

# Prince George Business Retention & Expansion (BRE) Strategy: Final Report

December 2014

Prepared by:



Prepared for:



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## 1. INTRODUCTION

The Prince George Business Retention and Expansion (BRE) Strategy has been commissioned by Initiatives Prince George (IPG) in order to assist with the implementation and long-term operation of their BRE program.

A BRE program features a regular schedule of in-depth interviews with local businesses, exploring the challenges and opportunities in their company and industry. In addition to building a strong relationship between IPG and the business community, the program allows IPG to stay abreast of issues affecting the local business community and to respond in a timely fashion.

### OBJECTIVES

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The BRE Strategy has three primary objectives. They are:

- 1. Summarize and present the results of BRE interviews completed in summer 2014.** Initiatives Prince George staff undertook an intensive series of more than 150 business interviews from June to August, the results of which are summarized in this report.
- 2. Formulate a prioritized set of strategies** that respond to the most important and/or most prevalent challenges and issues identified during the business interviews.
- 3. Recommend the parameters of an ongoing BRE Program.** The ongoing BRE program will involve regular interviews with local businesses to ensure that IPG has ongoing awareness of critical business issues and can monitor the impact of economic development initiatives.

An initial "Interview Results and Strategic Directions" document was released at a public event on October 30, 2014 as a preliminary component of the overall BRE Strategy. The document contained a summary of interview results (contained in sections 2 and 3) as well as initial strategic directions that are fully elaborated upon in this report. IPG will use the results of this study to formulate an ongoing BRE Program, to be announced in 2015.

### STUDY PROCESS

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Vann Struth Consulting Group was engaged by Initiatives Prince George in May 2014 in order to provide initial feedback and guidance on the choice of program software and the BRE interview questions.

From June to August, IPG staff completed an intensive series of 153 interviews with local businesses. Each interview lasted from 40 to 60 minutes and was conducted in a conversational style rather than proceeding through a strict questionnaire.

Upon the completion of the interviews, the results were entered into a special BRE software program called Executive Pulse (which is used by many other British Columbia communities). The results were analyzed by the consultant through September and October, 2014 and released through a preliminary report and public presentation on October 30.

The final set of prioritized strategies, as well as recommendations for the ongoing BRE program, were developed by the consultant in November 2014 and modified based on discussions between IPG and its community partners. The final BRE program that will be implemented by IPG will be further refined in late 2014 and announced in early 2015.

## REPORT OUTLINE

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This report is structured in the following manner:

- Section 2 provides an overview of the companies that were interviewed, including their industry, level of employment and ownership status.
- Section 3 contains a summary of the company feedback across a variety of important topics, including succession planning, employment, sales and exporting, expansion plans, and views on government and related services and the Prince George business climate.
- Section 4 lays out the recommended strategies for Initiatives Prince George, working with the City and partner organizations, to address the most significant business issues and challenges that have been identified.
- Section 5 presents a recommended ongoing BRE Program that IPG will maintain into the future in order to maintain and build upon the work completed to date.

## 2. PROFILE OF INTERVIEWED COMPANIES

A total of 153 in-depth interviews with business owners and managers were conducted. In several cases the interview subject made reference to other businesses with whom they are also involved, but in only one case was a complete interview completed for two companies at once. The total data set for analysis in this report therefore includes 154 business interviews.

As explained below, the companies were selected to approximate the industrial makeup of the Prince George economy. As they were not selected randomly, the results cannot be interpreted as a statistically valid representation of the entire business community.

That being said, having more than 150 interviews suggests that the results are a fair cross-section of the views of local businesses. There should be a similar level of confidence as the outcome of a meeting where more than 150 local businesses attended and provided extensive, detailed feedback on a wide variety of issues.

### 2.1. INTERVIEWED COMPANIES BY SECTOR

The 154 completed interviews were distributed by industry sector as shown in the chart to the right.<sup>1</sup>

Several sectors were deliberately excluded from the project, including sectors that are primarily or wholly in the public sector - health care, education, public administration and utilities.

**Number of Interviews by Sector**



Agriculture and mining and oil & gas were also not represented. Agriculture is a relatively minor employer within Prince George, while scheduling challenges during the busy summer season prevented any mining or oil & gas companies from participating. They can be included in subsequent rounds of interviews.

<sup>1</sup> The industry sectors are as defined in the North American Industrial Classification System (NAICS).

The chart below confirms that the distribution of BRE interviews by sector is roughly in proportion to the distribution of employment in these sectors.<sup>2</sup>

## Distribution of Interviews and Employment by Sector

(Employment Source: Statistics Canada, 2011 National Household Survey)



<sup>2</sup> Employment data is from the 2011 National Household Survey as it is the only detailed source of employment for the city itself. Data from the monthly Labour Force Survey is reported only for the Prince George Census Agglomeration, which includes rural areas surrounding the city.

## 2.2. INTERVIEWED COMPANIES BY SIZE

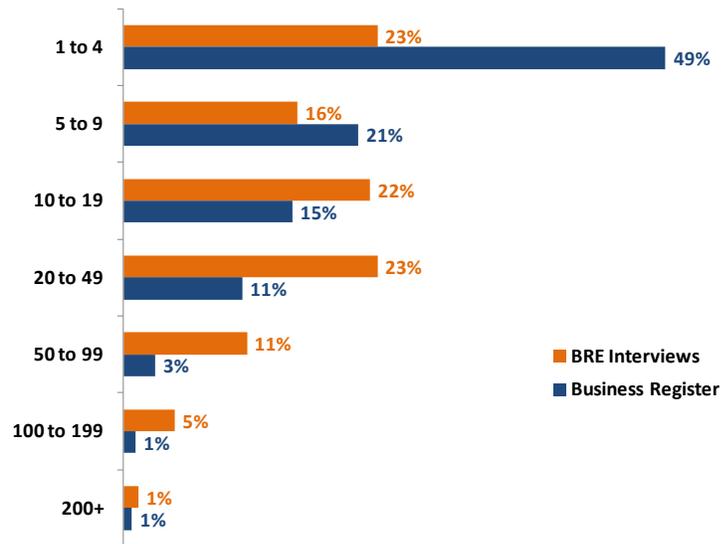
Another way to compare the interview subjects to the entire business community is on the basis of company size. Statistics Canada's Business Register, which is based on federal payroll accounts, shows that in December 2013, about half of all Prince George companies with employees had less than five employees.

Compared to the actual distribution of Prince George companies by size, the BRE interviews were more focused on larger employers (those with 10 or more employees).

This is sensible in attempting to cover a larger share of total employment in the community. If there is a desire in the future to ensure that the views of smaller firms are being fully represented in the program, a special focus could be placed on smaller firms for a period of time.

### Distribution of Interviews by Number of Employees

(Business Count Source: Statistics Canada Business Register, December 2013)



### 2.3. CHARACTERISTICS OF INTERVIEWED FIRMS

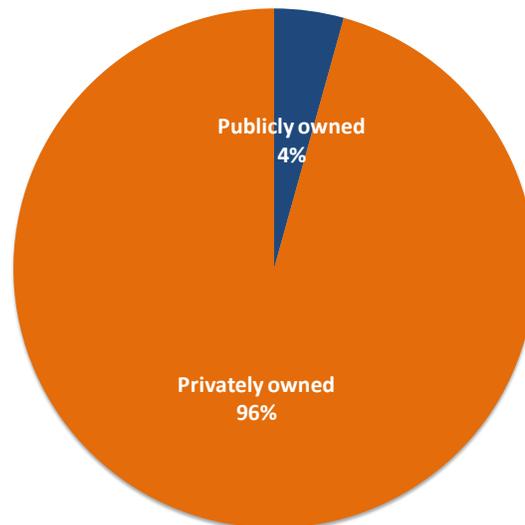
The rest of this section of the report provides a profile of the companies that were interviewed. The "n=" notation in the title of the charts refers to the number of companies that provided a response to the question. As the interviews were conversational in nature, not all questions were necessarily addressed by all participating companies.

