

Volume 13, Issue 28 □ **July 10, 2006** *Important Dates to add to your calendar...*

- ❑ **Aug 16th, 11:30-5:00 HPM Board Meeting.** Host: Will be confirmed
- ❑ **Oct 11th, 12:00-3:30 HPM GMT Meeting.** Host: COM DEV Space, Cambridge
- ❑ **Nov 22nd, 11:30-5:00 HPM Board Meeting.** Host: Rockwell Automation
- ❑ **Nov 29th, 8:30-4:30 HPM Share Showcase** – See the diversity & harvest innovative ideas from each HPM'er

Busy Alberta business pleads for help

**Swamped by oil-sands demand
Ontario firms in line for much work**

Jul. 4, 2006 - STEVEN THEOBALD
Business Reporter, Toronto Star
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The following is a 'tell-it-like-it-is' article from a Toronto newspaper that paints an interesting picture for entrepreneurs looking for opportunities... read on... An opportunity for Consortiums to source from other Consortiums?

"Sometimes the answer to your problems is right in front of you. Or, in the case of Alex Kamicheril, 3,500 kilometres or so to the west.

Like most Ontario manufacturers, Kamicheril is trying to adjust to life under a 90 cent (U.S.) dollar and ever-increasing competition from low-wage rivals overseas. The quest for new business takes the engineer to places such as India, China and Trinidad.

Much to his amazement, however, the biggest opportunities are closer to being right under his nose. The booming Alberta oil patch is absorbing such massive investment that the province's suppliers are now pleading for help.

A recent study predicts \$100 billion will pour into the oil sands and spill over into Ontario, creating 1 million person-years of work in the province from 2000 to 2020.

Last week, Kamicheril was invited to one of three trade missions organized partly by the Alberta government to make Ontario firms aware of the massive amount of work to be had. About 60 Ontario firms attended the meeting in Oshawa.

"We were all totally flabbergasted that this is on our back door and we weren't aware of it," said Kamicheril, president of Whitby-based Gamma Engineering Ltd.

... We often lose opportunities by overdeliberation

***You decide you'll wait for your pitch.
Then as the ball starts toward the plate,
you think about your stance.
And then you realize that the ball
that went past you for a strike
was your pitch."***

Bobby Murcer

The Alberta firms at the forum said they are facing dire labour shortages and just don't have the capacity to go it alone, Kamicheril said.

"They are declining work."

The opposite is true in Ontario, Kamicheril said, noting that he has had to trim his workforce to 25.

"If I can get work from anywhere, including Alberta, I'll bring them back on. I could hire another 10 easily."

So, Kamicheril, who specializes in metal fabrication and cement work, is busy establishing relationships with Alberta firms and possible joint ventures with fellow Ontarians.

"It's more than important. It could be a life saver."

It could also keep the province's economy going. Manufacturing directly employs 1.15 million Ontarians, a number that had been shrinking as the strong Loonie battered export earnings.

A key reason the Canadian dollar has been soaring is surging commodity prices, particularly crude oil. The red-hot Alberta economy continues to draw job seekers from around the country. Statistics Canada reported ***last week that Ontario lost 6,600 people to Alberta*** in the second quarter of the year, ***taking the total net outflow to 25,300 in the past 12 months***. That's more than double the average annual migration since 2000.

"We are employing all means to attract labour from across Canada, and internationally, but we also recognize that there is manufacturing capacity in Eastern Canada that could do it just as well," said Justin Riemer, executive director for investment and development for the Alberta government.

Riemer, along with his counterparts at Queen's Park and in Ottawa, as well as Canadian Manufacturers & Exporters, are launching a website later this month [July 17th], <http://www.icosmo.ca>, which aims to bring buyers & sellers together. (Parts are open now.)

"Leveraging learning for customer success"

Making World Class Make Sense

"This isn't a public relations exercise. Alberta really does need help," Riemer said.

"If we don't have the manufacturing capacity, the labour force or any of the infrastructures to deliver these projects, the economic opportunities and the investment climate will be harmed," he said.

"So, we are pulling out the stops to demonstrate the opportunities to others in the country."

A prime objective of the ICOSMO project — it stands for Innovative Canadian Oil Sands Manufacturing Opportunities — is to attract manufacturers who traditionally do not sell to the energy sector, said Ron Subramanian, director of special projects at Canadian Manufacturers & Exporters (Ontario).

For instance, Ontario auto-parts makers have all the machinery and expertise needed to fabricate goods for oil-sands projects, Subramanian said.

"They need to be more flexible and customize their processes," he said. "But that is a good thing. Manufacturers are realizing they can't do business as usual any more."

The Canadian Energy Research Institute released a study this spring, Spreading the Wealth Around: The Economic Impact of Alberta's Oil Sands Industry.

The report predicts the expected \$100 billion worth of investment **will generate a total of \$885 billion in economic activity (in 2004 dollars) between 2000 and 2020.**

While 70 per cent of that total will stay in Alberta, **Ontario's economy will gain \$101.5 billion**, the report predicts.

Alberta's energy sector is so important to Welland-based Lakeside Steel Corp., it decided to merge with a Calgary firm, Canadian Tubular (1997) Ltd. Both companies specialize in supplying exploration firms with pipe and tubing.

"It gives us a stronger selling presence on the ground in Alberta with experienced, capable guys," said Ian Bradley, Lakeside's interim president.

The new company will have 500 employees in Ontario and 42 in Alberta. Given Ontario's manufacturing base and proximity to the American markets and raw-steel suppliers, the province is perfectly positioned to sell to the oil sector, Bradley said.

