

# Comment

## The innovators

A pea grower, a bass player and a health-care planner took turns telling their stories last week in a garage turned music recording studio at Glenora. The pea growers, Barbara and Neil Vader, explained how over many years of trial and error they managed to extend the shelf life of their product so that it could be sold fresh rather than canned or frozen. It was innovation consumers were hungry for.

Then John McKinney explained to the 50 or so folks crowded among his guitars and amplifiers how after a decade as the renowned house band at Lulu's in Kitchener he and his wife Katalin Kiss had retreated to the County to raise children and make music in a different way.

Mark Larratt Smith described in broad strokes how health care was evolving and how folks in Prince Edward County are leading the way in defining how best to serve an aging population through enhanced collaboration and fresh thinking.

The speakers at the first Creative Minds event, sponsored by the County's Economic Development Office, likely define themselves in different ways but they were at the microphone that night because individually they are innovators.

And if there was a message in the mix of worlds, communities and backgrounds present in the room that night it was that innovation propels the economy of Prince Edward County—indeed of this country.

Consider that just over 100 years ago more than half of North Americans worked in farm-based jobs. Less than five per cent worked in creative sectors such as science, technology, design or entertainment, according to Richard Florida, co-author of the report *Ontario in the Creative Age*, released in February by the provincial government. Today more than two-thirds of us earn our living in the creative economy.

Economies change. They live. Sometimes they prosper and endure. Other times they wither and fade away. When this happens we have a choice—wallow in our loss and self pity about what used to be—or learn what it is the economy needs now and provide it, design it, make it or build it.

In a previous life I had the great fortune of working closely with the management of Canada's largest companies in short but intense bursts of activity. One of the most enduring impressions of that time is the astonishing amount of creativity and innovation in Canadian business. I came to learn that innovation was an absolute necessity for survival in this country. Input costs are higher in Canada than most places in the world. We maintain stiff regulatory barriers to protect the things we hold dear. And our large trading partners are skilled at locking up Canada's natural resources to feed their economic engines.

So Canadian entrepreneurs have to be smarter—more agile and more flexible just to succeed. And we've become very good at finding opportunities, commercializing ideas from our universities and laboratories and creating distribution channels into brand new markets.

Canadians have proven very adept, for example, at carving share out of global markets. Comparable U.S. firms when they consider expansion, imagine breaking into the Midwest, the Pacific Northwest or other region in their country. That country is big enough and rich enough that most companies aside from the very largest aren't compelled to seek markets outside their borders.

So Canadians find plenty of elbow room and a welcoming audience for their fresh ideas in those markets.

The question then arises: If we are so good at innovation, why are our governments pumping \$13 billion into a failed

company (Most of it, our Prime Minister acknowledged this week, will never be returned). General Motors died more than a decade ago. Understandably, those most closely affected have been desperately praying for a different outcome—and governments fearing a cascading torrent of economic pain have tried to mask the morbid truth—with billions of taxpayer dollars. But General Motors isn't coming back.

Even as a smaller, less debt-encumbered company, this brand is dead—and it will stay dead. It is only a matter of when we collectively choose to recognize this unalterable fact. In the recovery that will follow, other brands will quickly consume GM's market share, further weakening the diminished company. It will then need more public aid. That cycle is likely to continue until the new American president calculates the U.S. economy is on firm enough ground that he can remove life support from the GM corpse.

Does this mean that North Americans will no longer build cars? I don't believe it for a moment. Imagine for a moment that Apple's Steve Jobs turned his mind to building an iCar. I expect it would be cleverly designed, with innovative features. It would offer great utility, exceptional fuel efficiency and good value. I expect millions would own one—in colours to match their other Apple gear. The good news is that North America has plenty of minds as creative and nimble as Steve Jobs'.

The bottom line is that our mix of education, social safety net, regulatory safeguards and curiosity have made North Americans unusually good innovators. I am convinced that we can design and build cars, planes, fresh peas and health care the world wants—has been waiting for.

Propping up failed businesses, year after year, even with the best intentions is the opposite of innovation—worse, bailing out losers smothers innovation. We need to let GM go—and get to work building the next big thing.

Imagine what \$13 billion would have done to fuel the creative economy. The economy that feeds most of us.

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