



# ECONOMIC DEVELOPMENT CAPACITY IN THE BASIN-BOUNDARY

*THE DEVELOPMENT OF AN ASSESSMENT TOOL AND EARLY RESULTS  
JUNE, 2015*



**COLUMBIA BASIN**  
**RDI**  
RURAL DEVELOPMENT INSTITUTE

*The Columbia Basin Rural Development Institute, at Selkirk College, is a regional research centre that supports informed decision-making through the provision of information, applied research and related outreach and extension support. Visit [www.cbrdi.ca](http://www.cbrdi.ca) for more information. .*

## EXECUTIVE SUMMARY

In the fall of 2014, the RDI undertook a survey of Business Retention & Expansion (BRE) Project Leads, BRE business participants, and government representatives in BRE communities. The results indicated that a community's *capacity* to deliver economic development programming was the most critical pre-condition to successful implementation of a BRE process. In response to this message, a companion questionnaire was administered that was designed to measure the capacity of a community to deliver economic development programming.

The RDI used the results of the capacity assessment questionnaire to create Community Capacity Indices. These indices are shared with the communities and are designed to be used as a metric to measure change in capacity over time. The index is based on a self-assessment of: capacity for strategic planning and action, strength and commitment of leadership (both elected officials and community leaders), strength of network connections (within and outside of the region), and the level of engagement within the community.

# CONTENTS

|  |    |
|--|----|
| Executive Summary .....  | ii |
| Introduction.....  | v  |
| Defining Economic Development Capacity .....                             | 6  |
| Planning and Action.....   | 6  |
| Shared Vision .....  | 6  |
| ED Planning.....   | 7  |
| ED Action .....  | 7  |
| Governance and Leadership.....   | 7  |
| Elected Officials .....  | 7  |
| Municipal Staff.....   | 7  |
| Community Leaders.....   | 8  |
| Resources .....  | 8  |
| Networks and Linkages.....   | 8  |
| National Networks.....   | 8  |
| Regional Networks.....   | 8  |
| Local networks / Collaboration .....                                     | 8  |
| Engagement.....  | 9  |
| Diversity of Stakeholders.....   | 9  |
| Involvement of Stakeholders.....   | 9  |
| Business Community Involvement .....                                     | 9  |
| The Capacity Index .....   | 9  |
| Questionnaire .....  | 10 |
| Graphical Representation.....  | 10 |
| Regional Results.....  | 11 |
| Economic Development Practitioners & Local Government Perspectives ..... | 11 |
| Using the Index for Community Economic Development .....                 | 13 |
| Focusing Attention .....   | 13 |
| Relative Assessment.....   | 13 |
| Progress Metric .....  | 13 |
| Bibliography.....  | 14 |
| Appendix A .....   | 15 |
| Planning & Action .....  | 15 |

|                               |    |
|-------------------------------|----|
| Governance & Leadership ..... | 15 |
| Networks & Linkages .....     | 15 |
| Engagement.....               | 15 |
| Appendix B.....               | 16 |

*“Planning is a process of choosing among those many options. If we do not choose to plan, then we choose to have others plan for us.”*

~ **Richard I. Winwood**

## **INTRODUCTION**

Business Retention and Expansion (BRE) is an action-oriented and community-based approach to business and economic development. It promotes job growth by helping communities to learn about the concerns of, as well as opportunities for, local businesses and to set priorities for projects to address those needs. Ultimately, communities will have greater success in attracting new businesses if existing businesses are content with local economic conditions and community support. In 2015, the Columbia Basin Rural Development Institute completed a three year pilot project supporting the delivery of BRE programs throughout the Columbia Basin-Boundary region.

In the fall of 2014, the RDI undertook a survey of BRE Leads, BRE business participants, and government representatives in BRE communities. The survey asked respondents a series of questions designed to learn about practices that had been successful and the conditions that fostered that success. The strongest message delivered by respondents was regarding the importance of a community’s *capacity* to deliver economic development programming.

In response to this message, a companion questionnaire was administered that was designed to measure the capacity of a community to deliver economic development programming. All three aforementioned categories of respondents were surveyed to give a balanced assessment of their community’s capacity. The results of this survey were aggregated into a graphic representation of the community’s capacity.

