

BEST PRACTICES GUIDE

for Community-Driven Economic Diversification

Destiny SSM - Sault Ste. Marie's Economic Diversification Strategy



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Prince Township Wind Farm

**“Destiny is not a matter of chance; it is a matter of choice.
It is not something to be waited for; it is something to be achieved”**

(William Jennings Bryan)

Purpose of this Guide

Economic diversification is a process requiring an extensive investment of time, energy and fiscal resources. To achieve diversification, an effective plan is necessary.

For Sault Ste. Marie (SSM), Destiny is that plan. Since its inception, Destiny Sault Ste. Marie (Destiny) has been working with the Sault Ste. Marie Economic Development Corporation (EDC), Community Development Corporation of Sault Ste. Marie & Area (CDC), Chamber of Commerce, City of Sault Ste. Marie, Sault Ste. Marie Innovation Centre (SSMIC), and numerous other partners in the private and public sectors. This partnership formed the groundwork for the economic growth and diversification in the community.

This guide has been created to assist other small communities in lessening their dependence on a single industry by sharing our resources, knowledge gained and lessons learned. It has been divided into three sections:

1. **Build the Framework** – describes the foundation of people, funding and communication needed to develop and implement the strategy;
2. **Develop the Strategy** – identifies how to gather the information required to draft your diversification strategy; and
3. **Work the Plan** – outlines the strategy's implementation and how to measure success.

Our hope is that other communities will benefit from this information, enabling them to implement a similar plan that will enhance their economic potential, generating greater economic wealth and vibrancy.

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Background Sault Ste. Marie

For years, Sault Ste. Marie, a vital Northern Ontario community, had been known as a one-industry town (steel). As such, the local economy was volatile and easily impacted by the steel market.

In late 2001, Sault Ste. Marie and area faced economic challenges, which initiated the restructuring of its major private sector employer, Algoma Steel Inc. All of the North, like most predominantly rural areas of Canada, experienced slow economic growth. Unfortunately, Sault Ste. Marie's economy appeared to be shrinking at a significant rate. When compared to other northern urban centres in Ontario, Sault Ste. Marie consistently had the highest unemployment rate and lowest labour participation rate. Significant workforce reductions at Algoma Steel Inc. and the public sector contributed to this trend. Any economic growth was limited to relatively low wage service-sector businesses.

Efforts to develop and diversify the economy had been marginally successful. As a result, the population continued to drop. Projections, based on the city's economy and rate of out-migration at the time, estimated a 21 per cent drop in population to 63,000 over the next 15 years.

In January 2001, the city, led by the Mayor, established a Growth Mandate Committee to respond to concerns regarding Sault Ste. Marie's economy and future. The Committee

developed a Growth Mandate Strategy designed to organize and prioritize the initiatives and project developments underway in the community.

Predating the aforementioned was the Building an Extraordinary Community (BEC) initiative, which included a SSM Economic Solution Council, Tourism Solution Council and several other active councils. While diversification was not the only objective of this initiative, many of the strategies and proposals put forward by BEC spoke of the need to diversify the city's economy.

Having a list of current and potential initiatives from the Growth Mandate Committee, the community recognized the need to focus its efforts and create one cohesive economic diversification strategy.

Working with the SSM Economic Development Corporation, the City of SSM, federal/provincial government funding representatives, the Community Development Corporation of Sault Ste. Marie & Area drove the coordination of the initial strategy development process with funding from Industry Canada - FedNor. Through this process, Destiny Sault Ste. Marie, the economic diversification strategy for the city, was born.





1. Rationale

The Destiny Strategy is designed to:

1. Build upon past economic and planning efforts, recognizing the need to protect, expand and ensure the health of existing industries
2. Identify, define and assess a specific set of economic development projects to be undertaken over a two year period that will substantially diversify the economy
3. Ensure projects support the economic diversification strategy and are integrated within sector-specific strategies. The sector strategies define reasonable objectives and identify activities underway
4. Ensure the economic diversification strategy is consistent over a period of time and will result in long-term benefits
5. Manage, implement and evaluate the diversification strategy in a focused, coherent, ongoing, pragmatic and professional manner
6. Secure public funding and leverage investment from other sources, such as the private sector
7. Involve stakeholders in decisions concerning the management and implementation of the strategy
8. Communicate to the community what has and is being undertaken to diversify the local economy
9. Measure, report on, evaluate and communicate results
10. Promote and market successes and principles to encourage continuous quality improvement
11. Evaluate global approaches and link Destiny with economically-focused national and provincial strategies

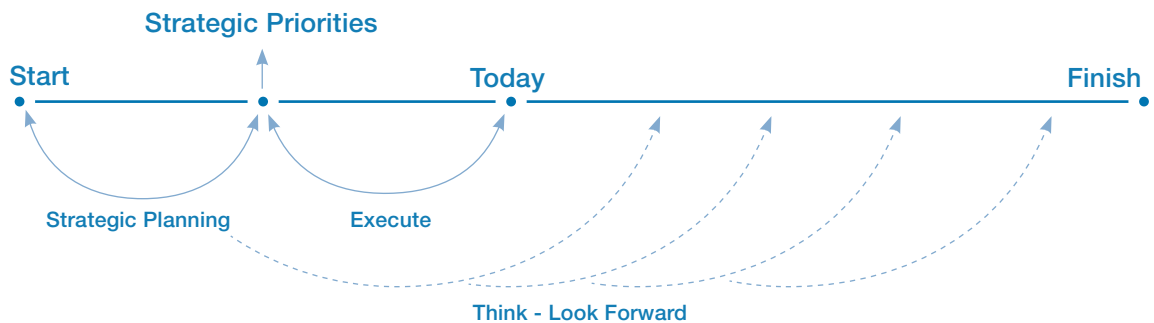
2. Initial Process

A Steering Committee, made up of key community stakeholders, reviewed, assessed and prioritized the list of initiatives. These leaders also developed a process to engage community stakeholders in its development and implementation. As well, the Committee secured funding for human resources to coordinate, facilitate and monitor the implementation of the strategy while communicating successes along the way.

3. Benefits

Sault Ste. Marie has benefited from this exercise on many levels. A strategy exists that outlines steps and measures to establish a diversified economy, providing a coordinated and focused approach to development. Partnerships have been formed with all stakeholders to ensure everyone is working towards a common goal. This well-executed plan has secured funding from all levels of government and private sector champions to support initiatives. Finally, there is a renewed faith in the economic future of the community as a process exists to facilitate and evaluate potential new developments, providing evidence for initiatives that produce the greatest rewards, maintaining the focus needed to successfully pursue initiatives. It's a process that all communities could benefit from - a focused, collaborative approach to diversify economies.

Build the Framework



To start the process, communities need to establish a steering committee to guide developments. Together, committee members determine funding that will sustain the program, recruit staff and resources to implement the process and create a communications plan to ensure all involved are aware of progress made along the way.

1. Create Steering Committee

Without engaging community leaders in the establishment and realization of a coordinated plan, successful community growth cannot occur. Aligning the efforts of community champions helps to expedite the progress towards diversification. This is the Steering Committee's role: to serve as a community focal point for information, communication, discussion and recommendations related to the development and implementation of economic diversification.

The committee consists of stakeholders in the community that have a direct or indirect role in contributing to economic development. As stakeholders on the committee, their responsibility is to liaise with their respective organizations to gain assurance and support for the economic diversification strategy. Government representatives – who have sound knowledge of economic

development, government programs and who are able to effectively support the development and implementation of the strategy – also serve as resource members on the Steering Committee.

They provide guidance and advice on project developments relating to their government mandates. The committee is designed to be apolitical and autonomous, meaning it is not directly affiliated to any government or economic development group and all partners are given an equal vote in any decision making.

Destiny involved or considered the following Steering Committee members:

- Chief Executive Officer, Economic Development Corporation
- Executive Director, Community Development Corporation of SSM & Area

- Chief Administrative Officer, Corporation of the City of SSM (represented by the City's Director of Planning)
- Past-President, Chamber of Commerce
- Executive Director, Innovation Centre
- Two private sector members (at least one being a young entrepreneur)
- Economist (possibly from an academic institution)

Resource members from the public sector may also include representatives from: Industry Canada - FedNor, Ministry of Northern Development and Mines, and Ministry of Training, Colleges and Universities (previously Service Canada).

Administration

The CDC supported the strategy by participating as a member and administering finances. They effectively managed resources and government reporting.

Objectives of the Steering Committee:

- To identify, define and assess a specific set of projects to be undertaken that will substantially contribute to the diversification of the community
- To ensure that projects are integrated into a diversification strategy that include sector-specific strategies, such as industrial development, tourism, knowledge-based economy, trade and small business development
- To ensure that the diversification strategy is consistent over a sustained period of time (i.e. a multi-year strategy with long-term benefits)
- To guide the development and implementation of the diversification strategy and related projects in a focused, coherent, pragmatic and professional manner

- To secure public funding and leverage investment from other sources (e.g. government and private sector)
- To communicate new diversification efforts and progress to the community
- To monitor, evaluate and report on results

2. Establish Operational Funding

The economic challenges of the time necessitated the development of an economic diversification strategy to recover Sault Ste. Marie's economy. The Steering Committee worked hard to align efforts in a coordinated plan to diversify the economy. Government funding was originally provided by Industry Canada - FedNor to initiate the proposed plan.

