

Calgary Region Economic Partnership

Productivity Assessment Survey 2010



Introduction



From early September through mid December 2009, Calgary and Region oil and gas, construction, manufacturing, value-added processing, and support services businesses were invited to share their views regarding business conditions and issues they faced, particularly related to productivity issues.

Overall, 102 eligible companies completed the entire on-line survey. Eligible companies were physically located within the geographic footprint of the CRP members communities and were classified (by Statistics Canada) as being in one of the industries listed above.

The survey was constructed to allow for differentiation between responses from Calgary companies and those received from companies elsewhere in the Region. The results were remarkably similar. Significant differences, when found, have been noted below. The following highlights summary information from the survey results.

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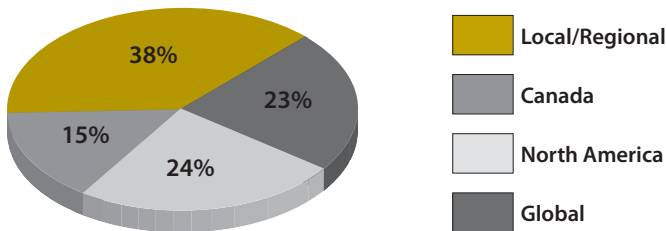
Survey Participants

It is important to note that this difference in industry will likely affect different responses later on in the survey due to the different views of productivity typically found in manufacturing industries compared with service industries. These perceptions also often change depending on the size of company under consideration.

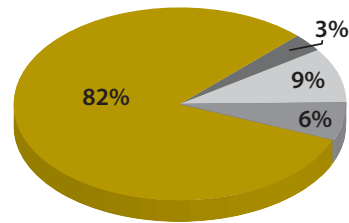
Most of the Calgary respondents (48%) were from companies in the Fabricated Metal Products; Computer and Electronic Products; Professional, Scientific & Technical Services and Construction of Buildings industries while the majority (51%) of Regional responses came from the Professional, Scientific & Technical Services, Specialty Trade Contractors and Construction of Building industries. This is one of the few areas where Calgary and Regional responses differed.

In fact, two (2) additional differences were noted when discussing Primary Markets as well as Size of Firm. More Calgary companies noted "Global" as their primary market (23.7% as compared with 3.1% in the regional companies). Also, Calgary companies were typically much larger, as measured by number of employees, than their Regional counterparts (See Charts #1, 2 and 3).

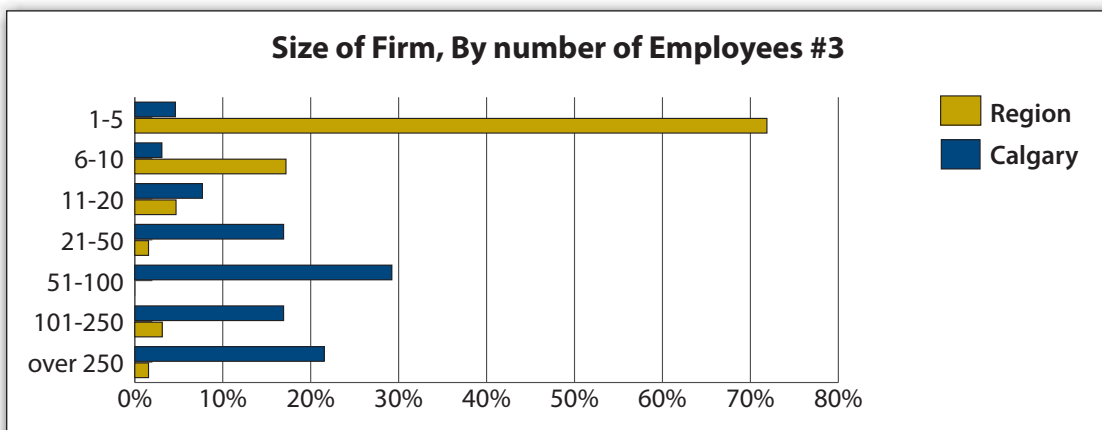
Primary Markets, Calgary #1



Primary Markets, Region #2



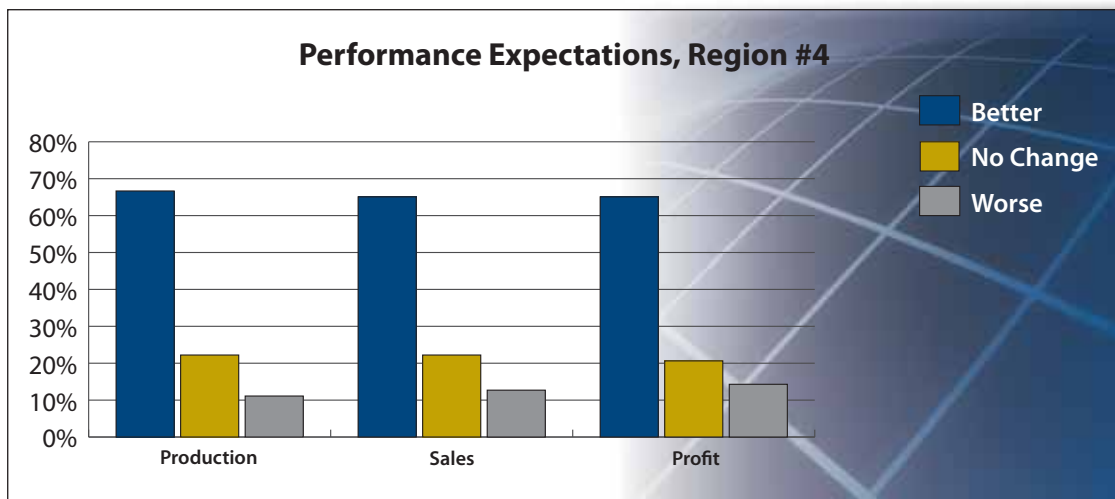
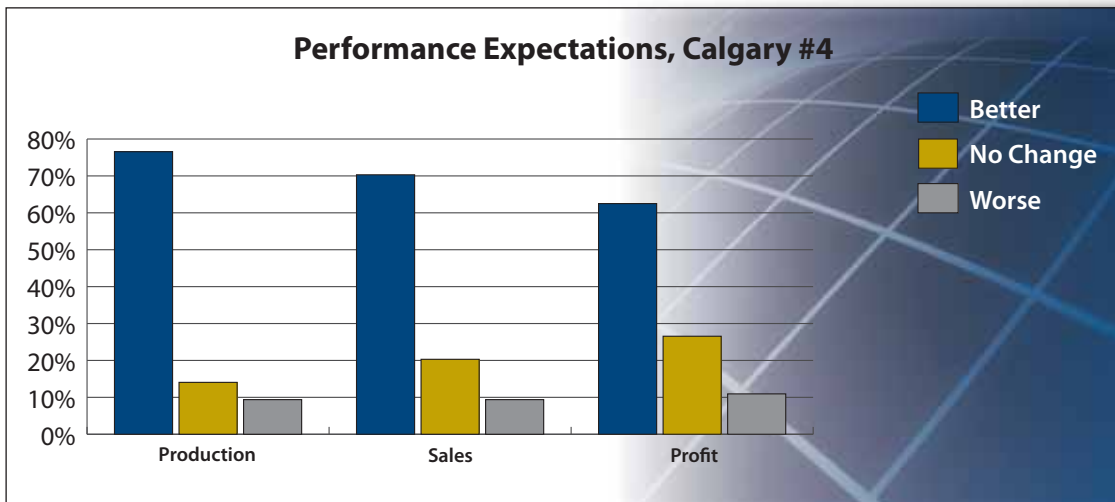
Size of Firm, By number of Employees #3



