

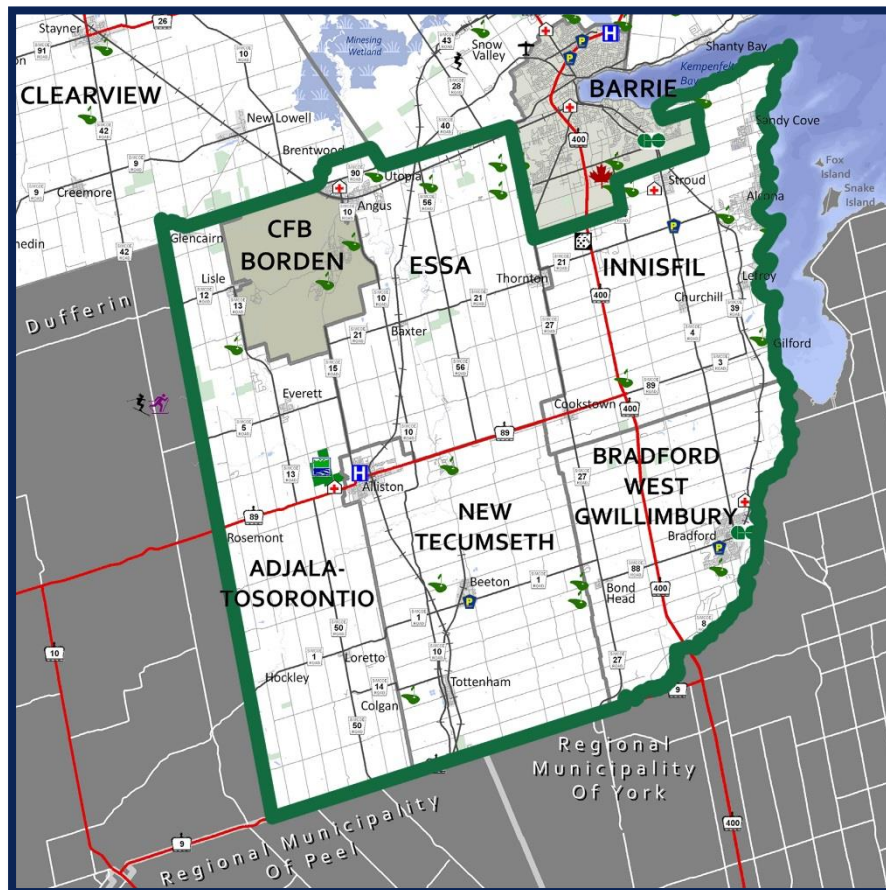


**Nottawasaga
Futures**

In Partnership with the
Municipalities of South Simcoe

Town of Innisfil 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 Town of Innisfil. In 2014, manufacturing accounted for 5.2% of all jobs in the Town of Innisfil, making it the 6th largest employment sector in the municipality. Thirty-four 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 Town of Innisfil. Of the 34 selected, nine agreed to participate.¹ 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.

The Economic Development Office of the Town of Innisfil, 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 business 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 resources required to address those needs. Through the Nottawasaga Futures Business Resource

¹ Given that this survey was of a limited number of respondents, it cannot be definitively concluded that all manufacturing businesses in the area share similar experiences.

Centre, businesses were able to 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 Town of Innisfil 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-tabulated², 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.

