

An Economic Development Plan for the Manufacturing Sector in Manitoba

**A Strategic Plan to Enhance the Global Competitiveness of
Manitoba's Manufacturing Firms**

Sponsored by:

**CME – Manitoba Division
Advanced Manufacturing Initiative**

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The Guiding Coalition

The following individuals served as members of the Guiding Coalition during the development of this economic development plan. Their role was to assist in forming the project teams, provide ongoing advice during the project, and to review and approve of the final recommendations. Their membership in the Guiding Coalition reflects their personal and corporate commitment to the process and their support of the Manitoba manufacturing sector and of the recommendations contained in the report.

<u>Name</u>	<u>Position</u>	<u>Company</u>
Don Boitson	General Manager	Bristol Aerospace
Roy Cook	Chief Operating Officer	Monarch Industries
Art DeFehr	President & CEO	Palliser Furniture
Rick Duha	Managing Director	The Duha Group
Gene Dunn	President & CEO	Monarch Industries
John Ferris	Vice-President	Loewen
David Friesen	Chief Executive Officer	Friesens Corp.
Gordon Greaves	Chief Executive Officer (ret.)	The Pritchard Group
Bob Hamaberg	President	Loewen
Niels Erik Hansen	President & CEO	Vansco Electronics
Steven Kroft	President & CEO	Conviron
Bob Lavery	Chief Executive Officer (ret.)	Winpak
Charles Loewen	Chairman & CEO	Loewen
John Marinucci	President and CEO	New Flyer Industries
Rob McBain	President	Ancast Industries
Rob Perry	Vice-President & General Mgr.	Motor Coach Industries
Lawrie Pollard	Chairman	Pollard Banknote
Gordon Pollard	Co- CEO	Pollard Banknote
Maureen Prendiville	President & CEO	Prendiville Industries
Gerry Price	President	E.H. Price Ltd.
Ken Ross	President	Pauwels
Paul Soubry	President	Standard Aero
Gary Steiman	Chairman and CEO	Gemini Fashions
Curt Vossen	President	James Richardson International
Bill Watchorn	President and CEO	Ensis Management Inc

Section I. The Keys to a Strong Manufacturing Sector

The recommendations are presented according to four major themes. The themes were identified by the team leaders as being the keys to a strong manufacturing sector in Manitoba and were unifying themes for the five project teams. The four themes were then used to categorize the recommendations and to emphasize that several of the recommendations are appropriate for more than one theme.

The keys to a strong manufacturing sector in Manitoba (themes) are as follows:

- **Vision, leadership, and managing change capability in Manitoba’s manufacturing sector. (VLC)**
 The long-term health and growth of Manitoba’s manufacturing sector will require leadership and vision to marshal the collective efforts of all the stakeholders. The long-term success of the sector will depend on implementing a common vision and will require manufacturers to develop ways of cooperating to help Manitoba compete on a global basis. Leadership is required to manage the changes that must inevitably occur.
- **The ability to attract, develop and retain human talent. (HRD)**
 Critical to developing an effective, long-term economic development strategy is the need to have a strong base of human resource talent. Although unskilled labour is important to the manufacturing sector, long-term, sustainable growth will require skilled technical and managerial talent. Given Manitoba’s recent history of net migration and aging workforce, this aspect becomes even more critical. Particularly important are the links between the manufacturing sector and educational institutions at all levels. A focus on retaining and training our youth is a fundamental issue for Manitoba in general, and for manufacturers in particular.
- **A competitive business environment. (CBE)**
 A significant determinant of both short-term and long-term success of manufacturers is the environment in which they operate. Examples are tax rates, tax structures, regulations, and business incentive policies. Most of these determinants are beyond the control of the individual business and can change dramatically in both the short-term and the long-term. Particularly significant is the fact that the determinants are common to all economic jurisdictions. Therefore, the impact of this factor is significant since the cost of doing business in different jurisdictions can be compared relatively easily.
- **A long-term manufacturing development strategy that reflects and builds on the uniqueness of Manitoba. (LTD)**
 Manitoba and its manufacturers have unique characteristics that result in opportunities that are not available elsewhere. By focusing on these unique opportunities and developing strategic plans to pursue them, Manitoba’s manufacturing sector has the potential of developing competitive strengths that are capable of withstanding global competition and changes in economic conditions.

Section II. Highest Impact Recommendations

The project teams developed 25 recommendations to improve the global competitiveness of Manitoba's manufacturing sector. Some recommendations, if implemented, would have significant short-term effects and others would have an impact over a longer period of time. Regardless of the length of the implementation period, all of the recommendations are important for the long-term competitiveness of the sector.

Following the development of the recommendations by the teams, the Guiding Coalition reviewed the recommendations and developed an initial priority within each of the key areas. The purpose of their priority is to give the stakeholders a sense of urgency with regard to which of the recommendations is most critical to the competitiveness of the manufacturing sector. All four key strategic themes have a role to play in the sector's development, so the Guiding Coalition selected the *recommendation with the greatest potential impact* from each of the key areas. An abbreviated version of each priority recommendation is presented here; additional information is contained in the report.

Recommendation VLC1

Create the Manitoba Manufacturing Council (MMC) to facilitate and monitor the implementation of this report in its entirety. Many of the recommendations will relate to AMI and are designed to support its mandate and follow the structure and deliverables that have been successful thus far.

Recommendation HRD1

Develop and implement a Manufacturing Human Resource Plan specific to Manitoba's manufacturing sector.

Recommendation CBE1

Implement a schedule of changes to the Provincial tax structure to reduce taxes paid by manufacturers to increase the competitiveness of Manitoba manufacturers in the national and world markets. Tax structures and rates directly affect both short-term and long-term competitiveness. Recommendations are designed to place Manitoba manufacturers on an equal footing with their competitors and to free-up funds for capital investment.

Recommendation LTD 1-9

All of the recommendations in this section are, by nature, long-term in their impact and therefore selecting only one is inappropriate. As longer term strategies, each of the recommendations in this section has the potential of having significant, long-term positive effects on the success of manufacturing in Manitoba. All should be pursued with equal fervor.

Section III. Background, Organization and Process

Background of This Project

The discussion of the need for an economic development plan for the manufacturing sector began in 2004 in meetings with several Provincial cabinet ministers and CME-Manitoba Division. Faced with increased competition from Canadian, North American and international firms, CME-Manitoba believed that the sustainability and growth of manufacturing in Manitoba depended upon the development and implementation of a strategic economic development plan that would improve the competitiveness of Manitoba's manufacturing firms.