This report explores the concept of economic development capacity and the results of the capacity index questionnaire. There are three main sections: defining capacity, building the capacity index and using the capacity index to improve community economic development capacity.

## DEFINING ECONOMIC DEVELOPMENT CAPACITY

From the moment even the smallest community (even if they have no official municipal government) hosts a meeting to discuss community issues, of any variety, they are engaging in economic development. Economic development (ED), as discussed in the Basin-Boundary, refers to efforts aimed at fostering a healthy, strong and resilient community; implying that the commercial economy, the social fabric, environmental integrity and the cultural wealth are honoured and nurtured, jointly. Thus, even a community that does nothing but collect garbage is participating in ED<sup>1</sup>.

The word “capacity” is used throughout this document. Within the context of this report and of rural economic development, we define economic development capacity as a community’s ability to create economic development plans and to deliver on the associated goals. In the context of rural economic development, capacity has a number of specific aspects. These include: capacity for strategic planning and action, strength and commitment of leadership (both elected officials and community leaders), strength of network connections (within and outside of the region), level of engagement within the community, and overall health and vitality of the business sector and the community as a whole. Taken together, these elements contribute to *a community’s ability to create economic development plans and to deliver on the associated goals*.

Capacity is a dynamic element that can grow or decline over time, depending on how it is fostered. Effective policy-makers and Economic Development Practitioners (EDPs) must understand the limitations of capacity while committing to improving capacity over the long term. Creating this culture requires educating all stakeholders on the benefits of ED and how stakeholders can participate.

## PLANNING AND ACTION

Effective, advanced ED requires strategic planning and action. The importance of planning, in any context, is a well-documented expeditor of efficient action. A communal, strategic vision can greatly improve a community’s ability to achieve focused growth and improvements to community well-being. The RDI’s ED Capacity Index determines a community’s progress toward a shared vision, formal planning, and experience working together toward common ED goals.

### Shared Vision

A shared vision is required before effective planning can be undertaken. Since ED is most effective when integrated with social, cultural and environmental goals, all members of a community are important stakeholders in ED planning. While unanimity may never occur, consensus should be sought across all stakeholder groups in determining the economic vision for a community. This process engages citizens and forms ownership of the plans; these factors tend to increase participation in subsequent action. Further, inclusion of all elements of a community allows everyone to gain some control over their own future while developing skills and competencies.

---

<sup>1</sup> Even simple services, like garbage collection, reduce the cost of doing business and create a more favourable business environment.

## ED Planning

An ED plan is the road map that will guide a community toward their *shared vision*. An effective ED plan takes into consideration all of the interconnected social, cultural and environmental goals and attempts to integrate with broader planning initiatives and policies within the community, region and country. An ED plan is also stronger the more complete it is in laying out, from general to specific, the steps and actions that will achieve the goals and the metrics that will be employed to measure progress. Working with a concrete plan vastly improves the chances of success and lends efficiency to action.

ED planning capacity requires the ability to identify community assets and relationships. These will include economic assets and the social and environmental assets that support and form the fabric of the community. Identification of assets is the first step in creating a plan that enhances these assets while enabling all members of the community to grow and realize their potential. It is also a precondition to establishing metrics of progress.

## ED Action

Collaboration is a learned skill. The more experience a community has in working together toward shared goals, the better. A community's experience with successful delivery of ED initiatives is a strong indicator of their ability to do so in the future.

## GOVERNANCE AND LEADERSHIP

Any collective planning and action program requires strong leadership to help focus the collective energy in a shared direction. Community leaders, or *champions*, can come from any walk of life or corner of the community. However, effective ED will always involve the municipal government; the local government is the natural lead on ED planning and action.

In many small communities, resources are strained and can hamper the ability to take essential ED steps. The RDI's Capacity Index, then, asks communities to assess their leadership's ability to manage ED action. Elected officials, municipal staff, community leaders and their individual and collective resources are important determinants of ED capacity.