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

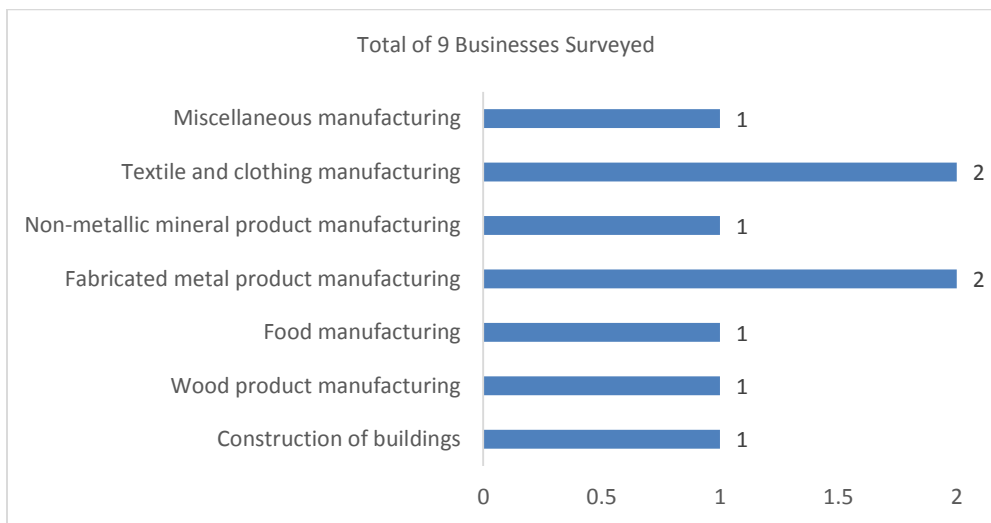
Survey Findings

Company Information

This section provides an overview of the general business climate in the Town of Innisfil.

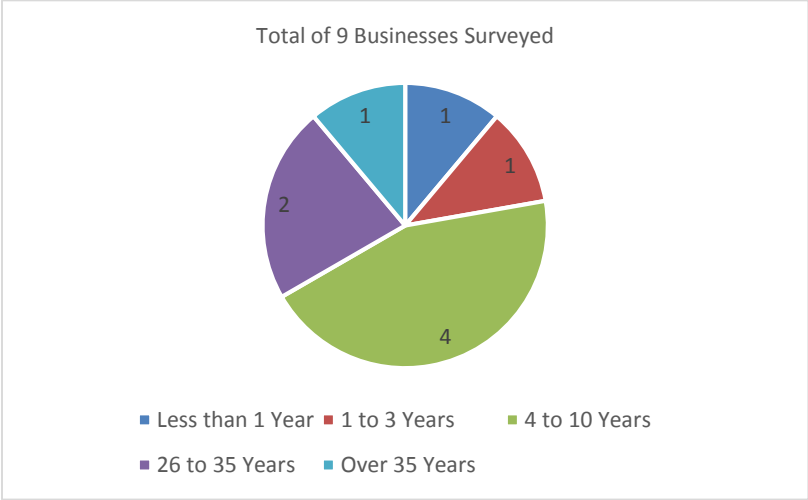
The Town of Innisfil has a mix of businesses associated with the manufacturing sector that participated in the survey. Of the nine businesses visited, 22% of respondents (2 businesses) identified as fabricated metal product manufacturers, and 22% of respondents (2 businesses) identified as textile and clothing manufacturers. Figure 1 displays the different sectors that made up the list of surveyed businesses.

FIGURE 1: TYPES OF MANUFACTURING FIRMS



Two thirds of survey respondents indicated that their businesses have operated in the community for less than 10 years. Of the nine businesses surveyed, 55% of the respondents (5 businesses) indicated that the owners live in the community. This indicates that in recent years, businesses and business owners have viewed Innisfil as a great place to start or relocate their business to. Of the nine businesses surveyed, the majority (2/3 of respondents or 6 businesses) were locally owned and operated. One third of respondents (3 businesses) indicated they were branches or divisions of regional, national or international companies. Some of the comments from businesses are “*great access to highway 400*”, and “*excellent proximity to larger markets.*” The overall ages of respondent’s businesses are summarized in Figure 2. This emphasizes the importance of an effective BR+E program and retaining the businesses that are currently located in the community.

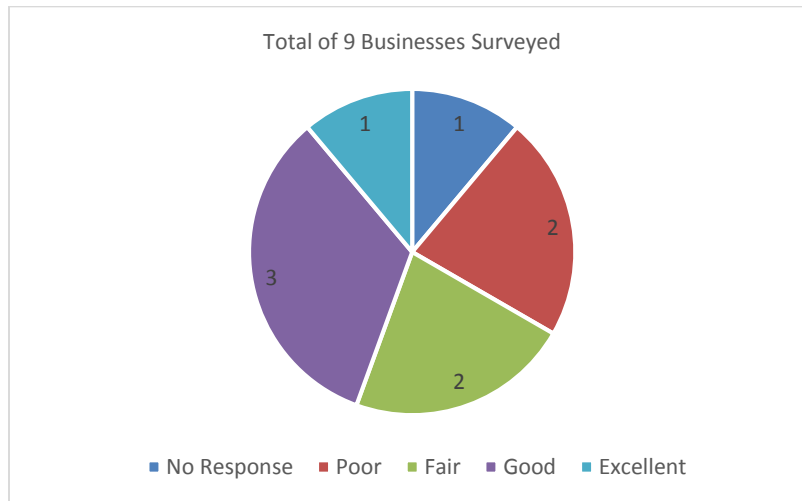
FIGURE 2: YEARS OF BUSINESS OPERATING IN COMMUNITY BY PROPORTION OF TOTAL RESPONDENTS



