



ROADS Business Survey Report

May 31, 2007

Executive Summary

The businesses study conducted by Leger Marketing on behalf of the REACH Community Futures Development Corporation and the Lakeland Community Development Corporation had two main objectives: assessing regional economic development opportunities and employment opportunities that exist within the region. This first part of the research looked at the business needs in the communities along the Iron Horse Trail. Provided below are the key findings of the study.

The results of the study indicate that while two-thirds of the business residents along the Iron Horse Trail Corridor (69%) see the market potential for expansion, more than half (56%) are unaware of any unfulfilled demands from the marketplace and five out of ten (49%) find expansion challenging. Still, a proportion of forty-four percent (44%) see a potential for easy expansion.

What respondents feel is missing in their communities are partnerships that represent good opportunities for their business (66%) as well as organizations that provide businesses with resources to help them grow (52%). For that reason, when informed that a local development agency is starting a comprehensive database of local and regional businesses the vast majority (89%) of respondents immediately approved the idea.

With regard to industrial opportunities in the region, most business owners (88%) see a potential for tourism development and a large proportion (61%) agree that there are agricultural processing opportunities in the region.

When asked if they can think of retail vendors not currently available in their community, six out of ten respondents (60%) were able to identify retail gaps and believed the region is ready to fill these gaps.

While the majority of business owners (63%) and/or operators believe the impact of a “big box” store on the community would be positive, only forty two percent (42%) think that the region needs and would benefit from having a Regional Convention Facility.

With regard to employment opportunities, a primary characteristic of the current labour market in the region is the shortage of qualified workers (84%), mostly in trades/construction (62%) and service/food industries (42%).

Promoting the Iron Horse Trail is not seen by respondents as a way to attract or retain employees (82%). In general, two-thirds of the business owners (65%) do not see an impact of having the Iron Horse Trail in the area.

Overall, survey results were homogenous and there were no significant differences observed between regions.

I. Methodology and Project Scope

This study is based on primary research and was conducted by Leger Marketing through telephone interviews among a representative sample of 250 businesses operating along the Iron Horse Trail Corridor.

Leger Marketing contacted businesses along the Iron Horse Trail using a sample list provided by the project team. Before the study took place, a media campaign in the local weekly papers and radio was launched with the objective to increase awareness of the study and encourage participation.

Survey interviews were conducted between February 21, 2007 and March 6, 2007. The sample of 250 produces a margin of error of $\pm 6.2\%$ at the 95% confidence level, nineteen times out of twenty.

Response rate

The 250 completed surveys resulted in a response rate of 23%.

Businesses/respondent profile

On average, businesses surveyed indicated employing 324 people through out their organization. This number is artificially high as two companies surveyed indicated having 35,000 and 14,000 employees. With those employers factored out of the equation, the average number of full time employees is 118.

In terms of full time contract workers, on average, a total of 9.15 employees are described as contractors.

The number of contractors jumps significantly with respect to seasonality. On average companies hire 23.19 seasonal contract workers.

The sample was comprised of companies who are well established in the region, to brand new organizations. 1988 was the average start date for the businesses in the survey. The age of companies ranged from one established in 1907 to four in 2007.

Overall, two-thirds of the respondents (65%) have been with their current company for more than 10 years or "always" and slightly more than one-third (35%) - for 10 years or less.

II. Business Expansion

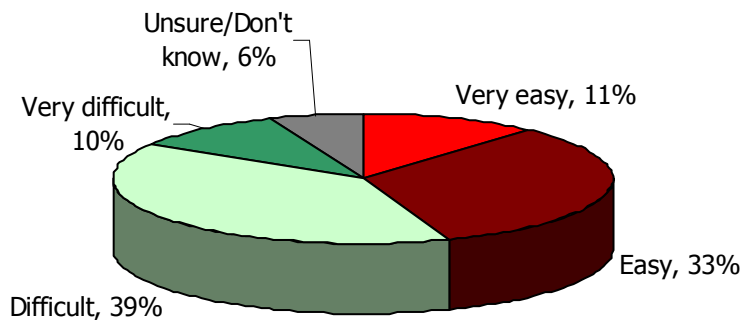
The market potential for expansion

In general, owners of businesses along the Iron Horse Trail Corridor are optimistic when it comes to business expansion opportunities. In fact, more than two-thirds (69%) see the market potential for expansion whereas less than one-third (27%) are of the opposite opinion. At the same time, when considering their current business offerings, more than half of the business owners (56%) were not aware of any unfulfilled demand from the marketplace. Four-in-ten (39%) stated the opposite.