## Elected Officials

Elected officials set the agenda, or mandate, of the local government. They are also the most obvious choice for ED champions. However, elected officials are drawn from the general population. As such, they may have wildly varying levels of familiarity or expertise in the realm of ED. So, the level of understanding, held by the body of elected officials, of effective ED and their ability to strategically plan and act is an important contributor to a community's capacity for ED. It is necessary for officials to understand ED planning and action as a long-term investment in the community

## Municipal Staff

Municipal staff are the ones putting plans into action on behalf of the elected officials. Municipal staff are also the institutional memory and continuity of programming for the municipal government, while elected officials come and go as terms dictate. While municipal staff take their direction from elected

officials, their level of understanding and ability to strategically plan and act may complement or positively focus the capacity of the elected officials.

### Community Leaders

Economic development is for the entire community. As such, all corners of a community have a stake in the outcomes and should have a voice in determining plans. The value of this contribution will be, in part, a function of the level of understanding of ED and ability to strategically plan and act demonstrated by community leaders.

### Resources

Financial and human resources are, of course, a critical success factor. From the development of all the other 'capacity factors' listed, to the planning process, to the delivery of ED programs – both financial and human resources are required for success. Smaller communities should be cautioned not to let resourcing challenges discourage them from making ED efforts. While resources are required, even modest resourcing, well-used, can have significant impacts.

### NETWORKS AND LINKAGES

No community is completely isolated in their efforts. The federal and provincial governments have many departments and programs that support actions that contribute to ED. There are NGOs that offer both networking and practical support for ED activities. The education system (public, private and post-secondary), industry associations, and other major regional stakeholders (see Appendix B for a sample list of a these types of organizations). The RDI's Capacity Index asks respondents to rate their community's strength of network connections.

### National Networks

National support networks can leverage a community's capacity for ED action. The Canadian landscape includes roughly 3700 municipalities; each experiencing shared issues, to a varying degree, and supported by the Federation of Canadian Municipalities (FCM 2015). The federal and provincial governments support community development through programs, projects and other funding opportunities. Industrial trade associations and interest groups span the country as well.

Awareness of these networks and active participation can accelerate the pace of learning about common ED tactics and expedite access to financial, human, and technological resource support.

### Regional Networks

Within the Basin-Boundary region, there are support networks that actively and openly accept interested membership. The region hosts: education networks (including the two regional colleges and a number of skills training centres), ED networks (at various levels of sub-regions), and sectoral networks (such as: food, forestry, mining, and tourism etc.)

### Local networks / Collaboration

Within community, there are countless opportunities for collaboration and cooperative work toward improved economic goals. Local stakeholders have a direct interest in economic development. Local

cooperation and collaboration are a developed set of skills; a community's track record with successful joint projects is a strong indicator of local ED capacity.

## ENGAGEMENT

Finally, it is worth discussing attitudes and approaches to ED planning. Many small communities feel at a loss with respect to ED planning; many even state that they have no mandate to perform ED. This is a reflection of an unnecessarily strict definition of ED. Stakeholders should realize that we are all already performing ED.

While it is true that ED activities tend to get more traction with a dedicated economic development practitioner (EDP), ED activities range over a spectrum of formality and levels of resourcing. Through the RDI Capacity Index, communities rate their level of engagement as it pertains to ED planning and action.

### Diversity of Stakeholders

All corners of society are directly impacted by ED activities and, as such, should be equally interested in sharing in the direction of those activities. The strength of a community's ED activities is increased through the participation of a diverse group of individuals and organizations. Thus, the diversity of stakeholders engaged in ED planning and action are an indicator of that community's ED capacity.

### Involvement of Stakeholders

While a diversity of stakeholders is key, stakeholders may have varying levels of commitment and involvement in the planning and action of ED. The greater the level of involvement, or engagement, the greater the contribution. This directly increases the scale and scope of potential action and success.

### Business Community Involvement

Finally, the business community itself is such an integral part of ED planning and action that they must be considered separately. The business community is best poised to contribute to ED and to offer enlightenment on the needs of the business community and pressures they face. While not the only part of the community to benefit from ED planning and action, it *is* a pivotal part of the greater community. The involvement of the business community, then, is another important indicator of the greater community's ED capacity.