Business Outlook



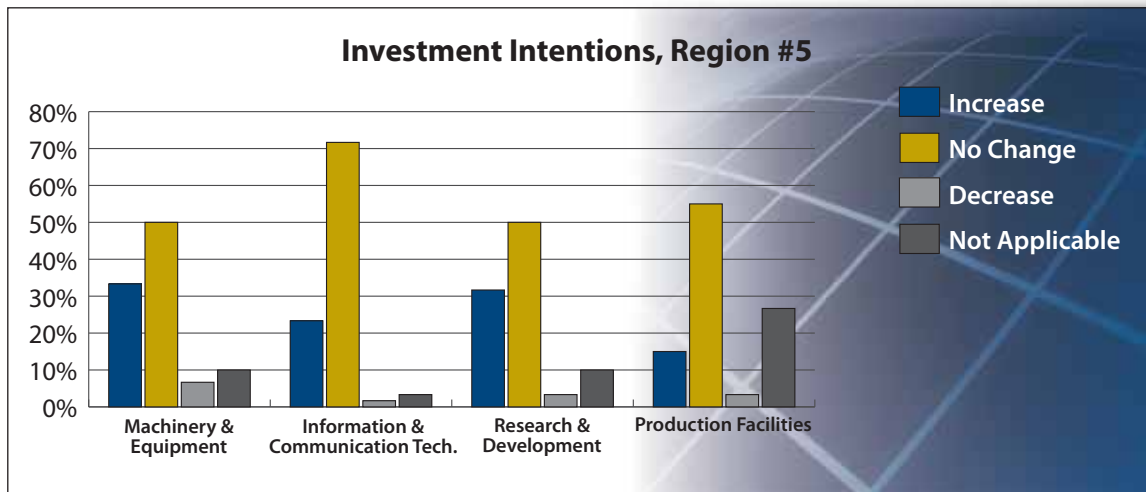
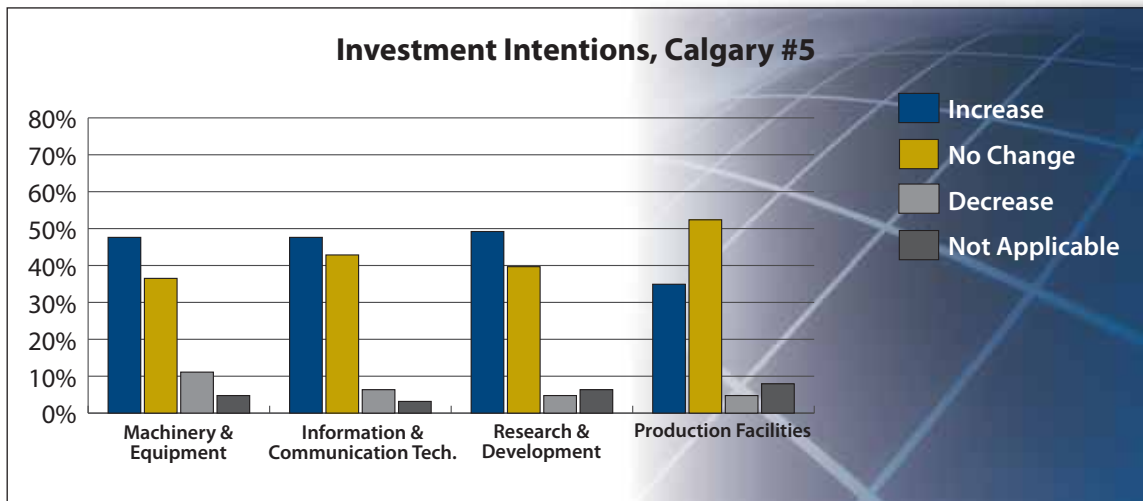
In terms of business outlook, Calgary and Region respondents were uniformly optimistic in their opinions regarding improved Production, Sales and Profit performance for the coming year. The majority of responses, from both regions, indicated that better performance was expected across all three dimensions (See Charts #4).





Investment Intentions

The investment intentions, over the next year, of Calgary versus Regional companies are another area where significant differences were reported. Again, it is likely that these differences have been driven, to a certain extent, by the different industries represented. Calgary companies were more likely to respond that they intended to increase their investments in Machinery & Equipment; Information & Communication Technology; Research & Development; and Production Facilities while Regional companies uniformly indicated that they had no changes planned in their levels of intended investment in these areas (See Charts #5).





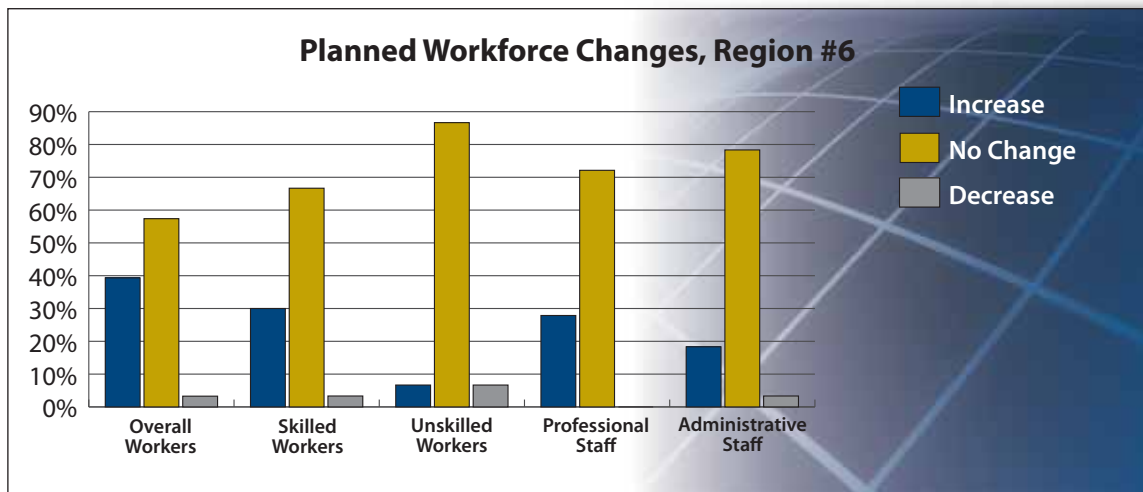
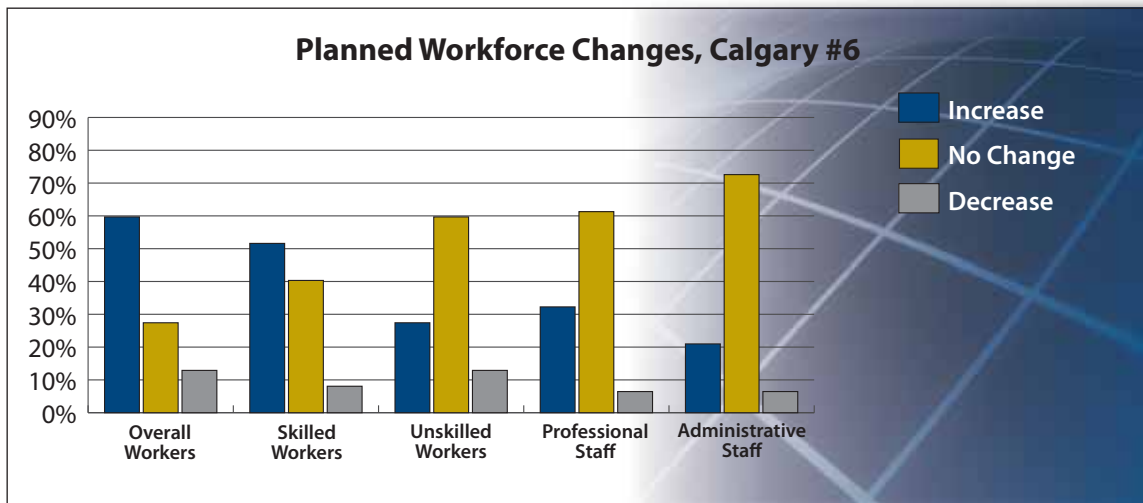
Labour Force

