

# FINAL REPORT: SOUTHGROW INVESTMENT READINESS AND ATTRACTION REVIEW

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## Executive Summary

Rainmaker Global Business Development partnered with The SouthGrow Regional Initiative (SouthGrow) to deliver direct and customized Investment Readiness and Attraction assessments for each of the 22 communities that surround the Lethbridge area. Since October 19th 2015, Rainmaker has worked closely with Pete Lovering of SouthGrow, as well as the community representatives to engage with the region in order to understand the communities and their investment assets as much as possible. Direct communication and visits to the communities have been made to understand the dynamics of each community, and SouthGrow as a whole.

Rainmaker's expertise in Foreign Direct Investment along with past work in Site Selection training has allowed the development of comprehensive tools for analyzing the communities' investment readiness. In addition, the project provided a unique opportunity to prepare the various Alberta communities to obtain valuable feedback and information moving forward.

### *Methodology*

The SouthGrow Investment Readiness project started with thorough background research of the communities involved in the SouthGrow Regional Initiative. The research allowed the team to prepare for community visits, as part of the project. The research on these communities included analyzing community profiles, websites, and any applicable marketing materials.

Rainmaker evaluated the SouthGrow communities' content from the perspective of a site selector. The site selection process includes a detailed evaluation of project needs which are then measured against the merit of potential locations. Some of the criteria we used to evaluate the communities in terms of investment readiness and attraction are:

- Market characteristics (local and regional)
- Costs (labour, taxes, transportation, other)
- Taxes (corporate taxes, sales taxes, property taxes, mill rates, etc.)
- Labour (availability, skilled & unskilled)
- Natural Resources (availability and quality of raw materials)
- Land availability (cost, size, site readiness, etc.)
- Infrastructure (electric rates, telecommunications)
- Policy structure
- Quality of life
- Business support and promotion



Following this secondary research, the Rainmaker team initiated conversations with the different communities' Chief Administrative Officers (CAOs) or Economic Development Officers (EDOs) in order to introduce Rainmaker and the project. Along with this, Rainmaker set up community visits. The community visits allowed the Rainmaker team to better understand each community's value proposition and capability to attract investment to their region.

Following the community visits, Rainmaker conducted a group consultation session in Lethbridge. The community representatives came together to better understand FDI Attraction and the process that a site selector goes through to assess communities for their clients. Rainmaker presented some recent case studies as well as some of their current clients exploring the market in Alberta.

Rainmaker then evaluated each of the communities based on their investment readiness and investment attraction for a foreign investor. This analysis was a combination of the website evaluation, the community visits and the group consultation.

*Please refer to Appendix A for an overview of each of the community's investment readiness and attraction.*

The goal of the work with SouthGrow was to assess and understand the investment attraction readiness for the communities in the region. In addition to this, the project was designed to assist the organization in developing a strategic plan for 2016 to increase foreign investment in the region of Southern Alberta.

The report along with its attachments provides SouthGrow and its member communities with guidance pertaining to Investment Readiness and Attraction. It takes into account the fact that each community is unique and has different needs and aspirations regarding Investment Attraction.



# SouthGrow Investment Readiness and Attraction Review

## Investment Attraction Overview

Foreign direct investment has become a critical success factor of most economies around the world. Many jurisdictions, communities and regions spend significant resources to entice investors to consider their region as a place to grow their business or investments. Alberta has had the enviable combination of economic growth and pro-business climate, which has been a natural draw for investors.

In recent years, as the economy has grown and developed, Alberta has become a more challenging market in which to do business. At the same time, the world has opened up to FDI and become increasingly competitive in the FDI attraction area.

At the regional and community level, understanding of FDI and the global marketplace for attracting investment can be difficult and complex. Community economic development professionals and CAOs are often engaged in many other important activities for the community that require much of their time. This can leave Investment Attraction as a secondary activity that is required from time to time as needed. Today, SouthGrow now has numerous CAOs who are interested in actively working to attract FDI. These communities must now face individual factors that affect the attractiveness of their community to outside investors

This program endeavoured to engage these stakeholders in FDI attraction and augment their efforts by bringing a fresh, proactive approach to the effort. SouthGrow's 2016 growth strategy will be a focused effort to identify, qualify and attract key companies and financial investors to the province. With a well-planned and persistent program, the intent will be to increase the success ratio of attracting key companies to the SouthGrow region.



## Trends in Foreign Direct Investment

Foreign direct investment (FDI) has been a powerful lubricant of globalization. The estimated cumulative stock of global FDI was \$US 22.8 trillion at the end of 2012. Internationalization has grown rapidly as firms have taken advantage of the pervasive growth of digital technologies and more open markets. As a result, global business models have come to be based on the optimization of multiple locations for various portions of corporate supply chains and activities, including manufacturing and R&D activities. This basis for decisions relating to site selection decisions can create a very competitive environment amongst communities.

Canadian FDI Trends: Canada's stock of FDI reached \$633.9 billion at the end of 2012, up 10.5 per cent from 2009. This runs somewhat counter to trends in other developed countries but is influenced by FDI directed at Canada's resources more than its industrial and service sectors.

Foreign investment has long been important to the Canadian economy. Today, foreign-controlled companies account for nearly 20 per cent (19.7 per cent) of the assets of all enterprises in Canada. Canada's share of the world's FDI stock has remained at just under 3 per cent for most of the past decade, compared to 5.4 per cent in 1990 and even higher levels earlier. Despite the decline, according to the Conference Board of Canada, we are still getting our "fair share" because our share of global FDI is greater -- even if to a very modest degree -- than our share of global GDP.