## THE CAPACITY INDEX

With a conceptual framework established around these components of ED capacity, the RDI prepared a thirteen question capacity diagnostic survey. This questionnaire has been administered to communities within the Basin-Boundary region. Currently, future plans included continual monitoring of capacity and capacity building discussions throughout the region and with individual communities.

## Questionnaire

This diagnostic questionnaire asks respondents to answer the questions using a five point Likert scale; rating each particular aspect of their community's capacity for ED planning and action. Specifically, members of the business community, the EDP community, and local government. The questionnaire is structured by the following themes: planning and action, governance and leadership, networks and linkages, and engagement categories (see Appendix A for the questionnaire).

The responses to each question indicate a high level of capacity (rating at 5/5) or low level (0/5). Each respondent is given an equal weight in the index calculation, which is a simple unweighted mean. The mean value for each question then becomes its indexed value in the overall diagnostic. A mean value across all questions then becomes the community's ED Capacity Index Value, based on a five point scale.

## Graphical Representation

Using the responses from the diagnostic, average values are assigned to each element of the diagnostic for a given community. These self-assessed values are then used to form a spider-graph as shown, below, in green. Each community has their results compared, initially, against the regional averages, represented by the blue line.

The graphical results very quickly draw the eye to the areas that are the weakest and offer a very quick comparisons against the regional averages.

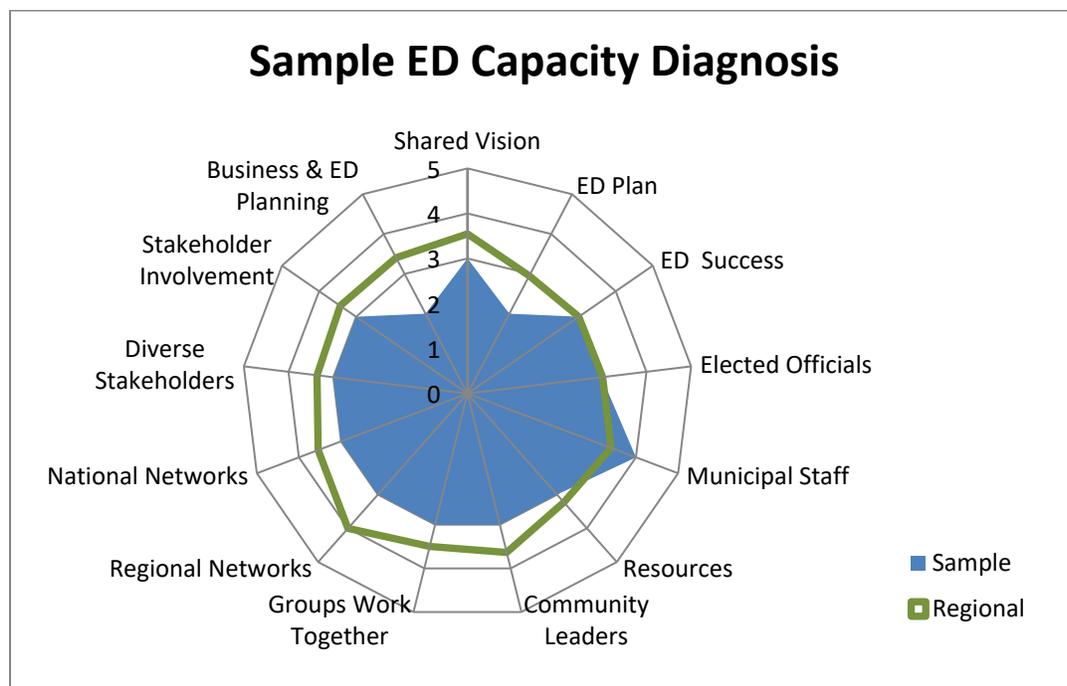


Figure 1: Sample Capacity Diagnostic Results

## REGIONAL RESULTS

Regional results indicate a medium high assessment. These results are the aggregated results from over forty interviews throughout the Basin-Boundary region. The graphic of the region's assessment are shown below.

