

# Evaluation of the Yukon Business Development Program

## Findings Synthesis

**Submitted to:**

Evaluation Steering Committee  
c/o Yukon Economic Development  
Box 2703  
Whitehorse, Yukon Y1A 2C6

**Submitted by:**

Paul Kishchuk, MA

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**Vector Research**

203 – 301 Hawkins Street  
Whitehorse, Yukon Y1A 1X5  
[www.vectorresearch.ca](http://www.vectorresearch.ca)  
[paul@vectorresearch.ca](mailto:paul@vectorresearch.ca)  
867.668.3164

**In association with:**

Amos Westropp, MPA  
Westropp Management Consulting  
199 Falcon Drive  
Whitehorse, Yukon Y1A 6T2  
[amoswestropp@gmail.com](mailto:amoswestropp@gmail.com)  
867.332.6653

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### Table of Contents

Introduction .....	1
Inputs to the Yukon Business Development Program .....	3
Yukon Business Development Program - Activities .....	3
Yukon Business Development Program - Outputs.....	4
Yukon Business Development Program - Short-term Outcomes .....	10
Yukon Business Development Program - Long-term Outcomes .....	14
Evaluation Recommendations .....	16

### Introduction

The Yukon Business Development Program (YBDP) was established in 2004 and was managed by the Whitehorse Chamber of Commerce and a business advisor under contract to the Chamber. The program has had a number of partners including the Yukon Technology Innovation Centre, the Canadian Northern Economic Development Agency (CANNOR), Government of Yukon, Indigenous and Northern Affairs Canada and the National Research Council. YBDP funding was suspended in March 2014. In its last five years of existence, YBDP was funded primarily through the Strategic Investments in Northern Economic Development fund, a program administered by CANNOR.

Yukon businesses were selected for participation in the program through a committee process. Once admitted, participating businesses received advice, coaching and other services designed to help them reach their full market potential and to become export capable. Advisory and coaching services were provided to clients through the contract business advisor and members of Business Advisory Boards, groups of industry professionals assembled by the business advisor for each company at different stages of development.

This report presents the findings of a summative evaluation of YBDP undertaken in the first quarter of 2016 by Vector Research, in collaboration with Westropp Management Consulting. The evaluation examines the extent to which the intended outcomes of YBDP have been achieved with a focus on the five-year 2009/10 to 2013/14 period. The report also proposes a series of recommendations respecting program sustainability, change and improvement.

To ensure proper framing of the evaluation, a logic model for YBDP was designed, informed largely by the YBDP Program Manual developed by Whitehorse-based Hanson and Associates in 2007. The logic model was reviewed and approved by the Evaluation Steering Committee in January 2016 and is presented on the next page.

Achievement of the intended outcomes of YBDP was evaluated using multiple lines of evidence, including:

- a review and analysis of administrative data and documents;
- a review of best practices literature on business development programs, business incubators and accelerators;
- analysis of transactional (i.e., general ledger) financial data for the program;
- a semi-structured interview with the sole business advisor to deliver the program; and
- semi-structured interviews (n=37) with:
  - seven current and past YBDP steering committee members, funders and administrators;
  - 23 interviews with YBDP participating businesses;
  - two interviews with non-participating businesses; and,
  - five interviews with Business Advisory Board members.



## Evaluation of the Yukon Business Development Program – Findings Synthesis

**Note:** The Yukon’s small population presents a challenge in undertaking a formal evaluation of an initiative such as the YBDP. The correspondingly small number of people involved in front-line delivery of a program, in this case one individual, requires that much care be taken to balance that individual’s right to confidentiality with the drafting of an evaluation report that contains enough detail to illustrate that the evaluation findings and recommended path forward are grounded in the evaluation evidence. The evaluation is not intended to be a performance review of any one individual involved in the program. To help achieve that balance, not all evidence collected in semi-structured interviews is presented and some evidence is presented in a general fashion. All evidence collected was used to inform the development of recommendations for program sustainability, change and improvement.

### Inputs to the Yukon Business Development Program

As shown in the table to the right, YBDP funding totalled \$836,073 over the 2009/10 to 2013/14 period. On an annual basis, YBDP funding averaged \$167,215 per year. YBDP was delivered by a lone business advisor, a full-time consultant contracted on a sole source basis by the Whitehorse Chamber of Commerce. Business recruitment and bookkeeping support was provided by the Whitehorse Chamber of Commerce. Participant selection was determined by the YBDP Steering Committee based on a presentation or pitch by the business, accompanied by the business advisor’s recommendation. The Steering Committee was comprised of representatives from CANNOR, Yukon Economic Development, Yukon Tourism and Culture, and Yukon Technology Innovation Centre at Yukon College. Business Advisory Boards, comprised of industry professionals with *specific relevant experience*, were assembled by the business advisor for each company at each stage of operations.

<b>YBDP Funding 2009/10 to 2013/14</b>	
2009/10	\$183,266
2010/11	\$190,512
2011/12	\$176,150
2012/13	\$183,317
2014/15	\$102,828
<b>Total</b>	<b>\$836,073</b>
<b>Average</b>	<b>\$167,215</b>

Source: Whitehorse Chamber of Commerce, General Ledger Transactions.

### Yukon Business Development Program - Activities

As outlined in the table below, all of the activities necessary to deliver YBDP were carried out as planned.