## SouthGrow Community Assessments

### *1) Community Website Review & Evaluation*

Economic development or community websites are often the starting point for a company, third party site selection or external investor and are a key component to a community's message of investment readiness. With nearly 90 percent of site selection searches beginning on the internet, and 84 percent of site selectors using the internet to seek information on specific locations, the world is now competing online to attract and win foreign investment. Unfortunately, many economic development organizations and community websites are ineffective at promoting their regions and making relevant information more accessible to investors and potential businesses.



The SouthGrow Regional Initiative communities' websites were evaluated based on the user experience and specific criteria such as promotion of a strong business environment, accessibility of information, professional appearance, encouraging investment and offering assistance in evaluating investments, presence of a community profile, presence or a promotional video, contact information to members of the CAO and EDO, etc. Between the 25 community websites assessed in the exercise, each community did primarily well with some exceptions.

*Note: Evaluation of the community's websites was based on a series of criteria such as promotion of a strong business environment, accessibility of information, encouragement of foreign investment, etc. Please note that Rainmaker's evaluation of the websites is subjective and reflective of opinions from our qualified evaluators.*

While doing the website review, Rainmaker noted that some of the website sections are very text heavy. It is important to remember that some investors are not going to spend longer than they feel necessary to locate important information about their potential investment. Organizing the most important investor information into a section called "Information for Investors" could be a solution.

Other areas that each of the community's within the SouthGrow Region need to consider for their website (that may or may not be specific from an investment point of view) include the following:

- Better consistencies across the websites for the communities involved in the SouthGrow Regional Initiative. Even if the websites do not necessarily look the exact same (borders, headers, banners, etc.), they should all have the same name drop down items on the main page (Home, Services, Business, Government, About, Contact, News, etc.)
- Majority of the websites (with the exception of a few) have the appropriate information, and more than enough of it. However, the organization of all of the information needs to be re-organized or cleaned up
- If the SouthGrow website itself does not post planned projects, current projects or recent investments within the Southern Alberta region, the individual community websites should state these items for potential investors and businesses
- Websites without a mission statement need to adopt one
- Some of the websites that should be benchmarked are Town of Taber Economic Development website, The Village of Stirling, the Village of Warner and the Town of Magrath.



## 2) SouthGrow Website Review

### Feedback

The website as a whole contains many useful sections, but the main criticism from an investment attraction perspective is that it feels very "government-like" and doesn't highlight enough of the specific businesses that are already active in the community and just how successful these businesses have become since they were established in SouthGrow. Finding any information or even the names of businesses already established in the region is quite difficult.

Businesses tend to cluster around similar businesses and there are already some business clusters in certain areas of the region that should be highlighted in order to grab the attention of other similar, prospective businesses that might be browsing the site.

Both the federal and provincial governments have recently made promises to invest heavily in the renewable energy space. SouthGrow is an ideal location for future wind farm and solar park development, and the next 5-10 years may be critical in deciding where money in this space is invested. For SouthGrow to really take advantage of this opportunity from a website perspective, there needs to be a dedicated section to "Renewable Energy" which should have a link that is clearly located on the homepage. This section should discuss all the reasons why SouthGrow is the ideal place to establish solar and wind farms including incentives, and what locations in particular are most suitable, and who to contact. There should also be a list of current wind and solar projects.

Some additional feedback and suggestions:

- Need to highlight recent, individual business successes as opposed to community successes.
- Investors are going to want to understand the details of an investment ie: when was the community initially engaged by the business, how long did permitting stage take, how many new jobs were created, why did they choose one community over another, what is the SouthGrow advantage(s) for this company?
- Add a section on upcoming infrastructure developments/improvements in region
- Add a rolling banner across the top featuring various regional stats
- Feature promo video on front page that highlights successful businesses who have moved into SouthGrow
- Overall – slightly Increase text size throughout the webpage
- In "Transportation" section list the communities which are located along the high-load corridor



- The labour force statistics desperately need an update. Once this has happened, list “Labour Force” higher on the list of menu items under “Business in SouthGrow” – it can be the most critical component for some businesses.
- All stats in “Site Selection” section need to be updated.
- Add a section with SouthGrow management/board of director’s profiles/bios – highlight experience dealing with prospective investors.
- Under “Industrial Parks” section – should have some information/stats about each park. Include either links about each park, or some stats about each park ie: cost of land; land availability; current infrastructure; current businesses in each park
- Housing section is out of date (2009), and should include links to MLS or other real estate companies in the region, as well as links for renting in SouthGrow regions including availability
- Immigrating to Alberta section hasn’t been updated since 2007
- Should include advanced stats on immigrant demographics
- Highlight some resources for immigrants such as English training/learning centres, religious centres

### 3) Common Themes

Rainmaker has identified some key areas in need of improvement for SouthGrow communities to consider in order to maximize their potential of attracting and closing foreign investment opportunities in the future.

#### Investment Promotional Package

Rainmaker believes that a number of communities would benefit from improving their investment promotional packages. Investors should be presented with an investment promotional package during the visit, which includes: information on land for sale, local businesses, and relevant statistics about the community and various features of the community that could be incentives for the potential investor. The package should be professional in appearance and feature consistent branding of the community. All of the necessary information should be consolidated to one package and presented to the investor. The municipality should not hesitate to compare itself to other cities and similar regions in order to highlight their competitive advantage.

It is important for the information package to be customized to the investor’s needs in as many ways as possible, in order to sell the region to the investor.





