

## **The Greater Toronto Marketing Alliance (GTMA): Midterm Review (All Wards)**

*(City Council on December 14, 15 and 16, 1999, struck out and referred this Clause back to the Economic Development and Parks Committee for further consideration and Council directed that the Toronto Board of Trade be invited to address the Committee in this regard.)*

**The Economic Development and Parks Committee recommends the adoption of the following report (November 12, 1999) from the Commissioner of Economic Development, Culture and Tourism:**

### Purpose:

The purpose of this report is to provide an update on the progress of the Greater Toronto Marketing Alliance. It outlines a brief history, some accomplishments and challenges.

### Financial Implications and Impact Statement:

As a partner along with all of the other municipalities and regions in the Toronto area, the City of Toronto's contribution to the Greater Toronto Marketing Alliance is \$80,000.00. A three-year commitment was made by the Mayors and Chairs in the Fall of 1996. The GTMA was launched in August of 1997. The City is now entering the final year of our initial commitment. Funds for the 1999-2000 contribution are in the budget of the Economic Development Division.

There are no financial implications resulting from the adoption of this report.

### Recommendations:

It is recommended that:

- (1) City Council communicate the concerns indicated in this report to the Board and staff of the Greater Toronto Marketing Alliance;
- (2) Council support the GTMA for the final year of the three-year commitment and notify the GTMA that it will not participate thereafter; and
- (3) the Commissioner of Economic Development, Culture and Tourism report back, early in 2000, on a proposed alternative marketing strategy.

### Background:

A request was made for an update on the Greater Toronto Marketing Alliance during the discussion of Clause 1 of Report No. 2 of the Economic Development and Parks Committee, entitled "Toronto Export Development Initiative", at the July 12, 1999 meeting. In addition, in

the report to the Economic Development Committee dated September 8, 1998, on the GTMA, the Commissioner of Economic Development, Culture and Tourism indicated he would report back in the Fall of 1999.

#### Comments:

#### History of the Greater Toronto Marketing Alliance:

The Greater Toronto Marketing Alliance was born out of the recognition that the municipalities of the region are inextricably linked with respect to their economies, growth in employment and expansion of their industrial and commercial base. The Mayors, Regional Chairs and the Councils across the Toronto region all acknowledged, in the Fall of 1996, that there was a potential synergy upon which they could build in order to jointly market and promote this region to the world. There was also an understanding that the businesses and corporations in the area had a significant role to play in the process. As a result, work began on the creation of a new public-private partnership, the Greater Toronto Marketing Alliance, which was launched in August 1997.

#### The Mission of the GTMA is:

“To co-operatively promote the competitive advantages and business opportunities in the GTA and to raise the profile of the GTA as a world class business location in order to expand the economy of the region.”

The City of Toronto and the other municipal partners endorsed an Alliance Agreement through the meeting of the Mayors and Chairs on September 18, 1998. Attachment No. 1 contains the details of that Agreement. It translates the mission into more tangible terms through a high order description of the principles and operating protocols. In summary, it sets the framework for co-operation, commitment and communications.

#### Marketing and Communications:

The goal of the GTMA is to attract new international investment to the Greater Toronto Area. It will achieve this goal by:

- (1) marketing the region internationally;
- (2) attracting and responding to investment opportunities;
- (3) showcasing and encouraging private sector initiatives and participation in Economic Development;
- (4) providing excellent customer service; and
- (5) maintaining a comprehensive current competitive research and community profile database.

#### Work over the past two years:

The staff at the GTMA has worked hard over the past two years to accomplish its goal and objectives. While considerable time must still be devoted to the building of the private sector base and fundraising, a number of milestones have been reached. In particular, marketing materials are beginning to appear. A video, profiling the GTA with a strong focus on Toronto, was produced and, most importantly, was shown for a period of four months on Air Canada international flights. A web site is operational. A well-planned and professionally designed investor presentation, providing a GTA overview and essential data, is available to support investment inquiries.

A large scale Information Technology study was completed by Deloitte and Touche and both the results and marketing materials are ready for use. Groups participated in the SAE (automotive) and BIO (biotechnology) trade shows with success. They solidified existing relationships, made valuable new contacts and generated a number of investment leads. New and impressive materials are available, including a CD, on the biotechnology sector as well as general handouts.

GTMA staff have also begun to meet and build a presence with site location consultants. These are the professionals most closely tied to the processes leading towards corporate location and relocation decisions. Plans have been made to further this important work through the hosting of familiarization tours and participation at significant industry and professional association events locally and internationally. In addition, efforts are underway to expand the profile of Toronto and the GTA with journalists of targeted media.

#### A Mechanism for Leveraging Exposure and Resources:

One of the key benefits of the Greater Toronto Marketing Alliance is its ability to leverage money from both the private sector and senior levels of government. While the \$160,000.00 contribution by the City could have been spent in many ways by the Economic Development Division, it was used, along with that of the other GTA municipalities and regions, to generate funding of approximately \$700,000.00 from the federal government, and \$600,000.00 from the private sector excluding in-kind contributions from both private and public sectors. Much of this private sector funding is project related versus core funding.

With a ratio of almost 15 to 1, additional dollars are now available to support the messages and research of the City of Toronto.

#### Challenges to Making the Partnership Work:

The challenges for the GTMA are in many ways the same as those for the City of Toronto. It might be suggested that the GTMA would define one of its greatest challenges as providing good return-on-investment for its partners. The challenge for the City is to ensure that its interests are supported and that it gets good value-for-money for its contribution. The additional dollars being spent on marketing the region, since the brand is clearly Toronto, are extending the profile of the City internationally well beyond its investment.

In addition, the GTMA has supported the response to investment inquiries and played a role in the attraction of new investments. While it is not possible to report that any major

new investments occurred in Toronto as a result of GTMA involvement, it can be stated that the financial, business and professional services sectors will derive some benefit from new dollars being invested in the region. The City received approximately ten leads from the GTMA over the past 18 months. The source of a majority of these leads to the GTMA was from the Province and other local sources. As a result of work of the GTMA and City of Toronto staff, five companies have relocated to Toronto with approximately 30 to 50 employees initially.

Work with the GTMA, our partner municipalities and senior levels of government, however, still needs to be done in five main areas:

(1) Keeping to the International Marketing Mandate:

(a) Local versus International Marketing:

Clearly the mandate of the GTMA is to market and promote the GTA internationally to achieve “new investment objectives”. However, a large percentage of their marketing efforts have been directed at local businesses which is the mandate of local municipalities through their business retention and expansion strategies. This has resulted in creating confusion in the market place and could potentially have the GTMA moving businesses within the region, and not attracting new investment from outside of the GTA.

(b) Lead Handling Protocol:

The execution of the “Lead Handling Protocol” must adhere more closely with the intent. In particular, companies, including multinationals, which already have offices in a local municipality and make investment inquiries must be treated as local contact until such time as the local office and the company reach a different understanding.

As the major rationale for business retention is to not only keep companies in Toronto but to help them grow here, having the GTMA handle an inquiry from a local firm places them in a difficult position whereby again they could be moving businesses within the region.

The GTMA needs to clarify their role with local businesses to their sources of leads such as the Province.

The Province is a major source of inquiries for the GTMA. Formerly, the Province would directly involve a local municipality, whereas it now refers all of its leads to the GTMA, and even sometimes, local leads. To its credit, the GTMA does notify the municipality affected and shares the information and works with the local Economic Development Office.

(2) Policing the Protocol.

The sense of partnership in the international sphere must translate into the advertising messages locally. From the earliest days of the Economic Development Partnership and into the creation of the GTMA, there has been an understanding that local media

messages were not to be targeted at the relocation of existing companies from one municipality to another within the GTA. Policing this part of the agreement is one of the most difficult tasks but is essential for the estimation of the success of the partnership.

A situation did occur this year when Toronto was negatively positioned by another member of the GTMA. This matter had to be brought to their attention and was addressed by the GTMA.

The unfortunate result of the negative promotion was that it destroyed the reputation of all the GTA Economic Development Offices by portraying them as uncooperative – throwing out over eight years of strong collaborative efforts through the GTA Economic Development Partnership. It has also pushed Toronto to re-evaluate its role within the GTMA in light of these types of strategies to move business out of Toronto.

(3) Marketing Activity.

The program focus has to be sharpened and the degree of marketing activity expanded. It is also the hope that multi-year funding from the private sector will be secured in 1999-2000. This will reduce the resource drain created by fundraising allowing staff at the GTMA to devote more undivided attention to the job at hand.

The GTMA commissioned an economic model in 1997 to forecast the number of new jobs and investments it would attract from outside the GTA. They forecasted 20,000 new jobs and \$1.7 billion in new investment in five years, which have yet to be realized. Nonetheless, to come close to achieving this will require higher expenditures on marketing and less local promotion through more private sector contributions.

(4) Role of the Board.

Board level communications and decision making must become more interactive. The City of Toronto has Board representation. Due to the start-up nature of the enterprise many decisions, however, required quick turn around and did not always receive full Board attention. As more of the elements of the GTMA come into place, it is expected and will be necessary for the Board to be more involved in the guiding decisions, and for their committees to become active.