The CDC was fortunate to receive \$500,000 funding for this initiative over three years. After three years were complete, the project was reassessed and another application was presented for government funding agencies to consider. FedNor, the Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA), Rural Economic Development program fund and the Corporation of the City of SSM equally contributed to provide an annual budget of \$150,000 per year for an additional 2 - 3 years. Presently government funding is coming to a close, so Destiny relies on the in-kind contributions of its Steering Committee members and funds from the City of SSM to continue diversification efforts in a coordinated way.

Private sector investment may also be an opportunity that communities can consider. Many companies find value in contributing to worthwhile causes that impact the community and in doing so, it positions companies as effective "corporate citizens".

3. Recruit Staff and Other Resources

The staffing complement for the strategy will depend on the scope of the proposal developed, the time frame, requirements and level of funding. The role of the staff is to drive the development and implementation of the strategy, facilitate the process and engage community champions while supporting Steering Committee goals. Staff helps to ensure existing projects proceed in an expeditious fashion. Destiny's staff consists of a Managing Director, Executive Assistant and Communications Coordinator. Other consultants or project-related staff are hired on an as-needed basis to assist in strategy formation and analyze the feasibility or implement strategic initiatives.

Managing Director's Responsibilities

1. **Refine, develop and implement the Destiny Strategy**
 - Coordinate community-based input into the strategic plan
 - Draft strategic and operational plans for Steering Committee review and approval
 - Evaluate, monitor and recommend adjustments to strategic projects based on changing economic development needs
 - Liaise with community partners to inform them of the goals and objectives of project developments
 - Identify, mobilize and direct community resources as appropriate
 - Prepare and present progress reports to the Steering Committee
2. **Manage the operation of projects within approved budgets**
2. **Liaise with community representatives, businesses and government representatives**
 - Determine service gaps in economic development, including business development and labour adjustment
 - Recommend responses to address identified gaps
 - Implement those responses
3. **Develop effective working relationship with the Steering Committee**
 - Coordinate regular meetings of the Steering Committee (e.g., monthly or bi-weekly)
 - Ensure Steering Committee members are provided with appropriate meeting agendas and materials for Steering Committee meetings
 - Execute Steering Committee decisions
4. **Effectively manage the project staff and any contracts**
 - Ensure the project is appropriately staffed
 - Maintain a system of performance management
 - Establish, monitor and implement effective and efficient office procedures and administration systems
5. **Communicate goals and objectives of the project to the community**
 - Prepare and implement a marketing strategy and communication plan for the project
 - Ensure the plan covers ways and means to promote the project

4. Develop a Communication Plan

Efficient and effective communication is a vital part of any organization. Destiny has many partners in the private and public sectors. Keeping them well-informed of its activities and progress is essential.

Destiny's Steering Committee has various representatives from different public and private sector companies and organizations. To provide the community with the best strategies – and thus, the best future possible – input from these sources is critical.

Destiny communicates regularly with the public, government officials and the private sector through meetings, presentations and publications, such as news releases, annual and other reports, and website updates. These keep people aware of the economic conditions in Sault Ste. Marie and what Destiny is doing – and has done – to improve them.

The Communications Coordinator is responsible for providing clear, easy-to-understand information while helping to keep the public informed of Destiny's activities.

Unfortunately, with confidentiality sometimes a concern, disclosing information is not always possible. Finding the proper mix between maintaining client confidentiality and communicating effectively with the public is needed. It's a fine line that must be approached with caution.

To ensure success, it is important to have community buy-in and support.

Communication Objectives:

- Create an identity for the strategy to position it as the definitive blueprint for economic diversification and growth in the community

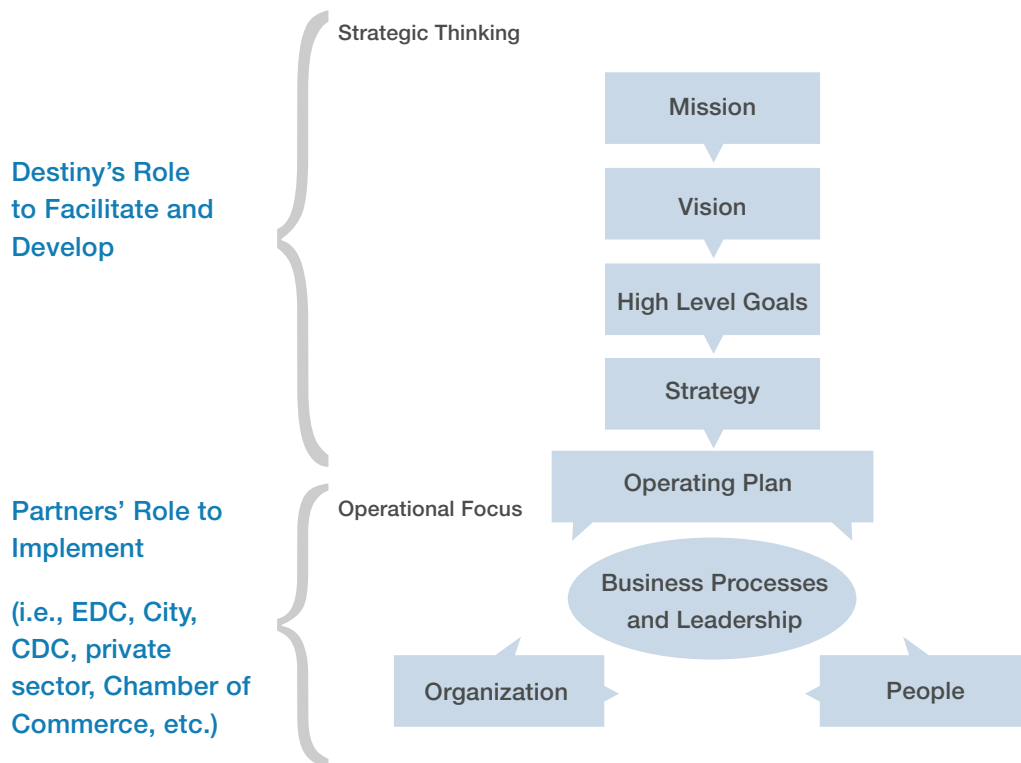
- Develop awareness and a positive image for the strategy among key community stakeholders, organizations and the general public, fostering its acceptance and support
- Reinforce the importance and economic benefit of diversifying the community's economy and identify the key growth sectors that will be central to the diversification efforts
- Position the strategy as a non-partisan, collaborative effort between the City, other economic development organizations and private sector leads
- Provide specific information on the details of the strategy, including targeted sectors, visions, goals, objectives and timetables for each
- Establish an ongoing, tangible recap of successes, achievements and accomplishments that reinforces an understanding that Destiny is not simply another exercise characterized by much talk with little action. This recap will include projects underway, under development and long-term initiatives
- Present a mechanism of information for feedback from concerned residents and organizations in the community and immediate region

Target Audience:

- Major community business leaders
- Major public sector institutional leaders (senior staff, boards)
- Key stakeholders in allied, economic-development focused organizations
- Entrepreneurs (local and non-local)
- Government elected representatives and senior officials
- Local and regional media outlets

Create the Strategy

To provide an overview of the process, refer to the diagram below. It illustrates the part of the process that Destiny is responsible for – to facilitate the Strategic Thinking portion of the Planning Framework. All of Destiny’s partners and other private/public sector champions are responsible for the Operational Focus of the planning framework. Partners work to build the strategy and implement the components that are determined a priority.



5. Understand Natural Strengths and Economic Conditions

To determine a community's direction, an understanding of their current economic environment is important. The information gathered at this stage enables communities to assess their economic strengths and determine focus areas for their strategy. A community strategy must be built on its strengths and designed to overcome weaknesses. Understanding the community's current conditions, assets, resources and opportunities is the foundation for success.

Also, relating this information to global economic trends and national/provincial economic policies and directions will assist the community to align with opportunities beyond community borders. This information also provides a starting point to which success can be measured.

Know Your Assets

Each geographic region and city has unique attributes. Identifying what these are, and how these assets can be used to attract people and business, is key. Sault Ste. Marie, for example, has the fortune of being situated in the centre of North America, on the Trans-Canada Highway, on the border of Michigan, near U.S. Interstate 75 and on two Great Lakes (Huron/Superior). As a result, Destiny and partners took advantage of this strength by developing a multi-modal initiative, which aims to capitalize on the city's location to make it a hub for international trade.

Sault Ste. Marie has assets that no other city can match. Conversely, other communities outshine this city in some areas. By understanding and

capitalizing on strengths, a solid, more sustainable plan can be developed.

Using Geographic Information Systems (GIS), Statistics Canada data and other resources, communities can determine the assets that are strong in their region.

All communities are organized differently, and as a result it is important to review how the community operates and is organized to determine an appropriate and effective approach. If this is the first time the community is embarking on an economic analysis, you may consider hiring a professional. A consultant and/or economist can help evaluate the economic situation, including challenges and potential areas for development, through an economic assessment (for instance hiring KPMG or integrating a Local Economic Assessment Package - www.leapmodel.com). This will provide a solid foundation for economic diversification decisions and efforts to be made.

