

# **City Core**

## **Small Business Development Centre**

*Project Description*  
*Feasibility Study*  
*and*  
*Business Plan*

*Prepared for*  
*The Working Together group*  
*41, 9912 - 106 Street*  
*Edmonton, Alberta*  
*T5K 1C5*

*Tel: (403) 423-2031 Fax: (403) 425-6244*

*By*  
*Crocker Consulting Inc.*  
*9139 - 74 Avenue*  
*Edmonton, Alberta*  
*T6E 1C9*

*Tel: (403) 432-1009 Fax: (403) 439-1863*

**1.0 EXECUTIVE SUMMARY:**

**1.1 Introduction:**

Most businesses in Canada are small ones. As a group they employ a significant percentage of the labour force and constitute one of the country's most valuable economic resources. Statistics Canada reports that small business is responsible for 75% of all new job creation in the country.

Running a small business is quickly becoming the choice of a generation. Statistics Canada estimates that over one million Canadians run their own businesses. Despite the economic and job creation clout of small business, statistics say it all. Only one out of five new businesses is still in operation after five years. The two most mentioned factors for small business closures are lack of management experience and lack of capital.

This proposal outlines plans for the establishment of a City Core Small Business Development Centre designed to assist inner city residents with the creation of small business and provide services to existing businesses. The overall goals of the City Core Small Business Development Centre are:

- \* Establish a local agency to enhance access to employment opportunities in the city core area; and,
- \* Enhance economic activity through assistance to existing businesses, emerging entrepreneurs, and economic development planning.

The total funding required is estimated to be \$96,800. This includes start up and operating capital for a one (1) year period.

**1.2 Objectives:**

The goal of the City Core Small Business Development Centre is to provide a mechanism by which inner city residents and businesses can access and take advantage of available programs. The City Core Small Business Development Centre would provide a number of new services to the target area.

The anticipated objectives of the City Core Small Business Development Centre are:

- \* To create job opportunities in the inner city;
- \* To promote entrepreneurship among low income individuals who live in the inner city and encourage economic self-sufficiency;
- \* To employ and enhance existing skills in the community;
- \* To actively promote re-investment in the inner city; and,
- \* To create access to a pool of start up and operating capital to help finance the start up costs of small business.

The purpose of the City Core Small Business Development Centre will be to provide a point of contact for inner city residents who wish to establish a small business. The City Core Small Business Development Centre will act as a conduit for accessing existing programs and services offered to small business entrepreneurs, without duplicating existing programs and services to small businesses and entrepreneurs.

Four types of services will be offered by the City Core Small Business Development Centre. They are:

- \* Provide one stop shopping for administrative services and support needed by small business entrepreneurs;
- \* Services currently offered by existing organizations and government programs to reach prospective entrepreneurs in the inner city;
- \* Establish a mentorship program to provide successful role models and on-going advice to struggling new businesses; and,
- \* Establish a source of start up and operating capital for new small business.

**TABLE OF CONTENTS**

|            |  | <b>Page</b> |
|------------|--|-------------|
| <b>1.0</b> | <b>EXECUTIVE SUMMARY</b>                   | <b>2</b>    |
|            | 1.1 Introduction                           | 2           |
|            | 1.2 Objectives                             | 3           |
| <b>2.0</b> | <b>MARKET AREA PROFILE</b>                 | <b>5</b>    |
|            | 2.1 Background and History                 | 5           |
|            | 2.2 Geographic Area Description            | 6           |
|            | 2.3 Client/Target Group                    | 7           |
|            | 2.4 Client Business Description            | 7           |
|            | Map of Area                                | 9           |
| <b>3.0</b> | <b>BUSINESS DEVELOPMENT CENTRE</b>         | <b>10</b>   |
|            | 3.1 One to One Counselling                 | 11          |
|            | 3.2 Workshops and Seminars                 | 12          |
|            | 3.3 Access to Financing                    | 13          |
|            | 3.4 Marketing and Promotions               | 14          |
|            | 3.5 Shared Services                        | 15          |
|            | 3.6 Business Mentor Program                | 15          |
| <b>4.0</b> | <b>ORGANIZATION STRUCTURE AND STAFFING</b> | <b>16</b>   |
|            | 4.1 Advisory Committee                     | 16          |
|            | 4.2 Staff Requirements                     | 16          |
| <b>5.0</b> | <b>FINANCIAL OUTLINE</b>                   | <b>19</b>   |
|            | 5.1 Start Up Costs                         | 19          |
|            | 5.2 Detailed Monthly Budget Year One       | 20          |
|            | 5.3 Detailed Monthly Budget Year Two       | 20          |