In the fall of 2005, in a meeting with the Premier, the Minister of Industry, Economic Development and Mines and senior government staff, CME-Manitoba presented a recommendation that the Provincial government, working with the manufacturing community, develop a manufacturing sector economic development plan that would:

1. Provide vision and leadership for the future;
2. Positively and competitively differentiate Manitoba manufacturers;
3. Communicate a clear message that Manitoba is *the* place to build and grow a manufacturing-based enterprise.

The Premier agreed that an economic development plan for the sector was a good idea and assigned the Minister of Industry, Economic Development and Mines the responsibility to work with the sector in developing the plan. It was decided that a "working group" should be formed to carry out the project, which resulted in the expansion of the mandate of the Advanced Manufacturing Initiative (AMI) to oversee the development of a Manufacturing Sector Economic Development Plan (MSEDP).

The goal of the project was to develop an economic development plan that will result in a growing, sustainable and globally competitive manufacturing sector in Manitoba over the next 10+ years.

The underlying philosophy of the project was that the economic development plan would be "developed by manufacturers for manufacturers." In other words, for the plan to be successful, it would have to be "owned" by the manufacturing sector.

Organization of the Project

AMI decided to initially follow the format of CME-Canada's "20/20" initiative that developed the vision and plan for manufacturing in Canada for the next twenty years. That project identified seven critical factors for competitive success and made recommendations in each of the factors. Dr. Jerry Gray, Dean Emeritus and Senior Scholar at the I.H. Asper School of Business, was selected to manage the project and work with CME-Manitoba, AMI and the project teams as they developed their recommendations.

As a starting point for organizing the teams, a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis was developed for the Manitoba manufacturing sector. (See Appendix 2).

Conducted as a consensus exercise to develop a framework for the manufacturing sector economic development plan, the SWOT analysis resulted in five themes that would form the basis for the teams and the subsequent recommendations. Five senior manufacturing executives volunteered to work with the teams. The teams and team leaders were:

Sector Development and Infrastructure Team

Roy Cook, Chief Operating Officer, Monarch Industries, Team Leader

Human Resources Development and Workforce Capability Team

John Ferris, Vice-President, Human Resources and Organizational Development, Loewen, Team Leader

Innovation Team

Rob Perry, Vice-President & General Manager, Motor Coach Industries, Team Leader

Government Policies and Regulations Team

Rob McBain, President, Ancast Industries Ltd., Team Leader

International Business Development Team

Gordon Greaves, President and CEO (ret.), The Pritchard Group, Team Leader

After the focus areas of the teams were decided, the team leaders recruited their members according to the expertise required for the team's assignment. A complete listing of the team members is contained in Appendix. 1.

The recommendations from each team were then discussed by the team leaders to clarify the recommendations and plan the presentation structure and strategy.

The Guiding Coalition

The implementation of an economic development plan involves issues in change management. Implementing a major, long-term change strategy is a challenging process and cannot be successful without the support of the major players in the manufacturing sector. To develop this support, a "Guiding Coalition"¹ was formed consisting of 25 invited CEO's and senior managers of manufacturers in Manitoba. The role of the Guiding Coalition has been to provide general direction at the outset of the project, provide feedback on the recommendations, and to lend credibility and influence during the implementation phase. Their names on this report indicate their support and endorsement of the recommendations, as well as their commitment to assisting in implementing the recommendations.

The Process of Developing Recommendations

Each team started with the SWOT analysis prepared by the team leaders and then developed their own processes for developing the recommendations. Once all of the teams' recommendations had been finalized, the team leaders acted in an oversight role and reviewed the recommendations to minimize duplication and overlap, synthesize the recommendations

¹ The concept of a Guiding Coalition comes from Harvard professor John Kotter's model for implementing a major change. See John Kotter, *Leading Change*, Harvard University Press, 1996.

where appropriate and to decide on the presentation format. It should be noted that individual team members were not involved in the process of developing the final recommendations.

The recommendations in this report are the result of the efforts of all participants: team leaders, team members and the Guiding Coalition. *In all, it is estimated that over 1,000 hours of volunteer time is invested in this report.*

Section IV. The Approach of this Report

Underlying Principle of this Plan

The underlying principle of this report is that growth in employment, revenues, investment, and profits in the Manitoba manufacturing sector is good for the economic and social benefit of all Manitobans. Because the sector is a substantial part of the Provincial GNP, the relative impact of sector growth on Manitoba's economic and social environment is significant. This suggests that the health and growth of the sector should be a priority for all stakeholders in Manitoba.

The Basic Economic Development Principle and Responsibility for Change

This report takes the approach that the major focus of a manufacturing sector economic development strategy is to remove (or minimize) the barriers to growth, and create or enhance the drivers of growth. It also recognizes that responsibility for the health of the sector lies as much with manufacturers as it does with government. Government obviously has the opportunity to remove barriers and enhance drivers, but the manufacturers also have a responsibility to help themselves by engaging in modern and innovative management practices, investing in the future of their business, and assuming responsibility for change with other stakeholders. Within the project teams, a key to the formulation of recommendations was to put the onus for change as much on manufacturers as on government.

Basis for the Recommendations

The report also recognizes that, except for issues at the extreme macro level, positions taken or recommendations based on economic data and statistics are problematic. Due primarily to the complexity of economic data and public policy issues, blanket statements of cause-and-effect accomplish little except to invite unhealthy debate. It is not difficult to find conflicting statements based upon the same data, or to find the same conclusions come from conflicting data, or different interpretations of the same data. To develop recommendations based upon controversial and overly conclusive statements would detract from the real issues at hand. Therefore, rather than make recommendations based upon debatable and divisive statistical arguments, the teams have developed recommendations that are, simply put, just good sense and are consistent with removing barriers to growth and enhancing the drivers of growth.

The Politics of Economic Development

Ideally, sound economic development policies should be largely independent of political views. Most everyone likely agrees with the economic goals of having more high paying jobs, higher employment levels, greater number of manufacturers operating in the Province, and so on. Differences, where they exist, are generally due to disagreement over how to achieve those

goals. The team members recognize the practical and political difficulties in implementing some of the recommendations; nevertheless, if the recommendation dealt with either a barrier or opportunity, it is included in this report. For the recommendations in this report that are directly under the purview of the provincial government, the belief is that any government in power would view these as positive steps toward developing a globally competitive manufacturing sector.

Executing the Plan

Formulating an economic development plan is relatively easy compared to the execution of the plan. Recognizing this potential problem, the Plan recommends the creation of the Manitoba Manufacturing Council (MMC), a body that is discussed in greater detail in the recommendations section. Basically, the Council will have a single purpose: to facilitate and monitor the implementation of the recommendations of this document. Its strength lies in the power and diversity of its members who represent the major stakeholders: manufacturers, government and educational institutions. Once formed, their first task will be to prioritize the recommendations. A document for this purpose (not included) has been prepared to assist in this very important initial exercise.

