

GREY HIGHLANDS

Agricultural Business Retention & Expansion

*Growing Business in
Grey Highlands*



A Preliminary Report based on Agricultural
Data Collected in Grey Highlands

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Report Created By Mike Maloney (Agricultural BR+E Project Coordinator)

The Importance of Agriculture in Grey Highlands

The community of Grey Highlands has a diverse economy with businesses ranging from small retail stores to a nationwide manufacturer. No industry has a greater role in the culture of the community than the Agriculture and Farming Industry. With approximately 150 businesses and 375 persons employed in agriculture, it is an integral part of the local economy. The importance of Agriculture in the community extends beyond those who are directly employed in the industry and impacts the lives of all Grey Highlanders. From the support services that benefit from agricultural success, to the markets and retailers who depend on Ontario grown food, to each and every one of us who enjoys our local foods, indeed we are all touched by our local agricultural businesses.

Despite the importance of agriculture to communities and the economy at large it has become increasingly difficult to run a profitable farm in our current economic climate. Many difficult issues face today's farmers in Grey Highlands including rising energy costs, negative market forces (i.e. international competition), an aging farm population, a growing split in the urban/rural interface, an increasing regulatory environment and increasing environmental concerns. While we cannot address all these issues at a local level we have undertaken this project to attempt to address the growing concerns surrounding our agricultural sector and seek to find creative solutions that can make a difference in Grey Highlands.

About The Project

The Markdale Chamber of Commerce undertook an initial business retention and expansion project in Grey Highlands last year that addressed the retail sector of our local community. Now they have leveraged that project into a second BR+E focused on the agricultural sector. The Chamber chose to specifically target the agricultural sector for this project due to its significant role in our local economy. The purpose of a business retention and expansion project is to address issues at a local level so that we can stimulate the growth and success of our existing businesses within the community. The project seeks to understand the concerns of our local businesses through a survey and data collection process and then use the information along with the knowledge of local community leaders to develop an action plan for the local community that will act as a driver for growth of the community.

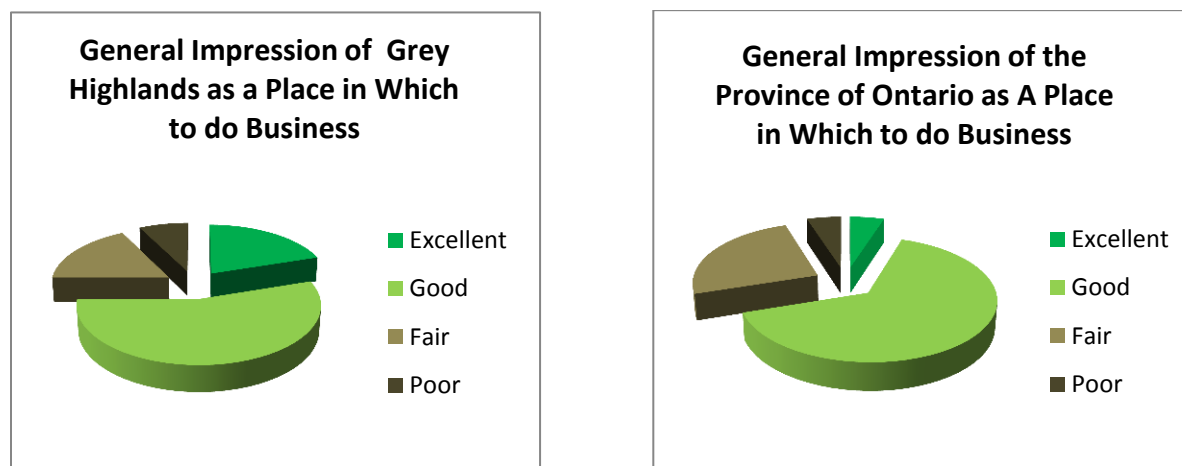
The Project begins with a Leadership team that acts as a steering committee for the project as it progresses. The agriculture projects steering committee consisted of Members from Grey Agricultural Services (Ray Robertson), the Grey Bruce local Food Project (Maria Weijs), OMAFRA (pat Kuntz), Grey County Federation of Agriculture (Wayne Balon, Bob Brassington), local farming youth (Justin Moncton), the Markdale Chamber of Commerce (Charmaine Peever-VP, Kate Russell-Staff) and the project coordinator Mike Maloney. This Leadership team worked to ensure that the survey questions remained relevant to the community and that an appropriate cross section of agricultural businesses was surveyed.

