

## TABLE OF CONTENTS

Executive Summary .....	1
Purpose.....	3
Background.....	4
Case For Change.....	4
Information Sessions.....	5
CAO Task Force .....	6
Methodology.....	9
Economic Overview.....	11
Global Economy .....	11
Windsor & Essex County.....	13
The Strategy .....	19
Existing Businesses & Industries.....	22
Assessment Of The Basic Sectors.....	24
Strengths & Opportunities .....	24
Manufacturing.....	25
Tourism/Gaming.....	27
Agri-Business.....	28
Weaknesses & Threats.....	30
Manufacturing.....	30
Tourism/Gaming.....	35
Agri-Business.....	37
Economic Base Analysis.....	38
Key Issues .....	40
Attract New Investment .....	43
Inventory Of Services & Infrastructure .....	44
Needs Of Consumers & Investors.....	48
Image.....	49
Target Markets .....	52
Key Issues .....	53
New Start-Up Opportunities .....	57
Entrepreneurialism & Small Business .....	61
Key Issues .....	64
A Regional Approach .....	67
Regional & Local Roles.....	79
Key Issues .....	84
Structure.....	85
The Organization .....	85
Governance .....	88
Mandate Of The Organization .....	88

Services ..... 89  
The Realities Of Economic Development ..... 90  
Funding ..... 91  
Metrics Of Success ..... 94  
Benefits ..... 96  
Challenges ..... 97  
Implementation ..... 98  
Closing Statement ..... 100

## **APPENDICES**

APPENDIX A: Regional Economic Development Strategy – *Framework Document*

APPENDIX B: Regional Economic Development Strategy – *Background Document*

APPENDIX C: List of References

APPENDIX D: Economic Base Analysis (2000 – 2004)

## TABLE OF FIGURES

Figure 1: Project Management Structure .....	8
Figure 2: Map of the World .....	12
Figure 3: Map of North America .....	12
Figure 4: The NAFTA Corridor.....	13
Figure 5: Windsor/Essex, Southeast Michigan & Northwest Ohio .....	14
Figure 6: Windsor & Essex County .....	15
Figure 7: 1997 Imports.....	16
Figure 8: 1997 Exports.....	16
Figure 9: Non-Stop International Flights from Detroit Metro Airport .....	17
Figure 10: Strategic Framework Matrix .....	20
Figure 11: Strategic Framework Matrix – Assessment by the Strategic Advisory Group ....	21
Figure 12: Regions Economic Sectors ( <i>Windsor CMA – 2004</i> ) .....	23
Figure 13: Major Employers (by number of employees).....	24
Figure 14: Top 10 Manufacturing Employers .....	25
Figure 15: Motorcoach Tours .....	35
Figure 16: Year End Occupancies (%) .....	36
Figure 17: Average Daily Rates.....	36
Figure 18: Convention Marketing.....	36
Figure 19: Economic Patterns – Detroit Economic Region.....	53
Figure 20: Southern Ontario Economic Regions.....	67
Figure 21: U.S. Economic Regions.....	68
Figure 22: European Economic Regions .....	68
Figure 23: Workflow re: Windsor & Essex County .....	70
Figure 24: Workflow re: LaSalle & County Municipalities .....	71
Figure 25: Workflow re: Tecumseh & County Municipalities.....	72
Figure 26: Workflow re: Lakeshore & County Municipalities.....	73
Figure 27: Workflow re: Amherstburg & County Municipalities .....	74
Figure 28: Workflow re: Essex & County Municipalities.....	75
Figure 29: Workflow re: Kingsville & County Municipalities.....	76
Figure 30: Workflow re: Leamington & County Municipalities.....	77
Figure 31: Economic Benefits Across the Region.....	78
Figure 32: Maximizing the Region’s Assets.....	79
Figure 33: Regional & Local Roles .....	82
Figure 34: The Organizational Structure .....	86
Figure 35: Funding Comparisons.....	92
Figure 36: 5-Year Funding Model .....	93
Figure 37: Business Plan Development.....	99

## EXECUTIVE SUMMARY

‘Structure follows strategy’ was the recommendation of the CAO Task Force, which was the process accepted by the municipal Councils of the City of Windsor and the County of Essex. Consistent with the recommendation and the subsequent resolutions of the two Councils, this report is designed to present the strategic framework first, followed by the structure to support the strategy. For the purposes of providing a brief overview, this summary outlines the chief components beginning with the structure of the regional economic development organization and the strategy that it will embark on.

### *Structure*

- A regional approach.
- The organization is comprised of: a Governance ‘Decision-Making’ Board (9 members from key business sectors, education, health and the two Chief Administrative Officers from the City & the County); a Chief Executive Officer as the operational lead; and 3 service areas (Business Recruitment, Marketing & Product Development) (*Note*: total staff complement to be determined).
- The mandate of the organization is to act as the primary economic development body on behalf of the region and to take a lead role in the implementation of the strategy.
- The CEO reports to the Governance Board. Annual reports are to be provided to City and County Councils by their respective CAO’s.

### *Funding*

- A 5-year funding model calculated on a per capita basis, starting at \$3.50 in Year 1, increasing by \$0.50 annually up to \$5.50 in Year 5.
- Total funding in the first year is estimated at over \$1.3 million and rising in excess of an estimated \$2.1 million in the fifth year, contingent upon the population figures.

### *Strategy*

- A framework strategy consisting of 3 pillars:
  1. **Existing** – Retention, expansion and new opportunities;
  2. **Attraction** – New investment;

3. **New Start-Up Business Opportunities** – Supports for business creation, innovation, and research & development.
- The 3 pillars are addressed by 3 main activities:
    1. **Recruitment** – Services for existing and new investors, as well as for new start-up business opportunities;
    2. **Marketing** – Inventory and promote the ‘actual’ attributes of the region in relation to the needs and ‘wants’ of investors and consumers. Address the weaknesses in the regional offering;
    3. **Product Development** – With the region defined as the product, improve the region’s systems (i.e., natural environment, transportation, infrastructure, education, health, etc.).

### ***Implementation***

- A 5-year business plan will be established to support the strategy through the development and prioritization of actions items, derived from data-driven recommendations and **key issues** contained in this report.

The initial goal is to create a regional economic environment that is collaborative in nature across the whole region; recognizes the importance of facilitating activities and programs that assist with the future viability and growth of existing business and industry (both big and small); conducive to new investment (i.e., business attraction); and world renowned for its innovation and research and development initiatives. A ‘destination location’ where people want to invest, work, learn and play. A region that continually strives to become the model for economic development in North America.

Ultimately, the purpose is to achieve **economic advantages** that will maintain and attract investment in high-skilled, well-paid jobs providing a high quality of life in Windsor and Essex County.

# WINDSOR – ESSEX COUNTY

## *Regional Economic Development Strategy*

### **PURPOSE**

Designing an effective regional economic development strategy begins with identifying what it is we are trying to create. As such, it is meant to articulate in general economic terms, what it is the region is trying to achieve and, thus, it describes:

- What the region wants to accomplish economically; and,
- What the region doesn't want to occur economically.

This is predicated on an objective *understanding of current reality*, and subject to the *degree of influence* that the region has on major issues affecting its economy.

This strategy is intended to establish *two key components*.

1. A strong *regional* approach to economic development defined by *economic boundaries* rather than political boundaries.
2. A viable *framework* providing an effective way to:
  - a. Bolster existing business and industry;
  - b. Attract new investment;
  - c. Facilitate and support the emergence and commercialization of new ideas and businesses; and
  - d. Enhance and market the region.

The desired results, over time, could be described in terms of the following success factors:

- The retention and/or expansion of existing businesses and industries.
- A “destination location” for both visitors and investors; hence, an attractive place for people to invest, work, learn and play.

- New investment to the region adding value and diversifying the regional economy.
- A region known internationally for its superiority in innovation as well as research and development, particularly in the areas of automotive, manufacturing and agri-business.
- Very much in tune and linked with the global marketplace.
- A “culture of collaboration” among the various sectors of the region.
- Good quality, high paying jobs that provide for a high standard of living and a high quality of life.

## **BACKGROUND**

### ***CASE FOR CHANGE***

A fundamental starting point was to address why the current method of delivering economic development services should be altered.

Stakeholder focus groups that represent view points on the delivery of economic development services indicated that in their view there was concern about the reliance by the region on one main industry sector driving overall economic growth, and that there was a need to strengthen and diversify the economy of the region in order to provide for continued economic prosperity. It was felt that the current method of delivering economic development services was lacking in the following ways:

- There was no apparent or agreed upon strategy discussing the economic development direction to be pursued with the supporting actions or processes required to effectively implement that strategy.
- There was concern over the perceived lack of progress that was being made in terms of economic development activities that would work towards strengthening and diversifying the region’s economy.



- The nature of the accountability between the economic development organization and the elected officials was limited.
- The County expressed concern about the nature of their relationship with the economic development organization and the level of benefit that they derived from it.

### **INFORMATION SESSIONS**

As first steps toward changing the region's approach to economic development, an extensive examination was initiated by the City of Windsor, the County of Essex and the local municipalities.

The process commenced in 2003 with two workshops attended by an estimated 100 people at each session, representing most sectors across the region.

The first was held in May 2003 involving guest speakers from other jurisdictions in Ontario who presented their respective approaches. The introductory meeting provided elected officials, local/regional municipal administrations and other stakeholders with the opportunity to see possible benefits in looking more closely at how the region is functioning and how economic development opportunities can possibly be improved in a cost effective manner.

A subsequent workshop was held in June 2003 with local presenters followed by a brainstorming session with the attendees. The purpose was to examine the present day situation in the region; gather ideas for the future provision of economic development services; establish a Task Force to consider the ideas generated and oversee a Study that would result in recommendations to both City and County Councils. At the conclusion of the June workshop, the attendees supported several recommendations, which were subsequently adopted by both City and County Councils. The most notable section of the resolution being:

*THAT a Task Force consisting of the City, the County, and Town CAO's  
BE ESTABLISHED for the purpose of carrying out a study to make*

*recommendations as to the future provision of economic development services...*

### **CAO TASK FORCE**

In undertaking the study, the CAO Task Force engaged **KPMG** as a facilitator. With the help of **KPMG**, the CAO Task Force utilized a multi-pronged approach in collecting the data. First, 8 targeted *focus group sessions* were organized for stakeholders from various sectors, including: agriculture, industry/manufacturing, automotive, financial, transportation, education, arts, multicultural, non-profit agencies, home builders, construction, developers, tourism, hospitality, retail and commercial. Secondly, representatives from the Windsor-Essex County Development Commission and the Convention and Visitors Bureau were interviewed. Thirdly, separate sessions were held with City and County Councils.

The next step involved discussions with representatives of the Provincial Ministry of Economic Development and Trade to identify service models most useful for comparative purposes relative to this area. In addition, site visits were made to London and Niagara Region. Telephone interviews were also conducted with representatives of these agencies as well as three other organizations, including those in Kingston, Hamilton and Peterborough. Further, a meeting was held with Mr. Dennis DesRosiers, Automotive Consultant, to obtain his views on the automotive industry and his suggestions for improved economic development in the region. Other studies and reports concerning economic development from a variety of jurisdictions were examined as well.

Arising from the focus group sessions were **10 main themes**:

1. Develop a regional focus.
2. Establish a brand image.
3. Develop a solid strategic plan.
4. Develop a proactive approach.
5. Measure performance.
6. Partner with stakeholders.

7. Change the role of government.
8. Develop a new funding mechanism.
9. Address the border issue.
10. Keep economic development and tourism separate.

With respect to the foregoing theme of keeping economic development and tourism separate, it is important to note that stakeholders felt that the two services are separate functions with very different processes and target audiences. Each deals with separate markets and utilizes a different approach. While tourism and convention business promotion encompasses a large client base and looks at attracting people to visit the region, economic development is more targeted in its attempt to get investors to locate and stay here. While there may be some potential for sharing of back office operations to reduce costs, it was felt that these alone were not enough to justify combining them, and therefore, they should remain separate.

After a comprehensive examination, the CAO Task Force came to a specific conclusion, which was presented in the Task Force's report submitted at the Joint Meeting of City and County Councils on November 10, 2004.

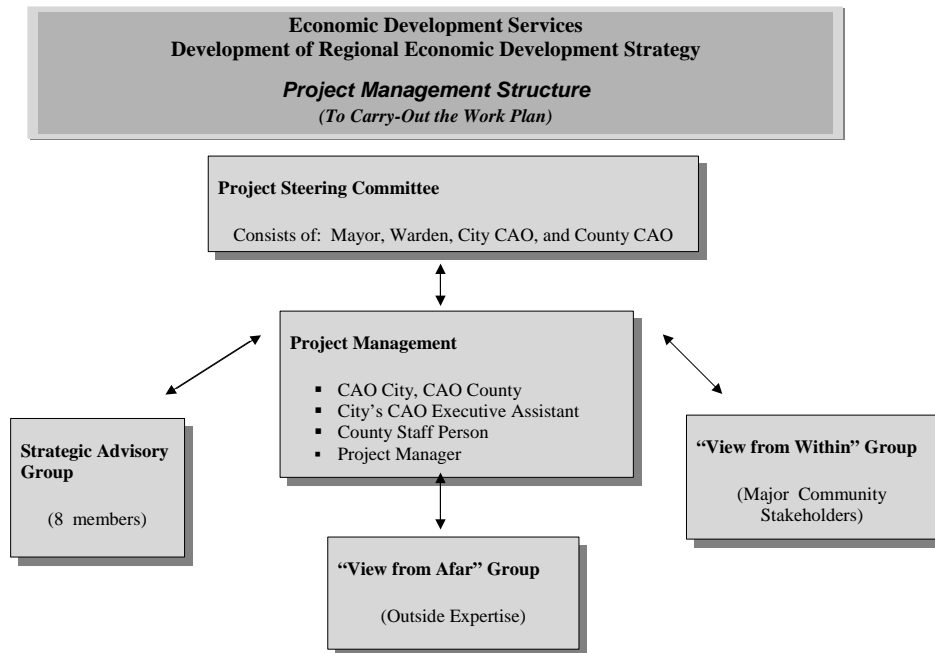
Although it was initially assumed that there could be a leap from the current model to a new model, this was not the case. In fact, because economic development is a very complex area, several key steps needed to be completed prior to establishing a new model and structure. The creation of a new structure would be destined to fail in the absence of a supported regional economic strategy. ***Strategy must drive structure.***

Based on this conclusion, several measures were recommended:

1. A Transitional Board be established for the Windsor-Essex County Development Commission, comprised of the Mayor, the Warden, the City CAO and the County CAO. It would serve as the governing body until the new board for the new structure is established.

2. Volunteers with expertise in the make-up of the regional economy be invited to form a Strategic Advisory Group. Their role is to give input and provide a critical review of the regional economic development strategy.
3. Seek advice from persons within and outside of Windsor and Essex County who have the expertise to offer valuable opinions relative to the proposed economic development strategy for the region, so as to obtain a “View From Within” and a “View From Afar”.
4. A project management structure be established for the purposes of facilitation, conducting research and preparing the strategy document. An illustration outlining the project management structure is found below (see **Figure 1**).

**Figure 1: Project Management Structure**



At their Joint Meeting of November 10, 2004, both City and County Councils *adopted* three resolutions, the two more notable being:

*THAT the City of Windsor Council and Essex County Council commit to a regional economic development strategy as proposed in the Economic*

*Development and Tourism Services Study prepared by the CAO Task Force.*

*THAT the City of Windsor Council and Essex County Council endorse the phased approach to a regional economic development strategy as proposed in the Economic Development and Tourism Services Study prepared by the CAO Task Force.*

The foregoing resolutions were confirmed and ratified by City and County Councils at their respective Council meetings.

## **METHODOLOGY**

A *project plan* outlining the steps to prepare a regional economic development strategy was developed. Some of the more significant steps taken, as part of the plan, are summarized as follows.

1. Established the *Strategic Advisory Group* consisting of eight business/community leaders.
  - i) **Dr. Ross Paul**, President, University of Windsor
  - ii) **Anthony Cervini**, Owner, Cervini Farms
  - iii) **Dr. Lucy E. Canary**, Vice President, Innovation & Technology Development, St. Clair College
  - iv) **Dr. Susan McDaniel**, Vice President of Research & Professor of Sociology, University of Windsor
  - v) **Lindsay Boyd**, Board Director, Windsor & District Chamber of Commerce; Manager of Operations, Union Gas
  - vi) **Bob Renaud**, Executive in Residence (University of Windsor); Retired from DaimlerChrysler, Vice President of Public & Government Affairs
  - vii) **Jim Scott**, Owner, Ground Effects

- viii) **Keith Andrews**, Vice President, Corporate Affairs & Administration, Casino Windsor
2. An extensive review of the literature, data and research material pertaining to the economic environment of the region was conducted. Forty documents were analyzed, summarized and highlighted in a “Summary of Information & References” document (see **APPENDIX C for the list of references**). In addition, **KPMG** reviewed data that they had collected. The information was critical to the process as this is a *data-driven strategy* (see **APPENDIX B for some of the data highlights**).
  3. Consistent with the data-driven process, Matthew Fischer & Associates Inc. was engaged to prepare an *Economic Base Analysis* of the Windsor Census Metropolitan Area (CMA) for the period **2000 – 2004** (see **APPENDIX D**).
  4. Site visits and consultations were conducted to obtain a “View From Within” and a “View From Afar”. Some of these include:
    - a. Ongoing consultations with members of the Strategic Advisory Group, both group and individual sessions, depending on availability.
    - b. A visit to *Grand Rapids, Michigan* to meet with the President and staff of its regional economic development organization, The Right Place, Inc.
    - c. On two occasions engaged **Michael Gallis**, a leading U.S. expert in large-scale metropolitan regional development strategies. On the first occasion, Mr. Gallis provided insight into the *global marketplace* or the *world economy of the 21<sup>st</sup> century*. During the second engagement, Mr. Gallis worked with the Project Management Team and members of the Strategic Advisory Group to design a methodology or matrix by which to assess regional economic activity and serve as a useful tool for operationalizing the strategy, in a manner that takes each aspect of economic development into consideration.
    - d. Attended a speaking engagement, organized by the Windsor & District Chamber of Commerce, featuring representatives of the *Spartanburg County Economic Development Corporation, South Carolina*. Information regarding their approach and best practices was obtained.

- e. Received additional information from the *Greater Peterborough Area Economic Development Corporation* with respect to their current strategy.
- f. Teleconferenced with the *Chief Economist* for the *Canadian Auto Workers Union*.
- g. Held an information and discussion session with *community leaders* from various sectors, including: health, non-profit, utilities, education, labour, Ministry of Economic Development & Trade, arts & culture, multicultural, industry and agriculture (see APPENDIX A – copy of the presentation – since revised).
- h. Met with the *Board of Directors* for the *Windsor & District Chamber of Commerce*.
- i. Met with the *Editorial Board* of the *Windsor Star*.
- j. Held several meetings with the *Chief Administrative Officers* for the municipalities within the County of Essex.
- k. Met with *Dr. Johan Bruwer*, a renowned marketing specialist from Australia, to discuss the issue of regional branding.

## ECONOMIC OVERVIEW

### GLOBAL ECONOMY

In today's global economy, the region of Windsor and Essex County is facing a significant number of issues that are adversely affecting the competitiveness and viability of a number of organizations within the economic sector.

