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The Empire Club Presents

Anne Sado, President, George Brown College with Toronto Next: Return on Innovation

Head Table

Distinguished Guest Speaker

Anne Sado, President, George Brown College

Guests

MJ Perry, Vice President & Owner, Mr.Discount Ltd., and Director, Empire Club of Canada

Jagmeet Sr, Student, Martingrove Collegiate

Reverend Neil Thomsen, Reformation Lutheran Church

Carlos Paz-Soldan, Tenet Computer Group Inc.Chair, Innovation Advisory Board, George Brown College Office of Research & Innovation

Cheryl Jensen, Vice President, Academic, Mohawk College

Verity Sylvester, Managing Director, CV Management, and Past President, Empire Club of Canada

Linda Franklin, President & CEO Colleges Ontario

Peter Catford, CEO, HInext Inc, Past-chair of the Innovation Advisory Board, George Brown College Office of Research & Innovation

Ted Griffith, Senior Vice President, Apex Public Relations Inc Director, Empire Club of Canada

Welcome Address by MJ Perry, Vice President & Owner, Mr.Discount Ltd. Director, Empire Club of Canada

It is my honour to introduce to you our speaker for today. Anne Sado, President of George Brown College. Anne can be described as a hometown girl that made very good. Educated at the University of Toronto she earned a Bachelor of Applied Science in Industrial Engineering and an MBA and has been an indomitable force ever since.

Throughout her life Anne has been an industrious and creative force benefiting the worlds of industry, education and the not-for-profit sector. Her employment history includes more than two decades at Bell Canada in various capacities capping her time there with an appointment as Senior Vice-President of Business Processes and Operational Effectiveness in 2000, where she championed new customer service initiatives and supported company goals with significant earnings improvements.

In 2004 she accepted the position of President at George Brown College. Her focus in education has been on cultivating on the development of a workforce with the right balance of skills for the knowledge economy, innovation in learning and providing the tools for transition to new Canadians so they can enter productive careers that will drive economic growth. She lives these educational ideals. As someone who has been invited to teach at George Brown on occasion, I can speak to a collegial environment that encourages an open and free flowing exchange of ideas

and dreams that can enhance the learning experience of students. Within the educational framework President Sado is a strong advocate of experiential learning, emphasizing the importance of deepening partnerships with industry across the Greater Toronto Area. Her impact on the vision, direction and culture of the college has resulted in significant growth at George Brown, and in a wider framework she has activated a critical public discussion on the value of college education in Ontario's economic development. This year Anne has been recognized as one of YWCA's Women of Distinction in Education.

But that is only the most recent of her many honours, including The Women's Executive Network recognition as one of Canada's Most Powerful Women of 2010. She was inducted into the University of Toronto's Engineering Hall of Distinction in 2010 and awarded the Ontario Professional Engineers Gold Medal in 2007. She has also received the Queens Golden Jubilee Medal for her work with the YWCA of Greater Toronto, the Professional Engineers Ontario Citizenship Award for contributions to her community, and an Arbor Award from the University of Toronto. a Doctor of Laws, honoris causa, from the University of Toronto in June 2011.

Anne's commitment to serving her community is also laudable. She is Chair of the Board of Orion and past chair of Trillium Health Centre, she currently sits on the boards of organizations such as the Toronto Board of Trade, Legacy Private Trust and the Toronto Financial Service Alliance. She is a past Chair of Colleges Ontario's Committee of Presidents and served as a board member of the YWCA of Greater Toronto, Junior Achievement and the Canadian Hearing Society Foundation. This combination of professional and volunteer experiences has given her a variety of perspectives on the social and economic challenges facing the GTA.

Anne Sado

Good afternoon, ladies and gentlemen, and my personal thanks to the Empire Club of Canada for providing me with this opportunity to speak about innovation. It's a topic near and dear to my heart, as well as those of my colleagues at George Brown College.

Most of us now know that in terms of innovation, Canada has fallen behind most other developed nations. The Conference Board of Canada, in fact, ranks us as fourteenth out of seventeen countries with an average grade of 'D' across such key indicators as patents by population, export market share in areas such as aerospace, office technology, and pharmaceuticals, and in both the number and intensity of high technology manufacturing.

