

Town of Ajax Report



Report To: General Government Committee

Prepared By: Robert Humphrey, Senior Economic Development Officer

Report #: CAO-2023-17

Subject: **Business Retention and Expansion Survey Results**

Ward(s): All

Date of Meeting: November 20, 2023

Reference: 2021-2025 Economic Development Action Plan

Recommendation(s):

- 1. That the Business Retention and Expansion Survey Results be received for information**

1. Background:

Business Retention and Expansion (BR+E) is critical to a community's economic stability and growth. This standard economic development activity focuses on identifying the needs of local businesses.

In early 2023, the Town embarked on its first comprehensive BR+E exercise through a survey-focused approach in partnership with Ontario Tech University, CityStudio Durham, and the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA).

The Town was selected to partner with Ontario Tech University through our relationship with CityStudio Durham. The Town is currently the only municipal partner with CityStudio Durham (formed to facilitate opportunities for post-secondary students to apply their skills, creativity, and entrepreneurial spirit).

The Town's exercise sought to collect the following information:

- Are businesses expanding and growing?
- Are they expressing common concerns or problems?
- What are the trends in the overall market and in key sectors?
- How can the Ajax Economic Development & Tourism Team address concerns and help local businesses succeed?

The data results from the exercise will support current corporate and economic development plans, and inform future actions.

2. Discussion:

The Business Retention and Expansion (BR+E) exercise was completed in three phases:

1. Design & Preparation
2. Collection
3. Analysis & Next Steps

Design & Preparation

The Town's Business Retention and Expansion survey(s) were designed using OMAFRA's award-winning and internationally recognized BR+E guide. The Town's exercise included a main BR+E survey consisting of 58 questions as well as 75 sector specific questions related to Agriculture, Downtown Retail, Local Food, Manufacturing, Mining, Natural Resource, Retail, and Tourism. Businesses were asked to respond to what was applicable.

The main BR+E survey included questions on the following topics:

- **Business Information**
- **Business Climate** (general impression of Ajax from your business perspective)
- **Future Plans** (downsizing, relocating, selling, expanding, closing)
- **Business Development** (outlook, sales, products or services)
- **Workforce** (hiring, access to labour)
- **Community Development** (Ajax's advantages and disadvantages as a place to do business)

In addition to the main survey, a Downtown survey consisting of 20 specific questions was created for the unique business area.

Once finalized, the survey questions were entered into the Town's ARC GIS Survey123 system and available on Town issued iPads for collection, analysis and reporting purposes.

Collection

The 20-week data collection process, which was largely led by Ontario Tech University students, was completed in two stages (Feb to March and May to August). Five students were assigned to each stage. The outreach strategy included in-person visits and follow-up emails and calls.

Of the Town's 1,829 listed businesses (at the time), the student teams successfully engaged with 851 businesses. The Town's economic development team assisted by directly contacting 80 businesses. In total, 931 (51%) of businesses were reached. Unfortunately, the teams did not reach the project engagement target of 80%. The teams expressed difficulty with reaching the appropriate business contacts and confronted challenges with business availability.

Of the businesses contacted, 122 businesses completed the main BR+E survey, representing a response rate of 13% (6.6% of all businesses). Of those, 14 businesses responded to the separate Downtown survey as well. The team attributed the low response rate to the lack of interest on the part of the business as well as the length of the survey – it took 20 minutes on average for businesses to complete.

Recommendations from the student teams to improve survey engagement and efficiency includes a shorter survey for in-person visits, clear communications with businesses, and adding programs such as Excel to Town iPads to increase flexibility of recording survey data.

