



In Partnership with the  
Municipalities of South Simcoe

# Township of Adjala-Tosorontio Business Retention & Expansion Survey

## Manufacturing Sector 2015



Map Courtesy of the County of Simcoe

Nottawasaga Futures would like to thank all of our partners who made this project a success.



## **Introduction**

Nottawasaga Futures, in partnership with the County of Simcoe and the Municipalities of South Simcoe, conducted a business support program for the manufacturing sector of South Simcoe. The model used was the Business Retention and Expansion program (BR+E) adapted to the Ontario business environment by the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and is intended to identify specific barriers to growth and highlight opportunities for expansion through a carefully designed survey.

This survey has been presented in each of the five South Simcoe municipalities with dedicated support and full participation. This report is a companion report to the South Simcoe Business Retention & Expansion Survey report, and should be taken in context.

## **Methodology**

This report summarizes the results of a business visitation survey conducted with manufacturers from across the Township of Adjala-Tosorontio. In 2014, manufacturing accounted for 6% of all jobs in the Township, making it the 6<sup>th</sup> largest employment sector in the municipality. Eight businesses were selected as a representative sample of the various sub-sectors within the manufacturing sector, representing a diversity of operations and sizes within the Township of Adjala-Tosorontio. Of the eight selected, six agreed to participate.<sup>1</sup> Many businesses across South Simcoe declined to participate, stating they were too busy, not interested, or did not need the assistance available to them. In an effort to increase uptake, Nottawasaga Futures and the municipalities tried a number of different approaches. Over 600 phone calls were made, as well as direct emails and phone calls from the municipalities to additional contacts, a targeted postcard mailed to all 128 businesses, and door to door visits to 27 businesses that had not responded by phone or email. Of note, however, is the high participation from the businesses in the Township of Adjala-Tosorontio.

The Township of Adjala-Tosorontio, in partnership with Nottawasaga Futures, interviewed business owners between September 2014 and February 2015 using the Standardized OMAFRA Business Retention and Expansion questionnaire.

The Business Retention and Expansion Program focuses on existing businesses in a community. While the attraction of new business is an important aspect of a balanced economic development strategy, the Business Retention and Expansion process recognizes the need to do more to assist existing businesses, helping them to survive and grow. Through the BR+E process we were able to get a better understanding of business needs, including the necessary information and

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<sup>1</sup> Given that this survey was of a limited number of participants, it cannot be definitively concluded that all manufacturing businesses in the area share similar experience.

resources required to address those needs. Through the Nottawasaga Futures Business Resource Centre, businesses were able to access business resources and meet one on one with consultants. As well, individual businesses were provided with information on grant programs available to them.

The survey is a tool used to gather information from businesses in the Township of Adjala-Tosorontio with the intention of discerning the critical issues relevant to business retention and expansion. The survey was structured to identify Red Flag issues in key areas such as:

- Manufacturing Activities;
- Business Climate;
- Future Plans (downsize, relocate, expand/renovate, close);
- Business Development;
- Workforce Development;
- Training; and
- Local Community Advantages and Disadvantages.

The following report is a discussion of the key areas, with the results summarized and cross-tabulated<sup>2</sup>, to better understand the survey responses. The tool used for analysis was *Executive Pulse*. The survey included community based questions. Some questions required discrete answers from pre-determined lists (with options to identify additional or other answers), while others were open-ended questions that elicited qualitative responses.

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<sup>2</sup> Cross-tabulation refers to the investigation of one question based on the response of another question.

