

**Recommendations for an
Economic Development Strategy
for the Town of Perth, Ontario**



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INTRODUCTION

This report has been commissioned by the Perth Chamber of Commerce to be presented to Town Council as part of the Chamber's mandate to promote and encourage economic development. During the last election campaign, Town Councillors made a strong commitment to examine this issue in depth. For this and other reasons, economic development has become a top-of-mind topic for many people concerned about the future of Perth. As illustrated by this report, the time appears ripe for the development of a new economic development strategy for the Town.

The phrase, "economic development," is often misunderstood. Essentially, an economic development strategy seeks to ask and answer the question, "how can we improve the economic health of our community?" It's a simple question, yet one with massive implications. Such a strategy must identify priorities, be carefully planned and well implemented. *A planning strategy is not a list of ideas, nor is it a catalogue of projects or tasks to undertake.* A strategic plan must identify the current position of the community, the future goals of that community, and the best ways of achieving those goals. It is a plan that comes out of quantifiable research, careful analysis and thoughtful conclusions. It is a practical, living document that can be used to motivate people, inspire change, and create the conditions for success. It should also include benchmarks and accountability mechanisms to ensure smooth operation and to provide the means to measure achievements.

One of the keystones of any economic development strategy is the creation and implementation of a marketing strategy. If an economic development strategy is essentially the Business Plan, then a marketing strategy is the tool that links the "product" on offer (i.e., the Town of Perth) to the desired "sale" of that product to the potential tourist, resident or business. As *Ottawa Citizen* business columnist Rick Spence recently wrote, "[f]or a company to be successful ..., they have to get good at marketing."¹ It's as simple as that. This principle applies to the promotion of the Town of Perth as *the* place to live, visit or relocate a business, just as much as it would apply to marketing a brand of jeans.

Another essential quality of a successful economic development strategy is its responsiveness to rapid changes in the marketplace. It is no longer adequate to have a five year plan. Plans must be reviewed and revised yearly in order to keep up with fast-changing trends. As well, a workable economic development strategy must be accompanied by a realistic implementation plan. Without a clear idea of how the strategy can be implemented within the financial and personnel constraints that exist in real life, an economic development strategy will be doomed to sit on a shelf and gather dust.

Why do we need an economic development plan for the Town of Perth? Largely it's because Perth residents identify high property taxes and low population and economic growth rates as problems in our community. An effective economic development strategy would deal with both of those problems. Clearly, a focused plan to address these issues would benefit us all.

I have spent the last several months gathering relevant reports on Perth and its economy and conducting informal interviews with a wide range of Perth citizens and business-people. My goal for this report is, firstly, to provide an analysis of Perth's economic circumstances, and then to provide recommendations on how to improve those circumstances. This report seeks to identify the gaps that exist in Perth's economic and organizational infrastructure, and to recommend action that would fill

¹ Rick Spence, "Marketing builds strong bridges," *Ottawa Citizen*, November 2, 2010, p. D4.

those gaps to create tangible and long-lasting economic benefits. Ultimately, my hope is that this report will support the visioning and goal-setting work that Town Council will soon undertake.

ANALYSIS

The following is a summary of the many of the strengths, weaknesses, opportunities and threats that relate to the Town of Perth and its economic health. These points form the basis for the recommendations that will follow.

Strengths:

- Diverse economic base
- High quality of life
- Natural beauty
- Preservation of architectural heritage
- Higher income population on average
- Strong branding
- Positive image of Perth among visitors
- Skilled, highly educated volunteer base
- Recent new infrastructure improvements
- Strong cultural and artisan community
- Access to many recreational activities

Weaknesses:

- Incomes per capita are dropping
- Population growth declining
- Industrial park servicing costs not competitive with surrounding municipalities
- Lack of strategic economic development plan including strategic marketing plan for business attraction and tourism
- Lack of market research with regard to tourism patterns
- Lack of a 4-season tourism market
- Lack of coordinated tourism packaging and co-promotional activities
- Lack of larger-capacity accommodations to attract tour operators
- Lack of integrated vision and coordination of efforts among main stakeholder groups (i.e., Town Council, Town Staff, Town Committees, BIA, and Chamber of Commerce)
- Aging population base and a decline in jobs for youth
- Lack of highly skilled and/or technical workers in many sectors

Opportunities:

