

2015 HINTON BUSINESS VISITATION STUDY



Fall 2015

Presented by Community Futures West
Yellowhead

Community Futures West Yellowhead

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Business owners in the community of Hinton

Western Economic Diversification

Board and staff of Community Futures West Yellowhead

Disclaimer:

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Executive Summary:

Business retention and expansion (BRE) is an important factor in rural communities. This study focuses on the community of Hinton, Alberta and incorporates structured information that serves as a mechanism to build dialogue with local businesses. The aim is to identify issues, goals and potential opportunities. The data collected in studies such as these are crucial to the sustainability and viability of rural communities. BRE encourages growth and stability for existing businesses and is used to determine the needs and opportunities for business growth in a community. Our series of BRE studies have been named Business Visitation Studies.

The Hinton Business Visitation study (HBVS) is the third business visitation study to be completed in the West Yellowhead region by Community Futures West Yellowhead. This three-year project hopes to encompass a study from each of the communities served by the organization. At the date of this publication CFWY has completed similar studies in both Jasper and Grande Cache. Both publications can be viewed on the CFWY webpage at www.westyellowhead.albertacf.com.

The Hinton Business Visitation Study determines the needs and opportunities for business growth in the community through a systematic approach. It creates research and information that partners with community engagement to address needs and identify opportunities. Through consultation with the Town of Hinton, the Hinton and District Chamber of Commerce and the CFWY Board of Directors, the project and work plan were created resulting in a study based on five key economic and community factors.

Key sections identified in the survey:

- Part A - “Type of Business”
- Part B - “Questions on Labour”
- Part C - “ Business Conditions and Local Trends”
- Part D - “Future Business Plans”
- Part E - “Informational and Community Factors”

The Hinton Business Visitation study was comprised of a 29-question survey completed in person or over the phone with local business owners and managers. A total of 258 businesses were interviewed through a person-to-person delivery system. The survey was distributed across the business community of Hinton and attention was paid to capture information from a sample of all local industries, including home-based businesses. The opportunity to connect with local business is an important step in establishing a link between economic development partners and the business community.

2015 Hinton Business Visitation Study

This study is an asset to the community brought forth by a third party regional non-profit organization. It provided business owners with the confidence to speak freely that may have otherwise been difficult when dealing directly with a municipality employee.

The study offered the utmost in confidentiality and feedback was not accredited back to the source. Findings are shared by sector to ensure confidentiality within the business community.

Taking part in the interview session was optional, and generally lasted between 10 and 20 minutes. Interviews took place primarily in person at the participant's place of business. It has been shown through our other studies that this method of one on one information gathering produces the most accurate and informative results. The response rate was high with 258 businesses participating in the study and the majority of business welcomed the chance to speak freely. Several businesses sought out the study to specifically provide feedback, and multiple attempts were made to interview clients that had an interest in sharing feedback. Interview sessions were offered by appointment, drop in, telephone and email. All businesses interviewed have physical day-to-day operations in Hinton and extensive pre-planning measures were taken so that interviews were as efficient as possible to minimize the impact on the busy schedule of participants.

The primary data for this study was collected by the Business Visitation Coordinator during the months of July through September of 2015. These findings are meant to be a snapshot in time and the full document to be used as a community resource that any stakeholder or community partner could access. Contained in this study are a list of recommendations based on the statistical data, the study results should be used as an informational tool and a starting point to encourage dialogue between stakeholders and business owners. The full study can be accessed on the CFWY web page, www.westyellowhead.albertacf.com or in print at the Hinton CFWY office.

1.1 Background

The Town of Hinton is located centrally in the West Yellowhead region of Alberta, nestled in the foothills near the Athabasca River along highway 16. It is located 284 kilometers west of Edmonton and 81 kilometers north east of the town of Jasper, Alberta.

The town of Hinton's roots are well established around the Grand Trunk Pacific Railway and named after William P. Hinton, who was the Vice President and General Manager in the early 1900s. The population of Hinton experienced a boom in the 1930s when American entrepreneur Frank Seabolt and his partners opened the Hinton Coal Mine in 1931. The Seabolt name is still visible in town today. Shortly thereafter, a recession caused a population drop, and it was not until 1955 that the town began to rebound with the construction of a pulp mill. This rapid growth caused a new village of Drinnan in 1956. The two communities amalgamated in 1957 and the two sections of town are locally referred to as the valley (old Drinnan town) and the hill (historic Hinton).

According to the 2011 Census the town of Hinton has a population of 9,640 and a land area of 33.77 km². The community boasts a municipal public transportation service connecting the valley and hill ends of town, running 6 days a week. Hinton also has the benefit of a large training hospital (the Hinton Healthcare Centre), a world class forestry training and research facility (Hinton Training Centre), and local college chapter of the Grande Prairie Regional College. The median family income¹ in Hinton is \$102,996, and according to the most recent census information, the top industries are mining, quarrying, oil and gas extraction (1,030), retail trade (770), manufacturing (570), and accommodation and food services (565). Hinton is also home to a growing oil and gas population that have a strong shadow population in the area. 565 people indicated that they are self-employed in the community of Hinton according to the 2011 census, and given the current number of business licenses² issued for the community, CFWY expects that to be a fairly accurate number.

In the winter of 2008 a community wide survey was conducted by the Centre for Innovative and Entrepreneurial Leadership (CIEL)³ as part of a pilot project focused on four rural Alberta communities. That information has helped to shape the economic development strategy by the Town of Hinton.

¹ Information in reference to the National Household Survey (NHS) profile, 2011, and 2006/2011 Census Trends data for Hinton (Town)

² According to the May 2015 business license list there are 567 business licenses issued for the community of Hinton.

³ The community wide survey was titled the Business Vitality Initiative (BVI) and was a pilot project aimed to foster small business growth and entrepreneurship by the Centre for Innovation and Entrepreneurial Leadership (CIEL) looking at 4 Alberta communities across the province in winter 2008 and spring 2009. Hinton was selected along with the communities of Castor, Peace River and Vulcan Alberta.

Major employers in Hinton include:

The Town of Hinton- Currently employs 110 positions year round, this number does not include paid on call volunteers firefighters or contract workers.

Alstar-Currently employs 180 workers year round as well as a number of contract and seasonal workers. This number had been substantially larger in 2014, as the company has experienced company wide layoffs and halting of expected projects.

West Fraser- Currently employs 250 hourly and 90 salary positions through Hinton Pulp and over 100 positions in the saw mill (Hinton Wood products). Most workers have a shift of 4 days on and 4 days off.

Trican- Currently employs 200 full time workers on a rotating shift. Not all of Trican's employees live in Hinton, many choose to commute back and forth to other locations throughout the province on their days off. Trican has also been hit with a string of layoffs and had substantially more employees in 2014.

Teck Coal-Currently employs 355 workers on a rotating schedule. Teck started layoffs in the spring of 2014 and have projected that there will be more in the coming months.

In consultation with the Town of Hinton and the Hinton and District Chamber of Commerce, Community Futures West Yellowhead developed a Business Retention and Expansion (BRE) study, now referred to as the Hinton Business Visitation Study (HBVS). It is intended for Community Futures West Yellowhead to conduct similar studies in each of the five communities in the West Yellowhead region. In 2014, a BVS was initiated in Grande Cache and Jasper. In the fall 2015, similar studies were completed for Yellowhead County and Hinton. It was established early on that a locally tailored program would be the best fit for each of the communities.

Similarities in both the Hinton and Jasper survey questions exist, as well as similarities between the Grande Cache and Yellowhead County exist. While it is not the intention of CFWY to compare each of the communities, all studies appear on the CFWY webpage and portions of each of the community surveys contain the same questions.

Direct input for the study was collected from various community partners and stakeholders. Community economic development fits with CFWY's strategic plan and feedback for the project came from CFWY's board of directors⁴, the Town of Hinton, and the Hinton and District Chamber of Commerce.

⁴ Community Futures West Yellowhead board of directors is made up of 10 municipal councillors from the five communities that it serves. Two municipal councillors are from Hinton, Edson, Yellowhead County, Grande Cache and Jasper. For more information on the board structure please visit www.westyellowhead.albertacf.com.

1.2 Purpose of Study

The main goals of this Business Visitation Study are:

- To identify major and regional community themes that are impacting rural business
- Contribute to the local economy by developing data that is current and relevant to community economic development goals
- Facilitate the gathering of data that can lead to effective strategic planning for community economic development and new businesses
- Understand and address urgent business issues through action
- Act as a business attraction strategy
- Increase communications between business support organizations and the business community
- Build recommendations for future implementation in Hinton, Alberta.