"The man who insists upon seeing with perfect clearness before he decides, never decides."

Henri Frederic Amiel

Alberta is acting as a "big counterbalance" to the difficulties exporters are facing right now, he added. "Obviously, with the Canadian dollar being so strong, you have to work harder. You have to be more productive. And that is what we are doing."

Sixty per cent of Lakeside's revenues are from the energy industry, but the firm also makes products for the auto and mining sectors.

Bradley agrees that auto-part makers are largely metal fabricators, so moving into oil and gas products isn't that big a stretch.

Alberta companies are more than willing to go beyond their traditional sources, said Bob Seguin, an assistant deputy minister in Ontario Economic Development and Trade.

"The same machine tooling and the same materials would be required."

But making people aware of the opportunities open to those who look beyond their traditional markets hasn't been easy so far, Seguin added. Hence the need for the innovative manufacturing project.

"Everyone reads in the paper about the oil sands. Not everyone is aware of what the scale of demand is."

Included in the plans of the project is a trade fair in Alberta, probably in early 2007, to bring all parties face to face.

"They'll have a chance to link up," Seguin said. "Otherwise, if you had no history in that supply chain, where do you look?"

Here's a Tool to Equip HPM'ers to Raid Best Practices This Fall

A good number of HPM'ers have taken advantage of the NRC supported **"Innovation Insights"** program run by Jon Fenwick and the CDN Mfrs & Exporters (CME) – to use their skills at extracting good ideas from across the Atlantic. This fall – **from Sept. 17th – 22nd** the tour returns to the Bath area in the UK.

"Courage is the greatest of all virtues. Because if you haven't courage, You may not have an opportunity to use any of the others."

Samuel Johnson

***"Having the world's best idea will do you no good unless you act on it.
People who want milk shouldn't sit on a stool in the middle of a field
in hopes that a cow will back up to them."***

Curtis Grant

The intent is simple - It is to:

- Give Canadian mfg leaders an inside look at **how selected award-winning companies apply best practices** to succeed
- Give CDN mfrs access to **in-depth behind-the-scenes facility tours of firms well on the way to becoming World Class** – the focus will be on: Lean Manufacturing, Supply Chain Management, Continuous Improvement and Global Marketing
- Provide a unique **opportunity to benchmark** some of the best U.K. companies – AND bring home innovative ideas
- Rub shoulders with some top leaders in 'Lean' - Network with your peers to share ideas & experiences while adding links to your Personal Knowledge Supply Chain.

The companies selected for visits are:

Rencol - the unrivalled world leader in the field of Tolerance Rings (engineered fasteners formed from strip steel). Their collaboration strengths internationally have earned respect of engineers worldwide. www.rencol.co.uk

Geotechnical Instruments (UK) Ltd. Bruce Draper, Managing Director of Bacharach Europe was a panelist at the Kitchener Conference when he learned he was to be at the House of Lords to receive the UK's highest award as "The Best CEO in the UK". The company is a vibrant instrumentation Company with products in demand worldwide from Landfill Sites to Hospitals and Research firms. www.bacharach-europe.com

Darchem Insulation Systems is a world leader in the design and manufacture of lightweight engineered thermal insulation systems for the aerospace and high performance vehicle markets. www.darchem.co.uk

Herald Electronics Limited is a sub-contract electronics mfr, providing turn-key solutions for low/medium markets. They are recognized for their Lean mfg goals & won the 'Competitiveness Improvement Program' award from the West of England Aerospace Forum. (WEAF). www.herelec.co.uk

British Airways Interior Engineering Ltd (BAIE) is a wholly owned subsidiary of British Airways

established in 1996 to maintain aircraft cabin products such as passenger seats. Its commitment to business excellence has led to Investors in People recognition and winning the 'Best New Entrant Prize' in 1999 and the 'Service Sector Prize' in 2001 in the Wales Quality Award.

www.insidewelshindustry.org.uk/ba/eng.htm

BMW Hams Hall – Birmingham The £400 million production facility is the first BMW engine plant built outside Germany and Austria. It plays a crucial role in BMW as the 'centre of competence' for production of all four-cylinder engines between 1 .6 and 2.0 litres capacity, using the VALVETRONIC technology. www.bmw-plant-hamshall.co.uk

Booking Deadline: Monday, July 31

Only 15 spaces are available.

To book, call Innovation Insights at 1 -888-722-2904.

Or, call 1-800-999-4129 ext. 231

for more information and a brochure.

What were we doing – 7 years ago this month?

HPM Office to Move – Aug 1st '99

July 5, 1999: HPM's 38 Francis Street South Office in Kitchener will be moving a little closer to 401 after August 1, 1999. While there will be no change in phone and fax numbers for a couple of months, the address will change to:

10 Pioneer Drive, Suite 104, Kitchener, ON N2P 2A4.

The change became necessary following a change in landlord earlier this year. The new space will be smaller at 600 square feet in a much newer building than that of the old Lang Tannery building which served HPM well.

Office Philosophy Confirmed at GMT

From the beginning, there was – and is – no desire to tie up resources in an office. In fact our approach to leveraging means members have 17 offices to choose from when they need them. The HPM office is simply a central contact for HPM'ers as well as for outsiders who want to reach HPM. **Nothing will change**, as most meetings will be held in Member company locations, as per our standard practice. However, should members want to hold a meeting in Kitchener just a short distance from 401 with clients, customers, or suppliers - there will be space available for the asking. (Deborah will be the person to ask)