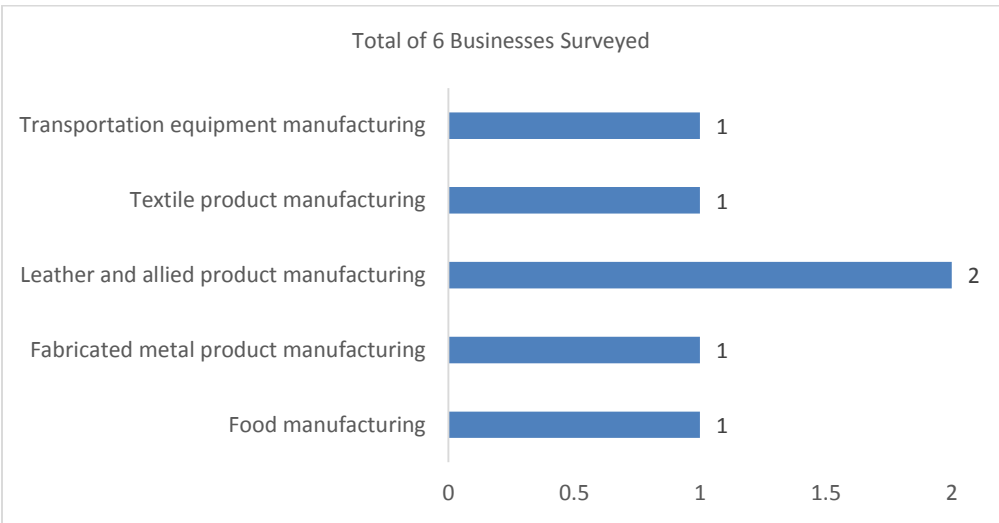
# Survey Findings

## Company Information

This section provides an overview of the general business climate in the Township of Adjala-Tosorontio.

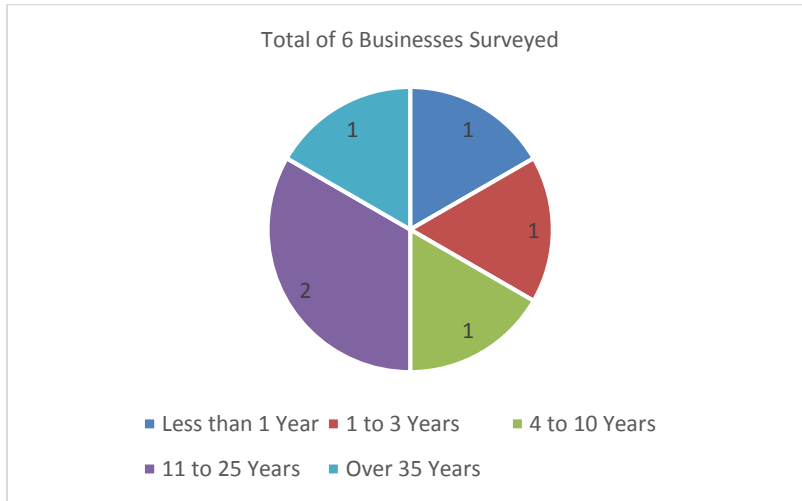
The Township of Adjala-Tosorontio has a mix of businesses associated with the manufacturing sector that participated in the survey. Of the six businesses visited, 34% of respondents (2 businesses) identified as leather and allied product manufacturing and the remaining four businesses were divided evenly among the various categories. Figure 1 displays the different sectors that made up the list of surveyed businesses.

FIGURE 1: TYPES OF MANUFACTURING FIRMS



Half of survey respondents indicated that their businesses have operated in the community for over 11 years. Of the six businesses, 100% of the respondents indicated that the owners live in the community. Furthermore, all of the businesses were locally owned and operated with one location with 100% of owners being involved in the day to day operation of the businesses. This indicates that businesses and business owners have a vested interest in the local economy and their businesses. Some of the comments from businesses are “*great collaboration with the Township*”, “*excellent proximity to larger markets*”, and “*a community that likes to purchase locally.*” The overall ages of respondent’s businesses are summarized in Figure 2.

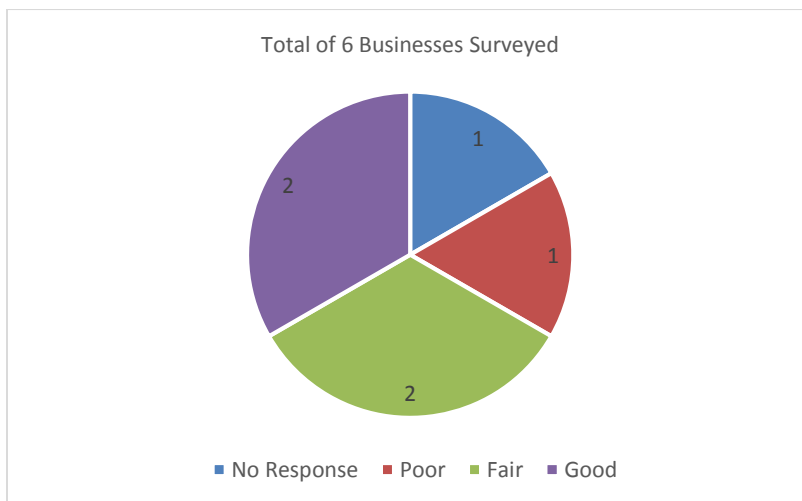
**FIGURE 2: YEARS OF BUSINESS OPERATING IN COMMUNITY BY PROPORTION OF TOTAL RESPONDENTS**