<b>Activity</b>	<b>Was the activity carried out as planned?</b>
Intake: identify and screen potential program participants to determine suitability according to program criteria.	yes
Identify industry leaders, specialists and professionals in relevant sectors to serve as BAB members.	yes
Host BAB sessions with business owners/staff to review business success factors and facilitate relationship building.	yes
Provide mentoring and coaching to eligible Yukon businesses.	yes
Program administration: submit funding applications, develop budgets, and prepare performance reports and plans.	yes

**Yukon Business Development Program - Outputs**

**Recruited businesses and completed business assessments**

Recruitment into YBDP was informal. Limited marketing of the program appears to have been undertaken. Program participants were noted to have referred other businesses to the program. An unknown number of program participants were encouraged directly by the Whitehorse Chamber of Commerce, business advisor, and economic development agencies to participate in a suitability interview.

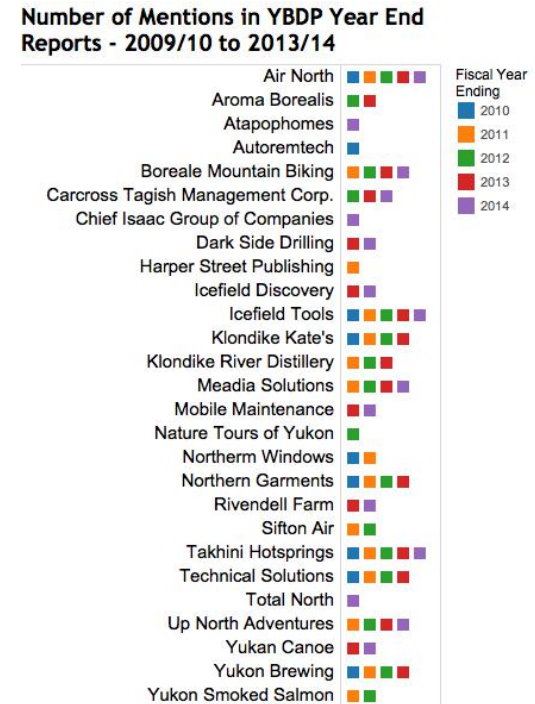
A website for YBDP did exist at one time. As the domain name for the program (www.ybdp.ca) was not owned by the program administrator (Whitehorse Chamber of Commerce) or any of the program funders, ownership of the domain name has now lapsed and is available for purchase. An archived copy of the YBDP website was found using the Internet Archive Wayback Machine, dated 20 May 2015. Under the heading “How we Operate” the YBDP intake process was described on the ybdp.ca website as follows:

“Applicant companies are initially screened by the Business Advisor, and the most promising applicants are then interviewed by the Project Steering Committee. ”

YBDP appears to have been administered without a requirement for the consistent collection and consolidation of program operations data. As a result, data such as counts of a) program inquiries, b) companies granted entry into the program and c) companies not accepted for entry into the program, are not available. Program operations data was gleaned from the five Year End Reports prepared by the business advisor for the 2009/10 to 2013/14 period.

The chart above presents counts of mentions of companies in the YBDP year-end reports over the years 2009/10 to 2013/14, listed alphabetically. A total of 26 companies participated in YBDP; on average the program delivered services to 5.4 companies per year. Fifty-six percent of the 26 businesses participated in the program for 2 years or less and 44% participated in the program for three to five years. Three companies were referenced in the Year End Reports through all five years over the 2009/10 to 2013/14 period: Air North, Icefield Tools and Takhini Hotsprings.

As noted on the YBDP website, “If the applicant company is selected, the Business Advisor then undertakes a detailed analysis of the company, and arrives at a list of areas in which the company needs specific, expert advice.” The detailed analyses, or business assessments, are considered commercial confidential and were not shared with the program administrator or funders. As such, the business assessments were



## Evaluation of the Yukon Business Development Program – Findings Synthesis

not available for review by the evaluation team for the preparation of descriptive analyses. Thus, in the absence of a requirement for the consistent collection and consolidation of program operations data, no information is available which could illustrate common deficiencies and areas for improvement among Yukon companies selected for participation in the program. Similarly, data describing the reasons why a company was not selected for an interview with the YBDP Steering Committee or released from the program are not available.

### **BAB advice consolidated into action plans for businesses**

On the basis of the business assessments prepared by the business advisor, individuals with experience and expertise specific to the Yukon company would be recruited and invited to join a Business Advisory Board (BAB). Upon arrival in the Yukon, BAB members and business owners (and sometimes staff) would participate in an icebreaker social event (fishing, dogsledding, flightseeing, etc.) and then engage in a 1 or 2 day brainstorming exercise designed to examine issues affecting the company, assess business and market opportunities, and identify recommendations for moving forward. BAB members would then provide “best practice” advice and suggestions for business development and growth based on proven successes that they have studied or achieved through their own businesses or experiences. Following the sessions, BAB members would prepare reports then used by the business advisor to assemble an action plan containing a list of recommendations and actions to be carried out by the company in pursuit of the newly established goals for growth.

Similar to the business assessments, the action plans prepared by the business advisor were not shared with the program administrator or funders and were not available for review by the evaluation team. The five Year End Reports prepared by the business advisor for the 2009/10 to 2013/14 period were reviewed to establish counts of the nature of business advice provided by BAB members according to the following four categories: a) marketing approaches, b) sales market identification, c) solutions for production and distribution constraints and d) business structures, models and capacity.

