

4Front Atlantic Conference 2013

At the 4Front: An Action Plan for Atlantic Canada

Overview



4FRONT ATLANTIC
CONFERENCE

**ATLANTIQUE À
L'AVANT-GARDE**
CONFÉRENCE

**MCINNES
COOPER**
LAWYERS | AVOCATS

BMO  **Financial Group**
Groupe financier

What is the 4Front Atlantic Initiative?

4 Front Atlantic is a unique conference series that, over the last three years, has brought together 250 of Atlantic Canada's business leaders to discuss how Atlantic Canada can proactively reshape itself to expand its potential, rather than being reactively reshaped by global trends. The first instalment took place in 2011 and focused on crystallizing the risks and opportunities inherent in the changing global economy for Atlantic Canada. The 2012 installment dealt with identifying specific areas and regions of opportunity. This year's 4Front conference will focus on what can be done.

Why 4Front and Why Now?

The world economy is at a pivot point. It is battered by the great global financial crisis and recession, and is being reshaped by pervasive globalization -- in information flows, supply chains, and capital and labour markets. It is being transformed by the economic gravity shift to Asia and other emerging markets and adjusting to the demographics of aging in advanced economies.

Economic and political power is gradually shifting from the United States—our main trade, investment, and political partner—to China, India, Brazil and other emerging economies. The demographics of an aging population will have a profound effect on the Canadian economy and society, affecting health, education and pension systems; putting a premium on raising our productivity growth; and underscoring the importance for our competitiveness of immigration and skilled labour.

These forecasts are not fanciful or debatable, but are onrushing realities for all developed countries. They are particularly acute for Atlantic Canada. We have the most challenging demographics of any region of Canada, a low immigration rate, trade concentrated in low growth countries, and an innovation and productivity performance that lags the Canadian average, which itself is lagging the OECD.

Yet uncertainty and volatility are also inflection points for great opportunity. Only those who understand the restructuring trends can mobilize their communities for change. We in Atlantic Canada can do this, but we have to act, and act now. The goal is not just to talk about change but to launch an action plan to deliver concrete results long after the curtain falls on the third and final 4Front conference.

4Front is not just a series of conferences but a movement built on key premises: We must do things differently; we must challenge the status quo in adapting to the changing world, and do so urgently; and we need private sector leadership to help make it happen.

What Are We Recommending?

The answer is action – and that action has to be driven by the private sector, businesses big and small, and by their leaders, young and old. There is a tendency by Atlantic Canadian businesses to look to Ottawa, or to provincial governments, for industrial and competitive strategies. We have looked to solutions designed by others for too long. Any sustainable drive to lift this region's prospects has to come from within, from an energized private sector, acting in collaboration with strategically minded governments and some of the best universities and colleges in the world.

We must find solutions that both sweep across the Atlantic region to create big partnerships and economic ecosystems – but also draw on the energy and savvy of the single employer, the venturesome entrepreneur, the individual researcher, the skilled tradesperson, the worker in the trenches, the business leader.

The rallying cry must be:

“What can I do to make Atlantic Canada a more promising place for our children -- so that they can realize their potential and their dreams, and be successful in this changing world, living and working here in Atlantic Canada? How do we change to prosper in a world where China and Brazil are among the global economic leaders, old trade relations are no longer enough, and all markets are global? And how should I work with my neighbour, whether down the street or across the region, to seize these opportunities today for future generations of Atlantic Canadians?”

We recommend actions organized into five key areas: Talent, Innovation and Productivity, Going Global, Access to Capital and Government.

Talent

In a demographically challenged and technology-driven world, where talent and ideas are the new wealth of nations, we need to outcompete in pursuing an unrelenting focus on skills and human capital development, and on attracting and retaining highly skilled immigrants.

- We must create a “K-to-work” approach, where the focus is on preparing students for the workforce of tomorrow and providing a link between formal schooling and future employers. The public education system should investigate the usage of open online courses and what this technology could mean for core K-12 courses.
- We recommend an increased focus on experiential learning and co-op placements, so that students have the chance to apply their knowledge while trying out different careers and building skills.
- We need dramatically higher levels of economic immigration—this can be done through a business-government-university-community partnership where we are clear about the skills needed, geographic targets, and an engaged community to welcome and integrate these new Canadians.

Going Global

We must have a clear, granular and region-wide global trade and investment strategy if Atlantic Canadians are to seize the incredible opportunities in emerging markets.

- We must focus on strategic business sectors and global geographies where we can be globally competitive and develop a detailed regional strategic plan for each that is managed and measured.
- We need to help make Atlantic Canadian SMEs export ready, through “reverse trade missions” where we bring international businesses to visit us and other initiatives.

Innovation and Productivity

We have seen that companies in Atlantic Canada badly lag in R&D spending and innovation performance. Our businesses must do more to invest in and drive innovation; it is key to our future competitiveness.

