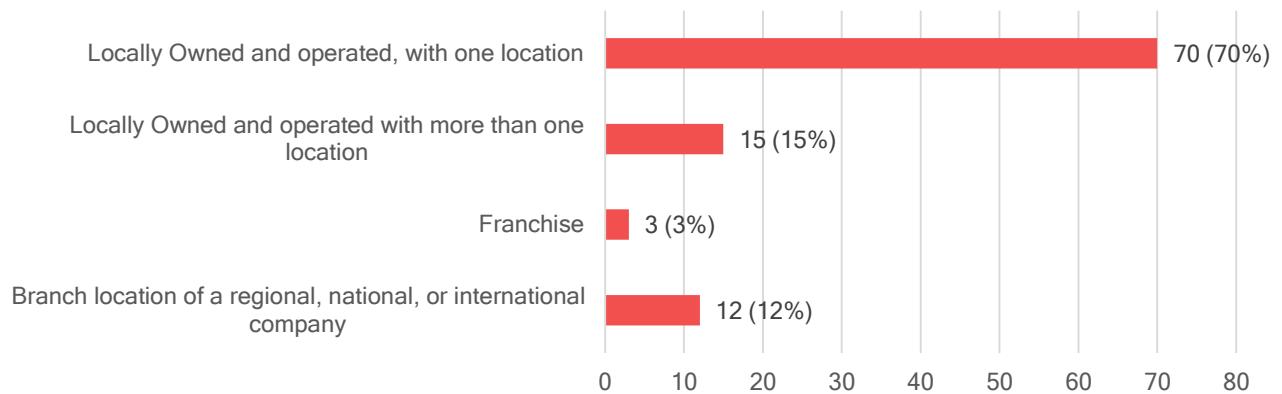


Table 1 breaks down the businesses surveyed in the BR+E by NAICS (North American Industry Classification System) code, providing a more detailed look at the industries surveyed. While a wide variety of industries were surveyed, the biggest sectors by NAICS code that were represented include the retail industry, manufacturing, as well as transportation and warehousing.

Table 1: Participating Businesses by NAICS Sector

Agriculture, forestry, fishing and hunting	2
Mining, quarrying, and oil and gas extraction	1
Construction	4
Manufacturing	25
Wholesale trade	1
Retail trade	33
Transportation and warehousing	9
Finance and insurance	2
Professional, scientific and technical services	1
Administrative and support, waste management and remediation services	1

Figure 2: Ownership of Businesses



As conveyed in Figure 2, 85 per cent of the businesses surveyed described themselves as “locally owned and operated,” with either one or more locations, indicating a high number of local business owners; while only 15 per cent in total described themselves as not being local to Port Colborne. Figure 3 shows that 88 per cent answered that owners were involved in the day-to-day operations of the business while Figure 4 shows that 74 per cent of businesses having owners that live within the community.

Figure 5 illustrates that 35 per cent of businesses said that they had been in Port Colborne for over 35 years, with a further 12 per cent calling the city home for 26 to 35 years, followed by 26

Figure 3: "Is at least one of the owners involved in the day-to-day operation of the business?"

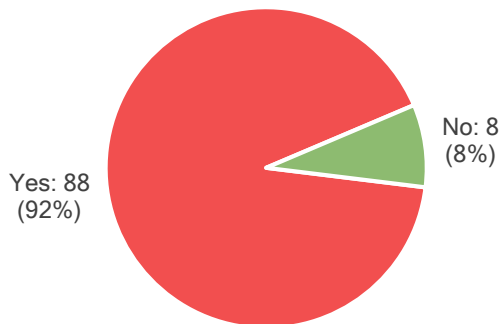
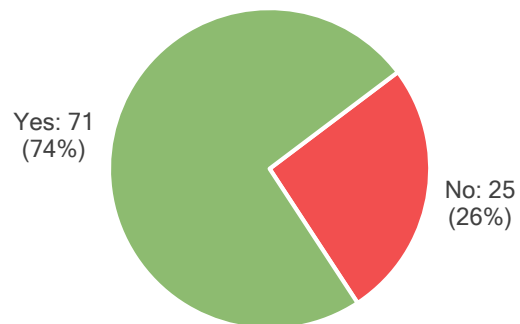


Figure 4: "Is at least one of the owners a resident of the community?"



per cent who had been in Port Colborne for 11 to 25 years. As shown in Figure 6, 43 per cent of businesses have been operation between 11 and 25 years by their current owners. These numbers point to a trend of significant local ownership of businesses along with a large number of businesses having a lengthy history in Port Colborne, showing that in many cases, Port Colborne is seen as a desirable place for business owners to invest in and also as a place to live.

Figure 5: Businesses by Number of Years Operating in Port Colborne

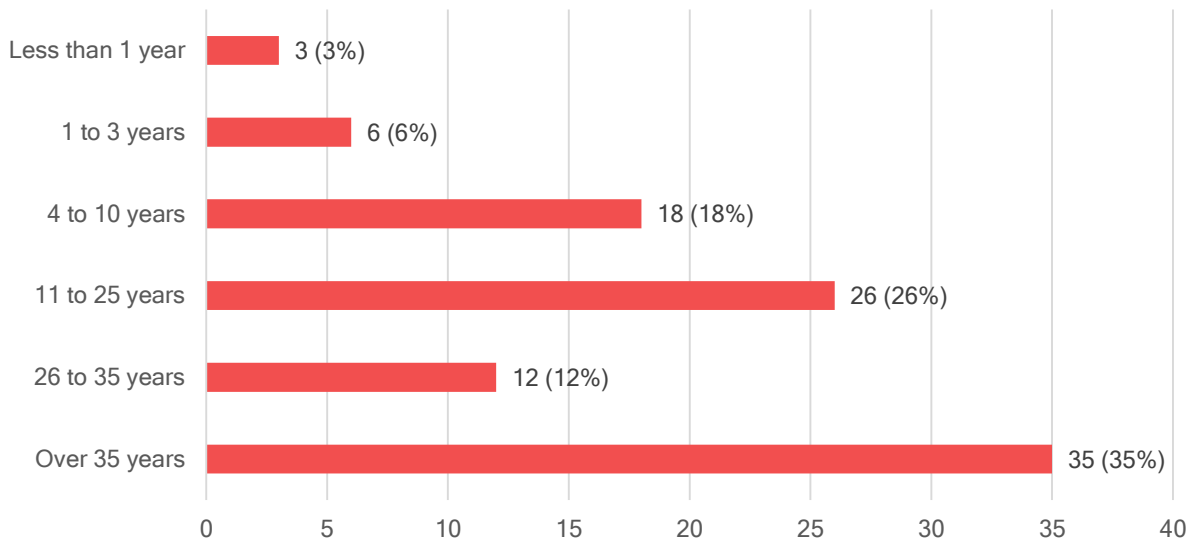
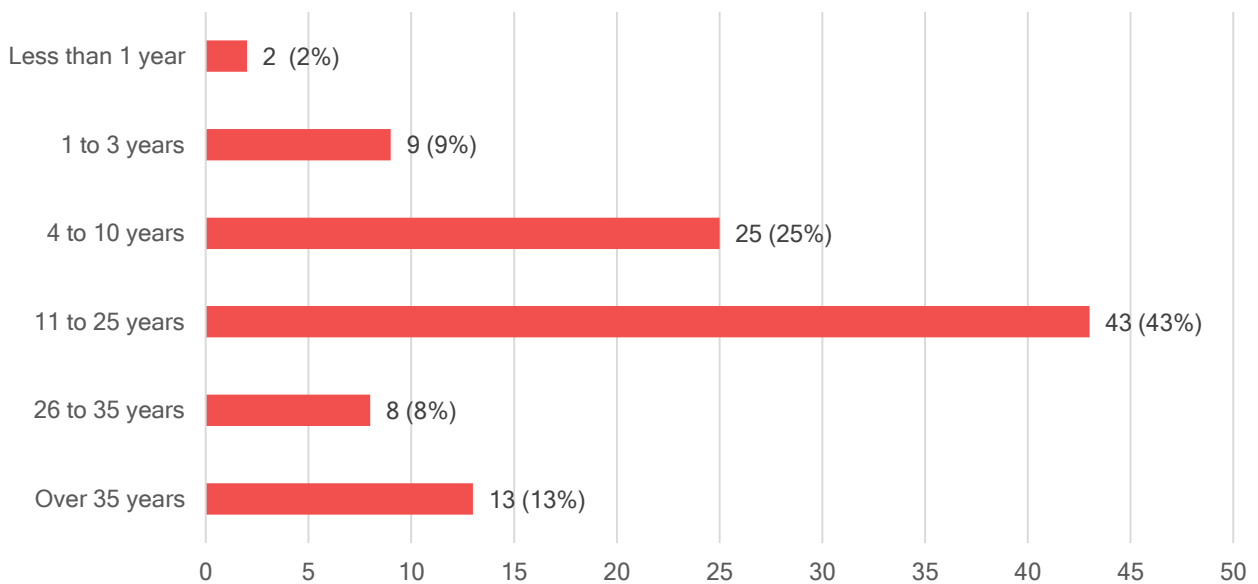


Figure 6: Businesses by Length of Time Operated by Current Owner



Of the businesses surveyed, the majority fell under the category of a small business, with 33 per cent having 5 to 9 employees, 23 per cent having 1 to 4 employees, and a further 15 per cent having 10 to 19 employees, as demonstrated in Figure 7. Figure 8 shows the majority of businesses also described their primary markets as being either local (24 per cent) or regional (52 per cent), with the remainder having national (9 per cent) and international (15 per cent) markets.