The chart to the right illustrates the results of the review of the Year End Reports. The most common type of advice provided, with 14 occurrences, related to the structure of the participating business (e.g., proprietorship, partnership, corporation), the appropriateness of the business model being followed and the capacity of the business owners to effect future business development and growth. Sales market identification (domestic and international) was the second most common type of advice, with 11 occurrences. Equal counts of BAB advice (10 occurrences) were provided to participating companies in the categories of marketing approaches and solutions for identified production and distribution constraints.



## Evaluation of the Yukon Business Development Program – Findings Synthesis

Several interview participants noted that a real strength of YBDP was the program’s independence from government, which facilitated open honest dialogue between BAB members and clients.

*"Business advisory board sessions act as a reality check through reference to independent experts who are difficult to ignore. There are challenging conversations where clients are hearing that they did things incorrectly or could do things better. Tough love."*

- Steering Committee Member

Others noted that with YBDP operating at arms length from the federal and Yukon governments, advice could be given by BAB members and the business advisor that would not have been palatable to businesses owners if given by a government employee.

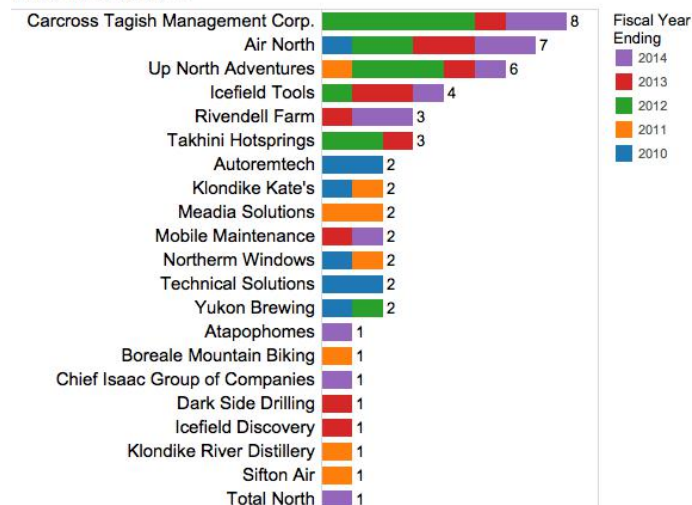
*"Business advisors could be frank because the program was outside of government, Government employees don't have the option to be frank about a company's potential."*

*"It's not a program easily brought within government, the reason is the program needs to be able to say no to companies."*

- Steering Committee Members

### Coordination of BAB sessions, implementation of action plans and business advisory services delivered to Yukon businesses

Number of Business Advisory Board Sessions  
2009/10 to 2013/14



Data gleaned from the Year End Reports indicate that a total of 53 BAB sessions were held over 2009/10 to 2013/14 period involving a total of 21 companies. On average, 10.6 BAB sessions were held each year. The distribution of BAB sessions among the 21 companies was uneven. Eight companies (38%) participated in one BAB session and seven companies (33%) participated in 2 BAB sessions. One company (Carcross Tagish Management Corporation) participated in a total of eight BAB sessions, one company (Air North) participated in seven BAB sessions and one company (Up North Adventures) participated in six BAB sessions.

Summary Analysis of general ledger data for YBDP indicates that a total of \$185,032 was spent on fees for subject area experts over the five year 2009/10 to 2013/14 period. A total of 107 BAB engagements were provided by 80 different BAB members. Thus, the average expert fee cost per BAB

engagement was \$1,698. With BAB sessions often taking place over two or three days, BAB members provided exceptional value to program funders and Yukon businesses participating in the program.

## Evaluation of the Yukon Business Development Program – Findings Synthesis

The BAB sessions were designed as in-person events, so that the subject area experts could establish relationships with business owners and build trust. Generally, BAB members would travel to Yukon for the BAB sessions, if the expertise was not available locally. Occasionally, when site visits were thought to be crucial to the transfer of knowledge, company owners and the business advisor would travel outside of the Yukon. On the basis of Whitehorse Chamber of Commerce general ledger transactions, travel expenses for BAB sessions totalled \$104,523 over the 2009/10 to 2013/14 time period, averaging \$20,905 per year.

<b>Business Advisory Board Member Fees and Travel Expenses (\$)</b>			
<b>Fiscal Year Ending</b>	<b>BAB Member Fees</b>	<b>BAB Travel Expenses</b>	<b>Total</b>
2010	\$27,760	\$9,146	\$36,906
2011	\$44,385	\$26,536	\$70,921
2012	\$31,529	\$23,621	\$55,150
2013	\$37,695	\$27,130	\$64,826
2014	\$43,663	\$18,089	\$61,753
<b>Total</b>	<b>\$185,032</b>	<b>\$104,523</b>	<b>\$289,555</b>

Source: Whitehorse Chamber of Commerce, General Ledger Transactions.

Making use of recommendations and reports from BAB members, supplemented by notes taken during the BAB sessions, the business advisor would generate an action plan, including a list of prioritized actions for the company to implement to achieve the goals established during the business assessments and BAB sessions. The action plans prepared by the business advisor were also considered to be commercial confidential and as such were not made available for review by the evaluation team. Progress tracking of action plan implementation was not required by program funders. It was evident, however, from interviews with participating businesses that the business advisor actively monitored implementation of the action plans, providing advice, guidance and assistance where necessary during implementation.

