

# RELO

## Regina Executive Leadership Outlook

Quarterly Report: September 2018

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# Executive Summary Regina 2050

## ENVISIONING REGINA IN 2050

In this edition of RELO, Regina executives were asked to imagine an audacious vision for Regina in the next 30 years. The community leaders envisioned a socially inclusive, economically diverse, environmentally sustainable, and entrepreneurial city.

Respondents believe Regina's future economy will be driven by entrepreneurs and small business, with an increase in the agri-value food processing and manufacturing sectors as well as the information technology sector.

Socially, respondents envision a future of meaningful reconciliation and Indigenous representation in all aspects of the community. Entrepreneurialism was a strong theme, with one third (36.36%) of respondents indicating entrepreneurs will be the leaders of environmental sustainability and green energy production in 2050 due to an increase in entrepreneurialism and small business combined with affordability of renewable energy sources.

The export markets will change, the makeup of our communities will diversify, but one thing will remain – GRA residents will be audacious and forward-looking.

With inevitable change such an audacious future will bring, it was essential to ask our respondents what labour skills will be required in 2050. Most survey respondents (63.6%) identified information technology skills as being highest in demand, followed by professional services. Labour such as retail cashiers, office administration, low-skilled manual labour, and driving were identified as being less needed in Regina's 2050, and interviewees qualified this with the thought that technology will have a high impact on low-skill positions due to the automation of labour.

To achieve this vision for Regina in 2050, survey respondents indicated a shared vision of economic success among the GRA was needed. Other important key principles noted by respondents were economic diversity, a champion of economic growth, and a strong competitive position.

## ECONOMIC OUTLOOK

In the third quarter of 2018, the Executive Confidence Index is 2.32, a decrease of 7 points from the second quarter of 2018 (2.39). This result suggests that Regina executives maintain a positive outlook for the next year, though slightly more conservative than last quarter's results.

### **The key highlights driving this outlook are:**

- 87.9% of respondents believe the economy will perform the same or better in the next 12 months.
- The majority (90.7%) of respondents expect their total fixed investments to remain the same or increase over the next 12 months.
- The majority (81.8%) of respondents expect to employ more or the same amount of people over the next year.
- 60.6% of respondents expect sales revenue to increase in the next 12 months.
- A steady 84.8% of respondents expect their business profitability to remain the same or increase over the next year.

The Executive Confidence Index remains above the Index Average for the fifth straight quarter (last 18 months).

# Economic Outlook Dashboard

## EXECUTIVE CONFIDENCE

In the third quarter of 2018, the Executive Confidence Index is 2.32, a decrease of 7 points from the second quarter of 2018 (2.39). Although this is another slight decrease, the Executive Confidence Index remains near the overall Index Average. Similar to last quarter, this quarter's results suggest Regina executives maintain a positive outlook for the next year.



Regina executive respondents remain optimistic, just over one third (36.4%) of respondents believe the economy will perform better in the next 12 months and 51.5% believe that the economy will remain the same.

When looking at the individual indicators, there is a sustained group of Regina executives who continue to respond positively, demonstrating a belief the economy will perform better over the next 12 months. Conversely, there has been a slight rise in the percentage of respondents who believe the individual indicators will perform worse. These two factors together result in the slightly lowered outlook in this quarter.

## CURRENT CONDITIONS

A calculation similar to the Executive Confidence Index reports executives' perception of today's economic conditions as compared to one year ago. When asked to compare the economic condition of their business to one year ago, executives rated the current economic condition of their business at 2.10. This point has been consistently above the neutral mark over the past year indicating that conditions have slightly improved from the previous year. To date, the Confidence Index and Current Conditions Index are strongly correlated ( $r = .896$ ,  $p < .001$ ), indicating that a change in Current Conditions Index is likely to be accompanied by a similar shift to the Confidence Index.



Half (54.5%) of the respondents believe the current economy is performing about the same as compared to one year ago. Twenty-four percent (24.2%) believe the economy is performing better. Twenty-one percent (21.3%) believe the economy to be performing worse.

Looking back at the Confidence Index from the same time last year (Q3 of 2017), we can see that there was a high degree of optimism (Confidence Index) for the economy (2.55). The Current Conditions Index (2.10), while still positive, does not reflect the same degree of positivity.

