

**The Ontario Rural Council's
July 2002 Forum Report**

***When 1 + 1 = 3:
Building the culture for innovation in Ontario***

**New Liskeard, Ontario
Monday, July 8, 2002**

Thank you to our platinum partners Agriculture and Agri-Food Canada, through the Rural Secretariat, and the Ontario Ministry of Agriculture and Food for their ongoing support of the Council's activities.

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The Ontario Rural Council's July 2002 Public Forum
When 1+1=3: Building the culture for innovation in Ontario
Monday, July 8, 2002
1:00 to 4:30 p.m.
Franchefco's, at Quality Inn
New Liskeard, Ontario

1. Welcome and Opening Remarks

Wayne Caldwell, Chair of The Ontario Rural Council

Participants at the forum represent most general geographic regions of the province. Wayne Caldwell also polled the room to find out how many people knew about TORC and a large proportion of the participants raised their hands. TORC is a forum that brings people together for collaboration, dialogue and action to facilitate change in rural Ontario.

The title of the forum "When 1+1=3" captures the notion of getting something that is more than the sum of its parts, or that is beyond what we hoped to achieve. It is an opportunity to bring people together and find ways to remain competitive and to do things better. Innovation is more than just technology – it can be government service-delivery, business and industry, quality of life, relationships with business and other people, rural infrastructure, local culture.

There is a broad context for innovation and it captures four main ideas:

1. **Openness to ideas** and dealing with things differently. Attitude is connected to this.
2. **Risk taking** – willing to do things differently and step forth with risking the 'new'.
3. **Adapt, accept and adopt** new ways of thinking and change.
4. **Flow of information** – think about building networks and transferring knowledge and understanding.

2. Understanding Innovation

Cathie Brown, Executive Director of The Ontario Rural Council led an activity where participants were asked to answer four questions. The four questions were:

- *Why is innovation important?*
- *What makes innovation thrive?*
- *What inhibits innovation personally, in your organization and in your community?*
- *How do you overcome those things that inhibit innovation?*

3. Innovation in the North: A Panel Presentation

Moderator: Cathy Lang, C. Lang Consulting

Each presenter was asked to explore the following questions from their perspective:

1. What makes innovation thrive in your workplace, community, organization?
2. Based on your experience, what lessons can others learn about making innovation thrive in their workplace, community, organization?
3. Why is innovation important?
4. In your experience, what are the paradoxes of innovation? How do you strike a balance between opposites?

Marty Fiset, Mechanical Engineer and Owner of Fiset Industrial Services

What is innovation? It is related to the question of how to come up with ideas and solve problems. Each day starts as a blank slate but the events of a day have impacts on an industry – from tourism to manufacturing to farming. What drives innovation is economics. In Northern Ontario, declining populations make it difficult to take advantage of the diverse, broad range of resources that are available. We need to think outside the box to find ways to tap into existing resources and use them better.

Despite learning and education, some people can't venture outside their normal sphere of confidence. It's hard to admit if you have gone down a road and need to back up and go in a new direction. The field of innovation is very dynamic and can include unconventional frames of thought. One of the more controversial CEO's in Ontario is Frank Latorie. He doesn't do anything conventionally and his company has done extremely well. There are thousands of employees and the company has been able to sustain them.

Frank put an example of a unit cost chart on the board one day. If you start looking at the way it works in a mature industry, innovation pays off in the middle of the curve. The businesses at the high end will die off because they are unable to implement the innovation because their systems are too rigidly in place. The businesses at the bottom of the curve have a lot of innovative techniques, but do not have the capacity to implement them either. Businesses have to design plans so they can stretch out 20 years and stay relatively flat and in the middle of the curve. Innovation is very dynamic and very specific, and shareholders are one of the biggest challenges to innovation. You can never ignore your market no matter what line of business you are in.

There are lots of ideas that can foster and stimulate innovation. The idea of "1+1=3" is one place to start, but before that you have to recognize that there are a lot of things happening out there regardless of what business you're in. Some events will be driven by greed, some will be personal, some for the betterment of society as a whole. But it is important to make sure you are not at the trailing edge of whatever industry you're in.

Everyone can cut costs, improve efficiencies, or go the extra step to add value to their product. You need to understand the market in order to do what is needed and figure out how to get it there. Some people can come up with great ideas, but don't know where to take it, or how to achieve them in reality. Ice fishing is one example; specifically, trying to find a solution to the waste management issues. Everyone knows that there is a problem with it, and some people have ideas about how to address it. You can start with education but the media always takes the more controversial approach to finding facts that may hinder development. At the end of the week you have to look at your successes and losses and if you don't have reasonable balance, you'll lose.

Customer appreciation can also go a long way. There is a shortage of technically capable individuals that can think freely, without boundaries. If there is too much risk, people don't want to take them. Instead, we should take what we have learned and try to apply it in a constructive way.

