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BUSINESS WISDOM EXCHANGE – ANALYSIS AND RECOMMENDATIONS

The Planning and Economic Development Committee recommends the adoption of the recommendations contained in the following report dated January 5, 2007, from the Commissioner of Planning and Development Services:

1. RECOMMENDATIONS

It is recommended that:

1. This report be circulated to the local municipalities, Chambers of Commerce, Board of Trade and business executives who participated in the Business Wisdom Exchange consultations.
2. The Economic Development Branch coordinate with the Chair's office to develop a structure for future events with the Region's business leaders focused on key themes to sustain economic growth as identified in the Business Wisdom Exchange interviews and to develop a pilot event.

2. PURPOSE

The York Region Economic Strategy 2005 identified the need to organize an annual Business Wisdom Exchange or Economic Summit to engage the business community in sharing information and solutions to business challenges. The purpose of the CEO interviews was to obtain valuable insights on current issues facing businesses in York Region and to gauge interest in attending York Region organized events.

3. BACKGROUND

Commencing in mid June 2006 and completed by November 2006, the Economic Development Branch scheduled 43 meetings with senior business executives of pre-selected York Region businesses representing a range of industry sectors and company size. See *Attachment 1, Summary of Companies Interviewed*. They provided an opportunity for the Region's Economic Development staff to work in partnership with local municipal economic development staff to receive direct feedback on the current business environment and to share information. Municipal Economic Development staff have provided feedback on the interview process and confirmed what was heard during these interviews.

3.1 Terms of Reference

The goals and objectives of the meetings were to:

- Create an awareness of the need for business programs & partnerships.
- Develop an understanding of current workforce issues.
- Probe expectations and satisfaction of services provided in the local municipality and the Region.
- To determine the commitment level for a regular business advisory group.

The interview process was shared between the representative from the Region and an economic development representative from the respective municipality. The Town of East Gwillimbury and the Town of Whitchurch-Stouffville offered opportunities to participate in their Business Retention and Expansion (BR&E) interviews being undertaken at the time. In these two cases, the regional representative participated as a community volunteer. In some instances a tour of the facility was offered and undertaken following the interview.

4. ANALYSIS AND OPTIONS

4.1 Major Themes

During the interview process conducted with the Region's business leaders, four major themes were repeatedly raised across the Region's municipalities: the National Economy, Transportation and Transit, the Workforce and North and South Issues.

4.1.1 The National Economy

Business leaders of mid to large sized companies, particularly active exporters involved in electronics, automotive parts and light manufacturing, reported the following were the major issues affecting their ability to do business. They were aware that there is little that the Municipality or the Region can do to reverse these issues other than lobbying to more senior levels of government:

- The rising cost of the Canadian dollar
- The high cost of fuel and energy
- Global competition.

4.1.2 Transportation and Transit

Many of the executives interviewed from the southern part of the Region, indicated they had located their businesses in the Municipality due to the accessibility of an excellent highway network and the proximity to Pearson International Airport. However, a common theme raised was traffic congestion and how it is becoming a deterrent to doing good business. Respondents felt that traffic congestion is also beginning to erode the quality of life that originally brought them to the Region. It is being experienced not only during rush hour periods but throughout the day. Some respondents suggested that better synchronizing of traffic lights might help to alleviate the problem and improve traffic flow. In addition, they indicated that the many road construction and repair projects

currently underway should be reviewed for faster and more efficient completion. One executive of a large company with over 440 employees in the Region (and over 500 located elsewhere), implied that when they make their decision to relocate in 2007, they will take traffic congestion seriously into account.

Some business leaders in the southern part of the Region reported during the interview that they have seen a significant improvement in transit with the launch of VIVA. In addition, companies that relocated to new industrial parks in the south were very pleased that they were able to collaborate with YRT to arrange for new bus routes into their areas. What was heard overall, however, was that there is a need to continue to improve public transit. Executives of large manufacturing companies reported that a lack of public transit connections and sidewalks into the industrial parks has resulted in employees relying on the automobile to get to work. As some companies have grown, they have exceeded their original requirements for parking spaces and employees must now resort to parking on the street creating further congestion and causing concern for the safety of pedestrians.