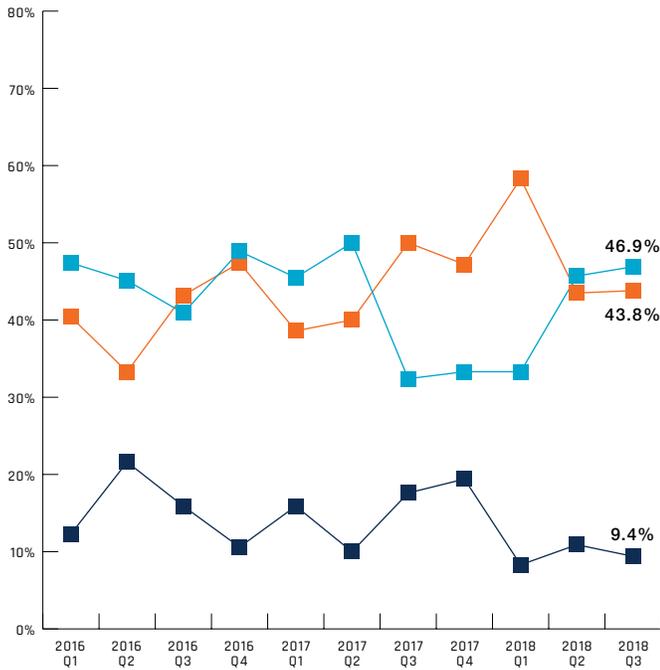


# FIXED INVESTMENTS

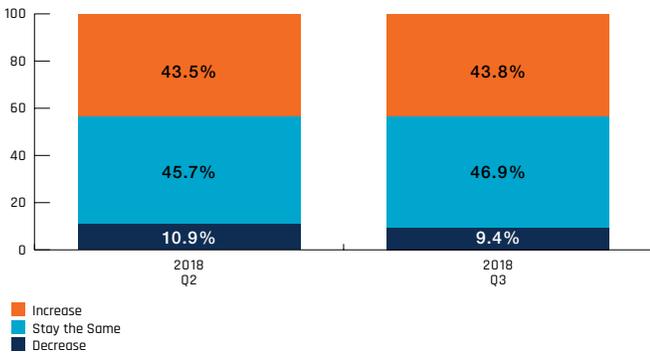
The majority (90.7%) of respondents expect their total fixed investments to remain the same or increase over the next 12 months. This majority remains consistent over the past three quarters.

## In the next 12 months, will your firm's total fixed investments...

HISTORICAL COMPARISON



QUARTERLY COMPARISON

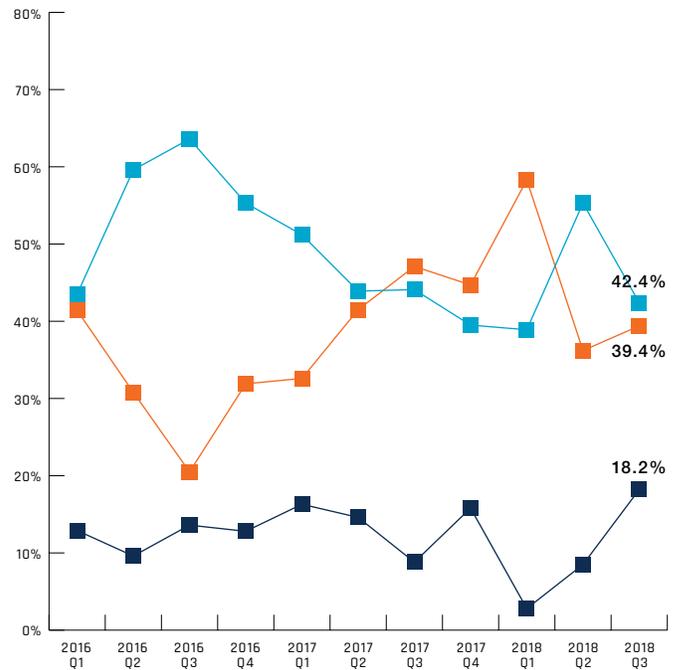


# EMPLOYMENT

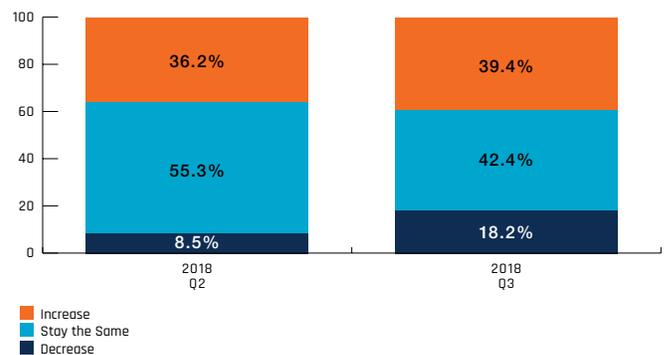
The majority (81.8%) of respondents expect to employ more or the same amount of people over the next year. There has been a 9.7% increase in the number of respondents expecting to employ less people over the next year; however, there has also been a slight increase (3.2%) of respondents who expect to employ more.

