June 2000

# THE ONTARIO BUSINESS REPORT

Published by the Ministry of Economic Development and Trade

# Balanced budgets – brighter futures

"Mr. Speaker, the budget is balanced." With these words, Finance Minister Ernie Eves introduced a new era in Ontario by presenting the second of two consecutive balanced budgets.

"More people working, more people spending and stronger than expected economic growth resulted in provincial revenues surpassing our projections by an amazing $5.3 billion," Eves said. He reported that following investments in priority services, the province had a budgetary surplus of $654 million last fiscal year, meaning the budget was balanced in 1999-00 – a full year ahead of schedule – and is balanced again this year.

The last time the Ontario budget was balanced in two consecutive budget years was more than half a century ago, in the years 1942-43 and 1943-44.

The 2000 Ontario Budget includes 67 more tax cuts, a net debt reduction goal of at least $5 billion, $22 billion in health care spending, record investment in post-secondary education and highways, as well as a $1 billion dividend to taxpayers.

"This budget establishes the framework for brighter futures – an Ontario with new opportunities and challenges," said Eves.

Highlights include:

### *Tax cuts*

Tax cuts have helped create more than 700,000 jobs in Ontario since 1995 – 198,000 jobs across this province last year alone – as well as fueled robust economic growth. The 67 tax cuts announced in the budget brings the total number of tax cuts in Ontario to 166 since 1995.

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**Premier Mike Harris and Finance Minister Ernie Eves enjoy the moment after Mr. Eves presented Ontario's second consecutive balanced budget. The 2000 Ontario Budget includes 67 more tax cuts and $22 billion in health care spending.**

# Call Centres mean jobs, growth in Sault Ste. Marie and Sarnia

Within a three-week span in March, the cities of Sault Ste. Marie and Sarnia received news that will mean economic growth, new jobs and increased opportunity in their communities.

RMH Teleservices, a leading provider of inbound and outbound telemarketing services, announced it would build a call centre in each city. The facility in Sarnia will also contain a quality control centre. These two locations are the fourth and fifth call centres the Pennsylvania-based company has announced for Canada, and they are expected to be operational by early summer.

"Our number one criteria in choosing a site location is the availability of quality labour. Our second consideration is finding a quality building that can provide an upbeat, state-of-the-art centre for our telemarketing operations," said Michael Scharff, Executive Vice President of Strategic Development for RMH Teleservices. "We found this quality in both Sarnia and Sault Ste. Marie."

The call centre in Sarnia will be geared to inbound calls dedicated to WorldCom. It will accommodate 200 workstations and employ approximately 400 people. Additionally, the 100-seat quality control centre will generate about 200 jobs. It will monitor service quality for RMH Teleservices' call centres in both Canada and the United States, ensuring that all transactions are precise and follow client specifications. The two centres will, together, encompass 48,000 square feet.

The call centre in Sault Ste. Marie will be geared to outbound calls that, for example, will market products for financial services. It is expected to encompass 32,000 square feet, accommodate 230 workstations and create about 500 new jobs.

"RMH Teleservices will become Sault Ste. Marie's fourth largest private sector employer," said Bruce Strapp, President and CEO of the Sault Ste. Marie Economic Development Corporation. "The increased employment should have a favourable ripple effect on other businesses and in the local economy in general, thereby improving the standard of living of all residents of the community."

Call centres have become a major generator of jobs in Ontario. Customer service crosses all sectors, and with the advent of e-commerce, there are many applications that fall into the teleservices sector. Studies show a growth rate of up to 23 per cent annually for many of the many major firms in Canada and the United States specializing in teleservices, with outbound telemarketing firms growing at an even faster rate.

One example of this growth can be seen in a call centre RMH Teleservices opened in Brantford in July 1999. A mere three months later, the company announced plans to nearly double its capacity to 380 work-stations. This centre provides inbound services for a large telecommunications client and the need for rapid expansion was directly attributable to increased client demand.

RMH Teleservices currently has 18 call centres in the United States and Canada, successfully completing more than 200 million transactions annually.

"We continue to expand and we are looking at quite an aggressive 'go-forward' for the next 12 to 18 months," said Scharff. "Our company will certainly continue to look at potential sites in Canada."

**Call centres have become a major generator of jobs in Ontario. New centres in Sault Ste. Marie and Sarnia will create about 500 and 600 jobs respectively.**

# Chinese-Canadians celebrate entrepreneurship

Mimi Chau and Fred Kwan have been officially labelled as successful entrepreneurs.

