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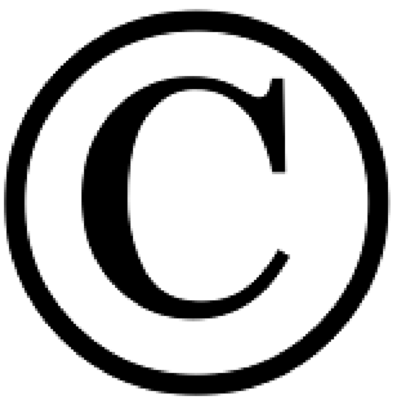
Six ways to win

"Innovation" and "Competitiveness" aren't just economic buzzwords: They're at the heart of one of the most urgent issues facing Canada as it struggles to compete on the global stage, driving employment, the economy, and ultimately Canadian's standard of living. History is littered with companies that have failed because they didn't adapt quickly enough to a changing world, whether it be a surging currency or shifting market conditions. Nortel Networks is the poster child for the consequences of failure: In its day, it employed nearly 100,000 people and had a market cap of $398 billion. It folded in 2009 and now, even its 6,000 patents have been sold, to a group that's largely outside the country. But it's also essential to know what is working. **Tavia Grant** writes. Here are six approaches that are driving Canadian competitiveness, from six companies, large and small, home-grown and foreign subsidiaries:

1. Intellectual Property (Xerox Canada)
   It may seem more scientific lab than R&D centre. The Xerox research centre of Canada is one of five such facilities in the world, built in the shape of a question mark, and develops new ideas about materials such as inks and colours. The Mississauga centre employs a diverse staff of 140 people – 37 of whom have PhDs – who have the ability to take a concept from test tube to prototype in its pilot plant, says the centre's manager Paul Smith.

   The centre works with universities on nanotechnology. It gives year-long grants to workers to pursue their ideas. And it brings co-op students from across Canada and the world to work in the centre. The efforts have born fruit. The centre churns out 160 patentable ideas every year, and out of that, more than 100 U.S. patents annually. This year, it received its 1,500th U.S. patent. It has invented a new type of waterless ink using bio-renewable materials, and special toners that are now sold around the world.

2. Trade diversification (Clearford)
   Almost two years ago, Clearford Industries faced a choice: remain a small player in a small Ontario market, or go global and target emerging markets with rapid rates of urbanization. The wastewater-treatment business chose the latter.

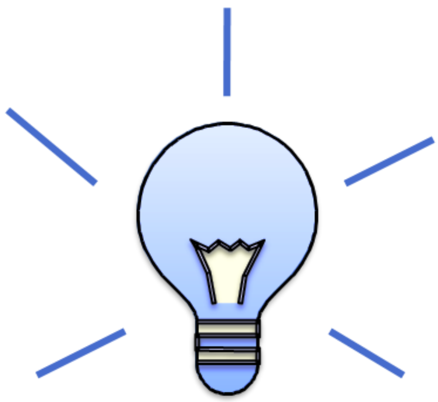
   

   Rather than concentrating on North America, it identified five promising markets, and then expanded that to 10, including India, China, Sri Lanka, Brazil, Kenya and Peru.

   "It feels like were taking a position now that could become pretty interesting," said president and chief executive officer Bruce Linton, who is travelling this month to Azerbaijan, Uzbekistan and India. "The decision making and urgency to act is far greater and faster in emerging markets than in Canada.

Efforts are paying off. This fall, the firm announced its first foray into India, a move it sees as a springboard for further growth there.

3. Culture of Innovation (Capital One Canada)



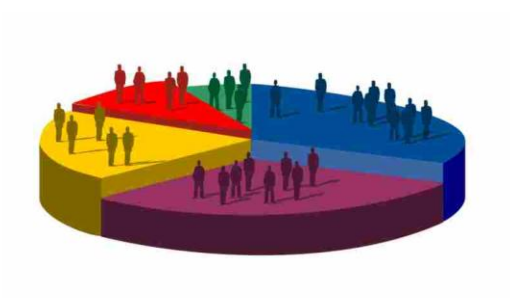
Capital One has long prided itself on innovation efforts in its U.S. home base, from flexible work options to pioneering partnerships with non-profits to serve lower-income neighbourhoods.

But that culture has seeped into its Canadian subsidiary, too. It has set aside a "big idea" fund to help finance employees' ideas. It has already sparked several changes – including the creation of a public lounge it sponsors at Toronto's Pearson International Airport where weary travellers can chill out (free of any marketing pitches).

The company aims to give employees freedom to pursue ideas. "We set aside this pot of money because our associates are full of ideas that need to be tapped," said John McBain, vice president of strategy and marketing.

4. Niche Products (Vive Nano)

Vive Nano was born five years ago out of the University of Toronto's chemistry department. It focused on developing formulations used in crop protection that boost yields while eliminating the need for the harmful chemicals that are common in pesticides.



It can't compete with the likes of giants like Dupont or Bayer, who spend hundreds of millions of dollars on research. But it can work with them to supply new ingredients to their fertilizers that are less harmful to the environment, particularly as patents in the sector expire and big companies search for replacements.

It has won a slew of innovation awards in its short history. It now employs about 20 people and collaborates with universities such as Guelph, McGill, Western and Alberta. It already has clients in the United States, Europe and India, and aims to get products on the market in various countries within the next few years.

5. Multilingual multicultural workforce (Biztree)

From its start a decade ago Montreal-based Biztree Inc. always meant to become a global company. The best way to do that? Hire a global staff.

The maker of document-template software employs about 40 people. Its not huge – but of that pool, its staff speak 14 languages, including Cantonese, Mandarin, Spanish, German and Arabic.

"Being extremely aware that the Canada market is a small market, you have to see the world as your market," says founder and CEO Jonathan Defoy. "It's not just languages – it's about culture as well. For example, we had a guy who arrived from China three years ago. It's then easy to ask him a few questions about the mentality over there, how people are buying online … it helps us localize our offering."

Revenue has grown more than 40 percent a year – even though the recession – and Biztree now sells its products in 220 countries and territories.

6. Collaboration (Medtronic)

A pacemaker the size of a Tic Tac
Wearable insulin pumps
New technology to monitor remote patients
An implantable drug pump to treat neuropathic pain

This is the sort of innovation and new scientific research at the root of Medtronic's strategy. The medical technology company, which employs 750 people in Canada, works closely with clinics, hospitals, universities and institutes – like Montreal's Heart Institute – to do that.

It also encourages innovation through its internal website – an information exchange whereby scientists or engineers can submit questions or ideas for discussion, and staff from all over the world can respond, says Neil Fraser, president of Medtronic of Canada.