The Business Visitation Study determines the needs and opportunities for business growth in the community through a systematic approach. It creates research and information that partners with community engagement to address community needs and opportunities.

Business retention and expansion information gathering is a community economic development tool used to encourage growth and stability for existing businesses. Our BVS incorporates structured informational gathering that serves as a mechanism to build dialog with local business with the aim to identify issues, goals and potential opportunities. The data collected is crucial to the sustainability and vitality of rural communities.

Five sections were developed based on community discussions and then a survey designed to capture a snapshot developing benchmark information, outline priorities and gain feedback from local businesses in Hinton. These questions focused on topics including: business statistics, questions on labour and resources, local conditions and trends, future business plans and community satisfaction factors.

In total 29 questions, some featuring multiple parts, were developed for the study. Questions having multiple choice options were modelled after information from the Economic Developers Association of Alberta and encouraged the business owners to offer feedback and solutions to their identified challenges. While it is not the intention to compare and contrast the information collected from the individual communities against each other, some of the questions are consistent between all of the communities to allow statistics to be compiled for the overall region at the end of the end of the last study. A total of 258 business interviews took place between July 15 and September 25, 2015 and the

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Business Visitations Coordinator, Morgan Roberts, sat with business owners and operators at their place of business recording responses.

The information collected is intended to build dialog with local businesses with the aim to identify issues, goals and potential opportunities. The HBVS findings are available to the community and have intended to be treated as a community document. The study findings appear on the Community Futures West Yellowhead's web page, www.westyellowhead.albertacf.com.

1.3 Community Futures West Yellowhead

Community Futures West Yellowhead is an independently operated, non-profit organization funded by the federal government's department of Western Economic Diversification. Currently, there are 268 Community Futures offices in Canada including 27 offices in Alberta that support rural economic development by providing new or existing businesses the tools and resources they need to succeed. Established in 1985, Community Futures has helped over 114,000 entrepreneurs and invested over \$3.9 billion into the rural economy of Canada.

Community Futures is the only organization throughout rural Alberta with a mandate for business and community economic development. In 2013, 27 offices in Alberta made over 500 loans totaling \$26 million dollars, leveraging a further \$25 million which helped create or maintain nearly 1,600 jobs. Community Futures has a proven track record that shows that business clients grow faster and last longer than businesses started with other traditional source financing.

The Hinton Business Visitation Study is the third BRE⁵ study to be completed by the organization. In 2014, studies were completed on both Jasper and Grande Cache, Alberta. CFWY plans to compete business visitation studies in each of the communities that it serves and currently the office is working on the Yellowhead County Business Visitation Study.

The Jasper Business Visitation Study project was recognized at the Jasper Park Chamber of Commerce, during the Small Business Awards Gala and resulted in CFWY receiving Non Profit Business of the Year for 2014. The set of studies was also recognized at the provincial level, with the Business Visitation Coordinator presenting as a panelist at the 2014 Economic Developers of Alberta association provincial conference regarding the success of the project. In 2015 the Hinton Business Visitation Study was nominated for the Business Innovation Award at the Hinton and District Chamber of Commerce's Small Business Awards Gala.

Community Futures West Yellowhead works in the communities of Jasper, Hinton, Edson, Grande Cache and Yellowhead County. Governed by a board of 10 directors with two representatives from each municipality, the main office is located in Hinton, Alberta. For more information regarding Community Futures West Yellowhead please visit www.westyellowhead.albertacf.com.

⁵ Business Retention and Expansion (BRE) is a structured action oriented community based approach to business and economic development.

1.4 Methodology

The Hinton Business Visitation Study was distributed across the business community of Hinton. The opportunity to connect with local business is an important step in establishing a link between economic development partners and the business community.

In Hinton the last time a similar community wide survey was attempted was the Business Vitality Initiative (BVI)⁶ in the winter of 2008. This study included Hinton and three other municipalities located across the province and was initiated by the Centre for Innovative and Entrepreneurial Leadership (CIEL), a non-profit organization striving to promote business friendly, culturally- vibrant and sustainable communities.

According to the active business license list provided by the Town of Hinton, there are 567 independent business licenses issued for the community in 2015. As in most communities of this size, this list is inflated by a number of businesses that do not have a local presence but from time to time operate in the area. For our purposes, the active business license list and Hinton and District Chamber of Commerce membership list were combined and a target number of 250 businesses was established. Our study focused on those businesses with an active presence in the community and primarily storefront or industrial businesses were interviewed for ease of accessibility. A portion of home based businesses were also interviewed to ensure an accurate sample of the Hinton business environment.

A total of 258 businesses were interviewed with the 2015 Hinton Business Visitation Study via face to face (n=254) and telephone (n= 4) interviews from July to September, 2015. Community wide results provide a margin of error no greater than +/- 3.8% at the 95% confidence level or 19 times out of 20.

The 2015 Business Visitation study is an asset to the community brought forth by a community non - profit organization. It provides business owners with the confidence to speak freely, that they may not feel when dealing directly with the municipality or stakeholder organization. The study was endorsed by the Hinton and District Chamber of Commerce.

⁶ The Business Vitality Initiative (BVI) was a pilot project aimed to foster small business growth and entrepreneurship by the Centre for Innovation and Entrepreneurial Leadership (CIEL) looking at 4 Alberta communities across the province in winter 2008 and spring 2009. Hinton was selected along with the communities of Castor, Peace River and Vulcan.

“The best decisions are always based on the best information. The Hinton and District Chamber of Commerce has committed to create the best possible environment for business in Hinton and area and CFWY can only do that by meeting the needs of our business community. Broad surveys are an important tool to help frame our activities and to ensure that CFWY are focused on issues that are most relevant to business and the Chamber will use this information to help identify which issues are most relevant to our business community.”

Brian LaBarge, President of the Hinton and District Chamber of Commerce

Through informational sessions with key Hinton representatives, CFWY created a well-rounded set of questions to interview the business community, resulting in an accurate assessment of their current and projected needs. The study produced an informative look into doing business in the community of Hinton through the eyes of local business people.

The Hinton Business Visitation Study focused on these five key factors:

- Part A: ‘Type of Business’: owner specific information including length of ownership, business land use, corporate headquarters, industry, and business acquisition.
- Part B: ‘Questions on Labour’: employee demographics, temporary foreign workers, training opportunities, and recruitment and retention.
- Part C : ‘Business Conditions and Local Trends’: increases / decreases in profitability over the last two years, 2015 customer’s origin, minimum wage increases, and new emerging technology.
- Part D: ‘Future Business Plans’: an in-depth look at any potential challenges to renovation and expansion and predictions on future business for the next two years.
- Part E: ‘Informational and Community Factors’: barriers to growth in the community, suppliers and businesses to attract to the community, Chamber initiatives, and community factors.

Full survey documents are provided in *Appendix A*.

Taking part in the interview session was optional, but most businesses saw the value in having their thoughts and concerns heard and presented. Most businesses who declined to participate faced a language barrier or simply did not have time to complete the interview. This study was confidential and

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comments and feedback have not been accredited back to their source, but rather by NAICS ⁷code and industry. CFWY feel that this allowed the business community to be honest and upfront about challenges and gaps in their field.

When planning out the best timeline for the study, CFWY discussed potential timelines with residents and understood that Hinton business owners often take family vacations over the summer months. A large portion of our interviews took place towards the end of the interview timeline into the month of September, with some businesses requiring multiple visits to capture information from the most appropriate person. Our goal was to minimize the impact on participants and keep interview times as brief as possible. Most interviews took between 10-20 minutes to complete and businesses had the option to have multiple sit-down interviews if that worked better for them. Almost all of the interviews took place in a face to face interview style at the participant's place of business, CFWY found that this method provided the most accurate results and feedback. A handful of interviews were completed over the telephone.

⁷ The North American Industry Classification System (NAICS) classifies business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the North American economy.

