



The Town of Gravenhurst

2017 Business Review Survey

Results and Recommendations

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1.0 Introduction

2017 is now the third year that we have completed the Business Review Survey. This tool, developed in 2015, is the cornerstone of the economic development division's business retention and expansion (BR+E) efforts. This program has proven that it is a successful tool to create and nurture a culture open communication between the Town of Gravenhurst and the local businesses. While this survey acts as the cornerstone of our BR+E efforts it is important to know that this is more than data collecting. Each survey asks businesses how we can help them, and on an individual basis each business is provided assistance to the best of our ability. Requests and information for this survey help determine how programs throughout the municipality are promoted and developed. This survey gives the Economic Development Division the ability to combine relevant data collection, business outreach and visitation, community input and business retention and expansion activities into a single streamlined process. The 2017 survey took place from November 22, 2018 to January 12, 2018.

2.0 Background/Methodology

The survey was developed in 2015, using input from a variety of sources. The questions are crafted in such a way that allow the economic development team to identify businesses that are either struggling and may be at risk of closure or are doing well and prime to expand or invest in the area. The questions were developed in consultation with other industry standard surveys such as the reporting requirements for the Downtown Revitalization Project, a formal Business Retention and Expansion (BR+E) study from the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and the Employer One survey. The annual Business Review Survey was developed to collect a balance of qualitative and quantitative data, and is a Gravenhurst built solution to address a Gravenhurst problem. The survey has moved and changed throughout the last three years. This year some questions were replaced and a couple was added to find some new information. The survey is still very short and written so it can be completed in as little as 3 minutes or take as long as a business owner would like. The new questions included in the 2017 survey are related to succession planning and building ownership. These answers will allow us to start tracking not only business growth but start planning for business loses. The survey was marketed online both through social media and the website where businesses were directed to an online link. The Town's marketing and communications team distributed a news release announcing the release of the survey that was picked up by multiple news sources and included in the local paper. The last way that businesses had the opportunity to take the survey was through direct calls made by economic development staff.

The 2016 survey resulted in 209 completed responses; the 2017 survey saw a slight increase for the second year in a row with 221 surveys being completed. Of these 221 responses 54 of them responded for the first time in 2018. 371 specific requests were sent to businesses regarding the survey were made this year, resulting in a slightly higher percentage of completion. Businesses were asked how many employees they had and if they would be hiring, their opinion on the business climate in Gravenhurst, what their biggest challenge was, how they reinvested in their business this year and what the primary market for their business was. Businesses were also given the opportunity to offer further comment or ask for assistance from members of the Town staff.

3.0 Key Findings

This survey has a number of key findings that will be beneficial anyone interested in business in Gravenhurst. These findings can be used for investment attraction, grant applications and general marketing.

3.1 Comparisons to 2016

While many of the responses were similar to 2015 there were some key changes that should be noted:

- Workforce has grown to be larger in terms of the number of businesses that describe this as their biggest challenge

- The number of businesses satisfied with the local economy increased from 56% in 2015 to 81% in 2017, businesses are becoming more positive about the Gravenhurst business climate each year
- Only 1% of business declared they were dissatisfied with the business climate in Gravenhurst, a significant decrease from 2016.
- 2017 saw a significant increase to the number of businesses that invested in their building or equipment. The number of businesses investing on bringing in additional product lines also increased.
- There is an increase in the percentage of jobs tracked that are full time permanent positions in 2017
- From businesses that responded to both 2016 and 2017 there was a net increase in staff in three categories with a net decrease in one:
 - Net increase of 54 new full-time permanent jobs
 - Net increase of 20 new part-time permanent jobs
 - Net increase of 10 new full-time seasonal jobs
 - Net decrease of 22 part-time seasonal jobs

3.2 Key Findings from 2017

Some of the key findings are available below; the full results are available in Section 4:

- 54 businesses responded for the first time
- 45 businesses are struggling finding and retaining employees
- 35 business owners are planning on transitioning out of their businesses within 5 years, only 9 have a succession plan
- 81% of businesses are satisfied or very satisfied with the business climate in Gravenhurst
- 17% of our businesses are home-based, allowing them to work from anywhere but they chose Gravenhurst.
- A large number of businesses named 2018 the best year in terms of revenue they had in recent history.