Section V. Reasons for Developing an Economic Development Plan for the Manufacturing Sector in Manitoba

Quite apart from the specific recommendations contained in this report, there are several reasons why an economic development plan for Manitoba's manufacturing sector is important. These reasons formed the basis for CME-Manitoba's request (and the Province's agreement) that an economic development plan be developed for the manufacturing sector.

- *All businesses, but manufacturers in particular, need a reasonable degree of certainty to operate efficiently and effectively and to manage the risks that are necessary to grow their business.* An economic development plan that commits to dealing with barriers and incentives for growth increases certainty and encourages manufacturers to increase their investment in Manitoba.
- *Manitoba's manufacturing sector produced 12.8% of the provincial gross domestic product in 2005, making it the 2nd largest sector.* Without a commitment from all of the stakeholders to a focused economic development plan, Manitoba's wealth and social fabric is at risk.
- *Most products manufactured in Manitoba can be produced more cheaply elsewhere.* Global competition, driven by relatively cheap labour in other economies, means that Manitoba's manufacturers, especially those that have a substantial labour component in their cost structure, are vulnerable to losing customers and markets to foreign competitors.

- *As a relatively isolated economic entity, Manitoba is uniquely positioned to develop economic development strategies that take advantage of its special strengths.* There are excellent examples of isolated economies that have thrived by developing strategies of cooperation between the individual firms on matters of the common good. This can best be accomplished through a strategic economic development plan.
- *The unprecedented rise in the Canadian dollar (40% over the last four years) has affected the competitiveness of many Manitoba manufacturers.* The negative effects of a factor beyond the control of Manitoba manufacturers can be reduced by an economic development plan that focuses on barriers to competitiveness and increases in productivity.
- *Evidence indicates that growth in manufacturing jobs comes from expansion of existing manufacturers, rather than from attracting new manufacturers.* Recognizing where the growth in new jobs is most likely to occur, an economic development plan can focus resources and policies on the strategies with the greatest potential.
- *Long-term, the competitiveness of Manitoba's manufacturing sector is most influenced by productivity improvements generated through increased capital investment.* Strategies for increased capital investment in manufacturing can best be achieved by an economic development plan that focuses on long-term, sustainable productivity improvements.
- *There is a perception that Manitoba's manufacturing business climate is not competitive with that of other economic jurisdictions.* The development of a plan to improve the competitiveness of Manitoba's manufacturers with commitment to short-term and long-term actions by all stakeholders will assist in changing this perception.
- *Manitoba has some unique strengths that can be used to grow the manufacturing sector.* Reliable and low cost hydro power, its location as a major distribution centre, and its diversity of manufacturers are examples of Manitoba's potential to develop a globally competitive manufacturing sector. The Province's manufacturing strengths can be developed into a set of strategic actions through a manufacturing sector economic development plan.
- *The negative effects of not having an economic development plan for the manufacturing sector are most visible after it is too late to take effective action.* The risk of not having an economic development plan for manufacturing is that by the time problems in the sector become apparent, it is difficult (and expensive!) to reverse the effects. An economic development plan anticipates problems and develops actions of a preventive nature. Or, put more colloquially, "if you think the cost of doing something is high, imagine the cost of *not* doing something!"

Section VI. Building On Success and Developing a Plan Unique to Manitoba

A “made in Manitoba” economic development strategy for manufacturing has the best chance of succeeding. Such a strategy, as exemplified by the recommendations in this report, recognizes that there are factors that make Manitoba unique and that can function as a foundation for future growth of the sector. Indeed, the sector’s ability to meet the challenges of the last several years is at least partly due to these factors.

The sector firms in Manitoba have a history of working together and with government to deal with common issues. Organizations such as the Composite Innovation Centre (CIC), Advanced Manufacturing Initiative (AMI), Industrial Technology Centre (ITC), the Vehicle Technology Centre (VYC), and the Manitoba Aerospace Human Resource Coordinating Committee (MAHRCC) are examples of manufacturing organizations and governments working together for the good of all. The need to cooperate and work together is part of the culture of Manitoba and is deeply ingrained in our history. The SWOT analysis (See Appendix 2) indicated that the opportunities available using a collaborative strategy within the sector are substantial.

The sector is also advantaged by having effective government and industry partnership programs that support innovation in manufacturing. Programs such as ITP, SR&ED, and IEEQ all have helped make Manitoba’s manufacturers more competitive.

Over the past several years the Provincial government has improved the competitiveness of Manitoba manufacturers by reducing corporate, personal and small business taxes. The positive effects of these changes have been partly offset by larger reductions and lower tax rates in some competing jurisdictions. The recommendations in this report offer a variety of tax reductions, tax structure changes, and financial incentive policies that are designed to minimize the barriers to economic development. The Provincial government can play a major role in creating a “level playing field” for Manitoba’s manufacturers by removing the barriers to competitiveness – both real and perceptual – and by implementing innovative practices and policies that will stimulate investment and development of the sector. Coupled with the challenges that will be assumed by the manufacturing sector itself, the manufacturing sector will be poised to move forward and make even greater contributions to the economic and social development of Manitoba.

Section VII. Foundations for Success of The Economic Development Plan

There are 25 recommendations contained in this report. Collectively, they deal with a variety of areas that affect the competitiveness of Manitoba’s manufacturing sector. Obviously, not all of the recommendations can be implemented immediately, nor is a short-term turnaround expected. All stakeholders will have to make a long-term commitment to the principles and actions for this economic development plan to be effective.

This report takes the position that developing Manitoba’s manufacturing sector into a globally competitive force requires the collaborative efforts of all stakeholders, but particularly that of the

manufacturers and the Provincial government. Accordingly, two primary recommendations are offered that encompass many of the specific recommendations contained later in this report and also illustrate the shared responsibility for the success of this strategic economic development plan.

Leadership

Leadership is about providing vision, developing common goals, getting support from stakeholders, and, most importantly, a willingness to accept risks. Both the manufacturers and the government must commit to providing this type of leadership with their respective stakeholder groups. A willingness to be bold and innovative, yet accountable and responsible for results, will be important ingredients for success. Employees of manufacturing companies and citizens of Manitoba expect their respective organizations to provide leadership in challenging times, and this strategic economic development plan provides the foundation for manufacturers and government to exhibit strong and decisive leadership.