## In the next 12 months, will the number of people your firm employs...

HISTORICAL COMPARISON



QUARTERLY COMPARISON

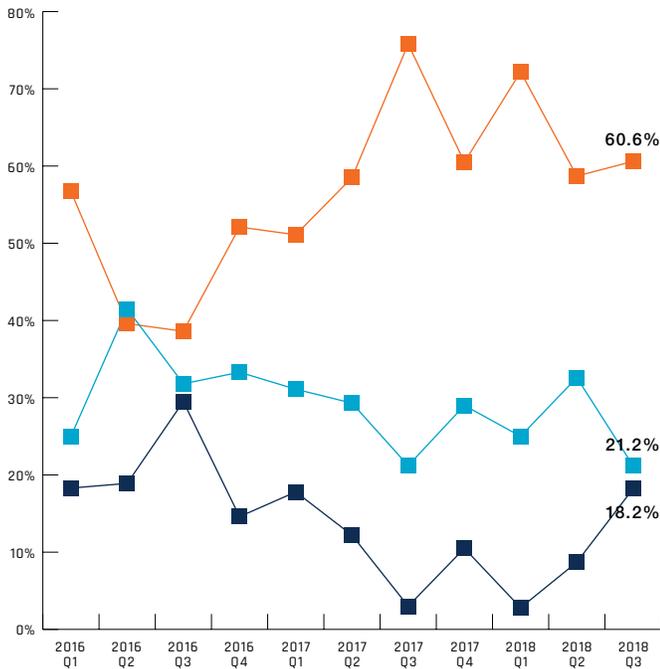


# SALES REVENUE

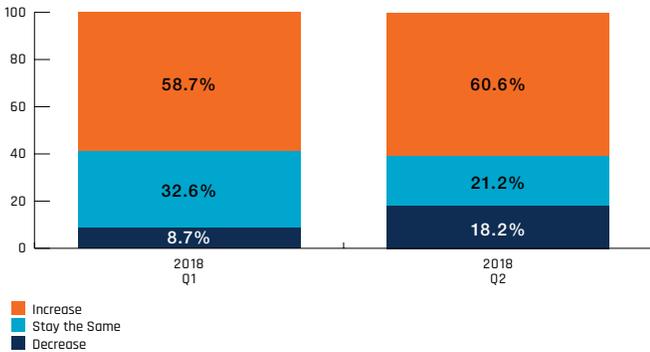
Overall, expectations remain positive for sales revenue with 60.6% of respondents expecting sales revenue to increase in the next 12 months. However, like the employment indicator, there is a slight rise (9.5%) of respondents who expect sales revenue to decrease.

## In the next 12 months, will your firm's sales revenue...

HISTORICAL COMPARISON



QUARTERLY COMPARISON

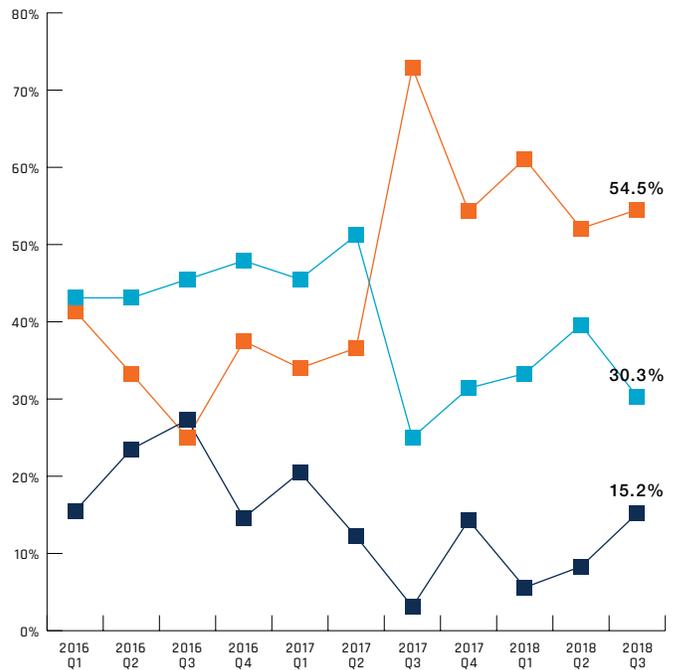


# PROFITABILITY

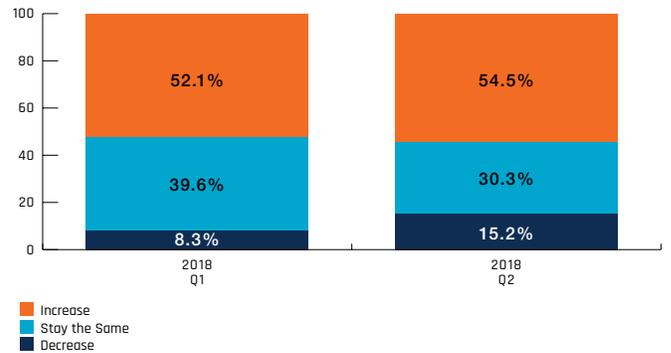
A steady 54.5% of respondents expect their business profitability to increase over the next year. Like the previous two indicators, there is a rise (6.3%) in respondents who believe profitability will decrease, matched by a reduction in those who believe profitability will remain the same.

## In the next 12 months, will the number profitability...

HISTORICAL COMPARISON



QUARTERLY COMPARISON





# REGINA 2050

This section of the report  
is framed in the  
year 2050.