- Increase tourism through tourism strategy to attract more overnight stays and to create a 4-season tourism market
- Enhance linkages with new Regional Tourism Organization 11, Rideau Heritage Route Tourism Association and Lanark County Tourism Association to promote tourism regionally, nationally and internationally
- Work with surrounding municipalities to promote the area as a destination, particularly to tourism industry, national and international markets
- Capture emerging international tourism markets, e.g., China, Brazil
- Encourage Green Industry, building on the launch of the solar farm and PerthWorks, as well as the advancement of new green technologies and the ongoing efforts of Eco-Perth
- Encourage use of current vacant building capacity

- Enhance small business and professional services sector through capacity analysis and targeted promotion
- Create new residential development for retirement and commuter markets – north of Hwy. 7, Golf Course
- Attract new residential and tourism markets by capitalizing on the expansion of Hwy. 7 lanes
- Create cohesive strategy at the Town level which will allow better coordinated activities throughout the community
- Attract new Canadians, the highest growing population sector in Canada
- Attract skilled workforce by strengthening links with local educational institutions (e.g., Algonquin College) and local businesses and organizations

Threats:

- Limited time-frame for seizing these opportunities
- Competition from surrounding municipalities for both business and tourism markets
- Upcoming interest rate increases, coupled with government cutbacks, may discourage investment and growth
- Increasing cost of air travel discourages international travel
- Decreasing visits from traditional markets
- Changing demographics among the Canadian population. Newer Canadians may have different needs and priorities than the current population and visitor market
- Decreasing local population and economic growth trends

Summary of Analysis:

The Town of Perth's strengths lie in the unique interconnectedness of aesthetic charm, cultural and recreational activities, natural beauty and community engagement that together weave a strong community fabric. This results in a superb quality of life for Perth's residents and its workforce. This quality of life provides an opportunity to promote Perth to new residents, both commuters and retirees. However, development plans to attract these new residents will be a medium- to long-term solution, given the complexities of creating new residential communities.

The other strengths that can be built on are the attractions of Perth to visitors and the tourism industry. Again, the beauty of Perth's architecture, along with the proximity to outdoor recreational areas, as well as its strong branding and favourable reputation, implies that Perth is well positioned to attract tourists, who may then go on to become residents and potentially, business owners.

Weaknesses include the lack of a central vision and lack of integration among stakeholder groups, which diminishes the efficiency and effectiveness of economic development planning. The data also indicates that attracting new industry to Perth will be difficult. The high cost of servicing the industrial park and of purchasing new land for industrial use – combined with the lack of a promotional strategy to attract new industry – points to the need for a longer term strategy and the eventual commitment of more financial resources to this goal. Perth's aging population and consequent shortage of skilled workers is another deterrent to attracting industry.

Although the availability of relatively affordable office and commercial space is an incentive for small business and professional services to relocate to Perth, there is, again, no promotional strategy to attract these types of businesses. There is also a lack of planning related to tourism, both in terms of market research and the creation of a marketing strategy. This has led to a lack of coordination among stakeholders, with a diffusion of efforts and a consequent inefficiency in the allocation of resources.

However, the opportunities for growth for Perth are heartening. Tourism can increase exponentially with the right focus, planning and coordination. As well, there is great potential to attract green businesses to Perth with the arrival of the new solar farm and the strong presence of such organizations as Eco-Perth and projects such as PerthWorks. New residential developments are being discussed to attract commuters and retirees, and there is great potential to attract professionals to Perth, given the high quality of life and services. Focusing on skills training could attract business and industry to the area, through coordination with local educational institutions.

Sticking with the status quo is not a viable option. Clearly, there is competition from neighbouring municipalities to attract both visitors and business, and Perth will be left behind if we have no plan in place to build on our strengths, address our weaknesses, take advantage of opportunities and deal with any threats. This will take a coordinated effort by all sectors of the community, and strong, visionary leadership from our political leaders to ensure that Perth is well positioned to thrive in the 21st century.

RECOMMENDATIONS

The following recommendations are divided into two phases. The first phase can be implemented in the short term by prioritizing the allocation of existing resources, while Phase Two focuses on new projects that are currently in the planning stages, as well as new initiatives that could be undertaken once viable economic growth has been realized and additional resources are available.

There are currently a number of barriers to economic development in Perth that must be overcome: the high cost of servicing the industrial park; the lengthy development process for any new residential projects; and the lack of resources to promote Perth to the business and/or professional services markets. Given these current barriers, it is recommended that the focus in the short term should be on tourism. At the same time, work should begin on a comprehensive strategy for strengthening and building the industrial base and business sectors over the longer term.