With the convergence of technology and a number of key world events over the past 17 years, Thomas L. Friedman, author of the book *The World is Flat*, explains that new global competitors have become part of the global supply chain for services and manufacturing. This requires that North American economic organizations raise their level of performance in order to stay in business and be competitive. Additionally, they must become significantly more *innovative* and adaptive to changing economic pressures

at a global level. Moreover, the companies that will achieve success are those that are the best collaborators. Increasingly more business will be done through *collaboration* within and between companies. No single firm will be able to successfully handle every aspect of its business on its own.<sup>1</sup>

**Figure 2: Map of the World**



**Figure 3: Map of North America**



---

<sup>1</sup> Thomas L. Friedman, *The World Is Flat* (New York: Farrar, Straus and Giroux, 2005), pp. 173 – 200 & 352 – 353



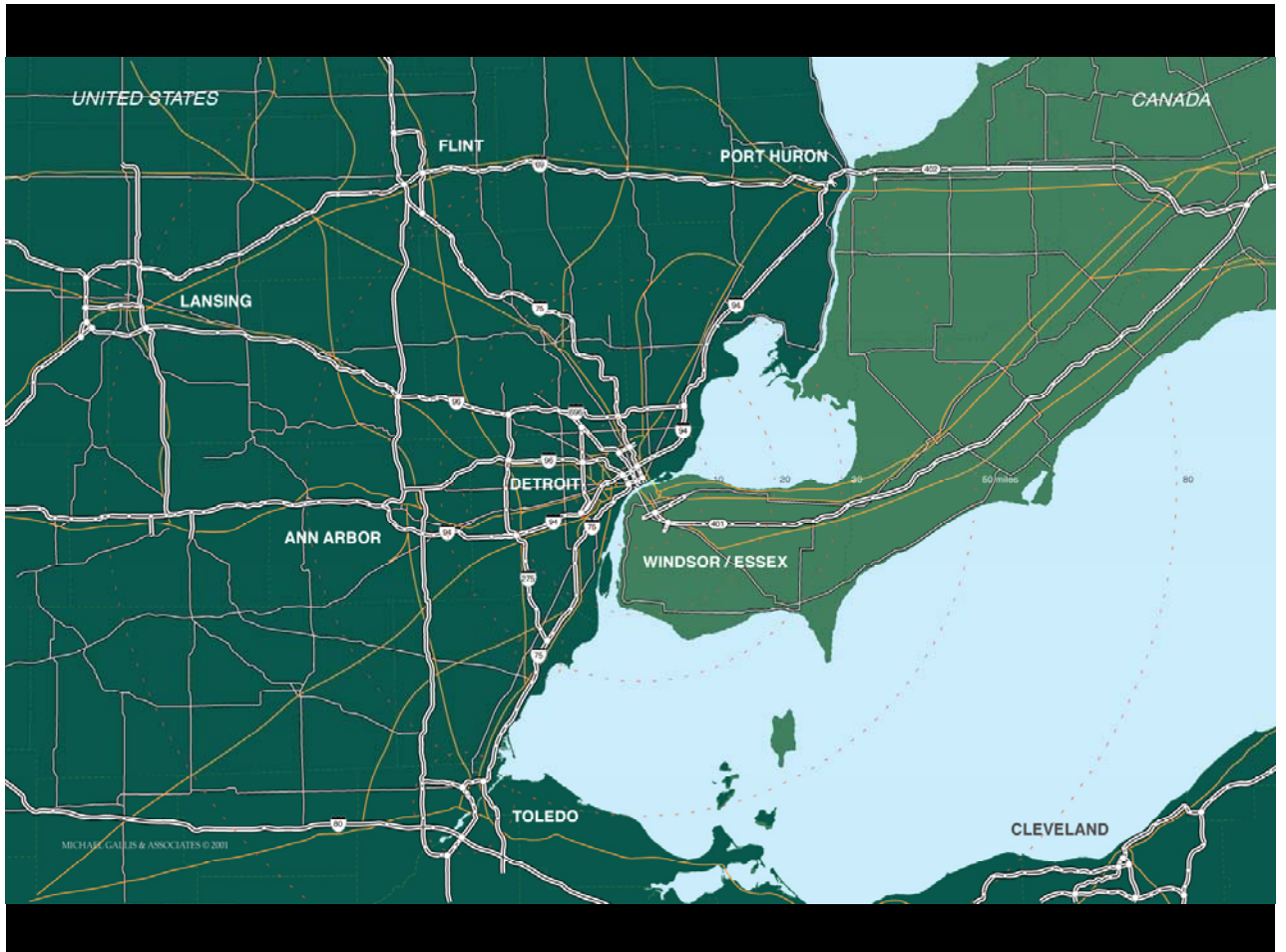
### WINDSOR & ESSEX COUNTY

Geographically situated on the Canada – U.S. border, the region is advantageously positioned on the NAFTA corridor and shares *economic market space* with Detroit, Southeast Michigan and Northwest Ohio. In fact, the region of Windsor and Essex County is a sub-market of Detroit and Southeast Michigan.

**Figure 4: The NAFTA Corridor**



**Figure 5: Windsor/Essex, Southeast Michigan & Northwest Ohio**



**Figure 6: Windsor & Essex County**

Within an hour's drive of Windsor and Essex County, there is a market of 4.5 million Americans. In two hours, there are 11 million and within six hours a market of 25 million people can be accessed. Moreover, approximately 125 million people, 90 percent of assembly plants and 60 percent of both U.S. and Canadian manufacturing can be reached within one day's trucking time.<sup>2</sup>

Around 40 percent of Canada – U.S. trade occurs at the border crossings in this area.<sup>3</sup> Over \$56 billion worth of exports went through Windsor and Essex County in 1997, generating an estimated 679,000 jobs across Canada (571,000 of which were in

<sup>2</sup>Windsor – Essex County Development Commission © 2005

<sup>3</sup>*Ibid.*

Ontario).<sup>4</sup> More recently, an average of 12,000 trucks and \$300 million in products travel through the region each day.<sup>5</sup>

**Figure 7: 1997 Imports<sup>6</sup>**

	\$ Billions	% of Canada's
<b>Windsor – Essex</b>	<b>\$59 B</b>	<b>21 %</b>
Niagara	\$28 B	10 %
Sarnia	\$25 B	9 %
Other	\$165 B	60 %
Canada	\$277 B	100 %

**Figure 8: 1997 Exports<sup>7</sup>**

	\$ Billions	% of Canada's
<b>Windsor – Essex</b>	<b>\$56.5 B</b>	<b>19 %</b>
Niagara	\$40.5 B	13.5 %
Sarnia	\$37.7 B	12.5 %
Other	\$166.3 B	55 %
Canada	\$301 B	100%

The trade flows in 1997, through the region, can be broken down by U.S. states, accordingly:

- Michigan (\$27 billion or over half of all U.S. bound exports)
- Ohio (at \$4 billion)
- Illinois (almost \$4 billion)
- California (close to \$2 billion)<sup>8</sup>

<sup>4</sup> Windsor-Detroit International Trade Gateway Analysis, Strategy Report, Prepared for Windsor-Essex County Development Commission, Prepared by Transportation Economics & Management Systems, Inc., March 2000 (Human Resources Development Canada was the funding partner for this initiative), p. 21

<sup>5</sup> Labour Market Perspectives (Windsor Human Resource Centre of Canada) – Human Resources Development Canada – Analysis of the Windsor – Essex County Labour Market (includes Annual Review 2003 and Quarterly Reviews for 2003), p. 4

<sup>6</sup> Windsor-Detroit International Trade Gateway Analysis, Strategy Report, Prepared for Windsor-Essex County Development Commission, Prepared by Transportation Economics & Management Systems, Inc., March 2000 (Human Resources Development Canada was the funding partner for this initiative), p. 12

<sup>7</sup> *Ibid.*, p. 12

Another important aspect of Windsor and Essex County’s geographic location is that it is a half hour to 45 minutes (approx. 25 to 30 miles) away by ground transportation from the Canadian border to **Detroit Metropolitan Wayne County Airport** – an international airport with direct flights to many destinations in Europe, Asia, Mexico, Caribbean and Central America. The only other Canadian airports that provide international non-stop flights are Toronto, Montreal and Vancouver.<sup>9</sup>

**Figure 9: Non-Stop International Flights from Detroit Metro Airport**



<sup>8</sup> *Windsor-Detroit International Trade Gateway Analysis, Policy Report, Prepared for Windsor-Essex County Development Commission, Prepared by Transportation Economics & Management Systems, Inc., December 1999 (Human Resources Development Canada was the funding partner for this initiative), p. 20*

<sup>9</sup> Provided by Michael Gallis & Associates

Unquestionably, Windsor and Essex County's geographic location is intrinsically advantageous and of prime importance to the region's economic success. However, in order to capitalize on its inherent attributes, we must distinguish between the issues that we have little or no control over from those that we can change and/or use to the region's benefit. Effectively, this will focus limited resources to initiatives that provide the greatest return.

As explained in **APPENDIX B**, the region's automotive manufacturers, the parts, machine, tool, die and mould sector, tourism and gaming and agri-business are experiencing *economic strain* and are *negatively affected* by:

- a rising Canadian dollar;
- perception or fact of a difficult border crossing;
- rising energy and commodity costs;
- increasing global competition; and,
- non-smoking legislation effective June 2006.

In identifying the foregoing issues and respective economic impact, the Strategic Advisory Group concluded that the traditional economy of the region is *facing a crisis*. Given the circumstances, the perception that the existing economic development organization is not working is, to a large degree, a symptom of the region's economic reality. These changes in the economic environment give impetus to changing the approach to economic development and developing a structure that is compatible with the strategy, providing the greatest chances of success. This is consistent with the principle – *strategy drives structure or form follows function*.

The Strategic Advisory Group also concluded that the transition through the *crisis* will be very disruptive to the region, but it is important to take a long-term perspective. There is *no quick fix* or '*silver bullet*'. What is required is *clear thinking* and *visionary leadership*. The objective should be to enhance the region's *market offering* to the extent that it meets the *wants* and *needs* of *consumers* and *investors*.

## THE STRATEGY

This strategy is not an implementation plan, but rather *a framework* that will *guide* the development of action steps necessary to achieve results.

The strategic framework presented in this document arose out of extensive discussions with the Strategic Advisory Group and the Project Management Team, with the help and expert advice of Michael Gallis.

The framework consists of three (3) pillars:

1. A focus on **EXISTING** business and industry in terms of retention, expansion and exploring new opportunities.
2. **ATTRACT** new investment to the region by promoting and enhancing the product offering, eliminating barriers and targeting specific businesses and industries to attract.
3. Support **NEW START-UP** business opportunities by:
  - a. Identifying commercial business opportunities;
  - b. Developing an incubation/support structure;
  - c. Assisting with the commercialization of business opportunities;
  - d. Creating an “environment of collaboration”;
  - e. Developing a mechanism that allows business organizations to support and/or tap into research and innovation; in particular, working with the University of Windsor and St. Clair College.

The three pillars of the strategic framework are supported by three *essential activities*.

### 1. **RECRUITMENT**

Create a regional environment where existing and new investors, as well as new start-up business opportunities, are provided a full range of services, inclusive of – facilitation, coordination, advocacy, information/data, and more.

**2. *MARKETING***

Inventory the attributes of the region; determine what consumers and investors want; identify the gaps between the ‘wants’ and the region’s offering; close the gaps.

In addition, communicate both within and outside the region what Windsor and Essex County’s strengths are, based on the actual offering.

Establish a “Continuous Improvement Plan” to deal with the weaknesses of the region.

**3. *PRODUCT DEVELOPMENT***

Being that the region is the product, explore ways of improving its various systems, inclusive of:

- Natural Environment
- Existing Economy
- Historic
- Sports/Tourism/Convention
- Transportation/Logistics
- Education/Research
- Culture/Arts
- Demographics/Governance
- Infrastructure
- Medical/Research

The overall strategic framework is best described in terms of a *matrix*, as shown in the following diagram.

**Figure 10: Strategic Framework Matrix**

*– Growing an Innovation Culture –*

	<b>Recruitment</b>	<b>Marketing</b>	<b>Product Development</b>
<b>Existing</b>			
<b>Attraction</b>			
<b>New Start-Ups</b>			

*(Adapted from the work of Michael Gallis)*



The matrix also serves as a useful mechanism to assess how the region is performing relative to each category. In fact, the Strategic Advisory Group conducted an assessment based on the Group’s knowledge of the region. The Group used a three-score colour-coded system, whereby green denotes that the region is doing very well in a particular category, yellow indicating that it is doing a mediocre job, and red signifying that it is not being done well at all. As shown in the diagram below, the region is not strong in any of the categories and only doing a mediocre job in the areas of recruitment and marketing for existing business and in attracting new investment. A great deal of attention is needed in the areas of new start-up business opportunities and product development.

**Figure 11: Strategic Framework Matrix – Assessment by the Strategic Advisory Group**  
– *Growing an Innovation Culture* –

	Recruitment	Marketing	Product Development
Existing	Yellow	Yellow	Red
Attraction	Yellow	Yellow	Red
New Start-Ups	Red	Red	Red

*(Adapted from the work of Michael Gallis)*

One way to use the matrix to strategically build the regional economy is to examine each component in terms of existing, attraction and new start-ups. For example, a focus on existing businesses and industries necessitates an understanding of what the area’s economy comprises of when broken down into its respective economic sectors. In doing so, each sector can be analyzed and action steps developed under the major activities of recruitment (i.e., retention and expansion), marketing and product development. Similarly, focusing on attraction requires decisions to be made as to what specific businesses and/or industries to target. Once the critical decisions have been made, a number of important questions can be answered – such as, how do we recruit them; how do we market the region; how can we enhance the region’s offering (i.e., product development)?

New start-up business opportunities would be handled in the same manner by determining how new opportunities are encouraged and supported (i.e., recruitment); how the development of a product or idea can be facilitated through innovation programs, as well as research and development; how we can commercialize them or bring them to market? Flowing from this process will be some key factors that will facilitate the development of a business plan and prompt the implementation phase. A more detailed examination of each category of the strategic framework is provided in the sections that follow.

### **EXISTING BUSINESSES & INDUSTRIES**

According to Economic Base Theory, examination of the local economy can be done by designating businesses and industries as either “Basic” or “Non-Basic”. “Basic” businesses and industries are those which produce goods and services for sale to external markets; thus, bringing “new money” or revenue from outside the area. By adding wealth to the local economy, growth and development of other local businesses is stimulated. Examples include – agriculture, manufacturing and tourism. In contrast, “Non-Basic” businesses and industries serve primarily local consumers and serve to redistribute wealth throughout the community. Examples include – retail, health care, elementary and secondary education.<sup>10</sup>

The breakdown of “Basic” and “Non-Basic” businesses and industries for the Windsor Census Metropolitan Area (CMA) is summarized in the following table. Since the CMA statistics exclude the southern portion of Essex County, additional agri-business data was obtained and included in the analysis.

---

<sup>10</sup> Windsor Essex County Base Economic Analysis prepared by Matthew Fischer & Assoc. Inc., Economic Development Solutions, April 11<sup>th</sup>, 2005, p. 11

**Figure 12: Regions Economic Sectors<sup>11</sup>***(Windsor CMA – 2004)*

<b>Basic</b>	# of Employees	% of Total
Manufacturing	45,800	27.4%
Tourism/Gaming(1)	22,000	13.1%
Agri-Business	6,680	4.0%
	<hr/>	
	74,480	44.5%
 <b>Non Basic</b>		
Wholesale & Retail Trade	21,300	12.7%
Health Care and Social Services	16,000	9.6%
Education	11,400	6.8%
Construction	7,600	4.5%
Finance, Insurance	6,800	4.1%
Professional, Scientific & Technical	6,500	3.9%
Public Administration	6,200	3.7%
Other Services	6,800	4.1%
Transport & Warehousing	5,400	3.2%
Business Building & Other Support	4,900	2.9%
	<hr/>	
	92,900	55.5%
 <b>Total Basic and Non Basic</b>	 167,380	 100%

(1) includes Information, Culture, Accomodation and Food

An effective approach to business retention and expansion needs to consider the state of its existing “**Basic**” businesses and industries. This is not to suggest that the “**Non-Basic**” businesses and industries do not play a significant role in the local economy. On the contrary, they in fact employ the majority of employees across the region (i.e., 55.5%), as shown in the preceding table. As such, the success of the “**Non-Basic**” is critical to the overall health of the regional economy. However, the “**Non-Basic**” businesses and industries are *directly affected* by the condition of the region’s “**Basic**” sectors. As it stands, “**Basic**” companies are currently facing fierce competition from

<sup>11</sup> *Ibid.*, p. 19 [Note: The Agri-Business figures are based on 2001 Census – Statistics Canada (Provided by the Windsor – Essex County Development Commission. See also Essex and Pelee Island Report: Agricultural Economic Impact and Development Study: For Essex, Windsor & Pelee Island, prepared for: Essex and Kent Federations of Agriculture, submitted by: Ridgetown College, University of Guelph, Economics Research Group, August 2002, p. xiii]

outside of North America, threatening our “*Basic*” and, in turn, “*Non-Basic*” businesses. Hence, the economic viability of the “*Basic*” industries locally, which include *manufacturing, tourism/gaming and agri-business*, is extremely important to the region.

## ASSESSMENT OF THE BASIC SECTORS

### STRENGTHS & OPPORTUNITIES

The top 3 employers in the region fall within the automotive manufacturing and gaming industries (see **Figure 13**).

#### Figure 13: Major Employers (by number of employees)

(September 2004)<sup>12</sup>

DaimlerChrysler	7,000
Ford	5,060
Windsor Casino	4,000
City of Windsor (w Police)	3,819
Greater Essex School Board	3,523
Windsor Regional Hospital	2,451
Windsor Essex Catholic School Board	2,252
Hotel Dieu-Grace Hospital	1,800
General Motors	1,700
University of Windsor	1,600

[*Note: St. Clair College has 600 full-time employees (May 2005)*]

Further to the above, the top 10 *manufacturing* employers in the area include automotive as well as *agri-business* (as shown in **Figure 14**).