**2.0 MARKET AREA PROFILE:**

**2.1 Background:**

There have been a number of attempts in the past to establish community economic development projects in Edmonton's inner city. The need for economic development in the area is well documented. In 1985 a paper prepared by the Boyle Street Coop recommended "... a centralized vehicle be created to promote and assist economic development within the area and that a local economic development organization would be committed to ... increasing the employment opportunities of the local residents, by creating and operating locally-based businesses...."

In 1990 the Urban Core Support Network (UCSN) prepared a paper on Community Economic Development in Edmonton's Inner City. The paper identified the need for business support services, connecting mainstream economic opportunities to the inner city, and recommended the creation of a Community Economic Development Corporation to enhance economic development opportunities for the inner city area.

Through the efforts of the Edmonton Social Planning Council and concerned individuals a renewed effort was initiated in 1992 by the establishment of a steering committee called *Working Together for inner city small business development*. Members of the group include:

- \* Jonathan Murphy (Edmonton Social Planning Council),
- \* Randall Purvis (Waterloo Mercury Lincoln),
- \* Dave Hubert (Mennonite Central Committee),
- \* Alice Hanson
- \* Diana Salomaa (City of Edmonton), and,
- \* Ken Zahara (City of Edmonton).

The *Working Together* group would like to acknowledge and thank Employment and Immigration Canada for providing the funding for this proposal.

**2.2 Geographic Area Description:**

The area to be serviced by the City Core Small Business Development Centre is broadly described as the inner city. This area includes the neighbourhoods of Elmwood Park, Westwood, Prince Rupert, Queen Mary Park, Spruce Avenue, Central McDougall, Alberta Avenue, Parkdale, Eastwood, Cromdale, McCauley, Boyle Street and the Edmonton Municipal Airport.

This area offers competitive advantages compared to other areas of Edmonton. It is close to the downtown and near major markets, good public transportation systems including the LRT, affordable rents and leases, and a highly skilled and available labour force lives in the area. There is a long tradition of welcoming newcomers to the city, whether Native, refugees, or immigrants. There is a strong sense of caring for one's neighbours and friends. There is a wealth of workers with countless years of work experience in a number of different industries. And, there exists a large pool of potential workers who are shut out of the regular job market because of the economic situation and high unemployment in the area.

**2.3 Client/Target Group:**

The client group that the City Core Small Business Development Centre is targeting is persons living in the inner city core area who have a workable (small or micro) business idea and existing businesses operating in and/or businesses wishing to locate in the target area. Persons who have a business idea and the necessary skills to start a particular business, and those that have been recently unemployed, or are on social assistance are part of the target group. Another focus of the City Core Small Business Development Centre will be to provide business information and services to existing businesses and/or businesses wishing to locate in the area. The overall goal of the City Core Small Business Development Centre is the creation of employment opportunities through the establishment of new businesses, improving the performance of existing businesses, or the relocation of businesses to the inner city area.

**2.4 Client Business Description:**

Businesses that the target group will develop are small or micro enterprises. As previously mentioned, small business is the largest creator and employer of new jobs in Canada and is defined as having less than 100 employees. Typically in small business, the owners/managers are fully occupied on a personal basis with all aspects of management. Generally, small businesses have no middle management and the owners/managers are directly responsible for all the successes and failures.