- We need to significantly increase the collaboration and alignment between university and industry R&D. University research capacity should be more accessible to private companies and the private sector must engage better with universities and invest more in innovation.
- We need to establish an accelerator to support and mentor Atlantic Canadian emerging start-ups, similar to Communitech in Waterloo.
- We should enhance the ability of students and international students to be hired by local companies by leveraging existing programs such as Mitacs and NSERC.
- Government must strengthen its role in supporting innovation through the power of strategic procurement—by accepting the premise that procurement decisions should not always be taken based on the lowest cost, but on value for money and innovation.

Access to Capital

We need new ways of looking at how the financing of business is done in Atlantic Canada. Tax changes could help, but more fundamentally we need a variety of solutions, big and small.

- To combat serious underfunding of Atlantic firms, we should create a regional equity-investment tax credit.
- We need to create an organization that can forge stronger linkages to external networks (Silicon Valley, angel investors, Canadian VC funds, universities).
- We should encourage the consideration of public listings, including junior equity markets.
- We should unify our provincial securities commissions, thus eliminating the four-tier fee structure for companies and brokers and make financing easier for our firms.

Government

We do not need common government, but we do need common purpose in Atlantic Canada. With this should come better coordination of intent and activities, and more joint policies and programs. We need a collaborative approach to drive change and redefine the economic goals and potential of the Atlantic region.

- We must challenge governments to look for synergies and to deliver government services more productively and cost effectively.
- We should establish a regional council of business leaders to meet regularly with premiers on economic opportunities, challenges and priorities.

Targets and Progress

The ideas outlined above are appropriately ambitious and exciting, but they are not “blue-sky impossible” – far from it. They will flow from the collective product of thousands of personal actions taken by committed, passionate individuals who want Atlantic Canada to succeed in the changing and challenging world arena. We challenge all business leaders to consider the actions they can take, big and small, as a business leader in our region, to help create a better Atlantic Canada.

4Front can only be successful if it changes attitudes that, in turn, alter how we look at the world and what it will take to succeed. We can only claim success if we achieve measurable progress. This takes metrics, both personal and corporate ones, as well as region-wide benchmarks. Here are a series of stretch goals to reach over the next five years.

1. Raise the proportion of economic immigration (0.21%) to at least the national share, (0.45%) as defined by the percentage of Canada's population in the region.
2. Double the percentage of Atlantic Canadian SMEs doing business globally.
3. Increase business R&D and innovation spending to at least the national average, helping to close the Atlantic Canadian productivity gap with the rest of Canada.
4. Double the number of high technology start-up companies in Atlantic Canada.
5. Triple the value of trade exports to emerging economies.
6. Triple the number of interns, co-ops and apprentices in Atlantic Canadian business.

What's Next?

Over the last quarter century, Atlantic Canada has demonstrated an impressive capacity to adapt. Going forward, we need to adapt and adjust again in response to even more and faster changes. There is no reason that Atlantic Canada cannot diversify its trade, improve its innovation and productivity, and be a world leader in talent.

But this will take change and will necessitate public engagement. We need to ask the questions, "What will it take for Atlantic Canada to be more global, more innovative and more productive? How will future generations of Atlantic Canadians have better opportunities and higher living standards than we can offer today?" We need to make these vital questions part of our ongoing public dialogue.

But most importantly, to continue the 4Front momentum, it will require leadership from us, the business community of Atlantic Canada. To ensure the collaborative dialogue and the commitment to change initiated by 4Front continues, the Advisory Committee of the 4Front Atlantic conferences has agreed to become the foundational members of a new 4Front Council -- a pan-Atlantic group of engaged business leaders who have the collective goal of seeing Atlantic Canada prosper in this profoundly changing world. It will collaborate with business associations and chambers of commerce across the region to advocate for the sorts of concrete actions outlined in this paper to make change happen.

Thank you for your involvement and your commitment to this cause. This is about giving our children and grandchildren opportunities we could not even imagine a generation ago. Together, we can make a difference.

Let's go to the forefront!

4Front Summary of Recommendations

Talent

- Create a “K-to-work approach” where the focus is on preparing students for the workforce of tomorrow
- Increase focus on experiential and co-op learning
- Investigate the usage of open online courses
- Increase economic immigration through a business-government-university-community partnership

Going Global

- Focus on strategic business sectors and global geographies where we can be globally competitive and develop a detailed regional strategic plan
- Help make Atlantic Canadian SMEs export ready, through “reverse trade missions” and other initiatives

Innovation & Productivity

- Significantly increase the collaboration and alignment between university and industry R&D
- Establish an “accelerator” to support and mentor Atlantic Canadian emerging start-ups
- Enhance ability of students and international students to be hired by local companies
- Strengthen government’s role through the power of strategic procurement

Access to Capital

- Create a regional equity-investment tax credit
- Create stronger linkages to external networks (Silicon Valley, angel investors, Canadian VC funds, universities)
- Encourage consideration of public listings
- Make it easier for firms through unification of provincial securities commissions

Government

- Challenge governments to look for synergies and to deliver government services more productively and cost effectively
- Establish a regional council of business leaders to meet regularly with premiers on economic opportunities, challenges and priorities