#### OWNERSHIP STATUS

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Participating companies are overwhelmingly privately owned. Only 6 out of 139 are publicly owned.

**Company ownership status? (n=139)**



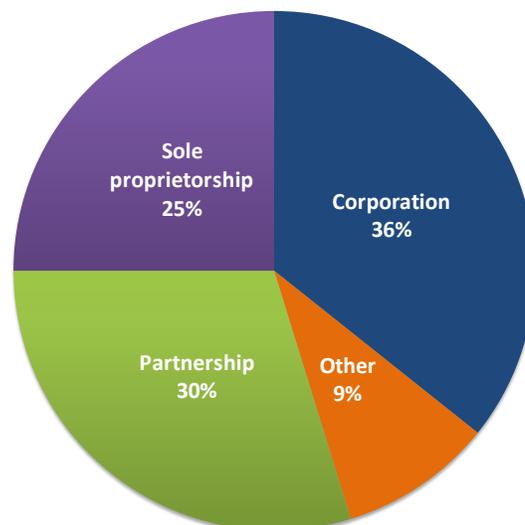
#### LEGAL STATUS

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Corporations, partnerships and sole proprietorships are all well-represented in the sample of companies.

Those in the "other" category include several employee-owned firms, a Crown corporation and several cooperatives and credit unions.

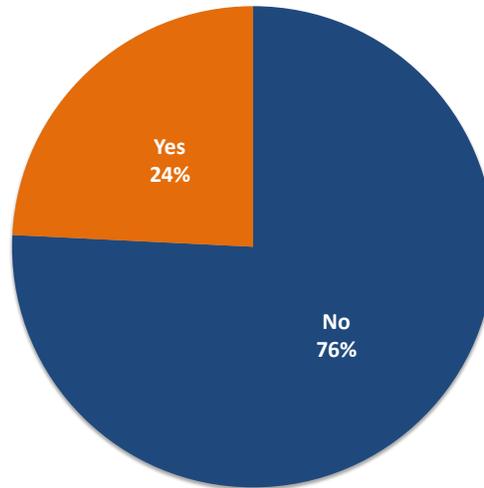
**Company legal status? (n=84)**



About one-quarter of companies have experienced a management change in the last 5 years.

Of those where management changed, more than 80% thought the local impact was positive. Only 1 out of 29 described the local impact as negative.

**Local facility changed owners or managers in last 5 years? (n=128)**



### 3. INTERVIEW RESULTS

This section of the report highlights some of the key results of the interviews, many of which are the basis for the recommended strategies outlined in Section 4.

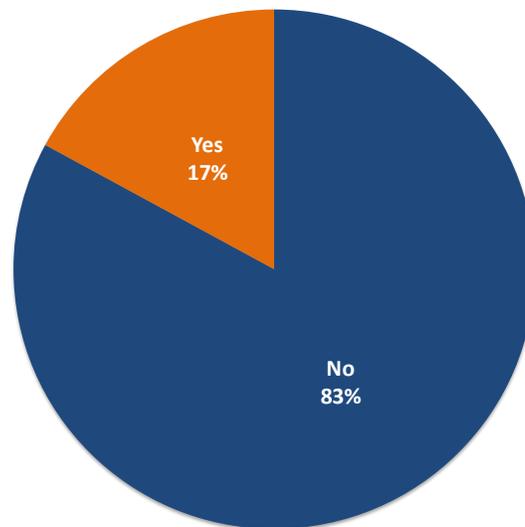
#### 3.1. SUCCESSION PLANNING

The issue of succession planning was explored in a series of questions relating to ownership or managerial change.

First, the companies with a pending ownership change were identified.

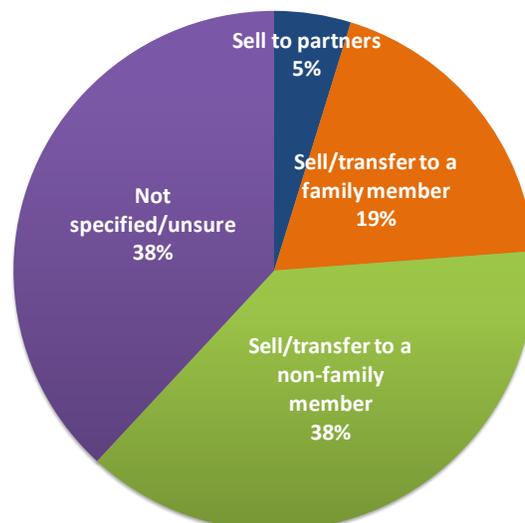
Most of these pending changes are not imminent. More than 75% of them feel that the change is at least 3 years away while only about 10% feel that the change will occur within the next year.

**Ownership change pending for this facility? (n=123)**



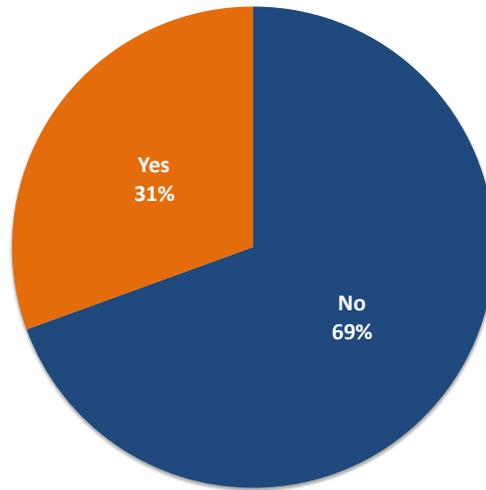
A variety of options are available for owners with a pending ownership change, but the situation is often unsettled until late in the process. Although the data is based on a small sample of 21 companies, it shows that nearly 40% are either unsure or did not specify an exit strategy. Others anticipate selling to non-family members, to family members or to business partners.

**Planned method to exit the business? (n=21)**



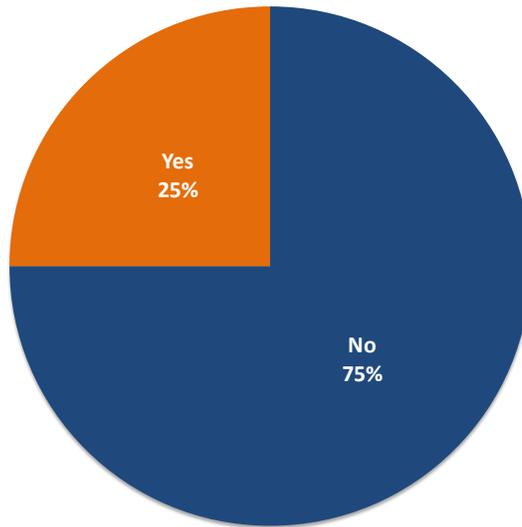
Expanding the conversation to companies that may not have a pending ownership change, only about one-third have identified a business successor. The issue of succession is simply not on the radar for many owners, particularly those who are younger or do not anticipate relinquishing control of their company in the foreseeable future.

**Owner has identified successor to the business?  
(n=72)**



In a similar vein, only one-quarter of companies have a formal succession plan.

**Is there a formal succession plan? (n=64)**



### 3.2. EMPLOYMENT

Most of the surveyed companies have had relatively stable employment levels historically, although the number with an increasing trend (29%) is significantly more than those with a declining trend (8%).

#### Historical Employment Trend (n=98)



Companies are very optimistic about the employment prospects over the next three years. All but 3% expect full-time employment to at least stay the same and nearly half predict an increase. Similar statistics were reported for companies who employ part-time or casual workers.