Expansion – easy or difficult?

If they decided to expand their businesses in the near future, half (49%) believe this would be a difficult (39%) or a very difficult (10%) task. In contrast, forty-four percent (44%) think an expansion process would be easy (33%) or very easy (11%) for them. There were no significant differences noted between regions.

If you decided to expand your business in the near future, how easy or difficult would it be?

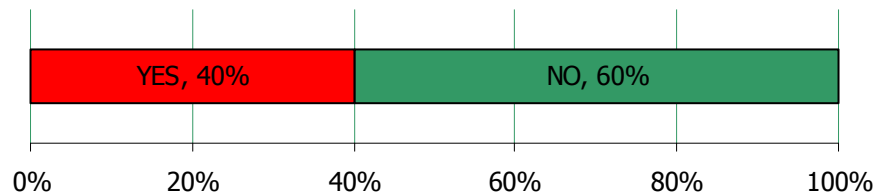


Results clearly indicate that there are opportunities for expansion. A significant portion of the businesses surveyed agree that there is a potential for “easy expansion”. Moreover, there is a significant portion of businesses who indicate there are openings within their organizations.

Staffing

When asked if they currently have any job openings in their organizations right now, sixty percent of respondents (60%) said they do not, whereas forty percent (40%) answered positively. Again, there were no significant differences noted between regions.

Do you have any job openings in your company right now?



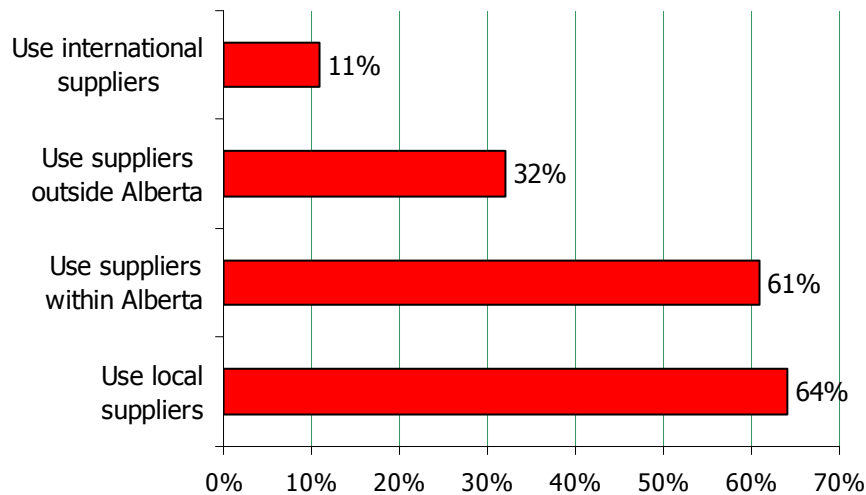
III. Business to business opportunities

Purchasing Needs and Suppliers

As illustrated in the following chart, most companies use either local suppliers (64%) or go somewhere else within Alberta (61%) for their business needs. Approximately one-third of the companies (32%) use suppliers outside the province and a smaller proportion (11%) use international suppliers. On average, half of the respondents' purchasing needs (49%) are fulfilled locally.

