

Tompkins Institute An Economic Impact Statement



Prepared By:
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Tompkins Institute

An Economic Impact Statement

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Tompkins Institute**

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EXECUTIVE SUMMARY

The Tompkins Institute for Human Values and Technology was established in 1974 at the Cape Breton University, Sydney, Nova Scotia.

The purpose of this report is to document the economic impact contribution of the Tompkins Institute to the present time. We first provide a discussion of the diverse group of projects assisted by the Tompkins Institute and then assess the total economic impact as of 2009 that these projects contribute to the Cape Breton economy.

The Tompkins Institute, relative to its size, has been a significant contributor to the Cape Breton economy. The Institute, working with community partners, has:

- helped create \$53.1 million in direct sales exclusive of spinoff effects and \$38.96 million in total gross domestic product.;
- created \$15.7 million directly in wages and salaries and in total \$26.03 million.
- created 522.2 direct employment opportunities (full time equivalents) and in total 871.5 full time equivalent jobs.

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Based on a review of the role the Tompkins Institute has played in each of the assisted firms, we disaggregated the Institute's roles in a high incremental impact and moderate incremental impact. We found that:

- Tompkins Institute has had a high incremental impact in creating household income of \$8.3 million, employment of 275.8 (FTEs) and Gross Domestic Product of \$12.5 million.
- The Tompkins Institute has had a moderate incremental impact in creating household income of \$17.7 million, employment of 595.7 (FTEs), and Gross Domestic Product of \$26.5 million.

CHAPTER 1 - INTRODUCTION

1.1 INTRODUCTION

The Tompkins Institute for Human Values and Technology was established in 1974 at the Cape Breton University, Sydney, Nova Scotia. The main objective of the Institute is to investigate the impact of technological change on society in general and, more particularly, on the Cape Breton community.

The work of Dr. Jimmy Tompkins in the 1930's exemplifies the kind of linkage of theory and practice that guides the Institute's action research programmes. " It is not enough to have ideas, we have to put legs on them," was a typical statement by a man who, not only conducted many of his social experiments within two miles of the present Cape Breton University campus, but who, along with other community leaders of the day, foresaw the need for a college or university in Cape Breton that combined technology with the humanities.

The Tompkins Institute forms a liaison between the university and the local community, and today more than ten percent of the Cape Breton University faculty are involved in the various community-oriented research projects of the Institute. The action arm of the Tompkins Institute is the BCA Group. Under the Tompkins Institute, the projects are researched and if funding is required then the BCA Group becomes involved.

The community is regarded as both an incubator and laboratory for new and alternative models in the social economy. Researchers at the Institute work with a variety of community groups to create experimental corporations which attempt to combine good technology with a commitment to community and personal development. With a commitment to global technology transfer at many levels, the Institute looks to other countries for useful models. Its most ambitious foreign study concerns the famous Mondragon worker-owned complex in Spain.

The Institute's founder and current President is Fr. Greg MacLeod. Dr. MacLeod received the Order of Canada in 1990 in recognition of his contribution to the social and economic advancement of the Cape Breton region.

The purpose of this report is to document the economic impact contribution of the Tompkins Institute to the present time. We first provide a discussion of the diverse group of projects assisted by the Tompkins Institute and then assess the total economic impact as of 2009 that these projects contribute to the Cape Breton economy.

1.2 METHODOLOGY OVERVIEW

Our approach is to provide a brief overview of each project. Each project is documented with a brief description, a strategic discussion of the role of the Tompkins Institute in the project and the incremental contribution of the Institute in the economic impact of the project on the Cape Breton economy.

The economic impact is developed via simulations with Canmac's Input-Output Model of the Cape Breton economy. The input-output model traces out the total economic impact that results from the direct expenditures by the Tompkins Institute's clients, ie. direct income, employment and Gross Domestic Product (GDP) and the spinoff associated with these direct effects.

1.3 REPORT OUTLINE

The report is organized into three (3) chapters and supporting appendices. The present chapter provides an introduction to the report. Chapter 2 is the major analytical chapter, it provides the mini case studies and economic impacts. Chapter 3 provides the summary and conclusions.

CHAPTER 2 – ANALYSIS

2.1 INTRODUCTION

This chapter provides the analytical framework for the report. There are nine (9) projects for which mini cases are developed. For each case, we set out a brief description, and a strategic discussion including the incremental nature of the Tompkins Institute involvement. The economic impact of the projects, aggregated to respect data confidentiality, are provided in Section 2.3.

Tompkins Institute clients discussed in the report are as follows:

- ✓ Waterside Development Ltd.
- ✓ North Air Windows and Doors
- ✓ Bras d'Or Lakes Inn
- ✓ East Coast Rope Ltd.
- ✓ Polysteel Atlantic Ltd.
- ✓ A&B Mechanical
- ✓ Classic Frozen Foods
- ✓ New Dawn Enterprises
- ✓ Louisbourg Seafoods Limited/Northsyde Processing Ltd

2.2 MINI CASE OVERVIEW

Waterside Development Ltd.