Economic Assessment

Knowing the community's economic condition is another important step to devising the strategy. It helps to identify areas of weakness and areas with potential for expansion and/or development. It also gives a base from which to measure progress towards goals.

Fortunately, there's a wealth of information out there. The Canadian Census is perhaps the most accurate and comprehensive demographic data set. The local information can be compared with previous years and other communities. With this information, trends – such as the changing state of local economies – can be noted.

The census is only conducted every five years, and more detailed information for communities with a population less than 100,000 can be cost prohibitive. Sault Ste. Marie has recently set up a partnership between organizations to cost-share access to detailed census data annually. The Innovation Centre's Community Geomatics Centre houses large data sets and is coordinating partners for this purpose.

Although the census data is an extremely valuable source, other resources may be used between data collection years. These include, but are not limited to, Ontario Works caseloads, Employment Insurance claims and advertised job vacancies. As well, many local real estate boards provide regular stats on property sales and values. A full list of economic indicators used by Destiny can be found in Appendix 1.

The economic assessment should be conducted prior to developing a strategy, and on a regular basis, once implemented to evaluate the effectiveness of the plan. If some areas are still weak, communities may decide to enhance efforts; conversely, if projects are complete, new ones could be added. Since the strategy needs to be a living document, it is important to assess trends and identify new opportunities as they arise. For instance, a new government program may be announced that fits with a project that was once out of financial reach. Adjusting strategies to realign opportunities should be done through an annual review.

Understanding community assets and reviewing trends in economic conditions on a regular basis allows communities to strategize, adjust economic diversification plans accordingly, and

measure results. Simply put, it allows communities to operate more efficiently and to be more strategic in nature, being equipped to take advantage of opportunities or deal with challenges effectively as they arise.

6. Engage Community Stakeholders

Community stakeholders have an important role to play throughout the strategic process. Identifying a single community vision that crosses many sectors requires various people and organizations – in both the private and public sectors – to be on board.

As it is a 'Community' strategy, stakeholders will be charged with various aspects of its implementation. (This will be discussed further in Section 11 – Begin Implementation.) Involving them from the beginning gains their buy-in to the process and allows them to take ownership of the final product.

The term 'Community stakeholder' refers to people that have sector-specific knowledge, the ability to influence change within their respective organizations and possibly the financial capital to support opportunities being investigated. The collaborative dedication, willingness and commitment of stakeholders will determine the success of the initiative.

Focus Groups

Focus groups are an excellent method to give stakeholders an opportunity to envision where they would like the community to be in 5, 10 and 20 years. To start, stakeholders need to review economic assessments and take stock of existing or potential economic development projects that will attain the vision for the community. This includes projects that are underway, under development or potential new

developments. This not only includes stakeholders but engages them directly in the process.

Focus groups are most effective when each group is sector specific. It is important that these sessions are organized to create an open, accepting, positive environment where information and ideas are free flowing to allow for creative 'big picture' thinking to emerge. Good facilitation is required to create this environment.

Facilitators need to recognize that stakeholders involved may be naturally strategic or tactical thinkers. This difference in thinking should be acknowledged to maintain focus on the strategic nature of the plan, and not get side tracked into the details (that will come later). Tactical approaches are needed throughout the process, especially in the implementation and detailed stage of project development.

The data resulting from the economic assessment and each focus group is used to create a vision for the strategy and a list of potential projects. The projects are then analyzed by the Steering Committee to determine their alignment with the strategy and relation to economic assessments (See Section 9 – Prioritize all Potential Diversification Projects for more detail on the review process).

7. Develop Diversification Framework (vision, goals and objectives)

The diversification framework includes a description of the future (vision), a statement of the activities currently being undertaken to reach the vision (mission), a cultural environment that those involved will commit too (values), and clear,

descriptive tasks (objectives) that are outlined in a time-specific, accountable way (project plan). Setting goals and objectives builds on the previous steps of visioning and identification of potential projects.

Vision

A vision statement paints a picture of what the community will look like once the plan is completed. It is descriptive and future focused, providing a target that is far reaching yet attainable.

Destiny's Vision: Together, the private and public sectors and community will work to make and maintain Sault Ste. Marie as a leader in creating sustainable employment in a healthy, growing and diversified economy.

The vision is a bold challenge, demanding the commitment of everyone involved to join together to create new jobs and build a better future for Sault Ste. Marie.

Mission

A mission statement illustrates the current activities that are being undertaken to achieve the vision. It answers the questions: who, what, where, when and how.

Destiny's Mission: SSM partners will facilitate diversification to strengthen and grow the economic base in Sault Ste. Marie through the strategic development and promotion of key community opportunities.

Values

Values guide project operations and create the culture that supports strategic development. Some values to consider are respect, creativity,

innovation, openness, and excellence. It is something that all involved have to agree on, communicate, demonstrate and abide by in establishing the work environment that the team aims to create.

Objectives (goals for each strategy)

Destiny's objectives (means to achieve mission/vision) include:

1. **DIVERSIFY:** Establish a strategic approach to economic diversification in the community that guides the community in developing and implementing key priorities
2. **PARTNER:** Create partnerships and implement business models for key priorities
3. **MEASURE PROGRESS:** Identify specific targets/measures and communicate results through the annual progress report
4. **IDENTIFY OPPORTUNITIES:** Investigate new opportunities that capitalize on community assets and global trends

The proposed long-term (three to five year) objectives for the strategy include:

- Diversify the community's economic base so that its reliance on one private sector company is substantially reduced
- Create the conditions, environment and infrastructure necessary for investment and economic growth in the community
- Develop and implement specific sector strategies (based on the strengths of the community) for:
 - industrial development
 - tourism development

- science and technology
- community economic development capacity-building
- the reduction of youth out-migration from the community through employment and business development

- Create sustainable new employment opportunities. The focus: develop a highly-skilled workforce capable of competing internationally, rapidly adapting and embracing changes in technology and markets, while supporting the growth and development of new and existing businesses
- Establish an efficient, coherent and cost-effective community-based organizational framework for economic development in the city that is results-oriented, focused and has the human and financial capacity to be effective
- Target, develop and support a limited number of economic development initiatives in the community, which will enable the other objectives to be achieved

In developing the **Project Plan** each objective should be drilled down into tangible tasks, roles, timelines, etc., to ensure there are a manageable set of activities, supported by resources, with accountable individuals assigned to the tasks to ensure development efforts are efficient and effective.

8. Create Sector Specific Strategies

A list of projects (Destiny had 101) can be cumbersome and is not strategic in nature. However, since this is how Destiny evolved, the next step was to group projects by sector and

determine the connectivity between them. Destiny calls these groupings Growth Engines.

Growth Engines

Growth Engines are defined as strategic sector priorities that capitalize on competitive advantages that the community has that provides the opportunity for growth and diversification.

The Steering Committee identified six key Growth Engines for SSM:

1. Traditional and New Industry Development
2. Tourism Development
3. Knowledge-Based Development
4. Health, Social and Public Sector Development
5. Small Business Development
6. Trade and Export Development

Each Growth Engines outlines the:

- Rationale for the Growth Engine
- Vision
- Goal
- Objectives
- Strategic Priorities
- and its related Initiatives

An example of these details can be found in Appendix 2.

This outline provides a framework to facilitate economic growth and guide investors, non-government organizations and federal, provincial and municipal governments towards mutual benefits of economic prosperity in a diversified, growing and vibrant community.

These Growth Engines then form the basis for grouping and evaluating the projects and initiatives.

Building Clusters

Industry clusters are also an important consideration when assessing potential growth areas. A cluster can be defined as a concentration of companies and industries in a geographic region, interconnected by the markets served and the products produced, as well as local suppliers, trade associations and educational institutions. For example, similar electronic companies within a region can share research, collaborate on business problems and have greater access to a trained workforce. These synergies not only enhance competitiveness, but are also an essential ingredient for long-term economic vitality. A specific example of industry clusters at work in Sault Ste. Marie is the partnering of the SSMIC, Algoma University and the Public Utilities Commission (PUC). The group proposed an information, communication and technology (ICT) centre to be constructed on Algoma University's campus. There is a constant need to consider this integration and ensure that silos do not develop. In the development of the strategy, recognizing and actively considering the importance of clusters and the interdependence of projects and initiatives is an important component of future economic success.

9. Prioritize all Potential Diversification Projects

Once the Growth Engines have been identified, the next step is to determine high-priority initiatives for immediate attention using project evaluation criteria. Top priority is given to projects that meet

the established criteria and support the Growth Engine's goals and objectives, and alignment to the economic diversification strategy.

It is important to note that although the top priority initiatives are considered accomplishable at the time, the remaining projects are no less important. Depending on opportunities and private/public sector initiatives, priorities may change. It is essential that the strategy be seen as a living document that will receive ongoing management and review. Therefore, maintain information and assessment of all projects considered.

In the initial Destiny strategy, as laid out in the Sault Ste. Marie Economic Diversification Strategy of March 2003, there was a focus on 31 priority initiatives. In addition to these initiatives, others have been drafted into the Destiny process. These initiatives have contributed to the evolution of Destiny and have led to a new focus on priority areas. This refocusing of Destiny's strategic priorities does not mean that other areas are not deserving of attention. Rather, it indicates that the chosen areas hold the greatest promise for future growth and diversification. Each of the new priority areas fall under at least one of the original Growth Engines. Since the strategy is a living document, Destiny continues to adjust its focus on priority areas, maintaining the overall emphasis on diversification under the Growth Engines.

