

Guide for:
Attracting Business Investment
to Your Community

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The Handbook.....

- ▲ Intended for any rural or northern community (First Nation, Northern Affairs, Municipality) to prepare for attracting business investment
- ▲ The handbook contains the following topics:
 - Community characteristics that are attractive to investors
 - How to prepare the community for investment
 - Foreign Direct Investment (what is it, why is it important, types of FDI)
 - Site Selectors and the Site Selection process
 - A plug for Business Retention and Expansion and “Economic Gardening”
- ▲ ***Will be available in Mid December (email me for a copy!)***

Why this Guide?

- ▲ Communities have expressed interest in knowing how to attract investment.
- ▲ The guide is intended to help communities of all sizes with information and guidance on attracting business investment.
- ▲ But.....

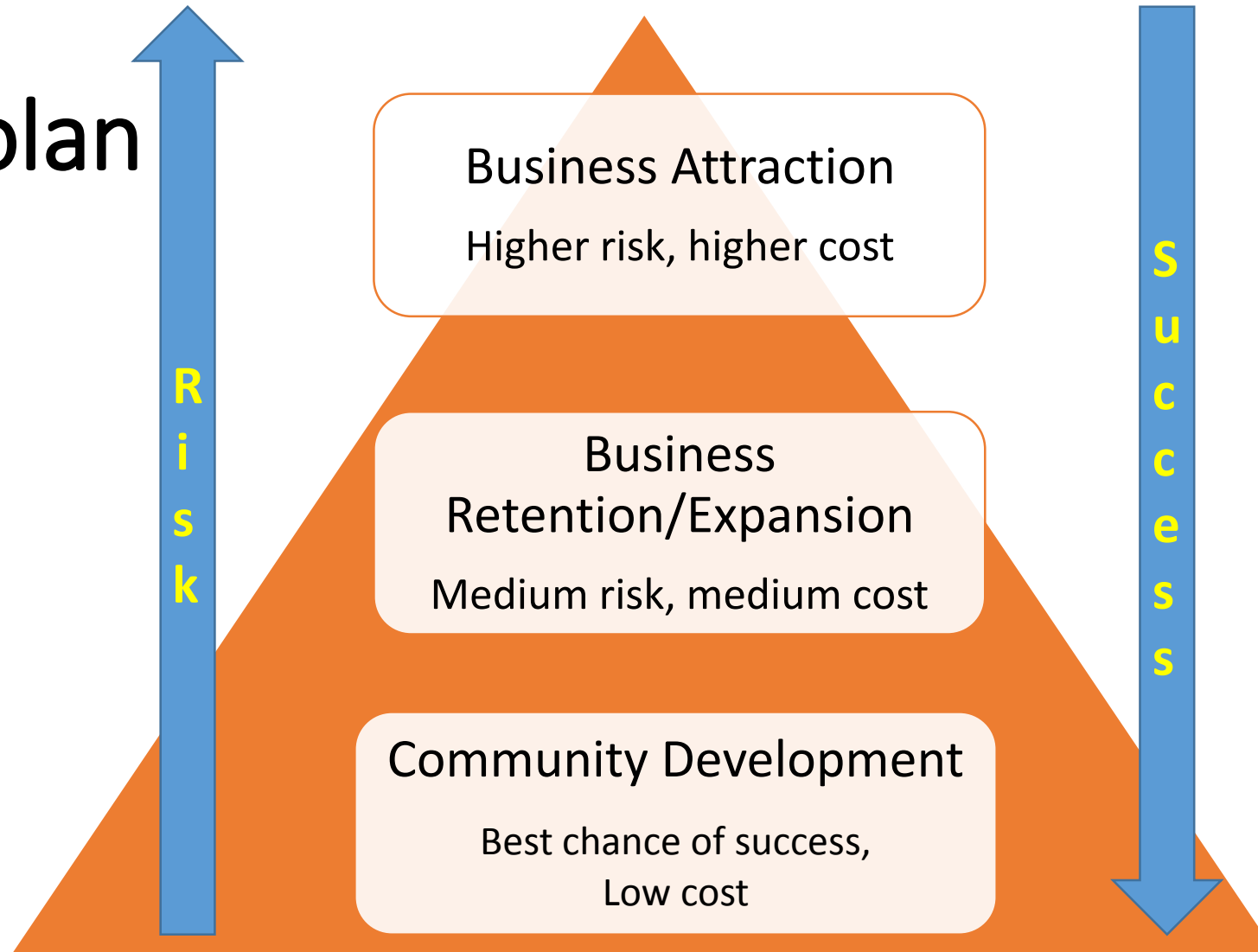
But...

Before diving into investment attraction, consider The 10 Second Lesson in Economic Development

- ▲ Katie Nolan (OMAFRA) (2017 CRRF Conference, Nelson, BC)
- ▲ Attracting business investment takes resources (time, money, people) and is the riskiest economic development strategy.



Katie Nolan



A bit longer lesson.....

But still a great read.. on Economic Development

▲ David Freshwater, Alvin Sims, Jamie Ward

*Functional Regions as a Structure for
Enhancing Economic Development in
Atlantic Canada*

Harris Centre, Memorial University, 2013



Their research.....

