INDUSTRIAL DEVELOPMENT TRAINING COURSE

prepared for the

CANADA

DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

by the

CANADIAN ASSOCIATION FOR ADULT EDUCATION

CO-ORDINATOR'S HANDBOOK

SECTION 1

INTRODUCTION

INDUSTRIAL DEVELOPMENT

The objective of every industrial development effort is to make a community a better place in which to live and work. This means generating more and better employment opportunities enabling more people to earn higher incomes and enjoy a better standard of living.

In recent years the country has experienced unprecedented growth in terms of employment and income, capital investment in plant and machinery, production of manufactured goods and in construction. Nevertheless, while the country as a whole has experienced a period of rapid expansion, some regions and areas have only marked time or have even declined in terms of population, employment, income and standard of living. There are many reasons behind this wide disparity in growth, but experience has shown that the lack of development competence at the community level has been a significant contributing factor.

If efforts to develop the potential of a community or area are to be successful, the Industrial Committee must initiate a plan for development which will be supported and executed by local people under the guidance and direction of local leadership. Most communities have a potential for growth if the ways and means to create new business are identified and developed.

In some areas it might mean growth through improved technology or better utilization of primary resources. In others, new opportunities for secondary manufacturing should be investigated and promoted. In many communities, development potential may depend on the full use of local resources to improve the tourist industry, or the trade and service sector.

The Industrial Development Training Course is designed to assist community leaders to develop the full potential of their communities by recognizing and using the resources of the area in the establishing of new industry or the expanding of old.

Use of the Co-ordinator's Handbook

This handbook is intended to assist course leaders in planning for and in conducting a successful Industrial Development training activity. Those who are experienced instructors may not need to be reminded of many of the details discussed here, but those with less experience should find the guide useful.

In the following pages you will find material that will help you take the initial steps in planning for a training program. There is also a description of the several ways in which the Units of the course can be combined and handled, ranging from a week-long residential workshop to a one-night-a-week class.

Another section of the handbook presents information that may be useful in the actual conducting of the course. It contains some material on learning and on the use of discussion.

Finally, you will find the course itself, with notes for the instructor on the content, goals, materials, and methods of presenting the individual Units. An outline of contents precedes each Unit.

It would probably be helpful to read through your entire handbook at the outset.

Orientation of the course

The ultimate aim of Industrial Development training is to establish a minimum standard of competence and improve the development decisions of local leaders. This can be accomplished by making it possible for others to share the knowledge and experience that has been acquired by means of self-taught trial-and-error methods over a period of years.

Although most development people could probably benefit from taking the course, it is oriented to the part-time or volunteer Industrial Development representative at the community level and to the new full-time people entering the field. It should also assist municipal leaders, engineers, managers and planners in developing a better understanding of the role of the Industrial Development representative.

THE PROGRAM

Unit 1 - Economic Background for Industrial Development in Canada

Unit 2 - Role of the Community in Industrial Development. Methods of Analyzing a Community

Unit 3 - Organization for Industrial Development

Unit 4 - Lands, Buildings and Industrial Parks

Unit 5 - Identifying Types of Industry

Unit 6 - Financing Industrial Development

Unit 7 - Internal Promotion

Unit 8 - Finding and Developing Prospects. Developing Existing Industry.

Objectives

Unit 1 - Economic Background for Industrial Development in Canada

* To establish some of the external factors affecting industrial development;
* To gain some understanding of the effects of industrial change on communities;
* To look at some important trends in major industries;
* To identify some implications of the new techniques for Canadian industry;
* To learn the need to look ahead in our communities.

Units 2 and 3

These two Units show how the community is, and should be, related to any program of industrial development. A variety of methods of analyzing any community with the purpose of understanding the complexities of attitudes, expectations, interest, and participation, are presented and discussed.

Unit 2 - The Role of the Community in Industrial Development

* To establish an awareness of the need for active community participation in industrial development;
* To provide an understanding of factors involved in the participation of the community in industrial development;
* To establish the importance of understanding the specific dynamics of community structure and its role in industrial development (the *social* content of industrial development);
* To identify and elaborate sources of information about the community;
* To learn how to interpret and use sources of information for industrial development.

Unit 3 - Organization for Industrial Development

* To explore ways of creating an organized form of industrial development;
* To examine in detail various existing patterns, their advantages and disadvantages;
* To discuss the desirable functions of such an organization with a view to application to different communities;
* To commence an understanding of how a program is developed.

Unit 4 - Lands, Buildings and Industrial Parks

* To understand the importance of the planned availability of land and buildings for industrial development;
* To explore the methods and procedures for acquiring and developing land for industry;
* To learn the characteristics of industrial buildings;
* To examine what is involved in the planning, building and operating of an Industrial Park.

Unit 5 - Identifying Types of Industry

* To help the participant recognize and identify types of industries;
* To introduce the functions of an industrial classification system;
* To help systematize thinking about industry;
* To examine cost factors in industry;
* To identify suitable types of industry for an area;
* To establish an understanding of the long-term nature of industrial development.

Unit 6 - Financing Industrial Development

* To understand the need for financing;
* To identify sources of funds;
* To gain an understanding of finance problems through case studies;
* To examine some special institutions involved in financing.

Units 7 and 8

These two Units deal with the techniques and materials used in the carrying out of a program of industrial development both within the community and outside it. They outline the actual steps to be taken in attracting new industry and promoting the expansion of existing industry.

Unit 7 - Internal Promotion

* To understand the value and importance of a continuous promotion program;
* To identify materials and processes for promotion;
* To prepare a promotional kit.

Unit 8 - Finding and Developing Prospects. Developing Existing Industry

* To identify likely and desirable industrial prospects;
* To examine procedures for recruiting prospects;
* To learn something of the prospect-generating agencies;
* To understand how to develop prospects once found;
* To understand step-by-step procedure for developing awareness of local industries and ways of assisting them to develop.

GENERAL COMMENT

The co-ordinator should draw attention to three points at the outset of the course:

1. The need for planning. Planning techniques and procedures are not discussed in detail in the course, but all the activities described - projects, programs, investigations - will depend for their success on good planning. This includes defining objectives clearly, determining priorities, assigning work, and budgeting.

2. Most communities, large or small, fall within the jurisdiction or influence of higher levels of government for various planning purposes such as urban renewal, river basin planning, resource development, transportation facilities, public parks and other projects. In some cases massive schemes embracing large areas, industrial development, major housing programs, social adjustment and many other aspects of regional life are involved. Programs launched under the Fund for Rural Economic Development (FRED) legislation are of this type.

It is imperative that local organization be familiar with the rationale and operations of these government activities, and also with the personnel responsible for them, to ensure that grass-roots activities and government activities mesh as far as possible and, at least, are not in obvious conflict.

3. While the course will not, in itself, produce industrial development officers, it should provide the participants with a clear picture of the many requirements of good industrial development practice. Also, it should enable persons working in related fields to acquire a fuller understanding and appreciation of the complexities and skills involved in industrial development.

If any single quality is required on the part of those engaged in industrial development it is development mindedness. Without this quality, no amount of training will produce the capability to participate fully in industrial development activity.

These three points should be stressed again at the end of the course.

SECTION 2

PLANNING THE PROGRAM

The success or failure of a training program will be determined by the care which has been given to its planning. Many details must be settled before a program can be conducted and these may often seem to be minor or inconsequential. This section of the handbook will discuss some of the details that must be given attention. The proper management of these planning details is the responsibility of the course leader.

Planning Committee

As course leader you may find it helpful to have a committee working with you. You could assemble this informally from among interested people in the community - perhaps no more than three or four additional persons. If you are working in a single community, you would seek committee members from within that community. If you are operating on a regional basis, with more than one community involved, it would be wise to have a representative from each if possible.

The principal function of a planning committee is to gather information and to make decisions about the program. Thus, as a group, the committee will work through the items concerning program planning discussed below and take such action on each as may be indicated. Although this committee shares the responsibility of the course leader, it is the leader who is finally the responsible person.

Participants

At the outset you will need to identify the people who would benefit most from the study of Industrial Development. Among those whom you might consider are:

Industrial Development personnel
Municipal leaders (councilmen, etc.)
Engineers
Planners
Real estate interests
Chamber of Commerce personnel
Industry managers
Citizens interested in Industrial Development.

As you identify the specific individuals whom you will invite to attend, you can also identify the aspects of the course that will be of particular interest and help to each. After you have made your list of potential participants, you can then consider how to contact them.

Personal contacts by the course leader and planning committee members will be the most fruitful way of informing potential participants about the course. Letters are useful, but do not permit a discussion of the course and its interest to the participant. News announcements are far too impersonal and abstract to be much help in persuading people to attend.

After you have settled all the details of the course you should write each participant a letter reminding him of the program. In this letter, tell him where and when the course will meet, how to get to the meeting place, information about what he will need to bring with him, details about meals or accommodation, and so forth. The more specific the information you provide, the more favourable will be the response to the idea of attending.

PLAN AND FORMAT

This course could be conducted in several different ways. The choice will rest with the course leader and his committee, who will know what time is available to the group of prospective participants. In some cases, it may be desirable to conduct the course as a single intensive program; in others it may be preferable to extend it over several weeks on a part-time basis. In an effort to accommodate all kinds of variations, the course has been designed in eight Units. These Units can be grouped (as suggested later in this section) and each of these groupings thought of as a one-day program for an intensive full-time workshop type of learning experience. On the other hand, each Unit could serve as an evening's program, if the course were to be offered one night a week for nine weeks.

A particular group may not need or want to work through the entire course. In such an event, the Units can be used separately for a single day of study, for a two-day weekend, or for a single evening session. The various ways suggested for conducting the course are discussed next.

Full-Time Study in a Week-Long Workshop

The very best kind of learning experience would be a week-long residential workshop. If you plan to offer the course

for people in several communities of a region, this would be the simplest way. In doing so you should select a convenient motel that can offer suitable meeting space as well as accommodation for the participants. The more isolated the facility, the fewer external distractions there will be and the more seriously you can concentrate on the course.

This plan has many advantages. It will permit much more time for discussion, and participants can concentrate on the work of the course, free from every-day work responsibilities. The workshop setting is conducive to reading and studying. It encourages participants to discuss the content at greater length and to share their experience in a leisurely way not possible in any other setting.

If you select this approach to the course, you will find that the Unit groupings suggested below give the best balance. The amount of work to be completed varies from day to day, allowing a change of pace and avoiding the possibility of over-loading your participants.

Day One:	Morning	Unit 1
	Afternoon	Unit 2 (start)
Day Two:	Morning	Unit 2
	Afternoon	Unit 3
Day Three:	Morning	Unit 4
	Afternoon	Unit 5
Day Four:	Morning	Unit 6
	Afternoon	Unit 6, 7 (start)
Day Five:	Morning	Unit 7
	Afternoon	Unit 8

Week-end Workshops

Many busy people will be unable to devote an entire week to the course, but they might be willing and able to spend a week-end in study. Saturday and Sunday would provide two full days for concentrated full-time study.

The best arrangement here would be two week-ends close together. Units 1 and 2 would be covered the first day, followed by Units 3 and 4 the second day, Units 5 and 6 the third day, and Units 7 and 8 the fourth. This will not allow as much time for discussion and group participation as would be available in a week-long workshop, but is adequate for intensive study of the content.

The course could be covered in one week-end, but only as an orientation to Industrial Development rather than a careful study. In such a case, Units 1,2,3 and 4 would constitute the first day and Units 5,6,7, and 8 the second day. This plan is not recommended. There is too much material in the course to be covered in so short a time.

If your community is at the stage of development where it is only interested in getting started on an Industrial Development plan, you may want a week-end devoted solely to Units 1,2,3 and 5. On the other hand, your community may be under way but need advanced assistance on promotion and financing, for example. In this situation, you would spend a week-end studying Units 6,7 and 8.

For a week-end institute the following schedules are suggested:

To complete the whole course in one week-end -

Day One:	Morning	Units 1,2
	Afternoon	Units 3,4
	Evening	Unit 5
Day Two:	Morning	Units 6,7 (start)
	Afternoon	Units 7,8

To complete the course in two week-ends -

Day One:	Morning	Unit 1
	Afternoon	Unit 2
Day Two:	Morning	Unit 3
	Afternoon	Unit 4
Day Three:	Morning	Unit 5
	Afternoon	Unit 6
Day Four:	Morning	Unit 7
	Afternoon	Unit 8

Single Day Institutes

Another alternative for full-time study would be to schedule a series of three separate one-day institutes at weekly intervals. This plan has many of the advantages of the *week-long* and avoids some of the disadvantages of a *week-end* program. Under this plan, you might arrange the same daily schedule as that suggested for the week-long workshop. You can also select

only the sections of particular interest to your group.

Day One:	Units 1,2,3
Day Two:	Units 4,5,6
Day Three:	Units 7,8

Part-Time Study: Evening Meetings

Although full-time concentrated study is a better learning experience, this course can be used for part-time study as well. Such part-time study would be completed through a series of regular evening meetings - probably at weekly intervals - with about three hours in each evening. This could be done in eight meetings, using the numbered Units in sequence, with one evening devoted to each Unit. It might be better to devote more than one evening to some Units, depending on the interests and needs of the participants. In this case, the course could be planned for as many as 20 meetings during successive weeks.

Above all, remember that the time schedules outlined above are merely suggestions. Whatever course plan is followed - week-long workshop or part-time study - you will need to use your own judgment about the time allotted to individual Units. Some Units involve a good deal of class work, others much less. Some are much more technical than others. Your knowledge of the composition of your group should help you decide where to place your main stress.

FACILITIES AND PLACE

The choice of place will depend upon whether the course is to be at community or regional level. If you plan for a single community, the question of place is not difficult. If you plan to serve several communities with one course, then you will need to give some thought to location. A place central to all participants may appear most desirable, but in some areas this may not actually be the most convenient. It is necessary to consider transportation, distance, and travel time involved for the majority of the participants.

Whatever the location selected, the facilities required will be the next problem. These depend to some extent on the format for the course. If you select a residential workshop, either for a week or a week-end, you will look for a motel or hotel that can provide residence, food, recreation, and meeting space. If you elect a part-time class, then meeting space will be the most important consideration.

The meeting space should have room enough for the number of people you expect to attend. It should have good lighting, ventilation, movable chairs and tables, and convenient parking. This might be available in a motel or hotel, a church, school, or municipal building. If you have a choice, pick the place with the most comfort and eye-appeal, as well as the greatest freedom from external distractions. The learning environment can set the tone for the group and encourage or discourage its concentration on the task at hand.

Instructional Equipment

This course is designed so that a minimum of equipment is required. You can actually conduct the course with nothing more than a copy of the text. But the use of certain equipment will make the course more interesting for the participants. Among the items of equipment you could use are:

Tape recorder
Standard 35 mm. slide projector
Blackboard, chalk, and erasers
Flip pads and easel.

All this equipment can be borrowed or rented locally from a School Board office or High School. The local Director of Adult Education might be particularly helpful in securing equipment. He should be familiar with the needs of adult groups and may have everything readily available.

The most important single item of equipment is the course book itself. Be sure that you have an adequate supply of these for the participants. It is usually wise to have more than you think you will need in case an unexpected number of participants appears.

Housekeeping

There are many minor details to consider. These may appear to be unimportant, but actually they can influence the program significantly. Consider such matters as the convenience of rest rooms, ash trays, waste baskets, extension cords, coffee service, lunch, parking, paper and pencils, thumb tacks, stapler, coat racks, or any of a number of other minor items that are often overlooked. If you have planned carefully, you will have these details settled in advance and will avoid wasting time after the course is under way.

Content

The content of the course is, naturally, the most important item in planning, but this has been prepared for you and is contained in the course book. The nature and details of the content will be discussed in a later section. Before we examine content, however, we need to take a look at the way to conduct the program.

CO-ORDINATOR'S HANDBOOK

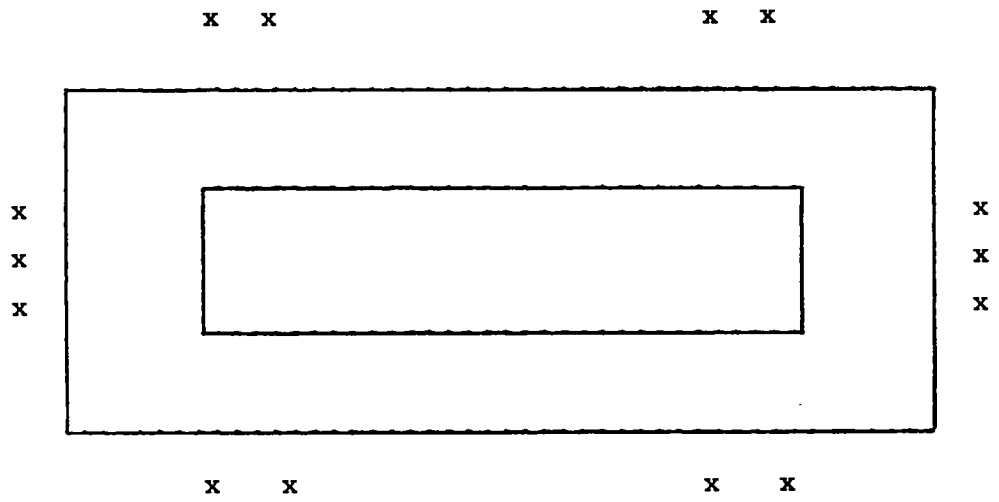
SECTION 4

CONDUCTING THE PROGRAM

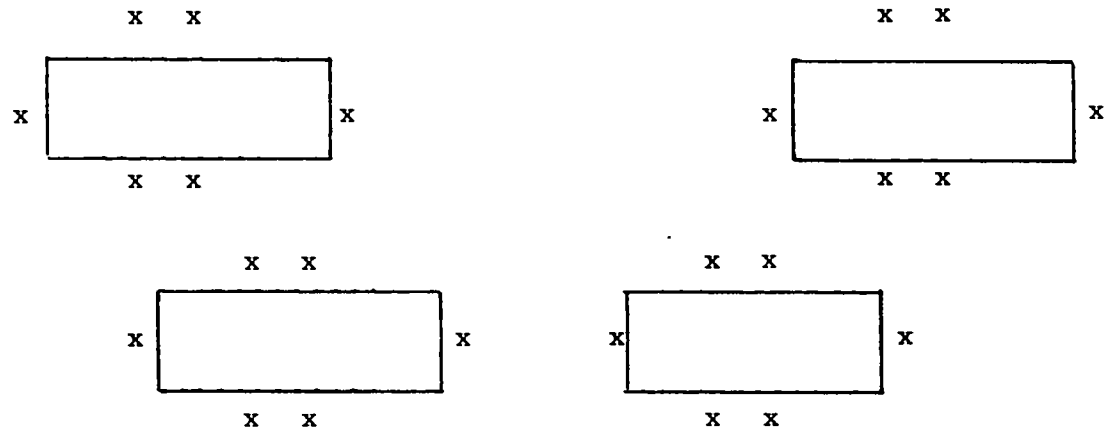
Now that the preliminary planning is complete, it is a good time to take a look at learning and the course leader's role as an instructor. As noted earlier, the course is designed in eight instructional Units. The time you spend on each Unit can be expanded or contracted to fit your plan by increasing or reducing the length of the discussion or work periods.

Arrangement of the Room

The course leader will have to arrive at the place of meeting well ahead of the participants in order to get everything ready. On the first things you must do is arrange the seating to establish the informal atmosphere conducive to discussion. If you are to have only ten to fourteen participants, you might arrange tables and chairs in a hollow square so that everyone can see the others in the group:



If your group is larger than that, arrange your tables and chairs so that participants can be in smaller groups of four to six:



If your meeting room offers only chairs without tables, arrange the chairs in small clusters.

Whatever arrangement you use, be certain that everyone will be placed so that he can see and hear clearly.

Orienting the Group

At the first meeting you will need some time to introduce participants to the purpose and plan of the program. To do this you might begin with the material presented in the Introduction to this handbook. This will help them to understand what the course is about and how it can be useful. You can then proceed to explain the schedule of work. This will include information concerning time and length of meetings, lunch and coffee breaks, or other housekeeping details.

If your participants are strangers to each other, you should spend 10 or 15 minutes encouraging each person in turn to introduce himself to the group and explain his personal interest and role in Industrial Development.

LEARNING

The primary objective of this course is to help people learn something about Industrial Development. If we are to accomplish this, we must spend a little time thinking about how adults learn, so that the course leader can be certain to create and maintain a learning environment. To this end, we shall list some of the important principles of learning that have been discovered and tested over the years.

Learning is an active process

The mastery of new material will proceed at a faster rate and be more thorough if the learner is actively involved in the learning task. Passive behaviour on the part of the learner, such as that involved in listening to a lecture, interferes with learning. For this reason, the course is designed so that periods of passive listening alternate with active participation.

Learning which is applied immediately is retained longer

New information is understood better and remembered longer if the learner can put it to immediate use. In this course, provisions are made for the application of new knowledge through discussion, work sessions, and problem-solving. These will help ensure better learning.

Group learning is more effective than individual learning

When individuals study alone they have no opportunity to test their perceptions of the new material against those of others. Consequently, learning is more difficult and less likely to be thorough. The best learning situation is one in which small groups of individuals can work together to examine new material and seek solutions to problems. Provisions have been make for this in the design of the course.

Learning of new material is facilitated when it can be related to what is already known.

It is often difficult to establish a relationship between the information to be learned and the existing knowledge and experience of the learners. Every learner will already know something, or will have some questions about, the subject matter. It is the instructor's task to make this knowledge and these questions apparent to the participants through discussion. Once members of the group have shared their experience and problems regarding the particular subject, the new material can be related.

Both learning and retention are improved if the instructional processes are varied at frequent intervals

The use of different instructional processes will facilitate learning by varying the work of the learner. This variation is indicated in the Instructor's Guide at the beginning of each Unit. This matter is discussed more fully in the next section.

USE OF MATERIALS

The basic materials required for the course are provided in the manual. To this you can add any relevant local materials available. Members of the group may wish to bring materials from other communities. If you use such additional material, take care not to let it interfere with the course as it has been developed.

The separate parts for each session relate only to that session. Hand out course material - the text - just before you begin work on the Unit concerned, but do not allow time then for reading it.

INSTRUCTION

In any learning situation the role of the instructor is most important. An instructor has a responsibility to maintain conditions that are most favourable to learning and to assist participants in learning. But the instructor's role with adult groups is quite different from the teaching with which we are familiar from our school experience. In teaching, the teacher provides the content to be learned and determines the activities of the learners. Many teachers are authoritarian in their handling of learning situations.

This will not produce good learning with adults. Adults need direction for their learning activities, rather than a classroom authority figure. Thus, as the instructor for this program, your role is that of a group leader working through material provided in the course. You will need to be alert to the amount of time spent in each part of the program by the group. You can help the group move along through the material in the Units, but you are not a teacher with all the answers.

Directions

The directions provided in the course give the instructor some guidance on how to manage a session. They also suggest the kind of information that should be given to the participants so that they can understand what they are about. These directions to participants are important aids to learning, so don't overlook them. They inform the participant about the learning activity and the reasons for it. In this way they provide some criteria whereby the learning group can appraise its own progress.

The directions for the instructor provide information on how to conduct the course, and the equipment or materials that might be useful.

Lecture

Some of the new material is presented to the group in the form of a lecture. This is available for use in three ways: tape, oral presentation, and reading.

Tape

Some sections have been taped. If you can get a tape recorder you can play the tape to the group and they can listen and take notes if they wish. The group may want to listen to the tape more than once, and, if you have enough time, this may be a good idea. It may prove useful to listen to the tape, follow that with discussion, and then repeat the tape.

Oral Presentation

If the instructor so chooses, the lecture can be read to the group. If you select this method, be sure to familiarize yourself with the material in advance so that you can read it with some expression and quality. Reading from a text can be deadly dull, so try to avoid monotone, mumbling, or an otherwise incompetent rendering of the material. Practice.

If you are experienced in talking to a group, you may choose to present the lecture material in your own words. This is better than reading, but be cautious about lengthening the session unduly by adding too much of your own material.

Reading

As a change of pace, or for variety, the members of the group can read lecture material themselves. This procedure has many advantages and is a useful learning method. Don't hesitate to use it if you and the group prefer.

In the presentation of new material through a lecture, the most important factor to consider is the question of time. A lecture should run from 15 to 20 minutes but no longer. After 30 minutes of listening to a lecture, the amount of material remembered decreases alarmingly.

Discussion

Group discussion is one of the most useful tools for adult learning. Since we have recommended its use in this course, it is advisable to discuss it ourselves.

One of the notable advantages of small group discussion is that it calls out and requires the active energies of all present. This is the reason why learning by discussion can be so effective. Research into the effects of different kinds of meetings supports this view.

One well-known study had to do with the ways that women learn about nutrition and food habits. Some of the women came together in meetings of several hundred, led by excellent instructors who used charts, motion pictures and demonstrations to amplify their lectures. Some took the course in groups of six. At the end of the course all the women were given an examination. The results were inconclusive. Whether taught in small or large groups, all had learned and could repeat a great deal of information about vitamins and calories and balanced diets. It didn't seem to matter what size the groups were. But six months later the same women were tested again. This time they were asked what changes in practice had occurred. Not what facts they knew about nutrition, but what they did about it in their own kitchens. Now it was seen that the women who had participated in small groups had actually changed their way of cooking in many more cases than had those in mass groups.

Be rather thoughtful about what constitutes participation. A member may be taking part and thinking hard while never uttering a word. Silent participation is not to be undervalued. Smiles, nods, even grunts and sighs, are some non-verbal ways of participation. Still members of discussion groups should feel free to (and want to) speak from their experience, give their own reactions and opinions. In no other way can they make much of a contribution to the others in the group.

While no sensible person will limit himself to any single approach, there are some special advantages to group discussion.

* Men and women take easily to group discussion: talk is a natural activity for most people;
* Discussion is organized talk but it can be practiced and learned by anyone who will try, even by men and women with little or no formal education (formal education does not guarantee competence in discussion);
* When carried out effectively it is a satisfying and enjoyable experience;
* When well conducted, it creates a desire for further study and action.

Group discussion needs to have a goal. It must be about or directed towards something. It is not carried on for its own sake. It usually grows out of the experience of the participants, but cannot be effective unless based on facts. Group discussion is not, as some cynic once charged, *pooled ignorance*; it springs best from people who respect facts, have a broad experience of living, and are willing to share this experience as well as learn from others.

Group discussion is usually characterized by the following traits:

* Informal, intimate and friendly relations, where everyone feels that his contribution is wanted and will be respected;
* Participation by all present;
* The participants share together and join together in a search for facts, or a clearer understanding.

Group discussion does not provide an arena for defeating opponents, or rooting out heretics, or converting the heathen. These may be worthy objectives at other times and places, but there is no place for them in a discussion group.

Group Size

For best results the number of participants is usually put at from five to 15. Some insist that eight is the maximum, others that it is possible to achieve excellent results with 20 or 30. Now there is nothing magic or sacred about any particular number. The main consideration is the purpose of discussion; the size of the group may vary according to objective. What we are thinking about, primarily, is a group of people that has the following characteristics:

* One that is face-to-face - where every member can see the face and respond to the gestures as well as the words of every other member;
* One in which all can converse - can talk without strain or raising the voice, where everyone can hear easily;
* Small enough so that everyone has the opportunity to talk;
* Intimate enough so that everyone feels free to talk;
* Large enough so that there is considerable variety in experience and opinion.

How to Form Groups

If the number of participants in the course makes it advisable to form smaller groups for discussion, it is usually easy to ask the members to move together around tables or to arrange chairs in a circle so that there are about six people in each group. Try to prevent the groups from being too large or seated too close together.

Physical arrangements are important and some factors to consider are the following:

* Comfortable chairs, probably arranged in a circle so that each member can see all the other members;
* Appropriate temperature and good ventilation;
* No one sitting so that he is facing a glare of light;
* Blackboards or sheets of paper available for noting facts and decisions or for summarizing (white or coloured chalk);
* Maps are often helpful;
* For productive work many discussion groups prefer to work at a table.

But these material things should not get in the way of the discussion. They are only aids to good talk. For example, no one should become so obsessed with noting ideas on the blackboard that a full consideration of these ideas is halted or impeded.

Expectations of Members

Members of the group bring certain experiences and anticipations to the group which may profoundly affect its work. They may vary considerably in their experience with group discussion. Some may have been in satisfying discussion groups before; others may feel that discussion is not very valuable, or even a waste of time. Naturally their feelings will modify the way each will take part.

Some members may come with what is called a *hidden agenda*. The secondary, or unrevealed, purpose of one member may be to get support for his particular point of view. Another may wish to display how knowledgeable he is on the subject and thus win approval. Another may feel he should challenge or criticize any authority in the group.

Members of a discussion group come as individuals but they often feel compelled to represent the interests of a group or groups to which they belong. The member who talks on behalf of these groups may make a rich contribution to the discussion but he may also draw attention away from the issue under consideration.

It is helpful to know that people come with different objectives because this knowledge helps us become more critical of our own part in discussion and more able to take a constructive part and be patient with others when they seem to want to dominate or criticize, or when they get off the track. Looked at positively, the difference in expectation and experience brought by the members gives colour and texture to the discussion just as does a difference of opinion.

Responsibilities of the Discussion Group Member

A good deal has been said about the importance of the group member participating. But what is it that is expected of him?

* He should take part in the discussion and talk from his own experience;
* He should prepare himself in advance, by reading on the topic or thinking about its implications;
* He should listen carefully to others. What sometimes happens is that he is so concerned with what he is going to say and how he will say it that he doesn't really hear the others at all. Accordingly, he may be talking past them, not with them. Good discussion is a little like leap-frog: it moves forward through the interaction of each mind with others;
* He should ask questions whenever he does not understand what is being said: other members may not understand either;
* He should keep to the point and speak clearly to the whole group, not just to his neighbors;
* He should avoid making speeches;
* He should give opportunity to others;
* Most important of all, he should help the others feel at home, and that their views and opinions are wanted and respected.

The Process of Discussion

The kind of discussion that takes place in any particular group will naturally depend upon the nature and function of that group. In one whose main interest is in learning, it will be different from one in which a decision has to be taken or a problem solved. Where some kind of solution is being sought, it is sometimes helpful to consider a plan of operation such as the following:

1. Ensure that the problem is recognized;
2. Define the problem in terms that have the same or a similar meaning for each member of the group;

3. Discover the nature and causes of the problem and agree on a standard by which possible solutions can be judged;
4. Survey possible solutions;
5. Choose what seems to be the 'best' solution;
6. Check the solution against the problem as originally defined.

A group discussion that moves through these stages is likely to be successful and satisfying but it would be wrong to put too great an emphasis on this sequence. The nature of the topic, the maturity of the group, the time available, and so on, may demand a different approach.

Note: Most of the above material on group discussion is taken from "Putting Words to Work", published by the Canadian Association for Adult Education.

INDUSTRIAL DEVELOPMENT - THE STATE OF THE ART

In Canada, before this Industrial Development Training Course was developed, the profession or art of industrial development had to be learned through long years of trial and error experience.

Thirty years ago in both Canada and the U.S.A. the professional practice of industrial development was in its infancy and the sophisticated techniques used today were being pioneered by a relatively small group of men at the municipal, provincial and state levels. There was little thought about regional development. Most practitioners were fiercely competitive and held a very narrow municipal or county concept of development. Industrial development was strictly a laissez-faire business.

Thirty years ago - in fact until very recent years - salaries paid to full or part-time industrial commissioners and provincial and federal development officers were relatively low. Accordingly, the average level of education, professional training and experience was also fairly low; the position carried little status; and turnover among industrial development men - particularly at the municipal level - was high. Understandably therefore, the field of industrial development was not particularly attractive to young university graduates seeking professional careers. In spite of this, the calibre and competence of men employed in this field has continued to improve. During the last five to ten years in particular, technology and competence have grown rapidly, and salaries at all levels have increased substantially to keep pace.

Much of the impetus toward upgrading of the industrial development field in both Canada and the U.S.A. has come from the large scale entry of a variety of federal, provincial and regional development departments and agencies.

Ten years ago federal industrial development services, primarily of an advisory nature, were provided by a nucleus professional unit within the Canadian Department of Trade and Commerce. Loans were made available for manufacturing facilities through the Industrial Development Bank.

Today there are several federal departments, as well as major development agencies such as the Atlantic Development Board, devoting their efforts solely to economic development programs. In addition, a variety of divisions and agencies within

other federal departments are involved in various development oriented activities, and the Department of Manpower is backing up the development efforts by providing expanded manpower training and re-training facilities.

In short, the aggressive development efforts of a few provinces and a few of the wealthier municipalities of ten years ago have now been joined by most provinces and many of the larger towns and cities throughout the country.

Today all provinces in Canada have provincial departments responsible for economic and industrial development. Most of these departments are highly sophisticated organizations offering a broad range of professional industrial development services, including economic studies; research facilities; site location guidance and surveys; gathering and dissemination of municipal data; in some cases, provision of financing programs; and co-ordination of other development agencies' efforts on behalf of clients.

In addition to these government departments, there is a variety of other provincially-sponsored development organizations which usually operate as largely autonomous corporations. They offer, in addition to the normal information and advisory services, special financing and incentive programs designed to attract industries to slow-growth areas.

Within several of the provinces, Regional Development Councils or Associations provide overall economic development advice and services relating to their particular regions and to the individual communities within these regions. Valuable regional economic surveys and resource studies are developed by these organizations and are available on request.

As in the United States, there are almost as many industrial committees and commissions as there are cities, towns and villages in Canada. Some are among the most knowledgeable and sophisticated on the North American continent. Many are well organized and capable of providing a completely professional service at the municipal level. Others leave much to be desired. But it is hoped that this course will help to train and organize the communities which require such assistance.

In the private sector, the Canadian branch banking system provides a unique network of business and industrial development contacts throughout Canada and in the major urban areas of the U.S.A.

As in the U.S.A., most of the power and gas utility companies are actively engaged in the industrial development business and have business development officers located in the major centres which they serve. Canada's two major railways have major business development departments in Toronto and Montreal as well as regional offices across the country and representation officers in various centres of the U.S.A.

As a result of the continually increasing industrial development activity in both the public and private sectors in Canada, and the millions of dollars of private and public funds being made available for industrial development programs at all levels, more and more qualified people are required to fill the new job opportunities created. This growing demand for effective professional industrial development people can only be met through a concerted program to train young men and women in the professional techniques of industrial development and promotion.

While one course has been inaugurated in the U.S.A. (University of Oklahoma), and several others are being considered at university levels, there is a need for a practical Industrial Development course aimed chiefly at meeting the needs of the voluntary industrial commission members with the various smaller towns and regions in Canada. This present course has been designed to meet this specific need.

INTRODUCTION TO THE COURSE

INSTRUCTOR'S GUIDE

This is the first session of the course and therefore requires some special introductory steps on the part of the instructor. The impression made on this occasion will be of immense significance to the success of the course. The instructor should, if possible, consider the following steps:

1. Re-read the chapter in the instructor's manual devoted to principles of teaching and learning.

2. Make sure that the physical circumstances of the meeting room are adequate - light, ventilation, heating, seating - and that teaching equipment, such as a flip-chart, blackboard, tape recorder and slide projector is conveniently placed. Test all equipment beforehand, and arrange the tapes and slides in their correct order so that they can be started without fiddling.

3. Be on hand to welcome the participants as they arrive, or make sure someone is. Provide them with name tags, their 3-ring binders, and any other material you wish them to have. Try to introduce as many of them to each other as you can.

4. Start on time, even if some people have not arrived. Starting late only penalizes the people who have been prompt. Starting on time will encourage late-comers to be prompt next time.

5. Introduce yourself, the name of the course and the general plan for frequency of meetings, place and times, etc.

6. Ask each participant to introduce himself to the group with as much information about himself as there is time for - his name, where he is from, what he does, and why he is interested in the course. You can afford to take some time over this, if the group isn't too large.

7. Hand out the outline of the course and go over the titles and objectives in some detail. Use slide 1, Introduction. If you like you can use the flip chart. Provide time for questions. Stop fairly frequently and ask if the topics and goals are clear. People are sometimes reluctant to indicate that they don't understand something.

8. Play Tape 1, which constitutes a general overall view of Industrial Development and is quite short. There is a text of the tape to be found following this general introduction. It should be distributed at the end of the session.

9. Allow a few minutes for general discussion and questions regarding the course as a whole, before proceeding to Unit 1.

INTRODUCTION - HANDOUT

PROGRAM

Unit 1 - Economic Background for Industrial Development in Canada

Unit 2 - Role of the Community in Industrial Development Methods of Analyzing a Community

Unit 3 - Organization for Industrial Development

Unit 4 - Lands, Buildings and Industrial Parks

Unit 5 - Identifying Types of Industry

Unit 6 - Financing Industrial Development

Unit 7 - Internal Promotion

Unit 8 - Finding and Developing Prospects. Developing Existing Industry.

OBJECTIVES

Unit 1 - Economic Background for Industrial Development in Canada

* To establish some of the external factors affecting industrial development;
* To gain some understanding of the effects of industrial change on communities;
* To look at some important trends in major industries;
* To identify some implications of the new techniques for Canadian industry;
* To learn the need to look ahead in our communities.

Units 2 and 3

This group involves an examination of how the community is, and should be, related to any program of industrial development. A variety of methods of analyzing any community with the purpose of understanding the complexities of attitudes, expectations, interest and participation are presented and discussed.

Unit 2 - The Role of the Community in Industrial Development

* To establish an awareness of the need for active community participation in industrial development program;

* To provide an understanding of factors involved in the participation of the community in industrial development;

* To establish the importance of understanding the specific dynamics of community structure and its role in industrial development (the social content of industrial development);

* To identify and elaborate sources of information about the community;

* To learn how to interpret and use sources of information for industrial development.

Unit 3 - Organization for Industrial Development

* To explore ways of creating an organized form of industrial development;

* To examine in detail various existing patterns, their advantages and disadvantages;

* To discuss the desirable functions of such an organization with a view to application to different communities;

* To commence an understanding of how a program is developed.

Unit 4 - Lands, Buildings and Industrial Parks

* To understand the importance of the planned availability of land and buildings for industrial development;

* To explore the methods and procedures for acquiring and developing land for industry;

* To learn the characteristics of industrial buildings;

* To examine what is involved in the planning, building and operating of an Industrial Park.

Unit 5 - Indentifying Types of Industry

* To help the participant recognize and identify types of industries;

* To introduce the functions of an industrial classification system;

* To help systematize thinking about industry;

* To examine cost factors in industry;

* To identify suitable types of industry for an area;

* To establish an understanding of the long-term nature of industrial development.

Unit 6 - Financing Industrial Development

* To understand the need for financing;

* To identify sources of funds;

* To gain an understanding of finance problems through case studies;

* To examine some special institutions involved in financing.

Units 7 and 8

This group deals with the techniques and materials used in the carrying out of a program of industrial development both within the community and outside it. It outlines the actual steps to be taken in attracting new industry and promoting the expansion of existing industry.

Unit 7 - Internal Promotion

* To understand the value and importance of a continuous promotion program;

* To identify materials and processes for promotion;

* To prepare a promotional kit.

Unit 8 - Finding and Developing Prospects. Developing Existing Industry

* To identify likely and desirable industrial prospects;

* To examine procedures for recruiting prospects;

* To learn something of the prospect-generating agencies;

* To understand how to develop prospects once found;

* To understand step-by-step procedure for developing awareness of local industries and ways of assisting them to develop.

UNIT 1

THE ECONOMIC BACKGROUND FOR INDUSTRIAL DEVELOPMENT

INSTRUCTOR'S GUIDE

Introductory Note

Unit 1 presents some difficulties since it introduces a great deal of theoretical and general material. Yet it is essential that this background be introduced and become familiar to the participants at this stage. The instructor can regard his task as: a) to introduce the material at least in outline, b) to interest his group members sufficiently so that they will read it by themselves, and c) to make it available as a general resource throughout the entire course, to be referred to repeatedly. On no account should an instructor attempt to read the material to the class. We hope that sufficient aids have been provided to permit you to review it fairly briskly but thoroughly.

Content

The Unit consists of four sections:

Section 1 - A brief overall view of the impact of economic trends on communities.

Section 2 - A much more detailed examination of economic trends

a) in general
b) specifically related to various classifications of industries.

Section 3 - A review of the implications of these developments in community terms, and ways of analyzing the problem.

Section 4 - Some implications for Canadian industry of new industrial techniques.

Goals

* To encourage some general understanding of the basic economic trends that affect local communities, with or without industrial development plans;

* To provide some aids in the form of categories and sources so that a development officer may stay abreast of these trends;
* To stimulate the participant's interest sufficiently so that he will explore the relationship between these global, international, national and regional events, and what is happening in his own community.

Materials

1. Text

2. Tape Important Trends in Major Industries

3. Slides
   1. External Economic Factors
   2. Factors in International Trade
   3. Trends in Agriculture
   4. Factors Affecting Fisheries Industry
   5. Factors Affecting Mining
   6. Implications of Industrial Techniques
   7. Economic Base of the Community

4. Handouts
   1. Sources of Statistical Information
   2. Trends in Major Industries in Canada.

Instructional Outline

Step 1 - Note: This is the first session of the course. Teaching methods and techniques used here will be of great significance for the rest of the course. A tiresome, fumbling, unintelligible session at this point, and a number may not want to come back. Despite the amount of material involved, do encourage as much participation as you can. *The steps are so designed that any of them can be sacrificed to greater discussion.* The whole point is to interest participants in the possible significance of this material so that at least some of them will examine it on their own. A very careful preparation of this Unit on your part will be a great help, because if you are going to sacrifice some steps, you don't want to drop the last one. Be sure to call attention to the table of contents at the beginning of the Unit. Participants should get used to using these as a memory aid. Open the introduction of Unit 1 by describing the content in general and outlining the goals. It is wise to share the aims of the Units with the participants.

Step 2 - Divide participants into small groups and ask them to identify the major external economic factors that they think will affect their communities and industrial development. Ask them to list them. Put the responses from the groups on the blackboard.

Step 3 - Encourage discussion as to which, in their view, are the most important. If there is time, rank the points. Use Slides 1 and 2 to review their points with the text.

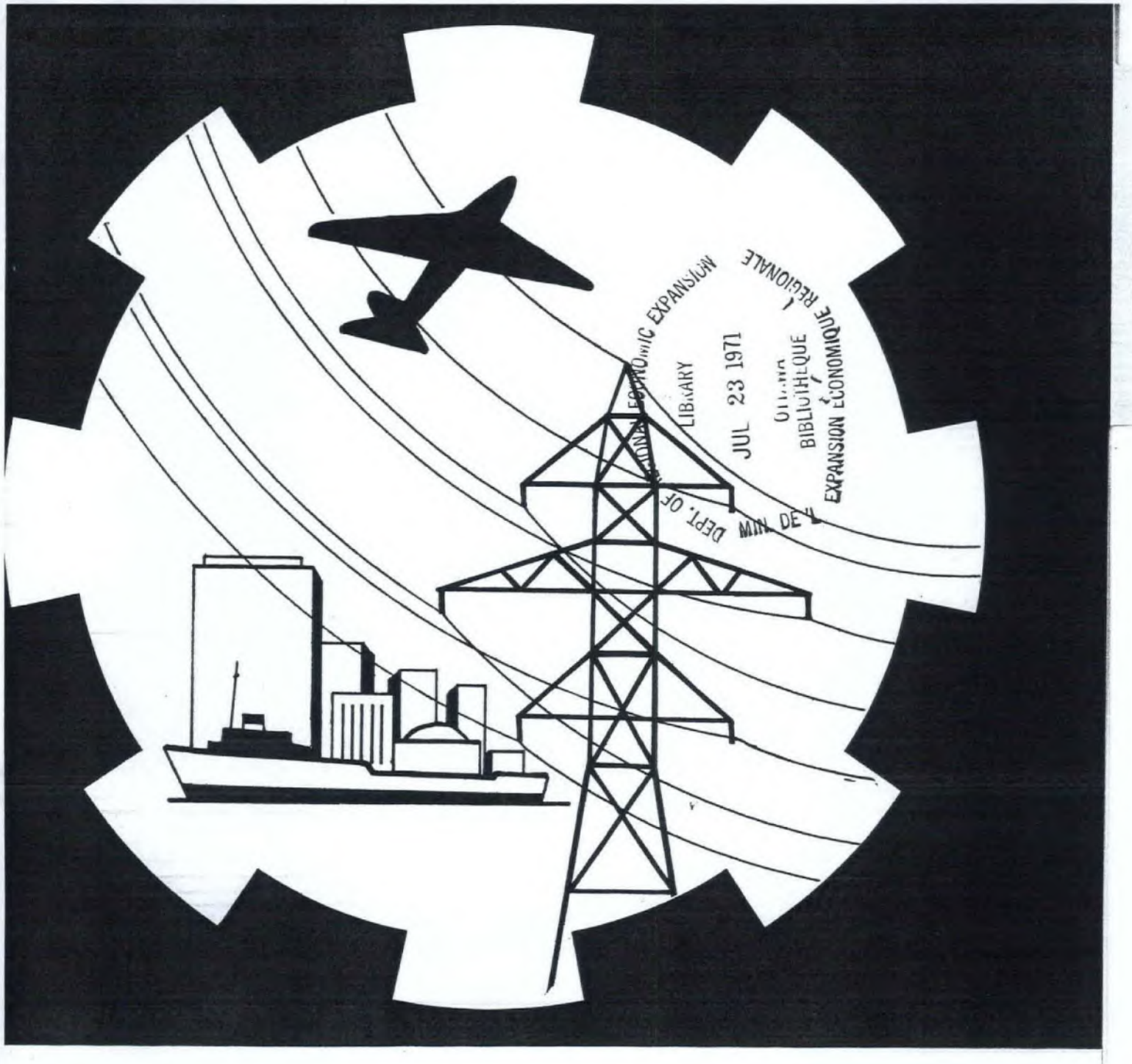
Step 4 - Ask the participants what they think are the major groupings of Canadian industry. Call for comments on the changes taking place in the various groupings in the text. Play the Tape. Use Slides 3,4 and 5 to illustrate points. (More detail of trends in major industries is provided in the Handout).

Step 5 - Ask participants for any local implications of these changes. Introduce the notion of change in industrial techniques. Use Slide 6.