Regional companies planned No Changes to their staff complements in these categories. (See Chart #6).

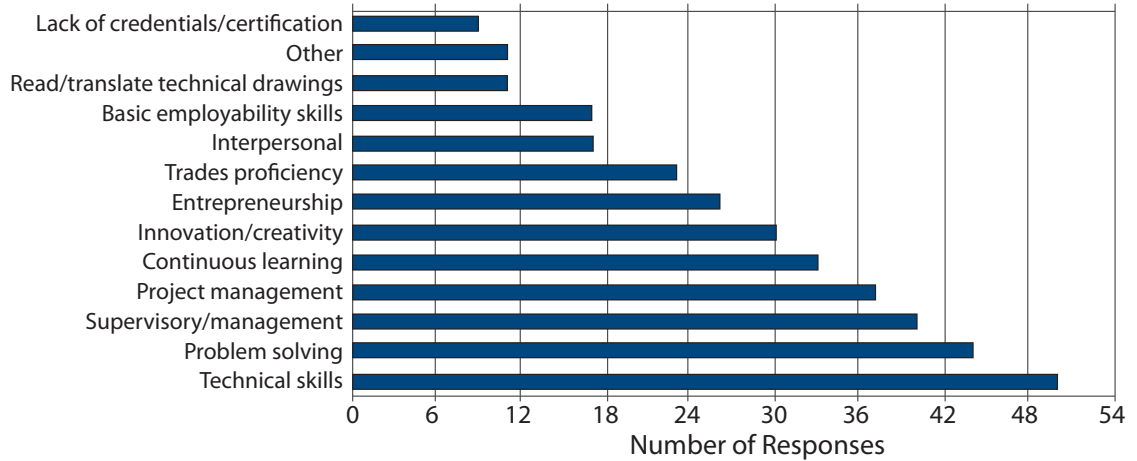
Neither group of company respondents expected difficulties in Attracting Skilled Personnel (82% for Calgary and 77% for Regional responses)

In terms of expected changes to the size of their Labour Force, Regional and Calgary companies anticipated No Change in Administrative Staff; Professional Staff or Unskilled Workers. Calgary companies differed in the areas of Overall Workforce and Skilled Workers, reporting plans to increase staff in these areas while

All company respondents reported experiencing similar Workforce Skills in need of Improvement. They also reported very similar actions they were taking to meet their future Labour Force needs (See Charts #7 and 8).

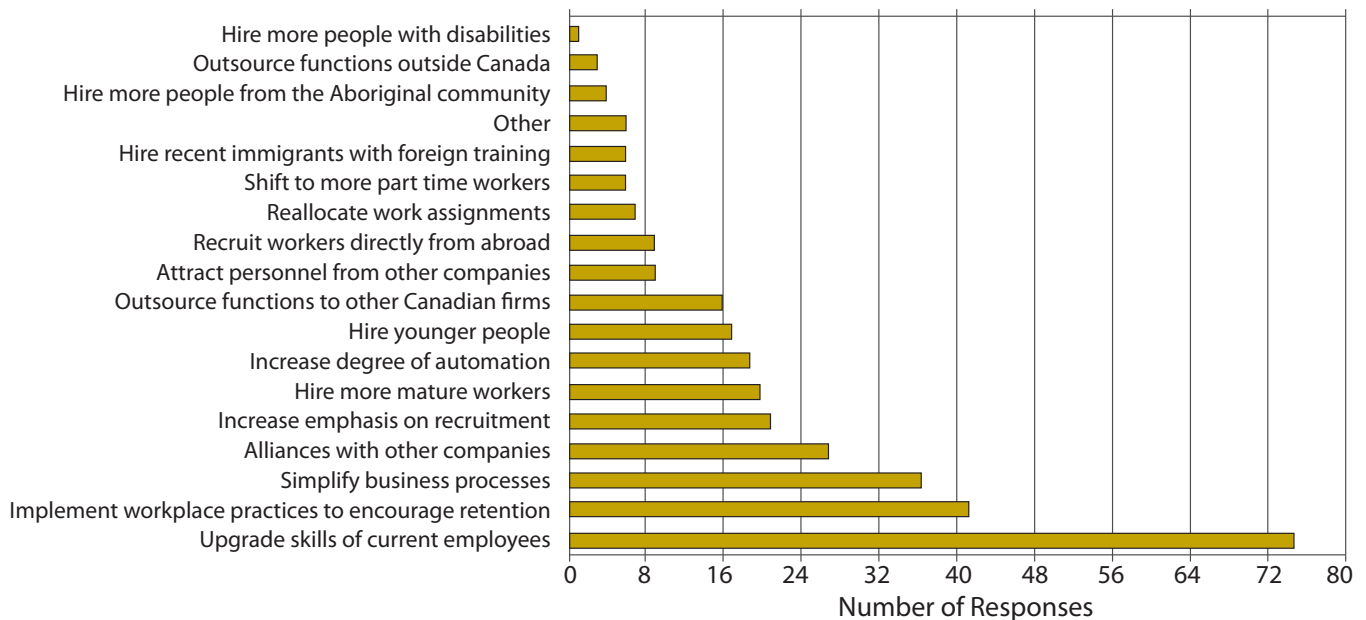


Overall Workforce Skill Improvement Needed #7



“ Neither group of company respondents expected difficulties in attracting Skilled Personnel ”