Figure 7: Businesses by Number of Employees (including owners/operators)

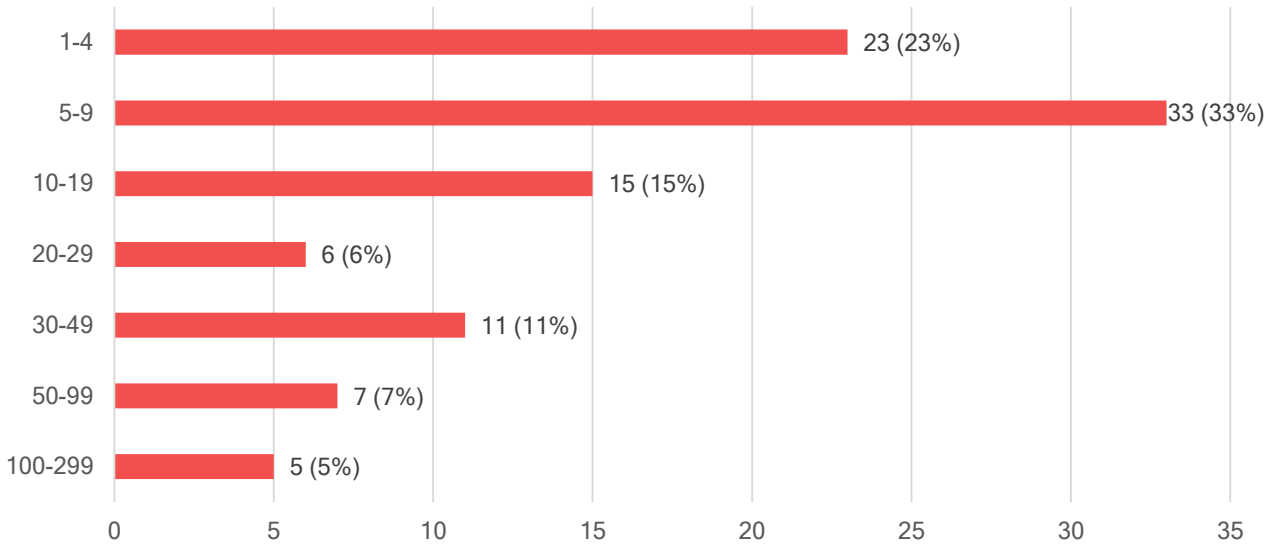
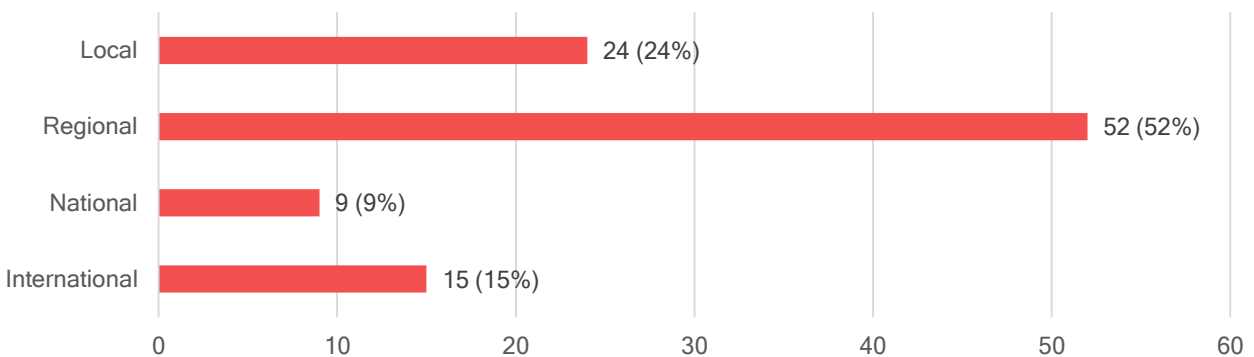


Figure 8: Primary Market of Businesses



Business Attitudes

The attitudes of businesses towards Port Colborne were an important component of the survey, looking at specific areas that businesses rely upon in their day-to-day operations and how the community performs in terms of meeting their needs. Businesses were asked several questions on the survey on factors of doing business in Port Colborne and how the community met up to their expectations. Although there were some negative opinions expressed by owners in regards to the lack of resources and knowledge available to businesses, general attitudes towards Port Colborne were for the most part positive.

For example, Figure 9 states that 38 per cent of businesses rated workforce as “good” in terms of factors of doing business in Port Colborne, with 35 per cent giving a “fair” rating, followed by 14 per cent rating it as “excellent.” In terms of the availability of serviced land in Port Colborne, Figure 10 shows that 38 per cent of businesses responded “do not know,” however 28 per cent responded positively with “good,” followed by 15 per cent that responded with “fair.” Figure 11 addresses quality of life, which was the among the most positive factors of doing business in Port Colborne, with 64 per cent responding “good,” and a further 21 per cent responding “excellent,” pointing to a clear strength in this area. The availability of adequate housing in Port

Colborne was also a particularly strong area for Port Colborne, with 60 per cent responding “good,” and 17 per cent responding “fair,” followed by 13 per cent responding “excellent”, as shown in Figure 12.

Figure 9: Rating of Factors of Doing Business in Port Colborne: Workforce

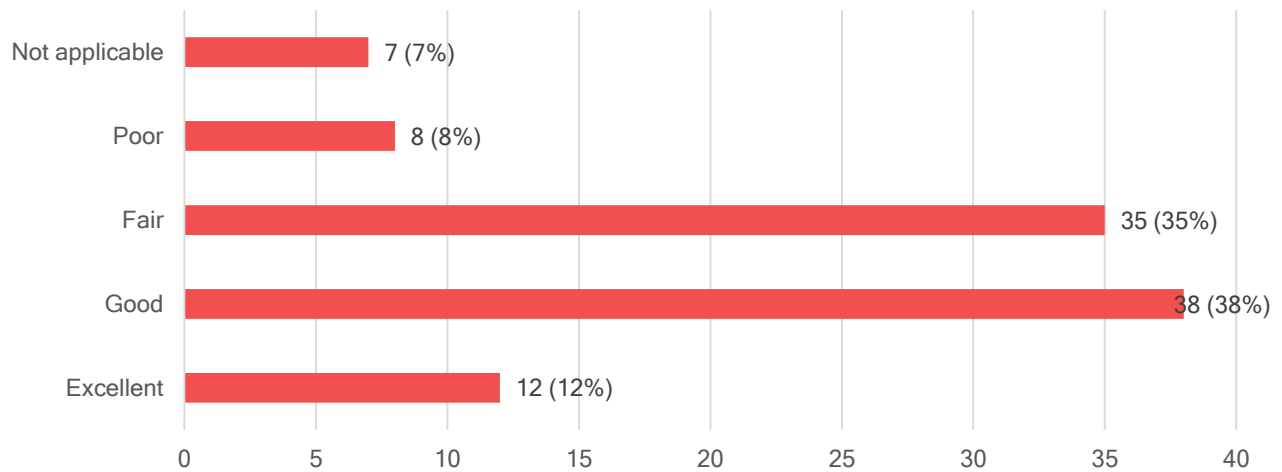


Figure 10: Rating of Factors of Doing Business in Port Colborne: Availability of Serviced Land