## Foreign Direct Investment Strategy

Communities should have a workable, 5-10 year Foreign Direct Investment (FDI) strategy to increase chances of attracting prospective businesses and be prepared for the unlikely event of an unannounced visit by a prospective investor. Developing an FDI strategy is necessary for any EDO dealing with new investors; it helps determine the types of companies that you need in the community and how to best deal with them to increase the chances of attracting their business to your community. The strategy should be developed with the purpose of diversifying your local economy and highlighting strategic advantages that your region has for the investor.

For communities of 10,000 people or less, Rainmaker typically uses three simple levels to categorize the strategies that communities can adopt for investment attraction approaches. These levels, described below, can help communities understand investment readiness and broadly define the strategy they should embrace as a community.

It is important to understand that these approaches can be customized based on the community and resources available to apply to investment attraction. In some cases communities may consider themselves a blend of two different levels, in other cases, they may aspire to move from one category to another. This is not meant to be a constraint mechanism for a community. On the contrary, it is designed to allow communities to understand their readiness at a given point of time and allow them to consider changing form one approach to another.

### *Levels of Attraction*

#### *Proactive*

This level of attraction readiness refers to a community that has a healthy combination of support from the leadership of the community as well as an economic development team that is ready for investor interaction. At this level, the community has an EDO who not only understands investment attraction but also has the experience and community knowledge base to interact effectively with potential investors.

It is important at this level to have key data and information ready and accessible for inbound investors in easy to understand formats. In addition, proactive communities are well aware of the businesses in their communities and the opportunities and gaps that may exist for investors to fill. This may include business gaps as well as available land and incentives that may can create unique opportunities for inbound investors to engage.



This level also indicates that the community has an understanding of the opportunities that exist in the community for investors. These vetted opportunities are those that the EDO knows that they have the local support, business case and support assets to promote the concept to a business from another region or country. These may or may not have incentives connected to them. Proactive communities can then pursue very specific targets for investment attraction.

At this level, communities should consider a formal investment attraction strategy. This may include, but is not limited to, the following elements:

1. Identify key relationships
  - a. Government
  - b. Site Selectors
  - c. Industry Associations
  - d. Ambassadors
2. Identify 30 targets
  - a. Within key industries
  - b. Based outside of Canada
  - c. Qualify via desk research
3. Pursue 15 targets
  - a. Call the top targets
  - b. Send information
  - c. Invite to visit
4. Host 3 targets (Familiarization Tour)
  - a. Follow familiarization tour guide
  - b. Follow up

### Opportunistic

This level of attraction readiness refers to a community that has evaluated their community and understands that their community is positioned to attract investment of a certain type. At this level there is a clear definition of what type of investment the area would support and those it would not support. Ideally, the community has specified the exact investment they would like to attract.

At this level, the community has someone in charge of the investment or new business function but this could be someone who is also tasked with other community responsibilities. This person or persons will be well versed on the community assets and what can be offered to the right investor. This focuses the investment attraction for the region and allows the EDO to quickly sort out potential investors and not send time on those that may not be successful in the community.



It is important at this level to have key data and information ready and current for strategic inbound investors in easy to understand formats. This information should be as specific as possible to the opportunity that the community is attempting to fill. The more detailed the profile can be from a market opportunity point of view, the better. It is the market opportunity that usually is the first concern of any inbound investor. Part of the opportunity may be tied to incentives so it is important to include these in the profile for the targeted investor.

At this level, communities should consider an internal investment attraction strategy. This may include, but is not limited to, the following elements:

1. Identify key relationships
  - a. Specific, targeted Government contacts
  - b. Site Selectors in strategic locations and industry sectors
  - c. Industry Associations that align with the target investor
  - d. Ambassadors for the community
2. Define the ideal investor
  - a. Determine the industry which would best fit the community
  - b. Define the exact type of company if necessary
  - c. Determine the ideal size of the investment in the community including number of jobs, size of facility, and type of jobs.
3. Profile
  - a. Build a SWOT from the investor point of view
  - b. Define the market opportunity in the community
  - c. Determine why a company would invest
  - d. Build a profile/info graphic to entice the investor
4. Promote
  - a. Send information to key relationships
  - b. Stay in touch with them at least quarterly
  - c. Respond to inquiries from key relationships within 2-3 days.
  - d. Follow up, follow up, follow up

### Reactive

This level of attraction readiness refers to a community which has evaluated their community and determined that they are either not ready for investment or that the community has prioritized other initiatives above investment attraction. For many smaller rural communities, this is the most logical and responsible strategy. Given the resources (human and financial) required at the other levels above, it is often prudent for communities to maintain this level.



It is important to understand that this level does not imply that a community can ignore investors and their inquiries altogether. The reactive level is still characterized by having a point of contact available to liaise with potential investors in the community. This person will have other responsibilities that they are required to manage.

The key to this level is to be reactive. The responsible representative should be clearly identified and available for inquiries. Information on the community website should still be current and an accurate profile of the community and the activities there. The community representative should still have information available on the community so that they can respond to inquiries effectively and efficiently.

At this level, the community should ensure the following:

1. Website is up to date
2. Community representative is clearly identified
3. Community information is available for distribution
4. Connectivity between the community and its businesses

Rainmaker provided each community with a recommendation for which level they should currently adopt. *Please refer to Appendix A*

### Familiarization Tours

Although we did not focus on familiarization tours (fam tours) during this work, Rainmaker felt it was important to provide some guidance on this important topic. It is part of all of the Investment Attraction strategies listed above. Companies can visit a community at any time and how the opportunity is presented can significantly influence the perspective and opinions of the investor.