The businesses served local, Canadian domestic and international markets. Half of the respondents (3 businesses) identified the region as the primary market of their business. Two businesses currently export a small percentage of their products to the United States. Their export rate has remained the same when compared to two years previous. The main barriers these businesses identified as limiting their export growth are company size, costs involved with exporting and difficulty marketing the products in foreign markets.

As Figure 3 illustrates, 66% of businesses consider the Township of Adjala-Tosorontio to be a fair or good place in which to do business (4 businesses). One business indicated that Adjala-Tosorontio was a poor place in which to do business. One business did not respond.

**FIGURE 3: GENERAL IMPRESSION OF THE TOWNSHIP OF ADJALA-TOSORONTIO AS A PLACE TO DO BUSINESS**



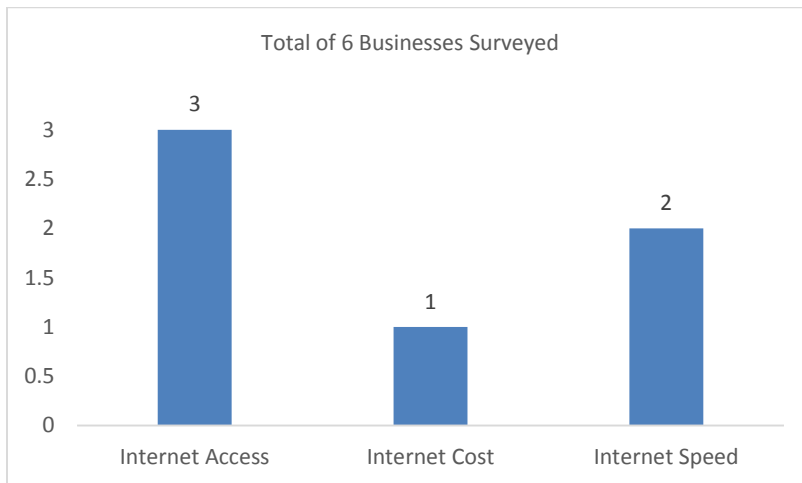
Some of the comments that were offered suggest discontent with certain aspects including:

- quality of the workforce;
- poor internet services;
- availability of natural gas; and
- building permit application processes for expansion.

Overall, 83% of respondents (5 businesses) stated that in the past three years their attitude had not changed with regard to the community as a place in which to do business. One business stated a positive change in attitude in the past three years which was a result of support from other local businesses.

One of the issues at the forefront of business's responses was that of poor internet services. Two thirds of respondents (4 businesses) identified themselves as high to very high in the use of technology in their business. 50% of respondents (3 businesses) indicated that they are facing barriers in the technology requirements of their business. Figure 4 highlights the most common barriers across the various technological requirements.