1.5 Project Timeline:

Elements:	Action:	Resources:
<ul style="list-style-type: none"> -Meet with key partners -Determine a sample size (250 businesses) 	<ul style="list-style-type: none"> -Engage stakeholders -Identify opportunities through discussion and presentation feedback -Train staff on analytical and reporting data procedures 	<ul style="list-style-type: none"> - CFWY, Chamber of Commerce, CAO of Hinton and Town Councilors
<ul style="list-style-type: none"> -Develop marketing for the Hinton Business Visitation Study -Start discussions with Key stakeholders 	<ul style="list-style-type: none"> -Develop information package for distribution -Distribute to the local business community 	<ul style="list-style-type: none"> -CFWY programming resources -Economic Development Association of Alberta -Town of Hinton business license list -Chamber membership list
<ul style="list-style-type: none"> -Develop informational interview gathering tool, BRE survey -29 Questions, combination of open ended and multiple choice, etc. 	<ul style="list-style-type: none"> -Acquire points of interest from stakeholders -Compile industry specific questions -Format Hinton specific information 	<ul style="list-style-type: none"> -Economic Development Association of Alberta -Executive Pulse -The Executive Assistant (TEA)
<ul style="list-style-type: none"> -Conduct survey interviews 	<ul style="list-style-type: none"> -Information gathering 	<ul style="list-style-type: none"> -CFWY
<ul style="list-style-type: none"> -Record results -Analyze findings of surveys 	<ul style="list-style-type: none"> -Provide accurate data input into various required sources to fulfil contract and reporting requirements 	<ul style="list-style-type: none"> -Executive Pulse software -Canadian Tourism Commission -TOH Communications Manager -Economic Development Association of Alberta
<ul style="list-style-type: none"> -Develop presentation materials and preliminary findings -Present findings to CFWY Board of Directors, Town Council, Chamber of Commerce 	<ul style="list-style-type: none"> -Create executive summary and information packages based on study preliminary findings -Create slideshow information and tools to aid in various presentations 	<ul style="list-style-type: none"> -CFWY board of directors -Town of Hinton Council and administration -Chamber of Commerce
<ul style="list-style-type: none"> -Compile full study based on findings 	<ul style="list-style-type: none"> -Construct final study document and distribute to the Hinton community 	<ul style="list-style-type: none"> -CFWY board of directors -CFWY General Manager

1.6 Survey Participation

Based on the information provided by the Town of Hinton in May 2015, there are 567 active business licenses within the town limits. This number does not differentiate between home based business, out of town contractors and local entrepreneurs. Our study focused on businesses with storefront or day to day operations within the community. Upon starting the project CFWY had a target to interview 250 local businesses to gain a healthy sample size for the community. A total of 258 businesses were interviewed during the months of July through September 2015.

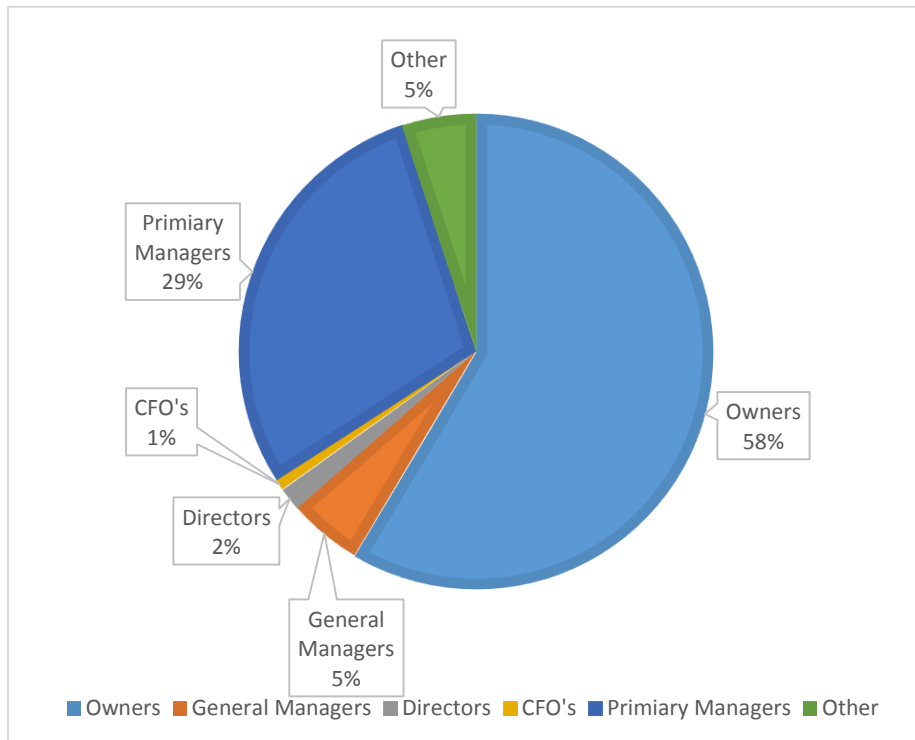
For our purposes CFWY looked to take a sample of each of the main industries in the community, as well as a variety of small, medium and large sized businesses. Interviews were held with sole-proprietors as well as large corporations, providing the same respect and opportunity for feedback. Throughout the following sections CFWY introduces a number of business factors, many presented by industry and as a full business community.

2.0 Key Findings

2.1 Type of Business (Part A)

For our Business Visitation Study, CFWY took great measures to get the information from the right person; this often meant multiple visits to businesses to catch the owner or general manager and a heightened awareness of interview time. Each interview took between 10 and 15 minutes to complete the survey. Some businesses choose to provide extensive feedback and comments going beyond the 15 minute mark. 96% of respondents were business owners, presidents, CEO's or primary managers.

Figure 1: Types of Respondents n=258



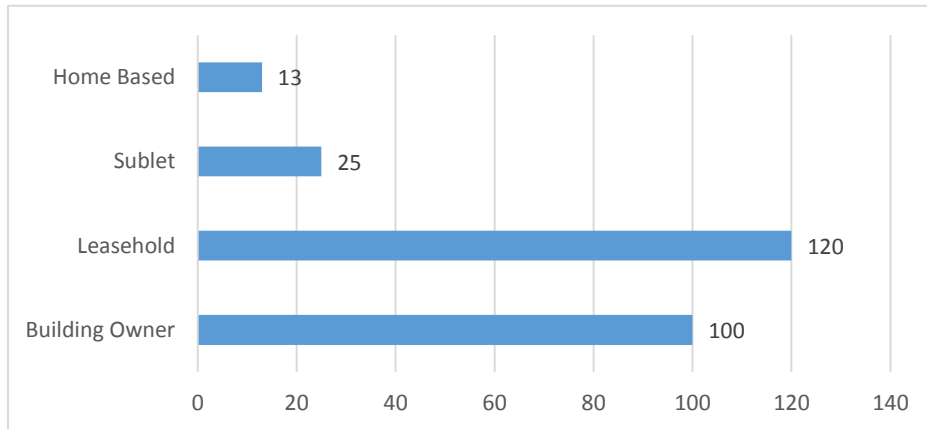
Businesses were asked about their business housing situation; whether they owned the building, operated in a leasehold situation, sublet or operated from their homes. As presented in Figure 2, the majority of Hinton businesses operate in a leased space. Some business owners, particularly in oil and gas, manufacturing and construction industries, expressed that if there were more affordable options that they would like to purchase a building or shop.

Some business owners in the retail sector expressed that they would likely never be able to afford to purchase the space that they currently lease.

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The number of licensed home based businesses in Hinton is approximately 170. For our study CFWY choose to concentrate on store front businesses for accessibility; however, CFWY wanted to have a sample of the home based business population. Figure 2 shows the sample size selected for the HBVS. This number is meant to reflect a portion or sample size of the local home based businesses and it is not meant to show that there are under 20 home based businesses in Hinton.

Figure 2: Business Occupancy n=258



Businesses were asked specifically how the business was acquired: 53% of businesses were built by the owners, 42% purchased their business from another owner or franchise. The median age of a local business in Hinton is 14.73 years making the majority of businesses starting up around 2001. The atmosphere in Hinton at this time would have been very hopeful at that time, with a booming Alberta economy and discussions starting regarding the opening of the Cheviot Mine⁸. 75% of Hinton businesses are locally owned (Figure 4). Businesses indicating that they did not have local ownership were asked what had brought their business to Hinton. Figure 5 shows the top responses. The majority of businesses in this category stated that they relocated to Hinton due to client or industry demand in the area (25%).

⁸ The proposed Cheviot Mine is currently owned and operated by Teck Coal- Cardinal River operations. At the peak of production Teck employed more than 300 workers locally.

