

# Small Businesses and Municipalities Working Together

Presentation to the  
Union of Nova Scotia Municipalities Conference



Canadian Restaurant and  
Foodservices Association

Association canadienne  
des restaurateurs et des  
services alimentaires

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Thank you.

It is a great pleasure to be here today. I love this province, I love this region and I have many fond memories from here.

I want to congratulate the organizers of the Union of Nova Scotia Municipalities conference. I think you have chosen a very timely and important theme: "Small businesses and municipalities working together".

I strongly believe that a prosperous, growing and vibrant small business community is essential to a prosperous, growing and vibrant municipality.

Two days ago I was in Calgary. Yesterday I was in Toronto. Both cities had very interesting municipal election results. Both cities had high voter turn-out (Toronto – 50%) (Calgary – 60%). Voters in both cities wanted change.

In Toronto's case, newly elected Mayor Ford tapped into an anti-Mayor Miller establishment, protest vote. In Calgary's case it was completely different. The election result made media headlines across the country. One of the stories was "Calgary elects Canada's first Muslim mayor". I think the real story is that newly elected Mayor Nenshi caught everyone by surprise.

A month ago I met with the Calgary front runner, a veteran municipal politician who was battling it out with another star candidate. We didn't meet with Mr. Nenshi, a rookie candidate, because at the time he wasn't on anyone's radar screen. He came out of seemingly nowhere.

In Saturday's Globe and Mail, there was an article by Chris Turner out of Calgary that stated "The real key to the Nenshi phenomenon is that he electrified the city with a new vision of itself. Mr. Nenshi won not on image or spin but on big ideas and a road map dense with details on how to make them manifest...Great cities...are products of the stories they tell themselves about what they are and what it is possible for them to become." He offered the voters a vision to make Calgary great.

You may have seen Mr. Nenshi being interviewed by Peter Mansbridge Sunday night. In that interview, Mr. Nenshi talked about his vision for his city. He also talked about the importance of getting City council and City hall officials to buy into that vision.

He talked about the importance of working with Calgarians and leaders in the community and forming partnerships to help achieve that vision. He also talked about the important role small business has to play for the city to succeed and grow.

During the interview, he talked about a restaurant owner who applied for a permit to open an outdoor patio. The owner said city hall would not give him a permit until 2012.

A municipal official called Mr. Nenshi to say that the owner was wrong. The permit would be issued in November 2011. As Mr. Nenshi told Peter Mansbridge, “You don’t have many patio visitors in Calgary in November”.

Mr. Nenshi questioned the delay and why the restaurant owner should have to wait for two summers before he got his permit.

This story highlights the three messages I believe are essential for successful municipal leaders who oversee successful municipalities:

1. Successful municipal leaders have a clear vision for their municipality that the residents understand and buy into.
2. Successful municipal leaders listen to and reach out to the community. They partner with leaders and organizations to help deliver the vision and ensure everyone is rowing in the same direction.
3. Successful municipal leaders find ways to increase small business owners’ confidence, support small business growth and job creation. They know that a confident, prosperous and vibrant entrepreneurial sector is essential for a confident, prosperous and vibrant municipality.

I have worked with many municipal leaders over the past two decades. In fact, I spoke at a similar conference in Saskatchewan 25 years ago to the Saskatchewan Urban Municipality Association. At that time, I talked about the changing economy and the importance of small business to local economic development and job creation.

There was another speaker on the podium that day who had a lasting impression on me and many of the mayors in the room. In his words, he said he was a “lowly blacksmith” but actually he was a “high tech blacksmith” that employed 5-10 people and he was searching for a location to set up one of his next franchises.

He said he contacted three communities in North America enquiring about the feasibility of locating his small business operation:

One small city in a large province didn’t bother to return his call.

Two small cities in a western province were competing against each other to get his business.

He eventually located in a town in Texas. One of the main reasons he chose that location was because he felt the community wanted his business and they would support him. They treated his small business as a big deal and they worked hard to meet his needs.

Not only did he get a letter from the mayor, he got letters from the mayors from nearby towns who supported the location. He got letters from the state governor and the senator. They wanted his small business in their region.

During that time, 25 years ago, many Saskatchewan municipalities were in trouble.

- There was a drought for three years in a row, and
- There was significant depopulation of many municipalities since many young people were leaving the province and many small towns were dying.

Towns that had a vision and the community behind that vision survived. Towns that didn't have a vision or a plan died.

Closer to home, last week I talked to an independent business owner who last year opened a \$2-million business that employs 80 people in this province. He told me that applying to the city for permits was one big hassle and he felt he was made to jump through many unnecessary hoops.

Recently, he and his partners were scouting Moncton for another location. Somehow the mayor found out about it and he called them. He then personally showed them locations around the city and he offered to help them with any issue they may have.

