



Photo credit: Monashee Manufacturing

# Business Walk to Central Okanagan Manufacturers

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*Post Event Report May 2016*

## Business Walk Program



Powered by the Central Okanagan Economic Development Commission

# Labor Market Softens for Central Okanagan Manufacturers Despite 90% Describing Business as Steady or Growing

## Executive Summary

The Central Okanagan Economic Development Commission (COEDC) facilitated the first Business Walk in Canada in October, 2012. To date approximately 1,670 businesses in the Central Okanagan have been visited through the Business Walk program.

The Business Walk is one method used by the COEDC to gather information from the business community and identify programs to facilitate business growth.

The information obtained captures the pulse of businesses throughout the region, connects business support agencies to the business community, communicates industry intelligence to multiple civic and business stakeholders and identifies opportunities for COEDC Business Enhancement programming.

Outcomes specific to the manufacturing sector include:

- The COEDC provides one-on-one follow up and expertise to manufacturers requiring assistance;
- The Ministry of Jobs Tourism and Skills Training is using the Business Walks program as a best practice;
- The COEDC facilitated a Business Beyond Borders session to 25 Okanagan manufacturers following the 2013 Walk to manufacturers to address employee recruitment and retention strategies;
- Information from the 2013 Manufacturers Walk provided industry intelligence to City of West Kelowna staff in the facilitation of a Manufacturers Round Table session;
- The COEDC created a [Central Okanagan Manufacturers Resource Guide](#) and a [Manufacturers Recruitment & Training Guide](#);

- Internal reports communicating barriers and program opportunities identified through the Business Walk are presented to multiple stakeholder groups. These have included issues such as the need for information related to signage, local truck routing, transportation networks in and out of the valley, and export development.



Photo credit: Chaparral Industries

### *Did You Know?*

- ❖ As a major employment generating sector the 40 manufacturing and aerospace businesses visited represent 1,582 full-time jobs.
- ❖ 90% of Central Okanagan companies interviewed during the April, 2016 Manufacturing & Aerospace Business Walk were positive about their business environment.
- ❖ The manufacturing and aerospace companies interviewed projected a 17.4% increase in the number of full-time, part-time and contract/temporary workers over the next 3 years.

## Identifying the Needs of Central Okanagan Manufacturing and Aerospace Companies

The manufacturing sector is a key economic driver in the Regional District of Central Okanagan, along with agriculture, tourism, retail trade, forestry, technology and construction.

The Manufacturing and aerospace industries are well represented in the region including several major companies serving aviation and defence markets around the world. These firms, in turn, help generate work for smaller companies engaged in aviation equipment manufacturing and service, communications systems development, research and development, and flight schools. They contribute significantly to the regional economy by providing well-paying jobs that are not seasonal in nature. Training and education for a wide range of trades is strongly supported by local academic and training institutions including Okanagan College and the University of British Columbia Okanagan campus.

The 40 businesses visited range in size from two to hundreds of employees and represent a broad range of manufacturing and aerospace specialties and capabilities.

Each manufacturer was asked 5 questions related to the current state of their business environment, employee growth, specific positions they had difficulty filling, succession planning and barriers to growth.

The results of the April, 2016 Business Walk are communicated to civic and business stakeholders for consideration in the development of programs and services that can assist manufacturers. The COEDC made public as well as provided one-on-one assistance and expertise with all companies requiring follow up within three weeks of April's business walk.

## Question 1: How would you rate the current state of your business from 1-10?

The interviewers began by gauging the business operators' sense of their current business environment by rating it from 1 to 10.