Figure 3: How was the business acquired? n=253

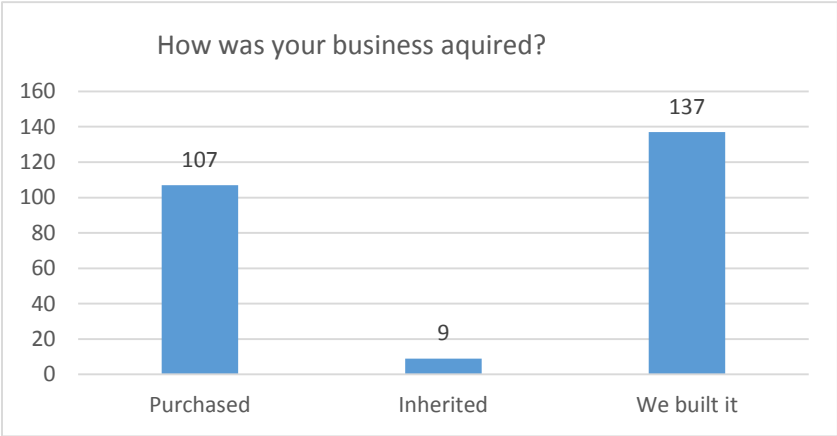


Figure 4: Is your business locally owned? n=240

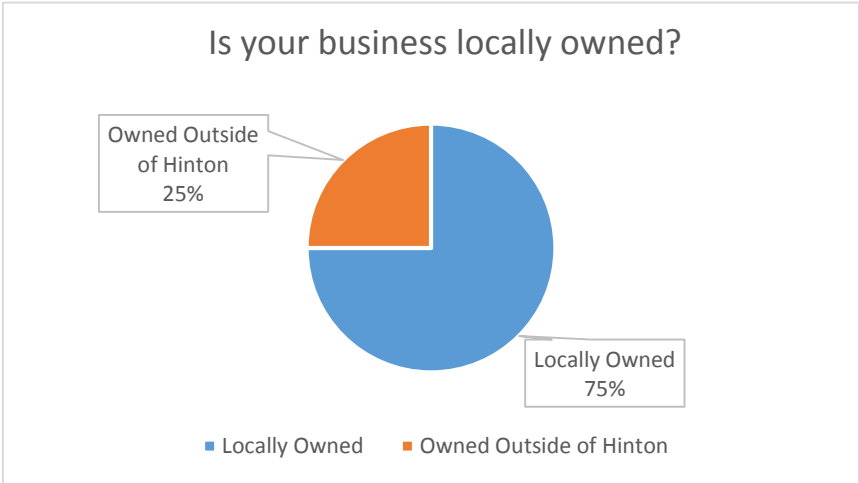


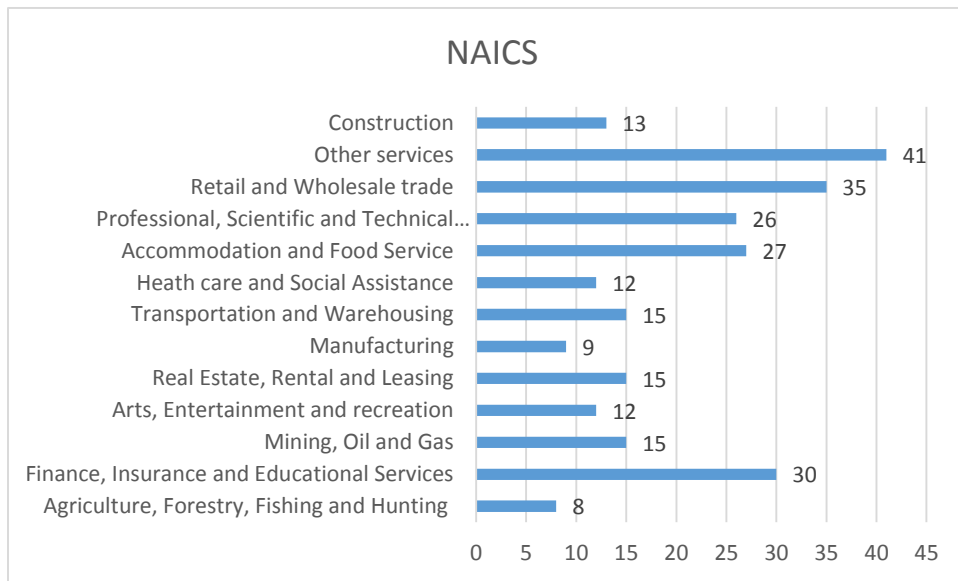
Figure 5: What brought your business to Hinton? n=60

What brought your business to Hinton? - top responses	
#1	Client / industry demand in the area (25%)
#2	Work life balance (17%)
#3	Relocated due to spousal employment in the area (12%)

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Hinton has a healthy business mix for a community of its size (Figure 6). Hinton boasts a strong retail and wholesale business sector with 14% of the businesses coming from that sector. Other notable industries are Finance, Insurance and Educational Services (12%), Professional, Scientific and Technical Services (10%) and Accommodation and Food Services (10%).

Figure 6: Types of Hinton Business n=258



2.2 Questions on Labour (Part B)

This section of the survey focused on the local labour pool of Hinton. Looking directly at number of employees, recruitment and retention challenges and specialized training requirements.

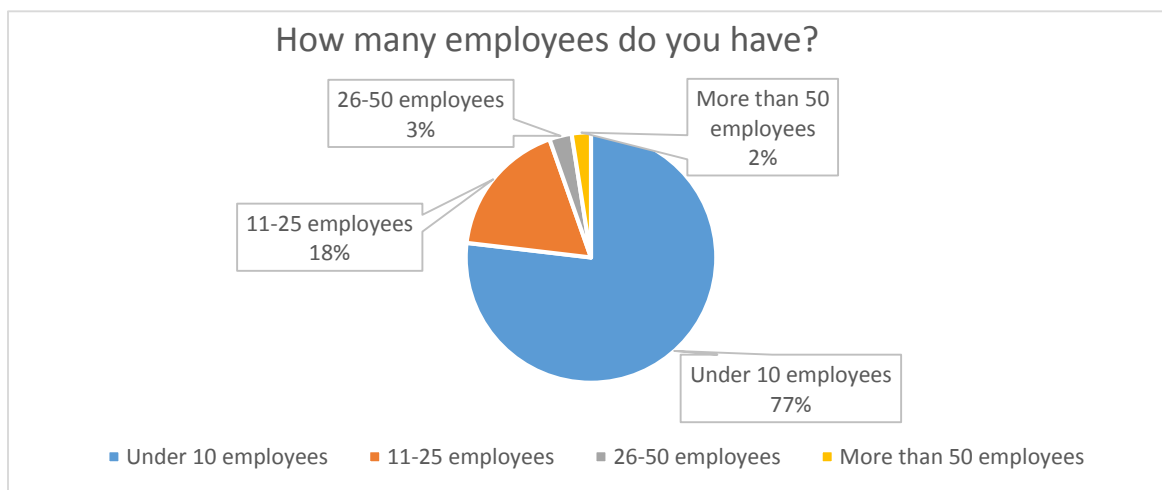
Temporary Foreign Worker Program

The topic of the Temporary Foreign Worker Program (TFWP)⁹ was of great interest in 2014 when CFWY completed the first studies in this region. Since government changes to the program, many of the Temporary Foreign Workers have since returned home and work permits have not been renewed. Only 2% of Hinton businesses are currently accessing the TFWP. This number is very low to what it would have been in the year prior to this study. Most of the comments in this section center on how business owners would like to have the program back to ease staffing issues. Business owners that have participated in the program were asked specifically what percentage of their workforce these individuals make up. For the small percentage of businesses that still access the program, they reported that no more than 5 % of their workforce was involved with the TFWP.

Business Size

Most businesses in Hinton are small to medium sized with 77% reporting under 10 staff positions, and 18% under 25 staff positions (figure 7).

Figure 7: How many employees do you have? n=242



⁹ The Temporary Foreign Workers Program (TFWP) is a program of the Government of Canada to allow employers in Canada to hire foreign nationals. When the program started in 1973, most of the workers brought in were high skill workers such as specialist doctors. In recent years with labour shortages, most workers have been brought in for “low-skilled” labour positions specifically in food service and accommodation. In 2013 there were 338,000 foreign workers in Canada. In April 2014, due to numerous complaints regarding the TFW system and unfair treatment of Canadian workers and unsafe working and living conditions of those in the program, the Government of Canada placed heavy restrictions on recruitment and halted all new applications for the food service industry.