Actions Taken to Meet Future Labour Needs, Overall #8



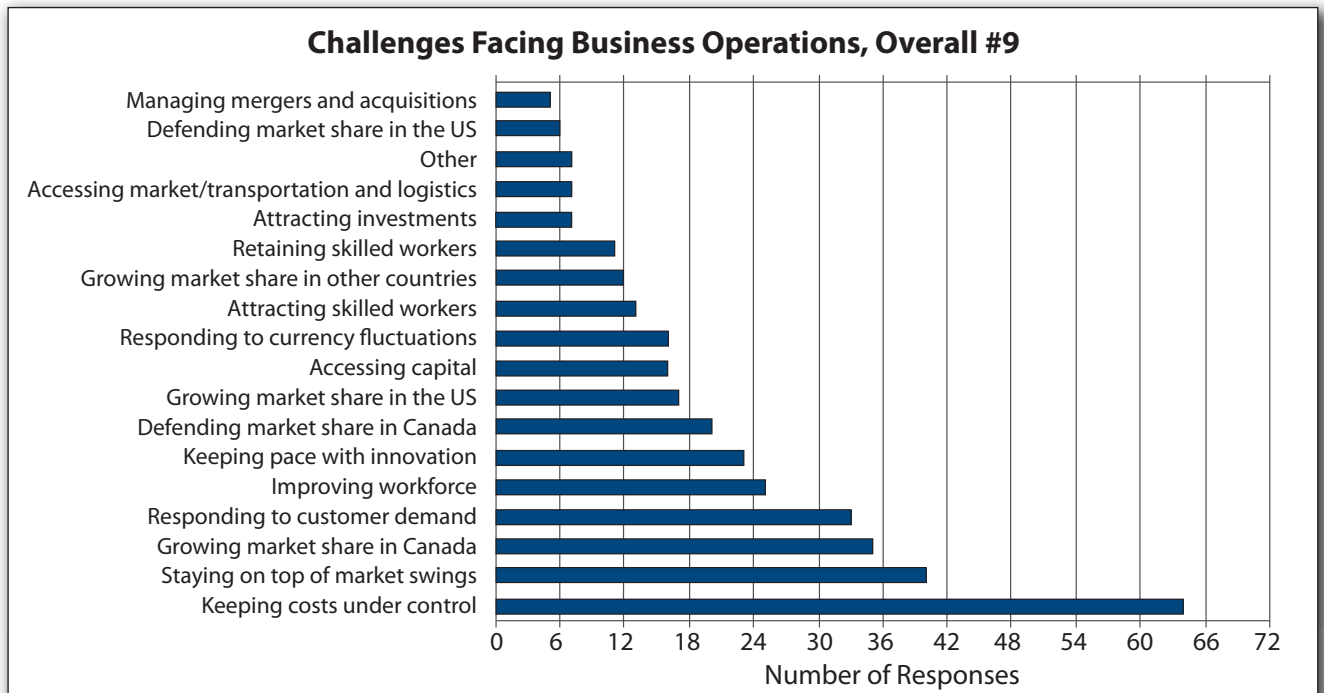
Challenges and Determinants of Future Growth



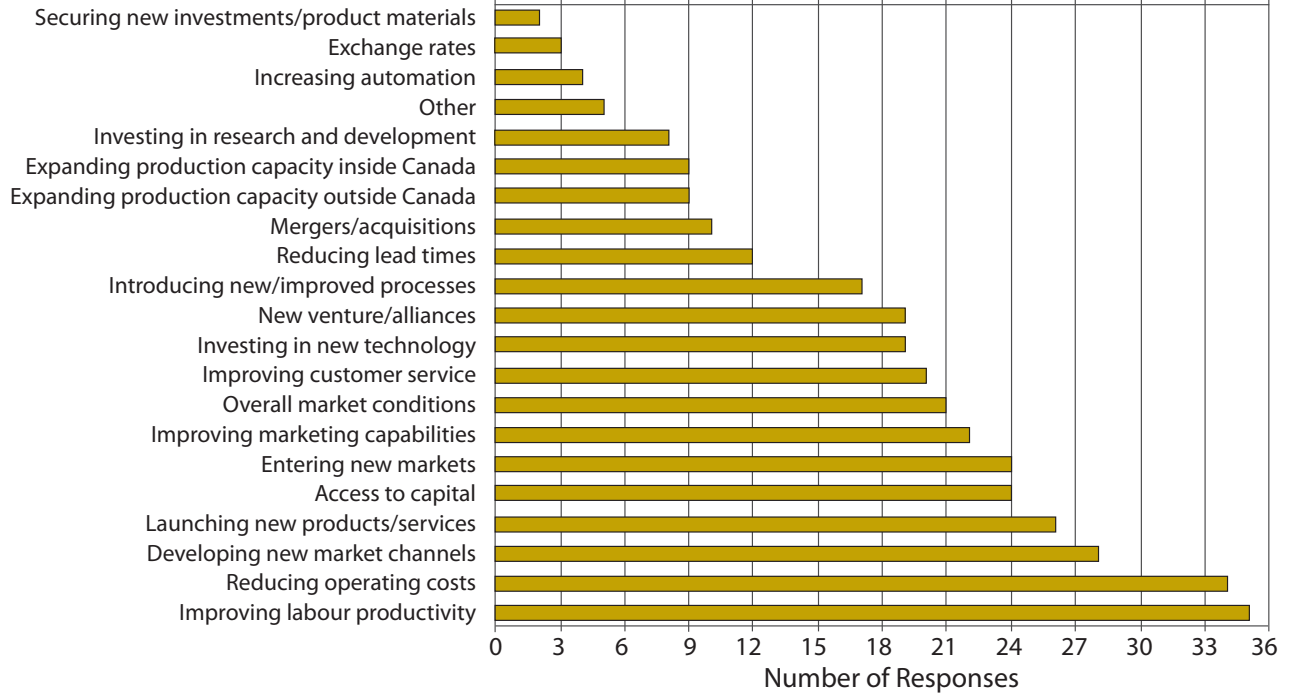
There are many challenges facing businesses in these times and Calgary and Regional companies are not immune to these pressures. The top three challenges, cited by Regional and Calgary companies alike were: Keeping costs under control; Staying on top of market swings; and Growing market share in Canada (See Chart #9).

Similarly, Regional and Calgary businesses face a number of determinants driving their future growth. The three most important determinants cited by survey respondents were: Improving Labour Productivity; Reducing Operating Costs; and Developing New Market Channels (See Chart #10).

