

2016

**Business Outreach Program
Economic Development**



**CITY OF
PRINCE GEORGE**

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Introduction

The Business Outreach Program is a proactive community based approach to economic development that promotes fostering a positive business environment and encourages business growth. The program was first implemented by Initiatives Prince George in 2014 and is now being spearheaded by the City's Economic Development Division. The City recognizes the integral role of local businesses in creating and nurturing a vibrant community. Research has demonstrated that existing local businesses provide 80 percent of new jobs and investment. As such, the continued prosperity of local businesses benefits the City and its residents through job retention, creation, and an enhanced tax base.

In 2016, the City of Prince George conducted 65 one-on-one meetings with local business owners and managers. The City advertised the program in March and conducted the meetings in April, May, and June. Some businesses approached the City and others were selected in a manner to create a representative sample of the industrial make-up of Prince George. In total 125 companies were contacted, 55% of whom met with the City.

A structured questionnaire was utilized to facilitate a dialogue with the participants. The meetings provided insight into the challenges that companies face in doing business in Prince George, as well as opportunities for growth and expansion. This report provides a summary of the feedback that was received from business owners and managers.

Short-term Objectives

The meetings are a means for the City to:

- Build relationships with existing businesses
- Demonstrate and provide support for local businesses
- Address urgent business concerns and issues
- Improve communications between the City and local businesses
- Retain businesses and jobs where there is a risk of closure

Long-term Objectives

Furthermore, the meetings and the resulting report help the City to support the growth and expansion of local businesses by:

- Increasing competitiveness of local businesses by means of connecting them to appropriate resources, information, and opportunities
- Improving municipal services and processes
- Advocating for the interests of local businesses at the provincial and federal levels
- Developing strategies that address the immediate needs of the business community in partnership with key stakeholders and service providers

Program Objective



Conduct one-on-one meetings with business owners and managers



Identify Challenges and Opportunities



Support the growth and expansion of local businesses

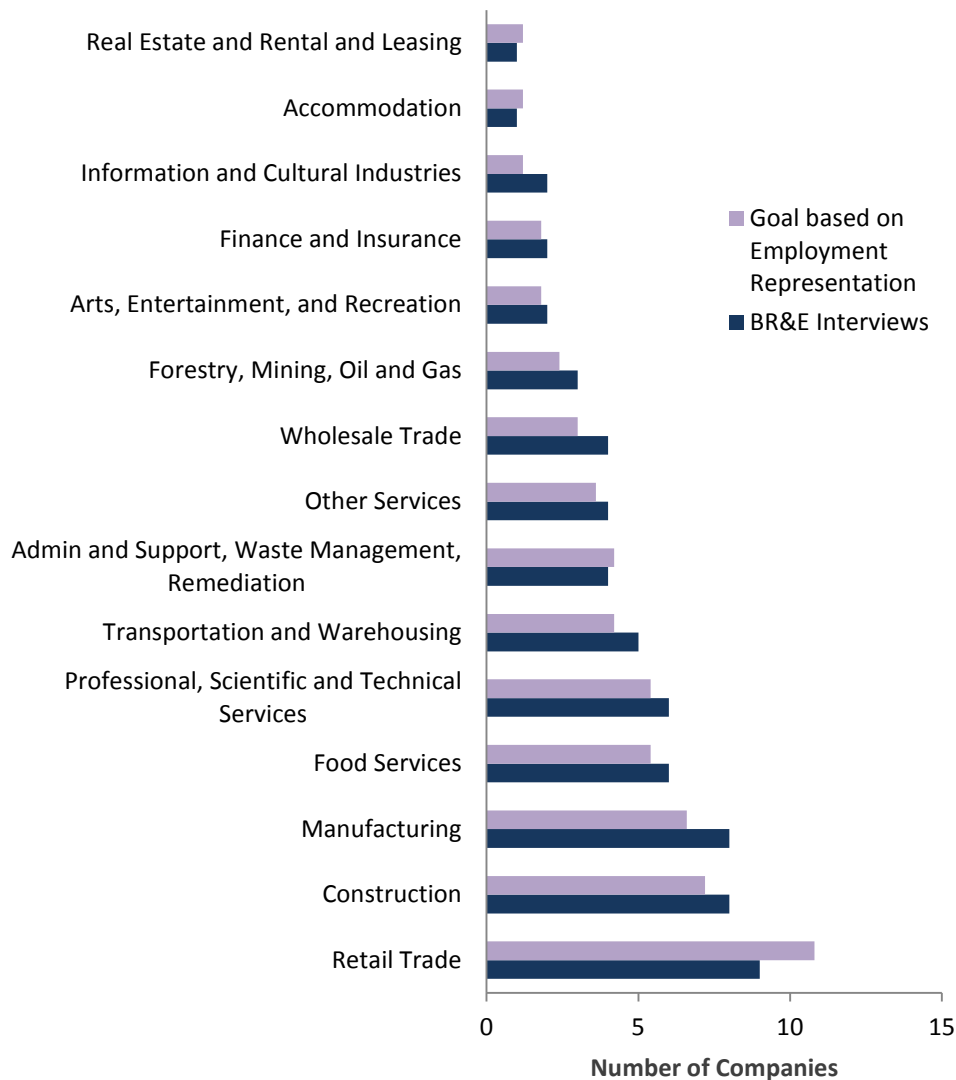
Profile of the Interviewed Companies

Companies were selected to approximate the industrial makeup of Prince George based on employment representation. Health, education, public administration, and utilities were deliberately excluded as they are primarily or wholly in the public sector.