(5) Funding

As with every new organization, fundraising is always challenging. The original goal was to have 50 percent of funding from the public sector declining as the percentage of private sector contributions grew.

They have had terrific success in obtaining project and in-kind support from both the private and public sectors (in-kind \$607,000.00). The down side to project funding is that core funders are asked to contribute again, and if you do not, even if you are a core funder, you do not get profiled. However, securing core funding from the private sector

remains to be a challenge, which will place pressure on the municipalities to contribute more monies, over and above the current \$80,000.00 per region (in Toronto's case, \$80,000.00). Without stable core private sector funding, an organizational and financial review should be undertaken prior to requesting increased monies from the municipalities or senior levels of government.

In other urban centres in the United States, private sector contributions are significantly higher in similar organizations. In fact, Philadelphia First refuses public sector funding and raises its monies entirely from the private sector. Unfortunately, the Canadian experience is such that the private sector has yet to be convinced to support marketing efforts like their U.S. counterparts which could be as a result of a number of factors like the differences in taxation levels or tax credit laws. Secure funding and another year of activity could produce the type of results most wanted; both additional materials and advertisements resulting in expanded visibility and lead generation.

### Conclusions:

The City of Toronto entered into a Partnership with the other municipalities and regions of the Greater Toronto Area approximately two years ago with a three year commitment for funding and support. This commitment was made prior to the amalgamation. This report briefly outlines some of the history, results and challenges to date. Some disappointment has been expressed in the results achieved. As a totally new entity, one which is quite unique and which would likely see results grow over time, one might choose to measure the progress, at this point in the history of the GTMA, rather than specific investment outcomes. In choosing to do so, it would have to be said that there has been progress.

Council could and must also ask whether or not the City of Toronto has received a return on its investment. The balance sheet is not long but the figures and outputs do show a small positive balance. The funding situation is a concern for the future in light of the fact that Toronto may be asked to contribute significantly more. Currently, Toronto is the second largest single contributor, second to the federal government. Going beyond that amount should not be supported.

The challenges of lead handling, local marketing, program focus, funding and Board involvement do need to be addressed. The City needs to communicate its position more forcefully in these areas. Given the initial three-year commitment and progress to date, Council may decide to stay the course for next year. If Council chooses not to participate, these monies and potentially more would be needed for aggressive local and international marketing campaigns. Since the days of "doing the deal" or "smokestack chasing" are gone, the City's greatest return on investment comes predominantly from "taking care of your existing businesses and helping them grow" and from "growing new ones". The City is in the process of completing its Economic Development Strategy which will identify key strategies to achieve just that.

### Contact:

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Attachment No. 1

Greater Toronto Marketing Alliance  
Alliance Agreement

September 18, 1998

Alliance Principles:

- (a) promotion of the GTA as a single regional economy, recognizing that economic growth in one community benefits the region as a whole;
- (b) strong leadership and participation from the business community;
- (c) team approach that emphasizes support and respect for other GTA partners;
- (d) sustained financial support from both the private and public sectors;
- (e) results-oriented international marketing plan and an annual performance review with GTMA stakeholders;
- (f) client-driven focus including a pro-business attitude, quick and reliable service, unbiased accurate information, and confidentiality as required;
- (g) GTMA value-added services to be complementary (non-duplicating) to those provided by municipal, provincial and federal government economic development organizations; and
- (h) efficient and cost effective use of resources through co-ordination and co-operation with all economic development agencies within the GTA.

Operating Protocols:

Marketing:

- (a) GTA stakeholders and partners agree to cooperate with the GTMA and each other on international marketing initiatives;
- (b) GTMA will provide and coordinate promotional materials and common branding to profile the GTA;
- (c) focus potential investors on the value of a GTA location; and
- (d) municipalities agree to not undertake negative economic development marketing and promotion activities directed at other GTA communities.

Investor Leads:

- (a) GTMA will take the lead as the interface with investors and operate on the basis of a fair system for sharing investor leads amongst both private and public sector stakeholders while maintaining appropriate confidentiality; and
- (b) GTA partners participating in GTMA marketing activities are expected to represent the region as a whole. Leads generated will be shared through the GTMA.

Business Results:

GTMA will publish and review measurable results annually with its stakeholders.

Communications:

Announcements and communication will reflect the co-operative nature of the alliance.



## Attachment 2

GTMA 5 Year Economic Impact Model Summary

The following persons appeared before the Economic Development and Parks Committee in connection with the foregoing matter:

- Mr. George Fierheller, Chair, The Greater Toronto Marketing Alliance, and filed a report;
- Mr. Ken Copeland, President and CAO, The Greater Toronto Marketing Alliance; and
- Mr. Brad Henderson, Board Member.