YBDP participants interviewed for the evaluation indicated that, overall, the quality of advice provided by BAB members was exceptional. Action plans were provided to companies that reflected the substance of the BAB sessions in a timely manner. Several interview respondents indicated that the action plans have proven to be very durable in that they have continued to refer to their action plan for guidance well after the BAB session. Other respondents indicated that complete implementation of their action plan was not constrained by the content of the plan but rather the internal time and resources available. Some program participants reported they prioritized the recommendations before implementing according to the perceived value to the company.

*"We started with the recommendations we valued as tens and nines and ignored the fives."* - Business Owner

As outlined on the YBDP website, a variety of business advisory and coaching services were provided to participating companies:

- business assessment
- product identification
- financial review
- human resources review
- assessment of current business structure
- arrangements for incorporation
- identification of potential new sources of capacity
- identification of business expansion financing
- export-related market assessment
- review of production and distribution processes
- assessment of marketing plans and materials
- assistance with business plan development
- help with financing proposals
- funding requests and marketing plans
- advice on intellectual property
- review of company products
- searches for suppliers
- production tools and equipment
- legal information
- advice on information technologies

The provision of such a comprehensive array of advisory services is in line with best practices identified in a 2002 study *Benchmarking of Business Incubators* prepared for the Centre for Strategy and Evaluation Services (European Commission Enterprise Directorate-General). A genuine strength of YBDP was the comprehensive array of advisory services provided and the hands-on coaching to implement the recommendations of the BABs.

### **Common understanding of program operations and outcomes by funders and administrators**

YBDP can trace its roots back to the Yukon Technology Business Program, a pilot project founded in 2004 by the Yukon Technology Innovation Centre (YTIC), originally funded in part by the National Research Council's Industrial Research Assistance Program (IRAP). The original focus of the program was on start-up companies in the technology arena. When the pool of technology-focused companies began to decline, and IRAP funding came to an end, new funding was secured, first from Indian and Northern Affairs Canada (INAC) and later from CANNOR. With the shift in program funders came a broadening in program focus to include companies in non-technology sectors. Selection of companies was guided by a requirement that companies be positioned either to a) export goods outside of the Yukon or b) attract tourists to the Yukon from outside the Yukon.

Funding instability was a challenge for administrators through the whole existence of YBDP. While some involved with YBDP heralded the creation of a five year funding arrangement with CANNOR beginning in the 2009/10 fiscal year, it was not well understood that the funding arrangement was more of an umbrella procurement mechanism rather than a multi-year program funding agreement. The terms of the five-year CANNOR funding arrangement required an annual funding application. CANNOR funding was not to be used to fund core program operations, nor was CANNOR to be the exclusive funder of the program. Other program partners (i.e., Whitehorse Chamber of Commerce, Yukon Economic Development, Yukon Tourism and Culture, Yukon College) were expected to collectively contribute 25% of the total program budget.

The requirement to reapply for funding every year also included a stipulation that some aspect of YBDP operations be new or refreshed. The 'new or refreshed' stipulation is a funding tactic that both facilitates the quick demonstration of incremental results from funding and illustrates that core program operations are not being funded. As a result of the 'new or refreshed' stipulation, YBDP eligibility criteria were expanded to include Yukon First Nation development corporations with broader community-based mandates. The Carcross Tagish Development Corporation became a YBDP participant in 2011/12, followed by the Chief Isaac Group of Companies in 2013/14.

## Evaluation of the Yukon Business Development Program – Findings Synthesis

A curious feature of the documents describing YBDP is the absence of terminology that would identify the program as either a business incubator or accelerator. Documents reviewed as part of the comparative and best practices analyses undertaken for the evaluation, without exception, make a distinction between *business incubators* and *business accelerators*:

**Incubators** tend to work with aspiring inventors and entrepreneurs to perfect and implement start-up business plans on a first-come, first-served basis.

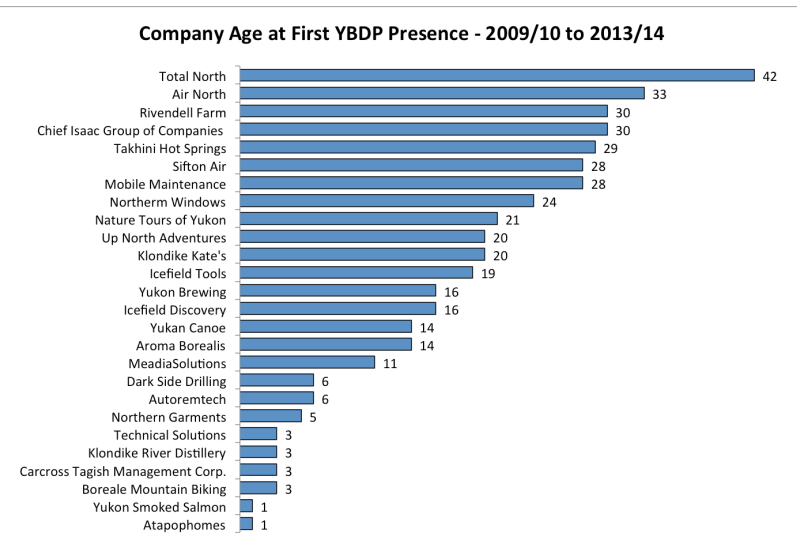
**Accelerators** tend to serve firms more mature than start-ups, selected on the basis of demonstrated success and future potential, and receive in-depth coaching designed to compress the timescale for achieving sustainable business success.