The businesses surveyed served local, Canadian domestic and international markets. Over three quarters of the respondents (7 businesses) identified the region as the primary market of their business. One company currently exports their products to multiple markets around the globe. Their export rate has increased when compared to the two previous years. Three additional companies identified themselves as potential exporters with all three identifying the United States as their potential export market. These businesses cited freight and exchange rates, as well as difficulty sourcing potential buyers as barriers to their international expansion plans.

As Figure 3 illustrates, 45% of respondents consider the Town of Innisfil to be a good or excellent place in which to do business (4 businesses). Two respondents (22% of businesses) indicated it was fair, and two respondents (22% of businesses) indicated that the Town of Innisfil was a poor place in which to do business. One business provided no response.

FIGURE 3: GENERAL IMPRESSION OF THE TOWN OF INNISFIL AS A PLACE IN WHICH TO DO BUSINESS



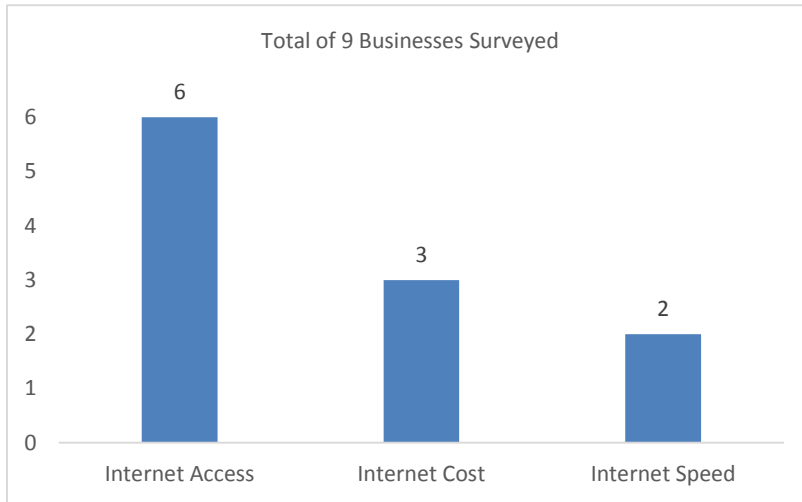
Some of the comments that were offered suggest discontent with the following aspects:

- high land costs;
- poor internet services;
- no curbside garbage/recycling pickup;
- high development charges;
- prolonged building permit application processes for expansion; and
- lack of municipal support.

Due to the discontent with certain issues, one third of respondents (3 businesses) stated that they have had a negative change in attitude over the past three years about the community as a place in which to do business.

One of the issues at the forefront of business's concern was that of poor internet service. Three quarters of the respondents 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: INTERNET RELATED BARRIERS

