

Clustering Initiative

February 2017



DEVELOPING THE FUTURE

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About Us

Established in 1988, GEDC Business Centre is a community-based, non-profit organization administered by a volunteer board of directors.

Our Mission:

To foster and encourage the start-up and operation of successful enterprise in all economic sectors within the Greenstone region.

Our Vision:

“Developing the Future”



About Us

Core Values:

- Confidentiality
- Quality
- Adaptability (Bendability)
- Open Door Policy

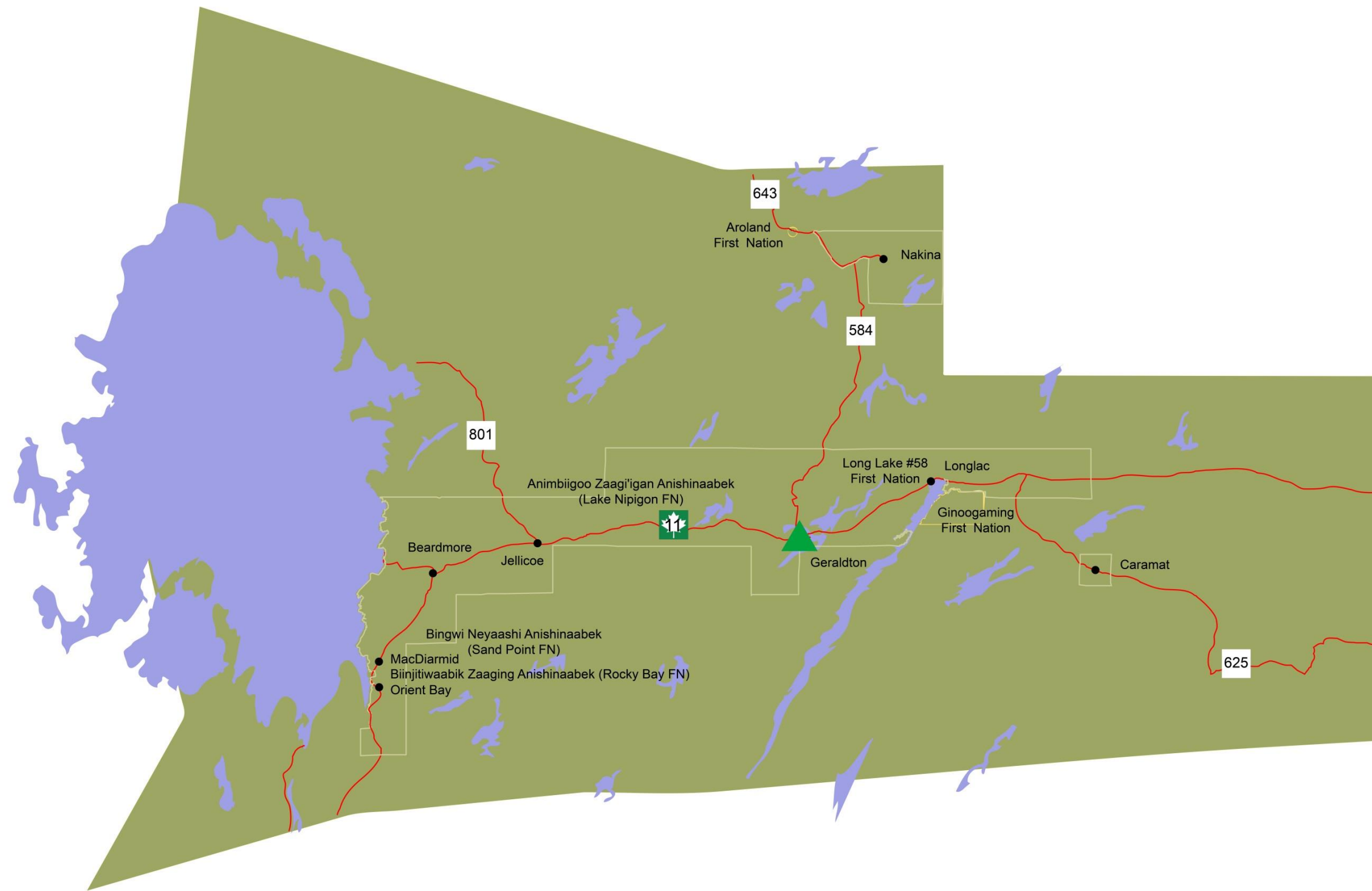
Core Mandate:

- Access to capital
- Strategic Community planning
- Support for Community-based projects
- Business planning services

GEDC Services

**We service a total of 14
Communities and First Nations.**

**Funded by FedNor, and Innovation,
Science and Economic
Development Canada.**



GEDC Clustering Initiative

- GEDC would like to provide the resources and opportunities we have available to contribute to business growth and sustainability.
- Networking is a very important part of business growth, and clustering is a way to make networking come to life and provide our businesses opportunities to access broader markets.