- ▲ Identified types of communities and the most appropriate economic development strategies and policies for each type.
- ▲ Bottom line - choose strategies wisely – business attraction may not be the first choice for small communities without export industries or solid economic base.

Last word of caution before choosing business investment as a strategy.....

- ▲ According to the Economic Developers Association of Canada:
 - 44% of job growth comes from new start ups
 - 55% of job growth comes from business expansions
 - 1% of job growth comes from businesses that move into a community
- ▲ Economic development strategies that support entrepreneur start ups and help businesses expand - likely provide the best bang for your buck!

Business Attraction – think of it as encouraging business investment of any kind (including start ups and expansions)

What makes a community attractive to investors?

- ▲ Highly educated workforce
 - infrastructure and accessibility
- ▲ Strong industry clusters
 - Investment in new technologies
- ▲ Regional economic strategies
 - FDI incentives
- ▲ Investment promotion agency

What Makes a Community Attractive to Investors?

More and more its about:

- ▲ Going where the talent is
- ▲ Quality of life
- ▲ Information technology infrastructure

Is your community ready for investment?

Complete an assessment (Alberta and BC have online self assessments)

- ▲ do you have a main contact person familiar with land use planning, development approvals process, zoning by-laws, etc.
- ▲ do you have a land use plan and clear policies
- ▲ does your community have an active BRE program?
- ▲ does your community have an updated, online industrial land inventory?
- ▲ does your website have downloadable copy of community profile?

Prepare for Investment

Develop a plan to retain or attract investment

- ▲ Build on strengths – what is your competitive advantage? What businesses and industries will complement your strengths?
- ▲ Fill gaps - Are there supply chain gaps in clusters?
- ▲ Have a regional approach – including regional assets provides a stronger value proposition. Regional marketing is more cost effective for small communities.

If you are ready to attract investment

- ▲ Provide professional, single point of contact
- ▲ Create a plan with solid research and attraction targets
- ▲ Gather accurate and up to date data and make it available on line as a community profile.
- ▲ Build an investment attraction team
- ▲ Create a marketing plan

Foreign Direct Investment (FDI)

- ▲ The guide contains information and data about FDI and its impact on Canada and Manitoba.
- ▲ FDI is when a company has controlling interest in a business in another country.
- ▲ FDI can bring new money, new jobs, innovation and technologies
- ▲ The value of inbound FDI into Canada was \$31.21 Billion in 2016 (from over \$55 Billion in 2014)
- ▲ The digital economy will have a huge impact on FDI – companies can sell and communicate with customers without the need for physical infrastructure in another country.

Types of Inbound FDI

- ▲ Greenfield investment (creating a new facility – called foreign start ups)
- ▲ Brownfield investment (lease or purchase existing facility – often called mergers and acquisitions (M&A))
- ▲ Majority of FDI is M&A, although both have declined in recent years into Canada.

Where does FDI come from? Top 5 in 2016

- ▲ U.S. – 47.5% – declined from 56% in 2015.
- ▲ Netherlands – 21.3%
- ▲ Luxembourg – 7.0%
- ▲ Switzerland – 6.7%
- ▲ United Kingdom – 5.0%

Types of new foreign facilities - Top 5

- ▲ Manufacturing (33%)
- ▲ Warehouse/distribution (19%)
- ▲ Data Centres (11%)
- ▲ Back Office/Call Centre (8%)
- ▲ R&D (8%)

How does Manitoba rank?

- ▲ Manitoba ranked 24th out of 26 in attracting greenfield investments in 2016 (out of 16 advanced countries and 10 provinces)
- ▲ Ontario, BC and Quebec rank highest.
- ▲ But, Manitoba does an above average job of attracting people
- ▲ Question – what is the optimum amount of FDI for the province? (when we know that profits leave the province?) How can Manitoba boost its position?

Site Selectors

- ▲ Are people who find and analyze potential sites for FDI.
- ▲ Site Selectors Guild – 2016 State of Site Selection Trends survey:
 - Data centres will be a global growth area
 - Manufacturing and distribution show growth promise
 - FDI projects will increase, especially from Germany and China
 - Labour skills, cost and infrastructure are the three factors most critical to site selection

Site Selection Stages

- ▲ Preliminary Research (you don't even know they are looking)
- ▲ Community Approach (request for more detailed information than is available on your website or government sites – are you ready for this?)
- ▲ Narrow down site options (requests for more detailed site specific information)
- ▲ Location choice (remember 1% of all job growth in Canada comes from businesses relocating – likely less is FDI)

Why do businesses relocate?

- ▲ High taxes
- ▲ Excessive government regulations
- ▲ Labour costs
- ▲ Labour availability
- ▲ Poor infrastructure
- ▲ Quality of life concerns

Advice for Rural and Northern Communities

- ▲ Be prepared for **any** investment (make a plan, gather a team, gather good data, community profile online, single point of contact, professional)
- ▲ Consider Economic Gardening (supporting existing business to grow)
(55% of new jobs happen this way)
- ▲ Support entrepreneurs and new business start ups for business growth
(44% of new jobs happen this way)

Thank you!