Question: How do you express the roles and responsibilities of the community in innovation? Should it only be on the shoulders of the business or should the government play a role?

Response: It's really up to the industry itself and its employees, and there typically is still not an adequate amount of openness and communication between employers and employees. Resolution is difficult and it comes down to education and change. Visit the web site www.despare.com to get some great ideas that have a different twist. For example, "Consulting isn't about how you solve the problem, it's how long you prolong it". There should be as little government intervention as possible, but someone has to keep an eye on an industry and their workforce. Tighter synergy is needed there and it's extremely hard to innovate your way around the competition in the United States. There is also a shareholder role. We are all shareholders in a way and there needs to be more education and awareness to let people know about what they're investing in, and to be prepared to take personal responsibility for that.

Maggie Matear, Director of Operations, NEOnet

The North East Online Network (NEOnet) formed three years ago and is funded by the province and the federal government to bring telecommunications to areas in the province that can't bring the business case forward to make it happen on their own. NEOnet acts like a facilitator; it is not just about the wires and cables. There are 23 different projects including education, awareness and applications.

The notion that was mentioned earlier about "adapt, apply and adopt" is a good one for innovation. It is human nature to fear change, but innovation isn't scary, it's just different and we take measured risks toward change.

NEOnet is a case study of a virtual '211' service, similar to the 911 service, to connect rural areas and allow businesses to have an online presence. NEOnet provides one-stop

access to information about services and local organizations. For example, a caller might call 211 to find out who offers support services for grieving families or where local employment centres are located. There is a NEOnet web site that outlines volunteer options. The province has invested in this database, and we try to take what is already there and make it bigger and better.

It operates as more than a 1-800 number, and the hope is that it will develop into a wide area network so that it will function like 911 service; and as long as it's supported in your region it will work.

Pierre Bélanger, Practising Economic Development Agent

Pierre Bélanger has been connected with regional and economic development, and co-operatives, and has an ingrained belief that a sustainable, high quality of life is feasible in the Northern part of Ontario. But he is now a shaken believer because it is getting very difficult to do this.

An example is the roller coaster of emotions in Temiskaming when you think about regional and rural development. There is a pattern of out-migration and urbanization. There have been high and low points with the lowest being in the last five years. 8.3% of the population has been lost. That is the equivalent of two people leaving per day, despite all of the efforts and countless community meetings. There has been a 7.3% drop in the population between 1981-1996 while in the rest of the province populations rose. Out-migration is not neutral or hap-hazard. What we lose are the challengers, the brightest, the trail-blazers, the innovators. Migration is a voluntary process so that's the part that we lose.

If we were a forest, Temiskaming would be clear-cut.

We are here to talk about innovation and innovation is a human function, not a physical or capital function. An example of innovation is the Cobalt bookshop that is shipping books all over the world. An elderly couple is running the shop but they can't find anyone to replace them.

Another example of innovation is the Foire Gourmande which is a food fair. Many people are needed to make this fair happen. There has to be funding in place, and there has to be a venue, but the human capital is the key ingredient to success. The bar gets set progressively higher in rural Ontario. Innovation involves the human component with both mind and heart involved. One of the greatest barriers to long-term success is the isolation of the groups that were set up in the North. There is no supporting network for the industry or other mechanical supports for continued growth.

A leading limitation to innovation is the absence of an active peer group to provide support, to be a reference for market performance, and to provide competition and an attitude that is grounds for innovation.

Currency, government rates and regulations keep changing, as does inflation, consumer tastes and pleasures, interest rates, banking attitudes etc. How do you stay up-to-date with what's happening? I am involved with a 'support' group that involves 20 companies. We pay to go to meetings. Is innovation a natural state? No, it is not normal for people to easily adapt to change. So, an example of an innovative way to stay in touch with change is this group of 20 that pays to be part of a business group. We send in all our financial information with full confidentiality on a comparable database. We can then measure ourselves on every detail, such as bank interest rates for example. It allows for comparison to high performances across the country. This group holds four meetings a year and it forces us to face change and compete with each other on a measurable level of competition. It also gives us peers against which members measure themselves.

Another component of this group is that we rotate critiques. All of the members go into one of the other businesses to look at everything (receivables, employees etc.) and give a report card that can't be disputed. It creates the motivation to innovate.

It's not about a lack of innovative ideas, it's the motivation to get it done! This business group is set up so that you can't avoid peer evaluation and you have to share full information. An idea for municipalities to be more innovative might be to bring 20 municipalities together to report to each other and compare themselves to each other on such things as social services, user fees, software support fees, health centres etc. This could provide examples to others about how they secured the services and how to go about it. It could act as a barometer of social human health in communities. It could be set up so that you might have the potential for a turn-around to stop the drainage of people from 'rural' to 'urban'.

4. Report Back: Understanding Innovation

This discussion session focused on summarizing the answers to the questions that participants completed at the beginning of the forum.