FIGURE 4: BARRIERS RELATED TO INFORMATION TECHNOLOGY

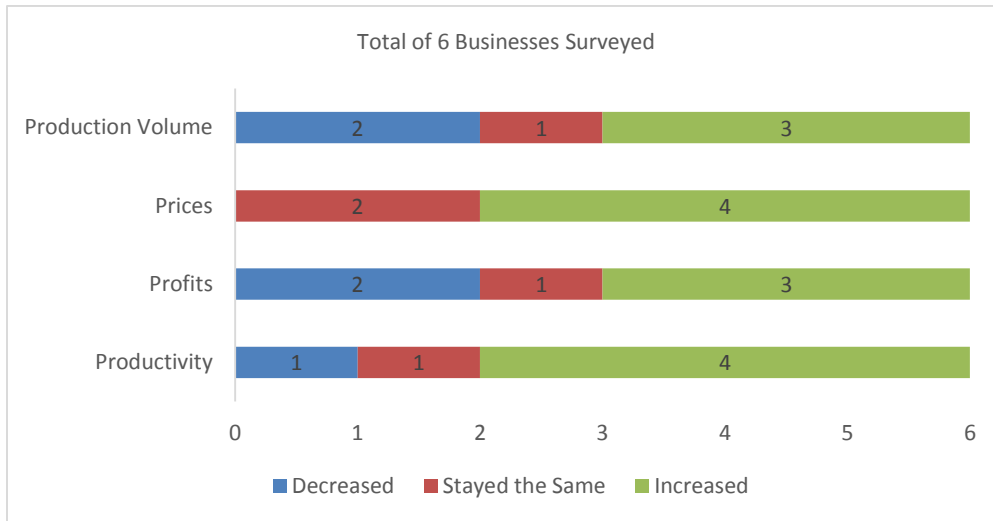


## Manufacturing

Half of the respondents (3 businesses) experienced an increase in production volume in the past two years. Two thirds of businesses saw their profits either increase (50% of respondents) or stay the same (17% of respondents) over the last two years. In addition, over two thirds of businesses (67%) increased their prices in the same time period. This is in line with the national trend for manufacturers. The national trend for manufacturers from 2011 - 2013 has been a 7% increase in profit. If we look at the period from 2011 – 2014, the increase in profit is even

greater at 33% for Canadian manufacturers.<sup>3</sup> This further suggests that manufacturers in the Township of Adjala-Tosorontio have been able to manage their input costs by passing them on to their customers in the form of higher prices.

**FIGURE 5: COMPARED TO 2 YEARS AGO, HOW HAVE THE FOLLOWING ASPECTS CHANGED**



Every product has a life cycle and it is essential for businesses to know where their product(s) are in that cycle and use the information to plan for the future. Half of the respondents (3 businesses) have indicated that their primary product is either growing (33%) or emerging (17%).

Furthermore, a business with its product nearing the end of its cycle must take action in order to move forward. For the other half of respondents (3 businesses), their primary product is declining.

It is encouraging to see that two thirds of the respondents have either recently introduced a new product (2) or have a new product in development (2). To facilitate this development, 50% of respondents have devoted over 6% of their sales to research and development.

67% of respondents (4 businesses) have made major investments in equipment or machinery within the last two years; however three companies out of the six surveyed indicated that company facilities are underutilized. Of those three businesses, one is interested in cooperating with another business to bring the plant to full capacity.

The main focus of process improvements are split equally between green initiatives such as energy efficiency, waste product recovery and productivity improvement (lean manufacturing), and improving health and safety practices and vendor supplier networks.

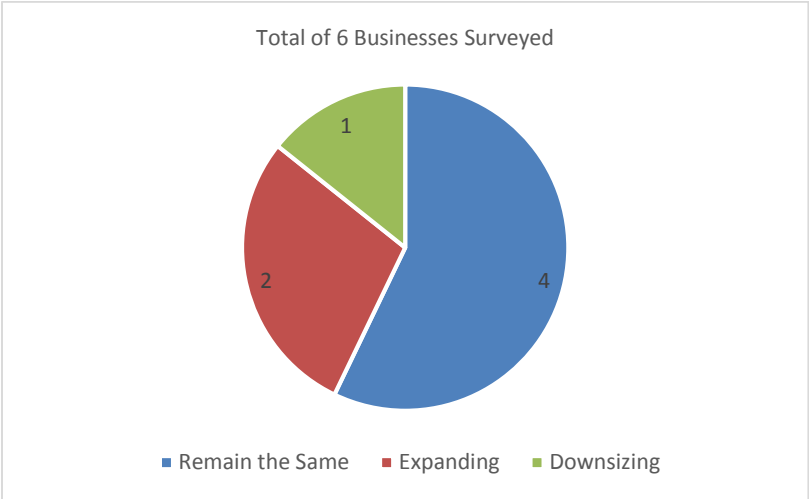
<sup>3</sup> Quarterly Balance Sheet & Income Statement, Industry Classification System by North American (NAICS), Statistics Canada, Table 187-0001.