Throughout the winter and into the spring the Chamber worked to create a listing of our local agriculture community and complete 40 surveys of willing agricultural businesses sampled from that list. A diverse subset of businesses was sampled ranging from honey producers to fish farms and everything in between. The data was then compiled into online database management software provided by OMAFRA which computed simple understandable data printouts for use by the Task Force. The

following is a shortened summary of that data. For the full data set please email the Markdale chamber of Commerce at markdalechamber@cablerocket.com.

Business Climate

In comparing our agricultural business' opinions of our local business climate with the business climate of Ontario as a whole we can see below that there is generally a more positive opinion of the local climate than that of the Ontario Climate.

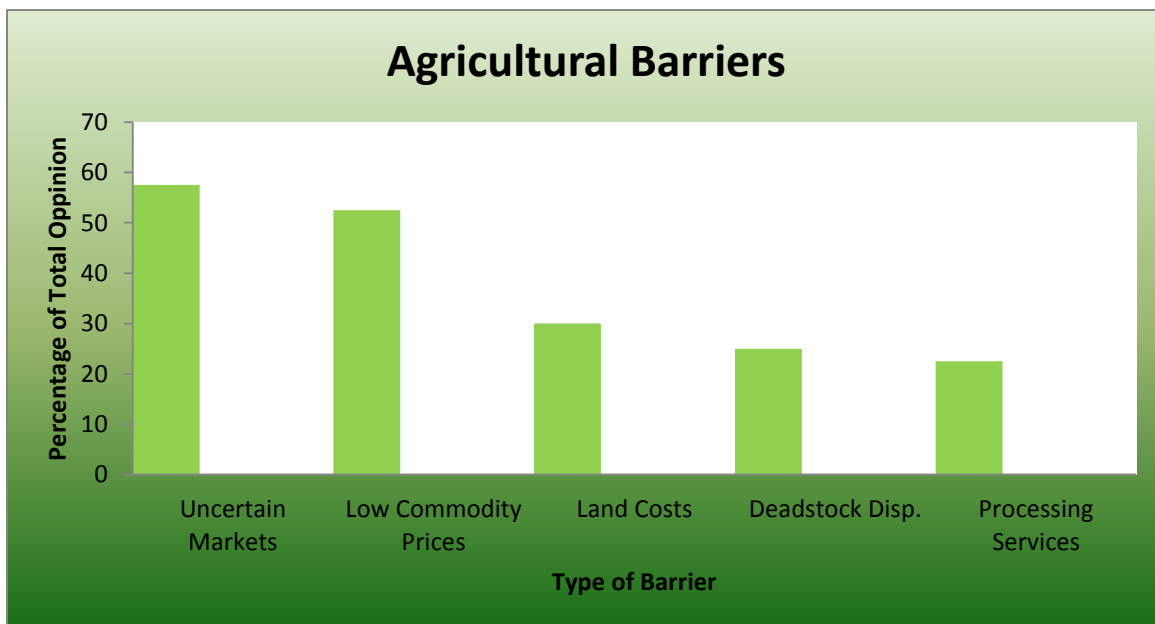
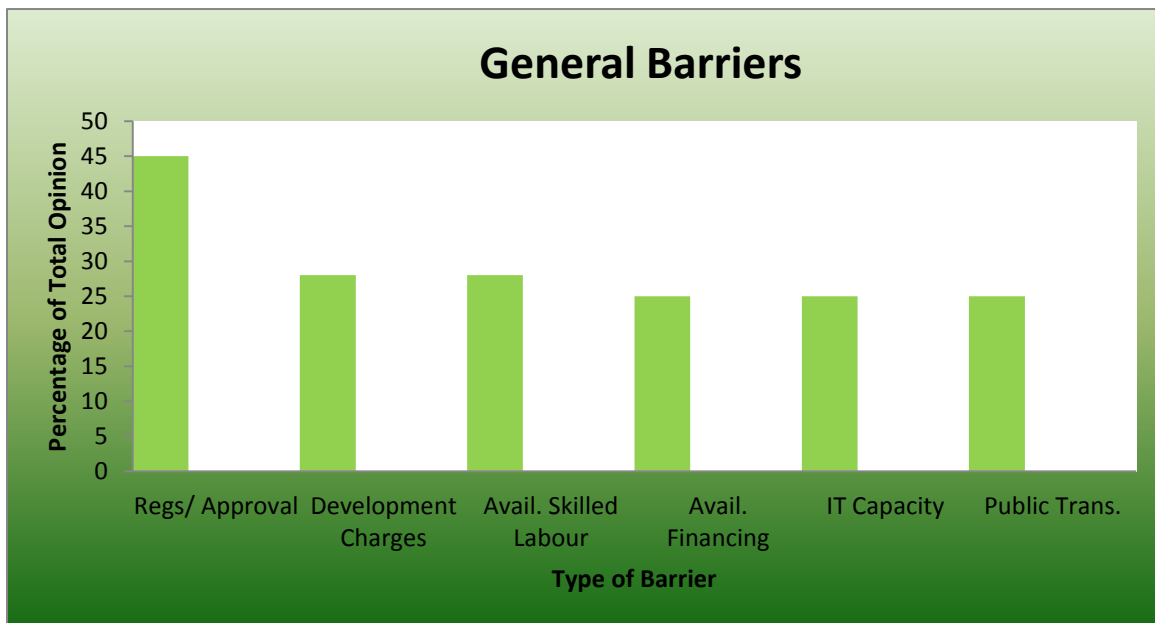


