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EXCELLENCE IN MANUFACTURING CONSORTIUM YORK MANUFACTURING NETWORK

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report, April 6, 2005, from the Commissioner of Planning and Development Services:

1. RECOMMENDATION

It is recommended that:

1. This report be received for information.

2. PURPOSE

The purpose of this report is to provide Regional Council with an update on the Excellence in Manufacturing Consortium, York Network.

3. BACKGROUND

During the consultations for the Economic Strategy, many of the participants suggested that the Region should foster opportunities for business to leverage technology to maintain their competitiveness. One of the priority actions of the Economic Strategy is to facilitate the establishment of a York Region Advanced Manufacturing Consortium to encourage cross-pollination of research and development expertise and opportunities for joint product and market development.

4. ANALYSIS AND OPTIONS

4.1 Importance of Advanced Manufacturing

In the previous report, *Manufacturing 20/20*, which was presented to Planning and Economic Development Committee on April 6, it was shown that the manufacturing industry is vital to the growth of the Region's economy. However, the manufacturing sector is constantly facing new challenges in the global marketplace. The emergence of new markets, low-cost competition, the rapid development of new technologies, more demanding customers, and bottom-line pressures are changing the nature of manufacturing everywhere.

The Canadian Manufacturers and Exporters (CME) predicts that the future of Canadian manufacturing will be characterized by product specialization; higher-end production processes and business activities; an emphasis on innovation, design, branding, customer

service and financing activities; lean business systems; highly automated and flexible production processes; rapid development and use of innovative products and technologies; integration in global value chains and business networks; and global enterprises.

Based on the feedback from consultation with industry, the Region's Draft Economic Strategy has included the Strategic Objective of "Encourage technological innovation and commercialization". A priority action is to facilitate the establishment of an Advanced Manufacturing Consortium in the Region.

Firms engaged in advanced manufacturing are characterized by the adoption of processes that involve two key categories of technology:

- 'Hard' technologies such as computer controlled machine tools, robots and sensors.
- 'Soft' technologies such as materials requirements planning and statistical process planning, integrated supply chain management, and "lean" manufacturing techniques.

Canada's advanced manufacturing sector has experienced remarkable growth in employment and productivity over the past decade. Data from Industry Canada indicates that the Canadian advanced manufacturing industry consisted of 560 firms in 1995. Shipments were valued at \$3.4 billion with exports accounting for 70% of all shipments. In terms of growth, the advanced manufacturing sector grew by 11% in Canada over the last decade, with the value of shipments growing by 40% and value added increasing by 43% over the same period. In addition, exports of the outputs of the advanced manufacturing cluster in Canada grew by 25% over the last five years.

According to Industry Canada, the advanced manufacturing industry in Canada is highly concentrated in southern Ontario. Ontario has approximately 70% of Canadian employment in the industry and is the origin of 80% of the value of Canadian shipments of advanced manufacturing products. Therefore, the health of the advanced manufacturing industry is critical to the economy of Ontario and York Region.

4.2 Excellence in Manufacturing Consortium

Excellence in Manufacturing Consortium (EMC) is a not-for-profit association of manufacturers and exporters, dedicated to fostering industry learning and knowledge sharing, networking and continuous improvement. Members utilize the association's advanced manufacturing knowledge network as they strive to become more globally competitive, producing a variety of high precision products & services that are marketed throughout the world. Recognized as Canada's leading knowledge industry network, EMC's industry and member approach is unique not only in Canada but in North America as a whole.

Founded in the mid 1980's and incorporated in 1997, the focus of EMC is to bring manufacturers together to network with their peers to share best practices, experiences, opportunities and challenges. Networking occurs through regular monthly sessions called Strategic Interest Groups (SIG's) which focus on issues determined by managers from any of an organization's key disciplines. It also occurs through an email forum that allows manufacturers to both ask questions and retrieve responses from topics or questions of interest to them and their organization. Through direct feedback from the manufacturing community, EMC is also able to develop and offer a wide variety of training programs on advanced/lean manufacturing resource solutions, skills and human capital, and health and safety issues.

EMC has expanded from 12 original members based in Owen Sound to 30 regional consortia with membership of over 550 manufacturers in over 100 communities across Ontario and New Brunswick. The York Network is the latest addition to the consortium.

4.3 York Manufacturing Network

In early 2004, staff entered into a discussion with Excellence in Manufacturing Consortium for the purpose of establishing a manufacturing network in York Region. Subsequently, a Business Briefing Session was held in October 2004 at the King's Riding Golf Club. The purpose of the session was to provide an opportunity for manufacturers in the Region to learn about EMC and the benefits of membership and participation. The Business Briefing was attended by eleven manufacturers from the area.

Since the Business Briefing, four manufacturers in the Region have joined the York Manufacturing Network. The first York Region SIG Manager's Event was held in November 2004, and this will be followed by two other special events on Benefits Costs and Lean Metrics to be sponsored jointly by the Region and EMC in April and May 2005. Notices for the two seminars are attached as Attachment 1.

EMC will continue to develop potential contacts through member presentations, telephone contact, and special event invitations to bring value to the existing group of manufacturers that are currently members within this Consortium. A new Field Services Advisor has been assigned to the York Region area in 2005. She will be responsible for the development of the York Network, facilitate the SIG events, and be the point of contact for both existing members and potential new contacts.

A second Business Briefing Session is being planned for the second quarter of 2005 in order to promote the consortium and its initiatives within the Region.

4.4 Relationship to Vision 2026

A strong manufacturing sector will contribute toward the Economic Vitality goal as established in *Vision 2026*.

5. FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

6. LOCAL MUNICIPAL IMPACT

Staff will be working with EMC's Field Services Advisor and the area municipal economic development offices to develop the York Manufacturing Network in all local municipalities.

7. CONCLUSION

The *Competitive Assessment of York Region* study has concluded that the manufacturing intensity within the Region is higher than the GTA average, and it ranks third within the GTA after Peel and Halton. York continues to gain jobs in the manufacturing industries even as manufacturing employment is weakening in the U.S. The Region's Draft Economic Strategy identifies a role for the Region to help equip manufacturers with the tools to ensure continual success. It is recommended that this report be received, and that the staff continue to work with EMC to expand the York Manufacturing Network throughout the Region.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the May 4, 2005 Committee meeting.)