#### Expected Change in Full-time Staff, Next 3 Years (n=108)



With such a positive outlook, about one-third of companies are reporting increasing difficulty filling their available positions.

#### Change in Number of Unfilled Positions (n=67)

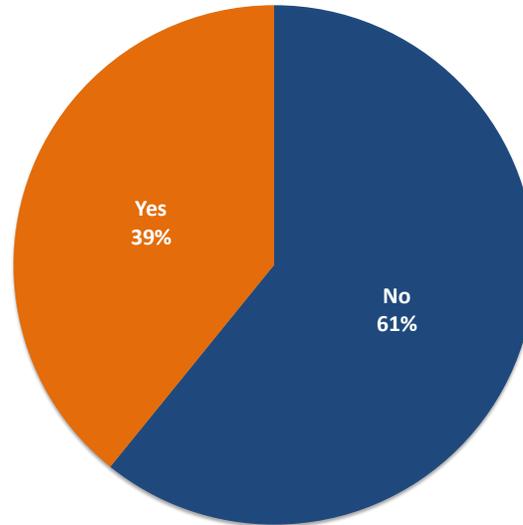


### 3.3. EMPLOYEE RETENTION

In addition to the challenge of attracting new workers, about 40% of companies also reported that employee retention is a problem.

Among the roughly 60% of companies that do not have a retention issue, some of the common threads in their comments include:

**Is employee retention a problem? (n=143)**



- They strive to pay competitive wages and have competitive benefits packages. Some need to pay more to match opportunities in forestry or other industries that might attract workers with higher wages. Oil and gas in northeast BC and Alberta is the only alternative that seems to pay more than local companies can match. Some companies also pay regular bonuses.
- There is a consistent message that pay level is not the only important factor. Most companies strive to show their employees how valued they are by treating them well, trying to help them have a life outside of work, being flexible in scheduling and vacations, etc. Many used the word "family" in describing the relationship with their long-time employees.
- Some companies that provide training are accepting that some employees will leave after receiving the training, but often become clients or customers in their new role.
- Many companies emphasize that retention starts in the hiring process and making sure the right people are hired. There is a lot of emphasis on hiring the "right person" rather than just those with the most experience. This includes identifying people who are attracted by the northern lifestyle.
- Multiple owners mentioned that attracting the right employee is difficult, but retaining them is not.
- Some companies have regular socializing events like BBQs, golfing or helicopter tours to help retain staff, or they provide perks like paying for gym memberships or providing employee discounts (for retailers).

For the companies that are struggling with a retention issue, comments include:

- Increasing competition for skilled tradespeople is affecting many companies. Several mentioned that employee retention is becoming more difficult over time, mostly due to the improving

economy and the presence of high-paying alternative opportunities in northern resource industries.

- Larger companies are targeting promotion from within and boosting apprenticeships as a means of retaining workers for the long term. They are also having retired workers stay involved at some level to help with training.
- Companies with a lot of entry-level positions (e.g., restaurants) have retention challenges. One response is to use training or added responsibilities that give the worker some differentiation in their job and this tends to lead to longer tenure in the position.
- Some companies have introduced profit-sharing or are considering doing so.
- Finding ways to provide opportunities for spouses is important for some companies who have lost workers when their spouse (mainly wives) didn't want to stay in Prince George. This includes not just work but also social opportunities and a way for newcomers and young people to make social connections in the community.
- The aging of the workforce and generational change are creating challenges, with some benefits (such as retirement programs or lifelong career opportunities) not appealing to younger workers like they did to earlier generations. There is a sense among many that younger workers are not as loyal as older workers and are always looking for better opportunities. Some also detect a sense of entitlement from younger workers who are wanting or expecting promotions and pay without gaining the needed experience first.

Note that the recruitment of additional workers to Prince George was recently addressed in a comprehensive fashion in a separate report,<sup>3</sup> so is not addressed separately in this report.

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<sup>3</sup> R.A. Malatest & Associates Ltd. (March 2014), *Workforce Intelligence Study: Identifying Canadian Talent Pools for Prince George's In-Demand Occupations*, prepared for Initiatives Prince George.

Nearly all of the interviewed companies are experiencing either stable or expanding sales.

### Change in Market for Company's Product (n=137)



The question is whether these increased sales are occurring by companies which are taking market share from their competitors, or whether the total size of the market is growing. It appears to be a mix - nearly 40% of competitors feel they are gaining market share on their competitors, but the majority feel their market share is stable.

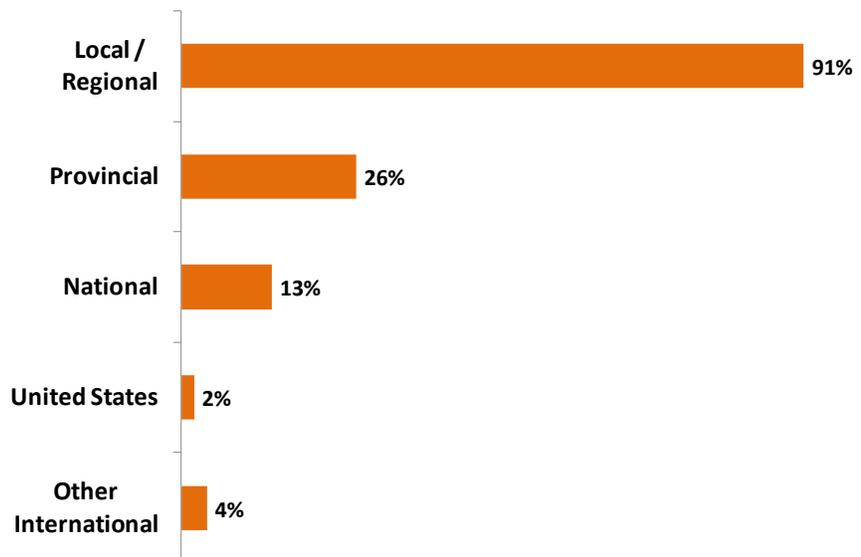
### Change in Market Share (Relative to Competitors) (n=97)



More than 90% of companies are selling into the local Prince George market or the regional Northern BC market. About one-quarter are selling province-wide.

Very few of the interviewed companies are selling goods and services internationally.

### Destination for Products (n=105)



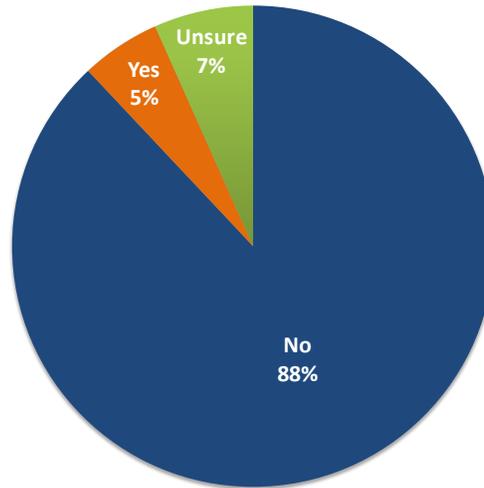
Among companies that are not currently exporting, only 5% have plans to start exporting in the next 5 years while a further 7% are unsure.

Given the potential economic development benefits from more tightly integrating Prince George into the global economy, there would seem to be significant potential to encourage more exporting to occur.

By far the most common reason given for not exporting is that local and/or national markets are sufficient to sustain the company.

This may be true in the current positive economic climate, but sentiment may change when the next economic downturn occurs. Note the responses in this chart are shown as actual numbers rather than percentages because respondents were able to provide more than one answer.