It is important to note that even though a broad range of companies participated in the meetings, the results are not meant to be interpreted as a statistical representation of the entire business community as the companies were not selected at random and the sample size is not adequate

The extensive and detailed feedback received remains valuable and relevant for the purposes of strategic program development and advocacy that will enhance the City's business climate.

Distribution of Companies by Industry

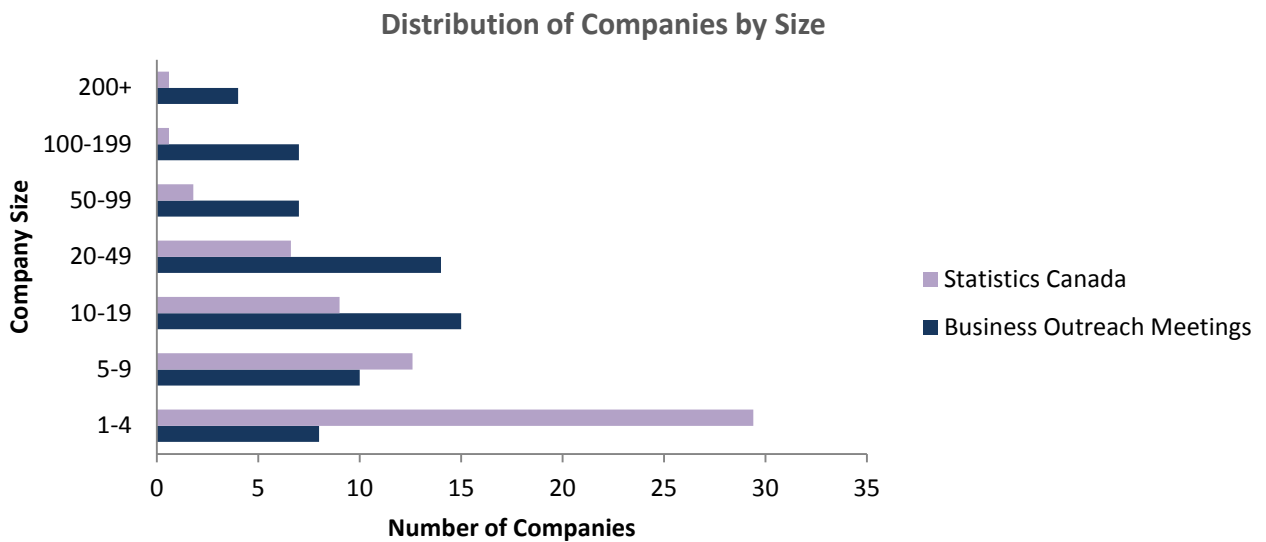


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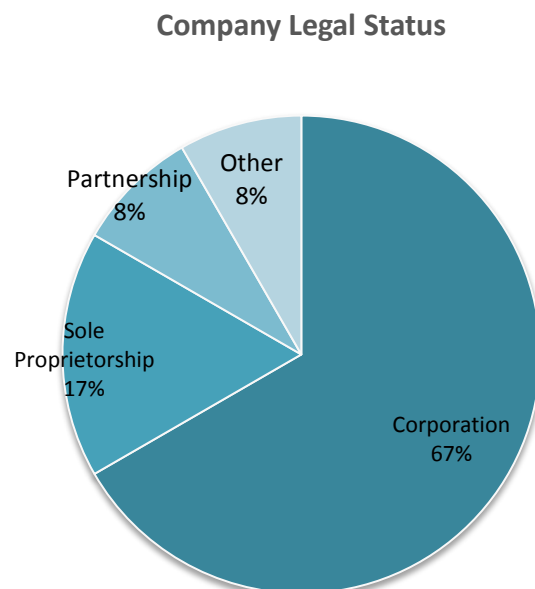
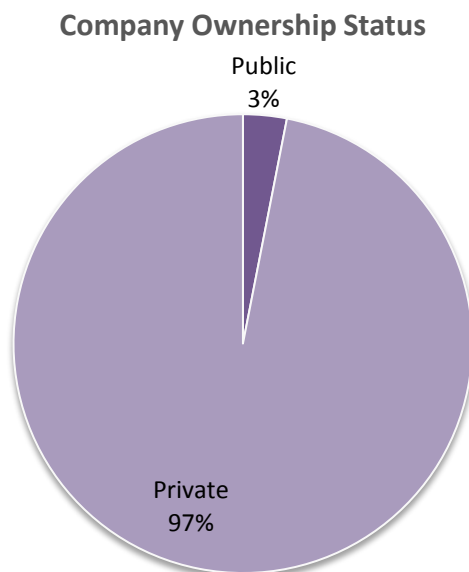
Characteristics of Participating Companies

In addition to a diverse set of industries, companies were selected to represent diversity in size, length of time in business, and ownership status.

On the whole micro businesses between 1 and 4 employees were under represented. There were multiple cancellations with smaller companies as it was more difficult for them to dedicate time and resources to participate in the process.