Analysis & Next Steps

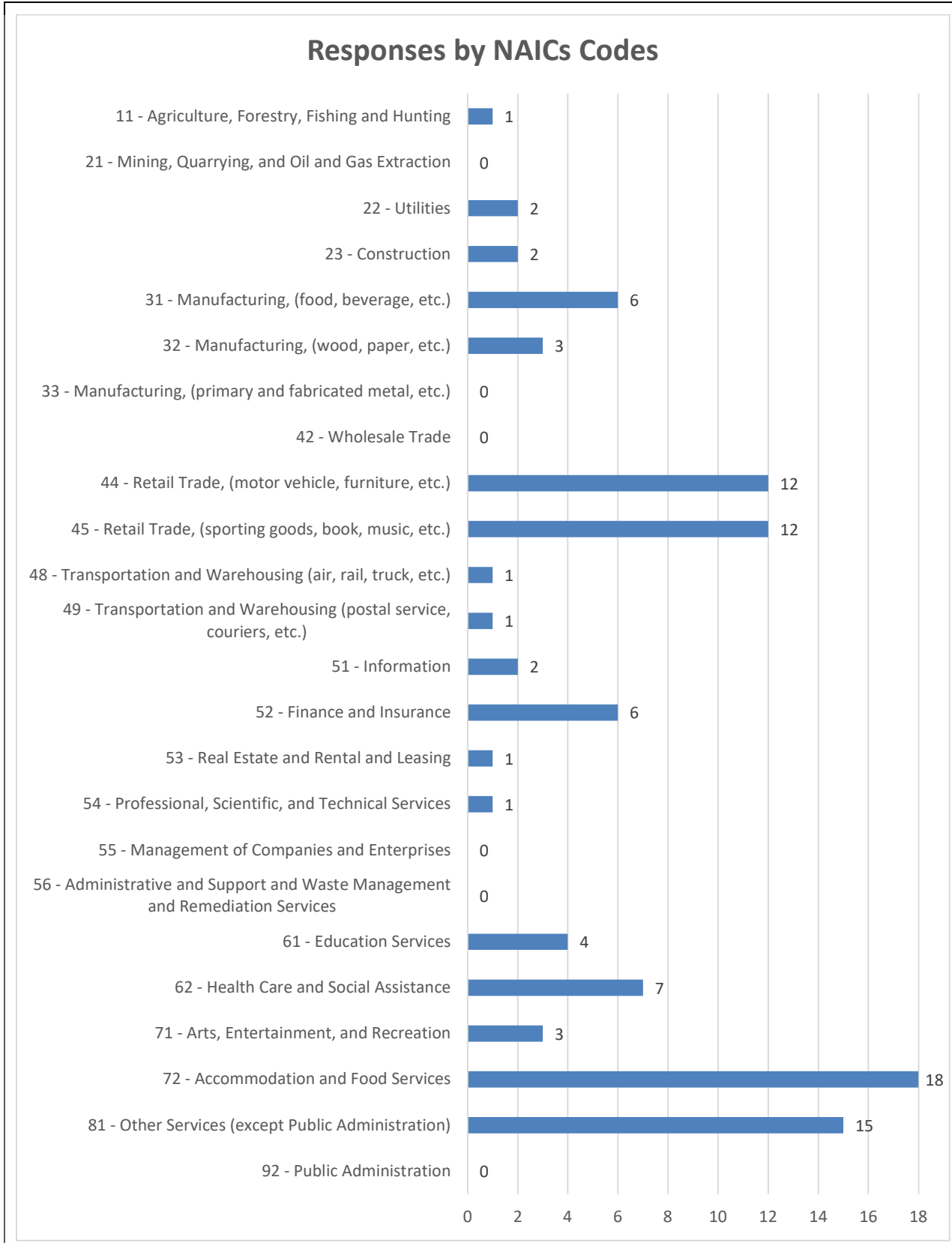
Main Survey Results

Business Information

The results of the survey demonstrates the presence of strong local business ownership – very engaged business owners with over 75% of the owners involved in the day-to-day operation of the business and just under half (47%) of owners surveyed live in Ajax. These business owners are well prepared for success as 70% have a business plan and 89% have updated their business plans within the last 3 years.

There is a good mix of new and long standing, established companies, and different sizes of businesses who completed the survey. The Town received 36 responses from businesses who have been operating in Ajax for over 25 years. There are more smaller businesses (less than 30 employees) than larger businesses (30+ employees) who responded to the survey. Regardless of the age and size of the businesses, their primary markets of customers are mainly local (57%) and regional (26%) as compared to national (12%) and international (5%). This indicates the significance of a strong local and regional economy to Ajax businesses.

As Figure 1 shows, there was a real variety of Ajax businesses who completed the Main Business Retention and Expansion Survey as defined by their NAICs codes. There were 97 businesses who identified themselves by their NAICs codes, while 11 skipped this question in the survey.



