Restaurants & Brewery Industry meetings – What we Heard Report

Introduction

The restaurant and brewery workshop is an initiative in partnership with the Business and Local Economy (BLE) team and the Business Advisory Committee (BAC). The main goals of the initiative are:

- Build a highest level of the current state end-to-end journey map to open a business in Calgary
- Identify opportunities to improve the business journey to open and manage a business in Calgary

The purpose of this report is to document and analyze the feedback obtained from targeted stakeholders during the meetings. More importantly, the report provides a series of recommendations and next steps for the impacted business units to address and provide an update to BAC.

The Approach

A service design approach was used overall to achieve the goals of the initiative. Service design helps organization see their services from a customer perspective. It is an approach to designing services that balances the needs of the customer with the needs of the business, aiming to create seamless and quality services experiences (definition from This is Service Design Doing book).

In order to execute the initiative the following steps were followed:

- **Meetings:** three meetings with targeted stakeholders from the restaurant and brewery industry to empathize and collect their input and experiences.
- **Analysis:** information collected during the meetings were analyzed and themed to identify the best opportunities to improve.
- **Customer Journey Map:** further to the analysis from the meetings insights were generated to design a current state journey to open a business in the restaurant industry.
- **Recommendations:** development and prioritization of recommendations incorporating both perspectives from the customers and internally with BLE expertise.
- **Sustainment:** continue working and supporting the business units addressing the issues identified and elaborating on different industries customer journey maps.

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What we Heard

During the meetings, the BLE team along with the Councilors from BAC, engage with the participants better understanding of businesses needs and perspectives when interacting with The City to open and manage their business. Some of the questions asked were:

- What are the stages/phases to open a restaurant in Calgary?
- What are the activities, jobs and emotions businesses have to complete and go through within each stage of opening a business lifecycle?
- What are the pains and gains when going through the stages/phases of opening a business?

Table 1 below highlights the major issues emerged through the meetings with targeted stakeholders within the restaurant and brewery sector.

Issue	Where (BU) the issue is related to	Context and potential consequences for businesses	Suggested question(s) to be answered	Comments from stakeholders
1 - Lack of opportunity to meet, consistency and knowledge from staff when responding to inquiries	Calgary Building Services (CBS) - Customer Advisory Services	Businesses rely on the City staff availability and knowledge to provide them information in order to: • Identify the potential costs that will incur to open the business resulting on a viable and profitable business plan • Ensure the plans put forward for regulatory application meet all the necessary requirements. Conflicting and change of information can result in cost the business is not able to absorb and ultimately preventing the business to open their doors.	What actions can be taken that would result in providing more opportunities for business customers to engage with The City in a consistent manner to avoid potential re-work/problems before and after a permit application?	"Depends on who is on the counter at the time of application. That experience is critical, some might not understand what you're trying to do" "In some cases apply in the morning with problems, come back in afternoon and is accepted even though no changes are made to proposal" "City's process checklist is fairly good, however new business owners don't understand the road blocks within each of those steps. New business owners don't know

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Issue	Where (BU) the issue is related to	Context and potential consequences for businesses	Suggested question(s) to be answered	Comments from stakeholders
				the right questions to ask at that point" "Calgary can be the most challenging city to deal with compared to other municipalities"
2 – [2021 Focus] Uncertainty, time and cost increase due to Change of Use (COU) lengthy process.	• Calgary Building Services (CBS) – Stream 2 • Community Planning (CP) – Stream 3 • Calgary Approval Coordination (CAC)	Businesses have to manage their finances while they are waiting to confirm if the chosen location will be approved. While waiting for approval they have to negotiate and secure the lease of the place, which incurs considerable cost. The longer the process takes the longer the place is rented without generating revenue reducing the chances of the business to succeed. The lengthy process can cost the first years' worth of net revenue from the business.	• What actions can be taken that would result in reducing the time it takes to or remove the need of a COU? • How could a more modernize Land Use bylaw look like to support a fast-paced business environment to start up a business?	"People are making decisions for the market such as elected officials and non-elected officials, why do they get to decide whether or not they want that business in a certain building/community?" "Issue of who gets the power to oppose, one voice should not be strong enough to delay"
3- Inspection process require far more changes than what was initially approved on the plans/drawings	Calgary Building Services (CBS) – Building Safety Approvals	Businesses already incur cost to hire a professional engineer, who is legally liable for infrastructure. A great amount of additional effort, which increases the startup costs, is put towards interpreting City and provincial code standards for obtaining permits and to anticipate/mitigate any possible future problems that might occur.	• What actions can be taken that would result in providing more certainty and continuity to business guaranteeing that approved plans will not require further changes?	"Frustration when drawings are approved and stamped, then during inspections. Inspector requests more changes. Frustrating for business to incur additional fixes and costs" "When speaking to the File Manager, mainly only to ask where the file is at. Need one