The local businesses were asked for specific recommendations on improving the local business climate in an open ended form question below are the most popular answers received.

- Improved support for New Business /New business Incubation
- BIA/Downtown Revitalization/ improved rental properties in the Downtown of Markdale
- Improved ability to sever houses from farm land
- More open lines of communication between the Ag community and the municipality

Barriers to Expansion

In the survey we also inquired about the top barriers to expansion of agricultural businesses in two separate questions. The first question listed general barriers that any business could face while the second question presented possible barriers that are specific to the agricultural sector. Provided below is a visual representation of the most popular General barriers in the first Graph and Agriculture specific barriers in the Second Graph. Other barriers not shown in the graphs that were identified by a lesser percentages of agricultural businesses are Availability of Training Opportunities (23%), Business Insurance (23%), Availability of Properly Zoned Land (20%) and Business Taxes (20%). A List of the total responses to all barriers can be found in the data reports in the appendix.



When asked what issue, if resolved would have the largest effect on the growth of your business the answers were extremely varied. The most popular responses were as follows:

- An improved consciousness of local food by our citizens
- Further Development of Canadian food Markets
- Financing availability
- lessen Health department restrictions and improved business accountability.

Local Service Satisfaction

Local services that respondents were generally **very or somewhat satisfied**

- | | |
|--------------------------------------|--------------------------|
| -Health Dept. /Health Unit Approvals | -public utilities |
| -Policing | -Snow Removal |
| -Fire Prevention | -Schools |
| -Garbage Removal | -Recreational Facilities |

Local services that respondents were generally **somewhat or very dissatisfied**

- Public Transit

Note*(As these are generalities please refer to the business climate section of the Data analysis for accurate numbers on level of satisfaction)

Future Plans

It appears that the Grey Highlands agricultural community is generally optimistic about its future, 73% of Agricultural businesses interviewed believed that next year's total dollar sales would be higher than the last. 55% of businesses surveyed had plans to expand their operation within 3 years while 43% planned to maintain the current size of the business. Of the 40 businesses surveyed not one anticipated downsizing in the next three years and only two anticipated closing in that time period both for retirement.