A Fam Tour is one of the most important aspects of the investor's visit. Community tours allow site selectors to build a better understanding of a community, and more specifically a location's performance potential. This Fam Tour allows the potential investor to assess other companies in the community and highlight their performance, past market-entry strategy, and current challenges. It is also a chance for the CAO or EDO to visually sell the region to the investor and highlight its advantages.



Throughout the community visits, Rainmaker was taken on several CAO or EDO led community tours and came up with the following feedback regarding the tours:

- Ensure to point out facilities such as schools, neighbourhoods, parks, event centres, available land sites and the downtown area. This will give the investor a sense of the quality of life surrounding the region.
- Provide statistics highlighting the education level of the workforce. Advanced education opportunities can also be seen as an advantage for investors considering relocating families to the area.
- Highlight post-secondary institutions in proximity to the community. This will give the investor an idea of the supply of educated workforce and could also contribute to the benefits of relocating a family to the area.
- If time permits, host lunch with the investor. This provides time for relationship building and more informal questions.
- Involve key stakeholders from the community in order to provide the most comprehensive learning experience.
- Provide a land use map to supplement the tour.
- Address the key transportation links. This is especially necessary if they will affect the investor's ability to transport their product/service to the customer.

## SouthGrow Analysis and Comparisons

As part of the Rainmaker assessment of the investment attractiveness and readiness of the region, we conducted an internal SWOT analysis. This was designed to guide our assessment of the region, its communities and the overall regional as a target investment opportunity.

Specifically, this is our assessment of SouthGrow's strengths, weaknesses, opportunities and threats in terms of FDI attraction and retention. This provides overall context for the evaluation of sector priorities for FDI attraction.



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|--|---|
| <p style="text-align: center;"><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>● Centrally located to a number of major highways including the CANAMEX Trade Corridor</li> <li>● Located in close proximity to the U.S border</li> <li>● Collaboration and partnerships in economic development amongst the member communities and other organizations in Southern Alberta</li> <li>● Initiatives to foster entrepreneurship</li> <li>● Availability of land, water and wind available throughout the region</li> <li>● University of Lethbridge has strong research programs and in 2012 was named the “Research University of the Year” in the Undergraduate category</li> <li>● Long growing season with mild temperatures</li> </ul> | <p style="text-align: center;"><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>● Ability to attract businesses into the area</li> <li>● Absence of hoteling or other flexible short-term space to provide short to medium presence for foreign firms to establish relationships</li> <li>● Availability of services throughout the area</li> <li>● Lack of skilled and unskilled labour pool</li> <li>● Inability of “know how” to attract foreign investors from within Canada and outside the Canadian borders</li> <li>● Lack of a proactive strategy to attract FDI</li> </ul> |
| <p style="text-align: center;"><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>● Global trend in renewable energy and technologies</li> <li>● Growing agriculture industry</li> <li>● The Canadian Government’s FDI attraction and retention priorities</li> <li>● Low Canadian dollar is a benefit for long term foreign investment</li> <li>● Innovation and collaborative potential with the University of Lethbridge and Lethbridge College</li> <li>● Access to major markets in Calgary, Edmonton, Lethbridge and surrounding cities on the US border</li> <li>● Collaborations between the 22 member communities in SouthGrow</li> </ul>  | <p style="text-align: center;"><b>THREATS</b></p> <ul style="list-style-type: none"> <li>● Global competition for investment</li> <li>● Current Canadian economic downturn</li> <li>● Other thriving cities in Alberta and/or Canada that could be more attractive for foreign investment</li> <li>● Other similar sized regions across the prairies that have a more aggressive and/or effective FDI strategy</li> </ul>   |



## Benchmark: Communities in Alberta who have grown substantially over the last 10 years

There are numerous communities throughout Alberta that have grown a substantial amount over the last decade. By benchmarking what these other communities have implemented for a growth and FDI strategy, the SouthGrow region could implement certain practices to also attract investors.

### *Brooks*

Brooks, a now city in southeast Alberta, Canada has experienced growth due to the oil and gas industry. The late 1970's and early 1980's saw Brooks' population grow from 5,000 to around 8,000. The oil and gas industry, and those activities that provide services to oil and gas exploration are still a large driving force in the continued growth of Brooks. The Town's population in 1996 for the first time exceeded 10,000, due in large part to expansion at Lakeside IBP meatpacking plant, making Brooks the largest Town in Alberta. In 2005, Brooks officially incorporated as a city in 2005, when its official population reached 11,604.

### *Okotoks*

Okotoks is a town in the province of Alberta. A bedroom community just outside of Calgary has emerged to a population of 24,511, making it the largest town in Alberta.

In 2014, the town council formalized a commitment to continual improvement and eliminating red tape, stating that one of the things that came out of that was an overhaul of the major development review process for smaller planners and developers.

Okotoks is continuing to grow and diversify their business base with a 2.5 per cent net growth per year, despite the current economic conditions. The town is at a tipping point in terms of attracting even more business and have reached a critical mass in retail and have plenty of business related to construction. Furthermore, Okotoks is targeting more professionals in sectors such as IT, innovation and engineering.

To that end, the town has focused on pulling out all the stops to be more "investment ready," That includes investments in an ultra-high-speed Internet infrastructure, as well as opting for no business tax.

Some of the other incentives Okotoks has focused on for making themselves more investment ready includes:

- Pro home-based policy, making every home-based company opted out of developer permit approval
- Very low non-residential tax rate



## *Chestermere*

Chestermere is a city in Alberta within the Rocky View County that is a large bedroom community just outside of Calgary. When Chestermere became a town twenty years ago, there were just under 1,000 folks living around the lake. As of 2015, Chestermere has approximately 17,000 and is the 14th largest city in the province.