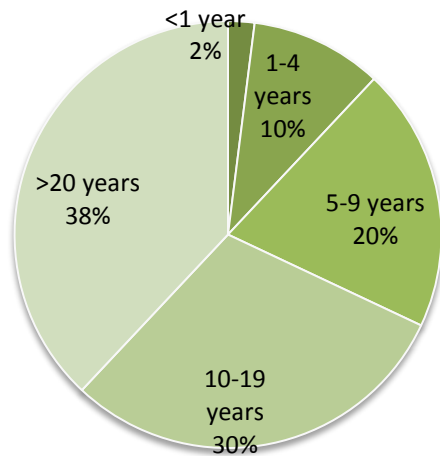
The majority of the participating companies are privately owned; only 3% are owned publicly. There was a diverse representation of companies with different types of ownership structures including corporations, partnerships, and sole proprietorships. Among the participants was a cooperative and two employee owned firms.



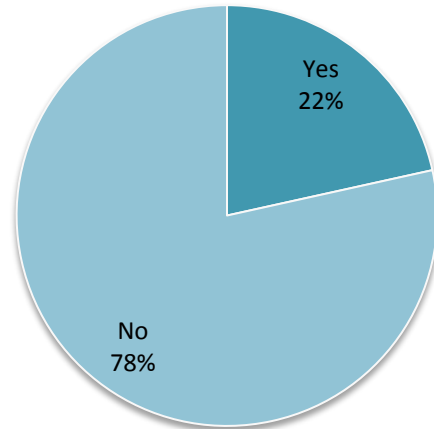
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More than two thirds of the participating companies were in business for over a decade. Only one company was in business for less than a year, 10% were in business between one and four years, and 20% between five and nine years. Close to a quarter of the businesses also had a location outside of Prince George. Most companies had other locations in British Columbia and a handful of companies had operations elsewhere including one international company.

Years in Business (n=65)



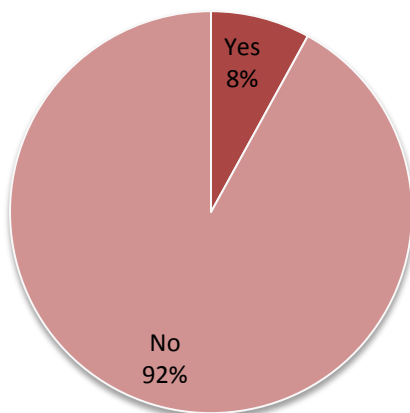
Does this Company have any other location? (n=65)



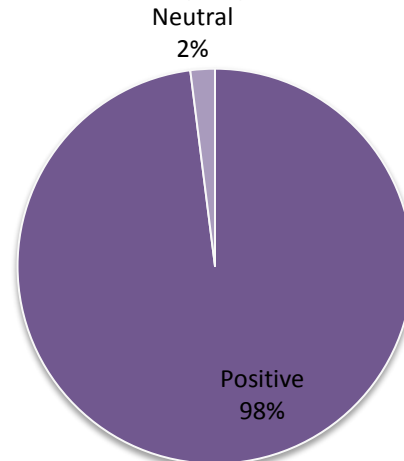
Previous Ownership Change

Only 5 companies had experienced a change in ownership in the past five years and of those companies all but one believed the change to be positive. On the whole, participating companies seemed to be very stable in terms of management.

Has the local facility changed owners or manager in the past 5 years? (n=65)



If yes, describe the local impact of change. (n=5)

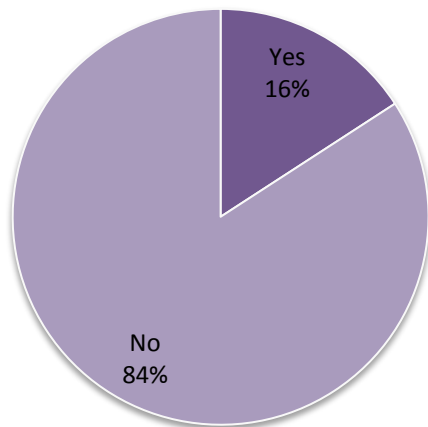


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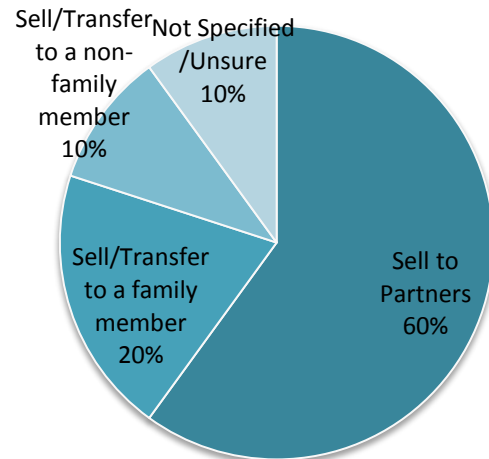
Pending Ownership Change

The majority of the companies do not anticipate selling their business in the next five years. Only ten companies plan to sell the business in the near future. Of those companies planning to sell their businesses, 60% plan to sell to an existing partner/s. Only one company was uncertain about their exit strategy.

