

Economic development focus shifts

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Economic development is undergoing the most fundamental shift since groups started touting their community or region as a place to do business.

The fundamental change is that agencies are moving away from their traditional focus on attracting national and international investment in favour of working to attract the most valuable of commodities in today's business environment -- people.

This is in contrast to the common perception of how economic development benefits a community. Ask most people and the response would usually be it consists of attracting a large manufacturing or processing plant, a large office-based company or a good-sized technology firm. While that does happen, it occurs with far less frequency than imagined.

Much of the work in the economic development arena is actually focused on the retention and expansion of existing companies. With current worker shortages, the process is moving further away from the perceived role of chasing companies around the globe.

Here are three cases in point, all of which provide some good fodder for thought for those involved in economic development around the province.

As of Monday, the Saskatoon Regional Economic Development Authority (SREDA) will have a new labour force development officer on staff. Barry Zimmerman will have two primary elements to his mandate -- the attraction of workers through immigration and greater involvement of the aboriginal community in the regional workforce.

This newly created position illustrates that the ground has shifted.

While SREDA has operated one of the more sophisticated business retention and expansion programs in the province since its inception, this new focus on increasing the number of workers available to regional employers is recognition of one important fact -- a primary barrier to profitability growth today is not a lack of customers but a shortage of qualified staff who will produce the company's product or services.

Similarly, the Greater Victoria Economic Development Commission, alongside the usual information on business attraction and demographic data, features information on its Workforce 21 program designed to deal with what it terms "the challenges and solutions to the regional skilled labour shortage. Given the very significant competitive pressures for tradespeople arising from the vigorous Olympic building program in Vancouver, the rationale for a shift in economic development focus is understandable.

Another example is the recently launched CalgaryWorks, a program initiated by Calgary Economic Development. Again, the rationale for doing so is readily apparent. Calgary has experienced no problem whatsoever in attracting investment. Head offices have pulled up stakes in Eastern Canada and moved there. Resource companies have flocked to Alberta, often choosing Calgary as their provincial

headquarters regardless of where their operations are located.

Despite the frenzied population growth being experienced in that city, it is abundantly clear its economy needs more workers, and it needs them now. CalgaryWorks has achieved one other result that eludes many economic development groups -- significant direct business investment. While the majority of development groups are funded solely by civic and provincial governments, CalgaryWorks boasts 28 partners. Most are from the private sector, and based on the names on the list, it is safe to assume that their pockets are quite deep when it comes to funding the program.

While SREDA has had a private-sector investment program almost since its inception, that's not the norm for most economic development groups around Saskatchewan. This focus on labour attraction, it appears, is a significant opportunity for these groups to find private-sector partners by offering a specific program that addresses the top priority of many companies.

This is quite a departure from what most people expect from economic development organizations. It is, however, right on the money. External investment attraction is increasingly being set on the sidelines in favour of strategies that assist existing businesses. And within that context, increasing the size of the available, qualified workforce is the single best strategy for one reason -- in today's environment, the community that offers the workforce wins.

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