**Figure 1:
Responses by NAICs Codes**

Business Climate

The survey results indicate that businesses have a very good impression of Ajax as a place to do business as 50 responses (51%) were “Good” and 33 responses (33%) were “Excellent”.



In the past 3 years, most businesses 70, (65%) have reported no change in their attitude about doing business in the community, however, the more positive attitudes 24, (22%) are almost double the number of more negative attitudes 13, (12%).

Growth and development in Ajax and Durham Region; employees live in Ajax, making it more convenient for them; and the community supports and shops at local businesses are among the reasons behind the positive change in attitude. The reasons for the negative change in attitudes the past 3 years are businesses have been impacted and adjusting to Covid-19; homelessness; and crime and theft.

Some of the most favourable factors of doing business in Ajax are:

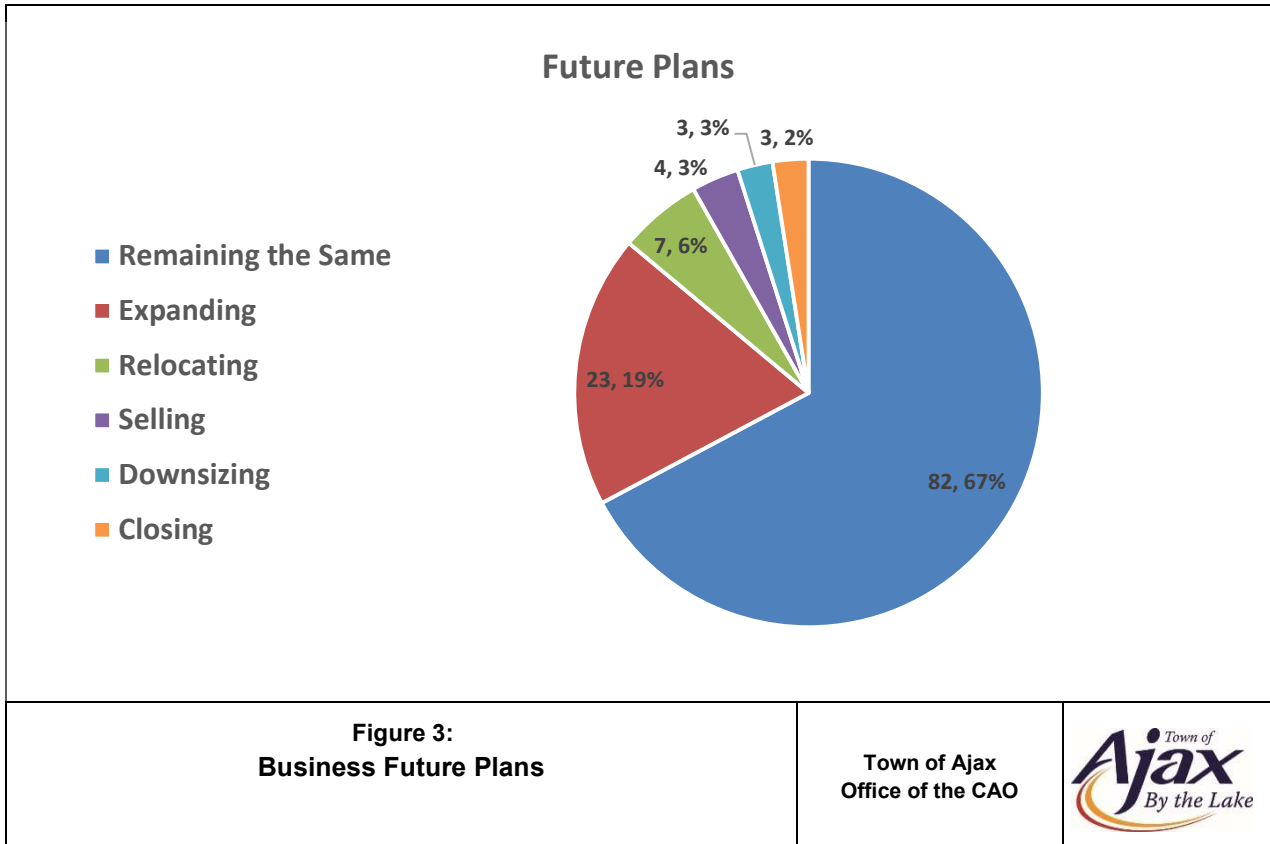
- Support from local residents
- Quality of life
- Available health and medical services
- Regional/provincial roads and highways; and
- Local roads and streets

Future Plans

Overall, the future plans of businesses in Ajax are positive with the majority planning to remain the same and planning for future expansions. Of the companies considering relocating, most are looking in Ajax to relocate.