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Issue	Where (BU) the issue is related to	Context and potential consequences for businesses	Suggested question(s) to be answered	Comments from stakeholders
		Despite all that effort and plans approved there is still a high degree of approval uncertainty and increased cost and time that could prevent business success.		knowledgeable person championing the whole process from beginning to end to sign off on all approvals" "Inspector at end is "god" and if he doesn't like it, or having a bad day, will be a stickler"
3A - Cost increase due to over design of various requirements related to safety	Calgary Building Services (CBS) – Building Safety Approvals	Businesses already incur cost to hire an engineer to design for construction who interprets regulation/codes which are not clear resulting in a lengthy back and forth process between City and business to agree on the requirements. Several instances businesses decide to accept a requirement higher than expected to move the process ahead. The experience from businesses tell that the "requirement interpretation gap" could have generated huge potential savings. Additionally, every square foot of the business space counts. Overdesign reduces the space decreasing the revenue potential for the business.	• What action can be taken that would result in clear guidelines for business to design and meet specifications and avoid extra and unnecessary costs?	"Dialogue back and forth on requirements however never had a clear understanding, as a result over designed to ensure an easy process of approval" "Challenges with not speaking directly to a City engineer or approver, instead conversing with a file manager representative who might not have all the information"
3B – Building safety codes regulation required to design for construction are too vague	Calgary Building Services (CBS) – Building Safety Approvals		• What actions can be taken that would result in a more clear and easier way to interpret building safety codes regulation avoiding subjective and confusing interpretation? • What can The City do to have a more active role and influence	"4" wall required to be built and up to code (R factor) versus an originally planned 3" wall for a refrigeration unit, needed to be redesigned. No one was asked or consulted on the change of code. Why would the City choose to make those changes, how are they

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Issue	Where (BU) the issue is related to	Context and potential consequences for businesses	Suggested question(s) to be answered	Comments from stakeholders
		Businesses feel they are left in the dark with changes to code	building safety codes to avoid sudden changes that don't reflect best practices and support business success?	vetted and who sits down to decide on those changes? Just one department?" "A little nomadic how code came to be, best practices outdated, maybe not within best interest"
3C – Lack of clarity on HVAC requirements	Calgary Building Services (CBS) – Building Safety Approvals	HVAC requirements are a major uncertainty for businesses. When renting the space landlords can't afford the installation costs of HVAC. These costs could be $150K and up. In some cases the cost can defer a business from opening.	• What action can be taken that would result in clear HVAC requirements for business to design and meet specifications and avoid unpredictable costs?	
4 - Lack of consistency/ subjectivity from inspection staff when making approval decisions	Calgary Building Services (CBS) – Building Safety Approvals	Business must engage with several different inspection staff from development, building, trades and fire. The experience with different inspectors varies to a higher degree with the inspections performed by Fire being the most accommodating one. The approach used by Fire is more constructive and direct where there is no hold-up of the business to open their doors. On the other hand, there is an adversarial attitude resulting on constant back and forth between business and	• What actions can be taken that would result in a more consistent experience with all different inspection requirements? • What actions can be taken that would result in a more constructive and direct approach to inspection where The City doesn't hold up the business to open its doors?	"All different staff (Inspectors; Calgary Fire; desk staff) working on the process to open a business seems to work on a different page. Development and Building Permits flawed and grey area within code review." "Fire will come in and say "this is wrong by our standards", make sure you get that changed but we aren't here to hold you up, here's your sign off"