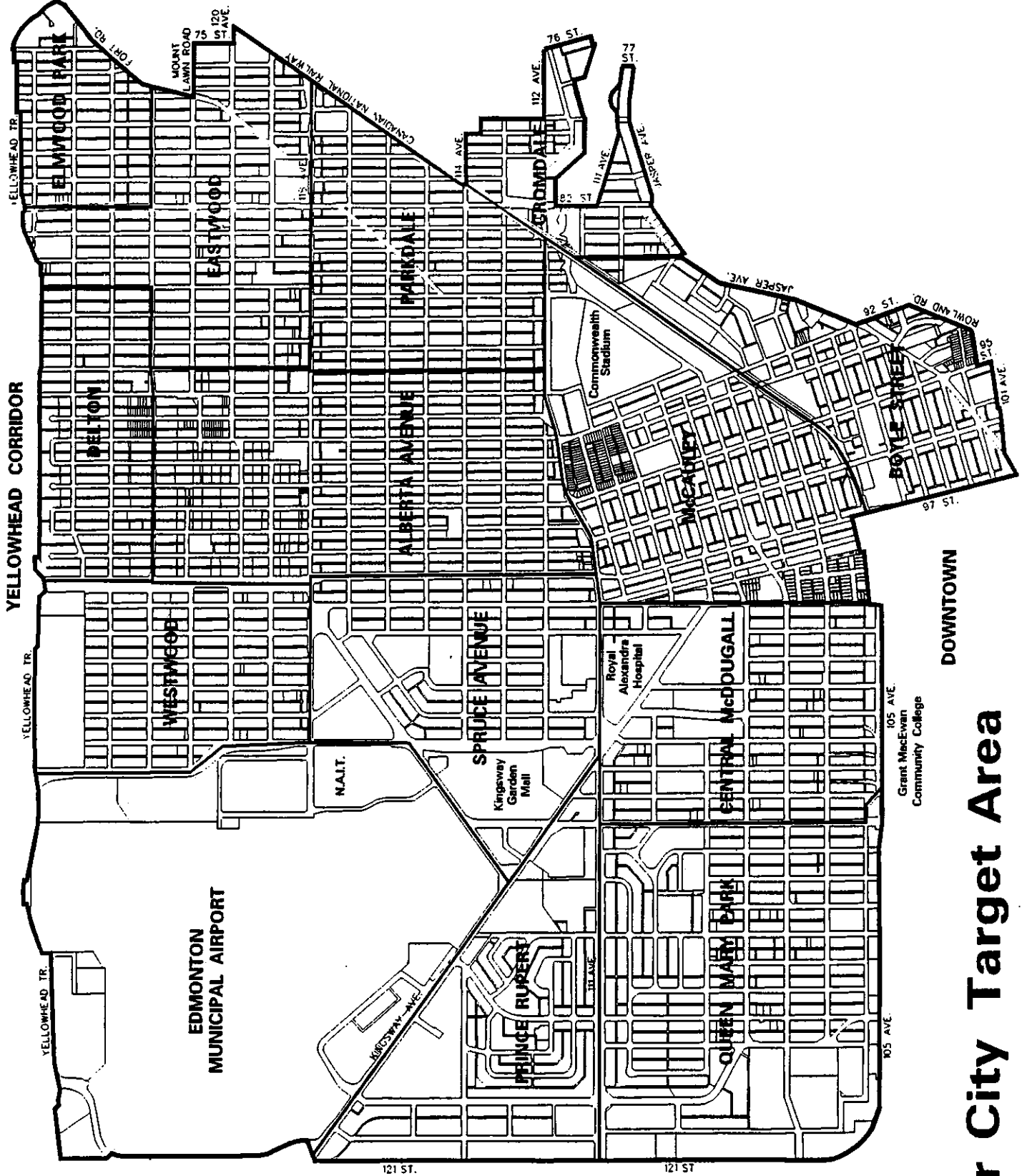
Small businesses are predominant in industries or segments of industries where technology requirements are minimal, managerial experience requirements are perceived as unimportant, capital requirements are low and the business generally serves a local market. On the whole, small businesses are efficient units that satisfy a very real need in the business community. Approximately 80% of all manufacturers, retail outlets, service and tourist industries are classified as small business.

Although the term may be unfamiliar, everyone knows micro enterprises or has had experiences with micro enterprises. Micro enterprises are very important to individuals, family and the local communities in which they are found. They provide sources of income and seasonal employment in areas where unemployment is high, like Edmonton's inner city. Micro enterprises provide goods and services at prices local people can afford to pay. They represent an important source of entrepreneurial training and skill development. Micro enterprises help keep families together by providing an alternative to leaving the community in search of employment. They give the operators a sense of pride and self-esteem.

Many micro enterprises grow to become small businesses and even large ones. One good example is Ikea Furniture, a company that started in the owner's basement.

The City Core Small Business Development Centre will provide service to small and micro business enterprises.





YELLOWHEAD CORRIDOR

DOWNTOWN

# Inner City Target Area

Grant McEwan  
Community College

YELLOWHEAD TR.

YELLOWHEAD TR.