Step 6 - Using the same groupings of industry ask the participants to identify what factors they need to know about their own communities in order to estimate the significance of these major changes.

Step 7 - List factors presented by the groups. Use Slide 7 as review. Point out to them that you will be referring to these matters throughout the rest of the course.

Step 8 - Distribute text. Review the material in Handout 1. Ask if there are questions about the rest of the course. Adjourn - Distribute any remaining material.



UNIT 1

ECONOMIC BACKGROUND FOR INDUSTRIAL DEVELOPMENT IN CANADA

1

CANADA

INDUSTRIAL DEVELOPMENT TRAINING COURSE

prepared for the
DEPARTMENT OF REGIONAL ECONOMIC EXPANSION
by the
CANADIAN ASSOCIATION FOR ADULT EDUCATION

UNIT 1

THE ECONOMIC BACKGROUND FOR INDUSTRIAL DEVELOPMENT IN CANADA

CONTENTS

UNIT 1

ECONOMIC BACKGROUND FOR INDUSTRIAL DEVELOPMENT IN CANADA

Throughout this course we will be talking about the efforts a community must make to encourage and promote its industrial and commercial health and growth. However, at the outset, we should be aware of numerous factors which affect the industrial economy but are outside the community's control.

EXTERNAL FACTORS AFFECTING ECONOMIC DEVELOPMENT

To begin with, it should be noted that the development of industrial promotion as a profession is in itself an external factor affecting the distribution of industry. The tremendous competition for new plants has meant that, in recent years, industry has been offered a variety of inducements to settle in specific areas. And this support has been on a national, regional and local level. Community efforts to attract industry have introduced a new factor into plant location decisions.

Let us take a look at some of the world movements and world events that are affecting the processes of economic production, growth and consumption.

Here are a few of them:

* the accelerating drive to automation
* advances in the broad field of technology
* the growth of research as an industry
* the development of new sources of power (e.g. nuclear) to augment, and in some cases replace, traditional thermal and hydro sources
* rising standards and demands in the field of education
* rising standards of living in the Western hemisphere.

Individual communities can do nothing to halt these developments. They must recognize them and adjust to them.

Other external factors are the shifts and trends in international trade, currency problems and national commercial policies. Among the most important factors are:

* the move toward freer trade
* the emergence of trading blocks
* balance of payments problems and their reflection in trading and commercial policies.

Freer trade opens up new markets, but at the same time removes a degree of protection from local producers. Competitive and efficient industries and firms may penetrate larger markets. But the non-competitive and less efficient will lose markets. Changes arising out of the Kennedy Round on Tariffs have yet to run their course. For example, major concessions were granted by Canada in the fields of chemicals and machinery.

All these factors may have good or bad effects (and sometimes both) in any given situation. From the industrial development point of view, the important thing is to ascertain to what extent local industries and activities are affected and particularly the effect on locally dominant industries. The operation of these external influences offers useful case material for discussing the importance of a diversified industrial mix in a community's economy.

EFFECTS OF INDUSTRIAL CHANGE ON COMMUNITIES

The key word in any discussion of industry or industrial development today is *change*. A failure of the community to adjust to changes in the major industry on which that community depends can be disastrous. A "one industry town" or "company town" may have little chance to plan for change. But the majority of towns can plan to take advantage of new situations. The changes taking place are gradual and continuing, but they are observable. It is a question of accepting the changes and determining to adjust to them as quickly as possible.

Important Trends in Major Industries

Agriculture

The advances taking place in agriculture probably have had and will continue to have a greater overall impact on more towns in Canada than advances in any other resource industry. In the Prairie Provinces, in particular, there are a number of examples of dead and dying towns that have failed to adjust, or, to be more realistic, have found it impossible to adjust to the changes in agriculture. Towns and cities in Eastern Canada have yet to feel the full impact of the consolidation and rationalization of the agricultural industry.

The trend in agriculture towards larger and larger farm units, with fewer and fewer people required to operate them, is bound to have its effect on a community. If there are fewer people in a town trading area each year, the town can hardly progress. In fact, it begins to decay. Naturally this results

in a decline in the number of young and productive people. They move away from the area to find gainful employment. The economists would say this is in response to "push and pull" forces.

In the rural areas, as farms have grown larger, become more mechanized, and more scientifically managed, opportunities have decreased for those already in the working force, and no job opportunities at all have been opening up for the young just reaching working age. So there has been a push to get out of the rural areas and the small towns which were once the trading service centres for the farm population. The pull force has been exerted by the cities where the action and the jobs now are. People have been leaving the areas where they have not a chance to make a living, or a decent one, to areas where they can, or hope they can.

Forestry

The same changes are taking place in forestry with the same resulting effect on towns. As several small sawmills are consolidated into one large one, those towns that have been dependent on small sawmill operation for their existence are faced with extinction. Improved logging and sawmill machinery, changing government regulations, better road and transportation equipment, higher quality demand in the market place, total utilization of waste, are all factors which result in a move to larger and larger units with fewer and fewer people required to operate the machinery. The change is probably most apparent in British Columbia, but the rest of Canada has to face up to it as well. One interior area of B.C. is a good example of the dynamic and rapid change taking place in the sawmill industry. Ten years ago the area had 55 sawmills, today it has 10. In less than 5 years the number is expected to be down to 6.

Any community leader can well imagine what has happened or will happen to those towns where the big mill did not open up, but where the local sawmill closed down.

Fisheries

The fishing industry is going through similar changes both in methods of fishing and in fish processing. Larger vessels, better equipment, new electronic devices and the resultant high-capitalization have reduced the number of vessels required and the number of men needed to man them. The processing operation now also requires large-scale modern plants which, through automation, have reduced the number of people employed. Those who cannot adjust to the changes and are reluctant to move

from the area are either unemployed or underemployed. Naturally, in either case their buying power is drastically reduced, with resulting effect on the growth of a town. In addition, of course, the young people move away from the area, as in agriculture and forestry, to the cities where employment can be found.

Mining

Mining might be considered somewhat different, because the resource is not renewable. When the mine runs out it is almost inevitable that the community will fold. This, of course, is the great danger all mining towns face. However, in addition, they face the same changes as do communities based on the other resource industries. Mechanization and automation are reducing the number of employees required. Even though the mine may have the same production year after year, fewer people are required to operate it.

Resource Industries in Summary

The resource industries are characterized by changes due to technological advance. These result in larger investments per job, larger scale operations, continuing and increasing production in absolute terms, but decreasing significance in terms of percentage of the total labour force employed.

However, reflection will show that although agriculture, forestry, fishing and mining may be classed as resource industries, there are quite significant differences that make generalization difficult and misleading. Agriculture depends basically on good land and favourable climate, although poorer land in less agreeable climates may be exploited in cases of economic necessity. The forest industries are located close to the forests, which in Canada at present are "natural" forests, capable of greater yields under more intensive management. The sea-fishing industries are based on a resource over which Canada has only partial control, and the processing plants must be located on shore lines. Mining is based on a non-renewable resource doomed eventually to total depletion and particularly susceptible to a variety of technological inputs that could drastically alter the prospects for any given mine at short notice.

Manufacturing

Many economic studies have shown that the major answer to the economic growth problem in an area or community lies in the establishment of a manufacturing industry - or of more manufacturing industry. This, of course, is a broad conclusion and there are many exceptions. The key to economic success in some areas may lie in attracting service industries, regional head

office operations, or such non-industrial development as a new college or university, or other public institutions.

Manufacturing is expanding with new products, new processes, new markets. Yet even a community with a substantial base of manufacturing plants cannot afford to be complacent. Technological advances in machinery or processing can reduce the number of people required in a plant. A new product from a competitor may entirely displace an existing product. Industries that have been protected by high tariff walls are finding themselves increasingly vulnerable to the general world reduction of tariffs. Special tariff arrangements such as the "Canada-U.S. Auto Pact" can present either opportunities or dangers depending on the industry in the community. If the industry can react and prepare itself to meet the challenge of larger production and a more competitive market situation, then the community is safe. If it cannot, then the community is in trouble.

Changes in the method of transporting goods to market can also have a damaging effect on certain communities. Rail line abandonment on the Prairies has depressed and may continue to depress communities that lack adequate air or road transportation. Further advances, such as pipe-lines, unit trains, containerization, super-tankers and deep water ports, and rapid increases in air transport are all factors that could present opportunities to a community or take them away.

Service Industries

In recent years employment in the service industries has shown a marked increase in all developed countries. In Canada it now stands at 56% of the labour force. As with manufacturing, an extremely wide range of activities is covered in these *people-oriented* industries, and they are present in some form in all communities. But the more sophisticated forms, such as consulting and research services, insurance and real estate services, financial and investment institutions, advanced medical centres and institutions of higher learning, are usually located in major urban centres where large populations may be served.

SOME IMPLICATIONS FOR CANADIAN INDUSTRY OF NEW TECHNIQUES

Effects of the Trend toward Large-Scale Operations

In order to compete with the advanced and more populous nations Canada must adopt their mass production techniques.

The same is true at the local level. An area whose industries are not up to date, are low in productivity, poorly located, or deficient in vigorous and imaginative management, will find that its workers' products reach only limited markets. Under these circumstances the area's prospects for growth are curtailed and the area is vulnerable.

Economies of scale contribute to competitiveness in more ways than merely increasing the output of the product by workers. The costs per unit of output, services, land, management, financing, sales and advertising, for example, are usually reduced with increased output. The price for all these over-heads tends to increase through time, thus exerting continuing pressure for increased economies of scale and more efficient production methods. Similarly, socio-economic factors enter the picture. Minimum wage laws, fringe benefits such as holidays with pay, hospitalization schemes, and so on, all incur costs which must be met. The other side of the coin is that a high proportion of industrial output comes from the establishments employing fewer than 50 persons.

Associated with economies of scale is the complexity of modern industry which requires astute management ability and the presence of specialists. Not only must production engineering be sound and efficient, the same is true of financial management, sales organization and methods, delivery schedules, quality control, and design. Again, the cost of experts in these fields is high and the firm unable to purchase them may find its competitiveness decreasing through a deficiency in one aspect of the operation.

Specialization of products continues to be prominent in industrial production. Large companies commonly contract out the manufacture of components for their finished product. This enables a smaller manufacturer to concentrate on a limited range of products employing the same raw materials, labour skills and technology, and aimed at a special market. The system extends the economies of scale to the small manufacturer and enables him to acquire specialized knowledge of particular products and markets. Similarly, many branch plants are concerned with producing a limited range of components. This system is of interest to industrial development at the local level, especially on the periphery of large industrial centres.

Economies of scale also accrue to the transportation of commodities. Favourable rates and more efficient handling can be obtained for large homogenous shipments, while mixed content shipments are much more costly and less efficient to handle. Improved transportation routes and handling methods - for example,

containerization - may bring outlying producers within reach of mass markets. But they also bring the large industrial centres within reach of the outlying areas. Local producers, who previously enjoyed a freight advantage, may be threatened. In this connection the phenomenal increase in the use of air cargo for transporting industrial goods should be noted.

The Need for a Trained Labour Force

Since the end of World War II, Canada has experienced a strange situation: continuing and quite heavy immigration on one hand, and high levels of unemployment on the other. Unemployment, underemployment, and low incomes have resulted in the setting up of a number of government programs aimed at alleviating the situation. Important among these have been programs designed to upgrade the labour force.

The situation is at its worst in areas where technological advance has displaced labour from traditional occupations and where there has been little or no new industry to take up the slack. For example, coal mining in eastern Canada has experienced severe structural changes and heavy rising costs with consequent displacement of the labour force.

Canada emerged from the last war as an industrial nation but without the institutional system to cater to the training needs of a modern industrial labour force. Modern industry, for the most part, requires labour with a high level of technical skill and understanding, and with work attitudes compatible with production requirements. These qualities are largely lacking in the outlying areas, and even on the fringes of the industrial centres. Machine work, metal work, and the handling of sophisticated automated equipment, electrical and electronic devices, all call for a high degree of training on the part of the worker.

The quality of the labour pool, or the means to improve its quality, is of paramount importance in industrial development. The presence of two or three hundred unemployed men with no technical training whatever, and unable to understand a technical manual, offers no lure to a prospecting industrialist.

The specialized nature of so much industrial production calls for advanced and specialized training for technicians of all kinds. The tremendous growth in computer programming exemplifies this trend. To meet these training and retraining needs there has been a vast increase in the last decade in the number of trades and vocational training schools and in on-the-job training schemes.

Even here the economies of scale are important. It is much easier and less costly to provide training facilities for a large population than for extremely small groups. For this

reason, the labour force in outlying areas usually finds it more difficult to acquire further training. Government and industry are tackling these problems in a number of ways, but there is much still to be done.

Basic and academic education are also prerequisites for industrial manpower to a much greater extent than hitherto. Entry to many trade and vocational courses usually requires a minimum educational attainment of Grade 8. Older workers often have difficulty on this score and must attend grade classes before being admitted to industrial training courses. At the other end of the scale, a university education is a common-place qualification for entry to positions of engineering and managerial responsibility, while postgraduate training is usually essential for entry to the research and development divisions of industry.

The dynamic growth of Canadian manufacturing demands that we increase its productivity and competitiveness. Our success in achieving this will depend, to a large extent, on our ability to upgrade the technical skills of the labour force.

Importance of Understanding the Community's Economic Base

Radical changes, or long-run trends in an industry, will affect the community in which it is located. The gradual deterioration of the Cape Breton coal and steel industries, and the effect on Elliot Lake of sudden changes in the uranium market, illustrate the point. Those concerned with the industrial development of a town, area, or region must therefore acquire an accurate knowledge and understanding of the economic base of the area they serve in order to appreciate the circumstances which shape its life. Similarly they must acquire an understanding of the relationships within the area: how far does this town extend its services? What is the influence of that major urban centre?

This whole subject - regional development and analysis - is submitted to increasingly sophisticated methods of study. But the alert and enquiring industrial development officer can obtain an accurate assessment of his area by means of relatively simple observations and statistical analysis. The most common means of describing the economy of an area is by reference to the distribution of the labour force in various industrial activities. It is relatively easy to ascertain if the bulk of the force is employed in agriculture, processing, or service, and, in turn, the extent to which these industries find their market locally, regionally, or farther afield.

It should be recognized that there are few "single industry" towns in the sense that a single industry is the only activity taking place. Mining communities on the frontier provide the best examples of the single industry community. And they reach their extreme form in those cases where the bulk of the labour force is composed of single men. However, most towns of any size provide services such as education, marketing, or distribution, while the larger ones may also offer regional administrative services, as well as accommodating a number of diverse industries. Even so, there are a large number of communities in which one industry is dominant. The life of the community is dependent on its existence. Without this industry the labour force would disperse; education, health, and other services would not be required; and business houses would have no customers.

When one considers the investment in housing, schools, health facilities, roads, and other social capital found in a town of (say) 6,000, the significance of a dominant industry in that town becomes evident. Decline in the dominant industry usually sets off a chain reaction of reduced payrolls, decline in business activity, increasing welfare costs, deterioration of municipal services and housing stock. All this leads to an unattractive community and an air of despondency.

The Need to Look Ahead

It is essential that business and community leaders take a keen interest not only in what is happening in their own business, but also in the general trends affecting the economic base of the community. Serious thought must be given to what these changes can mean in the short and the long run. Leaders must recognize the dangers and then be prepared to counteract them. With new techniques in industry, some communities are in trouble. But the first step would appear to be the hardest. This is to accept the fact.

In the overall concept of community development, industrial development should be a continuing effort. In other words it must be assumed that a community or area is going to be faced with changes in the economic base which could be disadvantageous. The way to offset this is to work continually to broaden and diversify the economic base by bringing in new industry and assisting existing industry to expand. In some cases, what may be needed is a complete assessment of the community, an analysis of the factors that are contributing to its difficulties and a positive program of action to counteract them.

To gather basic information about the community and about industrial and national trends is not easy, but is simpler than the work which follows: assessing the community's potential. In effect, this boils down to determining what the community has to offer to the industrial world and how its assets can be marketed most competitively. What is involved is marketing one specific community in the face of a host of other communities with similar attributes. The problems and methods of ascertaining the community's potential and then marketing it will be discussed in later sessions. But it should be noted here that the industrial health, development, and prospects of a community affect all the residents and they have a part to play in promoting the community's progress. To do this they must acquire what is known as *community awareness* - a quality that must be developed and nurtured by the industrial development officer and group.

SOME CONSEQUENCES OF INDUSTRIAL GROWTH

As the country's population and per capita income have grown it has become increasingly possible to diversify. The range of goods manufactured has broadened considerably since the end of World War II, due partly to native innovation and partly to the establishment of foreign branch plants. Canada's population is small compared with that of the U.S. (Ohio alone has as many people as all Canada) and we lack the mass market of the U.S. To compete, therefore, with U.S. and other foreign imports, and to export at competitive prices, Canada's manufacturing techniques and productivity must be as good as, or better than, those of the U.S. Canada is forced into achieving the same economies of scale and capital investment per worker as are found in the United States. In fact, to compete to the extent that we can experience dynamic manufacturing growth, we must top the U.S. performance. Hence the Economic Council's exhortations regarding productivity.

The requirements for large-scale productive manufacturing are largely urban in nature. And they are found usually in areas of population concentration. This is a matter of some significance to industrial development in view of Canada's scattered population and small towns, by world standards. Fortunately, physical access to the U.S. is relatively easy over most of the country and certain regions are close to world transportation routes. Even the industrial heartland of North America may be reached by the St. Lawrence Seaway. It should be remembered, however, that U.S. and world manufacturers also have access to Canada.

Manufacturing turns materials into useable commodities, and the resulting payrolls exert the demand for housing, services, recreation and so on. Given the market, manufacturing will reflect technological ability, human skill, and managerial competence, in growth and payrolls much more readily than will the resource industries. Again, the Economic Council points out that Canada must look for new job opportunities in future.

Unlike the resource industries, manufacturing is, within certain limits, "footloose" as to location. Given economic access to their main markets, manufacturing plants may establish in any of a dozen locations. The economies of scale and increasing automation are continuing factors, to the extent that quite large plants may employ small labour forces. But it should be recognized that labour is the important requirement in most manufacturing industries.

Most of the other services required by manufacturing are urban in nature and usually sought in combination rather than singly. To have an available labour force of 300 men may be of no value whatever to a community seeking to attract new industry unless a combination of other factors is present.

It should also be recognized that the diversity of manufacturing enterprises makes accurate generalizations about the industry, as a whole, impossible. And, most important from the industrial development point of view, to think in terms of the industry rather than the companies that comprise the industry can be quite misleading.

Obviously, the growth and movement of an industry is affected by company decisions, and when there are few companies in the market, one company's decision may well affect the whole industry. In other words, some knowledge of the corporate structure of any given manufacturing activity is fundamental in industrial development.

SOME IMPORTANT QUESTIONS

If there is any priority in local industrial development work it is this matter of acquiring familiarity with the local economy in all its aspects. What do the people do for a living? What activity provides the bulk of the payrolls? Is the economy dominated by one industry or one company? What are the trends in that industry, and in that company? How big a labour pool is there, and what is its age and sex composition? To what extent does the community serve the surrounding area? What changes are envisaged or planned for the regional transportation network that could affect the community, and in what way? Are the local educational and health services commensurate with the population served? And so on; the list is endless.

At the same time, community trends must be compared with trends elsewhere. Are the local industries performing at the same level as the same industries elsewhere? Is the local labour being upgraded at the same rate as elsewhere? Is the unemployment rate rising or falling? Are jobs increasing at a fast rate, enough to accommodate new entrants to the labour force? Are local housing starts above or below the national average, and are they in turn compatible with family formation in terms of the total population? Again the list is endless.

SUMMARY

There are basic economic factors affecting industrial development in this country over which the individual community has no control. In the main, these conditions arise from fundamental changes in our society and in international relationships. Technological advances are radically altering methods of operation in industries of all kinds and, as a result, changing the life of many communities almost beyond recognition. Communities cannot successfully fight these changes. They must accept them and adjust to them. Every effort should be made to foresee the changes that lie in the future.

Canada lacks a domestic mass market. To compete in the American and other foreign markets, Canada must export at competitive prices. This means that our manufacturing techniques and our productivity must be of a high order. We must develop the urban facilities required by large-scale industry. We will need technological ability, special skills, managerial competence and a well-trained labour force. The major task of all those involved in the development of a community is to gain an understanding of its economic base.

Can you as business representatives and community leaders really do anything about the problem of industrial diversification? Certainly you can. Industrial development can be accelerated. Basic to the whole idea of an industrial development program is the premise that a dynamic and well-organized effort can bring about more industrial development of an economically sound nature than would otherwise occur. We <u>can</u> adopt the attitude that what has happened would have happened anyway. The fact is that developments are planned. They are carefully planned, executed by government, by community leaders, by entrepreneurs.

Throughout the course we will be discussing the sound fundamental industrial development program which should make a lot of difference to your community.

UNIT 1

ECONOMIC BACKGROUND FOR INDUSTRIAL DEVELOPMENT IN CANADA

HANDOUT 1

Some Sources of Statistical Information on the Canadian economy.

Canada Year Book, 1968. Prepared by the Dominion Bureau of Statistics. Ottawa. Queen's Printer, Ottawa. Cloth, $5.00 Paper $3.00. Canada's official statistical publication. Issued annually.

Canada, 1968. Prepared by the Dominion Bureau of Statistics. Queen's Printer, Ottawa. $1.50. Provides less detailed statistical information. Material is presented in more readable form.

The Challenge of Growth and Change. Fifth Annual Review of the Economic Council of Canada. September, 1968. Queen's Printer, Ottawa. $2.75.

How to Profit from Facts. Prepared by the Dominion Bureau of Statistics, Information Division. Queen's Printer, Ottawa. Free of charge. A simple explanation, with examples, of how to use statistical materials.

Dominion Bureau of Statistics Catalogue of Publications. Queen's Printer, Ottawa. $1.00. A detailed listing of all DBS publications.

For recent statistics on a specific industry, you may want to get in touch with the Information Division of the appropriate department of the federal or provincial government.

Some Trends in Major Industries in Canada

Agriculture: In the years between the 1951 census and the 1961 census, there was a decline of 16.4% in the number of farms in Canada and a decline in farm area of nearly 1.5 million acres. This trend has continued. A total of 430,522 farms was reported in 1966 compared with nearly 480,000 in 1961. Yet total farm productivity has gone up some 67% in the last 20 years.

During the past 25 years, average farm size in this country has increased from 237 to 404 acres. Figures for 1967 include 276,835 *commercial* farms, that is those with annual

sales of agricultural products of $2,500 or more. In 1951, such commercial farms constituted 37.7% of all farms. By 1966 this figure had risen to 64.3%. The capital value of all farms reached $19.2 billion in 1966, up 50% from five years earlier. During this period the number of farms with sales of $15,000-plus has more than doubled, from 23,000 to 50,800.

Average employment in agriculture in 1967 was 558,000 persons, including family and hired labour. This was a slight increase over 1966, breaking a downward trend that had lasted a decade. Thirty years ago about 63% of operating costs on our farms was for labour. Today labour is only 25% and the balance of 75% is for capital costs, such as machinery, equipment, fuel and fertilizer. The value of farm machinery and equipment on farms was set at $3,552 million in 1966, $1 billion more than at the previous census of 1961.

These figures point up the changes that are taking place broadly in agriculture in Canada. Employment, number of farms and the total area of farmlands continue to decrease, while the size of farm, the capital value of farms, capital investment per farm, mechanization and production continue to increase.

Forestry: Similar trends are evident in forestry. Technological advance, for example the introduction of the power saw, has reduced the labour intensity of woods operations and to some extent their seasonality. It is extremely difficult, however, to document changes in the industry statistically. The scheme for reporting logging statistics has undergone drastic alteration in the last few years and annual figures are not comparable. Also the real significance of forestry in Canada is in its forest industries rather than in woods operations. In 1965, the total number of those employed in logging was 60,700, while 69,000 were employed in pulp and paper mills, 50,000 in sawmills and planing mills, over 77,500 in wood using industries, and 35,000 in paper using industries. Canada provides 42% of the world's newsprint needs. And newsprint is the large money earner. In 1966, the gross value of shipments reached just under $2,300 million.

The forest industries make notable contributions to the Canadian and world economy. The Canada Year Book for 1965 noted that "... the combination of foreign demand, forest size and quality, skills and efficiency of production, good transportation facilities and ideal location in relation to major consuming centres in the United States has made Canada the world's leader in production of newsprint, the second largest manufacturer of woodpulp, and the fourth largest producer of lumber and plywood."

It should be noted that Canada has not adopted the intensive management systems found in Europe and certain parts of the United States. We may assume that its forest area will be capable of much higher yields when the economics of more intensive management systems warrant their use.

Fisheries: The sea fisheries of Canada are subject to a complex interplay of factors. Unlike agriculture and forestry, the sea fishery takes place beyond the national boundaries. It is also subject to competition for the resource not found in agriculture and forestry, nor in mining, for that matter. Furthermore, the resource itself is dispersed and fugitive. Although a renewable resource, it is subject to delicate ecological balances and population dynamics whose long run economic significance is by no means clear. Also, the economics of the fisheries is complicated by sociological factors. On the one hand there is a capital intensive, off-shore fishery exploited by large companies and, on the other, a labour intensive, in-shore fishery exploited by individual fishermen.

In the North Atlantic, Canada catches more fish than any other nation and is surpassed only by Norway and Japan as a supplier to world markets.

Improved techniques of catching, larger vessels, and more efficient gear, have all contributed to a greater exploitation of the fishing grounds, but with a consequent reduction in manpower requirements and a need for greater technical skills. So far, technological change has not resulted in notable increases in the productivity of the in-shore fisheries. Employment in the fisheries has stayed fairly steadily around the 80,000 mark. Some 60,000 are employed in the sea fishery and 20,000 in lake fisheries. Improved technology would seem to have contributed more to under-employment than to unemployment. But this is related in part to the nature of the economy in and around the fishing settlements on the east coast. Production fluctuated widely between 1958 and 1963. However, in 1966, landings in Canada's commercial fisheries achieved records in quantity and value. There was an 8% increase in quantity, and the value to fishermen - $177 million - was a 10% increase over 1965.

Around 15,000 are employed in fish processing plants of which there are well over 300. There is some seasonal fluctuation in the fish processing industry, strong competition from European companies, and a dependence on a core fleet of large modern vessels. Lately European and Japanese companies have shown an interest in joining up with Canadian ventures, apparently with a view to taking advantage of the location of Canadian ports in relation

to the major fishing grounds. This also reflects the tendency of companies (and countries) with access to the market to secure their source of raw materials - a common occurrence in pulp and paper, mining and oil.

Seventy percent of the product of our fisheries industry is sold abroad, and the industry contributes some $250 million annually to Canada's wealth.

Mining: The special characteristics of mining need not be elaborated upon here. Mining activity depends on the discovery and marketability of suitable ore deposits. The resource is not renewable, and may become uneconomic overnight. As well, the discovery of a large ore body can yield a sudden and significant increase in mining activity (examples: asbestos and potash, in recent history).

As in other activities, technological change plays an outstanding role: new methods of mining, development of powerful and specialized equipment, the use of huge bulk carriers and handling facilities, skill at adapting mining methods to northern conditions, and many other changes affect the mining scene and the life of a given mine at any moment. In addition, the market for a given mineral may be affected by new uses for known minerals, new alloying techniques, the exploitation of rare minerals (for the aerospace industry, for example) and improved methods of secondary recovery.

Statistics show that between 1958 and 1963 the employment index for mining dropped from 123 to 144 (using 1949 as 100). But this situation has altered. For 1965, the index was 122, nearly up to the 1958 level. The chief contributors to declining employment levels were gold and coal mining. These are still generally declining, but increases in base metal and iron mining, among others, have now overcome this decline. Nevertheless, labour indices have lagged behind production rises, partly due to technological innovation.

From 1950 to 1966, the value of mineral production virtually doubled, reaching over $4 billion in 1966. Mineral products comprise 31 percent of Canada's merchandise exports.

Manufacturing: In 1946 employment in agriculture and the other primary industries represented about 30% of the employed labour force. By 1968 this proportion has dropped to about 8%. Employment in manufacturing, on the other hand, has dropped from about 26% in 1946 to 20% in the third quarter of 1968. The number of jobs rose from 1.1 million to about 1.8 million this year. This does not represent a very dynamic growth of manufacturing in Canada during the period, particularly with respect to new jobs.

The total value of exports has increased considerably from $83 billion in 1953 to $266 billion this year. Capital formation in manufacturing has shown a similar relatively consistent trend and has not been disproportionate to the economy's performance as a whole.

Service Industries: Employment in the primary industries has experienced a relative decline and in manufacturing has held fairly steady. Employment in the service industries has shown an increase. It now stands at 56% of the labour force (if we include community, business and personal service, public administration and finance, insurance and real estate) as against 40% in 1946 and 48% in 1956. This trend is marked in other advanced countries and is not peculiar to Canada.

As with manufacturing, an extremely wide range of activities is covered in the service industries: legal, dental, and other professional services; restaurants and barber shops; home maintenance and repair; and (by no means least) public service of various kinds. It can be said safely that service industries are people-oriented. But there are market-oriented services which are found only in thriving urban centres from which large populations may be served, for example, sophisticated consulting and research services, institutes of higher learning, and medical facilities, trade and financial institutions. A rigorous examination of the locational requirements of the markets-oriented services of national importance would probably reveal them to be among the least "footloose" of all industries.

UNIT 2

THE ROLE OF THE COMMUNITY IN INDUSTRIAL DEVELOPMENT

INSTRUCTOR'S GUIDE

Introductory Note

Units 2 and 3 deal with ways in which the whole community takes part, directly or indirectly, in industrial development. Unit 2 deals with the broad generalized approach to how communities function and what industrial development officers need to know about those functions - and why. Unit 3 deals with the more detailed aspects of creating an organization within the community as a base for effective industrial development.

Goals

* To develop an understanding of the way in which the entire community is involved;
* To present the concept of continuous interaction between the industrial development office or group and the rest of the community;
* To suggest that in the long run the community must take part in decisions regarding industrial growth and that it is the officer's job to encourage that participation and the achievement of sensible solutions. The officer must be prepared for his community to decide against a particular line of development that he may have uncovered;
* To provide skill in using some specific concepts or categories as a means of continuously analysing the community for himself and for others;
* To provide skill in finding and using sources of information that will provide the basic data for the concepts;
* To begin a regular long-term process of gathering and classifying information about the relevant community by introducing the Community Profile.

Materials

1. Tape of Text of Part 1
2. Text of Part 1
3. Text of Part 2
4. Slides.
   1. List of Main points in Part 1 (to accompany tape)
   2. List of Categories
   3. Yellow Pages

4. Yellow Pages
5. Yellow Pages

5. Handouts 1. Census Data
2. Census Data
3. Community Profile

Instructional Outline

Step 1 - The entire Unit should be handled as a mixture of discussion and presentation. Since there is a good deal of material the Instructor should plan his time pretty carefully. The Community Profile is the main reinforcing document so that it is important to make sure that there is sufficient time to introduce it and explain it properly. It should not be just thrown in at the end because of lack of time. Introduce the Unit with a careful presentation of the intended goals. Play the tape for Part 1 and use Slide 1 to reinforce main points.

Step 2 - When the tape is finished, discussion may be stimulated by asking the following questions:

If a large industry, employing 1,500 to 2,000 people, were to move into your community what would the impact on all aspects of the community be? (If the group is under 25 a list can be made by all participants - if larger, they should be divided into two groups and the composite list put on the blackboard.)

Keeping the presentation in mind, the instructor may have to remind participants of effects they have overlooked.

The list may be made in terms of desirable and undesirable effects.

The group may be asked how the undesirable effects might be minimized or avoided. What steps might produce more desirable effects?

The purpose of this section is to get the participants thinking in terms of the whole community and how it participates. It should lead to questions about how these effects can be anticipated, and how the community can be helped to take a constructive part in the process.

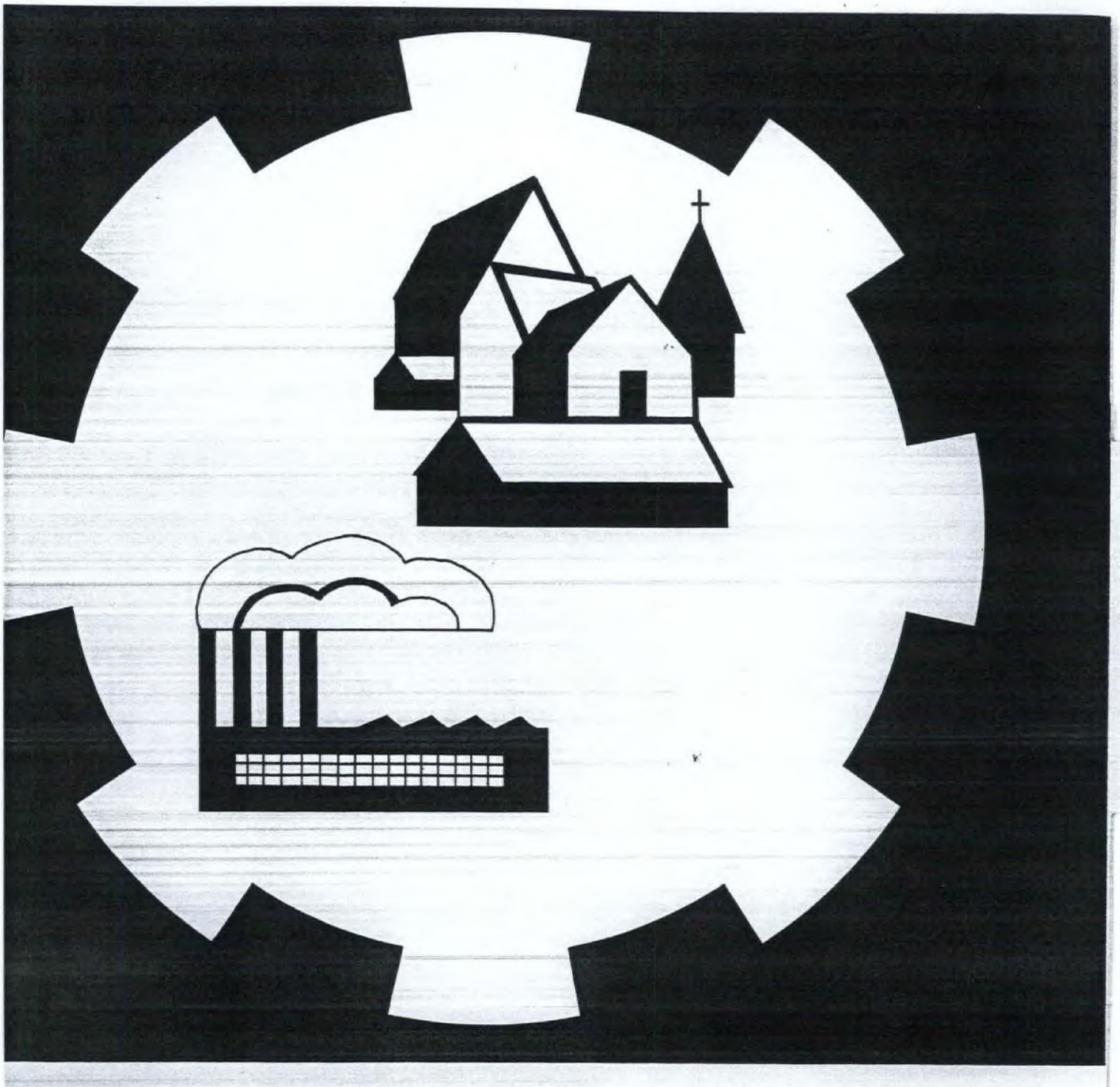
Step 3 - The instructor should now move the participants to an examination of the categories of analysis (Part 2). Use Slide 2 to present the major categories, elaborating each one from the text. Use Slide 2 to illustrate organizational structure.

Step 4 - Present the Sources of Information orally. Ask participants if they have comments on the suggestions made and if they have any to add.

Step 5 - Hand out examples of Census Data. Use Slides 3,4, and 5 to introduce Yellow Pages, citing examples of information to be extracted, drawn from the text. Ask them to suggest other uses to which this data may be put.

Step 6 - Introduce the Community Profile, which is divided into tangible and intangible factors. Hand out the document and ask for questions. Ask the students to try to gather information for the first few pages of the profile for next week.

Step 7 - Review the Unit, and hand out the basic text to the students.



UNIT 2

ROLE OF THE COMMUNITY IN INDUSTRIAL DEVELOPMENT

2

INDUSTRIAL DEVELOPMENT TRAINING COURSE

prepared for the
DEPARTMENT OF REGIONAL ECONOMIC EXPANSION
by the
CANADIAN ASSOCIATION FOR ADULT EDUCATION

UNIT 2

THE ROLE OF THE COMMUNITY IN INDUSTRIAL DEVELOPMENT

PART 1

CONTENTS

UNIT 2

THE ROLE OF THE COMMUNITY IN INDUSTRIAL DEVELOPMENT

PART 1

EFFECTS OF INDUSTRIALIZATION ON COMMUNITIES

In the years since the industrial revolution, the single greatest force affecting communities has been industrialization itself and its basic stimulus, technology. Communities are altered whether the industrial growth and change take place within their boundaries or in a distant country. Historically we are all familiar with world-wide colonial systems, in which an industrial change at the focal centre of an empire could determine the activities, systems of government, and even religious faiths in far-off continents. Today, a decision in the aero-space industry in Washington or New York will affect remote mining communities in Canada, Africa or Australia, because it may bring a demand for certain rare metals. Industrial development in Toronto, Montreal or Winnipeg vitally affects the population, the educational system, and the use of recreational land in communities hundreds and thousands of miles away. For instance, the industrial growth of Toronto has attracted thousands of Maritimers whose departure has produced significant effects on their home communities.

But here we are not concerned with such effects. We are concerned with the direct relationship of industrialization to specific communities, usually communities of a less industrially developed character.

To come to grips with this relationship, we must first try to define it in terms of the effects of industrialization on communities, and of communities on industrialization. Some of these can be listed quite simply. When we have done this, we can begin to emphasize the points that are crucial in both attracting and holding industries, and at the same time making sure that the community does really benefit.

There is nothing automatic about this. We must plan the process that seeks out and attempts to satisfy mutual interests.

Here are some of the effects of industrialization on communities:

1. Industrialization raises the total income generated in the community. We say *generated* deliberately, because the income is not necessarily spent in the community;

2. Industrialization affects the educational system because it invariably produces a call for new educational programs and approaches. This can be true for secondary education as well as for higher learning;

3. Industries affect a wide range of resources and services, from water to transportation systems. The management of such resources and services is usually a community responsibility;

4. Industries require a pool of trained and untrained labour. They produce occupational alternatives for individuals and sometimes a highly significant choice between family farming and wage or salaried employment;

5. Industries are concerned about community services for employees because the standard of these services affects their ability to attract and keep a working staff.

But industries often produce difficult community problems because of their demands upon existing local services. A highly urbanized industry will move into a predominately rural centre and insist on standards far above the norm. In many cases, housing and other service standards in company towns, or company sections of towns, are in sharp contrast to those found in older parts of the community. This can produce tensions. The introduction of new services, consistent with high industrial income, has resulted in tax burdens on non-industrially employed individuals and families.

This short list of relationships and implications should illustrate the need for a high degree of community involvement in the whole process, and at many levels. Everyone who provides services, from the corner grocer to the municipal council member, is affected and has a stake. Every citizen is concerned with taxes, with the appearance of the town, and with the type and quality of education. Every industry wants efficient services for efficient operation, and living conditions that will satisfy employees.

But despite these related and often mutual interests, much industrial development is carried on without planning, without involvement, without intelligent, informed interaction. When involvement does occur, it is usually far too late. Problems of a serious nature have already arisen which could have been prevented, or at least anticipated, if an adequate community involvement process had been in operation before the development took place.

INVOLVING THE COMMUNITY

We have identified some of the effects that industrial development may have on a community and what kinds of people and what kinds of interests might be affected. We should begin by acquiring more detailed information about such people and interests, since these are the components to be involved. How and when they are to be involved are questions for which many have been seeking answers.

Involving the community in industrial development is a challenge. A first and obvious step is to secure the participation of the so-called interest groups and the voluntary associations; these may be trade unions, farm groups, church groups, the Chamber of Commerce, Kiwanis, Rotary, or any of the typical voluntary groups of our towns and cities. Here we find our organized community and our community leaders. The other part, in one sense organized and in another sense totally unorganized, is made up of people of the community as a whole, most of whom do not belong to organizations or are inactive members. Young people, low income people and the occupationally unskilled are often found in this part of the community.

How can the community achieve effective participation?

First, the organized community, that is the organizations in the community, should provide leadership for the process. To do this effectively, the organized community must include *all* the organized groups or components. If it does not, it cannot consider all the interests involved. In concrete terms, the process involves the setting up of some form of community council to:

1. Provide a focus for bringing out the interests of organizations in the community;
2. Define and resolve conflicts of interest;
3. Communicate the results of the process to government at all relevant levels and to the industry or industries involved;
4. Plan and implement a broadly based process of community study and discussion as an integral part of its information base, and its definition and resolution of conflicts.

Most important, the council, which is made up of community organizations, should take all possible steps to broaden its program. It should try to set up neighbourhood activities to involve those who do not take part in organizations, and the people who actually live in the areas most directly affected.

ENLISTING COMMUNITY SUPPORT

If this process is carried out successfully, it should produce a more cohesive community and one where industrial development plans are understood, promoted and supported. The community can come to grips with the key questions: How does it want to develop industrially? What does it have to do to get development? What specific changes will be necessary? The community can be mobilized to help with the big jobs of planning industrial development and attracting it. But it can also help with the more modest tasks of getting an industry and its workers settled in and of dealing with its on-going community problems.

Because of the number of people it involves, and the way in which it involves them, this kind of development process brings a new and vital force to the solution of community problems. People who were silent or ineffective now have a voice and use it. And the process ensures a broad, informed base for the difficult task of knowledge assembly, planning, decision-making, implementation and evaluation.

If the process succeeds, it will provide a far more attractive total environment for industry and will strengthen the political life in the community. There is little question that potential involvement is there. But it will only be made actual through an approach which is planned and implemented with the same care that industry uses when it plans, constructs and operates its plants.

SUMMARY

Industrialization affects the community in many ways. As well as bringing benefits, it makes demands. New industry can produce stresses and tensions in community life. The best way to avoid trouble is to involve the whole community in the process of planning for industrial growth. It is too late to seek local opinion, and begin to study local attitudes, after serious problems have arisen.

The first step is to secure the participation of the various interest groups and voluntary organizations in forming a body to examine the effects of new industry on the community and to identify points of possible conflict. This council, based on community organizations, should make all possible efforts to broaden its activities so that they involve the *unorganized*; in particular the people who are living in the areas most affected by change.

The community should take as much care to prepare itself for the introduction of industry as the industry does in preparing to make its move.

PART 2

CONTENTS

UNIT 2

ROLE OF THE COMMUNITY IN INDUSTRIAL DEVELOPMENT

PART 2

NEED TO LEARN ABOUT THE COMMUNITY

Communities change continually. An industrial development officer is, in fact, one of the influences for such change. But there are many others. If you are to work effectively with (or on behalf of) a community, you must never say you have finished learning about it. What is true today may not be true tomorrow. However, there are a number of useful categories into which knowledge of a community can be fitted, so that keeping up-to-date can be reduced to a manageable routine. These categories are widely accepted and will tend to be the ones used by the people whom you are trying to interest in locating in your community.

Added together, information under the various categories will provide a reasonable picture of the social structure. And it is important to know the social structure because, if you are going to try to advance your community, you may have to answer some rather subtle questions about it. It would be most unwise to assume, however, that possession of information of this sort provides a means of manipulating individuals, groups, or the entire population. A conclusion of that sort is the best way to create anything from suspicion to chaos. Such information simply provides a basis for working co-operatively with your community in order to arrive at mutually satisfactory decisions, as suggested in Part 1. It should help you to understand how the place where you live operates in terms of attitudes, hopes and aspirations. Such information will also be useful to an industrial development officer in explaining or describing the community to interested prospects.

One word of warning about asking for information. If you ask people questions which deal with attitudes, for example "Do you like living in this community?", in contrast to questions of fact, for example "Do you own your own house?", they will very often give you the answer they think you want, rather than tell you what is really in their minds. The reply is not an attempt to mislead the questioner. But it is a human trait to want to belong to the winning side. It is always wise to compare what people say with what you can observe about their behaviour in a variety of circumstances. You will also want to compare it with whatever descriptive material you can find.

Here are six categories, or six useful ways of looking at your community as a basis for understanding how it works.

Population Characteristics

All communities can be divided into a variety of groupings. One such grouping is based on various age ranges. For example, information about the number of people just about to enter the marriageable age, plus the ratio of men to women within that group, will tell you a good deal about employable people, demands for certain kinds of goods and services, potential for training in new skills, and the impact of a new industrial opportunity and population in the community. As well as age groupings, information about ethnic groupings - points of origin, whether recent or long-established, whether from rural or urban backgrounds - will give you an understanding of why certain behaviour occurs in your community.

The following are some questions you should bring to bear on information of this sort. The section on Sources of Information, at the conclusion of this Unit, discusses the value of the yellow pages, the want ads and the census in helping to answer them.

* What are the age groupings? Do people come here to retire? Are there tremendous numbers of young families?
* Is the population static or does it move? School authorities can tell you how many families move in and out of the community each year. In Canada one out of four families receiving family allowances moves annually. There are, of course, local variations in this ratio.
* Is the population growing? Is it a natural increase from an excess of births over deaths, or is it an increase from people moving into the community?

This is the most fundamental sort of long-range information that can be found about any community, and yet it is often neglected.

Institutional Structure

This category involves the whole range of clubs, organizations or institutions in your community through which people express their hopes and needs, and around which they group themselves to undertake certain sorts of tasks. Much of the material in this course, for example Units 3 and 7, points out that knowledge of its institutional life is fundamental in working successfully with the community.

What do the various groups do? Who belongs to them? Make a list of their executives and see how many people are influential in a number of groups. From the list identify the natural leaders. But be careful to distinguish between the workers in the groups and those who can't say no, or like to say yes for the glory of the position, and do nothing.