Is there an ownership change pending?
(n=65)



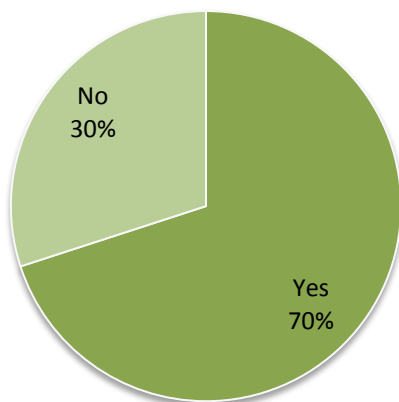
Planned Method to Exit (n=10)



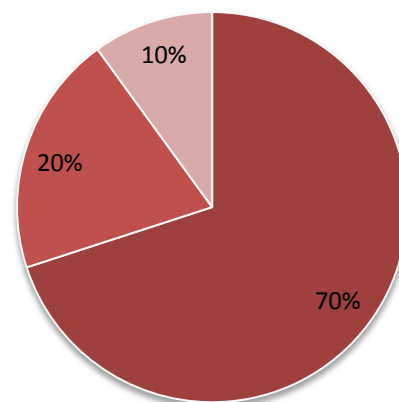
Succession Planning

Seven out of ten companies currently planning to sell their business have already identified a successor and have a formal succession plan in place. Two companies were working on a succession plan with their lawyer and/or accountant while only one company has not started on the process of succession planning.

Have you identified a successor? (n=10)



Succession Plan



- Have a formal succession plan
- Working on succession plan with accountant/lawyer
- Would like information about developing a succession plan

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Employment

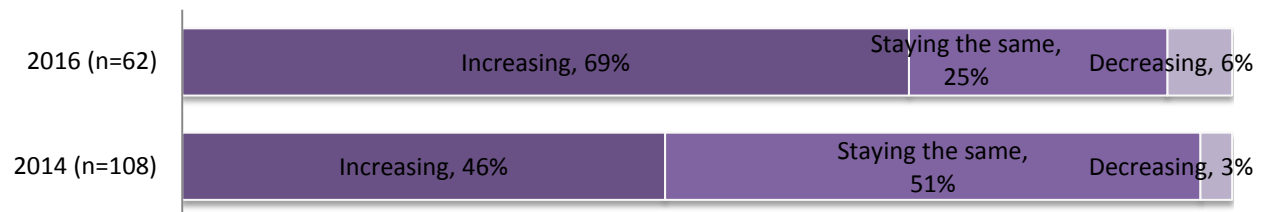
Historical Employment Trend



The majority of companies reported no change in the number of core staff in the past three years signifying relatively stable employment levels. Of those companies that experienced a change, more than double saw an increase.

Compared to the 2014 report a higher percentage of businesses reported declining levels of employment while a slightly higher number reported an increase.

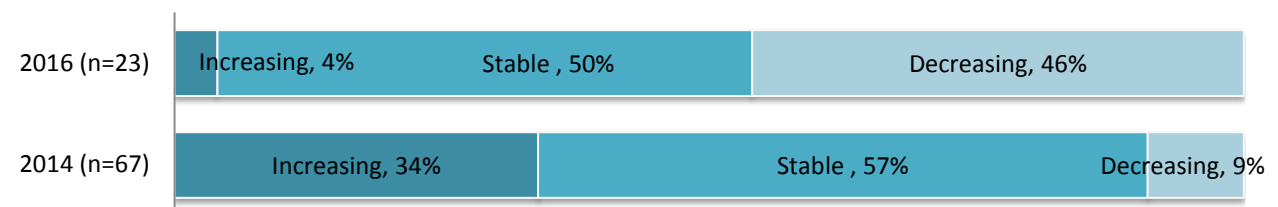
Expected Change in Full-time Staff, Next 3 years



More than two thirds of companies expected the number of full-time staff to increase in the next three years which indicates optimism and expectation of growth. Of the remainder of the companies, only four expected a decrease in the number of employees and the rest projected the numbers to stay the same.

Companies seem to be much more optimistic about their future growth as compared to 2014 when less than half the companies expected an increase in the number of staff.

Change in Number of Unfilled Positions



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Employers were not overly concerned about finding suitable candidates for unfilled positions in their company with 50% believing the number of unfilled positions to be stable and 46% reporting the number to be decreasing . Most attributed this to the influx of skilled workers from Alberta in the aftermath of the slow down in the oil and gas industry and the nationwide slow recovery from the recession. Some companies were deliberately delaying recruitment of certain positions while optimistically waiting for an economic upturn.

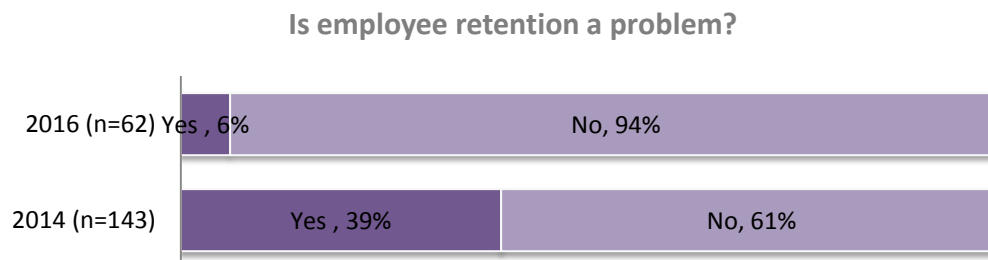
This represents a marked shift from 2014 when more than one third of employers felt that the number of unfilled positions was increasing.

Employers mentioned that positions with a high degree of specialization such as managers, engineers, IT professionals , certified foresters, and even chefs are more difficult to recruit and they often need to recruit such positions from outside the city.