YELLOWHEAD TR.

FORT RD.

MOUNT  
LAWN ROAD

75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100  
101  
102  
103  
104  
105  
106  
107  
108  
109  
110  
111  
112  
113  
114  
115  
116  
117  
118  
119  
120  
121  
122  
123  
124  
125  
126  
127  
128  
129  
130  
131  
132  
133  
134  
135  
136  
137  
138  
139  
140  
141  
142  
143  
144  
145  
146  
147  
148  
149  
150  
151  
152  
153  
154  
155  
156  
157  
158  
159  
160  
161  
162  
163  
164  
165  
166  
167  
168  
169  
170  
171  
172  
173  
174  
175  
176  
177  
178  
179  
180  
181  
182  
183  
184  
185  
186  
187  
188  
189  
190  
191  
192  
193  
194  
195  
196  
197  
198  
199  
200

CANADIAN NATIONAL RAILWAY

114 AVE.

112 AVE.

76 ST.

77 ST.

113 AVE.

114 AVE.

JASPER AVE.

ROYAL AND RD.

15 28

BOYLE STREET

97 ST.

101 AVE.

Royal  
Alexandra  
Hospital

Kingsway  
Garden  
Mall

105 AVE.

105 AVE.

121 ST.

121 ST.

N.A.I.T.

PRINCE RUPERT

QUEEN MARY PARK

CENTRAL McDUGALL

SPRUCE AVENUE

ALBERTA AVENUE

PARKDALE

EASTWOOD

DELTON

ELWOOD PARK

EDMONTON  
MUNICIPAL AIRPORT

**3.0 BUSINESS DEVELOPMENT CENTRE:**

There are a number of government and private non profit agencies providing various services in the area of business and entrepreneurial development. YMCA Business Development Centre, Aboriginal Business Development Program, Alberta Economic Development and Tourism Business Counselling, Alberta Indian Investment Corporation, Mennonite Centre for Newcomers, Canadian Executive Services Organization are but a few examples of existing programs and government departments that provide advisory services, research information, training, funding, and financing to persons wishing to establish or expand and existing small business. **One of the driving principles for the City Core Small Business Development Centre will be to access and take advantage of existing programs and services offered by government programs/departments/agencies and non profit agencies in the area of small business development.**

Specific services of the City Core Small Business Development Centre include the following:

- \* **One to One Business Counselling:**
- \* **Workshop and Seminars:**
- \* **Access to Financing and Funding:**
- \* **Marketing and Promotion:**
- \* **Shared Services:**
- \* **Business Mentor Program:**

**3.1 One to One Business Counselling:**

Alberta Economic Development and Tourism offers a variety of small business service programs. Advice is provided at no cost in the areas of business licensing and permits, business information, taxes, customs and duty, business management, business plan preparation, marketing and merchandising, financial management, market planning, credit and collection, and job descriptions.

The City Core Small Business Development Centre will arrange mutually agreed dates and times with Alberta Economic Development and Tourism business counsellors, and then schedule appointments with the centre's clients for that date. All counselling will take place at the offices of the City Core Small Business Development Centre.

Alberta Economic Development and Tourism offers a number of publications (free of charge) including 55 small business profiles with related detailed information related to the Alberta market. Dun and Bradstreet, Statistics Canada, and the Alberta Bureau of Statistics information is available. A number of business guide publications are also available.

Alberta Economic Development Tourism has indicated support for the City Core Small Business Development Centre and will provide a business counsellor on an appointment basis to the centre. Publications offered by Alberta Economic Development and Tourism will be made available. Users of the City Core Small Business Development Centre will be encouraged to access the Alberta Economic and Development and Tourism library.

**3.2 Workshops and Seminars:**

Low cost or no cost workshops and seminars will be provided by the City Core Small Business Development Centre. Existing seminars and workshops offered by government departments and non profit agencies will tailored for city core needs and delivered at the Centre.

The YMCA Enterprise Centre offers a business plan development course. First time entrepreneurs take a five (5) week program either during the day or evening, culminating with the preparation of a comprehensive business plan. Persons who are unemployed or are working less than 26 hours per week fit the eligibility criteria. All applicants to the YMCA entrepreneurial training program must have a workable business idea.

The Mennonite Centre for Newcomers offers a similar program for immigrants who wish to establish a small business. Sixty placements are made by the Mennonite Centre for Newcomers each year. All graduates prepare a well developed business plan.

