

# Enterprise Kelowna

Principles and Strategies Framework



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# INTRODUCTION

## Background and History

Since 2008 City of Kelowna Senior Administration have sought to adapt to a changing municipal environment and lead the development of a safe, vibrant and sustainable City in new and different ways. This culture of adaptability and forward thinking is reflected in the corporate structure, strategic initiatives undertaken and the general support for entrepreneurialism in delivery of projects, programs and services.

The creation of a dedicated function/resource in the City of Kelowna to further develop this vision took place in December of 2014 under the guise of “Enterprise Kelowna”. At that time the efforts of Enterprise Kelowna were geared towards; entrepreneurship & innovation, project risk assessment, consultation with other levels of government and cross-departmental collaboration.

During 2015-2016 numerous projects and activities were undertaken however the focus remained largely dedicated towards business development as opposed to strategic or business investments - the more entrepreneurial function.

In 2017 the sole resource (1 fte) and the portfolio responsibility for the “Enterprise Kelowna” function was relocated to the Community Planning & Real Estate Division (now Community Planning & Strategic Investment) in order to align the resources, skills and talent necessary to generate success of the evolving Enterprise Kelowna function.

## Purpose of this document

Enterprise Kelowna represents a vision that requires structure and direction in order to fully materialize and become successful. In order to achieve the vision there needs to be clarity of purpose, documented principles and well developed strategies established. This is the objective of this Principles and Strategies Framework document. The principles and strategies set out in this document will guide the work of staff under the Enterprise Kelowna “umbrella” and help to realize the original vision; inclusive of adaptability and entrepreneurialism.

This document outlines the principles that were used to define the strategies that are needed to successfully deliver the activities. The various short-term and long-term strategies are further defined in the document. Together these will guide staff in the work they do.

- the **principles** are what staff will adhere to
- the **strategies** are the path to success
- The **activities** are the identified workplan items

Individual workplan items/projects may dictate that new policies, procedures or regulations are required. These will be informed by the principles and strategies if/when necessary.

## Enterprise Kelowna Vision Statement:

*“Enterprise Kelowna is the business arm of the City that seeks innovative opportunities to achieve community goals.”*

## ENTERPRISE KELOWNA PRINCIPLES

The strategies contained within this document are consistent with the principles presented below. These principles serve as a basis against which the strategies can be tested, reviewed and updated as needed.

**Business Focused** | Programs, services, partnerships and projects within the Enterprise Kelowna sphere will be considered through a business focused lens

In part, the role of Enterprise Kelowna will be to ensure the City of Kelowna and thereby its citizens are receiving the best value for their tax dollars. This principle will ensure that agreements, contracts, partnerships and services that Enterprise Kelowna is responsible for, are achieving the highest financial benefit possible (not leaving anything on the table).

**Entrepreneurial/Risk** | Enterprise Kelowna will seek to address municipal challenges and opportunities through non-traditional means

There are opportunities to deliver municipal programs, services, partnerships and projects through non-traditional approaches. As the city and technology continuously progress and local governments evolve, citizen expectations will continue to change. For the city to meet this challenge and exceed citizen expectations, there is a need to continuously innovate. A view to creativity is a primary tenant of Enterprise Kelowna - to see and evaluate unique alternatives, not only to service delivery but also to revenue generation. In doing so, some calculated risk taking will be necessary, as is the nature of entrepreneurialism.

**Flexible** | Be adaptable to a changing environment and responsive to opportunities and challenges

Enterprise Kelowna will exercise flexibility in order to respond to; an ever changing environment, varying corporate needs & priorities and to take advantage of opportunities as they arise. Resources need to be dynamic and the talent well-rounded, in order to operate in this flexible environment. Enterprise Kelowna will, at times, need to operate at a quick

pace and be nimble in order to advance defined strategies, but will do so without ignoring due diligence, consultation and appropriate risk management.

### **Transparent** | Strategies and initiatives will be accessible and visible to all

Council, citizens and staff are all potential stakeholders and beneficiaries of the Enterprise Kelowna strategies. Information to these stakeholders and beneficiaries must be easily available and understood. The strategies and activities of Enterprise Kelowna shall be open, transparent and regularly reviewed. Being transparent ultimately builds trust and benefits the community overall.

### **Balance** | The work of Enterprise Kelowna will aim to achieve multiple bottom line objectives

While a function of Enterprise Kelowna is revenue generation and investment, the developed strategies and activities of Enterprise Kelowna will reflect a balance between financial objectives and other objectives of Council and the corporation (Multiple Bottom Line - MBL).

# ENTERPRISE KELOWNA STRATEGIES

The five short-term and three long-term strategies identified in this document are intended to guide the creation and early functioning of Enterprise Kelowna. Some of these strategies will be permanent and long-standing while others may be eliminated, altered or replaced as the expectations of Enterprise Kelowna are more clearly defined.

Workplan activities will flow from the strategies on an annual basis with a long-term goal of a rolling three-year workplan.