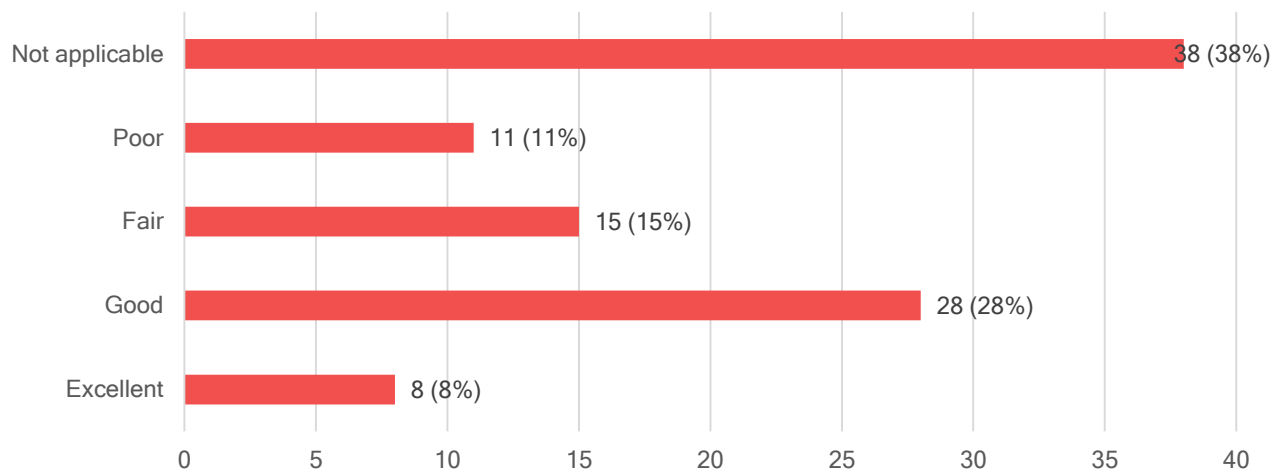


Figure 11: Rating of Factors of Doing Business in Port Colborne:
Quality of Life

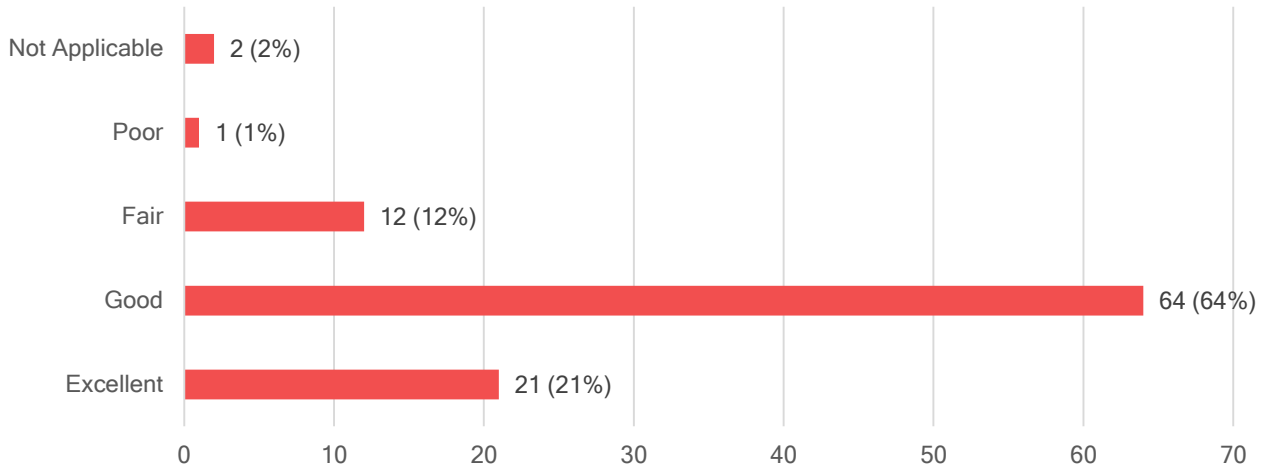
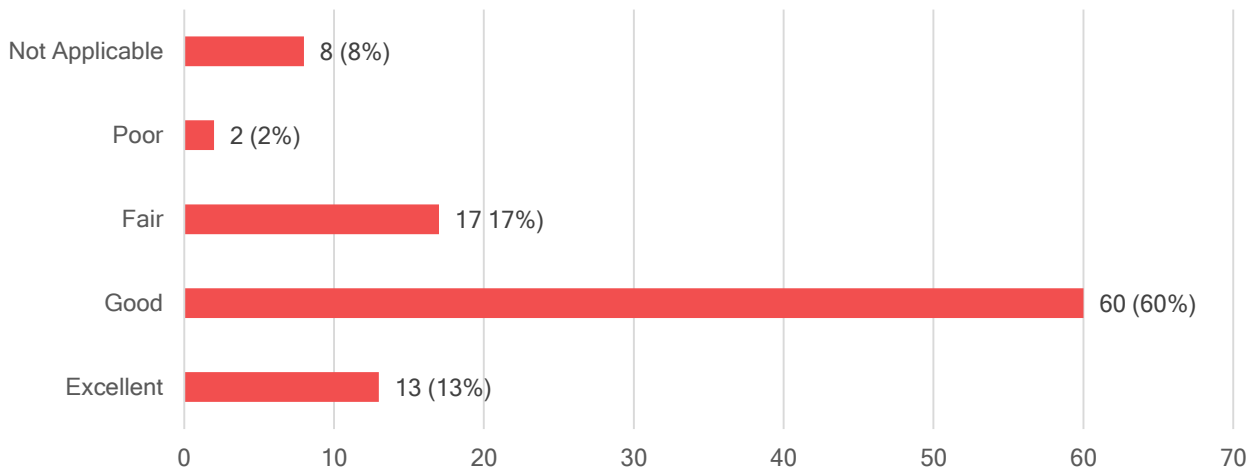


Figure 12: Rating of Factors of Doing Business in Port Colborne:
Housing



Access to business resources in the community were also a part of the questions covering business attitudes. Although on these questions there was a generally positive response to the services available as opposed to negative ones, there was an even larger amount of businesses that either had no knowledge or contact with business resources available to them. In the case of the workforce planning/development board (Figure 13), 33 per cent responded “good” in terms of their level of satisfaction, followed by 19 per cent responding “fair.” This is in comparison to 39 per cent of respondents who mentioned “no contact” with the local workforce planning/development board. Similarly, when it comes to the Small Business Enterprise Centre (Figure 14), respondents rated their level of satisfaction as either “fair” at 10 per cent, or “good” at 9 per cent, with the vast majority stating “no contact” at 71 per cent. Planning, engineering, zoning and building permits (Figure 15) received a more solidly positive response with 35 per cent of businesses rating their level of satisfaction as “good” as opposed to 29 per cent that stated “not applicable.”

While these numbers do point to more positive than negative perceptions of services for businesses in Port Colborne, there is a significant number of businesses that have either not

accessed these services or are unaware that they might exist. Although businesses responding with “no contact” or “not applicable” to these survey questions were made aware of these services and were in several cases placed in contact with representatives from these organizations, the results do point to a significant gap in awareness of resources that are in existence to help businesses, and highlight the need to better inform businesses in Port Colborne of the tools that are available to them that could help enhance their performance.

Figure 13: Rating of Community Services Available to Businesses: Workforce Planning Board

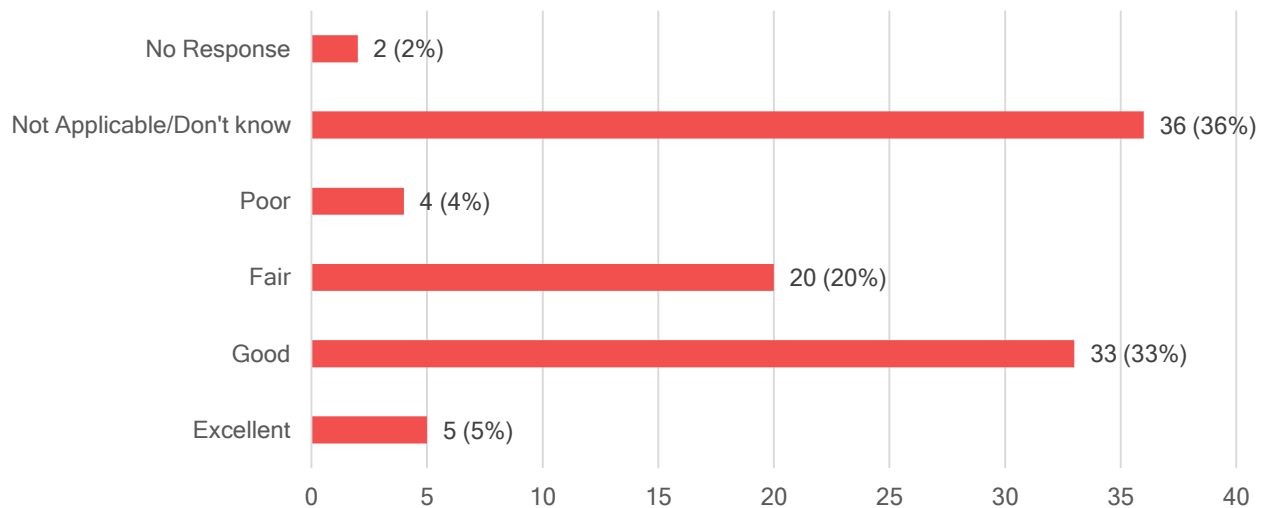


Figure 14: Rating of Community Services Available to Businesses: Small Business Enterprise Centre