The city has already impressed investors and made them more aware of the community and Calgary region. On a national level, Chestermere has the fifth highest population growth (Statistics Canada Census). If Chestermere continues with its average growth rate from the past 10 years, the city will be over 20,000 in two years and over 25,000 in five years.

Already the fastest growing community in Alberta, Chestermere's rapid evolution from cottage escape to thriving city will help put the city on the radar for new business growth and investment.

The following are a few advantages to investing in Chestermere:

- No business tax – a direct savings to a business' bottom line.
- 1,000 acres of industrial land available with plans to develop 650,000 sq. ft of commercial and retail space
- 2,200 acres set aside for future residential, commercial and industrial growth  
<http://www.chestermere.ca/DocumentCenter/View/895>
- Rapidly growing consumer market – 61.9% population increase from 2006 to 2012.
- Positioned on the Trans Canada Highway #1, just minutes away from the Calgary-Edmonton corridor (QEII) and the CANAMEX highway – the most direct route to the United States
- Adjacent to Calgary Logistics Park and the CN Intermodal terminal
- Direct access to the high and wide corridor, and highway 36 up to Wood Buffalo, a net advantage for manufacturers.
- 20 minutes from the Calgary International Airport (YYC) and 20 minutes from downtown Calgary





# 2016 Strategic Investment Attraction for SouthGrow

## *Recommendations for Industry Specific Investment Attraction*

The areas recommended as priorities for the SouthGrow 2016 FDI Attraction strategy include:

- Agriculture;
- Environmental/Renewable Technologies;
- Professional Services; and
- Oil and Gas

### Agriculture

Agriculture is the most important industry in the SouthGrow region. Businesses that support agriculture such as equipment providers, food processing/packaging facilities, and transportation companies require specific characteristics of the communities they are considering for investment such as access to reliable water source, key transportation corridors, and labour force.

With the global population expected to grow by two billion by 2050, this will undoubtedly cause a major strain on world food sources. Farmers will have to become more efficient, relying on innovation and technology to increase yields and produce more with less. There is an incentive for students and start-ups to begin thinking creatively about new approaches to agriculture, and SouthGrow is well positioned to take advantage of these opportunities. When you consider the agriculture programs at University of Lethbridge and Lethbridge College, and towns like Magrath who have already created partnerships between schools, government, and agriculture businesses to foster innovation, SouthGrow communities are already taking the initiative.

An opportunity exists for SouthGrow to position itself as a world leader in the realm of agri-innovation, which could potentially attract bright minds and entrepreneurs from across the globe. Partnerships between universities, corporations, and governments can have major impacts on the prosperity of a region. This also increases the chances of FDI in a community; however, these types of partnerships don't necessarily come together by themselves. SouthGrow is in a unique position to play a leadership role in bringing parties together to discuss the potential of such partnerships.



Another area Rainmaker has identified as an excellent source of potential FDI for SouthGrow communities is in value-added food/crop processing and packaging. Despite the massive amount of agricultural activity in the SouthGrow region, there are very few businesses creating final products from the crops grown on SouthGrow farms. Even feedlots are sending away carcasses to facilities mostly in the US where meats are packaged into snacks, meals, and other products that are then re-imported into Canada and purchased by Canadian consumers.

Taber is an excellent example of a community that has succeeded in attracting some value-add food businesses (Frito-Lay and Lamb Weston). Taber itself is well positioned to become a hub for value-add food businesses over the coming decade, given its proximity to farms, access to large labour pool, availability of serviced industrial land, and a proactive CAO and council. As businesses begin to cluster in Taber, opportunities for tier 2 businesses which service value-add food companies (such as transport companies and chemical companies) will begin investing in the region, creating even more jobs and opportunities for entrepreneurs.

Rainmaker recommends that SouthGrow study the Taber model closely, and determine if there are other communities in the region, which could attract value-add food businesses (ie: a beef jerky processing and packaging plant in Vulcan County). SouthGrow should create a joint FDI strategy with communities like Taber who are taking a very proactive approach to attracting new investments in the value-add food space.

## Oil & Gas

Given the drop in global oil prices and the slowdown in the Alberta oil and gas sector, Rainmaker doesn't recommend allotting major time and resources to build an FDI attraction strategy in oil and gas for 2016 in SouthGrow. Capital budgets for Alberta oil and gas firms in 2015 were down between 30-40% compared to the previous year. CAPEX projections for 2016 are on the downward trend, in part due to the uncertainty surrounding the NDP's planned royalty review, which could see royalties hiked by the end of 2016, further eroding balance sheets and leading to new reductions in CAPEX spending.

The sector is expected to recover over the long-term, with many experts predicting WTI oil prices to settle somewhere in the \$50-60 range by sometime in 2017. Until that time there is very little incentive for foreign investors in the oil and gas sector to consider Alberta or SouthGrow as a place to invest.



## Renewable Energy

According to the United Nations Environment Programme “Global Trends in Renewable Energy Investment 2015”, the past year brought a rebound of green energy investments worldwide with an overall increase of 17% to \$270 billion. Brushing aside the challenge of sharply lower crude oil prices this sudden increase reversed the investment dip of the past two years and was mainly driven by investments in solar and wind energy.

As in previous years, the global market in 2014 was dominated by record investments in solar and wind, which accounted for 92% of overall investment in renewable power and fuels. Investment in solar jumped 29% to \$149.6 billion, the second highest figure ever, while wind investment increased 11% to a record \$99.5 billion.