The Tompkins Institute initiated the first condominium project in Sydney. The Institute, through BCA Group formed a new company – Waterside Development Ltd. to undertake the project. The business model followed a typical Tompkins Institute formula. The project, in the initial stages, was high risk which led the

Institute to take the lead on the 7 million dollar project. Once the project was sustainable with acceptable business risk, the project was sold to the Joneljim Group of Companies. The Tompkins Institute's role in the condominium project had a high level of incrementality during the construction phase.

North Air Windows and Doors

North Air Windows and Doors had a high risk expansion plan. The Tompkins Institute engineered a successful expansion by developing a Community Development Investment Fund. Today the company is sustainable with sales in the \$1 to \$5 million range. The Tompkins Institute's incremental role in the expansion was high.

Bras d'Or Lakes Inn

The Tompkins Institute played a critical role in rescuing this facility and finding new management. The Institute engineered a purchase of the assets and later sold it to new management. The Inn is now a sustainable business operation. The Tompkins Institute's incremental role in creating a sustainable business operation was high.

East Coast Rope Ltd.

East Coast Rope Ltd. was founded in 1985. The manufacturing establishment produces a variety of ropes for sale in the domestic market for export. The

company currently has sales in the \$2.5 million range, employs 20 full time equivalent persons and has an average wage of \$30,000 per year.

The Tompkins Institute played a strategic role in ensuring the company's survival and continued prosperity. A previous facility had gone bankrupt. Tompkins Institute encouraged the provincial government not to foreclose but to sell the assets to Dr. MacLeod who in turn promised to turn the company around into an ongoing sustainable business. The turnaround was successful and today the company is a source of sustainable employment for the community. The Tompkins Institute's incremental impact to this project was ranked as high. It is clear that without the proactive involvement of the Institute the project would not be operating in the community today.

Polysteel Atlantic Ltd.

This case represents another classic Tompkins Institute turn around. The company went bankrupt. The Institute, using capital from its venture capital fund, put in short term capital until the company could find a sustainable management plan. Today the company has sales in the \$1 to \$5 million range. Tompkins played a critical role in ensuring a viable operation through financing and strategic management advice.

A&B Mechanical

This company which provides construction services was near bankruptcy. The Tompkins Institute helped with short term financing and developing the business

into a worker owned company. Tompkins played a moderate role in this successful business venture.

Classic Frozen Foods

The company went bankrupt. Tompkins, through its community venture company purchased the assets and then sold the business to a management team that has successfully turned the business into a sustainable venture. Tompkins played a critical role in the successful rescue by providing needed capital and the right management team to sustain the business.

New Dawn Enterprises

New Dawn Enterprises is one of Canada's most successful community development corporations with over \$10 million in assets. At a critical period in the company's growth, the Tompkins Institute helped manage the company and has provided strategic advice over the years. Its role today would be considered moderate.

Louisbourg Seafoods Limited/Northside Processing Ltd.

Northside Processing Plant Ltd. was founded in 2008. The company processes several products including shrimp for its parent company Louisbourg Seafoods Limited. The products are primarily exported. In 2010, the parent company had 300 full time equivalent employees with sales in excess of \$15 million and average wages of \$30,000 per year.

The Tompkins Institute was given the Northside Processing Plant by its owners Clearwater Ltd. who had decided to vacate the operations. The Tompkins Institute developed a turnaround plan for the operation which ultimately resulted in a sale of the plant to Louisbourg Seafoods Limited. The Tompkins Institute’s incremental role in ensuring the survival of the facility was high. It is very unlikely the facility would have remained in operation without the proactive involvement of the Tompkins Institute.

2.2 ECONOMIC IMPACT

2.2.1 DIRECT ECONOMIC IMPACT

The first step in assessing the total economic impact of the Tompkins Institute involved collecting sales, employment and income data for those firms and organizations directly impacted by the Tompkins Institute. A total of twenty (20) firms and organizations were identified. Of these, nine (9) provided useable survey results. These firms represent the major contributions in terms of sustainable economic impacts.

Table 1			
Estimated Sales, Employment and Wagebill			
Tompkins Institute Assisted Firms, 2009			
<i>Firm Type</i>	<i>Sales</i> <i>(Mill\$)</i>	<i>Employment</i> <i>(FTEs)</i>	<i>Wagebill</i> <i>(Mill\$)</i>
<i>Manufacturing</i>	\$25.1	357.9	\$7.7
<i>Construction</i>	\$27.0	156.0	\$7.8
<i>Services</i>	\$1.0	8.3	\$0.2
<i>Total</i>	\$53.1	522.2	\$15.7
<i>Source: Canmac Direct Survey</i>			

Table 1 shows that the Tompkins Institute assisted firms, as of 2009, contributed directly \$53.1 million in sales, \$15.7 million in wages and 522.2 employment opportunities (full time equivalents).

