

Steps to Creating an Investment Attraction Strategy Business Attraction Toolkit for B.C. Communities

The following describes the steps to creating an Investment Attraction Strategy:

Step 1 - Identify the competitive advantage of businesses in your community

To identify what locational and competitive advantages businesses in your community have, it is important to examine the types of industries and businesses that have experienced success. In addition, you can analyze the supply chain associated with existing key sectors in order to identify industries and businesses that may be complementary to those existing in that sector. This would include businesses that provide inputs/services for, or utilize the outputs of, existing companies.

Interviewing local business representatives to understand location advantages and disadvantages, as well as competitive advantages of the community, can help support the development of your investment attraction strategy.

Step 2 – Undertake a retail sector gap analysis

A retail sector gap analysis involves undertaking a systematic analysis of retail services available in your community relative to your community’s needs. There may be critical retail services unavailable in the community that could be supported by the local population base.

You may want to engage professional expertise to undertake a retail gap analysis, as there are key population thresholds that need to be met for certain types of retail businesses to succeed. A local consumer survey may also be used to determine the extent to which any new services would be patronized by the local population.

Step 3 – Analyse potential target industries and businesses

This component of the investment attraction strategy builds on the preceding two steps. It enables you to narrow the scope of your investment attraction efforts by targeting industries and businesses that are a good fit with your community and likely to be successful.

It is important to consider how new industries and businesses will complement other community economic development and marketing initiatives, such as branding. For example, if a community is promoting itself as being an “outdoor adventure capital,” then perhaps focusing on attracting industries that manufacture outdoor equipment (clothing, kayaks, etc.) would be a good fit.

Step 4 – Develop a shortlist of investment attraction opportunities

Network with economic development colleagues and other business associates to determine what types of businesses and investments have been attracted to similar communities in B.C. to help your community define the types of businesses and investments you want to target.

You can also survey existing local businesses to identify if they are:

- Seeking business partners or investors. Businesses may be looking to expand or diversify their operations, or they may want to see similar businesses in the area in order to strengthen the local labour pool and corresponding support services.
- Needing other complementary businesses to provide inputs/outputs that would support, help expand or diversify their operations. Encouraging complementary businesses in the same sector will support the creation of clusters, which can result in some economies of scale for the businesses in that sector.
- Selling or planning to sell all or part of their business due to retirement or other circumstances.

Step 5 – Identify existing and future investment-ready sites

It is important to have an up-to-date inventory of zoned and serviced commercial and industrial lands and buildings within your community. This inventory of sites and buildings can identify potential locations for new businesses and investments. It is difficult to attract investment if there are no clearly defined investment locations within your community.

Step 6 – Identify objectives for investment attraction

Investment attraction objectives should be clearly defined in terms of target sectors, as well as the number of new businesses and order of magnitude of investment you hope to attract over the next several years. Timelines and targets should be realistic in the context of the community's size and the robustness of the local economy.

For example, a reasonable target for a smaller community might be to attract three new businesses per year (starting in Year 2) that employ more than 10 people.

Step 7 – Determine investment attraction strategies and tactics

Investment attraction strategies and tactics should highlight the competitive advantages your community offers for the type of business you are trying to attract. Regarding prospective investors, please keep in mind the following:

- Investors are focused on their ability to serve their markets in a profitable manner. A good location, raw materials and an attractive community are not sufficient – you need to demonstrate that the investor can serve their customers effectively and profitably from your location.
- Attracting an entrepreneur or prospective business to your community is typically easier than attracting a new major enterprise. Ensure your strategies and tactics reflect the most realistic goals for your community.

Step 8 – Implement, monitor, evaluate and adjust

Once your investment attraction strategy is complete, implementation can begin. It is recommended that you monitor and evaluate your progress against your objectives on an annual basis. You may have to occasionally adjust your investment attraction strategy to respond to changes within your community. It is important to remember that investment does not happen overnight and in some cases can take years.