Appendix 3 shows two examples of Destiny's key priorities.

Evaluation Criteria

Destiny's evaluation criteria shortlists and prioritizes projects by considering and weighing the following 12 questions:

1. Does it support the Economic Diversification Plan?

The project or initiative must fall within the economic diversification goals, objectives and/or must address any gaps.

2. Will it lead to employment creation and sustainment?

The project or initiative must support the creation and/or sustainment of direct and indirect jobs.

3. Is there a high potential for growth and probability for success?

The project or initiative should have a sound business case, specific and measurable objectives, financial support, project management capabilities, an evaluation plan, evidence of community support, environmental assessment, self-sustainability, qualified and available human resources and leveraged funds. Job creation is also a strong component.

4. Will new wealth be brought to the community?

Significant growth can occur if the city is successful in attracting basic, wealth-creating activity that, ideally, strengthens as opposed to threatens its existing economic base.

5. Does it encourage private sector growth, venture capital or investment from non-government sources?

It is important that an environment is created where the private sector becomes the leading force for economic development.

6. Will it expand the city tax base?

The return on investment of public funds is sufficient to warrant the initial investment and any opportunity costs.

7. Does it support existing or create new infrastructure?

The project or initiative must either use existing underutilized infrastructure or create it.

8. Does it expand above average wage jobs?

The project or initiative supports the creation or sustainment of high-quality skilled positions with a multiplier effect.

9. What is the total cost-per-job factor?

It should be cost effective on a job-created or sustained basis.

10. Is there evidence of long-term commitment to the region?

Projects and initiatives that illustrate this will be given additional points. This is measured by long-term lease, the nature of the business, proponents and their relation to the community and long-term funding.

11. Is it creative and/or innovative?

The project or initiative should provide comparative advantages, enhance the community's competitiveness, be more efficient and not duplicating.

12. Does the project contribute to a sustainable community?

The environmental and social impacts are identified and minimal.

See Project / Initiative Evaluation Criteria Guide forms in Appendix 4.

Based on the results of this evaluation process, the Steering Committee then narrows the list down to a manageable number of possible priorities.

10. Finalize Community Economic Diversification Strategy

Strategy

All components exist to finalize the diversification strategy at this point in the process: a clear vision for the community, identified strategic growth areas and key priorities, and a plan for moving forward. Through the process, achieving partnerships and gaining the support of stakeholders and the community at large will assist in a smooth transition from concept to implementation.

It is now time to organize a clear, cohesive document – The Community Economic Diversification Strategy.

Community Consultations

Once the strategy has been drafted, it should be vetted through the partner organizations, City Council and stakeholder focus groups for approval and endorsement. Community consultations can also be held for feedback.

Reason for this undertaking:

1. To maximize awareness and commitment in all sectors of the community, relevant organizations and government agencies
2. To provide stakeholders with an opportunity to participate in the development and implementation of the Economic Diversification



Strategy by providing input regarding its strengths as well as those areas requiring further work or modification

3. To engage support and plant the seeds for potential contributions to the project

The type of feedback being sought falls into two broad areas, namely:

1. General Response to the Community Strategy:

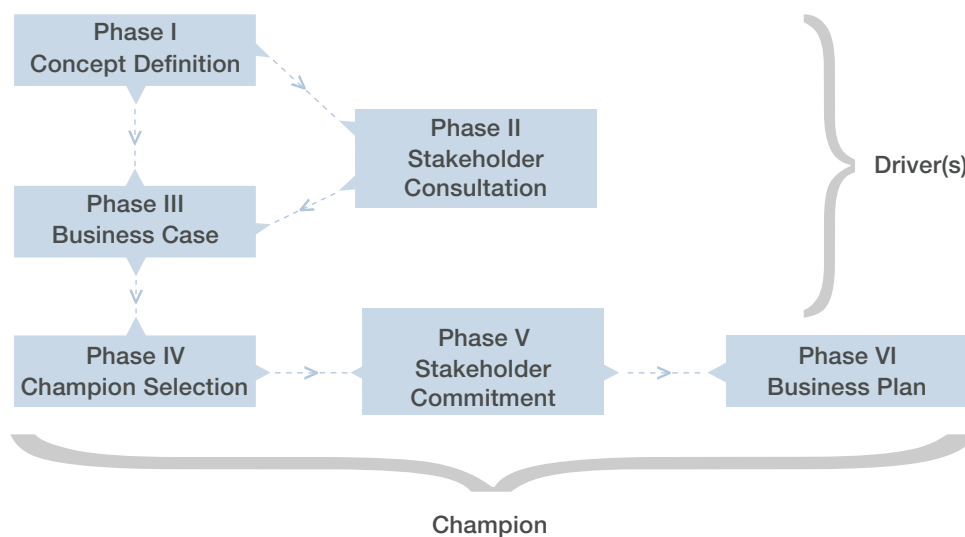
- Explain the current situation, rationale and purpose of the strategy
- Importance of the strategy to the community

- Strategy is generally on the right track
- Strategy is successful in identifying short-term initiatives necessary to accomplish strategic goals

2. Specific to the initiatives targeted:

- Strengths and weaknesses of the report addresses the growth engines
- Gaps with respect to areas that may not be addressed
- Effectiveness of the proposed implementation approach and suggested improvements
- Feedback regarding monitoring and reporting

Work the Plan



11. Implement Diversification

Project Management

Destiny focuses on strategy development. While the organization provides a guide for economic development, it does not have a direct role in implementing plans. Instead, Destiny’s partners, such as the SSM Economic Development Corporation and City of Sault Ste. Marie, put the plans into action. Essentially, Destiny coordinates and monitors. Because it’s not involved with implementation, Destiny is able to focus exclusively on the overall strategies that create economic development in the city.

Stakeholders’ Role in the Implementation

The success of the strategy depends on community support and commitment. The Managing Director

cannot go it alone. Therefore, sector or project-specific steering committees are created to manage the various goals outlined in the strategic plan.

These committees are made up of leaders in their sector with an interest in moving the strategies forward. The Managing Director chairs these committees. They meet on a regular basis to develop action plans, begin implementation and keep things moving forward. Given that these are volunteers donating their time, consultants are often hired to perform larger tasks, such as surveys, SWOT (Strengths, Weaknesses, Opportunities, Threats) analyses and business cases.

To coordinate various teams and plans effectively, project management software such as Basecamp is available to assist in communication and organization between members.

Maintain Effective Partnerships

It is important that every person on the committee feels they are valuable to the process. Productive interaction during group meetings is essential. Members should be encouraged to provide input and communicate their views openly. To promote open dialogue, it is helpful to have an agreement that what is discussed at meetings remains confidential within the group.

All parties must also be willing to compromise. Problems or disagreements that arise should be confronted immediately. Issues among the participants can often mean the difference between success and failure.

Finally, there should be consensus among the group as to the goals and objectives of the committee. They need a strong commitment to the task at hand and the overall strategy.

Collectively, the knowledge and ideas of the partners will help achieve success.

Troubleshooting:

Why Strategic Implementation Plans Fail

Strategic planning fails for a variety of reasons. The following outlines four of the most common causes and how to avoid them.

1. Lack of stakeholder commitment to the strategic plan

A high level of understanding and support from key stakeholders is needed for strategic planning to be successful. They must be involved in the process – present in the planning committee, workgroup sessions, etc. – to support the plan.

For the most part, focused competent people ensure a better result. Stakeholders chosen based on their expertise and experience will enable a wide-range of perspectives to be considered.

When dealing with a large group of stakeholders, clearly define roles and responsibilities. As well, meetings must be facilitated in a structured manner with clear action items to keep the plan moving forward.

2. Lack of alignment between stakeholder organizations' governance structures and the strategic plan

A good plan on paper is meaningless unless it can be implemented. As mentioned earlier, implementation depends on the support, commitment and involvement of the partner organizations. Simply put, the entire community needs to work in a single strategic direction.

In some cases, their organizational goals may need to be altered to align with the community's strategic plan to facilitate the process. If problems or barriers exist to implementation, changing the organizational mandate – so that all the people and groups involved are able to carry out their respective tasks – may be warranted.

3. The strategic planning process does not easily translate to action

Do not waste time designing a strategy only to have it collect dust on a shelf. As mentioned in previous sections, initiatives must outline, in detail, how goals will be met, i.e. who will lead,



potential costs, and timeline to completion, so that the people involved understand how and when to take action. Therefore, ensure commitment and resources exist to make the strategy a reality even before the strategy is completed. This will ensure people and resources exist to complete specific tasks, to move the project forward.

4. **Lack of an effective framework for ongoing monitoring of implementation**

As with previous steps in the strategic planning process, monitoring is crucial.

The Managing Director is charged with the responsibility of monitoring progress and providing assistance when necessary to keep the plan moving forward. With the assistance of an economist or consultant, he or she also tracks key performance indicators on a regular basis to assess the impact that the strategy is having on the community and outline areas in need of improvement or change. These steps keep the plan on track and on target.