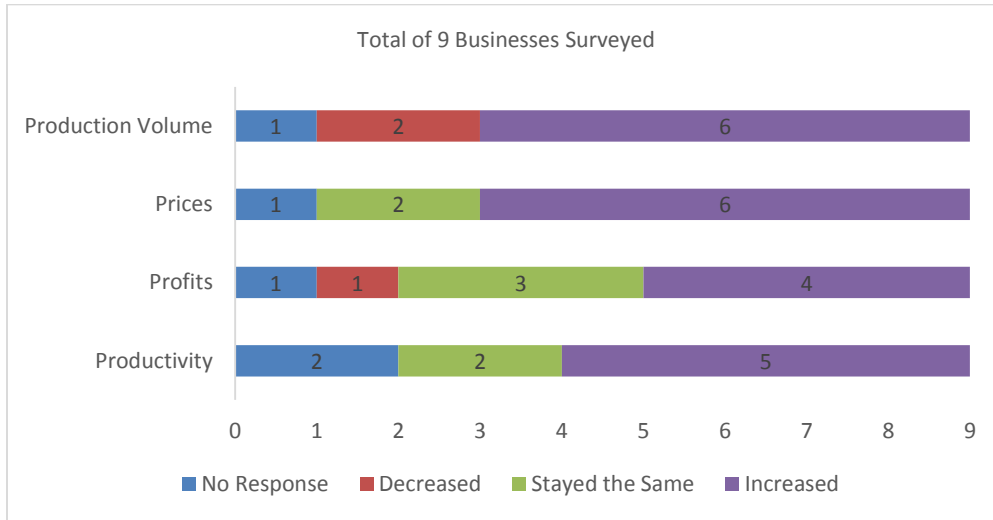


Manufacturing

Over two thirds of the respondents (6 businesses), experienced an increase in production volume and an increase in prices over the last two years. Over three quarters of businesses saw their profits either increase (45% of respondents) or stay the same (33% of respondents) over the same time period. This is in line with the national trend for manufacturers. The national trend for manufacturers for the period from 2011 to 2013 has been a 7% increase in profit. For the period from 2011 to 2014, the increase in profit for Canadian manufacturers was 33%.³ This further suggests that manufacturers in the Town of Innisfil have been able to manage their input costs by passing them on to their customers in the form of higher prices.

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

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 that information to plan for the future. Two thirds of respondents (6 businesses) have indicated that their primary product is growing. Furthermore, a business with its product nearing the end of its cycle is at risk of declining sales. One third of respondents (3 businesses) view their primary product as maturing. Of the six companies that discussed product development, two thirds have either recently introduced a new product or have a new product in development. To facilitate this development, 50% of respondents see the amount they spend on research and development increasing from under 3% to over 3% of their annual sales over the next three years.

55% of respondents (5 businesses) have made major investments in equipment or machinery within the last two years. However, five companies out of the nine surveyed indicated that company facilities are underutilized with the other four choosing not to answer. Of those five businesses, 60% are interested in cooperating with another business to bring their plant(s) to full capacity.

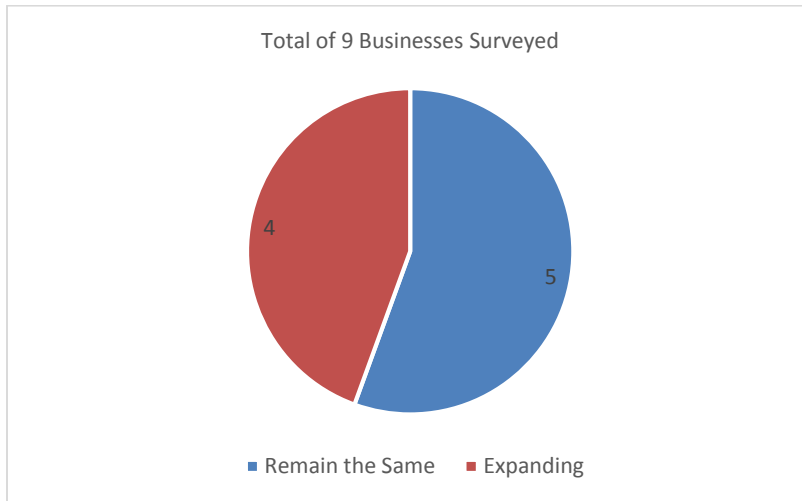
Process improvements are currently geared toward energy efficiency and productivity improvement (lean manufacturing), with more companies pushing towards a green future. Another significant focus of businesses is improving their health and safety practices. ISO certification and vendor/supplier networks are the lowest area of concern for improvement.

A majority of companies outsource some of their product components from other manufacturers, with two businesses outsourcing more than 50%. This consists of products and services such as: steel; plastic; fabricated and cast products; and screen printing.

