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INNOVATION IN MANUFACTURING PROJECT UPDATE

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated April 5, 2011 from the Commissioner of Planning and Development Services.

1. RECOMMENDATION

It is recommended that:

1. Planning and Development Services Department circulate the Council report to the Ministry of Training, Colleges and Universities, the local municipal Economic Development Offices, the Advisory Committee, manufacturing associations and interested stakeholders and businesses that were involved in the 2010 workshops and the report be made available on the corporate website.

2. PURPOSE

The Innovation in Manufacturing Project Update Report provides the background of the development of the project in 2009 and 2010 which lead to the application for funding. Included are the 12 month project deliverables, a process chart and the actions achieved to March 31, 2011.

3. BACKGROUND

Manufacturing is central to York Region's economic future. Engaging and helping to revitalize the manufacturing sector will assist policy makers, innovative manufacturers and investors in identifying competitive opportunities in York Region manufacturing and lay the essential groundwork to encourage new and sustained manufacturing investment at the local level.

Innovation in Manufacturing Project was initiated in 2009 with an Ipsos Reid Survey of 300 York Region manufacturers

A manufacturing sector survey was delivered by Ipsos Reid in fall 2009 resulting in interviews from 301 York Region manufacturers on 92 key performance indicators. The report on Manufacturing Sector Survey Results and the Ipsos Reid Study publication were presented to Council December 16, 2009. The key conclusions were that manufacturers that are most likely to succeed invest in research and development (R&D), sell products nationally and internationally, and secure government financing.

A Manufacturing Sector Symposium created interest in the Innovation in Manufacturing Project

A Manufacturing Sector Symposium was held in March 2010 resulting in a recommendation that all levels of government, federal, provincial and municipal work with the manufacturing community and partners to develop a Manufacturing Sector Program that would provide vision and leadership for the future and communicate a clear message that York Region is the place to build and grow innovative manufacturing-based enterprises.

Authorization to submit a funding application and execute funding contracts was approved by Council in June 2010

Regional Council approved a June 2010 report authorizing the Economic Strategy Branch to submit a funding application to the Ontario Ministry of Training, Colleges and Universities to implement the Innovation in Manufacturing Project and authorizing the Regional Chair and Regional Clerk to execute funding contracts with federal and provincial programs to help advance the Region's manufacturing sector, subject to the approval of Legal Services.

Stakeholder Engagement for the application was secured in October 2010

In October 2010, the manufacturing community was engaged at a forum to ensure commitment to the program and an Industry Advisory Panel was formed. A final manufacturing project conference is planned for December 8, 2011.

Funding of \$250,000 was secured from Employment Ontario

Funding for the Innovation in Manufacturing Project was issued through the *Articles of Agreement* on December 21, 2010 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Training, Colleges and Universities and the Regional Municipality of York in the amount of \$250,000 for the project duration January 1, 2011 to December 31, 2011. A memorandum was presented to Planning Committee in February 2011 to inform Committee that the application for funding was successful.

4. ANALYSIS AND OPTIONS

The objective of the 12 month Innovation in manufacturing project, led by the Regional Municipality of York and its partners, aims to stimulate innovation in York Region's manufacturing sector to ensure sustainability and growth.

This will be accomplished by:

- undertaking research in innovation
- producing a self-guided online resource tool and guide for manufacturers to assess their capacity to develop a roadmap leading to research and innovation
- hosting a Life Sciences symposium (MedEdge Summit 2011) on June 16, 2011
- hosting a manufacturer's conference in December 2011
- taking a leadership role in the development of a consortium of 50 manufacturers

The activities and timelines are provided in *Attachment 1* and described below.

First quarter activities include hiring staff, researching best practices in manufacturing innovation, forming an advisory panel and engaging manufacturers

Job announcements were posted and the successful candidates were secured in March. Susan Bergman, Project Coordinator started on March 1, 2011 and Pauline Nagelmakers, Marketing Assistant started on March 21, 2011.

Researching best practices in manufacturing innovation includes a SWOT analysis and engagement through corporate visitation

Expected research outcomes include:

- Data research and collection.
- Prepare a strengths, weaknesses, opportunities and threats (SWOT) analysis of the Life Sciences manufacturing sector including food, beverage, chemical, plastics and rubber products, machinery, electrical equipment, appliance and component and miscellaneous (including medical equipment and supplies) manufacturing.
- Form an advisory panel of 10 to 12 individuals representing academia, business and various levels of government.
- Develop collaboration with two business development advisors contacting approximately 250 York Region manufacturers through corporate visitations for engagement in the consortium and conducting eight focus group meetings with manufacturers to discuss innovation solutions and the online resource tool.

