



TORONTO  
BOARD OF TRADE

Toronto Region  
Economic Summit

Presented by



# BUSINESS TAKES THE LEAD: COLLABORATE TO COMPETE



Executive Summary



## Toronto Board Of Trade's Toronto Region Economic Summit, Presented by KPMG: A Pivotal Moment

### A Region to be Proud Of

Toronto Board of Trade hosted the landmark Toronto Region Economic Summit, presented by KPMG, on March 29, 2012.

The Summit was clear in its ambitions — the time for thinking and talking about regional competitiveness was over.

It was time for action.

Action, in building a business-led regional economic strategy that increased the competitiveness of the Toronto Region's key industry clusters — our critical mass of linked businesses and institutions, from suppliers to postsecondary institutions to government.

The Summit program was simple: bring together business leaders, give each of them a clear understanding of the potential of their clusters and let the dialogue begin on generating effective cluster strategies for the Toronto Region.

As the Region's best roadmap, the Financial Services cluster's success was based on collaboration through the Toronto Financial Services Alliance, which brought together competitors and turned them into productive allies. An early win for the cluster was getting agreement on a "burning platform" as well as establishing specific objectives and metrics that showed progress and maintained momentum.

## Business Takes the Lead: Mobilizing for Action

The response from the Region's business leaders to Summit 2012 left no room for ambiguity: now is the time to get on with building cluster-based strategies.

With Toronto Board of Trade as a catalyst and enabler, the initiatives following from the Summit will engage expertise from across the Toronto Region:

### 1. Regional Economic Strategy

The strategy captures the overall vision for the region and establishes shared goals and objectives based on collaboration. Over the coming year, Toronto Board of Trade will reach out to its Members, business leaders, academics, government representatives, labour and other key stakeholders to draft this vision for the Toronto Region. Various touch points will give diverse groups the opportunity to

weigh in with ideas, counsel and suggestions.

### 2. Advancing Select Cluster Initiatives

With business taking the lead and Toronto Board of Trade as the catalyst, cluster initiatives will form the foundation for the regional vision. Building on the momentum from the Summit, Toronto Board of Trade will engage with leading companies in key clusters to assess their readiness to collaborate and advance business strategies to improve business competitiveness.

Toronto Board of Trade's policy committees and a dedicated webpage, [www.BOT.com/LeadtheConversation](http://www.BOT.com/LeadtheConversation) will keep interested leaders up to date on progress in key clusters and opportunities to get involved directly in cluster initiatives.

## Dr. Michael Porter: "Collaborating to Compete"

The Summit's keynote speaker argued that the fate of the Region's firms and economy was inexorably linked to the power of its key industry clusters. Porter described how the business community could help nurture those clusters best placed to compete internationally. Specifically, business needed to build upon their industry's competitive advantages, understand what is distinctive and unique about the Toronto Region, and in so doing, help create a world beating economy.

In Dr. Porter's view, the Toronto Region was on the right track. It was making the conversation more about what business can do to promote growth and competitiveness versus waiting for government to take action. If business started acting with one voice, examples of collaborative cluster-based success would make it "irresistibly uncomfortable" for government to maintain the status-quo of regional disunity. Dr. Porter emphasized the notion of "collaborating to compete". While recognizing businesses must be competitors on one level, businesses also need to work together on tackling common challenges which held back their clusters from realizing their full potential.

## Towards a Regional Strategy and Vision

What would the Toronto Region look like if we were to embrace the concepts of “collaborating to compete” and move towards an integrated regional economic strategy?

Clusters aren't just about producing more goods and services but about making the Toronto Region a veritable factory of ideas and innovation.

It would be a space where:

- Our start-ups got mentoring from seasoned industry veterans and the financing needed to realize their entrepreneurial vision.
- Postsecondary institutions and businesses worked together on commercializing cutting edge R&D.
- Established firms made their presence known in global markets.

- The next generation of digital and physical infrastructure was in place and drove innovation in business products, service and goods delivery across the public and private sectors.
- Toronto Region clusters were a prime destination for international investment, firms and entrepreneurs.

An ambitious agenda to be sure, but one that's necessary to secure our future prosperity.

## Leading the Thinking on Regional Competitiveness and Clusters

The Toronto Region Economic Summit is the culmination of a longer term process of research, advocacy and engagement undertaken by the Board with the aim of making the Toronto Region a global exemplar of economic dynamism and innovation.

### Making the Case

This began with the release of the Board's first comprehensive Scorecard on Prosperity (2009) report that internationally benchmarks and measures the Toronto region's economic performance against 23 other global city regions.

Over 4 editions of Scorecard, our safe, diverse and prosperous city has outperformed our global competitors in labour attractiveness. Nonetheless, our overall economic performance was subpar in crucial measures like labour productivity. Over the past four years, Toronto achieved an overall ranking in the top five of 24 cities measured in all but one year, but placed 11th in economic performance over the past three years.