Future Plans

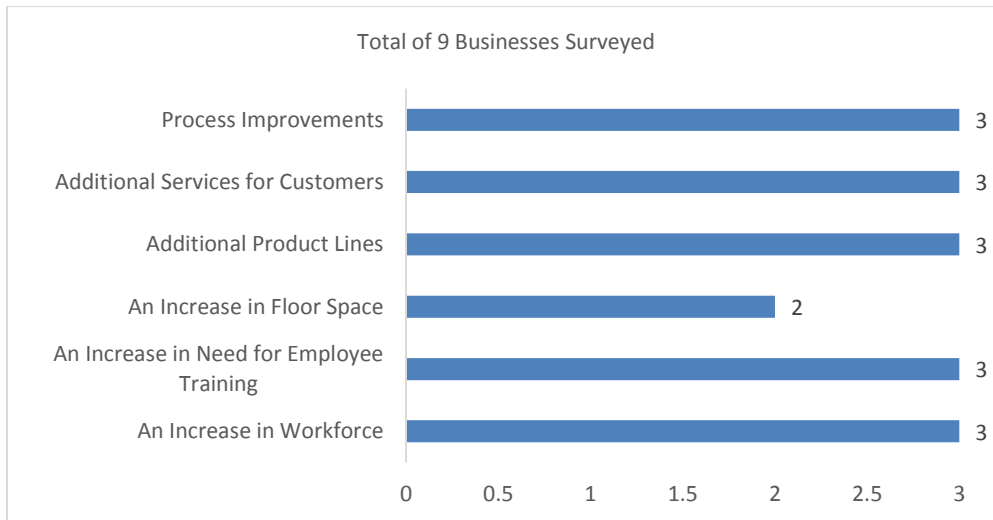
This section provides a review of predicted future prospects for surveyed companies over the next 18 months. A primary question asked if respondent's businesses were expected to remain the same, downsize, relocate, expand or close (Figure 6). Of the nine businesses, four (45%) expected to expand over the next 18 months, and the other five (55%) expected to remain the same. Additionally, one of the companies that is expanding also plans to relocate a portion of their business that is currently outside of South Simcoe to their expanded location in Innisfil.

FIGURE 6: PLANNED BUSINESS UNDERTAKINGS WITHIN THE NEXT 18 MONTHS



Innisfil businesses feel positive about their growth. 55% of respondents (5 businesses) expect sales to increase in the next year. Business expansion is expected to have a number of positive impacts, as Figure 7 summarizes. Of those who are expanding, 75% of the respondents (3 businesses) indicated their expansions would lead to an increase in workforce, with a total of nine new jobs created. Also, 50% of businesses expect the planned expansion will lead to additional floor space totaling 12,500 square feet, as well as an increase in the need for employee training.

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



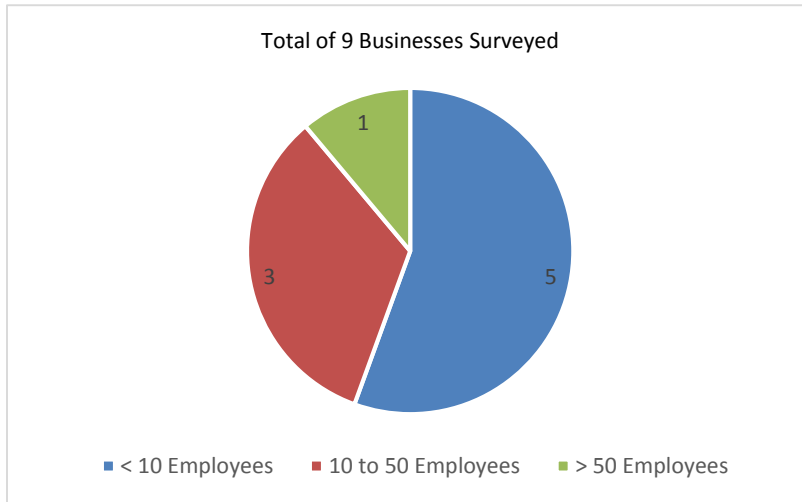
75% of the businesses that are expanding have cited difficulty with their expansion plans. These businesses would like support from the community with their expansion in the form of assistance with the building permit and zoning process as well as the site selection process. Businesses have also expressed a need for support in terms of access to capital, i.e. small business financing, and grant information.

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 for businesses responding to the survey.