## AUDACIOUS FUTURE

Regina executives were asked to think of their ideal Regina 30 years in the future. To set the stage, the following audacious vision for Regina was shown to executive respondents:

- A population over 500,000
- A busy, bustling downtown core
- Low unemployment
- A strong and diversified economy
- Recognition as a youthful and vibrant city
- Expanded wellness – people are living longer
- Advanced technology – smart grid, automation, etc.
- Improved inclusion, diversity, and reconciliation
- Environmentally progressive and sustainable practices
- People who are focused on ethical responsibility have realized the balance between resource development and environmental sustainability

## 2050 VISION

Respondents were asked to consider the previous list and add descriptors for their ideal vision of Regina in 2050. The following themes were heard:

- Enhanced transportation infrastructure
- Entrepreneurial
- Proud
- Internet access regardless of socioeconomic status
- Visually attractive
- Robust art and culture environment
- Strong Indigenous representation in all aspects of the community
- Work-life balance is enhanced
- Strong culture of innovation
- Highly productive workforce
- Infrastructure supports a high degree of growth
- Socially conscious population

# REGINA'S FUTURE ECONOMIC DRIVER

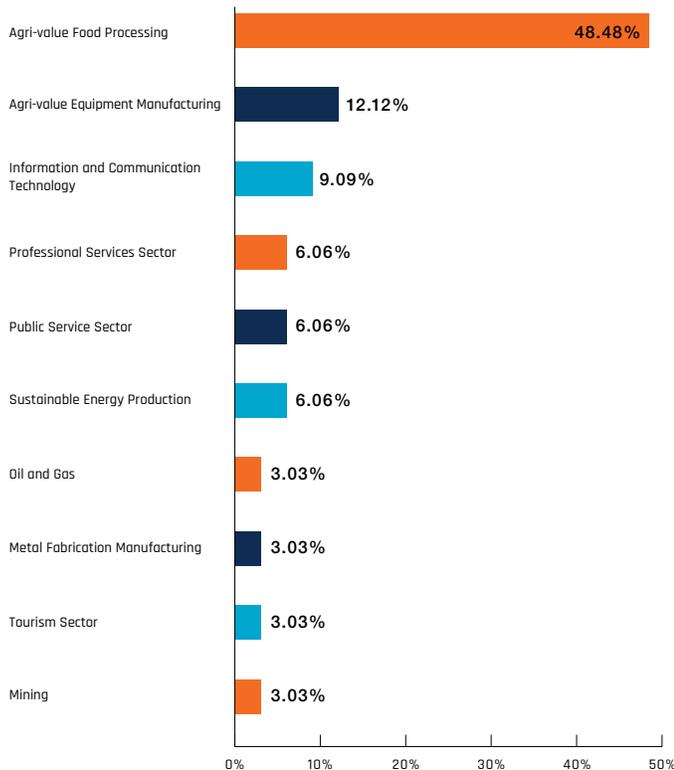
## Sector of Excellence

Survey respondents were asked to identify the economic sector Regina will be best known for in terms of growth, viability, and excellence.

Almost half (48.48%) of respondents believe that Regina will be best known for agri-value food production, followed by agri-value equipment manufacturing (12.12%).

In addition to the survey findings, some of the interviewed respondents identified entrepreneurialism, social innovation, wellness, and public safety as sectors for which Regina could be best known.

**In 2050, what economic sector is Regina best known for in terms of growth, viability, and excellence?**



When asked why agri-value (inclusive of food production and equipment manufacturing) is a key sector for Regina in the future, the following themes were heard:

- **We can leverage our strengths** – Use our expertise in raw agriculture production to enhance our role in value-added agriculture processing.
- **There is current investment and growth in the sector** – There is a current strategic investment into infrastructure and agri-value business.
- **Feeding the world will be a priority.**

Our interview respondents generated the following ideas for how Regina could become a leader in the agri-value sector:

- Position itself on a global scale as the place to learn about agri-value.
- Become the food experts in technology and advancement of crops by attracting the best and brightest.
- Enhance collaboration between all Saskatchewan resources, including education institutions, business leadership, and investment.
- Offer aggressive incentives for agriculture technology companies to locate to Regina.

Generally, survey respondents agree that becoming a leader in any economic sector requires aggressive incentives to attract businesses and top talent.



## Small Business and Entrepreneurism Impact

We asked survey respondents what percentage of economic activity in the GRA will be produced by small businesses/entrepreneurs (less than 50 employees) vs. large entities (50+ employees). More than half (58.9%) of respondents believe economic activity will be produced by small businesses and/or entrepreneurs.

### The key themes of the rationale behind the skew towards small business/entrepreneurs producing high economic activity in Regina include:

- Technology will allow small businesses and entrepreneurs to enter the economy and compete.
- Entrepreneurs and small businesses will be able to act quickly, responding to consumer needs and technological changes.
- Small business and entrepreneurs will innovate and continue to be the engine of the economy.
- Regina will still need small service-based companies (restaurants, etc.).

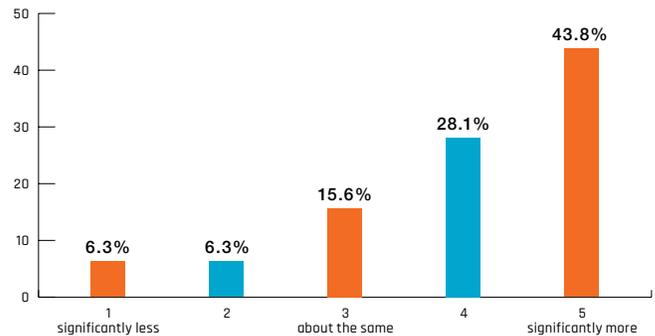
## Export Activity

Survey respondents were asked if the GRA would export more or less in 2050 when compared to today. Almost three quarters (71.9%) believe the GRA will export more.

### Key themes driving the belief of increased exports in 2050 include:

- Higher global demand for agriculture and natural resources.
- Enhanced economic activity in the agriculture sectors (food processing and agri-manufacturing) will enhance the region's exports.

### Thinking of the composition of the GRA Exports in 2050, do you think the GRA will export more or less than today?



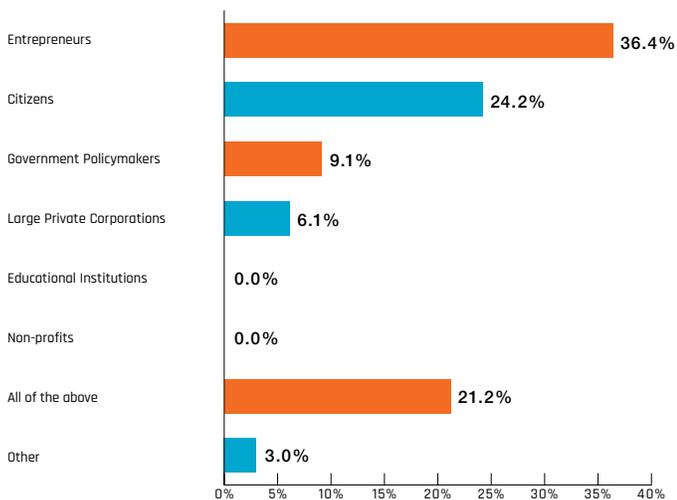
When asked to identify which would be the primary markets for export activity in Regina 2050, survey respondents identified the United States, China, and India to be the primary locations. Food, agriculture and natural resources were identified to be Regina's primary exported goods in 2050.

Becoming a leader in any economic sector requires incentives to attract businesses and top talent.

# RENEWABLE ENERGY IN REGINA

When the survey respondents were asked about who they believe will be the leader in environmental sustainability and green energy in 2050, one third (36.36%) see entrepreneurs as the leaders of environmental sustainability and green energy in 2050. About a quarter (24.24%) believe the leadership will come from Regina citizens. The third largest group of respondents (21.21%) believe that everyone will be responsible for environmental sustainability and green energy in 2050.

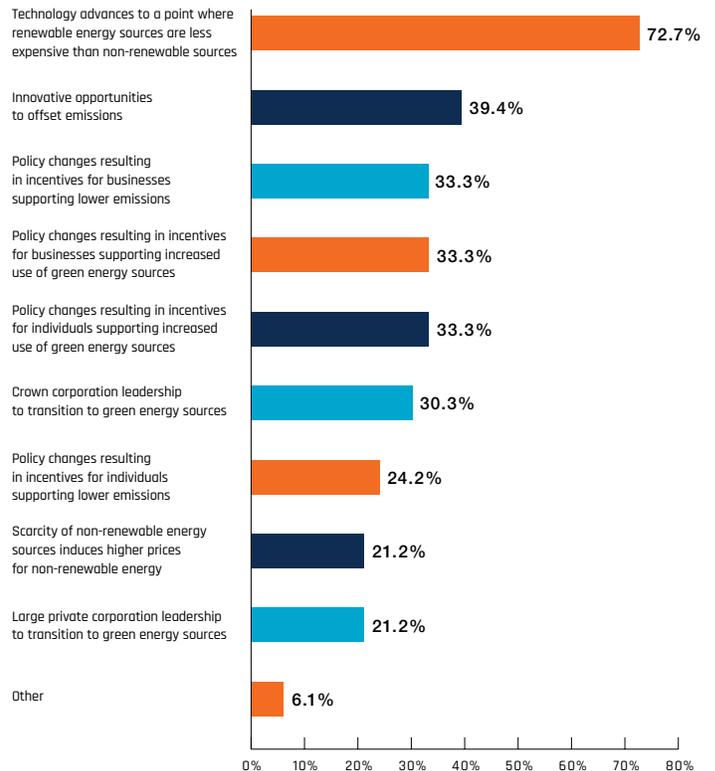
## Who do you believe is the leader of environmental sustainability and green energy in 2050?



Looking to 2050, the survey respondents were asked to picture Regina as having made substantial progress to transition away from non-renewable energy towards green energy sources (e.g. wind, solar, etc.). Respondents were to select all the categories they felt applied to get Regina to that point.

The majority of respondents (72.7%) believe that a transition towards green energy will be caused by a shift in the price of energy where renewable energy sources are more affordable compared to non-renewable energy sources. Just over a third (39.4%) believe the transition could be caused by innovative opportunities to offset emissions.