Recruitment and Retention:

Rural communities regularly face challenges in recruitment and retention of qualified workers and many employers talked about the geographical challenge of finding skilled professional labour for their businesses. 48% of businesses faced regular recruitment challenges in finding the “right fit” for their company (Figure 8). Comments in this section include the high cost of living in Hinton, proximity to urban centers, and general lack of knowledge of the area.

70% of businesses felt that they did not have staff retention challenges (Figure 9), meaning that once businesses were able to attract their employees, a combination of onsite retention programs and a passion for living in the foothills of the Rocky Mountains played a big role in keeping employees. Multiple businesses said that the hardest workers to retain to Hinton were single men who have a tendency to bounce from area to area with little commitment. The second largest challenge in retention was with young families. This was especially apparent in the oil and gas sector, where multiple businesses mentioned that services in Hinton were limited for young families making it harder for them to relocate, and thus, creating a culture where workers commute on days off.

Figure 8: Recruitment Challenges n=258

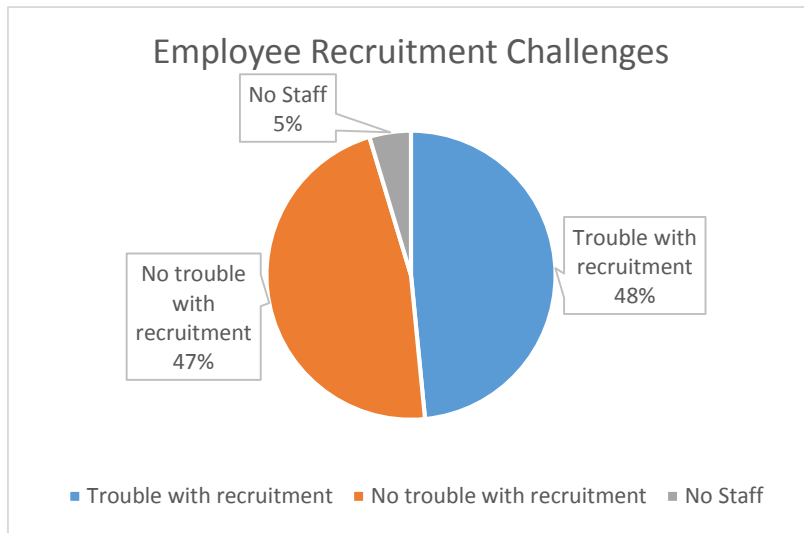
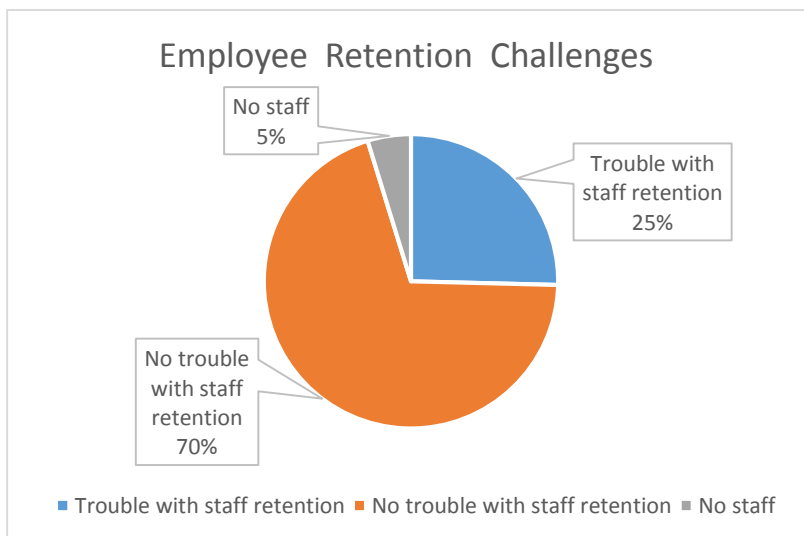


Figure 9: Business Retention Issues n=252



Although the survey indicates that only 25% of Hinton businesses have challenges with retention of employees, one has to wonder if when the new higher minimum wage increase happens if businesses will fare so well. In the next section, Part C: Business Conditions and Trends, CFWY will explore the businesses' thoughts of the local impact of the new minimum wage increase.

2.3 Part C: Business Conditions and Trends

Year Round Business

The majority of business in Hinton are open year round with a few seasonal businesses that are primary tourism driven and are closed typically from 1 to 5 months of the year. Most businesses indicated that if they are closed on a regular basis that they try to complete all renovations or business changes during that time as to not inconvenience customers and provide the best service.

For lodging businesses, occupancy rates were reported to have gone up from the previous summer with strong spring, and summer numbers being reported. Fall numbers appear to be low, but consistent with industry trends in the region.

Minimum Wage Increases

Businesses were asked if the proposed minimum wage increase¹⁰ will affect their Hinton operations. Most businesses felt that the minimum wage increase would not affect their business (64%). Most of those businesses who expressed that the increase would have no effect on their business as their workforce is being paid above the minimum wage. However those that did feel that they would be affected, will experience drastic changes (Figure 10).

Those 36% (89 businesses) that expect to be impacted by the minimum wage increase have already started to think about strategies to overcome this challenges. Figure 11 indicates the top 3 responses for how to cope with the increased staffing expense. With businesses suggesting that they would be increasing prices as high as 20% on all goods and services to combat the standardized wage increases and some of these businesses fear that people will simply stop shopping locally.

The industry that will be most affected by the minimum wage increase is the retail and wholesale trade sector. 97% of businesses interviewed from this sector expressed that the minimum wage increase will negatively affect their day to day operations. A close second is the accommodation and food service sector, with 92% of those businesses facing a negative impact on their business.

Also notable is the fact that many of the retail businesses in Hinton are younger than the median business age, suggesting that there is a higher turnover of retail businesses in the area.

¹⁰ The proposed minimum wage increase refers to the plan of the Alberta NDP Government to go from Alberta being one of the lowest payers of minimum wage in Canada to one of the highest. Minimum wage increased from \$10.20 to \$11.20 on September 30th, 2015 and is proposed to increase to \$15.00 per hour by 2018.

Figure 10: Will your business be affected by the proposed minimum wage increase? N=248

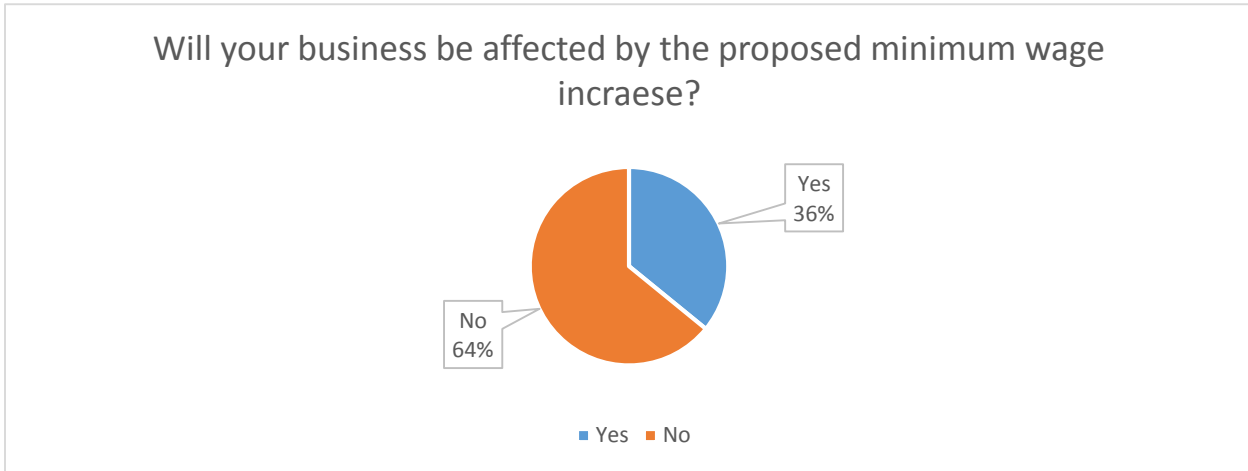


Figure 11:

	How will you cope with the proposed minimum wage increase top responses?
#1	Pass the extra costs on to the local consumer (increase prices)
#2	Cut down on staff or eliminate lower level positions, increasing workload of other workers
#3	Hire less students and younger employees