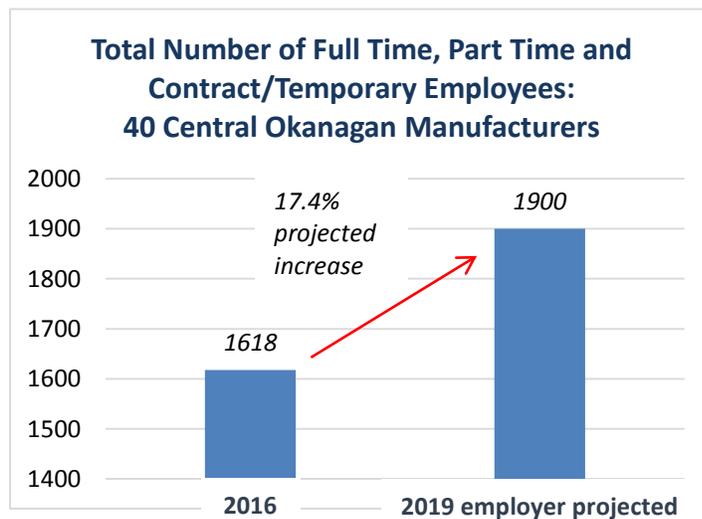
- Ratings of 1-3 are associated with business decreasing/failing;
- Ratings of 4-6 are associated with business being fair or steady;
- Ratings of 7 to 10 are associated with a positive environment where the business is growing.

35% of the businesses rated their environment as fair/steady and 55% rated their environment as positive and growing for a total of 90% of the businesses interviewed.

## Question 2: How many employees do you have today, and what is your projected number of employees in 3 years?

The companies were asked how many full time, part time and contract/temporary workers they had today, and the total number of workers in all categories they expected to have in 3 years.

The majority of businesses employ mainly full-time employees, representing 1,582 full time employees today. 30% of the companies employ small numbers of part-time or contract/temporary workers in addition to full time employees. One company interviewed has a significant requirement for seasonal workers and employs a large number of part-time and contract/temporary workers.



The large majority of manufacturers and aerospace companies expected their total number of full time employees to stay the same (45%) or increase (48%) for total of 1,855 full time employees in 3 years. The most significant number of projected increases in full time employees (from 20% to 50%) was expected by companies engaged in the manufacture of boats, products for the aviation industry, home construction and metal fabricating.

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The manufacturers' expectations for growth paralleled strong optimism of Central Okanagan employers in all sectors cited in the [Central Okanagan 2020 Labour Market Outlook study](#). The latter showed 70.2% of Central Okanagan employers expected their employee numbers to increase between 2014 and 2020.

### Question 3: Is your company experiencing recruitment problems with employee positions or skills?

35% of companies said they were experiencing difficulty finding employees with the skill sets they required and 65% said they were not. This is sharp contrast to the COEDC's Business Walk Survey in 2015 where 80% of manufacturers said they were having difficulty filling positions.

Comments provided by the businesses suggest the availability of more workers locally who were previously employed in Alberta, and slowdown in hiring locally due to global economic conditions in the last year have contributed to this trend. Among the businesses challenged to find the workers they need, the need is greatest for skilled/professional skills including:



Photo Credit: Valhalla Helicopters

- Plumbers
- Electricians
- Upholsterers
- Electronic engineers
- Mechanical draftsmen
- Hydraulic technicians
- Engine mechanics

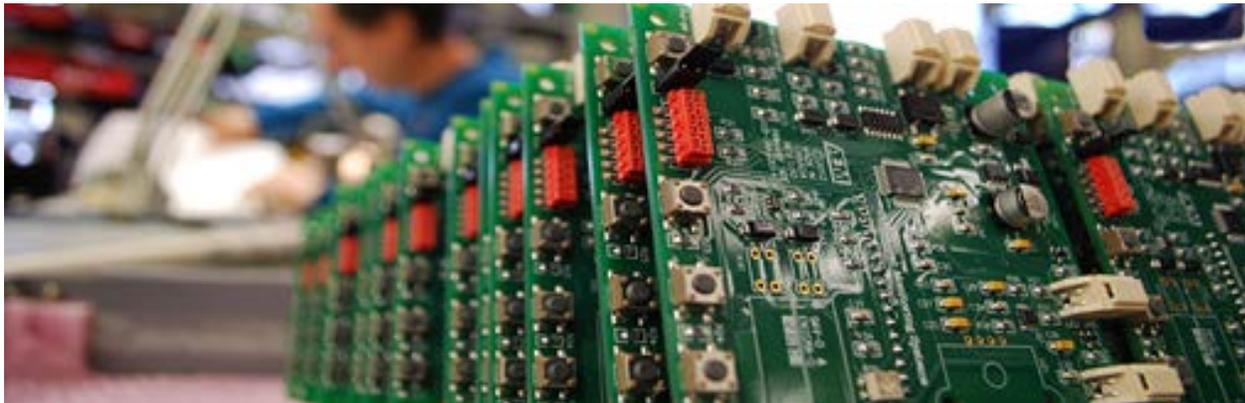


Photo credit: AEM



#### Question 4: Do you plan to exit the business in the next 5 years?

To gain a sense of how companies prepare for future growth and/or succession, the businesses were asked if they planned to exit business in the next 5 years, for example by selling or closing.