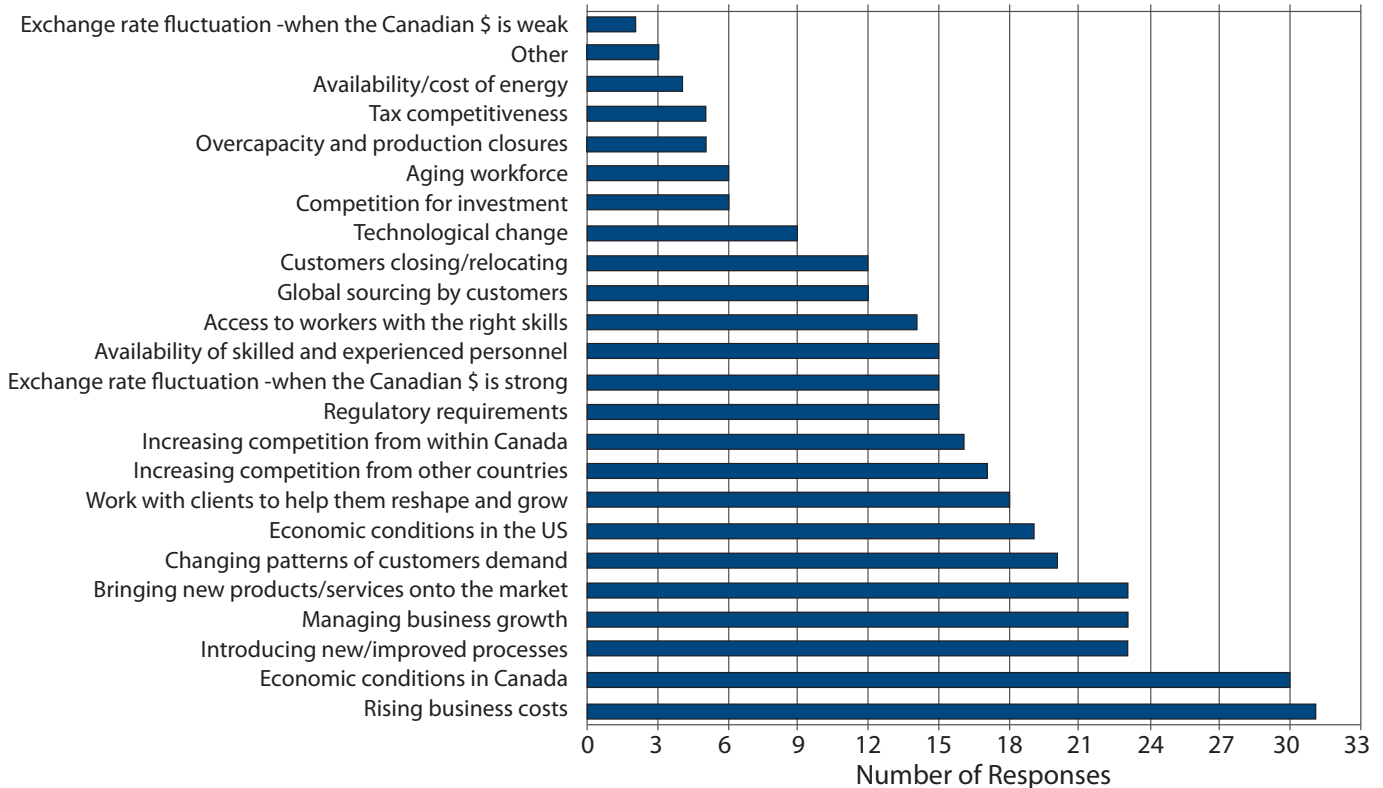
Calgary and Regional companies, not unlike companies elsewhere, face a number of strategic challenges that they expect to reshape their businesses over the next three to five years. The most frequently cited strategic challenges facing firms in this Region were: Economic conditions in Canada; Rising Business Costs; Bringing new products/services onto the market; Managing business growth; and Introducing new/improved business processes (See Chart #11).



