



Canadian  
Manufacturers &  
Exporters

Manufacturiers et  
Exportateurs du  
Canada



MADE IN  
Canadian Vision  
Global Excellence



## Northern Alberta Institute of Technology (NAIT)

### Introduction

This session was held at NAIT in Edmonton, Alberta on June 22, 2004. The meeting convened a group of senior manufacturing executives to generate viewpoint and opinion for the **Manufacturing 20/20** program, launched by the Canadian Manufacturers and Exporters in 2004. The combined results of these sessions will form the basis of a set of recommendations, which will be delivered in October to the multiple levels of government in Canada. This paper documents the results of that session.

### Session outcomes

The intended outcomes of the session were to develop a shared understanding of:

- The challenges and opportunities facing Alberta manufacturers;
- A “preferred future” for manufacturing in Canada; and
- What needs to be in place to ensure a thriving competitive manufacturing sector.

Launched by a presentation providing some background for the program, the session took the form of dialogue, driven by a set of questions reflecting the above three outcomes.

### Participants

- |                   |                 |                             |
|-------------------|-----------------|-----------------------------|
| • Grant McCarthy  | President       | Beaver Plastics             |
| • Gary Loblick    | VP & GM         | Domino Machine Inc          |
| • Brett Padget    | CFO             | Argus Machine Co. Ltd.      |
| • Michael Beihse  | Mgr Int Bus Dev | Can-Tran International Inc. |
| • Peter Ouellette | President       | AltaSteel                   |
| • Brian Wilson    | President       | IMAC Design Group Ltd.      |
| • Steve Little    | Plant Sup       | Lucerne Ice Cream Plant     |
| • Daryl Friesen   | President       | Flexxaire Mfg. Inc.         |
| • Lori Schmidt    | Mfg Cluster Mgr | Edmonton Economic Dev Corp  |
| • Ken Roth        | President       | IRT Integrated Rectifiers   |
| • Joan Fargey     | Secretary/Treas | Western Archrib             |
| • Bert Klaassen   | Mgr. Operations | Drader Mfg. Industries Ltd. |
| • Jonathan Avis   | President       | Saxby Foods Ltd.            |
| • Henry Ruis      | VP – Mfg        | Black Cat Blades            |
| • Jim Rakievich   | President       | McCoy Bros Inc.             |

## *Challenges and opportunities*

### ***What are the major challenges and opportunities we are currently facing as manufacturers in Canada?***

#### Employment and the availability of skilled labour

- There is a skilled employee shortage
- Few entry employees with necessary skills to work in our businesses
- Apprenticeship programs are not providing the skill sets required
- Immigrants often have to be trained in our high standards of industrial infrastructure and the Canadian culture of employee involvement
- Foreign workers lack the natural skills required in Canada
- The safety net in Canada is too rich to allow for the involvement of the aboriginals in employment. They do not see the picture of the where employment leads – only the minimal difference between entry level employment remuneration and the current provisions of the Government safety net.

#### Education of skilled labour continues to be a challenge

- There has not been a change in skill sets from educators to meet today's manufacturing requirements
- Government not listening to the education needs of manufacturing
- There is a lack of work ethic in Canadian youth, which is created, in part, by our education system
- There is a belief by the educators that work ethic and common sense are not the responsibility of the education process.
- We should return to a system that will stream students and also stress the opportunity that working with tools and technology can have for career planning of youth
- No performance measures for teaching of students
- Manufacturing currently has too little influence on the future of education
- Need to set higher standards within companies
- Social climate today not comparable with manufacturing needs. Must fight for right type of education

#### Manufacturing sector relationships with governments are non-productive in general

- Government understanding of manufacturing limited
- Successful communication with governments important, but frustrating
- Government infrastructure for movement of goods into and out of Canada has not kept up and is a crisis stage
- We are poor at developing the political strength to influence the Government – this must change for manufacturing to remain an important sector
- Government is not interested in manufacturing as we are not “sexy”
- Government should work in the same direction as manufacturing – not the opposite.
- Governments don't always have to aid manufacturers, but should remove barriers
- Alberta does not have a Provincial SRED to match the federal program

#### Manufacturers are poor storytellers

The public raising of the profile of manufacturing is critical

Need to do more applied research rather than basis research

Shortages of raw materials due to quotas – example “butter fat”, which must change

Steel and other commodity shortages impacting ability to perform

Access to export markets – critical extension of Free Trade Agreements

Manufacturing does not have an action plan or strategy for the future

Manufacturing is misunderstood by the majority of Canadians – has to change. Public feels manufacturers are wealthy

Manufacturing is a default career for many

We must communicate the net value of manufacturing to the citizens and stakeholders of Canada.