<sup>12</sup> Get the Facts on Windsor-Essex County From the Windsor-Essex County Development Commission (September 2004)

**Figure 14: Top 10 Manufacturing Employers**

Top 10 Manufacturing Employers in Windsor and Essex County (1995 to 2005)					
(Source: Windsor - Essex County Development Commission)					
Employer	Number of Employees				Trend Incr./Decr./Same
	1995	2000	2005	Average	
Chrysler (Daimler Chrysler)	7,729	9,610	7,000	8,113	Decrease
General Motors	4,165	2,033	1,705	2,634	Decrease
Ford	4,093	6,513	4,628	5,078	Decrease
Hiram Walker	900	600	600	700	Decrease
H.J. Heinz	800	800	800	800	Same
Fabco*	700	1,000	1,000	900	Same
Gecamex	650			650	Decrease
Quality Safety Systems	530	668	668	622	Same
Windsor Plastic Products	450			450	Decrease
Omstead Foods	449			449	Decrease
Lear Corp		800	800	800	Same
Integram Windsor Seating		550	550	550	Same
Meritor Automotive		484		484	Decrease
Nemak			1,588	1,588	Increase
<b>TOTALS</b>	20,466	23,058	19,339	20,954	Decrease

\* Known as Krupp Fabco in 2000 and ThyssenKrupp Fabco in 2005

## MANUFACTURING

Windsor and Essex County have approximately **500 plants** directly or indirectly related to the automotive industry.<sup>13</sup> There are also about **250 companies** in the area producing machine tools, dies and industrial moulds, whereby the majority are tied to the auto industry. Although some plants, such as mould-making, have more than 100 employees each, the MTDM sector (i.e., manufacturing/tool/die/mould-making) primarily comprises of small plants with less than 50 workers.<sup>14</sup> Over the past 40 years, the local mould-

<sup>13</sup> *Innovation in the Automotive Parts Industry: A Case Study of the Windsor-Essex Region* by John Holmes, Tod Rutherford, Susan Fitzgibbon, Paper presented at the 6<sup>th</sup> Annual National Conference of the Innovation Systems Research Network, Harbour Centre, Simon Fraser University, Vancouver BC, May 13-15, 2004 (Working Draft), p. 4

<sup>14</sup> *Ibid.*, p. 7

making industry has grown to over **150 small and medium sized companies**, which in most cases “spun-off” from **International Tool Ltd.** Many of these companies are owned by “self-made entrepreneurs”. Those employed in this field are highly skilled and specialized with strong technical backgrounds and earn high wages.<sup>15</sup> There are also **18 automotive recyclers**, one of which is the largest in the nation, who provide the auto manufacturing industry scrap metals and plastics for body panels, powertrain castings and structural components.<sup>16</sup>

Approximately **70 percent** of Windsor and Essex County’s **GDP** is automotive related. In addition, the automotive industry has invested **\$10 billion** since the early 1990’s. With only about two percent of Canada’s population, Windsor and Essex County have been **prominent** in the automotive manufacturing sector with 20 percent of all tool and die makers, 50 percent of industrial mould manufacturers and 80 percent of the automation transfer machine companies in Canada.<sup>17</sup>

Through interviews conducted in early 2000 with senior executives of automotive manufacturers and educators in Windsor and Essex County, several key strengths were stated – *location, critical mass of automotive manufacturing, MTDM capabilities, and transportation and communications infrastructure*. Originating from these strengths, the following opportunities were identified: *i.e., leveraging location advantages and MTDM capabilities, as well as building on the technological infrastructure*. More specific areas of opportunity encompass: raw materials, vehicle recycling, MTDM, machinery/robotics, engineering services, and development of aftermarket business. As well, being an internationally recognized centre of automotive research, Dennis

---

<sup>15</sup> *Ibid.*, p. 15

<sup>16</sup> *Automotive Sector Strategic Plan, A Research Report Prepared by desrosiers Automotive Consultants Inc. for the Windsor – Essex County Development Commission*, p. 2

<sup>17</sup> *Windsor-Essex Regional Analysis, Working Report, September 2001, Prepared for Windsor-Essex Regional Analysis Working Group by Planning Policy Section, Provincial Planning and Environmental Services Branch, Ministry of Municipal Affairs and Housing*, p. 18

DesRosiers indicated that Windsor has the potential to develop as an “*intellectual*” centre of the automotive industry of Canada and, potentially, North America.<sup>18</sup>

## TOURISM/GAMING

As far as tourism is concerned, it is estimated that it accounts for \$1 billion annually in economic activity in the region.<sup>19</sup> Over 7.2 million people visited Windsor and Essex County in 2001, with average expenditures per capita at 127 percent higher than the provincial average. The region was a destination for over a third of all U.S. visitors to Ontario in 2001. Approximately 221,000 or over 16 percent of visitors to Ontario Casino’s came to Windsor.<sup>20</sup>

Casino Windsor, which opened in 1993, has been largely responsible for increasing the number of employees in the arts and entertainment industry from 1,900 in 1991 to 8,900 in 1999. Between 1999 and 2000, Casino Windsor served over 6.7 million people and generated \$838.5 million in revenue, surpassing Casino Rama and Casino Niagara.<sup>21</sup> Also, contributing to the tourism/gaming industry is Windsor Raceway, which grossed more than \$60 million in 2002 derived from the slot machines.<sup>22</sup>

A major investment in the region by the Ontario Government is the \$400 million for a 100,000 square foot convention centre, 5,000 seat auditorium, 400 room hotel and major casino renovation. This is certainly a substantial infusion of capital in the local economy,

---

<sup>18</sup> *Automotive Sector Strategic Plan, A Research Report Prepared by desrosiers Automotive Consultants Inc. for the Windsor – Essex County Development Commission, p. 142 & pp. 146 – 147 (also Executive Summary)*

<sup>19</sup> *Labour Market Perspectives (Windsor Human Resource Centre of Canada) – Human Resources Development Canada – Analysis of the Windsor – Essex County Labour Market (includes Annual Review 2003 and Quarterly Reviews for 2003), p. 5*

<sup>20</sup> *Windsor, Essex County & Pelee Island, A Premier-ranked Tourist Destinations Evaluation (Human Resources Development Canada and Windsor, Essex County & Pelee Island Convention & Visitors Bureau), pp. 9 – 11*

<sup>21</sup> *Windsor-Essex Regional Analysis, Working Report, September 2001, Prepared for Windsor-Essex Regional Analysis Working Group by Planning Policy Section, Provincial Planning and Environmental Services Branch, Ministry of Municipal Affairs and Housing, p. 27*

<sup>22</sup> *Labour Market Perspectives (Windsor Human Resource Centre of Canada) – Human Resources Development Canada – Analysis of the Windsor – Essex County Labour Market (includes Annual Review 2003 and Quarterly Reviews for 2003), p. 5*

providing great opportunity to attract more gaming patrons as well as convention visitors and those seeking entertainment.<sup>23</sup>

## AGRI-BUSINESS

Another valuable asset to the “*Basic*” industry sector of the region is agri-business, specifically the greenhouse industry. Leamington has the highest concentration of greenhouse vegetable growers in North America, maintaining over 900 acres of greenhouses valued at about \$180 million. In fact, Leamington accounts for over 80 percent of all Ontario’s greenhouse production. In 1999, greenhouses (i.e., flowers, nursery and vegetables) accounted for 52 percent of Windsor and Essex County’s total farm cash receipts.<sup>24</sup> The Town of Kingsville doubled its greenhouse construction between 2002 and 2003 with a record 72 acres being developed in one year.<sup>25</sup> From 1993 to 2001, the value of cucumbers and tomatoes increased five times to about \$300 million, representing 65 percent of Canadian production.<sup>26</sup> A recent study called, *Greenhouses Grow Ontario*, revealed that “*The vegetable cluster in Essex (County) is the biggest vegetable greenhouse cluster in North America,*” according to Margaret Walton.<sup>27</sup>

Essex and Chatham-Kent produce a high percentage of field and horticulture crops in comparison to other regions of Ontario. This area of Southwestern Ontario produces:

- 84 percent of the provincial acreage when it comes to tomatoes;
- 44 percent of the provincial total regarding peppers;

---

<sup>23</sup> *The Windsor Star*, “Casino revenue plunges” (Wednesday, March 2, 2005)

<sup>24</sup> *Windsor-Essex Regional Analysis, Working Report, September 2001*, Prepared for Windsor-Essex Regional Analysis Working Group by Planning Policy Section, Provincial Planning and Environmental Services Branch, Ministry of Municipal Affairs and Housing, p. 25

<sup>25</sup> *Labour Market Perspectives (Windsor Human Resource Centre of Canada) – Human Resources Development Canada – Analysis of the Windsor – Essex County Labour Market (includes Annual Review 2003 and Quarterly Reviews for 2003)*, p. 7

<sup>26</sup> *Essex and Pelee Island Report, Agricultural Economic Impact and Development Study: For Essex, Windsor & Pelee Island, Prepared for: Essex and Kent Federations of Agriculture, Submitted by: Ridgetown College, University of Guelph Economics Research Group, August 2002*, p. 62

<sup>27</sup> Margaret Walton, senior partner with Planscape which completed the study called *Greenhouse Grow Ontario* in *The Windsor Star*, “Greenhouse industry packs clout,” Wednesday, March 1, 2006, p. A5



- 27 and 43 percent of the provincial total with respect to corn and soybeans, respectively.<sup>28</sup>

In addition, Essex County (including Windsor) had in 2002 the largest number of fruit and vegetables preserving companies, with a total of 92 establishments.<sup>29</sup>

Although the wineries in Essex County produce less than ten percent of Ontario wines,<sup>30</sup> Colio Estate Wines and Pelee Island Winery are among the top 5 largest, which together supply more than half of Ontario's Vintner Quality Alliance (VQA) wines.<sup>31</sup> Wine production in Essex County is a \$25 million business, employing over 300 people.<sup>32</sup> There may also be future opportunities to expand the local wine industry through the Ontario Wine Strategy (October 2001), which is a 20-year plan aimed at enhancing the competitiveness of Ontario wines and increasing their share of sales in the Ontario and various export markets.<sup>33</sup>

On the whole, in **2001**, agri-business in Essex County had gross sales exceeding \$440 million and employed 776 full-time person equivalents. It is estimated that the direct and indirect benefits of agriculture and related businesses in Essex County are \$2.1 billion in sales supporting over 15,000 jobs. The figures increase significantly to \$2.8 billion and 31,000 jobs when taking into account sales and jobs further up the chain that are related to Essex County agriculture.<sup>34</sup> Agriculture and agri-business account for **14 percent** of the County's GDP.<sup>35</sup>

---

<sup>28</sup> *Food Industry Growth Trends in Ontario's Southwest Region, Submitted by Ridgetown College, University of Guelph, Economics Research Group, September 2003, p. 44*

<sup>29</sup> *Ibid.*, p. 19

<sup>30</sup> *Windsor-Essex Regional Analysis, Working Report, September 2001, Prepared for Windsor-Essex Regional Analysis Working Group by Planning Policy Section, Provincial Planning and Environmental Services Branch, Ministry of Municipal Affairs and Housing, p. 25*

<sup>31</sup> *Labour Market Perspectives (Windsor Human Resource Centre of Canada) – Human Resources Development Canada – Analysis of the Windsor – Essex County Labour Market (includes Annual Review 2003 and Quarterly Reviews for 2003), p. 7*

<sup>32</sup> *Essex and Pelee Island Report, Agricultural Economic Impact and Development Study: For Essex, Windsor & Pelee Island, Prepared for: Essex and Kent Federations of Agriculture, Submitted by: Ridgetown College, University of Guelph Economics Research Group, August 2002, p. 61*

<sup>33</sup> *Ibid.*, p. 62

<sup>34</sup> *Ibid.*, pp. xii-xiii

<sup>35</sup> *Windsor-Essex Regional Analysis, Working Report, September 2001, Prepared for Windsor-Essex Regional Analysis Working Group by Planning Policy Section, Provincial Planning and Environmental Services Branch, Ministry of Municipal Affairs and Housing, p. 21*

## **WEAKNESSES & THREATS**

Despite the successes and long history of prosperity, particularly in the automotive manufacturing sector, the “*Basic*” *businesses and industries* in Windsor and Essex County are under tremendous pressure.

It has already been documented in this report that the local economy has been adversely impacted by a rising Canadian dollar; perception or fact of a difficult border crossing; rising energy and commodity costs; non-smoking ban in the summer of 2006; and increasing global competition. Further examination of some of these and other threats and weaknesses affecting the regional economy is warranted.

## **MANUFACTURING**

- As part of a labour agreement between Ford and the CAW, in September 2005, the Ford Casting Plant will close by 2008. Combined with the phase out of the V-6 line at the Essex Engine Plant, Windsor and Essex County are expected to lose 1,100 jobs.<sup>36</sup>
- In October 2005, the auto parts maker Delphi Corporation filed for bankruptcy, General Motors reported a \$1.6 billion third-quarter loss, and Ford indicated an overall third-quarter loss of \$284 million USD generated by a purported \$1.2 billion loss at its North American operations.<sup>37</sup> The chairman of Ford is reported as saying, “*We have some difficult days ahead of us and some tough actions to take.*”<sup>38</sup> In the same article, Sean McAlinden, director of the economics and business group of the Center for Automotive Research (an industry think tank in Ann Arbor, Michigan) described the situation as “*...a category five economic New Orleans.*”<sup>39</sup> *The Globe and Mail* stated, “*The crux of the problem is that Ford and GM, along with major parts suppliers such as Delphi, have fallen out of*

---

<sup>36</sup> *The Windsor Star, Tuesday, September 13, 2005, pp. A1 & A4*

<sup>37</sup> *The Globe and Mail, Friday, October 21, 2005, p. B10*

<sup>38</sup> *Ibid., p. B10*

<sup>39</sup> *Ibid., p. B10*

*step with an increasingly low-cost and global industry, dominated by largely non-union companies such as Toyota.*”<sup>40</sup>

- More recently, Ford announced that 30,000 production and white-collar jobs would be eliminated from the company (about 2,000 of those will be in Canada<sup>41</sup>). Additionally, DaimlerChrysler revealed that 6,000 white-collar jobs, which include about 1,500 in the U.S. and Canada, would be eliminated from its worldwide operations.<sup>42</sup>
- The traditional “Big Three” (i.e., General Motors, Ford, DaimlerChrysler) have experienced significant **decline** in North American market share from 81.6 percent in 1990 to 70.9 percent in 2003, and in 2010 it is projected to be as low as 59.8 percent.<sup>43</sup>
- Despite overall automotive sales being up 0.5 percent in 2005, Ford and GM’s North American sales were down 5 and 3.1 percent, respectively.<sup>44</sup>
- DaimlerChrysler Group posted an operating profit of 5.2 billion euros – a **drop** from 2004, which ended at 5.8 billion euros.<sup>45</sup>
- Ford North America automotive operations reported a pre-tax **loss** of \$1.6 billion – a **decline** of \$3 billion from 2004.<sup>46</sup>
- General Motors Corporation reported a \$3.4 billion **loss** for 2005 (excluding special items) – The GM Chairman and CEO explained, “*It was a year in which two significant fundamental weaknesses in our North American operations were fully exposed – our huge legacy cost burden and our inability to adjust structural costs in line with falling revenue. Our results were also dramatically and adversely affected by charges for restructuring and matters associated with Delphi Corp.’s Chapter 11 filing.*”<sup>47</sup>

---

<sup>40</sup> *Ibid.*, p. B10

<sup>41</sup> Nick Brancaccio, *CanWest News Service*, Saturday, January 28, 2006

<sup>42</sup> *The Windsor Star*, Wednesday, January 25, 2006, p. A1

<sup>43</sup> *desrosiers Automotive Consultants Inc. – Automotive Industry Review For: Export Development Canada (Dennis DesRosiers October 19 & 22, 2004)*, p. 46

<sup>44</sup> Nick Brancaccio, *CanWest News Service*, Saturday, January 28, 2006

<sup>45</sup> *DaimlerChrysler, Investor Relations Release, February 16, 2006, p. 1*

<sup>46</sup> *Ford, News Release, January 23, 2006, p. 4*

<sup>47</sup> *General Motors, 2005 Earnings Release, January 26, 2006, p. 1*

- The North American market share for the “New Domestics” (e.g., Toyota, Honda, Nissan) has **increased** from 16.9 percent in 1990 to 27.2 percent in 2003, and in 2010 it is projected to be as high as 38.2 percent.<sup>48</sup>
- “The Problem is Structural for the Big Three.....**NOT** necessarily performance related.”<sup>49</sup>
- There has been a shift in vehicle assembly capacity from the Great Lakes region to Mexico and the southern U.S.<sup>50</sup>
- Labour-intensive work done in low-wage areas such as the southern U.S. and Mexico, are now being moved to **ultra-low wage** nations like China and Malaysia.<sup>51</sup>
- Competition from China is an increasing threat. In 1999, parts exported to North America from China was valued at approximately \$0.5 billion USD, which reached nearly \$3.0 billion USD in 2002.<sup>52</sup>
- During the next 5 to 10 years, **IRN Inc.** forecasts that between 25 percent and 40 percent of an estimated 300 manufacturing/tool/die/mould-making (MTDM) shops in Michigan and Ontario will close. They are facing new challenges and are very cost sensitive. Some of the issues include: proposed tariffs on imported galvanized and hot-rolled steel; international competition (e.g., Portugal, Asia, etc.) who pay extremely low wages; etc.<sup>53</sup>
- Plant closures in North America have been attributed to achieving labour cost savings and moving to low-cost producing nations.<sup>54</sup>

---

<sup>48</sup> *desrosiers Automotive Consultants Inc. – Automotive Industry Review For: Export Development Canada (Dennis DesRosiers October 19 & 22, 2004), p.46*

<sup>49</sup> *Ibid.*, p. 44

<sup>50</sup> *Innovation in the Automotive Parts Industry: A Case Study of the Windsor-Essex Region* by John Holmes, Tod Rutherford, Susan Fitzgibbon, Paper presented at the 6<sup>th</sup> Annual National Conference of the Innovation Systems Research Network, Harbour Centre, Simon Fraser University, Vancouver BC, May 13-15, 2004 (Working Draft), p. 2

<sup>51</sup> *Automotive Sector Strategic Plan, A Research Report Prepared by desrosiers Automotive Consultants Inc. for the Windsor – Essex County Development Commission, p. 116*

<sup>52</sup> *Industry Review – North American Automotive – KPMG, p. 8*

<sup>53</sup> *Labour Market Perspectives (Windsor Human Resource Centre of Canada) – Human Resources Development Canada – Analysis of the Windsor – Essex County Labour Market (includes Annual Review 2003 and Quarterly Reviews for 2003), p. 3 (Apr. to June 2003 Quarterly Report)*

<sup>54</sup> *Industry Review – North American Automotive – KPMG, p. 10*

- The challenges faced by the MTDM sector were outlined at the 6<sup>th</sup> Annual National Conference of the Innovation Systems Research Network in Vancouver.<sup>55</sup>
  - *Small but highly skilled and innovative mould and tool suppliers are increasingly being squeezed with respect to product pricing...*
  - *Suppliers are expected to achieve cost savings by reengineering components, finding cheaper material, or coming up with simpler designs...*
  - *A significant increase in global competition driven largely by the emergence of China as a low cost producer. China still lacks sophistication and creativity in tool design to design and produce high precision complex machine tools and moulds. However, China is rapidly moving up the value chain with a low cost, well-educated labour force...*
  - *Mould makers are concerned over cash-flow. Historically, the mould maker would receive part payments from the customer at a number of different times during the production of the mould, which helped defray product development costs. Now, the mould maker is often forced to wait until the mould has actually gone into production at the customer's plant before receiving payment...*
  - *Mould makers are concerned that customers are increasingly using the expertise of mould makers in Windsor-Essex to design and engineer the mould and then giving that intellectual property to companies in Asia, and especially China, to produce the tooling at lower cost...*
  - *Many firms within the MTDM sector increasingly becoming more protective of their knowledge and are seeking new ways to codify and protect their intellectual property without having to resort to expensive and time consuming formal patenting...*

---

<sup>55</sup> *Innovation in the Automotive Parts Industry: A Case Study of the Windsor-Essex Region* by John Holmes, Tod Rutherford, Susan Fitzgibbon, Paper presented at the 6<sup>th</sup> Annual National Conference of the Innovation Systems Research Network, Harbour Centre, Simon Fraser University, Vancouver BC, May 13-15, 2004 (Working Draft), pp. 23 – 31

- *It appears that relatively little succession planning has taken place to ensure that these companies will continue to flourish and prosper once their current owners retire...*
- *Knowledge that was previously tacit and gained through hands-on experience is becoming codified within CNC machines and CAD/CAM systems and this is leading to a diminution in the innovative and problem-solving capacity of mould and tool makers...*
- *Windsor-Essex mould makers are being called on to provide mould design and engineering development work, but the actual production of the mould is then outsourced to low cost producers such as China...*
- Threats to Windsor and Essex County's parts manufacturers and MTDM's, as mentioned by these industries, include:<sup>56</sup>
  - *Loss of skilled workers to OEM's and large Tier 1's*
  - *Difficulty in attracting workers to area*
  - *Inability to finance growth*
  - *Stricter border measures*
  - *Drain of skilled workers to Michigan*
  - *Local decision-making diminished through mergers & acquisitions*
  - *Competition from low cost offshore MTDM's*
- The manufacturing sector's GDP as a percentage of total GDP peaked in 2000 at nearly 40 percent but fell to just over 35 percent in 2004 (based on Windsor CMA data).<sup>57</sup>
- Another major weakness and threat, as identified by Dennis DesRosiers, relates to skills shortages; not enough young people entering the automotive field – more specifically, a shortfall in the number of qualified apprentice tool and die makers and a critical shortage of engineers.<sup>58</sup>

---

<sup>56</sup> *Automotive Sector Strategic Plan, A Research Report Prepared by desrosiers Automotive Consultants Inc. for the Windsor – Essex County Development Commission, p. 148*

<sup>57</sup> *Economic History Data – Windsor-Essex County Development Commission (April 4, 2005), p. 2*

<sup>58</sup> *Automotive Sector Strategic Plan, A Research Report Prepared by desrosiers Automotive Consultants Inc. for the Windsor – Essex County Development Commission, pp. 144 & 147*

## TOURISM/GAMING

The tourism/gaming industry has faced some difficult circumstances over recent years, specifically, the attacks on September 11, 2001; the appearance of SARS in Toronto in November 2002; and the war in Iraq beginning in March 2003. These “world” events led to heightened security at U.S. borders, inclusive of the Windsor – Detroit crossings, resulting in periodic and infrequent delays at the border, yet contributing to visitors’ perception of a difficult border crossing. These circumstances have been compounded by an appreciation in value of the Canadian dollar, a slowing U.S. economy, and a strike at Casino Windsor that kept it closed for 41 days in the spring of 2004. As a consequence, these issues have dissuaded U.S. visitors from traveling to the region, or they have simply cut travel from their budgets entirely due to the decline in the U.S. economy, leading to significant decreases in the number of American tourists. This is not unique to just Windsor and Essex County, however. According to the Managing Director of the Convention & Visitors Bureau, destinations across Ontario are struggling to regain business lost over the last few years.<sup>59</sup>

One of the significant aspects of the region’s tourism sector is *motorcoach tours*. It has generated an estimated \$21.5 million in economic activity for 2004.<sup>60</sup> However, the numbers relative to this component are very indicative of what is happening with respect to tourism, specifically U.S. visitations and overnight stays.