Respondents were given the opportunity in the form of a multiple response question to indicate their suppliers. As such results will not add up to 100%

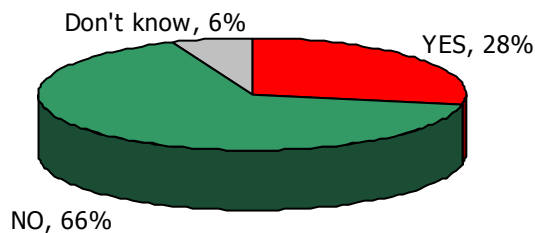
For your business needs, do you contact local suppliers or do you go elsewhere?



Potential Partnerships

When asked if they see any potential partnerships with other local businesses along the Iron Horse Trail, less than one-third of the business owners said “Yes” (28%) while two-thirds (66%) indicated that they don’t see any partnerships which represent opportunity for their businesses.

Can you think of any potential partnerships with other local businesses along the Iron Horse Trail...?

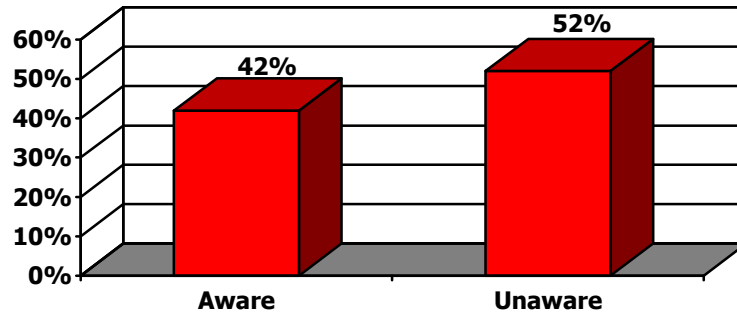


On the positive side, there is a climate of support in the region. Nearly three quarters (72%) of respondents agree that there are local businesses that regularly refer clients or business to them.

Awareness of Local Development Agencies

While a proportion of 42% indicated that they know of local agencies and groups that foster new business opportunities for their companies, half of the businesses (52%) could not think of any local organizations, which provide companies with resources and help them grow.

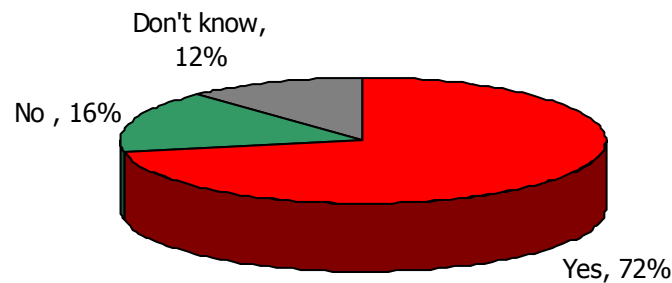
Awareness of Local Development Agencies



Database of local and regional businesses

When informed that a local development agency is planning to start a comprehensive database of local and regional businesses, the majority (89%) of the respondents hold a favourable view of the idea. Only four percent (4%) disagreed. If such a database was created, more than two-thirds (72%) of the companies would be interested in listing their business in it. On the contrary, 16% would not be interested and 12% are unsure.

If a comprehensive database of local and regional businesses were created, would you be interested in listing your business



Implications

Results indicate that awareness of organizations that provide businesses with resources and foster new business development opportunities needs to be increased. There appears to be support for such organizations, however a perceived lack of awareness indicates these resources are not being used to their full potential.

IV. Commercial/Industrial/Residential Opportunities

Retail gaps within the community

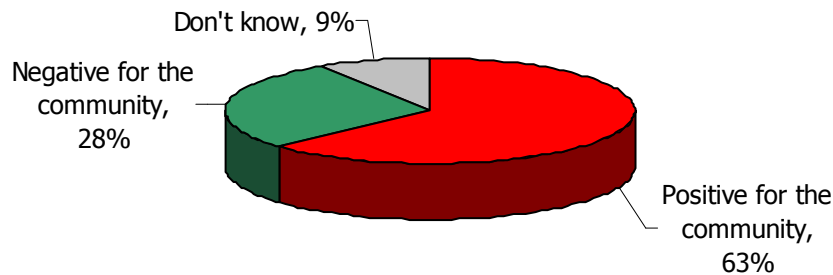
When asked if they can think of retail vendors not currently available in the area that would be a good fit within the community, nearly, six out of ten (58%) business owners said "Yes". Moreover, nine in ten of

believed that the region is ready for the particular stores. Slightly more than one-third (37%) could not think of retail gaps in their community and the rest of the respondents (6%) were unsure.