The husband and wife team who operate Markham-based Wah Lung Labels (Canada) Ltd. recently received the award for the Most Improved Business at the 4th annual Chinese-Canadian Entrepreneur Awards Presentation Gala.

They are one of a growing number of Chinese Canadian businesses that are finding success in Ontario.

The Hong Kong natives came to Canada in 1991 and started the company – which supplies woven labels (trade marks) for garment manufacturers – the following year.

In their first year of operations, they sent their orders to Hong Kong for production. Confident that they could produce quality labels at a competitive price, the company built a 6,000-square-foot plant in Parry Sound and purchased three weaving machines from Switzerland.

In just eight years, Chau and Kwan have built the company to the point where they employ 60 staff and export 60 per cent of their production to the United States.

In recognition of her contribution to the promotion of Ontario as a premier business immigration destination, Chau has already received a Certificate of Appreciation from the Ministry of Economic Development and Trade (MEDT) in 1999.

This latest award was just another validation of the success of her company.

"I want to thank our loyal customers and suppliers," Chau said. "Without their support, we wouldn't be a success. I also want to thank the Business Immigration Section of MEDT that gave us a lot of valuable information when we first set up our business in Canada."

Chantal Ramsay, Manager of the Business Immigration Section for MEDT, noted that her department works closely with immigrant entrepreneurs interested in establishing businesses in Ontario.

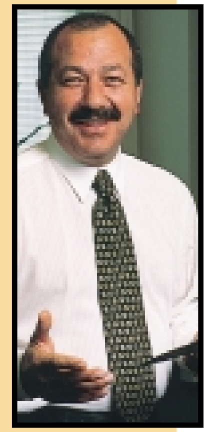
The Business Immigration Section holds regular seminars designed to provide landed business immigrants and those on exploratory visits with information on the best ways to start their own business. It also engages in domestic and international marketing campaigns designed to promote Ontario as the best place to live, work, invest and raise a family.

"It's very gratifying to work closely with a particular company, provide it with information and advice, and then see its success," Ramsay said.

Other winners of the Year 2000 Chinese-Canadian Entrepreneur Awards included Amazing Custom Fabricators Inc. named as Best Start-Up; Ron K. So of Creative Art Glass Inc. honoured for Best Community Service Award; and Mine Radio Systems Inc. and Vita-Tech Laboratories which each received Honourable Mention. The Entrepreneur of the Year Award for 2000 went to Si Wai Lai, owner-operator of the Niagara-on-the-Lake Vintage Inns.


**Chantal Ramsay, (left) Manager of the Business Immigration Section for MEDT presented Mimi Chau and Fred Kwan with the award for the Most Improved Business at the 4th annual Chinese-Canadian Entrepreneur Awards gala.**

## VIEWPOINT



The Ontario budget is balanced.

When the Harris government came into office in June 1995, we inherited a deficit of more than $11 billion. We were faced with spending $1 million more every hour than we took in.

Today, that is behind us.

There has been more than 700,000 jobs created since 1995. More than 485,000 people are off welfare. Last year, the Ontario economy grew faster than the economy of the United States, the rest of Canada, and all of the industrialized countries in the G-7.

And on May 2, Finance Minister Ernie Eves stood in the Legislature and presented the second of two consecutive balanced budgets – a feat not accomplished in this province in more than 50 years.

It is, indeed, very good news for Ontarians. Not only as a demonstration of what we have achieved together. But it also establishes the framework for a brighter future – an Ontario with new opportunities and new challenges.

This budget will create more certainty for future generations of Ontarians. We will invest in our children to help them reach their full potential, and in our young adults so they may obtain the skills that will ensure they can compete with the best in the world. We will work to ensure strong, safe and growing communities, large and small, urban and rural. We will continue to invest in research and development and infrastructure so that businesses will choose to invest and expand in Ontario.

Also, our government will continue to cut taxes – personal taxes and corporate taxes – 67 more times for a total of 166 tax cuts since 1995. We continue to remove barriers to growth and improve Ontario's investment climate, for we understand that it is essential to our quality of life to be competitive in the world market.

This budget demonstrates that our government's policies of cutting taxes, reducing red tape, establishing a strong business climate and investing in infrastructure have strengthened the economy and created jobs.

This balanced budget means a brighter future for all Ontarians.