**Figure 15: Motorcoach Tours**

	1997	1998	1999	2000	2001	2002	2003	2004
# of Coaches	2,990	2,277	5,765	6,277	7,258	7,181	7,052	6,282
# of Visitors	99,694	83,962	218,217	226,786	272,796	283,030	259,429	243,425
# of Day Tours	2,321	1,754	5,420	5,914	6,886	6,868	6,684	6,210
# of Overnights	669	523	345	363	372	313	368	72
# of Rooms	12,215	9,455	6,737	7,707	7,105	5,936	6,923	1,857

(2004 – Fourth Quarter Report, prepared for the Convention & Visitors Bureau Board of Directors, February 16, 2005, p. 1)

<sup>59</sup> 2004 – Fourth Quarter Report, prepared for the Convention & Visitors Bureau Board of Directors, February 16, 2005, p. 1

<sup>60</sup> *Ibid.*, p. 2

As shown in **Figure 15**, Motorcoach numbers have been declining since 2001, keeping in mind that Casino Windsor was closed from April 2 to May 14, 2004, due to a labour dispute. The number of visitors and total day tours have also been declining since 2002 and 2001, respectively. The most significant drop since 1997 has been the number of overnight stays and the number of hotel rooms booked, which have decreased to an alarming level. Year-end occupancies and the average daily rates for hotel rooms have also undergone a decline in 2003 and 2004 (see **Figures 16 & 17**).

**Figure 16: Year End Occupancies (%)**

	1999	2000	2001	2002	2003	2004
City Wide	67.8%	66%	61%	62.7%	56.6%	53%
Downtown	59.3%	58%	60%	63.2%	56.9%	55%

(2004 – Fourth Quarter Report, prepared for the Convention & Visitors Bureau Board of Directors, February 16, 2005, p. 3)

**Figure 17: Average Daily Rates**

	1999	2000	2001	2002	2003	2004
City Wide	\$91.50	\$99.37	\$101.32	\$101.75	\$98.00	\$95.00
Downtown	\$110.00	\$117.54	\$116.15	\$116.63	\$111.00	\$109.00

(2004 – Fourth Quarter Report, prepared for the Convention & Visitors Bureau Board of Directors, February 16, 2005, p. 3)

Convention business has also experienced some difficulties, particularly in 2004, as indicated in **Figure 18**.

**Figure 18: Convention Marketing**

	1999	2000	2001	2002	2003	2004
# of Groups Booked/Serviced	73	70	86	62	74	46
# of Delegate Nights	79,502	122,651	105,836	104,170	83,605	62,030
# of Delegates	31,974	31,902	26,475	36,360	28,419	20,615

(2004 – Fourth Quarter Report, prepared for the Convention & Visitors Bureau Board of Directors, February 16, 2005, p. 2)



**Five percent** or 36,000 delegates of the total meeting and convention visitors to Ontario in 2001 selected the Windsor and Essex County region as their preferred location. The estimated total economic benefit derived from these conventions was \$62.5 million.<sup>61</sup> Hence, convention business can make a significant economic contribution to the region.

The numbers of leisure visitations to the region have been decreasing annually from 1999 to 2003, inclusive. The numbers have gone from 9,100,000 in 1999 to 5,309,000 in 2003, while other cities (i.e., Niagara, Toronto, Kingston and Ottawa) have been holding steady. The decline appears to be primarily due to fewer U.S. visitors. The number of U.S. Visitors and spending has gone from 7,949,000 and \$678,239,000 in 1999 to 4,280,000 and \$362,427,000 in 2003.<sup>62</sup>

## AGRI-BUSINESS

Some of the challenges faced by agri-business include:

- Grain and oilseed are the products most grown by the large majority of farmers in Essex County, which provide low returns.<sup>63</sup>
- There is a need in the agri-business sector for employees with university degrees who can fill the middle management role. Unfortunately, farmers and agri-business firms experience difficulties in attracting employees at all skill levels.<sup>64</sup>
- Agri-business has a strong need for infrastructure, such as roads, water, natural gas, wastewater, solid disposal, etc., which sometimes are in short supply.<sup>65</sup>
- Many of the farms require **training programs** for their employees with varying skills and performing different jobs. Some of the training courses required are computer updates, production courses and time management for managers, while

---

<sup>61</sup> Windsor, Essex County & Pelee Island, *A Premier-ranked Tourist Destinations Evaluation (Human Resources Development Canada and Windsor, Essex County & Pelee Island Convention & Visitors Bureau)*, p. 10

<sup>62</sup> 2004 – *Fourth Quarter Report, prepared for the Convention & Visitors Bureau Board of Directors, February 16, 2005, (CITIES Projects 1996-2003)*

<sup>63</sup> *Essex and Pelee Island Report, Agricultural Economic Impact and Development Study: For Essex, Windsor & Pelee Island, Prepared for: Essex and Kent Federations of Agriculture, Submitted by: Ridgetown College, University of Guelph Economics Research Group, August 2002, p. xii*

<sup>64</sup> *Ibid.*, p. xiii

<sup>65</sup> *Ibid.*, p. xiv

classes in English, math, writing and production techniques are needed for seasonal workers.<sup>66</sup>

- The needs of food processors are:
  - Small firms (<\$250,000 in sales) need **training** in the areas of business planning, product packaging, advertising, and market development.
  - Medium firms (between \$250,000 and \$5 million in sales) need **training** in succession planning, assist with transfer of ownership, and research & development.
  - Large firms (>\$5 million in sales) require assistance with consumer research and marketing plans.<sup>67</sup>
- A common barrier identified by many farming companies relates to the difficulties in obtaining funds for capital improvements, and the lack of tax incentives for investment in new technology.<sup>68</sup>

### **ECONOMIC BASE ANALYSIS**

Through an Economic Base Analysis (Windsor CMA – 2004) completed by Fischer & Associates<sup>69</sup> (see APPENDIX D), a number of targets were revealed, which could assist in moving forward the **EXISTING** pillar of this strategic framework. The recommended targets identified by Fischer are:

Manufacturing

Financial Services

Health Care

Post-Secondary Education

Tourism Development

**Manufacturing** is the dominant sector of the local economy, which directly affects the performance of the other sectors across the region. As such, it is a high priority in terms of retention and expansion. However, we caution that efforts in this regard must be

---

<sup>66</sup> *Ibid.*, p. xiv

<sup>67</sup> *Food Industry Growth Trends in Ontario's Southwest Region, Submitted by Ridgetown College, University of Guelph, Economics Research Group, September 2003, pp. 52 – 54*

<sup>68</sup> *Ibid.*, p. 57

<sup>69</sup> *Windsor Essex County Base Economic Analysis prepared by Matthew Fischer & Assoc. Inc., Economic Development Solutions, April 11<sup>th</sup>, 2005, refer to pages 32 – 33*

tempered in accordance to the degree of influence that the region may have in changing the circumstances impacting this sector, particularly with respect to the issues faced by the traditional “Big Three”.

**Financial Services** (i.e., finance, insurance & real estate) has been identified as an emerging industry target. According to Fischer, this industry is currently under-represented in the area, yet employs 6,800 people. Further, it is a growth industry in Ontario and, in fact, the Windsor CMA out-performed the province as far as growth in this industry is concerned.

**Health Care**, which employs 16,000 people in the Windsor CMA, has potential for expansion. Both provincially and locally, the health sector has experienced significant employment growth over recent years. Locally, this sector is also outperforming the province.

**Post-Secondary Education** is another area of immense potential. Together, the University of Windsor and St. Clair College employ well over 2,000 persons. Moreover, they attract students from outside of the region, thereby bringing new money into the area. For this reason, they can be classified as a “**Basic**” industry. Given its ability to move from “**Non-Basic**” to “**Basic**”, post-secondary education should be considered an expansion target. Additionally, the recent announcement of the new medical school to be located at the University of Windsor will further support expansion in this area.

**Tourism Development** (i.e., accommodation & food, information, culture & recreation), or tourism investment, has been an area of major growth in employment, especially as a result of the Casino. Indeed, the \$400 million expansion of Casino Windsor is a tremendous investment in the area. Although tourism development has been identified as a business attraction target, it also contributes to the success of other existing businesses in the region, both directly and indirectly. Thus, it should also be part of any retention and expansion activities.

Since the Economic Base Analysis utilized Windsor CMA data solely, it is reasonable to suggest that *Agri-Business* is another principal target. For example, the greenhouse industry is a central piece of the region's economy. As stated earlier, over 80 percent of all Ontario's greenhouse production is in Leamington, and furthermore, greenhouses accounted for 52 percent of Windsor and Essex County's total farm cash receipts in 1999.<sup>70</sup> Accordingly, agri-business must be regarded as an area of retention and expansion.

## KEY ISSUES

The following key issues are to be organized into themes or categories (e.g., services for business/industry, market strategy, cluster development, tax policy, infrastructure, workforce development, training/education, automotive/manufacturing strategy, succession planning, diversification, etc.) so that they can be effectively addressed by the new organization in a priority sequence.

1. Identifying the needs of existing key businesses and industries that, if satisfied, will prompt them to stay and grow in the region.
2. Developing, implementing and demonstrating our value-added ability to assist existing business organizations with:
  - 2.1. Identification of new profitable markets that they might serve with existing or new products/processes.
  - 2.2. Providing information and advice on the wide-range of government funded programs that can be used to enhance their competitiveness.
3. Access to timely research and accurate facts by business and industry.
4. What do expansion & relocation services entail?
5. Defining and developing services to assist with market strategy.
6. Facilitating the development of a plan(s) to assist with new product development and diversification.
7. Facilitating the development of a plan(s) with respect to "*cluster*" development.

---

<sup>70</sup> *Windsor-Essex Regional Analysis, Working Report, September 2001, Prepared for Windsor-Essex Regional Analysis Working Group by Planning Policy Section, Provincial Planning and Environmental Services Branch, Ministry of Municipal Affairs and Housing, p. 25*

8. Development of a “**Best Practices**” forum for industry leaders to work together to promote and share best practices.
9. Finding ways to involve major stakeholders in the region.
10. Bringing people together and advocating to the senior levels of government ways to address the policy issues that adversely affect our competitiveness.
  - 10.1. Due to the gravity of the situation, specifically as it relates to the traditional “Big Three” and related manufacturers, it has been suggested that provincial government involvement is critical.
    - 10.1.1. How do we compete against the subsidies and incentives that our business competitors receive in other countries?
11. The establishment of protocols to provide updates to and obtain input/feedback from key stakeholders.
12. The development of linkages across the business and industry community to the extent of them helping each other.
13. Establishment of a competitive industrial property tax policy, particularly in the City of Windsor. Comparable, yet competitive, industrial and commercial ratios and tax rates across the entire region would be very helpful to existing businesses and industry, and it would also help to sell the region to prospective investors.
14. Building the regional infrastructure (i.e., roads, water, natural gas, wastewater, solid disposal, etc.).
15. Promotion of renewal in workforce skills and towards technical education.
16. Developing a comprehensive workforce development plan.
17. Advocacy for land-use planning policies that protect and preserve valuable agricultural lands.
18. A plan to assist oilseed and grain farmers (i.e., seek new markets; give consideration to growing alternate crops; etc.).
19. The development of training and education programs that meet the needs of agri-business.
20. Connecting the various venues within the County and the City to create an attractive tourism market offering.

21. Packaging tourist attractions to give visitors a wider range of activities to do, to keep them in the region longer.
22. Exploring ways of developing a “*hospitality & service*” *approach* within the region.
23. What are the additional opportunities in machinery manufacturing, plastics and rubber manufacturing?
24. What are the opportunities for future success in industries in which the region has an apparent strength, such as manufacturing, financial services (i.e., finance, insurance & real estate), health care, post-secondary education, tourism development, and agri-business?
25. Dennis DesRosiers put forth two foundations that would support a business development strategy for the automotive sector: (1) *Windsor is at the center of the North American automotive industry*; (2) *Ontario is a competitive location*.  
Furthermore, he explained that these foundations will support four initiatives:
  - 25.1. *Developing Windsor as the “Intellectual Capital” of the Canadian and North American automotive sector.*
  - 25.2. *Targeting high value-added OE parts manufacturing and MTDM.*
  - 25.3. *Linking a human resource strategy to an economic development strategy.*
  - 25.4. *Examining the full length of the value chain (including):*
    - 25.4.1. *New Vehicle Sales.*
    - 25.4.2. *Used Vehicle Supply.*
    - 25.4.3. *Finance Market (loan and lease interest rates).*
    - 25.4.4. *Aftermarket Conditions (parts and scrappage).*<sup>71</sup>
26. Some of the manufacturing/tool/die/mould shops in the region need assistance with *succession planning*.
27. Are there opportunities to convert a portion of businesses or industries serving predominantly local customers (i.e., “non-basic” industries) into providing more services/products to customers outside of the region (i.e., “basic” industries)?
28. What is the market potential and what would it take to move companies serving local customers into exporters of services/products?

---

<sup>71</sup> *Automotive Sector Strategic Plan, A Research Report Prepared by desrosiers Automotive Consultants Inc. for the Windsor – Essex County Development Commission, pp. 150 & 160*

29. Communications and networking strategies to engage decision-makers of “non-basic” businesses and industries to discuss possibilities of broadening into a more “basic” type of business or industry.
30. How can the region assist in the development of a “basic” industry strategy?
31. Identifying and establishing suitable partnerships within and outside the region.
32. Defining the role of the regional economic development organization as facilitator, coordinator, advocate, educator, connector, information provider, primary economic development body on behalf of the region, etc.
33. Ensuring confidentiality.

## **ATTRACT NEW INVESTMENT**

*When you understand the opportunities present then you can create a strategy. Once the strategy is clear, then you make a plan. (Michael Gallis, Atlantic Institute for Market Studies, May 13, 2004)*

The key word, in the above quotation, is “**opportunities**”. In order for Windsor and Essex County to attract new investment, there must be an understanding of the opportunities or possibilities that are available to the region. And, it’s important that it be grounded in **current reality**. Chasing “rainbows” or going after the “big plants” can, and often do, consume a lot of resources and time and, in most instances, with little success. That’s not to say that they should not be pursued, but it must be balanced with an approach that dedicates resources wisely in terms of utilizing the **attributes** that we already have and to the extent to which we are able to leverage them into other opportunities.

Consistent with the concept of understanding opportunities is the idea of **taking inventory** or conducting an **audit of attributes** specific to the region. In doing so, we determine what we have, and what we can do with what we have.<sup>72</sup>

---

<sup>72</sup> Derived from discussions with Dr. Johan Bruwer during his visit to Windsor – Essex County, January 2006

## INVENTORY OF SERVICES & INFRASTRUCTURE

During the data collection phase in the development of this strategy, a preliminary *inventory of services and infrastructure* was conducted. The compiled list, according to category, is as follows.

### **Transportation**

- *E.C. Row Expressway;*
- *County Road Network;*
- *Highway 401;*
- *Other Provincial Highways;*
- *Ambassador Bridge;*
- *Detroit-Windsor Tunnel;*
- *Railways:*
  - *Serving the area include CN/VIA, CP and Essex Terminal;*
  - *St. Lawrence & Hudson and CASO/CO;*
  - *Chessie Systems, Grand Trunk;*
  - *Underwater rail tunnel links to the U.S. rail network;*
- *Truck Ferry;*
- *Windsor Airport;*
- *Port of Windsor;*
- *Pelee Island Ferry;*
  - *Seasonal marine transportation between Pelee Island and Kingsville and Leamington;*
  - *Service to Sandusky, Ohio is also available on weekends in early May and daily from late June;*
  - *There are 2 boats with the capacity for 18 autos and 268 passengers and capacity for 38 autos and 400 passengers, respectively;*
- *Transit Windsor;*



**Education/Research & Development**

- *University of Windsor:*
  - *Engineering School (increasingly focusing on automotive engineering);*
  - *Odette Centre for Automotive Industry Studies;*
    - *Host institution for AUTO21: Network of Centres of Excellence for the Automobile of the 21<sup>st</sup> Century (Funded by industry and government, bringing a network of more than 200 researchers from 31 universities across Canada who contribute to the “development of the automobile of the 21<sup>st</sup> century, its systems and its impact on the health and on societal and environmental issues”);*
  - *University of Windsor-DaimlerChrysler Canada Automotive Research and Development Centre;*
  - *Intelligent Manufacturing Systems Centre;*
  - *Research Centre for Integrated Microsystems;*
  - *Ford Powertrain Engineering Research and Development Group;*
  - *Lightweight Materials Institute;*
  - *Fluid Dynamics Research Institute;*
  - *University of Windsor and Industry Diesel Research and Development Centre;*
  - *University of Windsor and Industry Product Design and Innovation;*
  - *Expansion of the University of Western Ontario medical school to Windsor through the Southwestern Ontario Medical Education Network (SWOMEN);*
- *St. Clair College:*
  - *Centre for Manufacturing Excellence;*
- *University of Windsor in conjunction with St. Clair College established the Centre for Automotive Research and Education (CARE);*
- *Ford and DaimlerChrysler R & D centers;*

**Heritage/Cultural/Recreational Features**

- *Casino Windsor;*
- *Historic Essex Railway Station in Essex;*
- *Fort Malden National Historic Park;*
- *The North American Black Historical Museum in Amherstburg;*
- *Mackenzie Hall;*
- *Willistead Manor;*
- *John Freeman Walls Historic Site;*
- *Underground Railroad Museum in Windsor;*
- *Kingsville Historical Park;*
- *Art Gallery of Windsor;*
- *Capitol Theatre;*
- *Cleary International Centre;*
- *Galerie d'Art Royale;*
- *Detroit Riverfront Parks;*
- *Coventry Gardens/Reaume Park;*
- *Jackson Park;*
- *Ojibway Prairie Complex and Nature Centre;*
- *Malden Park;*
- *Windsor Water World;*
- *Mic Mac Park (baseball tournaments, etc.);*
- *Windsor Sculpture Garden;*
- *Gibson Gallery in Amherstburg;*
- *Historic Essex Railway Station;*
- *Fujisawa Zen Garden in Essex;*
- *The Arts Centre in Leamington;*
- *Leamington Kinsmen Recreation Complex;*
- *Windsor Arena;*
- *South Windsor Recreation Complex (2 arena pads);*
- *Numerous Golf Courses in Windsor and throughout Essex County;*
- *Several Curling Clubs (Windsor and Essex County);*

- *Lakeview Park Marina – Windsor;*
- *Point Pelee National Park;*

### **Utilities/Services**

- *Water Supply and Sewage Disposal Systems:*
  - *As of 2001, there were 8 municipal water treatment plants and 17 municipal sewage treatment plants in Windsor and Essex County;*
  - *40+ pumping stations (City of Windsor);*
  - *Water supply is drawn from Lake Erie, Lake St. Clair and the Detroit River;*
- *Currently, Windsor provides both water and sewage treatment services to LaSalle and part of Tecumseh;*
  - *Lakeshore, the fastest growing municipality in Essex County in the past 3 years, has expanded the Belle River water treatment plant to accommodate increased demands;*
  - *The lack of sewage treatment has prevented commercial and residential construction in the Town of Essex until in 2004 when construction of a new plant began;*
- *Essex-Windsor Regional Landfill & Transfer Station;*
- *Brighton Beach Power Plant (580-megawatt);*
- *CF Industrial of Leamington is working on a project that will both increase the efficiency of Essex County’s greenhouse operations and provide an environmentally-friendly source of electricity for the Province of Ontario. The project is called Tri-Generation (Tri-Gen) and it involves the use of distributed generators to produce, efficiently, three specific products: heat, carbon dioxide, and electricity. The heat and carbon dioxide are already required by greenhouse operators, and the electricity could be fed into the provincial power grid, providing Ontario residents with 330 million kilowatt hours of clean electricity.<sup>73</sup>*

---

<sup>73</sup> Windsor-Essex County Development Commission – “Good News” – Volume 25, Issue 6, November/December 2004, p. 2

- *Essex County stands to benefit from wind energy potential because the north shore of Lake Erie, from Kingsville onward, has been deemed well-above average in its potential to supply wind energy. It was selected as one of the 3 key areas in Ontario for production.*
- *Centre for Smart Community Innovation:*
  - *A consortium of health, education, municipal, and industry stakeholders working together to create a unified approach to research, develop and use advanced information technologies, products and services. The approach also creates opportunity by increasing the efficiency of voice, image, video and data communications in the Windsor-Essex region.*

Clearly, the foregoing list is only an initial and very basic inventory, but it does provide some perspective as to the various assets of the region. This information complements some of the area's attributes in relation to the "Basic" industries (i.e., manufacturing, tourism/gaming and agri-business), as discussed in the **Strengths & Opportunities** section of this strategy document. Another resource is the material contained on the website of the Windsor and Essex County Development Commission ([www.choosewindsor.com](http://www.choosewindsor.com)).