Several business leaders in the southern part of the Region were aware of the Smart Commute Initiatives in Vaughan, Richmond Hill and Markham and although it was reported that many employees, particularly from the Scarborough area do share commuting, for employees who reside in other parts of the Region or the GTA, car pooling has not been an option. One business executive, who was contacted but declined the interview, was in the process of relocating his company outside the Region. The main reason cited was a current lack of transit infrastructure and no immediate solution in the foreseeable future.

Those executives located in the central part of the Region, reported that their employees have a long walk to their workplace from main bus routes, and in some cases the company has had to make their own arrangements to transport staff to and from public transit, particularly for those who work early or late shifts.

4.1.3 Workforce Issues

Manufacturing executives indicated that shifts within the global economy will affect the structure of the Region's workforce. For example, women who work in the automotive sector may be at risk of losing their positions as global competition relocates the manufacturing of smaller, lighter parts and products offshore while larger and heavier auto parts continue to be manufactured in the Region. One automotive parts manufacturer cautioned that the *"tool and dye industry is in trouble"*. He indicated that there should be a focus on small business as an indicator of the Region's economic health; *"Watch out for the smaller suppliers who will become the canaries in the cage"*.

Executives reported that they find younger employees lacking motivation, a sense of responsibility and a work ethic compared to those in their more senior years. This comment was concurrent with that of business leaders of several small companies located in the northern part of the Region. The aging of the workforce and retirement are

resulting in an inability to fill vacant positions. Employers find young job applicants deficient in the necessary skills and training such as carpentry, millwright and electrical skills. The business leaders indicated that more senior employees had received their training and experience through years of apprenticeship. As more workers, aged 50 years of age or older plan on retirement, it was indicated that there will be a high level of competition among companies in the Region to fill vacant positions with the necessary, qualified workers.

In other areas, sales and project management skills were reported as being lacking in job applicants. In addition, many employees with engineering degrees and technical training lacked inter-personal and communications skills to allow them to be promoted to more senior positions within the company. Included were recent immigrants who require additional language training. Also mentioned was the difficulty in finding temporary service staff.

On the other hand, business leaders indicated that some of the qualifications of certain candidates applying for positions exceeded their company's requirements. Many reported that they have difficulty finding the person who is the "right fit" for the company. "Right fit" referred to more than just having the necessary skills to do the job. Being able to adapt and function well within the company's culture and environment was of importance.

The average hourly wage, reported in York Region is \$15.00 per hour. In some cases, involving manufacturing and assembly work, the hourly wage is much lower and it was reported that filling these positions is an on going challenge particularly with the high cost of housing in the southern part of the Region.

4.1.4 North and South

The most common cause for concern heard in the south was frustration with traffic congestion and bottlenecks, not only during rush hour periods but throughout the day. This topic was addressed in further detail in Section 2 of this document. Some executives located in the south reported having experienced power outages, mainly brownouts. In one case it resulted in staff being sent home for the remainder of the day.

Due to requirements for more space, nine of the companies located in the south and central part of the Region, are expanding and reported that they are planning to relocate. These companies would prefer to remain in their respective Municipalities but are having difficulty finding suitable vacant industrial land or buildings and therefore may have to relocate elsewhere in York Region.

In the northern part of the Region, the respondents suggested that there should be a focus on the following:

- infrastructure
- broadband connectivity

- better weight bearing roads
- more competitive energy costs.

The lack of infrastructure is discouraging many northern businesses. One respondent felt that his business is “*not getting full return from his high tax dollars*”. Although power outages, both blackouts and brownouts, were reported in both the north and south, they were more frequently reported in the northern part of the Region with some companies experiencing several outages every month. The lack of access to power seriously affects business operations. One automotive parts manufacturer experienced a blackout and just in time delivery to his customer, a major automotive original equipment manufacturer, was jeopardized.

Many executives located in the northern part of the Region, expressed their concern about a lack of broadband connectivity and in some cases the monopoly of one company to provide the service. It was also reported that the inability to access public transit can be a set back for residents, particularly those who do not have a second vehicle in the family. Due to the larger geographic area, access to work sites or institutions of higher learning can be very challenging.