4.0 Full Results

The 2017 survey was the best received to date, 221 businesses or 39% of all Gravenhurst businesses responded to the business review. 371 businesses were contacted by telephone and through email for a survey, with no businesses actively refusing to answer. The information below is the data from the 2017-2015 year. In the case that a business responded to the multiple years, only the response to the most recent year counts towards the totals. It is intended that in the future data will only be amalgamated 3 years at a time. This process ensures that the data is up to date. Any business that answered in the previous three years but is no longer in business is also no longer considered part of the data set. The total data set contains information on 381 businesses.

4.1 Staffing

The annual business survey asked three questions in regards to staffing. Businesses were asked to enter the number of permanent and seasonal staff they employed. If the business owners worked in the organizations they were asked to include themselves and their employment status as part of the count. The chart below shows the breakdown of total staff including both full time and part time seasonal and permanent staff.

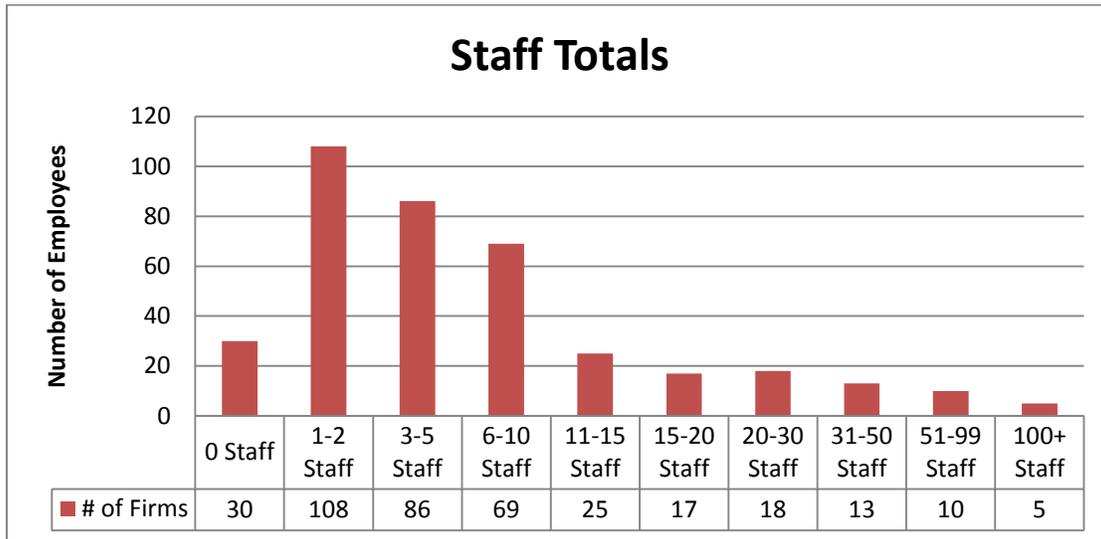


Figure 1 - Staff Totals

30 businesses and organizations had no employees. These businesses were either volunteer run organizations or unmanned kiosks. The largest group is businesses that have 1 or 2 staff, and these businesses tend to be owner-operated businesses. The majority of businesses surveyed, approximately 77%, down from 80% in 2016. Industry Canada defines a small business as firms with fewer than 100 employees. Currently 98% of businesses in Canada are considered small businesses and Gravenhurst is no exception as 98.6% of businesses surveyed having reported having less than 100 employees.

4.2 Employee Breakdown

The 381 businesses that were surveyed represent 3,959 employees. These employees can be broken down into two categories:

- Permanent employees who are kept employed regardless of the seasonal lulls that a company may endure
- Seasonal staff employees, who are brought in on a temporary basis to assist during peak times

Businesses were asked to define each of these groups by full-time and part-time.

