



A GUIDE TO INNOVATION-BASED ECONOMIC DEVELOPMENT, FROM SPINDLE'S SENIOR ADVISOR, MR. GEORGE ROSS



Recently I sat down with Tina McDivitt (President of Spindle) and my old friend Mark Poznansky for a bite of lunch.

Even though it was a lovely summer day, after the normal inquiries about family and business, our conversation turned to innovation policy. As weird as that sounds, this is customary for us dating back to my time as Ontario's Deputy Minister of Research and Innovation.

It's been a few years now since I was fully engaged in that policy sphere and that has given me some time to reflect back on what worked and what the future trends might be.

At that time, we of course focussed on bigger/macro policy issues such as access to risk capital, adequate funding for basic research, tax policy, and supports for start-up companies trying to navigate through the valley of death. Our work was underpinned by a fundamental view that any programs or incentives that government employed must a) support normal market activities and business growth b) be relevant to societal issues and economically logical c) have a global focus and d) boost innovative economic development where it happens; and that is locally. And on that last point, the implementation of the [Ontario Network of Entrepreneurs](#) was our big investment into supporting innovation at the grass roots.



As we worked through these big issues, we borrowed from others and I see now that many of the supports for basic and applied research and for innovation-based economic development that Ontario put in place at that time, have been borrowed by other jurisdictions over the last decade. While this is encouraging, it's perplexing to think about why this is; follower mentality or something deeper?

Tina was mentioning that Spindle is increasingly being asked by community-based leaders to help shape local innovation-based economic development strategies. These communities are bringing together business leaders, hospitals, post secondary institutions and government orgs to help boost their economic gains and outputs through a clear innovation-centred mission.

This heightened interest from local leaders brought things into focus for me. Maybe the recent bizarre developments on the US trade front have created a new imperative for economic diversification. Despite favourable job and economic data, there seems to be a deep-seeded concern among thoughtful regional leaders who are worried about the future prosperity of their communities and perhaps they see new and novel ideas as a pathway to addressing their most difficult local issues, and they detect the latent potential in their entrepreneurial citizens for taking on this mandate.

This is probably also part of the natural evolution of economic growth but without a doubt reinforcing the local supports for innovation-based economic development is critical. Tina and I had a good conversation about this and we came up with a simplified process for local groups thinking about innovation-based economic development.

- First and foremost, it's important to outline a clear definition of what the problem is. What's the specific gap we are trying to fill. Not in the broad sense—but locally, in terms of the region's needs. Innovation doesn't translate to economic growth if it's not addressing the issues that are being experienced by the community. Sometimes the eminent local needs are loud and clear. In this case, it's still important to dig deeper and better understand the nuances: if a building is obviously on fire, we can put out the fire, but it would be good to know what's fueling it, maybe we can address that first.
- To get to the bottom of the problem, there are lots of tools one can use (from focus groups to needs assessment surveys) but the key is to be diligent about prioritizing—making choices about what problems or what areas of a problem are most timely and important to deal with. Assets and solutions come into play here too. We want to understand at this point, not only the seriousness of the issue (say in terms of human impact, or cost, or even people's perception of it) but also the resources within the community, especially new innovations, that can be brought together to effectuate change.



- Once the problem is clear, the solution is all about people. We have to be inclusive but at the same time find a core group who is dedicated to seeding something scalable (a solution that can eventually bring system-level transformation). Almost always we need to involve the innovators, the business community, religious organizations, schools, and public service organizations, but also the community (influential people who will either help drive the initiative at the grassroots or people who are affected by it the most). Once a core group has coalesced, we can evaluate if together, they are able to conceive of a viable solution. If the answer is a resounding yes, then we can build an economic value chain: Who will bring what and how can each partner contribute to generate value—for themselves and for specific target groups in the community at the end of the line.
- Funding is of course always an issue. Once you identify the core partners, they will often bring resources to the table. But you will almost always have to go back out of the inner circle (to other organizations who will derive value) to ask for funding. This should happen fairly early on. It's part of the action planning. Once we're clear on what actions or change will occur, we can define the cash and human resources needs and map out stakeholders who can bring support.
- Finally, it's really important that results and timelines are built into the plan at the onset. We want to be extremely clear about our targets in the community and exactly what change we are proposing or hoping to bring to them. As part of this, we have to identify meaningful indicators of this change at every step of the value chain, for each of those targets. We also have to make sure there is a workable system for gathering impact information (that we are clear about who is going to produce and collate data and that they are empowered and enabled to do that). It's also good to be clear at the beginning about communication so the cycle of growth continues. In other words, once we get results, who are the people who need to know about it and what do we expect they will do with that information.

George Ross is a Senior Advisor with Spindle. He is CEO and principal consultant at George Arthur Ross and Associates Inc and editor-in-chief of Canadian Government Executive magazine. Mr. Ross has had a career spanning over 30 years in Public Service, including progressively more senior roles and an Assistant Deputy Minister appointment in the Ontario Ministry of Natural Resources. Mr. Ross has held the position of Deputy Minister with Ontario's Ministries of Research and Innovation, Consumer Services and Northern Development and Mines as well as with Yukon Territory's Department of Energy, Mines and Resources. With the Ministry of Research and Innovation, Mr. Ross led the development of Ontario's innovation network, oversaw the Ontario Research Fund, and led the establishment of Ontario's Venture Capital Fund, the Emerging Technologies co-investment Fund, and the seed stage Investment Accelerator Fund to support venture capital investment in Ontario start-up companies. Mr. Ross has extensive international experience in the area of trade and investment attraction, fostering international research collaborations and in public management and governance capacity building in developing countries. He has served as President of the Institute of Public Administration of Canada (IPAC), Chair of the Ontario Capital Growth Corporation, co-Chair of the Conference Board of Canada's Centre for the Advancement of Health Innovations and co-Chair of the Ontario Joint Committee on Science and Technology Cooperation with the People's Republic of China. In addition, Mr. Ross has served on numerous boards including the Ontario Lottery and Gaming Corporation (OLG) and the Centre of Excellence in Mining Innovation (CEMI). He has received three awards from the Environmental Commissioner of Ontario and the 2012 Public Service Award from Life Sciences Ontario. He holds a Bachelor of Environmental Studies from the University of Waterloo and is a Board Director with the ICD.D designation from the Institute of Corporate Directors.