The large majority (97%) said they did not plan to exit the business.

#### Question 5: Does your business face any barriers to growth?

The final question provided an opportunity to identify specific barriers to growth the manufacturing and aerospace companies may be experiencing. These included issues related to government regulations, physical space, transportation network, operational costs, labour, tax rates, business management and “other” areas.

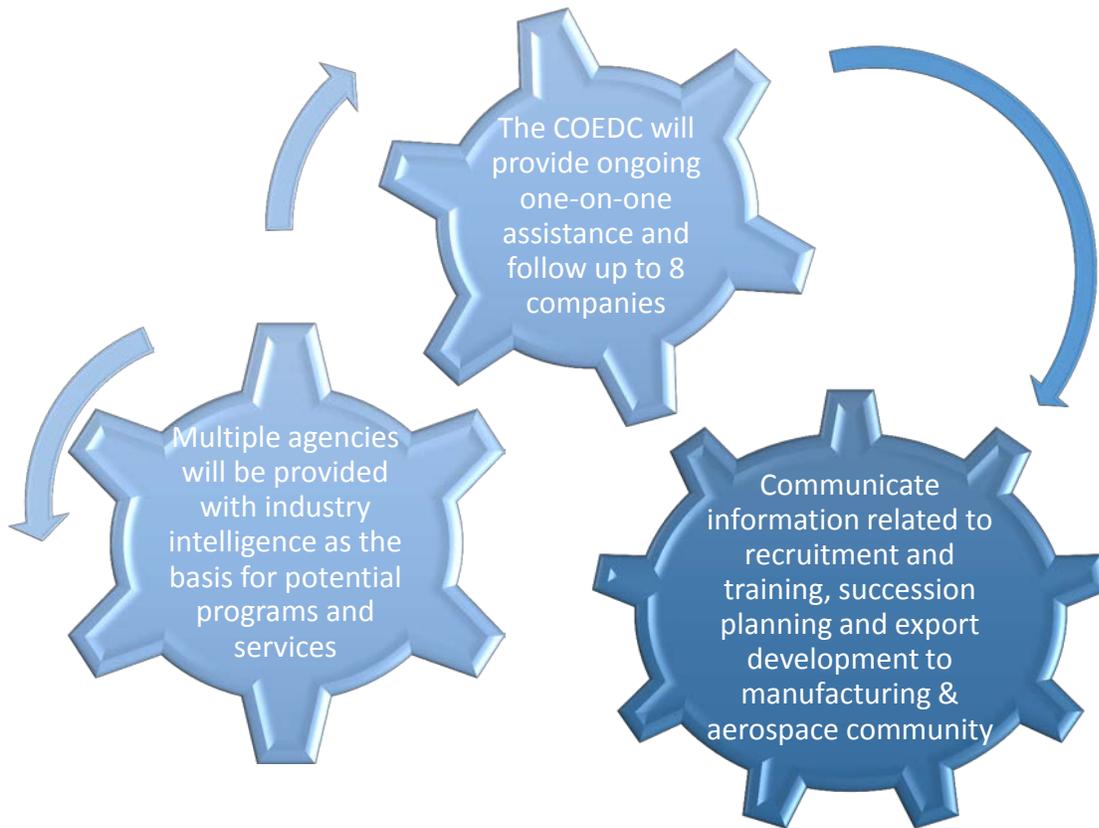
63% of businesses said they were experiencing barriers to growth with the majority of comments in the “other” category. Most frequently mentioned were comments about the “general decline in the economy” by a number of manufacturers, including those whose customers in Alberta have been adversely affected.

32% of businesses mentioned government regulations affecting their industry, and challenges with their transportation network from the regional to international level depending on where their customers were located.



Photo Credit AEM

## What's Next?



The Business Walks program is facilitated and made possible by regional partnerships.

The Economic Development Commission would like to recognize and thank the following:

