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Innovation management best practices

Introduction

CIO revisits an impressive report prepared over 16 years ago; **The Red Wilson Report on ‘Compete to Win’**.

Yet another example of a report which had much to offer the government at the time as well as succeeding governments on measures to be taken to improve Canada’s productivity.

The authors of the report drew CIO’s interest and is the reason that CIO now draws the reader’s attention to its conclusions. Innovation, or the lack thereof, and new policy initiatives were the focus of the report.

Weak Innovation Much of Canada’s poor productivity performance can be attributed to the comparatively poor performance of Canadian firms with respect to innovation. We rank poorly across almost all aspects of innovation: the creation of knowledge, the diffusion of knowledge, the transformation of knowledge and the use of knowledge through commercialization. This is seen by the Conference Board of Canada as “a serious weakness in Canada’s overall performance and [an] alarming portent for the future.” Other research also indicates that Canadian firms lag behind firms in other major industrialized countries on a number of other measures of innovation.

This report is one of a series where CIO revisits past advice on subjects related to innovation, particularly corporate innovation.

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But what was done with- the recommendations arising from the year-long examination?

This report was by no means without a huge effort by all concerned.

The panel began its work with a discussion paper, “Sharpening Canada’s Competitive Edge,” released in October 2007. The call for submissions from interested parties resulted in 155 briefs from business, the legal community, governments, academics, unions and civil society. The panel reviewed best practices in OECD countries and commissioned more than 20 research reports on relevant policy issues. Finally, the panel met with more than 150 individuals and groups in 13 sessions across the country.

The report ran to 134 pages and was a very comprehensive document dealing with all aspects impacting Canada’s economic prospects.

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This belated review attempts to:

- summarize the report,
- provide outside comment (Judith Maxwell),
- review the follow up report, which was completed after six years,

and in so doing remind researchers of the significance of what was recommended.

Clearly, in retrospect, the major recommendation for a ‘Canada Competitiveness Council’ – a cornerstone of the report – was not adopted. The Council would have reported to Parliament and its work would have been evaluated every five years. The authors fully realized that a solution to the **productivity/standard of living issue** would not have been able to be addressed with a simple set of recommendations but would take the concerted efforts of all levels of government; federal, provincial, institutions and most interestingly, the participation of major city governments.

A pity! And look where Canada is today (2024).

In the words of the authors of the progress report.

Finally, the government missed an important opportunity to ensure a sustained focus on competition by declining to establish the proposed Canadian Competition Council. Australia’s competition council has played a vital role in encouraging the modernization of that country’s economy. While the recommendations of such a council are sometimes inconvenient for governments of the day, they provide a forum for analyzing and debating measures to enhance competitiveness and can remind us of the competition consequences of policies that governments pursue for other reasons. Given the current government’s increasing reliance on analysis produced by outside groups, Canada needs such a body to provide independent, expert advice on the path forward for economic reform.

In sum, the Competition Policy Review Panel laid out an ambitious reform agenda for the federal government. The government has made important progress in a number of key areas. Unfortunately, progress in those areas has been overshadowed by the increasing disarray of the foreign investment review regime, lack of progress in increasing sectoral competition, and the government’s failure to appoint a body that would ensure a sustained focus on increasing competition in the Canadian economy. In these areas in particular, much remains to be done if we are to “compete to win”.

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Background to the ‘Compete to Win Report’.

Here is what was stated at the time by the group given responsibility for the work. **Highlighting is by CIO.**

*On July 12, 2007, the Ministers of Industry and Finance announced the creation of the Competition Policy Review Panel. The Panel is chaired by L. R. Wilson, and includes N. Murray Edwards, Isabelle Hudon, P. Thomas Jenkins and Brian Levitt. We were mandated to review Canada’s competition and foreign investment policies and to make recommendations to the Minister of Industry, on behalf of the Government of Canada, **for making Canada more competitive in an increasingly global marketplace.**¹ The Panel was tasked with conducting research, holding consultations and producing a report by June 2008.*

*Our report is about one simple proposition: **raising Canada’s overall economic performance through greater competition will provide Canadians with a higher standard of living.** Strong economic performance translates into more and better jobs and higher earnings, which in turn mean higher government revenues to support the services and programs that Canadians have come to expect. Our recommendations are meant to address the slow growth in personal earnings in Canada. Our goal is to create the conditions that will sustain a robust economic legacy for future generations of Canadians*

The report was entitled ‘Compete to Win’ and was published in 2008.