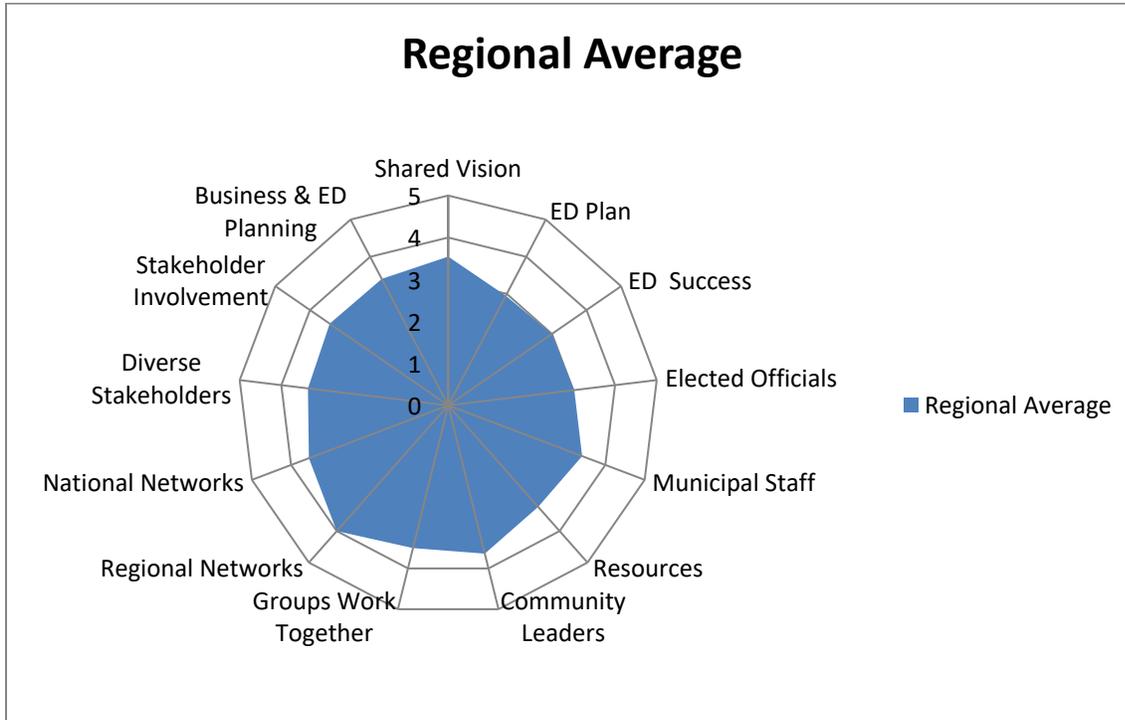


Figure 2: Regional Capacity Diagnostic Results

### Economic Development Practitioners & Local Government Perspectives

Economic Development Practitioners (EDPs) and local government representatives are two very important components of our ED population. EDPs focus their efforts almost exclusively on ED issues and local government representatives must concern themselves with ED while attending to a plethora of administrative and policy concerns. Both are essential stakeholders in the culture of ED. While overall results give an indication of areas where we can improve, those elements of the index where groups diverge in their assessment give an indication of where stakeholders need to educate one another and ensure that responsible parties are meeting the greater needs of the community and not just their own measure of success.

Figure 3 shows the regional results from breaking out these two components of the ED population. The two populations seem to reach agreement regarding: the community having a shared vision (3/5), ability of municipal staff (2.5/5) and community leaders (3.75/5) to plan and act strategically, groups (economic, social, cultural and environmental) successfully working together (2.25/5), and connectivity to regional (3.75/5) and national (2.5/5) networks. Notably, however, there are some differences in perspective.

### Self-Assessment

When assessing their own successes, both groups gave themselves higher grades (ED Success and Elected officials). This may be a result of that group being better aware of their own actions and the outcomes than the other observer. Or, it may be a function of these groups not being self-critical.

### Resourcing

Looking at the ED community assessment of the sufficiency of resources for effective ED, we see another divergence between local government and EDP perspective. EDPs have rated the resourcing as more adequate than have local government representatives. This may be a result of a selection bias. Local government representatives hail from all communities within our region. EDPs only operate where their activities are funded in some fashion.