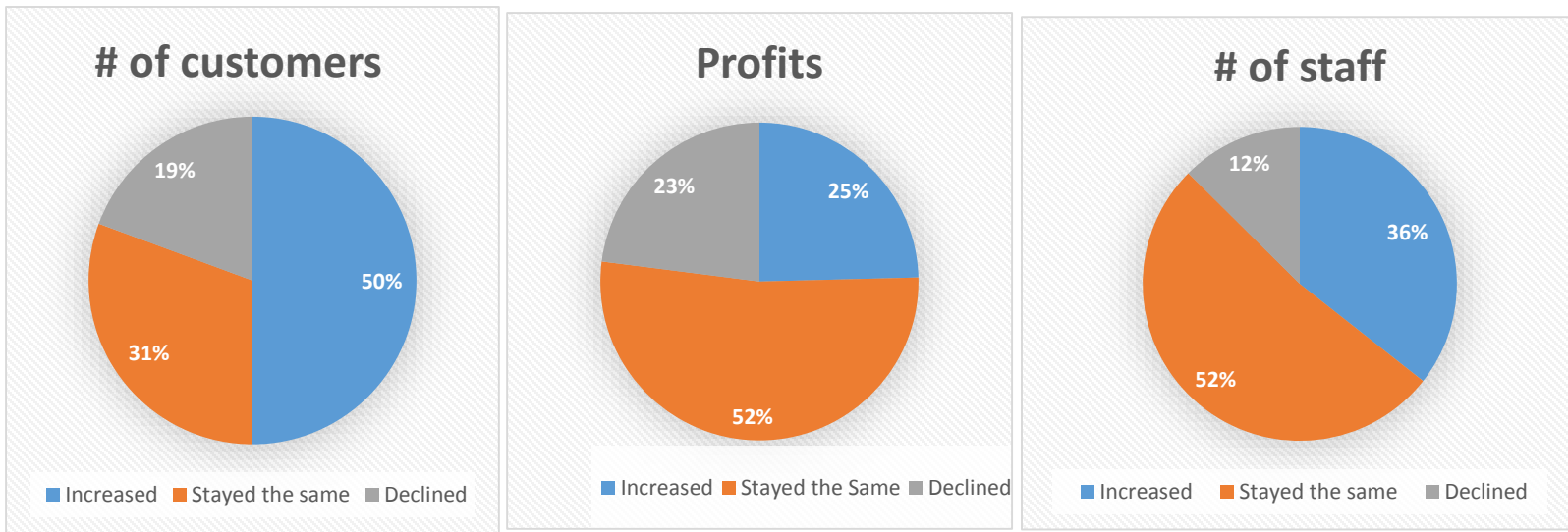
Customer Origin

Hinton businesses are serving customers worldwide all while catering to the Hinton population. Most retail business owners identified that their largest customer base comes from the local community, including regional communities. Businesses in the oil and gas sector credit larger Alberta cities such as Calgary and Edmonton as their largest customer base. Accommodation businesses indicated that there has been an increase in the number of Asian and European travelers over the past calendar year (primarily in the summer months), and a large portion of Alberta travelers from varying regions outside of the West Yellowhead.

Benchmark Factors 2013-2015

Figure 12 shows the changes over the past two years (2013-2014) for business owners in Hinton. 50 % of business owners reported an increase in the number of customers during the past two years. Profits have also been on the rise, with 52% indicating an increase since 2013. 88% of Hinton businesses have also been able to maintain or expand the number of staff they employee, with 36% stating that they were able to add new staff during the past two years.

Figure 12: Business Changes from 2013-2015



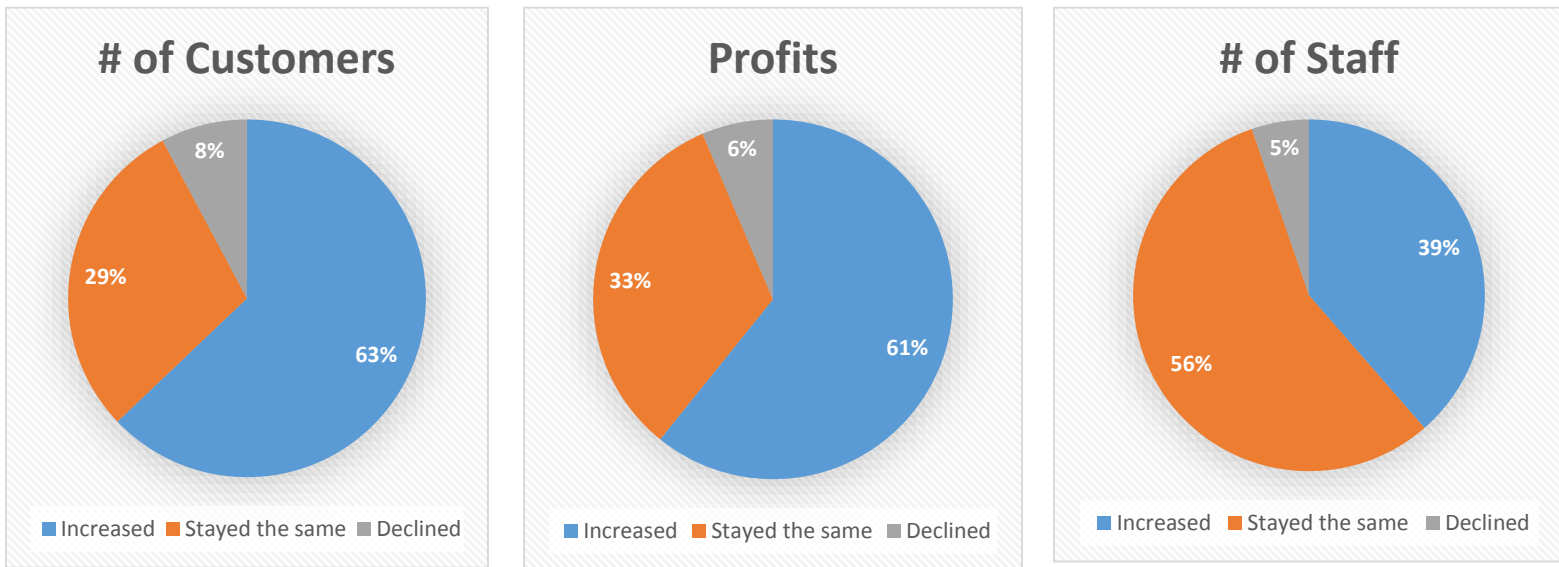
However not all industries reported increases as numbers in mining and oil and gas reported consistent numbers of customers, but decreases in profits, sales total revenue and number of staff. Some businesses expressed that they simply have not grown in the past two years, citing projects getting canceled by head offices. Some businesses mentioned that they haven't seen the end of the industry dip yet as with many contract timelines, companies have been locked into budgets and service agreements based on predictions from previous years.

2.4 Future Business Plans Part D

Predictions for the next two years

Figure 13 shows that Hinton businesses are optimistic about the future, with expected increases in number of customers (63%), and overall profits increasing (61%). Most businesses predict to be able to maintain or expand their workforce within the next two years (95%).

Figure 13: Future Business predictions for the next two years



Even industries such as mining and oil and gas who experienced dips in profits, sales total revenue and staffing numbers over the past two years feel that change is imminent. Two businesses from this sector made predictions that numbers would start to rise for their industry in as soon as 2017. Both of these companies employ larger workforces and hope to be able to rehire all employees who had faced recent layoff situations.

Oil and gas companies also discussed varying budgeting cycles and stated that upcoming budgetary projections will be based on the lean bottom line of 2014 – 2015, so they expect to exceed projections and expectations in 2016 -2017.

Renovation and Expansion:

39% of Hinton businesses are considering renovating or expanding in the next 12 months. Common obstacles to expansion noted in the survey are things such as: insufficient space available for expansion, planning and zoning guidelines, municipal government regulations, and high store front costs.

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Most businesses that stated that they would be renovating in the next 12 months made comments about the outdoor facade of their building. These businesses expressed that they liked the idea of a consistent mountain theme for the town, but did not necessarily want to invest the amount of money required to complete the mountain theme upgrades.

The signage bylaws were also brought up in comments, particularly from businesses along the highway 16 corridor and industrial areas of Hinton. Businesses expressed frustration regarding restrictions on the mountain theme and some businesses expressed that it was ‘often easier to ask for forgiveness’ and wait to see if town officials would require the signage to be removed. One business owner commented that the town has an official mandate that they will not intervene unless someone complains.