A. *Why is innovation important?*

- **raises the bar** in terms of our social culture, and environment
- prepares us for **future sustainability**
- allows us to remain **competitive and viable**
- **helps us adapt/control change**; a vehicle for adaptation, a new mix to something that's evolving from that change
- **“You vegetate if you don't innovate”** – it's a progressive way to move forward. Innovation is equivalent to growth but not in the same old way. Lack of innovation can lead to stagnation and death. We need the renewal and growth to keep renewing and growing. Change is certain and allows community organizations to be useful, and motivates them to stay “on the edge”.

B. What makes innovation thrive?

- **Culture of innovation;** openness, risk taking, being receptive. Having champions who will go for it; creativity, positive energy, competition, future-oriented, forward-thinking, learning from others.
- **Necessity** – the mother of innovation is the lazy person, who becomes the inventor to come up with an easier way to do things.
- **Adversity**
- **Knowledge** – access to information, transparency, sound research, teaching/learning
- **Beyond ideas** – successes and doers – need the dreamers to think up ideas and the doers to make it happen. Support for high risk activities.
- **Joy of creativity** is blended with youth – encourage youth to ask why and why not throughout their lives. Youth can stand on the shoulders of past generations and key stakeholders should support them.

C. What inhibits innovation?

- **Emotional inhibitors** – fear of failure, not succeeding
- **Mindsets** – attitudes and thinking about innovation
- **Routines** – hard to break out of tradition
- **Pessimism** – creates a negative environment
- **External factors** – no time for reflection to apply the process of innovation unless you have an incredible network of support
- **Lack of resources**, advice etc. to move the barriers
- **Bureaucratic factors** can affect the forward movement of innovation
- **Strict plans** can inhibit innovation – but chaos can be a challenge as well
- **Too many layers of networks** – difficult to know which ones to remove
- **Lack of new blood and skilled people**
- **Lack of information and lack of rewards**

D. How do you overcome those things that inhibit innovation?

- **Emotional and external** approaches
- **Team environments** - relates to confidence and risk taking capability. Solid communication and team-building skills
- **Safe environment** –it's okay to fail
- **High quality leadership** – supportive to new ideas and trying new things, trust among the group
- **Partnerships** – relationships. Young people involved as well
- **Information** – access to, and quality of information
- **Infrastructure** – solid enough to support innovation and change
- **Funding** – some practical and cheap, some very costly

5. Plenary Discussion

Marty Fiset – Marty is typically involved with research, development and new products. Those budgets are dependant on the financial position at the time, and are coupled with tax credits from the government. The incentive is there but competing organizations use it to knock each other out. Innovation research could be done much better.

Maggie Matear – Partnerships are very important and communication connections are also important. Funders want to be partners and they want to be invited into the process. The solid relationships can build trust and develop a rapport that diminishes the feeling of risk.

Question – It is ironic that this rural discussion is being held in an urban area. Most people are unfamiliar with this part of the province and most people don't have an appreciation of unorganized townships. Where is the discussion for the areas that don't have a municipal government? This is a major gap.

Maggie Matear - NEOnet is developing a portal for the region, but it still assumes that you have access to the Internet. Hopefully by the time it's online that will be a reality. This will create an additional channel through the web and a one-stop shopping centre for services. Some funders are supportive of the process of getting people together. Some will support and accommodate expenses and recognize the challenges of long-distances. FedNor is open-minded to this and NEOnet works with other organizations to get all federal department funders to recognize this.

Marty Fiset – Unorganized townships lack leverage and it's not a pleasant position to be in. You can easily dig a hole if you rely on the provincial government and we have to make our voice heard and fight back. As the south continues to grow, the north will suffer.

Pierre Bélanger – Regulation is a development tool but it can be a problem. The way to stop the “sucking sound” from Toronto is to have more government intervention. The environment has changed and may be one of the inventions we need to work on. He likes the honesty of the people up in the north. It's taken for granted, but it could be made into promotional material – “we have wonderful people.”

The group of 20 is a formula for success. It started with 20 organizations and the group always has full veto to who can join. For municipalities, there is a geographic separation that could create difficulties. With the group of 20, however, they enforce discipline and penalties for missed or late meetings. They try to enforce peer pressure about accountability and it's fair, but fun. All the organizations are privately owned.

There are many problems that urban/rural municipalities would need to take into consideration, but it could also lend to great sharing if they were in this type of a measurement group.

Marty Fiset – We may be in the North, but we're not in the bush. In the USA, the land is held by the landowner. In Canada, land is retained by the crown, which means that no one gets rich off the land. This creates an imbalance in terms of competition between the two countries.

Jocelyn Formsma – We need to tap into the youth resources more. Youth have ideas that are new and exciting and young people need confidence to know that they matter. They want to pay back what they have received. Youth can be an inexpensive way to be innovative, and rural youth can build vital skills early on if they are given the opportunity. Friendship Centres provide leadership training to youth between the ages of 12 and 24. Communities could make much better use of these resources.

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