ORGANIZATIONS

	PTA	Kinsman	Rotary	Anglican W.A.	Eagles	Boy Scouts	Little League	Union	Ch. of Comm.	Town Council
Mr. T. Turner		x				x				
Mrs. J. MacLeod	x			x			x			x
Mr. R. Gilroy					x				x	
Mr. F. Simpson	x					x		x		
Mr. J.M. Miller	x		x			x			x	x

What can we conclude from this diagram?

It tells us, for example, that Mr. J.M. Miller is an officer of quite a few groups and associations. When we meet him at a meeting, or talk to him informally, we are reaching quite a few organizations, though he may not in fact be very active in all or any of them. He may just be a name, or he may be a very important man who means a good deal in the community. Looked at vertically, the diagram tells us which people have common interests and may be expected to know each other. This information is extremely valuable for identifying those key figures in a community on whom you can depend for accurate information and advice about some segments of it.

Despite the value of information of this sort, you must be careful not to assume that such organizations are representative of the whole community. Sociological studies reveal that in cities in Canada only about 40 to 50% of the population actually participates in groups of this nature, although the fugure may be higher if we include churches. In rural communities the percentage may be even smaller. So when you deal with

these groups, either directly by addressing meetings, or through their leadership, it is important to be aware that many members of the community, many who will be important in any sort of change, are not being reached. To reach them may be very difficult. Sometimes contact can be made through particular churches, sometimes only radio or television, or personal contact, will bring you in touch with them.

Value Systems

A third dimension is the value systems of a community, which involve the folkways, the mores - the things that people hold dear. Here we may find many of the motivating forces for what happens in a community.

Gathering adequate information about this is difficult, but it is very important. In the long run, what people hope for with respect to their community, what sort of picture they have of themselves, and of their town, may be the determining factors in the satisfactory development of your task. Actual information of this sort is hard to come by, and it is harder still to be sure that it is accurate or representative when you do get it. But searching for it continuously is a useful check on your own assumptions about the answers to these questions, and on your own hopes for the community which may be sharply biased by a kind of occupational wishful-thinking.

It is best not to ask too many direct questions about community values but to keep your eyes and ears open. Discreet eavesdropping in coffee shops, or barber shops, and talking to taxi drivers, are useful methods. The kinds of questions you want to keep in mind are:

* Are people well-satisfied? Is there any open pressure for public or civic improvement? Who's for it? Who's against it?
* Are the citizens thrifty? Are there credit unions as well as banks in town? Is credit easy to get?
* Is there a definite attitude to change of any kind? Has there been a major change recently and how do people (which people?) feel about it now?
* What value is put upon education? Are the young encouraged to stay in school? Is there an adult education program offered by the local school board? Is the school used for other than formal purposes? How much money is spent on education?
* What are the attitudes to labour unions, to the Chamber of Commerce, etc?

* What are the attitudes of the Retail Merchants Association and other business groups?

* Are there many churches? Is there a large church attendance? What sorts of churches are there?

All this information, gathered with care and persistence, will provide you with some idea of what attitudes, and whose attitudes, will affect your work.

Social Stratification

Although people will often vigorously deny the existence of any rigid class structure in Canada, there is no doubt that in all communities there are groups which have very little to do with other groups. Certain economic or ethnic groups will cluster about specific churches, for instance. When members of these groups are at the lower end of the economic scale, the church may be the only organization in which they do participate. Then there is the group which has lived in poverty, and among poor people, for more than one generation. You are not likely to find any of them taking part in the range of middleclass organizations - service clubs, Home and School, children's groups and welfare associations. Yet all these people belong to the community and will be affected as a result of your work.

People may not admit the existence of a class system; nevertheless it may be clear from their answers to questions on other subjects that they regard themselves as upper middle, or middle, or working class. It may also be clear into which classes they put their neighbours and fellow townspeople.

A recognition of economic, social, ethnic and religious groups will give you some idea of how your community really works - who communicates what to whom, who is likely to be willing to co-operate with whom, and other matters of practical interest to you.

The sort of questions you want to ask yourself are:

* Is there a commonly recognized group of well-to-do people who attend one or two particular churches, or belong to exclusive clubs and other organizations?

* Is there a group of old families whose members appear to be prominently involved in the affairs of the community?

* Are newcomers welcomed, invited to join organizations and the like?

* Do people in your community feel obviously superior to other communities?

Answers to some of these questions will allow you to get a good picture of how decisions are made for the community and who really makes them.

Though this information is hard to gather without elaborate investigation, some indications of where people place themselves can be gathered from observation, and from casual conversation. It will provide a useful insight into the community and how people feel about it.

Interpersonal Relations

This category can be seen as the applied aspect of the previous ones. How do community enterprises get off the ground in your community? Can you find examples of some that have succeeded, as well as some that have failed?

Sometimes a new project starts with considerable fanfare and fizzles out within a few weeks or months. Often the reason is that the wrong people attended the early meetings. Sometimes "wrong" means that they come from economic or social groupings in the community with no experience in co-operation and no real intention to co-operate. They are polite, but after the meeting no-one does anything. Sometimes it is because the people who come are not the real leaders of their various groups, and cannot command any of the resources or people whom they apparently represent.

On the other hand, some projects succeed almost automatically. The people who come already know and trust each other. At least they come with the intent to achieve something and with the ability to commit themselves and others whom they represent.

An examination of some successes and failures in your community will tell you a lot about the previous categories and about the natural lines of co-operation.

You may learn why some people expect certain co-operative activities to succeed and they usually do; or why they expect them to fail, and they usually do. Above all, it will help you to see what relationships in planning, and in developing proposals, are likely to succeed easily and which ones will be more difficult, will require more time and effort in carrying out. This should save you from a great deal of needless disappointment.

Decision-making

Perhaps you will find the community aroused about a problem. It may be smoke control, rat control, or narcotics control; or it may be enforcement of housing codes. Many groups

in town may go on record as opposing the undesirable situation and urge community action. The newspapers and radio support the movement, and there is a great hullabaloo, Yet nothing happens. We wonder why. If we look beneath the surface we may find that certain people of power in the community, whose vested interests are threatened, have under cover worked out a way to keep anything from happening.

A very important dimension of communities, then, is the power structure. The locus of power may be found in the political organization of a community - but not always. Often it is in its economic organization. Perhaps a labour union has become so powerful that it determines what happens in the community. More frequently it is management of big business or industry that has pulled the strings behind the scenes. In a company town we see that situation clearly.

One of the problems we have in any specialized endeavour is that we look only at the segment of the community with which we are most familiar. In this case, it is apt to be the business group. But industrial development affects all parts of a community, and all parts have to be considered. A group centred around a church may not like the idea of a great influx of strangers, or the schools may be concerned about the influx of new children. These attitudes will affect the business community and the decisions regarding industrial development.

Some of the points made under the previous categories may make it easier to understand how decisions are made, about what, and by whom. You may discover that the community has developed a more or less discernible pattern in decision-making. You should know how the system works. It is important, as well, to understand that this system may be threatened by some of the changes you are proposing. New people, new money, new organization in the community are bound to have an effect, good or bad, on the existing ones. People often declare themselves in favour of change, but when it comes to making the decisions, they will be reluctant or oppose it. They can be helped to understand the implications of the decisions and to prepare for them if they know who the decision-makers are and what process the community follows.

SOURCES OF INFORMATION

Information related to the six categories can be found in many different ways, and you should use the various ways to whatever degree you find necessary, useful and convenient. For example, in the section on value systems, we suggested that casual conversation and the asking of questions will produce the best

results. What you need is experience in framing the right questions. This is the hardest of all categories to be certain about, but it is one of the most important.

In other categories, there is a good deal of hard information to be obtained, if you know how to look for it and are prepared to develop at least a minimal library system for grouping and analyzing it. It must be gathered over a period of time, because none of these categories is static, any more than the community is static. That is to say, the information organized in this way will never be complete.

If one category begins to change noticeably, you can be sure the others will too. For example, if new people begin to show up amongst the leadership of organizations, then you can be sure that changes, sometimes rapid ones, are taking place in the decision-making process. Such changes will strongly affect your program, the people taking part in it, and the relations between them and the community. This is the sort of information that prospective clients will also want to have.

The Library

A valuable source of information, both direct and indirect, is your public and University libraries. If your community has library service, use it constantly. If it hasn't, go to the library nearest to you, or find out if there is a regional library. Often librarians in larger centres function as information gatherers for the whole region if there are not other libraries. The principal resource in a library is not so much the collection of materials held there as the librarian herself. Most librarians have been trained to do a good deal more than issue books and collect fines, and are very anxious to use that training. A good librarian can become your most important resource. She has the professional skill and can find and classify information for you. As well, librarians talk to a lot of people, hear a lot of things and are great sources of less formal information. The librarian will help you to learn where to look, and how to judge and interpret what you find.

Other Sources

If your community doesn't have a library, or even if it has, you will still have to dig out various sorts of information yourself, and find people who will help you dig it out. There are many regional sources of information in all levels of government. For instance, with regard to population characteristics, you will want to use census material. This can be found with the help of the Dominion Bureau of Statistics, which has regional offices in Vancouver, Edmonton, Winnipeg, Toronto, Ottawa, Montreal, Halifax and St. John's.

The people there will be most helpful in providing information regarding your particular community. It is a great help, though, to know what to ask for. Various provincial departments and agencies will be useful sources of information. There is also the Industrial Development Bank, and the various federal departments, the Chamber of Commerce, regional development councils and other agencies of municipal government.

Let's look at three specific sources of information. Two of them, the yellow pages of the telephone book and the classified advertising section of the local papers, are useful sources often overlooked. The third, the census, is widely known but avoided by many people because they fear they will not know how to use it. Other sources would include municipal offices, business licenses, construction permits, and taxation roles.

The Yellow Pages

Let's look at some sample pages taken from the yellow pages of a telephone book. What do these pages tell you? The first slide indicates that the community is large enough and wealthy enough to have dealerships beyond the big three. On the other hand, it is not big enough to have a full range of individual dealers for foreign cars. It also tells you that there is both a supply of, and a demand for, the whole range of technical skills that apply to car repair and maintenance. This may be of considerable importance to your client. The second slide gives comparable information; for example that skill and equipment are available for repairing machinery, and that there is some diversification in that skill. The third slide provides information of a slightly different order. The presence of a number of investment dealers offers evidence of reasonable wealth in the community and should indicate that money is available for investment. This is information of some significance, both to you and to your clients. If your telephone book does not have yellow pages, the names listed in heavy type are a good guide.

Want Ads.

A second valuable source of dynamic information about a community can be found in the classified ads. As well as the standard buying and selling that takes place in all our communities, there is a large market consisting of people wishing to make private deals with other people. Their ads can provide a remarkable insight into the basic changes taking place in your community. If you look under houses, furniture and other household articles, you can learn a great deal about the general standard of living, and about movements in and out of the community.

The Census

This is the most authoritative source of all. Material for the area containing your community can be obtained from the Dominion Bureau of Statistics. However, it is quite possible that one of the community agencies has already collected this information. If they have analyzed it, some of your work has been done. Information regarding the distribution of age groups, origin, ratios of men and women, the number of women working in the community, can only be found from census material. Population increase or decline, as well as other trends, can be found by comparing the most recent census with the previous one. Although the overall census is done only every ten years, the Bureau of Statistics issues interim figures at regular intervals to bring areas of information up to date.

Pages from the census of 1961 are appended. These supply figures for some "census tracts" in the city of Oshawa. Each numbered column carries information concerning that specific section of town. Examine columns 3 and 4 on page 8 and look, for example, at lines 35 to 50. In column 3, the average income for males is considerably higher than in column 4, while the reverse is true for women. There are no males in the highest bracket in column 4, while there are 6 in column 3. Despite the difference in size of the population, a higher proportion of males are rated as managerial in column 3 (line 17) than in column 4 (line 17). A higher proportion of males report being unemployed in column 4 than in column 3. If we continue this analysis it will be revealing with respect to the differences between the two areas described in columns 3 and 4. A similar comparison could be carried out with respect to any of the columns.

In order to practice the method of extracting information from census data of this nature you might ask:

> What is the proportion of women working in each of the 8 areas included? How does this compare with the size of families described on page 6? Can this be compared with income? What sort of conclusions might you draw about these sections of the community?
>
> How do salaries or wages paid to women relate to the proportion of women working in each district?

Many other questions can be addressed to this material. Can you prepare some questions that a potential client may want to have answered and then find the answers from this data? Can you find other data you would like to provide for him?

The major difficulty is to obtain information relating to your specific community. Often census data is organized on a regional basis, so you may have to guess the proportion represented by your community. You can get help in doing this from

DBS itself, or from the provincial industrial development agency, or from a regional economic development office, if one exists. In some cases your client may want regional information, and you may not have to go to the trouble of breaking it down.

If your client is a large company, they will probably have gathered some of this information for themselves. But you should assemble your own data, since you may be able to provide useful interpretations. Your job is to help the company make a wise decision, and to help the community do the same. No one benefits if a wrong decision leads to the entry of an industry, or other enterprise, that does not prosper.

There is one kind of information about a community that cannot be gathered from the outside, or on short visits. It is gained only by living inside. While this is true, we often find that people have some strange ideas about their own community. It seems that major characteristics can become invisible. Perhaps they prefer to ignore them, or it may be that they are completely out of touch with the people or events that reflect these characteristics. It has often been reported that wealthy Americans travelling into New York from the suburbs on the November morning of 1948 after Truman's defeat of Dewey were flabbergasted. Many observed that personally they did not know a soul who intended to vote for Truman.

In spite of the great advantages of living in a community, this is not a substitute for gathering information about the community in as systematic a way as possible. Hard facts will correct any normal bias that the man working in industrial development may have. By communicating such information to your fellow citizens, as well as to outsiders, you will help them all make more intelligent decisions. Effective growth must be based on a continuing dialogue between a community and specialized interests, both inside and outside. This has to be stimulated by a well-prepared plan for such growth, inspired and promoted by the industrial development officer.

SUMMARY

Industrial growth affects communities. But it is also true that communities affect industrial growth. The successful industrial development officer must come to know the community in which he works in sufficient depth to understand its attitudes, its values, and its motivations, as well as the practical facts about its daily life. Unless he is aware of what really happens beneath the community surface, he is unlikely to gain the support he needs for critical decisions and projects.

Valuable as friendly personal contacts are, it is suggested that these are not adequate to amass the knowledge you require. It is necessary to study the community in a systematic way. Various approaches to such an examination are outlined. In some cases, you will be dealing with such intangible matters as the inter-relationships of people. In others, with precise statistical information. The more specific your knowledge of both kinds, the more confidence you will gain in coping with the interaction of the community and industry.

Table 3. Characteristics of the labour force population by census tracts, Census Urban Area of Oshawa, 1961

No.	Characteristics of the labour force population	Urban area — Zone urbaine	Oshawa, city - cité								
			Total	1	2	3	4	5	6	7	8
1	Population, 15 years and over	54,549	47,021	2,096	3,332	1,021	3,909	3,759	2,458	4,181	2,518
2	Males	27,111	20,924	1,087	1,713	509	1,978	1,885	1,297	2,099	1,261
3	Females	27,438	21,697	1,009	1,619	512	1,931	1,874	1,161	2,082	1,257
4	Labour force	30,109	24,143	1,197	2,023	600	2,166	2,186	1,437	2,377	1,520
5	Males	22,138	17,786	925	1,566	445	1,638	1,577	1,122	1,795	1,124
6	Females	7,971	6,357	272	457	155	528	609	315	582	396
	Employment status										
	Males										
7	With a job	21,676	17,403	900	1,540	439	1,609	1,524	1,069	1,752	1,107
8	Looking for work	462	383	25	26	6	29	53	53	43	17
	Females										
9	With a job	7,778	6,202	266	444	154	515	596	294	561	380
10	Looking for work	193	155	6	13	1	13	13	21	21	16
	Class of worker										
	Males										
11	Wage-earners	20,510	16,619	871	1,509	422	1,559	1,528	1,081	1,714	1,001
12	Self-employed	1,610	1,154	53	55	23	77	49	41	78	123
13	Unpaid family workers	18	13	1	2	-	2	-	-	3	-
	Females										
14	Wage-earners	7,580	6,056	255	450	149	500	579	295	559	381
15	Self-employed	316	253	12	7	3	22	28	19	19	12
16	Unpaid family workers	75	51	5	-	3	6	2	1	4	3
	Occupation division										
	Males										
17	Managerial	1,929	1,479	39	86	32	93	51	27	121	139
18	Professional and technical	1,394	1,065	14	55	17	37	40	29	85	110
19	Clerical	2,172	1,811	59	145	50	165	135	72	210	124
20	Sales	1,134	877	17	70	21	56	42	36	88	64
21	Service and recreation	1,356	1,006	44	79	26	87	123	64	94	51
22	Transport and communication	1,295	1,035	68	86	18	118	113	67	111	66
23	Primary	247	166	13	14	8	26	11	3	10	20
24	Craftsmen, production process, and related workers	11,047	9,091	554	946	251	931	901	699	939	511
25	Labourers	1,188	965	90	59	17	98	134	102	114	21
	Females										
26	Managerial	218	168	7	3	5	14	19	9	13	6
27	Professional and technical	1,199	889	11	44	9	43	82	20	46	63
28	Clerical	2,539	2,077	66	168	61	180	186	57	197	152
29	Sales	848	730	22	55	23	64	40	32	86	59
30	Service and recreation	1,766	1,376	92	92	26	131	156	109	127	62
31	Transport and communication	181	155	7	13	3	14	14	4	13	9
32	Primary	23	16	3	1	1	-	2	4	1	2
33	Craftsmen, production process, and related workers	987	788	58	70	21	70	93	70	71	41
34	Labourers	117	94	6	9	6	9	11	6	9	1
	Wage and salary income										
	Males										
35	Under $1,000	1,087	869	50	56	25	84	96	72	80	39
36	$1,000 - $1,999	856	706	41	57	13	72	84	51	60	25
37	2,000 - 2,999	1,422	1,108	89	65	18	134	126	115	105	44
38	3,000 - 3,999	4,117	3,285	223	274	82	348	396	312	345	113
39	4,000 - 5,999	9,868	8,153	417	878	219	808	733	472	906	543
40	6,000 and over	2,770	2,201	30	152	63	91	59	37	191	214
41	$ 6,000 - $9,999	2,495	1,983	29	147	57	91	55	36	185	203
42	10,000 and over	275	218	1	5	6	-	4	1	6	11
43	Average wage and salary income . . $	4,252	4,248	3,697	4,287	4,340	3,871	3,688	3,586	4,215	4,771
	Females										
44	Under $1,000	1,899	1,560	71	129	56	121	115	94	151	106
45	$1,000 - $1,999	1,475	1,204	68	88	24	108	120	78	115	76
46	2,000 - 2,999	1,740	1,311	52	105	34	122	130	60	106	86
47	3,000 - 3,999	1,513	1,229	50	90	22	95	152	44	104	63
48	4,000 - 5,999	633	513	10	28	11	45	43	12	41	32
49	6,000 and over	113	93	2	1	2	4	9	-	5	4
50	Average wage and salary income . . $	2,123	2,105	1,896	1,939	1,797	2,063	2,265	1,698	1,977	2,007

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Table 2. Household, family, and dwelling characteristics by census tracts, Census Urban Area of Oshawa, 1961

No.	Household, family, and dwelling characteristics	Urban area — Zone urbaine	Oshawa, city - cité								
			Total	1	2	3	4	5	6	7	8
1	Households (occupied dwellings)	21,396	17,133	813	1,388	422	1,566	1,510	974	1,734	1,064
2	Families	19,975	15,964	785	1,380	423	1,493	1,343	941	1,647	1,045
	Households										
	By number of persons:										
3	1	1,473	1,211	59	37	15	109	144	48	97	34
4	2 - 3	9,355	7,618	306	490	170	717	726	381	741	439
5	4 - 5	7,682	6,083	281	632	171	537	434	371	684	464
6	6 - 9	2,748	2,116	158	223	65	185	200	162	201	126
7	10 or more	138	105	9	6	1	18	6	12	11	1
8	Persons per household	3.6	3.6	4.0	4.1	3.9	3.6	3.4	4.0	3.6	3.7
	By number of families:										
9	0	2,152	1,780	75	52	20	155	223	82	142	47
10	1	18,553	14,773	691	1,296	381	1,335	1,232	849	1,539	989
11	2 or more	691	580	47	40	21	76	55	43	53	28
12	Households with lodgers	1,802	1,541	102	88	19	160	199	142	130	36
	Families										
	By number of children:										
13	0	5,979	4,959	224	244	107	503	503	238	457	253
14	1 - 2	9,172	7,309	333	704	206	675	549	428	818	540
15	3 - 4	3,957	3,041	179	356	92	261	240	225	306	212
16	5 or more	867	655	49	76	18	54	51	50	66	40
	Children in families, by age:										
17	Under 6 years	12,080	9,210	474	1,206	277	820	620	651	949	736
18	6 - 14 years	14,169	11,092	675	1,136	347	922	873	762	1,230	744
19	15 - 18 "	3,726	2,948	155	234	65	291	255	162	303	183
20	19 - 24 "	2,074	1,672	91	121	31	161	171	83	176	90
21	Persons per family	3.6	3.5	3.8	3.9	3.7	3.5	3.4	3.7	3.6	3.6
22	Children " "	1.6	1.6	1.8	2.0	1.7	1.5	1.4	1.8	1.6	1.7
	Families by age of head:										
23	Under 25 years	1,115	912	39	100	26	103	71	59	73	59
24	25 - 34 "	5,383	4,128	171	544	135	383	287	267	377	380
25	35 - 44 "	5,335	4,260	229	428	131	353	320	299	538	302
26	45 - 54 "	3,683	2,942	166	181	58	267	259	131	313	160
27	55 - 64 "	2,554	2,156	107	81	42	215	231	114	202	93
28	65 - 69 "	868	727	36	24	12	80	71	41	70	24
29	70 years and over	1,037	839	37	22	19	92	104	30	74	27
30	Families with wage-earner heads	16,460	13,253	664	1,277	364	1,216	1,116	815	1,397	879
31	Wage and salary income per head $	4,537	4,531	3,852	4,490	4,585	4,096	3,907	3,783	4,434	5,032
32	" " " " " family $	5,360	5,348	4,604	5,246	5,364	4,922	4,757	4,366	5,157	5,882
33	Lodging families	303	265	20	22	7	43	18	25	25	8
	Occupied dwellings										
34	Single detached	16,825	13,617	678	1,198	327	1,259	1,036	749	1,603	954
35	Apartments, flats	3,318	2,672	—	159	—	256	308	127	126	100
36	Rooms per dwelling	5.3	5.3	5.3	5.1	5.5	5.3	4.9	5.3	5.3	5.5
37	Persons per room	.7	.7	.8	.8	.7	.7	.7	.7	.7	.7
38	Crowded dwellings	2,407	1,860	182	202	—	181	242	135	188	100
39	Owner-occupied dwellings	16,486	13,265	585	1,111	377	1,189	997	782	1,513	934
40	Median value $	13,096	12,770	10,966	13,235	14,854	10,599	10,400	11,330	11,930	15,419
41	Reporting a mortgage	8,899	6,980	261	857	168	427	356	393	956	686
42	Tenant-occupied dwellings	4,909	3,868	228	277	—	377	513	192	221	130
43	Average contract rent $	72	72	65	73	--	72	65	63	68	76
	Length of occupancy:										
44	Less than 1 year	3,120	2,416	139	182	—	231	217	145	147	162
45	1 - 2 years	4,218	3,220	—	361	—	245	295	187	252	250
46	3 - 5 "	4,689	3,634	200	465	--	227	263	287	402	324
47	6 - 10 "	3,829	3,102	110	211	--	281	224	125	460	222
48	More than 10 years	5,539	4,761	265	169	--	582	511	230	473	106
	Period of construction:										
49	Before 1920	3,854	3,028	179	—	--	269	605	220	167	—
50	Since 1945	11,590	8,672	307	1,115	337	550	232	461	1,076	878
51	In need of major repair	704	418	100	—	--	--	--	—	—	--
	Water supply and sewage disposal:										
52	Water from public system	19,720	16,379	808	1,328	323	1,541	1,371	959	1,714	1,003
53	Connection to public sewer	19,098	15,926	768	1,215	260	1,556	1,500	969	1,723	919
	Dwellings with:										
54	Furnace heating	20,364	16,449	758	1,281	417	1,466	1,425	944	1,677	1,059
55	Flush toilet (exclusive use)	19,453	15,673	718	1,211	377	1,496	1,332	883	1,568	1,009
56	Bath or shower (" ")	19,803	15,852	728	1,283	397	1,467	1,345	878	1,571	1,019
57	Refrigerator (mechanical)	21,169	16,937	788	1,373	417	1,536	1,480	959	1,734	1,064
58	Home freezer	2,791	2,102	—	219	123	139	—	101	217	241
59	Television	19,767	15,816	689	1,339	387	1,447	1,357	863	1,643	969
60	Passenger automobile	17,543	13,879	570	1,257	377	1,212	1,113	725	1,353	993

UNIT 2 HANDOUT 3

INFORMATION TO HELP BUILD A PROFILE OF THE COMMUNITY

COMMUNITY FACT SHEET

1. Terrain

   kind of terrain in and around community _____

   relation of terrain to development of community _____

   relation to population density _____

2. Climate

   minimum and maximum temperatures _____

   mean temperature _____

   average precipitation (rain, snow) _____ humidity _____

   growing season _____ hours of sunshine _____

   history of unusual conditions _____

   floods, tornadoes, hurricanes _____

   effects of weather extremes on transportation and communication services _____

3. Natural Resources

   farm _____ forest _____ fish _____ minerals _____

   ore deposits _____ other resources _____

   relation of natural resources to economic development of community _____

   what is needed if resources to be developed to help economic development of community? _____

4. Population

   present _____ 1961 _____ 1951 _____ 1941 _____

   1966 _____ 1956 _____ 1946 _____

   trend: stable _____ rapidly growing _____

   growing somewhat _____ declining somewhat _____

   declining rapidly _____

population projection 1970 _____ 1975 _____ 1980 _____

percentage of present population school age _____%

1970 _____% 1975 _____%

percentage of: males _____% females _____%

"breadwinners" _____% "senior citizens" _____%

compare these percentages with communities in: your province _____% Canada _____%

average age in your community _____

population in market area _____

average income in your community _____

population density _____

5. Ethnic Composition

kind	% of total population
_____	_____
_____	_____
_____	_____

6. Transportation

a) Railways

names of railways _____

possibility and cost of interswitching _____

free pick-up and delivery zones _____ existence of public team tracks _____ local rates _____

piggy-back services available _____

types of service to principal points in Canada and USA

_____

time from pick-up to delivery in or to these points for carload or less than carload shipments _____

type of pool car and express services available _____

_____

regular passenger service to principal centres _____

_____

b) Passenger Bus Services

is community served by a scheduled bus service?_____

by scheduled services to inter-city points? _____

c) Truck Transport

names of trucking companies and class in and serving municipality _____

_____

service to principal points in Canada and USA _____

time from pick-up to delivery for these points _____

terminal facilities _____ local inter-city warehousing _____

local cartage companies _____

_____

d) Air Services

nearest commercial airport _____ number and length of runways _____ largest aircraft handled _____ all weather facilities _____ is plane servicing available? _____ air passenger service _____

names of scheduled air lines _____

_____

names of semi-scheduled air lines _____

_____

connections with other larger air routes _____

air cargo and forwarding services _____

nearest private airport _____ size and facilities available _____

e) Waterways

nearest commercial harbour _____ dock facilities _____ depth at dock _____ fueling facilities _____

lifting facilities _____ depth of channel _____

type of shipping available _____

frequency of service _____ dockage charges _____

f) Warehousing and Customs

name and number of public warehouses _____

_____

other types of warehousing _____

warehousing charges _____ local customs clearance facilities _____

existence of bonded warehouse in municipality _____

_____

nearest customs point of entry _____ nearest customs brokerage service _____

7. Power

a) Electric

source _____ availability _____

main feed _____

transformer capacity in K.W. _____

present consumption in K.W. _____

frequency of interruption _____

rates: domestic _____ commercial _____

industrial _____

b) Gas (natural)

source _____ company _____

distributing facilities _____

B.T.U. rating _____ frequency of interruption _____

_____ pressure _____

rates: domestic _____ commercial _____

industrial _____

industrial interruptible rate (negotiable) _____

Gas (manufactured)

source _____ availability _____ distribution facilities _____ B.T.U. content _____

rates _____ _____ pressure _____

c) Fuel Oil

source _____ distribution _____

grades _____ B.T.U. _____

rates _____

d) Coal

source of supply _____

nearest railhead or port _____

grades _____ delivery period _____

landed cost _____ B.T.U. Content of

various grades _____

8. Municipal Services

a) Police

type of local police administration _____

number and make-up of force _____

special squads _____

equipment in use _____

do police provide regular industrial protection patrols

_____

local court facilities _____

superior and supreme courts _____

number of police per 100 population _____

b) Fire Protection

number of personnel _____ permanent _____

volunteer _____ composite _____

equipment _____ alarm systems _____

special protection for industry _____

annual or other regular inspection programs _____

graph of annual losses over 5 year period _____

insurance classification of community _____

Emergency Measures Organization _____

_____

c) Streets and Roads

type and condition _____ mileage paved _____

unpaved _____ contemplated construction _____
cleaning _____ snow removal _____
street map of town _____ parking
facilities _____

d) Water

source _____ system _____ pressure _____
pumping capacity (gallons per day) _____
reserve capacity _____ treatment
facilities _____ graph of monthly
consumption peaks _____
restrictions, if any _____ detailed
chemical analysis _____ rates: residential_____
commercial _____ industrial _____

e) Sewage

type of system _____ treatment _____
efficiency rating _____ effluent disposal _____
disposal of acids and processing waste _____
_____ storm sewers _____
pest control _____

f) Garbage - Industrial and Commercial Waste

method of collection _____
frequency _____ special commercial or industrial
collection _____
method of disposal _____

9. Municipal Administration

form of government _____ number of members ____
term of office _____ city manager _____
board of control _____ Planning Board _____
Recreation Committee _____ Industrial Committee
_____ zoning by-laws _____
building by-laws _____ other special by-laws that
may affect industry _____ attitude of
municipal government toward industry _____
_____

10. Tax Structure

total assessment _____ basis of assessment _____

_____ mill rate: _____ residential _____

commercial _____ industrial _____

tax arrears _____ major projects planned _____

_____

cost of projects _____ finance period _____

total debenture debt _____ per capita debenture debt

_____

11. Civic Data

churches and denominations _____

_____

public library service _____ fraternal

organizations _____ business

organizations _____ postal

facilities _____ newspapers (daily, weekly and

circulation) _____

_____

radio and television stations _____

areas served _____

hotels and motels _____

12. Housing

a) Apartments

availability _____ type _____

size _____ rentals _____

b) Housing

availability _____ type _____

size _____ rentals _____

average prices by type _____

average down-payment by type _____

mortgage and interest rates _____

average price of lots _____

availability of building lots _____

average residential taxes _____

percentage of homeowners in community _____

housing projects under way _____

housing projects contemplated _____

13. Education

number of schools: separate _____ public _____

total enrolment and types: primary _____ secondary ____

universities _____ vocational _____

business _____ technical _____ trade _____

average education of population: some elementary _____

completed elementary _____ some high school _____

completed high school _____ some college _____

completed college _____

government sponsored retraining facilities _____

number high school graduates per year Male _____

female _____ special vocational training geared to local industrial requirements _____

_____

future school construction plans _____

libraries: public _____ technological _____

scientific _____

14. Recreation

employment of Recreational Director by municipality_____

community centre _____ museums _____ parks _____

zoos _____ golf _____ hunting _____

boating _____ swimming _____ skiing _____

skating _____ curling _____ bowling _____

tennis _____ baseball _____ hockey _____

live theatre _____ hobbies and craft training _____

15. Medical Services

number and types of hospitals in community _____

number of beds _____ number of doctors in community _____

number of surgeons _____ which hospitals are accredited _____ nursing services _____ Red Cross _____ medical clinic _____ dental clinic _____ number of dentists in community _____

16. Financial Data

names of chartered banks _____

_____

names of insurance, trust and mortgage companies located or represented in municipality _____

_____

finance companies _____

credit unions _____ collection agencies _____

community investment or development corporations _____

_____ total bank deposits _____

telephone installation _____ retail trade _____

value of mfng. _____ motor vehicle registration _____

value of bldg. permits: dwellings _____

indust/common _____ govt/institutional _____

17. Labour

total employment in: manufacturing industries _____

service industries _____ business and commerce _____

labour supply (male, female) skilled _____

semi-skilled _____ unskilled _____ percentage of work force employed in manufacturing _____%

area from which workers are drawn _____

distances _____ means of transportation _____

workers going out of town to work _____

distance and types of work _____

main source of labour (rural or urban) _____

wage rates by job classification _____

working hours in majority of plants _____

piece work and bonus systems _____

names of unions now in municipality _____

_____

past history of labour disturbances _____

_____

labour turnover _____

availability of labour training facilities _____

is there a district Trades and Labour Council?_____

_____

COMMUNITY ANALYSIS

1. Voluntary Groups

   a) What voluntary groups or organizations are there?

      List by name.

Name	No. of Members	What kinds of people are members

   b) Does the whole population belong to one or more of these groups?

      If no, what percentage of the population does not belong? _____

      Is this any particular segment(s) of the population?___
      If yes, which ones? List:

Segments not in Voluntary Groups	No. of People

c) Do these voluntary groups co-operate?

If yes, in what kinds of activities? List: _____

_____

If not, why not?

d) Do these voluntary groups have any ties or connections outside the community? If yes, which groups are they, and where do they have connections? List:

Name of Group	Where it has connections

e) Do you feel the community is "over-organized"? If yes, what makes you feel this way? _____

_____

f) Do any of these groups handle any functions which normally would be considered "governmental"? If yes, which groups are these and what functions do they handle?

Name of Groups	Governmental Functions they Handle

2. Leadership

a) In your opinion who are the people that get things done in community? List by name:

Name	Name

b) In your opinion who are the people who are listened to in the community? List by name.

Name	Name

c) In your opinion, are there any other leaders in the community? If so, please list them and why you feel they are leaders:

Name	Why

d) Total number of leaders - different names _____%

3. Satellite Relationships (satellites are the small communities or hamlets which depend for trade and other services on your community).

a) Does your community and its satellite(s) have any relationships? If yes, what kind of relationships? List:

_____

_____

b) Would you say that your community and its satellites get along well together? If no, why not?

_____

_____

4. Other Communities (not Satellites), Regional, Provincial, National Relationships.

a) Does your community have any relationships with the region, the province or nation? If yes, what kind of relationships does it have?

_____

b) Does your community feel isolated? If yes, why does it feel this way?

_____

c) Does your community compete with any others? Or do others compete with it? If yes, in what fields is the competition? List: _____

_____

d) Does your community co-operate with other communities? If yes, in what fields does it co-operate? List:

_____

_____

_____

_____

_____

_____

_____

5. Social Characteristics

a) Is there resistance to change or a ready acceptance of it in your community? _____

b) How do people behave to outsiders or outside groups?

_____

c) Do people generally believe that they have a personal stake in the growth of local industry?

_____

d) Is there local feeling against married women working?

_____

e) Is there racial or other group discrimination in jobs?

_____ in housing?_____

in other aspects of community life? _____

f) Is there adequate support of community social and welfare agencies?

_____

g) Are per capita contributions to such agencies increasing in the community?

_____

h) In general, what makes for prestige or status in the community?

_____

i) Is the church an important element in the life of the community?_____ Would you say the churches are a dividing or a harmonizing influence?_____

6. Political Awareness

a) Are people generally interested in politics?_____ Active in them?_____

b) Did more than 35% of voters go to the polls in the last municipal election?_____

c) Did more than 75% go to the polls in the last national election?_____

d) Are there groups in the community active in promoting good government?_____

7. Local Administration

How would you rate the local administration in terms of:

a) financial conditions? _____

b) honesty? _____

c) efficiency? _____

d) attitude to business _____

UNIT 3

COMMUNITY ORGANIZATION FOR INDUSTRIAL DEVELOPMENT

INSTRUCTOR'S GUIDE

Introductory Note:

Unit 3 is a distinctly practical Unit. It represents an application of the general theoretical material in Unit 2. The Unit describes the various forms that organization for industrial development can take and lists their advantages and disadvantages. However, the essence of the Unit lies in that material devoted to the functions of an Industrial Committee or Commission. Once the functions are grasped, the nature of the organization can grow from the need to perform those functions in a particular setting. The instructor will by now have a reasonable idea of the sorts of communities represented by the participants and will be able to help them modify this general material so it can be adapted to different circumstances. Because *regional* concepts have taken on so great a significance recently, we have drawn special attention to them by taping the section on regional organization. The instructor can, of course, as in any other part of the course, use the materials as he sees fit.

Goals

* To introduce the idea of consistent, effective organization for industrial development;
* To develop an understanding of the function of such organization;
* To provide examples of various kinds of organization to encourage a flexible approach;
* To establish the idea of regional organization.

Content

* An introductory section on the growth of organized industrial development, the characteristics of a good Industrial Committee and its functions;
* A section on various types of organizational structure with advantages and disadvantages;
* A section on the advantages, disadvantages and specific characteristics of a regional organization for industrial development.

Materials

1. Text

2. 1 Tape

3. Slides:
   1. Characteristics of an Industrial Committee
   2. Immediate Tasks
   3. Social Components
   4. Planning
   5. Types of Possible Organization
   6. Chamber of Commerce Committees
   7. City Government Industrial Commission
   8. Business — City Council Commission
   9. Balanced City-Business Commission
   10. Economic Development Commission

4. Handout Regional Organizational Model.

Instructional Outline

Step 1 - Introduce the Unit carefully, emphasizing its practical nature and the goals. Indicate that you don't intend to cover the full text of this session, because a good deal of it is reference material for further study. Having done this, ask the participants how they found the task of filling out some of the categories of the Community Profile. It isn't important to make this competitive, but rather to discover the difficulties and get those who are making headway to help those who are having trouble. We want them to find the Profile helpful, not to treat it as though they were passing an examination. Promise to review their progress later on in the course and suggest that they keep at it.

Step 2 - The Instructor should get from the group some idea of the organizational patterns they are working with at present. Put some answers on the blackboard. It is not important to list every possible type, but to make sure that the main varieties are covered.

Step 3 - The participants should be divided into groups of no more than 5 and asked to establish in each group the characteristics of a good organization for industrial development: how should it be made up? and what should its functions be? Considerable time should be allowed for this discussion.

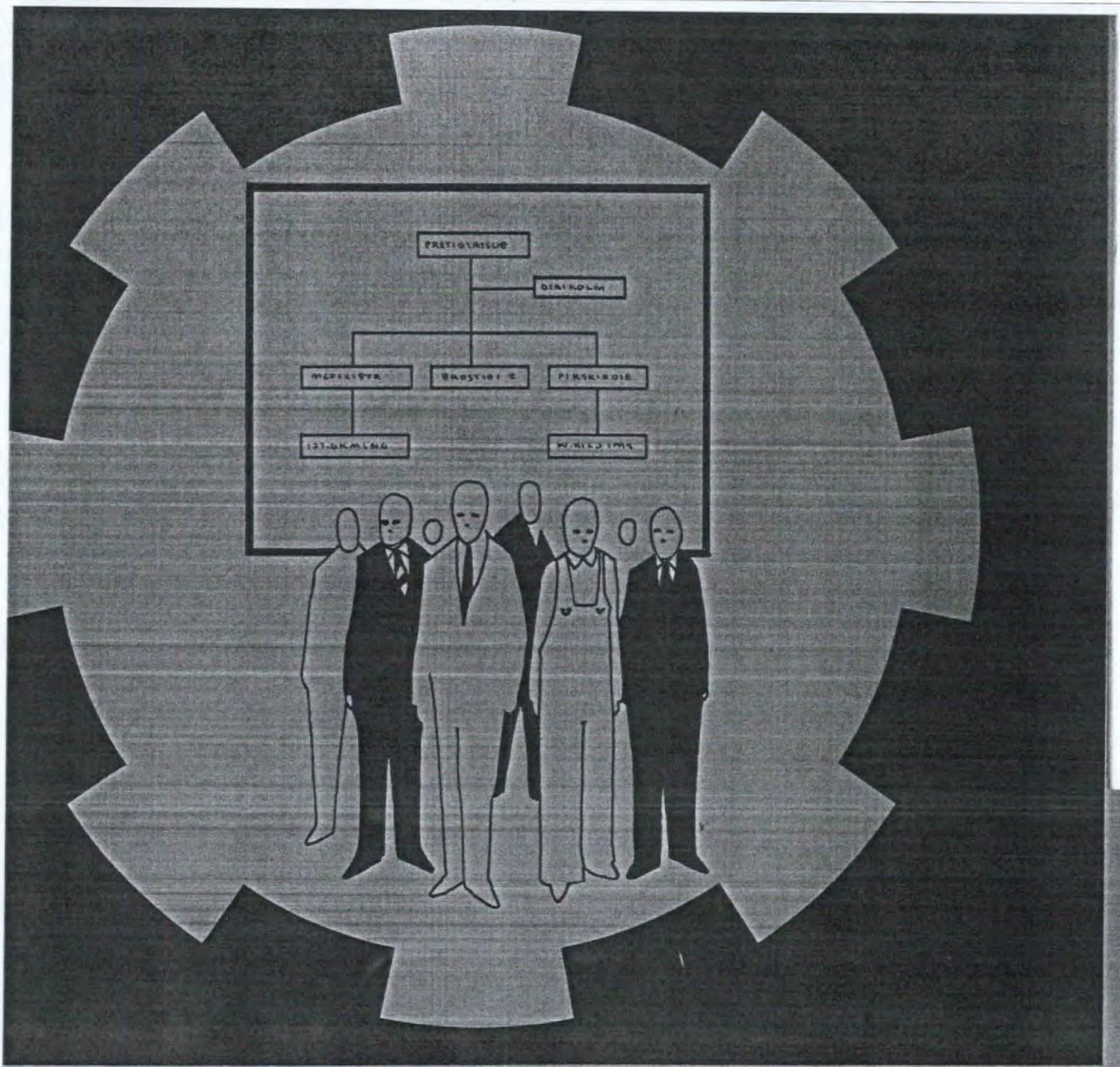
Step 4 - Group conclusions should be put on the blackboard and discussed. Hand out text material. The instructor should then show Slides 1,2,3 and 4, elaborating on each from the material

in the text. Note the differences between the various types of organization and discuss *possible* advantages and disadvantages. Leave time for discussion arising from comparison between the text material and the recommendations of participants. Remember there are no correct answers, merely suggestions and experience to be discussed and evaluated.

Step 5 - Move to the examples of existing patterns of organization and their advantages and disadvantages. Hand out the text and use Slides 5-10, elaborating each one from material in the text, and referring to the text in the hands of participants. Follow with as much discussion as the remaining time will allow.

Step 6 - Move to the idea of Regional Organization with brief introduction. Distribute Handout 1. Play the tape, suggesting that they pay special attention to local application. If there is time when the tape is finished ask for discussion of local application.

Step 7 - Summarize.



UNIT 3

ORGANIZATION FOR INDUSTRIAL DEVELOPMENT

3

INDUSTRIAL DEVELOPMENT TRAINING COURSE

prepared for the
DEPARTMENT OF REGIONAL ECONOMIC EXPANSION
by the
CANADIAN ASSOCIATION FOR ADULT EDUCATION

UNIT 3

ORGANIZATION FOR INDUSTRIAL DEVELOPMENT

CONTENTS

UNIT 3

ORGANIZATION FOR INDUSTRIAL DEVELOPMENT

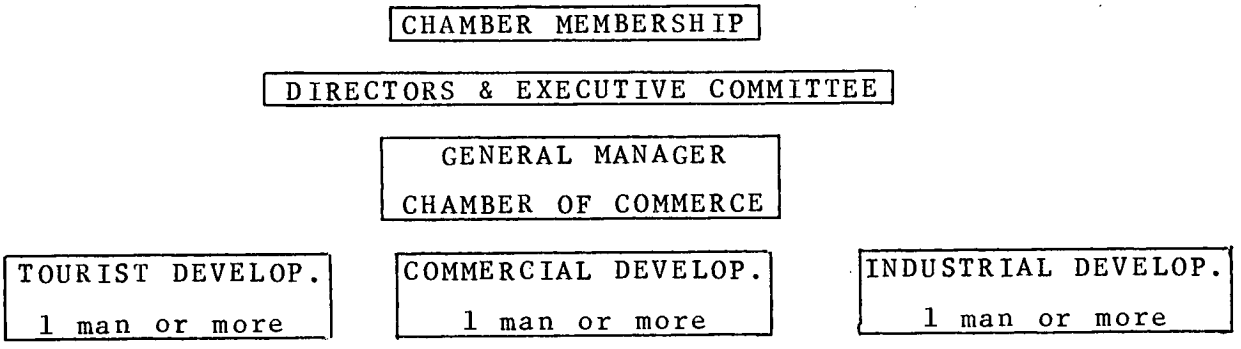
GROWTH OF ORGANIZED INDUSTRIAL DEVELOPMENT

The organized effort to promote industrial development by a town, city or provincial government is relatively new in Canada. Before World War II, the depression slowed down all economic growth. Much of the country was still in the settlement stage, and therefore there would have been little value in establishing an organization with the specific purpose of attracting industry to a particular area. Secondary industry was concentrated in Toronto, Southern Ontario and a few major cities in other parts of the country. But the war gave impetus to the growth of secondary industry and brought recognition of the fact that is is possible to locate industry away from the larger urban areas.

During the war, and in the years immediately afterward, rapid technological advances in the resource industries led to a decline in the demand for workers in those fields. Community leaders became convinced of the necessity to diversify the economy by developing other types of industry. Naturally, the businessmen of an area were early aware of the impact of change. Boards of Trade were first to take action in setting up bodies for the purpose of encouraging new industry to enter the community. In most cases, the group actually involved in this work was a special Industry Committee set up by the Board. In many towns and cities, it is still the practice to have the Board of Trade, now usually called the Chamber of Commerce, handle the industrial development effort of the community.

Structure of Organized Industrial Development

In cities where this practice has become formalized, the structure might be as follows:



In such cases, the city would probably make a direct grant to the Chamber to carry out these development activities.