GEDC -- “*Unlock Your Potential*”

- GEDC has been developing strategies and tools to help bring the vision and mission to reality.
- GEDC Business Centre has a variety of bilingual reports and publications covering numerous topics, please visit www.gedc.ca for those available for viewing and /or download.
- Stay tuned for future publications!
- *Some available reports and resources include:*
 - *Business Resource Guide*
 - *New Ideas Business Report*
 - *Business Outreach Initiative*
 - *Economic Development Study*

Regional Context -- Review

- The Greenstone area was initially established as a centre for the transportation industry, acting as a service centre for the Transcontinental Railway System.
- Local economy has grown with activity in the gold mining, pulp and paper, and tourism industries.
- In 2007, Noront Resources announced significant mineral finds in the region relating to diamonds, nickel, copper, platinum, and palladium deposits. Cliffs Natural Resources followed with significant chromite finds. Noront is now the major developer in the Ring of Fire.



Regional Context -- Review

KWG Resources is also an active exploration stage company that is participating in the discovery, delineation and development of chromite deposits in the James Bay Lowlands of Northern Ontario, including 1,024 hectares covered by four unpatented mining claims.

In 2016, the Ontario Chamber of Commerce estimated that the Ring of Fire could generate up to \$9.4 billion in GDP (Gross Domestic Product) and sustain up to 5,500 jobs annually within the first 10 years of development.

Greenstone is poised to benefit from that economic potential.

Obstacles to development of Ring of Fire mineral resources include:

- Infrastructure (roads and power)
- Environmental management
- Indigenous community issues
- Financing



ONTARIO SUMMARY



Regional Context -- Review

Other opportunities that could contribute to regional economic development within the next 5 to 10 years:

- Greenstone Gold Mines expansion of Hard Rock facility
- All-Season Community Road (remote Mattawa communities)
- Northland natural gas-fired electricity generation facility
- Re-opening of Forestry Industry mills in Greenstone and Terrace Bay

The cumulative impact of any or all of these projects could provide a significant boost to the local/regional economy.

Stage 1 -- Review

The first stage of the Study provided:

- A social and economic overview of the Region.
- An analysis of economic growth potential in the Region (by sector).
- Tools to help GEDC adapt to changes in regional development, and be able to guide local businesses and suppliers to be most effective.



Source: GEDC Economic Development Study.

Findings

“Mining, quarrying, oil and gas” is expected to account for roughly 45% (\$10.3 million annually) of resulting GDP growth and approximately 54 jobs being sustained over the 10 year period.

The Construction sector collectively is projected to realize approximately 12% growth (\$5.6 million annually) between engineering construction, non-residential building construction and repair construction. This translates into 66 jobs sustained between 2015 and 2025.



Source: GEDC Economic Development Study.

Findings

Services such as financial services, insurance, real estate, automotive and other equipment leasing, and management of companies and enterprises is expected to result in 6% (\$2 million) of GDP growth. These services will add 12 jobs to the Region.

Additionally “Professional, Scientific and Technical Services”, are projected to account for 4% (\$1.6 million and 18 jobs) and wholesale and retail Trade combined at 8% (\$2.9 million and 35 jobs) of the indirect and induced GDP impact.

Question: How many local businesses are at a scale to address these opportunities? Or are prepared when they come?



Source: GEDC Economic Development Study.