Anticipated Employment Needs

Although the majority of the companies did not report any immediate pressing needs or concerns about recruitment and retention, they expected that to change in the near future as the economy grew stronger. Employers mentioned that historically, in times of economic upturn it becomes very difficult to find qualified staff. Employers anticipated continued pressure to offer high wages and competitive benefits packages to outbid their competitors.

Retention



The majority of companies believed retention not to be a problem, which is a big improvement from 2014. They attributed this partly to the current economic conditions and also to higher wages paid in Prince George and attractive benefits packages that they offer employees. Some companies use profit sharing as a means to attract and retain employees. A number of employers mentioned that increasingly staff are preferring shorter working days and more holidays to try and achieve a better work and life balance.

A few companies reported losing employees to the public sector such as the City of Prince George or Northern Health, saying it is difficult for them to compete with wage rates. Companies also mentioned losing software engineers and IT professionals to large global high tech corporations in both US and Canada but believed that to be a natural progression in that field.

Training Needs

Professional Development

Most companies use a combination of local, online, and out of town professional development opportunities for their staff. The majority of the companies reported that there are adequate professional development opportunities available to them locally. In cases where staff had to travel out of town for training, it was suggested that there is not enough demand in Prince George to justify offering the training locally.

Post-Secondary Training

Many companies anticipated looming labour market supply challenges for engineers, geoscientists, technologists, technicians, and software engineers. It was suggested that proactive training programs should to be put in place to prepare a new generation of tech savvy graduates as companies are increasingly relying on technology in their daily operations. Companies across a wide variety of sectors including construction, forestry, mining, and oil reported using or planning to use new technological applications such as 3D printing, drone monitoring, and GPS tagging. It was emphasized that the local training capacity needs to increase, especially in engineering to meet anticipated employment demands. The Northern Medical Program was used as a successful example of how it is easier to retain locally trained talent.

Sales

Projected Sales in the Next Year



80% of companies projected their sales to increase in the next year. A variety of factors were attributed to the optimism felt by companies including:

- Increased demand from the US market maintaining the forestry sector
- Increased exports opportunities for the manufacturing industry
- Continued strengthening of the Canadian economy helping the retail and services sectors
- Many companies remain very optimistic that with the approval of even some of the \$70 billion proposed major projects for Central and Northern BC new opportunities will emerge for businesses in industrial supply chain, real estate, and retail
- Companies also believed that at a time of great global economic uncertainty, BC's economic growth is a strong indicator for potential investors, and positions the province as a coveted region for continued investment and development

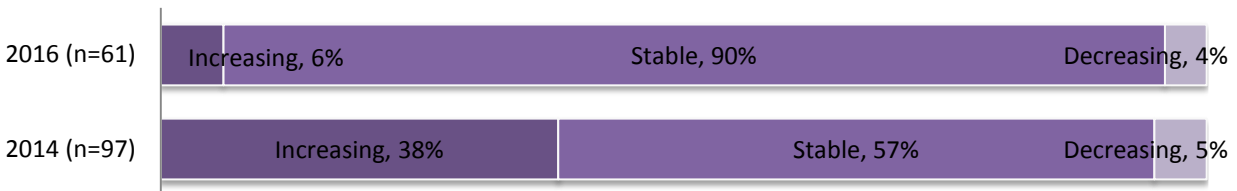
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Change in Market for Company's Product



45% of companies believed that demand for their products and services were increasing resulting in an increase in sales. 50% believed that demand for their products and services is stable however many still anticipated an increase in sales as a result of serving new markets. These results were very similar to 2014 with slightly more companies feeling that the market for their product is decreasing.