Issue	Where (BU) the issue is related to	Context and potential consequences for businesses	Suggested question(s) to be answered	Comments from stakeholders
		inspectors to get the doors opened. The latter approach creates more uncertainty to businesses that have to allocate more money to cover the unknowns of inspections.		"One instance the inspector advised the sinks was too high for accessibility/handicap. Actions were taken to lower sinks. However the inspector came back saying the sinks were too low"
5 - Lack of perceived value on paying for a business license	• Calgary Building Services (CBS) • Community Standards – Compliance Services	There is a negative perception that the Business License is another form of taxation. It seems that the Business License inspection only looks if the business has made the license paper proof visible, missing the point of why the business is open.	• What actions can be taken that would result in a more positive perception for the need of a Business License and the benefits/value of business having it? • How could a more modernize approach to Business License look like to support Calgary's business environment and help business thrive?	"Why does the City need a Business License? Tax grab?" "What are the benefits to the business owner to have a Business License?" "Does the business license provide comfort to customers or to The City?" "What is the added value of a Business License to the City?"

Table 1 – Major Issues

Customer Journey

A customer journey map (CJM) is a visual representation of the steps and emotional states a specific customer segment goes through over a period of time to accomplish a specific goal that includes interactions with The City. Customer journey maps can help you understand a customer's overall experience by looking at interactions in the context of the customer's broader goals and activities.

The CJM chosen was of opening a restaurant/brewery business in Calgary. The reason behind selecting that industry is the complexity of processes and other provincial bodies involved in setting up a food related business in Alberta. CJM can have various scales and scopes, and it is usually needed several to represent different aspects of one experience or service: from a high-level map showing an end-to-end experience (the one created), to more detailed maps focusing on one stage of a higher-level CJM. The intention of this initiative was to select one complex journey and, in the future, replicate the process to create CJM for different industries and stages of the journey.

The CJM represented in Figure 1 was based on the information collected during the meetings with stakeholders and the subject matter expertise of staff with experience in opening a business in Calgary. The context for the CJM is for a "Strategic Entrepreneur" who would like to open a small to medium business in a commercial property. The profile of the customer is one that has the following characteristics:

- Some experience opening a business in Calgary
- Understands the pace of starting up a business which requires fast responses and how to navigate the uncertainties that comes with a new venture
- Is part of the "food network" of restaurant owners in Calgary
- Has some understanding of the technical aspects (i.e. construction codes) to build a brick and mortar type of business

The CJM also includes at what stage of the journey the issues highlighted in the previous "What we Heard" section occur.

Calgary

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Figure 1 – Opening a restaurant/ brewery business in Calgary