On November 22, 2015, Alberta Premier Rachel Notley unveiled her climate-change strategy for the province that will dictate the future of fossil fuels and pave the way for new major developments in the renewable energy sector. Here are some of the objectives of her administration’s strategy:

- Phase out emissions from coal generated electricity by 2030.
- Diversify our supply mix by replacing retired coal with at least two-thirds renewable energy sources.
- Appoint an independent facilitator and negotiator to help develop and implement this plan. The work of this facilitator will be to transition Alberta away from coal generation without endangering the reliability of our electricity system.
- Keep the costs of renewables as low as possible by using market mechanisms, such as auctioning.
- Support workers employed in the coal electricity sector with opportunities to retrain for new jobs in a greener energy economy.
- Reduce greenhouse gas emissions from coal-fired electricity to zero by 2030, from current emissions of 40 megatons annually.

It is clear from these objectives that there are big changes are headed Alberta’s way. The coal industry has been singled out as the primary target for carbon-reduction initiatives, leaving an energy supply gap that will have to be filled by at least two-thirds renewable energy sources by 2030. The province has promised to support and retrain coal workers for new jobs in green energy ventures, which will undoubtedly involve a migration of workers and their families away from coal hubs and into regions where new renewable energy projects are taking place.



The feasibility of solar and wind energy projects in the SouthGrow region is something which has been well studied over the past few years, and many wind and solar companies have already made enquiries in the region or have projects under development. The timing couldn't be better for SouthGrow to begin proactively lobbying the government and engaging with solar and wind companies to entice them to set up facilities in the region. A comprehensive, long term, green energy FDI strategy is what SouthGrow desperately needs in order to exploit the recent climate change policies and to lead the charge for the green energy economy of the future.

## Recommendations

1. Determine most suitable areas within SouthGrow for solar and wind farm development.
2. Engage with landowners, communities, and all potential stakeholders within those targeted areas to build support for potential projects, and address their concerns.
3. Identify and build relationships with green energy decision makers and influencers at the government level. Educate them on the potential of SouthGrow and how the region is ready to work with energy companies to incentivize and accelerate their development.
4. Build a comprehensive short and long-term strategy for attracting green energy companies to SouthGrow.
5. Identify specific companies, which would fit the SouthGrow region as an investor.
6. Build a SouthGrow green energy package to share with potential investors.
7. Identify, prioritize, and engage with green energy companies. Invite them to tour specific SouthGrow sites that have been identified for their wind or solar potential.
8. Attend trade shows that focus on solar and wind energy to become experts in the space and build a list of contacts in the industry.
9. Discuss other incentives SouthGrow communities can offer to companies to make the opportunity more attractive for investors including tax breaks and grants.

## Professional Services

As many of the individual community's mentioned specific professional services they would like to have brought in, Rainmaker felt it was important to include it as an area for the 2016 FDI Attraction Strategy. It is too inconclusive however to build out a specific strategy for professional services because of the community's that mentioned attracting this, included different types of professional services (doctor, dentist, lawyer, accountant, etc) which all may require a different strategy.



## *General Recommendations for building the SouthGrow Brand Globally*

Companies choose to invest in foreign markets for a number of reasons, often the same reasons for expanding their operations within their home company. SouthGrow should be careful to position itself and its members strategically in order to maximize the impact of its message to strategic investors.

- **Develop a targeted marketing strategy and promotional campaign to support lead generation activities**
- **Create marketing tools to emphasize the Region's attractive local assets, quality of life, and the strengths of its business community and support infrastructure**
- **Leverage opportunities to co-market the SouthGrow Region with Lethbridge based companies, internationally**
- **Build on the brand presence of existing successful companies in agriculture, oil and gas, food processing, professional services and renewable energy**



| <b>SouthGrow Region- Economic Development 2016 Strategic Plan</b>       |   |
|---|---|
| Build Attraction  | <ul style="list-style-type: none"> <li>● Promote SouthGrow Region as a preferred location for new investment</li> <li>● Primary target employment sectors include Agriculture, Renewable Energy and Technology, Professional Services, Oil &amp; Gas</li> </ul>   |
| Be Investment Ready   | <ul style="list-style-type: none"> <li>● Assist the 22 member communities with investment inquiries/opportunities</li> <li>● Build 22 member communities to be investment ready</li> <li>● Become globally ready</li> </ul>   |
| Implement Marketing, Promotion, Communications Materials and Activities | <ul style="list-style-type: none"> <li>● Increase business investment by having appropriate investor materials</li> <li>● Engage and support the local business community</li> <li>● Attend and exhibit appropriate trade shows and conferences</li> <li>● Become familiar with specific associations, consulates and utilize their services</li> </ul> |

### *Consulates*

As Canada grows its global brand, our Canadian Consulate Investment Attraction teams are becoming busier. This is a positive development for the country but will require focus from the Province to raise the understanding and awareness of the opportunities in SouthGrow.

Although the officers in our foreign posts work to understand the entire country and its opportunities, they are often under-resourced to promote all regions in the country. This leads them to promoting the major economic centres of the country such as Toronto, Montreal and Vancouver.



Based upon Alberta's great momentum and increasing brand awareness as a place to do business, the time is right for the Province and specifically the SouthGrow region to build strategic relationships with specific posts in order to increase the understanding of the investment opportunity in the area.

The Alberta Government recently created the Ministry of Economic Development and Trade. This will be an important Ministry for SouthGrow as it has responsibility for Innovation, SME's as well as Alberta's International Investment Attraction activities.

### *Conferences*

Industry related conferences could be viewed in a similar way as tradeshows. They can be effective in propagating the Regional message and identifying opportunities. Remember that most of the attendees to conferences are either technical or of the senior level which can be advantages or problematic depending on how technical the attendees are. Manage your expectations when attending industry conferences and weigh carefully the costs of attending which can be high.