Determinants of Future Business Growth, Overall #10



Strategic Challenges Faced, Overall #11



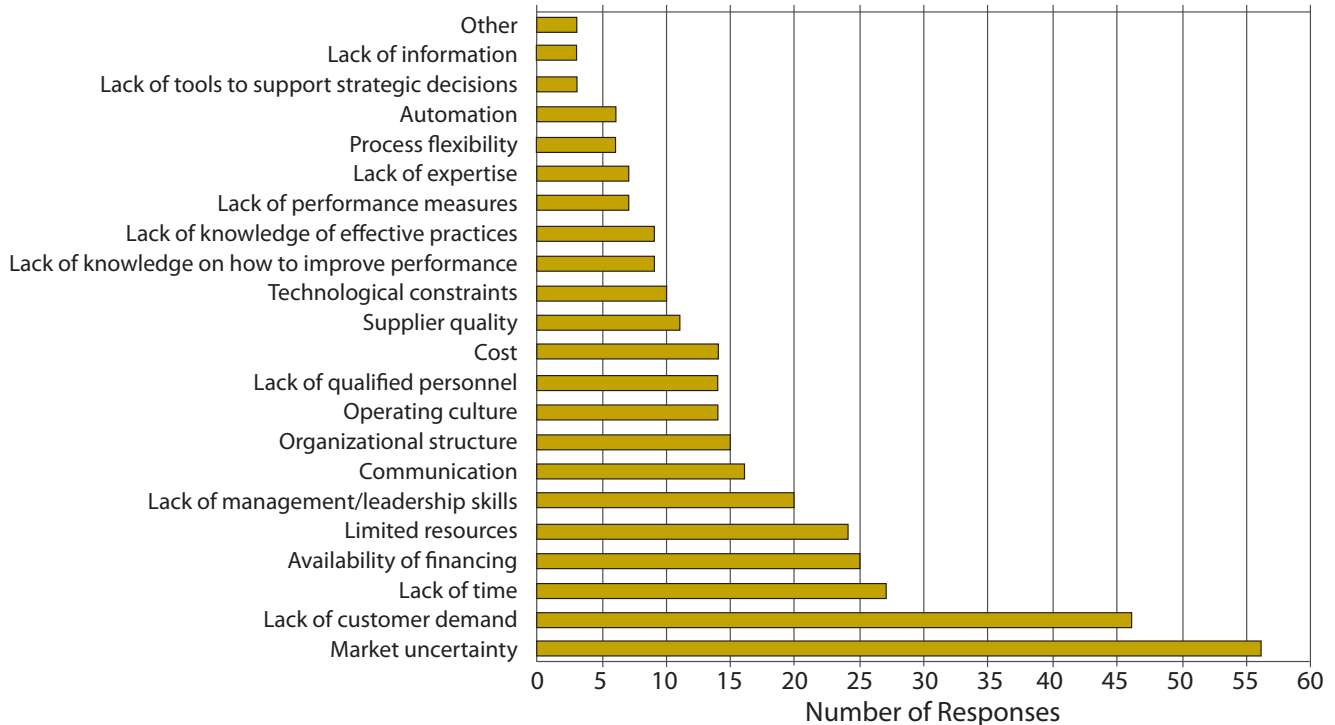


Business Improvement

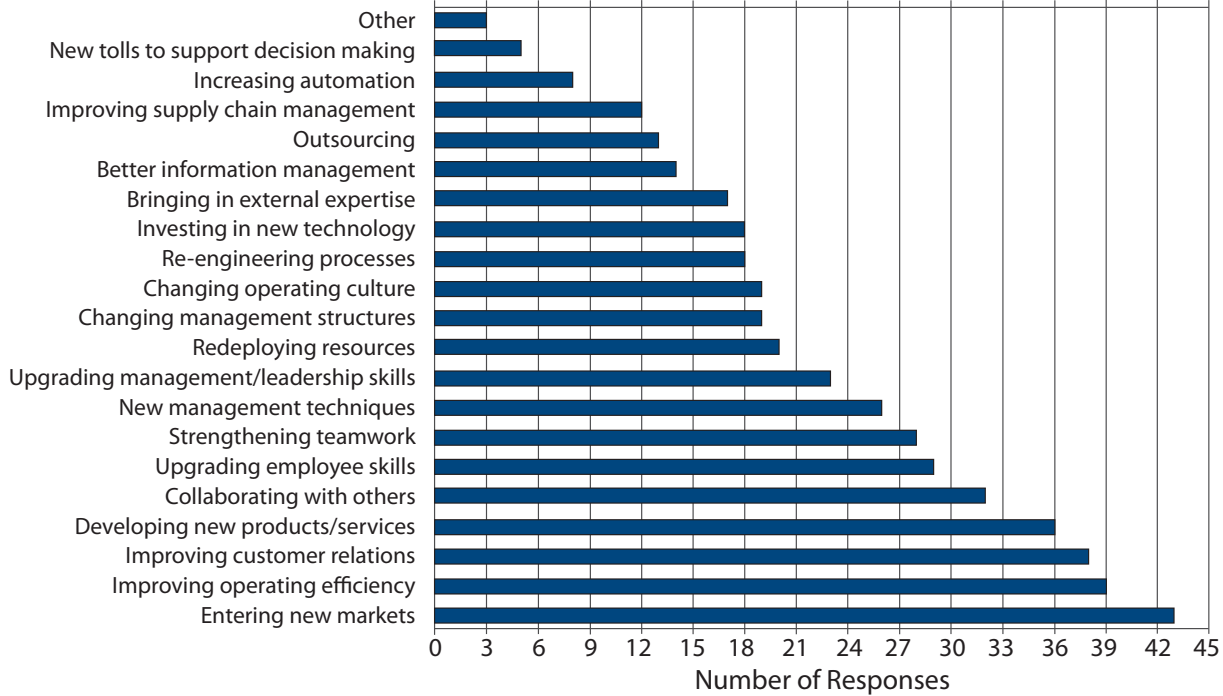
When it comes to achieving measurable business performance improvements there are a number of constraints typically faced by companies. The most frequently mentioned constraints cited by respondents to this survey were: Market uncertainty; Lack of customer demand; and Lack of time (See Chart #12).

Respondents were also asked to indicate which steps they were taking to overcome these identified constraints. The most frequently cited actions were: Entering new Markets; Improving operating efficiency; Improving customer relations; Developing new products/services; and Collaborating with others (See Chart #13).

Constraints to Achieving Performance, Overall #12



Steps Being Taken to Overcome Constraints to Achieving Measurable Performance, Overall #13

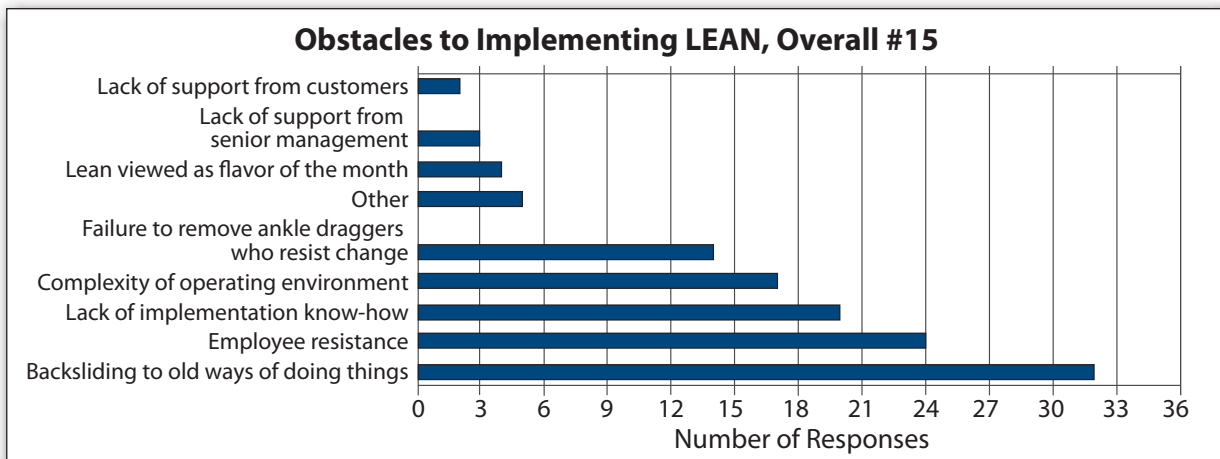
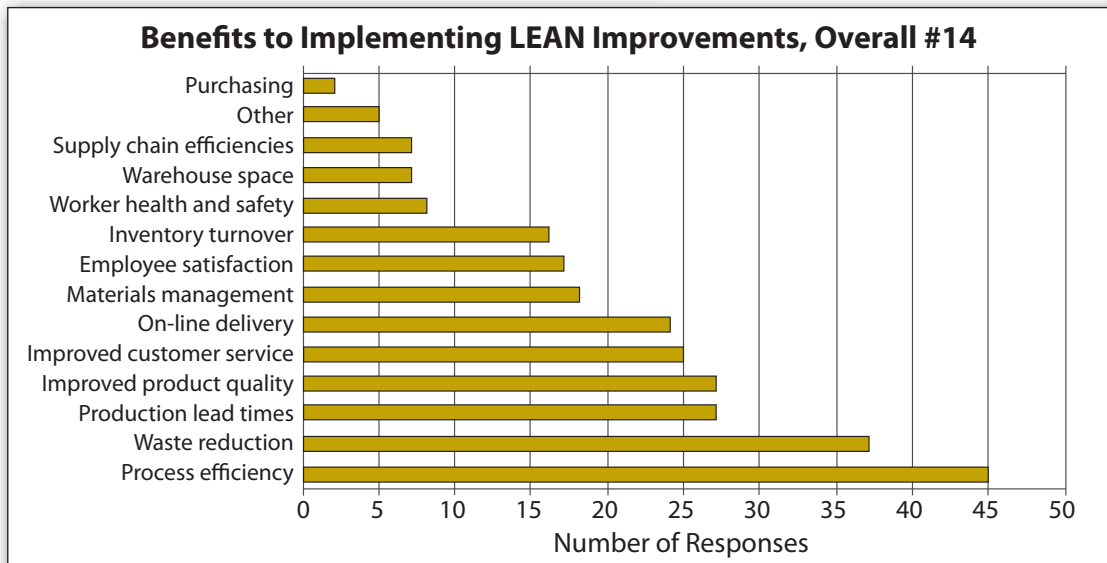


LEAN Improvements

Approximately 77% of the Calgary respondents are implementing improvements based on LEAN principles. This is quite different from the 75% of Regional respondents who indicated they were not implementing LEAN improvements. Again, this is a significantly different response and may well be attributable to the different type and size of firms responding to the Regional versus Calgary survey.

Of the companies that are implementing these improvements, a number of important benefits have been identified. These include: Process efficiency; Waste reduction; Production lead times; Improved product quality; On-time delivery; and Improved customer service (See Chart #14).

There are a number of obstacles that hinder a company's implementation of LEAN principles. The most notable ones cited by survey respondents were: Backsliding to old ways of doing things; Employee resistance; and Lack of implementation know-how (See Chart #15).



