

## State of Business Vitality in Rural Alberta Communities

A recently completed study shows that rural Alberta communities:

- view their downtowns as important but problematic;
- recognize that their local governments and businesses need to improve communication;
- feel that business opportunities are being lost – especially in tourism – because of undeveloped branding;
- see schools, health care facilities and informal communication as strengths in keeping businesses and economies strong.

The study also identified four emerging themes that are critical to business vitality: “Buy Local/Invest Local”, social media’s increasing importance for business, regional vs. community-specific initiatives, and aging-friendly opportunities and challenges.

The study, funded by Agriculture and Rural Development, examined the results of 12 rural communities (population 600-12,500) that had participated in the Business Vitality Initiative (BVI) between 2008 and 2012. The BVI helps communities assess their capacity to work with and support entrepreneurs, and to foster small business growth. Conducted by the Centre for Innovative and Entrepreneurial Leadership (CIEL - [www.theCIEL.com](http://www.theCIEL.com)), the facilitator of the BVI process, the study analyzed average scores, key themes, common recommended actions, key success indicators, and the results of each initiative, with the hope of improving programming and policy decisions that can improve the state of the economy in rural Alberta communities. The study also identified emerging business issues. All BVIs were partially or wholly funded by Alberta Agriculture and Rural Development (ARD). The full report can be found at [www.rural.alberta.ca](http://www.rural.alberta.ca).

The BVI measures the perceptions of community leaders, business people and citizens about the current business environment in their community and compares the results to an average of other communities to determine possible short and long-term actions the community can undertake to improve its business friendliness. The BVI asks about 65 questions in 10 key sections, all seen as critical for stimulating business vitality and economic activity.

### HIGHEST SCORES

The three highest scoring sections were Quality of Life (63 out of a possible 100), Communications and Connectivity (61), and Opportunities and Attitudes [towards small business] (60). Communities particularly felt their infrastructure was good, especially the quality of schools, health care facilities and communication. Most communities saw their community as being desirable to live in, especially to business owners who had a strong sense of commitment to their communities. While good formal communications (newspaper, radio, etc.) were often lacking, informal communications (word of mouth) were important and strong in almost all surveyed communities.

### LOWEST SCORES

The three lowest scoring sections were Innovation (49), Capital and Funding (49), and Market and Marketing (48). Public transportation – within and between neighbouring communities - was often identified as an issue. Most communities cited skilled labour as a critical business issue in their community but felt they could do little to improve.

Communities scored low in questions relating to the presence of formal or informal innovation/technology forums, businesses jointly marketing products or services, and community branding.

## **THEMES**

The study identified key themes that cut across almost all communities. Almost all communities (11/12) felt that their town core was lacking, often as a result of development along a strip or just outside municipal limits. A walkable, beautiful downtown core, where vacant buildings would be brought back into a state of repair and vibrancy, was seen as necessary and desirable in almost every community.

Most communities (9/12) experienced a lack of good communication between the business community and local government. In fact, many communities saw participating in the BVI as an opportunity to work together to improve the relationship. In some cases, the issue of communication came down to the need for a yearly or bi-yearly meeting where local government heard the concerns of businesses. In others, more ongoing communication needs were expressed.

Half of the communities (6/12) felt they had serious branding issues. Brands were not fully developed, articulated or not uniformly promoted. Branding was seen to be important for not only recruiting and retaining new residents and businesses (seen universally as highly desirable), but also in the development of tourism opportunities. Most communities struggled with harnessing tourism opportunities, not knowing where to start, who might take leadership and knowing what simple cost effective strategies might help to develop opportunities.

## **SUCCESS FACTORS**

The BVI is both an assessment tool and an action process. Once issues have been identified in the BVI assessment, the process assists the community in picking projects, and jumpstarting them through volunteer committees.

Of 35 projects identified through the BVI, 16 (46%) were either completed or underway as of Fall 2012. The most common success factors for these projects were:

- Having a champion guide them or ensure that they happened (e.g. EDO pushing them forward or assisting group process)
- Having the appropriate resources to complete them (some communities were able to access project funding)

The most common reason they did not work:

- BVI Action Team (volunteer committees of citizens that were formed at second [Focus and Action] community meeting) did not work well together
- Wrong, not enough, or non-influential community members at second (Focus and Action) BVI meeting

Interestingly, a number of recommended actions and themes were often ignored or were not picked as priority actions during the community's decision-making despite their being identified as priority issues. On the whole, communities tended to select projects that

had highly visible outcomes (downtown beautification, tourism/marketing, promotion to attract new residents) vs. those which would be considered 'less visible' capacity building. For instance, in nine communities where formal business training or mentorship was recommended, no communities selected this action. Of the eight times an analysis of business opportunities and niches was suggested, no communities selected this action.

## **EMERGING ISSUES**

The new research on factors affecting business vitality and entrepreneurship in rural communities validated the 10 key sections and 65 themes (indicators) of the original BVI. In addition, it suggested 10 new themes to consider incorporating into the BVI. The four most significant themes identified were:

- The growth of “buy local, invest local” as a means to stabilize rural communities and ensure strong local economic development.
- The growth of the need for aging-friendly communities and the need for businesses to serve them.
- The increasing reliance on social media as a business tool.
- The increase in the importance of regionalism vs. community-specific initiatives.

## **RECOMMENDATIONS**

The following list of recommendations is made to assist Alberta rural communities improve business vitality and economic self-sufficiency:

### **Principles**

- Undertake processes like the BVI (or the free self-administered Business Vitality Alberta [BVA] found in the toolkit section of the Alberta Urban Municipalities Association's web-site: [www.auma.ca](http://www.auma.ca)) with a long-term commitment to regularly assess the community's business friendliness, focus on short-term initiatives, and bring these to action (ASSESS – FOCUS – ACT), with a long-term view of developing strategic capacity, sound planning and policy in this area.
- Undertake small (or short-term) projects to achieve small successes to gain momentum.
- Encourage joint leadership from local government, the business community and community/economic development organizations.
- Build capacity of young people through mentorship, entrepreneurship programs, and other forms of dynamic engagement which encourage youth to be involved in their creation.
- Work towards the development of capacity in these three key areas:

### **Opportunities**

The ability of the community to recognize, take action on, and follow through on available opportunities. Areas addressed: employees, investment, infrastructure, and services.

**Attitudes**

The mindset that fosters the development of businesses and innovative community solutions. Areas addressed: motivation, attitudes toward learning, innovation, and foresight.

**Networks**

The ability of citizens to connect with each other and with outside markets. Areas addressed: connection, collaboration, and networks.

**Specific Initiatives**

Communities might want to consider undertaking initiatives that have been frequently cited as important by their rural Alberta neighbours. These initiatives include:

- Downtown revitalization and beautification
- Improving communication between business and local government
- Tourism assessment and marketing
- Enhancing youth opportunities (including engagement, opportunity identification, entrepreneurship)
- Branding communities and regions
- Buy local, invest local
- New business and resident attraction

The full report can be found at [www.rural.alberta.ca](http://www.rural.alberta.ca).