STAGES	BUSINES IDEA DISCOVERY/RESEARCH	REGULATORY APPLICATION (81 days)	REGULATORY APPROVALS (9-10 days)	BUSINESS OPEN (6-15 days)	BUSINESS OPERATIONS
STEPS	Find the requirements for the business and their respective costs Find a business space and funding sources to finance the business	Authorization to have the business as planned and on the chosen location Authorization to start construction of the business	Conduct inspections related to The City of Calgary Conduct inspections related to the Province of Alberta	Obtain business license Open business doors	Obtain renewals from government bodies Obtain approvals for modifications/ additions to the business
CUSTOMER GOAL	Identify the viability and the return on investment (ROI) of the business idea	Obtain all the necessary regulatory and legal authorizations to start executing on the business idea	Obtain approvals from the regulatory bodies to occupy the location in preparation for opening the business	Open the doors and start operating the business	▪ Maintain business compliant with regulatory bodies ▪ Ensure business is profitable with no disruption
CUSTOMER EXPECTATIONS	▪ Understand the whole process the business will go through for opening the doors ▪ Opportunity for upfront dialogue between The City and business ▪ Cost clarity for regulatory requirements	▪ Knowledgeable staff with consistent information being communicated ▪ Regulations and requirements are clear and feasible to be incorporated on building designs ▪ Opportunity to dialogue and ask questions to appropriate staff ▪ Expedited timelines to minimize loss of revenue ▪ Minimize the uncertainty of changes and increased cost in the future	▪ A constructive and collaborative approach to address potential gaps ▪ Accountability to honor what was approved earlier in the process ▪ Consistency among staff performing inspection	▪ Ability to start generating revenue as soon as possible ▪ Perceive value on licensing cost	▪ Convenience to maintain compliance ▪ Clear and timely communication that impact business operations ▪ Minimum interaction with The City
TOUCH-POINTS & EMOTIONAL RESPONSE	1 **Self-Research (online, talk to other business operators, etc.) – Little Confused** - information is vague (i.e. building codes) and can't find clear timelines 2 **Engage with The City– Frustration** - there are inconsistencies and lack of knowledge from staff, especially with codes related inquiries. Focus on little things slowing the business planning.	3 **Finding what types of permit/ licenses and inspections that will be required to set up business– Confident** – information is easy to read. Checklist provided by The City is useful. 4 **Start the Development Approval process – Worried and frustrated a with how long the process takes** – Submit application and documents either online or in person. Call or live chat for support. Track the applications status via Vista. Wait until hear back a response 5 **Receive/Review and take action on any conditions – Relieved one hurdle cleared** 6 **Start the Building Development process – Displeased with the lack of clarity and back and forth on regulation requirements** –Submit application and documents either online or in person. Call or live chat for support 7 **Receive/Review and take action on any conditions – Relieved and ready to start construction**	8 **Perform progress inspection – Apprehensive if requirements are compliant** – gather all plans and drawings from building electrical, plumbing, HVAC. 9 **Perform final inspection for building, electrical, plumbing, HVAC – Irritated and frustrated with the adversarial attitude from inspectors** – there is no consistency amongst inspectors. 10 **Perform Fire inspection– Very Appreciative with the constructive approach** – arrange furniture for inspections	11 **Set up Business License – Confused with the value and why to have a license–** create business ID and gather AGLC/AHS documents 12 **Engage AGLC/AHS/Fire for inspections – Frustrated with inconsistencies** 13 **Business open the doors – Thrilled to see the business open**	14 **Renew Business License – Disappointed** - business have to manually pay for renewal 15 **Business operations is disrupted by constructions – Frustrated with the lack of notice in advance** -
CHANNELS	▪ City website ▪ Counter visit ▪ Call centre – phone or live chat	▪ City website (Mybusiness) ▪ Counter visit ▪ Call centre – phone/live chat ▪ Vista system	▪ Call centre – phone/live chat ▪ Vista system ▪ Inspector visit	▪ Call centre – phone/live chat ▪ Inspector visit – AHS/AGLC	▪ Mail ▪ E-mail ▪ Call centre - phone/live chat
CUSTOMER THOUGHTS	▪ How should I budget for time and cost to go thorough the entire regulatory process and approvals? ▪ How much is it going to cost to open my business? ▪ Should I hire a General Contractor to manage the regulatory processes and approvals?	▪ Why do I have to go back and forth to get clarity on certain regulation requirements? ▪ When am I going to be able to pay and secure the space for my business? ▪ Where do I go if I have a specific regulation questions? Who do I talk to? ▪ What could be the roadblocks/risks when I start construction?	▪ Why are building inspectors trying to hold up my business to open? ▪ How could an inspector request changes if my plans/drawings are already approved? Can I talk to the person that approved my plans/drawings to dispute the change? What extra cost should I plan for if there are more changes?	▪ What is the value for business to pay for a business license? ▪ Should I have applied for my license in the beginning of the process?	▪ Why did I have go beyond the required codes if the design element is not being used? I could have saved money. ▪ Why is my business notified with such short notice that there will be construction in the area?
CUSTOMER EXPERIENCE EMOTIONS					
Where do the issues from What we heard show up?	Issue #1 Issue #2 Issue #3C	Issue #3/ 3A /3B Issue #4 Issue #5		Issue # 3A /3B	

Recommendations

The recommendations are divided into two categories:

1. Stakeholder: suggested recommendations provided by stakeholders through the meetings
2. Business and Local Economy (BLE): suggested recommendations provided by the BLE team