**If not exporting, plans to export in next 5 years?**  
(n=75)



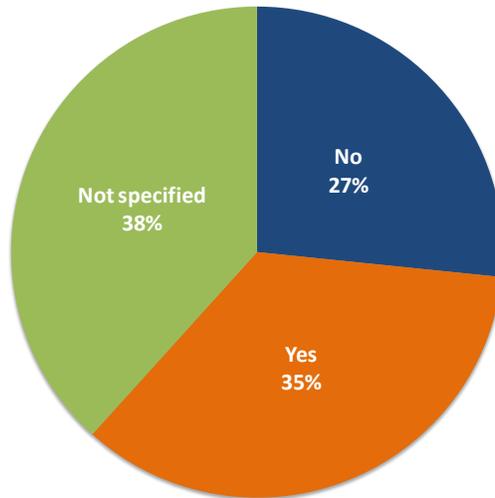
**Reasons for Not Exporting**



### 3.5. EXPANSION PLANS

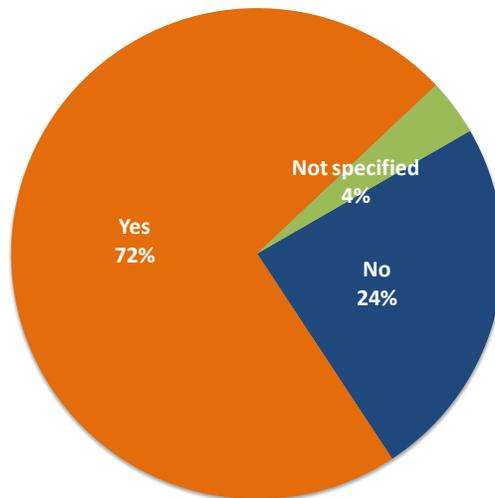
About one-third of the interviewed companies have plans to expand their site in the next three years.

**Company Plans to Expand in Next 3 Years? (n=154)**  
(In terms of site expansion)



About three-quarters of the firms with expansion plans expect to undertake their expansion in Prince George.

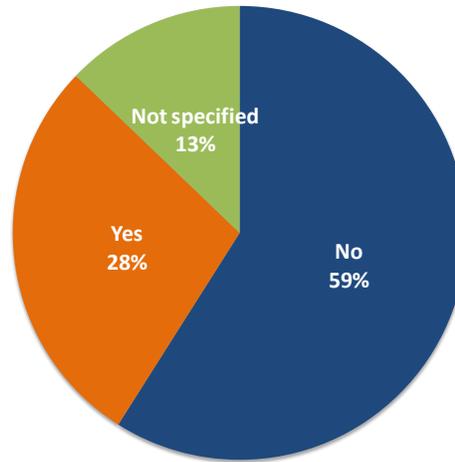
**Will Expansion be in Prince George? (n=54)**



Of the companies with plans to expand in Prince George, only about one-quarter indicate that their current site is adequate for their expansion plans.

About 60% recognize their current site is NOT adequate, but most either have an alternative Prince George site or feel confident that an alternative site can be found.

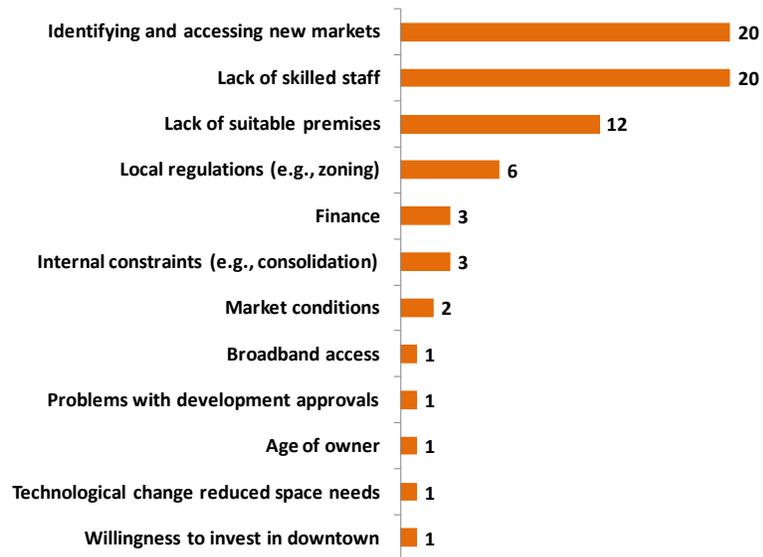
### Is Current Site Adequate for Proposed Expansion? (n=39)



Note that the series of preceding charts on site expansion was showing percentages of a smaller and smaller number of companies with each subsequent chart. Going back to the full sample of companies, the 28% of companies in the chart above represents only 7% of the total number of interviewed companies that have expansion plans for their current site in Prince George.

Identifying and accessing new markets and lack of skilled staff were both mentioned by 20 companies as constraints to their potential site expansion plans. Both are more common issues than lack of suitable premises, which was mentioned by 12 companies.

### Major Constraints on Expansion



## Government Service & Related Ratings

(4=Excellent, 3=Good, 2=Fair, 1=Poor)



Note: The value in parentheses behind each topic is the number of companies who rated that topic. Topics with more ratings, such as access to markets, are relevant to more companies than topics with fewer ratings, such as access to the U.S. border.

In discussing various government services and related aspects of operating in Prince George, the highest-rated issues were in transportation and access. These include access to airport facilities, port facilities, rail transport and road transport, as well as general access to markets and suppliers. The issues ranked the lowest were mostly related to land and building availability and local government processes.

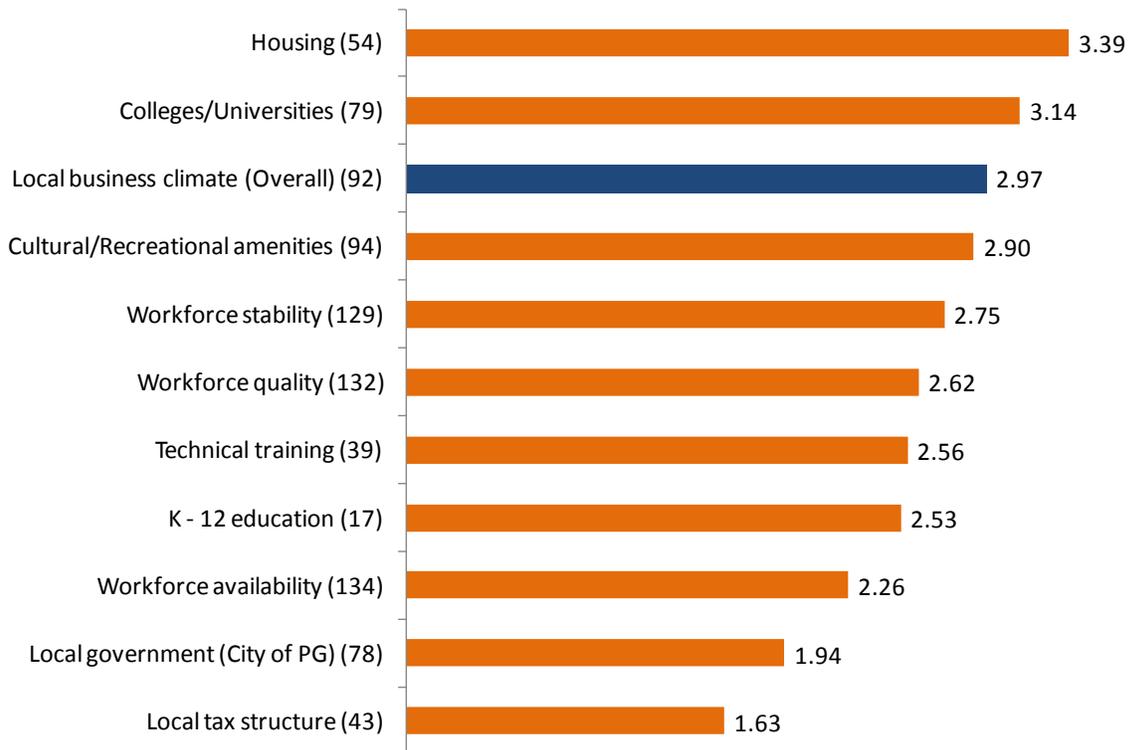
Some of the specific issues and comments raised in the interviews include:

- Significant interest in continued expansion of commercial air service with more destinations and more frequent flights
- Some companies identified specific types of retail stores or other suppliers they would like to see in Prince George

- Some comments relating to highway quality and connections that are beyond local control (although there can always be local lobbying for improvement)
- Concern over concentration of social services downtown and derelict buildings
- General comments about reducing red tape
- Some concern over general services like snow removal, garbage collection, recycling and infrastructure maintenance. The condition of local roads and the suggested need for new bypasses, streetlights, etc. were provided
- Shipping costs and timeframes can be a challenge
- Some concerns with cellular and internet service
- Not all comments are negative - the City of Prince George was also mentioned by some respondents as being quite progressive compared to similar cities.

### 3.7. BUSINESS CLIMATE

#### Local Business Climate Ratings (4=Excellent, 3=Good, 2=Fair, 1=Poor)



Note: The value in parentheses behind each topic is the number of companies who rated that topic. Topics with more ratings, such as workforce quality, are relevant to more companies than topics with fewer ratings, such as K-12 education.

The overall rating of the Prince George business climate is very positive and outranks nearly every specific issue that was explored.

Clearly the initiatives currently underway to attract new residents to Prince George (e.g., MoveUpPG) should continue to emphasize housing, post-secondary education and cultural and recreational amenities as those are the highest ranking components of the city's business climate.

Some of the other specific business climate issues that were raised include:

- There is generally good satisfaction with the quality and stability of the Prince George workforce, but the availability of workers is a greater challenge
- There is a perception that the City's development approval process is challenging and the reasons for proposals being rejected are not always clearly communicated or understood
- There are also concerns over downtown parking issues and the need for businesses to feel that their payment into parking funds are being productively used to improve the parking situation
- Some companies feel that property taxes are high, while others suggest that Prince George is not out of line with other cities. Also mentioned was the issue of business taxes being substantially higher than residential taxes, but recognition that residents are the voters

## BARRIERS TO GROWTH

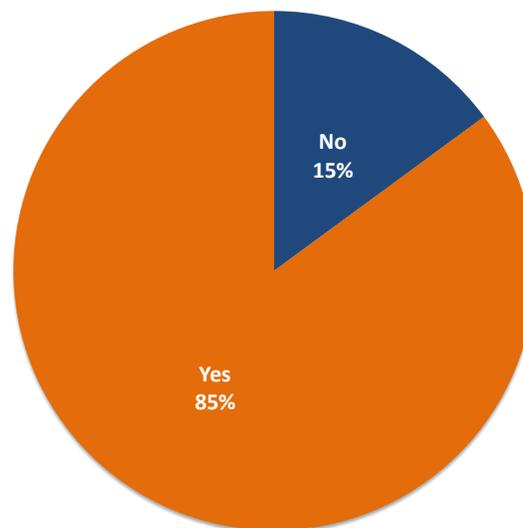
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When asked if there are barriers to growth in Prince George, a very large majority (85%) said yes.

Some of the specific barriers that were identified include:

- Availability of a suitable workforce identified repeatedly as an issue
- Finding a suitable business location
- Difficulty navigating the City's development approval process
- Taxes
- Lack of downtown vibrancy, concern over concentration of social services negatively impacting retail traffic

**Barriers to Growth? (n=114)**



- Potential decline in market conditions in major resource industries, including the major projects currently planned for oil and gas. Also many companies mentioned the declining allowable cut in forestry and the looming end of the supply of beetle-killed wood
- Difficulty of smaller companies connecting to major projects as sub-contractors and suppliers mentioned repeatedly
- Stigma/poor reputation of Prince George
- People with technical skills to own and operate a small business lacking the managerial skills and education needed to deal with bigger projects, including managing cash flow, liaison with First Nations, ensuring staff have all the correct certifications, preparing formal proposals, etc.
- Online shopping as a competitor for retailers
- Financing available to help small businesses grow and to smooth out cash flow issues, particularly when waiting for payment from larger firms (the issue of slow payment from large firms mentioned repeatedly)

## CHANGING BUSINESS CLIMATE

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### Today's Business Climate vs. 5 Years Ago (n=97)



About three quarters of the companies that discussed the business climate felt that it was better today than 5 years ago. Only 4% felt it was worse.

The handful of companies in the "worse today" category are mainly suppliers to resource industries, particularly forestry, and are feeling the effects of mill closures (while also having difficulty transitioning to new opportunities, such as oil and gas). Another of the firms does residential construction and felt that the environment for zoning and approving new home construction was now worse.

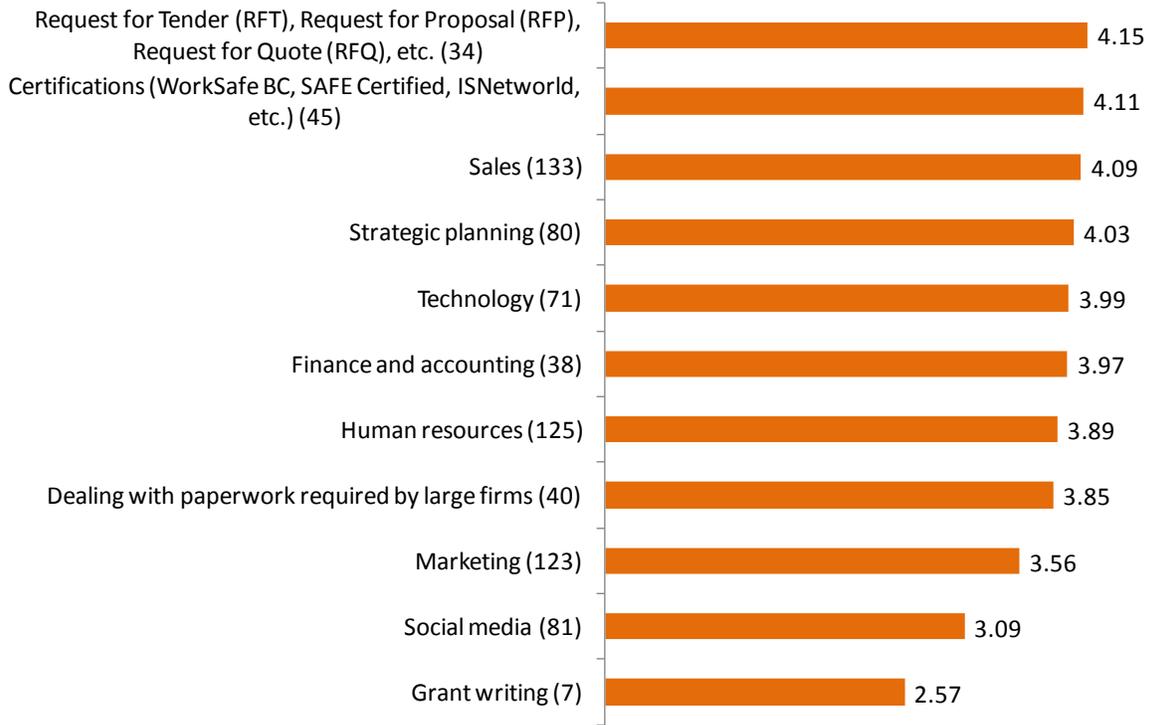
### Business Climate 5 Years From Now vs. Today (n=97)



The expectation among nearly all companies is for the business climate to continue to get better over the next 5 years.