Comments on gravel versus paved parking lots came out frequently from businesses in industrial areas of Hinton. Restrictions on paving parking areas and square footage required for official parking spots were of relevance for affected business owners. Most of those affected cited out of date or conflicting regulations.

2.5 Information Needs

Prosper and Grow:

Feedback from local business is key to making smart economic decisions in a community. All Hinton businesses were asked what could be done in the community to create a culture of prosperity and growth, the question was open ended and responses varied. The following five themes emerged from comments in this question. A breakdown of responses by industry is included in Figure 15.

Figure: 14 how can Hinton prosper and grow? Top responses:

Multiple responses were given to this question with many businesses identifying more than one action.

Priority:	Action:
#1	Improve business startup procedures including adding incentives for new businesses
#2	Create Hinton awareness campaigns; increase town marketing and community events
#3	Create a sustainable shop local campaign that is a movement in the community
#4	Create a network where Hinton businesses support each other
#5	Businesses want more support and communication from the key support organizations (such as the Town and Chamber of Commerce)

Business Incentives

Out of the 250 responses to this question, 74% commented that some sort of business incentive should be offered in the community. Many businesses talked about Hinton needing to attract new businesses to the area in order for the community to grow. Businesses suggested that there should be a tangible advantage to opening a new business in Hinton. Differentiating and providing Hinton as a location of choice compared to other municipalities within the West Yellowhead.

Some businesses spoke about their experience in researching relocation to other areas within the West Yellowhead. Fast and positive customer service from town licensing and developmental planning departments heavily affected businesses owners' perception of the community. Many business owners felt that Hinton was not welcoming when they initially opened their doors. However, most felt that changes had been made to council and administration, and they were hopeful that the situation was improving.

Regional examples of business incentives include: new taxation systems that encourages enterprise, growth and job creation, and provide short term tax advantages for businesses looking to renovate an existing location or develop a new building (Grande Cache); flexible rebate programs that encourage growth and retention of primary employers (Whitecourt); tax free rebates for primary employers looking to grow and expand in the community (Whitecourt); beautification initiatives and rebates (Edson).

Community Events and Marketing

73% of businesses felt that increased community events and internal marketing of Hinton would allow the community to prosper and grow. Many business owners talked about creating more 'signature events' for the community as well as increased support for established events such as The Wild Mountain Music Festival, Fohn Festival, Son Fest, and Beaver Bike Fest. There was definite interest from the business community to create new events including mud bogging competitions, large rock festivals, music in the park and the return of Derby Days. All businesses who identified a priority in increasing community events were asked if they would support the new event. 85% indicated that they would support the new event by attendance, financial support or leadership.

Marketing of the community, primarily the benefits of living in Hinton, goes hand in hand with signature events for local business owners. Many comments mentioned the positive attributes of living in Hinton are too often forgotten and clouded by a negative mentality of what Hinton does not have. Many comments centered around negative Facebook groups and comments being a black spot on Hinton's first impressions. Suggestions of newspaper articles on positive things happening in the community, regular social media updates from the town, as well as increased signage on upcoming events in the recreation center were suggested as ways to market Hinton to Hintonites. The 'Stay Another Day' initiative and the Hinton and Alberta Northern Rockies Visitor Guide, both produced by the Hinton Chamber of Commerce in partnership with the Town of Hinton, were mentioned as positive marketing examples.

Shop Local

64 % expressed the need for increased local shopping. The commuter culture and shift work lifestyle are definite obstacles to retaining in town shopping. Business expressed that they wished that their community understood the process and pricing method required to bring in product to the community. One business told of an encounter where an acquaintance purchased an item in Edmonton, then brought

the item into the store to brag about their new purchase. The business owner politely directed the individual to the aisle where they could have purchased the same item locally and at a competitive price, keeping local money in the community.

Of the businesses that expressed the need for increased local shopping, more than 50% expressed that something new had to be done in the community to change the consumer attitude. Many mentioned that shop local was ‘more than a sticker on the window or membership card’. They wanted to see a culture developed that reminded the public that the businesses who you support in the community are the same ones that sponsor minor sports and local events. Business owners understand that money spent outside of Hinton stays outside of Hinton.

While local shopping affects most industries in Hinton the most affected are retail and wholesale trade (97%) and accommodation and food services (92%).

Communication and Business Supports

Individuals tend to treat knowledge and communication as two separate spheres, yet looking at survey responses, communication and knowledge go hand in hand. The knowledge and resources that many of the businesses owners feel they would benefit from are available in the community through organizations such as Community Futures West Yellowhead, The Hinton and District Chamber of Commerce, and through support groups such as the Hinton Business Support Network. However 56% of businesses feel that increased communication needs to happen directly with the business community from key business support organizations. These businesses are not feeling engaged with the aforementioned groups, or are not aware of the types of services and support that is available to them.

Hinton businesses also mentioned that town council should increase the level of communication directly with business owners. Many businesses stated that they had not had any interaction with business support groups or the Town of Hinton, unless there was an identified financial problem. Only a few businesses stated that they felt comfortable approaching a member of town council regarding business concerns, mostly due to negative past experiences with former council and administration and a distrust that any changes would occur. Almost all business owners who identified this challenge mentioned they were optimistic that change was occurring. Positive change was also identified with a larger Hinton and District Chamber of Commerce presence at municipal council meetings.

3.0 Recommendations:

The following are recommendations for future planning based on the feedback provided by 2015 Hinton business survey. Recommendations are meant to be used as a tool for further action within the community, and potential partners for each goal have been identified.

3.1 Goals and Partners:

Increase Community Engagement:

Goal: Perform quarterly business walks, engaging with local businesses and stakeholders

Goal: Facilitating regular stakeholder meetings to recommit community leaders to the overall community vision

Goal: Encourage businesses to engage and communicate regularly with Hinton stakeholders, to be proactive to issues or red flags, acknowledging areas of needed improvement and making positive changes

Goal: Designate an individual or group to conduct interviews with closing or relocating businesses. Record the information and direct red flags to appropriate departments and stakeholders.

Goal: Educate employers on best practices while doing business with a higher minimum wage, including retention of staff

Potential Partners: Community Futures West Yellowhead, The Hinton and District Chamber of Commerce, The Town of Hinton, local business community, Government of Alberta, Community Engagement Accountability Committee (CEAC)

Celebrate and Encourage Business in Hinton:

Goal: Create a formalized welcome package for new businesses in Hinton, conduct interviews to find out what brought the business to the community

Goal: Create and support a formalized group of community stakeholders to monitor the community's progress and ensure the town's strategic direction stays relevant to Hinton's priorities and needs.

Goal: Create incentives for business development in key areas

Goal: Focus on the retail and food businesses of Hinton in emergent issues

Potential Partners: The Hinton and District Chamber of Commerce, The Town of Hinton, faith based organizations, Grande Prairie Regional College, Grande Yellowhead School Division, Hinton business community

Increase Communications:

Goal: Assist business owners with key topics and training on hot topic issues such as customer service in a non-threatening and passive way

Goal: Create an interactive campaign to the people of Hinton, about the advantages of living in Hinton. Hinton residents are the best ambassadors for the community.

Goal: Increase communication with the general public through social media

Potential Partners: Community Futures West Yellowhead, The Hinton and District Chamber of Commerce, The Town of Hinton, Town of Hinton communications department, local business community

Think Strategically:

Goal: Create an Opportunity Development Fund or discretionary incentive available to the Hinton Business community to be accessed for community projects

Goal: Create a community asset inventory to take strategic advantage and a proactive approach to addressing current and future challenges and opportunities

Potential Partners: The Hinton and District Chamber of Commerce, The Town of Hinton, Grande Prairie Regional College, Community Engagement Accountability Committee (CEAC)

Invest in the Future:

Goal: Develop and invest in youth entrepreneurship programming and continue to develop a leaderful community

Goal: Support and create a regional economic development alliance

Potential Partners: Community Futures West Yellowhead, The Hinton and District Chamber of Commerce, The Town of Hinton, faith based organizations, Grande Prairie Regional College, high schools, mainstream financial institutions, Community Engagement Accountability Committee (CEAC)

3.1 Moving Forward

The Hinton Business Visitation Study is meant to represent a bench mark, or snapshot in time. The study is designed to be facilitated every two years and compared to the previous findings. Over this period a full understanding into the economic state of the community of Hinton is visible.