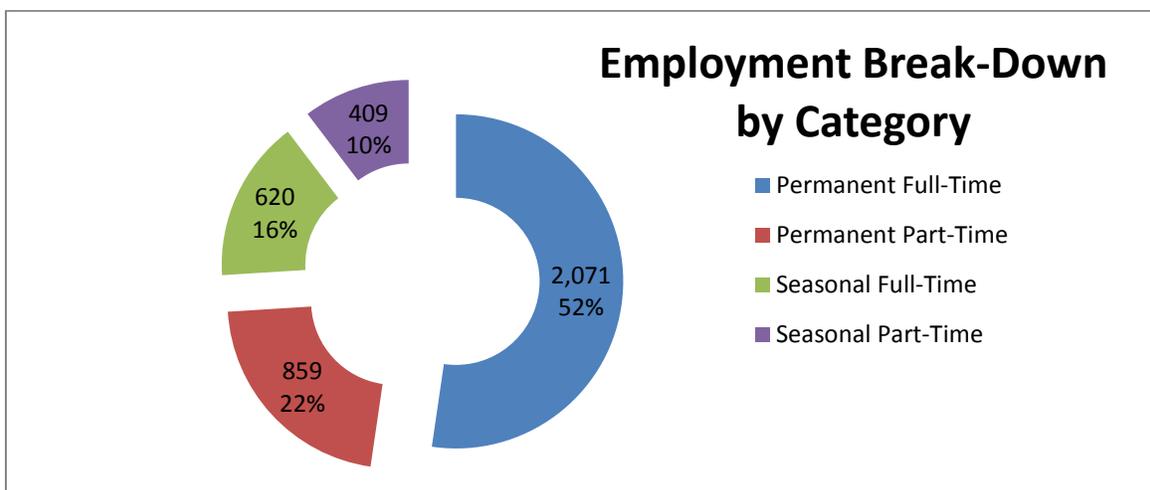


Figure 2 - Employment Breakdown

4.3 Hiring

Of the 219 businesses surveyed in 2016, 26% (59 businesses) are looking to hire in the next three months. These anticipated hires will bring approximately 87 new jobs to Gravenhurst, and will be a mix of all of the categories in the previous question. Each year the percentage of businesses hiring has increased. Typically those who respond to this question are looking for permanent part-time or full-time staff.

4.4 The Business Climate

The first qualitative question in this survey was designed to better understand how businesses felt about being located in Gravenhurst. In an attempt to find trends, respondents were then asked if they thought the business climate had become more positive or more negative in Gravenhurst and explain why. We continue to see an upward trend from our businesses in terms of satisfaction with being located in Gravenhurst, with a cumulative 25% increase in satisfied businesses since 2015. 2017 was the first year that there were no respondents who are Very Dissatisfied. 81% of respondents were either satisfied or very satisfied with the business climate in Gravenhurst, with another 26% of respondents being neutral. Only 1% of respondents were dissatisfied with no businesses considered to be very dissatisfied for the first time.

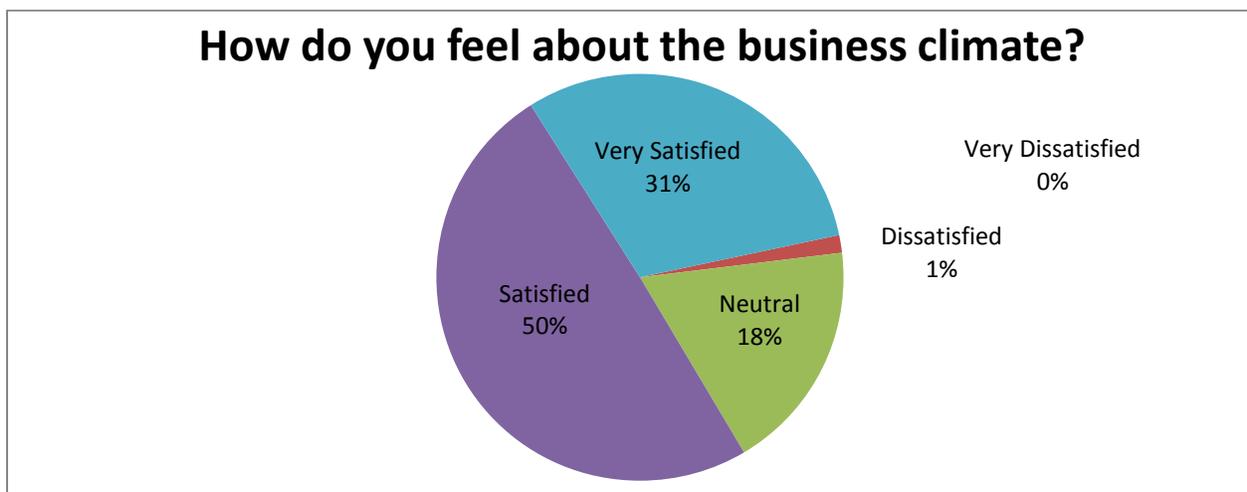


Figure 3 - How do you feel about the business climate?

4.5 Historical Business Climate Data

The majority of businesses feel Gravenhurst's business climate hasn't changed over the last year or has improved. The majority (87%) of those that have seen no change in the historical business climate are either satisfied or very satisfied. A higher number of businesses have seen positive improvements in the local business climate, making it easier to do business and make a living. While those that have seen a trend towards a more negative business climate are shrinking, it is still important for members of the economic development team to reach out to these businesses individually to see what the main causes of this perception are.