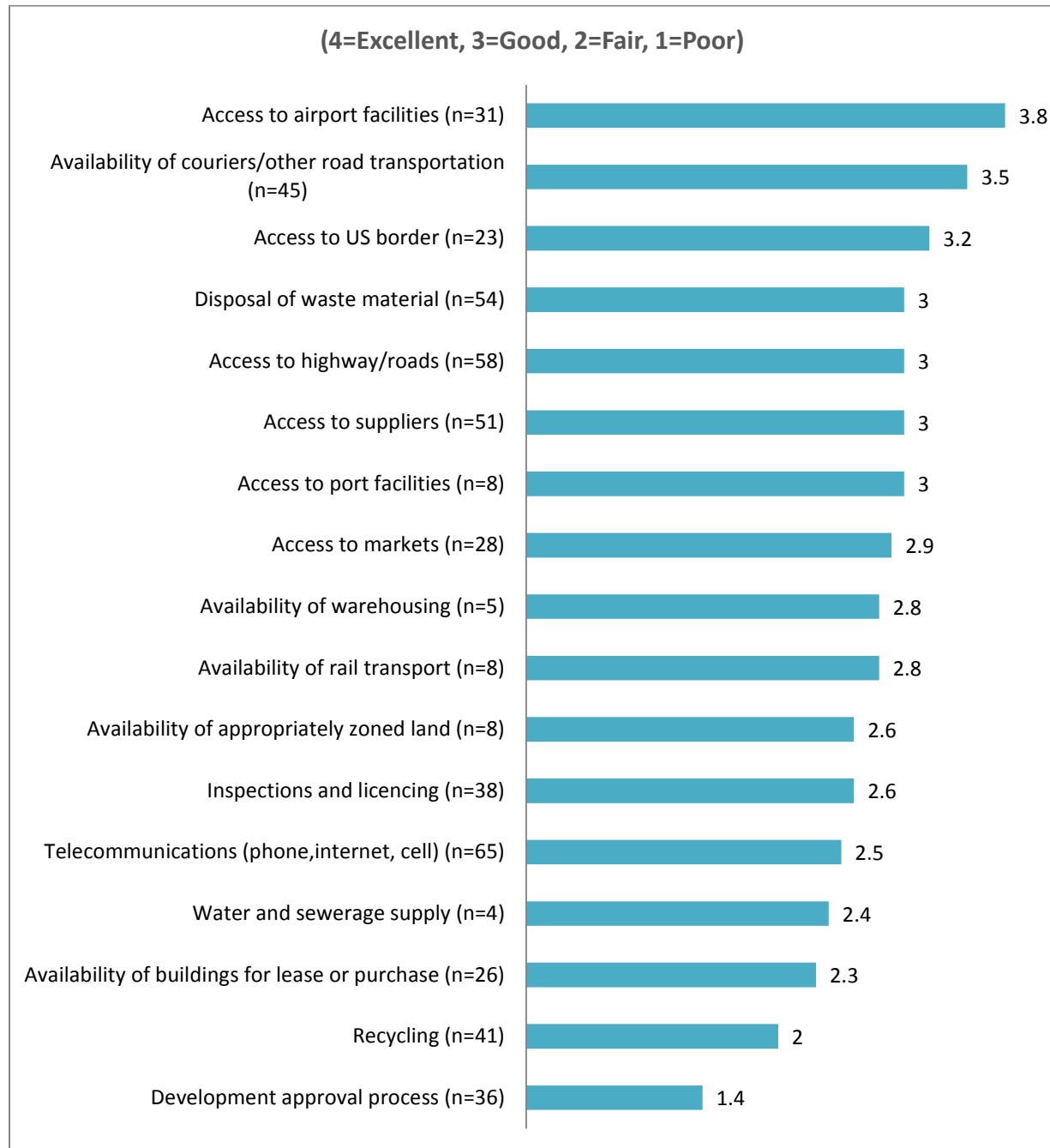
Change in Market Share Relative to Competitors



The overwhelming majority of companies believe that their market share relative to their competitors is stable. Most companies attributed their anticipated increase in sales to improvements in the general economic conditions instead. This is quite a stark difference when compared to the 2014 results when almost two out of five companies reported an increase in their market share relative to their competitors.

Government Services and Infrastructure

Companies were asked to rate their level of satisfaction with a number of government services and infrastructure in relation to their business. The highest rated items were access to port facilities, availability of couriers and other road transportation, and access to the U.S. border. The areas that were believed to require the most improvements were development approval process, recycling, and the availability of buildings for lease or purchase.



Suggestions for Improvements

Access to Airport Facilities

Although access to airport facilities was rated highly, many companies were in favour of continued expansion of services including: provision of more direct flights to Canadian, American, and international destinations and continued exploration of strategies for increased commercial utilization of the airport.

Disposal of Waste Material

There were some concerns about illegal dumping and calls for the City to implement strategies that will help to mitigate this problem. Many businesses in downtown expressed concern about unsanitary disposal of needles and advocated for an alternative solution to the needle exchange that will allow for more control and supervision in the use and disposal of needles. A few business owners suggested a safe injection site as opposed to a needle exchange.

Access to Highway/Roads

It was mentioned that Northern BC highways lack capacity in the size of loads in terms of weight, height, and width that can be shipped when compared to Alberta. Many companies applauded the recent improvements that were made to regional highways, however advocated for continued improvements along major corridors.

Access to Suppliers

Some comments were made about needed improvements to shipping availability, cost, and time from Alberta to BC. A few companies believed that it was cheaper and more convenient to work with suppliers in Vancouver as opposed to Calgary and Edmonton even though the relative distance from all cities is the same.

Access to Port Facility

Companies were happy about continued expansions in the Port of Prince Rupert. They reported several limitations in the available services including the ability to ship large volumes, the ability to consolidate shipments, and a limited number of container vessels but expected these issues to be addressed slowly as the port expands. Others suggested that they would appreciate more information on ways that they can utilize the port.

Access to Markets

The majority of companies reported that advancements in communications technology and the great transportations logistics have greatly eased their ability to access major markets.

Availability of Rail Transport

Businesses advocated for an increase in rail transportation services especially in regards to the type and quantity of goods that can be shipped to and from Prince George. Companies reported logistical limitations to loading and unloading containers in Prince George.

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Availability of Appropriately Zoned Land

Overall, companies were happy about improvements to the availability of industrial and commercial land. Some expressed concern about the rate of increase in new residential subdivisions and the effects of such developments on urban sprawl and municipal tax rates. Many advocated for strategies to increase infill development and urban densification instead.

Inspections and Licensing

Most companies were quite happy with the customer service they received relating to inspections and licensing, however many called for process improvements such as:

- Ability to apply for a business license online and track application status
- Prorating the annual business license payment amount so that first time businesses that do not start in January are not required to pay the full cost.

Telecommunications (Phone, Internet, Cell)

Some companies reported very low internet speeds and suboptimal connectivity in the BCR industrial areas and requested that the City investigate this and advocate for better services. Many called for a need for continued improvements in cell service availability along major corridors especially Highway 16 East and through the Pine Pass.

