

REPORT #: EDO-2023-13

DATE: 5-Dec-23

TO: Deputy Mayor and Members of Committee of the Whole

SUBJECT: **BWG Catalyst Centre Draft Business Plan**

PREPARED BY: Michael Disano

1. RECOMMENDATIONS:

That Report EDO-2023-13 "BWG Catalyst Centre Draft Business Plan" be received for information; and
That upon review and comment, the final business plan be adopted by Council; and
The Office of Economic Development execute the implementation plan as outlined herein.

2. PREAMBLE:

This report summarizes the business plan development process initiated in mid 2022 by the Office of Economic Development and facilitated by Accolade Innovations Inc. The complete BWG Catalyst Centre Draft Business Plan is attached for Council's consideration. Much of the information contained in this report has been utilized from the Business Plan - Accolade Innovations Inc. is acknowledged as a contributor.

3. BASIC DATA PERTAINING TO THE MATTER:

1.0 Background

1.1 Purpose: In mid-2022, The Bradford West Gwillimbury (BWG) Office of Economic Development, with financial support from the County of Simcoe, developed a Request for Proposal (RFP) with the intent of investigating the potential of establishing a Business Catalyst Centre (BCC) in downtown Bradford. Accolade Innovations Inc. was the successful respondent to the RFP. This report is the product of the investigation into how the community might establish a Catalyst Centre and what model best suits the needs of local entrepreneurs and small business owners.

As per the RFP, "the overarching goal in creating the BCC is to develop a collaborative ecosystem whereby industry, small business, entrepreneurs, start-ups, government, academia, and venture capital can intersect to create community, spark innovation, and stimulate economic growth". This document will refer to this collaborative space as a "hub".

1.2 Process & Steering Committee: In September 2022, the Office of Economic Development assembled a Steering Committee comprised of 9 individuals. Members were selected based on their business experience, entrepreneurial history, economic development involvement, as well as knowledge of the entrepreneurial ecosystem of support and resources in South Simcoe and across Ontario. Accolade Innovations worked with this Committee to manage the workflow of the project. It should be noted, we lost participation from 4 representatives at different times (and for various reasons) throughout the process. Steering Committee members included:

- Michael Disano (Chair), Office of Economic Development
- Michael Kemp, Office of Economic Development
- Martin Kuzma, Nottawasaga Futures (CFDC)
- Natasha Leskiw, BWG Business Owner (Bradford Board of Trade and Strong Women Always Networking representative)
- Wilf Steimle, President of Crestline Technologies and Georgian Angel Network representative.

1.3 Research: The original RFP response from Accolade on the Catalyst Centre project indicated the first task would be to undertake a Research Phase, which comprised the following components:

1. Detailed discussions with the Steering Committee around identified gaps in local support and resources for entrepreneurs.
2. A tour of the regional hubs in Simcoe County and York Region.
3. Identifying contacts and resources relevant to the project.
4. Gathering opinions on community needs through an online survey.
5. Conducting Focus Groups aimed at community stakeholders to determine needs, and potential partnerships for programming, financing, and resources.
6. Investigating hub models, programming, physical space, costs, funding options, and governance issues.

1.4 Needs Assessment: Over many months, the Steering Committee reviewed information on best-practices for business hubs, a variety of business model options for such hubs and the effectiveness of programming options they could deliver. Based on extensive primary and secondary data supplied by Accolade, the Steering Committee recommended a number of entrepreneur and community needs that a potential business hub should address, including:

- *For local entrepreneurs and business owners*, the key gaps in services and resources within BWG were identified as; a need for support targeted to the needs of business start-ups, early-stage entrepreneurs and small business operators; a lack of local programming aimed at assisting companies to start, grow and scale; a lack of access to high-quality business mentors, especially specialized mentors; access to business funding; a lack of collaborative training and networking space as well as co-working or flexible smaller office space, meeting space and event space.
- *For the community*, the goals were identified as; economic diversification; attraction and retention of companies; growing long-term and sustainable jobs with living wages and increasing the talent pool in BWG. In addition, there is a need to offer high-quality support and resources for local entrepreneurs where they work and live.

2.0 Feasibility Study Outcomes

2.1 Model Selection: A detailed analysis of each model was undertaken as part of the feasibility study component of the project in order to evaluate and assess: prospective user profiles; programming needs; funding scenarios; physical space requirements; staffing needs; hub structure and governance; location details and potential anchor tenants. The Accolade team conducted a prioritization exercise to match a number of “traits” to their respective importance to hub performance/delivery. The Steering Committee members rated each trait as being “Core”, “Strong”, “Weak”, or “Not” a factor. The team then rated each model against the traits identified as being most crucial (Core or Strong Factors). Based on the rating results in combination with public engagement research findings, the “BWG Co-Working Model” was selected as being the optimal model for the community. On June 6, 2023, Accolade Innovations presented an update on the hub concept to Town Council. The Business Plan has incorporated feedback received at this meeting.

Note: Refer to Attachment B – Research Findings for additional details.

The following 2 options in combination, were identified as best addressing the needs of the BWG business community.

A) *Coworking Space* (Example: OfficeInc.)

- A fully equipped shared office space offered on a rental basis (hour, day, week, month, or year).
- Provides professional office amenities like high-speed internet, well-equipped meeting rooms, reception, mail, coffee, food, and copier services.
- Offers renters desk space, cubicle space or private office space.
- May offer professional mentorship, training, and events for entrepreneurs.

The co-working space provides a solid revenue generating model and no true co-working space exists within a 30 km radius of downtown Bradford.

B) *Entrepreneurship Hub* (Example: The Sandbox Centre for Shared Innovation & Entrepreneurship)

- A community space for entrepreneurs to plan, start and grow their business.
- Combines short-term (drop-in) workspace, meeting space, and event space.
- Offers programs and events for entrepreneurs.
- May offer professional mentorship, networking, and access to funding.
- May offer food and beverage services to clients.

This option was selected in combination with the Co-Working Space model above. The lack of local support for early-stage entrepreneurs and small business operators was identified as a gap in the community which content and programming can fill.

2.2 Rationale for Selecting Preferred Model:

There are around 7,000 business incubators worldwide and 90% of them are not-for-profit with a focus on community economic development. (Source: International Business Innovation Association). This plan recommends a modified not-for-profit model for the following reasons:

- 1) Not-for-profits can access more funding sources than for-profits. (gov't, private, donor, sponsor, member, etc.). This will be essential in the early years.
- 2) The co-working space component combined with an Entrepreneurship Hub offers a revenue model which, over time, can deliver much of the revenue needed to fund the Centre and lighten the load on the partners (Town and Co-Working Partner).
- 3) 50% of any annual budget surpluses will be divided between the two partners: The Town and The Co-Working Partner. This feature delivers two benefits:
 - It reduces the Town's financial burden as co-working, event, donor, sponsor, and grant revenues increase.
 - It provides an incentive for the Co-Working Partner to drive non-municipal revenue streams.
- 4) The Entrepreneurship Hub component delivers economic development goals for the Town:
 - Increases the number of local business start-ups.
 - Reduces the number of business failures.
 - Keeps local companies local.
 - Helps scale start-ups and small businesses.
 - Keep local entrepreneurs in the community for work, events, training, etc.
 - Attracts entrepreneurs from nearby communities that don't have Entrepreneurship Hubs or Co-Working Spaces.
 - Attracts business travelers from outside BWG by offering a business-ready location in town.
 - Keeps hybrid workers in the community more often.
 - The Centre as a hub helps build a sense of community.
- 5) The Co-working and Event space helps to address existing supply and demand issues for "business-ready" meetings and events.
- 6) The Centre will become a hub for networking and connections for the business community in BWG and surrounding areas (South Simcoe, Northern York Region)

2.3 Key Attributes of Selected Model:

- Co-working is both a concept and philosophy. A simple definition covers the conceptual side – shared office space with other companies, teams, or individuals where virtually everything except a dedicated desk or office suite is shared. However, co-working is more than just sharing Wi-Fi, a kitchen, and a conference room with another company; at its heart, it's just as much about innovation, collaboration, and flexibility as a set of shared amenities. (Credit: Upsuite November 2019)
- Co-working is defined as membership-based workspaces where diverse groups of freelancers, remote workers, and other independent professionals work together in a shared, communal setting. (Credit: Harvard Business Review 2015)
- Co-working spaces are designed to provide a secure, convenient space from which to operate without the frustrations and distractions of working from home, or at the local

coffee shop. They offer the best of both professional services and setups and total flexibility and accessibility. (Credit: Upsuite November 2020)

- What are the advantages of working with others at a co-working space rather than in isolation? They include:
 - Collaboration with other entrepreneurs, business operators, and service providers.
 - Access to a diversity of business opinions from a wide array of sectors and expertise.
 - Opportunities to participate in advanced training, workshops, speaker events and to engage with business mentors.
 - Affordable commercial space without long-term contracts and high prices.
 - Access to professional business amenities for working, meeting and events.
 - Flexible access to working and meeting space (by the hour, day, week, or month – often with 24x7 access).
 - Support services: mail, copy, courier, food & beverage, high-speed Wi-Fi, reception, etc. (Credit: Upsuite November 2020)

2.4 Who Will the Hub Serve?

- Business Start-Ups.
 - Entrepreneurs that are planning or launching a business but have yet to earn revenue.
 - 17% of millennials plan to start a business in the next 2 years.
 - 11,500 millennials in BWG. 1,955 potential start-ups.
- The Self-Employed.
 - Over 2,700 identify as self-employed in BWG.
- Micro-Enterprises.
 - Defined has 1-4 employees.
 - Over 600 in BWG.
- Very Small Businesses.
 - Defined here as 5-9 employees.
 - Over 165 in BWG.
- Hybrid Workers
 - Those that are employed outside of BWG but can work from home part-time.
 - Over 10,800 in BWG are employed outside of BWG but live in BWG.

2.5 What Will the Hub Offer?

- Mentorship.
 - Paid and volunteer mentors available on a weekly basis.
 - Generalist and Specialist mentors.
 - Mentor events.
- Programming.
 - Event-based content delivered by established entrepreneurial ecosystem partners.
 - Programming for Women, BIPOC, Newcomer, and Food entrepreneurs.
 - Content for aspiring entrepreneurs and entrepreneurs scaling up.
- Access to Funding.
 - For start-up, early-stage and emerging companies.
 - Loans, grants, angel, and venture capital.

- Work and Event Space.
 - Co-Working space available by the hour, day, week, or month.
 - Open or private office work space.
 - Networking and relaxation space.
 - Meeting space.
 - Event space.

2.6 What Will the Hub Look Like?

- It would be structured as a Not-for-Profit entity under a Public-Private partnership.
- Governance would be provided by a founding Board of Directors (5).
- Work and meeting space would be delivered under a co-working model managed by a professional operator.
- In Year-one, hub programming would be delivered by the Henry Bernick Entrepreneurship Centre (Georgian College).
- The Office of Economic Development will hire a Small Business Coordinator to promote the Centre and facilitate operations.
- A Director, Client Service Coordinator, and Mentors would be employed.
- An online platform would be deployed to consolidate programming, contacts, and office space management (Nexodus).
- The space would be in or near downtown Bradford.

3.0 Implementation Outlook

3.1 Four Stage Process

This business plan envisions a phased implementation approach as follows:

Phase-One. Q1, 2024.

- Secure Town approval of this business plan and base funding for the execution of the plan over three years. Submit County of Simcoe, Trillium and FedDev funding applications.

