




***Building Business Diversification
in your Community***



Economic
Developers
Council
of Ontario



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Building Business Diversification in your Community

Agenda

- Local Entrepreneurs: Potential Diversification?
- Diversification of Individual Businesses
- Identification of Business Opportunities
- Your diversification action plans...



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LOCAL ENTREPRENEURS: SOURCE OF DIVERSIFICATION?



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Local Entrepreneurship

- Are your local businesspeople entrepreneurial?
- Can local entrepreneurs lead your community's economic diversification?



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Entrepreneurship → Diversification

Challenges or Constraints:

- Stagnation of business processes
- Lack of investment in physical assets
- Risk avoidance, fear of competition
- Too few entrepreneurs
- Lack of succession planning

Action plans:

- Business tours (Norfolk County) to other areas
- “Celebrate” success
- Create a collaborative environment
- Conduct BR&E to “get perspective”
- Connectivity to local business
- Highlight best practices to businesses

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Entrepreneurship → Diversification

Challenges or Constraints:

- Lack of cooperation within the market
- Lack of business development programs
- Entrepreneur mindset vs. business manager
- Lack of vision, narrow perspectives
- Blame of others

Action plans:

- Foster entrepreneurial education (youth)
- Knowledge exchange and engagement eg. ICE program
- Tapping into supply chains to determine if local sourcing is possible
- Support expansion projects with students

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Business Succession Planning

Action plans:

- Packaging business opportunities for consumption
- "Succession Matching" through CFDC network
- Advertising business opportunities online
- Tracking potential investors
- Engaging external networks
- Adaptive business succession planning (look for innovation & expansion possibilities after biz ownership transition)
- Inventory potential business needs and opportunities
- Develop a culture of entrepreneurship beyond the EDO



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Business Succession Planning

Action plans:

- Communication and education of senior business owners
- Dealing with the pride/legacy issue
- Business succession mentorship
- Building trust with each business owner and within sectors
- Recognize linkage between retention and diversification
- Using local success transition stories to educate
- Educating businesses on reality of selling the biz (eg. Timeframes longer than expected, values less than expected)
- Get the word out by tagging onto existing business events
- Develop business sales template, encourage business owners to use it to prepare for sale of business



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Business Succession Planning

Action plans:

- Use the Northern Ontario program for succession and innovation planning
- Educate the broader community on the importance of business succession planning
- Think about community assets, conditions and attitudes required to support entrepreneurship and entrepreneurs (broadband, lifestyle, community and recreational infrastructure)
- Build/improve community asset base (competitive real estate prices, strong health care and education facilities)
- Sell your community as part of a broader region with even greater assets
- Link business transition planning to incoming immigrant entrepreneurs

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DIVERSIFICATION OF INDIVIDUAL BUSINESSES



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Diversification: Key Growth Strategy for SMEs

- BDC completed excellent study:
 - Modestly diversified businesses (2 ways) are far more likely to be successful
 - 7/10 diversified firms achieved high revenue & profit growth, < 2/10 undiversified firms can do the same
 - Diversification unrelated to business age

https://www.bdc.ca/en/about/sme_research/pages/diversify-key-growth-strategy.aspx



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Client Diversification

- Revenue base is sufficiently diverse that loss of biggest customer would not result in significant impact on business



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EcD Actions: Client Diversification

1. Identify businesses that have a thin client base. Ask what client diversification barriers are – what do they need?
2. Encourage businesses to seek national, global clients
3. Min. Industry & Trade programs to advance/initiate exporting
4. Promote upcoming Northern Ontario export readiness workshops



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EcD Actions: Client Diversification

5. Diversify product offering to expand client base
6. Perseverance by the business and EDO to maintain diversification efforts during good times as well as bad times
7. Collaboration between businesses to succeed in export markets, potentially export a complementary product mix



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Product/Service Diversification

- At least two product and/or service lines to protect against obsolescence risk



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EcD Actions Product/Service Diversification

1. Ask what barriers to this are
2. Collaboration between businesses (partnerships, distributorships, etc.)
3. Challenge assumptions, change perspectives
4. Develop Marketable IP or business processes/tools for sale to other biz
5. Support innovation in product or service lines