Water and Sewage Supply

A few companies mentioned that they had to invest substantially in upgrading the sewer capacity of sites in the BCR industrial areas and suggested that the City consider providing better amenities for future sites.

Availability of Buildings for Lease or Purchase

Many companies mentioned that although there are available buildings for lease or purchase, the conditions of those buildings are not optimal and many require extensive renovation.

Recycling

There were suggestions to include glass as part of curb-side recycling.

Development Approval Process

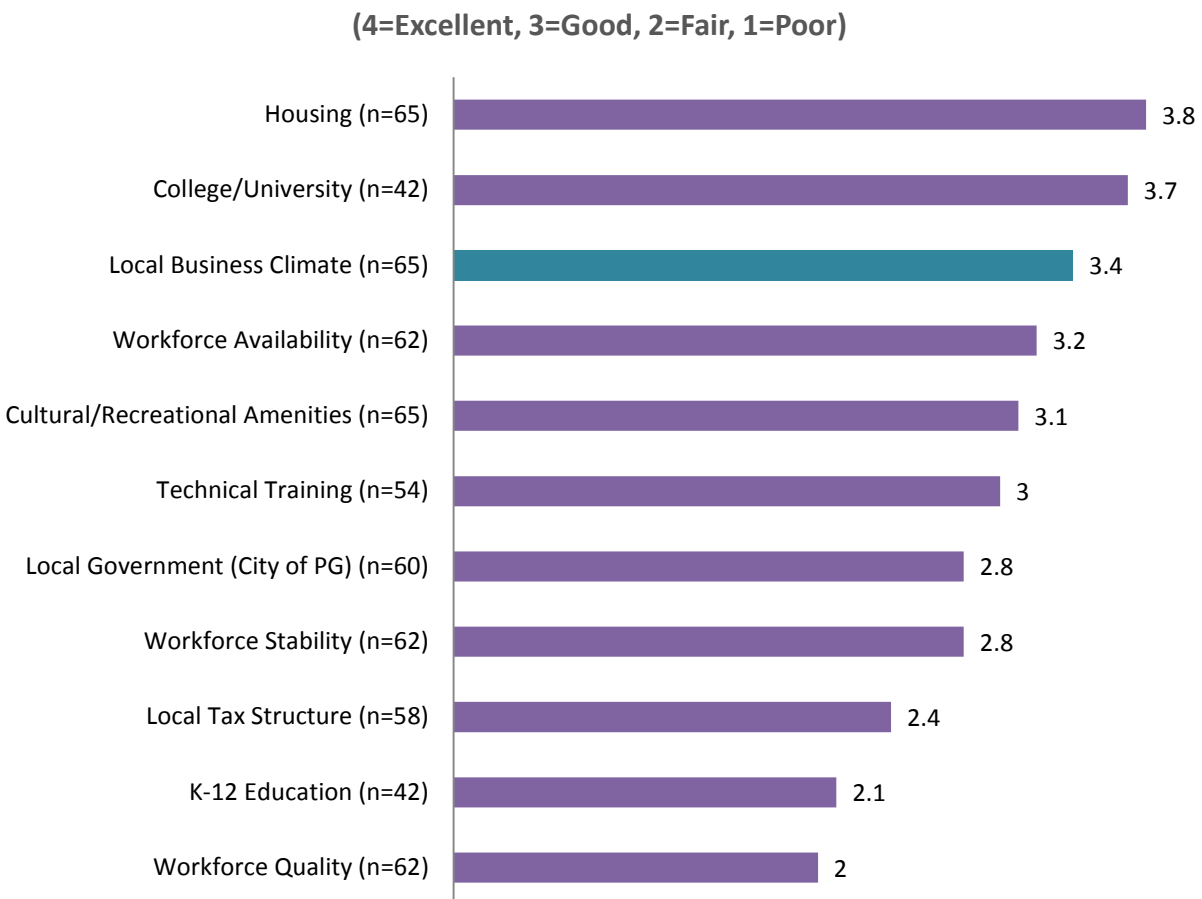
There were many suggestions on ways to ease the development approval process for businesses including:

- Enhanced communication with stakeholders and business owners through the development of checklists and guidelines that allow for more clarity of process and requirements
- More information and educational material for business owners who are not familiar with the development process
- eBusiness enhancements that will improve web capabilities to track development project status and receive and submit information
- Use of project management software that will allow all staff to view all previous contacts and meeting results with the City to ensure consistent communication

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- Assignment of a project lead to each case to improve communication, consistency, and accountability by having one point of contact
- Development of benchmarking indicators that will allow for the City to evaluate progress and achievements against industry standards and targets and development of mechanisms that encourage accountability for timelines
- Consistent policy interpretation to create an environment of fairness and certainty
- Improved business processes to minimize trips to City Hall while reducing paper use and improving customer service
- Annual review of policies to ensure that they remain relevant and in the best interest of the City and its residents
- Providing suggestions for alternative approaches that will allow projects to move forward
- Improve consistency and communications amongst City departments
- Continued engagement between the City and the business community to provide collaborative solutions and outcomes

Local Business Climate



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The overall business climate was rated highly which is a very positive signal and outranked many of the specific issues. The ranking was greatly improved at 3.4 when compared to the previous two reports when it was ranked at 2.97 in 2014 and 2.7 in 2015.