Second quarter activities include ongoing research, focus group meetings, delivering a life sciences summit and developing terms of reference for a consortium

- Ongoing research to review the SWOT analyses and determine the focus of another manufacturing sector beyond Life Sciences
- Begin preparation of a best practices guide
- Continue focus group meetings
- Develop an online resource for manufacturers to help them assess their business and produce a roadmap towards new product innovation

- Launch the Life Sciences Summit (MedEdge Summit 2011) with anticipated attendance of 150 to 200
- Establish terms of reference for a consortium with the Advisory Panel

Third quarter activities will include test marketing the online tool and beginning preparation of a best practices guide

- Continue focus group meetings
- Finalize terms of reference for the consortium
- Test market the online resource tool through feedback from the business development advisors visitations, feedback at the focus group meetings, and a field test with manufacturers
- Prepare the final best practices guide

Fourth quarter activities will finalize the project with the outcome of forming a sustainable consortium of 50 manufacturers

- Continue focus group meetings
- Host a manufacturer's conference in December 2011
- Distribute the best practices guide
- Engage the consortium towards greater global competitiveness, and form Special Interest Group(s) and foster innovation discussions

Results to March 31, 2011 include hiring staff, engaging manufacturers, and marketing the life sciences summit through ventureLAB

Results to March 31, 2011 include:

- Hiring project staff for March 1 and March 21 start dates
- Corporate visitations by the business development advisors to 30 manufacturers
- Partnering with the Town of Richmond Hill and ventureLAB (York Region's Regional Innovation Centre) to develop and deliver the first annual life sciences summit "MedEdge Summit 2011" at the Richmond Hill Theatre for Performing Arts on June 16, 2011
- Reporting to the Ministry of Training, Colleges and Universities expenditures of \$52,092 for data acquisition, business development advisor services and six weeks of staff time

The contract was received from the Ministry of Training, Colleges and Universities on December 27, 2010. Discussions will be held for revision of timelines due to the start date of January 1, 2011 and three month time delay required for authorizing the contract and hiring staff.

Relationship to Vision 2026

Vision 2026 identified attracting and supporting businesses, encouraging continual learning, promoting and supporting innovation, and partnering in service delivery as key elements in achieving the Vibrant Economy goal. Implementation of the Economic Strategy supports the Vibrant Economy Goal of Vision 2026.

This report relates to Vision 2026's goal of building a vibrant economy by attracting and supporting businesses. The project identifies workforce and educational needs together with key business and education partners.

5. FINANCIAL IMPLICATIONS

There are no financial implications to the Planning Department. The Innovation in Manufacturing Project will incur the cost allocations identified in *Table 1* which will be reimbursed fully through the Ministry of Training, Colleges and Universities.

Table 1
Budgeted Costs: Innovation in Manufacturing Project

Budget Item	Budgeted cost
Staffing (inc. MERCs)	\$137,615.36
Consulting	\$34,000.00
Data Acquisition	\$22,984.64
Website Development	\$15,000.00
Manufacturers Guide Development	\$2,000.00
Reporting, including Guide	\$26,000.00
MedEdge 2011 Summit	\$5,000.00
Focus Meetings and Final Conference	\$7,400.00
Total	\$250,000.00

York Region contribution covers in kind office space, phones, computers, internet, meeting space, office supplies, project supervision, legal services and administrative support. In-kind contributions will also be received from the Town of Richmond Hill and the York Regional Innovation Centre, ventureLAB, for partnering on the MedEdge Summit 2011.

6. LOCAL MUNICIPAL IMPACT

Manufacturing is central to York Region's economic future. Engaging and helping to revitalize the manufacturing sector will assist policy makers, innovative manufacturers and investors in identifying competitive opportunities in York Region manufacturing and

lay the essential groundwork to encourage new and sustained manufacturing investment at the local level.

Due to the importance of developing the manufacturing sector in each local municipality, project staff will partner with local economic development offices to identify high potential manufacturers to participate in the proposed programs.

Local Economic Development Offices, Chambers of Commerce and Board of Trade were invited to participate in the March and October 2009 manufacturer symposiums. The Economic Development offices received regular updates at the quarterly Economic Development Partners meetings held in 2009 and 2010. The project plan was also presented at the April 8, 2011 Economic Development Partners meeting for feedback and joint collaboration. The Town of Richmond Hill, ventureLAB (previously YORKbiotech) and the Economic Strategy Branch have been creating and branding the MedEdge Summit since Q3-2010.

7. CONCLUSION

The Innovation in Manufacturing Project will prepare York Region and the Toronto Region to compete globally in manufacturing.

The future of manufacturing is knowledge intensive. Understanding manufacturing and innovation ecosystems and its possible impact on York Region will help us to effectively meet Ontario's aggressive Places to Grow Strategy and York Region's 2007 Sustainability Strategy. The project is expected to be integrated into the Economic Strategy Branch's new Economic Development Strategy and Long Range and Strategic Planning's Vision 2051.