Workplan priorities will be self-selected in 2017 & 2018 and aligned with corporate and Council priorities. Over the longer term, it is anticipated that a prioritizing process may be developed in order to select workplan activities, as there may be more initiatives than resources available to complete them.

The four short-term (2017-2018+) strategy categories are:

- Business Development
- Business Investment Evaluation
- Financial Investment
- Strategic Negotiations

The two long-term (2019+) strategy categories are:

- Governance Advisory
- Business Unit Operations

Note: Each of the above strategies are described in detail below.



# BUSINESS DEVELOPMENT

The City plays a key role as a catalyst in supporting and generating economic benefits to our community. Through the purposeful delivery of key business development strategies Enterprise Kelowna will be a primary conduit to the business sector.

## Objective

To ensure that the City creates a climate that supports the growth of emerging businesses and attracts new investment that will foster economic growth and employment.

## Strategies

### 1.1 Business Outreach

Enterprise Kelowna will proactively connect with business owners and operators to ensure that the business climate remains healthy and that local businesses are aware of the services that are available to help them thrive. By building ongoing relationships the City can stay ahead of business trends, demonstrate support, improve communication and ensure a higher rate of business retention each year.

### 1.2 Agency Liaison

Enterprise Kelowna will work closely with business service providers and organizations to ensure a strong link between City objectives and business objectives. Keeping apprised of programs and activities being undertaken by business and community organizations and feeding back issues and opportunities to City staff is a primary strategy to ensure we maintain and build a strong business environment.

### 1.3 Information Sharing (data/knowledge)

The City will facilitate the sharing of information to assist new investors in successfully addressing key decision triggers. As well, the City will develop and maintain statistical analysis and information from a range of sources, to assist in completing a comprehensive economic picture of the City to share with the community at large, those seeking location assistance, and other business service providers.

### 1.4 Knowledge Economy Support

The City will foster the continued growth of the knowledge economy in Kelowna by connecting with existing and growing firms, seeking input and providing assistance in identifying long term strategic challenges and opportunities for the sector. The promotion of Kelowna as technology sector, encouraging both human and investment capital, by showcasing successes and facilitating the development of new training outlets, while building on efforts being undertaken regionally.



# BUSINESS INVESTMENT EVALUATION

Through circumstantial opportunities or by proactively seeking out innovative solutions to corporate and community challenges the City will often be required to evaluate investment and service delivery alternatives. Enterprise Kelowna will develop an objective tool and set of criteria to aid in this evaluation and when called upon, complete an independent review of the proposed investment or partnership opportunity (“Service offering”).

## Objective

To ensure that the City takes full advantage of opportunities while seeing that risk is minimized and where appropriate, recommend measures to ensure effective implementation.

## Strategies

### 2.1 Investment Evaluation Toolkit

Enterprise Kelowna will coordinate the deliver of an objective reiew of innovative investment opporutnties and alternative service delivery options. Enterprise Kelowna will create and make available a standardized business investment evaluation tool kit by which opportunities can be assessed.

### 2.2 Business Innovation

Enterprise Kelowna will proactively seek alternative service delivery (ASD) methods as a means of producing; operational efficiencies, financial returns or improved service levels.

### 2.3 Partnership Evaluation

Enterprise Kelowna, in collaboration with the City’s Parternship Manager, will utilize a model for receipt and evaluation of unsolicited proposals, seeking new and innovative ideas that would assist the City in achieving its goals, where solutions have not been sought through the regular procurement process.

### 2.4 Capacity Development

Enterprise Kelowna will develop a teaching and learning framework to advance and sustain innovative approaches within the City and share information internally.

### 2.5 Proactive Opportunities

The City has great success when it proactively determines a need and solicits opportunities. This is in contrast to being reactive to another parties requests and demands to fulfill a perceived civic need. Enterprise Kelowna will focus on identifying opportunities to solve known challenges and recommend the terms under which solutions may be sought. This

switch from reactive to proactive strategic investment may still also occur once an opportunity has been initially proposed to the City.

## FINANCIAL INVESTMENT

### Objective

To purposely build investments across the organization that have a higher risk/reward tradeoff with the intention of creating inter-generational wealth, alternative revenue, and capital for key goals of Council.

### Strategies

#### 3.1 Intergenerational Investments

Enterprise Kelowna will identify investments across the organization and proactively build and protect them for future generations. Enterprise Kelowna will consider assets across the City's portfolio with an investment mindset. Examples of these assets could include:

- 1) Legacy investment funds
- 2) Land and building holdings
- 3) Utilities

#### 3.2 Income generation to support key goals of the corporation and Council

A central theme to the creation of significant investment asset bases is that the equity will grow, be added to, and not be withdrawn from without an appropriate repayment program. Enterprise Kelowna will utilize a portion of the income from strategic investments to grow the equity of the investment base and a portion of the income may be diverted to support key goals of Council.