In keeping with the past two reports, housing as well as the college and the university were the top two items with the highest rate of approval. Cultural and recreational amenities also remained high on the list with a slight improvement when compared to the past two reports. Workforce availability was ranked 3.2, a significant improvement when compared to the past two years which most business attributed to lower economic activity.

Some suggestions and comments in this section were:

Cultural/Recreational Amenities

The City and Tourism Prince George were applauded for their efforts to highlight recreational amenities in Prince George and bring events to the community. There were several positive comments about the role that the Canada Winter Games had in building community pride and dispelling negative perceptions of Prince George. Many emphasized that although we are on the right track we need to continue improving our cultural and recreational amenities as they are essential in recruiting and retaining young talent.

Workforce Quality

Many participants believe that there is a mismatch between the available workforce and available jobs. There were also discussions about generational differences in values and priorities. Participants advocated for continued research and labour market gap analysis to stay abreast of trends.

Barriers to Growth

When asked whether there are barriers to growth in Prince George, companies pointed to the following:

- Population stagnation was the most discussed item. Participants emphasized the need for the City to continue to implement strategies to attract and retain population in Prince George. There was positive feedback about the Move Up Prince George website with companies mentioning that the website has been very helpful in their recruitment efforts. There was also praise for the new seniors' housing development.
- Cultural and recreational amenities were emphasized again as a very important factor in the City's effort to attract and retain population. Many businesses saw the City's initiative to increase the amount of bike lanes as positive in this regard. Other suggestions included continued efforts to further develop arts and cultural services and increased nightlife activities in downtown Prince George.
- General market conditions were discussed as a barrier to growth. The downturn in the oil and gas sector, the price drops in the commodities sector, and the stalling of proposed major projects were all worrisome for companies. Companies from all sectors had experienced a

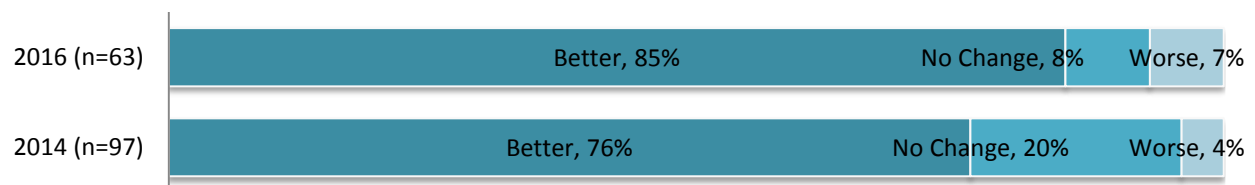
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slowdown in sales including restaurants and retailers who had noticed a marked shift in their customers' disposable income. Yet the vast majority of companies remained optimistic and expected the economy to continue to recover.

- Difficulties navigating the development approval process was mentioned as a barrier to companies wanting to relocate or expand their facilities.
- For downtown businesses the top concern related to parking. Many businesses were in favour of the new electronic enforcement mechanism that discouraged employees from taking up customer parking. Yet, they worried about their employees' safety walking to and from parkades at night. Many advocated for improved lighting and security. There were also suggestions for the City to develop more nuanced policies that would allow business owners to purchase special permits and pay for exemptions. Many participants also advocated for the development of guides, infographics, and maps for available parkades in downtown and their rates.
- Downtown business owners were concerned about the concentration of social services and their impact on retail traffic.

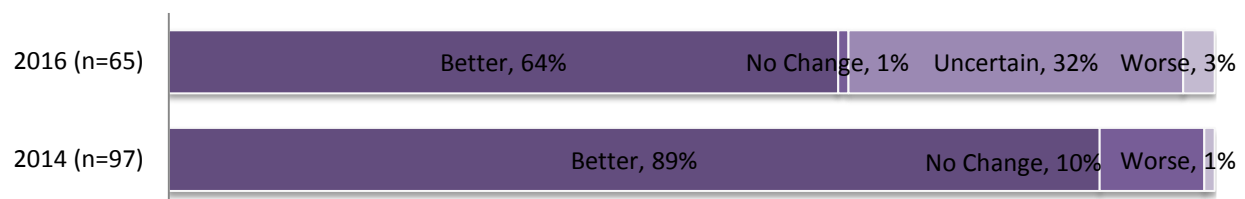
Changing Business Climate

Local Business Climate vs. 5 Years Ago



85% of businesses believed that today's business climate is better compared to five years ago. This is an improvement from 2014 when 76% of businesses saw an improvement.

Local Business Climate 5 Years from Now



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When participants were asked about the local business climate 5 years from now 64% said that it would be better. This represents a decrease in the companies' degree of optimism as compared to 2014, when 89% of respondents expected the conditions to improve.

32% of companies thought the future was uncertain expressing concern about both the upcoming American election and the BC provincial election.

Firm Capacity

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



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.

The areas that firms reported being less comfortable with include social media, responding to requests for tender, proposal, or quotes, human resources, and grant writing.

When discussing training in these areas, participants emphasized that they would like very specific training, targeted to their skill level, as opposed to general overviews.

Conclusion

There was consensus amongst many of the participants that over the past few years the economic conditions have continued to improve. However, businesses were worried about the political landscape and its effects on the economy following both the American election and also the BC provincial election. For this reason, many companies were holding off on expansion plans and hiring new employees for the next year. Another cause for concern was the stalling of many of the proposed major projects for Northern BC. Although companies expressed concern about the future, they remained optimistic that with a stable political environment the economy will continue to grow.