In time, the conviction grew that industrial development was a large task and required more attention and effort than could be given to it by a committee of the Chamber of Commerce. As a result, organizations of a more formal character have been established in most cities and larger towns in Canada and given the name of Industrial Committees or Commissions. The city recognizes the Commission as the official development arm of the municipal government and, in most cases, gives it financial support.

In the smaller centres, where it is beyond the means of the community to hire an Industrial Commissioner, it is essential that the Committee members become knowledgeable in the skills and practices of Industrial Development. This applies equally to the somewhat larger centres that have an Industrial Commissioner who may be inexperienced, and in addition forced to operate on a limited budget. Larger centres will hire an experienced Industrial Commissioner. But it is still most assuredly an asset for the Board of Directors to be competent in the field.

GUIDELINES FOR ESTABLISHING AN INDUSTRIAL COMMITTEE

Various types of industrial development organization are possible; these will be discussed later. At the outset, however, it must be recognized that some group of residents has to initiate the birth of the organization through channels that will ensure that it will be a recognized component of the community's economic life. This means that the group must form, or cause to be formed, a steering committee to examine the possible functions, nature, and composition of the proposed organization and to make recommendations to the appropriate authorities.

Obviously, the reason for the steering committee, its objectives, and its intentions must be made known to the municipal authorities, to the executive of the Chamber of Commerce, and to other organizations and groups that may be significant to its work. Notably, the committee's work should be endorsed by the important organizations in town and arrangements made to receive, review, and approve the committee's recommendations. Probably the steering committee will include representation from some of these organizations, and if some members of the steering committee are likely to become members of the industrial development organization, so much the better.

Briefly, the steering committee's main purposes should be as follows:

1) To describe the broad functions of the proposed organization.

2) To ascertain if any legislation exists relating to industrial development organizations at either the provincial or municipal level and to decide whether or not this legislation enables them to form the kind of organization they have in mind.

This is a very important point. On the one hand, a totally independent non-profit organization would be governed by the provincial laws relating to such organization; on the other hand, a municipal industrial commission should be governed by municipal legislation. The legal status of the organization will be vital to its functions and objectives because it will affect the ability to buy, sell, or lease property, raise funds, and so on.

3) To weigh the pros and cons of various forms of organization in the light of legislation, existing group structures in the community, and functions of the organization.

4) To describe the form they think most suited to the community, indicating the composition of the organization and the tenure of office of its members.

5) To indicate the budgetary requirements and how these could be met.

6) To report on their deliberations, with recommendations, and spell out the steps to be taken to create the organization formally.

Some Important Considerations

Once it has been decided that an Industrial Committee is to be formed, the steering committee's broad recommendations must be translated into a workable organization. At this stage, particular attention must be paid to the following aspects of the proposed Industrial Committee, as we will call it.

Number of Members

It should be a relatively small group of keenly interested and capable people willing to devote considerable time and effort to the job set out for them. A small group, in this case, could possibly be no more than six men. If the group becomes too large it is too easy to shift responsibility. It would lack mobility and, in addition, expense might become a factor. Furthermore, a smaller group can become a team. More than six highly qualified members would take too much of the leadership away from the community.

It is a known fact that in any community, but in particular the smaller ones, leadership responsibility tends to be circulated amongst the same small group of men.

A smaller group could possibly be more effective, but considering the need for relatively broad representation and the need to have a certain number of trained members on the Committee, a six to ten member body seems to be the most acceptable.

Representation

The Committee must be broadly representative of the community. In an average community the representation could be something like the following:

1. An appointed representative of city council, preferably not an elected official because of the inherent insecurity of such an appointment as well as the political factor;

2. A Chamber of Commerce or business representative. In most communities the Chamber of Commerce is directly and keenly interested in industrial development and, in addition, probably contributes financially to the Committee. A case can be made for having two representatives of the Chamber of Commerce on the Commission;

3. Rural or resource representation. If the community is based on agriculture or forestry, or both, there should be a representative from these industries. Careful selection must be made in order to assure progressive and positive-thinking individuals. This representation is important because in many cases industrial development will need to be based on processing of available local resources;

4. Labour representation. If labour organizations are a factor in the community this can be useful;

5. Church representation. In some communities the church plays a leading role;

6. Community at large, e.g. doctors, teachers, women's groups.

Tenure of Office

The Committee membership must be relatively permanent. That is, membership on the Committee, particularly the Chairman's position, cannot be the standard one-year duty chore. It is impossible to learn enough about Industrial Development in a one-year half-hearted stint. Therefore, when a committee or Commission is established, it must be on the basis that those serving on it are keen, interested and prepared to spend at least a few years on the job.

There are many other advantages. For instance, the members become recognized in the community as the Industrial Committee and can make it know that they are receptive to suggestions, ideas and proposals. It also means that the hotel man, service station operator and everyone else in town knows to whom a prospect should be referred for information. If the Chairman and Committee change every year it is impossible to develop this system.

Again the Chairman or Committee members, if active on a longer term basis, are able to establish a working relationship with the professionals in the business, that is, the provincial and federal government representatives, the banks, railways, utility industrial development representatives, and so on. The same applies to the follow-up system which should be set up in dealing with all industrial prospects. It is not unusual for it to take from two to three years of continued effort with a prospect before he makes up his mind.

One final consideration: if a Committee member is expected to serve for several years, the community is warranted in spending some money on sending him to conferences and training seminars.

Finance

The Committee must be adequately financed. Naturally the financing has to be tailored to the resources of the community, but the amount allocated should be determined by what the competition is providing, by the job to be done, or the need. A rule of thumb for smaller communities might be $1.00 per capita. This amount would be provided out of city coffers. It would not be excessive to expect business and industry to match it. In any case, the Committee members are expected to devote their time and energy, and probably the use of their cars to the job. Money, therefore, should certainly be provided to cover expenses.

Authority

The Industrial Committee must be recognized as the official spokesman on industrial development for the town or city. There is no point in establishing an Industrial Committee that is not permitted to speak on behalf of the city. Naturally it will have to prove itself and will have to be responsible. But it is to be expected that the Committee will have the freedom to commit the city. Of course the amount, the degree, the latitude of decision-making, etc., must be developed in a close working relationship with the mayor and city council. Nevertheless, the Committee must be in a position to make an immediate decision on such things as land, prices, timing on services, prices on utilities and so on.

In summary, the Industrial Committee or Commission should be:

a small group of the most capable and interested residents;

a relatively permanent group;

broadly representative of the community;

well financed in keeping with community resources;

recognized as the official spokesman for the town.

Functions of the Local Industrial Committee

Assuming the Industrial Committee has been established, it must start to plan its work.

Two tasks will require immediate attention.

First, in the relationship between the Industrial Committee and the community, and enlisting support. If the Committee is to function effectively, it must assess the community social structure and determine whose support is required on any important project to ensure its success. To simplify the approach the Committee should recognize the three main social components of a community, at least as they relate to project development. In any community there will be:

the initiators

the legitimizers

the diffusers

For example, if an initiator comes up with an idea or suggestion and the Committee decides to proceed with it, they must first check it out with legitimizers in a community. Otherwise they might never be able to sell it. Once the legitimizers have endorsed a project then it can be passed on to the diffusers who will sell it to the rest of the community.

Those people who are long-time residents of a community can easily recognize the legitimizers. The family that controls the major industry, a wealthy citizen, or an individual who has served the community faithfully and well for many years are probably among them. It cannot be assumed that dealing with the official leadership of a community will automatically legitimize the project. The mayor, councillors, president of the Chamber of Commerce, and so on, may or may not be the real community leaders, and care must be taken to recognize this. This is particularly true in cases where the Industrial Committee is made up of younger and newer blood in the community.

If the Committee members are careful to gain support of these legitimizers, at least on an informal basis, they can be assured that, in most cases, the project will be successful.

The second immediate task is to assess where the community stands now and to plan future work and priorities. Once the Committee becomes operative a program and a budget should be laid out for the year and long-term goals and objectives should be established. This is true whether or not the Committee is able to hire an Industrial Commissioner, or if it functions on a completely voluntary basis.

It is not unreasonable, in fact it should be requisite, for city council to ask for a program and budget at the time the request is made for financial support.

The preliminary assessment of where the community stands in regard to its industrial development effort will determine the immediate approach to be taken. No doubt the essential parts of community preparedness, as outlined in a previous session, will become part of the year's program. For example:

(1) information compiling and analyzing;
(2) agreement on policy with mayor and council;
(3) co-ordination and co-operation of city hall staff;
(4) land assembly and agreement on land prices;
(5) a program to develop community awareness;
(6) brochure preparation;
(7) studying Industrial Development techniques taking any appropriate course that may be available;
(8) establishing promotion program and objectives;
(9) laying out a plan to handle prospects once they arrive in the community.

The long-range objectives in terms of types of industry for the community must be determined. This applies particularly to the smaller communities and those Committees where the effort will be completely voluntary. For example in an agricultural area, the best course may be to determine the potential for attracting food processing industries to the area. Too many Committees waste time hoping for the big GM plant to drop in their midst and ignore the potential for further development of the existing basic raw materials. A careful and honest assessment of the community's potential will determine how much of the Committee's time should be spent on this or that approach.

This assessment should be made early in the Committee's life. Determining the types of industry will involve considerable research, travel and testing. A sub-committee composed of a few key knowledgeable people might undertake this task.

The members should outline their objectives for the year, assign duties to each member, and lay out a time-table. A reasonable program for a voluntary group to undertake in one year, given careful planning, could be as follows:

(1) Assemble files of detailed information on the community as an aid to analyzing conditions and possibilities;

(2) Develop a co-ordinated and co-operative policy with city planning and licensing officials;

(3) Acquire the necessary back-up material - directories, list of contacts for assistance, magazine subscriptions, detailed information on government programs;

(4) Identify industrial land; map and appraise site characteristics and zoning; start a land assembly program;

(5) Initiate a program to develop community awareness, through newspaper stories, radio and television coverage, speeches to interested groups, etc;

(6) Prepare an attractive, brief and inexpensive brochure;

(7) Determine the type of industry most likely to be located in the community and gradually narrow this down to specific manufacturing opportunities and specific companies;

(8) Begin a direct-mail program to selected companies based either on the type of industry suited to the community, or on a more general reason such as its designation under a federal or provincial program;

(9) Forward news stories that could be of interest to the major newspapers; develop press relations and a program of external publicity;

(10) Begin an advertising program (depending on budget);

(11) Hold an Industry Day, to which are invited people from the banks, railways, and governments, consultants, and other professionals in the field;

(12) Hold a luncheon or executive briefing session for representatives of the prospect-generating agencies and potential prospects in one of the major industrial centres;

(13) Attend a seminar or course on industrial development.

TYPES OF INDUSTRIAL DEVELOPMENT ORGANIZATION

It will be evident from what has been said that the whole process of establishing an industrial committee calls for careful thought and a full understanding of the community's character, economy, needs, and capabilities. The type of organization that is set up will have a vital bearing on the subsequent course of the community's industrial promotion effort. At the same time, the size of the community, the state of its economy, its financial condition, and the presence of people willing and able to serve will influence the type of organization decided upon.

It would be meaningless to attempt to list all the possible types of industrial development organization; there is such a wide variety. A list of some of the types found in Canada follows. They will be discussed in more detail shortly.

Chamber of Commerce Committee:

In small towns these committees are often the spearhead of industrial development efforts, and, in large towns also, may play a leading role.

Municipal Industrial Commission with Appointed Directors:

These are not uncommon in larger towns and in counties. They often maintain a salaried industrial commissioner or at least part-time paid staff as an arm of the municipal government.

Commission Financed By Business Interests with Contributions from City Council:

This represents a joint effort by business and municipality with business exercising the initiative. Some full time paid staff is usual.

Commission with Balanced City-Business Contribution and Representation:

Another joint effort but with equally shared initiative and responsibility. Paid staff is usual and may enjoy more recognition and authority throughout the community than in the case of the previous three.

Economic Development Commission:

This type usually has some responsibility for comprehensive planning and promotion, including tourism, urban renewal, and commercial development, in addition to industrial development.

The commission may be relatively independent, or be part of the municipal structure, and it may also have responsibilities beyond the municipal boundaries.

Community Development Corporation:

This is a relatively recent type and, as its name suggests, is usually independent, with fairly wide powers and responsibilities. It usually requires a strong capability in financial management and may not be representative of the community interests in the same way as, for example, the Balanced City-Business.

These are just a few of the types of organization operating today. In selecting the type of organization to establish, describing functions, and planning the work, a balance must be struck between what *needs* to be done and what *can* be done. In other words: set the sights high, but gear the program to what is possible with all available resources. The more complex the tasks and field of responsibility the more difficult and expensive the organization will be to staff; but, in a small community, a small vigorous and capable group can achieve much.

The following pointers are worth bearing in mind:

1) Determine if a group or organization already exists within the community whose role could be expanded to include industrial development;

2) Define the functions carefully, then try to obtain the highest calibre of executive directors supported by a cross section of the community;

3) Encourage voluntary effort from the community, but avoid having to depend on it too heavily: some full-time or part-time paid help will ensure follow-through;

4) Recruit the positive thinkers, development-minded people, and those with entrepreneural ability;

5) Identify the dependable sources of future finances;

6) Plan work loads and priorities carefully. Spread the work load, but not too thin. Be flexible;

7) Maintain good public relations, <u>but build a reputation for confidentiality</u>;

8) Make sure public statements, briefs, and business correspondence are well written, articulate, and positive;

9) Keep good records and pay attention to detail when developing projects or making contacts;

10) Keep abreast of government programs, especially those affecting the organization and the local business scene.

There are also some features to avoid or guard against, for example:

1) Top heavy representation from any one group or section in the community;

2) A total effort too complex for the directors to cope with;

3) A complicated organization - keep it simple enough to do the job adequately;

4) Political interference;

5) Two-boss situations with hired staff, and imposition of irrelevant tasks on staff;

6) Poor relationships between municipality and organization;

7) Unnecessary procedures and formalities;

8) Uncertain or unstable financing arrangements.

Although the merits of any type of organization will vary, depending on local circumstances, and on the calibre, character, and capabilities of the people involved, it is worthwhile to consider some of the *possible* advantages and disadvantages of the various organizations noted above.

TYPES OF ORGANIZATION: POSSIBLE ADVANTAGES AND DISADVANTAGES

Chamber of Commerce Committees

Advantages:

* Makes the promotion of industrial development a recognized activity of the business community;
* Brings the financial support of the business community to the promotion effort;
* Involvement of the business community in the development process builds its awareness of the goals to be achieved;
* Businessmen are usually willing to donate a good deal of their time, during and after business hours, in support of this activity.

Disadvantages:

* May be looked on as just another committee which an unwilling individual must head for a duty year, in which he may learn little and accomplish less;

* Difficult for a Chamber of Commerce in smaller centres to raise sufficient funds to do any kind of meaningful industrial job;
* Should relations between the city and the Chamber not be good, the city might be reluctant to participate in the financing of industrial promotion activity;
* Certain businessmen, possibly those in a position to lead, may not really want new industry to enter the community because it may mean competition and a threat to their power base.

Municipal Industrial Commission with Appointed Directors

Advantages:

* Assurance of stable financing and fringe benefits necessary to attract competent staff;
* Commission is able to speak with the authority of city government and this is particularly useful in cases involving land, taxes, zoning, etc;
* Commissioner in a better position to co-ordinate city hall staff;
* Mayor and councillors more willing to involve themselves in the process of persuasion and this makes a real impression on the prospect;
* Board of Directors usually of high calibre when appointed by the city.

Disadvantages:

* Position of Industrial Commissioner can become over-secure and too tied up in civil service red tape;
* A strong mayor can over-ride the Board of a Commission and take over direction of the industrial development program to the detriment of the effort;
* A civic employee, yet under a Board of Directors, a Commissioner has in effect two bosses and may play one off against the other;
* City has a tendency to load other jobs on the Industrial Commissioner on a temporary basis that have a way of becoming permanent.

Commission Financed by Business Interests with Contribution from City Council

Advantages:

* City Commission enjoys complete support and interest of leading city businessmen;
* Industrialists may prefer to deal with an organization that clearly has the support of city businessmen, because this means that new industry would be welcomed by the business community;
* Leading businessmen can be called in to assist in the sales effort directed at a particular prospect by providing information about a specific aspect of the business situation familiar to them;
* A businessman involved in industrial development can generate community awareness and support through his employees and his position in the community;
* Businessman can use his contacts, with suppliers, customers, wholesalers, etc., to influence new industry to come to the community;
* Businessman has the freedom to donate his time to the industrial promotion effort;
* Businessman has a stake in the growth of the community because this will help ensure his own success.

Disadvantages:

* Businessmen in recognized power positions in the community may, in fact, want to maintain the status quo and may see new industry as a threat;
* An Industrial Commissioner may find that local businessmen try to direct his efforts in their self-interest;
* Too little recognition among business people that Industrial Development is a special practice and requires special knowledge;
* Many Industrial Commissions in Canada, set up and operate mainly by business, lack adequate financing;
* City officials may not meet their responsibility for development if they are only indirectly involved in the effort;
* If the city is not directly involved in development, yet has planners on its staff, developers may find Council decisions weighted heavily against them;
* City hall staff may be somewhat unco-operative if the city is not directly concerned with development.

Commissions with Balanced City-Business Contribution and Representation

Advantages:

* Stable financing usually assured;
* Both civic officials and businessmen are likely to take an active interest and work together;
* Industrial Commissioner carries more weight with city hall employees, and there is greater likelihood of fast action in such matters as zoning changes and building permits;
* Easier to promote a "climate" for development;
* Fewer complications in establishing an industrial park on city-owned or city-acquired land.

Disadvantages:

* Organization tends to be over-structured;
* Result may be that neither business nor city takes much interest in industrial development program;
* Secrecy required in dealing with an industrial prospect may be lost;
* Lack of stability in a Board made up partly of elected city officials;
* Presence of numerous elected officials on a board may result in its use for political gains.

Economic Development Commission

Advantages:

* Co-ordinated effort on tourism, urban renewal and industrial development;
* Such a major program is usually provided with adequate budget and staff;
* City hall support and co-ordination usually assured;
* Helps make more certain that planning, renewal and development are actually programmed and carried out.

Disadvantages:

* Industrial development effort may be side-tracked if it must wait for the framing of a total plan;
* If industrial development is closely tied to urban renewal program, it may be difficult to meet plant location requirements of the prospective newcomer;

* Major emphasis might be on other aspects of economic development;
* Total effort is too involved for a Board of Directors to become really knowledgeable about industrial development.

Community Development Corporation

Advantages:

* A new twist and may stimulate interest in industrial development;
* A community's ability to finance a building and sell or lease it to a manufacturer on a long-term basis at relatively low cost has proved effective in bringing in new industry;
* When a community's business leaders have money in a project they are anxious to see progress and are likely to be helpful;
* A manufacturer is impressed with a community interested enough to assist in financing.

Disadvantages:

* Tendency to think that developing such a corporation will, in itself, attract industry and to fail to make the required effort;
* Amount of money most communities can raise to assist industry is limited and the effort may tend to become a stop-and-go operation;
* Should the assisted industry fail further action may be postponed for years.

Careful consideration of all these points should lend to a sound decision as to the kind of organization to set up. Now, a word about financing.

METHODS OF FINANCING THE COMMITTEE

The Industrial Committee may be totally financed by the municipal government. In larger centres we usually find either total municipal financing or combined financing by the municipality and business and industry. In the latter case, they may share equally, or one may make a larger contribution than the other.

Municipal financing

If the Committee is totally financed by the municipal government, the city usually appoints a number of business or community leaders (perhaps upwards of twelve) as Committee members.

The mayor and one or two aldermen may be appointed as well. In a small community, Committee members are expected to carry out the work themselves, but larger centres usually employ an Industrial Commissioner who takes his direction and guidance from the members.

Business financing

Industrial Committees that are financed mainly by major business and industry in the city are set up in different ways. Every financial contributor becomes a member of the Committee. A slate of officers and a Board of Directors are elected annually to direct its affairs. The city will usually have an elected representative or an appointee on the Board.

Combined financing

Joint financing by the municipal government and business produces another, and slightly more involved, set up. This is particularly true where the Committee encompasses a metropolitan area, involving several municipalities and hundreds of business members. The organization structure in such a situation would call for representation on the basis of financial contribution.

New Trends

A recent trend has been to bring all civic development agencies under one organization. Tourism, commercial development, urban renewal and development, conventions and industrial development would all come under an Economic Development Commission. This could be financed directly by the city, with either an appointed or an elected Board of Directors. This kind of Commission is found only in centres large enough to hire staff to carry out the functions of the organization.

In some provinces, the government recommends the establishment of Community Development Corporations. These would be formally incorporated, non-profit corporations set up in communities to promote industrial expansion and to assist in its financing if necessary. Only one such corporation can be established in a community and it must have formal recognition from city council.

This organization has proved effective in many Manitoba centres partly because preferred treatment from Manitoba Development Fund has made it possible to borrow to acquire buildings to lease or sell to prospective manufacturers.

REGIONAL ORGANIZATION

Many small centres - particularly those far away from Canada's industrial heartland - have spent years in the unsuccessful effort to attract industry. Community leaders and provincial

governments have joined in a search for a better method of handling the job. A regional approach has been tried and in certain cases has proved most effective. This is the grouping of towns, municipalities, and/or counties, which form a more or less natural economic or geographic area, into a regional organization.

These regional groupings can have a variety of purposes: tourist development, water development, industrial development, or overall growth and development. The latter type of organization may be the best. But it faces the major problem of securing adequate funds to finance an all-purpose effort. The result may be that no real job is done on any aspect of development. The suggestion is that more could be achieved by concentration on a single aspect, specifically industrial development.

If the organization formed is to produce any significant results it must stick to its main task. The money collected must be used effectively in the promotion of the area - not in zone meetings, town organization meetings and town information gathering, but in such things as advertising promotion publications, tours with prospect-generating agencies, and so on. Extreme care should be taken that the organization does not get sidetracked into doing jobs the communities should do themselves, or in rounds and rounds of meaningless meetings. The job is to bring in industry, and this means undertaking specific functions that no one town can undertake by itself.

Some Advantages of Regional Organization

1) The towns, cities and municipalities in an area working together are able to organize and finance a program which is beyond the capacity of one individual town. In a highly competitive field like industrial development, it is impossible for a small town to compete with a large city in terms of financing a program for development, yet if the towns join together and pool their financial resources they can improve their competitive position.

2) It is extremely difficult for one small town to make itself known in competition with all the other towns in Canada. The chances are generally far greater for making an area known than an individual town. One example of this is the Okanagan Valley.

3) A region that is economically and geographically homogeneous is more suited to certain types of industries than others. (e.g. agriculture, forestry-based). Therefore the towns in an area can direct their promotional programs at the same type of industry. By working together they would dispense with a lot of needless duplication of effort.

4) A whole region may benefit, to one degree or another, by the introduction of a new industry. It may mean that a son or daughter can find a job 50 miles from home instead of 500, or that a farmer will have an outlet for his produce, or a sawmill operator a sale for his waste.

5) One small town and its trading area may not be able to induce sufficient change to make it possible to support a home-grown industry, yet it could be done in a larger region. For example, if the industrial committee for a town has decided that potato processing would be suited to the local area, it must set out to get enough potatoes grown to supply a plant. It could prove difficult to induce enough farmers to change in one small area, but given a bigger organization it could be done.

6) A larger area makes it possible to have a better choice of leadership. More qualified, or more interested people are available to work on an area approach.

7) One organization working for a region can be more effective and will in particular simplify dealing with advertisers, prospect-generating agencies and departments of provincial and federal governments. Continual contact with such people could be maintained by one regional employee rather than several volunteers at the community level.

8) In this day of provincial and federal government involvement in industrial development, it is extremely useful for an area to be able to speak to government with one voice. There is strength in numbers.

Setting up a Regional Organization

Community leaders in a given area should come together informally to discuss whether or not they are interested in establishing a regional organization. One or two individuals or towns, or the provincial government, will have to take the lead to start the ball rolling. Once this is done and a decision is taken to investigate the question further, a general meeting of key people in the area, including mayors, reeves, councillors, Chamber of Commerce, rural groups, business leaders and so on, could be called to explore the possibilities more formally.

No doubt a series of meetings will need to be held to lead up to the establishment of the regional organization. One of the chief matters for concern during this discussion will involve structure of the organization and financing.

Structure of the Organization

Structure can vary considerably, but one arrangement might be for each member municipal unit to be represented on the council. If the provincial government is supporting the organization it would also be represented. A Board of Directors would be chosen either on a formal or informal geographical basis. If it is on a formal basis, sub-grouping or zone divisions within the area may be established and each choose one director. If business establishments are represented on the council then they could also have a vote.

There are as many possibilities for regional structure as there are organizations. If a province is sponsoring and participating financially it generally helps to determine the type of structure. Otherwise a structure may be tailored to each individual situation.

Financing

If a province is the sponsor it generally determines the financing arrangement. If it is not, financing will have to be determined by the organization, and based on the need and the amount the members will be willing to pay. A budget must be established that will enable the organization to develop a worthwhile program. As a guide, $25,000 would go fairly far in promoting the area, provided only a part-time man was hired and the organization knew what the job was that had to be done.

The actual financing would come from a per capita levy on member municipal units. If business and industry were participating members, the sum charged would probably be based on the number of employees or possibly by just a flat rate. Where the provincial government is the sponsor, it may match amounts raised, or have a set grant, or work out a combination of methods.

For further information on the regional approach to Industrial Development the following organizations could be contacted:

Regional Development Branch,
Department of Industry and Commerce,
Province of Manitoba,
Winnipeg, Manitoba.

Regional Development Branch,
Treasury Department,
950 Yonge Street,
Toronto, Ontario.

Conseil D'Orientation Economic du Québec,
790 Grand Allé,
Québec City, Québec.

Okanagan Regional Industrial Development Council,
Summerland, B.C.

Office of Economic Opportunity,
Information Division,
Washington 25, D.C.

SUMMARY

It is generally agreed that the promotion of industrial development is a complex job and calls for concerted and organized effort on the part of a group of people specifically charged with the task. Whether this group is large or small, and no matter what its structure, it must be recognized as the body authorized to speak for the community in its dealings with industrial prospects.

Organization for industrial development has taken many forms. There is the full-scale Industrial Commission, employing an Industrial Commissioner and a sizable professional staff, often found in large urban centres; and the small citizen group, serving on a voluntary basis, found in some of our smaller communities. And there are several modifications of these two extremes.

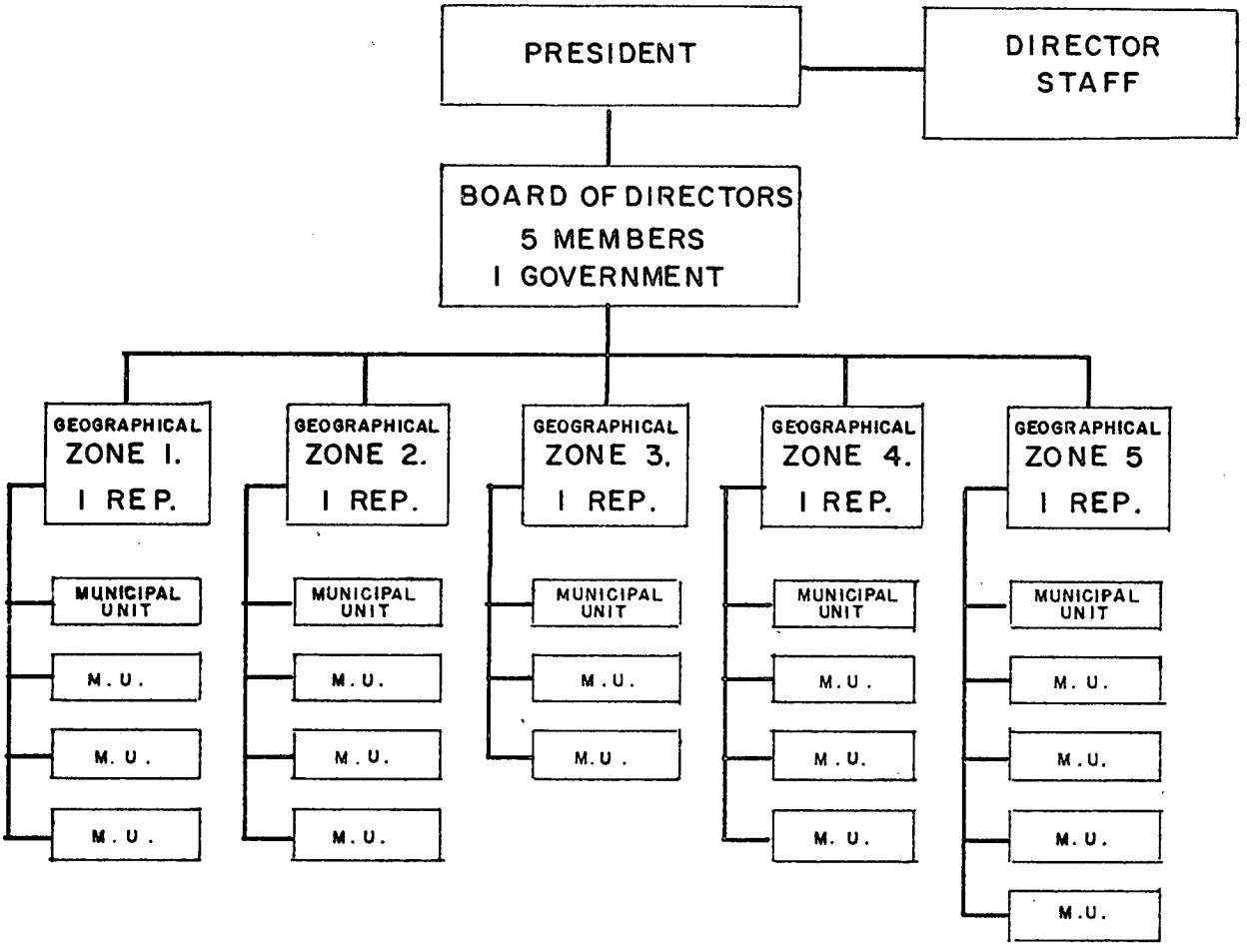
The operation of Industrial Committees will naturally vary widely, depending on their method of financing, size of budget, staff resources, relationship with municipal government, and the potential of the individual community for industrial growth.

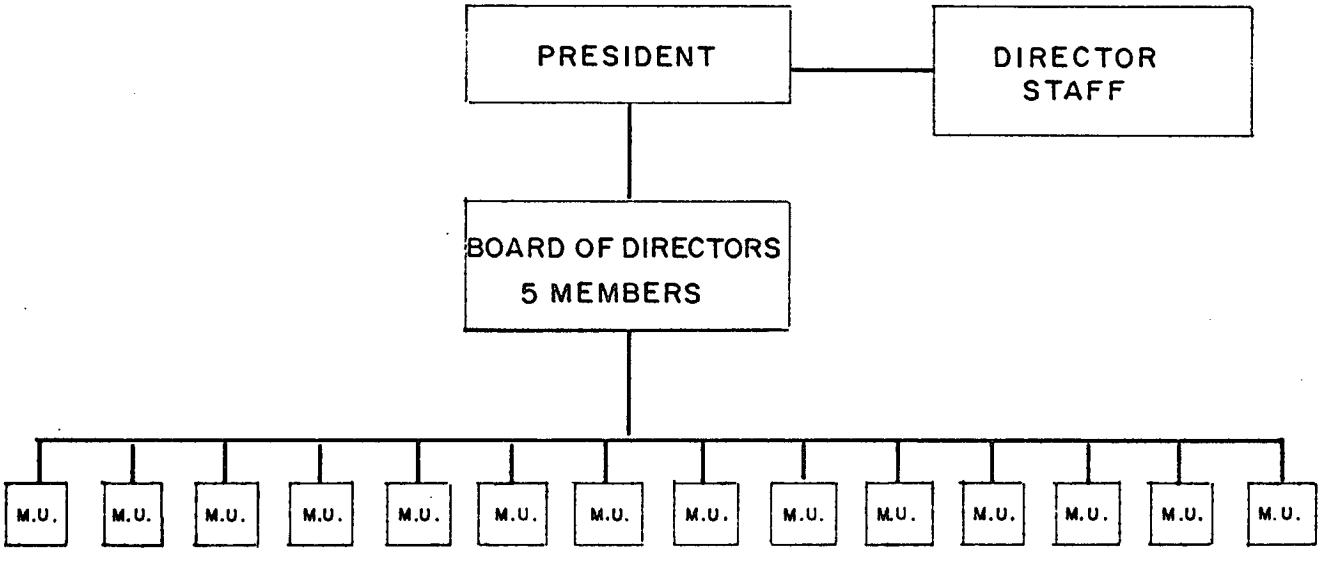
There are recognized advantages and disadvantages to the various organizational structures and these should be studied carefully before a definite commitment to one form is made. It is agreed however that certain characteristics should always be present: the Committee should be small, composed of interested and capable people, relatively permanent, broadly representative, and adequately financed for its purposes.

The benefits of a broader, regional structure for industrial development should be considered if the circumstances seem to warrant it. It is often easier, both financially and in other ways, to promote the advantages of a total region than of individual small communities.

UNIT 3 – HANDOUT I.

CHART OF POSSIBLE REGIONAL ORGANIZATIONS





UNIT 4

LAND AND BUILDINGS

INSTRUCTOR'S GUIDE

Instructory Note

This Unit deals with the very practical aspects of Industrial Development: Land and Buildings. The material is very detailed, suggesting the maximum use of discussion and case work, rather than presentation. The text should be considered largely as a guide for the instructor in presenting the Unit and as reference for participants afterwards.

Content

The Unit can really be divided into four parts. First, the sort of assessment of available land that any Industrial Development Officer should undertake. Second, the procedure that should be followed if the Officer finds insufficient land available, with suggestions for the selection and acquisition of industrial land. Third, industrial building characteristics and some guides for a speculative building program. Fourth, a lengthy section on industrial parks.

Goals

* To develop an appreciation of what sort of problems are involved in providing for adequate land resources for industrial development;
* To suggest what specific steps are appropriate with respect to these problems;
* To indicate possible sources of information and other sources of assistance in developing a proper policy for land;
* To indicate some aspects of speculative industrial building;
* To introduce key factors in development of industrial parks.

Materials

1. Text
2. Slides
   1. Do's and Don'ts Before Prospecting for Clients
   2. Land Information Required

3. Examining Land
4. If the land supply is inadequate
5. Land Worth Developing
6. Land and Transportation
7. Land and Essential Services
8. Building Characteristics
9. Speculative Building Programs
10. Industrial Parks - Major Considerations
11. Land for Industrial Parks
12. Map 1
13. Map 2

3. Handouts - Maps.

Instructional Outline

Step 1 - Introduce the Unit and state the goals. Use Slide 1 as a beginning without dwelling on it.

Step 2 - Divide the participants into small groups of no more than 5 persons. Ask them to identify all the problems that they have found related to land and buildings. After about ten minutes ask them to report their findings. Note the topics on the blackboard or flip chart.

Step 3 - Distribute the Text. Review the text by using Slides 2-9. Show each Slide, make any comment necessary to elaborate and ask for comments from the participants. The review should be done as briskly as possible.

Step 4 - Introduce the maps by using Slides 12-13. Distribute copies. Ask the participants individually to mark locations for the following activities on the area map:

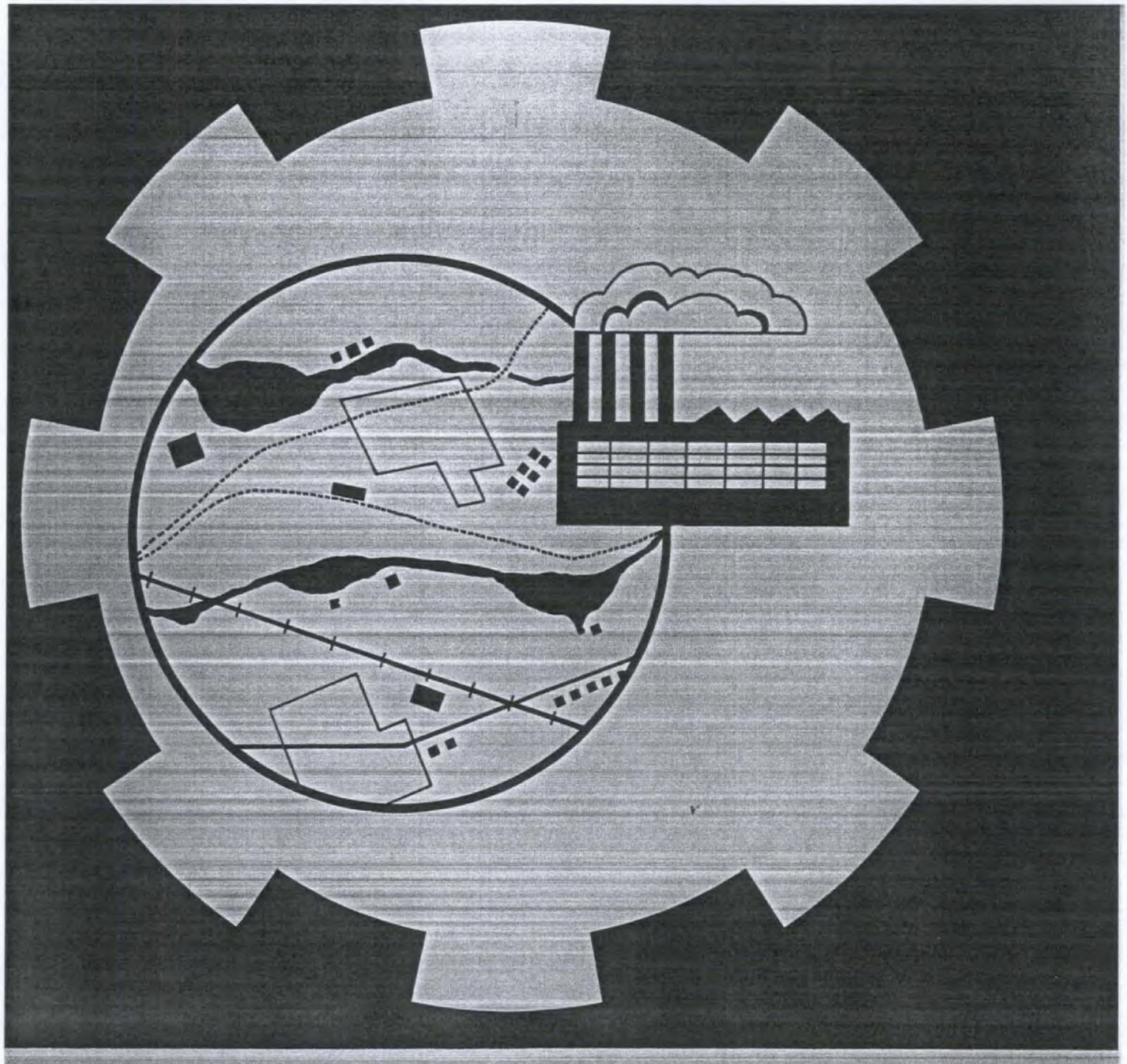
* A small machine shop
* A packing plant
* A watch manufacturer
* A mental hospital
* A heavy machinery manufacturer
* Any others you wish to add

List the industries on the blackboard or flip chart.

Step 5 - After giving individuals ten minutes or so, divide them into groups to examine and share their decisions. Ask them to try to agree on a group plan.

Step 6 - If there is time ask for group plans using the blackboard to record them. If time is short move to the section on Industrial Parks. Use Slides 10 and 11 as a basis for reviewing orally the main considerations affecting Industrial Parks. Refer then to the detail in the text.

Step 7 - Summarize - Adjourn.



ANDS, BUILDINGS AND INDUSTRIAL PARKS

4

INDUSTRIAL DEVELOPMENT TRAINING COURSE

CANADA

prepared for the
DEPARTMENT OF REGIONAL ECONOMIC EXPANSION
by the
CANADIAN ASSOCIATION FOR ADULT EDUCATION

UNIT 4

UNIT 4

LANDS, BUILDINGS AND INDUSTRIAL PARKS

CONTENTS

UNIT 4

LANDS, BUILDINGS AND INDUSTRIAL PARKS

INDUSTRIAL LAND AND BUILDINGS

General

The need to have land and buildings available for industry seems obvious, but many unnecessary conflicts can arise if adequate preparations are not made. A prospect may even be lost, for lack of forethought. The Industrial Commissioner or the Committee should know certain definite facts about the area, as we now explain.

What industrial land and buildings are vacant? Officials at municipal and real estate offices are a good source for finding out. Get information about services from the municipal engineering offices and tax information from the municipal assessment office.

Are lands and buildings within the municipal boundaries or out of town? It is a good idea to think of all land in the wider community. The availability of essential services to out-of-town properties should also be investigated. While a town naturally wants industrial expansion within its corporate boundaries, indirect benefits are possible if industry locates within a general region because there will be increased spending in the town.

What are the sizes and costs of the vacant parcels? The Assessor and real estate offices are good sources of information. Allied to this: does any land need clearing, filling or servicing? What type of soil and load-bearing qualities exist on the property?

What are the regulatory by-laws governing industrial land in the community? Again use the resources of the municipal offices. Make a check list and include ALL possible by-laws and not only the obvious ones like those concerning zoning, setbacks and outside storage etc. Check health, pollution, taxing, building, plumbing, garbage, licensing, parking, outdoor advertising, and ask what provincial statutes and regulations affect industry.

If you cannot get information about the provincial regulations, write to the Provincial Printing Office or Queen's Printing Office at your provincial capital. If they do not supply them directly they will send your inquiry to the correct office.

You should by now have a good idea of what land is available. Do you think there is enough for the kinds of industry you anticipate? If you think the supply of land is inadequate, here is what you should do.

Have a meeting with your municipal officials to find out:

1. In what way can the municipality co-operate?. The rules for municipal participation are different in each province; if the municipal officials are not sure, have them write directly to the Department of Municipal Affairs in your provincial capital.

2. What kind of planning advice is available to the community? If there is no qualified planner in the community, there are planning services available through the Department of Municipal Affairs at low cost or even free. In all cases the provincial planning agency can advise a good course of action for you.

3. Can the municipality help in the extension of services, if necessary? It is most important to find out what the community can do legally and financially to help.

If there are no regulatory by-laws in operation, encourage the municipality to adopt them. The common attitude is that by-laws, such as zoning and building codes, do not attract and may even deter industrial prospects. Too often, zoning is looked upon as merely a means of protecting residential areas from industrial and commercial encroachment. Actually a well-planned community allows all users to operate in harmony. A prospect is happier knowing what the rules are before he comes, rather than finding out later that there are inhibitions to his operation.

Selection and Acquisition of Industrial Land

In selecting the land to be developed for industrial purposes the developer must be guided by certain basic considerations. First, will the sites to be provided be attractive to the kinds of industrial occupants the developer is seeking? Second, is it possible to provide the proper kinds of facilities at reasonable costs? In general, land should be purchased that already has as many attributes suitable to industry as possible, thus minimizing the elements of site conversion and development.

Land economic to use and develop

Industrial land should be developed according to a general land use plan which includes required utilities and land use controls appropriate to the district. Topography and the load-bearing quality of the soil are very important determinants as to whether industrially zoned land can be made into an industrial district. Direct access to commercial transportation facilities is another requirement, as well as compatibility with surrounding uses. It is therefore important that a preliminary sub-division plan of the industrial area be prepared to indicate maximum land use potential.

Land served by necessary transportation

Industrial land served by rail, road and water is considered a prime site, even if a potential user may not need all these means of transportation. Those not required at present might prove to be very significant in case of expansion. The extension of air freight service, both for its availability and frequency and the subsequent reduction in rates, has tended to make many former rural sections of the country more competitive as site locations.

Land and essential services

For industrial land to be usable, it must be served with appropriate utilities in the proper capacities and be able to have such utilities installed at economic costs. For example:

* Water - How much is available? What is the trend - the projected supply? What are the sources?
* Waste disposal - Is the site serviced by sanitary and storm sewer? Is there a garbage service? Can waste be disposed of in the ground? There are many new federal and provincial regulations to consider in regard to water pollution, and dumping, with many new ones being contemplated.
* Fire and police protection - Is there fire and police protection available and who promotes these services? The better the protection the lower the insurance rates.
* Fuel and power - How much? How certain?
* Transportation - Are road patterns adequate for efficient traffic circulation? Do easements exist for future provision of rail services to sites?

Acquisition

In acquiring industrial land three major factors to consider are: assembly, price, and carrying costs. As far as assembly is concerned it is easier to deal with one owner than with several and the basic principles that apply to a single-site development are still appropriate. Although the cost of

the land may not represent a particularly large proportion of total development costs, a particular parcel, regardless of how good its location may be, may simply not be attractive to market if it cannot be bought right. The price the developer can and will pay depends more on the financing that can be arranged than on any other factor. Even more important than the price paid for the land are the terms (interest rate, re-payment terms, progress development, etc.) on which it is available to the developer.

Industrial Building Characteristics

Site selection provides the physical space on which the plant may be placed from which goods and services are provided. The characteristics of the buildings and other improvements are as important as site characteristics to the success of a location.

Among the items to be considered, aside from the amount of floor area required to carry on the functions of the establishments, are:

* Type of material - This will vary with climate, load-bearing capabilities of the land, construction costs, span and height requirements, insulation needs, building codes, durability requirements, and desires or requirements for exterior appearance;
* Foundations, floors, floor-loads - These depend on the nature of the process, coupled with the capabilities of the soil;
* Structural members - The requirements here depend primarily on the processes or functions to be carried on in the structure;
* Electrical installations - Many production activities require not only high voltage and heavy wattage, but also specialized levels or cycles of electrical power;
* Protection systems - The importance of this factor depends on the significance of security to the particular firm;
* Fire protection and sprinkler systems - This varies with the type of activity and with local or provincial codes;
* Elevators, lifts, conveyors - Because of the expense of these items, both in acquisition price and installation cost, as well as the space which they absorb, extreme care must be exercised to be sure that they suit the purpose for which they are intended;
* Heating and lighting - Technological advances in these fields have led to opportunities and capabilities to meet a wide range of needs more efficiently than ever before.