Stage 2 -- Cluster Analysis

A **business cluster** is a geographic concentration of interconnected **businesses**, suppliers, and associated institutions in a particular field.*

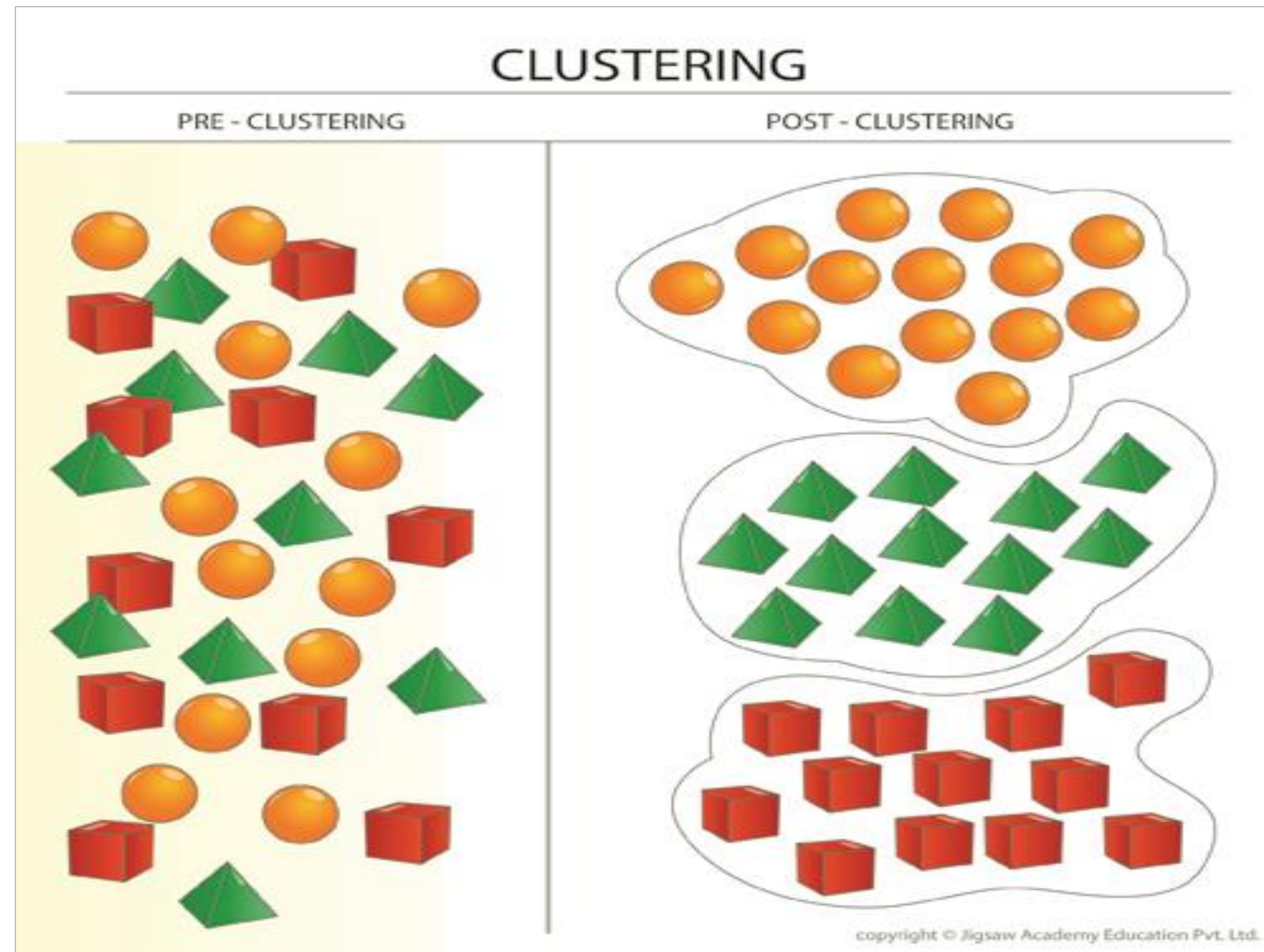
Clusters are considered to increase the productivity with which companies can compete.*

Businesses in a **Cluster** will create a cycle that generates positive economic gains through lower costs to production and increases in employment, entrepreneurship, and business investment.