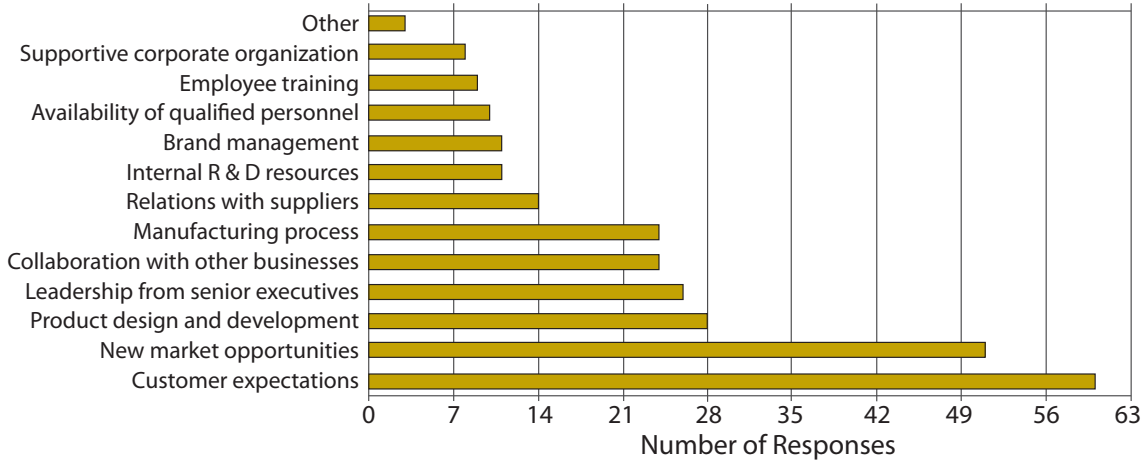
Innovation

Overall, almost 80% of survey respondents had made product or process improvements over the past year. The top five factors driving product innovation in the respondent companies were: Customer expectations; New market opportunities; Product design and development; Leadership from senior executives; Collaboration with other businesses; and Manufacturing processes (See Chart #16).

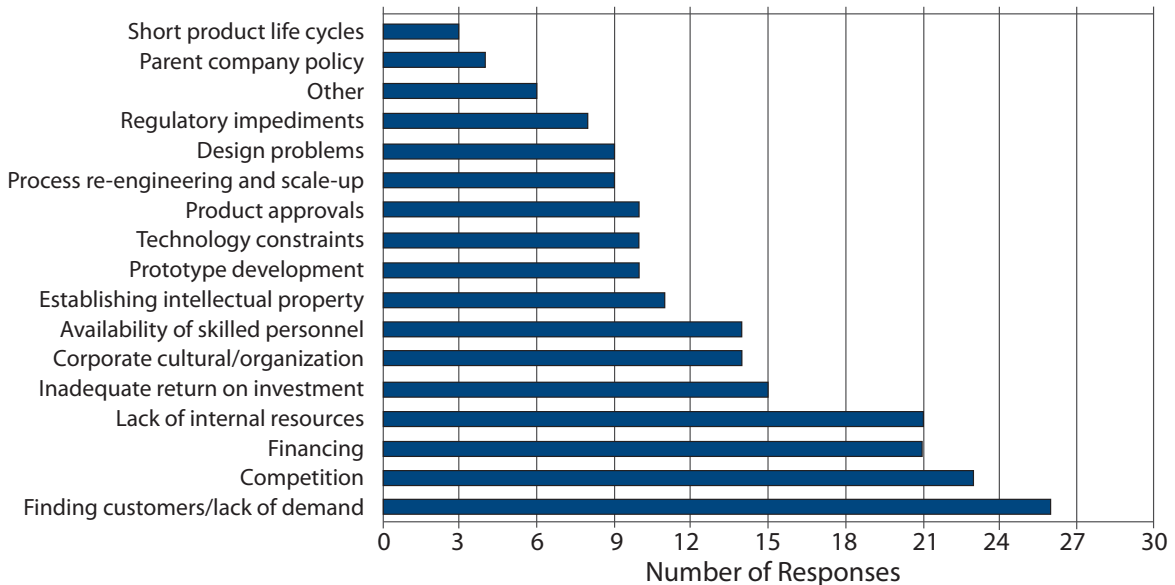
Top constraints that companies in this region faced when bringing new products to market include: Finding customers/lack of demand; Competition; Financing; Lack of internal resources; and Corporate culture/organization (See Chart #17).

There are various tools and techniques that companies can use to enable innovation. The most popular cited in this region included: Collaborate with customers to determine requirements; Cross-functional design teams; and Collaborate with suppliers to design components/develop materials (See Chart #18).

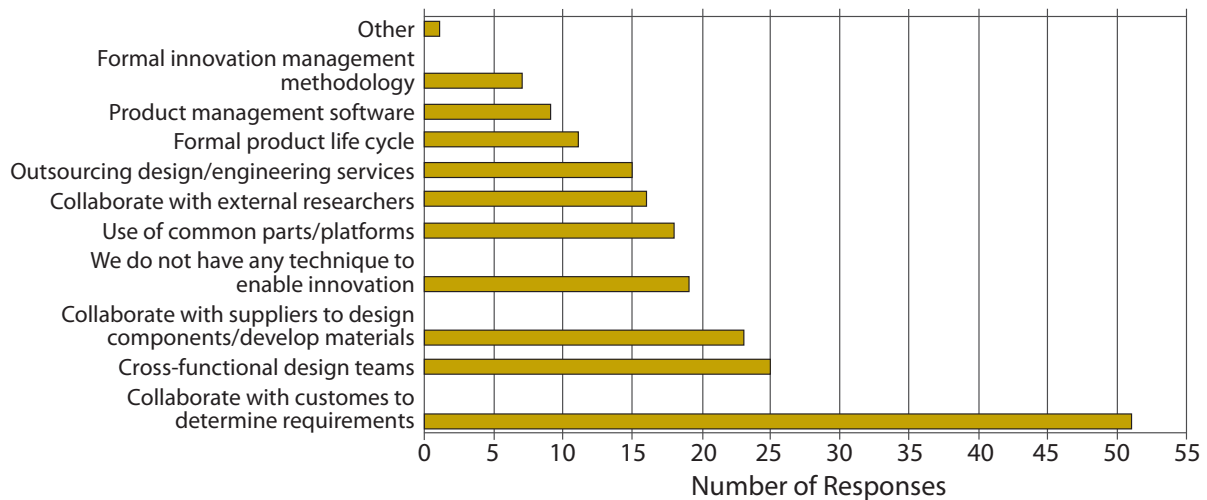
Critical Factors Driving Product Innovation, Overall #16



Constraints Faced in Bringing New Products to Market, Overall #17



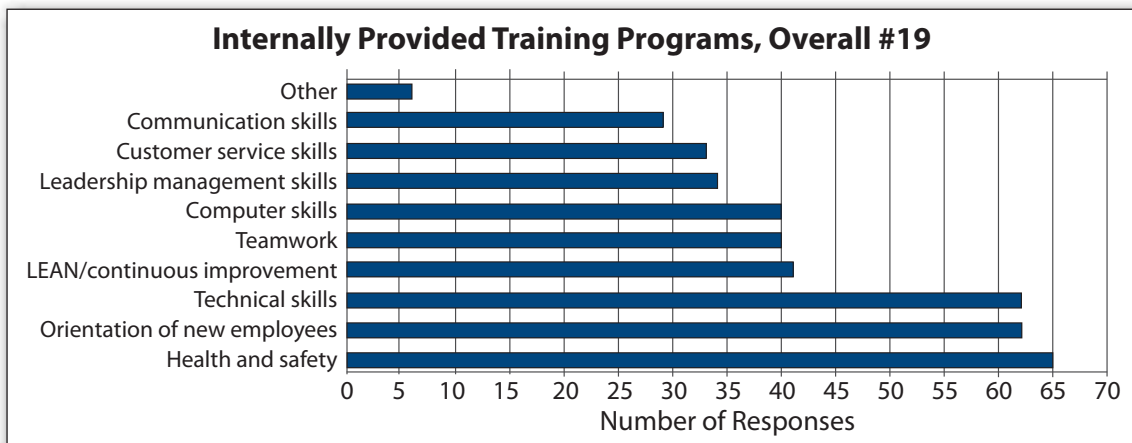
Tools & Techniques Used to Enable Innovation, Overall #18