### Firm Capacity/Comfort Level

(5=Very Comfortable, 4=Comfortable, 3=Average, 2=Uncomfortable, 1=Very Uncomfortable)

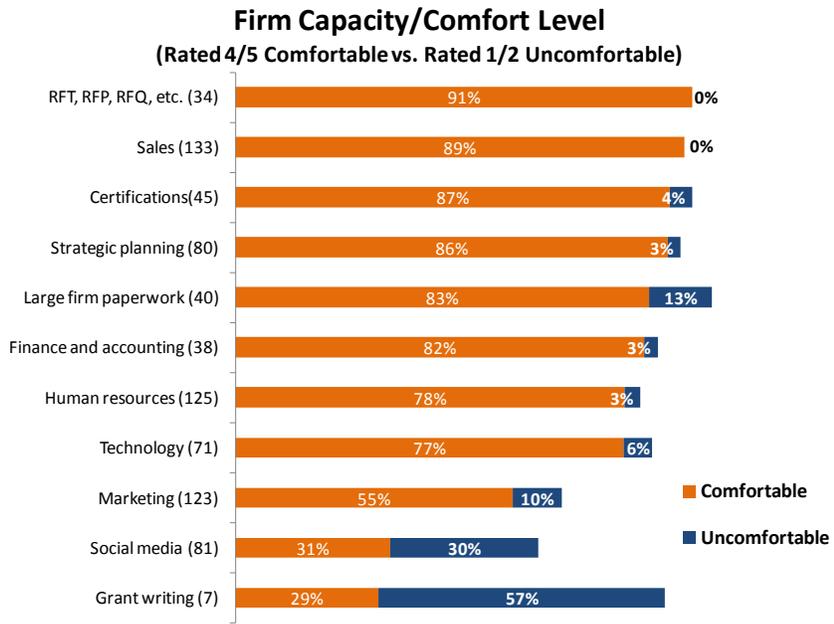


Note: The value in parentheses behind each topic is the number of companies who rated that topic. Topics with more ratings, such as sales, are relevant to more companies than topics with fewer ratings, such as grant writing.

The interviews measured respondents' comfort level with various business functions that they either perform internally or contract out. On average, most firms are in the comfortable range with most of these functions, but there are still a few areas where some training assistance might be warranted.

This chart uses the same data to compare the percentage of respondents who were comfortable (rated 4 or 5) versus those who were uncomfortable (rated 1 or 2).

The first two topics - the RFT/RFP/RFQ process and sales - had no respondents who said they were uncomfortable.



Looking down the chart most topics had only a small number of uncomfortable respondents. The only clear exceptions are social media (about evenly split between comfortable and uncomfortable) and grant writing, with a majority uncomfortable. However, the ratings for grant writing are based on only 7 responses, so it would appear to not be a significant issue for most companies.

There was a 10% uncomfortable rating for marketing and only 55% comfortable (much lower than most topics, which are 75-90% comfortable). Given the importance of marketing to 123 respondents, there appears to be a need for marketing support to the business community.

Finally, large firm paperwork had 13% uncomfortable, but was a relatively less important issue as it was rated by only 40 people.

### 3.9. OVERALL ASSESSMENT

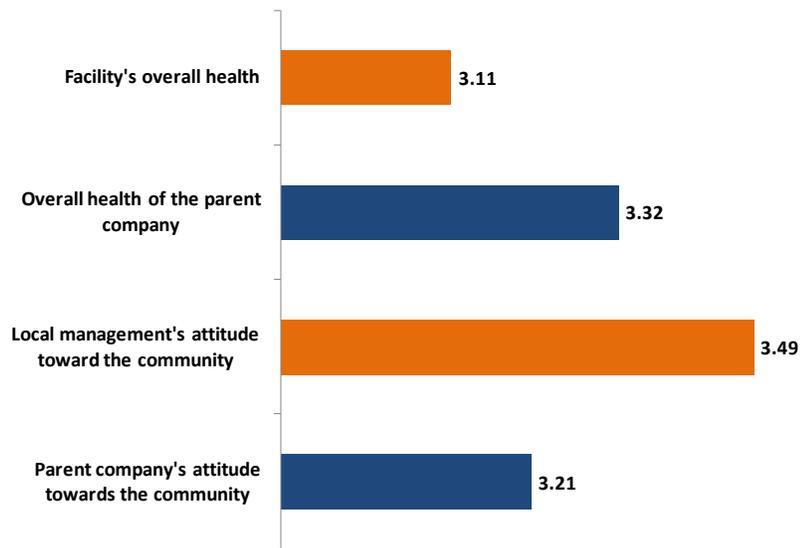
Following the completion of each interview, the IPG staff member provided their personal assessment of the state of the company, its attitude toward Prince George and the potential for either downsizing or expansion.

While these responses are subjective, when taken as a whole they provide a useful barometer of the overall status of the business community.

In short, the overall assessments for this round of interviews are very positive. The average rating for each facility's overall health is good and the health of the parent company (where relevant) is even better.

Only one local facility was rated as having poor overall health and 14% were rated in fair health. The remaining 86% are either in good or excellent health.

**IPG Staff Assessment**  
(4=Excellent, 3=Good, 2=Fair, 1=Poor)

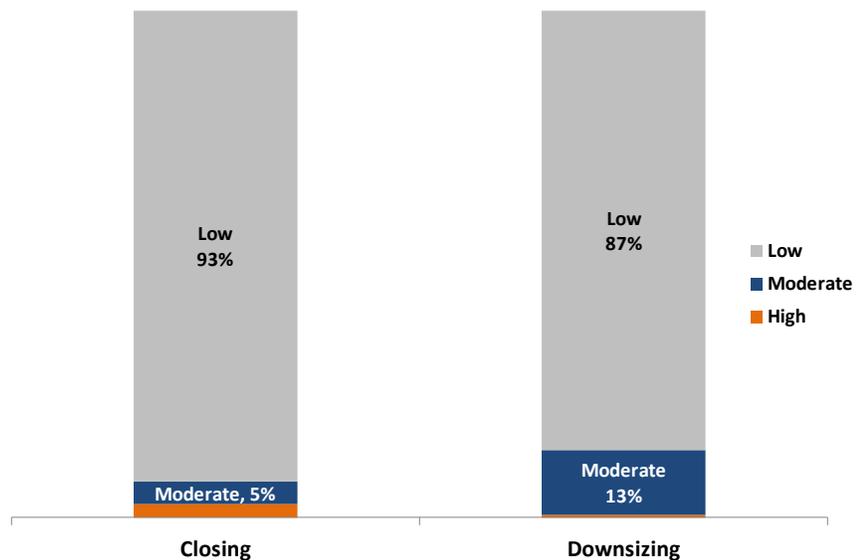


The attitude of local management to Prince George is even more positive, with an average rating halfway between good and excellent. Fully 98% of companies were rated as having a good or excellent attitude toward the local community while the remaining 2% were fair.

Overall very few companies are judged to be at risk of closing or downsizing their facility in the next 1-3 years. There is a moderate risk of downsizing for 13% of companies, and 5% have a moderate risk of closure.

Finally, **27% of companies are believed to have local expansion plans in the next 12-18 months.**

**Risk of Closing or Downsizing in Next 1-3 Years**



All of the assessment ratings in this section of the report can be monitored and reported upon over time as a summary measure of the state of the local economy.

## 4. STRATEGIES

The seven recommended strategies outlined in this section of the report are a response to the top issues identified in section 3. Each strategy contains a short rationale and description of what should be done, a list of specific actions for implementation, and two types of performance measures for tracking whether implementation has been a success.