## Future Plans

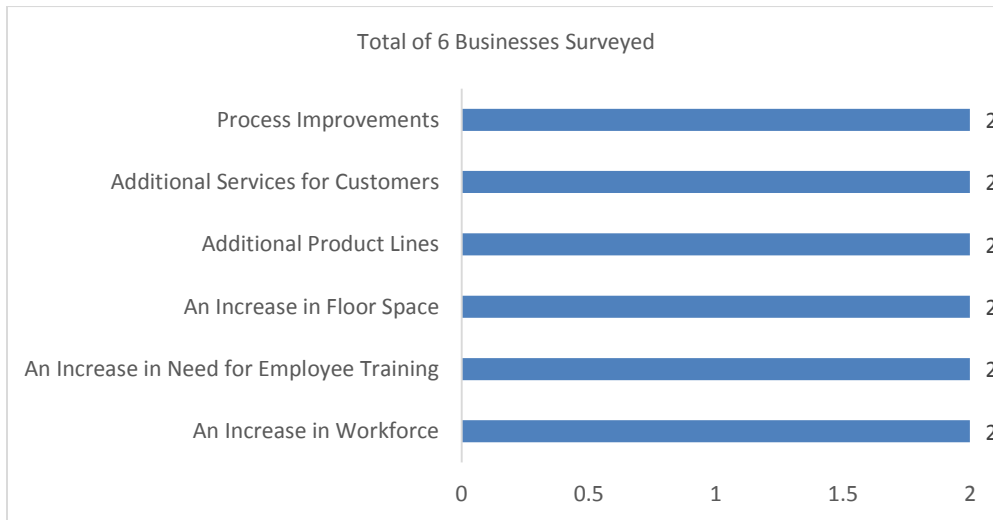
This section provides a review of predicted future prospects for surveyed companies over the next 18 months. A primary question asked if respondent’s businesses were expected to remain the same, downsize, relocate, expand or close (Figure 6). Of the six businesses, two (33%) expected to expand over the next 18 months and three (50%) expected to remain the same. One business has indicated that it is expecting to downsize in the near future, with the downsizing stemming from a lack of work. This downsize will result in the loss of one employee. Long term, the company is unsure about the outlook of the industry.

FIGURE 6: PLANNED BUSINESS UNDERTAKINGS WITHIN THE NEXT 18 MONTHS



Overall, 50% of respondents (3 businesses) displayed optimism in their future prospects by projecting an increase in their sales over the next year. Business expansion is expected to have a number of positive impacts, as Figure 7 summarizes. Of those who are expanding, 100% of the respondents (2 businesses) indicated their expansions would lead to an increase in workforce, with a total of six new jobs created. Furthermore, these businesses expect the planned expansion will lead to additional floor space totaling 8,500 square feet.

FIGURE 7: WILL YOUR EXPANSION REQUIRE OR LEAD TO...



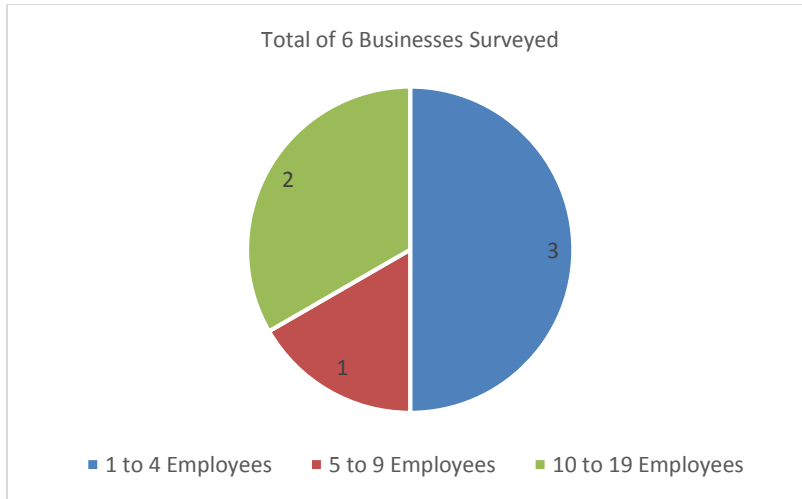
One expanding business has indicated that it will be accessing two provincial programs to assist with their expansion plans; the Growing Forward 2 Program as well as the Local Food Fund, both delivered by OMAFRA.

## Workforce Development

The workforce development section of the survey focuses on past and expected changes in workforce size, while examining the factors responsible for these changes. This section further assesses the perceived quality and availability of the labour force to businesses responding to the survey.