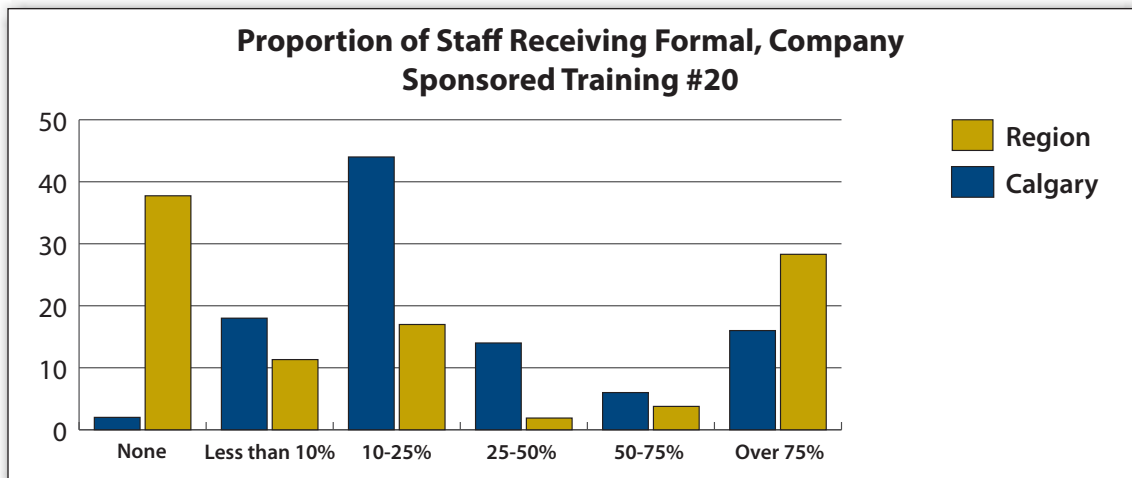
Training

Overall, 56% of survey respondents plan on increasing their training budgets during the next year. At the same, the top five training programs provided internally by companies in Calgary and the Region include: Health and safety; Orientation of new employees; Technical skills; Lean/continuous improvement; Teamwork; Computer skills and Leadership/management skills (See Chart #19).



Overall, there were 103 responses to the survey question pertaining to the proportion of staff receiving formal training sponsored by the company with observably different results in Calgary and the Region. Regional

responses were more often observed to be either Over 75% or None, while Calgary responses were more often found to be in the 10-25% and 25-50% categories (See Chart #20).



About the CRP and this Project



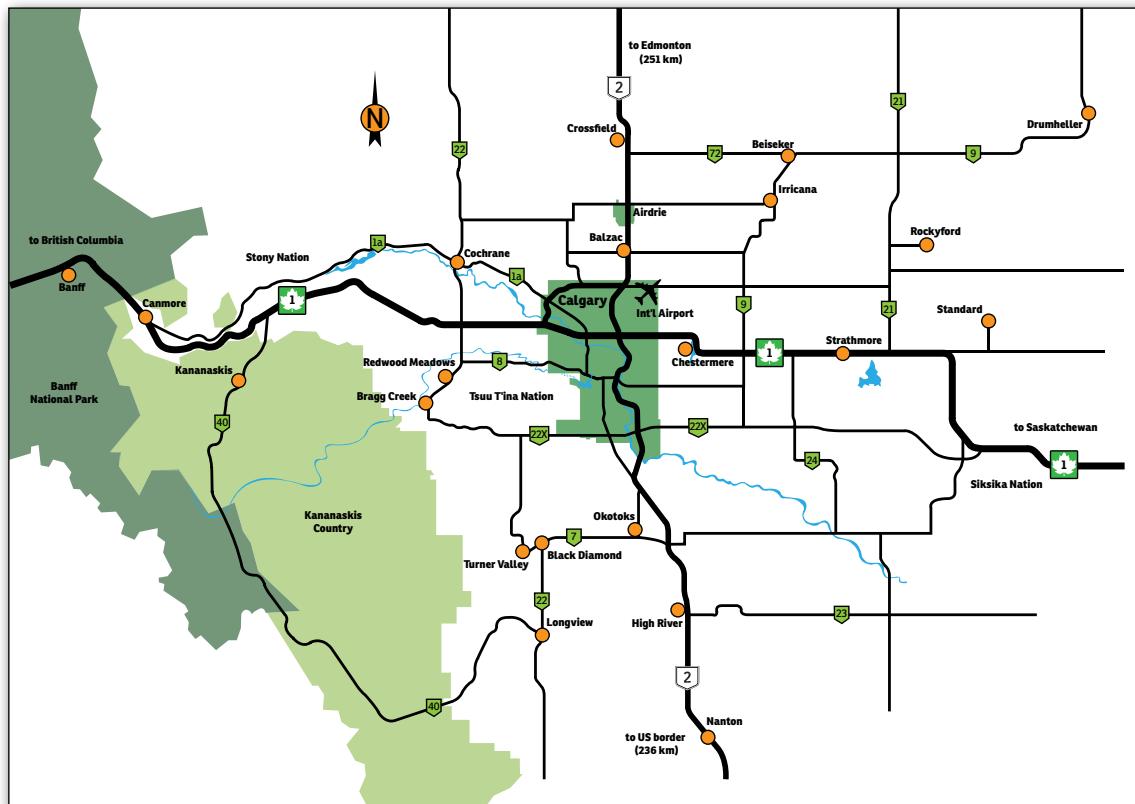
The **Calgary Region Economic Partnership** is an operational branch of the Calgary Regional Partnership, and is focussed on the Region's prosperity. Calgary Region Economic Partnership works with member communities to identify strategic opportunities, to attract and support business development and to promote job creation throughout the Region.

Calgary Regional Partnership fosters regional solutions through inter-municipal collaboration. We are committed to working together to promote a balance between a healthy environment, enriched communities, sustainable infrastructure and a prosperous economy. For more information and a full list of member communities please [visit www.calgaryregion.ca](http://www.calgaryregion.ca)

This **Productivity Assessment Survey 2010** has been a project of the Calgary Region Economic Partnership in collaboration with: Calgary Economic Development, SAIT Polytechnic, the Canadian Manufacturers and Exporter's Association, Alberta Employment & Immigration and Alberta Finance & Enterprise.

The contribution of all of these partners is gratefully acknowledged.

Calgary Region



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