The first type of performance measure is specific to the BRE program and identifies the question or issue on the BRE survey that should be monitored going forward to see if the desired change is being realized. The second type is the broader community outcome that is the ultimate goal of the strategy, recognizing that these broad community-level measurements are often influenced by many factors beyond a particular economic development initiative. Regardless, tracking these community-level measurements is a useful task for focusing IPG and its partners on the higher-level purpose of each initiative.<sup>4</sup>

IPG will use these recommended strategies as a guide for the creation of its ongoing BRE program, to be implemented starting in 2015. Financial and human resource limitations may mean that not all strategies can be implemented immediately, and IPG will also be taking into consideration the priorities and resources of partner organizations.

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<sup>4</sup> Due to data limitations, these community-level measures may not be available on an annual basis and may require the dedication of additional resources for monitoring purposes, such as for updates to an employment lands inventory.

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Strategy 1. Explore ways to improve supply of appropriately zoned land and leasable building space.

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Companies wishing to expand in Prince George are currently facing a limited supply of both available land and leasable commercial or industrial space. A total of 23 companies of the 154 surveyed firms indicated that they have plans to expand in Prince George, but their current site is inadequate.

A different survey question showed that the availability of appropriately zoned land was rated midway between poor and fair, on average, for those companies that raised the issue.

The reasons for an insufficient supply of land and building space, and possible remedies to the problem, require further examination with the City and companies involved in real estate development.

#### Actions

- Engage with local companies and organizations involved in real estate development and construction to discuss challenges and identify prioritized list of action items that be addressed.
- Track the availability and quality of commercial and industrial land on an ongoing basis.
- Conduct research on industrial and commercial markets in comparable communities, including comparisons of land values, lease rates, taxes and regulations, in order to inform the discussions with industry stakeholders and the City.

#### BRE Program Measurements

- Reduction in percentage of BRE respondents identifying land and building availability as a barrier to growth

#### Desired Community-Level Outcomes

- Higher industrial and commercial building permit values
- Growing inventory of leasable space and developable land

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Strategy 2. Provide companies assistance with market analysis, including for export markets.

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Most Prince George companies are focused on selling into the local market or within BC. There may be growth opportunities in the rest of Canada or internationally that are not being capitalized upon. Market analysis services and/or export training workshops can help to fill these gaps.

Even though many companies are struggling to find workers and sufficient building space for expansions right now, helping to plant the seeds of future market opportunities is wise preparation for the next provincial and/or regional economic downturn.

#### Actions

- In collaboration with partners, itemize the available resources for market analysis support, including through the provincial government, IPG itself and other organizations.
- Develop market analysis services in areas where gaps are identified, including building on previous work IPG has completed on target markets for local sectors with demonstrated competitive advantage.
- Develop online and PDF directories of resources that can be easily distributed to inquiring companies.
- Continue to develop and promote workshops and other training opportunities for companies to expand their market knowledge.

#### BRE Program Measurements

- Increased number of companies reporting exporting beyond northern BC
- Decreased number of companies who report no interest in exporting beyond the local/regional market

#### Desired Community-Level Outcomes

- Increased exporting, which supports increased investment and employment as well as higher wages

Improving the vitality of downtown Prince George as a business centre and community gathering place has been a long-standing goal. Feedback from the BRE interviews identified issues such as derelict buildings and the concentration of social services as obstacles to attracting visitors and local shoppers and as deterrents to new investment.

Other community groups, particularly the Downtown Business Improvement Association (BIA), are invested in improving the downtown and specific initiatives to be undertaken by IPG should be determined in consultation with these groups, as well as the City.

#### Actions

- In consultation with partners like Downtown Prince George and the City, investigate policies and initiatives to encourage greater investment downtown, including existing policies like the revitalization tax exemption, planning and parking policies, the potential for new public investments, changes to social services, the provision of infrastructure, etc.
- Consider adding a downtown-related focus to future BRE survey questionnaires, either with one or more questions specifically addressing downtown issues (the responses to which would help those issues be monitored over time) or by including a special focus on downtown companies in the next round of interviews.

#### BRE Program Measurements

- Reduction in downtown-related issues

#### Desired Community-Level Outcomes

- More construction, employment and retail activity occurring downtown

Having access to workers with appropriate skills is one of the most important issues facing Prince George companies, whether they are actively looking to expand operations or simply to maintain their current level. Initiatives Prince George commissioned a significant workforce intelligence study that was completed earlier in 2014 and a Population Expansion Plan is currently being developed, both of which are intended to help attract skilled workers to the city. Some of the specific initiatives that are underway include partnering with employers at career fairs, advertising to dispel misperceptions about Prince George, post-secondary recruitment, education and workshops for employers, and a significant online marketing initiative through the MoveUpPG website.

The BRE interviews showed that the highest-rated aspects of the Prince George business climate all relate to personal quality of life, including housing, post-secondary education and cultural and recreational amenities. These selling points are all emphasized through the MoveUpPG website.

Due to the significant initiatives already underway with respect to workforce and resident attraction, this study will not be recommending any additional initiatives, although the results strongly support the existing activities.

Employee retention has not received the same attention so far, but is also a critical issue for many companies. The interviews suggested that in order to keep their valuable skilled staff, many companies are adjusting their approach across a wide range of functions, including compensation, profit sharing, scheduling, hiring, training, social activities and other "perks." In some cases, companies need to consider not just the wellbeing of their employees, but the work and social opportunities available to the employee's spouses as well.

#### Actions

- With partner organizations, develop educational and training tools to assist local companies with employee retention, such as developing an Employee Retention Best Practices guide and ensuring that consideration of employee retention is incorporated into other business training programs, such as human resource training.
- Support the development of resources and organizations that help with the integration of skilled workers and their spouses into the community and the sharing of employment and business opportunities.
- As the marketing agency for the City of Prince George, continue to promote the community as an attractive place to live and work, including using the key selling features highlighted in the BRE interviews (like is already being done through the MoveUpPG initiative).
- Continue to implement other workforce and resident attraction initiatives as recommended through the Workforce Intelligence study and pending Population Expansion Plan.

#### BRE Program Measurements

- Reduction in companies reporting challenges retaining and attracting staff
- Reduction in companies reporting skilled worker shortages as a barrier to their expansion

#### Desired Community-Level Outcomes

- Increased employment, particularly in higher-skill and higher-wage occupations
- Population growth, particularly for prime working-age adults (25-54)
- Labour force growth

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Strategy 5. Develop training programs and/or link to existing programs to support business community skill development.

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IPG can work with existing providers of training courses and encourage the development of new courses if they do not already exist. The availability of these training opportunities can then be widely promoted to the business community by IPG and other agencies.

Based on the BRE interviews, social media and marketing are two topics where a clear need for training appears to exist. Other topics that should be tested to gauge the level of interest are grant writing and helping small businesses with the requirements of working with larger firms, including paperwork requirements like preparing formal proposals, ensuring certifications are in order and managing cash flow.

#### Actions

- In collaboration with partners, itemize the available training courses available to companies through community organizations, post-secondary institutions and others.
- Identify gaps in the availability of resources in priority areas and determine, in collaboration with partners, the best way to develop new resources in these areas.
- Develop online and PDF directories of resources that can be easily distributed to inquiring companies.
- Promote the existence of these courses and the benefits to companies of increasing their competency in key topic areas like marketing, social media and working with large companies.

#### BRE Program Measurements

- Increased ratings on firm capacity and comfort level on issues like grant writing, social media and marketing

#### Desired Community-Level Outcomes

- Increased integration of Prince George businesses into external supply chains, particularly relating to major resource projects in northern BC

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Strategy 6. Work with the City of Prince George to enhance regulations and processes in support of economic development.