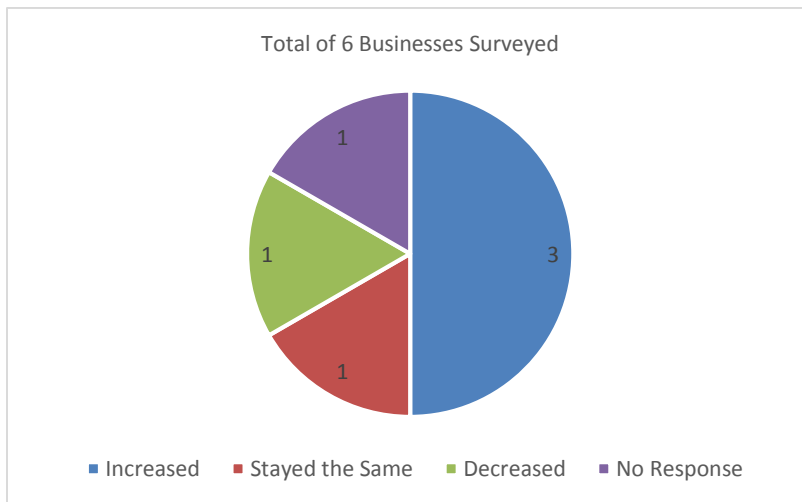
The majority of the businesses surveyed are small; 50% (3 businesses) have less than four employees. In addition, there are some larger manufacturers in the area with 33% (2 businesses) indicating they have between 10 and 19 employees, as seen in Figure 8.

FIGURE 8: NUMBER OF EMPLOYEES



Of the six businesses surveyed, three indicated that they increased the number of employees over the last three years, as seen in Figure 9. One of the businesses increased between one and five employees and two indicated an increase of between 5 and 10 employees. Only one respondent saw a decline in the number of employees, with lack of work being the main factor. One respondent chose not to answer, as the owner is the sole employee and that has not changed. The net effect of these actions was the creation of 17 new jobs over the last three years.

FIGURE 9: EMPLOYMENT IN TOWNSHIP OF ADJALA-TOSORONTIO OVER THE LAST 3 YEARS



Overall, the quality of the workforce in the Township of Adjala-Tosorontio is good. Of the four businesses who answered the questions, three answers were split evenly between fair, good and excellent in the categories of quality, stability, and the ability to both attract and retain employees. None of these three businesses indicated difficulty in hiring. The fourth business

indicated they are having difficulty hiring and feels the quality of the workforce is poor. They are experiencing challenges in regard to finding applicants with the appropriate skills and training, as well as a lack of work ethic and commitment from new hires. The business highlighted general labour and processing assistants as positions they are having difficulty recruiting for and have indicated this is an issue related to both community and industry.

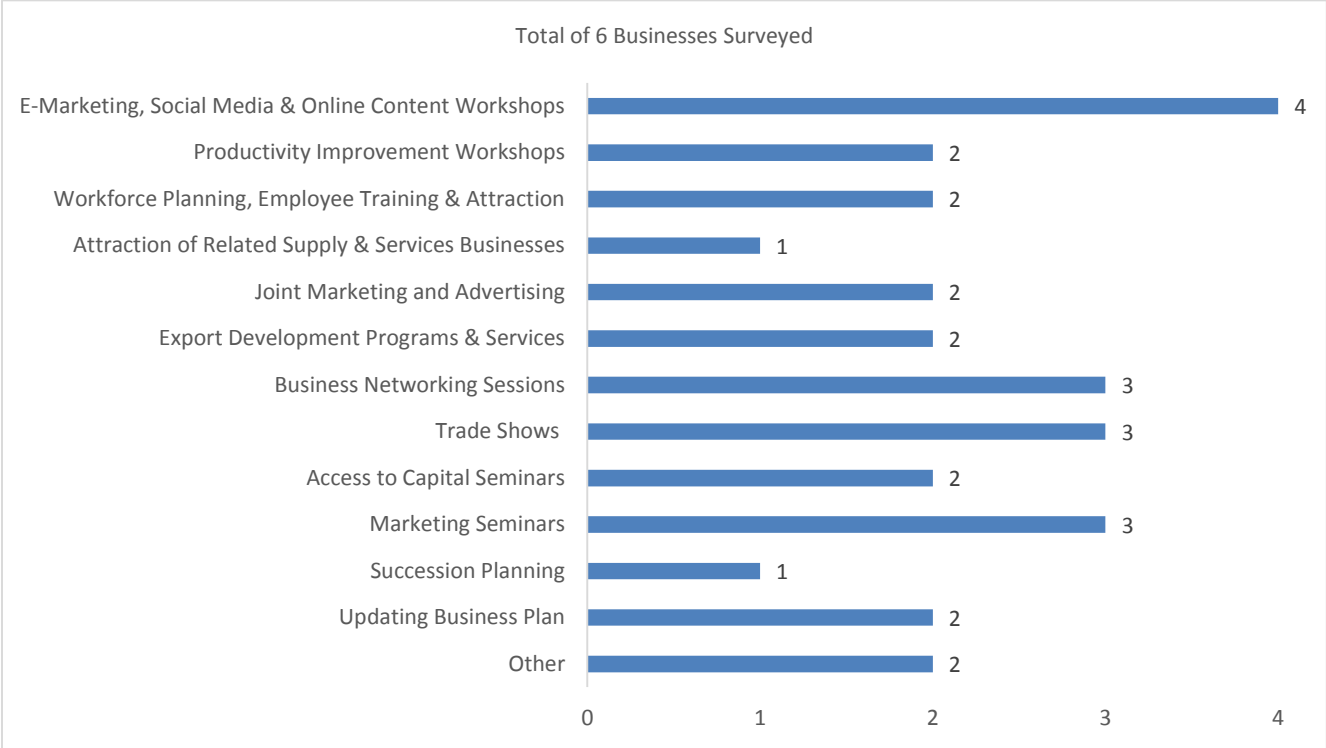
The majority of businesses (50%) are using employment centres and online job boards, their personal networks and referrals to conduct their hiring, with another 25% using local media advertising and their own website in addition. The one business with hiring difficulties has suggested that the community could assist with the hiring issues by hosting job fairs, as well as offering a wage program where wages are subsidized for the first two weeks.