15 of the 22 businesses expanding in Grey Highlands anticipated a building expansion within the next three years, while 20 of the 22 anticipated investing in new equipment for their operations. 71% of expanding businesses will require an increase in their workforce. Other popular outcomes from future expansion of our businesses are additional diversity in crops or livestock, process improvements and additional services for customers.

Unfortunately 59% of the growing businesses were having difficulty with their expansion plans. With the predominant issues being **financing, labour availability, local by-laws and business plan development.**

The sampled businesses were also asked what they believed would be the most important issues for agriculture in the near future in an open ended form question and the most common issues identified were as follows:

- Cost of Operation/Profitability of Agriculture**
- Succession planning/generation transfer and the aging population of our Agricultural Producers**
- Sustainability/environmental responsibility of agriculture**
- Food distribution**
- Planning and zoning/Site restrictions**
- Development of markets/Marketing of agriculture**
- Urban-Rural Interface**
- Loss of Small Processors**
- Global Competition/international regulations**
- Financing Issues and Grant Biases**

Business Development

Businesses were asked to identify how important specific factors were to their agricultural business remaining competitive. The following is a list of factors that were generally believed to be important to the future success of businesses in Grey Highlands:

- Energy Costs
- Market Development (both locally and outside local area)
- Business Planning
- Strategic Marketing
- Availability of Telecommunication Services
- Product Research and Development

The majority (70%) of businesses that took part in the project were completely satisfied with the current site of their business while 25% were somewhat satisfied and only 6 % were either somewhat dissatisfied or very dissatisfied. The majority of reasons for lower satisfaction were beyond the control of policy or service organizations (inconvenient location for customers, condition of building, site is too small, etc.).

Business development-Markets

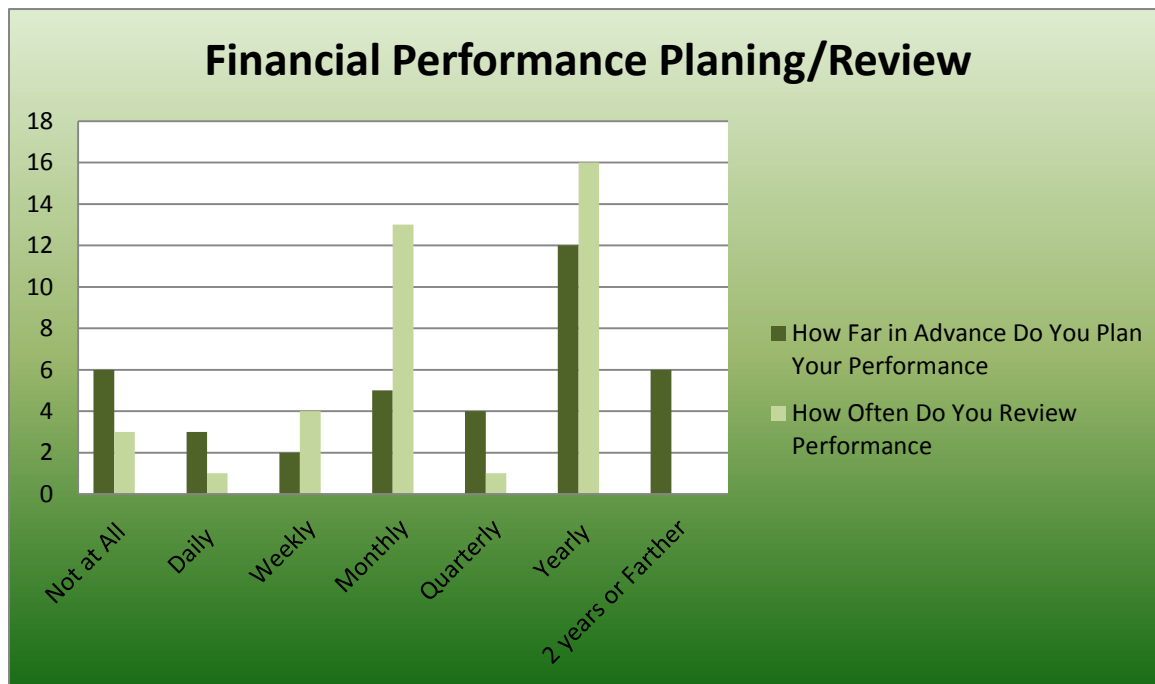
As each specific Agricultural product behaves in its own way and is subject to its own market fluctuations it is difficult to address an overall position for agricultural markets of the community as a whole. Of the 40 businesses sampled 33% believed that competition in their market was increasing, while 23% believed that competition was decreasing in their markets. The remainder (45%) believed that market competition was remaining the same.