## NEEDS OF CONSUMERS & INVESTORS

In addition to understanding what the region has to offer, the next step is to find out what consumers and investors want, and is what we have *compatible* with what they want. This will identify the *gap* between the region's *offering* and the needs of consumers and investors.<sup>74</sup> As an initial scan of the region's economic environment, the section containing **Weaknesses & Threats** in this strategy document presents a preliminary platform of what is lacking or is required in the region as it relates to the "Basic" industries of manufacturing, tourism/gaming and agri-business. However, a more

---

<sup>74</sup> *Derived from discussions with Dr. Johan Bruwer during his visit to Windsor – Essex County, January 2006*

detailed and focused examination is required relative to consumer and investor needs and wants.

## IMAGE

Efforts to *attract* consumers and investors are either strengthened or weakened by the *image* of a particular region or destination. People's decisions as to whether or not a location will meet their *needs* and *wants* are influenced, to a significant degree, by its image. This not only shapes the perceptions of those residing outside an area, but it also has an impact on the residents. Do local residents project a positive or negative image to outsiders? The issue of image is very important when it comes to promoting and marketing a region. It can either facilitate or hinder the success of business attraction.

In an image study completed in 2000, specific to **Windsor**, there were a number of key findings and implications.<sup>75</sup> Some of these were:

- *Just over 4 in 10 Windsor residents say they are very impressed with their city overall.*
- *Windsor residents are very proud of their city.*
- *Proximity to the U.S. is a positive thing as stated by Windsor residents.*
- *American residents also report positive support for the City of Windsor.*
- *Residents of the GTA and Southwest Ontario are considerably less positive about what the City of Windsor has to offer.*
- *Key challenge facing the City of Windsor is to motivate individuals to come and experience the visit.*
- *Non-resident visitors are more likely to describe Windsor as successful, youthful and healthy. They are also more likely to say that the following characteristics apply to Windsor: safe, clean, multicultural, good quality of life, industrial and gaming/casino.*
- *4 of 10 business executives have no detailed impressions of Windsor as a place to invest.*

---

<sup>75</sup> Northstar, *City of Windsor Image Study, March 2000*

- *Lower impressions among non-Windsor residents of Windsor as a place to find a full-time job and start a new business.*
- *Lower evaluations of Windsor as entrepreneurial and growing by non-residents of Windsor.*
- *Lower associations of Windsor with industrial, automotive and high technology by non-residents of Windsor.*
- *Lower agreement by non-residents that the economy of Windsor is currently very strong.*
- *17 of 20 Windsor residents and over three-quarters of non-residents have a favourable impression of the Casino.*
- *A comparison of the unaided impressions of Windsor, Kitchener and London yields the finding that only in Windsor are the senior educational institutions not mentioned.*
- *Respondents are most likely to associate Windsor with casino/gambling, U.S. border and automotive.*
- *Low scores provided to the City of Windsor by residents of Windsor for the city being safe and clean.*
- *Of the 3 cities evaluated, respondents report the highest overall impression for London, with Windsor second and Kitchener third.*
- *In order to compete more effectively with other Ontario jurisdictions for economic development, Windsor will have to address the gap in perceptions for quality of life for employees, well-developed physical infrastructure, availability of skilled labour and well-developed educational infrastructure.*
- *The importance of a well-developed educational infrastructure for business investment decisions means that consideration will have to be given to strengthening the association of these educational institutions with the city.*

- *The following characteristics should be considered that will improve the overall impression of the city:*
  - *Successful*
  - *Multicultural*
  - *Modern*
  - *Middle class*
  - *Caring*
  - *Professional*
  - *Attractive*
  - *High Technology*
  - *Clean*
  - *Friendly*
  - *Down to Earth*
  - *Safe*
  - *Progressive*
  - *Good Quality of Life*
  - *Picturesque*
  - *Family Oriented*
  - *Growing*
  - *Community Oriented*

One of the key challenges identified in the Northstar Study “...is to motivate individuals to come and experience the visit.” The recent NFL Super Bowl events, hosted jointly by Detroit and Windsor, exemplifies the accuracy and significance of this observation. With the arrival of numerous fans and media for Super Bowl, it has given us the golden opportunity to showcase our attributes on an international stage, in spite of the ‘Sin City’ label.

American newspapers, such as the Everett Herald in Washington State printed a story about this area with the headlines reading, “*Border City is Fantastic*”. It was reported as stating, “*Windsor is known locally as Sin City. It seems an odd description when you walk its clean streets, talk to its friendly people, or see kids skating on a manufactured sheet of ice in a public courtyard.*”<sup>76</sup>

It is important that the region takes every opportunity to showcase its attributes, and we need to do it in a way that takes nothing for granted. One approach may be that we need

---

<sup>76</sup> Taken from *The Windsor Star, Opinion Column* by Gord Henderson, Saturday, February 4, 2006, p. A3

to convince ourselves first before we convince the world about what the region has to offer. Or perhaps, the world will take notice and convince us how good we really are and our future potential. Either way, we must *market* and continue to *enhance* the region's 'quality of place' – a destination location where people want to invest, work, learn and play.

## TARGET MARKETS

Understanding the *strengths and weaknesses* of a region, as well as knowing its image, assists the process of promoting and enhancing the region's offering. It is also imperative that the marketing and attraction efforts are based on attributes that indeed *exist* and *add value*. In fact, the more *unique* the attributes, the more attractive they are to consumers and investors.

So, based on the attributes of Windsor and Essex County, what do we target and pursue? What *external opportunities* are available to the region?

Earlier it was explained that the region of Windsor and Essex is a sub-market of the greater Detroit – Southeast Michigan economic market. **Figure 19** illustrates the various economic patterns in the Detroit Economic Region made up of several main corridors:

\* **Research & Development**

\* **Bio-Sciences**

\* **Office**

\* **Automation**

\* **Manufacturing**

\* **Logistics**



**Figure 19: Economic Patterns – Detroit Economic Region**

## KEY ISSUES

The following key issues are to be organized into themes or categories (e.g., investment process, quality of life, quality of place, branding, diversity, communication/networking, data/research, regional attributes, economic opportunities, etc.) so that they can be effectively addressed by the new organization in a ***priority*** sequence.

1. We need to understand from an investor's perspective how investment friendly the community is and how easy it is to do business here compared to other communities.
2. We need to take the perspective of a ***business investor as the customer***, and focus our processes on what will make them come, stay and grow in the region.
3. Adherence to a ***"listen to the investor"*** approach.

4. The establishment of a “*networking protocol*” (e.g., introduce prospective investors to local business and industry people).
5. Additional things that can be done to cultivate waterfront land across the region.
6. Consideration for a focused and comprehensive strategy on developing the culture & arts sector as an attractor for the region.
7. The creation of a more enhanced website for the new organization that meets the needs of business, industry, visitors and investors.
8. Image-building and branding are important aspects to the success of any economic region. This involves promotion of the region (e.g., centre of manufacturing; a good place to invest; etc.), advertising (e.g., What to do in Windsor and Essex County; a section in the Windsor Star, for example – “Did you know about Windsor – Essex County?” etc.).
9. Identifying steps that will lead to improving the image of the City and County as a destination location worth visiting and spending time here because of the wide-range and interconnected/packaged things to do that is attractive to visitors.
10. How do we “motivate individuals to come and experience the visit” to the region?
11. What is our brand or image that we want to promote? It must be based on hard facts and truths.
12. Could re-brand the City and the County to be seen as an attractive place to visit and to invest.
13. Attention to ‘quality of place’ issues.
14. Bringing together spirited community persons with roots to the community at-large and a commitment and a passion and a desire to build a new and approved image for the region and to promote this to the external marketplace.
15. Promotion of the region’s cultural, ethnic and gender diversity (i.e., the availability of a diverse workforce).
16. Part of the strategy may also need to be “*celebrating success and achievement*”. Promotion of what we have seems to be sadly lacking and certainly we don’t seem to be doing a good job on the regional level to celebrate the successes.
17. Communication, both within and outside of the region, regarding what our strengths are, based on our actual product offering.

18. We can influence the education process of the major stakeholders and work with them to understand or to improve their understanding of what we have and where it's going.
19. Introduction of a “*Continuous Improvement Plan*” to address the region's weaknesses.
20. If the region is the product, how can its various systems be improved (i.e., environment, transportation, infrastructure, education/research, health, arts/culture, etc.)?
21. The collection of objective and verifiable data that demonstrates how the region has competitive advantages for businesses and economic organizations by providing access to:
  - 21.1. profitable markets
  - 21.2. cost effective raw materials
  - 21.3. productive and appropriately trained labour
  - 21.4. capital at competitive rates and terms
  - 21.5. knowledge and expertise in the areas of:
    - 21.5.1. application of current/relevant technology in key industry sectors
    - 21.5.2. application of current/relevant process/service methodologies
    - 21.5.3. application of effective management capability
    - 21.5.4. leadership
  - 21.6. effective infrastructure that meets their business/operation needs
    - 21.6.1. available serviced land, buildings, facilities
    - 21.6.2. supporting transportation infrastructure
22. The collection of objective and verifiable data that demonstrates how the region:
  - 22.1. has a competitive/favourable economic and social policy environment
    - 22.1.1. labour policy
    - 22.1.2. tax policy (federal, provincial, regional and local)
    - 22.1.3. incentives
    - 22.1.4. workforce development
  - 22.2. has a confidence level that the economic future of the region is indeed promising

- 22.3. is a good place in which to live, work and play and raise a family
23. A process and resources to demonstrate that the region is able to:
  - 23.1. assist organizations at every stage of their investment analysis including accurate, responsive and timely:
    - 23.1.1. workforce data collection
    - 23.1.2. site selection and set up advice
    - 23.1.3. advice on developing solutions
    - 23.1.4. access to community relationships that will enhance business success
24. A communications strategy to promote the region as a good place to invest.
25. What types of new industry do we desire to attract to the region?
26. Enhance our understanding of what these sector organizations that we want to attract need to be successful and what would entice them to locate to this region.
  - 26.1. Comparison of the region's market offering to their needs and demonstrate our competitive advantage
    - 26.1.1. Identification of significant gaps and the development of plans to address them
27. Who are the decision-makers of these sector organizations and what communications/networking strategies are needed to engage them in discussing possibilities of coming to the region?
28. What are the unique attributes of the region?
29. Investors will assess the region's attributes against their business success factors.
30. Investors will compare the competitive attributes of this region to other regions in the global economy.
31. In terms of attracting investment, what opportunities are there as a result of the recently announced Cross-Border Transportation Studies Institute to be established at the University of Windsor?
32. We need to seek out economic opportunities in the Detroit Economic Region and other parts of Southeast Michigan and Northwest Ohio; for instance, research & development, bio-sciences, automation, manufacturing and logistics.

## **NEW START-UP OPPORTUNITIES**

*New business creation* and *diversification* are integral components of a healthy economy. Reliance on any one sector or industry, and with limited capacity and resources for creating new firms and exploring new ideas, render an area vulnerable and expose it to economic uncertainty. Therefore, it makes sense to encourage and support the emergence and ***growth*** of new start-up businesses and initiatives.

Economic growth is about:

- *New ways of growing the economy.*
- *Anchoring firms to a location.*
- *Incentives tailored to the unique needs of entrepreneurs and knowledge-based companies with growth potential.*
- *Innovation and maximizing the potential of individuals through education.*
- *Transferring technology and quality management to existing firms and creating new firms around new technology.*
- *Creating knowledge-based companies through education, research, risk capital and entrepreneurship.*<sup>77</sup>

Both the exploration of new ideas through *scientific research* in the laboratory and the creation of new or improved products, processes and services through *innovation* are vital to the advancement of business and industry. As explained by Statistics Canada, “*Innovation is the main factor in contributing to productivity growth, gains in market share and survival in Canadian manufacturing plants.*”<sup>78</sup>

The “*innovation system*” is made up of a *set of institutions*, which include:

- Entrepreneurs
- Businesses at different levels in their development
- Government programs

---

<sup>77</sup> Information provided by Dr. Lucy E. Kanary, Vice President, Innovation & Technology Development, St. Clair College

<sup>78</sup> Statistics Canada, *Innovation Bulletin*, October 2004.

- Educational and training institutions
- Art, design and cultural organizations
- Business, labour, and industry associations
- Financial support systems (e.g., venture capitalists, institutional financing, etc.)
- Science and technology infrastructure (e.g., test facilities, etc.)
- Universities, colleges, research centres and laboratories

The success of an innovation system is dependent upon how well the various institutions interact and *collaborate*. A weakly linked system produces small net growth; a moderately linked system creates moderate net growth; and a highly linked system has the potential for rapid net growth.

Forums for collaboration among the various institutions would facilitate regular meetings to discuss ideas and needs as they arise in industry, business, universities, colleges, laboratories and research offices. However, this is all contingent on a *willingness* to collaborate. Unfortunately, the desire to collaborate across various sectors in this region is significantly lacking to our own disadvantage and detriment. For example, there has been an attempt to create such a forum through the establishment of the **Initiative for Automotive Innovation (IAI)**, involving the tool, die and mould (MTDM) sector. The purpose was to lobby government to better protect their intellectual property from the OEM's (Original Equipment Manufacturers). In addition, it was created "...to develop a new institutional framework in which new ideas can be developed."<sup>79</sup> To-date the initiative has not been successful as it has been difficult to bring people to the table. This is not just unique to the MTDM sector, it is a deficiency across the board. Simply put, we just don't collaborate well, whether it be the manufacturing/industrial, political or educational sectors. We need to collaborate better and more, similar to a successful model like CONNECT in San Diego founded in 1985 at the urging of San Diego's business community ([www.connect.org](http://www.connect.org)); or closer to home, is Canada's Technology

---

<sup>79</sup> *Innovation in the Automotive Parts Industry: A Case Study of the Windsor-Essex Region* by John Holmes, Tod Rutherford, Susan Fitzgibbon, Paper presented at the 6<sup>th</sup> Annual National Conference of the Innovation Systems Research Network, Harbour Centre, Simon Fraser University, Vancouver BC, May 13-15, 2004 (Working Draft), pp. 25 – 26

Triangle in the Waterloo Region ([www.techtriangle.com](http://www.techtriangle.com)). The region must build a *capacity for collaboration* that promotes product and process innovation and market diversification for the region's economic sectors if they are to be successful in the future.

Along with an *environment of innovation and collaboration*, it is important that the region attend to “*quality of place*” and “*quality of life*” issues. In order to compete globally, the region has to attract and retain world-class researchers and innovators. This requires us to build and demonstrate that the region has the desired amenities:

- Arts & culture
- Safe community
- Good place to raise a family
- Ability to work and live downtown
- Urban centre with relatively low cost of living compared to similar large cities
- Accessible and quality medical care, education & training
- Advanced information technology capability
- Wide-range of activities that appeal to the diverse participants within the community
- International reputation

Some of the other key drivers to becoming a research & development and innovation centre are:

- Access to Talent
  - Very good university and college with a big pool of graduates
  - Strong collaboration with other research universities, colleges and institutions
  - Intellectual capacity, skill sets and graduates to succeed globally
- Diversity & Tolerance
  - Highly diverse, multicultural society
  - Highly tolerant society

- Presence of Related Companies
  - Range of high-end opportunities, which are very important to researchers who are looking for the best companies, colleagues and challenges
- Infrastructure
  - Ease of access to the world
- Location
  - Access to early adopters of new technology
  - A good proving ground in which to test new products
- Cost of Doing Business
  - Cost of research & development
  - Capital taxes
  - Low property taxes
  - Easy access to capital for research & development start-ups
  - Access to a strong pool of commerce savvy people

Let us not lose sight of the research and innovation strengths and capabilities that successfully exist within the region, most notably:

- ***Southwestern Ontario Bioproducts Innovation Network (SOBIN)*** created to *strengthen the economy of Southwestern Ontario by accelerating the development and adoption of bioproducts and alternative energy resources within and across its industry clusters.*
- ***Auto21*** – A national research initiative supported by the Government of Canada through the Networks of Centres of Excellence Directorate and involving numerous participating institutions (i.e., 42 universities, 80 industries, 54 government departments/agencies/others). Its Scientific Director is Dr. Peter R. Frise from the University of Windsor, whereby the University of Windsor is the Administrative Centre of the program.
- ***Automotive Research & Development Centre (ARDC)*** – A partnership between DaimlerChrysler and the University of Windsor.
- ***Ford Centre of Excellence in Manufacturing*** – Located at the St. Clair College Windsor Campus, it is an advanced manufacturing technology training centre



designed to *prepare students to move with a seamless transition from the classroom to the manufacturing environment.*

- The ***Greenhouse and Processing Crops Research Centre (GPCRC)*** in Harrow is part of a national network of 19 research centres of Agriculture and Agri-Food Canada. The Centre develops and transfers new technologies for production of greenhouse vegetables (tomatoes, cucumbers and peppers), field-grown processing vegetables, soybeans, and edible beans.
- ***International Truck – R & D Centre for Advanced Truck Manufacturing Clean Diesel Engine Technology*** – A partnership involving the University of Windsor, International Truck and Engine Corporation, the federal and provincial governments. The focus of its research is on cleaner, more efficient diesel engines and to increase production line productivity.

## **ENTREPRENEURIALISM & SMALL BUSINESS**

In an effort to generate economic growth, attention should be given to the ***commercialization*** of new ideas and ***small business***.

Although a new discovery may be made in the laboratory or a new invention created in a workshop, it doesn't necessarily mean that it will automatically be mass-produced and sold in the marketplace. Sometimes they never leave the laboratory because, despite the ingenuity of the discovery, a practical application may not have been designed or there was never any intent to design it for practical use, but simply interested in the science itself. The flip side is that the discovery could be adopted by entrepreneurs or investors in another region and it is developed and commercialized to the benefit of that region. Similarly, an invention may never leave the shop floor. In both instances, the issue comes down to commercialization. How is a new discovery, idea or invention developed and brought to market?