Alberta Economic Development and Tourism has indicated their preparedness to provide no cost business related workshops to the clients of the City Core Small Business Development Centre. As numbers warrant, Alberta Economic Development and Trade will deliver one (1) day seminars on business related topics.

**3.3 Access to Financing and Funding:**

A major obstacle for first time entrepreneurs, especially those attempting to establish a small or micro enterprises, is access to start up and operating capital. Traditional forms of finance (ie major lending institutions) have been reluctant to finance start up costs of new or expanding small business. Other forms of small/micro financing are available and will be accessed through the City Core Small Business Development Centre. The City Core Small Business Development Centre will investigate and establish a small business loan fund similar to that operated only for new Canadians by the Mennonite Centre for Newcomers.

Many inner city core residents are of aboriginal heritage. The Aboriginal Business Development Program, through Industry, Science and Technology Canada, offers non repayable contributions to persons of aboriginal decent who wish to establish, expand, or modernize a business.

Employment and Immigration Canada permits a UI recipient to retain a portion of their benefit for a period of time if they start a small business. A similar program is available for social assistance recipients.

Two (2) aboriginal credit corporations are operating in Alberta with head offices in Edmonton. Apeetogosan (Metis) Development Corporation Inc. offers business financing and equity investments to Metis, non status Indians who wish to start a small business. The Alberta Indian Investment Corporation offers similar lending services to Treaty and status Indians in the province.

The Mennonite Centre for Newcomers offers small business loans to a maximum of \$5,000 to graduates of their program. The lending program operates on a lending circle principle where participants guarantee each others loans. Loan agreements are arranged directly with Capital City Savings Credit Union. Loans are secured in part by a deposit from the West Coast Development Corporation (20%). The Mennonite Centre for Newcomers lending fund is restricted to new Canadians. A similar lending arrangement will be established by the City Core Small Business Development Centre.

Other alternative forms of financing are available to first time entrepreneurs. The Canadian Alternative Investment Cooperative offers a variety of investment funds including: Venture Investment, Community Economic Development Funds, and Social Mortgage Funds. In Edmonton, there is a group that is working on establishing an alternative investment fund similar to the West Coast Development Corporation and the Canadian Alternative Investment Cooperative.

#### **3.4 Marketing and Promotion:**

A key to business success is the development of working relationships which businesses form among themselves. The City Core Small Business Development Centre will maintain information on existing programs and services offered by government, agencies and other businesses. The Centre will promote the inner city as a place to locate new businesses, maintain an inventory of existing businesses and identify business opportunities in the area.

Services such as regular networking meetings, newsletters, trade fairs, and a small

business directory will be provided. The integration of new and existing businesses into the larger business community (ie Economic Development Edmonton, Chamber of Commerce) will be an important task of the centre.

**3.5 Shared Services:**

Many small business and new enterprises cannot afford the luxury of new automated office equipment. The City Core Small Business Development Centre will provide limited services such as photocopying, computer accounting, word processing, telephone answering, FAX, access to meeting rooms on cost recovery basis. In order to keep staff positions to a minimum most services will be offered on a self-serve basis.

**3.6 Business Mentor Program:**

The failure rate of small business is very high. Dun and Bradstreet report that 90% of small business failures are management related. In order to reduce this potentially high failure rate, the City Core Small Business Development Centre will establish a business mentor program. The new entrepreneur will be matched with a successful business person. The mentor will donate 3 to 4 hours per month for a one year period, make recommendations to the new entrepreneur, and provide advice and encouragement.

The business mentor program will be coordinated by the City Core Small Business Development Centre manager and supplied through organizations such as the Chamber of Commerce.

**4.0 ORGANIZATIONAL STRUCTURE AND STAFFING:**

**4.1 Advisory Committee:**

Initially, the City Core Small Business Development Centre will be a project of the Edmonton Social Planning Council. An advisory committee of the Edmonton Social Planning Council will be established to oversee the operations of the City Core Small Business Development Centre. Alberta Economic Development and Tourism, and Industry, Science and Technology Canada have indicated a willingness to participate on the advisory committee. Other members will include local and successful entrepreneurs, a Centre user, and the Edmonton Social Planning Council. Initially the advisory committee will be made up of seven (7) members.