The Panel’s Advice in a Nutshell. *Highlighting is by CIO.*

Create an Industrial Research and Innovation Council (IRIC), with a clear business innovation mandate (including delivery of business-facing innovation programs, development of a business innovation talent strategy, and other duties over time), and enhance the impact of programs through consolidation and improved whole-of-government evaluation.

Simplify the Scientific Research and Experimental Development (SR&ED) program by basing the tax credit for small and medium sized enterprises (SMEs) on labor-related costs.

Redeploy funds from the tax credit to a more complete set of direct support initiatives to help SMEs grow into larger, competitive firms.

Make business innovation one of the core objectives of procurement, with the supporting initiatives to achieve this objective.

Transform the institutes of the National Research Council (NRC) into a constellation of large-scale, sectoral collaborative R&D centers involving business, the university sector and

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the provinces, while transferring NRC public policy related research activity to the appropriate federal agencies.

Help high-growth innovative firms access the risk capital they need through the establishment of new funds where gaps exist. Establish a clear federal voice for innovation and engage in a dialogue with the provinces to improve coordination and impact.

What We Heard and Learned

During our extensive consultations, we learned about many Canadian success stories and heard from numerous entrepreneurs who said that federal programs have served them well. We also heard that there is an opportunity to enhance the impact of programs to make them even better.

We heard that the government should be more focused on helping innovative firms to grow and, particularly, on serving the needs of small and medium-sized enterprises (SMEs).

We heard that programs need to be more outcome oriented as well as more visible and easier to access.

We heard that whole-of-government coordination must be improved and that there should be greater cooperation with provincial programs, which often share similar objectives and users.

We also learned that innovation support is too narrowly focused on R&D — more support is needed for other activities along the continuum from ideas to commercially useful innovation. This extensive feedback, supplemented by research and analysis and interpreted in the course of the Panel's internal dialogue, forms the basis of our advice.

A Framework for Action

Our work has been guided by a long-term vision of a Canadian business sector that stands shoulder-to-shoulder with the world's innovation leaders — ultimately, this means a more productive and internationally competitive economy that supports rising living standards for Canadians. To transform this vision into reality, we believe that the government must focus its efforts on the goal of growing innovative firms into larger enterprises, rooted in Canada but facing outward to the world and equipped to compete with the best.

Critique by Judith Maxwell

Further commentary was provided by Judith Maxwell. *Ms. Maxwell was the former head of the Economic Council of Canada and the Canadian Policy Research Network.*

Red Wilson and his colleagues on the Competition Policy Review Panel are trying to shake Canadian business and governments at all levels out of their ambivalence about competition.

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Their goal is to make Canadians more active and willing participants in competitive markets. What is missing, however, is a recommendation that would bring the provinces and the big cities into the front lines of the battle for competitiveness.

Politicians and business leaders talk the rhetoric of globalization and freer flows of trade, investment and people, but they do not walk the talk. Governments don't seem to believe they can have an impact on competitiveness and business gripes about government inaction.

Stacks of reports from think tanks and large-scale national conferences involving business and government are gathering dust, but the underlying mindset does not change. As a result, decisions do not treat competition as a driver of economic success.

The panel's critique of governments and business is not particularly new. But it does remind us how much both sides have been dragging their feet.

“Long-standing inaction” in the regulation-making process; **the lack of business-university collaboration**; internal barriers to trade that drive up costs and inhibit business opportunities; the unwillingness of five provinces to harmonize their sales taxes with the GST; **serious deficiencies in venture capital available to support the growth of small and medium-sized businesses into robust competitors; and so on.**

But the panel's strategy is different: “We wish to emphasize that competitiveness is a journey, not a destination,” says the panel report *Competing to Win* issued at the end of June. “Periodic reforms will not get us to where we need to be. ... Canada's policy improvement must be ongoing and continuous.