To attend to the issue, a framework is needed to assist scientists, inventors and new entrepreneurs with the process of commercialization. For instance, in a case study

regarding innovation in the automotive parts industry in Windsor and Essex, some of the findings revealed a number of areas or concerns where assistance is needed.

- a) With many firms becoming increasingly protective of their knowledge, they are interested in finding new ways to protect their *intellectual property*.
- b) Many of the founding owners of the companies are close to retirement, yet very little *succession planning* has been done.
- c) The price of new technology has significantly increased *entry costs* into the business.
- d) *Venture capital* is almost non-existent in this industry.<sup>80</sup>

A good example of an initiative that assists in the commercialization of new ideas and offers assistance to new entrepreneurs is San Diego's CONNECT program, mentioned earlier. The program provides free assistance for life sciences and high tech companies at their different stages, whether it be *concept, start-up, challenge or opportunity*. The entrepreneur meets with a number of experts, including *venture capitalist, seasoned entrepreneur, accountant, corporate and patent attorneys, marketing professional, and an executive from a successful company in the same industry*. Some of CONNECT's other programs help with commercializing innovative new technologies; provide a forum by which to showcase them to capital providers; educate new entrepreneurs about government programs; and a variety of other programs.

The establishment of such *business incubators* would be very helpful in creating and supporting small and medium size businesses as well. Half of every ten start-up companies are said to fail within their first five years, while only four will remain in business by their tenth year, and only three will continue to exist by their fifteenth year.<sup>81</sup> Incubators could assist emerging companies to grow and survive during the extremely

---

<sup>80</sup> *Innovation in the Automotive Parts Industry: A Case Study of the Windsor-Essex Region* by John Holmes, Tod Rutherford, Susan Fitzgibbon, Paper presented at the 6<sup>th</sup> Annual National Conference of the Innovation Systems Research Network, Harbour Centre, Simon Fraser University, Vancouver BC, May 13-15, 2004 (Working Draft), pp. 25 – 32

<sup>81</sup> David Birch, *Job Creation in America* (New York: The Free Press), 1987, p. 18 in Peter M. Senge, *The Fifth Discipline* (New York: Doubleday), 1990, p. 117

vulnerable start-up period, and allows them the opportunity to test their products with minimum risk. Once these initiatives begin to grow and reach an adequate level of stability in their development, they can move into their own ‘brick and mortar’ operation. This is a very constructive approach to assist local and regional economies to diversify and grow stronger.

Another sensible service that contributes to economic growth involves supports to *small business start-ups* through business advice and overall administrative support. These services help small business owners to handle the typical challenges that they regularly face, such as:

- Preparation of business plans
- Loan applications
- Marketing research
- Setting up accounting and financial information systems
- Structuring the organization
- Finding best practices from other businesses
- Costing and cost control systems
- Analysis for buying a business and selling a business
- Product testing and concept testing<sup>82</sup>

Not only are these supports important to small business start-ups, but also small businesses that have been in existence for many years could benefit from these services.

Small business in Windsor and Essex County represents 97 percent of all businesses in the area, whereby they have an average of less than \$5 million in annual sales and fewer than 15 employees. In which case, much of a community’s economic growth and financial stability is built on small business.<sup>83</sup>

---

<sup>82</sup> Information provided by Dr. Alfie Morgan, Professor (Emeritus), University of Windsor and Robert Renaud, Executive in Residence, University of Windsor

<sup>83</sup> *Ibid.*

While not always obvious, the largest number of new jobs in most regions is created through the expansion of smaller firms rather than from larger firms that are not growing. The entrepreneurial process of company creation, starting a company with a very small number of jobs initially has the potential to create many more jobs as the firm expands.<sup>84</sup> Therefore, a focus on *New Start-Up Opportunities* is a very essential strategic pillar of the regional strategy, particularly in view of the fact that this is an area in which the region under-performs, as identified by the Strategic Advisory Group (see **Figure 11**).

## KEY ISSUES

The following key issues are to be organized into themes or categories (e.g., business creation, supports for new start-ups & small business, innovation, commercialization & entrepreneurialism, research & development, collaboration, value-added initiatives, funding sources, intellectual property protection, etc.) so that they can be effectively addressed by the new organization in a *priority* sequence.

1. A suite or continuum of services for new start-up businesses and industries, as well as small businesses.
2. The development of “*new business creation*” and “*diversification*” plans.
3. The establishment of a *framework* to facilitate innovation and commercialization.
4. A *support structure* for small business utilizing existing services in the region. What are the opportunities to coordinate services, yet maintain a “*decentralized and distributed*” approach across the region, and create synergies to best serve the new entrepreneur?
5. A “*hub*” for small business owners to access and obtain information and/or referrals as to the different organizations in the region that could serve their particular needs, and to help them move through a continuum of services.
6. Provide advice to new entrepreneurs in terms of: accessing capital; assistance in preparing a business plan; completing loan applications; accounting; etc.

---

<sup>84</sup> Information provided by Dr. Lucy E. Canary, Vice President, Innovation & Technology Development, St. Clair College

7. Bringing people together to develop the methodology to *tap into the good ideas* that are developing in this community and help accelerate the process from idea to commercial business (e.g., innovation or incubation centre).
8. Bringing people together to design a mechanism to help facilitate organizations' *ability to innovate* and transfer that innovation into commercial activities.
9. Mapping out a process from the germination of ideas in the laboratory (i.e., research) **or** the creation of an invention, product, technology development **to** the commercialization of products in the marketplace.
10. Bringing people together to help new businesses that are coming online through the nurturing stage to help them get to the market scale up faster.
11. Who are the potential '*partners of innovation*' across the region (e.g., post-secondary institutions, private sector, etc.) and at the various levels of government.
12. A *collaborative environment* to share information and ideas. Need a capacity for collaboration that promotes product and process innovation and market diversification for the region's economic sectors if they are to be successful in the future.
13. A *protocol for collaboration and entrepreneurialism* for the purposes of creating an environment of collaboration and entrepreneurialism across all sectors.
14. The exploration of more innovative ways of doing business including examining where businesses and industries in the region best fit within the global supply chain. Look beyond the simple geography of this region for solutions. Find ways that add value that offset the decline in cost competitiveness.
15. The establishment of '*working groups*' to undertake innovative projects.
16. Local industries must develop capabilities that are seen within the global marketplace as truly *value-added*.
17. A critical shortage of scientific workers. Need to graduate more scientists and engineers.
18. Attention to "*quality of place*" and "*quality of life*" issues is important so as to attract and retain world-class researchers and innovators.
19. Building a regional "*culture of innovation*" by:
  - 19.1. Working with the region's *R & D clusters*;

- 19.2. Establishing a *leadership programme* to promote an innovation culture;
  - 19.3. Setting up an *innovation fund* to improve access to risk capital;
  - 19.4. Developing a “*Datanet*” to improve on the awareness of support services;
  - 19.5. Continuing to develop a *Regional Technology Network* (Smart Community/Smart Services) to improve the awareness of support services and the transparency of the supply side;
  - 19.6. Developing a *Technology Management Resource* to tackle various issues and developing specialist support for those involved in technology such as marketing; and
  - 19.7. Promoting the development of start-ups & spin-offs.
20. Inventory of what we do best, existing/emerging growth opportunities and resources.
  21. Selection of specific innovative projects that align with local business strengths and growth opportunities (i.e., includes product, service and process innovation).
  22. Funding from various sources (e.g., venture capital, angels, investors, entrepreneurs, public/private sectors, etc.). These are to be considered as “*strategic investments*”.
  23. The development of contractual agreements among private/public sector partners.
  24. The regional economic development organization as the “*agent*” or “*facilitator*” for innovation.
  25. Creation of the infrastructure and conditions that will enable innovation.
  26. The development of services to access innovative products and process improvement techniques.
  27. The development of patent and intellectual property policies.
  28. Promoting the success of existing innovation centres, of spin-off small and medium sized companies from university and college based research to be made widely known. Success builds on success, and attracts more success.
  29. Working with government initiatives – federal, provincial and regional – to take full advantage of opportunities and insights (e.g., Ontario’s Ministry of Research and Innovation).
  30. Continue to build on competitive advantages in highly productive aspects of the value chain (e.g., design, engineering and machinery manufacturing).

## A REGIONAL APPROACH

The global marketplace has become a highly integrated network of economic activity. Its geography is defined by *economic market space* where trading blocks and economic regions compete as opposed to being defined by political space. Competing successfully in this new “global” reality requires that we realign ourselves according to *economic regions*. By doing so, it amplifies our resources and capacity, essential in being a player in this new economic age, thereby increasing our probability of success.

**Figure 20: Southern Ontario Economic Regions**

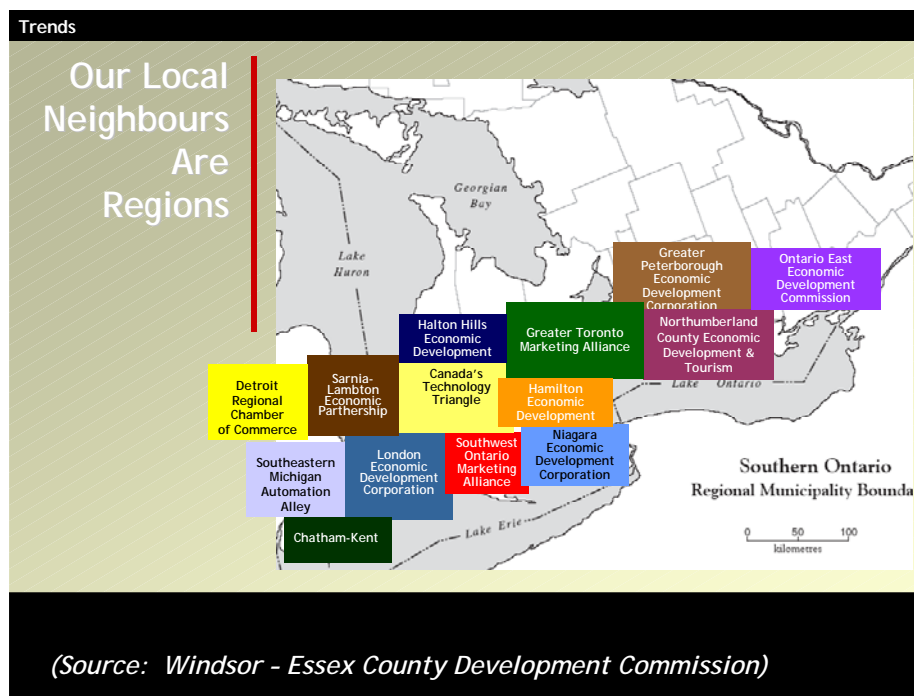


Figure 21: U.S. Economic Regions

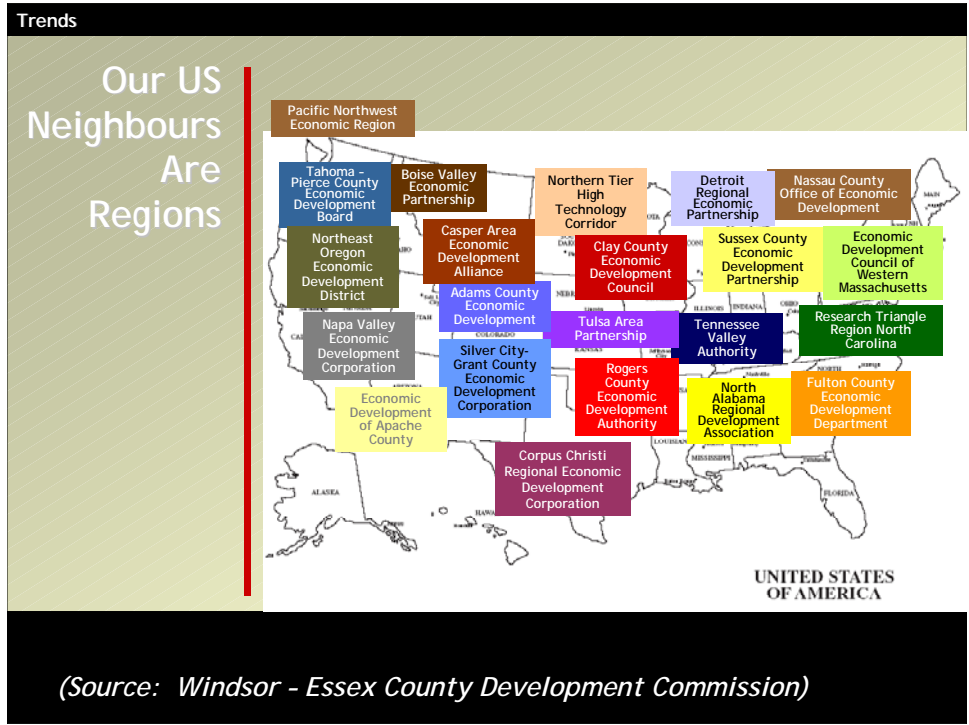
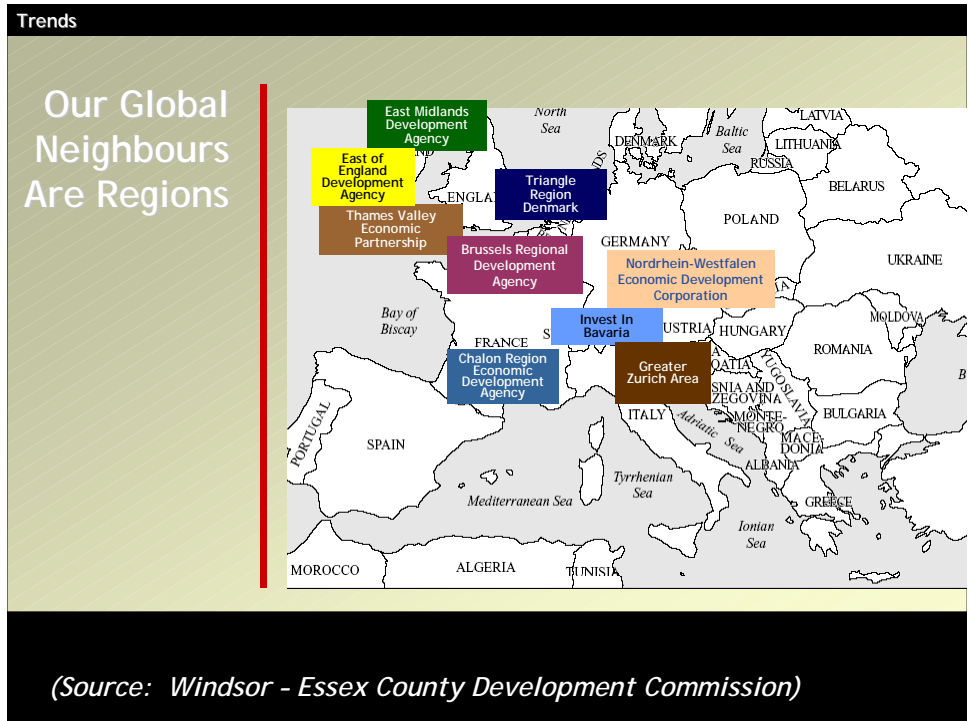


Figure 22: European Economic Regions





In a paper written by Dan Friyia, Ec.D., he states that large companies look for a number of specific assets prior to locating to a particular area. These include:

- *a large skilled labour force;*
- *transportation infrastructure;*
- *telecommunications;*
- *access to raw materials;*
- *education and health services; and*
- *amenities relating to quality of life issues.*<sup>85</sup>

Friyia goes on to explain that “...communities within a region can combine their assets to enhance the overall asset profile of a region thereby making the attraction of new industry more likely.”<sup>86</sup>

In terms of the number of people living in Windsor and Essex County, the combined population has been estimated at just over 410,000. The 2004 estimated figure for Windsor is about 225,000, while the seven towns in the County of Essex average approximately 26,000 people.<sup>87</sup> Not only are the individual municipalities relatively small, but even as a region we are small in comparison to some of the regions that compete against us globally. For example, the London-Woodstock economic region had a population slightly over 584,000 in 2001; only the sixth largest Economic Region in Ontario.<sup>88</sup> The Kitchener-Waterloo Barrie area had over one million people. Some of the larger economic regions in Ontario including the Greater Toronto Area and Hamilton-Niagara Peninsula had populations of about 4.9 million and 1.2 million, respectively.<sup>89</sup> Hence, competing in the world marketplace as individual municipalities is out of sync

---

<sup>85</sup> Dan Friyia, Ec.D., *Competitive Regionalism in the Superior East Region*, p. 5

<sup>86</sup> Linda McCarthy, *Competitive Regionalism: Beyond Individual Competition, Reviews in Economic Development Literature and Practice: No 2, US Economic Development Association, October 2000* in Dan Friyia, Ec.D., *Competitive Regionalism in the Superior East Region*, p. 5

<sup>87</sup> Based on 2004 Estimates – Financial Post – FP Markets – Canadian Demographics 2004

<sup>88</sup> *Population Characteristics of London-Woodstock (Economic Region 560): 2001 Census*, produced by the Southern Ontario Area Economist Economic Analysis and Information Directorate, Ontario Region [Human Resources Development Canada]

<sup>89</sup> Obtained from Service Canada’s website ([www1.servicecanada.gc.ca](http://www1.servicecanada.gc.ca)) [Based on Statistics Canada, 2001 Census]

with the current reality. *In fact, it would be wise for the region to consider further broadening its scope and aligning itself with a larger economic market unit.*

In reference to **Figures 23 to 30**, they clearly show the economic interdependency of the region. Where people reside and where they work are not necessarily in the same municipality. As depicted by the daily workflow, residents may live in one community and be employed in another jurisdiction. What is earned elsewhere in the region is used to pay taxes or purchase goods in another part of the region. Economically, Windsor and Essex County are “tied at the hip”.