12. Measure and Report on Progress

The success of an economic diversification strategy cannot be separated from the context of the community as a whole. This is particularly

true in Destiny's case, where two of its goals are population growth and increasing the city's tax base. There will always be external factors beyond the control of the Steering Committee that will affect the economy.

Success can be measured in a number of ways. Achievement of the objectives laid out in the strategy provides one such measurement. Destiny created a database that tracks projects, milestones, funding and job creation. An excerpt from the database demonstrating the level of detail collected can be found in Appendix 5.

This data was used to create the following graph, which gives a high-level overview of progress between March 2003 and May 2005. It demonstrates that the economic diversification of the community is underway as evidenced by the distribution of initiatives under the various Growth Engines. Efforts have resulted in significant direct and indirect job creation and substantial investment from both the public and private sectors.

It is imperative that accurate data is used to quantify diversification efforts so that information can be relied on for decision making (evidence-based decisions). Data collection must be SMART – specific, measurable, accurate, reasonable and timely.

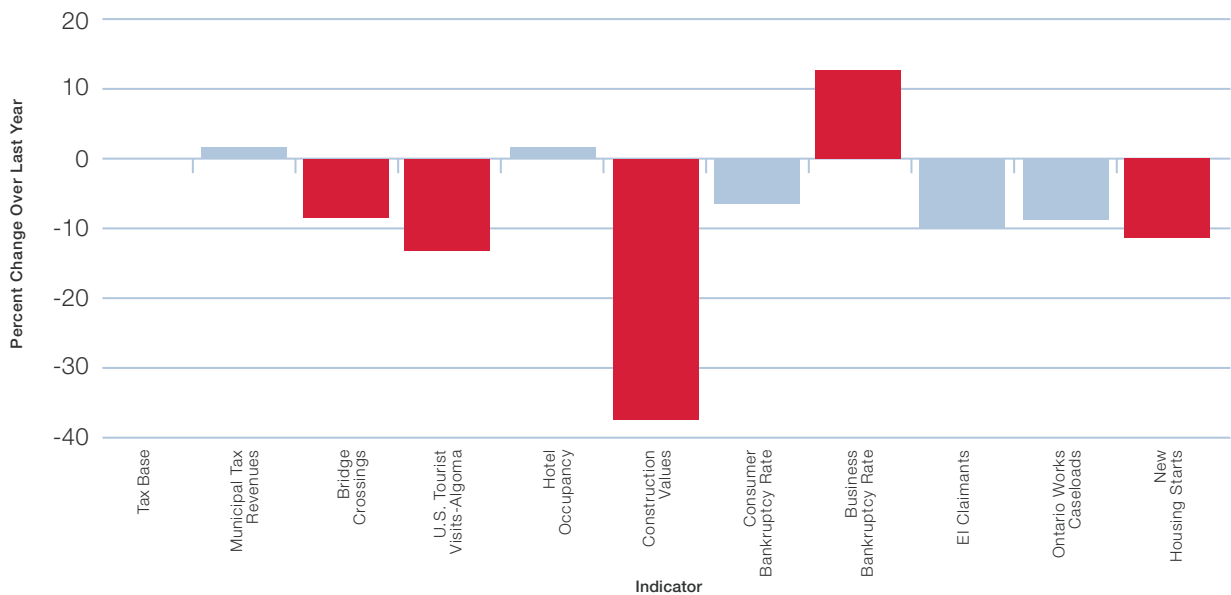
The Progress of Destiny – May 2, 2005

Growth Engine	# of Initiatives	Job Creation (FT/Const)		Spending	
		Projected	Committed	Projected	Committed
Traditional and New	22	206/720	68/305	\$ 574,159,200	\$ 153,439,200
Tourism	16	319/1178	28/571	\$ 99,126,466	\$ 26,396,050
Small Business	2	-	-	\$ 28,600	\$ 28,600
Knowledge-Based	18	862/220	1282/250	\$ 29,707,723	\$ 29,400,263
Health, Social, Public Sector	6	228	20	\$ 2,415,000	\$ 2,415,000
Trade and Export	2	-	-	\$ 138,350	\$ 138,350
Total	66	1615/2118	1398/1126	\$ 705,546,739	\$ 211,817,463

A variety of economic indicators that are analyzed annually provide another measure of diversification strategy’s success. One consideration in assessing the impact of the strategy is that actions taken today do not always translate into immediate economic impacts. For instance, the multiplier effect, through which a dollar of spending in one area translates into increased spending in another area of the economy, should be reviewed. This is why the best measure of success is to look back in 5 or 10 years to see how far the community has come.

The graph below demonstrates the percentage of change in each economic indicator over a one-year span. It is important to note that the blue bars denote a positive change where as the red bars denote a negative change.

Figure 1 - Economic Indicators



Red bars denote a negative change.

The Progress Report

These two methods of evaluation are an important step in reporting on the progress of the diversification strategy to the stakeholders and community at large.

Destiny hires a third-party consultant to:

1. Review Destiny initiatives and interpret related data
2. Monitor and interpret overall progress of the city's economy through economic indicators
3. Produce yearly reports for publication

The economic progress report is then reviewed by all stakeholders, made available on the Destiny website and is presented to City Council. A press release is also drafted to the media. Progress reports can be viewed on the Destiny website, www.destinysm.com.

13. Success: Lessons Learned

To truly succeed, learn from experience. Successes and failures contain lessons that can assist in strengthening and diversifying your economy. The following are 10 such lessons.

Lesson 1: Move From Dependence to Economic Self-Reliance

All communities can be viable and prosperous. Communities must generate their own opportunities and create a business environment that will attract prosperous, sustainable and diversified opportunities. Evidence of this can be found in the new industry developments in Sault Ste. Marie. Some examples include the GP Flakeboard mill, which generated about 100 jobs, the establishment of three call centres, which

generated approximately 2,000 jobs with total direct wages of approximately \$40 million, the charity casino, which invested \$53 million and employs some 500 Saultites, the Anthony Domtar mill, which invested \$20 million and created 60 new manufacturing jobs, and the new Walmart store, which opened its doors late January 2003 with 220 full and part-time staff.

Lesson 2: Transition Need Not Take a Long Time

For every economic success story, from dependent and have-not-status to self-reliance, there is always a dramatic “before” and “after” snapshot. Sault Ste. Marie's previous dispiriting picture of economic vulnerability and reliance on a single industry is now showing promise of a new and different landscape. Today, Sault Ste. Marie is aggressively pursuing new opportunities. Existing industries, such as Essar Steel, St. Marys Paper and Algoma Central Railway, have recently undergone successful transformations and undertaken new initiatives towards growth. For example, the train has secured financial capital to improve their product offerings with new electronic features and refurbish their interiors.

Lesson 3: A Strategic Plan Requires Local Responsibility and Action

The community must assume responsibility and leadership for the development and implementation of its own program for economic growth. Indeed, there is no dignified alternative, as dependency is a recipe for decay and demoralization. Destiny is an excellent example of community strategic planning being supported with federal, provincial and municipal funding and hundreds of volunteers

working to develop a community plan to promote growth and improve in the city. Engaging the community leaders will help create a renewed confidence towards something better, and recognize individual achievements widely as they develop, helping to quantify the involvement of all.

Lesson 4: Community Empowerment

In any jurisdiction, the most important resource lies in the community acting collectively. It is this consciousness of a community being a real actor in the determination of its own fate that seems to make the most decisive difference. Finding the talents of community members and engaging them to align with common goals for economic prosperity creates greater unity, possibility and purpose. Sault Ste. Marie can look to its history and culture for examples of success. The Searchmont winter ski resort is such an example. An important component to the local tourism industry, upon receivership announcement, the EDC, CDC, government and community rallied to keep the resort operating until a buyer could be found. A non-profit group runs the ski hill today and continues to develop in positive ways. Engaging community members grows initiatives not thought possible. It is also important to recognize those who have contributed and are responsible for the growth achieved, to continue empowering others.

Lesson 5: Governments Working Together Can Accomplish Great Things

Collectively, governments can accomplish great things. Destiny is a good example of an initiative that was built on the foundation of the three levels of government working with industry and

the community. Finding opportunities to link the initiatives of government is effective, possibly saving more time and money. By working together, governments can coordinate projects and priorities more effectively. They can work together to enhance community projects and deal with issues as they arise.

Lesson 6: Private Sector Drives the Economy

Economic development is driven by the private sector. Individuals and businesses acting as active agents in the community presuppose confidence and belief in economic achievement. The public sector can assist by putting in place infrastructure, funding and conditions that facilitate private sector growth. Through this alliance, each takes responsibility for creating a successful and diversified economy by supporting retention and expansion of existing businesses and establishing new ones. A prerequisite to a successful economic development program is the provision of high-quality, competitive industrial and commercial land, that is readily available to prospective users. The Industrial Land Strategy is an example where land is assigned to support private sector investment in the industrial sector.

Lesson 7: Exploit Assets to Create Competitive Economic Space

Economic diversification requires attention to existing and potential markets. Even in the competitive field of manufacturing, there are reasons Sault Ste. Marie has a future in industrial enterprise. The success is reflected in the traditional existence of components of the steel and forest industry. However, to grow, the community requires access to new and external markets, and ways to grow value-added components. Competitive advantages that attract and support

industry include a major Great Lakes shipping route, two major international railways (CP and CN), three regional airports connected to major highway systems – Trans-Canada and US Interstate 75 – advanced telecommunications, a skilled and dedicated workforce, low property taxes and low cost hydro-electric power. These attributes position Sault Ste. Marie as a regional industrial and commercial centre. Sault Ste. Marie's challenge is to ensure that the tools for local engagement of national and international opportunities are available. Determining a community's key competitive advantage and finding ways to exploit opportunities will create renewed economic vitality.