Incredibly, sitting at our table was another entrepreneur who owns a major restaurant chain in Quebec. He said he was also looking at Moncton and he too was recently called by the Moncton mayor. These two business owners only met that night yet they both had the same story to tell.

This is just one indicator or wake up call for Nova Scotia municipalities.

Another wake up call is a recent report released by the Canadian Federation of Independent Business, "Communities in Boom: Canada's top entrepreneurial cities in 2010."

The study used several indicators to rank 100 cities such as:

- Concentration of entrepreneurs.
- Business start-up rate.
- Small business owner optimism and success.
- Presence of supportive local government tax and regulation policy.

Of the five Nova Scotia cities included in the study, not one made the top 50 entrepreneurial cities.

Whether you agree with CFIB's study or not, it is another wake up call that I suggest community leaders here may want to validate.

Small business owners in many communities across Canada are frustrated with their leaders and officials at city hall. They feel they are not respected. Municipal taxes are disproportionately higher on small business owners. They also tell us that red tape, onerous regulations and permits stifle business start-ups, growth and expansion.

This is not just an issue for SMEs. I talked to a major restaurant chain that plans to open 60 franchises across the country over the next year. Not one franchise was planned for Toronto because of uncertainty caused by high municipal taxes, slow permits and a truckload of regulations.

Earlier this month, CRFA released the results of a survey of our Toronto members that found 90% of respondents said that permits, red tape and regulations had a significant negative impact on their business.

What would they say about your municipality?

Over 20% said that they had delayed or cancelled expansion or start-up plans in Toronto for 2010. Partly because of the recession. Partly because of an unfriendly business climate at city hall. And partly because of onerous red tape that as one owner said makes it just not worth the effort. A very conservative estimate found that 10,000 jobs were lost.

Reducing red tape, streamlining regulations and speeding up permits is a low cost, easy fix that should be a strategy for all municipalities. It is a non-partisan issue.

Treating small business with respect and viewing them as an important client is a no-brainer. They create jobs employing local people. They stay in the community, invest in the community and contribute to local charities.

This is the message we gave to Rob Ford and the four other Toronto mayoral candidates. We also asked them about their vision for Toronto and how the restaurant sector fit into that vision.

We showed them what I call the anti-vision. We have also shown this to Premier Dexter and to all Premiers across the country. I am meeting with Premier Wall next Wednesday.

This is what I call the anti-vision -- the one that perpetuates the negative misperceptions of our vibrant industry.

It is a United Way Toronto advertising campaign. Last summer I saw it every day on a billboard. It is a very effective campaign, similar to a theme used by other social groups -- to give a hand up, not a hand-out.

As you can see it is a picture of a newcomer to Canada, standing in front of a stack of dirty dishes in a restaurant kitchen that looks like a dungeon. He is lifted out of that job to a more meaningful job in the medical field.

This is a wake-up call to our industry. It is clear that some Canadians and governments do not fully appreciate the important role the restaurant and foodservice industry plays in Canada and in our communities.

My intent is not to attack the United Way campaign. In fact, I showed this picture to my Board members. We need to do a better job of communicating about our entrepreneurship, our innovation, our job creation, our community support and our success stories. This is a non-partisan issue.

When I describe this dishwasher image to my members, they are often hurt and then angry. It is our industry that gives many people their first job. It is our industry that lifts people into better and bigger jobs.

A president of a multi-billion-dollar company told me that his first job was as a dishwasher. Another told me that he recently gave a franchise to a Canadian who immigrated here 10 years ago and started as a dishwasher. In foodservice, it really is possible for a motivated employee to grow from washing dishes in the kitchen to cooking up deals in the boardroom.

Canada's restaurant and foodservice industry generates \$60 billion in annual sales. We contribute to communities of all sizes, all across Canada.

The restaurant sector employs more than one million people. In the ten-year period leading up to the recession, the restaurant sector created more jobs than forestry, fishery, mining and agriculture combined.

Like many other industries, foodservice has been hit hard by the recent recession -- but at the same time we are uniquely positioned to contribute to economic recovery and growth.

Every dollar spent at a restaurant generates an additional \$1.85 in spending in the rest of the economy -- well above the average for all industries in Canada.

We are not asking for a hand-out or a hand up. We are asking for a fair shake -- and some applause on occasion.

## CONCLUSION

My intention today is not to criticize you as municipal leaders in Nova Scotia.

The opposite is true. I jumped at the chance to speak to you because I know some of the best municipal leaders in the country are from Nova Scotia. I also know that many of you are entrepreneurs and you do recognize the importance of working with SMEs in your community.

Friends tell friends tough news so they can succeed. We at CRFA want to partner with you. Our members want to partner with you and buy into your vision. A healthy, prosperous, confident and growing small business sector is essential to a healthy, prosperous, confident and growing community.

We need to work together to make Nova Scotia the best place in the country to live, work and play.