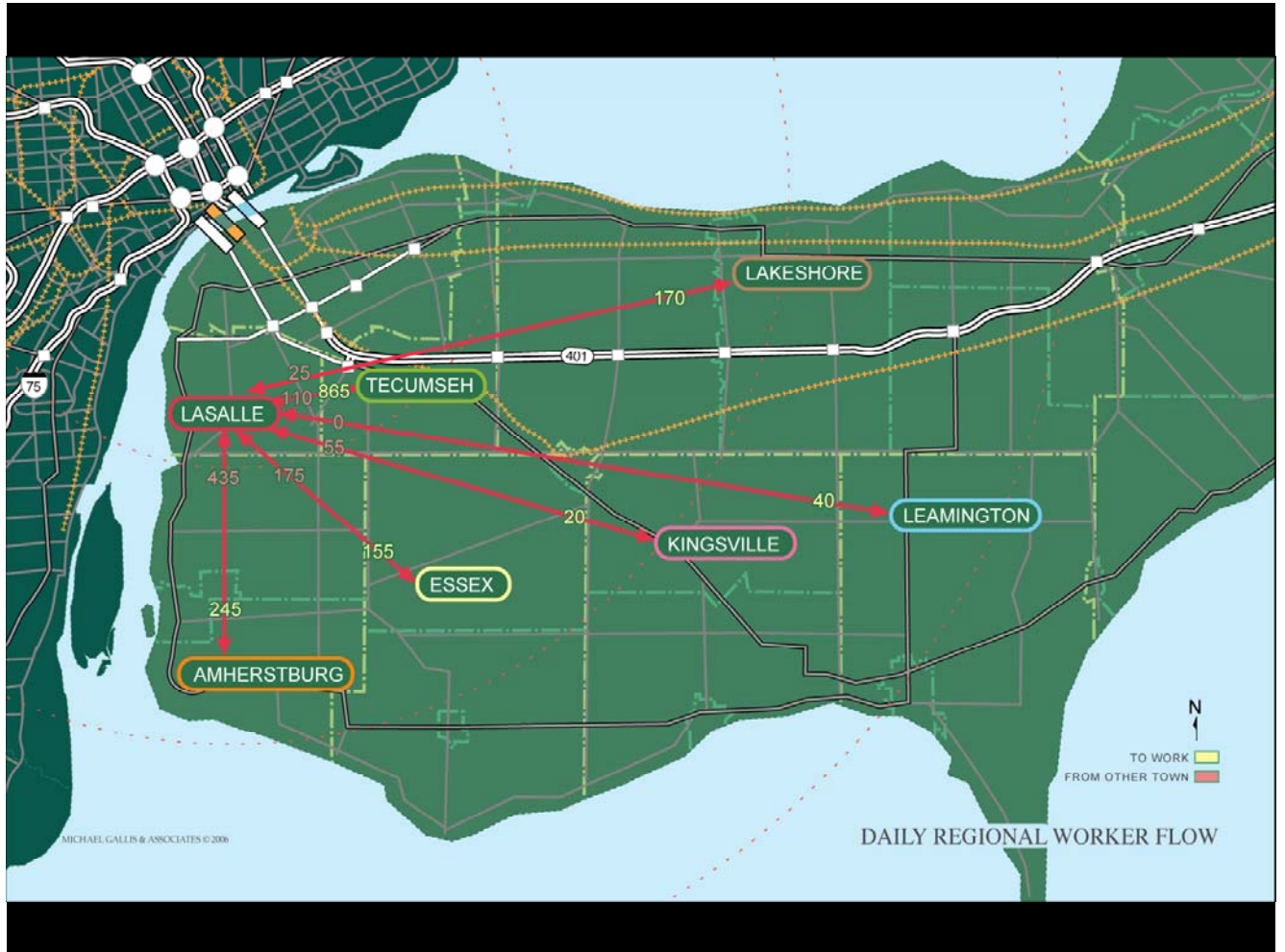
**Figure 23: Workflow re: Windsor & Essex County**

*(Based on Statscan 2001 Report provided by Windsor-Essex County Development Commission)*



**Figure 24: Workflow re: LaSalle & County Municipalities**

(Based on Statscan 2001 Report provided by Windsor-Essex County Development Commission)



**Figure 25: Workflow re: Tecumseh & County Municipalities**

(Based on Statscan 2001 Report provided by Windsor-Essex County Development Commission)



**Figure 26: Workflow re: Lakeshore & County Municipalities**

(Based on Statscan 2001 Report provided by Windsor-Essex County Development Commission)



**Figure 27: Workflow re: Amherstburg & County Municipalities**

(Based on Statscan 2001 Report provided by Windsor-Essex County Development Commission)



**Figure 28: Workflow re: Essex & County Municipalities**

(Based on Statscan 2001 Report provided by Windsor-Essex County Development Commission)



**Figure 29: Workflow re: Kingsville & County Municipalities**

(Based on Statscan 2001 Report provided by Windsor-Essex County Development Commission)



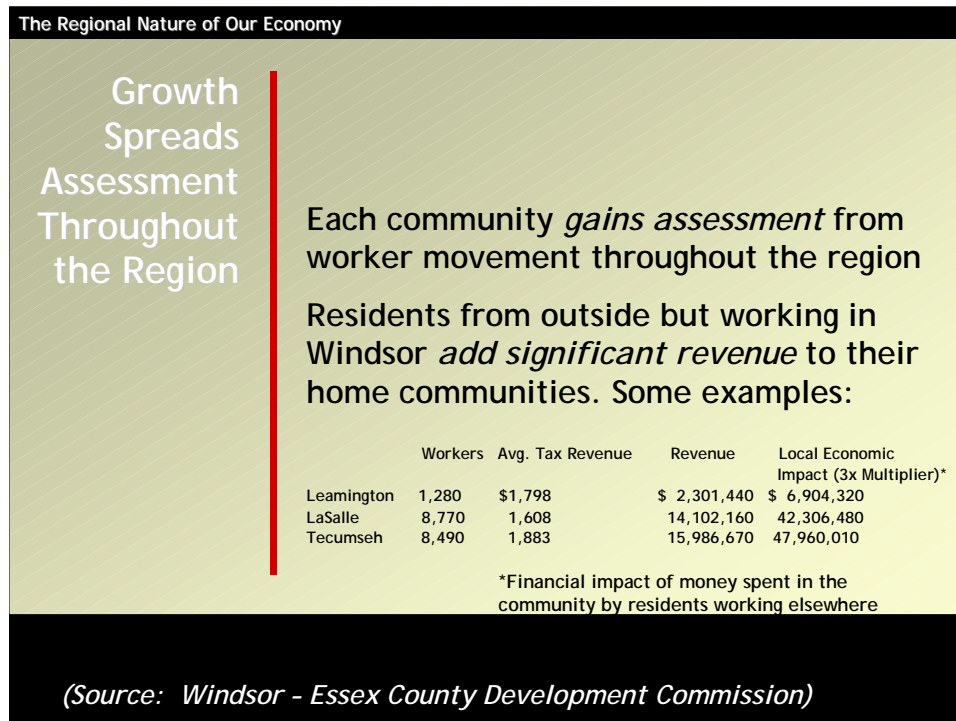


**Figure 30: Workflow re: Leamington & County Municipalities**

(Based on Statscan 2001 Report provided by Windsor-Essex County Development Commission)



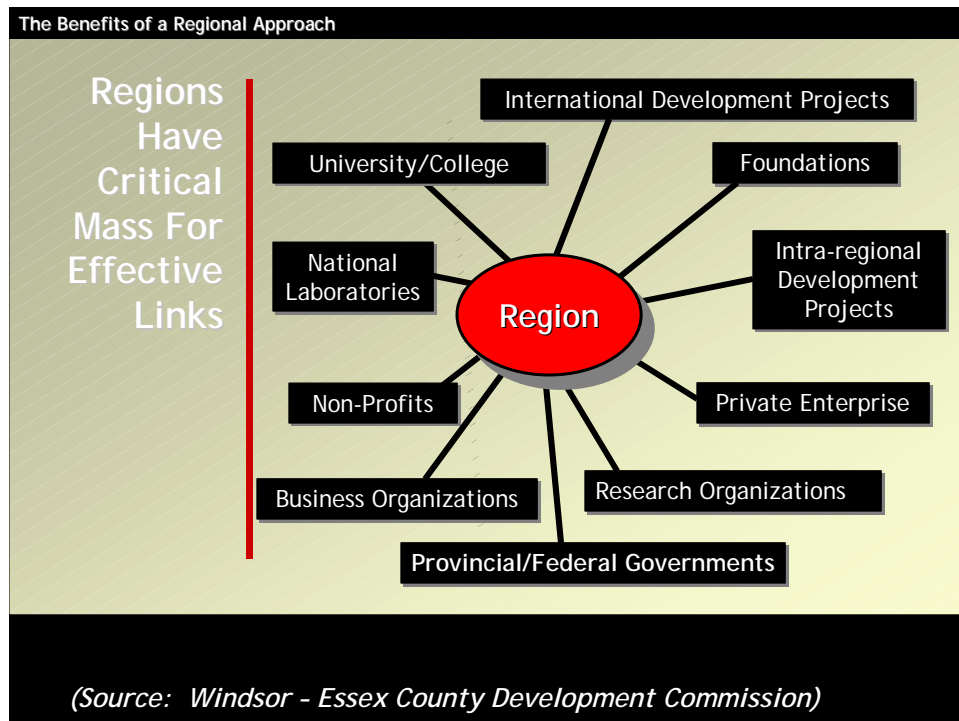
**Figure 31: Economic Benefits Across the Region**



There are a number of significant benefits to a regional model for economic development according to Dan Friyia, which are:

- *the opportunity to eliminate zero sum games;*
- *the potential to improve the asset profile of a region to attract new business;*
- *the critical mass and large financial resources that are often beyond the capacity of any one community;*
- *to meet senior government program funding criteria;*
- *to secure the resources required to conduct a professional economic development program which generally exceeds the capacity of smaller communities.*<sup>90</sup>

<sup>90</sup> Dan Friyia, Ec.D., *Competitive Regionalism in the Superior East Region*, p. 25

**Figure 32: Maximizing the Region's Assets**

## REGIONAL & LOCAL ROLES

One of the most challenging items to address as part of this economic development strategy involves the role of the regional organization and that of the local municipalities.

Some of the questions are:

*What does the regional body do?*

*What do the individual municipalities do?*

*Which entity seeks out potential investment?*

*When is the region or a particular municipality brought into a discussion with a prospective investor?*

This issue goes back to a concern noted in one of the first sections of this document (i.e., **Case For Change**). The municipal jurisdictions were not satisfied with the nature of

their relationship with the economic development organization and the level of benefit that they derived from it.

**This is a fundamental issue that must be resolved in order to ensure the success of a regional approach** – an approach (adhered to by other jurisdictions that have been looked at) which is recognized as providing the greatest benefit potential (*i.e.*, *Niagara Region, Waterloo Region, Greater Grand Rapids*). Moreover, experts (*i.e.*, *KPMG, Michael Gallis, Dr. Johan Bruwer*) have told us that given the dynamics of the global marketplace, the path that provides the greatest opportunity for success is the regional approach. So how do we resolve this fundamental problem?

It may be tempting to attempt to compile a definitive checklist, clearly articulating specific roles of the regional organization and local municipalities. In fact, at this juncture in the process, development of such a list is considered premature. There is a general recognition that the regional organization should assume responsibility for macro issues including, but not limited to, regional strategy development, regional branding, regional product development, cultivating linkages with post-secondary education institutions and higher orders of government and undertaking broad based research and data collection. Concurrently, local municipalities should focus upon matters including community strategy development, economic development readiness, business retention and expansion, locally stimulated investment opportunities and quality of life issues.

Each municipality should be free to pursue local priorities and initiatives; however, these projects should complement the overall regional strategy. Through effective two-way communication, the regional organization and local municipalities must work collaboratively to establish mutual objectives with a clear division of labour, roles and accountabilities that avoid duplication, maximize, to the degree possible, information and intelligence sharing and facilitate the “listen to the investor approach”.

The success of Windsor and Essex County in developing and implementing an effective economic development strategy will be dependent upon the synergy that is created

between the regional organization and local municipalities. Beginning with the basic understanding of the roles of the regional organization and local municipalities, the more precise delineation of roles will evolve as the relationship between the parties matures.

Using the Strategic Framework Matrix, the Strategic Advisory Group and Project Management Team propose that the regional economic development organization be involved in **all** aspects of the three pillars and the three corresponding major activities. In other words, the regional body should be involved in recruitment activities (i.e., retention & expansion), marketing and product development as they relate to existing business/industry, attraction of new businesses/industries, as well as the creation, support and growth of new start-up opportunities. It is also proposed that local municipal involvement *complement* the regional role in the areas of recruitment (i.e., retention & expansion) and marketing for existing business/industry, as well as product development for all three pillars (i.e., existing, attraction, new start-ups). Local involvement in the areas of recruitment and marketing under business attraction is also recommended, but a less prominent role to be played by the local jurisdictions under this pillar. Lastly, recruitment and marketing under the pillar of new start-up business opportunities would be the exclusive role of the regional organization. **Figure 33** depicts the proposed role delineation for the regional body and the local municipalities.

**Figure 33: Regional & Local Roles**

**Economic Development Framework**  
**Growing an Innovation Culture**

	Recruit	Marketing	Product Development
Existing	R / L	R / L	R / L
Attraction	R / L	R / L	R / L
New Start Ups	R	R	R / L

(Adapted from the work of Michael Gallis)

**R = Regional Role                      L = Local Role**

Based on what we know about the economic development process and in view of the recommendations made by the Strategic Advisory Group and the Project Management Team, two further issues have been identified.

Regular Reporting to Area Municipalities

This needs to be addressed with respect to the governance structure. It is recommended herein that the City and County Chief Administrative Officers, who would be members of the Board for the regional economic development organization, would report to their City and County Councils, respectively. Reporting to the seven individual municipal Councils is not recommended for reasons that it would consume a great deal of the regional organization’s time and resources and it is important to maintain a regional/broad focus. As a consequence, a communication mechanism between the Chief Executive Officer of the regional body and the municipal CAO’s will be critical. Such ongoing

dialogue will be necessary to facilitate the requisite trust, accountability and confidence that will need to exist between the parties. Notwithstanding this form of communication, this should not preclude the regional body from meeting with individual Councils concerning a significant local economic issue, but this would be on an exceptional basis.

#### Conduit for Potential Investors / Involvement of Local Municipalities

Within the context of the “*investor being the customer*” and adhering to a “*listen to the investor*” approach, inclusive of ensuring *confidentiality*, information provided to the local municipalities would be at the investor’s request. While adhering to this principle, the regional economic development organization will suggest to the investor to meet with the municipality’s Mayor and the CAO. As the economic development “agent” for the region, however, the regional organization would abide by the wishes of the investor as to involvement by a local municipality or any other party. The objective is to have one regional point of contact for investors and a process that is *investor-focused*. However, a local municipality must have the latitude to explore investment opportunities it has cultivated or has been made directly aware of. In these instances, hand-off to the regional organization will not be required. However, information regarding such opportunities, whether successful or not, should be shared with the regional organization at the appropriate time in order to avoid potential duplication of effort, to seek regional support as required and to facilitate comprehensive regional data collection.

This regional strategy is definitely a departure from the traditional ways of doing business. But the old ways don’t work anymore in the “*new world economy*”. It is, therefore, imperative that we change our ways of thinking and work together. There needs to be buy-in from all groups or, in the absence of support, the economic success of this region will be severely limited and hampered. When all is said and done, there is no reason why this region cannot be *teachers* of this regional approach and a “*best practice*” of effective economic development.

## KEY ISSUES

The following key issues are to be organized into themes or categories (e.g., regional & local roles, terms of reference, investor needs & wants, communication, etc.) so that they can be effectively addressed by the new organization in a ***priority*** sequence.

1. Terms of reference defining the roles of the regional economic development organization and the individual municipalities. The regional role has been defined to a greater extent than the local role.
2. The delineation between regional and local involvement could be on an ***“impact”*** basis. As a rule, if an issue is regional or broad in scope, then it should be dealt with by the regional organization. Similarly, if a subject relates specifically to a municipality, then it falls under local jurisdiction (e.g., business improvements, brownfield development, community renewal, etc.). ***However, if the matter is centred on a prospective investor, then regional and/or local involvement is determined solely by the investor.***
3. There is a need to agree upon the relationship between the regional body and the local municipalities. It must be collaborative in nature.
4. There is no “cookie-cutter” approach as some municipalities have their own Economic Development Officer and others do not.
5. The regional organization must develop a rapport and a free-flowing informal method of communication with the municipalities. Frequent dialogue and interaction is important.
6. Adherence to the ***“listen to the investor”*** approach, which means the call to involve the local level is up to the investor.



## STRUCTURE

The process of developing the Regional Economic Development Strategy for Windsor and Essex County has been predicated on the principle that *structure must follow strategy*. Following this premise, the structure of the new organization must support the three pillars and the related activities that form the essence of the strategic framework. In which case, the structure must be designed in such a way as to undertake and/or facilitate activities pertaining to:

- I. **recruitment** where existing and new investors, as well as new business start-ups, are provided a full range of services;
- II. **marketing** the region based on its actual attributes and the ability to meet consumer and investor needs, with the goal of continuous improvement; and
- III. **product development** in terms of enhancing the systems that make up the region (i.e., environment, transportation, infrastructure, etc.).

With these tenets in mind, an initial design of the organizational structure is proposed in the next section.

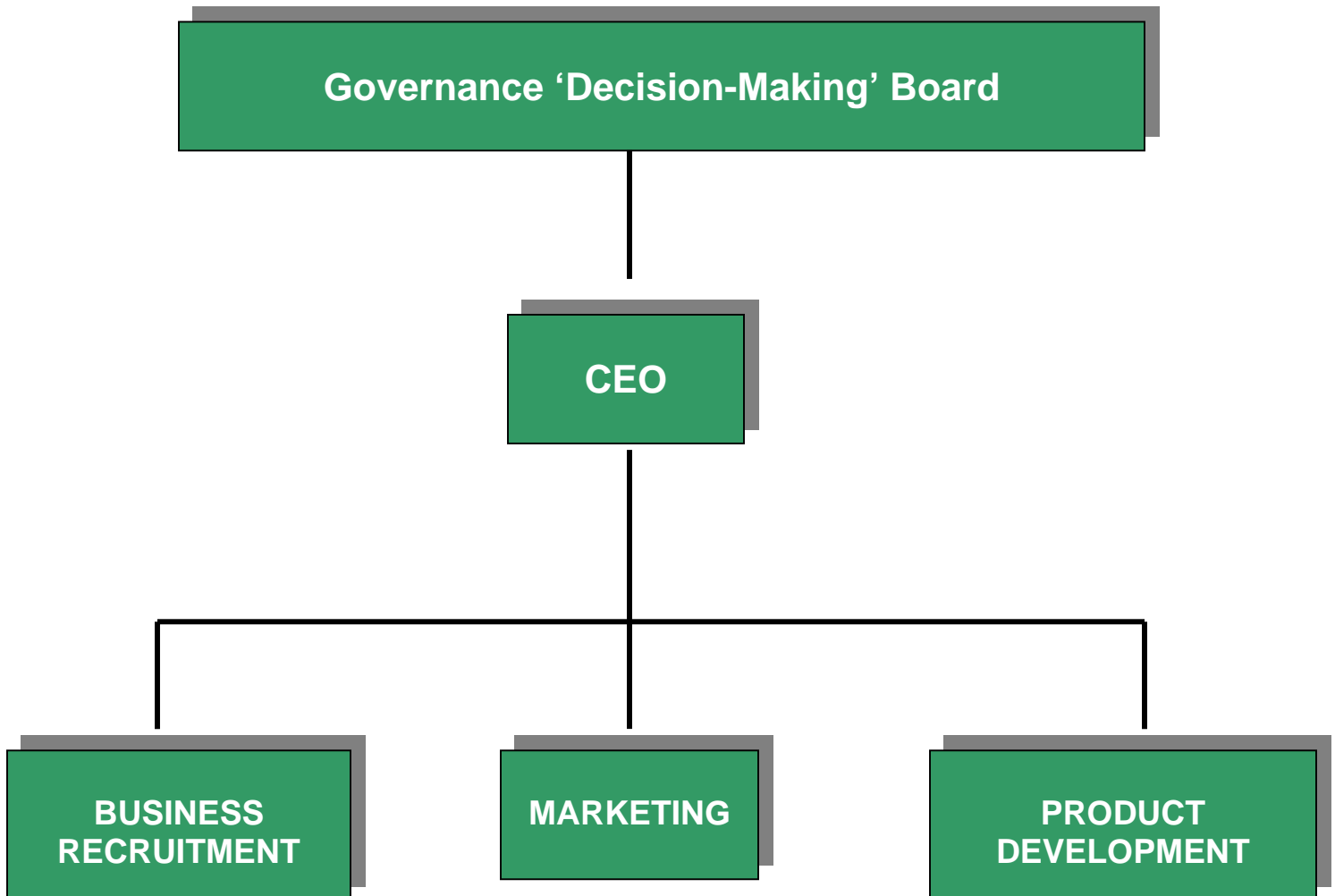
## THE ORGANIZATION

The current organization (i.e., Windsor-Essex County Development Commission) consists of **9 staff**, including an Executive Director, Manager of Administration, Manager of Business Attraction, two Business Development Officers, a Research Officer, a Policy Analyst, a Publications Officer, and an Administrative Assistant/Receptionist. There is also a Small Business Enterprise Centre operated by two people (i.e., Small Business Consultant and Information Coordinator).

