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EXPORT DEVELOPMENT INITIATIVE NEW APPROACH TO SERVICE DELIVERY

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report, October 3, 2005, from the Commissioner of Planning and Development Services:

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

The purpose of this report is to present to Regional Council the new Service Delivery Approach of the York Region Export Development Initiative.

3. BACKGROUND

The York Region Export Development Initiative has been in operation since 2000. For the first three years, the program was funded by Human Resources and Skills Development Canada under the Local Labour Market Partnership Program. Since 2003, the Export Development Initiative has become a Regional funded initiative as part of its economic development program.

4. ANALYSIS AND OPTIONS

4.1 Export and the Economy

Export-oriented companies will become increasingly important as a source of jobs and economic competitiveness for York Region. In the recently released Growth Plan for the Greater Golden Horseshoe, *Places to Grow*, the Province of Ontario estimates that employment in York Region is forecast to increase from 390,000 in 2001 to 780,000 by 2021. Many of these jobs will be created by companies involved in export of goods and services outside of Canada.

York Region's economy is already heavily reliant on international markets. Research conducted as part of the Economic Strategy development process have found that York Region exported \$12.5 billion worth of products or over 37% of the Gross Domestic Product in 2003. The strength of the Region's export industry lies not only in volume but in its diversity in term of export markets and industries. It is precisely this diversity that

makes the Region less vulnerable to economic downturns in different markets and in the top performing industries.

A study commissioned by The Small Business Administration shows that SME's (Small and Medium Sized Enterprises) who export are 20% more productive, experience 20% greater job growth and offer 15% higher wages than non-exporters.

As global demand for the range of goods and services expands, the Region's role will be to create a business environment to help firms expand, adapt and diversify. In order to remain competitive, companies have to realize that they are part of the globalization trend which is radically changing the world's marketplace.

A key part of the recently tabled Economic Strategy includes an objective to "Enhance the Export Capabilities of Regional Companies". New approaches and partnerships to help the Region's companies to progress in the global marketplace are needed.

4.2 York Export Alliance

In December 2004, the York Export Alliance (YEA) was established through a partnership with International Trade Canada. The purpose of the Alliance is to provide a forum for the exchange of information on export opportunities and coordination of trade initiatives between government, export agencies and the private sector located in York Region. York Export Alliance will serve to develop a coordinated export marketing approach and identify leveraging opportunities. The objective is to develop this partnership as a pilot and launch it in other regional settings across Canada where applicable. Membership includes the four levels of government (federal, provincial, regional and municipal), export agencies, industry associations, and Chambers of Commerce/Board of Trade.

An inaugural meeting of the York Export Alliance was held in January 2005. Co-chaired by staff from International Trade Canada and the Region, the Meeting was attended by representatives from local municipal economic development offices, Chambers of Commerce/Board of Trade, Innovation Synergy Centre in Markham, York Technology Association, Ontario Exports Inc., Export Development Canada, and industry associations such as Health Technology Exchange. At the Meeting, the participants agreed that the Alliance would be an effective way to meet the needs of the members, and that the focus should be on addressing export issues and strategies that would benefit the Region as a whole. A copy of the Terms of Reference of the York Export Alliance is attached as Attachment 1.

Subsequent to the inaugural meeting, the Alliance members have been working on planning and developing joint events, in partnership with the Trade Commissioner Service and other partners. The first event, *Discover México Tecnología - Explore new Potential for Building Technology Trade*, was held on June 28 at the Lucent Showcase in Markham. The seminar was attended by over 40 participants followed by individual

meetings with the Trade Commissioner from Mexico. The second event on export opportunities in Brazil is scheduled for October 27.

Staff will continue to work with members of the York Export Alliance to co-ordinate and develop global trade opportunities.

4.3 York Region Export Development Initiative

Since its inception, the goal of the Export Development Initiative is to positively impact the economic growth and prosperity of the Region. The objective is to assist small and medium sized companies to develop and expand their export potentials.

Originally created as part of a wider network of export advisory services across Southern Ontario through the efforts of Industry Canada, the York Region Export Development Initiative is now the only community-based export program in existence which is dedicated to serving potential and new exporters within the Region. The Program has been well-received by local companies, and it was the recipient of Ontario Chamber of Commerce's Community Export Development Award in 2004. To-date, it has been responsible for documented sales increases and employment creation, and over 1,800 companies have been serviced by the initiative. The perception is that the Export Development Initiative is valuable for start-up exporters. First-time exporters who use the program found the start-up information of value and appreciated the access to resources that they require to get started. A majority of the client companies surveyed indicated that the program is perceived to be of value to them but there could be improvements to the way how the program is delivered.