Just a year ago, Ontario's Task Force on Competitiveness, Productivity and Economic Progress, an arm's length government advisory group that reports directly to the public, published a report that quantifiably demonstrated that in per capital GDP measured in comparison to sixteen other large states and provinces in North America ... Ontario ranked fifteenth.

The Task Force showed us that in 2010, our per-capita GDP was forty-six thousand five hundred dollars per person. Now compare that to the state of New York. Our neighbours just across Lake Ontario are ranked number one, at seventy-one thousand two hundred dollars per capita. Perhaps it's the "city that never sleeps" attitude that permeates the state, but this we can say with certainty: New Yorkers one Great Lake away are sixty percent more productive than their Ontario counterparts.

We need to ask ourselves some hard questions about why this is so, and what it means to our economy.

I don't think any of us in this room are not concerned. We all have skin in this game. When you combine our lower level of productivity with what is fast becoming Canada's less than stellar reputation for innovation, all of us are experiencing a direct hit as a result of this underperformance. A lack of innovation combined with lower productivity is a significant problem for everyone – especially in Ontario. No amount of handwringing will solve it. No amount of cheerleading should make us believe we are doing better than what we really are. And no amount of naysaying should stop us from tackling this problem head on.

Money doesn't seem too great a barrier. We're just too risk-averse to invest it. That's what the Bank of Canada Governor Mark Carney, seems to think. In an historic speech to the Canadian Auto Workers Union this summer, he said that company directors are sitting on their money, when they should be either putting it to work or returning it to shareholders. Carney was speaking of more than five hundred and fifty billion dollars in what he referred to as 'dead money', up from almost two hundred billion dollars from the same period in 2009 when Canada was just emerging from the recession.

Our federal finance minister, Jim Flaherty is also urging Canadian businesses to invest and he is specific about where – in research and development, on innovation to improve productivity and on expansion into new markets.

On the other side of the issue, the naysayers are starting to pile on.

Globe and Mail columnist Jeffrey Simpson wonders if any of this government push for innovation will pay off. He bemoans companies like Microsoft which, of course, sells its products everywhere in Canada, hires lots of talent from Canadian colleges and universities, but spends little if any money on research and development here.

So topical is our nation's lack on investment that it was featured as a full-page story in a recent issue of *The Economist*. In that story, a Canadian economist compared urging companies to invest more and faster was like people who honk at the car in front of them in a traffic jam. He called it ineffective and at best, annoying.

What both the economist and Jeffrey Simpson were demonstrating, however, was that the time for cheerleading is over. We need not to tell people what to do, but show them how to do it. We need to lead by example, not words. And, we have to stop treating innovation like it's some magic formula that someone, sometime might happen to stumble upon.

George Brown College has a bias for action and today I'd like to share some of what we've done to address the problem of innovation and what we are going to do in the future.

If there is a single message for you to take away from my presentation today it is this: George Brown College is committed to playing a major role preparing the next generation of innovators to help GTA businesses take advantage of this new steady stream of hard working, highly engaged, and ready-to-add-value workforce. And, we are ready, willing and able to help GTA employers prepare for these new employees, and in the process become more innovative and productive.

So let me start with the results of a comprehensive George Brown College research study. It's called Toronto Next: Return on Innovation.

For this report we surveyed a wide cross section of GTA employers, including small, medium, and large enterprises across multiple sectors. Its purpose is to help us at George Brown and the business sector at large to better understand what's driving innovation in our own backyard. Not in just Canada. Not in just Ontario, but right here in the place where we live and work, the GTA.

Through this study we have learned how to apply some important lessons we all know about innovation, and how to apply this to what we do best, preparing graduates to enter the work force ready and willing to help companies increase productivity. Over the next several minutes I will share with you what we learned about how industry defines innovation, what it means to their businesses, and how George Brown can be in an enabler of the innovation economy.