*https://en.wikipedia.org/wiki/Business_cluster

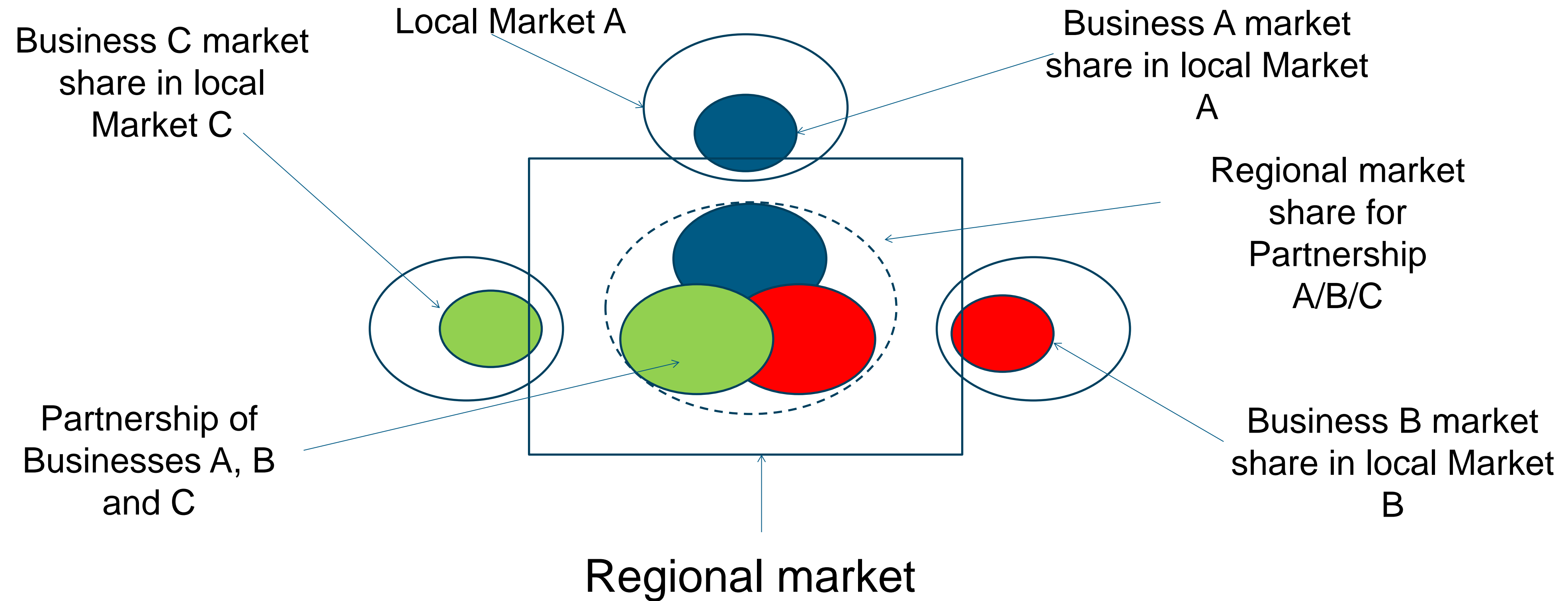


Stage 2 -- Cluster Analysis



Source: Gaurav Vohra, Analytics Training, 2017

Business Advantage of Clustering



Alone: Business A, B and C can only address local market and have trouble accessing the regional market scale opportunity

Combined : Businesses A, B and C are capable of addressing the regional market opportunity and collective increased share in larger market

Benefits of Clustering

Labour Market Pooling

- Pooling of related companies in the same geographical area attracts potential workers and new companies to relocate to the region.

Resource Pooling

- Pooling the resources of related companies through partnering allows smaller local companies to compete with larger firms in the acquisition of contracts.

Knowledge Spillovers

- Increased face-to face interaction between workers organically leads to information sharing.