As global conditions become more complex and new partnerships are being developed, it is necessary to evolve the program to take advantage of the opportunities that are available.

4.4 New Approach to Service Delivery

The Draft Economic Strategy recommends as one of its actions that a review of the business model of the Export Development Initiative be undertaken in order to meet the challenges of the changing economy.

Originally intended as a "one-stop" customized export advisory service, the program was designed to offer an array of export support services to potential and experienced export companies along the Exporter Needs Continuum (attached as Attachment 2). The program has been successful in terms of the number of companies assisted and number of attendees at events. However, in the absence of a formal partnership which facilitates integration with other export service delivery agencies, it was difficult to consistently and accurately assess the effectiveness of the program and measure the outcomes or successes of its intervention. The establishment of the York Export Alliance has provided an opportunity for export support agencies to co-ordinate and deliver an integrated range of services to companies in the Region.

The new service delivery approach of the York Region Export Development Initiative (YREDI) will be based on partnership, with performance measured in terms of both outcome and activity. Since the long-term exporters have needs different from the start-up ones, the Region will have the opportunity to leverage resources through the Alliance in partnership with senior levels of government who are better equipped to deal with more experienced exporters and more complex issues. Referrals and client activities will be tracked by the YEA every step along the Exporter Needs Continuum, which will enable measurement of success based on outcomes such as market expansions, increase in export volumes and new jobs created. Through the feedback loop established among the partners, it will also be possible for the Region to enhance the delivery of services through a better understanding of the demand for the services required.

Instead of attempting to provide support at all points along the Exporter Needs Continuum, the Region's Export Development Initiative will complement the services offered by other government agencies and focus its efforts on companies that are at the early stage of the Continuum. Export Advisors will work with the area municipalities to identify potential exporters and screen out the 'non-starters'. For companies that have decided that they are ready to investigate the possibility of exporting but uncertain how to proceed, the YREDI will provide a broad range of services to get them export ready. Opportunities will be provided for new and early stage exporters to acquire the fundamental tools to enter the export market. The program will also prepare companies to take advantage of the resources provided by the other levels of government, such as the NEBS (New Exporters to Border States) program and the Trade Commissioners service.

In order to ensure that the program's service delivery is meeting the needs of the export community, staff is proposing to convene a small focus group of 10-12 exporters in the Region to obtain their feedback on the types of service that they consider to be of value to their business.

The role of the York Region Export Development Initiative will be to work more closely with the other Alliance members to direct the export ready companies to the programs and services provided by the other partners such as Ontario Exports Inc., Export Development Canada, International Trade Canada, and Innovation Synergy Centre in Markham.

With intervention from different partners at various stages, the ultimate goal is to raise the level of export activity and move companies along the Exporter Needs Continuum from Potential Exporter through to Experienced Exporter.

4.5 Export Advisors

Upon expiry of the contracts of the former Export Advisors and as part of the program review, a new Request for Proposal was issued by Supplies and Services Department in the summer to invite applicants for the provision of Export Development Advisory Service to the Region. As a result of the search, an experienced Export Advisor has been retained for a one-year term, with an option to renew for two additional terms of 12

months each, at the discretion of the Region. Staff will work with the Export Advisor to complete the review of the initiative and develop a framework which will enable the Region to deliver the program in an effective and efficient manner.

4.6 Performance Measures

With the evolution of a new service delivery model, a new series of performance metrics will be needed. Staff will be working with the other members of the York Export Alliance to develop a monthly monitoring system and an accountability matrix that will ensure that clients engaged by the program are provided with the appropriate type and level of export assistance by the partner organizations. Staff will be reporting back on this client management system in a future report to Council.

4.7 Relationship to Vision 2026

The Export Development Initiative contributes to economic growth of the Region and supports the Vibrant Economy Goal as stated in *Vision 2026*.

5. FINANCIAL IMPLICATIONS

Funding for the Export Development Initiative is included in the approved Economic Development budget for 2005.

6. LOCAL MUNICIPAL IMPACT

Invitations have been extended to all local municipalities to participate in the York Export Alliance. The Export Advisor will work with the area municipalities to promote the Export Development Initiative and move local companies along the Exporter Needs Continuum.

7. CONCLUSION

Since the program was launched in 1999, the York Region Export Development Initiative has been a valued program for new and existing exporters. Feedback from the client companies has been positive. It is recommended that the program continue with a new service delivery approach, and that the Region continue to work in close partnership with other members of the York Export Alliance.

The Senior Management Group has reviewed this report.

(The attachments referred to in this clause are included with this report.)