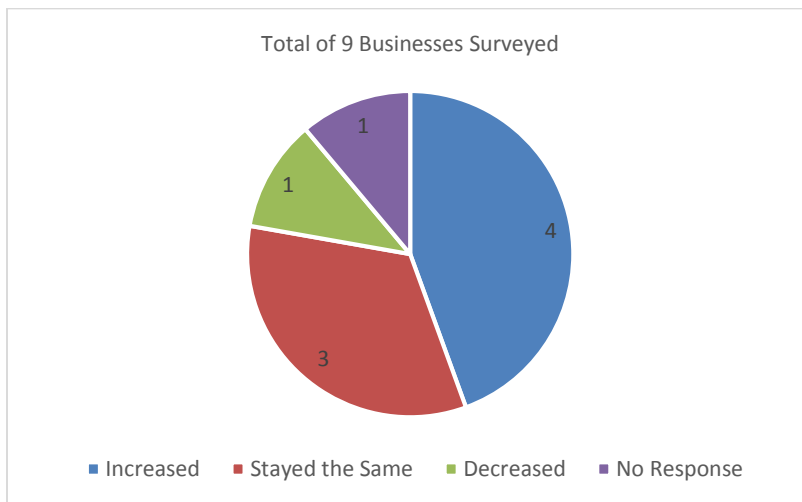
The majority of the businesses surveyed are small with 55% (5 businesses) having less than 10 employees. In addition there are 33% (3 businesses) that have between 10 and 50 employees, with just one business with more than 50 employees, as seen in Figure 8.

FIGURE 8: NUMBER OF EMPLOYEES



Of the nine businesses surveyed, four indicated that they have increased the number of employees over the last three years, as seen in Figure 9. Three of the businesses indicated increasing between one and five employees, and one indicated an increase of ten employees. Only one respondent saw a decline in the number of employees, with a reduction in sales as well as employee retirement being the main factors. Three respondents indicated that the number of employees remained the same. The net effect of these actions was the creation of 16 new jobs over the last three years.

FIGURE 9: EMPLOYMENT IN TOWN OF INNISFIL OVER THE LAST 3 YEARS



There were several employment issues that did emerge from the survey responses. 88% of the respondents (8 businesses) stated that their business currently had difficulty hiring new employees, with the remaining business abstaining from answering because the owner is the sole employee. Of those who answered, 77% (7 businesses) identified lack of appropriate skills and training, 66% (6 businesses) identified lack of relevant experience, and 55% (5 businesses)

identified too few applicants as the major hiring challenges for their companies. The businesses feel that the hiring challenges are related equally to the community and the industry.

In terms of finding qualified workers for vacant positions, 77% of respondents (7 businesses) rated the community as fair. Furthermore, when it came to attracting new employees, two thirds of respondents (6 businesses) rated the community as poor to fair. Survey respondents indicated that they require assistance in finding and attracting qualified workers to the community.

The main types of occupations businesses are having difficulty recruiting for are skilled and technical positions such as millwrights, welders, trades and sales people. The majority of businesses (62%) are using employment centres and online job boards to conduct their hiring, with another 38% using their personal network, professional recruitment firms and Kijiji. Additionally, three business have suggested that the community could assist them with their hiring issues by providing incentives to train younger people, as well as including employment information (i.e. who's hiring) on the Town website.

Over half of the respondents have indicated that they currently do not participate in any co-op, internship, or apprenticeship programs and only 40% of these businesses have expressed interest in learning more about these programs and how they could implement them in their businesses.