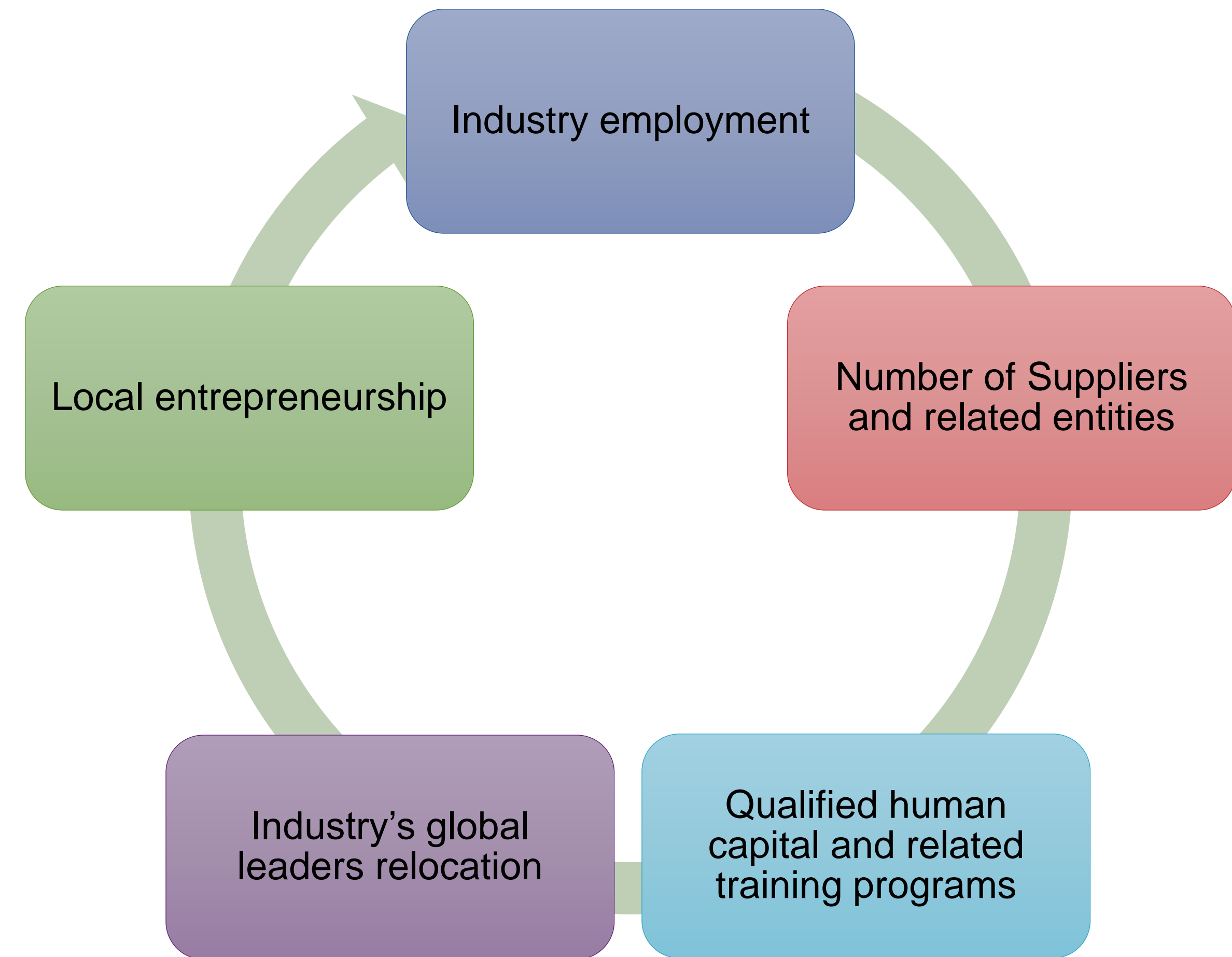
Supplier Specialization

- In a functioning cluster, businesses within the supply chain specialize in products and services that feed into the required industry.

Findings

By creating an environment that helps firms start and scale up, clusters spur a virtuous cycle of continued economic growth.

Firms in a functional cluster will reap the benefits of lower costs, creating the cycle that generates positive economic gains through lower costs to production and increases in employment, entrepreneurship, and business investment.



Cluster Analysis

Specific objectives of “business clustering”:

- Provide a platform for the exchange of commercial and technological innovation;
- Provide a platform for communicating market opportunities between and among companies and suppliers, to ensure local businesses are aware of upcoming opportunities and market changes;
- Provide knowledge of regulatory changes and challenges;
- Enhance competitiveness of the Northwestern Ontario mining supply chain;
- Provide a conduit for discussions with the education sector around innovative technologies and business practices, including the opportunity for collaborative research and development;
- Provide opportunities to foster strategic business partnering to enhance opportunities for creative business and project financing.

Clustering in Greenstone

The current (on-going) stage of the study builds on the previous stage and looks at how businesses in the region can add opportunity through “clustering”:

- Help promote stronger collaboration between resource development companies and supply chain companies;
- Facilitate relationships between local/regional communities/organizations, First Nations, and supply chain companies;
- Breakdown perception of geographic and distance barriers;
- Provide tools for marketing the benefits of working with Northern Ontario businesses, communities and associations to southern suppliers;
- Clustering can be an option to help businesses diversify, gain knowledge and have access to new opportunities.

Join the Conversation!

GEDC has established a forum on its website to encourage and provide opportunity for conversation among Greenstone businesses.

This “online notification board” can be utilized by businesses to post services they offer and require.

Visit www.gedc.ca for more information and let your opinions be heard.



UNLOCK YOUR POTENTIAL

ACCESS TO CAPITAL

START A BUSINESS

LOCAL INSIGHT





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