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EcD Actions Product/Service Diversification

5. Collaborate with post-secondary institutions for ideas for concept development & commercialization
6. Adapt current products/services for different markets/industries
7. Business consolidation for efficiency is a reality, and better than business loss
8. Use company sales channels to flow complementary products/services of others



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Sector Diversification

- Operating in at least two sectors to protect against sector contraction or decline



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EcD Actions: Sector Diversification

1. Expose business to potential new clientele
2. Understand the sectors (& opportunities within) in your community
3. *Ask about*, Facilitate information or knowledge sharing on potential alternative sectors that could be served
4. Direct EDO engagement and follow up (*info on research, counselling, marketing, funding, adaptation, etc.*)
5. Improve accessibility and effectiveness of scientific research, credits,
6. EDCO/EDAC promote export development programs



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Client-Geographic Diversification

- Serving regular clients in at least two cities to reduce geographic risks



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EcD Action Client-Geographic Diversification

1. Identifying unique product or service for/within each business that has broader market appeal
2. Education and information about online tools
3. Rob and duplicate ideas from others
4. Private sector youth internships (CFDC) to help with this



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EcD Action Client-Geographic Diversification

5. Leverage immigrants, new residents and expats to access other markets
6. Use of, and build relationships with foreign trade commissioners and chambers of commerce, Min. Investment and Trade
7. Collaboration with other communities to share costs, asset base, product/service offering



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Business-Geographic Diversification

- Operations in at least two cities to reduce geographic risks



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EcD Actions: Biz-Geographic Diversification

1. Co-location with other businesses
2. Use trade commissioners abroad
3. Collaboration with other communities (EDO to EDO)



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Action Plans/Programs to Improve Diversification across Biz Community

1. A
2. B



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Action Plans/Programs to Improve Diversification of Gazelles

1. Assist with preparations and
connections to Northern Ontario Angels



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IDENTIFICATION OF BUSINESS OPPORTUNITIES



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Identification of Business Opportunities

- Many communities SAY they have business opportunities – few of these opportunities are actually documented
- Few have take a systematic approach to discovering, documenting and marketing business opportunities



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What are some BR+E interview questions to identify business opportunities?

- What are the gaps in your supply chain?
- Understand underperforming products or services
- How to better utilize existing resources and capacities
- What are the biggest challenges in your business?



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What are some BR+E interview questions to identify business opportunities?

- Who are your biggest customers?
- What is your succession plan?
- Where is the best margin? By Customer type?
- When did you last review your price points?
- What are your competitive advantages?



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What are some BR+E interview questions to identify business opportunities?

- Do you have a business succession plan?
Approximately how long before you would like to transition ownership?
- Is there an investment that could be made that would allow your products/services to really take off?
- What are your largest expenditures that go to suppliers outside of our community? (import replacement)



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What are some BR+E interview questions to identify business opportunities?


- What happens to your product or service after you deliver? Where are they delivered to? Are there opportunities for adding-value within your company, or within the community?
- Could your products/services serve other industries/types of businesses/clients? Could your product/service be exported to other countries/provinces? Would some form of trade relationship be of assistance?



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YOUR DIVERSIFICATION ACTION PLAN




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Action Planning

- My community's specific challenges with respect to entrepreneurship are:
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____




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Action Planning

- Action plans to overcome my community's specific challenges with respect to entrepreneurship are:
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____


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Action Planning

- My community's specific opportunities with respect to entrepreneurship are:
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____


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Action Planning

- Action plans to capitalize on my community's specific opportunities with respect to entrepreneurship are:
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____




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Action Planning

- Action plans to improve 5-way diversification within the entire business community are:
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____




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Action Planning

- Specific action plans to improve diversification within our community's high performing businesses are:
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____




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Action Planning

- Specific action plans to take to systematically discover and document business opportunities are:
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____



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Discussion & Conclusions Business Diversification in your Community

- Future sessions could have some best practice examples or success stories of businesses and communities that have transitioned.



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**For Assistance, Assessments,
Guidance, or Questions, call**



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