



**Small Business Productivity and
Competitiveness Program**

BDC
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Canada

PRODUCTIVITY AND COMPETITIVENESS PROJECT PROJECT REPORT ADDENDUM – Island Coastal Region

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1. INTRODUCTION

This report supplement is intended as an addendum to the Productivity and Competitiveness Program Project report sent under separate cover. This report summarizes the project results pertaining to project participants located in the Island Coastal Economic Trust region.

2. PRODUCTIVITY AND COMPETITIVENESS WORKSHOP ATTENDANCE

A productivity and competitiveness workshop was conducted in Campbell River.

Workshop attendance consisted of 17 companies and 28 participants in Campbell River. The specific companies that attended the workshop are listed below. Participating companies that took advantage of the diagnostic are also identified.

Campbell River Workshop Participants (January 12, 2010)

COMPANY	DIAGNOSTIC
Campbell River Whale Watching	Yes
Staples	
Tidemark Theatre	Yes
Discovery Community College	Yes
Heriot Bay Inn	Yes
Tideline Gallery	
Woodland Flooring	Yes, started but cancelled
Eatmore Sprouts	
Hardy Buoys (Pacific Seafoods)	Yes
Hummingbird Office Supply	
Divesafe International	Yes
Pioneer Home Hardware	
Strategic Forest Management	Yes
Garat Financial	
CR Restaurant Supply	
Dennis Johnson Motor Products	
Soundliners	
Ministry of Small Business	
Rural BC Secretariat	

Diagnostics were also carried out for Seamor Marine, Seaward Kayaks, and York Machine Shop. The marine industry companies were specifically targeted in support of the STED's sector focus on marine businesses in the region. York Machine was referred by the Campbell River Chamber of Commerce.

3. PROJECT ACCOUNTING

Project revenues and expenditures incurred as of June 1, 2010 are outlined in the table below.

PROJECT REVENUES	CAMPBELL RIVER
BC Chamber – Building Skills for Small Business Program	\$39,750.00
Southern Interior Development Initiative Trust – Cranbrook	
Northern Development Initiative Trust – Prince George	
Island Coastal Economic Trust – Campbell River	\$39,750.00
TOTAL PROJECT REVENUES	\$79,500.00
PROJECT EXPENDITURES	
Chamber of Commerce – Local Support	\$1,500.00
Community Futures – Local Support	\$525.00
Sub-Contracted Consultant Fees (reduced from original budget of \$30,000 as G. Champagne performed more of the consulting work than anticipated)	\$20,685.53
Travel/Project Direct Expenses	\$1,781.00
BDC Personnel Cost Allocation - G. Champagne (full-time), A. Dusablon, R. Beniac (part-time as required) – total of 586 hours (approx 16 weeks) @ \$83 per hour	\$48,638.00
Future Follow-up activities – BDC (12 month and 24 month intervals) – estimated at approximately 8 hours per company for a total of 80 hours @ \$83 per hour	\$6,370.47
TOTAL PROJECT EXPENDITURES	\$79,500.00

BDC personnel time allocation is costed at the CS2 salary level of \$83 per hour, which is based on the table below. Most work was performed by personnel classified at the CS5 salary level.

CS2 salary		\$85,480
Variable pay (% of base salary)	12.00%	\$10,258
ESIP (% of base salary)	2.50%	\$2,137
Regional Premium (% of base salary)	3.00%	\$2,564
Benefits (% of base salary)	12.00%	\$10,258
Fixed Expense		\$500
Pension		\$20,000
Total Cost		\$131,197
# of Working Hours per Year		1,575
Estimated Business Consultant Rate		\$83

4. ALLOCATION OF COMPASS DIAGNOSTIC EVALUATIONS

The companies listed below were offered and have accepted the privilege of participating in the COMPASS diagnostic evaluation process.