RETHINK STRATEGY UNLEASH POTENTIAL

Think deeply
Adapt quickly
Execute brilliantly

Integral Strategy Network



WE TACKLE WICKED PROBLEMS

We reach across domains to address a shared challenge and create transformative change. Our proven approach – the Integral Strategy framework – focuses on helping people work together to implement complex large-system change in a sustainable way.

WE CHANGE THE WAY PEOPLE WORK



Engage the Whole System

See the challenge from all angles



Enhance Creative Dialogue

Create a shared understanding of the challenge



Increase Collaboration

Bridge gaps across organization, sector, and system boundaries



Define a Plan of Action

Align actions with outcomes



Create Shared Purpose

Unleash personal and collective power



Maintain Focus on Outcomes

Sustain focus on outcomes rather than activities



Unleash Potential

Mobilize the collective intelligence of your organization



Create a Learning Organization

Establish a powerful language for thinking and working



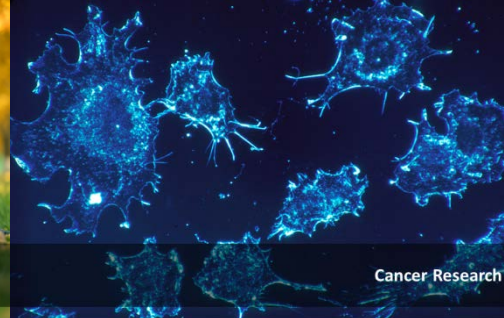
Active Transportation

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Age-Friendly Community

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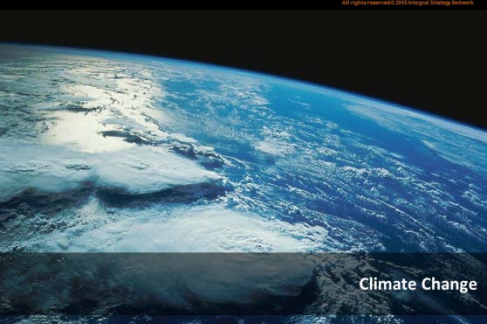
Cancer Research

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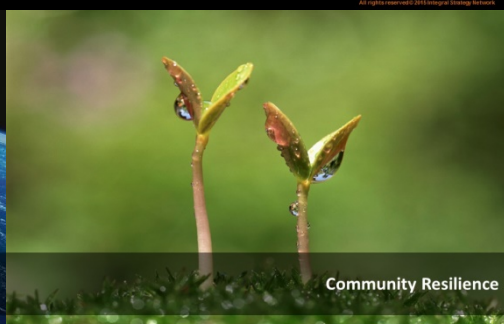
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Climate Change

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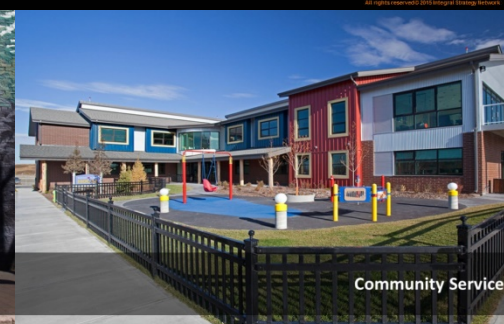
Community Resilience

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Community Development

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Community Service

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Digital Preservation

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Dementia

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Diabetes Prevention

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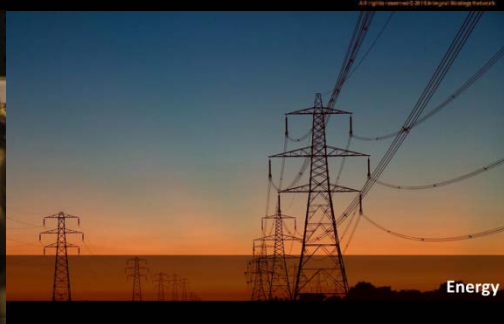
Economic Development

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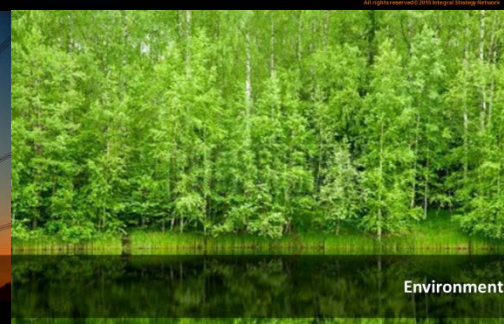
Education

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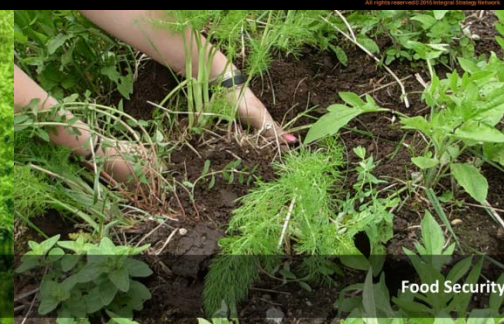
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Environment