[Source: The Evidence Network. 2012. *A Study of Business Incubators and Accelerators in Canada.*]

As illustrated in the chart to the right, while the program may have started out as an incubator for technology inventors, at its end YBDP had quite clearly become an accelerator serving, for the most part, very well established Yukon businesses with 77% of businesses being five years or older at first presence in the YBDP Year End Reports spanning 2009/10 to 2013/14.

Another evolution evident over the course of YBDP's existence was the length of time between acceptance into the program and 'graduation' from the program. According to the YBDP website, "as many as four business advisory sessions may be undertaken over the course of one year to eighteen months, after which the company comes to the end of its course of assistance. Some exceptions may apply." As noted earlier in the report, however, 44% of YBDP participants were involved with the program for three or more years during the five year 2009/10 to 2013/14 time period, which indicates a shift in graduation expectations occurred during YBDP's later years.

In the absence of evidence, such as a YBDP Strategic Plan or Steering Committee minutes, that would confirm discussions among Steering Committee members leading to agreement on an altered program model, it is not possible to conclude that a common understanding of program operations and outcomes was shared by all Steering Committee members at the conclusion of YBDP operations.



### Yukon Business Development Program - Short-term Outcomes

#### **Yukon start-ups transformed into appropriately structured enterprises with improved scalability**

As noted in the chart on page 9, most of the companies participating in YBDP were already beyond the start-up stage, being at a mature stage of development at program entry. Eight percent of businesses were less than three years old and 92% of businesses were three years or older at first presence in the YBDP Year End Reports spanning 2009/10 to 2013/14. That the companies participating in YBDP had already settled on an appropriate structure before entering the program was confirmed in the 26 semi-structured program participant interviews. Only a handful of respondents indicated that they had received advice related to business restructuring or improving scalability to facilitate future growth. In summary, the transformation of Yukon start-up companies into appropriately structured enterprises was not a focus of YBDP over the 2009/10 to 2013/14 review period.

BAB sessions would often, however, be focussed on increasing operational efficiency or improving the management of the business. For example, businesses involved in manufacturing were introduced to Lean Manufacturing to increase efficiency and reduction of production waste. While not always welcome news, many program participants were advised that a lack of management skills within a business was likely limiting growth potential. Several instances were cited during interviews of businesses that were missing key personnel to their operations, gaps that if filled would increase the scalability of the company. In addition, several business owners were advised that they needed to delegate responsibility for discrete aspects of a business' operations if the business was to grow. For example, while a business might be headed by a visionary with an exceptional idea, what the visionary might be missing is the business acumen to take an idea, convert it into a product and market it.

*"I have seen a lot companies in the Yukon that can be successful with just a little more help and guidance."*  
– Business Advisory Board member

#### **Yukon business owners with enhanced levels of business expertise capable of planning and managing business growth**

Business owners interviewed for the evaluation were asked whether they became more confident with planning and managing business growth as a result of program participation. In general, the program was seen to have helped with owner confidence:

*"Big time with confidence. It's such a great spot for the government to invest, where you can pick the brains of top advisers. First you have to identify the right brains, bring them together and get them talking at the same time. It's ridiculously successful."*

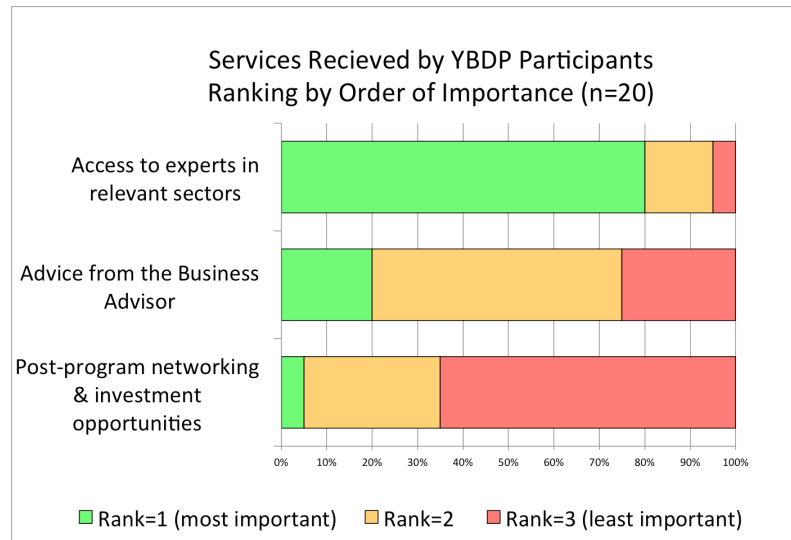
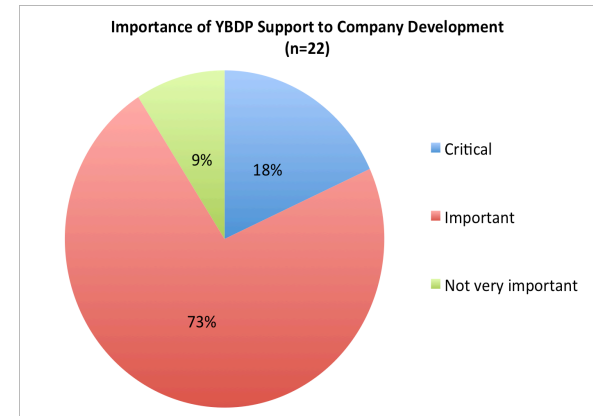
*"People from our company attending a session would ask 'why are we even looking at this issue? There's nothing wrong!' But then we examined things from the perspective of value added or value not added. Then it became apparent that there were issues."*

## Evaluation of the Yukon Business Development Program – Findings Synthesis

*“I wouldn’t describe it as a confidence thing. We were entering new markets and needed outside eyes to run our ideas by and see what people thought.”*

- Business Owners

Business owners and company representatives were also asked about their perceptions of how important the support received from YBDP was to the development of their company. As shown in the chart to the right, on the basis of 22 interview responses, 18% of companies indicated the YBDP support they received was ‘critical’ to the development of their company. Seventy-three percent of respondents indicated that YBDP support was ‘important’ and 9% indicated that YBDP support was ‘not very important’.