Potential impact of a “big box” store on the community

With regard to the potential impact of a “big box” store on the community, six out of ten business owners (63%) believe that a store such as Wal-Mart or The Bay would have a positive impact on the community, twenty eight percent (28%) have the opposite opinion and 9% are unsure about the impact.

Do you think a “big box” store like Wal-Mart or The Bay, would be positive or negative for the community?

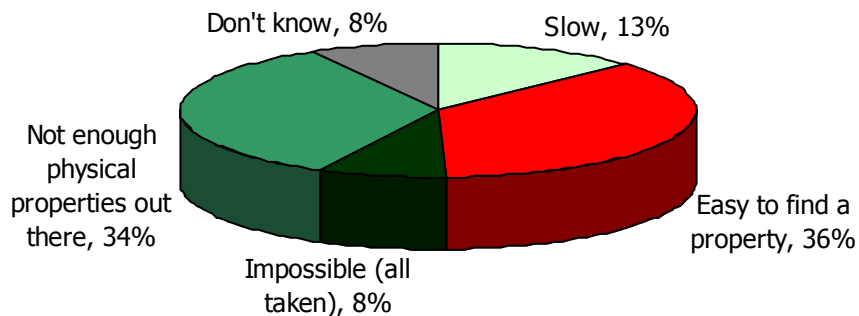


Commercial Leasing

When discussing the current market pertaining to commercial leasing, slightly more than one-third (36%) of the respondents believe it is easy to find a property in the region whereas 42% disagree saying that it is impossible (8%) or that there are not enough physical properties in the area (34%). In addition, slightly more than one-in-ten respondents (13%) believe that the current market is slow pertaining to commercial leasing.

Because a significant portion of the businesses surveyed agree that it is easy to find a property in the region, it could be inferred that commercial leasing is not considered a hindrance towards expansion.

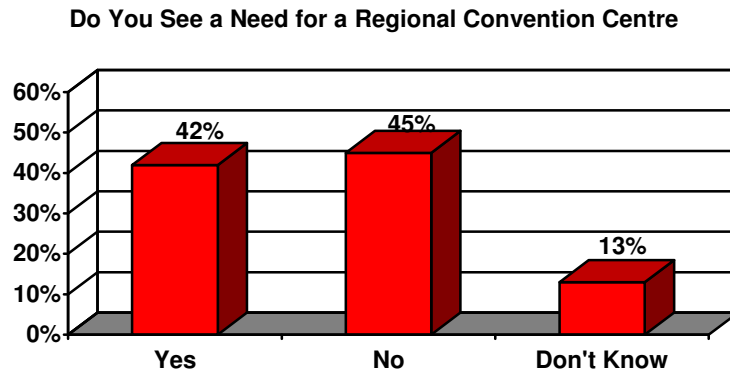
Can you describe the current market pertaining to commercial leasing? Would you say it is slow, easy to find a property, impossible (all taken) or not enough physical properties out there?



Regional Convention Centre

Respondents seem relatively divided in their opinion about the need for a Regional Convention Centre. While forty two percent (42%) support the idea and believe that the region would only benefit from such

centre, forty five percent (45%) disagree and thirteen percent (13%) are not sure about the eventual impact.



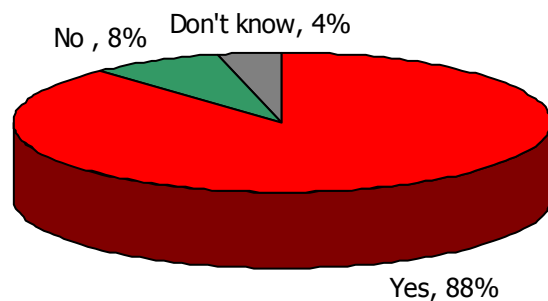
Agricultural Processing Opportunities in the region

Despite the fact that slightly more than seven out of ten business owners (73%) are not familiar with the concept of Value-Added Agricultural Processing, six out of ten (61%) think that there are Agricultural Processing opportunities in the region.