Collaboration

The theme of collaboration between the primary stakeholders – manufacturers, government, and educational institutions – is a unifying foundation of this economic development strategy. There are many examples of successful collaborative ventures already in Manitoba that provide clear evidence that manufacturers, government, and educational institutions can achieve world-class results by working together. If the strategy of collaboration (between manufacturers within the sector as well as between the sector and major stakeholders) becomes a major strategic focus, many more opportunities will be revealed.

In addition to being a foundation for a strategic focus, collaboration is also an attitude – a willingness to understand and respect the positions of each partner. All stakeholders have the same objective – to create wealth for Manitoba to enhance the standard of living for all Manitobans. If that perspective underlies the working relationships between the stakeholders, then the potential of this economic development plan has a much greater chance of being achieved. In other words a philosophy of “it’s not who’s right, but what’s right” is the key to developing the critical collaborative relationship.

Section VIII. Presentation of Recommendations

I. Vision, Leadership and Managing Change in Manitoba’s Manufacturing Sector Recommendations. (VLC)

Recommendation VLC1

Create the Manitoba Manufacturing Council (MMC).

Description:

A stand-alone group composed of high profile individuals from the manufacturing community, the Provincial government, and the educational community and other groups as decided by the Council.

Membership:

There will be two levels of membership. The present Guiding Coalition will remain in place and will become the Manitoba Manufacturing Council. Additional individuals from the manufacturing community can be added to the Guiding Coalition at any time. The Council would meet semi-annually to review the progress and provide advice as needed.

The work mandate of the Council will be performed by a Steering Committee. A majority of members of the Steering Committee will be from the manufacturing community. The Guiding Coalition (to become the Council) will serve in an advisory role to the Steering Committee.

Suggested membership of the Steering Committee is proposed to be:

- Members representing the Guiding Coalition, with one serving as Chair (2)
- Chairs of manufacturing association boards (2 – 4)
- Premier or designates (1 – 2)
- Dean of Engineering, University of Manitoba (1)
- President (or designate) of Red River College (1)
- Senior Representative for Manitoba high schools (1)
- Managing Director of the MMC (1)

Total membership: 9 -12

Purpose:

The primary purpose of MMC is to facilitate and monitor the implementation of the recommendations contained in the MSEDs report.

Special Interest Groups (SIG):

The MMC will also sponsor special interest groups (which will report to CME-Manitoba) to focus on specific areas of the economic development strategy. The recommended special interest groups are: the Innovation SIG, the Capital Advisory SIG, the Human Resources SIG and the Business Services SIG. The focus of these special interest groups is explained elsewhere in these recommendations.

Funding:

The Council will be funded jointly by the manufacturers and the Provincial government.

Staffing:

The Council will be staffed with a Managing Director and administrative support person.

Recommendation VLC2

Expand the mandate of AMI to include responsibility for establishing a virtual Manufacturing Centre of Excellence. The AMI is a proven success and should be the umbrella organization for creating the image of Manitoba as a Manufacturing Centre of Excellence.

- Centre would assist in promoting the image of manufacturing in Manitoba.

- Facilitate access to “out of the box” and new technology.
- Should be a virtual entity to showcase advanced technologies such as Rapid Prototyping, simulation, advanced materials, etc.
- Would help establish the reputation of Manitoba as a “location of choice” for manufacturers.
- CME-Manitoba should pursue the expansion of the current Advanced Manufacturing Initiative so as to accelerate the development of Lean Manufacturing within Manitoba's manufacturing community and further refine the AMI Centre of Excellence. This will, in all likelihood, require additional funding support, both from Industry and from Government. In addition, CME-Manitoba should also develop plans for the continuation of the Advanced Manufacturing Initiative beyond the initial three-year period currently contemplated and funded.
- Industry and government to work together to build upon and grow existing programs for educational tours of world class manufacturers, such as the Innovation Insights Tours, and the recent AMI Best Practices Tours.
 - Provides a process for local manufacturers to observe and experience innovative manufacturing processes and best practices.
 - Allows Manitoba manufacturers to learn from leading manufacturers as to their change processes, the change management lessons learned and the benefits that were realized.
 - Expand tours to include Canadian, North American and global leading world-class manufacturers, with tour programs tailored to ensure that benefits exceed participation costs.

Recommendation VLC3

Develop a “Manufacturing Innovation Scorecard” for manufacturing firms.

- Similar to the Lean Assessment that local companies are using to gauge their current state and the progress they are making on their lean journey.
- A standard process to evaluate a company against a set of criteria for a number of key metrics.
- This scorecard would be utilized to provide a roadmap for improvement, highlighting the areas where a company may be deficient as compared to world-class manufacturers.
- The consolidated results of the manufacturing scorecards could be used to drive Manufacturing Technology Workshops noted in LTD9.

Recommendation VLC4

Promote The Image of Manufacturing as a Career Choice

- Develop a plan to inform and engage students (primary, secondary and post secondary level), parents and educators. The focus being on such areas as: careers available in manufacturing; what career paths can take in manufacturing; compensation opportunities and what are the educational/skill requirements. We need to paint a compelling picture of manufacturing as a field where one can create a challenging and fulfilling career. *Career Destination: Manitoba's* website already has this and it should be augmented.

- Manufacturers need to focus on being progressive employers of choice and develop HR practices that promote competitive pay, benefits, career advancement, work/life balance, etc.

Recommendation VLC5

*The city and provincial governments, on a cost-shared basis, with the manufacturing sector, initiate a significant **Branding and Marketing Program** designed to create a different and positive public perception of the future of manufacturing in Manitoba that will tie in with the current “Spirited Energy” campaign to encourage investment in manufacturing opportunities within the Province.*

- This program needs to be continuous over several years to ensure a permanent new perception is created. Issues such as Manitoba’s arts and culture community, economical housing, and low cost of electrical energy should be capitalized on and publicized to correct the misperceptions about manufacturing and to attract and retain both businesses and individuals interested in manufacturing.

Recommendation VLC6

Recognizing that manufacturing operates in a fast-paced environment of rapid change, it is proposed that the manufacturing sector and the government create a Manufacturing Liaison Group within CME whose purpose is to develop fast-response communications between the manufacturing sector and the government. The group will be continuously engaged with the manufacturing sector to understand their needs and provide a rapid communication channel with the relevant government departments that can best help.

- This group could also seek more relevant and timely consultation with Industry sectors. This would avoid problems similar to the difficulty encountered in making changes to Health and Safety legislation practical and acceptable to industry. They could proactively gain feedback from businesses and provide both direction and priority to the government. This group should be constructed of both full-time government and industry representative.
- The group would operate under CME-Manitoba.