2.2.2 TOTAL ECONOMIC IMPACT

The total economic impact of the Tompkins Institute is defined as the sum of the direct, indirect and induced impacts of those firms and organizations assisted by the Tompkins Institute. The direct impacts are sales, employment and household incomes of the firms assisted directly by the institute. The indirect impact refers to the output, wagebill and employment of the successive rounds of the purchases by the assisted firms. The induced impact refers to the increase in output, household income and employment by spending of households employed by the direct and indirect phase. Figure 1 provides a schematic of the process.

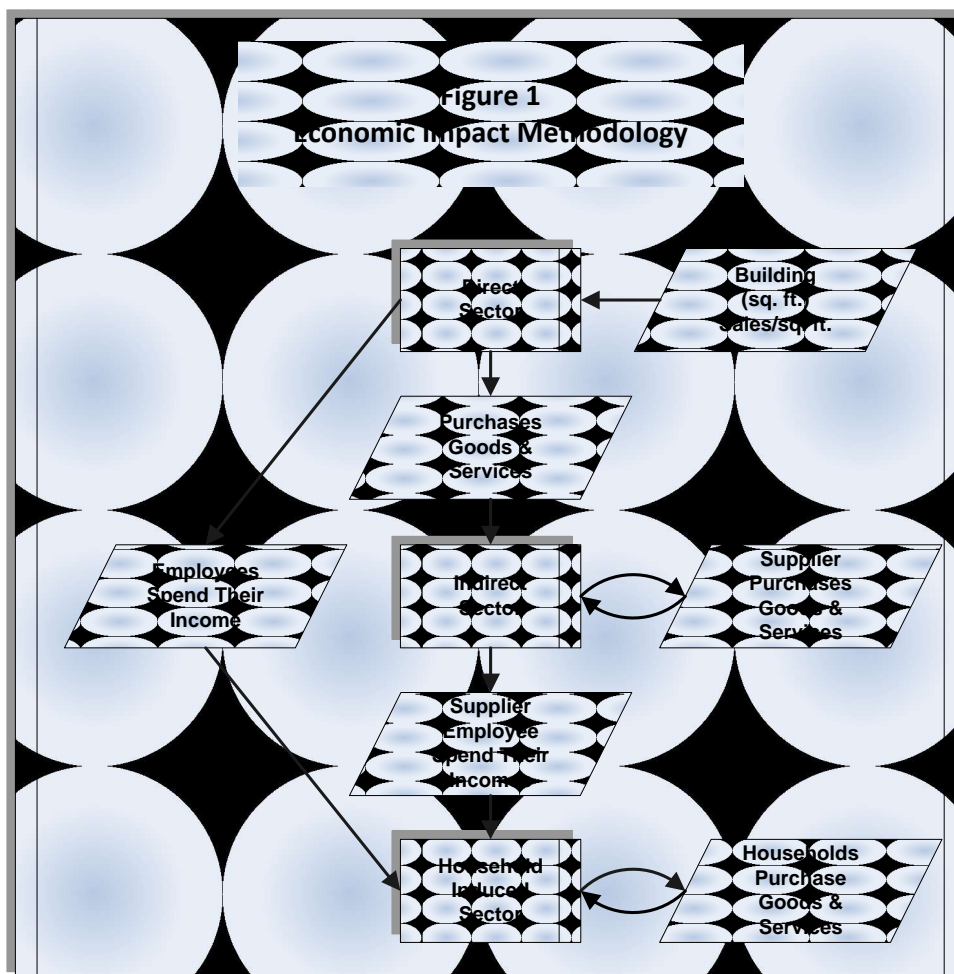


Table 2 provides the simulation results from Canmac’s Input-Output model of the region. The model takes as input the direct sales and simulates the multiplier impacts for the indirect and induced phases. The major findings are as follows:

- Tompkins Institute has resulted in additional total output of \$38.96 million in Gross Domestic Product.
- Tompkins Institute has resulted in additional total household income of \$26.03 million.

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- Tompkins Institute has resulted in additional total employment of 871.5 (full time equivalents).