Table 1 – Future Plans

Future Plans	Number of Businesses	Percentage
Remaining the Same	82	67.21%
Expanding	23	18.85%
Relocating	7	5.74%
Selling	4	3.28%
Downsizing	3	2.46%
Closing	3	2.46%
Total	122	100.00%



Business Development

Due to population growth and housing developments in the community, Ajax businesses have expressed an overall positive outlook for their respective industries as out of the 106 businesses who responded to the question on their outlook for their industry, 50 (47%) answered “Growing” and 39 (37%) said “Stable”. Only 10 (9%) mentioned “Declining”, while 7 (7%) were “Not sure”.

Furthermore, 57 businesses (55%) reported that their projected sales in the next year are expected to increase, while 23 (22%) feel their sales will remain the same. Only 4 (4%) expect a decrease in projected sales within the next year.

Businesses are interested in working co-operatively with other businesses, specifically when it comes to networking/information sharing and joint marketing.

While most businesses use technology, the most common barrier currently experienced related to their business is slow internet speed. Retail businesses also requested improved telecommunications infrastructure (internet access, debit machines, etc.).

Workforce

Most businesses have remained the same or increased their number of people employed during the past 3 years despite the pandemic. When recruiting new employees, 95% of businesses surveyed either hire amongst their personal networks or use employment centres and websites (job boards).

Some companies (39) are currently having difficulties hiring. Lack of appropriate skills or training and lack of relevant experience are the top two reasons behind the hiring challenges.

After hiring staff, the majority of businesses (84%) do not have difficulty retaining employees.

Notably, 2/3 of businesses do not currently participate in any co-op, internship or apprenticeship programs. This presents an opportunity for the Town to connect local businesses with post-secondary institutions, providing skills training, work experience, and workforce development.

Community Development

There are several attributes that make Ajax an attractive place to do business. The top three advantages listed in order are a growing community, location, and talent / workforce. These three assets can be used to promote Ajax and attract new businesses to the community.

When asked what are Ajax's top three disadvantages as a place to do business, expensive real estate (both residential and commercial), including a lack of office space in the Downtown; homelessness; and traffic and construction were cited the most.

Looking to the future over the next five years, in terms of overall impact on Ajax, the most significant change businesses would like to see is addressing affordable housing and homelessness. Affordable real estate, real estate redevelopment, and investments in infrastructure and public transit were also mentioned. Marketing and economic development ideas including the Town to form partnerships with business owners, more development in small business, and develop a "live here and work here" attitude where people are employed locally rather than commuting to Toronto.

Businesses felt assistance or opportunities in E-marketing, social media and online content workshops, business networking sessions, and joint advertising and marketing would be beneficial to support their business. This is an opportunity for the Town to host some seminars and events on topics beneficial to local businesses.

Sector Specific Results

Tourism

There were 21 tourism-related businesses that completed the Tourism Survey. Similar to the results of the Main Business Retention and Expansion Survey, the local tourism market within 100km is important and there is no shoulder season – tourism operators are busy year-round. Casino, sporting events, and golf are seen as the top 3 products/activities that attract visitors to the area. Increase or develop public washrooms, more shelters, and an attraction were some of the assets or infrastructure that survey respondents would like to see developed to support tourism.

Retail

There were 24 responses to the Retail Survey. The retail skills that retailers would like to see improved are retaining existing or attracting new customers; staff training and development; marketing; evaluating marketing opportunities; and dealing with the competition. These can all be topics for future webinars and business networking sessions. Retailers also expressed concern over rents and lease costs of building, and the cost and availability of full-time and part-time employees.