YBDP was noted by several interview respondents as being ‘totally unique in Canada.’ The key design feature contributing to that sense of uniqueness was the access to top-notch business experts (from Yukon, Canada and around the world) facilitated by the program. Program participants interviewed for the evaluation were asked to prioritize among three services received from the program:

- advice of the business advisor
- access to experts in relevant sectors
- post-program networking and investment opportunities

As illustrated in the chart to the left, 80% of respondents identified “access to experts in relevant sectors” as the most important feature of YBDP.

In summary, YBDP was very effective at enhancing the level of planning and management expertise within Yukon companies that participated in the program.

### Improved level and availability of business expertise situated in local innovation service agencies

When operating, YBDP was not the only source of business advisory services for Yukon innovators. The Whitehorse Chamber of Commerce, Yukon Research Centre, Dana Naye Ventures, the Yukon Chamber of Commerce, Yukon Economic Development and Canada-Yukon Business

Service Centre all provided advisory services to business start-ups and established businesses during the 2009/10 to 2013/14 timeframe. On the basis of pre-2009 YBDP successes in bootstrapping several Yukon businesses to higher levels of success, it was hoped that YBDP could transfer that knowledge to other Yukon agencies or programs.

Only a small number of Yukon-based individuals served as BAB members, though some Yukon-based individuals did serve on more than one BAB. And as Steering Committee members were involved only at the company selection stage, they had limited opportunity to become better informed about how to apply YBDP successes to their own organizations. In summary, the level and availability of businesses expertise located in local innovation service agencies did not improve as a result of YBDP operations, as knowledge transfer between YBDP activities (such as BAB sessions and coaching of local businesses) and the local innovation / economic development community appears to have been limited.

### **Effectively administered and well-governed program**

YBDP was governed on an *ad hoc* basis by representatives of the federal and Yukon governments under the titles of “Steering Committee Member”. The Whitehorse Chamber of Commerce, in its role of program host, served as a bridge between program funders and the Steering Committee. The process for appointing Steering Committee members is unclear. No annual general meetings were held to formally appoint program directors. While the Steering Committee was initially drawn from program funders, as the number of program funders dwindled, funder members were joined by representatives of government agencies without a financial stake in the program. The Yukon business community and Yukon First Nation governments, agencies or businesses do not appear to have been represented on the Steering Committee, as members were drawn entirely from the public sector.

As noted earlier, YBDP was administered without a requirement for the consistent collection and consolidation of even basic program performance data that could be used to illustrate program challenges and successes over time. The main program funder, CANNOR, did require as part of its terms of funding that a Final Project Activity and Expenditure Report for the fiscal year be prepared two months after March 31 of the year. As illustrated by an excerpt from page 19 of the 2013/14 CANNOR – Whitehorse Chamber of Commerce funding agreement (bolding added), the reporting requirements look to be biased towards only positive news being included:

*“The final report will include a statistical report of businesses participating and their associated **increased activities**. More specifically:*

- *A detailed description detailing all business advisory sessions held in fiscal year 2013/14;*
- *A copy of a descriptive statistical report detailing **participating companies success** in the areas including but not limited to sales growth, employment and private sector investment;*
- *Documentation confirming qualifications of the advisors hired to work with the client firms;*
- *A final report containing a narrative that describes the operation and **success of the program**.”*

Reporting requirements that limit their focus to metrics of success ignore the reality that not all businesses admitted to the program will manage to implement the recommendations of the business advisor and/or the BAB. However, there may be a circumstance where a business approaches YBDP seeking assistance, yet the business advisor judges that either the product lacks market appeal or the individual, while innovative, does not possess the requisite skills to bring the product to market. Measured through the metrics of job creation or return on investment, this type of example would be considered a program failure. At the same time, if the program intervention causes entrepreneurs to rethink their innovation or to undertake skills training, presumably there is a benefit in terms of the savings in time and resources that would have otherwise been expended on a venture that was likely to fail. Reporting requirements, therefore, should recognize 'success in failure' as a legitimate outcome of the program.

An uneven funding flow from the federal government to the Whitehorse Chamber of Commerce was reported by several interview respondents, with funds rarely available in April and significant amounts of annual appropriations not transferred until July and in some years the final quarter of the fiscal year. A review of the general ledger transactions of the Whitehorse Chamber of Commerce over the 2009/10 to 2013/14 time period confirms that, with one exception, no payments were made by either INAC or CANNOR in the first quarter of a fiscal year during the 2009/10 to 2013/14 time period. The one payment that was made in the first quarter of a year was for \$34,276. Delays in the flow of program funding were noted by several interview respondents as having adverse effects on both program administration and operations.