#### 3.3 Calculated Risk Taking

Enterprise Kelowna may recommend investment strategies, for a defined asset base, that are a higher risk profile than those used by the reserve funds. All investments will be undertaken in a prudent manner, but will acknowledge a higher risk/reward tradeoff is required to meet its objectives and to spur investment innovation. Historical examples of calculated risk-taking forms of investment include the LILO Agreement and purchasing of Fortis shares.

# STRATEGIC NEGOTIATIONS

As a normal course of business the City will be engaged, from time to time, in critical external negotiations that involve multiple parties and dynamic circumstances. Often these negotiations will not be directly aligned with a primary department or the department most closely aligned may not have the capacity or ability to lead the negotiations. Enterprise Kelowna can, when called upon, play the role of lead negotiator on key strategic matters.

## Objective

In order to ensure that the resource capacity and capability is available to achieve the desired outcome on key negotiations for the City, Enterprise Kelowna will develop a team of experienced negotiators that can lead complex negotiations.

## Strategies

### 4.1 Negotiation Preparation

The City should always systematically and appropriately prepare for key/critical external negotiations, utilizing strong project management strategies, negotiating techniques and selection of resources/expertise. Kelowna has been viewed as an innovator in numerous past negotiations and agreements. This strategy will build upon these negotiation wins and apply common best practice themes.

### 4.2 Ongoing Capacity Analysis

Enterprise Kelowna will keep an inventory of key/critical external negotiations and offer resources assistance for negotiation preparation or to lead negotiations when appropriate. Utilizing Enterprise Kelowna as a “filter” may provide a new perspective that can aid in ensuring the appropriate strategy is being undertaken.

### 4.3 Advisory Services

Where partnership negotiations exist, which do not fall into the category of strict financial investment, Enterprise Kelowna will offer internal advisory services or support to the lead department. Enterprise Kelowna can play a lead role in Public Private Partnership negotiations.

### 4.4 Fairness and Equity (Win/Win)

During all negotiations, Enterprise will negotiate in a manner that is in the best interests of its Citizens, but also in a manner that is fair to the other party. There may be times when the City will have an advantage in discussions, but will focus on win/win to reach a conclusion.

**Note:** the following two strategies are longer-term in nature and are subject to change as Enterprise Kelowna evolves.

## GOVERNANCE ADVISORY

Over the long-term, Enterprise Kelowna is envisioned to develop the tools and capacity to offer internal advisory services on governance options for a given business unit, specific proposal or partnership. Different business units or partnership opportunities may dictate the need for new or innovative governance models not currently utilized in today's municipal environment.

### Objective

To provide an objective view of possible and pragmatic governance models associated with new or existing civic functions. Current examples where this type of governance review may apply include; fire dispatch expansion, sponsorship and advertising, dark fibre, a parking entity/authority, etc.

### Strategies

#### 5.1 Governance Evaluation

Enterprise Kelowna will evaluate multiple governance models when involved in the development of new municipal services, partnerships, programs or innovative projects with the primary objectives of; efficiency, transparency and productivity.

#### 5.2 Governance Modelling

Enterprise Kelowna will develop a suite of governance options, that have been legally and practically vetted, to be used during evaluation of new municipal services, partnerships, programs or innovative projects. The objective is to pre-qualify governance models that can be selected and/or modified for utilization based on the criteria being achieved by the initiative.

# BUSINESS UNIT OPERATIONS

From time to time new programs, services, partnerships or entrepreneurial entities will be developed that do not have a logical owner/operator (i.e. Sponsorship & Advertising, Dark Fibre). Over time Enterprise Kelowna may develop into an operating entity for new “businesses”. The most advanced vision for this strategy may take the form of the “Kelowna Group of Companies” whereby a non-traditional governance structure exists in order to achieve defined objectives. This model however, is much further along in the evolution of Enterprise Kelowna and would have to be tested for validity.

## Objective

To ensure the ongoing operational success of non-traditional functions that are not well aligned with any existing Divisional responsibility or where specialize expertise is required or needs to be developed.

## Strategies

The strategies for this category will be developed in the future, once greater experience is gained to draw from.

## RESOURCING

At the outset, Enterprise Kelowna strategies and activities will be achieved utilizing the existing compliment of resources in the Community Planning and Strategic Investments Division or, from time to time, via seconded staff from other Divisions. Over time, Enterprise Kelowna is envisioned to be a cross-Divisional entity operating under a non-traditional reporting structure that may be more consistent with a project management office operating model. Cross-Divisional teams will be a key to the success of the proposed operating model for Enterprise Kelowna.

### Key Resource Alignment:

- Partnership Manager, Active Living and Culture
- Payroll and Internal Control Manager, Financial Services

Over time, new initiatives (programs, services and partnerships) under taken by Enterprise Kelowna may require additional resources, in particular where new business unit operations are created, however these resources are intended to be self-funded, based on new revenue generating alternatives brought forward.

## PERFORMANCE MEASURES & TARGETS

For each strategy, performance measures and targets will be developed in order to measure and report out on the success of Enterprise Kelowna.