Lesson 8: Tax Incentives

Northern Ontario cities have long recognized the need for provincial legislation and regional tax reductions to attract business investment and diversify the economy. This incentive goes a long way toward attracting both manufacturing and service industries. In return, rewards occur in the indirect benefits in the form of jobs, income, economic diversification and prominence. Ontario is implementing similar concepts, and Sault Ste. Marie has successfully applied to offer grant and tax incentives to improve the downtown buildings. The grants can be applied to a variety of improvement works, such as interior renovations, façade improvements and electricity conservation measures. This was made possible through a partnership between the City of SSM, PUC, and the Downtown Association.

The Economic Development Fund is something that the City of Sault Ste. Marie also established

with the assistance of the Economic Development Corporation and Destiny to provide an incentive, through funds, for developers. Economic development projects are eligible and leads can submit project criteria to be evaluated by City Council, EDC and Destiny. Once supported, funds are granted to assist entrepreneurs and developers in the ventures that impact the community's economy.

Lesson 9: The Devil's in the Details

Sault Ste. Marie itself has found, from within, the mechanisms and the political, administrative and entrepreneurial resources and approaches needed to create a diversified and healthy economy. This is where communities often fail, mired in red tape and local patterns of resistance to change. SSM is gaining a reputation as being a community that is "open for business", with co-operative City staff and organizations that support new and expanding initiatives. Destiny provides concrete recommendations to support and further improve the process.

Maintaining a strategic focus will ensure the progressive nature of the strategy is not bogged down by details. Strategic initiatives must maintain a positive, apolitical view to quickly evolve opportunities and challenges as they encounter them, recognizing when time and energy are being spent in areas that are not necessary. For example, rather than getting involved with the details of projects, economic diversification efforts should focus on the development of projects (relating to the strategy) and engagement of project leads, who will eventually focus on the details when the time is right.



New Sault Area Hospital Artist Rendering

Lesson 10: Regional Opportunities and Attractions

There has always been concern regarding Sault Ste. Marie's relative distance from markets and large populations. While the special burdens imposed by geography exist, the city turned weakness into strength. As a gateway to Canada and the United States, SSM is strategically positioned to be a transportation gateway and is currently exploring the development of an international shipping hub in SSM, capitalizing on its proximity to large U.S. markets.

SSM is also strategically located to provide regional health and social services. A pending state-of-the-art hospital, regional cancer care centre and

construction of a 370-bed nursing home facility are examples of initiatives that will enable us to build on these opportunities.

Focusing on specific regional opportunities that carry far beyond city borders will keep the community fresh and abreast of the "bigger" opportunities available to them.

The purpose of visiting the above 10 lessons has been to highlight some of SSM's experiences within a wider context and demonstrate what can be achieved when a community pulls together towards one common goal.

Conclusion

A sustainable economy is a goal of most communities around the world. After all, it positions a city, region or country for long-term success and growth. To create a sustainable economy, diversification is key.

This has been a main goal for Destiny since the partnership first formed in 2002. Throughout its existence, Destiny has worked to transform Sault Ste. Marie from a city almost entirely dependent on the steel industry to one that is economically diversified in several industries. As a result, the community is less vulnerable to economic downturns in any one sector.

That's not to say that a city can't have a major employer in a single firm or industry. Sault Ste. Marie's economy still relies heavily on Essar Steel Algoma – formerly Algoma Steel – to provide several thousand good-paying direct and indirect jobs. However, with the help of Destiny and its partners, the city is building on its assets in several sectors to alleviate from a downturn in any one sector.

Given the changing scope of the global, regional and local economy, strategic management and planning are crucial. With changes in technology, global economic conditions and private sector development, the plan needs to be flexible and able to accommodate new ideas, approaches or priorities.

A great plan with clear goals and objectives is of no value without community buy-in. Destiny's

success in developing and implementing a community-wide strategy is largely attributed to the many stakeholders involved in the process. These stakeholders represent all major sectors within the community. As leaders in their field, they have devoted their time, energy, expertise and resources to ensuring the numerous successes realized to date, carrying out the plans that help to accomplish the community vision.

Having a means of tracking this progress and communicating it to the community is an excellent way to maintain the level of enthusiasm and commitment from stakeholders and ensure the plan remains on track, especially when recognizing the significant accomplishments that individuals or organizations make. Destiny publishes a yearly progress report to track local conditions and evaluate success. This helps to refuel or redirect strategic efforts, keeping the strategy meaningful.

A solid plan, with community support and measures of success, also assists in securing financial support for the strategy and its various initiatives. All three levels of government are financial supporters of Destiny, who applaud the community for having a clear vision for growth and sustainability. They

use this information when assessing economic development-related funding applications and have found Destiny to be a valuable resource to rely on.

Since its inception, the economic conditions in Sault Ste. Marie continue to improve. Like any strategy, Destiny has experienced setbacks. Reacting to these situations appropriately and in a timely manner has helped mitigate disruptions to its implementation.

Destiny is a strategic framework that helps guide Sault Ste. Marie's economic diversification efforts to create a stronger, more diversified economy. Its content is the result of analyzing past economic efforts, listening to businesses and citizens,

learning from other communities' experiences, and consultation with federal and provincial government staff. It provides a framework from which the private and public sector can contribute to the city's economic vitality. Establishing an economic diversification strategy is a lifelong journey. Only with continual assessment, refinement and evaluation can this framework benefit the community in the short-term and for years to come, despite circumstances. Communities that engage in a similar process create a strong partnership of leaders for the community, who can work together and react quickly to opportunities or crisis, moving the city forward in positive and prosperous ways.

Appendix 1

Economic Indicators used to Measure the Economy of Sault Ste. Marie

1. Population Statistics
2. Commercial Truck Traffic
3. Tourist Visits
4. Hotel Occupancy Statistics
5. Construction Values by Type (Residential, Commercial, Institutional)
6. Location Quotient (Hartmann Index database)
7. Bankruptcy Statistics
8. Employment and Participation Rates
9. Unemployment Rates
10. Labour Force Statistics
11. Employment Insurance Statistics
12. Advertised Job Vacancies
13. Tax Base Assessment
14. Housing Start
15. Ontario Works Case Loads

Appendix 2

Growth Engine: Traditional and New Industry Development

This Growth Engine (GE) refers to goods producing and information technology activities involving value-added manufacturing, energy (natural resources), and information technology. We will strive to diversify the base of manufacturing firms engaged in value-added manufacturing and to provide the necessary infrastructure to support the growth of these firms and industries.

Rationale for the Traditional and New Industry Development Growth Engine:

Traditional industries employ large numbers of our residents and pay some of our highest wages. These foundation businesses are a fundamental component of our City's economy around which others, including small business, knowledge and export, can cluster and grow. Strategies focused on traditional industry development in the new economy must remain a key part of the City's economic development efforts.

Market access and global competition have fundamentally changed the marketplace. The challenge in this traditional sector is to continue to support high quality production, while encouraging the development of value-added processing, and facilitating entry and expansion in global markets. Throughout this document we have addressed fundamental business needs (e.g. workforce training alignment, taxes, regulations, etc.) However, this GE focuses on specific needs and opportunities for the traditional and new industry development segment.

Vision:

“To have Sault Ste. Marie be an attractive destination for the creation and relocation of industry as well as the expansion of existing business in order to create a diverse and sustainable industrial base producing globally competitive, value-added products and services.”

Goal:

“To develop and diversify the community's industrial employment base.”

Objectives:

We will meet our goal by working on the following six key objectives:

- Provide all necessary land and infrastructure in a “ready-to-build” state at a competitive price
- Ensure that appropriate training and facilities are available to develop required workplace skills
- Aggressively market SSM to both local and non-local “high potential” industries which could expand or begin operations in the community
- Assist “high potential” industries to obtain required funding
- Reduce regulations and “red tape” to a minimum
- Support sustainable resource management practices to ensure continuous supply of raw material

Strategic Priorities:

The Destiny Committee will aggressively implement the industrial land strategy and the industrial marketing strategy already being developed by the City of SSM. They will focus on prioritizing a strategy for all industrial development. A longer-term strategy is required to develop multi-modal transportation systems to provide the transportation links necessary for this industrial development. There needs to be an understanding of the labour markets, the skills available and the training needs required.

Initiatives:

The Steering Committee identified a number of potential initiatives for the Traditional and New Industry Growth Engine.

From the identified initiatives, the following seven were highlighted as high priority for immediate action.

1. Industrial Marketing Strategy

In 2007, a major study by Price Waterhouse Coopers recommended that the City's industrial diversification efforts should focus on four sectors: value-added steel, value-added wood, transportation and forest biotechnology. The federal, provincial and municipal governments

have committed slightly more than \$1 million to contact more than 1,000 firms in these sectors over a three-year period. Sector specialists are being hired to assist with bringing new firms to the community or develop local businesses. This project is the highest ranked initiative of all projects evaluated as part of Destiny. Additional funding to allow for a fourth year of operations and additional sector specialists should be considered to recognize the importance and potential benefits of this program.