## In 2050, Regina has made substantial progress to transition away from non-renewable energy towards green energy sources (e.g. wind, solar, etc.). What has happened to get us there? (select all that apply)



## When asked how Regina transitioned towards green energy sources in 2050, this quarter's interviewees responded:

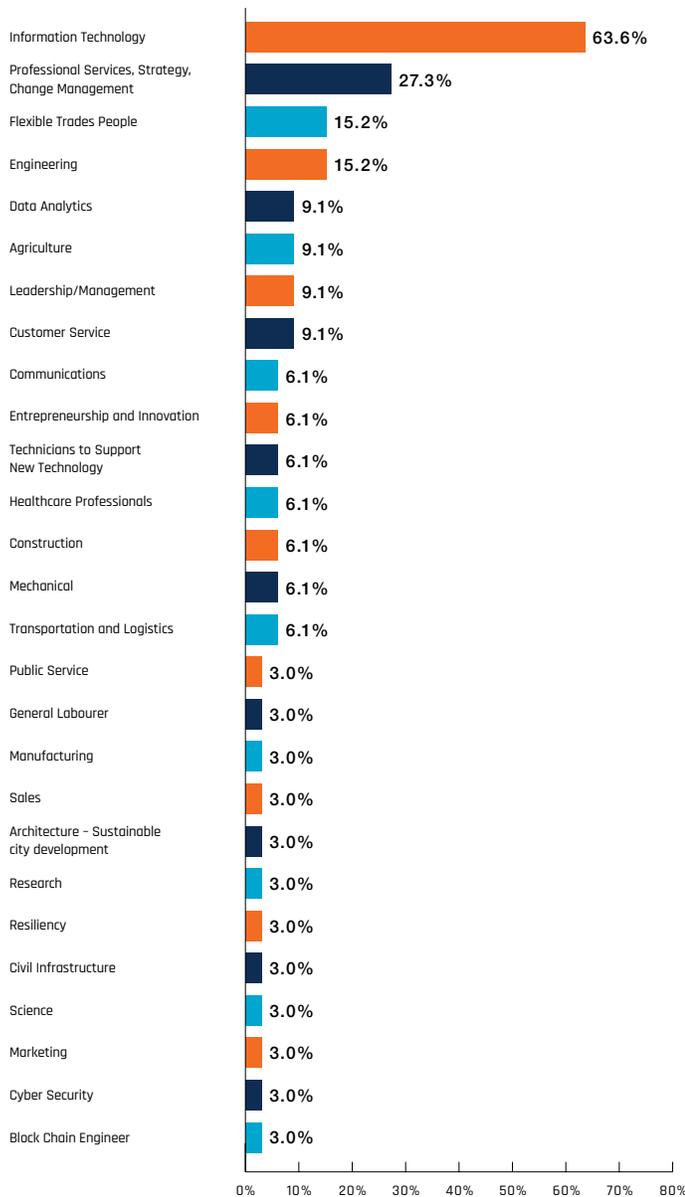
- Green energy has become financially viable.
- Regina leveraged its abundance of wind and solar energy.
- Municipal Government took a leadership role in terms of policy changes mandating green planning and green construction.
- The citizens of Regina are better educated on the importance of renewable energy sources.
- GRA organizations are able to utilize non-renewables in a more effective manner.



# REGINA'S FUTURE LABOUR MARKET

We asked survey respondents to identify the labour skills that will be of highest demand in 2050. The large majority of survey respondents (63.6%) identified information technology skills as being highest in demand in 2050, followed by professional services.

**Thinking about how you believe the economy will have changed in 2050, what labour skills do you believe will be most in demand?**

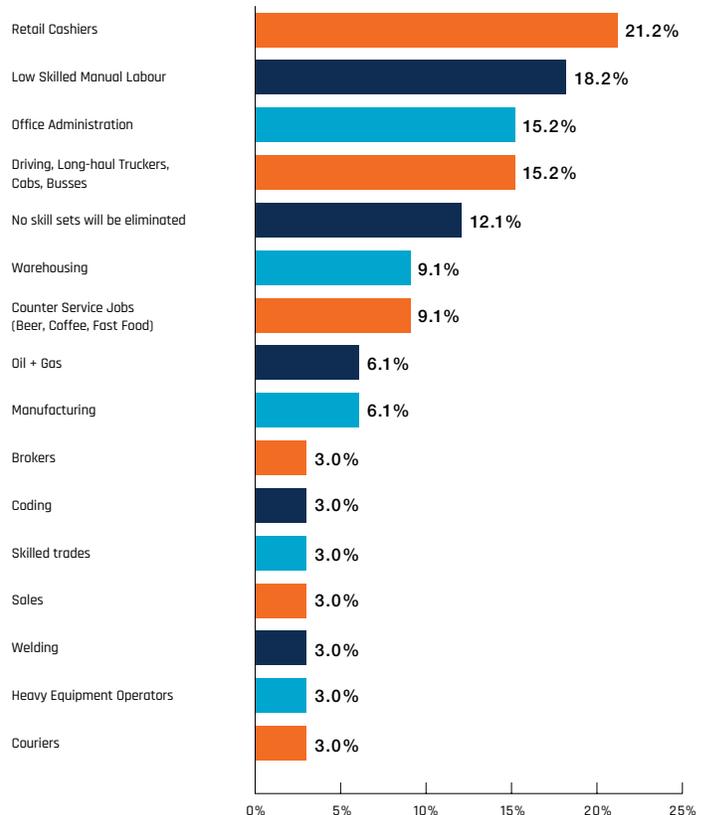


When interviewed, respondents provided the following thoughts regarding the importance of these two labour skills in Regina's 2050:

- **There will be an increase in technological advancement** – The labour force will have to support this advancement which includes the technical expertise to develop and maintain these systems.
- **With increased technology involvement, the population will still require professional relationships** – People will still buy professional services. Saskatchewan's prairie hospitality will live beyond technology's impact. Technological advancement will add tremendous value to the capabilities of professional service delivery.