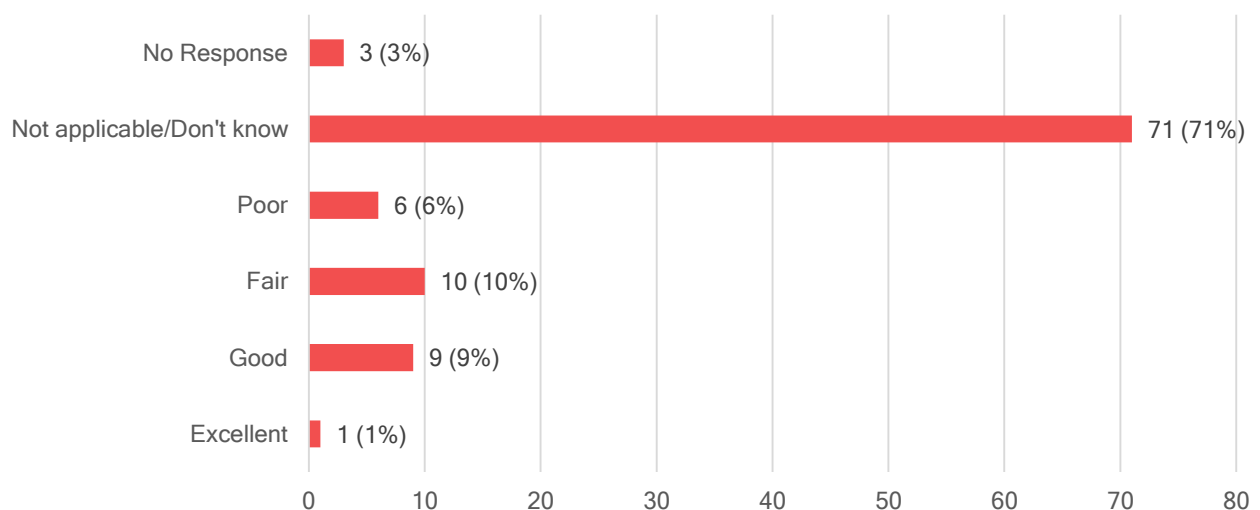
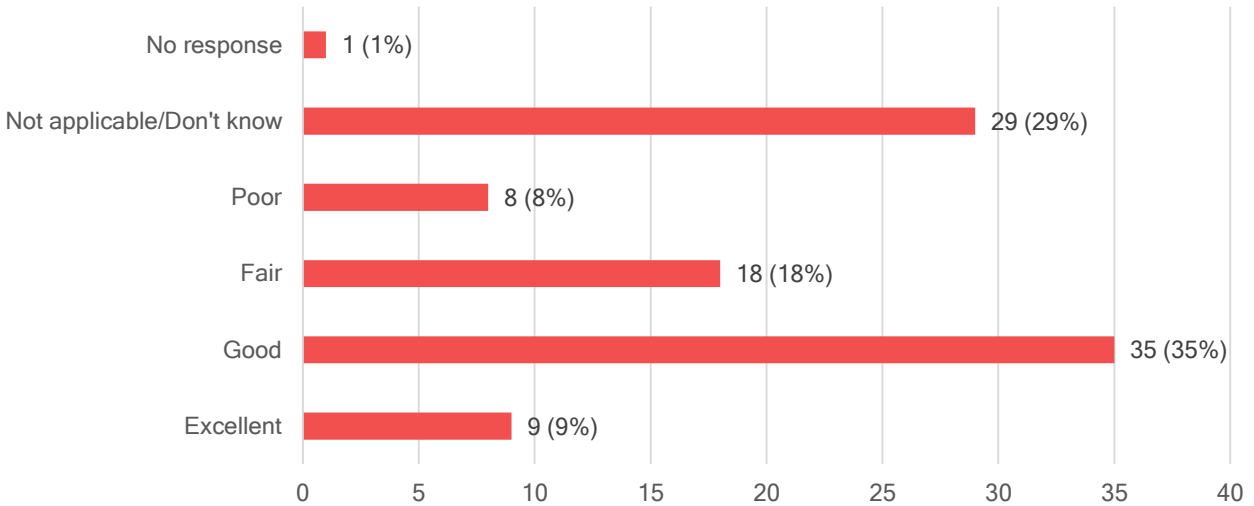


Figure 15: Rating of Community Services Available to Businesses:
Planning, Engineering, Zoning and Building Permits



Future Plans

While the BR+E project looked at the current status of businesses in Port Colborne and sought to understand what areas were in need of attention from the community to improve conditions for businesses, the survey also attempted to gauge the future plans of businesses. Given that it is difficult to predict whether or not sales will increase or if market conditions will allow for the expansion of a business, these questions nonetheless provide an important insight into the perceptions that businesses have of their future. It also sheds some light on whether or not businesses do have any plans on the horizon in terms of expansion, closure, or transition to new ownership.

For businesses in Port Colborne, the outlook for the future does appear to be a fairly positive one, with businesses reporting that they are projecting either stability or growth in sales. As shown in Figure 16, when asked what their plans are within the next 18 months, 65 per cent responded that they plan to “remain the same,” while a promising 25 per cent answered “expanding.” In Figure 17 it is seen that of the businesses that answered that they were expanding, 92 per cent requested and received information on programs or services provided by the Federal or Provincial governments that could assist with their expansion. Adding to the positive outlook on the future is Figure 18 where 49 per cent of businesses responded that their projected sales in the next year were expected to “increase,” with 30 per cent answered “remain the same,” and only 8 per cent projecting a “decrease.” Business owners also expressed an interest in working with other businesses in Port Colborne to collaborate on projects that might benefit the local economy in the future. For example, when asked if they were interested in working co-operatively with other businesses in the community, respondents were particularly interested in networking and information sharing, joint marketing, as well as joint training with other businesses, as demonstrated in Figure 19.

Figure 16: Planned Changes at Businesses Over the Next 18 Months

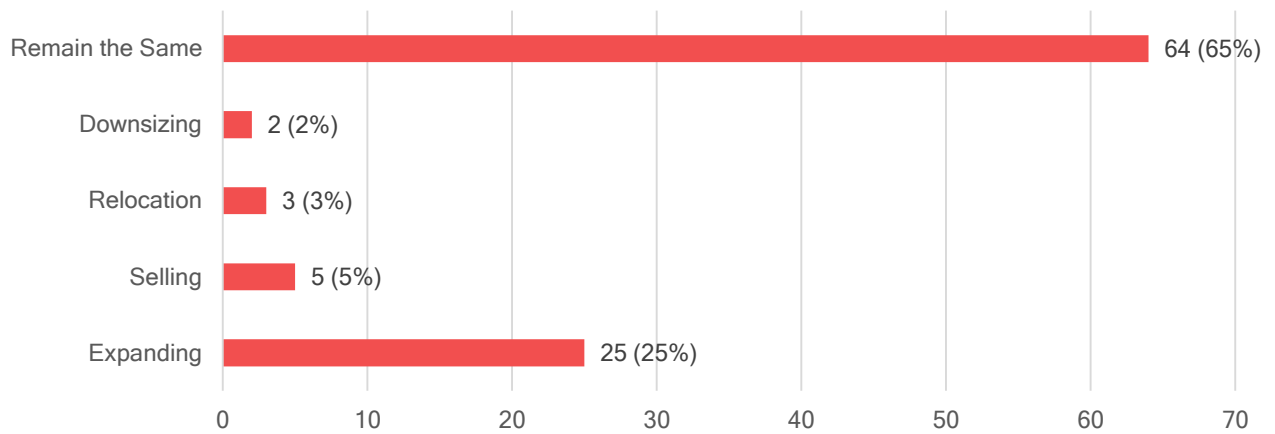


Figure 17: "Would you like to receive information on potential Federal or Provincial program/services?"