Enhancing tourism is achievable through the redeployment of current resources, if clear goals and priorities are articulated. Building on the current branding of Perth as a tourism destination, there is the opportunity to maximize the impact of existing marketing dollars. This could be done by joining with local Destination Marketing Organizations and local tourism businesses to create a coordinated marketing campaign aimed at the consumer tourist market. Initiatives taken to make the Town a destination for tourists could well bring the important co-benefit of attracting new residents and businesses. Since tourism represents a key economic development opportunity for Perth, the lead responsibility for developing and implementing a Tourism Strategy should reside with the Town.

Phase One:

1. Redeploy current resources or secure grants to create the position of **Economic Development and Tourism Manager/Consultant**, reporting to the Director of Community Services.

Given the urgent need to create a strategic economic development direction for Perth that includes a comprehensive marketing plan, it is essential that this function be undertaken by a qualified staff member or management consultant at the Town level. Ad hoc volunteer advisory committees can assist in the creation and implementation of any strategic plan. However, since the Town is responsible for the overall governance of Perth and for articulating a central vision for the Town, it follows that a qualified and experienced Town staff member or consultant reporting to staff should be responsible for an overall strategic plan. That plan should include a

marketing strategy for Perth, both as a tourism destination and as a potential home for new businesses.

2. Create a **Tourism Destination Marketing Strategy** for the Town of Perth.

To begin, an analysis of the current status of the tourism sector in Perth is crucial to the creation of any successful strategic tourism plan. Tourism activities and businesses need to be inventoried to determine capacity and market readiness. Market research on current visitor demographics and behaviour, as well as an analysis of trends, will greatly assist in this planning by building a statistical base on which to base planning decisions. A key part of this plan should include a co-promotional program with regional tourism marketing organizations as well as local businesses to increase promotional dollars and to widen the target market. As well, it should include a comprehensive packaging program designed to link and promote local attractions, restaurants and accommodations for day trips, weekend getaways and longer stays for both independent travellers and the tour group markets. This plan should be reviewed and revised annually to ensure its effectiveness and relevance.

3. Support the **downtown core**.

Since the downtown core of Perth is the “heartland” of tourism for the Town, it is important to continue efforts to support this area. The focus of growth for the downtown should not necessarily be to attract new businesses, as the vacancy rate is currently relatively low, but to assist local retailers in the core to expand their customer base. Simply put, increased tourism means increased business for downtown stores and services and should lead to extended and more coordinated store hours. Even those businesses which may not currently consider tourism part of their target market could be encouraged to look at ways to attract tourists by offering souvenirs, tourism information displays, etc. The current efforts to designate the downtown as a heritage area will greatly support the current branding and marketing of the Town. The downtown BIA should be involved in efforts to increase downtown businesses’ participation in tourism.

4. Engage with **local stakeholder organizations** and **Town committees**

While the Town should assume lead responsibility for tourism for Perth, it is important to have the support of the local Perth Chamber and BIA. Currently, the Perth Chamber’s expertise lies in tourism servicing through the Visitors Centre, the Festival of the Maples and the provision of the Tourism Guide, activities which should continue to receive Town support. The BIA should also continue to receive support for its own tourism activities, through both festivals and events and promotional campaigns for the downtown core. However, both the Chamber and the BIA’s activities should fit within the overall Tourism Strategy that the Town creates and implements. This should also hold true for any promotional activities that Town Committees undertake. In essence, the Town’s Tourism Strategy should be seen as the overriding vision of what Perth represents as a tourism destination, and how it should be promoted. Efforts and activities should be coordinated so they feed into one central plan.

5. Develop **Market Research and Database** as part of Tourism Strategy.

To be able to track visitor trends, and communicate with visitors to encourage future visits, market surveys should be conducted, and a database should be created to capture contact information for visitors to Perth. Incentives can be provided to encourage visitors to

participate. Local businesses and attractions, as well as the regional destination marketing organizations and the Chamber's Visitors Centre, should also be enlisted to collect information.

6. Create a climate of **tourism friendliness** throughout the community.

For growth to occur in the tourism sector, it is important that Perth residents see tourism as a benefit rather than an inconvenience. Local residents are the best promoters to visitors strolling down Perth's beautiful walkways. It is important that the community buys into any tourism strategy, and that local residents understand why tourism is important for Perth. In addition, since stakeholder organizations such as the Perth Chamber and the BIA, as well as Town Committees, will need to coordinate their efforts with the Town's overall plan, it is crucial that their advice be sought and included in the creation of this strategy. As well, customer service training should be encouraged for all front-line staff throughout the community.

7. Leverage tourism activity to promote **growth in the residential and business sectors**.

Tourism can essentially act as a "sample" for the product that is the Town of Perth. Once someone has come to visit Perth as a visitor, this can lead them to become a resident or to open up a new business. Part of this strategy should include communicating to visitors what Perth has to offer, once they've "sampled" life in our town.