Table 2			
Total Economic Impact			
Tompkins Institute Assisted Firms, 2010			
<i>Firm Type</i>	<i>Gross Domestic Product (Mill\$)</i>	<i>Household Income (Mill\$)</i>	<i>Employment (FTEs)</i>
<i>Manufacturing</i>	\$20.3	\$12.7	385.8
<i>Construction</i>	\$18.0	\$12.9	451.7
<i>Services</i>	\$0.66	\$0.43	34
<i>Total</i>	\$38.96	\$26.03	871.5
<i>Source: Canmac I-O Model</i>			

CHAPTER 3 – SUMMARY & CONCLUSIONS

The Tompkins Institute has had a remarkable record of success in developing sustainable economic opportunities for the Cape Breton regional economy. Despite having virtually no significant investment funds it has managed to sustain business opportunities that in 2009 created household income of \$26.03 million and employment opportunities of 871.5 full time equivalents.

The incremental impact of the Tompkins Institute has also been significant. Based on a review of the firms assisted, we find that:

1. Tompkins Institute has had a high incremental impact in creating household income of \$8.3 million, employment of 275.8 (FTEs) and Gross Domestic Product of \$12.5 million.
2. The Tompkins Institute has had a moderate incremental impact in creating household income of \$17.7 million, employment of 595.7 (FTEs), and Gross Domestic Product of \$26.5 million.

In conclusion, we note that the economic impact stated here is a conservative estimate. The estimates only include useable surveys.

APPENDIX A - SURVEY INSTRUMENT

**Economic Impact Assessment
Survey**

The Tompkins Institute, in partnership with Canmac Economics Ltd., is conducting an economic impact assessment to better understand the economic contributions of Dr. Greg MacLeod over the past 25 years. We ask that you please provide all applicable and available information for the most comprehensive analysis possible.

When you have completed this survey, please return it to us by one of the following methods.

You can:

- E-mail it to bca@ns.sympatico.ca, or
- Mail it to the Tompkins Institute at: 269 Charlotte Street, P.O. Box 1201, Sydney, N.S. B1P 6J9

Your cooperation is greatly appreciated.

Firm Name:	
Address:	

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Q1: Firm Type:

Please select your firm type by checking one of the following categories.

Accommodation Services	Florists, Plants & Services	Plumbing Supplies & Services
Administrative & Business Services	Food & Beverage Service & Mgmt.	Printing & Publishing
Auto Parts & Supplies	Government Services	Real Estate & Property Management
Auto Repair & Services	Health & Fitness	Rentals
Auto Sales & Dealerships	Heating & Ventilation	Restaurants & Fast Food
Beauty Services & Supplies	Heavy Equipment	Retail - Clothing & Services
Building Materials & Supplies	Industrial Sales & Service	Retail - Furniture & Home Decor
Business Equipment	Insurance	Retail - General Products & Services
Business, Professional and Labour Assoc.'s	Landscaping - Architecture & Supplies	Retail - Grocery & Convenience Stores
Charity, Non-Profit & Religious	Legal Services	Retail - Sporting Goods
Chemicals	Machine Shop	Rubber Products
Child Care	Manufacturers & Manufacturers' Agents	Safety Equipment & Services
Cleaning Supplies & Services	Marine Products & Services	Security Supplies & Services
Communications	Marketing Products & Services	Sign Products & Services
Computers & Networking	Mechanical Sales & Service	Telecommunications
Construction Services / Contractors	Medical Products & Services	Television Services
Courier Service	Metal Sales & Services	Tools - Sales & Rentals
Dental Equipment & Services	Moving & Storage	Transportation
Education & Educational Supplies	Oil & Gas Industry	Travel Agency
Electrical Equipment & Services	Other	Vending Services & Distribution
Electronics	Packaging Supplies & Services	Warehousing Services
Engineering Services	Paper Products	Welding & Steel Fabrications / Services
Entertainment	Pest Control	Wholesale Products & Services
Environmental Services	Pets, Supplies & Services	Wood Products & Services
Financial Services	Photographers & Photographic Services	Other:
Flooring	Plastic Products	

Q2. For the year 2009, please provide the number of full time equivalent and part time equivalent employees at your establishment:

Number of Full Time Employees:

Number of Part Time Employees:

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Q3. For the year 2009, please provide the average wage and salary for the above stated employees by checking one of the following categories:		
	FT	PT
\$0 - \$9,999		
\$10,000 to \$19,999		
\$20,000 to \$39,999		
\$40,000 to \$ 59,999		
\$60,000 to \$79,999		
\$80,000 to \$99,999		
Greater than \$100,000		

Q4. Please provide an estimate of your sales in 2009 by checking one of the following categories:	
\$0 - \$250 thousand	
\$250 - \$500 thousand	
\$500 – 750 thousand	
\$750 - \$1 million	
\$1 - \$5 million	
\$5 - \$10 million	
\$10 - \$15 million	
> than \$15 million	

Q5. Concerning your expenses for 2009, and excluding wages and salaries, what percentage of your remaining expenses were spent locally?	
% spent locally	%

Thank you very much for your time and participation.