The majority of producers believe that their market share is staying the same (60%) or increasing (33%) with only 7% of respondents believing that their market share is decreasing.

When inquiring about market research we found that industry/sector/association newsletters were the most popular source for market research and trend information. While suppliers, industry/association/sector websites, trade shows and government publications were also popular sources for trend information.

Business Development-Financial

As can be seen below the length of time in which those surveyed forecasted their financial performance varied quite widely from not at all, to up to five years in advance. Review of financial performance was predominantly preformed monthly or annually.



Work Force Development

It appears that the agricultural workforce appears to be growing in Grey Highlands with 8 of the 40 businesses surveyed increasing their workforce within the last three years and only one business in the sample group decreasing the size of its workforce. As well 13 of the 40 businesses anticipate growth in their workforce in the next three years with only 1 business anticipating a decrease in its workforce reflecting the optimistic outlook of agriculture within Grey Highlands. Reasons specified for the previous three years growth in employment within the sector were entrance into a new market, expansion of the current operation, increase in sales, introduction of a new product/service or the business did not exist before. Reasons for anticipated growth within the next three years were increase in sales (64%), introduction of new products or services (29%), entrance into a new market (21%), Expansion of the operation (21%) and less subcontracting (14%).

The businesses sampled had a belief that workforce in Grey Highlands could be improved with more than half of those surveyed saying that both the availability and stability of the workforce was fair or poor. 41% of the sample also stated that they were unable to recruit sufficiently qualified employee's indicating that the available workforce in Grey Highlands had an insufficient knowledge of Agriculture. However less than half of those who thought recruitment was a problem believed it was a community problem and instead the majority believed that it was a problem for the agricultural industry as a whole.



The largest areas where managers and owners surveyed thought their workforce could improve were computer software knowledge (27%), teamwork (23%), sales and Marketing (20%), health and safety (20%) and quality assurance (20%). Workforce training for the sector appeared to be done in a predominantly informal nature (93% of all training). 68% of respondents believed that a mentorship program would be a benefit to businesses of the community with marketing, production and business planning being the three areas where businesses thought they would benefit most from mentoring. It is interesting that other businesses noted that these three areas are where they would be most capable of providing mentorship. It appears that there are businesses looking for mentorship and other businesses right in their backyard with the willingness to provide it.

Local Community

The survey also reviewed Ag producer's opinion of local business factors. When asked whether or not Grey Highlands has an economic development (ED) plan 29% believed they did 21% believed they did not and 50% were unsure. The respondents were also asked if the municipality was taking an adequate role in ED and only 23% believed that there was sufficient effort being put forward, while 41% believed that more could be done and the remainder (36%) were unaware of what is currently being done.

The businesses were also asked to rank a list of factors for doing business in the community. The following factors were believed to be excellent or good by the majority of persons.

- Quality of life
- Access to markets/customers/clients
- Availability of Utilities
- Support from local business
- Support from local residents

Whereas, the following local business factors were believed to be Fair or Poor by the majority of persons interviewed:

- Telecommunication Infrastructure Capacity
- Local Permit Process
- Transportation Costs
- Availability of Skilled Labour

For a list of all business factors covered and the opinions of those interviewed refer to the local community section of the data analysis printouts.