COMPANY NAME	LOCATION	TYPE OF BUSINESS
Heriot Bay Inn	Campbell River	Resort hotel
Strategic Forest Management	Campbell River	Forestry consultants
Discovery Community College	Campbell River	Trade and technical school
York Machine	Campbell River	Machinery manufacturing
Pacific Seafood (Hardy Buoys)	Port Hardy	Seafood processing
Seamor Marine	Nanaimo	Marine technology
Tidemark Theatre	Campbell River	Community theater facility
Campbell River Whale Watching	Campbell River	Eco and adventure tourism operator
Divesafe International	Campbell River	Commercial and industrial diving school
Seaward Kayaks	Chemainus	Kayak manufacturing

5. SUMMARY OF CLIENT ISSUES AND RECOMMENDATIONS ARISING FROM COMPLETED DIAGNOSTICS

The following tables identify the range of business issues and possible improvements identified for the companies participating in the diagnostic process. They indicate the number of companies from participating companies to which a particular issue or opportunity applies. For profitability and liquidity opportunities, the table provides the average dollar value of the improvement possible over the coming fiscal year.

The nature of the improvements identified serves to identify areas where participating companies acknowledge requiring education and consulting or implementation support.

Profitability Issues and Improvements

The table below records average profit improvement goals that participating companies committed to achieving. As a result of the diagnostic and business improvement process, a total of 9 discrete companies quantified specific profit improvement goals that they would strive toward in their next fiscal year. The table below indicates the number of companies selecting each goal category, and the dollar amount represents an average value calculated for all the companies selecting that category. Some companies committed that committed to a goal were unable to quantify it.

	Average value	#of compan ies
Opportunities identified for improved profitability		
Improve staff/operational productivity	\$ 53,450	2
Improve gross margin	\$ 101,430	2
Improve return on assets	\$ -	1
Foreign currency hedging	\$ -	1
Financing cost reduction (elimination of factoring)	\$ -	1
Improve sales management and execution	\$ 4,000,000	1
Diversify revenue sources (introduce new products, by-products)	\$ 617,500	1

Liquidity Issues and Improvements

The table below records average liquidity improvement goals that participating companies committed to achieving. As a result of the diagnostic and business improvement process, a total of 5 discrete companies quantified specific liquidity improvement goals that they would strive toward in their next fiscal year. The table below indicates the number of companies selecting each goal category, and the dollar amount represents an average value calculated for all the companies selecting that category. One company committed to a goal but was unable to quantify it.

	Average value	# of companies
Opportunities identified for increased liquidity (cash)		
Improve accounts receivable collections	\$ 159,263	2
Improve accounts payable management	\$ 108,432	1
Improve inventory management	\$ 95,012	1
Improve billing practices (progress billing)	\$ -	1

Managerial Issues and Improvements

The table below identifies the areas that participating companies acknowledged as priorities for them to address within the next 3 years.

The top 7 areas of challenge identified by 30% or more of the companies participating in the program include:

- Marketing and sales
- Human resources management
- Financial/performance reporting and management
- Cost control and profitability
- Leadership and management development
- Cash management and cash flow planning
- Growth planning and management.

	% of companies	# of compan ies
Managerial challenges identified and acknowledged		
Marketing and sales	60%	6
Human resources management (job descriptions and employee recruitment, retention and remuneration)	50%	5
Cost control and profitability	30%	3
Capital structure	20%	2
Financial/performance reporting and management	50%	5
Business transition and ownership succession	0%	0
Leadership and management development	30%	3
Lean manufacturing	10%	1
New product development and introduction	20%	2
Documentation of critical processes	10%	1
Cash management and cash flow planning	30%	3
Growth planning and management	30%	3
Formalized business planning	20%	2
Manage foreign market and currency risk	10%	1
Capital asset renewal	0%	0
Organization design	0%	0
Business value creation	0%	0
Distribution channels	10%	1

Operational Issues and Improvements

The table below identifies the various operational areas of their businesses that participating companies will seek to improve over the next 3 years.

The top 5 initiatives identified by 30% or more for the companies participating in the program are:

- Strengthening financial reporting and performance management practices
- Improving sales management and execution
- Improving cash flow planning and management
- Business planning
- Leadership development and coaching.

	% of companies	# of companies
Opportunities identified for operational improvements		
Financial reporting and performance management (KPIs)	60%	6
Capital asset acquisition, deployment and maintenance	20%	2
Lean implementation	20%	2
Cash flow planning and management	40%	4
Sales management and execution	50%	5
Business planning	30%	3
Leadership development and coaching	30%	3
Business ownership transition	0%	0
New product development and introduction	10%	1
Operational process review and documentation	0%	0
Inventory management	10%	1
Supply chain analysis and rationalization	0%	0