Resorts and Tourism Opportunities

Most business owners (88%) agree that there is an opportunity to develop resorts and tourism in the region while only a small proportion of the respondents (8%) say the opposite and four percent (4%) do not know.

Do you think there is an opportunity to develop resorts and/or tourism in the region?



Implications

Results indicate that there is a role for agencies to play in encouraging expansion. A significant portion of respondents indicated that there are opportunities in the local area. In addition, one-third (36%) of respondents feel that there is enough commercial space. In other words, more effort could be made to encourage local expansion.

V. Employment Opportunities

Current Labour Market

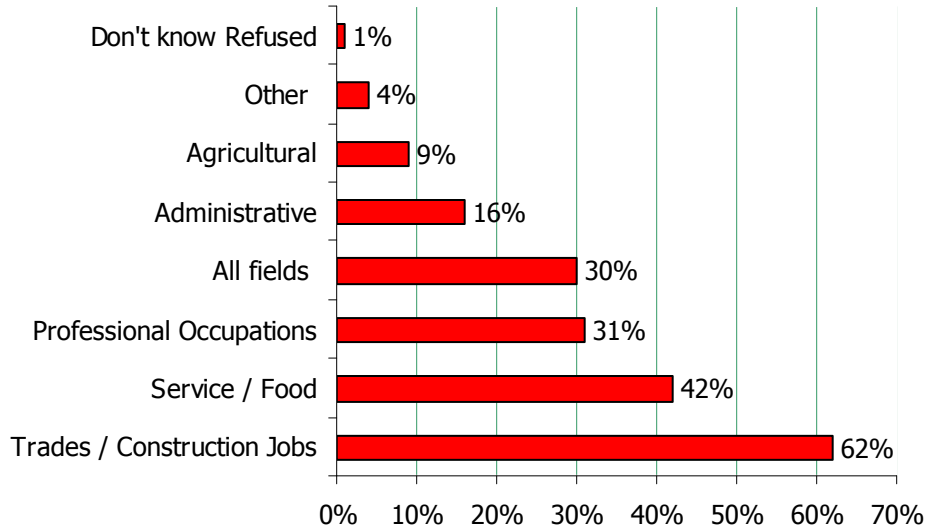
When asked to state their opinion about the labour market in the Iron Horse Trail area, the majority of business owners (84%) agreed that currently there is a shortage of qualified workers in the region. According to the respondents' answers, the current labour market can be described in the following way: while there are lots of jobs available (54%) it is difficult to find people to work (69%).

Category	Percent of Cases
Difficult to find people to work	69%
There are lots of jobs	54%
There are not enough jobs	3%
Unsure	2%

Labour Shortages

The greatest shortages are observed in trades/construction (62%) and service/food industries (42%) followed by professional occupations (31%) and "all fields" (30%). Next on the list are the administrative (16%) and agricultural (9%) areas.

In what fields are the shortages in?