For our study, we reached out to over three hundred businesses in the GTA. Our goal was to better understand how they define innovation and its role in their organization. We also asked them about the value they place on innovation and what kind of return on investment they look for. And, as I will discuss a little later, we asked them to tell us what barriers are preventing them from making these investments.

There were many reasons for us to want to know all this, but of primary importance was to help us keep our curriculum up to date. We want to ensure that our students can graduate with a stronger capability for innovation and offer their employers the essential skills that meet their needs. As a key partner for businesses in the GTA, it is our job - and that of every college in Ontario - to ensure that our graduates can hit the ground running when the graduate.

In short, the more we know about how employers think, the better job we can do in preparing our students to be their future employees.

What we found was not so much what's driving innovation, but what's not. We discovered that most often, the greatest barrier to innovation is the unwillingness of our businesses to invest in it.

Our research also tells us that GTA businesses are more interested in productivity than innovation or creativity, and what came as a real surprise to me ... business people do not accept that innovation can make us more productive.

Like how do GTA employers define innovation? In fact, I'd like you to ask yourself that question right now.

Keep that answer in your head. We at George Brown define innovation as not invention, but the process of creating social or economic value from something that already exists. Think of the concept of iteration – a process of continuous improvement.

Employers, however, define it differently. See if you agree with them. The key word they told us was the word “new,” as in new ideas, new things, new ways, new products, or new technology.

Without prompting, GTA employers told us that innovation can primarily be defined in four different ways:

- One: creating new services, products, or processes
- Two: keeping up, staying ahead on the new technology, or ideas
- Three: new ways of doing things, improving existing services or processes
- Four: out-of-the-box and creative thinking.

All of these are valid ways in which businesses can maintain a competitive edge in today's global economy. But what is surprising to us is the difficulty many of those we surveyed had in linking innovation to productivity.

We also talked to these same employers about productivity; the highest possible output while maximizing input. And here, we found some particularly enlightening results.

For GTA employers, productivity is much more important than innovation. And second, perhaps most importantly, these businesses are not seeing the value of investments in new technologies and equipment, skills training and R&D partnership in sparking their innovation. So by extension, these businesses are also not seeing the value of these key strategic investments in enhancing their productivity.

Our research tells us that GTA businesspeople do not see investments in innovation as a pathway to what they value most, and that is productivity.

Our report is one way that we at George Brown are helping employers and our students, their future employees, to make this connection. It is, however, going to be challenge.

On one hand, we have reputable, influential voices such as Governor Carney and Minister Flaherty aggressively urging businesses to invest in new technologies, skills training, development of new products and fostering R and D partnerships as key ingredients for improved productivity.

On the other hand, the research we're releasing today is telling us that fifty per cent of GTA business leaders perceive a modest or no tangible return on these very investments.

Here's the really telling fact. Half of the people we spoke to believe that it is not businesses themselves that bear the primary responsibility for investing in innovation, but government. Just twenty-one percent felt that such responsibility falls on their own shoulders. And the larger the company, the more likely that company is to believe that its government that should be making these investments. For us it was interesting that sixteen percent felt that post-secondary education should lead the way.

Clearly, the overwhelming opinion of the business community is that other people are primarily responsible for investing in innovation.

Is it our aversion to risk that is leading many to believe government is Canada's best "venture capitalist"? I can't say. But I do know that one cannot improve on anything unless one takes responsibility for it. Declaring something to be "someone else's" problem has never solved anything.

We need to collectively accept this responsibility and work together to link investment in new technology, R&D and skills to our long-term productivity and competitiveness. We need to encourage businesses to put innovation at the core of their business strategy.

One of the ironies we found is that when we asked business leaders to name a current and successful innovator in the GTA, more than half could not name one. And of those people that did, the company named most often was Apple. Last time I checked, Apple was not a GTA company, though I am sure my friends at the Board of Trade would welcome them with open arms.

We at George Brown College do know many of the successful innovators in the GTA. We work with dozens of them and have collaborated with many of them on their innovation initiatives. I'm very pleased that some of our partners are with us today.

I'm pleased to have the president and founder of Tenet Computer Group, Carlos Paz-Soldan with me at the head table this morning.