8. Transform residents into **ambassadors**.

By providing incentives to local residents and businesses to attract visitors, new residents and/or new business to Perth, the ability to grow Perth's economy rises. It also builds pride and morale among residents, allowing them to feel they have an interest in increasing the health of the Town. An engaged citizen is one who will work with others for the good of all.

9. Focus should also be on **business retention and market growth**.

Part of any business retention strategy obviously includes growing the market for goods and services within the Town of Perth. The Tourism Strategy can assist with ongoing efforts at business retention, expanding the market share of Perth in tourism goods and services. This will have a positive economic spinoff to other local businesses that will benefit from providing support and services to local tourism initiatives.

10. Encourage links with **local educational institutions**.

Strengthening the links with local educational institutions such as Algonquin College through community service, internship and apprenticeship programs can provide much-needed support to the development and implementation of economic development activities. Such programs can also enhance business capacity through increasingly qualified staff, which can lead directly to both improved productivity and positive economic results in many sectors.

11. Include Economic Development as part of the **Official Plan Review**.

The Official Plan for the Town of Perth is currently being reviewed. It is important that the statements pertaining to economic development be strengthened and expanded through the process of the Official Plan Review so that this issue becomes embedded within the Town's planning activities.

Phase Two:

With the consequent economic growth realized through the above short-term initiatives, resources can then be allocated to further diversify the economic base in the more medium- to longer-term timeframe.

1. Develop a comprehensive **Economic Development Strategy**.

This is an essential albeit longer term strategy and one that would require significant but crucial resources. An Economic Summit could be utilized, whereby key stakeholders from a diverse cross-section of the community are consulted to determine the optimal structure for an economic development program through a careful review of best practices. It would be necessary to analyze the current capacity and infrastructure to determine which sectors are most appropriate to target for future economic development. Again, such a strategy needs to be reviewed yearly to ensure its timeliness and relevance. The strategy would include research into available government grant resources to support the program.

2. Create **Strategic Marketing Plan** for attraction of business and industry.

As part of this economic development strategy, a strategic marketing plan needs to be developed once the targeted sectors have been analyzed and chosen. The approach needs to be proactive and competitive, and will require significant resources. Part of this plan could be the creation of an inventory of unused industrial space to promote to prospective new businesses.

3. Build a **4-season Tourism Strategy**.

Once Perth's strengths as a tourism destination have been further developed, attention should be paid to marketing Perth as a four-season tourism destination. Given the winter recreational activities available, as well as the maple syrup attractions in the spring and the artisanal studio tours and fall colours, Perth is well positioned to attract visitors year-round. Co-promotion and packaging will be key to this strategy, with an enhanced focus on international markets.

4. Ease development process for **new residential communities**.

Before attracting developers to the potential north of Highway 7 and Perth Golf Course communities, it is important to determine what kind of communities these should be, and what would attract new residents to these communities. Given the trends towards eco-friendly housing construction and infrastructure as the wave of the future, environmental sustainability will be a key component to consider in the visioning of these new developments. Density is another crucial issue: currently, there is a lack of mid-level density within the Perth Town limits. At the same time, a strategy should be developed that ensures that these communities are engaged with the rest of the Town, particularly the downtown core.

5. Develop a **Green Business Strategy**.

One area of opportunity is the new solar farm being developed in the region. Perth is well positioned to take advantage of this new activity, and to attract similar green technology-based businesses. Indeed, building on these and other such initiatives as PerthWorks (the model

sustainable housing development), Perth could be seen to be a leader in the field, and this strategy could potentially be the basis for the use of the industrial park, given the right incentives by the Town. Close coordination with such groups as Eco-Perth would be essential to acquiring the required expertise to implement the strategy.

6. Expand the **brand**.

While the branding of Heritage Perth can be utilized in the short term, it is recommended that the brand be revisited to take advantage of both the heritage and tourism aspects of the town, as well as the new initiatives that will lead Perth into the future. Perth could be positioned as the Town where “the past meets the future,” building on Perth’s historic strengths while generating excitement about the Town’s potential.

CONCLUSION

The Town of Perth is indeed a jewel within the heart of Lanark County. We have so much to be proud of and such a wealth of opportunities to take advantage of. By working together with a common vision of how we want to develop this wonderful community, within the constraints of our resources and capacity, we can together determine the priorities that we should focus on for sustainable growth. We must then promote what we offer loud and clear so that others can share in the quality of life that we treasure here in Perth, our beautiful home town.

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