- 76 are More Positive
- 122 said No Change
- 11 are More Negative

4.6 Why has the Business Climate Changed?

Respondents were given the opportunity to comment on why they were experiencing a positive or negative change in the business climate. 25% (54) of businesses responded to this question. While each response is unique, 8 themes emerged from the comments:

4.6.1 Positive Themes

- Business Growth in 2018 was a major theme
- Local shopping is increasing
- Gravenhurst is being perceived as a progressive, collaborative town
- Town employees have become more active and supportive with the business community
- Business owners are collaborating together to drive traffic to the entire area

4.6.2 Negative Themes

- External pressures such as minimum wage
- Parking in the downtown core
- Assorted civil issues

4.7 Biggest Challenges for Business

Business owners were asked to state the biggest challenge that they face. Some responses talked about external issues such as seasonality, while others discussed internal issues such as time management. There was a broad range of challenges and issues included in these unique responses. The list below shows the most frequent responses, the number in brackets following the challenge is the number of businesses who have identified this as a challenge:

- Finding and retaining employees, both skilled and un-skilled throughout the year **(45)**
- Finding efficient ways to market to both local and seasonal residents and getting them into the businesses in Gravenhurst **(28)**
- The seasonality of Gravenhurst **(24)**
- Struggle with Town policies and procedures, specifically: individual communication, taxes, procurement processes, and by-laws. **(12)**
- The need for more customers by growing the amount of people in the area **(11)**
- Provincial and Federal Legislation that is effecting a business's ability to operate **(6)**
- Local Utilities and Infrastructure i.e. Roads, internet service **(5)**

4.8 Succession Planning

The 2017 introduced a number of new questions related to a business owners plans into retirement. Owners were asked if they intended on transitioning out of their business within the next 5 years. It was discovered of the 221 businesses that were surveyed 35 businesses (or 16%) of business owners were intending to transition out of the business. Those that answered yes to that question were then asked if they had a succession plan in place. It was discovered that only 9 of the 35 business owners who intended on transitioning out of the business in the next 5 years had a succession plan.

4.9 Profitability

This survey asks businesses to answer if their profits have gone up in 2017 or if they dropped. We have seen an increase in the number of people providing financial information using this method as opposed to asking for a specific revenue process. Companies do have the opportunity to skip the question if they choose. 55% of businesses saw an increase in their profits in 2019 with only 16% declaring a decrease. The remainder of businesses preferred not to answer.

4.10 Location

The second new question that was included in the 2017 business survey asked business owners to define where their business was located. Those business owners that answered they were in leased or rented spaces were asked when their lease ended. This information will allow the economic development team to track when businesses may need to move, expand or possibly close.

What type of Facility does your business operate out of?

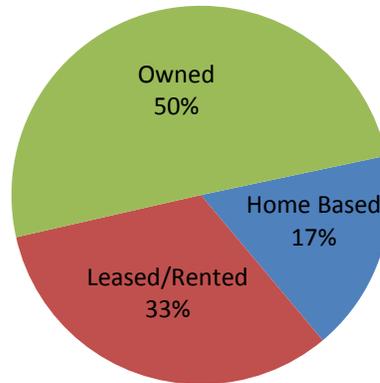


Figure 4 – What type of Facility does your business operate out of?

4.11 Expanding, Changing or Improving

One way to understand if a business is growing or declining is to see what level of reinvestment is occurring. If a business consistently reinvests year over year they can be identified as a potential expansion, alternatively if a business is not reinvesting over a similar period of time it is important to see if there is a potential for assistance. The annual business survey tracks four different aspects of business reinvestment:

- Expansion of floor space
- Expansion of product lines
- Building improvements
- Equipment purchases

36% (79) of businesses reported changing or expanding their product lines in 2017. For the third year in a row there has been an increase in the number of businesses bringing in additional product lines. 9% (20) of respondents expanded their floor space, which occurs when businesses move to a larger location or build additions on their current workspace. 2017 marked a downward trend continuing for the number of businesses that are increasing their space, however an upward trend in owners spending money on building improvements at 42% (91). An additional 43% of business invested in new equipment for their businesses. The spending from businesses helped make 2017 the construction values increase to record levels. Preliminary research indicates that approximately 55% of this investment was spent locally, with the rest becoming victim to retail leakage. Figure 4 outlines how businesses reinvested.