II. Human Resource Development (HRD)

Recommendation HRD1

Develop and implement a Manufacturing HR Plan specific to Manitoba’s manufacturing sector.

Manufacturers, educators, labour, and government must work together to create an industry HR Plan (based on a Manufacturing Sector Needs Assessment) specific to Manitoba’s manufacturers. The HR Plan will provide information on:

- The longer term view from business leaders of the vision for manufacturing in Manitoba – what changes are on the horizon (e.g. lean manufacturing)
- Potential sources of labour
- Demographics of the current labour force

- Specific skill sets and competencies required
- Educational requirements
- Retention strategies
- Survey manufacturing employees – why they stay and why they leave
- Segment needs based on: (1) manufacturing as a whole, (2). sectors within manufacturing (e.g. aerospace, transportation equipment manufacturing, wood product manufacturing)
- Document best practices
- Expand the Employer of Choice program

Recommendation HRD2

Based upon the information generated by the Manufacturing HR Plan, design and implement a Manufacturing Skills Development strategic plan.

The development of this strategic plan will be guided by the following considerations and recommendations:

- Manufacturers need to articulate skill and competency requirements to educators.
- Educators must collaborate with manufacturers to allow flexibility to meet training and development needs and must support vocational based programs in high schools and partner with manufacturers to allow for job rotation experience.
- Provincial Government, working with manufacturers, needs to enhance support for the investment in training and re-training of existing workforce, as provided now by the Manitoba Advanced Education ITP.
- Longer-term - The apprenticeship model needs to be reviewed and updated while working with manufacturing, to ensure the programs are relevant, timely and cost effective.
- Shorter-term - Manufacturers need to work together to better leverage the existing Apprentice program.
- Longer-term - Basic skill development in such areas as English, math, problem solving, communication skills, conflict resolution, working with teams, needs to be integrated within the educational system.
- Shorter-term - The basic skill needs of manufacturers must be clearly communicated to educators and education policy decision makers. The needs will be communicated through the Manufacturing Sector Needs Assessment. Gaps need to be identified and plans to be in place to narrow gaps.
- Leverage existing programs (e.g. Skills Manitoba, AMI, Garden Valley Collegiate Tec Ed program in engineering technology, Career Internship Program at Windsor Park Collegiate and the IEEQ program).

Recommendation HRD3

Industry, government and post secondary education providers establish a process to integrate innovation-based content into the existing curriculum.

- The intent is to ensure that the technology being introduced and taught at the post secondary level meets the requirements of industry.

- As part of this process, better links need to be established to allow local manufacturers to promote and sponsor research on technologies that will allow them to improve their competitiveness and grow their business. The intent is to ensure that some reasonable percentage of local research at post secondary educational institutes be linked to market driven requirements of local industry.

Recommendation HRD4

Expand the workforce by focusing on under-represented groups and immigration strategies.

a. Strategies for creating a representative workforce.

- Manufacturing, working with under represented groups (e.g. Aboriginal community, women, immigrant groups), needs to identify barriers to entry for manufacturing jobs.
- Partner with under represented groups to develop a HR Plan for manufacturing.
- Obtain provincial government funding for basic skills development (e.g. problem solving, communication skills, conflict resolution, and working with teams).
- Manufacturers to focus on best practices such as cultural awareness, diversity programs, career path planning and role modeling to promote diversity. Leverage and support existing programs.
- Examine demographics and how to deal with aging trade's people and an aging workforce generally, encouraging employees to work longer.

b. Strategies for Immigration

- Improve wait times for Provincial Nominee Program processing (e.g. no more than 3 months).
- Manufacturers, as a group, need to work with the Immigration Department to clearly identify their recruitment and skill needs to give advanced visibility.
- The provincial government, working with manufacturers, needs to identify the gaps in credentials and skills of immigrants and then provide training to address gaps (e.g. Internationally-Educated Engineers Qualification Program (IEEQ). The goal is to best utilize skills and enhance underutilized skills.

Recommendation HRD5

Share Best Practices

- Manufacturers must work together to share and leverage best practices by focusing on recruitment, retention, training, compensation & benefits, and progressive work policies. Create a “virtual manufacturing center of excellence”.
- The Human Resource SIG within the Manitoba Manufacturing Council to monitor performance in manufacturing, assess emerging trends and to be the voice of manufacturing in human resource issues.
- Overall in the human resource area there needs to be good collaboration with partners, e.g., manufacturers, government, labour, educators, interest/community groups, etc.

III. Competitive Business Environment Recommendations:

Recommendation CBE1

Implement a schedule of changes to the Provincial tax structure to reduce taxes paid by manufacturers to increase the competitiveness of Manitoba manufacturers in the national and world markets. Tax structures and rates directly affect both short-term and long-term competitiveness. Recommendations are designed to place Manitoba manufacturers on an equal footing with their competitors and to free-up funds for capital investment. Recommendations in specific areas are as follows:

- a. Repeal the payroll tax for manufacturers to remove a serious impediment to employment and economic growth in Manitoba.
- b. Lower general corporate income tax rate for manufacturing activity to catch up to neighboring provinces.
- c. Personal taxes
 - Reduce the top personal tax rate to 16% in 2007 and 15% in 2008
 - Increase the top tax bracket from \$65,000 to \$85,000 in 2007
 - Index brackets retroactive to January 1, 2006 (to adjust for the December 31, 2005 CPI level compared to 2004)
- d. Corporation Capital Tax
 - Commit to repealing the capital tax by 2010
 - Set a timetable now for the phase-out of the tax, by increasing the investment deduction available to all corporations. The deduction is currently proposed to increase to \$10 million in 2007. We recommend further increasing the deduction to \$20 million in 2008 and \$40 million in 2009, prior to repealing the tax in 2010.
- e. Investment Tax Credit and PST on equipment
 - Repeal the PST on production machinery and materials used in plant construction and expansion, to bring Manitoba into line with Ontario, Quebec and the HST provinces. This would significantly improve competitiveness by reducing the cost of key business inputs.
 - Retain the ITC, even if the associated PST were repealed. The combination of tax-free asset purchases and an incentive credit would show a significant signal of the government's determination to expand Manitoba's manufacturing sector.
- f. Sales Tax
 - The government should enter immediately into a dialogue with businesses, consumers, the federal government and other stakeholders to design a framework for harmonization.

g. Energy Tax

- Maintain the existing credit to manufacturers for PST on electrical inputs consumed in the Province. Look at extending this program to all forms of energy inputs to show a commitment to the value added processing done inside the Province.