The advisory committee will be mandated to oversee the operations of the City Core Small Business Development Centre. This will include:

- \* development of operating policies and procedures;
- \* hiring of initial staff;
- \* budget and monthly financial review;
- \* review of monthly progress reports;
- \* providing direction and supervision to the manager; and,
- \* investigation and recommendation to the Edmonton Social Planning Council of appropriate corporate entities.



**ORGANIZATIONAL CHART**

**4.2 Staff Requirements:**

The City Core Small Business Development Centre will be operated by two (2) full time staff, a manager and an executive assistant. Business counselling services will be provided by Alberta Economic Development Trade on a as required basis.

The manager is responsible for all aspects of the Centre including staff, funding, marketing, volunteer coordination, office management and reporting. Specific duties include:

- \* Preparation of monthly activity and financial reports to the advisory committee;
- \* Providing advice and encouragement to the centre's clients;
- \* Arranging business counselling services, workshops, and entrepreneurial training programs;
- \* Structure volunteer activities to meet the Centre's needs, ie business mentor program;
- \* Assisting the client with presentation the client's business plan to a lender;
- \* Marketing and promotion of the City Core Small Business Development Centre;
- \* Research and investigation of economic and business related issues on behalf of the advisory committee;
- \* Supervision of support staff;
- \* Research and negotiate the establishment of a seed (venture) capital fund;
- \* Research and the preparation of funding applications for the operations of the City Core Small Business Development Centre.

**5.0 FINANCIAL OUTLINE:**

**5.1 Start Up Costs:**

|                                 |          |
|---------------------------------|----------|
| Business Centre Manager         | \$40,000 |
| Executive Assistant             | \$25,000 |
| Rent/Lease Costs                | \$9,000  |
| Office Equipment                | \$7,500  |
| Wage Expenses & Benefits        | \$7,150  |
| Initial Office Supplies         | \$2,600  |
| Miscellaneous                   | \$1,200  |
| Utilities (gas/power/electric)  | \$1,200  |
| Insurance (equipment/liability) | \$1,000  |
| Telephone (local calls)         | \$900    |
| Recruitment Costs               | \$650    |
| Bank Charges                    | \$600    |

**TOTAL START UP COSTS            \$96,800**

**5.2 Detailed Monthly Budget Year One:**

**5.3 Detailed Monthly Budget Year Two:**

**ACKNOWLEDGEMENTS**

1. Mr. Chuck Arp, Manager, YMCA Enterprise Centre
2. Mr. Harvey Voogd, Director, Mennonite Centre for Newcomers
3. Mr. Jim Spinelli, Program Director, Bissell Centre, UCSN Member
4. Mr. Bill Adsit, Claims Officer, Aboriginal Business Development Program, Industry, Science and Technology Canada
5. Mr. Graham Winter, Business Counsellor, Alberta Economic Development and Tourism
6. Ms. Joyce Belanger, Assistant Manager, Employment Operations, Canada Employment Centre, Employment and Immigration Canada
7. Mr. Wayne Taylor, Chairman, Edmonton Chamber of Commerce
8. Ms. Angela Ballard, Manager, North Edmonton Canada Employment Centre, Canada Employment and Immigration
9. Laird Hunter, Lawyer, Worton and Hunter
10. Gerry Wright, Professor University of Alberta
11. Grant MacEwan College, Business Outreach Department
12. Bob Wyatt, Executive Director, Muttarts Foundation
13. Jan Reimer, Mayor, City of Edmonton
14. Alberta Social Services

**PUBLICATIONS**

1. Boyle Street Co-Op Relocation Study; IMC Consulting Group Inc., December 1990
2. Tracking the Trends; Edmonton Social Planning Council, 1991
3. Edmonton Demographic Indicators; City of Edmonton, 1991
4. Edmonton's Inner City: An Economic Development Strategy; Jonathan Murphy, November 1985, reprinted June 1990
5. Edmonton Community Economic Development Conference; Urban Core Support Network, June 1990
6. Community Economic Development In Edmonton's Inner City; Urban Core Support Network, December 1990
7. Mother of Invention; Robert A. Mamis, INC, October 1989
8. Small Business Incubator Project; Downtown Eastside Economic Development Society, June 1990
9. Edmonton Economic Development Strategy; Price Waterhouse, October 1991
10. MEDA, Domestic Economic Development Program; Mennonite Economic Development Associates, December 1992