Thus, a lot of the 65 recommendations propose changes in the way decisions are made, the speed of decision making and **regular reviews of existing rules and laws to keep them up to date** in a rapidly changing global competitive context.

The cornerstone recommendation is to establish a competition watchdog called the Canadian Competitive Council – an independent voice to promote competition as one of the key forces which drives economic success. “A council that is free to speak out without being constrained by the bureaucratic or political ramifications of its work will be the most effective way to advance an agenda for a more competitive Canada,” the panel said.

The role of the council would be to speak truth to power on the basis of rigorous analysis. The panel says it must be able to control its agenda, set its priorities, and be free to foster national debate and dialogue. The council would report to Parliament and would be evaluated after five years.

Canada has several think tanks that focus on competitiveness, including the Conference Board of Canada, the Ontario Institute for Competitiveness and Prosperity and the Centre for the Study of Living Standards. For the most part, they address broad macro trends in productivity and costs, but they do not get to the cutting edge of policy decisions. **The proposed council would look**

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more at the micro and policy roots of competitiveness, examining particular policies or specific sectors, and benchmarking them to other countries.

This is all well and good. But independent councils can be abolished at the behest of a Prime Minister – witness the demise of the Economic Council of Canada. How long could this new council survive in today's climate where governments, especially the federal government, are determined to control the debate? More important, what could be done to make it more effective and give it a better chance at survival?

First, as Red Wilson pointed out in an interview, the tone will be set by the first council chair. **That person must be passionate about Canada's competitiveness**, experienced in the pressures of the marketplace, and unencumbered by other loyalties.

Second, **the council should be an institution advising all governments in Canada – not just the federal government**. After all, competitiveness is a national issue. Every province has ministries for trade, economic development, industry, science and education, among the many departments that can impact on competition. And, as the panel acknowledges, the big cities are central to Canada's ability to nurture and develop Canadian-based global companies.

One model for this integrated approach is the Canadian Institute for Health Information. It works with Ottawa and the provinces, but not the cities. But the Competitiveness Council will need a far stronger mandate to comment on public policy than the one given to CIHI. By building relationships with provinces and the big cities, the council will strengthen its independence and improve its chances of survival.

The report was delivered to Industry Minister Jim Prentice (whose predecessor commissioned the panel). But, if the government is going to take competitiveness seriously, Mr. Prentice and the Prime Minister should take the proposal for the Canadian Competitiveness Council to the fall summit with the Premiers, inviting them to become co-sponsors of the council. They should also invite the mayors of the six largest cities to consider this role as well.

If this council is going to convince Canadians to overcome their collective ambivalence about competition, it will need a truly national mandate, **with an outstanding chair as well as direct working relationships with Ottawa, the provinces and the six biggest cities**.

The Progress Report.

Six years later, and to their credit, the group produced a progress report indicating which recommendations had been implemented and those that had not.

The Progress Report, which can be viewed online, carefully identified which recommendations were adopted, those that were not adopted and some that were partially adopted. The following is a summary of the report.

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	Not Adopted	Partially Adopted	Adopted
The Investment Canada Act	8	5	6
The Competition Act	2	1	7
Taxation	2	1	1
Attracting and developing talent	2	5	3
Head offices and cities	1	2	0
Fostering growth businesses	1	1	0
Strengthening the roles of directors in mergers and acquisitions	4	0	0
The Canadian economic union	3	2	0
Canada-US economic ties	0	0	2
International trade and investment	1	1	1
Regulation	1	2	1
Innovation and intellectual property	1	1	2
Canadian Competitiveness Council	6	0	0
Totals	32	23	23

The details of each of the above can be obtained on the web;

www.thebusinesscouncil.ca/report/compete-to-win-the-wilson-panel-report-six-years-later/