In terms of program administration, funding delays on the part of the federal government meant the Whitehorse Chamber of Commerce had to cash manage YBDP program operations, to the extent possible for a not-for-profit organization. In terms of program operations, the funding delays meant that BAB sessions could not always be scheduled if convenient for BAB members in the April to June timeframe, an awkward place to be given that BAB members were making significant in-kind contributions to the program by travelling to the Yukon for limited amounts of compensation. The interruption in funding would also create continuity issues affecting the work of the business advisor who may have devised plans with participating businesses to organize new BAB sessions or implement aspects of existing action plans. BAB sessions were also reported to have been "jammed" into the final quarter of the year when there would be an excess of funding that had to be spent by March 31, again creating awkward situations for BAB members and the program.

In summary, based on the available evidence, it is not possible to conclude that YBDP was effectively administered and well-governed.

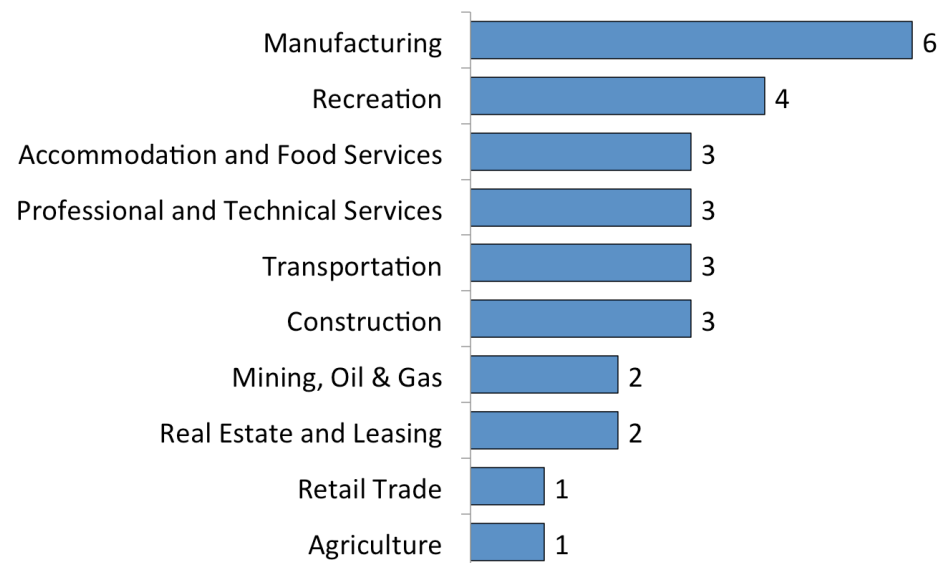
### Yukon Business Development Program - Long-term Outcomes

#### Durable Yukon businesses contributing to a more diversified Yukon economy

Almost all businesses admitted to YBDP in the 2009/10 to 2013/14 time period had already demonstrated a high degree of durability. Indeed, the average age of businesses at YBDP entry was 16.4 years. All YBDP participant businesses, but for one, are currently in operation. Notwithstanding the durability of program participants, YBDP was effective in assisting Yukon businesses with challenges to business stability or issues impeding growth. One YBDP participant, historically a service provider to the Yukon mining industry, experienced a sharp decline in profitability when exploration activity in the territory fell off due to a decline in metal prices. As the business began to consider options, including layoffs, YBDP entered the picture, bringing together experts who created a plan to diversify and expand market access, which avoided the need for layoffs and fostered company growth by tapping new markets.

YBDP also contributed to company stability by working closely with business owners considering entry into new markets or the launch of new products into local and outside markets. Several interview respondents noted that it was helpful to subject ideas for growth and expansions to pre-launch scrutiny by a panel of experts with experience in relevant fields. Company expansion plans were generally well received by BAB members and recommendations often involved making refinements rather than starting over from scratch. Affirmations that a business was on the right track not only contributed to business stability but also accelerated business growth as business owners now had more confidence to proceed based on a plan that had been independently reviewed and improved. While several respondents indicated they might have achieved the same result without the assistance of YBDP, they recognized that the path would have had more bumps along the way.

**Categorization of YBDP Participants by Industry Type (n=26)**



*"When you're talking to a venture capitalist and he says you're doing the right thing it becomes a very big boost to one's confidence."*

- Business Owner

In addition to assisting with business durability, YBDP has contributed to the diversification of the territorial economy. While the initial focus of the program was on information technology businesses, the decision to expand support to enterprises with export growth potential made the program accessible to companies operating in all sectors of the Yukon economy. As illustrated in the chart to the left, participation in the program was broadly based from the perspective of participation by industry type. A total of 10 distinct industries were represented on the YBDP client list.

YBDP also contributed to a more diversified Yukon economy by having a significant number of clients located in rural Yukon. Almost one third (30%) of YBDP participants between 2009/10 and 2013/14 were located in communities outside of Whitehorse, with 15% located in Dawson and 15% located in other communities. Rural YBDP participants included a Dawson-based clothing manufacturer and two wilderness tourism operators in Kluane country. In addition, YBDP assisted with the creation the Carcross Commons development. Several companies in the tourism and farming sectors were located on the fringes of Whitehorse.