Top 3 suggestions for improving the retail business environment are:

- T1) More and better festivals and events
- T1) More restaurants and entertainment facilities
- T1) Repair or remove “eyesore” buildings
- 2) More and better signage
- 3) More niche market specialty shops

Top 4 community assets retailers would like to see developed in Ajax are:

- T1) Sports or recreation facilities
- T1) Parks and/or green space
- T2) Farmers market
- T2) Public cultural facilities – libraries, museums, entertainment centres
- 3) Walking & bike trails
- T4) Directional signs
- T4) Public washrooms conveniently located in the downtown

Local Food

There were 12 responses to the Local Food Survey, with all 12 identifying themselves as a secondary supplier of local food – distributor, retailer, restaurant, etc. In their opinions, some of the greatest barriers to supplying locally are high costs, competition from outside the area, and an inability to produce large, consistent volume. Ways in which local/regional organizations and municipalities can assist in enhancing the local food economy are by connecting food producers to processors, retailers and restaurants; promoting “Buy Local” campaigns; and developing networking and communication.

Manufacturing

There were 9 responses to the Manufacturing Survey. The survey results demonstrate that the manufacturing sector remains strong and steady in Ajax.

Agriculture, Mining, and Natural Resource

There was only one response to the Agriculture Survey and no responses to the Mining and Natural Resource Surveys. As a result, there was not enough responses to perform a data analysis on these surveys.

Downtown Survey Results

There were 14 responses to the Downtowns Survey. Businesses identified several strengths in Downtown Ajax including a good variety of businesses, parking availability, labour workforce, steady business throughout the year, and a commitment from residents to shop local. According to Downtown businesses, items that needs improving are street furniture, way-finding / tourism directional signage, and clean up litter and graffiti. Opportunities to consider are downtown redevelopment, joint marketing efforts such as an online marketing campaign, and demand for the presence of a Farmers Market in the Downtown. Homelessness is a common issue affecting businesses in Downtown Ajax which the Town hopes to gain more insight into through the Business Support Outreach the economic development team is conducting in the Downtown and Pickering Village areas.

Next Steps

How will the data be used?

The proposed actions suggested by Ajax businesses of how the Town can assist them can be addressed through a combination of the Town's Economic Development Action Plan and services (business retention and expansion, site selection, market information, access to programs and resources, and tourism opportunities), and the Town's 2022 – 2026 Action 26 Strategic Plan.

Town staff will start to implement and monitor the goals and action plans of this BR+E exercise. Due to the importance of connecting with our local businesses and having a consistent understanding of their needs, concerns and opportunities, the Town of Ajax will conduct a BR+E survey every few years.

3. Financial Implications:

There are no financial implications related to the recommendations in this report.

4. Communication Issues:

While the BR+E project is led by the Economic Development & Tourism Team, to implement the project required collaborative efforts and working together with the Town's Communications and Information Technology Departments.

5. Relationship to the Strategic Plan:

This report aligns with the following sections of the Action 26 Strategic Plan:

Pillar 2:	Growing our Community
Priority 2:	Advance innovation and investment
2.1:	Facilitate business retention and expansion
Supporting Action:	Business Retention & Expansion Program Initiation

This report aligns with these sections of the 2021-2025 Economic Development Action Plan:

- Goal 1: Leaders in Business Retention, Expansion and Attraction
- Action 1.1: Update and conduct a new, innovative targeted annual business retention and expansion programming to complement regular business outreach
- Action 1.2: Conduct a targeted BR&E of strategic locations to identify area-specific challenges and opportunities. Suggested areas include Midtown, Uptown Regional Centre, Downtown and Pickering Village
- Action 1.3: Conduct a targeted BR&E of subsegments of the overall business community with a focus on locally owned businesses with less than 50 employees

6. Conclusion:

To assess the current business climate and better understand the services that businesses need, the Economic Development & Tourism Team initiated a BR+E exercise in 2023.

Due to the importance of connecting with our local businesses and having a consistent understanding of their needs, concerns and opportunities, the Town of Ajax will conduct a BR+E exercise every few years.

Attachments:

- ATT-1: Ontario Tech University Winter 2023 Students Project Summary Poster
- ATT-2: Ontario Tech University Business Retention and Expansion Project Report (Winter 2023 Students Report)
- ATT-3: Ontario Tech University Summer 2023 Project Summary Poster
- ATT-4: Business Retention & Expansion Program Project A – Town of Ajax (Summer 2023 Students Team # 10 Report)

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