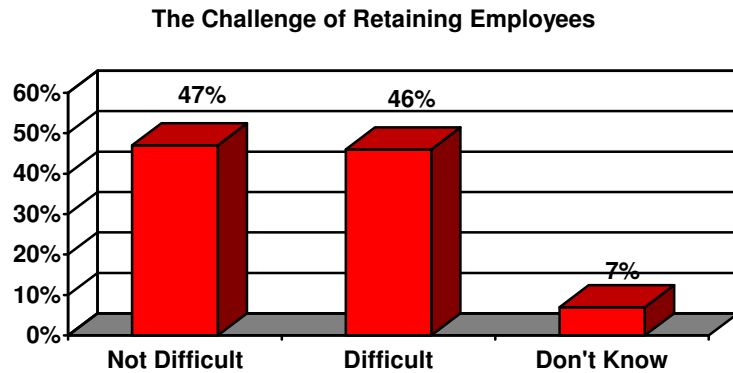


When asked what they believe the main reasons for the skilled labour shortages are, respondents repeatedly mentioned "the strong, rapidly growing Alberta economy" and "the prosperous, well-paid oil field", in particular. The major concern was that the petroleum industry is "stealing" workers from other sectors by offering them higher salaries. Compared to the compensation in the oil patch the wages offered by the food/service industry are quite low. What is also worrisome is that there are no perceived benefits of pursuing careers in the trades. This explains why the strongest shortages are observed in these fields.

Another factor that is complicating the problem, according to business owners, is the relatively low population density in the region. Finally, some respondents believe that the reasons for the shortages are the high housing and rental prices.

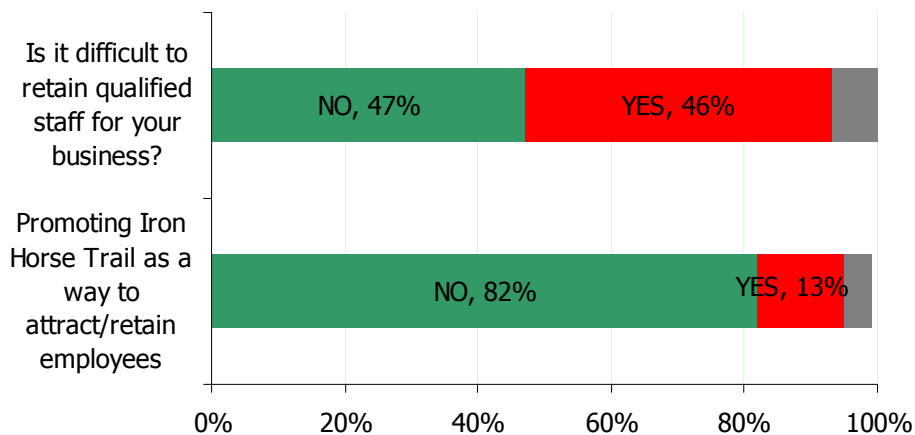
Retaining Employees

Business owners seem relatively divided on the issue of whether it is easy or difficult to retain employees. Roughly half of them (47%) believe that it is not difficult to retain employees and almost as many (46%) disagree.



When asked if they have suggestions as to how to attract and or retain qualified candidates in their business, respondents put compensation as the most frequently mentioned solution. In their opinion, competitive salaries, incentives, benefits, profit sharing and bonuses will help companies attract and retain skilled labour. Offering pleasant and flexible working conditions, good opportunities for promotion and training are other ways to deal with the problem.

In most cases (82%), promoting the Iron Horse Trail is not seen as a way to attract or retain employees. Only thirteen percent (13%) would consider such tactic helpful. In general, business owners do not see value or benefit in promoting the Trail or lack the information to create an opinion. Many simply believe that the Iron Horse Trail has no relevance to their business.



When asked if they personally use the Trail, those who said yes further explained that they use it mainly for snowmobiling and “quading”. The main reasons for not using the Trail are “not having the right equipment”, lack of time or simply a lack of interest.

Implications

Opportunities exist to create partnerships with regional education institutions to feature trade skills training. There is a significant demand for skilled tradespersons in the region. Many of the respondents indicated there are plenty of trades related positions and opportunities available, yet there simply are not enough well trained individuals to fill the gaps.