Tenet has been in business since 1984, providing information technology solutions for governments, hospitals and corporations. The company has developed an emergency preparedness solution to mobile devices. This is an application - called PINPOINT - that allows a healthcare provider to rapidly disseminate information related to fast breaking public crises using the Blackberry pin.

We helped the company with initial assessment runs at our School of Emergency Management. Leveraging government grants designed to enable colleges to support private sector innovation, we worked with tenet to test and refine pinpoint, notably through emergency simulations at Bridgepoint Health.

Working together, we helped link Tenet to our faculty and students, our emergency management simulation facilities, funding, and our partner network. The result is a true Canadian success story - using a Canadian invention - the Blackberry - to address real and important scenarios that require emergency responses in a healthcare setting.

It is this ability ... to leverage our faculty, researchers, students and facilities to test ideas ... refine these ideas ... that lets us help companies create real economic and social value.

Let me return to the results of our study, for a moment

It tells us that only about a third of GTA employers are aware of the opportunity for R&D partnership with any post-secondary school institution. A far lower number are aware of any opportunities to partner with George Brown.

Of course, part of that is surely on us to let potential partners know that we are available as a resource. In fact it's one of the reasons I am speaking to you today.

But as we know, one the primary reasons for not investing in innovation is not an aversion to working with a college or university ... it's an aversion to risk. That's no doubt a key reason businesses tend to think that innovation leadership is somebody else's responsibility.

But there was something else in the results of our study that surprised me. Small businesses tend to be more risk averse than their mid to large counterparts. We discovered this by presenting businesses with a premise to consider.

We asked that if an investment in innovation would increase their long-term profitability of their businesses but reduce profits in the short-term, would be they likely to invest? For mid to large businesses, thirty-six percent told us they would invest ... that they were very likely to invest, actually. Not an inspiring number.

Yet, for small businesses in the region that answer dropped even lower ... by a third ... to just twenty-four percent.

So back to our bias for action. Let me show you how we at George Brown College plan to be part of the solution ... and how we need to work together with our colleagues in business, the public sector and government to crack this nut.

In terms of innovation and productivity, the role of George Brown College and our fellow Ontario colleges is two-fold.

First – our most natural responsibility – is our commitment to develop the talent pool of available employees for employers, ensuring that they not only understand innovation and productivity and the relationship between them ... but also that they have the skills to put this understanding to work right away.

And second, as I mentioned is to help GTA businesses become more innovative and productive through collaborative initiatives ... providing access to other innovators ... instructors ... and physical resources.

Another example I want to provide you with is called Infonaut, and it's another small Toronto-based health technology company. Infonaut is working with the University Health Network to test its new, real-time disease surveillance system technology. They call it Hospital Watch Live.

If you look back to the time of the SARS outbreak, you know how quickly a disease can travel though not only one healthcare setting, but through multiple sites. Infonaut's technology was developed to address this issue – to not only help reduce hospital-acquired infection, but also to save lives and reduce the strain hospital acquired infections put on our already taxed health system. And if there is one area of our economy in need of innovation it is health care.

What was our role? Well, before the Ministry of Health would allow this technology to be tested in a hospital, they wanted it tested ... as they would with any new medical device. George Brown College has a simulated practice centre ... where we teach and train future healthcare workers. We also have advanced prototyping facilities, where we helped INFONAUT refine and build hardware and software for their hospital watch live system.

Working with Infonaut, we were able to help successfully develop and test their technology to the point where this technology is now undergoing real-world hospital testing.

This exercise in true innovation required the coordination and collaboration of many different departments of our college. We not only provided access to highly qualified students and

prototyping and simulation environments, we also helped to secure more than one hundred and eighty thousand dollars in funding from federal and provincial government sources. This was matched by Infonaut all in an effort to help them get their product to market.

The scope and degree of our collaborations with GTA universities, hospitals, boards of trade and professional associations is perhaps the least told story about George Brown. Our local universities turn to George Brown to help them take their thinking to the commercialization stage because they know we do that better than most. It is this complementarity - in working together - that lets us help industry get products to market, and also helps scientists in our world leading research labs do the same thing.