For more information on this study or to receive a copy of this study, please contact:

Community Futures West Yellowhead

221 Pembina Avenue

Hinton, AB

T7V 2B3

T: 780-865-1224

W: www.westyellowhead.albertacf.com

Appendix: A

2015 Hinton Business Visitation Study

2015 Business Visitation Study- Hinton, Alberta

Date: _____

Company Name:

Main Contact:

Phone Number: _____

Email address: _____

Web address (URL): _____

District: _____

For office use only:

NAICS code: _____

Date of Meeting: _____

Visit Number: _____

Outreach Specialist: _____

This Business Visitation study is brought to you by :



Disclaimer (Notice to Survey Respondents):

· The originator of this survey is solely responsible for its contents. **Your response to the survey is voluntary and all responses are confidential.** If you are asked in the survey to reveal your identity or the identity of the organization on whose behalf you are responding and do not wish to do so, please do not respond to the question. Your response will be used by the survey originator only for the purpose identified by the originator.

· If you are given an opportunity to submit free-form responses to a survey, please provide relevant and responsible responses; refrain from disparaging, offensive, harassing or otherwise inappropriate language; and refrain from including any sensitive information of any kind (e.g., credit card or bank account information).

Please Initial: _____

PART A: QUESTIONS ON TYPE OF BUSINESS

1a. In what year did the current owners take over this business?

Year _____

b. Are you the owner? **(Circle)**

Yes No

If *No*, what is your position?

c. What is your current situation?

- (a) Building owner
- (b) Leasehold
- (c) Sub let
- (d) Other: _____

d. How was the business acquired?

- (a) Purchased
- (b) Inherited
- (c) CFWY built it
- (d) Other: _____

2. Is your business locally owned? **(Circle)**

Yes No

If not locally owned, what brought this business to Hinton?

NOTE: Please answer question 4 only if it applies to you, otherwise skip to question 5.

3. Which of the following best describes your primary type of business? **(Circle one)**

- | | |
|-------------------------------|--|
| (a) Tourism | (e) Manufacturing |
| (b) Retail | (f) Specialized or professional services |
| (c) Oil and Gas | (g) Other (specify) _____ |
| (d) Restaurant / Food Service | |

4. What is special or unique about your business?

PART B: QUESTIONS ON LABOR USED

5. Have you used the Temporary Foreign Workers Program?

Yes No

If *Yes*, what percentage of your workforce do those individuals make up?

Comments:

2015 Hinton Business Visitation Study

6. How many paid employees work at this establishment? **(Please break it out by the categories shown below) (Circle)**

Year Round		Winter Seasonal		Summer Seasonal	
Part-time	Full-time	Part-time	Full-time	Part-time	Full-time
_____	_____	_____	_____	_____	_____

Note: IF YOU HAVE NO EMPLOYEES, YOU CAN SKIP TO PART C.

7. Does your business have problems recruiting paid employees in the following categories? **(Circle appropriate answer: Yes or No)**

Year Round				Winter Seasonal				Summer Seasonal			
Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time
Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No

8. Does your business have problems retaining paid employees in the following categories? **(Circle appropriate answer: Yes or No)**

Year Round				Winter Seasonal				Summer Seasonal			
Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time
Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No

NOTE: For the purpose of the next question, "special training" is defined by a specific set of skills that the employer is not expecting to train the new employee on the jobsite.

9. Do your employees require any "special" training?

Yes No

If Yes, please explain this more fully.

PART C: BUSINESS CONDITIONS AND TRENDS

NOTE: Answer either 15a, or 15b depending on industry.

10a. For lodging businesses:

For each season please estimate the following number of units and average occupancy rates

	Average % Occupancy Rate
Winter Dec, Jan, Feb	
Spring Mar, Apr, May	
Summer June, Jul, Aug	
Fall Sep, Oct, Nov	

10b. For all other businesses: In a typical year, are you closed for any months of the year? **(Circle all that apply)**

January	April	July	October
February	May	August	November
March	June	September	December

11. Will the proposed minimum wage increase affect your business positively, negatively or not at all?

12. Where are your customers from? (List percent from each geographic area)

Hinton	_____ %	Calgary	_____ %
Jasper	_____ %	Another Alberta location	_____ %
Edson	_____ %	Another Canadian location	_____ %
Grand Cache	_____ %	USA	_____ %
Yellowhead County	_____ %	Europe	_____ %
Edmonton	_____ %	Asia	_____ %

(Check the total to see that it adds to 100 percent.)

13. What percentage of your customers are repeat customers?
 _____ %

14. What new products or services do you think your customers will want from your business in the next 5-10 years?

15. Is new technology emerging that will change your company's product or how it is produced? (Circle)

Yes No

If Yes, please explain:

16. Over the last two years, have the following business factors increased, stayed the same, or declined? (Circle)

	Increased	Stayed the same	Declined
Number of customers	+	same	-
Sales- total revenue	+	same	-
Profits	+	same	-
Employees- full time	+	same	-
Employees- part time	+	same	-

17. If any of the business factors increased or decreased, what were the principal reasons for the changes?

PART D: FUTURE BUSINESS PLANS

18. Over the next two years, do you think the following business factors will increase, stay the same, or decline? (Circle)

	Will Increase	Will stay the same	Will decline
Number of customers	+	same	-
Sales-total revenue	+	same	-
Profits	+	same	-
Employees- full time	+	same	-
Employees- part time	+	same	-

2015 Hinton Business Visitation Study

19. If you expect any of these business factors to increase or decrease, what are the principal reasons for the changes?

20.a) Are you currently considering renovating or expanding your building or facilities? (Circle)

Yes No

If you answered Yes to 20a, then answer 20b; otherwise skip to 28

20.b) If you answered yes to question 20a, what impact will this have on the number of people you employ? (Circle)

- (a) No change
- (b) Add employees -----> How many? _____-> _____ Jobs
- (c) Reduce employees -----> How many? _____-> _____ Jobs

21. Are you currently considering moving, closing or selling your business? (Circle all that apply)

- (a) Considering moving If so, when: _____
- (b) Considering closing If so, when: _____
- (c) Considering selling If so, when: _____
- (d) Not at this time

Comments:

NOTE: If you answered a, b or c to question 21, then answer question 22; otherwise go to 23.

22. Why are you considering moving, closing, or selling? (Circle all that are appropriate)

- (1) changing market conditions in travel and tourism industry
- (2) obsolete building
- (3) redevelop the property
- (4) high property value
- (5) pass it on to another generation in the family
- (6) no land for expansion
- (7) transportation problems
- (8) crime/vandalism
- (9) low work productivity
- (10) environmental concerns
- (11) rigid code enforcement (including ordinances and building codes)
- (12) high property taxes
- (13) lease expiration
- (14) poor telecommunications
- (15) declining population
- (16) insufficient labour supply
- (17) retiring
- (18) another business opportunity
- (19) business loans
- (20) other (please specify) _____

23. Which of these initiatives should take priority for the Hinton and District Chamber of Commerce? **Please rank the top 3 in order of importance.**

- ___ Economic development
- ___ Business celebrations
- ___ Supporting business excellence
- ___ Promoting shopping locally
- ___ Strengthening regional partnerships
- ___ Providing business representation at municipal meetings

24. Are there barriers to growth in this community?

___ There are no barriers to growth in this community

If Yes, what are they?

25. Are there suppliers that CFYW should attract to this region? *Suppliers are defined as any product or service that would cause you to spend more money locally.*

Yes No

If Yes, please list:

26. In terms of doing business, how do you rate this community with respect to these factors:

A=Excellent; B=Good; C=Average; D=Poor; E=Very Poor

Built environment	A	B	C	D	E
Public space aesthetics	A	B	C	D	E
Parks	A	B	C	D	E
Trail network	A	B	C	D	E
Sports facilities	A	B	C	D	E
Public art	A	B	C	D	E
Street use	A	B	C	D	E
Wayfinding	A	B	C	D	E
Parking	A	B	C	D	E
Special events	A	B	C	D	E
Cultural identity	A	B	C	D	E
Customer service	A	B	C	D	E
Community spirit	A	B	C	D	E
Other (please specify): _____	A	B	C	D	E

27. What should the community of Hinton work on to help all businesses prosper and grow?

28. What new business does Hinton need to attract to the community?

29. Is there anything you would like to add that CFYW have not addressed?

Thank you for participating in the Business Visitation Study. Your identity will be kept confidential.

For more information please contact:

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 T: 780-865-1224
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