### *Trade Shows*

Trade shows can be an effective way to promote the region. Several leads can be generated at trade shows but usually based on the law of diminishing returns geographically. This meaning that the further the show is away from the region, the fewer qualified leads SouthGrow can expect.

It is important to keep in mind that many of the attendees at a trade show are sales people for their particular company and therefore not the decision makers when it comes to expansion strategy. A basic rule to follow is that the larger the company is, the less strategic a sales person becomes for the Region. In these cases, the region needs to target the VP or C-Suite level executives in order to create a true Investment Attraction lead. Conversely, if the target company is smaller, the Sales Manager likely has direct access to the decision maker for expansion and may be on the executive team.

The key to success in this area is to maximize your profile at shows closest to the region geographically and "piggy-back" on the efforts by the Alberta and Canadian Government in strategic locations outside of the Province or the Country.



## *Associations*

Designed specifically to serve their members, industry associations can be effective sources of leads in the event that the SouthGrow Regional Initiative can identify ways to bring value to the association's members. This can often be achieved by providing speakers, regional tours, project information, and in some cases hosting facilities for events. Building relationships can be a challenge in this area due to the fact that Associations by their nature often involve volunteers that change positions within the executive regularly.

The upside to building relationships with associations is twofold. First they typically have industry events, which happen on a regular basis and allow for significant interaction with the members of the group. These events can range from small lunch and learn events to member surveys, round tables to conferences and trade shows. Supporting key associations at their events and volunteering on committees and the Board of Directors can provide valuable insight to the industry and reveal lead opportunities.

The second advantage of connecting to associations is gaining access to membership lists. Economic Development groups such as SouthGrow are often granted associate membership status, which comes with a much-reduced annual fee. This allows access to all association events, which provides opportunities to network with members to promote the region and generate leads.

## *Site Selectors*

These types of consultants are known to be effective sources of leads for investment targets for jurisdictions such as Southern Alberta. Small site selectors are continually called by various economic groups looking for FDI opportunities, and many of these site selectors are commission generators based on negotiated incentive programs. If the region is not able to offer incentives these groups may be less responsive to your opportunities. Smaller site selectors tend to be fairly industry and location focused, and it may be outside their scope or experience to work with communities within the SouthGrow Regional Initiative.

The trick in dealing with site selectors is to take your time to understand their business model (commission based versus contractual) and industry focus. Keep them informed of changes in the region and stay in touch on a regular basis, as their client's requirements can change week to week. Many site selectors like to receive quarterly newsletters from the region and are always interested in recent major corporate investments in the region.





#### Tips for Building Relationships with Site Selectors

- **Face-to-face is best, whether bringing the consultant to the community or visiting the consultant's office.**
- **Most site selectors have very limited time to participate in familiarization tours or "fam" tours, though they are useful opportunities. A regional approach is more competitive in getting participation in fam tours, especially if you are highlighting successes and opportunities for a partnership.**
- **Do not include site consultants on your general email list; target your email content to them specifically and make sure your subject line describes the content currently.**
- **Keep your communication content short, sweet and relevant, and follow up.**
- **Some EDO's effectively use short phone conversations, to give an update on new incentives or companies moving in or out.**

*Sourced from Economic Development Now, "You Asked, They Answered: Site Consultants Speak their Minds" Nov 2011*

## Conclusion

Rainmaker Global Business Development began research and analysis of the 22 communities in the SouthGrow Regional Initiative on October 1, 2015. Each community was studied from an investment attraction perspective, starting with the website and marketing materials (if any). Consultants from Rainmaker then visited each community to meet CAOs and EDOs in person to assess their individual efforts to attract new businesses, and hear them present facts and statistics on their village, town, or county. This information was collected and thoroughly analyzed following the visits.

On December 3rd, 2015, Rainmaker delivered a full day FDI Attraction workshop in Lethbridge with the communities to discuss site selector criteria and strategies for dealing with potential investors. A group discussion was also held with community representatives regarding past efforts, future plans, and challenges in attracting investment to the region.

In this report, Rainmaker has broken down each community into its specific opportunities, challenges, and recommendations from a site selector point of view. These recommendations provide each community with things to consider in order to realize new success in FDI attraction. The next step for each community is developing individual, comprehensive, fully executable FDI strategies. This will require weeks if not months of market analysis, discussions with local business owners, and thorough value proposition development.

It is clear that SouthGrow communities offer many unique advantages for prospective business owners. Highlighting, packaging and marketing these advantages in a meaningful, targeted approach is what will give SouthGrow the best chance of exploiting these advantages and sustaining growth over the coming decades.



# APPENDIX A

## Community Evaluations



# COMMUNITY OVERVIEWS

As a part of the scope of work for SouthGrow Regional Initiative, analysts from Rainmaker Global Business Development visited all 22 communities in the region to learn about each and discuss FDI strategies and investment readiness with their CAOs.

Laid out below are the findings of the community visits, listed in chronological order of when the visits took place. Each community overview contains a summary of our findings followed by analysis of specific opportunities and challenges, an investment readiness and attraction matrix, website critique, and recommendations. Each overview also contains a section title “Community Aspired Businesses” which are the types of businesses each CAO identified as the businesses they believe are needed or desired in their community in the short term.

Concluding each overview is an Investment Attraction Level and corresponding strategy that is detailed in the next section below.

It is important to note that the conclusions drawn from each of the community overviews are based on a subjective basis from the meetings held at the current time.