Guides for a Speculative Industrial Building Program

The first requirement for a successful speculative building program is a demonstrated need. While successful speculative buildings have been constructed privately, the most striking examples of successful ventures generally occur where the need for such facilities is apparent and is supported by a wide group of community leaders.

Where such a need exists, the work of forming the necessary industrial development corporation or otherwise raising the required capital is usually a much easier job.

Outside of need, the amenities of a community are probably the most basic requirement for a successful speculative industrial building effort. A town must afford some of the advantages which make it a good place to live, or be near enough to a larger town that has them, before speculative building should even be considered.

Mechanical requirements are next most important to check. The site is of major importance and should be selected because it is desirable. It should have all utilities and rail, if possible. Construction and choice of materials are again a matter of judgment but can be pretty well dictated by the kind of industry being sought. Some smaller communities which would have greatest success in seeking a cutting and sewing plant should design their plant along these lines. Others that could better seek prospects in the metal working industries would do well to plan a shell to accommodate a broad group in this general field.

Some of the rules generally observed in the construction of Speculative Industrial Building include:

* A minimum of 14 feet clearance under beam;
* Floors not poured, in order to allow for special drains, plumbing or machine foundations;
* No partitions erected inside shell;
* At least one wall of bolted-on steel construction to allow for expansion without costly changes or walls left open;
* Site large enough for the building to be at least doubled; allowing for parking for 70 per cent of the number of employees ultimately to be hired;
* Bay areas at least 30' x 60', so that column-spacing will not interfere with most machinery layouts;
* No electricity, heating or plumbing before lease or sale;
* A 20-year bonded roof or flat built-up construction with or without skylights.

The following should be the basic requirements and, unless the promoters can give positive answers, no shell should be built.

Can the site be purchased?
Is the price fair or competitive?
Is the site properly zoned?
Is it properly graded?
Are utilities available?
Is access adequate?
Can it be financed?
Is more acreage available at a fair price?
Are soil-bearing characteristics adequate?
Is the site safe from flooding?

INDUSTRIAL PARKS

General

Thus far we have dealt with industrial land or sites and their planning and development. But such planned and serviced land does not necessarily constitute an Industrial Park.

Since the end of World War II, accelerated industrial growth and decentralization of economic activity throughout the United States and Canada have combined to give impetus to the expansion and acceptance of planned industrial developments. These are called industrial parks, planned industrial districts, or industrial estates. The important underlying factor that distinguishes them from unorganized areas or individual sites is that the development is planned for efficient, integrated and compatible uses, and hence success for the sponsor.

This growth has occurred for a variety of interrelated reasons. Accelerated demand for industrial space accompanying the postwar economic expansion encountered a relative shortage of land in established industrial zones. Assembly costs were high for large sites in urban regions. Traffic congestion became a more pressing problem. Technological changes called for new concepts in industrial design to meet assembly and materials handling requirements.

An industrial park, in the sense that it is accepted today, is an exclusive type of planned industrial district - specially designed and fully equipped to provide for a community of industries - affording them all the necessary facilities and services they require, in attractive surroundings among compatible industrial neighbours. The industrial park, under continuing management, provides for adequate control of the tract and buildings through restrictive covenants and/or adequate zoning with a view to maintaining aesthetic value throughout the development.

The basic characteristics of the industrial park or planned industrial district are:

1. It is planned, with conscious thought going into the pattern and character of development;
2. There is continuing management by either the developer or a subsequent group such as an occupants' association;
3. There is control over the types and character of uses permitted within the district through effective enforcement of public regulations and private covenants;
4. Compatibility of uses is protected for the benefit of both the industrial occupants and the sponsor.

Types of Uses and Occupants

The planned industrial district is generally most efficient when it caters to the space requirement of a limited range of uses or users. As in the case of industrial zoning, however, it is often extremely difficult to categorize industry by product, process, or type of land use. The most successful industrial parks are usually those which are not restricted in terms of use, but rather in terms of function or activity on the site.

Industrial parks are most attractive to distributive or warehousing activities, which are better suited to the locational amenities of industrial parks, and are generally able to pay premium prices for prime locations. Next in order of attractiveness are industrial service organizations, followed by assembly-distribution type industries.

For those activities or industrial functions most suited for industrial park occupancy, considerations of access and compatibility must be weighed against the relatively high price or rental that is usually required in planned industrial districts.

In general, efficiency and economy are fostered when the occupancy of an industrial park is restricted to a certain type of activity or function. The sponsor-developer usually profits because he is assured of compatibility among users. The economies of similar uses and large scale development are expressed in higher returns to the developer. The user, in turn, encounters understanding of his particular space requirements and problems, and he is reasonably certain that he will pay for only what he receives in site services.

On the other hand, there are problems that result from over-specialization. These stem primarily from competition for the same facilities and the same market.

Bearing these two counter-tendencies in mind, one can examine the general types of industrial district patterns that are commonly found in the United States and Canada.

General or mixed uses

The least specialized industrial district is one in which industrial and non-industrial uses are both permitted and encouraged. In some instances they provide supporting service facilities for the industrial occupants of the district. Such services would include a medical centre, retail and eating establishments for employees, gasoline service stations, and motels for visitors to the firms in the district.

Exclusively industrial districts

This is the most common type of industrial park and the one which appears to be most attractive to the general developer. Such parks consist of firms engaged primarily in manufacturing and processing enterprises requiring relatively small parcels of land. They appeal to the community development sponsor because they promise the broadest potential for the sites being offered. They also offer substantial expansion to the community's economic base, if the district is successful.

Single-use districts

While offering a potential for greater profit to the sponsor through specialization, the single-use district carries the danger that a change in tastes or standards within the industry designed to be served can render the entire park obsolete.

Science & technology parks

Often called *research parks* or *research and development parks*, specialized districts concentrating on non-production, science-oriented occupants have emerged as a significant force among industrial districts since 1957.

Office parks

Since the end of World War II specialized groupings of office space for middle executives and their staffs have appeared on the outskirts of the major community. The office requirement is often in addition to warehousing and manufacturing requirements. This type of facility can provide both single occupancy and multiple occupancy buildings. The selection of a site for a regional office often precedes a warehouse or manufacturing plant location in the same area.

Transportation site developments

Industrial districts that concentrate on users of a particular transportation facility were originated by railroads. Airport-oriented industrial parks are attractive to users to whom fast delivery to customers is a major consideration. Producers of relatively light-weight, high value-added goods are especially likely to take advantage of airport locations. Water sites for industry are important among major bulk shippers, as attention focuses on the use of waterways for transportation.

Facilities Offered

In order to compete effectively on the market, the industrial park must provide adequate facilities for the industrial user seeking space. The land must be in the form of serviced sites, and not simply undeveloped acreage.

Improvements and services

The industrial park offers, as a minimum, a site *package* to the potential industrial user, along with protection of the investment in the site. The amenities and site improvements offered will include at least the following:

(a) Good location - This means quick and easy access to and from the critical mode of transportation.

(b) Utilities - The kinds of utilities available in the industrial park, and their capacities, are important considerations for potential occupants. Once utilities are installed, it is rarely economically feasible to dig them up and expand them, except in exceptionally large industrial districts or for major new users.

(c) Transportation - Nearly every industrial park developed is adjacent to, or in close proximity to, a major arterial highway. Highway access is virtually indispensable. In addition, over 90 percent of the industrial districts in operation are served by rail. Air, water and pipeline transportation are also important for specific types of users. One important issue in relation to highway access is the pattern and character of the streets within the district. Streets within the park should be well-lighted and curbed, regardless of the setbacks or the character of the surrounding area.

(d) Services - Services available within the park, particularly for employees, are important determinants of the types of users that can be attracted to the district. Manufacturing firms with large numbers of employees, as well as office operations, often encourage the development of compatible retail and restaurant facilities either within or immediately adjacent to the park itself.

Level of development

The industrial park or planned industrial district may be a large tract of land that is subdivided into usable industrial sites which are then sold or leased to prospective users for construction of their own buildings. It may involve the development of whole "new towns". The land-only type of development is more common among smaller, community-owned and sponsored districts.

Sponsorship

There are 5 potential groups of sponsors of industrial districts. In order of importance they are: private real estate developers; railroads; private local community groups; government-sponsored groups; and joint government-local community groups.

Industrial Park Development

Industrial park development is a systematic process that involves careful planning and control. These are two of the basic distinctions of the planned district from the single-site development: planning and control. Timing is another important distinction. Timing is critical to the initiation of the development, the subdividing of the land, the installation of site improvements, and the sale or lease of the sites and buildings. Industrial park development is based on the general proposition that for the sites to be marketable and attractive on the market, the essential services must be installed in advance of sale or lease.

As soon as a specific parcel of land has been selected and arrangements made for its acquisition, a firm plan of development of the entire project must be prepared. This involves more than physical layout or design. It includes the financing, construction, marketing, and management phases of the development. It requires that the developer and his staff plan well into the future. The development of an industrial park requires that the sponsor take a long-term outlook to make sure that the later stages of the project are not jeopardized or undermined by early development activities. In planning, therefore, the developer considers the conditions under which the sites are to be available, and then proceeds to create the environment to fulfill those planned conditions.

Size and shape of lots

One major determination to be made by the developer is the physical planning or layout of the lots. This should be based on the requirements of industrial firms likely to be attracted to the park.

Facilities to be installed

The utilities, streets, and other improvements to be installed depend on the requirements of potential users, and on the present availability of facilities in the area. It is not enough to know that there is a water main running through the property that can be tapped by industrial users. The developer needs to know what the diameter of that main is, what its capacity is, and what the pressure is.

Staging

Land absorption is slower in the larger industrial district or park. Also, considerable sums will usually be expended before any revenues are received by the park developer. Therefore, staging the development process can be a major factor in the success of the entire undertaking.

Layout

The layout plan for the industrial district is developed in terms of the objectives of the developer, the physical and other construction considerations involved, and the controls and restrictions on use decided upon by the developer and his advisors. If there is a single cardinal rule for industrial district development, it is to provide as much flexibility as possible in the layout plan. Land absorption in most industrial park developments is slow and erratic.

The layout plan of the industrial park is essentially the physical portion of the district development plan. It indicates the location of the major facilities that are to be provided by the developer, and sets the general shape pattern of the blocks of sites. It should provide for as much adjustment and adaptation to the topography of the land as possible to take full advantage of gravity drainage and flows. Within this general framework, the industrial park layout plan will normally include:

District streets

The details of the design must be worked out in advance, and the utilization of district streets for parking or loading should be prohibited.

* Rights of way and pavement widths should be as wide as necessary to accommodate anticipated traffic
* Curbs should be provided for all streets, primarily for effective surface water drainage
* Paving materials should be adequate to support the weight of heavy trucks

* Street grades and intersections should be at less than a 5 per cent slope if possible
* The ownership of streets is a matter of debate.

Rail leads and spurs

The former are often owned and maintained by the railroad, but the latter are nearly always the responsibility of the user-occupant.

Utilities

The criteria for district utilities are: adequacy for the user; efficiency of operation for the developer; flexibility for adaptation to unanticipated use demands; and economy for user, developer, and possible community. In general, utility capacities will be larger than those associated with other types of industrial developments, because of the need for both expansion and flexibility in industrial parks. Items to consider here are: easements, water, sewer (both sanitary and storm), electric power service, gas service lines, and telephone service.

Landscaping

The basic scheme of a park assumes an attractive, aesthetically pleasing setting. The developer must assure the creation of such a setting through his layout design.

Restrictions and Controls

The developer of an industrial park must provide the means of protecting the environment he has created. This protection is generally provided through deed restriction, covenants in leases, and park standards relating to land and space use. These are in addition to any zoning regulations or other land use controls in effect in the community.

The developer owes the existing occupants of the park the assurance that the standards of acceptance and of use will not be changed, so that their occupancy can proceed as originally intended.

Types of controls

The kinds of controls and protective covenants recommended are not merely prohibitions and limitations of land and building use. Workable industrial park controls emphasize function and performance standards. They are specifically geared to the needs and requirements of the kind of industry that the developer is seeking to attract to the park.

Provisions of restrictions

The specific contents of district-wide standards, and the specific covenants included in individual leases or deeds, will vary with the circumstances of the individual park and the objectives of its developer. The following are some provisions:

Control of nuisances
Use of the land
Outdoor storage
Site coverage
Building lines and setback lines
Building construction and design
(including exterior building materials and colour)
Sign and billboard control
Off-street parking and loading
Landscaping
Other provisions

Frequency of controls

In the order of frequency employed, the most common controls are: setback requirements; off-street parking; preliminary building plan approval; architectural limitations; site coverage restrictions; landscaping control; and a prohibition of outdoor storage.

Enforcement

Industrial district regulations and controls are meaningless unless they are continuously, rigorously, and impartially enforced.

Advantages of an Industrial Park to a Community

* Enhances the community's efforts in promoting industrial development which assists them to broaden the tax base and increase the municipal revenue;
* Can offset the distance of suburban housing development from employment by locating closer to the workers;
* By using the maximum land available for the purpose, prevents undesirable development from occurring in the same area;
* Because of protective covenants and architectural standards, can frequently maintain, if not increase, property values in a community;
* By concentrating a number of industries in one area, minimizes the cost of extending municipal water and sewer lines and other utilities.

Possible Limitations of Industrial Parks

Only certain types of industry can be expected to locate in an industrial park. Generally speaking, warehousing operations, distribution operations, light manufacturing or assembly, research and development operations, or branch operations of larger concerns are best suited for industrial parks.

Because the majority of industries attracted to an industrial park would be newer or younger industries, lacking the covenant strength to acquire similar facilities on their own, it may become necessary for "package" services to be made available by the development group -- including design, construction, sales arrangements, etc., through a single contact. The development organization should also be prepared to offer lease-back accommodation to firms that might not normally qualify on the basis of their individual covenants, but which may be acceptable when taken collectively with others in the industrial park.

The Future of Industrial Parks

The development of industrial parks is a logical trend. What the shopping centre has come to mean for individual merchants, the industrial park has come to mean for industries. It permits them to command services which they would not be able to receive on the strength of their individual covenants. Industrial parks aid in the optimum development of suburban areas and permit maximum land use.

As you investigate the potential of an industrial park for your community and are prepared to provide a profile on it, you should give a short introductory statement about the general characteristic of the park including brief comments on such points as its history, importance, and breadth of services. This pertains not only to the major industrial parks as we so frequently refer to them, but includes, as well, airport parks, deep-water harbour parks, and research and development parks. The outline for your profile should include information on:

Location
Soil conditions, drainage
Topography, terrain
Water supply
Utilities, power reserves
Waste disposal, sewerage
Zoning
Type of occupants (light or heavy industry, distribution centres, research facilities, offices, corporate headquarters)
Transportation facilities (land and air and deep-water port facilities)

Size of areas and sites
Financing (from banks, provincial and federal agencies, local development organizations)
Construction (build or lease; height or other specifications; sell or lease land)
Local planning and standards
Companies already on site
Community co-operation
Neighboring companies in the area
Work force, types of personnel available
Research facilities
Education, training and culture
Recreational opportunities
Living facilities (housing, hospitals, churches, libraries)
Traffic and parking

Role of the Community in Meeting the Demand for Industrial Space

The local community plays an extremely important role in influencing the amount, the type, the location, and even the market prices of industrial space within its political and geographic limits. Local planning and zoning activities set limits on the amount of space potentially available for industrial use in a community, as well as identifying the areas or zones in which industry can locate. Local industrial development commissions can often acquire and hold land, and occasionally buildings, for future development and use by industry.

All of these activities are related to the basic urge and power of the community to take positive action to enhance its economic base. These powers are generally based upon legislative authorizations provided by the province.

The failure of the community to provide sufficient land or space for industry at good locations, or to protect industrial reserves, is recognized as a serious mistake.

Before You Go Looking for Prospects

DO:

* Get all your information about industrial land and buildings so that you can keep any prospect within the bounds of essential confidence while you are "fishing";
* Have more land available than your immediate needs. The last few pieces of land can become overvalued because of their scarcity;

* Encourage good zoning by-laws and planning in the community because good zoning protects industry.

DON'T:

* Spring a prospect on your community before you have done your homework in finding out what land is available physically (good, serviced land) and legally (zoning pollution by-laws);
* Expect that industry will come just because you have a good industrial layout.

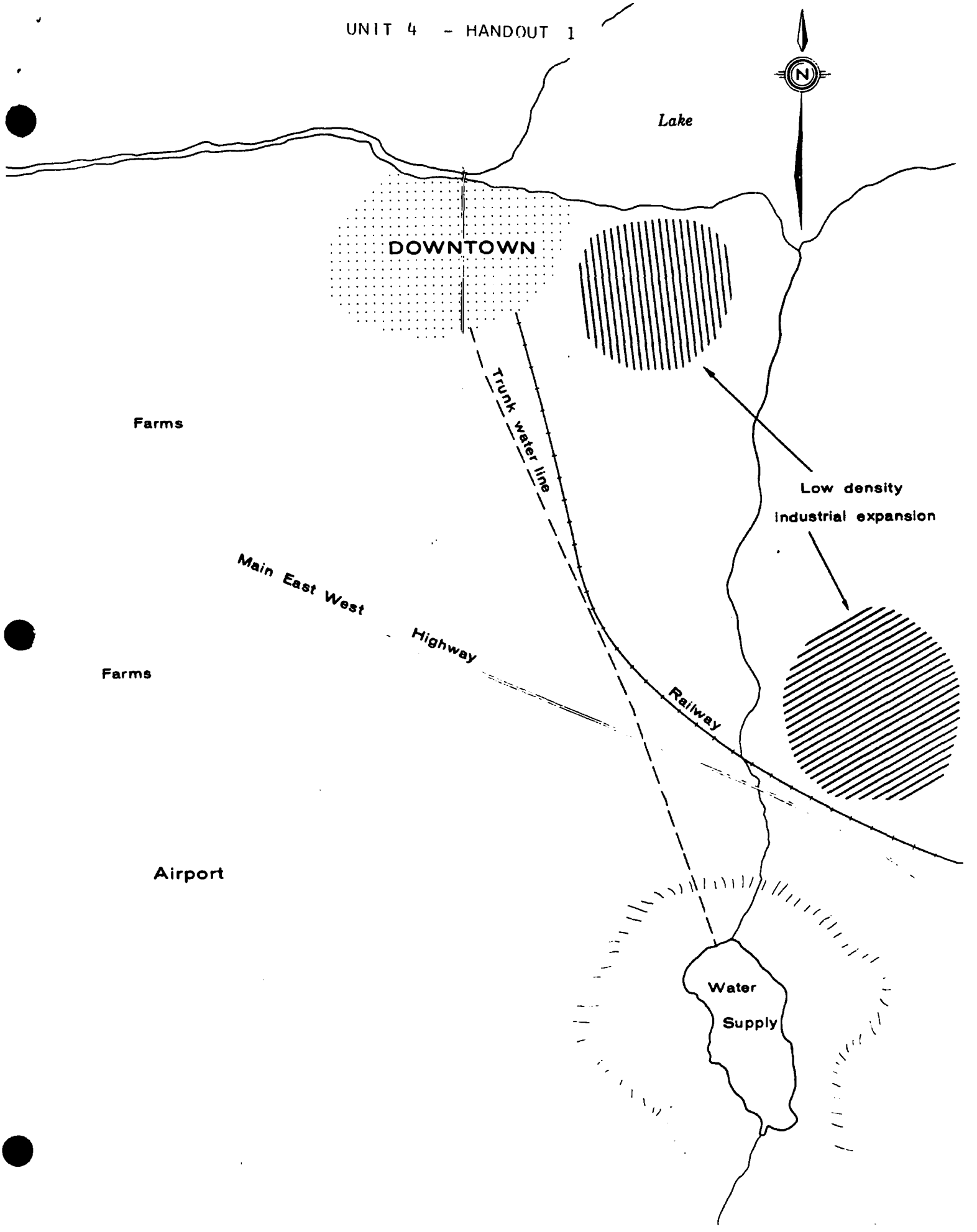
SUMMARY

A successful program to attract new industry to the community must be based on sound information about the availability of vacant land and buildings suitable for industrial use. It is essential to have such facts as the total amount of land in the development area, the size of the various parcels, their location, cost, etc. In addition, you must know the local regulations governing the use of industrial land and what services the municipality is prepared to provide.

In selecting land for industrial development, you must be certain that it meets the requirements of the specific industries you hope to attract. It must be land that is economic to develop, is served by necessary transportation, provided with essential services, and available on suitable financial terms. The characteristics of industrial buildings are as important to successful development as the characteristics of the site. An adequate knowledge of the structural requirements of various industries is most important. This is doubly true if you intend to undertake a program of industrial building on a speculative basis.

The industrial park, or the planned industrial district, is a postwar development which has been rapidly gaining ground. Complex factors are involved in its planning, construction and operation. Many believe that an industrial park is most efficient if it caters to a limited range of users. An early decision as to use is desirable since the layout of the park, and its facilities, services, regulations, etc. can be planned more effectively if the developers have its specific use in mind from the start. However, experience has established some useful ground rules for the development of industrial parks in general.

Remember that the setting up of an industrial park calls for high competence in several different fields, that it is a large-scale operation and can be carried out successfully only with the co-operation of the community.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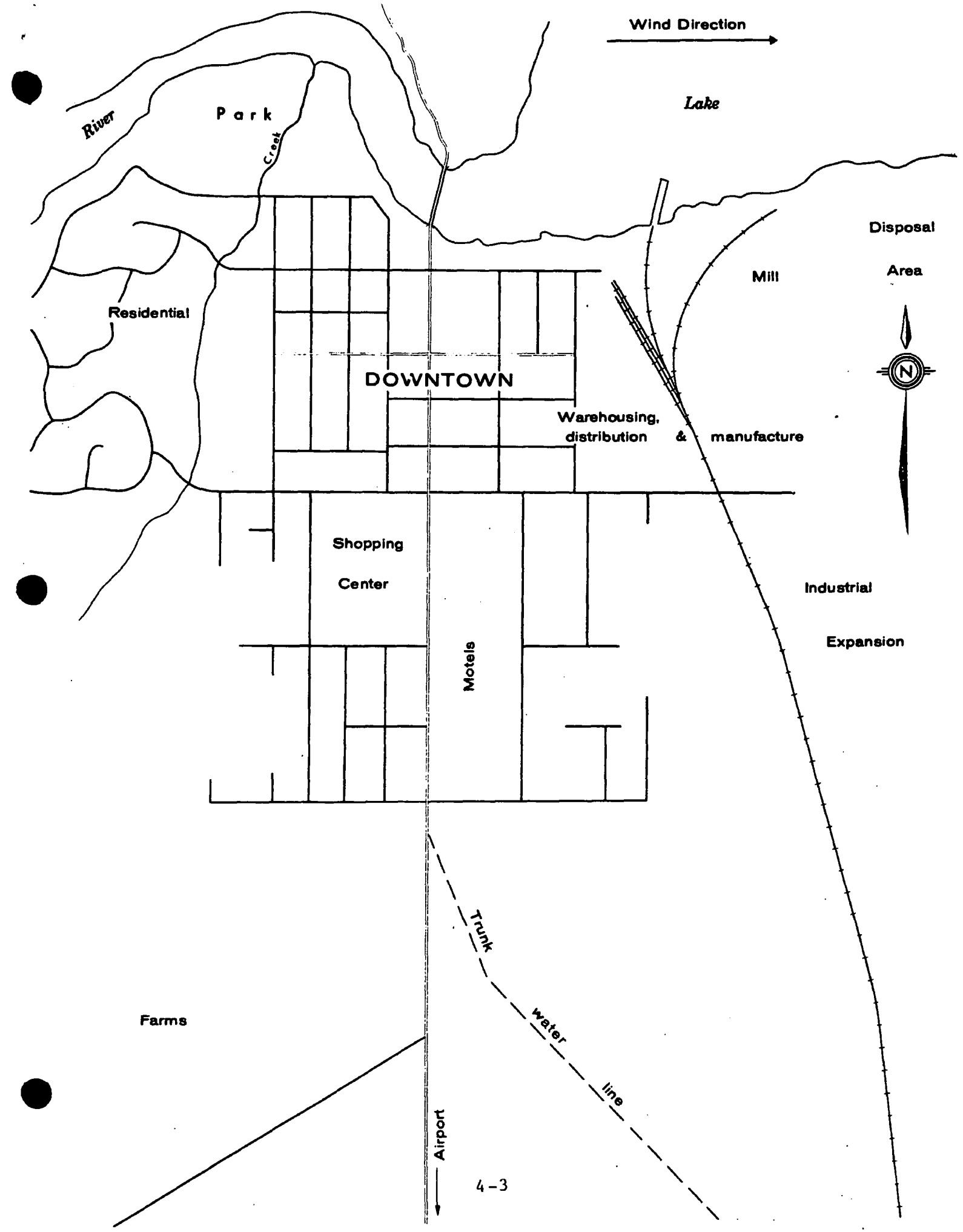
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UNIT 5

IDENTIFYING TYPES OF INDUSTRY

INSTRUCTOR'S GUIDE

Introductory Note

Unit 5 presents another area where it is necessary to learn a new vocabulary as well as methodical ways of approaching a great deal of information. The key to the Unit is the first section: Why Categorize Industry? Once this matter is clearly understood participants will readily devote themselves to the technical problems of categorization. The bulk of the material is really an elaboration of the material contained in that opening section. However, there is plenty of opportunity for discussion and for judgement in matching industries with categories. It will be to the advantage of the instructor to encourage those opportunities.

Content

The material is quite straightforward: a statement of reasons for analyzing industry into types or categories; description of the major categories along two main lines; how categories are related to management in decisions regarding location; and a brief introduction to feasibility studies.

Goals

* To establish firmly the reason for analyzing and categorizing industry
* To provide recognition of at least two major means of doing so
* To provide the opportunity for practice in using these classifications
* To develop some understanding of how management uses such categories
* To introduce the idea of a feasibility study.

Materials

1. Text

2. Slides - 1. Main points
   2. Main Classification of Industries
   3. Resource-Based Industries
   4. Market-Oriented Industries
   5. Footloose Industries

6. Home-Grown Industries
7. Exercise: Industrial Classification
8. Management Location Appraisal
9. Feasibility Study: Key points
10. Feasibility Study: Key points (cont'd)
11. Feasibility Study: Key points (cont'd)
12. Market and Economic Assessment
13. Plant Investment and Operation
14. Plant Investment and Operation (cont'd)
15. Summary of Objectives

3. Handouts:

1. Examples of Classification
2. List of Industries for Classification
3. DBS - Industrial Classifications
4. Feasibility Study

Instructional Outline

Step 1 - Introduce Unit and goals. A brief verbal summary of pages 1-2-3 using Slide 1. Allow time for questions and discussion. For example, what categories do the participants now use?

Step 2 - Move directly to first group of classifications. Use Slide 2. Ask participants to write down examples for each of the categories shown. Select answers from participants and write them on the blackboard or flip chart. Ask participants to suggest the basic characteristics of each category. Put these on the board.

Step 3 - Introduce Slides 3-6. Review characteristics against what the class has developed on the board. This can be done quickly or slowly depending on the level of experience in the group and the material on the board. It is important that they develop some familiarity and ease with the categories.

Step 4 - Hand out sample list of grouped industries (Handout 1) and list of industries to be grouped (Handout 2). Use Slide 7 to introduce project. Ask each individual to categorize the industries on Handout 2, using categories already discussed. Then divide participants into threes or fives and have them compare their decisions. Record the various decisions on the board. If there are arguments let them develop. The point is to develop some facility with the categories and yet see their limitations.

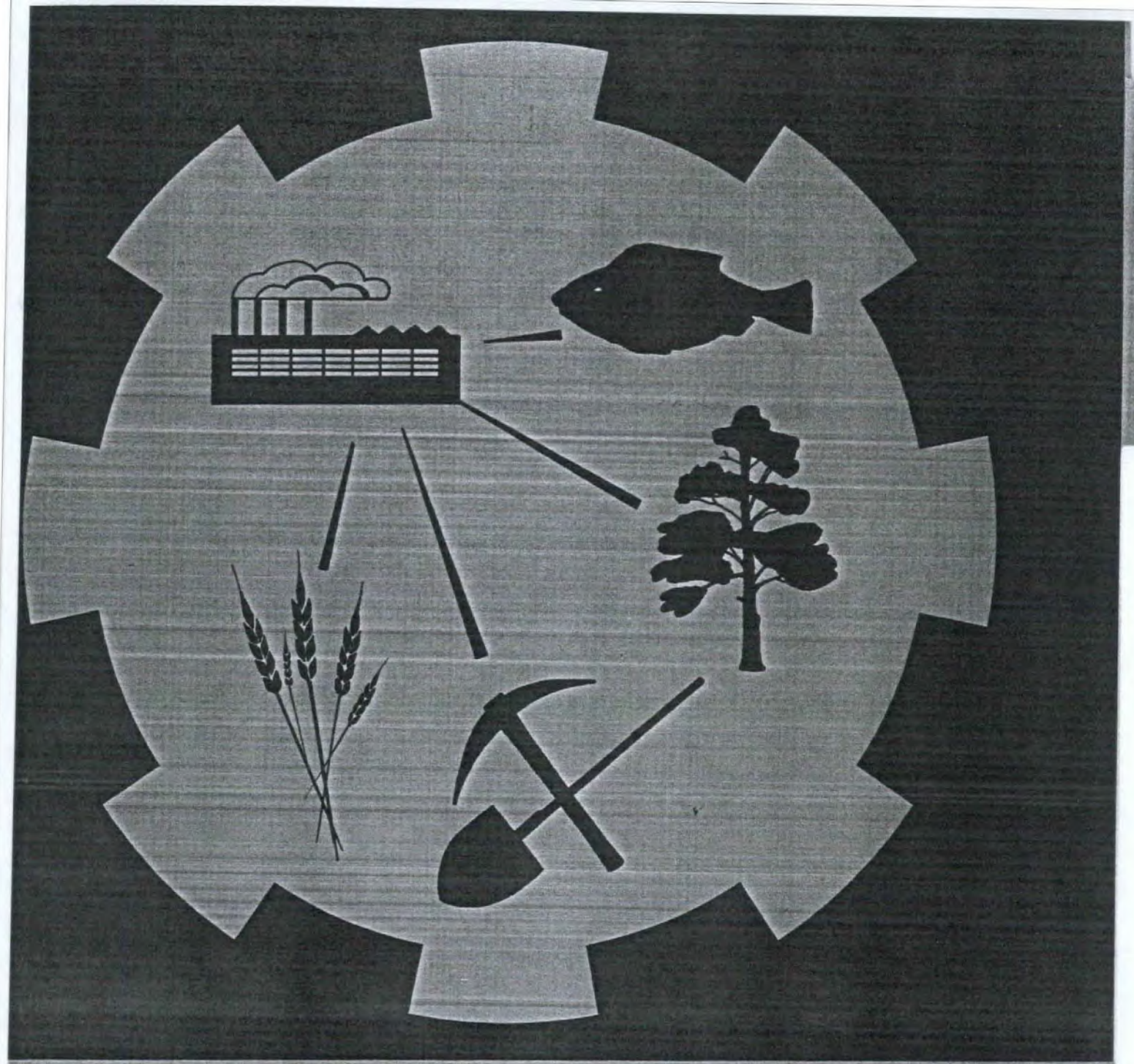
Step 5 - Leave participants in their groups. Refer to Handout 3 which shows the DBS industrial classification. The purpose here is simply to indicate this method and the source of information. Allow a few minutes for questions. There may be some questions you don't know the answers to. Note them, see if someone else in the group knows the answer, or if someone will try to find out for next week.

Step 6 - With the participants still in their groups, ask them to discuss what they think are the main considerations in a decision by an industry to locate in a specific place. Ask them to try to give weight to the different factors - most important, least important. Have each group report, putting answers on the board. Some grouping of the answers will probably be possible if there is time. Summarize with Slide 8.

Step 7 - Introduce the idea of a feasibility study using your own summary of the text - when and why it becomes necessary. Hand out the example (4) and expand the introduction briefly using Slides 9-14. The general purpose here is to acquaint the students with what a feasibility study is, and also that it is an expert's task to develop one.

Step 8 - Review objectives of this unit using slide 15. Hand out main Text. Adjourn.

UNIT 5



IDENTIFYING TYPES OF INDUSTRY

5

CANADA

INDUSTRIAL DEVELOPMENT TRAINING COURSE

prepared for the
DEPARTMENT OF REGIONAL ECONOMIC EXPANSION
by the
CANADIAN ASSOCIATION FOR ADULT EDUCATION

UNIT 5

IDENTIFYING TYPES OF INDUSTRY

CONTENTS

UNIT 5

IDENTIFYING TYPES OF INDUSTRY

WHY CATEGORIZE INDUSTRY?

The basic purpose of any community industrial development program is to stimulate the local economy by encouraging the expansion of existing industries and by attracting new industries. The hope is that, through this double action, you can help to provide stable employment and generate new capital in your area.

But to attract new industries, you will first need to find them, and then persuade them that your community is a good place to establish a plant.

This is not as easy as it sounds because, theoretically at least, among the thousands of towns and cities in this country there is only one best location for any specific industry.

Nevertheless, in practice, there are usually a number of communities which are almost equally well-equipped to meet the needs of any given industry. Or, put another way, your community may be a suitable location for several types of industry.

An industry may generally be described as either market-oriented or resource-based, and either foot-loose or home-grown. This type-identification implies that the location of an industry will generally depend upon the most economic considerations: access to the primary cost factor, which may be the market, the raw material, or possibly staff.

Obviously, industry in general is market-oriented. No market: no industry. Nevertheless, some industries do have over-riding requirements. The pulp and paper industry, for example, must have access to the forests. The fish-processing industry, by its very nature, needs a coastal location (or a lake-shore site). The garment industry, in turn, has specific requirements for labour, which must be met.

In general, secondary manufacturing is market-oriented, but amenable to a number of geographic locations. Perhaps the most "footloose" of the secondary manufacturing industries are those controlled by companies with large international operations and markets. For these, economic access to world wide transporation routes - land, sea and air - may be a governing consideration, other things being equal.

The aluminum industry affords a good example of changing trends. Power is still an extremely important factor (example: Kitimat and Arvida), but so is the market. The development of new sources of power and of smaller scale smelters is resulting in a shift of smelting to locations nearer the market, for example the proposed new smelters in the U.K. and Europe.

The key to an effective industrial development program is therefore to determine which industries make the most economic sense for your area. You can then devote your time, effort and money to approaching companies which you know you have a reasonable chance of attracting to your community. You will avoid wasting your time and dissipating your energies in attempting to attract firms which will never locate in your town, no matter how long you try, or how much effort and money you expend.

It is important, of course, to know something of the state of industry at any given moment. But it is more important, from the industrial development point of view, to understand the trends taking place, particularly with respect to employment, locational requirements, technological change and innovation, raw materials, and markets. We should realize that technological change in the broadest sense may affect all other factors involved and it is a continually evolving process on the industrial scene.

To find out which industries make the most sense for your town or city, you must understand how to categorize industries into their basic types. You must understand what motivates industrial management to establish a plant in a specific area or community. You must understand how to assess the potential or feasibility of a specific industry in relation to the assets available in your community.

HOW TO CATEGORIZE INDUSTRIES

It is fairly easy to place a given industry in one of the four general classifications once you know the special characteristics of each category. The four basic types, as we have already noted, are: resource-based; market-oriented; footloose; and home grown.

Resource-based Industry

This type of industry is usually located at or near the source of raw materials. Examples are:

1. Processing and packing plants for agricultural or fishery products, where the raw materials are perishable or not easily transportable.

2. Manufacturing and processing plants where the raw materials are expensive to transport, such as low grade ores and tree length saw logs. For these industries, processing at or near the source will eliminate the shipment of waste products.

3. Plants requiring large quantities of energy, such as electric power, natural gas, coal or oil. In such cases, a location is required at the source of this energy or at a place where it can be provided inexpensively. Pipelines and super tankers, for example, make certain locations attractive to the large energy users which would not have been attractive before.

Market-oriented Industry

The market-oriented industry usually tries to locate at or near the major market it will serve. Examples are:

1. Processing plants where the end product is perishable or difficult to transport to the market.

2. Manufacturing or assembly plants where the cost of bringing in the raw materials or components is less than the cost of shipping the finished product to the major market area.

3. Plants which rely upon customer convenience and service, or where area loyalties are an important consideration in building sales volume.

Footloose Industry

This type of industry can locate economically in a variety of locations. For this reason, it may be attracted by a wide range of special considerations. Examples are:

1. Plants which manufacture a relatively lightweight, high-value product making transportation costs insignificant in relation to the total delivered cost to the market.

2. Plants where labour constitutes a high proportion of the total manufacturing cost, requiring management to seek out areas where labour is readily available, stable, productive or highly trainable, and reasonable in cost.

3. Plants which require high capital investments in fixed assets and are therefore interested in communities with unusually attractive finance and incentive programs.

Plants of this type often give more weight to factors such as the social amenities of the community and the availability of adult education facilities. With a wide choice of locations, they can afford to be more selective.

Home-grown Industry

The home-grown industry is usually established in the community where the inventor or entrepreneur happens to live at the time he decides to organize a manufacturing or processing industry to exploit his invention or the local technology. This growth, however, cannot take place without encouragement from the community.

Comment

The above categories are not watertight or exclusive. There is some overlapping and a given industry may have characteristics associated with more than one of the categories. Often the final decision on location depends upon a careful assessment of a combination of factors involved in all the categories.

Broadly speaking, however, most industries can be classed as one of the four general types. When manufacturers draw up an initial list of prospective communities for more intensive and detailed examination, they will probably be guided, consciously or unconsciously, by the primary locational factors associated with the four categories of industry.

Clearly, then, if you can determine what industries are likely to consider your community seriously as a possible location for a new plant, you can concentrate your efforts on seeking out and approaching those whose general needs can be met by the general assets you have to offer.

Once a given industry - in any of the categories - has completed its preliminary process of elimination and has come up with a short list of possible locations (including your community, let us assume) then the number of factors which must be given detailed consideration by industrial management increases considerably. To realize the wide scope of the information required by management in order to make a final plant location decision, you must understand how industrial management thinks, and what motivates it to build a new plant.

INDUSTRIAL PROFILES

The effective industrial development officer at all times needs a rational evaluation of the prospects for industrial development across the country, and not just in his own district. To provide this, he must be continually up-dating his identification of opportunities for viable manufacturing activities.

Experience has shown that data on Canadian industries is rarely available in a form that permits ready identification or understanding of the factors governing the production, location and growth of specific industries and groups of industries and the implications that all these have for new or further development of an industry in a given region or area.

Developing industrial profiles by systematically collecting and compiling data on the various industrial groups is one means of becoming more knowledgeable of the industrial sectors, particularly as it relates to industrial characteristics, requirements and trends. The information series should include references to industry requirements for power, raw materials, components, labour and skills; also product markets, type and cost of transportation and many other cost factors relevant to an industry establishing in a given location. By this means of research, it is possible to assess the potential of an area for a given industry, particularly its relative competitive strengths as compared to other areas and regions of the country.

This type of analysis is very useful in assessing whether a full feasibility report should be undertaken. For example, the recent change in transportation rates is making it uneconomical to ship bulky, light-weight, low value products over long distances. A chair which is packaged in a cardboard box for shipping is an example. This could indicate an opportunity to manufacture chairs in an area once served exclusively by manufacturers from outside the area. The point is that anyone involved in industrial development promotion needs to be constantly aware of such changes and appreciate how they increase or decrease industrial opportunities.

A number of federal and provincial organizations have been working towards having more definitive information on industrial location factors. It would be advisable, therefore, to investigate these sources of data before undertaking a comprehensive research project.

WHAT MOTIVATES MANAGEMENT IN CHOICE OF LOCATION?

The basic decision in any plant location study carried out by industrial management is motivated by profit.

Every industry has three basic types of cost: procurement, manufacture, and marketing. That is to say the industry:

*accumulates a supply of raw materials, semi-finished materials and components;
*processes or assembles them;
*distributes the final product to the market.

The cost of carrying out each of these steps will vary from one plant location to another, thereby affecting the end cost and sale price and consequently the profit of the manufacturer.

The objective of management, therefore, is not necessarily to minimize the material accumulation cost, the processing cost or the marketing cost, but rather to minimize the *total* cost of the operation. If you analyze the various considerations involved in the three principal cost factors, you will see the need for preparing a comprehensive survey or inventory of your community's resources and assets.

Accumulation of Materials

A major cost is involved in the bringing together of the raw materials, the semi-finished materials and the components to be used in manufacturing the product.

Some Questions

* Where are the raw materials for processing located?
* Where are semi-finished materials and components available?
* Is transportation readily available to bring the materials to the plant (rail, truck, air, water)?
* Is pool-car service available?
* Is piggy-back service available?
* Are there adequate docking and stevedoring facilities available if required?

Costs of Product Manufacture

The costs of actual manufacture of the product can be broken down into operating costs and capital costs. A careful assessment of the situation in regard to both types of cost would involve such considerations as:

Operating Costs

* Is the labour supply adequate? Is labour skilled, trainable, productive? What are the wage rates, the absenteeism rate, etc?
* What is the situation in regard to taxes - municipal, provincial, federal, sales and excise, depreciation, incentive, withholding taxes, etc?
* Are building maintenance costs in line?
* Are the following services available at competitive costs?

municipal services
utilities
operating capital
inventory and storage
machine shop and service industries
packaging facilities
insurance, legal and accounting services.

Capital Costs

* What are local building costs?
* Availability and capital costs of land, buildings and equipment?

Marketing the Product

These are the costs involved in transporting the product to the market and selling it to the public.

Some Questions

* Is transportation to market available? What are the costs, the schedules?
* Is warehousing available at competitive costs?
* What about inventory of the finished product? What volume will it be necessary to carry to supply the market?
* Cost of sales: advertising, representation, travel, public relations?

FEASIBILITY STUDIES

In essence, an industrial feasibility study is a very detailed, well-organized analysis of the suitability of a specific community or area. The study usually takes the form of a typed proposal, perhaps a booklet, which can be made available to existing industries or to entrepreneurial groups of investors for the purpose of encouraging them to establish a plant in a given community.

A formal feasibility study should contain the type of information we have been examining during this session. It is essentially an analysis of the availability of raw materials, markets, and competitive manufacturing costs. The aim is to show the potential manufacturer that all or most of the cost factors relating to his particular industry are competitive and that other factors in this community make the total proposed project attractive.

If you analyse the assets and liabilities of your community and relate them to the basic needs of specific manufacturers, you can prepare a feasibility study which will go a long way toward uncovering and pointing up opportunities which may otherwise be overlooked by companies or entrepreneurial groups.

The preparation of an effective feasibility study is usually beyond the competence and financial resources of most smaller communities. In this session we intend simply to make you aware of what such a study is and its general purpose. The attached, fairly simple, feasibility study will show what can be done without too much complication.

Should you wish to go into the subject in greater detail, or if you feel that preparation of a study might help to bring about the establishment of a specific industry in your area, it would be wise to contact your provincial department responsible for industrial development.

DBS INDUSTRIAL CLASSIFICATION

As the central statistical agency, the Dominion Bureau of Statistics is responsible for the compilation and publication of facts on the economic and social life of Canada. Its objective is to produce statistical information which government, business, industry, labour and Canadians in general, can use in reaching decisions.

In to-day's economy, precise knowledge of industry and markets is limited by their size and complexity. Statistics can be used to extend the individual's range of knowledge about them and to answer or help to answer such questions as: What is manufactured in Canada? How much and by whom? Who uses it? What is the size of a particular market? Can it be served more effectively?

Basic to this type of analysis is the broad industrial classification used by the Dominion Bureau of Statistics. A standard classification system provides a common framework so that comparable data can be secured from different statistical sources. In the absence of such a system, data obtained on different surveys tend to be compiled on an ad hoc basis without regard to comparable information available elsewhere.

Industry is used in this classification system in its broadest sense, to include all economic activity from primary industries such as agriculture and forestry to those concerned with the rendering of services. An *industry classification* is composed of establishments engaged in the same or similar economic activity (e.g. logging camps, clothing factories). A list of these classifications is attached.

Although any regular use of this source of information may be limited unless you have readily available the services of an economist or statistician, the industrial classification system can most certainly be used to advantage, for example, in establishing general trends. It is easy to assess opportunities in a given field, by determining whether the industry as a whole is expanding or contracting. You just compare the numbers in the business, and the dollar volume, over the previous 10-year period.

As a guide to the use of the Standard Industrial Classification Manual of DBS we have listed in Handout 3 the headings or major industrial classifications in the system. As a further example of the information available within a major industrial classification, the various categories in the clothing industry section are listed.

Further information on the services and information is available from DBS. Write: INFORMATION DIVISION, DOMINION BUREAU OF STATISTICS, OTTAWA 3, ONTARIO.

SUMMARY

By preparing and analysing a survey or inventory of assets and liabilities in your community, you can determine which of the four general types of industry would make the most sense for your particular municipality.

Once you know the type or classification of industry to look for, you can prepare succinct informative material - brochures, proposals, promotional letters, etc. - to emphasize the opportunities you can offer to a specific industry within that general classification.

Finally you can develop a list of the potential prospects most likely to be interested in the industrial opportunities you have to offer.

It is not easy to identify a new industrial opportunity and you should not expect to do this in your early days on the job. But, as you study the situation, if you do feel that an outstanding industrial opportunity in your community is being overlooked, you may wish to consider the possibility of having a professional consultant prepare a feasibility study.

UNIT 5

IDENTIFYING TYPES OF INDUSTRY

HANDOUT 1

EXAMPLES OF CLASSIFICATION

Resource-Based Industries:

1. Pulp Mill
2. Vegetable Freezing Plant
3. Mine Concentrator

Market-Based Industries:

1. Oil Refinery
2. Automotive Plant
3. Breakfast Cereals

Footloose Industries:

1. Electronics
2. Garment Manufacturing
3. Plastics

Homegrown:

1. Alberta Trailer Co. (A.T.CO.) Calgary, Alberta
2. Bombardier (Ski-Doo), Sherbrooke, P.Q.
3. Irving Enterprises, St. Johns, N.B.

