

# 10 Steps to a More Innovative Canada



Photo: Dyanne Wilson

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IT IS NO SECRET THAT CANADA'S weak overall innovation performance undermines our global competitiveness and standard of living.

The question is: What to do about it?

Last spring, I and Paul Lucas, President and CEO of Glaxo-SmithKline Inc., assembled a national coalition of leaders from business, academia and supporting

organizations with the aim of building consensus around a focused and achievable agenda for action.

In our report, we present 10 priority items that we believe Canadians can begin to put in place within the next 12 months:

**Reform tax support for research and development.** The Scientific Research and Experimental Development (SRED) program is a powerful tool, but inconsistently applied. Ottawa's review of the program should seek to make the credits more broadly, consistently and predictably accessible. The review should benchmark other OECD countries to ensure that Canada's system produces the best possible results.

**Expand the pool of risk capital.** Building a larger pool of risk capital is essential if we are to create and grow tomorrow's successful enterprises. One approach that is gaining favour in Canada and elsewhere is the establishment of government-sponsored co-investment funds that invest in innovative companies alongside private investors. At the same time, banks and

pension funds that once were significant providers of risk capital need to rebuild their management talent in this sphere – drawing on established entrepreneurs with operational experience.

**Adopt the world's strongest intellectual property regime.** Canada should aim for a reputation as the best place in the world in which to research, develop and bring to market new products and processes. It is imperative that Canada achieve the gold standard of intellectual property protection and thereby create a more attractive environment for innovation.

**Strengthen business-academic links.** Businesses and educational institutions engage in a wide variety of cooperative ventures, but their efforts to collaborate often have been stymied by barriers ranging from issues of funding and intellectual property ownership to less tangible considerations such as differences in expectations and culture. Business and academia should consider a pilot program that would identify up to 25 partnerships that would be nurtured through access to top coaches and

other support. The goal should be to build a portfolio of successes that would inspire further innovation.

**Tap private-sector expertise when spending public money.** Ottawa spends billions of dollars annually to support research and innovation, and in recent years has sought to increase private-sector representation at the granting council level. We strongly endorse this approach. At the same time, we recommend that governments also take advantage of private sector experience in developing new research and innovation initiatives and in evaluating existing programs.

**Speed adoption of innovative products and services.** Canada ranks middle of the pack by OECD standards in business investment in new machinery and equipment. Tax incentives would help, but even more important is heightened recognition by business managers and boards of directors of the need and potential for productivity improvement. Governments, too, can spur innovation by becoming early adopters of

innovative products and services.

**Launch a national learning and innovation initiative.** Governments across Canada should agree on ambitious goals for learning that could include: a 90 percent high-school graduation rate; expanding post-secondary enrolment in science, engineering and business programs; ensuring that researchers have access to people with the commerce competencies needed to drive commercialization; and increasing graduation rates at the Master's and Ph.D. levels. At the same time, the private sector must take more responsibility for work-based skills training and lifelong education.

**Seek out the best and brightest.** Academic institutions already recruit abroad for students. These efforts should be reinforced by federal and provincial support for overseas marketing and recruitment and in making it easier for foreign students to obtain visas, work permits and health care while studying in Canada. Other provinces should consider adopting the British

Columbia model of providing standard per-student grants for international graduate students.

**Nurture innovation clusters.** Governments should align their policies to support regional and local innovation clusters. Educational institutions should work to ensure their research and training efforts meet the needs of local clusters. Private sector leaders should consistently communicate their needs to local post-secondary institutions and research centres. All three sectors should form a national network to share best practices.

**Ensure ongoing advocacy for innovation.** Governments, business and academia should collaborate in the creation of an independent advocacy body with the single mandate of encouraging innovation by Canadian business. An interim step, and possible alternative, would be to mandate an existing organization with this responsibility.

Even these measures will not solve the problem entirely. But our recommendations are practical. Many can be put in place quickly. We believe they would make a real difference in putting Canada on track toward an innovative future.