Phase-Two. Q1-Q2, 2024.

- Identify an available space for lease that can house the Catalyst Centre. The targeted physical footprint is 5,000-7,000 square feet. Ideally the space will have dedicated parking and will be accessible in accordance with the Accessible Canada Act and municipal standards (or can be made accessible).

Phase-Three. Q2-Q4, 2024.

- Establish a contractual agreement with an experienced co-working space operator capable of converting the identified commercial space (see Phase-Two) into a functional co-working facility. This operator would become a partner to the Town and share expenses and revenue under a sliding-scale formula.
- Establish a not-for-profit entity with Public Benefit Corporation status to allow for potential grant funding.

- Contract with Georgian College (The Henry Bernick Entrepreneurship Centre) to deliver entrepreneurship and small business programs, events, and mentorship services to be delivered locally in the Catalyst Centre.
- Undertake leaseholds with an anticipated November 2024 move-in date.

Phase-Four. Q4, 2024.

- Open the Catalyst Centre as a functioning co-working, meeting and event space with entrepreneurship, small business programs and mentorship services overlaid.

3.2 Accessing the Centre: The Catalyst Centre focuses on providing 24x7 access to co-working space, meeting space, and event space for co-working space members and community groups. Members will be prospective entrepreneurs working on establishing a business, existing home-based business owners needing professional work and meeting space on a periodic basis, professional service providers (accountants, lawyers, bookkeepers) needing quality meeting space or satellite office space in BWG, and GTA-employed hybrid workers requiring local office space near their home for 1 to 5 days per week. Members residing outside of the Town of BWG will be admitted as members if capacity exists. Community groups or businesses or individuals requiring periodic meeting and event space will rent space outside of the 9-5 workday (early morning, evenings, and weekends).

3.3 Funding: The Business Catalyst Centre would be funded by a mix of contributors. The key to success is to secure a breadth of funding partners. Municipal engagement is the first requirement as provincial and federal grant programs will require community buy-in, and sponsors and donors will expect local communities to invest in the economic development return on investment that will flow from the centre. BWG and the County of Simcoe will benefit from the impact, and their support is the first building block that must be established. The model calls for four primary pools of funding, each contributing approximately 25-33% of the cost of operations over the first three years.

Note: The plan assumes that the Catalyst Centre generates a surplus which grows year over year based on the revenues generated through increasing occupancy of the space. This plan outlines a model which generates a surplus to ensure the financial sustainability of the space. As a result, percentages will total greater than 100%.

1. The Town of BWG would bear approximately 33% of the first-year capital costs, startup costs and monthly lease costs related to the physical location over 3 years. The percentage of contribution is reduced annually as funding from private sources builds and surpluses are generated.
2. Private Sources. Community Sponsors, Donors, Co-working Membership Fees and Meeting and Event Space Rental Fees will contribute 25% of operating costs in the first year, growing to 50% in year-two and over 60% in year-three.
3. The selected co-working space operator would bear the cost of Centre labour, administration, and 25% of the first-year capital costs, startup costs and monthly lease costs.

4. Grant Support. Provincial and Federal Government Grant Programs would be targeted to cover 25-33% of the operating costs over a 3-year period (Trillium, Rural Economic Development, FedDev, County of Simcoe, etc.).

3.4 Year-One Start-up Costs:

Year 1 2024	Co-Working Model	Total Year
Startup Costs		
Corporate Set-up (Legal)		\$7,800
Corporate Set-up (Accounting)		\$7,200
Corporate Set-up (Bookkeeping & Cloud Software)		\$3,040
CGL, E&O, D&O insurance and banking		\$5,500
Branding, Web Dev, and Social Network Setup		\$20,000
Office Set-Up and Supplies		\$2,000
Leasehold Improvements		\$180,000
Furnishings & Signage		\$90,000
Equipment and Technology		\$90,000
Contingency		\$8,000
Total Startup Costs		\$413,540

The cost to plan, start, launch, and operate the Centre over the first 3 years is \$1,899,212, including the estimated capital costs to outfit the space in the 1st year. Potential revenues over the first 3 years total \$2,112,605 for a net projected surplus of \$223,393. This plan allows for significant leeway in actual revenue and cost variations without putting the plan or its partners in jeopardy.