### Stakeholders

Interestingly, EDPs and local government also disagree on both the diversity of stakeholders involved and the level of their involvement in ED activities. EDPs give a higher rating on both the diversity and the level of involvement of stakeholders in ED activities. Again, this is likely a function of EDPs spending the bulk of their time enlisting and working with stakeholders on ED projects and activities, while local government needs to spread their focus on different issues.

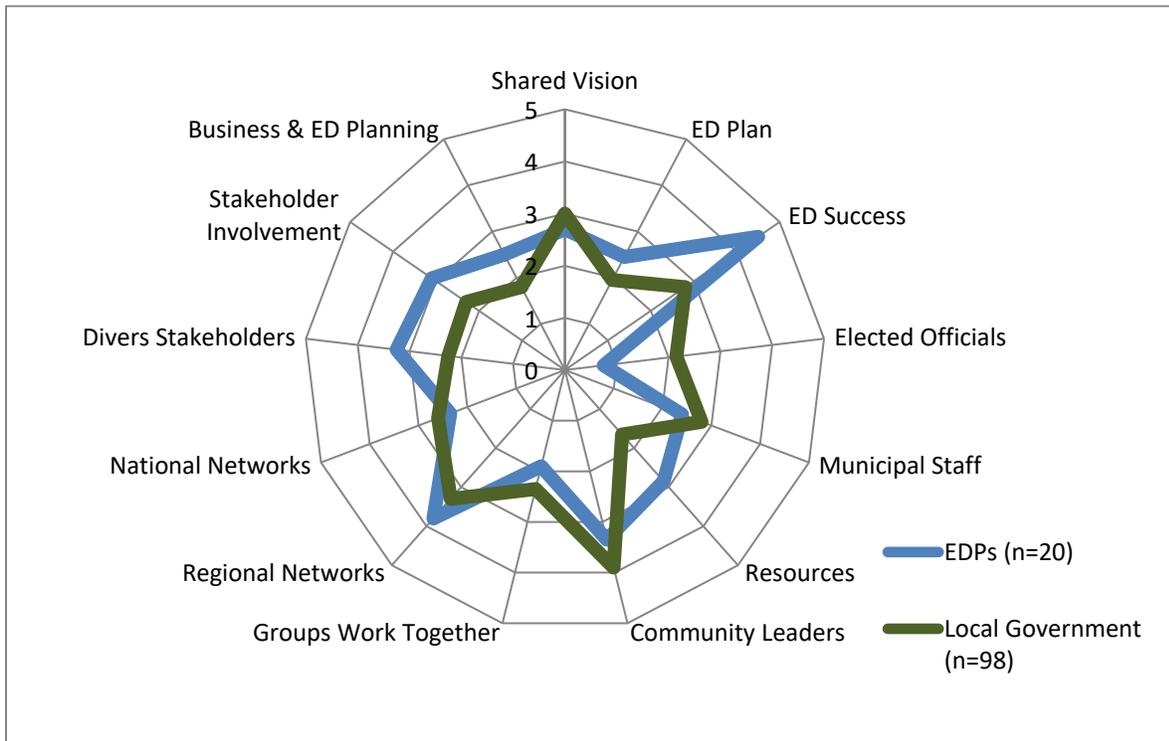


Figure 3: Regional Capacity Diagnostic Results: EDPs vs Local Gov't

Taken collectively, this indicates that EDPs and local government have an opportunity to educate and inform one another on their activities and impacts on the ED agenda.

## USING THE INDEX FOR COMMUNITY ECONOMIC DEVELOPMENT

The capacity index gives communities a valuable tool for self-assessment and directing internal development of capacity. The index provides communities with a metric for measuring and managing their development over time.

There are a number of Introductory Economic Development resources available. These range from tips and hints provided on web-sites (such as the Ministry of Jobs Tourism & Skills Training) to full day seminars (such as that recently developed by the Lower Columbia Initiatives Corporation). These typically include sessions designed to increase understanding about what ED is, more nuanced self-assessment on these many metrics and information sessions with ED support organizations.

Communities that commence the process of developing their ED culture with a clear picture of their strengths and weaknesses will be in a good position to get the most out of the process. The RDI recommends using the ED Capacity Diagnostic generally and for the following three specific goals.