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Food Security

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Health Care



Information Management



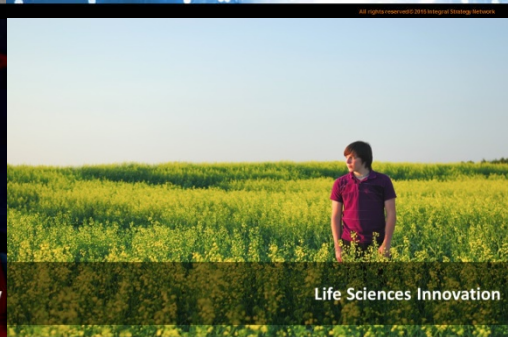
Intelligent Community



Land Use Planning



Learning Disability



Life Sciences Innovation



Municipal Government



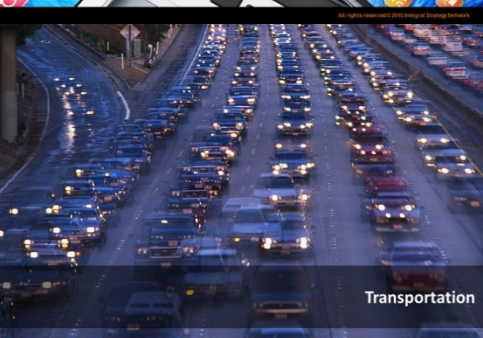
Open Data



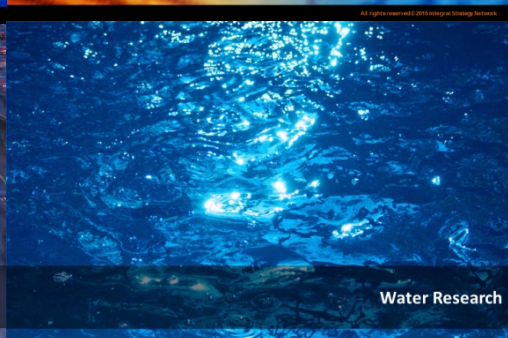