The York Region municipalities and their manufacturing businesses share important common goals: To retain and create jobs and to foster a more innovative and prosperous business climate. Communication, consultation and collaboration are the cornerstones and Region-wide stakeholder input is being actively sought to ensure that the needs of the business community are fully reflected in the outcome.

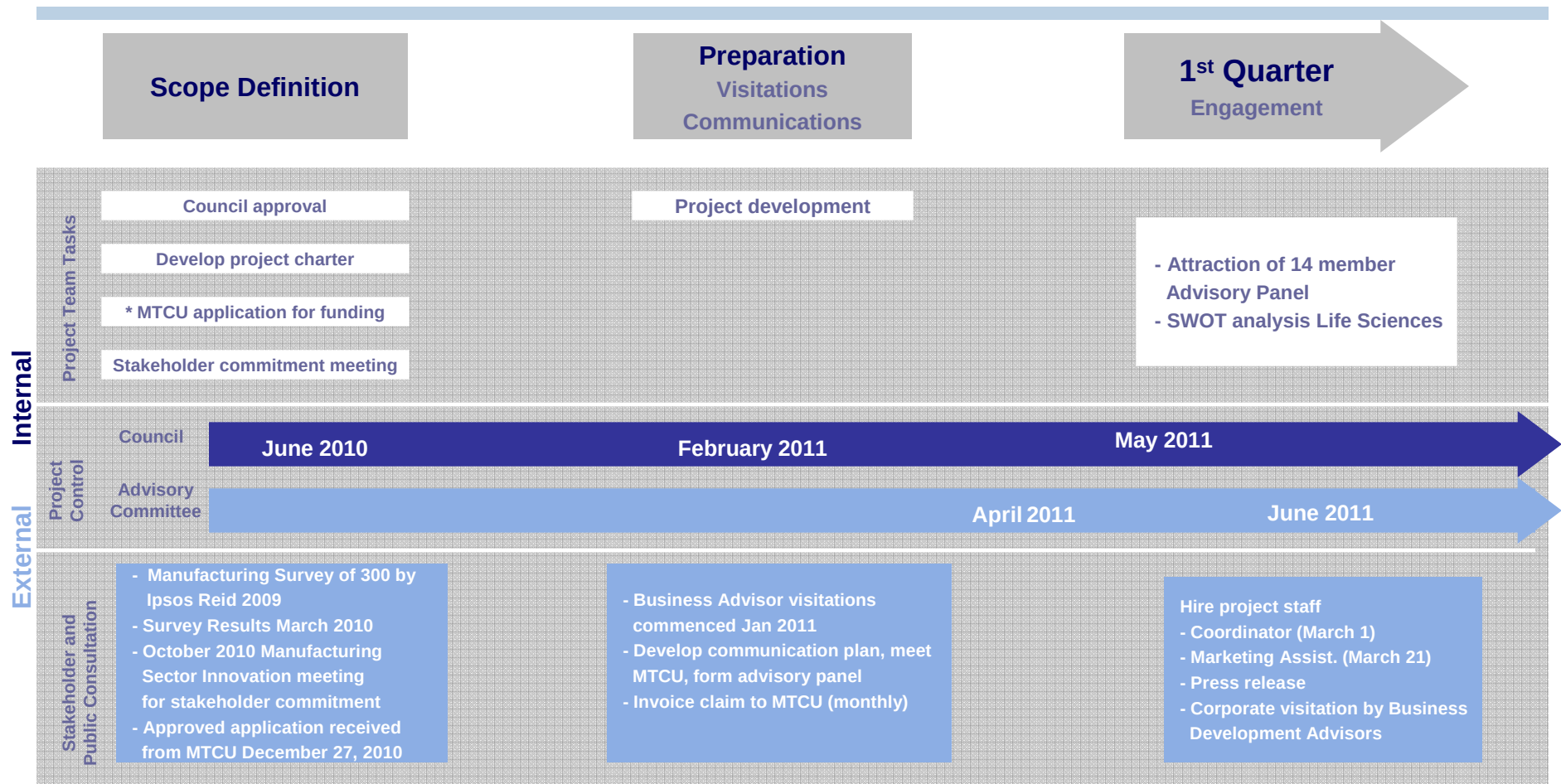
The project objectives outlined in this report support York Region's commitment to building a vibrant and sustainable economy. The project will work with local manufacturing businesses to seize innovation, growth and expansion to adopt the capacity to share information and ideas and form new linkages and networks within the business community. These linkages will be essential to foster conditions where manufacturing innovation can thrive.

For more information on this report, please contact Sharon Vegh, Program Manager Economic Intelligence and Innovation at (905) 830-4444, Ext. 1509 or Doug Lindeblom, Director Economic Strategy at Ext. 1503.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)

Innovation in Manufacturing process chart: scope definition, project preparation and Q1-2011



* MTCU = Ministry of Training, Colleges and Universities

Innovation in Manufacturing process chart: Q2 to Q4-2011