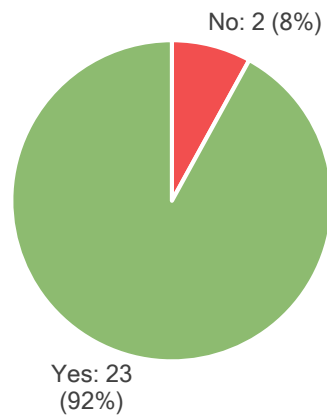


Figure 18: Expectation of Projected Sales in the Next Year

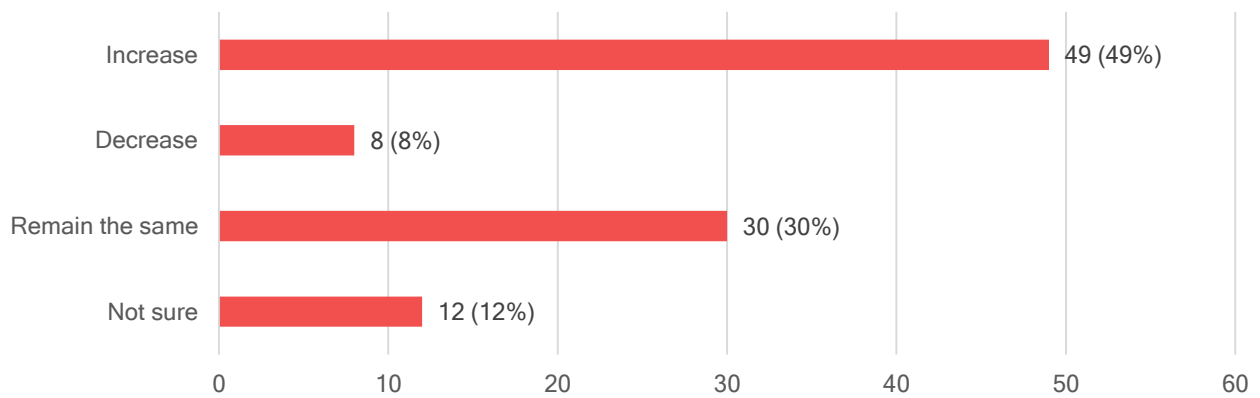
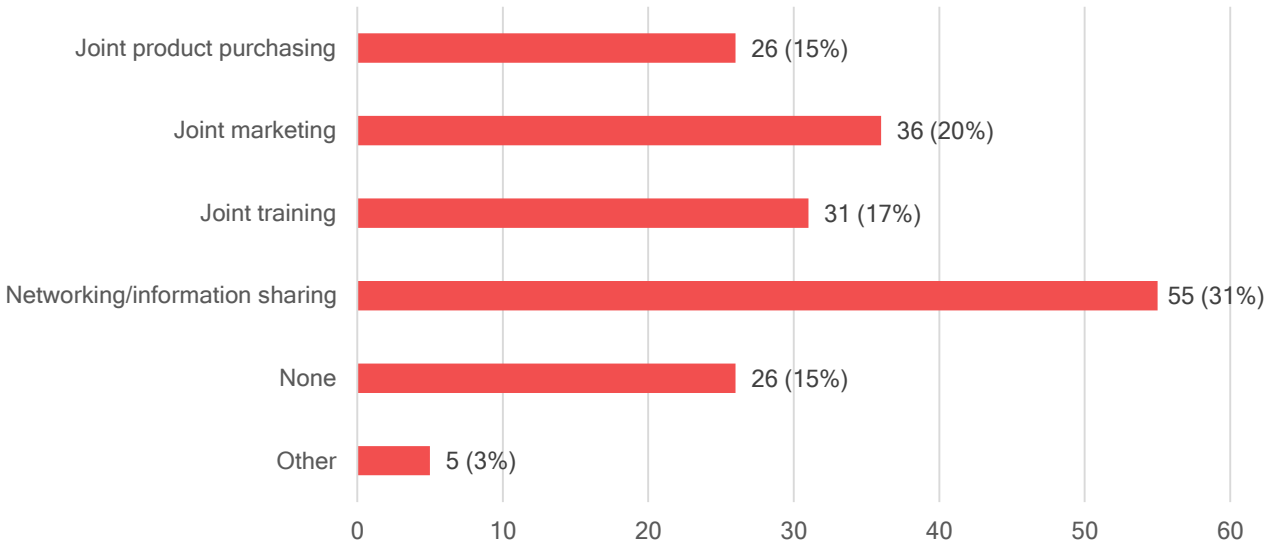


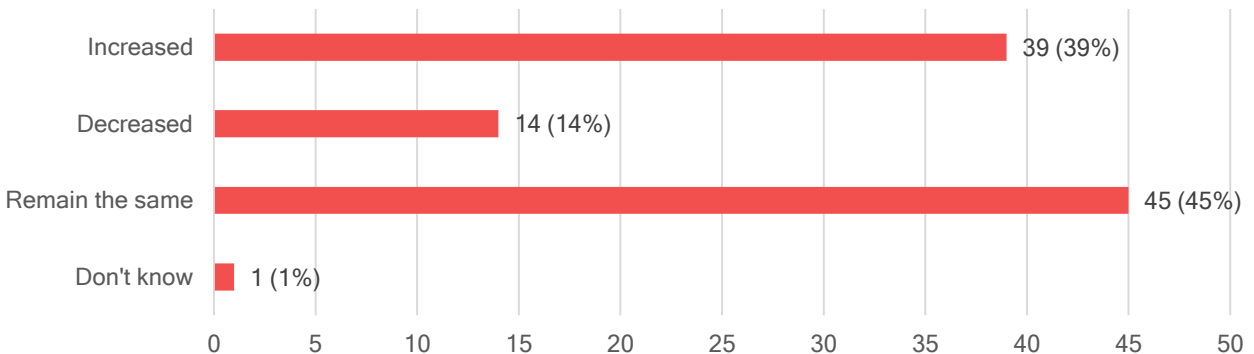
Figure 19: Areas Businesses are Interested in Working Cooperatively with Other Businesses in the Community



Workforce

In terms of workforce development in Port Colborne, businesses had some mixed views on Port Colborne’s ability to meet their needs in terms of human resources and skills. While it appears as though businesses are either maintaining or increasing their staff, there seems to be some differences as to whether or not they are able to access properly skilled and trained staff. When asked if the number of people they employ has increased, decreased, or stayed the same, 45 per cent of businesses responded with “stayed the same,” followed by 39 per cent responding “increased” and 14 per cent saying their staff “decreased”, as seen in Figure 20.

Figure 20: Changes to the Number of Employees at Businesses Over Past Three Years



When asked to rate the availability of qualified workers in Port Colborne (Figure 21), 34 per cent of businesses replied with a rating of “good,” however this was followed by 27 per cent giving a rating of “poor,” and 24 per cent rating it as “fair.” Furthermore, when asked about the ability of the community to attract new employees (Figure 22), 37 per cent responded with “good,” followed by 25 per cent rating it “fair” and 15 per cent giving it a “poor” rating. Of those businesses expressing difficulty with hiring (Figure 23), 40 per cent described a “lack of

appropriate skills or training” as a major challenge, with a further 35 per cent indicating a “lack of relevant experience.”

Figure 21: Rating of Factors in the Community for Needs of Businesses: Availability of Qualified Workers

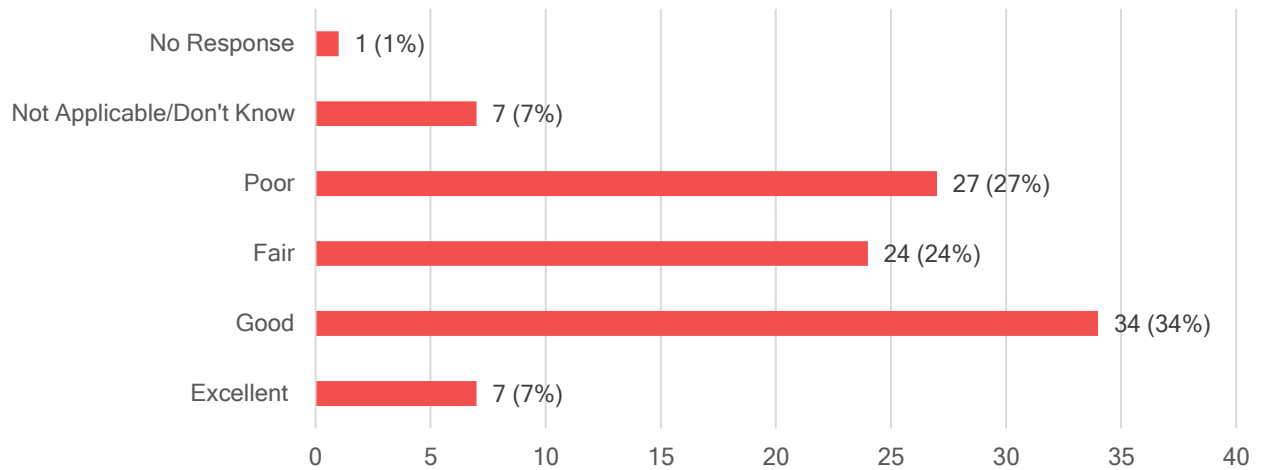


Figure 22: Rating of Factors in the Community for Needs of Businesses: Ability to Attract and Retain New Employees