We're also collaborating with the Toronto Financial Services Alliance in developing an innovative cluster strategy to capitalize on our growing credentials in this area. In fact, there are very few GTA organizations and institutions that haven't been touched by our college in some way.

To conclude, my colleagues and I at George Brown believe that this is a serious and significant problem for the short and long-term competitiveness of the GTA economy. Solutions are going to require concerted collaboration between industry, and post-secondary institutions. George Brown has specific responsibilities to advance our innovation potential beginning with partnerships with GTA employers that link them to funding, human capital, state-of-the-art research facilities and access to markets – but above all else we have a fundamental commitment to commercialization.

We do this as part of our core curriculum and in addition, our Office of Applied Research and Innovation has helped countless entrepreneurial ventures go from concept to invoice in the last four years. We need to build greater awareness among employers of these collaborative opportunities.

So, please ... come to us with your challenges and ideas ... big and small ... about what you would like to achieve if only you had some additional help. As I said, George Brown College has a bias towards action.

Not only can we connect you with people, processes, and innovators ... we can often connect business leaders with additional financial resources to fund these initiatives. This includes working with companies and public sector organizations to facilitate speed to market ... to foster innovation and entrepreneurship - with our partners, and importantly, in our graduates.

The report we are publishing today validates our mandate to ensure we demonstrate the connection between innovation and productivity with our students – developing the talent needed for a more innovative economy – and continue to encourage greater risk acceptance as they enter the workforce and consider their own entrepreneurial ventures.

It is my opinion that the GTA does not have an innovation problem. It has an innovation opportunity. Now is not the time to squirrel away our money for a rainy day. It is time to invest in better umbrellas. We at George Brown are committed to working with the current and next generation of innovators to take advantage of this opportunity – and we invite you to become one of them.

Thank you.

**Note of Appreciation by Ted Griffith, Senior Vice President, Apex Public Relations Inc
Director, Empire Club of Canada**

On behalf of the Empire Club of Canada, I want to thank you for speaking here today. Innovation is a topic that we as a club, would like to talk about more, your speech today certainly reflected on how this conversation needs to move forward.

I would like to present you with a book called *Who Said That?*, from our 100th anniversary which was in 2003. The Club was started in 1903. A selection of quotes and notes from a hundred years of Empire Club speeches.

And it says selected quotes from speeches, but I found one which was kind of relevant to today, which shows that this has been talked about for a while. It is from 1979 from the Director of the Interior Science Center, Dr. John Tuzo Wilson. Now, he makes the mistake, what you talked about its invention and innovation as being the same, but his point about business seems to be very apropos, he says, "it was the development of the steam engine rather than any change in financing, which made growth possible. The steam engine provided the first source of spin amended synthetic power, which produce goods in abundance, and transport them quickly. Cheap energy has been the source of our prosperity and it is now vanishing. It is not capitalists that are in short supply. It is resources. Adam Smith was the author but more than anyone else, James Watt was the creator of Wealth of Nations. Many leaders have come to believe that laws, edicts, taxes, financial manipulations are more important than production and productivity. This ability of economist to put the cart before the horse and then forget the horse is one of the tragedies of our times. Once an invention or discovery has been made, managers, bankers and lawyers move in to exploit it and build an industry. Generally, they are not the original inventors. But they make more money seem to exercise more power and appear to be more glamorous and more important than the true creators of wealth, which are the innovators. Thank you.

**Concluding Remarks by Verity Sylvester, Managing Director, CV Management, Past
President, Empire Club of Canada**

Thank you. Ladies and gentlemen, each one of you should find some brochures on the table. Please take a look at our upcoming events as we have some wonderful events coming up.

I would like to thank Mr. Discount and Phil Gillies Consulting for sponsoring our students tables this afternoon.

I would like to thank the *National Post* as our print media sponsor. This meeting will be carried and aired on Rogers TV. We are very grateful to them for their ongoing support.

Thank you for all coming.

This meeting is now adjourned!