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The ongoing BRE program will feature business interviews with a rotating cohort of local businesses who will provide IPG with regular feedback on City regulations and processes that impact economic development.

Through its regular reporting and liaison relationship, IPG will ensure that the City is regularly briefed on the feedback that is received, including on issues such as the development approval process, local taxation, downtown issues and communication with the business community.

#### Actions

- Ensure the City is informed of business community feedback on City regulations and processes on an ongoing basis.
- Undertake research and analysis on key issues raised in the business interviews, such as local taxation comparisons or the availability of developable land and leasable space.
- Assist, where appropriate, with the communication of City initiatives and policies that relate to the business community, such as the details of the Downtown Revitalization Tax Exemption, the results of taxation or land-related research, or the establishment of new policies or initiatives.
- Assist in coordinating business community input and provide an economic development perspective for any formal reviews of the development approval process, land use regulations, or other business-related bylaws (e.g., fees and charges, signage).

#### BRE Program Measurements

- Reduction in percentage of BRE respondents identifying City regulations and processes as barriers to growth

#### Desired Community-Level Outcomes

- More business licences
- Increased building permit values

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Strategy 7. Use BRE interviews to identify companies most in need of direct intervention and provide needed assistance.

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The companies that should be identified as most in need of direct intervention fall into two categories:

- Companies that are struggling due to identifiable business challenges and appear at imminent risk of downsizing or going out of business.
- Companies that are believed to have the greatest growth potential and would reap the most benefit from direct assistance, either with market analysis (see Strategy 2), workforce development and expansion (see Strategy 4), development or acquisition of better or larger facilities (see Strategy 1), or other business issues.

By making these two types of companies the priorities for direct intervention, IPG and its partners will be deploying their resources where they can make the most significant impact.

Helping struggling companies is the essence of the "retention" component of a BRE program as direct intervention aims to retain existing employment and economic activity. But prior to getting involved, IPG needs to: (i) identify the key business issues where they can provide assistance, and (ii) ensure they are not unnecessarily interfering in the local competitive marketplace.

For example, a company in a local-serving industry like retail or food services may be losing market share to rival firms for natural competitive reasons and are therefore not a good candidate for specialized assistance. While not pleasant for those involved in the struggling firm, any employment or revenue decline is likely to be replaced by increased employment and/or revenue at other local firms. However, companies that are struggling with a specific business challenge where IPG can provide assistance, and particularly if they are competing in markets beyond Prince George, are excellent candidates for intervention.

Assisting high-potential companies best represents the "expansion" component of the BRE program as most employment growth is caused by a relatively small number of top performers. High-potential companies are typically those that have been established for at least a few years, have a product or service that is somewhat innovative or specialized and appears to have sales potential in other markets, and perhaps most importantly, have owners or managers who are driven to grow their companies.

#### Actions

- Conduct research on the characteristics of high growth companies and refine the BRE interview questionnaire to ensure that the characteristics of both struggling and potential high-growth companies can be identified.
- Over time, continue to develop formal and informal resources that can be called upon to assist both struggling and high-potential companies, including having a roster of experts in finance, human resources, real estate, etc. who can provide impartial advice to troubled companies.

#### BRE Program Measurements

- Reduced number of companies assessed as moderate and high risk of downsizing or closing
- Increased number of companies reporting high year-over-year growth

#### Desired Community-Level Outcomes

- Reduced business bankruptcies
- Reduced vacant industrial and commercial space
- Increased employment and/or increased number of high-growth companies

## 5. ONGOING BRE PROGRAM

Building on the intensive effort undertaken by IPG staff through the summer of 2014 to complete more than 150 in-depth interviews with local companies, a series of recommendations are provided below for an ongoing BRE program.

The interview component will operate at a lower level of intensity in the future, but will enable the relationship between IPG and the business community to be maintained and strengthened over time. Some of the other benefits of the ongoing program will include:

- Enhanced and timely understanding of competitive issues facing local businesses and industries, thus leading to proactive initiatives to address problems;
- Notification of future company plans for expansions or retractions in the community, or moves out of the community, with the ability to intervene to preserve or enhance local employment;
- Unique local information for tracking overall economic performance and the effectiveness of specific events, programs and policies;
- Increased profile for IPG in the business community as a source of assistance and a positive agent of change.

### BUSINESS VISITATION TARGETS

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The **recommended target is 60 business interviews** over the course of a year, which can be achieved with the following approximate timing:

- Average of about one interview per week from January through May (total of 20 by the end of May)
- Average of about three interviews per week from June through August, taking advantage of additional summer staff who can help with scheduling, background research, data entry and potentially conducting interviews (total of 50 by the end of August)
- Average of about one interview per week from September to mid-November (total of 60 interviews for the year)

Analysis of the year's interviews and formulation of new and updated strategies and initiatives can occur in November and December, to be announced early in the following year.

The **companies targeted for interviews should come from one of three tiers of about 20 companies each:**

1. The largest and most significant companies in the community can be interviewed on an annual basis.
2. Targets adopted for the year, which may include specific sectors (such as targeting mining or other natural resource companies that may have been under-represented previously) or companies of a specific size or geographic location within the city.
3. General sample of the business community, similar to the approach taken for the 2014 sample of companies. Effort should be made to interview different companies each year, with some companies being re-interviewed after a span of perhaps 3-5 years.

In addition to the targeting of companies, IPG staff should **establish a priority set of issues or questions** within the overall BRE questionnaire and make extra effort to cover those topics, while still maintaining the conversational nature of the interviews. For example, priority topics may be business succession, availability of skilled workers, or the potential for expansion on the current site.

With more responses on these priority questions, more meaningful insight can be gleaned from the survey, including better trend analysis from year to year, and more appropriate strategies can be developed in response.

## REPORTING

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Assuming an ongoing business visitation program similar to that described above, IPG should have an **annual public reporting of results and announcement of new initiatives** for the coming year.

There should be several types of reporting:

1. The summarized results of the business interviews, similar to the contents contained in section 3 of this report.
2. The results of the previous year's BRE strategies, including an accounting of what was done and any results that have been achieved (recognizing that many of the strategies are long-term and identifying specific outcomes may not always be possible on an annual basis).
3. Announcement of the BRE strategies that will be pursued in the next year. This is an update on the type of strategies outlined in section 4 of this report. It will often include a continuation of previous strategies, but new issues and priorities will emerge over time that necessitate the creation of new strategies and initiatives.

Over a period of several years, it will be possible to start identifying trends in key issues in the community, such as the percentage of interview subjects who identify a particular issue as a barrier to growth or the percentage of companies with a positive outlook on the local business climate. Note that these trends should be interpreted with caution because the results are not based on a random sample and the participating companies change significantly from year to year.

Rather than focusing on changes in a single indicator, it will be more useful to show whether the basket of indicators is generally moving in a positive or negative direction. The success or failure of a particular initiative should not be judged solely on the basis of feedback from the interviews, as it is only a small slice of the total business community.

#### OTHER CONSIDERATIONS

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In addition to the intensive business interviews, which by their nature are limited to a relatively small number of companies in a given year, the **profile of the BRE Program should be raised by regularly mentioning it in other IPG communications**, including the website, social media, newsletters, public events, etc.

This helps to support a more wide-ranging engagement with the business community beyond only those companies who are directly interviewed. In today's networked business world, it is both easier than ever and more important than ever for IPG to "touch" local businesses in many different ways on at least a semi-regular basis.

Looking to the future, if the BRE program is successful and there is demand from companies to be included beyond what can be accommodated with current resources, **IPG should consider engaging with partner organizations to assist with the program**. It is common in many communities for the economic development office to partner with organizations like Chambers of Commerce, Business Improvement Associations or post-secondary institutions to help organize and conduct interviews.