UNIT 5

IDENTIFYING TYPES OF INDUSTRY

HANDOUT 2

LIST OF INDUSTRIES
(FOR CLASSIFICATION)

Creative Specialists Comp. (Sales - Promotion - Ideas)

Reliance Chemicals

Smith Auto Body

Aluminum Company of Canada

Modern Technical Services

Stron Photo-Engraving

Notary Public

Filtration of Canada

Humber Community College

Ontario Fence Co.

General Gear Ltd.

Walters Dry Goods

Corning Glass Works

Regal Stationery Company

Sunny-Lea Motel

Liquor Store

Laidlaw Lumber Comp.

Coca Cola Ltd.

Kennebec Knitting Mills

Metropolitan Life Insurance

UNIT 5

IDENTIFYING TYPES OF INDUSTRY

HANDOUT 3

DBS INDUSTRIAL CLASSIFICATIONS

DIVISION 1 - Agriculture

Major Group 1 - Experimental and Institutional Farms
Major Group 2 - Small Agricultural Holdings
Major Group 3 - Commercial Farms
Major Group 4 - Services Incidental to Agriculture

DIVISION 2 - Forestry

Major Group 1 - Logging
Major Group 2 - Forestry Services

DIVISION 3 - Fishing and Trapping

Major Group 1 - Fishing
Major Group 2 - Fishery Services
Major Group 3 - Hunting and Trapping

DIVISION 4 - Mines (Including Milling), Quarries and Oil Wells

Major Group 1 - Metal Mines
Major Group 2 - Mineral Fuels
Major Group 3 - Non-Metal Mines except Coal Mines
Major Group 4 - Quarries and Sand Pits
Major Group 5 - Services Incidental to Mining

DIVISION 5 - Manufacturing Industries

Major Group 1 - Food and Beverage Industries
Major Group 2 - Tobacco Products Industries
Major Group 3 - Rubber Industries
Major Group 4 - Leather Industries
Major Group 5 - Textile Industries
Major Group 6 - Knitting Mills
Major Group 7 - Clothing Industries

242 Custom Tailoring Shops
243 Men's Clothing Industry
244 Women's Clothing Industry
245 Children's Clothing Industry
246 Fur Goods Industry
247 Hat and Cap Industry
248 Foundation Garment Industry
249 Other Clothing Industries

Major Group 8 - Wood Industries
Major Group 9 - Furniture and Fixture Industries
Major Group 10 - Paper and Allied Industries
Major Group 11 - Printing, Publishing and Allied Industries
Major Group 12 - Primary Metal Industries
Major Group 13 - Metal Fabricating Industries (except Machinery and Transportation Equipment Industries)
Major Group 14 - Machinery Industries (except electrical machinery)
Major Group 15 - Transportation Equipment Industries
Major Group 16 - Electrical Products Industries
Major Group 17 - Non-Metallic Mineral Products Industries
Major Group 18 - Petroleum and Coal Products Industries
Major Group 19 - Chemical and Chemical Products Industries
Major Group 20 - Miscellaneous Manufacturing Industries

DIVISION 6 - Construction Industry

Major Group 1 - General Contractors
Major Group 2 - Special Trade Contractors

IDENTIFYING TYPES OF INDUSTRY

HANDOUT 4

FEASIBILITY STUDY

Summarized Market and Economic Assessment

This report was prepared for the purpose of determining the capital cost and profitability of a small slaughtering plant. The following are of the utmost importance in connection with this project.

A. There is over-capacity in the slaughter-house industry in Canada.

B. The slaughtering and meat packing industry is one of the most highly competitive of all industries in Canada. It is dominated by large well-financed companies with facilities widely distributed throughout Canada.

C. The plant must meet Health of Animals standards and be approved under their regulations. Entering the Eastern Canadian market is essential. It is necessary to have Health of Animals approval in order to sell meat across provincial boundaries.

D. Prices at the central stockyards have averaged 20.9¢ per lb. for beef compared with 20¢ per lb. in the proposed location. Experience has shown that the price for live beef reaches the same level as that at the central stockyard when a new plant is built in a community. This means that the existing advantage in procuring live animals can be expected to disappear.

E. There is no possibility of marketing meat in the United States. The current price differential, plus the import tariffs, eliminate this possibility.

F. Four packers compete in the market area. Beef is the volume item. Packers are prepared to meet prices to within 1/4¢ per lb. and, in fact, to sustain losses on beef in order to sell higher profit items such as processed meats.

G. The profitability of the plant depends upon the sale of all by-products. For example, if the tankage, bladder and gut were not sold, the profit would disappear.

H. The Canadian meat price structure is based on Toronto. Due to the freight rate structure, a plant in the proposed location would receive 0.3¢ per lb. more by selling in the Toronto - Montreal markets than in the closest large consumer market.

I. The best opportunities for a killing plant established in the proposed area would appear to be:

a) Entering the Eastern Canadian market;
b) Custom killing for farmers in the area (an estimated 50% of all meat consumed in the area is slaughtered on the farm);
c) Selling to a line of voluntary or corporate chain stores or to a wholesale firm supplying these outlets;
d) Selling to local stores.

J. Two trends may be expected to affect the market position considerably over the next few years. There has been widespread pressure lately in several provinces to ensure that all meat sold for human consumption is slaughtered on premises under inspection by the Health of Animals Division of the Department of Agriculture. If such provisions were to be enacted, the butcher shops and small uninspected slaughter-houses which are currently supplying a large part of the market would have to close operations. This would present an additional opportunity in the closer small towns.

The second trend, which will have an effect in the long run, is the trend toward retail selling through large chain stores. There is a diminishing role for exclusive meat outlets; an increasing amount of merchandising is done through large chain stores, many of which practice central buying policies, and demand high quality meat products.

K. The market for fresh meat products in the market area is estimated to be 9,900,463 lbs., and is expected to increase to 13,175,495 lbs for 1975. Fresh beef and veal account for 53% (5,173,796 lbs.) of all meat consumption, fresh pork for 38% (3,735,450 lbs.), and lamb and mutton for 2% (224,127 lbs.).

L. The proposed plant will have the capacity to supply approximately half the total beef market in the pre-determined market area. The possibility of capturing this much of the market would be extremely remote - therefore a certain portion of the production must be sold in the Eastern Canadian market.

M. The system of truck franchises does not favour the proposed location as a distribution point. A delivery truck may have to be operated by the plant in order to assure delivery to surrounding points not served by commercial truckers operating from the town.

I PLANT INVESTMENT AND OPERATION

A. Building Costs

A building comprising 1,747 square feet would be required. The cost of the building is estimated at $27,060.

Plumbing		$ 5,000
Wiring		5,000
Holding area	500 sq. ft. @ $1.50	750
Killing area	528 sq. ft. @ $10.00	5,280
Office area	335 sq. ft. @ $10.00	3,350
Cooler	384 sq. ft. @ $20.00	7,680
		$27,060

B. Equipment Costs

The equipment for the plant represents an investment of some $25,550 comprising:

	Est. Capital Cost
Knocking Box with hog rest. device	500
Hoist - 1 ton)	
Hoist - ½")	500
Lander	150
Saw	150
Scale - live beef)	
Scale - track)	1,750
Sterilizing sinks	300
Skinning Cradle	200
Splitting Saw	1,750
Skinning Saw	200
Washing Cabinet	500
Platforms for washing, splitting and shrouding	300
Head Washing Rack	200
Inspection Table	1,200
Head Inspection Rack	150
Boning Table	100
Track-180' with 6 switches @ $5/ft. & $25 each	1,050
Scalding Vat with Thrower	600
Dehairer	1,100
Gambrelling Table	300
Carts - 3	600
Chutes & Doors - 4	1,000
Furnace	500
Hot Water Tank	600
Water pump and Well	1,000
Refrigeration Unit - 10 HP	5,000
Truck	1,500
Waste Disposal Lagoons (dependent on site)	2,000
Water Trough	150
Feed Trough	150
Stunning Pistol	150
Tripepyramid	300
Bleacher	200
Casing Cleaner	300
Hand Tools & Hoses	1,000
Typewriter	100
	$25,550

C. Capital Requirements

The capital requirements are based on a plant producing 21 cattle per day. They also assume approval by the Provincial Health Department, the Health of Animals Inspection Service, and others, of these plants.

From selected corporate ratios, the meat packing industry shows receivables as 4.2 percent of sales and inventories as 6.4 percent of sales. Inventories will be reduced in this operation, because of the type of program, to approximately one percent of sales ($1,138,000); then some $60,000 are required. Assuming suppliers provide terms sufficient to handle the inventory and the chartered bank provides 75% of receivables, then the working capital is $12,390.

The capital requirements of the project amount to some $35,000; about $35,000 in equity capital would be required.

SUMMARY OF CAPITAL REQUIREMENTS

Buildings	$27,060
Working Capital	12,390
Equipment	25,550
TOTAL	$65,000

EQUITY REQUIREMENTS

Total Capital Required	$65,000
Term Debt Assumed	30,000
Equity Capital Required	$35,000

II OPERATING MARGINS AND YIELDS

Material Yields - Cattle

Item	Yield for a 1000 lb. steer	Price - Toronto	Assumed Price f.o.b. Plant	Value in Dollars
Sides 145 lbs. high value 95 lbs. med. value 210 lbs. low value 110 lbs waste	560 lbs.	39¢	37¢	$207.20
Heart	2.5 lbs.	19¢	18¢	0.45
Kidneys	2.0 lbs.	24¢	22¢	0.44
Liver	12.0 lbs.	22¢	21¢	2.52
Sweet Breads	.5	20¢	19¢	0.10
Tongue	6.5	29¢	28¢	1.82
Trimmings	6.0	20¢	19¢	1.14
Brains	0.75	20¢	19¢	0.14
Tripe (scalded)	20.0	8 1/2¢	7¢	1.40
Tail	2.5	16¢	15¢	0.38
Hoof	2.0	2¢	nil	- 0 -
Blood	48.0(8 lbs dry)	6 3/4(dry)	nil	- 0 -
Tankage	60.0(30 lbs dry)	5¢(dry)	1¢	0.60
Tallow	65.0	6¢	4¢	2.60
Hide	60.0	5¢	4¢	2.40
Weasand (1 piece)	2.5	6¢	2¢	0.05
Bladder (1 piece)	3.5	17¢ each	10¢ each	0.10
Bung Gut (1 pc.(5 cattle/bdl.)	$1 bdl.	20¢ ea.)	20¢ ea.	
Middle Gut 20'(6 cattle/bdl.)	15.0 $1.50 bdl.	25¢ ea.)	salted	0.60
Round Gut 100'(3 cattle/bdl.)	$ .85 bdl.	27¢ ea.)	& cured	
Manure & Shrink	131.25	nil	nil	nil
	1,000.00			$221.94
Therefore cattle cost				$200.00
Meat margin /1000 lbs.				$ 21.94

III OPERATING PROJECTION

This operation is designed to slaughter only, with by-product recovery and the sale of whole carcasses. To simplify the analysis, a gross margin of $30/hour will be assumed which, while slightly lower than the estimate on the previous page, is within 1% of their value. Thus to produce 21 head of cattle a day two men would work for seven hours and spend one hour cleaning the plant. Assuming a 243-day per year operation the following statement results:

Pro Forma Profit Statement

Gross Profit after material & direct labour		243 x 7 x 30	$51,030
Indirect Labour - clean up		243 x 2 x 1.50	729
Manager			5,000
Power		40hp @ $112	4,480
Fuel			900
Maintenance			3,500
Misc. Direct Expense			1,391
	Total Direct		$16,000
Taxes - unorganized			250
Telephone			250
Stationery			250
Advertising & Donations			250
Interest & Bank Charges	Med. Terms $30,000 @ 7% =	$2,100	
	Short Terms 30,000 (over) @ 7% =	2,100	
	Bank Ch. exch. etc.	200	4,400
Insurance	$70,000 @ $5/M		350
Professional Services			1,000
Trucking in area - offal, etc.			1,500
Travel and Brokerage Fees (1/4/1b. on 20% of output)			2,500
	Total Overhead		$10,750
Net Profit before Taxes and Depreciation			$24,280
Estimated Depreciation Allowance			5,000
Estimated Corporate Profits Taxes			4,130
Net Profit after Taxes & Depreciation			$15,040
Cash Generated			$20,040

IV BREAK-EVEN CONSIDERATIONS

Tonnage handled if all beef = 4,924,395 lbs. live.

Therefore, difference between above margin and break even =

0.4¢/lb. in purchasing

or 0.5¢/lb. in selling

or 153 days operation

or 3,213 cattle.

While the above price analysis is considered conservative this indicates the necessity of careful trading and indicates where the control is required in the business. Another way of stating it is that if the tankage, bladder and gut were not sold the profit would disappear.

While the net profit represents a return on equity capital of over 40% the profit as a percentage of sales is only 1.4% or (on a basis of comparable property taxes) 0.3% lower than the major packers.

UNIT 6

FINANCING INDUSTRIAL DEVELOPMENT

INSTRUCTOR'S GUIDE

Introductory Note

This Unit deals with a major aspect of Industrial Development - finance. Financial problems are a principal concern in Industrial Development. The cost of money, and availability of funds, which are often the most difficult to procure when the cost is high, are fundamental to an entrepreneur's decision to proceed with a facility. "Moving", or "costs", or "finance", tend to be the matters around which communication about community issues usually takes place. Important factors such as the growth and development of a community, the quality of life to be found there, aspects relating to recreation, education, culture, standards of living, tend to be discussed as problems of costs, salaries, income, assessment and taxes. Financial problems and their solutions are human and social concerns like any others. But there is a special language involved and a group of special institutions related to them.

Content

The content of this Unit is devoted largely to the language in which financial matters are discussed or expressed, and to descriptions of the specialized institutions involved in financing. There is a good deal of material describing the methods and organizations with which the industrial development officer must become familiar. He must know where to look for assistance - one of the points made in the material is that there is a good deal of assistance available - and he must know how to approach each of these resources. Because there is much detail to be grasped, five Case Studies are presented, each of which deals with a single area of the subject. The Case Studies are intended to stimulate interest in the informational material.

Special Note:

This is the first major use of Case Studies, so a special note is appropriate. A Case Study is a specially created replica of a possible situation. It is usually designed to make a few specific points, and to stimulate participants to employ the information and experience they already possess, as well as to hunt for new information.

Essentially, its purpose is to make abstract-seeming information relevant to the existing interest and information of the learner.

It is important to remember the following:

* The instructor should review the points very carefully at the end of each study;
* Case Studies should be introduced carefully and clearly so that everyone understands;
* They are best applied to discussion, with groups small enough so that everyone can contribute;
* They should be used for a limited time;
* There may be no "correct" solution - any number may be possible, or none.

The Case Studies are deliberately designed to stimulate the participants to use the material in the Unit.

Goals

The goals of this session are those stated in the introduction to the course, but might be re-stated as:

* To develop an awareness in the Development Officer of the attitudes of investors;
* To develop some skill in using the language of finance and its relevant institutions;
* To develop an understanding of the needs of companies and investors for both finance and information;
* To develop an awareness of the needs of the financial institutions and how to meet them;
* To develop some reasonable caution in dealing with matters in this area;
* To develop a knowledge of the manner and form that should be used when approaching various financial institutions for assistance.

Materials

1. A text divided into three parts:
    a) Investor Attitudes and Sources of Funds
    b) Case Studies
    c) Supporting material for Case Study 5

2. Tape: Attitudes of Investors
General Approach of the Investor

3. Slides:
1. Two kinds of Capital
2. Sources of Loan Capital
3. Sources of Loan Capital
4. Sources of Loan Capital
5. Local Financing

4. Handouts:
1. Financing Addendum
2. Application form for Industrial Development Bank
3. Financing Canadian Industries

Instructional Outline

Step 1 - Review the Unit and the goals. If you or one of the participants can cite recent examples of financial arrangements in the area it might be useful to refer to them. This is a large Unit and there is plenty of opportunity for discussion. Hand out a) Text; b) Financing: Addendum; c) Application form for the Industrial Development Bank; d) Financing Canadian Industries.

Step 2 - Introduce and play the tape. It is not very long and will set the stage pretty well. Allow discussion to develop briefly if the participants wish. Wherever possible refer them to the information in the literature which was handed out in Step 1.

Step 3 - Show the slides, paraphrasing information from the Text as seems desirable.

Step 4 - Introduce Case Study 1. A good deal of active participation is desired, and groups of no more than 5 are essential. Ask groups to appoint discussion leaders and distribute a copy of the Case Study to each participant. Introduce the case carefully, perhaps by reading it aloud. Allow time for questions of clarification. This case is more speculative than the others, but the goal is to consider:

* What sort of information about a prospective company is vital and to whom?

* The whole matter of the integrity of the prospect.

Let the groups discuss this case for about 20 minutes and then ask for reports. If you have a large number of groups, ask all those reporting after the first to report only additional ideas. This is a fairly general case, and is really meant to get the participants used to the case method. No longer than about 40 minutes should be devoted to it.

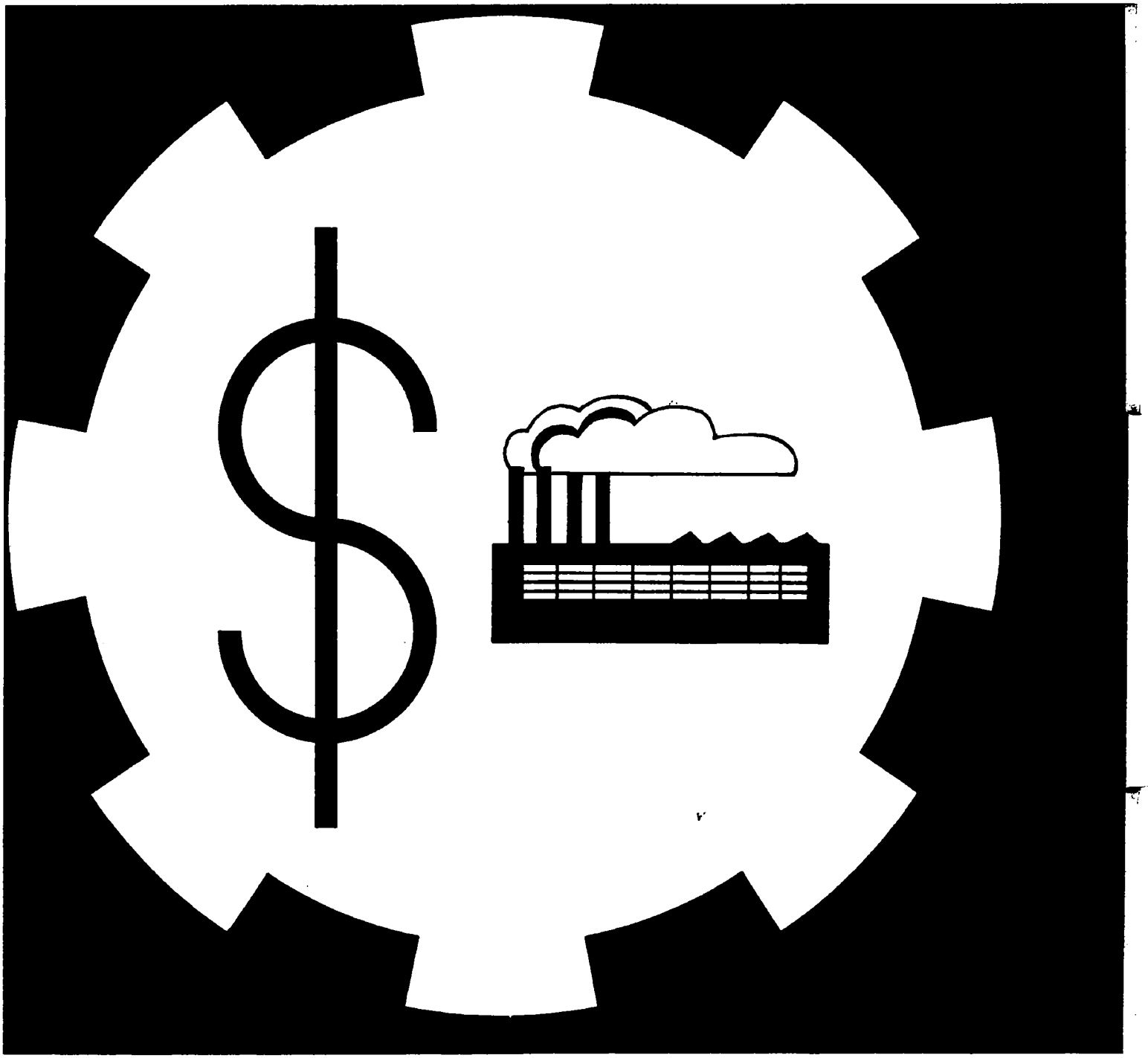
There are a number of case studies. The important ones are the first and last. If you start to run short of time, sacrifice 2,3, or 4, but don't find yourself crowded by the time you get to number 5.

Step 5 - Introduce Case 2. This is more a simple problem than a case. Distribute copies and ask the participants to read it for themselves. Refer them to the relevant pages in the handout material. The question can be probably discussed as a total group. If the answers indicate real awareness of the situation regarding Development Corporations, the instructor can move through this one quickly.

Step 6 - Introduce Case 3. This requires more detailed discussion, including a reasonable investigation of the Application to the Industrial Development Bank which was handed out in Step 1. Divide the participants into groups of 5, asking them to read the case carefully and examine the application. Refer them to relevant pages in the handout material, allowing 20 minutes or more for discussion.

Step 7 and 8 - Introduce Cases 4 and 5 in the same way as in Step 6. These two cases will require more time than the preceding case discussions. The maximum amount of time possible should be devoted to Case Study 5. After a preliminary discussion has taken place on Case Study 5 hand out additional material which has been provided.

Step 9 - Summarize the Unit.



UNIT 6

FINANCING INDUSTRIAL DEVELOPMENT

6

INDUSTRIAL DEVELOPMENT TRAINING COURSE

prepared for the
DEPARTMENT OF REGIONAL ECONOMIC EXPANSION
by the
CANADIAN ASSOCIATION FOR ADULT EDUCATION

UNIT 6

FINANCING INDUSTRIAL DEVELOPMENT

CONTENTS

UNIT 6

FINANCING INDUSTRIAL DEVELOPMENT

FINANCING AS IT RELATES TO THE INDUSTRIAL DEVELOPER

Attitude of Investors

Before new industry can be introduced into your community, or an existing industry expanded, a source of funds to finance such an addition or expansion must be found.

The persons who are responsible for the placing of loan capital are concerned for its security. They want to make sure that the money they lend will be returned to them in the future. This means that, all other things being equal, they would much prefer to lend their funds to established businesses in prosperous communities. It is in these areas that they have the least likelihood of loss. It is hard to argue with them about this because, if you and I had money, this is precisely the sort of rule we would follow ourselves in lending it. We would want to get a high rate of return on our loan; and we would be very concerned that we should, some time in the future, get our money back.

It is fairly safe to assume that financing a new industry in an area requiring industrial development will be less attractive to the general investing public than alternative forms of investment. Therefore, the securing of financing may present some problems. It is here that the industrial developer can make a significant contribution for his area to prospective new firms by researching carefully the whole question of availability of capital funds, either from federal programs, provincial or local sources.

The availability of funds can make the difference between a go and a no-go situation. It can also help to increase the size of the capital project, whatever it is, or to speed up the new company's capital spending program.

In general, financing is available for any project which seems to offer a reasonable chance of business success. Furthermore, a source of financing can be found, given an unlimited quantity of time, effort and ingenuity. However, there is a limit to the amount of effort and ingenuity that the average firm will be willing to expend to seek financing for its own capital expansion program. In other words, if the industrial developer is to attract industry to his town, he must make it easier for the company to finance its new plant or its extended operation there than anywhere else.

Therefore, a very real part of the industrial developer's responsibility is seeking out sources of capital funds well disposed to investment in his area. Secondly, he must know how to approach the various governmental or quasi-governmental bodies who are interested in stimulating investment in industrial projects. The industrial developer should constantly keep in mind that investors are always seeking opportunities to invest in viable projects.

Finding capital resolves itself, then, into a lengthy and time-consuming program which consists of undertaking, in their proper sequence, a number of related steps. It is the purpose of this section to discuss what those steps are and how they should be undertaken.

General Approach of the Investor

Basically, the prospective lender is interested in only a few things. The lender may ask for a large amount of information, but fundamentally it will be directed at these points:

1. The management of the company must be in the hands of alert, aggressive, and intelligent individuals. Good management is the key factor in the success of any business and should rank above the equity available to an enterprise when assessing its merits. This is presuming that the party or parties concerned have previously performed in a management role. If this is not the case then the second and third points become paramount.

2. Is the prospective borrower a responsible, reputable individual or group of individuals? If the answer to this question is 'yes', then the prospective lender will be interested in finding out if the proposal is sound in a business sense.

3. Is the venture likely to make money? Is it likely to be successful? If the answer to these questions is 'yes', then the prospective investor or creditor will direct himself to determining if there is sufficient security in the project for him to advance funds.

Probably exceptions could be found, but we can state the general proposition that no credit grantor is going to advance one red cent to a project which is not run by efficient and reputable individuals; does not promise a reasonable chance of success; and does not provide security for the funds invested.

The prudent industrial developer should have no trouble in meeting these requirements. It would surely be most unwise to become involved in an industrial development project which could not meet the above requirements. If the industrial developer can, in truth, say that the business with which he is negotiating is one which he would like to have in his community, it is probable the credit grantors will feel the same way about it.

The larger and more successful the company, the easier it is to convince the prospective grantors of credit that it is reputable. This is because the more reputable and well-established the company is, the more likely its project is to be successful. This is not an inflexible rule, of course, otherwise no new companies would ever get started successfully. But it is for this reason that a subsidiary of a large industrial complex is a more attractive industrial development project than a new business starting out on its own, although the proposed developments may be of equal size.

There is another reason why the prospective credit grantors will find the large company much more attractive. Creditors prefer to lend to companies or individuals who have committed themselves to their ideas by investing a substantial sum of money in their project. Prospective credit grantors do not like having the larger part of the action, because they are wholly dependent, in most cases, upon the success of the business in order to recover their interest and principal repayments. The credit grantors try to make sure that the prospective borrower stands to lose a good deal more than *they* do in the event of a collapse of the project.

Credit grantors achieve this objective by requiring that the borrower put substantial funds into his project or his business himself. It follows that the bigger the capital base the borrowing company is operating from, the easier it will be to obtain loan capital, provided that management is sound. So what information is required, by the prospective credit grantor or investor of loan capital, will depend upon the identity of the company. For example, if the new industry is a subsidiary or a division of a well-known, substantial firm, the credit grantor will generally accept it as reputable.

If the new industry is small or unknown, then you have to establish, to the satisfaction of the prospective credit grantors, that your people are talented and reliable. This will typically involve the production of a short history of the company (if it has had a corporate existence), financial statements, etc., and resumés of the work and experience of the principals. These need not be extensive, but they must be complete. Lending agencies have a tendency - annoying to prospective borrowers - to sit on their hands and do nothing until they are given all the information they have requested.

SOURCES OF FINANCING

The Two Kinds of Capital

The money used to finance a business is called *capital*. The capital invested by the owners is called *"equity capital"*. The owners invest in a business proposition in the hope of making a profit. Interest is not paid on this kind of capital, nor does the investor expect to be repaid his investment, unless he should sell his share of the ownership to some other person.

The other kind of capital is *"loan capital"*. The investors who put loan capital into a business do not buy a share of the ownership, nor do they expect to participate in the profits of that business. Such investors do, however, require interest for the use of, and the risk to, their money. Further, they lend their capital on a fixed term and require its return at the end of that period.

The form of capital in a limited company may be deemed by some loan capital lenders to be in the form of *"shareholders' loans"* ; preferred shares, redeemable or non-redeemable; bonds; subordinate debentures; common shares; or any combination of these items. The yield on these items in some cases must be fixed, in others left to the discretion of the directors. The institutional lenders may also set fixed conditions and order of priority on any of the items which make up the capital formation in order to secure their position for the duration of their loans.

All businesses need equity capital, whether they be sole proprietorships, partnerships, or incorporated companies. Most businesses require some form of loan capital. The usual sources of such loan capital are described in the booklet Financing Canadian Industries (Ottawa, Department of Industry). It would be useful, however, to review some of the main sources during this session.

Short Term Loan Capital

The purpose of short-term loan capital is to provide support for the working assets of the business concern, such as receivables and inventories. Such support may be in addition to long term funds invested in the business or for some unusual peak in the operating cycle of the business. The following institutions are in the short term loan field.

Commercial Banks: Lend on the security of inventories, accounts receivable or personal worth of the principals. The banks are the principal source of short-term money in Canada (Fin. Can. Ind. pages 14-15).

Factoring Companies: Lend on the security of the accounts receivable of a company, and manage such receivables for a fee. They will lend a higher proportion of the value of the receivables than the commercial banks (Fin. Can. Ind. page 15).

Sales Finance Companies: Lend on the security of hard goods, typically for a period of one to three years. They are thus a bridge between the very short term of the bank and the long term of the mortgage. Everyone who buys a car on time uses the services of a sales finance company (Fin. Can. Ind. pages 16-18).

Provincial Development Agencies: Three provincial development agencies also operate in the short-term field. These are: Alberta Commercial Corporation (Fin. Can. Ind. page 22), New Brunswick Industrial Development and Expansion Act (Fin. Can. Ind. page 24), and Ontario Development Corporation (Fin. Can. Ind. page 27).

Medium to Long-Term Loan Capital

The purpose of medium to long-term loan capital is usually to provide the capital assets of the business: that is, plant, machinery, and equipment, etc. These sources of medium to long-term funds are described in Fin. Can. Ind.

Industrial Development Bank: Lends money for the construction of plant or the purchase of equipment on a first mortgage basis. The term is usually a medium one of 5-8 years. The unusual feature of the Industrial Development Bank is that the prospective borrowers must establish that they cannot obtain the required funds in any other way (Fin. Can. Ind. page 21).

Provincial Industrial Development Agencies:

	Fin. Can. Ind. Page
Alberta Commercial Corporation	22
Manitoba Development Fund	23
New Brunswick Industrial Development & Expansion Act	24
Nova Scotia Industrial Loan Act	25
Ontario Development Agency	27
P.E.I. Industrial Establishments Promotion Act	28
General Investment Corporation of Quebec	29
Saskatchewan Economic Development Corporation	30

*Other Commercial Credit Agencies**:

	Fin. Can. Ind. Page
Canadian Enterprise Development Corporation	1
RoyNat	2
Trust Companies	5
Life Insurance Companies	6

Construction of Plant Facilities on Lease Rental Basis

This type of financing frees a business from the necessity of financing its plant facilities. Such facilities may be built by the following governmental bodies and leased to new or expanding industries:

	Fin. Can. Ind. Page
Industrial Estates Ltd. (Nova Scotia)	27
Municipal Industrial Funds (Quebec)	29

Forgivable Grants

To encourage new or expanded industrial facilities in slow-growth areas, the federal and some provincial governments have established programs of substantial tax-free grants and other inducements which in the case of the federal government include accelerated capital cost allowances.

Other Sources

Government Aids

Both federal and provincial governments have many programs which directly effect the financing of many industries. These programs are varied and range from advertising assistance to export assistance. Some federal aids are Research & Development grants: Industry Modernization for Defence Export, Industrial Design, General Adjustment Assistance Program, Automotive Adjustment Assistance, shipbuilding, etc. Some provincial aids are: The British Columbia Copper Bounty, The Manitoba Technical Assistance Grant, The Manitoba Aerodrome Assistance Grant, Saskatchewan Precambrian Incentives Program, Ontario Promotional Services Division, etc. The management of new and expanding industries should check if any of the federal or provincial programs could aid in the financing of their businesses.

* See also Handout 1: Financing-Addendum.

Suppliers & Associate Companies

If an industry was potentially a large consumer of electrical power, or any other source of power, the utility might be interested in investing in the new company provided that it had a good chance of success. A company which offered the exclusive distribution rights for a fixed period to a specialized wholesaler might interest the wholesaler in investing in the company in order to obtain the exclusive distributing rights. These are two sources of financing which may not readily be apparent. There is no limit to the ingenuity that can be put to work in raising funds.

Local Sources of Financing

The persons who have the greatest interest in investing in a community are the residents of that community. They are most easily moved by an appeal to their loyalty. Such persons are probably the best source of investment for local enterprise. However, the advantage that they represent to the industrial developer is largely offset by two corresponding disadvantages.

First, the local investors are small. The cash that any one individual may have for investment will be measured in hundreds or perhaps thousands of dollars, rather than the tens or hundreds of thousands that the corporate investor is prepared to risk. Second, the small investor is completely unorganized. There is no way for the local capital to get in contact with the industry interested in locating in the community. It is in this area that the industrial developer can make one of his greatest contributions to his community. He can develop and provide the organization to bring local capital and new industry into contact.

Local Investors

The simplest way to provide the bridge, is to prepare a list of local investors. This can be done quite easily by getting out and asking the people who are likely to have funds available. Good prospects include the professional people and the senior businessmen of the community. The large holders in real estate should also be approached. Depending upon their age and financial condition, some of the prospective investors may be interested in equity investment, that is participation in the ownership of the new firm. Others, presumably the older

ones, will be interested in the maintenance of their capital and the securing of an interest income; they will prefer to confine themselves to mortgage loans or something equivalent.

Where does one find these prospective investors? The great advantage of working in a smaller centre is that such people are known. And if they are not known personally, their names and an introduction can be easily secured. The direct and honest approach is the one to take. The industrial developer should approach the service clubs, retail merchants associations, local chapters of Canadian manufacturers association, Chambers of Commerce, and tell them exactly what he is trying to do.

He should remember, however, that any person who advises any other person on investments does assume responsibility for the quality of the advice he gives. Although this may not be a legal responsibility, it is undoubtedly a moral one. Further, it should be realized that the Securities Commission Acts in the various provinces regulate the sale of securities of corporations of any kind. Presumably as long as such placement, as described here, is done informally and gratuitously it will not come under the regulations of the Act. However, a specific written legal opinion on this point should be obtained from a qualified lawyer who knows his Securities Act. This will cost money, of course, but it is preferable to the possibility of subsequent embarrassment.

DEVELOPMENT CORPORATION

One of the obvious difficulties in making contact with the local investor is putting together a package which is attractive to incoming industry. For example, suppose an industry is putting up a new plant and requires a first mortgage of $35,000. Suppose you find 35 local investors, each of whom is willing to put up $1,000. Presumably it is possible to draw up a mortgage covenant with 35 first mortgagees in partnership on it, but the whole thing looks rather like a lawyer's nightmare.

Some communities have incorporated Development Corporations in order to let the local investor participate in the development of the community and at the same time give such development unity of direction and ease of administration. The use of the corporate form permits the Development Corporation to act as an individual in dealing with in-coming industry. This, of course, greatly simplifies the discussion.

The purpose of the Development Corporation is typically to construct factory space and lease it out to new industry. Such an arrangement reduces the new industry's need for capital since it does not have to supply its own plant. This makes starting up a company much less difficult. Further, in some provinces the municipalities are not allowed to construct buildings for the purpose of encouraging industry to locate in the community.

The incorporation of a Development Corporation is a relatively simple matter. The founders, usually the community leaders, decide what the purposes of the Corporation are to be. The Purposes section of a letters patent/ memorandum overleaf. Briefly, the powers granted the Development Corporation are normally to buy or build buildings or industrial space generally, and to sell, lease or mortgage such space. And in most charters there is a general clause that permits the Corporation to assist the development of the area in practically any way possible. The application for incorporation should be drawn up by a lawyer who knows his company law. Do not attempt to do it yourself if you do not have legal training. Once the application for incorporation is drawn, it is forwarded to the appropriate department in the provincial government. Eventually the papers come back and the Development Corporation is in being. If it is the intention to offer shares in the Corporation to the public, the whole project must be vetted by the Securities Commission in the province concerned. This must be done before the shares are offered for sale. Here again it is essential to obtain good legal advice.

The Development Corporation gives the local investor an opportunity to buy a share in his community's redevelopment. He may make as big or as small a contribution as he wishes. He may be guided by the desire to help the community, or simply by an urge to get a return on his investment. From the point of view of the industrial developer and of the in-coming industry, the advantage the Development Corporation gives is that it permits meaningful discussion with one local capital source rather than many.

Objects Section, Suitable for Inclusion in Letters Patent/Memorandum of Agreement Incorporating a Development Corporation

(a) To purchase, lease, take in exchange or otherwise acquire lands or interests therein together with any buildings or structures that may be on the said lands or any of them and to sell, lease, exchange, mortgage or otherwise dispose of the whole or any portion of the lands and all or any of the buildings or structures that are now or may hereafter be erected thereon and to take such security therefore as may be deemed necessary;

(b) To erect buildings;

(c) To take or hold mortgages for any unpaid balance of the purchase money on any of the lands, buildings or structures so sold and to sell or otherwise dispose of the said mortgages;

(d) To improve, alter and manage the said lands and buildings;

(e) To guarantee and otherwise assist in the performance of contracts or mortgages of persons, firms or corporations with whom or which the Company may have dealings and to take over such contracts or mortgages on default; and

(f) To enquire into and assist or participate in the organization and development of commercial, mercantile, manufacturing or industrial and other business concerns, whether of individuals, firms or corporations.

UNIT 6

FINANCING INDUSTRIAL DEVELOPMENT

CASE STUDY 1

INTEGRITY OF PROSPECTIVE INDUSTRIAL DEVELOPMENT

The town of Ferns Falls is industrially depressed. It was a one-industry community and that industry has recently folded. The population is approximately 3,500. The Industrial Development Commission of Ferns Falls is approached by Raymond and Robert MacPherson. The MacPherson brothers are promoting a new little company in the electronics field. The product is untried, but they are able to show letters indicating serious interest on the part of the major manufacturers. Raymond will handle the manufacturing while Robert is the salesman. The brothers are seeking municipal support in provision of serviced land, etc. Further, the MacPhersons state they will require some local capital and/or personal guarantees of bank indebtedness. The MacPhersons provide letters of reference, although they are not of recent date. The project appears soundly conceived and likely to be successful. It is the first new industry to express interest in locating at Fern Falls.

While the negotiations between the Industrial Development Commission and the brothers MacPherson are being carried on, one of the members of the Commission attends the Municipal Assessors' conference. At the convention he hears a story, casually, about two brothers called MacPherson who put over a beautiful swindle on a community in the far end of the province.

Questions for Discussion:

1. What does the Industrial Development Commission of Ferns Falls do now and why?

2. Why is the personal integrity and financial responsibility of the principals of prospective industries so important to the community seeking to attract new industry?

3. How do you assess the financial responsibility and moral integrity?

UNIT 6

FINANCING INDUSTRIAL DEVELOPMENT

CASE STUDY 2

COMMUNITY DEVELOPMENT CORPORATION

The Industrial Development Commissioners of Calebburg are pleased that they have succeeded in attracting a new industry into their town. Following the demise of two or three medium-sized, family-owned companies in the last ten years, the town has been reduced to a dependence on the summer tourist trade. The new industry will provide the town with 30 full-time jobs. This represents a ten percent increase in its wages bill. In the latter stages of the negotiations between the Commission and the new industry a hitch developed. It became evident that the new industry had sufficient funds, or could obtain them, to construct its new factory and finance its day-to-day operations. However it did not have sufficient funds to construct adequate warehousing space. There is no public warehousing available in Calebburg. The new company is unwilling to sell any more of its equity stock to the townspeople in order to provide a bigger borrowing base for additional funds. The principals of the new industry feel that to sell further stock will endanger their control over the company.

Rather than lose the new industry, the Industrial Development Commission of Calebburg established the Calebburg Development Corporation Ltd. In the brisk campaign that followed, three hundred of the townspeople and the summer residents were signed up at $100 each. The resulting $30,000 was sufficient to: a) provide the down payment for the purchase of one of the abandoned factory buildings; and b) pay for its renovation as a warehouse facility. The Development Corporation then leased the warehouse to the new company on a long-term lease for a rental sufficient to cover the Development Corporation mortgage commitments and the estimated maintenance costs.

Questions for Discussion:

1. Why go to all the trouble of creating a Development Corporation? Wouldn't it be just as easy to involve the interested local people directly?

2. Why should the citizens and summer residents of Calebburg risk their money in providing warehouse facilities for the new company when that company is not going to sell any more of its equity stock to the residents of Calebburg?

3. Why do you need the services of a good lawyer when you are creating a Community Development Corporation?

UNIT 6

FINANCING INDUSTRIAL DEVELOPMENT

CASE STUDY 3

INDUSTRIAL DEVELOPMENT BANK

South Lantern Township has attracted a new industry. Additional loan capital will be required in order to finance the construction of the new factory building. South Lantern is a predominantly rural township located 150 miles from the nearest major centre. There is some discussion among the principals and the key community figures as to where mortgage funds might be obtained. Two possible sources are suggested in the discussion. The first is the Industrial Development Bank. The second is one of the major life insurance companies. The argument for approaching the life company is that such companies are the major source of mortgage funds in Canada and so might be interested in the South Lantern project.

Questions for Discussion

1. Which should the South Lantern people approach first, the Industrial Development Bank or the life company? Why?

2. If the life company should reject the South Lantern project mortgage, would you agree with the investment logic shown?

3. The Industrial Development Bank was created to provide loan financing in situations where the existing credit grantors will not operate. However, the Bank is required to operate as a commercial venture and return a profit. If the life company cannot get sufficient security in the South Lantern project to justify its loan, how will the IDB get such security?

UNIT 6

FINANCING INDUSTRIAL DEVELOPMENT

CASE STUDY 4

CRITERIA FOR CREDIT GRANTING

The community of Sheridan Flats has interested a new plant in locating in town. The factory will employ a substantial number of new wage earners. It will have a highly beneficial effect on the local community's economy.

The new factory will require bank support for the current operations, i.e. the financing of receivables and inventories. It will require mortgage support from an agency such as the Industrial Development Bank to finance the construction of fixed assets, principally buildings, and equipment. The new factory is a labour intensive industry in that a large portion of the end cost of their production is labour. The principal features of interest in this project are:

* It seems to make sound commercial sense;

* It cannot obtain all the financing it requires from the normal commercial sources;

* It will provide new jobs in a severely depressed area.

Questions for Discussion

1. What factors will the commercial bank take into consideration when deciding whether or not to support the working assets, that is the receivables and the inventories, of the new Sheridan Flats Company?

2. What will the Industrial Development Bank take into consideration?

3. If the Industrial Development Bank considers the equity should be raised by 20% and on this basis agrees to participate, where could the company obtain these funds?

4. If the commercial bank refuses to lend operating capital on the collateral of inventories and receivables, what further proposals could the company make to the commercial bank or other institutions?

UNIT 6

FINANCING INDUSTRIAL DEVELOPMENT

CASE STUDY 5

GUIDANCE ON FINANCIAL PROCEDURES

Joe and Harry Weeks have asked the Industrial Commissioner of their small city for assistance. They wish to incorporate a limited company to manufacture metal parts for a large appliance manufacturer that has located in their city. In addition there are good markets for metal stampings in nearby cities. The Weeks brothers are experienced in this field, and through thrift have managed to save about 40% of the amount required for their fixed assets in their proposed facility. The brothers have a limited knowledge of how to raise funds for their venture and have asked the Industrial Commissioner for advice in this matter as well as possible sites where they could locate their factory. They have also enquired concerning taxes, utility rates, services, etc.

As a result of the advice given by the experienced Industrial Commissioner they later obtained a line of credit with the bank at which they had been dealing as well as a long term loan on their fixed assets from another institution.

As the Industrial Commissioner:

1. What information would you recommend that the brothers supply:

    a) to the chartered bank

    b) to the other institution?

2. How would you explain why they could not obtain all their money requirements from the chartered bank?

3. What would you tell the brothers they must show as proof of the market for their product and how did this facilitate the granting of their loan?

4. Where else would you suggest that they seek advice?

UNIT 6

FINANCING INDUSTRIAL DEVELOPMENT

CASE STUDY 5

Additional Material to be Produced after Preliminary Discussion

There are three main ingredients which must be blended in a successful business:

Sales

Manufacturing

Accounting

The progressive, profit-minded manager knows that there must be a balance between these three factors. No company can exist without marketing, at a profit, the goods which have been made. No company can obtain sales revenues if it can't produce marketable, quality goods at an efficient cost. Without good accounting and fiscal policy the company can't determine the cost of sales nor can it make proper decisions on whether to expand; raise or lower the selling price; buy that new piece of machinery, etc.

Pointing out these various aspects to the Weeks brothers, the Industrial Commissioner advised them to seek the services of a good lawyer and accountant. In the attached schedules #1 - #8 he gave them an outline of some of the information that would be required by the lending institutions. In addition he asked the brothers to compose an outline of their business careers to date. Also he asked that an outline be made of any additional technical help that would be required in the operating of the business and the probable source of that help. Further he asked that the brothers supply their letters patent after incorporation.

SCHEDULE #1

A

BUDGETED SALES FOR FISCAL YEAR . . . .

MODEL	QUANTITY	NET SALES PRICE*	AMOUNT
1.			
2.			
3.			
4.			
5.			
6.			
7.			
etc.			
		Total Net Sales	

Monthly Cash Flow = $\frac{\text{Total of Above}}{12}$ =

* NOTE: Net sales prices do not include Federal sales tax. Cash discounts for prompt payment have been deducted. No substantial monthly or seasonal sales variations are forecast.

BUDGETED MANUFACTURING EXPENSES FOR PERIOD OF FISCAL YEAR . .

ITEM	AMOUNT
1. Group Insurance (Portion to be borne by company)	
2. (a) Canada or Provincial Compulsory Pension Plan	
(b) Other Pension Plans	
3. Unemployment Insurance	
4. Workman's Insurance	
5. Heating Manufacturing Premises	
(a) Oil	
(b) Gas	
(c) Electric	
(d) Other	
6. Light and Power (Show type of power used to drive machinery and how costs have been estimated)	
7. General Insurance	
(a) Fire,Explosion, etc.	
(b) Liability	
(c) Product Liability	
(d) Burglary and Theft	
(e) Other	
8. Machinery Repairs	
9. Sanitary and Cafeteria Supplies (Include rental or contracted services, etc.)	
10. Loss on Defective Items, Rejects, and Returns	
11. General Factory Maintenance (State items included)	
12. Depreciation on Machinery	
13. Depreciation on small tools, dies, jigs	
14. Local Taxes	
(a) School	
(b) Municipal	
(c) Local Improvements	
(d) Water (metered consumption x rate)	
(e) Licenses, Fees, Associations, etc.	
(f) Other	

ITEM		AMOUNT
15.	(a) Depreciation on Buildings - or - (b) Rent on Buildings	
	Depreciation on owned transportation	
	Operating cost of owned transportation	
16.	Indirect Labour*	
17.	Other items	
	Total	

Monthly Cash Flow = $\frac{\text{Total of above, less depreciation items}}{12}$

=

*By indirect labour we mean foremen, shippers, receivers, tool, die and machinery repairers, caretakers, and other plant employees who are not directly engaged in the actual construction or formation of the end product.