Note: Section 15.1 in Attachment A has the complete Financial Plan (p.45-51)

3.5 Milestones: A number of milestones were identified that need to be achieved in order for the hub to realize implementation. They are presented in section 13.1 of the Business Plan (p. 42).

4.0 Next Steps & Future Considerations

4.1 Next Steps: The consultant (Accolade Innovations Inc.) recommends that a number of immediate next steps be taken – the list below outlines several initiatives, many of which can be undertaken simultaneously or in parallel.

Following Council approval of the BWG Catalyst Centre Draft Business Plan:

- Secure Town funding approval from Council through 2024 budget deliberations (as outlined below in Section 4. Effect on Town Finances).
- Connect with prospective Co-Working Partners to begin discussions on a Co-Working management arrangement (e.g. YSpace, GTTI, NewMakeit, Sandbox, The Foundry, DMZ-Innisfil, OfficeINC, SuiteWorks, etc.).
- Connect with Georgian College to begin discussion on programming delivery for the hub.

- Connect with various local organizations to discuss interest in becoming an anchor tenant (e.g. Nottawasaga Futures, Contact Community Services, Bradford Board of Trade, etc.)
- Connect with real estate professional to investigate potential locations and bring an options report back to Council with associated costs to develop under each scenario.
- Engage with the regional Entrepreneurial Ecosystem Partners (Colleges, Universities, Hubs, and Government Agencies) who offer existing programming to identify opportunities to build the entrepreneurial community in BWG. Establish a schedule of events and programs that can be delivered in BWG prior to the establishment of the physical Catalyst Centre. Other programming can be offered in-person or online to spark some local interest and build enthusiasm for the development of the Catalyst Centre.

4.2 Location & Potential Services: A number of ideas were brought forward during the project that may be considered by Council along with the founding Director and Board of the hub throughout the implementation process:

- **Church Street Location.** The Town is renovating a decommissioned public school (177 Church Street), which offers parking and outdoor amenities (see Daycare Services) and is not far from the downtown core of Bradford. The Town is currently negotiating lease agreements with various social service providers to occupy available space in this facility. Therefore, this location may not be a viable option for the future BCC.
- **New Town Hall Location.** The Town is preparing to fund and build a new integrated Town Hall at 125 Simcoe Road. This site could also serve as a potential future location for the hub. However, current projected timelines for development of this project may not align with implementation goals for this project
- **Daycare Services.** Community interest was expressed regarding the Co-Working Space offering daycare on site. While this was not built into the business plan due to space and cost considerations, models do exist that offer working parents daycare options. Depending on the final location chosen for the hub, daycare providers could be adopted as partners of the hub.

These options will be considered further as part of the site selection process moving forward.

4.3 Risk Factors: It should be noted that failure to acquire public funding (i.e. grants), or delays in receiving these funds could jeopardize the project. Staff will make every effort to begin the application process as soon as we receive budget approval from Council. The second risk relates to lack of occupancy. However, Accolade was cautious in their approach and projected occupancy will build slowly over several months and years. Another concern is public funding will not be available in perpetuity, therefore the hub would need to evolve to a self sustaining model by year 5. The final risk is that a private co-working space operator moves into BWG before the Centre gets operational. This is a factor outside of our control but staff will monitor the situation and advise Council should this occur.