Science Policy



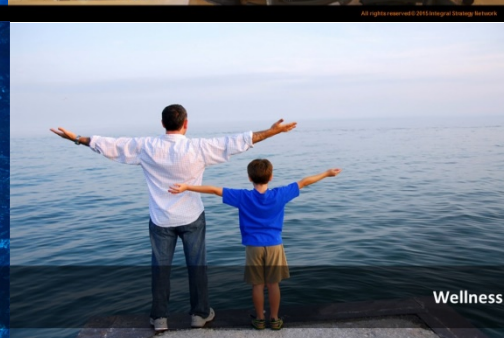
Social Innovation



Transportation



Water Research



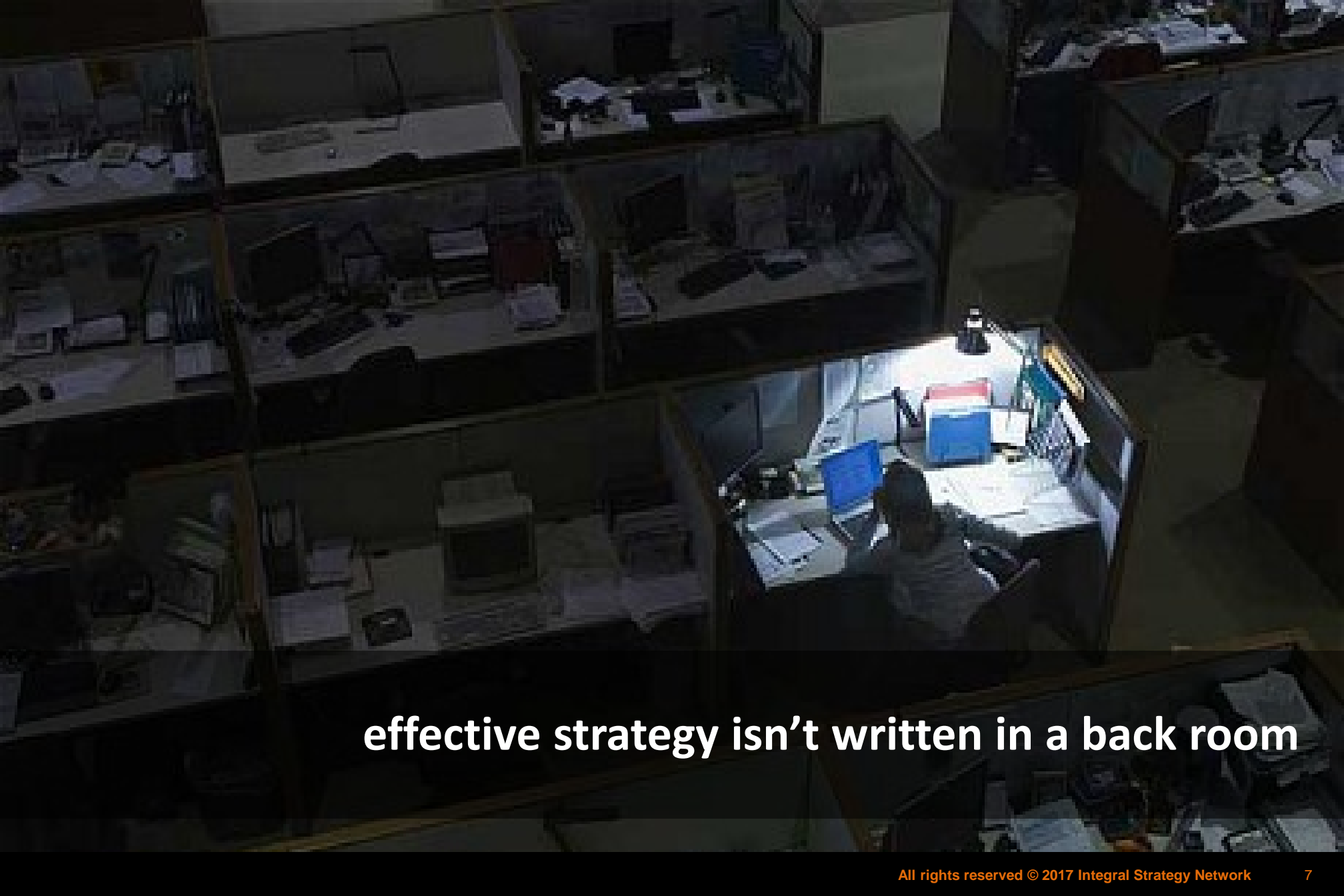
Wellness

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The Process



strategy is who we are and how we act in the world



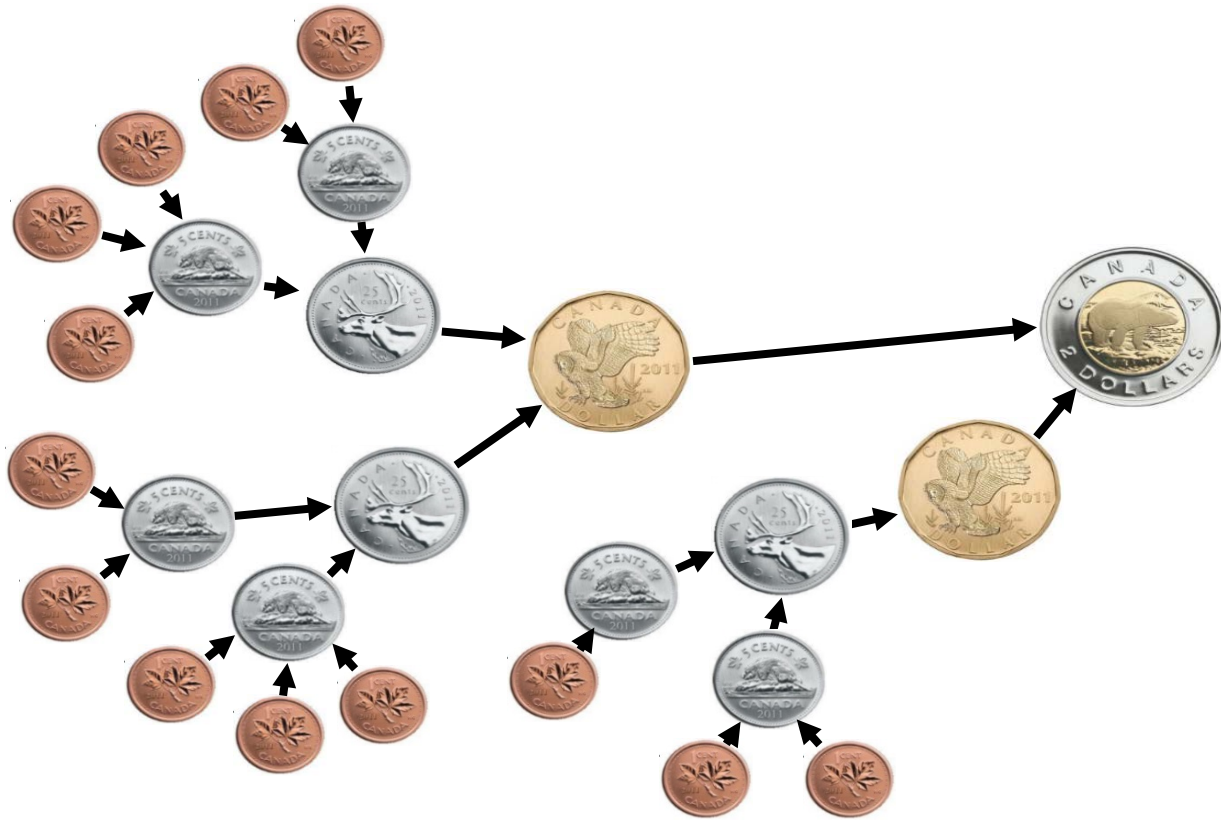
effective strategy isn't written in a back room