C

BUDGETED ADMINISTRATION, SELLING, AND FINANCING EXPENSES

FOR FISCAL YEAR

		AMOUNT
(a)	Selling Expenses	
1.	Outgoing Freight on Manufactured Product (Where not sold FOB factory)	
2.	Reserve for Bad Debts	
3.	Advertising (Include brochures, promotion literature, Trade Shows, Conventions etc.)	
4.	Travelling Expenses	
5.	Credit and Trade Reports	
6.	Depreciation on Automobiles	
7.	Automobile Expenses	
8.	Commissions and/or Salaries and Bonuses	
9.	Other Items	
(b)	General Administration and Financing	
1.	Management, Secretarial, Office Salaries, etc.	
2.	Auditing Expenses	
3.	Legal Expenses	
4.	Sundry Expenses (Incidental items - not budgeted)	
5.	Interest on Long Term Debts	
6.	Stationery and Supplies	
7.	Bank Interest	
8.	Bank Service Charges	
9.	Communication Expenses (Phone, wires, etc.)	
10.	Interest on Mortgage	
11.	Other Items	

Monthly Cash Flow=

Total of above less depreciation + commited payments on debt

12

=

D

BUDGETED DIRECT LABOUR CHARGES FOR FISCAL YEAR . . . .

MODEL	UNITS	COST PER UNIT	AMOUNT
1.			
2.			
3.			
4.			
5.			
6.			
7.			
etc.			
		Total	

Monthly Cash Flow = $\frac{\text{Total of above}}{12}$

=

E

COMPUTATION OF OVERHEAD RATIO

a. Direct Labour (Schedule D).....$

b. Schedule B Manufacturing Expenses .....$

c. Overhead Ratio (b ÷ a) .....%

÷

F

MATERIAL COSTS FOR FISCAL PERIOD . . . .

MODEL	QUANTITY	UNIT COST	AMOUNT
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
		Total	_____

Note: On this page all material costs have been taken into consideration FOB delivered with appropriate allowances made for losses, damaged material, material that will be scrapped in the process of manufacturing, etc. All inclusive costs are deemed to have been predetermined.

$$\text{Cash Flow} = \frac{\text{Total of above}}{12}$$

=

ANALYSIS OF PROFIT BY PRODUCT FOR FISCAL PERIOD . . .

	1	2	3	4 (a)	5 (b)	6 (c)	7	
MODEL	UNIT SELLING PRICE	DIRECT MATERIAL	FACTORY LABOUR	FACTORY OVERHEAD	UNIT COSTS	UNIT PROFIT	X QUANTITY=	GROSS PROFIT
1								
2								
3								
4								
5								
6								
7								
etc.								

Gross Trading Profit

less: Selling & Administrative Overhead, per Sch. C. _____

_____

Budgeted Net Profit for Year (before taxes) ---------

Income	Cash Flow	Expenditure
Schedule "A"-		Schedule "B" -
		Schedule "C" -
		Schedule "D" -
		Schedule "F" -
		Total -

(a) 4=% (Sch. E) x 3
(b) 5=2+3+4
(c) 6=1-5

SCHEDULE #2

PROPOSED SOURCE OF FUNDS

A-Shareholders & equity

B-Long-term loan capital (including long-term asset financing)

C-Working capital (including short-term operating credit, i.e. accounts payable)

SCHEDULE #3

PROPOSED EXPENDITURE (ALLOCATION) OF FUNDS

A - Fixed assets

B - Inventories & Working Capital preproduction expenses

SCHEDULE #4

DETAILED LIST OF FIXED ASSETS, SHOWING SOURCE OF

Estimated costs - i.e. -bids received, catalogue prices, etc. and including installation costs.

- Land
- Building
- Machinery
- Equipment (transport - offices, etc.) including jigs, dies, fixtures

SCHEDULE #5

PRODUCTION FLOW CHART

Chart showing placement of production machinery and a description of the process of manufacture(and/or) assembly, packaging, etc.

SCHEDULE #6

MARKETING

A survey of the market for the products to be manufactured assembled or packaged for distribution, etc.

A	B	C
Name of Company	Quantities Consumed	Price per unit

Total - B x C =

Est. % of market available to new business _____

SCHEDULE #7

PERSONAL NET WORTH STATEMENT

Total assets (cash, cash surrender value, home, auto, etc.)

less Total liabilities (mortgage, chattel mortgages, etc.)

= personal net worth

SCHEDULE #8

FORECAST STATEMENTS

From the preceding schedules formulate a three-year projection on growth outlook of the company in the form of forecast Profit and Loss Statements, Balance Sheets and Cash Flow projection (see examples following).

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED

	Year 1	Year 2	Year 3
SALES			
COST OF SALES			
Material costs			
Inventory, beginning of year			
Purchases			
Inventory, end of year			
Direct wages			
Factory overhead			
Details per Sch. B.			
Production costs			
GROSS TRADING PROFIT			
SELLING AND ADMINISTRATING EXPENSES			
Details per Sch. C.			
NET PROFIT FOR THE YEAR			
Retained earnings at beginning of year			
RETAINED EARNINGS AT END OF YEAR			

BALANCE SHEET AS AT . . . .

ASSETS

	Yr. 1	Yr. 2	Yr.3
CURRENT ASSETS			
Cash			
Accounts Receivable			
Inventories			
Prepaid Expenses			
FIXED ASSETS			
Cost			
Accumulated depreciation			
OTHER ASSETS			
Deposit on purchase of fixed assets			
Other (Specify)			

LIABILITIES

	Yr. 1	Yr. 2	Yr. 3
CURRENT LIABILITIES			
Bank indebtedness			
Accounts, payable and accrued			
Income and other taxes			
Other indebtedness			
LONG-TERM LIABILITIES			
(Specify)			
SHAREHOLDERS' EQUITY			
CAPITAL STOCK			
Authorized			
Issued			
SURPLUS			
Retained earnings			

UNIT 6

FINANCING INDUSTRIAL DEVELOPMENT

HANDOUT 1

FINANCING : ADDENDUM

Canadian Enterprise Development Corporation Ltd. (CED)

CED was formed in October of 1962 with an original capitalization of just under $5.4 millions. This capital was subscribed by 27 privately-owned organizations all of which are Canadian-owned, except for one U.S. company and two companies owned in the U.K. It is not a bank or an investment company in the usual sense.

CED provides equity funds for new developments or for companies of promise which require financial assistance not normally available from conventional sources.

It shares in the ownership of the undertakings in which it participates and therefore in the risks and responsibilities of the owners of these businesses.

In short, CED is a Venture Capital Investment Company. CED does not deliberately seek control of the ventures in which it participates; on the other hand, it will from time to time invest in situations where the amount of capital or the degree of risk involved will require that it has controlling interest during a company's formative years. It does not plan on managing any company in which it invests, but seeks to participate in situations where the quality of management and leadership is on a high plane.

CED will invest in any industry that plays a constructive part in the Canadian economy and has good growth potential. Its operation is not limited to any particular section of the economy or by geographic areas. It is prepared to consider any sound proposal and its approach to each situation is flexible.

RoyNat

RoyNat began operations on July 1st, 1962. Their head office is located in Montreal. They maintain three district offices (Montreal, Toronto and Vancouver) and three branch offices (Halifax, Winnipeg and Calgary).

Original equity of capital of $10 million was provided by the Royal Bank of Canada, the Banque Canadienne Nationale, the Canada Trust Co., and the Trust Generale du Canada.

The object of RoyNat is to provide term financing to expanding or new Canadian companies which it is not practical or convenient to raise by way of banking facilities or public issue.

The minimum amount of financing available through RoyNat is $25,000. There is no specific maximum.

RoyNat financing is available over periods from three to ten years. Repayment may be in instalments payable at intervals best suited to the applicant's business.

Financing is generally provided by way of purchase of bonds to form a company secured on real estate, machinery and equipment, and other tangible assets except inventory and receivables available for bank loan purposes. In other words, the creation of funded debt.

Rates of interest vary with the value of security available, the earning capacity and the future prospects of the applicant, but it is primarily based on the rates current in the capital market at the time.

Fees, at the present time, are as follows:

* No charge for investigation up to the time an offer of finance is accepted. However, a fee to cover expenses of negotiation is charged at that time at the rate of ¼ of 1%, with a minimum of $100.

* A charge for repayment of 6% of any amount prepaid during the first four years, thereafter reducing at the rate of 1% per annum to a minimum of 2%.

* A penalty of 1½% in the event of cancellation prior to closing.

* If a standby commitment is required, a fee of 2%.

RoyNat financial assistance is available for many projects such as:

*The purchase of land and buildings, alterations, enlargement or construction of buildings or the purchase of machinery and equipment required to modernize or expand the applicant's facilities

* Provision of additional working capital to enable a more rapid rate of expansion.

* Replacement of working capital used for the acquisition of fixed assets or other business reasons.

* Assistance in the acquisition of another business where it is shown that it can be profitably carried on or merged with the operations of the purchasing company.

* Participation in the establishment of new companies that show good prospects of success.

* Refinancing of existing obligations considered where favourable conditions exist.

* Assistance in freeing capital and providing liquidity for estate tax and succession duties against the eventuality of the death of a major shareholder.

Basic requirements are:

* Sound management.

* Potential earnings sufficient to service the debt, and other needs of the business.

* A reasonable relationship between shareholders' equity in the business and the amount of debt being created.

Trust Companies

Canadian trust companies continue to play a very important part in the financing of industry in Canada. They are substantial investors in bonds, debentures and other obligations issued to pay for the construction of industrial and commercial buildings and to purchase the machinery and equipment necessary for their operation.

Because of the *trust* nature of the funds under their administration, trust companies are required by law to invest chiefly in mortgage and other securities that qualify under governing legislation. Trust companies also invest in the shares of corporations. These investments are limited to corporations that have a record of paying dividends over the preceding five to seven years. This authority is extended, however, to provide for the investment of a small percentage of eligible funds in shares not so qualified.

Suppliers & Associate Companies

If an industry was potentially a large consumer of electrical power, or any other source of power, the utility might be interested in investing in the new company provided that it had a good chance of success. A company which offered the exclusive distribution rights for a fixed period to a specialized wholesaler might interest the wholesaler in investing in the company in order to obtain the exclusive distributing rights. These are two sources of financing which may not readily be apparent. There is no limit to the ingenuity that can be put to work in raising funds.

Local Sources of Financing

The persons who have the greatest interest in investing in a community are the residents of that community. They are most easily moved by an appeal to their loyalty. Such persons are probably the best source of investment for local enterprise. However, the advantage that they represent to the industrial developer is largely offset by two corresponding disadvantages.

First, the local investors are small. The cash that any one individual may have for investment will be measured in hundreds or perhaps thousands of dollars, rather than the tens or hundreds of thousands that the corporate investor is prepared to risk. Second, the small investor is completely unorganized. There is no way for the local capital to get in contact with the industry interested in locating in the community. It is in this area that the industrial developer can make one of his greatest contributions to his community. He can develop and provide the organization to bring local capital and new industry into contact.

Local Investors

The simplest way to provide the bridge, is to prepare a list of local investors. This can be done quite easily by getting out and asking the people who are likely to have funds available. Good prospects include the professional people and the senior businessmen of the community. The large holders in real estate should also be approached. Depending upon their age and financial condition, some of the prospective investors may be interested in equity investment, that is participation in the ownership of the new firm. Others, presumably the older

Trust companies act as agents for the investment and management of large sums of money. As investment advisors, they play an important part in influencing the investment of these funds in the securities and shares of Canadian corporations.

Trust companies are also large investors in the securities of provinces and municipalities. Much of this investment is directly connected with commerce and industry, for example the provision of power, transportation, oil, gas and other pipe lines, communications, highways, water and sewerage services, all of which make possible the successful operation of industrial and commercial enterprises.

Life Insurance Companies

By far the largest part of the funds available for lending or investing by life insurance companies in Canada represents amounts held in trust for policy holders. While wide latitude is allowed to life companies in individual loans or investments, they must comply with the general requirements of the Canadian and British Insurance Companies Act. Foreign life insurance companies carrying on the business of insurance in Canada are governed by companion legislation, the Foreign Insurance Companies Act, but for the sake of simplicity we will refer only to the Canadian and British Insurance Companies Act. Both of these Acts are statutes of the Government of Canada.

Industrial enterprises seeking financial aid from insurance companies to build or to acquire plant facilities may finance in any one of three ways:

A first mortgage on real estate;
A lease-back arrangement;
A direct placement of bonds or debentures.

Of these the first two will probably be most commonly used by small to medium industrial enterprises. Unless the would-be corporate borrower has an earnings history which would demonstrate the capability of its management and its ability to make profits, the prime basis of any loan is likely to be the value of the physical security. It is true that first mortgage real estate loans and lease-back arrangements extend only to the financing of land and buildings; bond or debentures issues, however, may extend to the financing of fixed machinery and equipment for productive purposes. Under the terms of the Canadian and British Insurance Companies Acts, a real estate

mortgage loan, to be eligible investment for a life insurance company, may not be for an amount greater than 66-2/3% of the cost of land and buildings (in the case of a new property) or of an up-to-date appraised value determined by the lender. Mortgage loans to corporate borrowers may be drawn for any term of years up to, say, 25 years; repayments of principal may be spread (amortized) over a term agreed upon.

Under a lease-back arrangement the industrial enterprise, instead of borrowing to finance new plant facilities, would enter into a long-term lease for a completed plant to be owned by the life insurance company. Monthly lease rentals would be calculated on a basis that would amortize the original cost of the property to the life insurance company, over the lease term, and would allow a fair interest return to the lessor. Leases can be drawn in very flexible terms and may provide for extension of the original fixed lease term options to the tenant to repurchase the leased premises, etc. Subject only to such options as may be given to the tenant, the lessor retains title to the land and any residual values in the buildings after the expiry of the lease term.

For investments of this type to be considered eligible investments under the Canadian and British Insurance Companies Act, the lease must be made to or guaranteed by a corporation whose record of dividend payments if applied to a debenture issue would qualify the latter as eligible investments. However, within certain quantitative limits, life insurance companies may make investments of this type under the so-called "Basket Clause" of the governing insurance legislation where eligibility requirements need not be complied with.

Debentures themselves, as an alternative to a record of dividend payments, may qualify on a record of interest coverage, over the immediately preceding five years. As for the first mortgage bonds, the only requirement is that they should fully be secured by hypothecated assets. The absence of any previous operating and financial history, then, may limit the financing vehicles available to small to medium-sized industrial concerns to first mortgage loans on real estate security or issues of first mortgage bonds.

Nevertheless, for a small borrower issues of first mortgage bonds have a definite disadvantage, in that legal costs and out-of-pocket expenses for the documentation of such an issue are relatively fixed regardless of the amount borrowed; measured as a percentage of the proceeds of the borrowing, they are uneconomical for an issue of anything less than $200,000. On the other hand, the first mortgage

bond issue type of financing has the advantage that, as mentioned above, it may be extended to the financing of fixed machinery and equipment; further, it is the most flexible vehicle for a concern that is likely to grow rapidly.

By the nature of their business, life insurance companies are by choice long-term investors. Within that general objective, however, terms of repayment of loans can be tailored to meet the needs of the individual borrower.

The two fundamentals of any loan are the physical security and the credit worth of the borrower. These two elements, weighed in the competition of the financial market, essentially determine the rate of interest for the loan. The rate of interest, like other prices, is subject to short-term fluctuations and to longer term trends. It will not, however, vary materially to the same borrower for a first mortgage, a lease-back or bonds. The rate of interest underlying the calculation of lease rentals under a lease-back arrangement would likely be moderately lower than in the other two instances, reflecting the fact that ownership of the security, unless otherwise provided, would remain with the lessor.

Source for the foregoing notes: Municipal Industrial Development Guide, Trade & Industry Branch, Department of Economics and Development (Ontario).

Here are names and addresses of people who can advise you about provincial programs designed to assist in industrial development financing:

Mr. W. Brese, Director,
Alberta Department of Industry and Development,
1721 Centennial Building,
Edmonton, Alberta.
Inquire: re marketing assistance plan

Mr. H.L. Stephens, General Manager,
Saskatchewan Economic Development Corporation,
Saskatchewan Power Building,
Regina, Saskatchewan.

Mr. R.E. Grose, Chairman and General Manager,
Manitoba Development Fund,
6th Floor, Power Building,
Portage and Vaughan,
Winnipeg 1, Manitoba.

Mr. Alan Etchen, Vice-President and General Manager,
Ontario Development Corporation,
950 Yonge Street,
Toronto 5, Ontario.

M. Jacques Paquin, President,
Industrial Credit Office,
Youville Street, Parliament Buildings,
Quebec, Quebec.

M. Rene Pare, President,
General Society of Finance,
215 St. Jacques Street, Suite 804,
Montreal, Quebec.

Mr. J. Addison, President,
New Brunswick Development Corporation,
Fredericton, N.B.

Mr. R.W.M. Manuge, General Manager,
Industrial Estates Limited,
Bank of Nova Scotia Building,
Halifax, N.S.

Mr. T.J. Flood, General Manager,
Industrial Enterprise Incorporated,
Charlottetown, P.E.I.

Mr. Dennis Groom, Deputy Minister of Finance and
Chairman of Newfoundland Industrial Development Corp..
Confederation Building,
St. John's, Newfoundland.

Reduced facsimile

INDUSTRIAL DEVELOPMENT BANK

1. The undersigned.....
(full name of applicant)

2. (*Strike out words not applicable*)
   (a) Incorporated under the laws of the.....
   (b) Sole proprietorship of.....
(full name, including given names, and address of owner)
   (c) Partnership of.....
(full names, including given names, and addresses of all partners)
.....

with head office at:

.....
(street address) (town or city) (county) (province)

and principal place of business at:

.....
(street address) (town or city) (county) (province)

3. and carrying on the business of

.....

hereby applies to Industrial Development Bank for a loan of $..... and makes the following statements to the Bank:

(a) That the applicant's business was established.....19.....

(b) That the loan is requested for the following purpose(s):

.....

.....

.....

(c) That the applicant is unable to obtain the loan from other sources on reasonable terms and conditions.

(d) That the applicant carries a bank account at

.....
(name of bank) (address)

and will instruct that bank to give Industrial Development Bank full information concerning the applicant's affairs.

(e) That the applicant at present has a line of credit of $.....from the bank mentioned in the preceding paragraph and is indebted at this date to that bank in the amount of $..... secured by*

.....

.....

(f) That the officers of the applicant are:

Surname	Given Names (in full)	Town or City	Office	Age	No. of years with firm.

(g) That there has been no material adverse change in the financial position or operations of the applicant since..... being the end of the last fiscal year of the applicant for which certified balance sheet and profit and loss statement have been furnished.

(h) That there is no litigation or any proceedings before any governmental board, tribunal or agency now in course or pending except:*

.....

.....

4. The applicant understands:
   (a) That it will be responsible for payment of all legal charges relative to preparation, execution and registration of such security as may be required by the Bank;
   (b) That if, after acceptance, a credit lapses because the security is not provided within the period fixed for that purpose, or is cancelled at the request of the applicant, a commitment fee will be payable (see par. (A) and (B) on reverse side for details);
   (c) That if there are delays beyond the date fixed for the use of a credit which has been authorized, the applicant may be required to pay a standby fee (see par. (C) on reverse side for details);
   (d) That prepayment of moneys lent by the Bank may be made in accordance with paragraph (D) on the reverse side of this sheet.

5. The statements made herein are for the express purpose of obtaining a loan from Industrial Development Bank and are to the best of my/our knowledge and belief true and correct.

Date.....

.....
(firm name)

(corporate seal)

.....
(authorised signing officer)

*Use an additional page if more space required.

SEE OVER

FORM 25 (REV 3/66)

TO FACILITATE CONSIDERATION OF THIS APPLICATION PLEASE SUPPLY MORE DETAILED INFORMATION ON THE ITEMS MARKED: [X] —

☐ 1. (i) If not a new business, signed copies of the audited financial statements, including the auditors' reports, for the previous 4 or 5 years; if the business has not been in operation for that length of time, audited financial statements since inception; also similar statements of other businesses having the same proprietorship or principals.

☐ (ii) If the last fiscal year ended several months prior to the date of this application, an up-to-date unaudited interim statement of assets and liabilities signed by the applicant, and an interim statement of profit and loss covering the period from the end of the last fiscal year to a recent date.

☐ (iii) If the business is to be newly formed, a pro forma statement of assets and liabilities as they are expected to be at commencement of operations.

☐ 2. (i) If land and buildings are owned and not leased attach a plot plan if available (if not a sketch will suffice) showing existing buildings and any proposed new buildings in relation to your property limits.

☐ (ii) Describe any proposed new buildings and give estimated cost.

☐ 3. (i) List principal items of present machinery, equipment and vehicles showing make, type and serial numbers where available.

☐ (ii) List by individual items any machinery, equipment and vehicles you now propose to acquire, indicating make or trade description, and estimated cost.

☐ 4. Comment fully on any existing mortgages or liens on fixed assets whether on land and building or on machinery, equipment or vehicles, and itemize any loans to the company by directors, officers, shareholders or their families.

☐ 5. If the business is incorporated, list the directors of the company and indicate the number of shares held by each, specifying preferred, common, etc.

☐ 6. Give a brief history of the business, and the background and experience of the principals.

The terms and conditions of any credit which may be authorized will be set forth in a letter of offer, for agreement and acceptance by the applicant—

(A) If the offer of credit is accepted, it will lapse on a date which will be set out in the letter of offer, unless the security required by the Bank has by then been furnished and the credit drawn upon, or an extension of the lapsing date has been agreed upon in writing.

(B) If the offer of credit lapses at any time after its acceptance in accordance with (A) above, or if the accepted credit is cancelled at the request of the applicant, the applicant shall forthwith pay to the Bank a commitment fee of $50, plus 2% of the amount by which the credit exceeds $25,000.

(C) If an applicant does not make use of all of the accepted credit within a reasonable period of time which will be set out in the offer of credit or subsequent correspondence, either because the security has not been supplied or for any other reason, the applicant may be required to pay to the Bank a standby fee equal to interest as from the lapsing date established, at the rate of 2% per annum, calculated on the daily balance of that portion of the credit which is not cancelled and not drawn. The standby fee, if any, is in addition to the commitment fee referred to in (B) above on a credit which lapses or is cancelled at the request of the applicant.

(D) Prepayment in whole or in part may be made at any time, without notice, provided that:
(i) if the prepayment is made within six years from the date on which the principal security documents are executed, an indemnity is paid to the Bank computed, on the amount prepaid, at the following rates:
5% during the first two years
4% during the third year
3% during the fourth year
2% during the fifth year
1% during the sixth year
nil after the end of the sixth year,
each year being computed from the date of execution of the principal security documents;
(ii) partial prepayments shall be applied regressively on the then last maturing instalments of principal.

UNIT 6

FINANCING INDUSTRIAL DEVELOPMENT

HANDOUT 3

"financing canadian industries"

This is a separate booklet, to be distributed by the Instructor.

UNIT 6

FINANCING INDUSTRIAL DEVELOPMENT

INSTRUCTOR'S GUIDE

Introductory Note

This Unit deals with a major aspect of Industrial Development - finance. Financial problems are a principal concern in Industrial Development. The cost of money, and availability of funds, which are often the most difficult to procure when the cost is high, are fundamental to an entrepreneur's decision to proceed with a facility. "Moving", or "costs", or "finance", tend to be the matters around which communication about community issues usually takes place. Important factors such as the growth and development of a community, the quality of life to be found there, aspects relating to recreation, education, culture, standards of living, tend to be discussed as problems of costs, salaries, income, assessment and taxes. Financial problems and their solutions are human and social concerns like any others. But there is a special language involved and a group of special institutions related to them.

Content

The content of this Unit is devoted largely to the language in which financial matters are discussed or expressed, and to descriptions of the specialized institutions involved in financing. There is a good deal of material describing the methods and organizations with which the industrial development officer must become familiar. He must know where to look for assistance - one of the points made in the material is that there is a good deal of assistance available - and he must know how to approach each of these resources. Because there is much detail to be grasped, five Case Studies are presented, each of which deals with a single area of the subject. The Case Studies are intended to stimulate interest in the informational material.

Special Note:

This is the first major use of Case Studies, so a special note is appropriate. A Case Study is a specially created replica of a possible situation. It is usually designed to make a few specific points, and to stimulate participants to employ the information and experience they already possess, as well as to hunt for new information.

Essentially, its purpose is to make abstract-seeming information relevant to the existing interest and information of the learner.

It is important to remember the following:

* The instructor should review the points very carefully at the end of each study;
* Case Studies should be introduced carefully and clearly so that everyone understands;
* They are best applied to discussion, with groups small enough so that everyone can contribute;
* They should be used for a limited time;
* There may be no "correct" solution - any number may be possible, or none.

The Case Studies are deliberately designed to stimulate the participants to use the material in the Unit.

Goals

The goals of this session are those stated in the introduction to the course, but might be re-stated as:

* To develop an awareness in the Development Officer of the attitudes of investors;
* To develop some skill in using the language of finance and its relevant institutions;
* To develop an understanding of the needs of companies and investors for both finance and information;
* To develop an awareness of the needs of the financial institutions and how to meet them;
* To develop some reasonable caution in dealing with matters in this area;
* To develop a knowledge of the manner and form that should be used when approaching various financial institutions for assistance.

Materials

1. A text divided into three parts:
    a) Investor Attitudes and Sources of Funds
    b) Case Studies
    c) Supporting material for Case Study 5

2. Tape: Attitudes of Investors
General Approach of the Investor

3. Slides:
1. Two kinds of Capital
2. Sources of Loan Capital
3. Sources of Loan Capital
4. Sources of Loan Capital
5. Local Financing

4. Handouts:
1. Financing Addendum
2. Application form for Industrial Development Bank
3. Financing Canadian Industries

Instructional Outline

Step 1 - Review the Unit and the goals. If you or one of the participants can cite recent examples of financial arrangements in the area it might be useful to refer to them. This is a large Unit and there is plenty of opportunity for discussion. Hand out a) Text; b) Financing: Addendum; c) Application form for the Industrial Development Bank; d) Financing Canadian Industries.

Step 2 - Introduce and play the tape. It is not very long and will set the stage pretty well. Allow discussion to develop briefly if the participants wish. Wherever possible refer them to the information in the literature which was handed out in Step 1.

Step 3 - Show the slides, paraphrasing information from the Text as seems desirable.

Step 4 - Introduce Case Study 1. A good deal of active participation is desired, and groups of no more than 5 are essential. Ask groups to appoint discussion leaders and distribute a copy of the Case Study to each participant. Introduce the case carefully, perhaps by reading it aloud. Allow time for questions of clarification. This case is more speculative than the others, but the goal is to consider:

* What sort of information about a prospective company is vital and to whom?

* The whole matter of the integrity of the prospect.

Let the groups discuss this case for about 20 minutes and then ask for reports. If you have a large number of groups, ask all those reporting after the first to report only additional ideas. This is a fairly general case, and is really meant to get the participants used to the case method. No longer than about 40 minutes should be devoted to it.

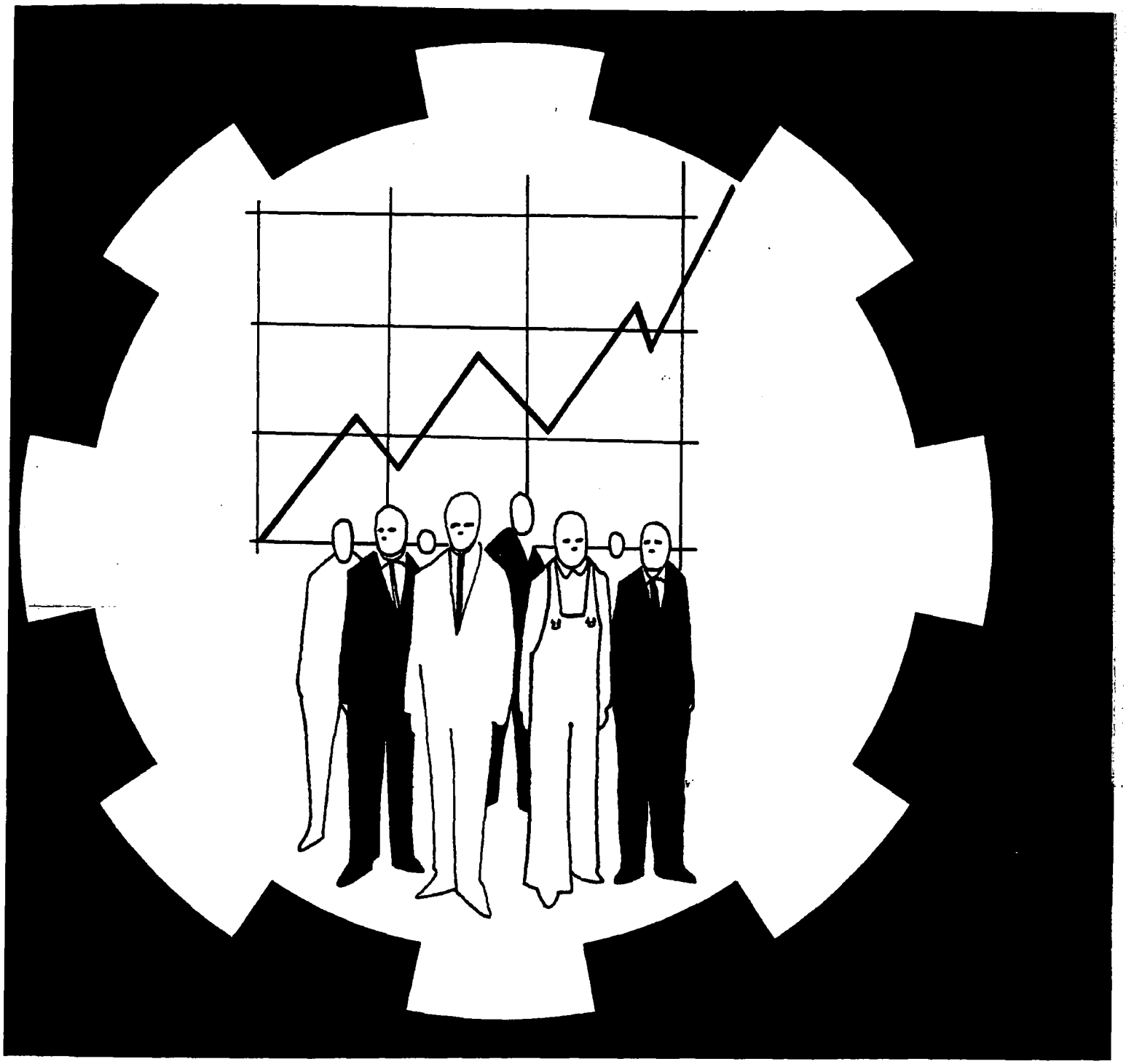
There are a number of case studies. The important ones are the first and last. If you start to run short of time, sacrifice 2,3, or 4, but don't find yourself crowded by the time you get to number 5.

Step 5 - Introduce Case 2. This is more a simple problem than a case. Distribute copies and ask the participants to read it for themselves. Refer them to the relevant pages in the handout material. The question can be probably discussed as a total group. If the answers indicate real awareness of the situation regarding Development Corporations, the instructor can move through this one quickly.

Step 6 - Introduce Case 3. This requires more detailed discussion, including a reasonable investigation of the Application to the Industrial Development Bank which was handed out in Step 1. Divide the participants into groups of 5, asking them to read the case carefully and examine the application. Refer them to relevant pages in the handout material, allowing 20 minutes or more for discussion.

Step 7 and 8 - Introduce Cases 4 and 5 in the same way as in Step 6. These two cases will require more time than the preceding case discussions. The maximum amount of time possible should be devoted to Case Study 5. After a preliminary discussion has taken place on Case Study 5 hand out additional material which has been provided.

Step 9 - Summarize the Unit.



UNIT 7

INTERNAL PROMOTION

7

INDUSTRIAL DEVELOPMENT TRAINING COURSE

CANADA

prepared for the
DEPARTMENT OF REGIONAL ECONOMIC EXPANSION
by the
CANADIAN ASSOCIATION FOR ADULT EDUCATION

UNIT 7

INTERNAL PROMOTION

CONTENTS

UNIT 7

INTERNAL PROMOTION

WHY INTERNAL PROMOTION?

Promotion may be a complex job, but its purpose is simple. Effective contact with the community is the only way to gain understanding and support. As an industrial development officer, you are trying to set a process in motion and it is essential to your success that you explain and interpret it to the people your program will affect. Your activities are bound to bring about change. And the prospect of change can be threatening. You must find ways to let the public know what you are trying to do - and why. You want to counteract possible opposition, of course. But much more important, you want to enlist the active co-operation of all segments of the community. If you are to succeed, the community must work *with* you and not *against* you.

Your job is to devise effective methods of reaching people as individuals, and in their special interest groups, with information concerning the industrial development process. How will development benefit the community as a whole? What benefits will it bring to specific segments? What steps must the community be prepared to take to help achieve development?

You must make people aware of your presence in the community, and of the existence of an industrial development program. Your success will depend on gaining the community's acceptance of your goals and of yourself. In short, you must establish good public relations.

WHAT IS PUBLIC RELATIONS?

This is the age of the information explosion. Everywhere, in every organization, government and industry alike, great quantities of information are being produced to be absorbed by what the authors of this information hope are interested audiences. Exact figures on the amount of material published in Canada are difficult to find. A recent report in the United States, however, says 30,000 technical journals in 50 languages publish two million articles a year; 75,000 new book titles are registered every year; and the federal government in Washington annually produces 25 billion pieces of paper.

If Canada published only one tenth of this quantity of information the figures would still be staggering. In addition, industry and industrial and volunteer organizations pour out tons of information annually to various specialized audiences and the general public. Much of this information is produced in the name of public relations.

The normal newspaper is deluged every day with press releases and articles prepared by PR men and women, both professional and non-professional. In one week, a daily newspaper desk will receive and process thousands of these releases, many of which end up in the wastepaper basket.

The public relations man, therefore, faces tremendous odds when he prepares material to promote an organization and its aims. The same is true of industrial development officers. The material submitted must gain the attention of the recipient; otherwise the effort is completely wasted. For this reason, it is essential that all public relations material, and not only press releases, contain newsworthy and valuable information. One should not approach the mass media with a gathering together of unimportant facts and figures or a compilation of pious statements made by officials who would like to see their names in the newspaper.

Public relations is more than just preparing releases and battling with others for space or air time in the various media. It is involved in every face-to-face or other contact between individuals and organizations. It involves the creation of an impression, or image, of an organization's work, functions, products or objectives. It may also involve creating an atmosphere in which certain work can be carried out. It almost certainly includes the influencing or changing of attitudes and opinions towards certain people, things, problems, products, or services.

If the PR image is to survive, it must be a true image - or as close to a true image as one can come. Good public relations is deeper than the froth and furore some organizations indulge in to stimulate the press. The aims of a good PR program must be realistic, broad and sincere to be successful.

Where do we see good public relations in action? In a broad sense, public relations is seen in operation during

every telephone call; in the way a secretary greets visitors; the way an employee talks about his place of work, or the way he drives his car; the kind of letterhead or press release form an organization uses; the content of printed material and advertising; all personal contacts within and outside the organization; the condition of the place of work, even to the colour of the building; and so on. Every conceivable form of contact with a public or audience can be termed public relations.

FIRST CONTACTS WITH THE COMMUNITY

It is important, therefore, that the industrial development officer's first contact with the community be carefully thought out. If he is new to a community, he must win its confidence. In this case, he might take the approach that he is here to assist in the development of the area, and that, with the help of the people of the community, he hopes to make a worthwhile contribution to industrial and economic growth. Some of the most successful PR programs have been built around the concept "I am in need of your help." If a developer is from the community, he may have to overcome some prejudices, particularly that widespread feeling many people have when assessing another's ability, that the person *outside* is more competent than the one *inside* - the one they know. Whether an outside or an inside man, the industrial development officer should approach the community with caution. Above all, do not give the impression of a do-gooder.

Personal contact with the various mass media - radio, television, newspapers, magazines, etc. - is essential as a first step. This is the best and most efficient method of reaching many people at one time. Prepare a written news release on your appointment and take it to the various mass media; include a photograph where appropriate. Discuss with these people the aims of your organization and seek their help, editorially and otherwise, in support of your concept. One warning: do not try to push yourself on them. A good approach is that the community cannot survive without industrial development and growth, just as industry cannot survive without municipal services, an industrial policy, well-trained manpower and general public support. Your job, you can say, is to help bring together the various forces in a community to prepare the way for industrial growth. But you cannot possibly do this alone and you need all the assistance you can get.

In making this initial contact with the community through the mass media, make sure you stress that success will come only with teamwork; that this is not your show, it is a community show; and that you plan to act as a catalyst in bringing about a new approach to industrial development in the community.

Do not overlook the fact that other persons in the community may already be involved in industrial promotion work or that Council or others may have had some success in this area in the past. Find out about this beforehand, and make reference to this work. Do not give the impression that you are taking over, and all that has gone before has been ineffective.

The first contact with the community will serve to introduce you. Most of your main audiences - industry, industrial groups, governments and other community organizations - will read of your appointment. Some of the general public will also see it. But do not stop there. Clip out the news story with your photograph, have it reproduced, and send it out on your letterhead. Enclose a letter of introduction to various audiences and interested groups and individuals. Point out your willingness to explain further the aims of your organization. You may receive speaking invitations.

From here on, making contact with the community is a matter of building on this basic introduction through personal visits, letters of introduction, follow-up letters, printed material, and by continuing use of the mass media. Constant contact with existing industry, business associations, Council and other government bodies, service and other clubs, as well as the general public, is essential to your PR program. Do not let the interest generated by your appointment die. Keep it alive and rolling. Just be careful you do not antagonize Council or industry, or pick up the reputation of a know-it-all.

IDENTIFYING THE AUDIENCES OR PUBLICS

It becomes obvious that, in developing a PR program, you are attempting to appeal to several different audiences or publics. Identification of these audiences is essential if you are to develop an effective approach.

Almost any community can be divided into broad PR audiences. These are:

The general public
Industry and business
Government at all levels
Organizations with a direct interest
Other community organizations
with an indirect interest.

The General Public

This is, of course, everyone in the community. No program can exist or grow without public support and interest. It is essential that your organization keep in constant touch with the public, through a planned program of media support.

Industry and Business

As well, it goes without saying, the support of industry and business is vital to the success of an industrial development program. Every type of business stands to gain from a functioning program of industrial growth. Get to know heads of companies, small businessmen, and the industrial leaders who seem to rise to the surface in any community. There is no use inviting a new company to settle in a centre where existing industry is disgruntled, unhappy, uncooperative and apathetic.

Remember that sometimes the head of a company is not the real leader of the company. The dynamic man may be a vice-president or other executive. Make friends with all officials and decide for yourself who is the natural leader. The same thing is true of any organization, city council, service clubs, etc.

Some of the persons you should meet are bankers and financial leaders, union leaders, company personnel, real estate men, builders, architects, heads of large retail outlets or service industries, engineering firms, and a multitude of other businesses which could benefit directly from industrial expansion. A telephone book is a good source for finding these people. They can be divided into categories - those with immediate interest, general interest, limited interest, etc. But do not exclude anyone from your industrial audience. The more interest you generate, the more successful you will be.

Government at All Levels

City or town council is the key to immediate action in any community development. With Council's support, an industrial development program will quickly take shape. The

mayor or reeve and councillors are the important persons on the political side. The city clerk, assessor, city planner, public utility commissioners, engineering department and legal department heads are good public service contacts. There are a multitude of others who could play an indirect part in industrial development - recreation and parks, fire and police, hospital board, health department, and tourist bureau. All of these are important public service contacts. Also, do not forget federal and provincial government offices, usually found in the telephone book. Depending on the location of your community, these could include public works, mines, forests, highways, industry, tourism, manpower, agriculture, health, etc. All have a place in your program.

Be sure not to omit school boards - separate and public. Training and education are absolute musts in the development of any worthwhile industrial or public relations program.

Organizations with a Direct Interest

These include groups such as chambers of commerce, retail merchants' associations, national and local trade and industrial associations, teachers' organizations, etc. A list of these is usually found in the yellow pages under "Associations". These groups are important in that they lend direct and indirect support to industry and business. Often business leaders head these bodies, and one contact with a business leader will automatically put you in contact with a trade association.

Other Community Organizations with an Indirect Interest

These include women's clubs (IODE, W.A. of churches, etc.), service clubs (Lions, Rotary, Kinsmen), and dozens of other clubs and organizations. There are veterans' associations (Legion), welfare groups, agricultural organizations, and so on. Once again, a listing can be found in the yellow pages. As in the case of direct interest groups, an industrial development officer should list these indirect interest groups in relation to the part they can play in the total PR program. You can often work through the national headquarters of such groups.

There are also certain individuals who have an indirect interest. These persons are sometimes leaders in the community and include clergymen, lawyers, doctors and other professionals. They are often very interested in industrial development from the point of view of providing opportunity for young people, and improving the general economic status of a community.

It is well to remember that you have to identify the interests of the community, find out who the leaders are in these areas of interest - industrial development, education, religion, politics or whatever - then see how many of these interests can be associated with your objectives.

People resist change, but if you can relate the objectives of your industrial development program to the interests of various members of the community, you will be on the road to success.

WAYS OF MAKING CONTACT

The sources of contact with various audiences and publics are diverse. It is true that there is some overlap. For example, a press release will probably bring you into contact with most of those you want to reach. However, it is interesting to examine each audience and the specific means which can be used to catch its interest.

The General Public

The general public can be reached mainly through the mass media - press, radio and television. Contact can be made:

1. By news releases on appointments, surveys, industrial problems, acceptance of a new industry, etc.;

2. Through radio and television news releases and interviews covering the same basic subjects or telling about progress made toward greater industrial growth;

3. Through general press activities, such as special interviews on particular developments, new laws affecting industry, speeches and articles etc.;

4. Through householder mail. These throwaways or brochures are delivered to homes in the community. Often this method is costly and it is not always effective since the mailing piece has to compete with many other pieces from all kinds of businesses.

Industry and Business

Industry and business will also be reached by press activity. But there are some more direct ways to make contact. These are:

1. By joining industrial groups and associations;

2. Through speeches. Your introduction to the community will almost certainly bring some requests for you to speak. These invitations should be accepted;

3. Through special mailings. Newsletters containing on-going reports, resolutions of conferences, etc.,are a good method of continuing contact with industry;

4. Through trade magazines, plant magazines, trade papers and association journals. Work with editors to develop articles and other material for print in these publications;

5. Through personal visits to existing community plants, and to companies which might have an interest in locating in your community;

6. Through the distribution of special publications such as pamphlets and brochures describing your organization's aims and activities;

7. Through attending and holding conferences. Do not forget to give resumes of these conferences in your newsletters or other reports you make to the general public or specific audiences;

8. Through exhibits. You may be able to convince interested parties to donate some space in their exhibits and industrial shows to promote your aims.

Government at All Levels

The main source of contact with city governments is city hall, and personal contact is by far the most effective. The city clerk is a key man to know, but you should also meet individual councillors and the mayor. If you plan to appear officially before a city or town council, write a letter of introduction and ask for a few minutes of their time at some future meeting to explain the aims of your organization. They are usually willing to listen. Just make sure you have prepared yourself beforehand. It is a good idea to have sufficient copies of what you are going to say for distribution to Council.

Naturally, you would include Council on all mailings of special publications, newsletters, and material. Also include key civic government officials on your mailing list. School board contact should also be personal, handled in a similar way to Council. Be sure to relate your program directly to the interests of educators.

Organizations with a Direct Interest

Organizations with a direct interest should also receive all mailings. Direct, personal approaches should be made to the executive, preferably to the president. As a result, you may find yourself involved in speeches, since many groups are always short of good speakers. Use the same basic methods of contact with these groups as you would with industry, except seek help from their PR people and officials to promote your objectives through their membership. In other words, seek allies.

Other Community Organizations with an Indirect Interest

Making contact with community organizations with an indirect interest may be difficult in some cases. Somehow you have to relate industrial development to the organization from which you are seeking assistance. This is not always possible. Some will not be interested no matter what your approach. Following are some ways to make contact:

* By letter of introduction, announcing your appointment, the aims of your association, and how you feel their organization might help in industrial development;
* By publications - your own newsletter, special reports, pamphlets, etc. - or by working through the head office of their organization. Most service clubs, for example, publish a newsletter. Perhaps the editor will consider helping your cause;
* Through speeches and personal visits. Usually club presidents welcome offers from speakers.

PRESENTING INFORMATION

The first thing to remember when embarking on a public relations program is that it must be well planned. Too many groups start a PR program without planning. Someone says, "Let's get out a pamphlet", without regard for the purpose of the pamphlet in relation to the objectives of the organization; without identifying the audience or audiences the publication is aimed at; without any concept of the kind of follow-up public relations one must do to make the pamphlet more effective.

Step One

Know the aims of your organization. Let us assume you are located in the community of Industryville, Canada. Perhaps your organization has an objective such as:

"To encourage and increase industrial growth in Industryville and surrounding area, thereby improving the economy and social life of this community."

It's a tall order; not without problems, stumbling blocks, and downright resistance.

Step Two

Examine the problems. They might be:

* Lack of interest on the part of established industry;
* Business jealousies, feuds and mistrust;
* Lack of resources (or surveyed resources) in the area, perhaps aggravated by poverty;
* Apathy of residents of the community;
* Lack of education facilities or educated manpower;
* Uninterested municipal government.

Perhaps you can think of others.

Step Three

Determine how your PR program can help overcome these major problems.