It is recommended that the new organizational structure to lead the Regional Economic Development Strategy for Windsor and Essex County consist of: a ***Governance ‘Decision-Making’ Board***; a ***Chief Executive Officer***; and three main service areas –

*Business Recruitment, Marketing, and Product Development.* The remainder of the organization would become known and more detailed as the new Board and the CEO make decisions as to specific service area needs and staffing requirements.

**Figure 34: The Organizational Structure**



It is also recommended that the Board of Directors for the new organization comprise of *nine* individuals from *key business sectors, education, health* and the *Chief Administrative Officers of the City of Windsor and the County of Essex*. Sub-

committees, involving various representatives from the region, could be established to focus on specific concerns or areas of interest.

The resumes of candidates interested in being a member of the Board should be received as soon as possible and reviewed by the Transitional Board. The selection of new Board members should be decided by the Transitional Board who would then advise City and County Councils of the appointments for their information. Appointments to the Board should be made in accordance with *key criteria*:

- ❖ Representative of the region.
- ❖ Representative of one or more of the key business sectors, education or health.
- ❖ ‘Big picture’, strategic thinkers who are motivated to ensure the success of the strategy and ultimately the region.
- ❖ Understand and/or participate in the global economy.
- ❖ Maintain a significant network that spans across a number of sectors (e.g., business, different levels of government, education, international, etc.).
- ❖ Highly influential.

The role and responsibilities of the Governance Board extend to:

- ❖ Strategic or visionary leadership, policy development and ensuring adherence to corporate by-laws and legislative requirements.
- ❖ Ensuring that the objectives and *key issues* contained in the Regional Economic Development Strategy are acted upon.
- ❖ Decision-making in relation to what activities to pursue, priority setting and the allocation of financial resources.
- ❖ Keeping the regional economic strategy current and holding management accountable for its implementation.
- ❖ Acting as the ‘champions’ for the region, thereby supporting and selling the strategy to the region and to the broader economic community, and are the spokespersons on economic development issues.
- ❖ Providing advocacy to local, municipal, provincial and federal governments regarding policy that will promote business climate attractiveness.

- ❖ Acting as a sounding board for initiatives brought forward by management.
- ❖ Developing important relationships both within and outside of the region.
- ❖ Hiring the Chief Executive Officer (CEO) for the organization.

An issue that needs to be addressed is whether or not members of the Board should be given remuneration in the form of a stipend and/or the recovery of expenses. This is a question that the Transitional Board will need to consider and recommend to both City and County Councils. The practice currently used by the County of Essex to provide honorariums to citizens who sit on various committees, could serve as a model for the new organization.

It is recommended that the initial Board be put in place for a *24-month term* and that they be given the responsibility for developing a *board succession process*.

## **GOVERNANCE**

Operationally, the regional economic development organization will be led by its Chief Executive Officer (CEO), who reports to the Governance Board. Annual reports will be provided to City and County Councils by their respective Chief Administrative Officers.

## **MANDATE OF THE ORGANIZATION**

The mandate of the regional economic development organization is to act as the primary economic development body on behalf of the region and to take a lead role in the implementation of the regional economic strategy outlined herein.

The Economic Development Organization's general mandate is to promote, facilitate and develop a strong unified economic development presence for the City of Windsor and County of Essex area. It must operate as an umbrella organization working cooperatively with local municipalities and other organizations, as required, to ensure that investment

retention and investment attraction opportunities, as well as new start-up opportunities, are achieved and supported for the benefit of the whole region.

This organization must act and treat all municipalities fairly and be perceived as acting fairly for the benefit of the whole region.

It is recognized that decisions with respect to location (re: retention, business attraction and new start-ups) reflect investment client needs and preferences, and the economic development process must respect investment attraction, retention needs and the needs of new start-up businesses. A **“listen to the investor”** approach should be used. It is also recognized that there is often a need to maintain and provide to investors assurances that confidentiality will be maintained.

## **SERVICES**

The basic list of services that the organization should provide includes, but is not limited to, the following:

- Provide complete retention, expansion and relocation assistance, including site selection and business advisory services.
- Assist new entrepreneurs and small business owners to find the supports that they need to be successful.
- Work with various organizations across the region to develop additional programs to assist and support small business and new start-ups (e.g., business incubators, etc.).
- Assist and support workforce development initiatives.
- Provide guidance in accessing local, provincial and federal government programs and services.
- Market and promote the region to existing and potential new business ventures to enhance the economic prosperity for the region.
- Help create an environment that helps build the confidence of existing businesses and labour force participants in the community.

- Help businesses cut through red tape, at the local, municipal, provincial and federal levels.
- Connect existing businesses and potential new businesses to the area with key decision-makers within the community where it will enhance their success, such as:
  - potential funders (e.g., venture capitalists, “angels”, etc.)
  - partners and allies
  - educational and training resources
  - the innovation and research and development community
- Develop and manage the region’s brand.
- Advocacy to all levels of government for the purposes of improving the business attractiveness climate.
- Facilitate discussions with the local municipalities and organizations across Windsor and Essex County.
- Act as a liaison with Federal and Provincial development agencies.
- Provide timely *research* and accurate *facts*.

The regional economic development organization should also take a lead with the University of Windsor and St. Clair College, as well as other partners, in building this region as an area for innovation and research. It is recognized that a more detailed plan to do this is required.

## **THE REALITIES OF ECONOMIC DEVELOPMENT**

Through our work and research and in discussion with many different economic development organizations, we have learned that it is important to educate stakeholders in the nature of the process of doing economic development. It should be recognized that:

- Timing for success is spread out over a lengthy timeline.
- Success is a function of seeking and attracting the right targets.

- Success depends upon working with existing businesses in areas that we can influence to retain them within the region.
- Target attraction is a function of the competitiveness of the region's product offering as seen from the perspective of those you are trying to attract within a global economy.
- We must be strategic because there are always too many opportunities to pursue.
- True economic development takes place behind the scenes, generally without a lot of fanfare and in a highly confidential manner.
- Other regions with whom we are competing have a variety of incentive programs at their disposal.
- The economic development organization requires flexibility to pursue targets of opportunity.

## **FUNDING**

The current funding level for the Windsor-Essex County Development Commission is slightly under \$1.1 million.<sup>91</sup> To accomplish its mandate and provide a broader range of economic development activities and opportunities, the regional economic development organization will require a significant increase in the level of funding. Furthermore, the funding commitment should **not** be less than five fiscal years.

Other neighbouring regions provide a far greater level of funding than we currently do. As shown in **Figure 35**, the average amount of funding per capita was \$7.82 in contrast to the funding amount provided to the Development Commission at under \$3.00 per capita (*using 2001 Census Data*).

---

<sup>91</sup> \$1,094,252 – 2004 (actual) and \$1,075,189 – 2003 (actual) [Source: Windsor-Essex County Development Commission, Statement of Operations, Year Ended December 31, 2004]

**Figure 35: Funding Comparisons**

<u>Community</u>	<u>2004 Budget</u>	<u>Staff</u>	<u>Population<sup>1</sup></u>	<u>Cost/Capita</u>
Chatham-Kent	\$1,290,800	7	107,000	\$ 12.06
Sarnia/Lambton	1,045,000	11	126,000	8.29
London <sup>2</sup>	1,800,000	11	336,539	5.35
Hamilton	1,754,860	15	451,665	3.88
Waterloo <sup>3</sup>	857,000	3	90,000	9.52
<b>Average: \$7.82/capita</b>				
Windsor-Essex	1,100,000	9	385,000	<b>\$ 2.86</b>
<p>1. Statscan 2001 Report</p> <p>2. London is considering an increase from \$2.2 to as much as \$5.4 million.</p> <p>3. Waterloo's budget includes its share in Canada's Technology Triangle solely for promotion related to direct foreign investment. The Triangle budget is \$1 million shared by Kitchener, Region of Waterloo, Cambridge and Waterloo.</p>				

(Source: Windsor-Essex County Development Commission)

It is recommended that the five-year funding commitment for the regional economic development organization be shared by the City and the County on a per capita basis. It is also recommended that the funding amount in Year 1 be set at \$3.50 per capita, with \$0.50 increases in each subsequent year, reaching \$5.50 per capita in Year 5. This will increase the budget from the current \$1,094,252 to approximately \$1,347,500 in the first year (*using 2001 Census Data*), and up to an estimated \$2,117,500 by the fifth year, *depending on the population counts*.

Despite this increase in funding, we will likely be lower than other Ontario communities in cost per capita investment. We have a challenging task ahead of us and this level of funding may need to be revisited based on the competitive position within Ontario and North America for investment.



**Figure 36: 5-Year Funding Model**

<b>Fiscal Year</b>	<b>Amount Per Capita (\$)</b>	<b>Total Annual Funding (\$)</b> <i>(using 2001 Census Data)</i>
<b>Year 1</b>	<b>3.50</b>	<b>1,347,500.00</b>
<b>Year 2</b>	<b>4.00</b>	<b>1,540,000.00</b>
<b>Year 3</b>	<b>4.50</b>	<b>1,732,500.00</b>
<b>Year 4</b>	<b>5.00</b>	<b>1,925,000.00</b>
<b>Year 5</b>	<b>5.50</b>	<b>2,117,500.00</b>
<b>TOTAL</b>		<b>8,662,500.00</b>

In addition to the proposed 5-year funding model, it is recommended that a *capital leverage fund* be established and maintained in the amount of at least **\$200,000**. The purpose of the fund is to pursue economic development initiatives that in its sole discretion the Board deems necessary.

Although the current model is by and large publicly funded, the organization should seek other opportunities which, in turn, could be leveraged into new funds. Additionally, in-kind contributions and other contributed resources could be sought after from private, institutional and provincial/federal government sponsors. This would help to expand and diversify the organization's allocation and resource base beyond that provided at the municipal level.

## **METRICS OF SUCCESS**

Performance measures need to be established so as to monitor and determine the success of the regional economic development organization. This involves:

- Identifying and defining critical success factors that are measurable and include controllable factors that can be defined as part of a successful community;
- Collecting and tabulating the required data;
- Monitoring the key indicators; and
- Analyze the data and determine if the desired results/outcomes have been achieved.

Because of the nature of the region's strategy, traditional performance measures such as the number of new plants attracted, or the number of jobs retained, albeit significant, should not be the primary indicators of success. These could actually be counterproductive by driving the wrong behaviour. To truly change the direction of this region will require establishing new relationships, new connections and new networks. It will require a "leap of faith" in the ability of the governing body and management leadership of the organization to achieve long-term results.

Some of the desired methods and results from the regional economic development strategy include:

### **Methods**

1. Factually based identification of the region's market offering that assembles in one place all of the key information that answers the key decision-making questions posed by businesses to decide whether to stay and grow within the region, or to be attracted to the region.
2. A "listen to the investor & consumer" approach to doing business.
3. Attention to "*quality of life*" and "*quality of place*" issues (e.g., arts & culture, safety, cleanliness, attractive, multicultural, etc.).
4. A "*Continuous Improvement Plan*" to take care of the weaknesses of the region.

5. Regional Master Plans pertaining to critical systems of the region like the environment, transportation, infrastructure, education, research, health, tourism, etc.
6. Development of new products, services and processes resulting in new businesses being introduced in the area.
7. Established supports for new start-up business opportunities in the region encompassing an incubation structure, guidance with the commercialization of business opportunities, and assistance for small business.
8. An “*environment of collaboration*” across the industrial/manufacturing, political, educational and other sectors of the region.
9. A region always in search of and prepared to take full advantage of new opportunities.
10. A communication plan that will effectively keep all major stakeholders informed, provide a mechanism for input and interaction, and promote the region to both a targeted and broad audience that draws positive attention to the region.

## Results

1. An organization that is a model connector, facilitator, advocate and information provider, which will give existing and new business and industry access to a variety of services, helping them to be economically viable and assisting their economic growth.
2. A changed image of the region where people want to work, live, play and invest, and promoting the region as such.
3. The region's economic environment is enhanced through various initiatives, such as: a multitude of business services, research & development, workforce development, superior infrastructure, access to resources, etc.
4. Employment opportunities for *new Canadians* that effectively utilize their skills, talents and expertise.

5. New industries and businesses locate in the region, which will export their products and bring new wealth to the area.
6. A region known for its excellence in research & development and innovation through and in partnership with the University of Windsor, St. Clair College, the private sector, government and other institutions of higher learning and enterprise.
7. A region with a substantially diversified economy making it less vulnerable to fluctuations in the auto sector.

It is recommended that the general direction of the implementation strategy be reviewed annually by the Board, and that the respective CAO's of the City and the County review that progress with their individual Councils.

The Governance Board should conduct a performance review of the CEO of the regional economic development organization on an annual basis, and an effective performance/goal setting methodology should also be developed and implemented.

## ***BENEFITS***

We must understand that there is no silver bullet in this situation. Many of the significant components affecting our market offering (the Canadian dollar, rising energy costs, the perception or fact of a difficult border crossing, globalization of the manufacturing economy, the current overcapacity and under-performing situation of the Original Equipment Manufacturers, and the entrepreneurial makeup of the business community) are simply beyond the scope of influence of a regional economic development organization. We also understand that such an organization will not have endless resources with which to operate. We believe that the major role for an economic development organization will be that of *connector* and *information provider*.

It is difficult to ascertain the nature of the overall benefits that will be received by any local community. Clearly, attracting new business to the region and retaining existing

business at its current or higher levels of prosperity is good for the whole region in that it attracts assessment and dollars that get circulated within the whole community. It is hard to predict where exactly new business will be located and what existing business will be retained and where. It is therefore complex to determine specific benefits on a local municipality basis.

Clearly, we are in a global marketplace and regions of a million people or more tend to be the critical mass that attracts new business and retains existing business. Unequivocally, the economies of scale in a larger organization and a larger region will improve our ability to reach investors and to retain existing business. A regional approach will also make it more attractive to secure the type of resources and skilled professionals with the expertise and connections required to implement this regional strategy. A regional approach will transcend the smaller political boundaries and allow opportunities that are limited by physical constraints and capacity. A larger organized regional approach will be more readily supported by the province and the federal government in terms of funding, shared resources and intelligence. A regional approach will also lead to the elimination of internal non-productive competition within the region and demonstrate to the broader economic community that this region is truly open for business.

## **CHALLENGES**

The following challenges were identified by comparing economic development activities in our region to those of the economic development programs that were examined (i.e., London; Niagara; Peterborough; Grand Rapids, Michigan).

- ❖ Degree to which we can act before we reach the impact of a major crisis.
- ❖ The identification and recruitment of a “**Champion(s)**” of the initiative; truly visionary and social community entrepreneur(s).
- ❖ Ability to attract the right and influential people who will make things happen.
- ❖ The degree to which we can increase the resources committed to the economic development organization and its initiatives.

- ❖ Our ability to recruit an effective leader of the economic development organization.
- ❖ The degree to which business organizations, the educational sector and the regional local governments can work collaboratively.
- ❖ The degree to which we can establish the focus of what to target and pursue.
- ❖ The degree to which we can take a long-term perspective as we go through this transition without being sidetracked by unexpected bumps in the road.

## IMPLEMENTATION

Once the Board and the CEO are appointed and in place, the first task will be to prepare a *business plan*. It should be a *five-year plan* outlining how the strategy will be implemented. It ought to be aimed at achieving the objectives and addressing *key issues* presented in this document, consistent with the three pillars and related activities of the strategic framework.

This report concerning the recommended strategy for the regional economy of Windsor and Essex County presents a high level, strategic vision for success. *It is not a detailed implementation plan with specific action items*. The strategy bridges the gap between today and tomorrow.

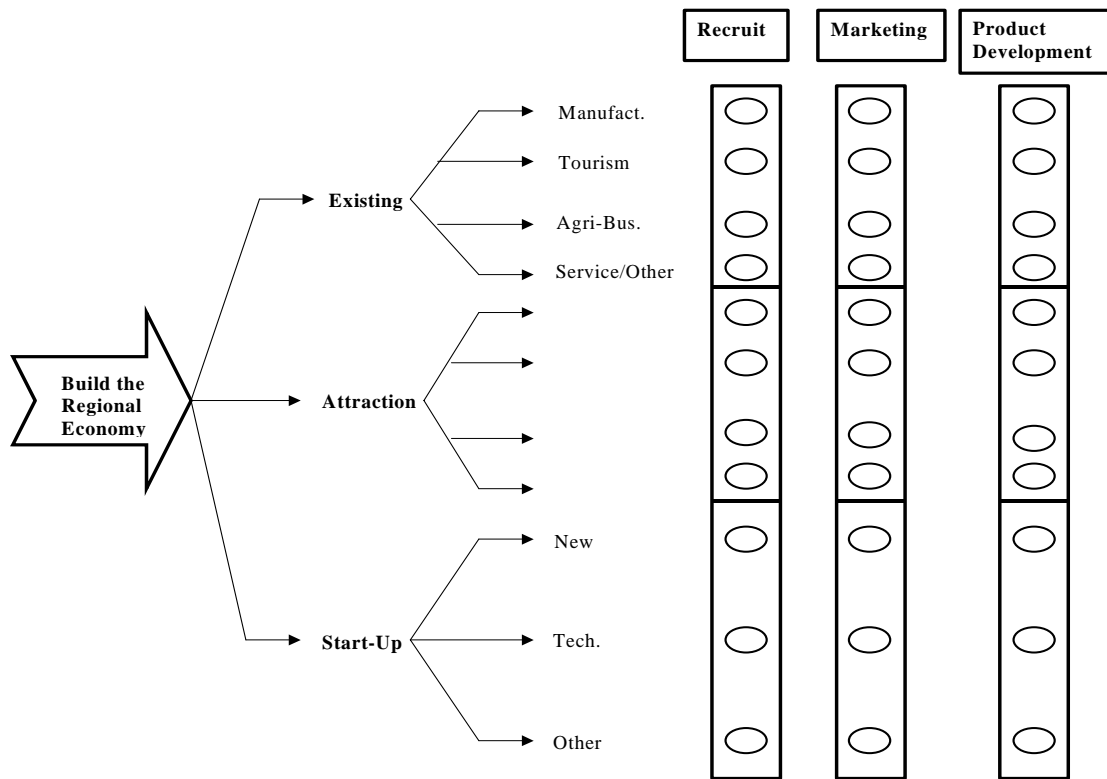
As a strategy document, it provides a roadmap or a framework towards creating a regional economic environment. An environment that maintains all of the critical elements and resources needed to provide the greatest opportunity for success to existing business/industry and new start-up opportunities. A regional offering that appeals to investors and attracts new investment. A culture of collaboration and innovation that says the region is prepared and willing to do business with the world.

The development of an *implementation* or *business plan* is to put the strategy into effect. The recommendations and *key issues* raised in this report can be transformed into implementable *action items*. Note that some of the key issues identified under each of

the three strategic pillars may have crossover applicability under existing, attraction and/or new start-ups. In addition to identifying and developing action items, the Governance Board and the CEO of the organization will have to ***prioritize*** them in accordance with their strategic interests and in relation to the economic needs of the region. This will help with the management of the delivery structure responsible for implementation of the strategy.

An illustration of the process that can be used to accomplish this task is outlined in **Figure 37.**

**Figure 37: Business Plan Development**



*(Adapted from the work of Michael Gallis)*

## CLOSING STATEMENT

The Strategic Advisory Group and the Project Management Team discovered the need for significant change, as outlined in this report, through the research and the data.

As Thomas L. Friedman explains, “*If you want to grow and flourish in a flat world, you better learn how to change and align yourself with it.*”<sup>92</sup> He goes on to say, “*...people do not change only when they must: They also change when they see that others – like themselves – have changed and flourished.*”<sup>93</sup> Undeniably, it is of utmost necessity that we redefine and change our *modus operandi* to economic development so that Windsor and Essex County can succeed in the global marketplace and provide its citizens every opportunity for a high standard of living.

---

<sup>92</sup> Thomas L. Friedman, *The World Is Flat* (New York: Farrar, Straus and Giroux, 2005), p. 339

<sup>93</sup> *Ibid.*, p. 463