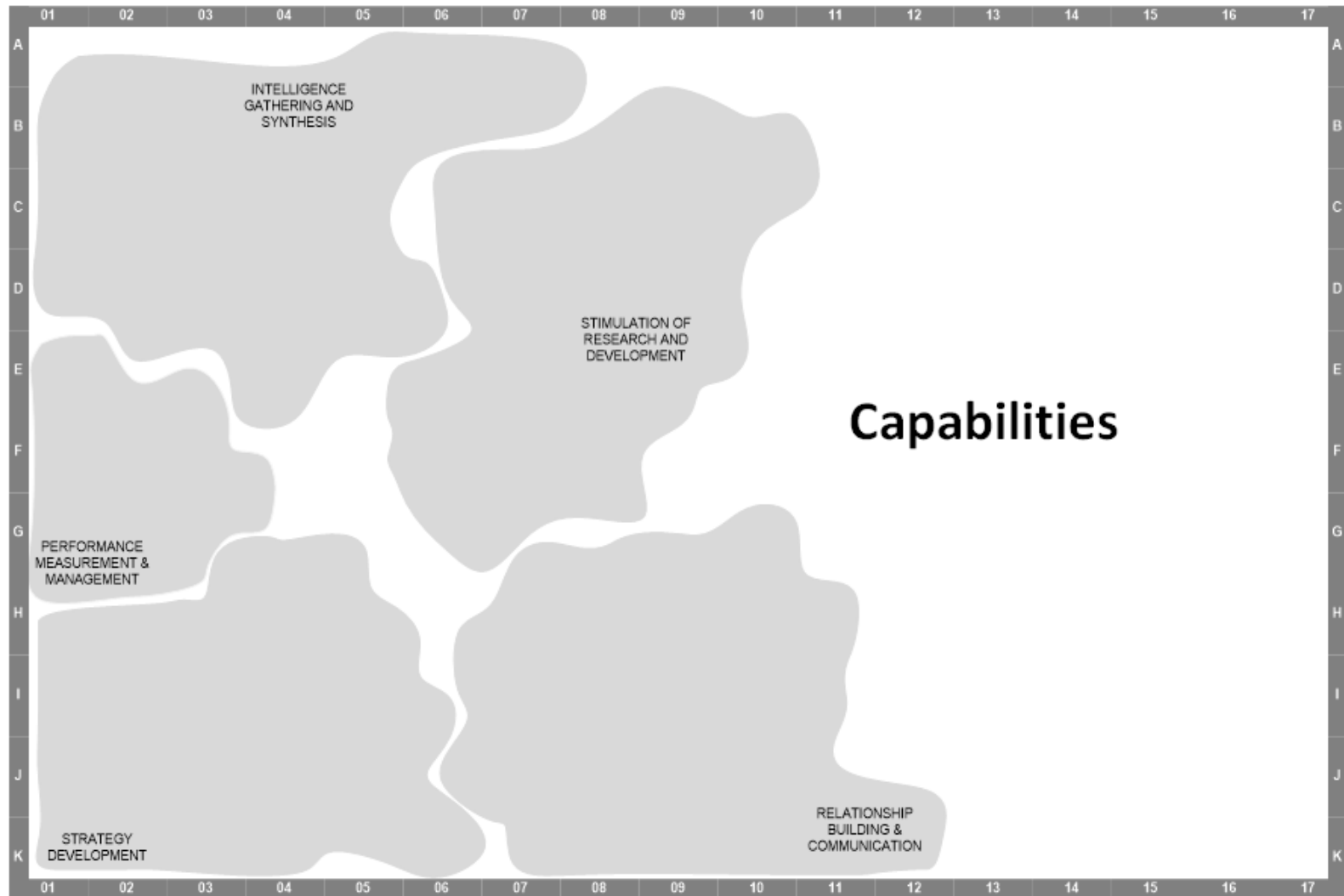
we need to co-create it



every community has goals and aspirations



the Strategy Roadmap helps to connect the dots

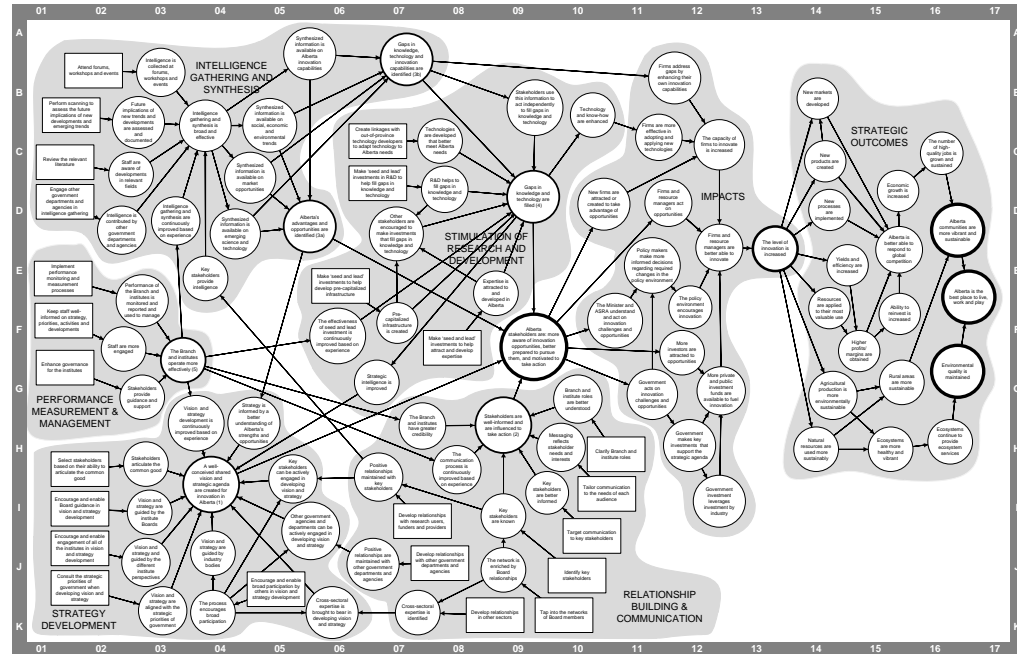




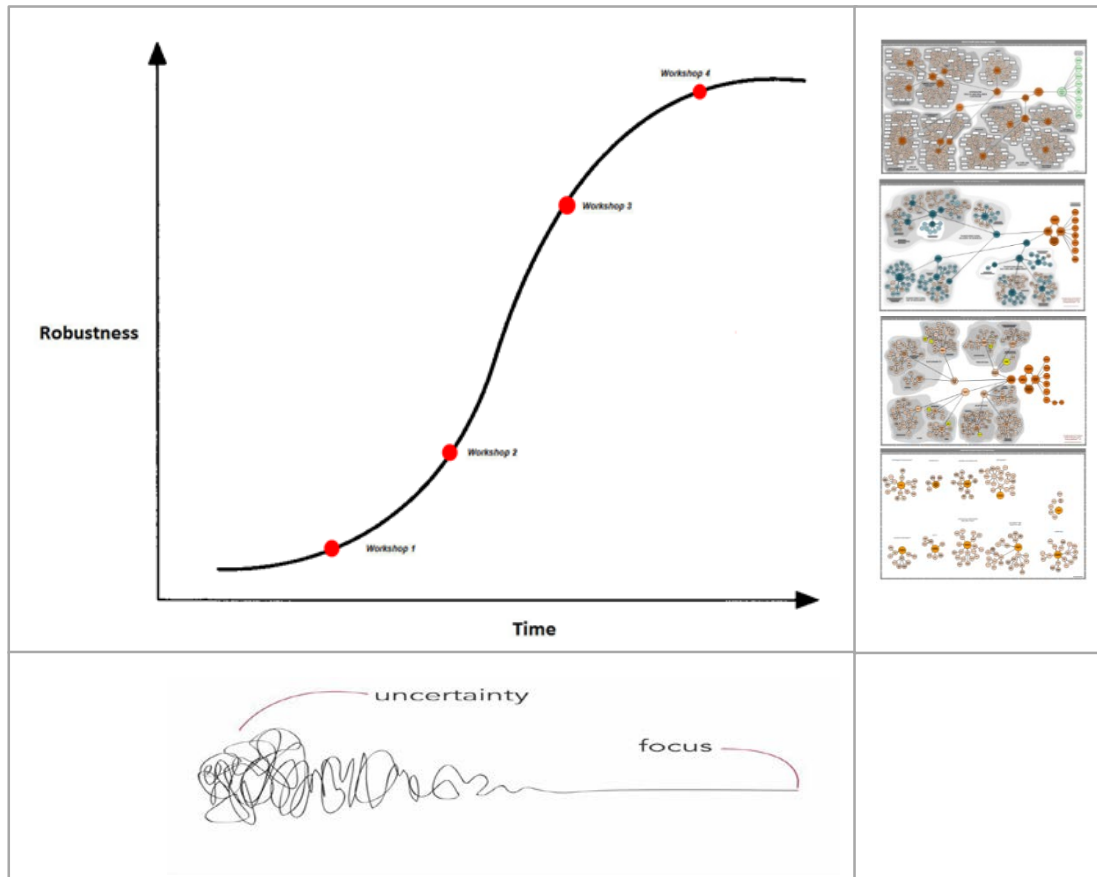


The Strategy Roadmap

Not this!



strategy visualized on a single page



the map is created in four half-day workshops

**When completed
the map belongs to the community**

Shared Vision: The Roadmap

- Represents strategy as outcomes to be achieved
- Aligns stakeholders based on a shared purpose
- Defines a clear strategic goal
- Shows how the goal will be realized
- Identifies impacts and benefits

Shared Action

- Set priorities
- Decide where to invest
- Agree on accountabilities
- Manage risk
- Coordinate stakeholder effort
- Focus on results
- Learn by doing
- Celebrate success