- h. Examine some innovative tax policies that would target Manitoba's specific weaknesses, e.g., SR&ED, mortgage interest deductions for homeowners under 30, using payroll tax revenues to directly fund industry training as in Quebec, etc.

Recommendation CBE2

CME and the Province commission a working group of industry and government representatives to review and recommend as appropriate revisions to the Province's regulatory requirements that will see the Province adopt global best practices and create a "manufacturing business-friendly environment" second-to-none. Implement consultation process with manufacturers in dealing with proposed labour, health and safety, zoning and environmental legislation or changes in existing legislation. The goal should be "smart regulation" and "smart regulation enforcement."

Recognizing that the legislative environment affects the competitiveness of manufacturers, the consultation process should focus on the following areas:

- Any review of new or existing regulation that has the potential to impact economic growth to be subjected to very rigorous tests with regard to that potential impact.
- Every new law or regulation to have a thorough cost analysis performed before the fact to ensure that the costs are fully understood and the possible consequences in terms of economic development are understood and accepted.
- A comparative cost analysis with competing jurisdictions should be performed on any new law or regulation to ensure that Manitoba companies or companies considering a move to Manitoba are not at a competitive disadvantage.
- Regulations need to be viewed from the point of administrative burden and its impact on economic development in the manufacturing sector. Can the desired results be obtained through more sensible common sense approaches? Most members of the Manitoba manufacturing community are responsible corporate citizens and would co-operate with a common sense approach to achieving the social goals that are behind these regulations.
- Review city and provincial building codes to streamline the process and follow best practices in other jurisdiction to reduce the barriers to plant construction and expansion in Manitoba. The target should be to issue building permits in two weeks or less.
 - Examine best practice in Denmark
 - Construction must be to building code (which is public knowledge), and the onus of responsibility should be on the applicant to ensure that the construction is to code. If it isn't, as determined from subsequent inspection as the project unfolds, it is up to the applicant to correct the matter and ensure that the building is to code or is approved.
- Develop and implement a process by which the enforcement of Health & Safety regulations is clarified and perceived as equitable and balanced by manufacturers.

- Clarify what is deemed to be acceptable behavior of a company that is diligent and safe-minded in its employment practices. The legislation itself seems to suggest that with due diligence, an employer would be able to avoid a conviction under the act. Some structure and guidelines on what is deemed to be "due diligence" insofar as creating a safe workplace is needed.
- Work toward a more balanced approach in the Workplace Safety and Health Department so that the mere evidence of an accident is grounds for an employer not having been sufficiently diligent, such that a conviction will follow. The Crown has to distinguish between diligent companies who have put in place "reasonably practicable" safeguards from negligent companies who have consciously put their employees at risk. The perception that the enforcement of health and safety legislation is anti-business has a negative affect on the manufacturing sector's development and competitiveness.
- Change labour laws to permit freer movement of labour.
- Create a voluntary "Safe Working Environment Employer" label

Recommendation CBE3

Review all existing manufacturing incentive support programs in relation to other provincial jurisdiction incentive support programs across Canada to ensure that Manitoba is leading and competitive in terms of manufacturing support.

Recommendation CBE4

Continue to promote and emphasize free trade between all jurisdictions.

Recommendation CBE5

CME, working with Manitoba Public Insurance Corporation, examine the possibility of developing product liability insurance for Manitoba manufacturers, either in competition with other insurance firms or as an "insurer of last resort".

- The cost of product liability insurance is a major barrier to exporting to the United States, particularly for SME's. Companies exporting to the Unites States are often asked for proof of Product Liability Insurance. For many manufacturers, either the cost is prohibitive or the insurance is not available, thus creating a barrier to entry into the U.S. market.

IV. Long-term manufacturing development strategy that reflects and builds on our success and the uniqueness of Manitoba manufacturing (LTD).

Recommendation LTD1

Within the Manitoba Manufacturing Council, form an Innovation SIG which would meet on a regular basis to promote innovation in manufacturing, share best practices and provide an update as to what individual companies are developing for innovative new processes and methods.

Purpose:

The intent is for the Innovation SIG to influence both industry members and the government to meet the needs of manufacturers within Manitoba by:

- Building upon the consortium approach to collaborate on business opportunities that are complimentary between companies.
- Attracting complementary partners to Manitoba.
- Providing the opportunity for members to assist or direct each other to pursue R&D and in the building of specialized equipment required for the development of innovative new processes and products.

Membership:

The Innovation SIG is to be comprised of business leaders from among Manitoba manufacturers and senior representation from appropriate government departments.

Staffing:

An individual from an appropriate government agency is to be assigned the role of Director of the Innovation SIG. This is an important position to ensure continuity, organize the meetings, and act as the recording secretary and to keep the process rolling. It is recommended that the Innovation SIG meet quarterly and communicate electronically between meetings.

Recommendation LTD2

Under the guidance of the Innovation SIG, continue to develop Joint Industry / Government funded initiatives that fill technical gaps within the local manufacturing infrastructure.

- Modeled upon the success of current joint industry / government initiatives such as the Composites Innovation Center, the Vehicle Technology Centre, and the Advanced Manufacturing Initiative.
- The priority for developing these joint initiatives could be established by the Innovation SIG referenced above.
- Review and promote existing programs for funding innovative new processes and technologies and recommend new potential forms of funding. The intent is to provide government funding incentives for companies developing innovative new solutions and products that are market driven. An example would be interest free loans to help in the R&D and market development of a new process or product that is tied to future employment levels. The loan would remain interest free if the employment targets were met within the agreed time period and failing that, the loan would then have an interest rate applied based upon some factor of the current prime rate.
- Direction for this initiative could come from the MMC.

Recommendation LTD3

Managed by CME-Manitoba, develop a strategy to encourage local suppliers and manufacturers to develop products for Manitoba OEM's and to encourage Manitoba companies to replace imported goods with domestically manufactured products.

- Government to provide incentives for all local suppliers (e.g., tax-based or broad-based) to become supply partners with the Manitoba OEM's. An example would be the development of a local seat supplier to service the Manitoba bus and coach manufacturers.
- Provide incentives for OEM's to work with and develop local supply chain partners.

- Strategy can also be used to attract new businesses to Manitoba to fill gaps in the supply chain.
- Utilize the Manitoba Trade and Investment Buyer's Guide as a starting point. Develop a comprehensive internet based Manufacturing Sector database to strengthen communications within the sector; provide a base for building intra-provincial purchase-supply relationships, including possibly business services, and provide a base for trade development efforts.
- The Province should re-direct funds from various similar but less comprehensive internal directories toward the development and maintenance of this database, including one full-time individual that would facilitate and promote the applications of this database. The Province may also need to provide some additional start-up funding, but the database may be self-sustaining (through listing fees and advertising revenues) over the long term. The full-time individual would work with the manufacturing community to develop new business opportunities and to ensure the database is functional and delivering on its intended purposes.
- This would provide information to the local OEM's as to the capability they have close at hand to act as supply partners.
- Managed by CME-Manitoba in a relationship similar to the AMI.
- Encourage collaboration between companies that are working on the development of innovative new processes or products that are complimentary to the strategic direction of the companies.