4.4 Engagement Strategy: Throughout the implementation efforts a parallel engagement strategy will be undertaken. The goal is to build awareness and excitement for the project, as well as gauging demand/price sensitivity from target clients re: projected BCC services. A number of initiatives are planned, or currently underway to facilitate this process:

- The business directory and contact management system managed by the Office of Economic Development are currently being updated to validate contact details for all BWG businesses. As part of the process, we are incorporating additional fields of information that will allow staff to target communications to various groups (e.g. home based businesses, entrepreneurs who would benefit from custom programming related to diversity, equity and inclusiveness, etc.)
- Georgian College has agreed to run some programs in 2024 that are expected to be offered through the BCC (e.g. Accelerate Now for new immigrants, Accelerate Her for female entrepreneurs). This will provide another opportunity to promote the hub and test the demand for future programming.
- The Office of Economic Development will create a page on the www.gotobwg.ca site that will provide updates on the project and solicit feedback and interest from potential clients, funders and mentors.

5.0 Acknowledgements

- John Pickard deserves special acknowledgement as project manager and for keeping the Steering Committee focussed and engaged during the lengthy process. The Accolade Innovations Inc. team provided exceptional service throughout the project and John's contribution was invaluable. It is anticipated that Accolade will continue to assist the Town throughout the implementation process.
- Steering Committee members invested a great deal of time during the entire process. The project benefited greatly from their efforts, special thanks to Martin Kuzma, Natasha Leskiw and Wilf Steimle.
- Important contributions were also made by all members of Council, as well as the entrepreneurs and local business owners who participated in the focus group sessions and survey. The vision for the BCC was shaped and informed by this input.
- The County of Simcoe is a significant financial contributor via the In-Market Special Project Fund offered through the Economic Development Office. Their generous support facilitated completion of the BCC Feasibility Study and Business Plan project. Town staff expect to continue the on-going partnership with the County throughout the implementation phase and future operations of this project.

On a final note, the County Economic Development Office has taken the initiative to coordinate regular meetings with all entrepreneurial eco-system players. The goal is to share information, explore operational synergies and leverage resources amongst the various business support organizations. This provides a forum that will help facilitate and support the Town's implementation efforts.

4. EFFECT ON TOWN FINANCES:

Year	Amount	Description
2024	\$200,000	Seed funding - capital request through the Office of Economic Development budget submission (Project Number 1170). Money to be utilized for start-up costs outlined in section 3.4 of this report and detailed in section 15.1 of the draft Business Plan. These funds will also be earmarked as the Town contribution when submitting funding applications to the various programs (e.g. Trillium, FedDev, RED, County Innovation Fund, etc.) Staff have verified the BCC is considered an eligible project for several government programs.
2024	\$5000	Accolade Innovations Inc. to assist with funding applications, contract negotiations with various providers, development of memorandums of understanding and article of incorporation submission. This has been incorporated into the operating budget submission for the Office of Economic Development.
2025	\$200,000	BCC Operating Expenses – funds cover overhead costs as outlined in year 1 financial pro forma statement (p. 46 of Business Plan). This has been submitted as part of the budget request for the Office of Economic Development.
2025	\$70,000	Small Business Coordinator position is requested as part of the Office of Economic Development budget submission. This person is expected to be brought on in early 2025 to assist with promoting and facilitating operations of the BCC.
2026	\$200,000	BCC Operating Expenses – funds cover overhead costs as outlined in year 2 financial pro forma statement (p. 47 of Business Plan). This has been submitted as part of the budget request for the Office of Economic Development.

5. ATTACHMENTS:

Attachment A – BWG Catalyst Centre Draft Business Plan

Attachment B – Research Findings

Note: Additional support documentation and accompanying appendices to the Business Plan were included by Accolade as part of their deliverables. Pertinent data has been incorporated into the final report and business plan. The information was omitted in an effort to reduce the report length. However, all files are available upon request through our office and include:

- Financial Pro Forma Statements + Cash Flow Projections
- Major Milestones
- Co-working Statistics
- Co-working Demographics
- BWG Survey Data
- Not-for-Profit Incorporators Handbook
- Organizational Bylaws Ontario
- Corporate Maintenance Guide
- Project Contact List