### Focusing Attention

The diagnostic tool points to strengths and to weaknesses. When communities can harness this information into focusing their self-improvement activities, it can expedite the development of capacity. It can require courage to shine the light on one's own short-comings, but it is the surest way to ensure improvements.

### Relative Assessment

The diagnostic tool has been applied across the entire Basin-Boundary region. By aggregating the results the RDI provides a regional assessment. At the outset of a community's quest to improve and develop their culture of ED and growing capacity, a community may wish to gage itself against the regional norm.

### Progress Metric

The capacity index is intended to be used over time. A community may wish to re-apply the questionnaire on a regular basis in order to track progress.

## BIBLIOGRAPHY

- Breen, S.P. (2013). *Capacity Building for Community and Regional Economic Development: A Review*.
- Federation of Canadian Municipalities. FCM Programs. Retrieved on May 14, 2015 from:  
<http://www.fcm.ca/home/programs.htm>
- Frank, F. & Smith, A. (1999). *The Community Development Handbook: A tool to build community capacity*.
- Fredericksen, P. \* London, R. (2000). Disconnect in the Hollow State: The Pivotal Role of Organizational Capacity in Community-Based Development organizations. *Public Administration Review* (60), 230-239
- Markey, S., Halseth, G. & Manson, D. (2009). Capacity, Scale and Place: Pragmatic Lessons for Doing Community-Based Research in the Rural Setting. *Canadian Geographic / Le Geographe Canadien* 54 (158-176).
- McFarland, C, Seeger, K. (2010). *The Role of Local Elected Officials in Economic Development: 10 Things You Should Know*. National League of Cities: Center for Research and Innovation. Washington, DC
- Noya, A. & Clarence, E. (2009). Community Capacity Building: Fostering Economic and Social Resilience. Project outline and proposed methodology. Retrieved May 2015 from:  
<http://www.oecd.org/cfe/leed/44681969.pdf>
- Rethoret, L. (2013). Knowledge Synthesis Series: Community Capacity for Economic Development. Columbia Basin Rural Development Institute
- Stolte, M. (2011). *Starting Strong: Rural Community Economic Development Planning & Assessment Guide*. Centre for Innovative & Entrepreneurial Leadership. Nelson, BC.
- Teitelbaum, S., Beckley, T. & Nadeau, S. (2006). Community Capacity Assessment: A “How To” Guide for Communities.
- Umpherson, J.A. (2007). A View of NWT Economic Strategies Through a Capacity-Building Lens. University of Waterloo
- United Nations Development Programme (2010). Measuring Capacity. Retrieved May 2015 from:  
<http://www.undp.org/content/undp/en/home/librarypage/capacity-building/undp-paper-on-measuring-capacity.html>

## APPENDIX A

### Community ED Capacity Diagnostic Questionnaire

#### Planning & Action

Our community has a shared vision for our long-term future. (priorities identified across economic, social, cultural and environmental priorities)

Our community has a current economic development plan and it is connected to broader planning and related action. (ED priorities aligned with social, cultural and environmental priorities)

Economic development initiatives have been successful (as measured using pre-defined metrics).

#### Governance & Leadership

Elected officials understand how to participate and strategically lead efforts aimed at local and regional economic development. (elected officials knowledge)

Local government staff understands how to participate and strategically lead efforts aimed at local and regional economic development. (local gvt. staff knowledge)

Human and financial resources are in place to advance economic development priorities. (resources are in place)

Our community leaders understand how to participate and strategically lead efforts aimed at local and regional economic development. (com'y leader knowledge)

#### Networks & Linkages

Economic, social, cultural and environmental groups work together on successful community projects. (healthy relationships / integration of sectors/ priorities)

Our community is connected to the networks and supports available within our region. (i.e. CF, credit unions, employment service provider, colleges) (connectivity regionally)

Our community is connected to the networks and supports external to our region (provincial / federal government / industry associations). (connectivity beyond our region)

#### Engagement

A diverse group of stakeholders are involved in economic development planning and action. (diversity of actors involved)

There is a high level of involvement by stakeholders in economic development. (level of involvement)

The business community is actively involved in informing economic development. (alignment with business community)