## Business Assistance

From a business management perspective, businesses would like advice/workshops related to marketing and e-marketing, social media, and online content. They are also interested in business networking events, trade shows and export development programs. A low number of businesses were looking for outside help with updating their business plan, workforce training and attraction, and productivity improvement workshops.

A majority (67%) of businesses are interested in networking and information sharing with other similar businesses in the community. One third of the businesses are also interested in joint marketing, and some have expressed interest in working jointly in training and purchasing initiatives.

**FIGURE 10: WHAT ASSISTANCE OR OPPORTUNITIES WOULD BE BENEFICIAL TO SUPPORT YOUR BUSINESS?**



**Town and Community Services**

When considering the services of the Township of Adjala-Tosorontio, businesses were satisfied with the essential police and fire services, as well as elementary and secondary schools, snow removal, and curbside garbage and recycling pickup. Respondents did however express dissatisfaction with regional roads and highways, street/road repair, internet and cell service, availability of medical service, municipal property taxes, library services, recreational facilities, and the lack of public transit.

Overall the business community was happy with the state of business in the Township of Adjala-Tosorontio. They valued their quality of life and feel there is excellent support from both local residents and other businesses. The businesses were content to remain in the community and for many of them expanding and renovations have and will continue to be in their plans for the future.

FIGURE 11: ADVANTAGES AND DISADVANTAGES OF THE TOWNSHIP OF ADJALA-TOSORONTIO AS A PLACE TO DO BUSINESS

Top 3 Advantages	Top 3 Disadvantages
Collaboration with Township	Poor Infrastructure (roads)
Quality of Life	Internet Access
Purchase Locally	Lack of Public Transportation

**Conclusion: Looking Forward**

The results of the business visitation surveys have given some important insight into the realities and short-term expectations of the local manufacturers in the Township of Adjala-Tosorontio. A number of key issues have emerged from the survey results, each deserving of consideration as the Township moves to strengthen its manufacturing sector.

Many of the respondents have suggested the following as priority issues to focus on:

- improvement in the availability of natural gas;
- municipal property taxes;
- internet access/speed; and
- support from the municipality (planning department).

Issues associated with the quality of the local workforce became evident at various points in the survey. Availability of skilled labour and attraction of skilled workers were areas of concern. Respondents have expressed that they would like to work with the town on the promotion of employment opportunities in the community.

Respondents further indicated that the community has poor infrastructure, particularly regional/provincial roads and highways are in poor shape. Businesses were not satisfied with the lack of availability of natural gas, as well as street/road repair, public transit, and lack of availability of medical and health services.

Respondents would like to see the attraction of more businesses to the township to create more sustainable, higher wage jobs.



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