Recommendation LTD4

Implement the International Business Development Initiative (IDBI) as approved by the Manitoba Board of CME that uses a model that parallels the structure, programs and deliverables that have been successful with the Advanced Manufacturing Initiative (AMI).

Definition and Scope:

- To improve revenue growth
- Trade training and awareness for Manitoba companies
- Market information and intelligence tools
- Research and planning
- Leverage experience and expertise via knowledge networks
- Skill development in trade and international development
- Supply chain development in support of international exports
- Financial tools and products, currency hedging
- Insurance and risk management components
- Compliance with international agreements and regulatory elements
- Cultural issues and implications of international trade
- Encourage and promote trade consortiums to develop export and import business.
- Sharing of best practices between companies

Objectives:

- Increase the number of exporters in Manitoba
- Diversify markets of current exporters

- Increase the overall value of export sales from the region
- Improve financial performance, particularly among SME's

Approach:

- Appoint an International Business Champion to quarterback the initiative, similar to HR and Lean Champions as under AMI
- Apply consortia model to mix experienced and novice exporters
- Assemble learning networks and best practice tours
- Develop seminars targeting business development and trade skills
- Set up Special Interest Groups (SIG) to focus on particular aspects
- Assemble tools for market readiness, research, on-line resources,
- Develop an International Development course and accreditation
- Create career awareness to stimulate development of talent
- Organize trade shows and missions in select markets
- With support from the Province, find a lead investor in a venture that would combine an Inland Container Terminal and International Trading House operations. This new venture would favorably position Manitoba within North American logistics corridors and would provide Manitoba's manufacturers with entrepreneurial marketing and sales resources targeting global markets.

Operational Costs

- One full-time Champion
- Draw on existing Manitoba and national CME resources
- Rent, utilities, office space, phone, fax, internet additional

Funding Options:

- HRSDC/Federal/Provincial/Private Sector mix
- Leverage existing Federal and Provincial Export funding
- Redirect funds from flagging or low yield programs
- Pilot program in Manitoba with support from CME National

Recommendation LTD5

Develop an aggressive marketing campaign to target key industries that would benefit from the existing electrical rates and provide large economic spin-offs for Manitoba.

Recommendation LTD6

Support transportation infrastructure development and city infrastructure development.

- Invest the appropriate level of financial resources to re-develop Highway 75 to the Manitoba/US border within an aggressive timeframe.
- Collaborate with the municipal government to ensure the efficient movement of manufactured goods in/thru and around the city through strategic infrastructure development and investment.

Recommendation LTD7

Improve the availability and management of capital.

- a. The strategy teams concur with and support the Manitoba Business Council Venture Capital Committee's recommendations to the Premier regarding an approach to sourcing provincially domiciled public sector pension pools in providing venture capital and private equity investment.
- b. In addition, it is suggested that the pool of public sector funds contemplated establish a working relationship with asset based lenders and the manufacturing community within the province to participate in asset based lending, notably plant and equipment to private sector manufacturing firms.
- c. Develop an interest free loan program that is tied to future employment levels to help in the R&D and market development of a new process or product. The loan would remain interest free if the employment targets were met within the agreed time period and failing that, the loan would then have an interest rate applied based upon some factor of the current prime rate.
- d. Create a "Made in Manitoba" equivalent of the US Industrial Development Bond program, which provides low interest loans to finance capital spending for manufacturer
 - Assign a government department the task of collecting background material on US Industrial Development Bonds, including consultation with their counterparts in various states.
 - Visit US states to get first-hand evidence of how successful IDB's have been in encouraging local investment and the resulting employment.
 - Collaborate with manufacturers to gather IDB information already available.
- e. CME establish a Manufacturing Sector Capital Advisory Council SIG with the following mandate:
 - Develop a mentor program to advise the province's SME's in managing debt and equity capital.
 - Develop educational programs for SME's relating to the management of capital and the alternatives available.
 - Review global best practices related to capital and develop recommendations for "Made In Manitoba" programs, including recommendations for the manufacturing sector, financial institutions or government or collaborative programs involving all stakeholders.
- f. The Manufacturing Sector Capital Advisory SIG, working with the Provincial government, explore possible policy measures that would encourage greater equity investment and asset based lending to manufacturing operations within the Province. These could include favorable tax treatment for Manitoba investments such as is extended to Labor Sponsored Venture Capital Funds or some degree of principal guarantee as was extended under the Province's Grow Bond program
- g. The Manufacturing Sector Capital Advisory SIG, working with the Provincial government, develop a comprehensive support program to encourage and accelerate

investment by Manitoba manufacturing firms in new technology, automation, modernization, or expansion within the Province. This program should encourage and support manufacturing firms to explore new and alternate product and process technologies and accelerate and support the adoption of these new technologies, with the criteria being centred on sustaining and increasing the Province's manufacturing sector GDP and real business investment levels. The foundation for such a program may lie in creatively tailoring and packaging the Province's Feasibility Studies Program, Technology Commercialization Program, Community Enterprise Development Program and the Manitoba Industrial Opportunities Program.

Recommendation LTD8

MMC sponsor a Business Services SIG, involving manufacturers and representatives from the business services sector, with the mandate for the Group being to explore and communicate global best practices in targeted areas as identified by the manufacturing community.

- The Business Services SIG should also develop recommendations, working with various stakeholder groups, that will support the adoption of these best practices by manufacturers within the Province, perhaps through the Province providing funding for pilot programs or small groups of manufacturers pooling resources to accelerate implementation.
- Suggested business services include financial services, process consulting, customer service functions, logistics, computer systems and networks, and many others as needed by manufacturers.

Recommendation LTD9

MMC work with industry, government and other appropriate organizations to sponsor manufacturing technology workshops to be held in Manitoba to stimulate adoption of new technologies (e.g., the composite technology workshop sponsored by CIC).

- Focus on workshops that introduce new and advanced technologies that can improve the competitiveness of local manufacturers.
- The goal being to improve awareness of new innovative technologies and provide manufacturers with a starting point with respect to the application, the training and the method of implementation.
- The scope and schedule for such workshops should be determined by the proposed Manitoba Manufacturing Council and the Innovation SIG.