In two northerly municipalities, executives reported that bureaucracy and red tape at the counter have been a deterrent to doing business. They indicated the local building permit process is “*too long and too costly*” and in one case resulted in additional costs for completion of a project. It would appear that there is an opportunity to review the current method of response to enquiries and for improving customer service at the counter in these municipalities.

Irrespective of their location within the Region, whether north or south, the interviewees commented that infrastructure needs to be in place in the Region before there is further development.

4.1.5 Red Flag Issues

Local issues identified during the meetings as “a red flag” were those issues characterized as requiring attention and response. These were noted during the interview and the participating municipal representative is acting as a liaison to assist those companies directly. Some examples of a red flag were a need to find suitable land for relocation within the municipality, matters relating to planning, engineering and zoning permits or municipal approval processes. Others related to energy efficiency, financial sourcing or safety issues.

4.1.6 Positive Feedback

The Business Wisdom Exchange interviews provided a venue for senior business executives to identify issues they believe have an impact on the business environment in York Region. Although many cited specific issues, the majority of the executives interviewed provided many positive comments as to why they had originally located and continue to do business in the Region.

The following are direct quotations from some of the business leaders interviewed:

- “I am proud to be an employer in York Region.”
- “Have seen significant improvement in transit with VIVA.”
- “The Region has a good highway network.”
- “The municipality has been very accommodating.”
- “York Region is the best of both worlds – city and country.”
- “The Region’s strength is in its diversity.”
- “Promote York Region products.”
- “I have found good access to apprenticeship programs.”

95% of the participants responded that they would be interested in receiving further information regarding future CEO business wisdom exchange events.

4.2 Comparable City/Region Conference Themes

To determine how best to utilize the feedback received from the business leaders during the Business Wisdom Exchange interviews, other regions and cities in North America were researched. A number of these are identified in *Attachment 2, Comparable City/Regions*, of this report.

4.3 Recommendations

The Business Wisdom Exchange has created an opportunity for exploring further CEO type events in the Region. To follow up on the interest expressed by the business executives to continue to share information and build relationships, it is recommended that the Economic Development Branch work closely with the Chair’s office to develop a pilot event. This event would provide an opportunity to discuss solutions on economic issues affecting business in the Region.

4.4 Relationship to Vision 2026

The Economic Strategy is the blueprint that defines the Region’s role in achieving the Vibrant Economy goal set out in Vision 2026. One of the strategic directions of the Economic Strategy is to create an environment to share information and ideas. A key objective was to convene an annual Region-wide business wisdom exchange and an economic summit that would provide an opportunity for business and stakeholders to network and exchange ideas and for the Region to receive feedback on its performance. To obtain a sense of the current business environment prior to organizing a CEO conference, the Economic Development Branch arranged and conducted the series of meetings with York Region business executives as outlined in this report.

Feedback from the meetings held with business leaders reinforces the strategic directions outlined in the Economic Strategy to share information, sustain the workforce, strengthen entrepreneurship, enhance the quality of place and encourage efficient transit and transportation in the Region.

5. FINANCIAL IMPLICATIONS

There were no costs incurred to conduct and complete the series of business interviews. Staff from the Region's Economic Development Office arranged and conducted the interviews with the participation of local municipal economic development staff.

6. LOCAL MUNICIPAL IMPACT

The CEO interviews provided a collaborative opportunity for the Region's Economic Development Branch and local municipal economic development staff to share information and receive direct feedback from local businesses. Local municipal staff have reviewed a summary of the feedback obtained from the interviews and concur that it summarized what was heard during the interviews.

They have also indicated that the interviews provided a better understanding of the issues and challenges facing local business and were useful in learning more about the companies within their municipalities. The meetings created an environment whereby future relationships with senior executives can be nurtured.

7. CONCLUSION

This report will be circulated to the local municipalities, stakeholders and the business executives who participated in the meetings. The positive interest and feedback received from the participating executives during the Business Wisdom interviews suggests that there is an opportunity for further interaction. It is recommended that the Economic Development Branch work closely with the Chair's office to develop a pilot event involving business leaders.

For further information about this report, please contact Patrick Draper, Director of Economic Strategy, Economic Development Branch at (905) 830 4444 ext 1503 or patrick.draper@york.ca

The Senior Management Group has reviewed this report.

(The attachments referred to in this clause are included with this report.)