Further to identifying potential recommendations the BLE team has performed an initial assessment to identify implementation priorities according the following:

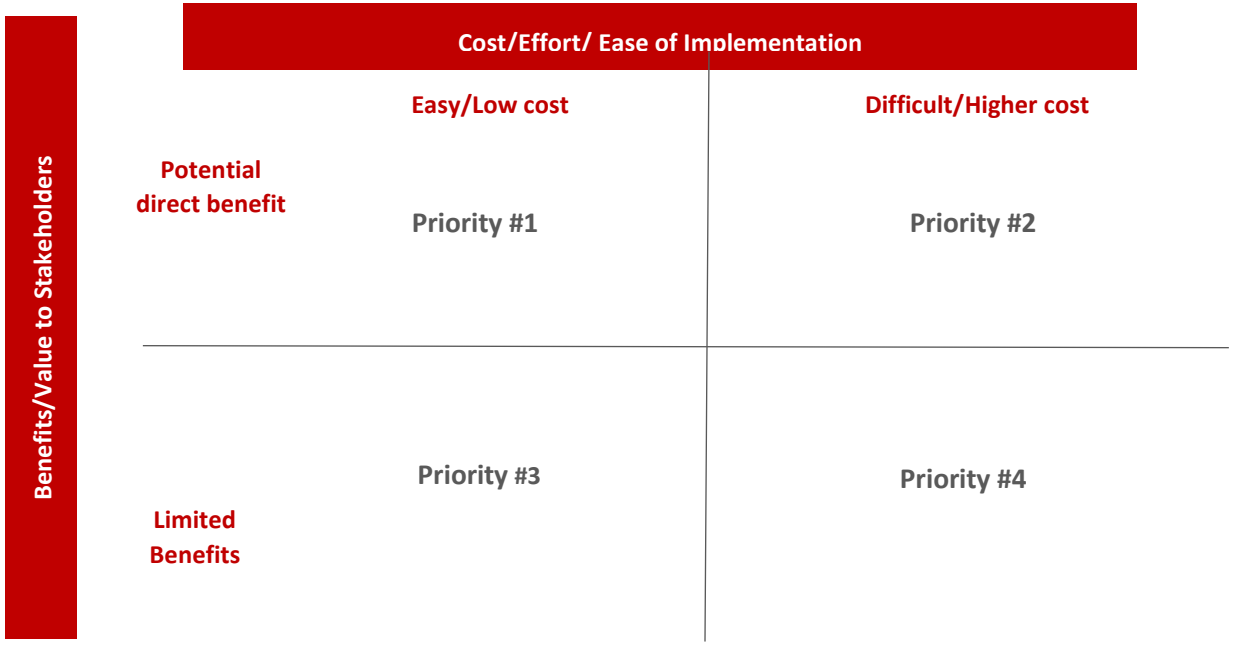

Table 2 highlights recommendations from all the issues from the What we Heard section except for issue number two (Uncertainty, time and cost increase due to Change of Use (COU) lengthy process) assessed according to the criteria mentioned above. The COU issue (#2) is a 2021

focus and the recommendations identified can be further investigated by the involved business units. The recommendation for issue number two can be found in table 3.

	Recommendations			
Issue	**Priority #1**	**Priority #2**	**Priority #3**	**Priority #4**
1 - Lack of opportunity to meet, consistency and knowledge from staff when responding to inquiries	• Create preapplication meetings combined DP/BP • Make more staff available to help early in the process • Create Q&A forum, with top 10 common questions that others have asked and here are the answers with best practices. • Update content for internal staff site (ROBO) and Technical Assistance Centre. • Review training of staff.	• Create a volunteer sub-committee with retired SME's possibly for new business owners to consult by a city sanctioned group without any skin in the game. • Track common questions to ensure consistent answers. • Establish a community of practice to share best business practices and changes between Calgary Building Services (CBS) and Community Planning (CP) • Leverage tracking systems used in different BU • Create checklists for staff to follow for different business types. • Opportunity to determine / estimate HVAC costs upfront		
3- Inspection process require far more changes than what was	• Hold consistency meetings with inspectors	• Same person reviews building permit does the inspection	• Ensure approved permit plans and conditions are provided to business owner	• Revisit the role of the SCO/File manager to flag issues earlier in the process