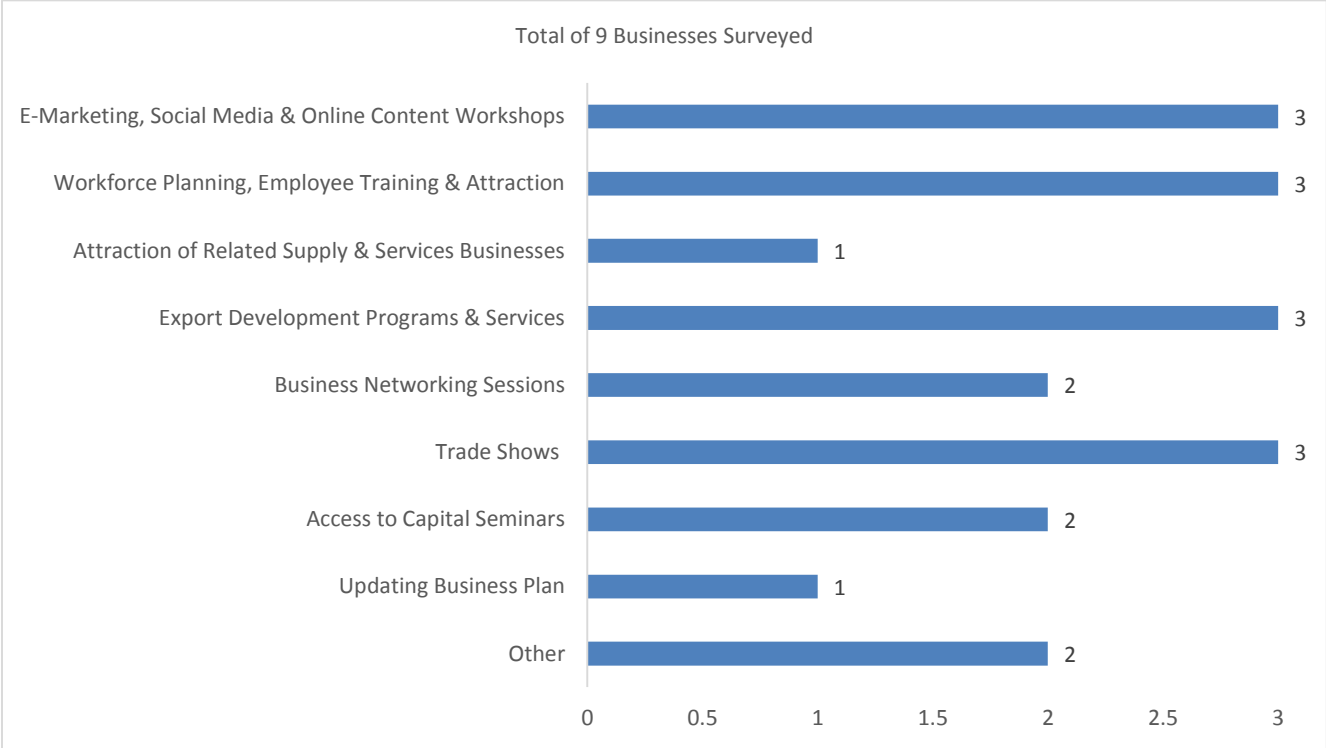
Business Assistance

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 export development programs, business networking events, trade shows and access to capital seminars. A low number of businesses were looking for outside help with updating their business plan, succession planning, and productivity improvement workshops.

A majority of respondents (88%) are interested in networking and information sharing with other similar businesses in the community. Close to half of respondents are also interested in joint marketing, and some have expressed interest in working jointly in training and purchasing initiatives, as seen in Figure 10.

These findings fall within the realm of the Town of Innisfil's municipal strategic plan, *Inspiring Innisfil 2020 – A Strategy for the Future*, where one of the key economic development priorities identified for the Town was to attract entrepreneurs and small business by providing tools and training.

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



Town and Community Services

When considering the services of the Town of Innisfil, businesses were satisfied with the essential police and fire services, as well as local and regional roads and snow removal. Respondents did however express dissatisfaction with the following: curbside garbage and recycling pickup; internet and cell service; lack of adequate industrial space for rent or lease; water/waste water capacity; as well as the planning, zoning and building permits process.

Overall the business community was happy with the state of business in the Town of Innisfil. They valued their quality of life and feel there is a good availability of adequate housing. 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 TOWN OF INNISFIL AS A PLACE IN WHICH TO DO BUSINESS

| Top 3 Advantages | Top 3 Disadvantages |
|----------------------|---|
| Proximity to Markets | Municipal process, specifically zoning and planning, are slow |
| Quality of Life | Lack of Qualified Workers |
| Growth of Community | Internet Access |

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 Town of Innisfil. A number of key issues have emerged from the survey results, each deserving of consideration as the Town of Innisfil moves to strengthen its manufacturing sector.

Many of the respondents have suggested the following as priority issues:

- improvements in the water/waste water capacity;
- curb side garbage/recycling pick up; and
- internet access/speed in the business park.

Issues associated with hiring new employees became evident at various points in the survey. Availability of skilled labour in the area 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.

Many businesses are interested in expanding in the near future. Despite the interest, respondents indicate that business taxes, development charges, imposed fees and related costs of expansion remain barriers to their expansion plans.

Respondents would like to see the development of downtown Alcona, as well as the development of a business attraction program to the community. The Town’s municipal strategy, entitled *Inspiring Innisfil 2020 – A Strategy for the Future*, identifies the economic vision as:

“Innisfil will open its doors to business, giving enterprises good reasons to locate here and stay”



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