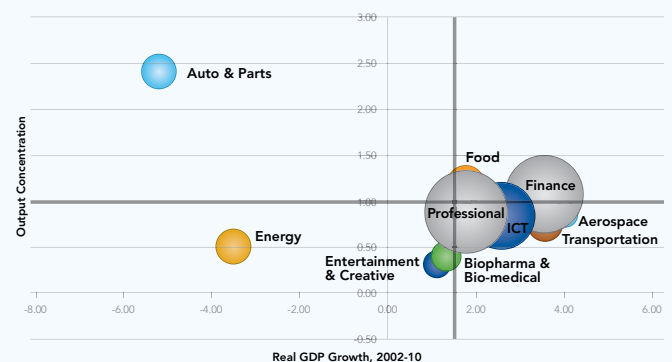
### Advocacy and Engagement

Through initiatives such as 2009's Greater Toronto Region Economic Summit and the VoteToronto2010 and VoteOntario2011 campaigns, Toronto Board of Trade raised awareness of the need to co-ordinate our regional economic development initiatives during the municipal and provincial elections, respectively. A key part of this policy engagement was promoting the notion of business clusters being an important driver of economic growth for the Toronto Region.

The Summit focused on six clusters as a starting point to ensure ideal collaboration among participants and to test which of these 6 clusters could come together to form a successful cluster strategy.

- Advanced Manufacturing (includes Auto & Parts, Aerospace and Advanced Materials)
- ICT & Creative (includes ICT and Creative & Entertainment)
- Life Sciences (includes Bio-Pharma & Bio-Medical, Hospitals and Medical Research Institutes)
- Food & Beverage
- Transportation & Logistics
- Energy

Toronto CMA Clusters



SOURCE: SCORECARD ON PROSPERITY 2012

# Beginning the Cluster Dialogue

From research to advocacy to now beginning the work of cluster development, Summit participants identified shared concerns that would need to be addressed if their industries were to succeed in the highly competitive business environment:

- Poor collaboration and cooperation between stakeholders;
- Limited access to capital for start-up and expansion;
- Poor connectivity to venture capital community;
- Inadequate employment training opportunities and lack of coordination and cooperation between educational institutions and industry;
- Need for enhanced commercialization of R&D;
- Outdated transportation network;
- Too much competition and not enough collaboration between companies.

	Advanced Manufacturing	Energy	Food & Beverage
Strengths	<ul style="list-style-type: none"> <li>• Talented workforce</li> <li>• Diversity of industry</li> <li>• Internationally competitive</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity for new exportable elements</li> <li>• Diversity of technologies</li> <li>• Strong electrical generating infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Great endowments</li> <li>• Proximity to micro-clusters</li> <li>• Stable demand and growth</li> </ul>
Challenges	<ul style="list-style-type: none"> <li>• Poor cross-industry collaboration</li> <li>• Inadequate access to capital</li> <li>• Lack of commercialization of R &amp; D</li> </ul>	<ul style="list-style-type: none"> <li>• Inconsistent governance</li> <li>• Need to attract innovation/R &amp; D related investment</li> <li>• Human capital gap</li> </ul>	<ul style="list-style-type: none"> <li>• Municipal zoning and regulations impede expansion</li> <li>• No strategy to access emerging markets</li> <li>• Lack of cohesive taxation policy</li> </ul>
Possible Solutions	<ul style="list-style-type: none"> <li>• Encourage green initiatives</li> <li>• Improve support of entrepreneurs</li> <li>• Create new funding vehicles to support high-growth potential firms</li> </ul>	<ul style="list-style-type: none"> <li>• Build consistent long term energy strategy</li> <li>• Export growing green and nuclear energy know how</li> <li>• Improve smart grid applications</li> </ul>	<ul style="list-style-type: none"> <li>• Involve post secondary educational institutions to grow industry leaders</li> <li>• Create competitive commercial property taxes across the GTA</li> <li>• Improve talent attraction</li> </ul>

	ICT & Creative	Life Sciences	Transportation & Logistics
Strengths	<ul style="list-style-type: none"> <li>• Single industry association</li> <li>• Critical mass of traded industries</li> <li>• Strength of education system</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity of global connections</li> <li>• Strong talent management</li> <li>• Diverse hospital network</li> </ul>	<ul style="list-style-type: none"> <li>• Strong inter-modality across all modes of transportation</li> <li>• Emerging West-East Lakeshore transit hub</li> <li>• Large land capacity near GTAA</li> </ul>
Challenges	<ul style="list-style-type: none"> <li>• Lack of industry mentorship</li> <li>• Need to build stronger brand</li> <li>• Inadequate broadband access</li> </ul>	<ul style="list-style-type: none"> <li>• Broad geography impedes collaboration</li> <li>• Procurement system needs to better manage new R &amp; D opportunities</li> <li>• Better management of labour market needs</li> </ul>	<ul style="list-style-type: none"> <li>• Skill &amp; apprenticeship shortage at trade skill level</li> <li>• Lack of long-term infrastructure financing</li> <li>• Poor use of ICT to enhance productivity</li> </ul>
Possible Solutions	<ul style="list-style-type: none"> <li>• Broaden ICT curriculum</li> <li>• Increase industry apprenticeships</li> <li>• Create growth-oriented tax incentives</li> </ul>	<ul style="list-style-type: none"> <li>• Leverage purchasing/procurement power to drive greater innovation</li> <li>• Develop sustained long-term vision (10 yrs +)</li> <li>• Develop value proposition in medical devices and diagnostics</li> </ul>	<ul style="list-style-type: none"> <li>• Leverage domestic procurement expertise to develop exportable knowledge and products</li> <li>• Expand Provincial Nominee program to fill skills gap</li> <li>• Better align industry needs with educational institutions</li> </ul>