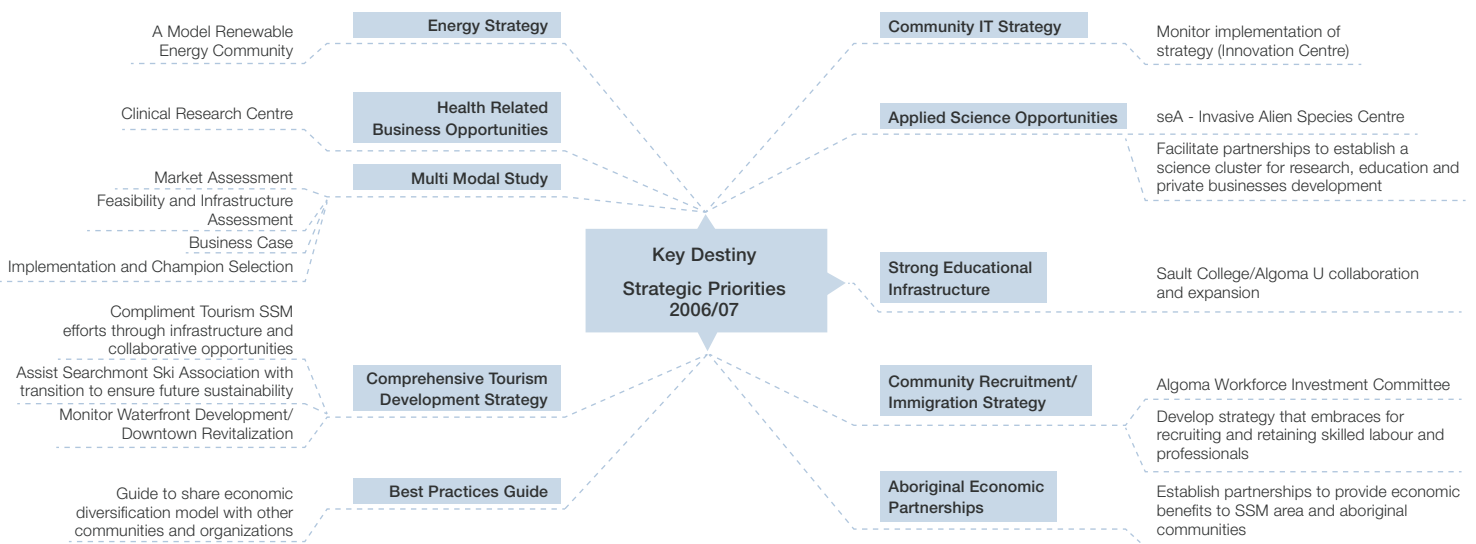
Funding Notes:

City	confirmed	\$ 150,000
NOHFC	confirmed	259,800
FedNor	confirmed	471,900
SSMEDC	confirmed	30,000
CDC, SSM	confirmed	30,000
SSM Airport Development Corp.	confirmed	60,000
Total:		\$ 1,001,700

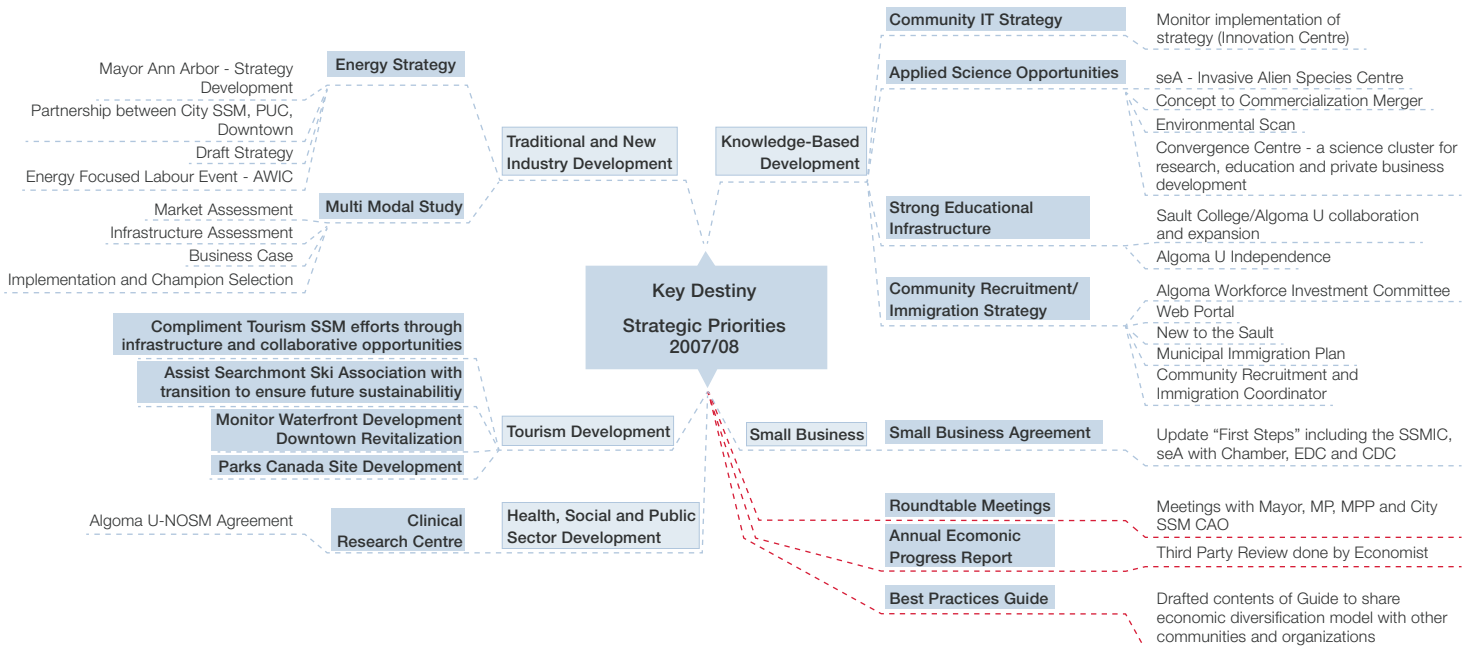
Recommendation: That the Industrial Marketing Strategy Steering Committee prepare a proposal describing anticipated benefits and costs associated with an expanded industrial marketing strategy program.

Appendix 3

1. Destiny Strategic Priorities 2006/07



2. Destiny Strategic Priorities 2007/08



Appendix 4

Economic Development and Diversification Project/Initiative Evaluation Criteria Guide

The following criteria were developed as a way to shortlist and prioritize projects and initiatives of the Growth Engines under an Economic Development and Diversification Plan.

Priority Weighting: High: 15 Medium: 10 Low: 5

Criteria		Guiding Principles		
1. Supports the Economic Diversification Plan (which builds upon other economic development strategies, i.e. Growth Mandate, BEC, Rapids, Focus 2020)		Ensures that the project/initiative falls within the goals, objectives and/or addresses identified gaps.		

Scoring Methodology		Weight	Individual Score	Maximum Score
Rating	Description			
	a. Goals			
0	- Does not fall under goals	5		10
1	- Falls under 1-2 goals			
2	- Falls under 3-6 goals			
	b. Objectives			
0	- Does not fall under objectives	5		10
1	- Addresses 1-2 objectives			
2	- Addresses 3 or more objectives			
	c. Identified Gaps			
0	- Does not address gaps	5		10
1	- Addresses 1-2 gaps			
2	- Addresses 3 or more gaps			
Total Maximum Score		15		30

Criteria	Guiding Principles
2. Employment creation and sustainment	<p>The project/initiative supports the creation and/or sustainment of direct and indirect full-time equivalent (FTE) jobs (2 part-time or 2 seasonal make 1 FTE).</p> <p>Construction jobs are to be converted to FTEs. FTE is determined at 10 jobs per \$1 million of construction cost.</p>

Scoring Methodology		Weight	Individual Score	Maximum Score
Rating	Description			
	a. Creates new jobs (FTEs)			
0	- No new jobs	10		20
1	- 1-25 FTEs			
2	- More than 25 FTEs			
	b. Sustains existing jobs (FTEs)			
0	- No jobs are sustained	3		6
1	- 1-25 FTEs			
2	- More than 25 FTEs			
	c. Construction jobs (FTEs)			
0	- No construction jobs	2		4
1	- 1-50 FTEs			
2	- More than 50 FTEs			
Total Maximum Score		15		30

Criteria	Guiding Principles
3. Has a high potential for growth	Potential for growth will be substantiated by the proponents' business plan and based on FTE jobs.

Scoring Methodology		Weight	Individual Score	Maximum Score
Rating	Description			
0	- No growth expected (FTE jobs)			
1	- 1% to 20% growth (FTE jobs) expected over next 5 years	10		20
2	- More than 20% growth (FTE jobs) expected over next 5 years			
Total Maximum Score		10		20

Criteria	Guiding Principles
4. Brings new wealth to the community	<p>Significant growth can only occur if the city is successful in attracting basic, wealth-creating activity that ideally strengthens vs. threatens our existing economic base.</p> <p>Exporting of product or service or import replacement.</p>

Scoring Methodology		Weight	Individual Score	Maximum Score
Rating	Description			
0	- No change in wealth			
1	- \$1,000 - \$100,000 in new wealth generating sales/revenue annually	10		20
2	- More than \$100,000 in new wealth generating sales/revenue annually			
Total Maximum Score		10		20

Criteria	Guiding Principles
5. Encourages private sector growth (venture capital or investment from non-government sources)	It is important that the City create an environment where the private sector becomes the driving force for economic development.

