



Centre for Innovative &  
Entrepreneurial Leadership

## **Business Vitality Initiative (BVI)**

# **Tips for Stimulating Business Vitality in Your Community**

June 2007



## Why would our community want to improve its business vitality?

### ***Context of an Increasingly Competitive Global Economy***

A key feature of the new knowledge-based economy is the increased flow of information and goods on a global scale. This opening of markets has the potential to constrain or to enhance a local economy, depending on community vision & action. For example, if you spend your money at the big box store in the closest big city, your local economy loses (this is termed leakage). If on the other hand, you spend your money locally and at the same time export goods from your business to external markets, your economy benefits. The idea is to keep the pipe line open to exports while avoiding leakage. Increased competition is another feature of the new economy, along with a shift from resource-based to knowledge-based. More simply put, resource sectors, such as forestry and mining, are being replaced by knowledge-based industries, often utilizing new technology, coupled with innovative application. With adequate infrastructure to allow the flow of goods and information into and out of the area, the potential for the revitalization of rural Canada presents itself. In addition, a young skilled population looking to raise a family in a safe and beautiful place can be attracted to invigorate rural economies. With careful planning, a community can ensure that the economy works for them.

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*Studies show that 80-90% of jobs are generated from retaining and expanding business within a community.<sup>4</sup> Increasingly, research shows entrepreneurs fare better in supportive communities with dynamic business support organizations.<sup>5</sup>*

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*The BVI Team was nominated for the Don McMillan Award in 2003, BC's top community economic development award.*

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### ***What If We Don't Want Economic Growth?***

Some communities may like things just the way they are. Keeping things just the same also takes careful planning and maintenance. In the new economy, doing nothing will not allow you to stay right where you are in terms of economic vitality. In fact, doing nothing to maintain your economic health is much the same as doing nothing to maintain your physical health, eventually lack of care catches up to you. In terms of community business vitality, your local economy will suffer if you don't fertilize the soil.

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*The BVI Team is accredited by the Canadian Economic Development Technical Assistance Program (CEDTAP) as a CED technical assistance provider.*

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<sup>4</sup> Information gathered from Business Retention / Expansion programs across Canada and the U.S.

<sup>5</sup> Center for Rural Entrepreneurship. [www.ruraleship.org](http://www.ruraleship.org)  
[www.BusinessVitalityIndex.com](http://www.BusinessVitalityIndex.com)

## What influences the business health of a community?

The Assessment Questionnaire (a.k.a. The Index) gathers perceptions on 99 indicators known to affect business health. The indicators are based on an extensive literature review, coupled with expertise gained from years of practice in the field of Community Economic Development. The indicators are broken down into 10 sections, including:

<b>Section</b>	<b>Definition</b>	<b>Key Elements</b>
<b><i>Opportunities &amp; Attitudes</i></b>	The ability of the community and its citizens to recognize, take action, and follow through on available opportunities.	<ul style="list-style-type: none"> <li>✓ Entrepreneurial Mindset</li> <li>✓ Embracing Opportunity</li> <li>✓ Motivated Workforce</li> </ul>
<b><i>Quality of Life</i></b>	The ability of the community to attract & retain businesses & citizens, especially those who are young, skilled workers.	<ul style="list-style-type: none"> <li>✓ Health &amp; Education</li> <li>✓ Arts &amp; Culture</li> <li>✓ Lifestyle Opportunities</li> <li>Commitment to Business</li> <li>✓ Daily Services</li> </ul>
<b><i>Education &amp; Training</i></b>	The ability of the community to develop entrepreneurial skills & attitudes in the non-business population, and to upgrade skills in the business community in order to remain competitive in larger markets.	<ul style="list-style-type: none"> <li>✓ Ongoing Skills &amp; Personal Development</li> <li>✓ Entrepreneurial Development</li> <li>✓ Access to Business Training</li> <li>✓ Effectiveness &amp; Quality of Training</li> </ul>
<b><i>Innovation</i></b>	The ability of the community to innovate, that is, think of and develop new ideas. Consideration of new ideas increases the ability of the community to adapt to changes, recognize unusual and new opportunities and technologies, and share ideas with like-minded people.	<ul style="list-style-type: none"> <li>✓ Information Access</li> <li>✓ Attitude toward Innovation</li> <li>✓ Innovation in the Community</li> <li>✓ Application of Innovation</li> </ul>

<p><b>Leadership, Teamwork &amp; Networking</b></p>	<p>The ability of the community to take action on an idea or opportunity as a whole group, with good leadership, effective teamwork, and clear communication.</p>	<ul style="list-style-type: none"> <li>✓ Community Leadership &amp; Teamwork</li> <li>✓ Networking &amp; Communication</li> <li>✓ Leadership Development Opportunities</li> <li>✓ Attitudes toward Community Cooperation</li> </ul>
<p><b>Government &amp; Organizations</b></p>	<p>The ability of local governments and other organizations to work with business to design processes and programs that make it as easy as possible to start or expand a business.</p>	<ul style="list-style-type: none"> <li>✓ Governing Body's Attitude Toward Business</li> <li>✓ Government Assistance &amp; Processes</li> <li>✓ Availability of Business Support &amp; Programs</li> <li>✓ Delivery of Business Development Support &amp; Programs</li> </ul>
<p><b>Capital &amp; Funding</b></p>	<p>The ability of the community to financially support entrepreneurs through ensuring access to capital, and educating businesses about financial management and supports.</p>	<ul style="list-style-type: none"> <li>✓ Lenders' Ability to Understand &amp; Work with Entrepreneurs</li> <li>✓ Businesses' Access to &amp; Management of Capital</li> <li>✓ Types of Capital</li> </ul>
<p><b>Infrastructure &amp; Business Services</b></p>	<p>The ability of the community to provide necessary and high quality support services and infrastructure to business at reasonable costs, allowing businesses to be as competitive as possible.</p>	<ul style="list-style-type: none"> <li>✓ Presence of a Business Core (cluster)</li> <li>✓ Existence of Business Services Adequacy of Utilities for Business</li> <li>✓ Availability of Business Space</li> </ul>
<p><b>Communications &amp; Connectivity</b></p>	<p>The ability of businesses to connect with each other and with outside markets.</p>	<ul style="list-style-type: none"> <li>✓ Methods of Communication</li> <li>✓ Transportation Services within Community</li> <li>✓ Inter-community Transportation</li> <li>✓ Shipping &amp; Freight</li> </ul>
<p><b>Markets &amp; Marketing</b></p>	<p>The ability of businesses to capture and expand markets, both locally, regionally, and outside the region, thus sustaining and building local wealth.</p>	<ul style="list-style-type: none"> <li>✓ Market Savvy</li> <li>✓ Market Reputation</li> <li>✓ Local Marketing</li> <li>✓ Regional Marketing</li> </ul>