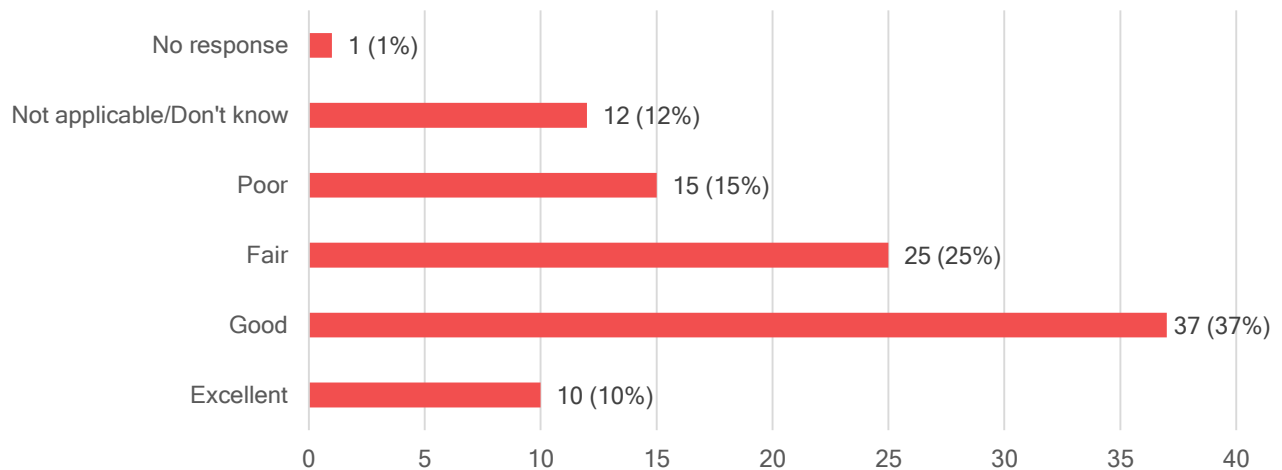
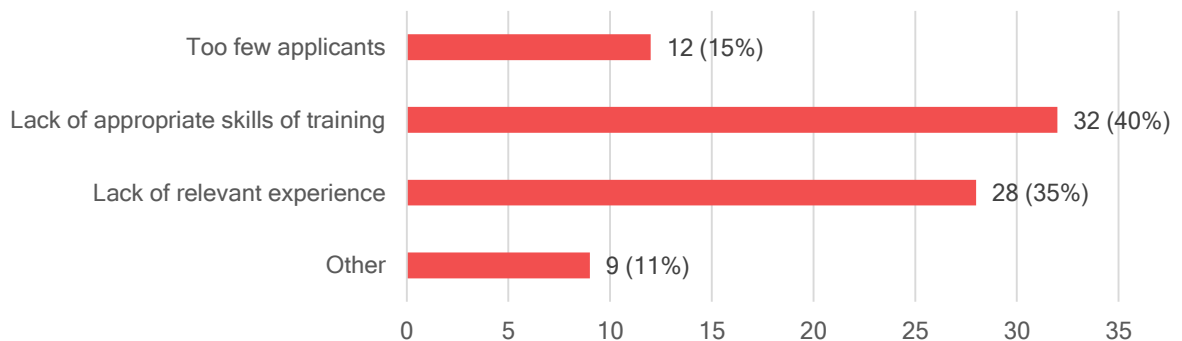


Figure 23: "Does your business currently have difficulty hiring? - How would you describe your company's hiring challenges?"



To further illustrate the issues surrounding recruitment of new employees and talent, as Figure 24 depicts when asked how they currently recruit new employees, 20 per cent of businesses answered “referrals from friends or current employees,” while 18 per cent replied “through your personal network” and 15 per cent replied “employment centres and websites.” Figure 25 shows that businesses also expressed difficulties with the retention of employees, citing issues such as wages (24 per cent) and seasonality of work (18 per cent), with 41 per cent expressing a variety of issues ranging from a lack of work ethic, lack of appropriate skills or experience, as well as a lack of community services such as adequate health services, that would help with both the retention and attraction of employees.

Figure 24: "How do you currently recruit new employees?"

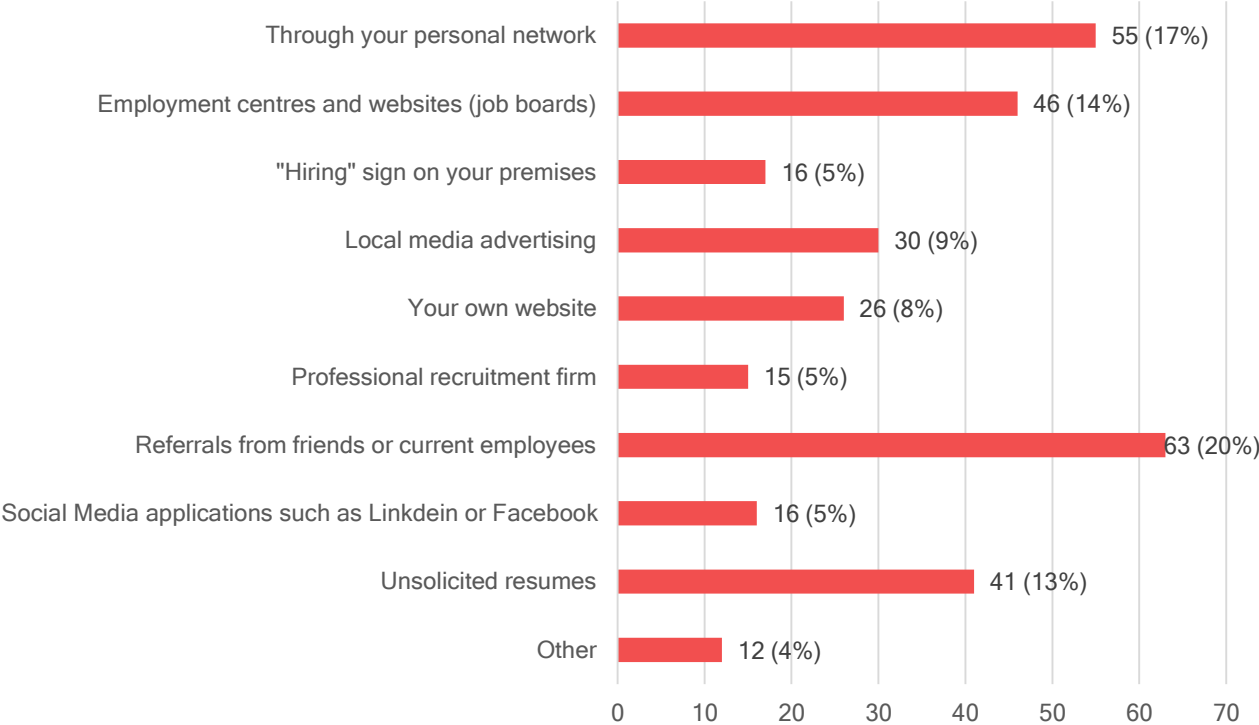
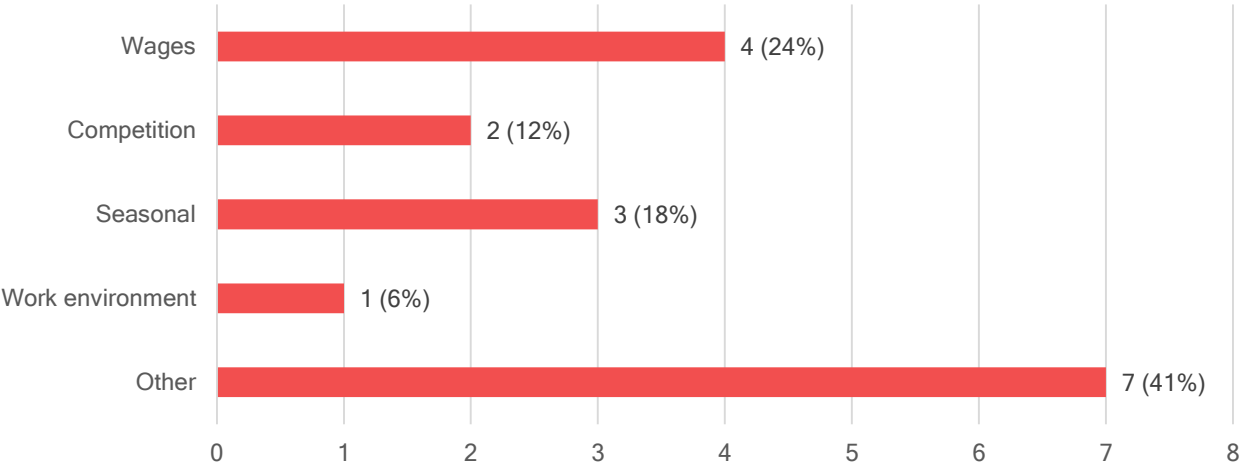


Figure 25: "Does your business have difficulty retaining employees? What are the reasons for these difficulties in retaining employees?"



Manufacturing Survey

As an addition to the Business Retention and Expansion project, the City of Port Colborne also conducted a survey of manufacturers that attempted to understand how local manufacturers viewed the community. Given that the vast majority of Port Colborne's top employers fall under the category of manufacturer, this information provides important insight into what manufacturers in Port Colborne look like.

Figure 26 shows that of the manufacturers surveyed, 44 per cent responded that their primary product was "maturing" in its life cycle, while 38 per cent responded "growing." As demonstrated in Figure 27, 56 per cent of manufacturers responded that approximately 0 to 10 per cent of their products' components were outsourced from another manufacturer, with a further 33 per cent responding that 11 to 25 per cent of their products' components were outsourced. Although technology and innovation are an ongoing concern for manufacturers that seek to remain competitive in their market, Figure 28 shows that only 25 per cent of manufacturers responded "yes" to the question asking whether there was a new technology emerging that would change their primary product or how it was produced, with the rest responding "no." This is further complimented by the fact that, as shown in Figure 29, 44 per cent of manufacturers responded that they spent less than 3 per cent of sales on research and development, with 38 per cent saying that they spent 3 to 6 per cent.