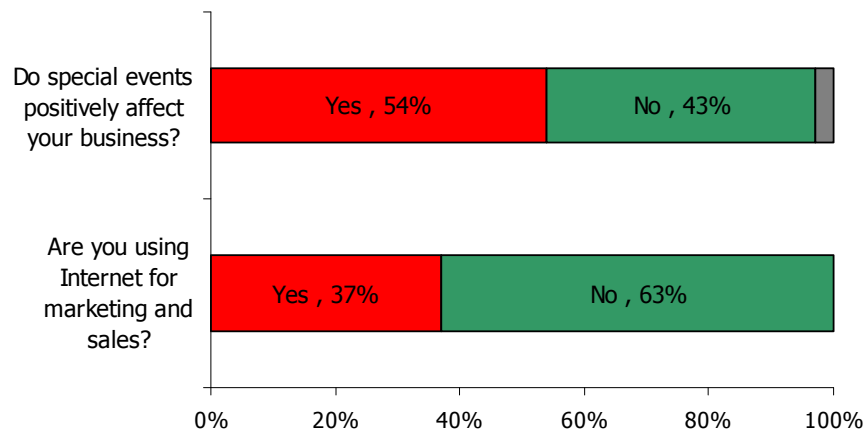
As such, development organizations might concentrate efforts on bringing in new tradespersons to the region to establish new “trades” businesses.

Most respondents do not see the link between the Iron horse Trail and retaining staff. However, nearly nine out of ten believe there is opportunity to develop the tourism industry within the region. Many cited the outdoor activities in the region would be a lure for tourists. This same logic can be applied to attracting new people to the region as quality of life has become an increasingly significant consideration for many when deciding where to accept a new position or relocate their families.

VI. Use of Internet and special events

While six out of ten companies (63%) do not consider using Internet for marketing or sales of their products, thirty-seven percent of the businesses (37%) indicated that on the contrary, they rely on the Internet for marketing and sales.

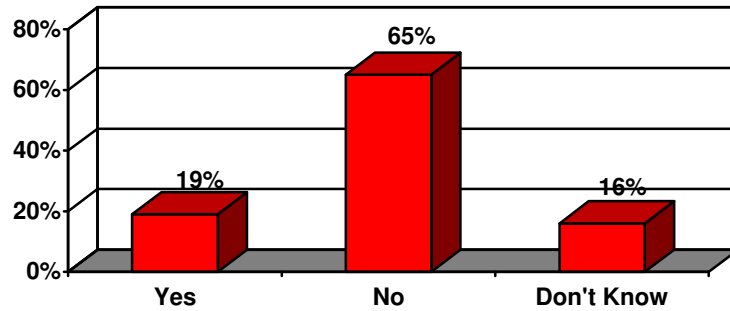
With regard to the impact of special events on business, over half of the business owners (54%) believe it is positive. Four-in-ten disagree (43%) and a very small proportion (3%) are unsure about the value of special events or refused to answer the question.



VII. The Iron Horse Trail

Two-thirds (65%) indicate the trail does not have an impact on their business. However, approximately one fifth (19%) contend that having the trail nearby does have an impact on their business.

Benefit from the Iron Horse Trail



By developing the tourism product and overall awareness of the trail, a significant portion of the business population along trail will benefit by increased visitation.

VIII. New people moving into the area

When exploring the issue of new people moving into the area, answers indicate that when new people move into the region they usually come from other provinces (69%) or big cities (32%) and settle mostly in the urban areas (69%) with a smaller proportion inhabiting the rural areas (18%).

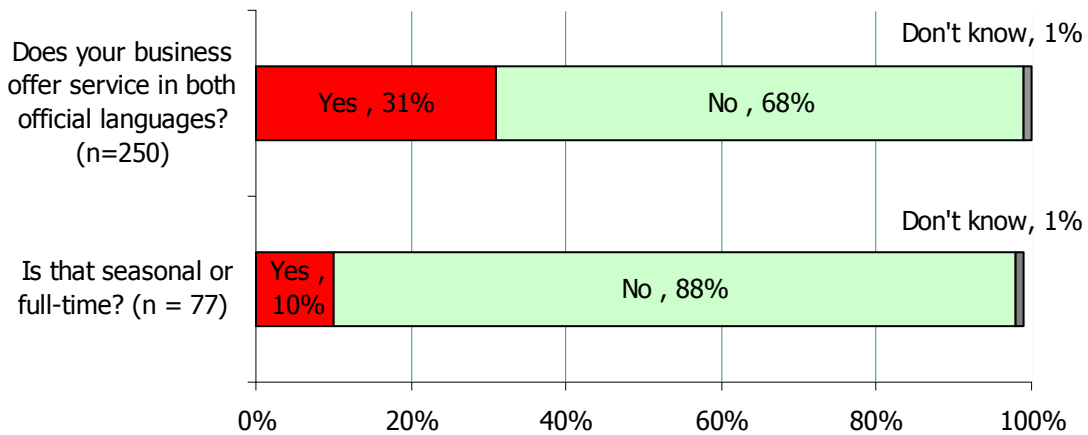
Origins of New Inhabitants	Percent of Cases
Big cities	32%
Other provinces	69%
Other	20%
Don't know / refused	9%

IX. Bilingualism

Service in Both Official Languages

When asked if their businesses offer services in both official languages, one-third (31%) indicate they can offer bilingual services. Slightly more than two-thirds (68%) are unable to provide bi-lingual services. Of those who do offer bilingual services, most (88%) can provide English and French service on a full-time basis.

Does your business offer service in both official languages? Is that seasonal or full-time?



Importance of Service in Both Official Languages

Nearly half of the businesses (44%) that offer services in both official languages like to promote the fact that they provide bilingual services and half (51%) are of the opposite opinion.

With regard to opportunities for bilingual staff in their company, a strong majority of owners (74%) indicated that such opportunities exist whereas a quarter of the respondents (26%) said the opposite.

Conclusions and recommendations

The business survey component of the research study looked at the needs of the business residents along the Iron Horse Trail. The report findings reflect what two hundred and fifty (250) businesses had to say on a wide variety of issues regarding the business climate in the area where they live. The results indicate that there are opportunities for expansion in the Iron Horse Trail Corridor. Forty percent (40%) of the businesses reported there are openings within their organizations. Clearly, there are industrial, commercial and residential opportunities in the area. In addition, one-third (36%) feel that there is enough commercial space. However, there is a significant portion of the region which is unsure or feel expansion could be difficult. Many cite retaining workers and competing with the oil companies as an issue. In addition, most business owners do not see viable partnership opportunities in the area and are largely unaware that external support is available for businesses in the region.

It appears that more effort is needed to encourage local expansion. Certainly, there is a role for agencies to play in supporting growth. More specifically, this includes providing businesses with educational resources, helping them grow, promoting new business development opportunities, building on existing and potential regional and external partnerships, as well as, fostering greater reliance on local product. For that purpose, awareness of organizations, which provide businesses with resources and foster new business development opportunities, needs to be increased. There appears to be support for such organizations, however a perceived lack of awareness indicates these resources are not being utilized to their full potential.

Encouraging expansion and helping companies take advantage of the commercial, industrial and residential opportunities in the area should be considered together with looking for solutions to address the labour shortage, workforce challenges and retention difficulties. Results indicate that there is a significant demand for skilled tradespersons in the region. There are plenty of trades related positions and opportunities available, yet not enough well trained individuals to fill the gaps. As such, development organizations might concentrate efforts on bringing in new tradespersons to the region to establish new "trades" businesses. Moreover, there is an opportunity to work with high school guidance counsellors and teachers to create interest in the trades. Further, opportunities exist to create partnerships with regional education institutions to feature trade skills training.

Quality of life is an extremely important factor when individuals are looking to relocate. The Iron Horse Trail, which in many cases is taken for granted within the region is a luxury for those who are looking to leave the city in the pursuit of a better life. The trail represents an opportunity to attract these people as well as new immigrants looking to come to Canada or Alberta. Likewise, most do not see the link between the Iron horse Trail and retaining staff. On the positive side, nearly nine out of ten (%) believe there is opportunity to develop the tourism industry within the region. Many cited outdoor activities as a lure for tourists. This same logic can be applied to attracting new people to the region as quality of life has become an increasingly significant consideration for many when deciding where to accept a new position or relocate their families.