## How can we improve our community's business health?

The BVI Team recently completed a report comparing the business vitality of 9 rural BC communities. A number of common strengths and challenges emerged across communities. Based on these commonalities, as well as unique assets, the BVI Team believes the following recommendations, put forward in broad themes, will serve to build prosperous entrepreneurial communities throughout rural Canada.

### ***Opportunities***

Community entrepreneurship rests on the ability of a community to be able to identify and act on opportunities in a strategic manner. Capital & funding, education, and innovation each offer avenues ripe for improvement.

***Capital & Funding*** – Access to funding has historically been an issue in rural communities. However, issues around capital (i.e. the ability of business to understand and utilize capital, looking at alternative capitalization methods) must be addressed in a meaningful way through education, utilizing mentors experienced in finance, encouraging investors / angels, promoting forums which allow specific knowledge around capital to be shared and networks to be built, etc..

***Education*** - Future education and training efforts should make use of existing community-based organizations (i.e. colleges, Community Futures, youth centres, etc.), assure connection to closest college / university, be responsive to local needs, and reflect a diversity of learning and training opportunities & methods. In addition, efforts should be placed on improving attitudes toward continuous skill development and training and lifelong learning recognizing that the provision of opportunities for learning alone will not be sufficient.

***Innovation*** - Promote attitudes that encourage and acknowledge the importance of innovation within the new knowledge-based economy. Communities should be encouraged to identify and utilize key assets as catalysts (i.e. community forests or existing innovative businesses within the community) for innovation, education and economic development. More attention needs to be paid to the importance of innovation as a key priority area in all communities.

### ***Attitudes***

Believe it or not, attitudes do make a big difference! Youth inclusion, change-readiness, culture & attitudes, and vision each offer possible broad directions for future community-based efforts.

**Youth Inclusion** - Efforts should be made to include and engage youth in a meaningful way to identify youth opportunities in entrepreneurship, education, and recreation. Entrepreneurial support in rural communities is viewed as an effective way of not only retaining youth, but attracting them.<sup>6</sup>

**Change-readiness** - A switch in thinking is necessary from ‘what’s been lost’ to ‘how can we use our assets for future growth?’ to address burnout and negativity, & to build community spirit. This could be accomplished by profiling successful community initiatives, highlighting success stories of residents, or by using other similar communities as role models.

**Entrepreneurial Culture** - Efforts should be made to create or enhance a culture that encourages entrepreneurs; specifically recognizing and rewarding entrepreneurs, K-12 entrepreneurial programs, accessing mentors from the community to share valuable experiences for ‘would be’ and existing entrepreneurs, etc.. The importance of entrepreneurs and small businesses needs to be recognized within the community as necessary for community and economic growth.<sup>7</sup> It should be made clear that this is a long-term approach to building sustainable and prosperous communities and that quick economic fixes are unlikely to be found or solve community problems and build capacity.

**Access – Focus - Act** - More communities should be encouraged to objectively assess their entrepreneurial capacity through instruments like the Business Vitality Initiative in order to build self-sustaining, prosperous entrepreneurial communities. Ideally, communities should aim to effectively self-assess, lay out plans, visions & targeted measures, and take action.

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<sup>6</sup> Don Macke & Jay Kayne, *Rural Entrepreneurship: Environmental Scan* – Center for Rural Entrepreneurship 2001.

<sup>7</sup> “Communities that are viewed as supporting entrepreneurship are more likely to attract new residents (especially youth)” & Don Macke & Jay Kayne, *Rural Entrepreneurship: Environmental Scan* – Center for Rural Entrepreneurship 2001.

## ***Networking***

Having a good attitude and being able to identify opportunity may not be enough to stimulate economic growth. The ability to network, cooperate, and operate under a shared-leadership model are also key to improving your community's business health.

***Networking*** - Encourage the formation of formal and informal networks / networking opportunities through forums, community events, and breakfast meetings, etc. between and among businesses, business support organizations, community organizations, government and citizens.

***Cooperation*** - Encourage more cooperation within communities and especially regionally, possibly starting through small trust building projects with little political risk. More incentives should be made available for efforts aimed at creating regional collaboration and co-operation, looking to case studies of regions that have benefited economically through a regional approach.

***Shared Leadership*** - Efforts should be made at renewing leadership in the community through rewards, success stories, mentoring opportunities, tapping into the talent / expertise of new residents and others traditionally not involved. A specific program recognizing and rewarding community entrepreneurs – those people who use entrepreneurial skills to build communities – should be initiated at the national, provincial and/or local level.