Scoring Methodology		Weight	Individual Score	Maximum Score
Rating	Description			
0	- No private sector involvement			
1	- Private sector involvement of 1% - 50% of total project costs	10		20
2	- Private sector involvement more than 50% of total project costs			
Total Maximum Score		10		20

Criteria	Guiding Principles
6. Has a high probability of success	<p>A successful project/initiative is to possess the following:</p> <ul style="list-style-type: none"> - Sound business case - Specific and measurable objectives - Financial support - Project management capabilities - Evaluation plan - Evidence of community support - Will be self-sustaining - Qualified, available human resources - Leveraged funds

Scoring Methodology		Weight	Individual Score	Maximum Score
Rating	Description			
0	- Poor			
1	- Fair	10		20
2	- Good			
Total Maximum Score		10		20

Criteria	Guiding Principles
7. Expands city tax base	The return on investment of public funds is sufficient to warrant the initial investment and any opportunity costs.

Scoring Methodology		Weight	Individual Score	Maximum Score
Rating	Description			
0	- No change			
1	- \$1 - \$50,000 property tax increase	5		10
2	- More than \$50,000 property tax increase			
Total Maximum Score		5		10

Criteria	Guiding Principles
8. Supports existing infrastructure or creates infrastructure	The project/initiative must either use existing underutilized infrastructure or create it (ie. roads, sewer, power, telecommunications, etc.).

Scoring Methodology		Weight	Individual Score	Maximum Score
Rating	Description			
0	- Does not create infrastructure			
1	- Creates new infrastructure, if required	2		4
2	- Creates infrastructure that can be utilized by other diversification projects			
Total Maximum Score		2		4

Criteria	Guiding Principles
9. Expands above-average wage jobs	The project/initiative supports the creation/ sustainment of high quality skilled positions with a multiplier effect.

Scoring Methodology		Weight	Individual Score	Maximum Score
Rating	Description			
0	- Below average wage jobs			
1	- Average wage jobs (\$9 - \$15 per hour)	5		10
2	- Above average wage jobs (more than \$15 per hour)			
Total Maximum Score		5		10

Criteria	Guiding Principles
10. Cost per job factor (total project cost divided by number of FTEs)	The project/initiative should be cost effective on a job created or sustained basis.

Scoring Methodology		Weight	Individual Score	Maximum Score
Rating	Description			
0	- More than \$300,000 per job	5		10
1	- \$76,000 - \$300,000 per job			
2	- Less than \$75,000 per job			
Total Maximum Score		5		10

Criteria	Guiding Principles
11. Has evidence of long-term commitment to region	<p>Those projects/initiatives that can illustrate a long-term commitment and sustainability will be given additional points.</p> <p>Measured by long-term leases, nature of business, proponents and their relation to the community, long-term funding commitments, etc.</p>

Scoring Methodology		Weight	Individual Score	Maximum Score
Rating	Description			
0	- No evidence of long-term commitment			
1	- Evidence of commitment 1 - 5 years	5		10
2	- Evidence of commitment over 5 years			
Total Maximum Score		5		10

Criteria	Guiding Principles
12. Is creative and/or innovative	<p>The project should provide comparative advantages, enhance community competitiveness, be more efficient and not duplicating.</p>

Scoring Methodology		Weight	Individual Score	Maximum Score
Rating	Description			
0	- Does not meet criteria			
1	- Meets criteria	5		10
2	- Exceeds criteria			
Total Maximum Score		5		10

Appendix 5

Project Evaluation Score Sheet

Economic Development and Diversification Strategy Framework

Date of Review: _____

Project Name: _____ Evaluator: _____

Related Growth Engine

- Industrial Development
 Tourism Development
 Knowledge-base Development
 Export Development
 Public Sector Development
 Small Business Development

Time Frame

Project will be completely implemented

- within 2 years
 in 3-5 years
 in more than 5 years

Criteria	Weight	Score 0 1 2*	Weighted Score	Comments
1. Supports economic diversification plan	15			
a. Goals	5			
b. Objectives	5			
c. Addresses an identified gap	5			
2. Employment generation	15			
a. Creates new jobs (FTEs)	10			
b. Sustains existing jobs (FTEs)	3			
c. Construction jobs (FTEs)	2			
3. Has a high potential for growth	10			
4. Brings new wealth to the community	10			
5. Encourages private sector growth (venture capital or investment from non-government sources)	10			
6. Has a high probability of success	10			
a. Sound business case				
b. Specific and measurable objectives				
c. Financial support				
d. Project management skills				
e. Evaluation plan				

Criteria	Weight	Score 0 1 2*	Weighted Score	Comments
f. Evidence of community support				
g. Will be self-sustaining				
h. Qualified, available human resources				
i. Leveraged funds				
7. Expands city tax assessment	5			
8. Supports existing infrastructure or creates infrastructure	5			
a. Uses underutilized infrastructure (e.g. roads, sewer, power, telecommunications, etc.).	3			
b. Creates infrastructure, if required (e.g. roads, sewer, power, telecommunications, etc.).	2			
9. Expands above-average wage jobs	5			
10. Cost per job factor (total project cost divided by number of FTEs.)	5			
11. Has evidence of long-term commitment to region	5			
12. Is creative and/or innovative (comparative advantages, enhance community competitive position, more efficient, not duplicating)	5			
Total	100			

*Score Codes (see evaluation criteria guide for details)

0 - Does not meet criteria

1 - Meets criteria

2 - Exceeds criteria

Other Considerations:

Recommendation:

Appendix 6

Example of Project Report

City of Sault Ste. Marie

Boardwalk Extension and Old Stone House Improvements

Project Description:	Extend the boardwalk from the Civic Centre to the Bushplane Museum and interpretive and restorative improvements to the Old Stone House	Growth Engine:	Tourism Development
Project Status:	Underway	Contact Name:	City Planner
Project Stat Notes:	Deferred until 2005 with expected commencement in spring '05	Phone:	
Proponent:	City of Sault Ste. Marie	Cell:	
Linkages (Studies):		E-mail:	
Partner A:	Historic Sites Board	Partner D:	
Partner B:		Partner E:	
Partner C:			

Project Activity:	2005 Applications for Funding			
Description	Status	Status Notes	Start Date	End Date
Apply to FedNor for \$300,000 in funding and to NOHFC for Stage 2 funding of \$1,000,000	Underway		21/03/2005	30/06/2005

	Projected	Actual
FedNor	\$300,000	\$0
CDC	\$0	\$0
HRDC	\$0	\$0
MNDM	\$0	\$0
NOHFC	\$1,000,000	\$0
City	\$0	\$0
City - EDF	\$0	\$0
SSMEDC	\$0	\$0
Private	\$0	\$0
Other	\$0	\$0
Funding Note		

	Projected	Actual
Construction/Temp		
Year 1		
Full-Time		
Part-Time		
F/T Seasonal		
Year 5		
Full-Time		
Part-Time		
F/T Seasonal		
Job Notes		

Project Activity:	Construction Phase			
Description	Status	Status Notes	Start Date	End Date
Construction of boardwalk extension and improvements to the Old Stone House	Underway	Walker Engineering appointed to oversee the construction	01/04/2005	30/06/2005

	Projected	Actual
FedNor	\$0	\$0
CDC	\$0	\$0
HRDC	\$0	\$0
MNDM	\$0	\$0
NOHFC	\$0	\$0
City	\$650,000	\$650,000
City - EDF	\$0	\$0
SSMEDC	\$0	\$0
Private	\$0	\$0
Other	\$0	\$0
Funding Note	FedNor and NOHFC funding is projected under funding application activity for the boardwalk	

	Projected	Actual
Construction/Temp	30	0
Year 1		
Full-Time	0	0
Part-Time	0	0
F/T Seasonal	0	0
Year 5		
Full-Time	0	0
Part-Time	0	0
F/T Seasonal	0	0
Job Notes		

Project Activity:	NOHFC & FedNor Application			
Description	Status	Status Notes	Start Date	End Date
Apply to NOHFC and FedNor re: funding for project	Underway	- Phase 1 application submitted - Awaiting approval of phase 2 (implementation)	01/11/2002	15/12/2004

	Projected	Actual
FedNor	\$0	\$0
CDC	\$0	\$0
HRDC	\$0	\$0
MNDM	\$0	\$0
NOHFC	\$1,500,000	\$0
City	\$0	\$0
City - EDF	\$0	\$0
SSMEDC	\$0	\$0
Private	\$0	\$0
Other	\$0	\$0
Funding Note	NOHFC funding is conditional on finding matching	

	Projected	Actual
Construction/Temp		
Year 1		
Full-Time		
Part-Time		
F/T Seasonal		
Year 5		
Full-Time		
Part-Time		
F/T Seasonal		
Job Notes		