List the objectives of your program in relation to the overall goals of your organization. (Sometimes the objectives and goals may be exactly the same.) The objectives of your PR program might be:

* To create an atmosphere in which community interest in industrial development can foster growth;
* To encourage local council and other governments to take concrete steps to carry out resources surveys, manpower surveys, etc., and to offer incentives to industry to locate and stay in Industryville;
* To convince educators of the need to start new courses to fit in with overall industrial development plans;
* To inform the general public of developments, to get them to participate in your program, and to make them see that industrial growth benefits everyone;
* To produce in all community organizations a new sense of partnership and pride, in the industrial development of Industryville and surrounding area.

Now you have your objectives. You know your audiences. The next step is to be specific about the methods to use to present your information.

But first, let us be practical. It should be obvious that the breadth of your program depends on budget, staff, and time. If you have little or no budget, you will not be able to affort too many publications. Try to get at least a good news release form and letterhead. If you can afford it, have a newsletter form designed, to be sent out whenever something of interest takes place. Also, seriously consider the production of a pamphlet or leaflet describing the organization's aims, and giving your name, address and telephone number.

You can stretch your budget by making allies. You might find a local printer who would print some material free. Naturally, you would ally yourself to the local press and news media. Try to persuade public-spirited industry or industrial groups to do some PR for you. Seek sponsors, then suggest what you would like in relation to your PR program.

Be sure not to overlook all those organizations which have an indirect interest in industrial development. Women's groups, for example, once they throw their weight behind a project, probably get more results than any single group in society. The mother with children in school may have some free time and be willing to devote it to community causes. What better cause than industrial development - one which will guarantee her children employment security in the years ahead?

Step Four

Let's be specific about some of the media and methods you can use in Industryville to put your message across.

The Press Release

A press release is one prepared for newspapers alone; a news release covers all media. You should equip yourself with a good news release form, but you should also make personal contact with local editors and radio and television news directors. It is valuable to see the owner or manager, but the man who handles the news is the person you should get to know for best PR results. A news editor or city editor resents press releases being handed down to him by his boss. It smacks of pressure, and many editors have resigned over just this sort of thing.

Industrial development officers should keep in mind that:

* The editor is a busy man;
* Dozens of persons and PR men ask favours of him every day and few, if any, catch his ear;
* The editor is interested only in news. (Handout 1 - The Elements of News.)

When preparing a news release, you should know something about newspaper style. (Handout 2 - General Newspaper Style.)

The structure of your story is important. Apply newspaper story structure and, in your lead (first paragraph), use what are commonly known as the five W's and the H - who, what, why, where, when, how - where applicable. Do not put your name in the first paragraph. Remember, the editor may support your cause, but he generally dislikes people who are seeking personal gain. (Handout 3 - News Story Structure.)

Use a standard press release format. Double space, short paragraphs, date and time of release, your name and telephone number. (Handout 4 - Press Release Format.)

Information for press releases comes from many sources. Appointments within your organization warrant a press or news release. New plants for industry, policy statements, announcements of new industry, certainly provide material. Research data and surveys compiled by your organization and others also provide a wealth of information.

Use survey data. Every area has land, forest, and water resources, if nothing else. Many areas have tremendous tourist potential, and abound in fish and game. Government departments, federal and provincial (forestry, agriculture, mining, tourism, industry), have made surveys of resources in many areas. There will likely be plenty of data on the resources of Industryville and area.

You can use these data as a basis for newsletters and press releases. You can take old surveys and associate them with current developments in Industryville. You can publish a newsletter stating, "Here's What We Have To Offer Industry", relating surveys of resources to potential industrial development.

If you cannot locate a survey, approach the municipal, federal or provincial governments to conduct surveys or studies. Get publicity on:

The fact you have approached them;
Their reaction;
If they do the survey: its progress and (eventually) the results.

Use other general information. Keep your audiences informed on all new developments. If any industry is going to locate in Industryville, tell Industryville and, if possible, the world about it. Use a success story to reach out to other industry, as well as to the general public. People like success stories. Also keep the general public informed on the outcome of conferences and conventions you may have attended or held.

Radio and Television Releases

These should be written in broadcast news style. Use basic broadcast leads. If possible, have separate broadcast and newspaper releases, since language, grammar and style differ. (Handout 5 - Broadcast News Style, Grammar, Leads.)

There is no need to worry about television news format. TV people normally rewrite everything anyway. They use a special format which separates video (picture instructions) from audio (sound).

If you are to be interviewed on radio or television, find out beforehand, if possible, what questions the interviewer plans to ask. This gives you an opportunity to prepare some of the answers. In first-time interviews, the interviewer will likely want to know the aims of your organization, how you hope to achieve these aims, some positive steps you have taken, results you have obtained, perhaps what action you feel the ordinary citizen can take to promote your cause, and maybe some personal information on your background and education.

If you are being interviewed on the establishment of a new industry in Industryville, you will be asked questions about the location of the plant, the cost of construction, number of employees, payroll, and person who will head it, type of product or products to be manufactured, markets, perhaps the approximate amount of revenue the company will bring into town, directly and indirectly. If you cannot answer these questions, refer newsmen to someone who can. Do not hold out on the press unless you are breaking a confidence by releasing information.

General Press Activities

Direct these to *all* your audiences, not just the general public. Keep in mind the various interests of your numerous audiences in all your press relations, and you can often make contact with several publics at the same time. For example, a press release on a new industry might point out how this will benefit other industry, as well as how it will mean money in the pockets of workers and other individuals.

Newspapers will print feature stories if you can find the time to write them. Sometimes a paper prefers to have a reporter do the feature, so your role is merely one of keeping them informed.

Keep the general public informed about speeches you make. Do this through the press, making sure the media know when and where you will be speaking and that copies of your talk are readily available.

Householder Mail

This is sometimes a quick method of presenting information to the general public. Every day, in every home, people receive householder mail. The competition is heavy for the attention of the home owner. Use of householder mailing pieces has drawbacks; for example the piece must be startling, usually requiring expensive art work or colour printing; large circulation is costly (the post office can tell you how much); the total cost of the project may be more than the budget can bear. You may find there are less costly and just as effective methods of reaching the same audiences.

Other Methods

There are other methods of presenting material to the general public:

1. The news conferences. One thing to remember is that the news must warrant the calling of the press together. It had better be big. In most cases, a news release will do the job. However, if the president of a large national or international company is in town to announce jointly with you and Council that they are going to open a large plant in Industryville, then call a news conference. Contrary to popular belief, you do not need a case of liquor on hand, only some good, hard news.

2. Official openings and ceremonies. These are a good way of presenting information to the public. Always be sure that the press has been informed by news release at least a week beforehand. Have copies of speeches, program and other data (names, addresses, titles, etc. of all officials) in the hands of the press a few days prior to the event, if possible, but certainly immediately before the event gets under way. Make sure officials are prepared to pose for press photographers and TV cameras, and are ready to be interviewed.

3. Conventions and major conferences. The Handbook of Public Relations (see bibliography) lists nearly 100 items which should be checked in preparing for these events. Mainly these involve planning details. To write stories for general consumption the news media will require:

* A release at least a week in advance announcing the meeting, any special speakers or program highlights;
* A copy of the program outlining, in detail, when and where each session will take place, room number, group leaders, etc.;
* An invitation, if such are being issued;
* If possible, a personal letter from the head of your organization or yourself;
* Advance copies of any papers or speeches to be presented;
* Information about any outstanding delegates, well-known public or industrial figures, or persons with success stories, and the offer to arrange interviews.

After the convention, do not forget the press people who were not there. Possibly some area weekly newspapers would like short summaries, particularly if you can include the names of delegates from the town in which the paper is published.

Details to Remember

This brings us to an important point. The weekly press is the most underrated of all the mass media. Weeklies are carefully read by the general public, and the organization which does not send them material is missing a good source of publicity. And don't forget about photographs. Most newspapers ask for an 8-inch by 10-inch glossy photograph. Dailies will accept the size without question. If you are sending out "mug" shots (a head and shoulders photograph) of a man who may be guest speaker at a convention, send the dailies an 8 x 10, but give the weeklies one-column pictures (approximately 1 5/8 inches wide by about 2 ½ inches in height). Many smaller

newspapers use plastic engraving processes now, and having the picture one column size saves them time and effort. Be sure to identify the person or persons in the photograph.

For television, use 8 x 10 matt prints (not glossy) and try, if possible, to have the photograph taken so that the subject matter is viewed along the 10-inch dimension. In other words, the large dimension is horizontal and the 8-inch dimension is vertical. You can see why this is necessary if you remember that the picture on your television has the long dimension on the horizontal.

When you present material to the general public you are, of course, also communicating with some industrial leaders. However, their interests vary greatly from those of a mother concerned about her children's welfare or a father looking for a better line of work.

As pointed out earlier, press activities can often be slanted to catch several audiences. An industrialist will want to know what industrial development means to his company. A store owner wants you to show him how he can benefit. Slant press material in those terms. Tell the real estate man what new industry can mean to him. Inform the builder that housing will be needed. Stores and service industries will make big gains because people have to eat, to be clothed and to have the gadgetry they buy serviced. More industry means more people, and means more markets for local manufacturers and suppliers. Tell them so whenever you can. Translate industrial development into a listing of direct benefits for existing industry.

Often existing industries are overlooked in an industrial program. You can fill the gap by making sure the community is well-informed about what is going on in existing plants and business. Publicize appointments in old and new industry. You can do this by cultivating an awareness in local industry of the importance of public relations, especially if the industry does not have someone on staff doing PR work. If you have a newsletter, this is a good vehicle for keeping industry informed about business and other appointments. You can become the link joining the industrial and business community together in a common cause. Watch for appointment notices and send letters of congratulations to the persons involved.

SUMMARY

Your effectiveness in the field of industrial development will depend, in large measure, on your success in gaining

the understanding and support of the community. To do this, you will need to identify the various publics you want to reach with your message and to work out the best methods of reaching each specific audience. The main point to remember is that you should approach each of these groups from the standpoint of its own concerns and objectives. How will the industrial growth of the community affect each of them? How can each assist in the process? What has each to gain?

Today many interests compete for the attention of the public. If your community is to become aware of your presence and of your aims, you will need to use the various media of communication with skill. You will need to master the basic techniques for telling your story.

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UNIT 7

HANDOUT 1

THE ELEMENTS OF NEWS

The following are some of the elements of news:

1) Immediacy: Everything in the news media happens "yesterday", "today" or in the "future". Or, if it happened some time ago, it is announced "today". All news is new. Immediacy implies time of occurrence and time of disclosure.

2) Proximity: News varies in value in direct proportion to its proximity to its readers. The average person is more interested in the fact that his neighbour is ill than in the news of 100 people ill in a remote part of the world.

3) Consequence: This element involves the importance or significance of a person or event. The signing of a contract may be a dull affair, but the consequences could be great.

4) Prominence: News revolves around a person, persons, or things, in the public eye or mind.

5) Drama: Drama and suspense create and expand news. An on-going event maintains interest.

6) Oddity: Something unique, strange, or different; anything that breaks the routine of ordinary living can be news.

7) Conflict: Man has always been intrigued by conflict: man against man, man against nature, mind against mind, nation against nation. Sports pages are filled with conflict.

8) Sex: Interest is high in news stories about love and romance, marriage and divorce, and the various activities of women. Accounts of women industrial leaders or unusual stories about women make news.

9) Emotions: Conflict and sex are closely related to emotions, but other emotions are involved in news - hate, fear, jealousy, sympathy, pride.

10) Progress: Change and progress are important elements of news. Everyone likes to read about new industry, new buildings, new projects.

Most stories contain several of the elements of news. A "big" story may contain all of them.

UNIT 7

HANDOUT 2

GENERAL NEWSPAPER STYLE

Many newspapers have style sheets of their own. Some practices, however, are common to most newspapers. First of all, a few points about the writing of a news release:

1) Use short, compact sentences. Avoid clauses wherever possible. Write in the past tense for the most part.

2) Use short paragraphs. A paragraph that runs to six lines of typewritten copy is long enough.

3) Be concise in your language. Look for double meanings. Read your material aloud. Sometimes this helps to point up ambiguity.

Some other style points are:

1) Titles: When first mentioning a person's name write J.R. Jones or John Jones: two initials or a proper name. Never use Mr. on first mention, but for subsequent references Doctor Jones is written Dr. Jones. Honourable is written Hon.

2) Capitalization: Generally use capitals for names of people, places, companies, clubs, associations, religions, races, addresses.

3) Abbreviations: Newspapers usually abbreviate well-known organizations such as YMCA, YWCA, CPR, CNR, and write them without periods. Geographical areas are abbreviated with periods - P.E.I., U.S.A.

4) Dates: The first two and the last five months are abbreviated - Jan., Feb., Aug., Sept., Oct., Nov., Dec. - when they are used with dates: Jan. 1, 1980. Never use 1st, 2nd, etc. The other months are written out in full - March, April, May, June, July. When the name of a month is used by itself without a digit, it is written out in full: January, 1980. Days of the week are always written out in full.

5) Numbers: One to nine are written out. 10 and over are digits - 100, 1,000, 1,000,000. There are exceptions. Use digits for: ages, sports scores, or tabulations (like voting), sums of money, time of day, temperatures, dimensions, page numbers and grades.

UNIT 7

HANDOUT 3

NEWS STORY STRUCTURE

The first paragraph of a news story is commonly called the lead. Sometimes two paragraphs are used in writing the lead. The lead answers who, what, why, where, when and how. Some leads naturally do not contain all of these elements.

The rest of the news story is called the body. Facts are usually presented in the same order in the body as in the lead. For example, if the first part of a lead reads, "A 22-year-old Industryville man has been appointed Industrial Development Officer for Industry County," the first paragraph in the body should identify this man.

MOTHER, TWO TOTS
DIE IN WEST END
FIRE EARLY TODAY

WHO	WHAT
A mother and her two young children	were burned to death
HOW	**WHERE**
in a fire which levelled a two-story home	in Ottawa West
WHEN	**WHY**
early this morning	Fireman blame the blaze on faulty wiring.

Answers: Who
What happened to them
How they died
Where the incident occurred
When it occured
Why the fire started

Not all news leads contain the five W's and the H. Most leads contain at least four of them. Some news leads are two paragraphs in length.

UNIT 7

HANDOUT 4

NEWS RELEASE FORM

N E W S R E L E A S E

Department of National Health and Welfare

FOR IMMEDIATE RELEASE:

1968-38 April 26, 1968 - 10 a.m.

FOOD POISONING BREAKTHROUGH BY OTTAWA SCIENTIST

OTTAWA - An important breakthrough in the investigation of an elusive type of food poisoning has been made by a Canadian scientist.

Dr. Andreas Hauschild of Ottawa has discovered a new group of bacteria as the cause of many formerly unidentified outbreaks. His findings change long-established methods of investigation and help avoid future food poisoning outbreaks.

The value of his discovery to the world of medical science can be measured by the choice of his paper as one of the most newsworthy among those selected for presentation to the American Society for Microbiology annual meeting May 5 in Detroit.

Dr. Hauschild is a research scientist in the Food and Drug Directorate of the Department of National Health and Welfare, Ottawa. Working in close collaboration with the Chief of Microbiology, Dr. F.S. Thatcher, he subjected a group of bacteria, Clostridium perfringens, to many months of intensive experimentation. Many cases of food poisoning characterized by painful diarrhea and abdominal cramps were known to be caused by the heat-resistant strains of this group. At the same time the cause of other outbreaks, characterized by the same symptoms, remained unidentified.

Now Dr. Hauschild has proved they are caused by a closely related group of bacteria which are non-heat-resistant. The use of heat in former investigations had in fact been destroying this vital evidence.

The new group of bacteria acts in two ways. A few cells in a wound can cause gas gangrene, usually fatal without prompt treatment. However, about a billion cells are needed

to cause food poisoning, a relatively mild disease, although death can occasionally be caused in the sick and elderly. Most people have experienced this illness, often without suspecting the cause.

Dr. Hauschild now expects to establish the exact cause of the disease, something that up to now has frustrated scientists in several countries.

His project is one of many conducted by the Research Laboratory of the Food & Drug Directorate to help safeguard the nation's health. Some 100 scientists are engaged in research to find ways to combat known problems in food-borne disease. Twelve of these, like Dr. Hauschild, are microbiologists. An important part of their work is to seek better ways to detect dangerous bacteria and their toxins and to bring these hazards under control. The research helps the directorate make sound decisions to prevent health problems with food and to act with speed and effect when the need arises.

Dr. Hauschild is a native of Wense, near Bremen, Germany. He came to Canada in 1956 and held various positions, notably as a research scientist at the University of Toronto, before joining the Department of National Health and Welfare in 1965. He was educated at the University of Mainz, Germany (B.A.), the University of Toronto (M.A.), and Queen's University (Ph.D.). He is married, has three children, and lives at 851 Dunlevie Avenue in Ottawa. He is a member of both the American and the Canadian Society for Microbiology.

- 30 -

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UNIT 7

HANDOUT 5

BROADCAST NEWS STYLE, GRAMMAR, LEADS

1) Use very short sentences in broadcast news writing.

2) Write in the following tenses:

   (a) Present: The Member of Parliament for Industry County contends (says) (is), etc.

   (b) Present Perfect: The Member of Parliament for Industry County has asked for a survey... (has called for more aid) - "has" verbs.

   (c) Present Progressive: The Member of Parliament for Industry County is going before a committee...(is standing up against) - and other "ing" verbs.

3) There are several leads used in broadcast news. The two most common are: specific statement - the most important element of the story stated in simple terms (Parliament has voted to reduce income taxes) (A new industry is coming to town); and a general statement lead - a terse statement (often without a verb) which categorizes a story: (Labour unrest in Alberta) (More economic debate in Ottawa). The specific statement is the most common form.

4) Style in broadcasting varies from newspaper style. Some general style points to remember if writing broadcast releases are:

   (a) Titles are the same, only write out Doctor.

   (b) Use same capitalization techniques.

   (c) Abbreviate only well-known organizations and use hyphens: C-N-R, C-P-R. It is preferable on first mention to say Canadian National Railways, then C-N-R thereafter. Usually geographical areas are written out in full.

   (d) Dates are all written out in full and "st.,nd.", are sometimes used. Most editors prefer them to be written out. It would be January first, 1980.

(e) Numbers are the same -- one to nine. 10 to 999 are usually in digits. One thousand and over are written out. It is one million dollars, not $1,000,000.

There are some variations from this style. Just remember an announcer has to read the words, so avoid any word or number combinations which might mix him up. Round off large sums. Find synonyms for difficult to pronounce words.

UNIT 7

HANDOUT 6

TIPS ON SPEECH WRITING

The "You" approach: Use personal pronouns -- "You and I know", "You are aware of the growing need". Bring your audience into the picture.

Be concrete: Do not stray from the concrete to the abstract. If you have to use abstracts (honesty, loyalty, etc.) use concrete examples of these.

Be specific: Do not generalize. Instead of automobile, say Dodge, Ford or whatever it is. Specific details are descriptive, communicate with audiences, make news copy.

Variety: Still the spice of life. Variety in substance. Vary sentences. Use questions. Build up to peaks of interest, then coast to another area of interest. Might argue, make an appeal, entertain, inform, condemn, perhaps. Tone change is important as well.

Move from familiar to unfamiliar: Use what the audience knows to introduce new ideas and material.

Be vital: Ideas are vital when they appeal to the primary interests of the audience, (home, job, neighbourhood, pocketbook). Interest increases when you tell people how to be healthier, richer, acquire property, increase power, win friends, avoid fear, protect self and loved ones, be happier.

Use conflict and suspense (Under certain conditions): Can often use conflict of attitudes and suggest solution. (Labour-management problems.)

Humour: Invaluable aid. Do not see yourself as Bob Hope or tell shaggy dog stories too often. Be sure humour is appropriate, pertinent to subject, does not drag out, is well prepared, brief, and is in good taste (in mixed audiences).

UNIT 8

FINDING & DEVELOPING PROSPECTS

INSTRUCTOR'S GUIDE

Introductory Note

This is the final Unit and should be the culmination of the course. It deals with the area in which your participants have had the most practical experience. Some of the material will have already been discussed in previous sessions, arising from other Units, so that you may find that little of it is really new, and that all you need is a fairly brisk review of the contents as a sort of check list for the participants. This instructor's guide is provided as though a thorough teaching job is necessary. If it is not, simply review the material and devote the period to discussion of the course as a whole and to other aspects of follow-up. The course participants may have come to enjoy working together and want to plan for future meetings to compare results and explore new developments. Encourage them to do so, if you can, even to suggesting that they establish some executive group to maintain a continuing leadership. Above all, try not to allow them to leave feeling that the course is now over and that they are going to be forgotten.

You will note some emphasis in this Unit on non-industrial prospects. You may want to pay special attention to this since the weight in other Units has been so heavily on industrial prospects.

The authors of this course hope that you have enjoyed teaching it. If you have observations or improvements to suggest, they would be more than welcome.

Content

The text is divided into two main parts. Part 1 deals with finding new prospects for location in the community; Part 2 deals with encouragement that must be provided for existing industry to grow itself as well as to participate in attracting new industries. Both of these approaches are important and they are obviously linked together. Part 1 is further divided into three: the

identification of major prospects; the steps to follow once a prospect has been identified; and a brief account of what procedures companies follow in making decisions to locate. Part 2 contains an opening statement; a variety of suggestions of how to help existing industry; and a list of possible supports.

Goals

* To identify suspects, prospects and the sequence of steps leading from one to the other;

* To provide an awareness of the variety of factors involved in some company or another becoming a prospect, in particular the procedures followed by the company in searching for a location as well as vice versa;

* To provide in detail the basic steps to be followed by a community and its industrial developer, from finding a possible company to ensuring its location;

* To suggest the available possibilities among non-industrial agencies;

* To reinforce the importance of concentrating on existing industry and the benefits to be gained from doing so;

* To suggest a variety of ways of supporting the development of existing industry and in turn of gaining its participation in industrial development.

Materials

1. Text - Part 1 and Part 2
2. Tape - Part 2
3. Slides - 1. Finding Industrial Prospects
   2. Practical Research
   3. Practical Research (cont'd)
   4. Practical Research (cont'd)
   5. Research Tools
   6. Research Results
   7. Key Prospect-Generating Agencies
   8. Establishing Contacts

9. Maintaining Contacts
10. 12 Basic Steps
11. Non-Industrial Prospects
12. Industry's Procedures
13. Learning About Existing Industry
14. Assisting Local Industry
15. Assisting Local Industry (cont'd)

Instructional Outline

Step 1 - Review the goals of the Unit, keeping in mind the Introductory Note. Ask participants for any outstanding examples of success in either locating new prospects or helping existing industry. Ask them to explain why they thought they had been successful. Put the points on the blackboard. Ask for examples of failures, of "ones that got away" and list those reasons as well.

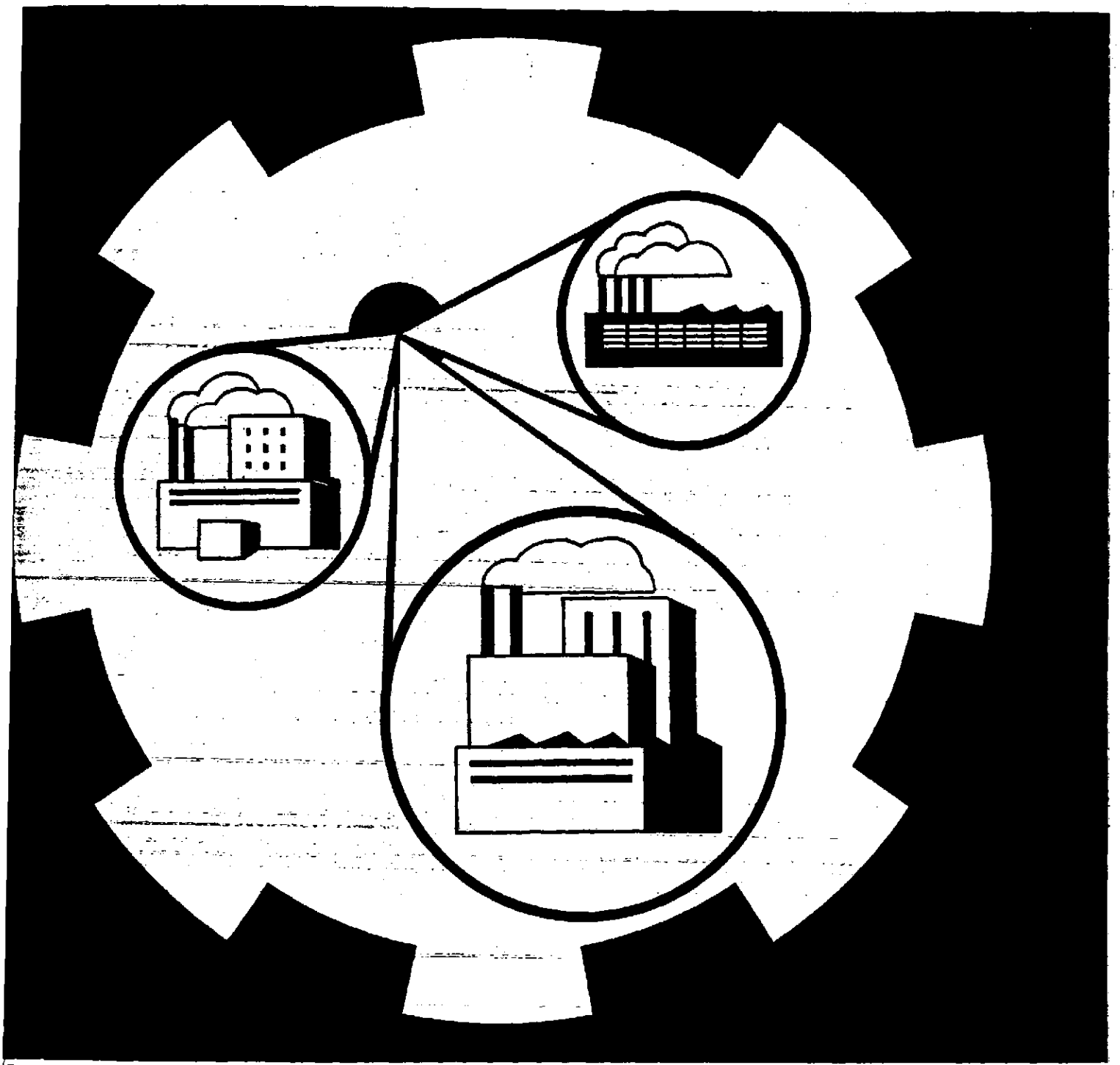
Step 2 - Review verbally the introductory material, up to the paragraph headed "Three ways to . . ."

Step 3 - Divide participants into small groups. Ask half the groups to list all the ways they go about finding prospects. Ask the other half how they go about helping existing industry. Keep one group separate and ask them to discuss how they, as representatives of a large company, would go about choosing a new location.

Step 4 - Allow half an hour or more for this discussion. As the groups to report. When the group discusses where to locate reports, ask them how their needs will be filled by the prosposals put forward by the group searching for new prospects.

Step 5 - If you think the participants need it, review the materials where they are weakest, using the appropriate slides. Play tape of Part 2.

Step 6 - Hand out text. Ask for suggestions about what follow-up they might like. Encourage them to take charge of this any way they can.



FINDING AND DEVELOPING PROSPECTS

8

INDUSTRIAL DEVELOPMENT TRAINING COURSE

prepared for the
DEPARTMENT OF REGIONAL ECONOMIC EXPANSION
by the
CANADIAN ASSOCIATION FOR ADULT EDUCATION

UNIT 8

UNIT 8

FINDING AND DEVELOPING PROSPECTS

PART 1

CONTENTS

UNIT 8

PART 1

FINDING AND DEVELOPING PROSPECTS

EXTERNAL PROMOTION

The purpose of external promotion is to publicize the advantages your community has to offer to potential industrial prospects. Your job is to prepare and use the materials and method which will provide the most effective communication of your message. The management of external promotion involves all the same techniques of selection that apply to internal promotion:

Select your audience

Select methods to reach it.

The content, too, will be substantially the same. Woe betide the development officer who falls into the habit of telling two different stories, one inside the community and one outside. He always get tripped up and it takes a long time before confidence in him and his community can be re-established. Nevertheless, there will be a difference between the two types of promotion. In internal promotion you are talking to the community about itself. You are explaining the benefits of industrial growth and trying to enlist public support for the steps necessary to achieve it. In external promotion you are talking to outsiders about the community and pointing out its assets as a location for industry.

INDUSTRIAL PROSPECTING

This is simply the process through which the decision-making executives of prospective new industries or branch plants are sought out, approached, supplied with information, and eventually convinced that the industrial location factors they are seeking can be provided most effectively by your community.

How do you Find Industrial Prospects?

The number of methods which can be used to find industrial prospects is limited only by the ingenuity of the industrial promoter. Depending upon such factors as the personality of the promoter, the development budget available, the distance of your community from mass prospect sources, etc., any combination of half a dozen or more methods may be most productive. However, a well-organized, aggressive industrial development program will probably use, at one time or another, all the known prospecting methods, and invent a few new twists of its own as well. However, before attempting new, untried prospecting methods, it is essential to have a basic understanding of the well established methods practised - in one form or another - by successful industrial development men in North American for at least 30 years.

First - the Right Approach

It has been said that locating prospects is probably the most baffling part of an industrial development campaign.

There is no list available of companies considering new manufacturing facilities. There is no list of companies planning to decentralize. And, by and large, the various levels of government do not control the location of manufacturers. In short, in our free enterprise system, plan location decisions are made by industrial management, who are responsible to their shareholders for making a profit.

It is important, therefore, to realize that in most cases, industrial managers keep their plans for expansion, relocation, or a new manufacturing facility, a closely guarded secret. The reasons for such secrecy are many, but they certainly include the following:

* Danger of arousing fear of the community and employees that a new plant elsewhere will curtail operations and employment at the parent plant;
* Fear of land price increases in prospective locations, as a result of speculation;
* Fear of labour disturbances;
* Fear of unnecessarily alerting competitive companies to expansion plans which might affect production and marketing costs;
* Fear of being inundated with literature from thousands of communities not included in the company's selected survey area.

In the light of this strong desire on the part of industrial managements to maintain secrecy for as long as possible, how can Industrial Committee members know which industrial prospects are *on the move?* The simple answer is: they can't. But they can search out, with imagination, creativeness, aggressiveness and persistence, the companies that, for a variety of observable and measurable reasons, are likely to require new plant locations.

Three Ways to Find Industrial Prospects

Although the variations in method and approach to industrial prospecting are without limit, there are really only three basic ways in which a community Industrial Development Commission can find industrial prospects:

Casual inquiries or windfalls;
Practical research;
Personal contacts with prospect-generating agencies and individuals.

Casual inquiries

By letter
By personal visit.

But even here, the apparent windfall lead may well have resulted from an effective promotion and publicity program, or from established personal contacts. No industrial development program can expect to succeed if it depends solely upon casual inquiries for its prospects.

Practical research

The starting point for practical research, to uncover industrial prospects, is the preparation of an accurate and comprehensive survey or inventory of the assets and liabilities of your community. (This procedure was dealt with in Unit 5.) The next logical step, which we discussed in Unit 5, is the classification of general types of industry to determine the specific types your community should look for. Once you have a realistic idea of the kinds of industry you are aiming at, you are ready to develop a list of actual company names. This list, if accurately prepared, through careful and persistent research, will contain reasonably potential prospects, or at least, suspects.

1.) How to carry out research to find prospects

The first place to look is right at home, in your own community. Analyze the potential for expansion and diversification of existing industry. Remember that the largest

proportion of total industrial expansion takes place in the location where the company originally began operations.

If, however, your community is one that has little or no existing industry, you will want to study the potential for the establishment of new local manufacturing enterprises. It is at this point that the use of a well-prepared feasibility study may be useful (as discussed in Unit 5).

Once you have carefully assessed the local prospect potentiality, you will be ready to look further afield in your practical research program. For example, you will have to determine:

(a) Which industries, not already established in the community, are most likely to decentralize and thus become prospects for branch plants;

(b) Which types of industries are moving into the general region, in order to study the possibility of competitive industry following with similar moves;

(c) Which industries (particularly in large metropolitan areas such as Toronto and Montreal) are located in obsolete buildings or are out-growing their present premises and are consequently likely prospects for branch plants or expansion;

(d) Which firms have established in Canada (from the U.S.A. or the United Kingdom particularly) within the last five to ten years, in small rented premises in Toronto, Montreal or elsewhere and have increased production and sales volume to the point where they must consider moving to larger quarters or erecting a company plant;

(e) Which foreign firms began operations in Canada through a sales office or agent and have increased their markets to the point where they are likely to begin manufacturing in Canada and will require plant facilities;

(f) Which foreign companies at present export to Canada but as yet do not have manufacturing facilities here;

(g) Which products are not already made in your area, or in the province, and might provide a viable manufacturing opportunity;

(h) Which services and industries are listed in the telephone books of comparable-sized communities but are missing from your phone book;

(i) What recent changes there have been in the economic and trade factors affecting your area, province, or Canada as a whole, e.g.:

* tariff changes and trade treaties affecting imports and exports;
* unusual trade expansions in certain types of industry;
* new sources of raw materials discovered;
* development of new products and processes and new uses resulting from research and changing technology;
* changes in rates and methods of transportation, warehousing and packaging;
* changes in consumer acceptance of new products;
* changes in legislation relating to taxes, labour, etc.;
* availability of new incentive and finance programs.

2.) Local technical people are required

The need for practical research in finding prospects points up the need to include a few technical people in the make-up of your Industrial Commission or Committee. In addition there are usually a number of technical people in any community who would be willing to help in carrying out the type of practical research discussed here.

It is therefore advisable to form a technical advisory committee which can be called upon for specific advice and help when required. Valuable advice can also be obtained from your provincial and federal development authorities, and from private development consultants.

3.) What research tools do you need?

Here is a short list:

* Directories and special lists
* Mailing lists from reputable houses
* Government reports and publications
* Current newspaper and magazine articles
* D.B.S. and other statistical information
* New product catalogues and reports
* Attendance at trade and manufacturers' shows
* Services of local technical committees
* Services of specialists in government and development-oriented agencies.

4.) How do you use the results of practical research?

Properly carried out, your research should produce three things:

(a) A list of reasonably good prospects for initial contact;

(b) Reports, proposals, surveys, feasibility studies and other back-up material which can be used as promotional tools in contacting and negotiation with prospects;

(c) Additional knowledge and background information to support your overall industrial development program.

Personal contacts with prospect-generating agencies and individuals

The most important, most regularly used, and probably the most productive method for finding industrial prospects is through establishing, expanding and cementing personal contacts with key prospect-generating agencies and individuals.

1.) What are the key prospect-generating agencies, organizations and individuals?

Banks
Utilities
Transportation companies
Federal and provincial development agencies
Trust companies
Consulting engineers
Contractors
Chartered accountants
Architects
Industry associations
Real estate agencies
Research institutes
Management consultants
Businessmen
Purchasing agents, etc.

2.) Why is it important to establish and maintain personal contacts with key prospect-generating agencies and individuals?

One man, or even half a dozen members of an Industrial Committee, cannot even begin to contact (personally, by letter

or phone) a fraction of the thousands of manufacturing companies in North America alone. And even if it were possible to pay personal visits to a few thousand companies, it would be difficult to be selective - to concentrate on the companies that, at any given time, are active branch plant prospects.

It is therefore necessary to make contact with a circuit of development-oriented agencies and individuals such as those listed above. Some of these have business development offices and staff who, on a regional basis throughout Canada and the U.S.A. particularly, are constantly knocking on the doors of industrial prospects looking for development business of one kind or another.

The Canadian chartered banks provide an example of the importance of personal contacts. Each of the Canadian banks has a number of business development offices in strategic locations across Canada, as well as in U.S. centres such as New York, Chicago, Los Angeles, Dallas, New Orleans, etc., and others in areas such as London, England and Hong Kong. Some of those offices are staffed with as many as from three to five full-time business development officers who spend a considerable portion of their time calling on industry located in their particular multi-state area. In addition, each of the Canadian banks has a "correspondent" relationship with any number of American banks. In this way, they multiply further their areas of potential contact with investment and manufacturing prospects who may have an interest in Canada. The result is the availability of a broadly-based network of literally hundreds of business development officers who are constantly coming in contact with potential branch plant prospects throughout North America.

A similar network of business development people exists, to a greater or lesser degree, among all of the other prospect-generating agencies listed.

Therefore, if the industrial prospector could tap in to all of the segments of the diversified chain of people who are involved directly with finding prospects, he would have at his disposal the help and cooperation of perhaps 1,000 or more assistants. Thus the extent to which an Industrial Committee can succeed in establishing and cementing personal contacts among key prospecting agencies usually determines the extent to which they will be successful in finding worthwhile prospects.

3.) How to establish and develop personal contacts with key prospect-generating agencies and individuals

These are the more obvious methods:

Personal calls and letters
Phone calls
Media advertising
Press publicity (releases and free articles)
Direct mail (reports, pamphlets, clippings, mailers, brochures)
Postage meter slugs
Conference and convention attendance
Industrial days for outside business development personnel.

4.) The importance of experience, continuity, diplomacy, integrity and confidentiality in cementing and maintaining productive personal contacts

Each prospect-generating agency is in business either to make a profit or, as in the case of government departments and agencies, to provide a meaningful service. Therefore, after devoting considerable time and money to finding branch plant or investor prospects, the banks, consultants, transportation companies or whatever are understandably extremely careful in protecting their own interests and the interests of the prospect, to ensure that the final result is a new customer in Canada.

In order to establish and maintain a productive relationship with any prospect-generating agency it is, therefore, essential to convince the agency that:

(a) You have the experience and competence to provide a useful service (in terms of plant location, financing, etc.) to the prospect which the agency may be willing to share with you;

(b) You will provide continuity of follow-up on behalf of the agency and will keep the agency informed on any developments;

(c) You are capable of handling the shared prospect with tact and diplomacy in all your dealings;

(d) You are a person - or an Industrial Committee - of integrity who will provide accurate information and sound advice to the shared prospect at all times;

(e) Finally, you will guard with your life the confidentiality of your relationship with the agency and with all shared prospective clients. Above all, you will protect the business (i.e. profit making) interests of the prospect-generating agency.

HOW TO DEVELOP INDUSTRIAL PROSPECTS

Leads - Suspects - Prospects: What's the Difference?

A *lead* is usually nothing more than a name of a company or an individual who you have some reason to believe is worth contacting to determine whether or not the company may be a *suspect*.

A *suspect* is an individual or company that appears - after reasonable checking and perhaps preliminary contact - to be seriously interested in considering the establishment of a manufacturing plant in Canada.

A *prospect* is an individual or company that has been contacted and verified by you and has given you reasonable assurance of an intention to include your specific community in plant location considerations.

Success in industrial prospecting depends, to a considerable extent, upon the ability to develop a sixth sense which enables you to single out live, active prospects quickly rather than waste time on leads or suspects who will never evolve into prospects which eventually produce new or expanded manufacturing plants for your community.

There are twelve basic steps to be taken, in the process of converting a prospect into a new industry for your community:

1) Identify the prospect;
2) Respond and cement initial contact immediately;
3) Determine the prospect's specific requirements;
4) Adapt community services and facilities, where possible, to suit company requirements;
5) Prepare a tailor-made presentation relating community advantages to company requirements;
6) Set up a personal meeting with company principals at earliest opportunity;
7) Request, where required, assistance of other government or private development agencies;
8) Arrange for company principals to visit the community as soon as practical;
9) Before prospect arrives, prepare a comprehensive package of community information and arrange for all key persons to be on stand-by;

10) Take personal responsibility for the prospect and lay on every reasonable personal confort and service during his visit;
11) Arrange for the prospect to tour the total community;
12) Maintain continuous follow-up until the plant location is finalized.

Most important of all: In all your dealings - at every step in the process - be truthful, be factual, be helpful, be confidential.

Finding non-industrial prospects

1) Non-industrial development may be an integral part of total community development. In some communities or areas it can be more important than industrial development.

2) Types of non-industrial prospects include the following:

Tourism and recreation
Institutional
Commercial
Agricultural

3) The techniques for finding and developing non-industrial prospects are essentially the same as for industrial prospects.

COMPANY PROCEDURES IN LOCATION DECISIONS

It may be useful to check the practical steps suggested for finding and developing prospects against the actual procedures industry itself follows in selecting new plant sites. These procedures were summarized in the U.S.A. in 1953 by the National Industrial Conference Board, as a result of a study of industry practices in plant selection. The steps followed by many companies were:

1.) The assignment, within the management group, of responsibility for selecting a location. This unit has frequently a committee with a top executive serving as chairman;

2.) Specification in detail of the requirements to be met, including size of plot and building, utility requirements, labour, transportation needs, raw material and fuel requirements, etc.;

3.) Selection of general area usually determined by one or two major factors, such as a market to be served, the availability of raw materials, or an adequate supply of power, fuel, water, or labour;

4.) Screening of potential locations within the survey area to select a small list of the best possibilities. (Some companies employ consultants to do this work.) Company representatives are then sent to visit the communities still under consideration, to check data and to get a first-hand view of living and working conditions.

5.) Final comparisons and the selection of site, made after careful weighing of all known information.

The study of the National Industrial Conference Board found that the choice usually went to a location offering the best combination of factors rather than one outstanding advantage.

SUMMARY

If you are to explain the advantages of location in your community to decision-making executives, you must first find likely prospects. There is no quick and easy way to accomplish this. Companies do not publish their intentions. You will have to search out managements likely to be on the move and decide whether or not your community can meet their basic needs. This will require a good deal of research on your part into the circumstances and the possible future plans of specific industries within your general categories. But you must also establish relationships with the whole range of prospect-generating organizations and individuals.

It is most important to remember that, through every phase of the search for prospects, you must preserve the strictest confidence concerning the information you receive. There are many practical reasons why businesses and industries do not want to broadcast their plans prematurely. You will find that your sources of assistance will dry up very quickly if you become known as a purveyor of confidential information.

PART 2

CONTENTS

UNIT 8

FINDING AND DEVELOPING PROSPECTS

PART 2 -

DEVELOPING EXISTING INDUSTRY

THE IMPORTANCE OF EXISTING INDUSTRY

The attraction of a new industry to your community is understandably more glamorous and dramatic and, as a result, tends to receive more fanfare and publicity than the expansion of a local industry which has been operating in your midst for years. And yet, the long-term economic growth of any community results more from the expansion of local companies than from an influx of new manufacturers.

The attraction of totally new manufacturing companies is certainly important as a means of seeding the local economy with new plants for future expansion. Nevertheless, the expansion of local companies, with local loyalties and local records of success, is usually the type of industrialization which will offer your community the most lasting benefits. In addition, the continued success of your existing industries is the best possible kind of advertising and promotion to attract other sound manufacturing and commercial enterprises to your area. Therefore, before thinking about finding new industry, make absolutely sure that you are doing everything possible to ensure the continued stability and expansion of the industries you already have.

Some Questions

How do you get to know your local industry?

In order to be of any practical help to the industries already established in your community, it is first necessary to know them. How can you get to know your local industries? By using the same basic methods

as we have already discussed in previous Units: by establishing and expanding personal relationships between your Industrial Committee or spokesman and the managements of the various companies in your community. If you take a practical and intelligent interest in the future plans, needs and problems of your local industries, you can build up a personal relationship which will accelerate local industrial expansion, prevent the possibility of relocation or expansion elsewhere, and mobilize the support of existing manufacturers in diversifying the local economy through the attraction of new plants.

What should you know about your local industry?

You should know everything possible that will enable your Industrial Committee to understand the needs and meet the expansion requirements of local industry.

For example, you should know:

* Names and locations of all manufacturing companies
* Management (personally)
* Personnel
* Products manufactured and raw material and components required and their sources
* Machinery and equipment in use
* Manufacturing payrolls
* Present and future requirements for land, zoning, water, manpower skills, financing, transportation, pollution avoidance, etc.
* Excess or shortage of manufacturing capacity and capability
* Service industry requirements.

How can you assist your local industry?

The number of ways in which your Industrial Committee or spokesman can provide tangible and intangible assistance to local industry is limited only by your imagination and ingenuity. Here are eight:

1.) Encourage maximum appreciation of local industry by the people who live in your community:

* Through organizing "industry appreciation days" combined with plant tours or an industrial "open house" so that local citizens will have an opportunity to see for themselves the manufacturing operations which contribute so directly to local prosperity;
* through practical assistance to employees;
* through press and other publicity and public relations methods;
* through publicizing locally manufactured products via displays and seminars.

2.) Familiarize your local industries with the local municipal structure and the services, financial aid, etc. available from all levels of government as well as from institutional and private agencies oriented toward industrial development.

3.) Offer guidance concerning the availability of manufacturing and licensing arrangements, new product diversification and export opportunities, space requirements and new technology and research advice. This can be accomplished through the facilities of government and institutional development organizations prepared to provide such services.

4.) Examine the possibility of establishing and maintaining a current industrial reference library for the use of manufacturers.

5.) Find out the present and future requirements of local industry for physical municipal services and work with the civic authorities to ensure that such services are available when required.

6.) Encourage the creation and/or support of an association of local industries.

7.) Examine the possibilities of developing additional sources of industrial services and suppliers in the area.

8.) Encourage and actually participate in offering any number of additional services not listed here.

What are the concrete results of such a local development program?

Among the many tangible and intangible results are the following five key benefits:

1.) The Industrial Committee or spokesman becomes recognized as the official point of liaison between industry and other influence groups in the community.

2.) Local industrialists are marshalled into an effective, but unbiased, industrial promotion team which is invaluable in supporting your industrial development effort to attract new industry.

3.) Local industrial production, jobs, payrolls, and the tax base are expanded, thus stimulating the overall economy.

4.) A favourable industrial climate is created to encourage the expansion of local industry and the attraction of new manufacturing and service companies.

5.) All of the above applies equally to local, commercial, service, institutional, tourist and general business development in the community.

SUMMARY

Before you can take successful action in this field, you must get to know your local industries, their needs and their problems. You must be prepared to give their interests as much attention as you give the concerns of your industrial prospects, and to be as helpful in discussing their plans for the future. Although you may consider yourself to be familiar with local industries, the fact may be that you are actually ill-informed concerning the detail of their operations. You must establish personal relationships with local managements, and in consultation with them, find out how you can assist these industries to grow and how you can support them in the community.