## *Investment Attraction Levels*

For communities of 10,000 people or less, Rainmaker typically uses three simple levels to categorize the strategies that communities can adopt for investment attraction approaches. These levels, described below, can help communities understand investment readiness and broadly define the strategy they should embrace as a community.

It is important to understand that these approaches can be customized based on the community and resources available to apply to investment attraction. In some cases communities may consider themselves a blend of two different levels, in other cases, they may aspire to move from one category to another. This is not meant to be a constraint mechanism for a community. On the contrary, it is designed to allow communities to understand their readiness at a given point of time and allow them to consider changing form one approach to another.

### **Proactive =**

This level of attraction readiness refers to a community that has a healthy combination of support from the leadership of the community as well as an economic development team, which is ready for investor interaction. At this level, the community has an EDO who not only understands investment attraction but has the experience and community knowledge base to interact effectively with potential investors.



It is important at this level to have key data and information ready and accessible for inbound investors in easy to understand formats. In addition, proactive communities are well aware of the businesses in their communities and the opportunities and gaps that may exist for investors to fill. This may include business gaps as well as available land and incentives that may can create unique opportunities for inbound investors to engage.

This level also indicates that the community has an understanding of the opportunities that exist in the community for investors. These vetted opportunities are those, which the EDO knows that they have the local support, business case and support assets to promote the concept to a business from another region or country. These may or may not have incentives connected to them. Proactive communities can then pursue very specific targets for investment attraction.

At this level, communities should consider a formal investment attraction strategy. This may include, but is not limited to, the following elements:

5. Identify key relationships
  - a. Government
  - b. Site Selectors
  - c. Industry Associations
  - d. Ambassadors
6. Identify 30 targets
  - a. Within key industries
  - b. Based outside of Canada
  - c. Qualify via desk research
7. Pursue 15 targets
  - a. Call the top targets
  - b. Send information
  - c. Invite to visit
8. Host 3 targets (Familiarization Tour)
  - a. Follow familiarization tour guide
  - b. Follow up

**Opportunistic =**

This level of attraction readiness refers to a community that has evaluated their community and understands that their community is positioned to attract investment of a certain type. At this level there is a clear definition of what type of investment the area would support and those it would not support. Ideally, the community has specified the exact investment they would like to attract.



At this level, the community has someone in charge of the investment or new business function but this could be someone who is also tasked with other community responsibilities. This person or persons, will be well versed on the community assets and what can be offered to the right investor. This focuses the investment attraction for the region and allows the EDO to quickly sort out potential investors and not send time on those, which may not be successful in the community.

It is important at this level to have key data and information ready and current for strategic inbound investors in easy to understand formats. This information should be as specific as possible to the opportunity that the community is attempting to fill. The more detailed the profile can be from a market opportunity point of view, the better. It is the market opportunity that usually is the first concern of any inbound investor. Part of the opportunity may be tied to incentives so it is important to include these in the profile for the targeted investor.

At this level, communities should consider an internal investment attraction strategy. This may include, but is not limited to, the following elements:

5. Identify key relationships
  - a. Specific, targeted Government contacts
  - b. Site Selectors in strategic locations and industry sectors
  - c. Industry Associations that align with the target investor
  - d. Ambassadors for the community
  
6. Define the ideal investor
  - a. Determine the industry which would best fit the community
  - b. Define the exact type of company if necessary
  - c. Determine the ideal size of the investment in the community including number of jobs, size of facility, and type of jobs.
  
7. Profile
  - a. Build a SWOT from the investor point of view
  - b. Define the market opportunity in the community
  - c. Determine why a company would invest
  - d. Build a profile/info graphic to entice the investor
  
8. Promote
  - a. Send information to key relationships
  - b. Stay in touch with them at least quarterly
  - c. Respond to inquiries from key relationships within 2-3 days.
  - d. Follow up, follow up, follow up



### **Reactive =**

This level of attraction readiness refers to a community which has evaluated their community and determined that they are either not ready for investment or that the community has prioritized other initiatives above investment attraction. For many smaller rural communities, this is the most logical and responsible strategy. Given the resources (human and financial) required at the other levels above, it is often prudent for communities to maintain this level.

It is important to understand that this level does not imply that a community can ignore investors and their inquiries altogether. The reactive level is still characterized by having a point of contact available to liaise with potential investors in the community. This person will have other responsibilities that they are required to manage.

The key to this level is to be reactive. The responsible representative should be clearly identified and available for inquiries. Information on the community website should still be current and an accurate profile of the community and the activities there. The community representative should still have information available on the community so that they can respond to inquiries effectively and efficiently.

At this level, the community should ensure the following:

5. Website is up to date
6. Community representative is clearly identified
7. Community information is available for distribution
8. Connectivity between the community and its businesses

### **Evaluation of the Investment Readiness and Attraction Matrix**

\*The basis of the community evaluations was centred on a number of questions strategized by the Rainmaker team and used as support when visiting each individual community. It is important to note that not all of the questions were asked during the meetings with the Rainmaker team and community CAO's or EDO's. However, they were the basis for the type of information that is important for a site selector when determining one's investment readiness and attraction.

\*N/D= Not discussed

\*Professional Services were evaluated on the number and of necessary professional services in the community (doctor, dentist) with the addition of value-added services (accountant, lawyer, police, fire) without having to travel to other community's for the said services

\*Tax Rates were evaluated based on property tax (residential and non-residential 2015 mill rates)

\*Internet Access was rated based on a scale of 2 being basic wireless and 5 being fibre optics

\*Rating on the schools was quite subjective based on number of schools, types of schools, and whether or not students were being bussed in or out. For more information, please see under community overview