We as entrepreneurs are at odds with society and its goals – profit has negative connotations

Immigration has too long a wait time to acquire skilled employees

A significant opportunity is the increase of productivity of the Canadian worker that can be accomplished by focusing on World Class rather than \$ class (low Canadian dollar had caused a lack of investment in technology)

Understand the future is going to be Global and become the leader by using strategic planning in investment, employee training, and organizational development

The lack of international zones in Canada, where value added manufacturing can be done without cost of import/export, hurts manufactures competing with manufacturers in zones in other countries

Lack of export tax credits to assist development of new markets

Lack of ability of manufacturing to determine the life of equipment and depreciate on an accelerated schedule

Our Canadian patent offices take between 3 and 5 years to issue a patent compared to 18 months to in the US

The Kyoto accord is a barrier to development in Alberta, making products uncompetitive in global markets

### *A “preferred future” for the manufacturing sector*

***What would we like the manufacturing sector to look like in the 5 to 10 year time frame? ....what are the main characteristics of manufacturing in Canada in that time frame?***

World Class freight infrastructure and customs facilitation must be in place to get exports out of Canada and imports into Canada

There will have to be a National Industrial Strategy developed and followed to support manufacturing

The development of North/South infrastructure routes will have to become world class and leading edge to move Alberta manufactured goods

The political will to balance commerce and security has to have the strong support of the Canadian government

Canadian manufacturers will deliver on value added and focus on customer needs using our ability to accomplish quick product changes in our operations

We will have more employees but they will be more engaged in productivity and focused on customer needs

Lean principles will continue to evolve in our manufacturing sector

There will be a much higher entry cost to start and continue in business due to the requirement of technology to compete

Our staff will be highly trained and will create companies that are more flexible

Supply chains to increase value and secure scarce raw materials will be critical

The development of a more business oriented banking culture or patient capital will be essential as the high cost of market entry and technology investment will require increased new capital to prepare for future product development. Government could play a role in its tax policy for creation of capital pools and sharing of risk

More value added – don't export lumber, export furniture

More private labels to create value

Government must help share more risk, i.e. Canadian Commercial Corporation, Export Development Corporation

Must understand specialized partnering

Manufacturers will have an opportunity to export our innovation and skills to other global regions and obtain economic benefits in the process

Canadian manufacturing will use our traditions and reputation as strong business partners to increase our Global reach and extend our economic benefits

Alberta manufacturers will recruit the help of the Alberta Government to focus on the raw energy strengths of Alberta and develop the technology to allow Alberta to again be a low input cost energy region

The federal government has to become a better negotiator in trade agreements with the United States and other trading partners. An example was importing of butter fat for food manufacture

We must use the culture and skills that our immigrant employee's have to develop business relationships in regions where trade can benefit our manufacturers other than the United States

The Alberta Government will have to provide training programs for manufacturing company staff to train in middle management and productivity improvement

The Alberta Government will have to develop a "Made in Alberta" SRED program

Pools of capital from Oil and Gas revenue

The manufacturing industry will have to develop a method of accessing the Alberta Ingenuity Fund for applied research

The Alberta Government – Ministry of Learning will have to become manufacturing oriented in its K–12 education as well as the technical trade training

Municipal Governments must protect the land base to assure that manufacturing has a place to set up plants and be assured that they can have long term necessary infrastructure and an advantage in taxation

Municipal governments will have to understand the economic value that manufacturing brings to a region and be a partner in this development (manufacturing oriented municipal governments)

Package services with our technologies

## *Next steps*

### ***What steps do we need to take as manufacturers to help create our “preferred future”?***

Manufacturing companies will have to develop a future state strategy that allows for transition in the next decade. Manufacturing has not done this except in a very few cases

Manufacturing in Edmonton must create the united voice to influence the federal, provincial, and municipal governments to be partners to manufacturing

CME should provide education programs for manufacturing employees

Manufacturers should determine and work with educators in Alberta to provide additional instruction in the areas that we require and influence the types of careers that youth are directed towards

Manufacturing will have to accept the role of providing manufacturing industry training through more co-op positions provided to professional or college programs

The measurement of success that the governments use has to be refocused to align with manufacturers requirements to succeed.

CME will have to continue this process and the Edmonton manufacturers in attendance are prepared to assist in strengthening the process