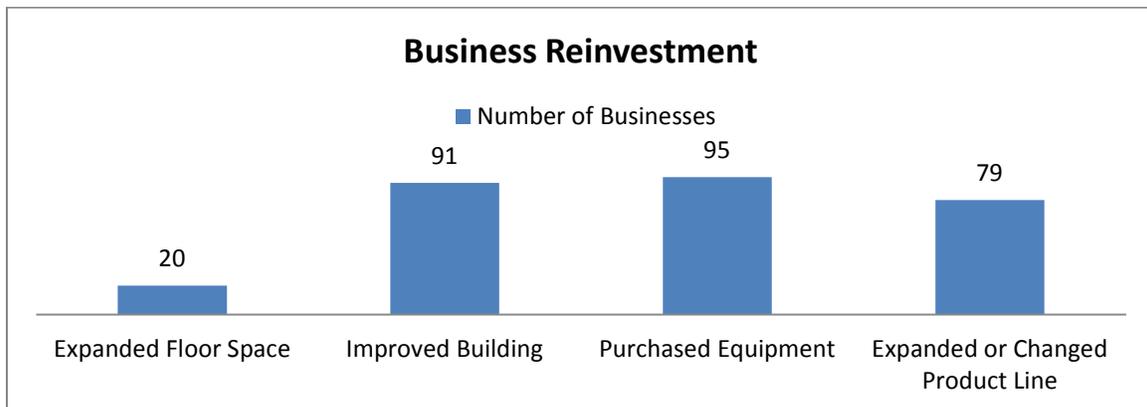


Figure 5 - Number of Business's Expanding, Improving or Changing

4.13 How Can the Town Help Businesses?

The final question of the annual business survey was specifically left open ended, allowing business to request specific help or offer additional comment. 130 responses to this question were recorded. Some of the items were addressed and solved easily during the survey period; others were suggestions for improvements that require further consideration. Below are lists of popular suggested improvements and requests that were completed during the survey:

4.13.1 Suggestions for Improvements

- Additional information sessions from the town on topics such as building code changes
- Housing is a huge issue in Gravenhurst, one of the ways to help solve the issues with workforce is to focus on the development of attainable housing
- Have a resource for businesses to find out what type of funding they can access
- Find a way to attract more population to Gravenhurst year round
- Develop a resource to help businesses find and choose marketing that is affordable and efficient

4.13.2 Examples of Addressed Issues

- Help applying for CIP grants in the coming year
- Help businesses find new suppliers for products that were previously not sourced locally
- Directed businesses to appropriate people to help with marketing, and business registration
- Liaise with other town departments to help businesses look at future developments

5.0 Conclusions & Recommendation

After completing the third iteration of this study it is clear that the benefit far outweighs the amount of staff time that is required to implement. In addition to gathering incredible amounts of data that is helpful for investment attraction, grant writing and other projects, this study has allowed the economic development team to build relationships with businesses that have never existed. Through these surveys we are still hearing from businesses that they are happy to have the opportunity to talk about what is going on, and are saying that the resulting programs are being efficient in terms of problem solving. Comparable data will allow us to notice trends both positive and negative and either continue to encourage activities or develop new ones to address problems. Understanding how the business climate is changing, as well as the challenges that local businesses face makes it easier to develop strategies and programs to help in the most efficient manner possible. This data also helps to reinforce strategic documents and directions that the Town is currently undertaking. Much of the information that has been collected in this process can be used to reinforce the Town of Gravenhurst Strategic Plan. The recommendations below align with specific strategic actions from this plan. Based on the findings of the 2017 business survey we are recommending the following actions:

5.1 Recommendations

1. Continue to work with business and industry leaders to develop a strategy to help our local businesses find and retain talent. Collaborate with other organizations that are beginning to focus on workforce.
2. Work collaboratively amongst town departments and other levels of government to identify and promote shovel-ready attainable home development sites. Continually market Gravenhurst as a high quality place to live, work and raise a family year round.
3. Develop a database of marketing options for business that can be easily accessed, ranging in cost options and effectiveness. Work with our community partners to encourage marketing seminars be made available for local businesses.
4. Focus on attracting key sectors and services that will encourage additional visitors and residents to shop locally, reducing the amount of retail leakage that is occurring.

5. Continue the annual business survey as a way to enhance business engagement and relationships, and to identify common challenges and opportunities the business community is facing. Additionally, prioritize the recompletion of surveys next year to track some of the impacts of Bill 148 on the local business community.