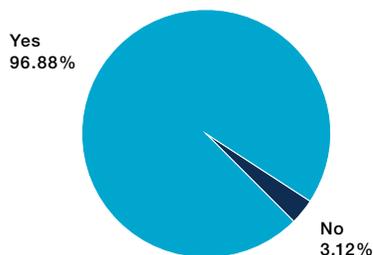
Survey respondents were asked to identify the skills that may no longer be needed in Regina's 2050. Retail cashiers, low-skilled manual labour, office administration, and driving skills were identified. Interviewees qualified that technology will have a high impact on low-skill positions (i.e. automation of labour).

**Which labour skills do you believe will no longer be needed? (Identify up to 3)...**



The increase in technical expertise and decrease in low skilled positions is further supported by the majority (96.88%) of respondents who believe Artificial Intelligence to play a role in changing the workforce composition of 2050.

**Will the emergence of Artificial Intelligence (i.e. the ability of a computer program or a machine to think and learn) play a role in a new workforce composition?**



**When asked how Regina's workforce becomes diverse and inclusive in 2050, executive interviewees suggested:**

- Aggressive incentives to support immigration.
- Strong Regina brand and identity that supports migration to Regina.
- The positive and welcoming attitude of Regina citizens to newcomers.
- Increased reconciliation efforts that include government policy change and leadership from the business community.
- Promotion of Indigenous and Immigrant populations' successes.

96.88% of respondents believe Artificial Intelligence will play a role in changing the workforce of 2050.

## EDUCATION IN 2050

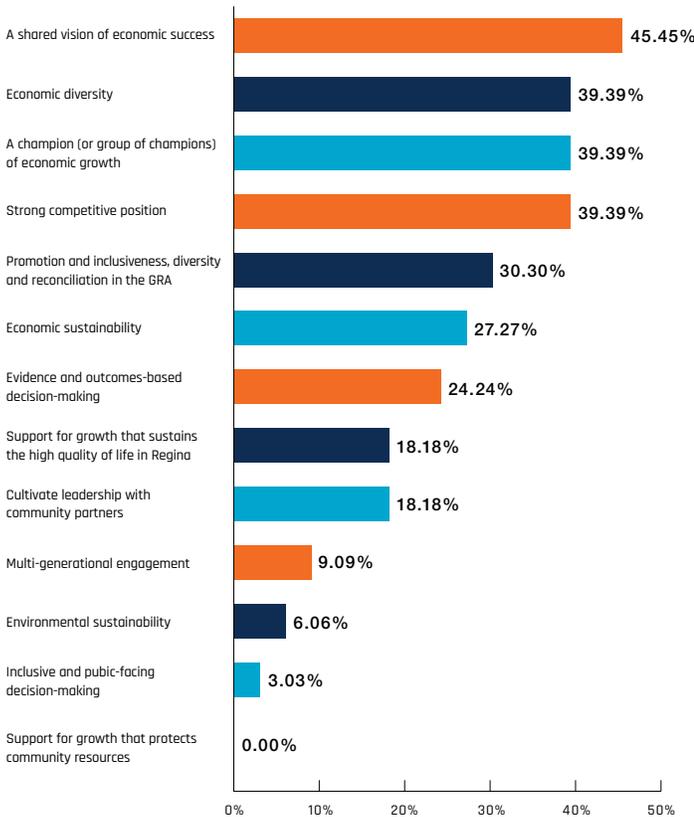
**When asked about potential changes to the way Regina is educated in 2050, executive interviewees suggested:**

- **Individualized Learning/Teaching** – Everyone learns differently, the system must cater towards unique personalities and support children to be successful in school.
- **Agile Curriculum** – Curriculum must be agile and change frequently to adapt to workforce needs and technological advancement.
- **Use of Augmented Reality (AR) and Virtual Reality (VR)** – Bricks and mortar institutions will always be around, but there will be increased use of AR/VR to lower the needs for physical infrastructure and provide better access to education.
- **Increased focus on technology** – Regina could be known for teaching children to code at a very young age.
- **Interaction with people will still be important** – Students will still want to learn and explore ideas with each other.
- **Greater focus on experiential learning.**

# PRINCIPLES FOR MOVING FORWARD

Survey respondents were asked what they believe are the three most important elements that will need to be considered in order to achieve the desired vision for 2050. The primary identified element that must be considered to achieve an audacious vision for Regina in 2050 is to have a shared vision of economic success among the GRA. This is followed by economic diversity, a champion of economic growth, and a strong competitive position.