Figure 26: Position of Primary Product in its Lifecycle for Manufacturing Businesses

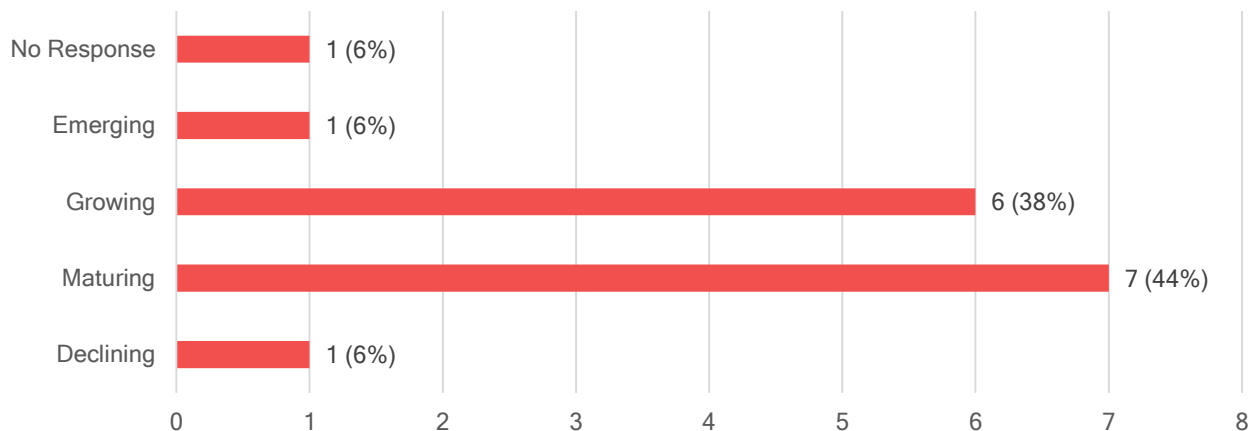


Figure 27: "What percentage of your products' components are outsourced from another manufacturer?"

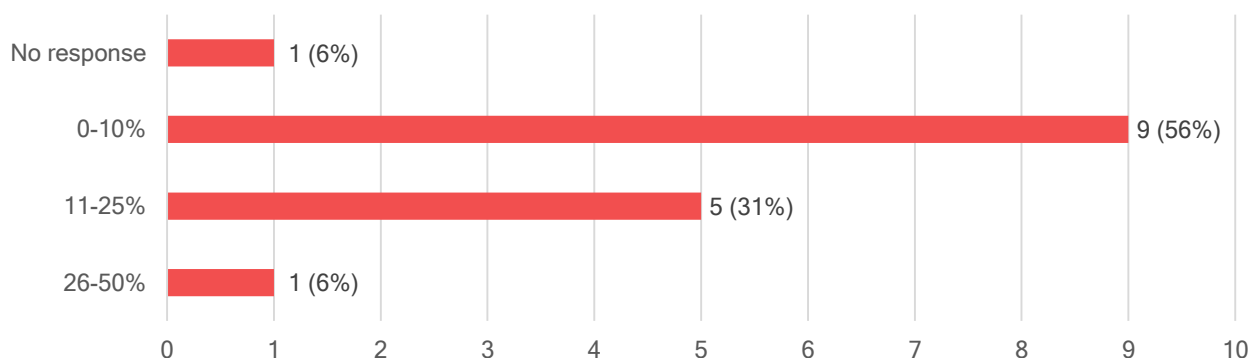


Figure 28: "Is there a new technology emerging that will change your primary product or how it is produced"

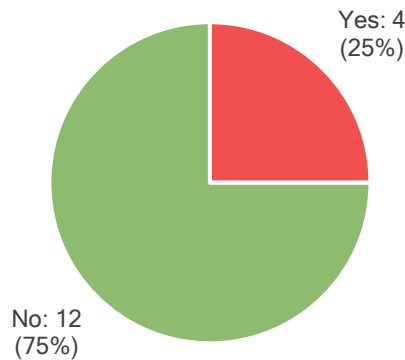
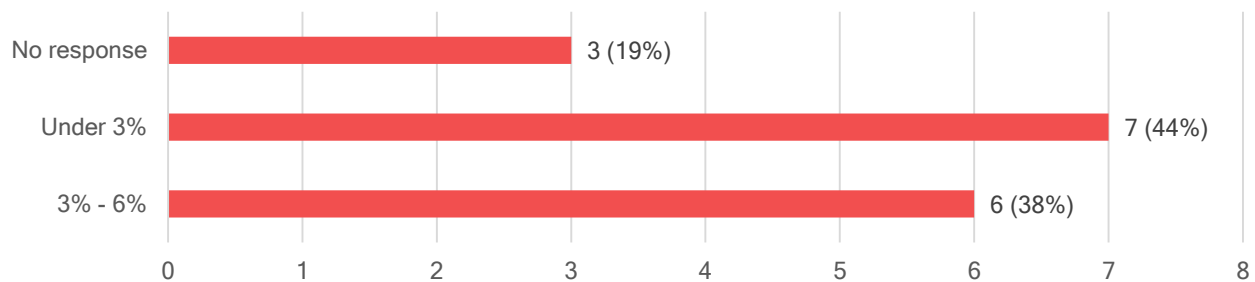


Figure 29: "As a percent of sales, how much does the company spend on research and development?"

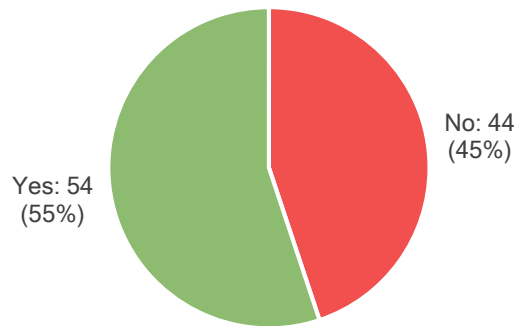


Port Colborne Survey

The final component of the BR+E survey was a set of questions developed with input from the executive committee that looked at issues more specific to Port Colborne itself. While the questions above were based on a survey provided by the Ontario Ministry of Agriculture, Food and Rural Affairs, the Port Colborne Survey was an opportunity for the research team to survey businesses on issues that they determined to be of specific importance to the community.

One of these issues was the hiring patterns of businesses and the extent to which they had to hire their employees outside of the community. As shown in Figure 30, when asked whether or not they have hired employees outside of Port Colborne due to a lack of qualified candidates, 55 per cent of businesses responded with "yes," with 45 per cent responded "no," highlighting the fact that a large number of businesses were facing difficulties with finding the right people for jobs. Outside of the actual figures resulting from the questions, this problem was highlighted several times in the numerous comments made during the course of surveying, even though a large number of businesses reported that they were either in the course of expansion or hiring of new employees.

Figure 30: "Have you hired employees outside of Port Colborne due to a lack of qualified candidates?"



Of the businesses that reported that they were expanding, Figure 31 illustrates that 46 per cent said that their expansion would lead to the hiring of both full and part-time employees, while another 42 per cent said that it would lead to the hiring of full-time employees. Figure 32 shows that in terms of compensation, 53 per cent of businesses said that wage rates or salaries in Port Colborne were "average," with another 25 per cent responding that they were "low."

Figure 31: "Will your expansion require or lead to an increase in full-time or part-time employees, or both?"

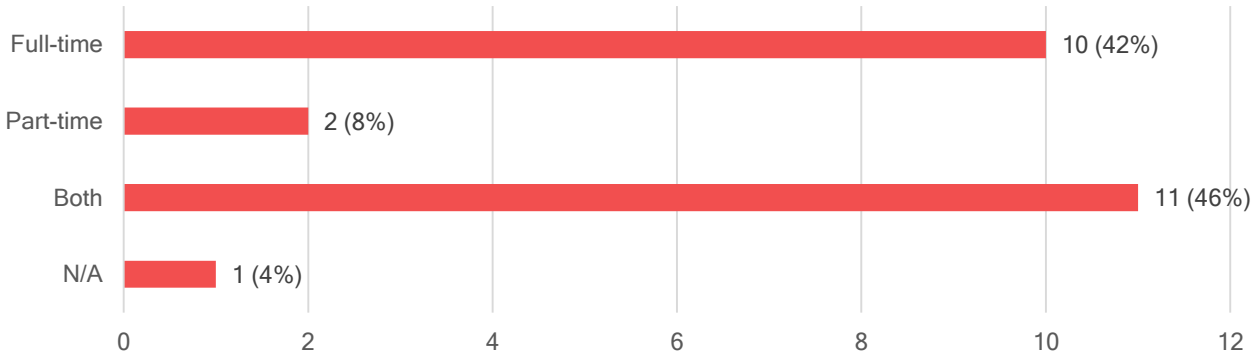
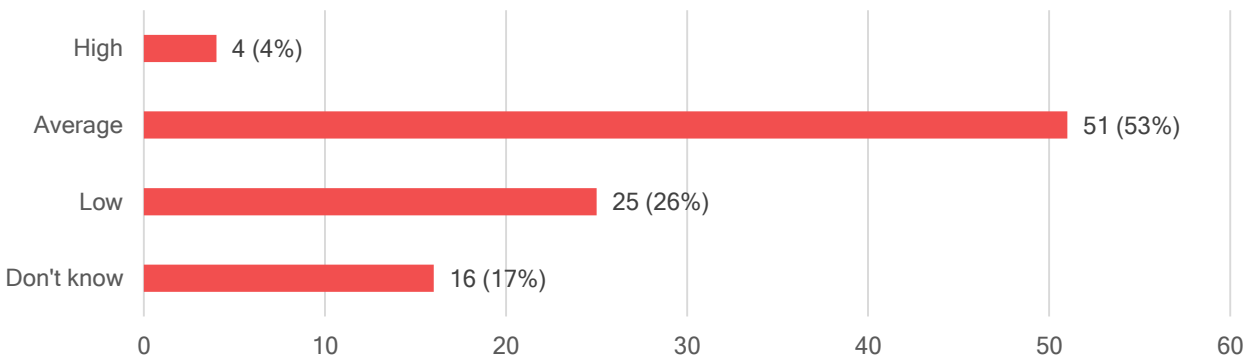