Community Examples

- **City of Wetaskiwin**
- **Leduc-Nisku Economic Development Alliance**

Wetaskiwin – Issue and Process

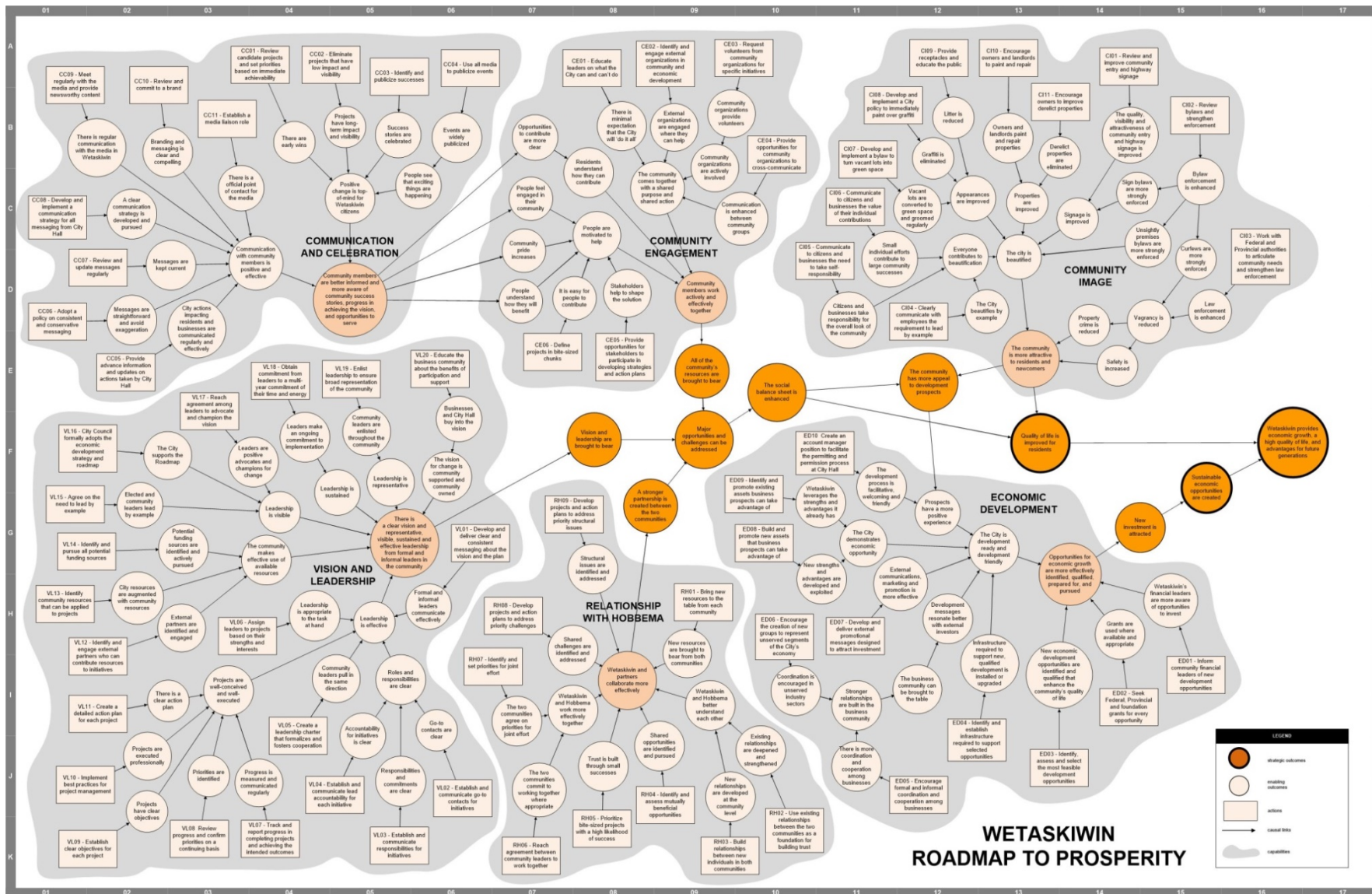
- Widespread perception of City decay
- Little growth evident over 10 yr. period
- Full time economic development staff
- Economic Development Strategy development
- Significant Public Input
- “Wetaskiwin provides economic growth, a high quality of life, and advantages for future generations”

Wetaskiwin – Participants and Ah ha! moment

- Public input process identified areas of concern
- Business community expressed dissatisfaction with previous processes and “demanded” a legitimate role
- Businesses made the case that they created the jobs and the role of City was to ensure an “Open for Business” reception at city hall
- Elected officials agreed to implement business developed solution



Wetaskiwin – the Strategy Roadmap



Wetaskiwin – Outcome and Lessons

- Strategy Roadmap was developed largely by industry, with substantial community input
- City administration and 1 elected official participated to ensure continuity
- Local First Nation also participated to a degree
- Priorities were selected by business who made plans around these pillars
- The City followed through and implemented the top 3 priorities – don't take on too much at once!

LNEDA – Opportunity and Process

- “The Region has greater influence, regional development is more effective, business investment is increased, and a community of communities is created that takes advantage of regional strengths and preserves unique community identities”
- Approached as a regional investment attraction strategy
- Early recognition of significant duplication that could be eliminated
- Regional efforts underway could be substantially leveraged to benefit all
- Individual community voices were not being heard sufficiently

LNEDA – Participants and Ah ha! moment

- 7 communities including 4 Mayors/Reeves
- Direct Industry participation
- Economic Developers from all communities
- Regional Chamber of Commerce
- Together we can be faster, stronger and more influential
- Able to accomplish more when we work together



Roadmap for Regional Excellence in Economic Development



LNEDA – Outcome and Lessons

- Regional approach with a division of effort and responsibility
- Increased regional influence – greater voice
- 39/20 Alliance – formalized cost/revenue sharing relationship with 4 smaller communities
- Shared effort allows for more to be accomplished in a shorter time period
- Shared successes with lots of regional spin off benefits...don't all have to locate in the “city”



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