Appendix 1

MSEDP Teams

Human Resources Development & Workforce Capabilities

Team Leader: John Ferris

Jim Beveridge

John Doyle

Laurie Harper

Paul Holden

Ron Koslowsky

Chrystal Laberero

Debbie Leiter

Doug Ruth

Jonas Sammons

Ken Webb

Loewen

Murdoch Mackay Collegiate

Manitoba Federation of Labour

Human Resources Development Canada

Province of Manitoba

CME-Manitoba

United Way

Skills Manitoba

University of Manitoba

Mescan International

Red River College

Innovation

Team Leader: Rob Perry

Trevor Cornell

Ralph Eschenwecker

Ian Marshall

Sean McKay

Tim Mitchell

Vivian Sullivan

Motor Coach Industries

Industrial Technology Centre

Loewen

CME-Manitoba

Composite Innovation Centre

National Research Council

National Research Council

Government Policies & Regulations

Team Leader: Rob McBain

Neal Curry

Gregg Dandewich

Graham Moore

Jason Myers

Gerry Price

Dan Torbiak

Ancast Industries

Westland Plastics

Destination Winnipeg

Transcontinental – LGM Graphics

CME-Canada

E.H. Price Ltd.

PriceWaterhouseCoopers

International Business Development

Team Leader: Gordon Greaves

Al Alexandruk

John Graham

Bob Hamaberg

Dave Johns

Reynold Martens

The Pritchard Group

The Prolific Group

IBM

Loewen

Winpak

GHY International

Sector Development & Infrastructure***Team Leader: Roy Cook***

Archie Arnott

Don Boitson

Vern Campbell

Gene Dunn

Ed van Humbeck

Larry Matsko

Kerry Thacher

Bill Watchorn

Monarch Industries

Royal Bank

Bristol Aerospace

Northern Blower

Monarch Industries

TE-CarMar

The Prolific Group

libreStream

Ensis Management

Appendix 2

Manufacturing Sector Economic Development Strategy

Strategic Analysis

The Goal: To develop a growing and sustainable manufacturing sector in Manitoba over the next 10+ years that is globally competitive.

A. Major Strengths of the Manitoba Manufacturing Sector

1. Relatively cheap and reliable electrical power
2. Diversity of manufacturers in one central location
3. High quality educational institutions and programs
4. At the center of a major transportation hub
5. The AMI program
6. Broad-based manufacturing base
7. Comparatively business friendly enforcement of environmental regulations
8. Strong work ethic and relatively well-educated workforce
9. Good immigration programs compared to other jurisdictions
10. Good and secure access to natural gas supplies
11. Relatively “tight” community, improving responsiveness and communication
12. High degree of affinity with the Midwest U.S. markets
13. Expertise in capital markets, strong bank presence, strong secondary institutions, venture capital funds (labour sponsored)
14. The recent emergence of new and growing 2nd and 3rd tier suppliers in the Province who want to grow and develop as supply partners for the primes/OEM’s

B. Major Weaknesses of the Manitoba Manufacturing Sector

1. Shortage of skilled workers
2. Perception that there is a non-competitive tax structure
3. Perception that Manitoba is not “business friendly”
4. Overall low population growth to fuel the labour market
5. Distance from many suppliers and customers
6. Inefficiencies that exist because of a historically weak Canadian dollar
7. Lack of investment capital for growth
8. Not viewed as “sexy” compared to high-tech and health care sectors
9. Lack of incentives to invest in technology and innovation

10. Government policy does not give priority to the manufacturing sector as a major economic driver
11. Lack of a central long-range strategic human resource plan for the sector
12. Manufacturing talent is leaving the Province
13. Relatively unattractive location (climate, distance from major centers, limited population base, and big three magnets as neighbors – Alberta, Ontario, and U.S.
14. Ability/willingness of industry to undertake R & D, new product/technology commercialization and service innovation
15. Small base of financial and human resources to undertake major initiatives
16. Relatively low level of familiarity with export markets other than the U.S.
17. Deteriorating infrastructure
18. Lack of leverage on national policies
19. General reluctance of educational community to tailor programs to correctly match the requirements of the manufacturing companies
20. Manitoba's image overall when compared to other Provinces makes it difficult to attract talent from outside Manitoba. Weather is an issue, but there are other significant issues as well.
21. Heightened security/bureaucracy at the U.S. border adds cost and cycle time for both the export of goods and the import of materials
22. Current education and development programs for Manitoba's Aboriginal community does not appear to have a tract to develop future candidates for the manufacturing sector

C. Major Threats to the Manitoba Manufacturing Sector

1. Increased international competition from companies in low-cost countries
2. Increased uncontrollable costs (e.g., regulations, environmental, health & safety, etc.)
3. Migration of Manitoba companies to more business friendly locales
4. Increased use of economic incentives to attract new businesses in other jurisdictions
5. Trade barriers
6. Global market rates for Hydro
7. Other North American regions getting their act together before we do
8. Deterioration of our educational system through a combination of bad policy decisions and re-allocation of financial resources to other priorities (e.g., health care)\
9. Possible U.S. economic decline as a result of the weakening of U.S. economic fundamentals (trade and government deficit as indicators?)

D. Major Opportunities in the Manitoba Manufacturing Sector

1. Aboriginal population demographics in Manitoba are very favorable
2. Many Manitoba manufacturers have to use suppliers located outside of Manitoba
3. Only 5% of Manitoba manufacturers use lean concepts
4. Many Manitoba manufacturers don't realize how they can be both competitors to each other and collaborators to everyone's benefit
5. Our renewable, cheap energy has not be fully utilized as an economic driver

6. Create a direct link between secondary/post secondary education providers and manufacturing
7. Reinforce niche-player manufacturing to counteract low-cost country competition
8. Seek opportunities to sell into China market while maintaining manufacturing in Manitoba
9. Implement aggressive immigration practices with Manitoba manufacturers collectively recruiting
10. Get our act together before other North American jurisdictions do and figure out how to pool and channel the collective strengths of our manufacturing sector
11. Further strengthen Manitoba's position in global transportation of goods
12. Related to #11, develop Manitoba as the centre for leading edge Supply Chain management skills and practices
13. Develop Manitoba as a centre for manufacturing R & D, product development, process development (i.e., Lean and HR) and innovation

E. Major changes occurring in recent years that affect the Manitoba manufacturing sector

1. Canadian dollar is at a 15-year high
2. Increasing number of companies implementing lean principles
3. Labor intensive jobs are being shipped off-shore
4. Major emphasis on supply chain management
5. Weakening of the economic fundamentals of the U.S. economy (double deficits)