Figure 32: "Based on your experience, would you say the wage rates/salaries in Port Colborne, compared to elsewhere in Ontario, are:"



Following the theme of workforce issues, businesses were finally asked to provide their rating of Port Colborne on the basis of its workforce and how it complimented their business needs. When asked to rate the availability of workers with skilled trades (Figure 33), 33 per cent of businesses gave a rating of “fair,” followed by 22 per cent that gave a “poor” rating, and 21 per cent that said “good.” Conversely, when asked about the availability of unskilled labour (Figure 34), 44 per cent gave a rating of “good,” followed by 19 per cent that said “very good.” The compensation expectations of workers in Port Colborne (Figure 35) were also seen as fairly positive, with 40 per cent of businesses rating it as “good,” and 32 per cent rating it as “fair.”

Figure 33: Rating of Workforce Issues in Doing Business in Port Colborne: Availability of Workers with Skilled Trades

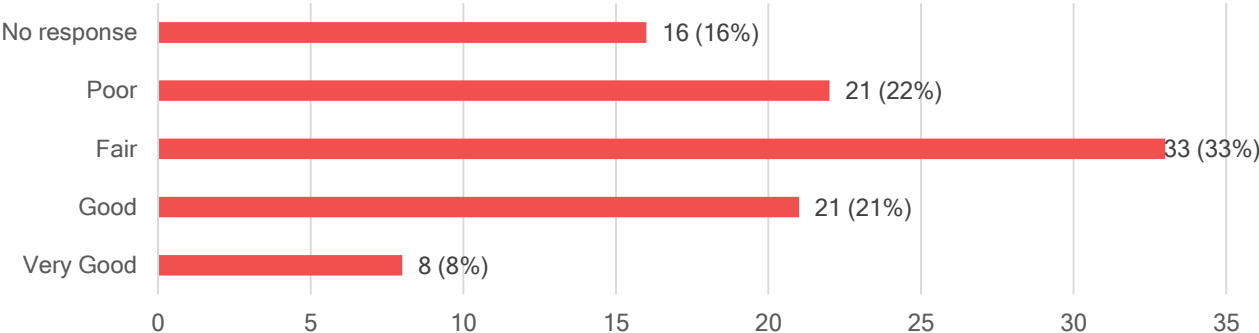


Figure 34: Rating of Workforce Issues in Doing Business in Port Colborne: Availability of Unskilled Workers

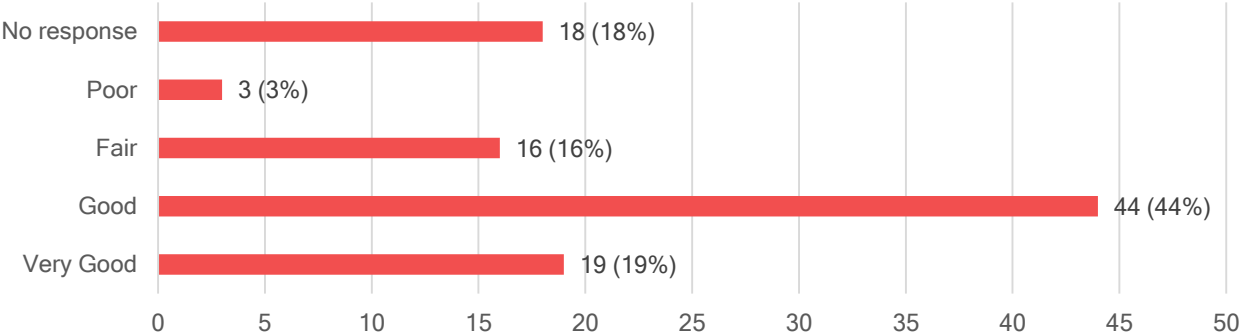
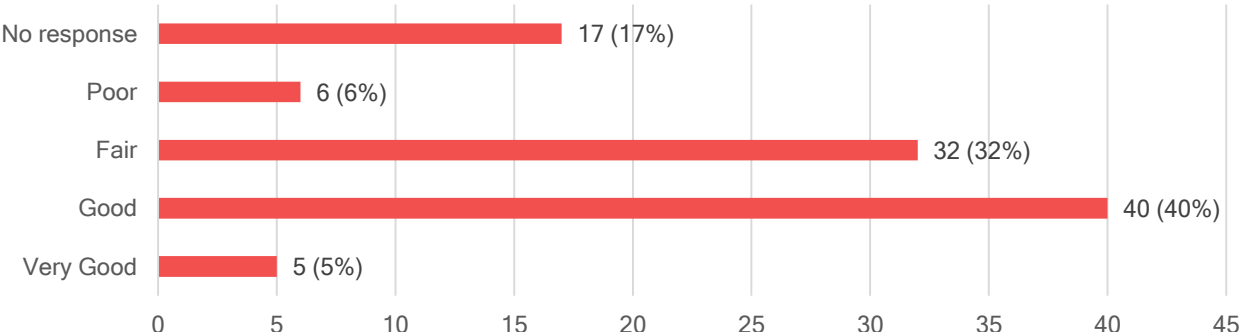


Figure 35: Rating of Workforce Issues in Doing Business in Port Colborne: Workforce Compensation Expectations



RECOMMENDATIONS

Based on the results shown in the survey, there are a number of recurring themes that will be necessary to factor into any future actions taken by the City of Port Colborne and the community as a whole. Given that the Business Retention and Expansion project focused primarily on reaching out to businesses and achieving a number of business visits along with immediate action to provide them with any support they needed, the final component of the project looks at what long-term recommendations could be gleaned from the mix of opinions heard over the course of the survey and how they could potentially put into action.

The recommendations coming from the Business Retention and Expansion survey and project could be summed up as follows:

Workforce While opinions towards the workforce in Port Colborne were not strong on the negative side, businesses did express frustration with the lack of skilled or adequately qualified workers that could meet their demands, particularly in more highly skilled areas such as manufacturing. This means that in spite of the availability of jobs, businesses are having difficulty finding the right people to fill those jobs. This is further complicated by the fact that most businesses indicated that they did most of their recruiting through personal networks and referrals, which can provide limited results. In order to correct this problem, more work needs to be done to assess the specific skills needs of employers and put them in touch with education and training institutions in charge of developing the next generation of workers while creating greater awareness among students of the types of careers that they can aspire to in their own community. Access to a broader, more formalized network can provide better opportunities to connect employers with the right workers.

Business Resources Given that more than half of the businesses surveyed had less than 10 employees, there is a significant need for basic business resources that can help small to medium sized enterprises with needs such as better workforce information, business and financial planning advice, as well as information on available funding and training programs. A significant number of businesses had expressed little or no knowledge of already existing resources such as workforce planning or federal and provincial programs that could assist with potential expansion, which would indicate a gap in knowledge on the type of support systems that are already in place for the business community. This can be remedied by creating better awareness of these resources through information provided by City Hall to new and existing businesses, as well as through coordination with other community groups such as the chamber of commerce and other organizations that could offer information sessions and training events.

Marketing Port Colborne Based on the number of positive areas that were highlighted by businesses, more can be done to market Port Colborne as an ideal place to do business. Positive opinions on aspects ranging from the quality of life, housing availability, and reasonable compensation expectations, are all opportunities that could be used to market Port Colborne to both businesses as well as talent looking to relocate.

Ongoing Communication One of the observations made over the course of the project was the level of appreciation expressed by businesses for the City's efforts to reach out to them to hear their opinions. Business owners had in many cases had limited contact with the City and had responded positively to the opportunity to get in touch with a representative from the City to discuss issues important to them. In addition to this, of the 100 businesses that were surveyed, over 40 had received some form of assistance from the City and other community organizations, as well as federal and provincial resources. Due to the positive reception that the Business Retention and Expansion project has had and its success in providing immediate action to support local businesses, it would be advisable to implement an ongoing process of

communicating with businesses in Port Colborne, whether it be through a formal survey completed annually or through ongoing informal business visits to maintain the line of communication.