### **Expanded domestic and international market access for Yukon products and knowledge**

Many businesses sought guidance from BAB members on entering new markets to circumvent a 'growth ceiling'. YBDP assisted businesses with expanded market access by assembling experts with the knowledge to predict the potential reaction of a market to a new product. Yukon-based BAB sessions provided a forum for many Yukon businesses to discuss, in confidence and with no competitors present, ideas and plans for expansion outside the territory. The experiences of BAB members doing business in outside markets was leveraged to the benefit of Yukon businesses that, in turn, reduced risk and improved the prospects for success. In the case of some companies, YBDP organized site visits with similar businesses located in other markets so Yukon companies could learn first hand about the business operations and how market growth was achieved. Pinpoint targeting of specific and export market-aware business knowledge was a key strength of YBDP.

YBDP also helped facilitate access to domestic markets through the program's work with businesses involved in tourism. Individually, Yukon's visitor attractions are not considered to be 'iconic'. People do not travel to the Yukon for the purpose of visiting any one attraction in particular. The program fostered market access for some Yukon tourism sector operators by assisting with the packaging of tourism offerings in three Yukon communities as means of creating a destination for tourists. Where there was potential in unexploited markets, YBDP worked with tourism operators to develop plans created with the intent of promoting the territory as destination in places like France, where the great appeal for destinations providing services in French. YBDP networks were also used to connect wilderness tourism operators with alpine clubs located in a southern jurisdiction, again generating activity for local business. In this way, YBDP assisted tourism operators to access untapped markets.

### **Improved sales and employment levels for participating businesses**

While the evaluation sought to assess whether YBDP influenced changes in sales and employment levels for participating companies, insufficient information was acquired through interviews with Yukon businesses to make a definitive determination of YBDP's impact on sales and employment levels. While a report assessing the return on investment for the program was prepared in 2013, the assessment was limited to businesses involved in YBDP during that year. Companies participating in the program were not required to provide reports that could be used to measure the impact of YBDP on sales and employment levels. However, given a) that the average age of businesses at YBDP entry was 16.4 years, b) that on average participating business (excluding Air North) had 11 employees and c) the relatively small annual program budget of (\$167,215 on average), it is likely that the annual YBDP return on investment was easily in the double digits every year.

### **Robust relationships between business owners, the business advisor, Business Advisory Board members and YBDP**

It is clear that certain companies have obtained sustained benefits from the relationships and networks they formed while participating in the program. In some cases, BAB members continue to provide professional services to companies, while a former BAB member has been appointed to serve on the Board of Directors of a participating company. What is less clear is whether a knowledge transfer, which is having a positive impact on participating businesses, is somehow benefiting non-participating Yukon businesses.

However, the achievement of long-term outcomes are not always immediately apparent. It may take quite some time before evidence emerges indicating that a knowledge network that can be accessed by other Yukon businesses has been seeded. Evidence exists presently suggesting there is potential. For example, at one time participating businesses involved in Lean Manufacturing (introduced by the program) established an informal network of manufacturing companies in the territory to exchange information on relevant topics such as manufacturing constraints and advancements in manufacturing techniques. While the network is now defunct, it is entirely conceivable that a reinstated YBDP could revive the network and help replicate it in other sectors involving both participating and non-participating companies.

## **Evaluation Recommendations**

The intended outcomes of the Yukon Business Development Program have been well-achieved. YBDP assisted businesses at critical stages of development, connecting Yukon company owners to experts with specific and export market-aware business knowledge with pin-point accuracy. Participation in YBDP helped Yukon entrepreneurs, innovators and business owners crack new markets, maximize production, and recruit the right people for optimal company operations. All of which has provided ongoing benefits to the territory's economy by enhancing the competitiveness of Yukon businesses and contributing to the strength of the territory's business community. A need clearly exists for continued business development programming in the Yukon. The eight recommendations outlined below are intended as guidance for the re-establishment of a Yukon Business Development Program with improved governance and administration:

## Evaluation of the Yukon Business Development Program – Findings Synthesis

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- 1\ Re-establish Yukon Business Development Program with a mandate to deliver business acceleration services to established high-potential firms in goods producing, service-exporting and tourism industries across a variety of economic sectors, selected via an open recruitment process with a fixed time to program exit.
- 2\ To ensure that all businesses seeking government support can find an appropriate entry point, initiate a review of all business support programs currently offered by governments and agencies in Yukon to identify and address gaps (including incubation for start-ups) and overlaps in the overall Yukon business support arena.
- 3\ Establish an oversight agency independent of government with representation from the public sector, private sector and First Nation governments / agencies to govern the operation of the re-established program. The governance agency should have a published constitution and feature robust financial operations including an annual budget process, quarterly financial (with variance) reporting and identification of funding sources. Program funding should be truly multi-year and front-ended (i.e., annual program funding should flow in full on April 1<sup>st</sup> of each year). Strategic planning should be undertaken on an annual basis with any adjustments to program design based on program performance evidence.
- 4\ To embed a higher level of accountability into the re-established program and to bolster the financial sustainability of the program, pursue a mixed funding model that involves both public and private sector / foundation funders.
- 5\ To attempt to reach the same level of efficiency as the previous program, keep the program virtual, i.e., do not create a physical space for operations.
- 6\ Create a performance-monitoring framework for the re-established program that outlines how program and participant performance data is to be collected and reported. The framework should be neutral in its approach and recognize that in the business development context, failure can be a form of success.
- 7\ Improve program communications by regularly reporting on program operations, challenges and successes, perhaps through publication of an on-line newsletter. Share the newsletter with business advisory board members. Professionally brand and market the program.
- 8\ Improve administrative transparency by using a value-driven procurement process to secure the services of a contract business advisor on a three-to-five year basis.