## What do you believe are the three most important elements that will need to be considered in order to achieve the desired vision for 2050? (Select 3)



## Interviewees provided some additional insight into other elements, including:

- **Acceptance of aggressive change** – This change must occur to spur innovative culture and entrepreneurialism. The change must be aggressive and include the political landscape. Cannot let great opportunities pass.
- **Bring along tradition** – Understand how past tradition can be incorporated into the future.
- **Bold change makers.**
- **Keep the best interests of the community in mind.**
- **Be smart, thoughtful, and research-driven.**
- **Keep our Saskatchewan values close at heart** – We are humble, industrious, and hard working, which will be an important quality.

# Conclusion

The outlook of Regina executives for the economy is settling into the historic average with investments, hiring intentions, profitability, and sales are expected to remain consistent or increase over the next 12 months. While the outlook remains optimistic overall, it is becoming more conservative.

Executives have shared some of their thoughts regarding an ambitious vision for Regina in 2050. The future economic area of growth, in Regina, will be leveraged by our ability to feed the world. Green Energy initiatives will be led by entrepreneurs and change makers resulting from price changes making Green Energy more affordable. With these changes, the labour market skills needed to reach Regina's desired 2050 vision will focus on technology.

Success and great achievements cannot happen alone and this vision for the future is no exception. To achieve the 2050 vision, the Greater Regina Area will need to have a strong, shared vision of economic success driven by aggressive and bold champions of growth.

## ABOUT THE REPORT

Economic Development Regina (EDR), in partnership with Praxis Consulting (Praxis), began a quarterly publication entitled, "Regina Executive Leadership Outlook" in September 2014 that captures the thought leadership of senior business leaders in the Greater Regina Area (GRA) on key issues facing Regina and surrounding areas.

The survey is distributed to a list of approximately 80 senior business leaders. The survey has a standard component entitled "The Economic Outlook." This is a set of static questions asked each quarter that inform a unique Executive Confidence Index. This index is used to measure how confident executives are in Regina's overall economy across each quarter.

Every second quarter, Praxis and EDR pick a specific topic as the focus of the publication. Praxis then develops a survey questionnaire to gather quantitative data and an interview questionnaire to gather qualitative data using the chosen topic.

## Survey

Fieldwork for this project included 33 surveys completed by CEOs and senior executives in Regina's business community. Survey responses were received via an online survey, delivered to each participant by email. Responses were collected July 13 – July 27, 2018.

A total of 78 survey invitations were sent; the response rate is 42.3%. Margins of error cannot be applied to this type of non-probability sample.

In many cases, data is captured on symmetrical, verbally-anchored five-point response scales.

- On this scale, responses of 1 or 2 are negative; a response of 3 is neutral, and responses of 4 or 5 are positive.
- This report shows the frequency of response at every option in the response set, along with a mean, to indicate the overall level of response.

## Interviews

Praxis and EDR also request in-person interviews with Regina area-based Leaders to supplement the survey responses. Individuals are selected for an interview when their perspective, industry, or background aligning closely with the survey topic. All interviewee data remain confidential unless otherwise agreed upon by the interviewee for media use.

Fourteen (14) GRA executives were invited to participate in this quarter's interview process. Twelve (12) were able to participate.

## Methodology

The Executive Confidence Index is a single statistic calculated to gauge leadership confidence in the future economy. It is an average taken from a series of questions asking executives to look ahead 12 months. These questions ask executives about the future of the economy in the Greater Regina Area (GRA), their business' future investments, future number of employees, future sales revenue, and future profitability. In each question, a numeric value is assigned to a verbal response. A value of '1' indicates an expected decrease. A value of '2' indicates an expectation of the status quo, while a value of '3' indicates an expected increase.

This statistic assumes equal weight across all five economic questions. The result is an average of all responses. In this calculation, the lowest possible result is 1.0 and the highest possible result is 3.0. A result above 2.0 means that executives are optimistic about the economic outlook for their business, while a result under 2.0 suggests that executives are pessimistic about the economic outlook for their business.



Economic  
Development Regina Inc.

## ABOUT EDR

Economic Development Regina Inc. (EDR) is the economic development agency for the Greater Regina Area.

EDR is a not for profit economic development corporation, governed by a volunteer board of directors. EDR provides leadership to the community to support industry growth and diversification through retention and expansion of existing business and encouraging investment, development of industry and tourism.

In collaboration with key stakeholders, we work to identify, develop and promote opportunities that advance economic prosperity and ensure the Greater Regina Area offers a vibrant and diversified economy for investors, is a positive destination experience for visitors and offers a high quality of life for residents.

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## ABOUT PRAXIS

Praxis Consulting is Saskatchewan's largest locally-based management consulting firm.

Praxis works collaboratively with clients in the facilitation of growth and excellence. Leveraging an unmatched wealth of experience across multiple sectors, Praxis adds value to their clients through:

- **Research:** Information gathering and data analytics.
- **Strategy:** Thought-leadership, rigorous planning, and pragmatic strategies.
- **Results:** Cascading strategy and culture within the organization.

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