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	Recommendations			
Issue	**Priority #1**	**Priority #2**	**Priority #3**	**Priority #4**
initially approved on the plans/drawings	• Senior inspector available for contractors to challenge the decisions • Quality over quantity at intake process to avoid extended timelines due to missing information from applicants	• Look for overlaps between all the approval requirements		• Align clients engineering designs and City's approval bodies
3A - Cost increase due to over design of various requirements related to safety codes regulations not being clear	• If the system is way over designed, contact the business owner.		• Provide building code sections upon review to business owner and contractor/consultant.	
3B – Building safety codes regulation required to design for construction are too vague	• Confirm with Safety Codes Council (SCC) what opportunities are available for The City to be engaged on safety codes regulations. • A subcommittee created for distilleries to help with safety codes regulations is one alternative that might help for other businesses	• Engage with SCC to suggest the creation of a help centre where inspectors can ask clarifying questions when in doubt		
3C – Lack of clarity on HVAC requirements	•	• Opportunity to determine the estimates for HVAC cost up front		

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	Recommendations			
Issue	**Priority #1**	**Priority #2**	**Priority #3**	**Priority #4**
4 - Lack of consistency/ subjectivity from inspection staff when making approval decisions	• Create a channel for businesses to call about challenges with inspections • Provide building code sections on inspection reports, provide the documents to the business owner and contractor/consultant • Have a contact such as a senior inspector available for contractors to challenge the decisions without retribution from the inspector	• Having the same person who signs off drawings on the beginning and at the end for more accountability and continuity	• Inspectors to hold consistency meetings to ask questions and review files.	
5 - Lack of perceived value on paying for a business license	• Administration to explain ROI to business owners • Investigate what other jurisdictions (USA and Europe) are doing to enhance the value of charging for a business license.	• Investigate the removal of the fire fee - business license • Use funds from Business License to create an external Advisory Panel to support other businesses that are starting up • Provide an automatically options to Business License Renewal		

Table 2 – Assessment of Recommendations

Note:
Blue text – Stakeholder Recommendation

Green text – BLE Recommendation

Issue	Recommendations
2 - Uncertainty, time and cost increase due to Change of Use (COU) lengthy process.	• Expand the Centre City Enterprise Area model or other similar to other communities allowing business to apply directly apply for Building permit – **ON TRACK (already in progress)** • Remove the need of COU for simpler businesses • Investigate what other jurisdictions (USA and Europe) are doing to simplify the COU process. • Review commitment timelines. What can and can't be removed from circulation? • Review staffing and workload. • Update use questionnaire with targeted questions to prevent back and forth between clients and file managers. • Reduce application fees

Table 3 – Issue #2 Recommendations

Note:
Blue text – Stakeholder Recommendation
Green text – BLE Recommendation

In addition to the above recommendations the BLE team has identified some common patterns amongst them. Business units are encouraged to consider the following observations for a successful issue resolution:

Culture & Change Management

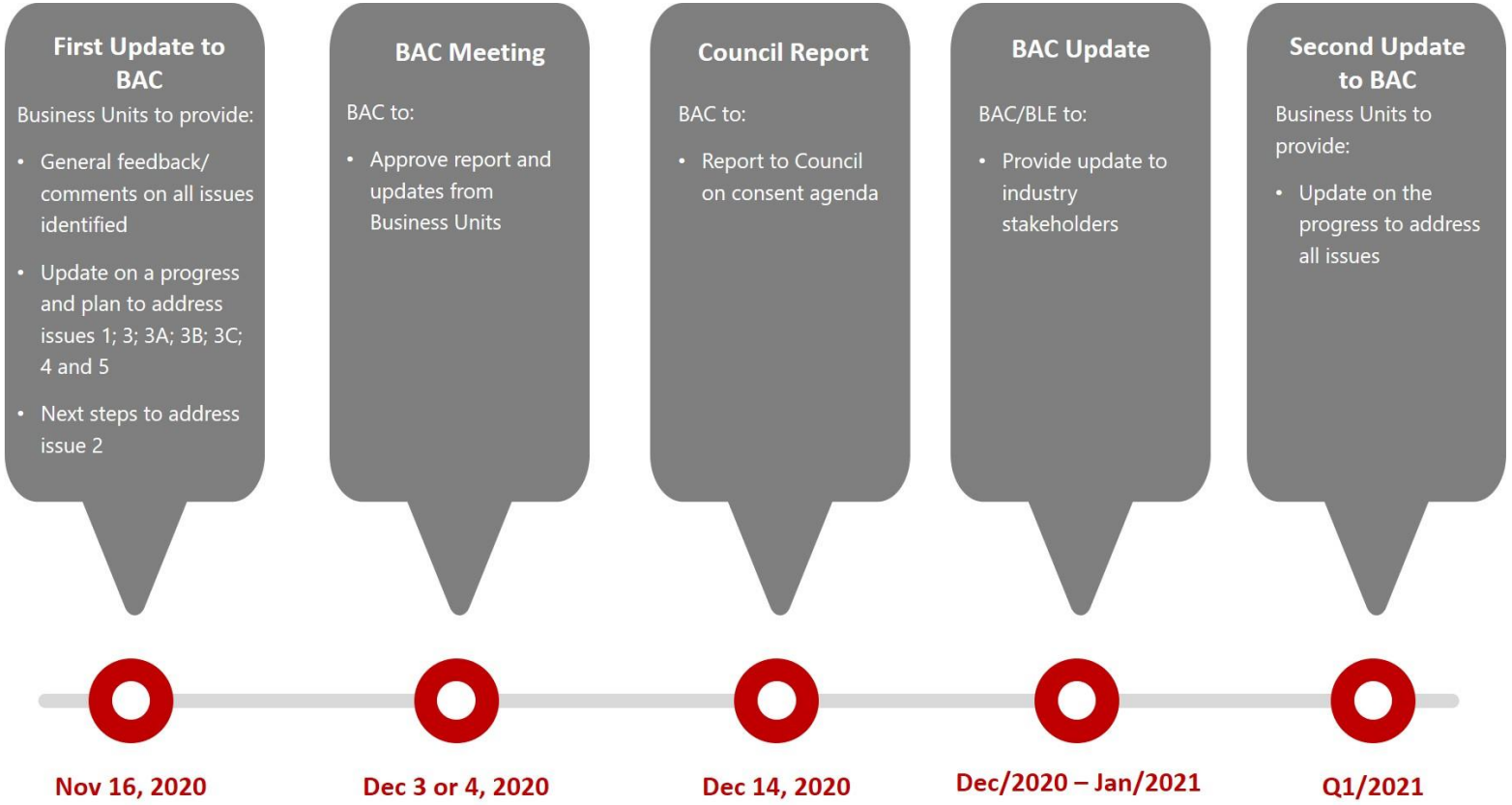
- Customer Experience: recognize and reinforce the importance of customer experience in the success of providing services business owners need when interacting with The City. Using artifacts such as the journey mapping to encourage employees to build empathy toward customers can help understanding the impact and implications of internal processes and behaviors have on businesses.

- Involvement of all levels of staff: all roles within the areas involved in providing services to business customers have a key part to play. A large part of creating a common mandate and vision to support a better customer experience involves meaningful engagement with front-line staff who has a wealth of knowledge to help solve issues with practical innovation.

Communications & Education

- Barriers between areas of expertise/functions: customers have to navigate multiple areas of expertise/functions until the service is delivered on its entirety and the final result is achieved. It is important to consider the entire journey the customer has to go through. Functions must be connected with constant communications and knowledge sharing to identify potential efficiencies and ensure the impacts of changes in one area does not reflect negatively in others.
- Customer communication: business customers face many risks, especially those starting up a new venture. Having an open line of communications with those customers can help alleviate some of those risks and minimize the chances of rework throughout the journey when accessing a service with The City.

Next Steps

Based on reporting requirements from the Business Advisory Committee (BAC) the following timeline was created to guide the efforts of this initiative.

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