Respondents were asked what they believed were the local communities greatest comparative advantages and disadvantages. The most popular responses for local advantages were:

- The Beautiful Area/ Tourism and Recreational Opportunities**
- A Strong Ag Community**
- Proximity to Markets**
- Quality Labour Available**
- A wonderful community to live in (safe)**
- Land prices/Land rental rates**

Local challenges identified by the agricultural businesses were:

- Distance to Markets**
- Distance from services/Lack of services**
- Long Winters**
- lack of available labour**

As you can see the community is somewhat divided when it comes to the advantages and disadvantages faced in Grey Highlands. Distance to markets and available labour are thought to be a local challenge by many and thought to be a local advantage by others.

Farm/Agriculture

Value added- Approximately 50% of businesses surveyed said that they would be interested in expanding or diversifying their business to include value-added processing. Market research, health unit approvals, feasibility studies, securing financing, local processing facilities and business & marketing plans were selected as areas where information or assistance would be required to implement a value added stream to their business.

When asked about improving the market potential of the businesses Ag products the following solutions were selected by respondents:

- Direct Marketing to Consumer**
- Access to a local abattoir**
- Additional Local Processing or Value Added Opportunities**
- Access to Distribution Channels/ Networks**

The Planning Process

After completing the Survey and analysis we undertook multiple Taskforce planning sessions. The purpose of these planning sessions were to identify issues that we could attempt to affect at the local level, that had been addressed as pressing concerns in the survey. The Task force consisted of local farmers, service organization representatives, an OMAFRA rep and a representative from the Grey Highlands municipal council.

The planning team narrowed down the issues to be addressed to a manageable number of four issues, as it would be impractical to attempt to address every issue found to be statistically significant in the Survey. Once Issues were identified we then created action plan templates with local initiatives to be pursued on an ongoing basis. We set in place a framework for the creation of these solutions to these issues and identified who would be needed to successfully implement the solutions.

With an idea of what needed to be done we attempted to develop a plan for success including measures of success and timeframes for achievement. All of this information has been tabularized below. The Four main issues identified were the rising costs of energy, communication between the agricultural community and the municipality, development/support of new agricultural businesses and the increasing divide between the urban and rural interface. For greater detail regarding these issues see the four charts below. We are currently beginning the implementation of these outcomes and hope to have reportable outcomes beginning in the coming months.

<u>Identify Need/Issue</u>	<u>Steps/Action (Remedy)</u>	<u>Responsibility (Who will address this?)</u>	<u>Resources Needed</u>	<u>Time Frame (when will we begin/review this action item)</u>	<u>Measures of Success (How will we know we have succeeded)</u>
Energy Costs	-Improve Volume/Bulk fuel purchasing opportunities for Agricultural businesses. -Create model for group buying Fuel in Grey Highlands	Chamber to contact Fuel companies to seek information regarding group buying Grey County Federation of Agriculture to communicate with members to ascertain interest _Grey Ag Services to put sign-up sheets in office.	-Local fuel supplier cooperation -	2 months to develop the model 2 weeks to gather information from fuel companies. -After completion of the model	Farm groups benefit from fuel savings Community buy in to group buying model.
	-Price Stabilization for fuel.	-already being addressed by a separate task force including Ray Robertson			

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-Improved communication between the Agricultural community and the Municipality	-Agricultural subcommittee created for the municipality so they can seek an agricultural view point on municipal issues	-Municipality -Local Agricultural Businesses -Chamber of Commerce	-Municipal acceptance of committee -Volunteer support from agriculture community -Chamber to contact service organizations for support	- Implementation to begin on Project Wrap up. -Ongoing support needed from both the community and the municipality	Creation of committee and increased local Agricultural Awareness
	-Grey Bruce Farmers Week (GBFW) invitations to municipal councillors. To allow for more farm/municipal networking	-Grey Agricultural Services -Municipality	-Grey Agricultural Services to create municipal invites to councillors -Municipal councillor's to Attend when possible.	Next year's GBFW will be the first opportunity.	-Increased Municipal attendance -Agriculture community perceives increased municipal support
	-1/2 day seminar on county agriculture.(economic impacts and Issues)	-Grey County	-		