## APPENDIX B

### A Sample of ED Support Links

#### National and Regional

| Organization   | Weblink   |
|--|---|
| Economic & Social Development Canada   | <a href="http://www.esdc.gc.ca/eng/home.shtml">http://www.esdc.gc.ca/eng/home.shtml</a>   |
| Business Development Bank of Canada  | <a href="http://www.bdc.ca/EN/Pages/home.aspx">http://www.bdc.ca/EN/Pages/home.aspx</a>   |
| Canada Mortgage & Housing Corporation  | <a href="http://www.cmhc-schl.gc.ca/en/index.cfm">http://www.cmhc-schl.gc.ca/en/index.cfm</a>   |
| Canada Research Chairs   | <a href="http://www.chairs-chaires.gc.ca/home-accueil-eng.aspx">http://www.chairs-chaires.gc.ca/home-accueil-eng.aspx</a>   |
| Department of Foreign Affairs & Trade  | <a href="http://www.international.gc.ca/dfatd-maecd/index.aspx?lang=eng&amp;_ga=1.9277237.1462515293.1431639522">http://www.international.gc.ca/dfatd-maecd/index.aspx?lang=eng&amp;_ga=1.9277237.1462515293.1431639522</a> |
| Industry Canada  | <a href="http://www1.canada.ca/services/industrycanada/">http://www1.canada.ca/services/industrycanada/</a>   |
| National Research Council of Canada  | <a href="http://www1.canada.ca/services/nationalresearchcouncilcanada/">http://www1.canada.ca/services/nationalresearchcouncilcanada/</a>   |
| PPP Canada   | <a href="http://www.p3canada.ca/home.php">http://www.p3canada.ca/home.php</a>   |
| Western Economic Development Canada  | <a href="http://www1.canada.ca/services/westerneconomicdiversification/">http://www1.canada.ca/services/westerneconomicdiversification/</a>   |
| Federation of Canadian Municipalities  | <a href="http://www.fcm.ca/">http://www.fcm.ca/</a>   |
| BC Ministry of Jobs Tourism & Skills Training<br>Economic Development supports | <a href="http://www.jtst.gov.bc.ca/economic_development/">http://www.jtst.gov.bc.ca/economic_development/</a>   |
| Selkirk College  | <a href="http://selkirk.ca/">http://selkirk.ca/</a>   |
| College of the Rockies   | <a href="http://www.cotr.bc.ca/">http://www.cotr.bc.ca/</a>   |
| The Skills Centre, Trail   | <a href="http://www.communityskillscentre.com/">http://www.communityskillscentre.com/</a>   |
| Kootenay Career Development Centre   | <a href="http://www.kcds.ca/index.php/skills-training">http://www.kcds.ca/index.php/skills-training</a>   |
| Work BC Skills Centre Finder   | <a href="http://www.workbc.ca/WorkBC-Centres.aspx">http://www.workbc.ca/WorkBC-Centres.aspx</a>   |
| East Kootenay Employment Support   | <a href="http://ekemployment.org/">http://ekemployment.org/</a>   |

|   |   |
|---|---|
| Southern Interior Development Initiative Trust                | <a href="http://www.sidit-bc.ca/">http://www.sidit-bc.ca/</a>   |
| Community Futures BC ED Partnerships                          | <a href="http://futures.bc.ca/community-economic-development/partnerships/">http://futures.bc.ca/community-economic-development/partnerships/</a>       |
| Slocan Lake Directed Fund                                     | <a href="http://slocanvalley.com/documents/What-is-this-all-about-handout.pdf">http://slocanvalley.com/documents/What-is-this-all-about-handout.pdf</a> |
| Lower Kootenay Band ED Department                             | <a href="http://lowerkootenay.com/departments/economic-development/">http://lowerkootenay.com/departments/economic-development/</a>                     |
| Lower Columbia Initiatives Corporation                        | <a href="http://lowerkootenay.com/departments/economic-development/">http://lowerkootenay.com/departments/economic-development/</a>                     |
| Community Futures BC Community Economic Development Resources | <a href="http://futures.bc.ca/community-economic-development/">http://futures.bc.ca/community-economic-development/</a>                                 |
| Association of Kootenay Boundary Local Government             | <a href="http://akblg.ca/">http://akblg.ca/</a>   |