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<p>Support of new businesses locally.</p> <p>-Communicate more effectively with stakeholders the services available for agricultural businesses.</p>	<p>1) Identification of programs and grants available for newer businesses.</p> <ul style="list-style-type: none"> -foodlink grant -OMAFRA grants -Service Org Grants 	<ul style="list-style-type: none"> -Service Organizations (Grey Ag Services, Grey Bruce Local Food Project, Grey County Federation of Agriculture) -Markdale Chamber of Commerce 	<ul style="list-style-type: none"> -grey county federation of agriculture page in rural voice is another useful ag information resource that could be tapped. 	Year to Year based on funding, availability and need.	Increase in New* farmers/success of youth farmers
	<p>2) Create local avenues for communication /outreach to new businesses</p> <ul style="list-style-type: none"> -Service Org websites (new Section for farm start up) -farm specific notice in tax role advertising local services available -Newspaper piece from local municipality 	<ul style="list-style-type: none"> -Municipality can assist with local agricultural communication through tax publication and local newspaper publication. -Chamber's to act as a facilitator between service organizations and municipality. Websites and rural voice (grey county fed of agriculture) 	<ul style="list-style-type: none"> -Websites are necessary for spreading info to youth farmers -tax role publication could be used to spread information to less tech savvy persons 		
	<p>3)Youth Farmer Financial Orientation</p>				

<u>Identify Need/Issue</u>	<u>Steps/Action (Remedy)</u>	<u>Responsibility (Who will address this?)</u>	<u>Resources Needed</u>	<u>Time Frame (when will we begin/review this action item)</u>	<u>Measures of Success (How will we know we have succeeded)</u>
Address the growing Divide in the Urban-Rural interface	Raise awareness of Agriculture as a driver in our economy	-Local agricultural Service organizations -Markdale Chamber with Current Ag Project	County council on BR+E on AG at the county level	At current project wrap up. Mid- November	Continued support of community agricultural initiatives.
	Creating a Bucket list for urban /rural life Checklist for living an urban life (incorporate into ag tourism projects) Urban rural exchange	-Grey county initiative on ag tour /bucket list -Consult Linda Reader on adding local agricultural project	County CAO or Clerk Brian bumstead	Ongoing implementation Is necessary for a successful tourism/ Educational initiative	Increased agricultural awareness in urban areas.
	Local Food application	-Approach funders provincially -Green belt could be approached about app Grey Bruce county and local food project on app.		-Long Term (review progress annually)	-Improved agricultural awareness in the youth generation -use of not just social media but also new technology to reach youth

Special Thanks

This project would not have been possible without the hard work and support of many people and organizations. Below is a list of passionate people who went above and beyond what was asked of them to try and make a better Grey Highlands for tomorrow.

Volunteer Steering Committee

- Ray Robertson (Grey Agricultural Services)
- Maria Weijs (Grey Bruce Local Food Project)
- Wayne Balon (Grey County Federation of Agriculture)
- Bob Brassington (Grey County Federation of Agriculture)
- Charmaine Peever (Markdale Chamber of Commerce)
- Kate Russell (Markdale Agricultural Society)
- Pat Kuntz (OMAFRA)
- Justin Moncton (Youth Farmer)
- Paul McQueen (Municipality of Grey Highlands)

Additional Planning Volunteer's

- Brian Betts
- Phil Woodhouse
- Linda Reader
- Freeman Boyd

Project Funders

- Ministry of Training, Colleges and Universities



- The Four County Labour Market Planning Board



- The Markdale Chamber of Commerce and its committed executive committee



THANK YOU TO ALL OF YOU