**Al Palladini**
**Minister of Economic Development and Trade**

# Skills today, jobs tomorrow

The latest winners in the Strategic Skills Investment program are lighting the way for the expansion of a skilled workforce in Ontario.

Photonics Education and Training was just one of seven projects chosen from the latest round of proposals for the Ontario government's multi-year, $100-million Strategic Skills Investment program. The winners represented a wide range of specialties and were chosen from a diverse group of 32 applicants. In the past two years, the Ontario government and its private partners have invested $115 million in strategic skills through 21 new training programs.

More than 50 people recently gathered at the McLennan Physics Lab at the University of Toronto where Al Palladini, Minister of Economic Development and Trade, announced a total investment of $15-million for the seven winners.

"Right now, our highly-skilled, well-educated workforce is one of Ontario's key competitive advantages," Mr. Palladini told the audience. "However, in order to remain competitive, we need to continue increasing the number of skilled workers that businesses need to grow and survive."

The recipients in the latest round of proposals included:

- Photonics Research Ontario, Algonquin College and Niagara College received $3.5 million for offering a training program for high-demand jobs in photonics manufacturing and communications services industries. The Photonics proposal projects that by 2004, 115 technicians and technologists will be graduating annually from full-time courses and an additional 3,550 people will have completed customized and single course training activities. Business support includes direct commitment from 19 companies as well as the Ontario Photonics Technology Industry Cluster and the Ottawa Photonics Cluster Group. The Niagara and Ottawa regions are also supporting the projects.


**Minister Palladini congratulates Dr. Gerard Lynch, president and CEO, Photonics Research Ontario. Dr. Lynch represented one of seven projects chosen to receive funding from the Strategic Skills Investment program.**

- The Fanshawe College proposal was awarded $2 million for expanding the Motive Power diploma and truck/coach apprenticeship programs. This project will double the number of graduates in the Motive Power program to 40 from 20 and increase the number of graduates from the truck/coach apprenticeship program from 20 to 70 students. The partnership with Fanshawe includes leading diesel-manufacturing companies in southwestern Ontario.
- Operating Engineers Training Institute of Ontario (OETIO), received $2.3 million for accelerating state-of-the-art training for workers in heavy equipment and crane operating. The OETIO proposal, part of a five-year plan to respond to the critical shortage of qualified operators in heavy equipment and crane operation, has the support of more than 30 key companies across the province. The project supports the innovative use of computer-assisted learning and the introduction of simulation to heavy equipment training.
- The Centennial College proposal, for establishing a centre in aerospace manufacturing and support, received $2.5 million. Located at the college's Ashtonbee Campus, the Centre for Aerospace Training and Education will deliver a full range of full-time and part-time post-secondary, apprenticeship, corporate and secondary school co-operative programs. The program will graduate some 3,200 students by 2003.
- La Cité collégiale received $1.5 million for supporting the development of bilingual call centre training in conjunction with major high-technology employers in Eastern Ontario. The goal for the Interactive Call Centre for La Cité collégiale is to increase training and placement for 2,500 trainees by 2003. Through partnerships between La Cité collégiale and its associates in both the public and private sector, this business venture will help to simulate economic growth and provide greater opportunities to train for jobs that are in a high demand in eastern Ontario.
- Northern College received $198,000 for preparing workers for a new generation of complex forestry equipment. The two-year Northern College project will provide 15 graduates annually to help reshape the timber resource industry in the northeastern Ontario.
- The proposal for Conestoga College, for investing in expanding infrastructures to provide students with technical computer skills required by industry for Advanced Manufacturing and Information Technology Certificate and Diploma programs, received $2.6 million. The program will train 4,600 students over the next four years.

# Family business moves fast to get fresh food to customers

There is nothing quite like fresh fruit and vegetables. Making sure customers get that fresh produce as quickly as possible is the goal of Stan Cohn Produce Distributors.

In 1967, this family-owned business started out with one truck and a load of potatoes. Since then, it has been delivering produce to a growing number of clients.

“We’re involved in food service sales in southern and northern Ontario and all of the Atlantic provinces on a daily basis,” says owner Stan Cohn. “We also serve four airports.”

Based in Mississauga, the company offers integrated business to its customers via direct load sales, mainly to chain stores in Canada and the United States, and the sale of produce to the food service business, such as cafeterias and restaurants. Under a joint venture agreement with SERCA Food Services, Cohn services all of the Harvey’s and Swiss Chalet restaurants in the Atlantic provinces.

With such major activity, it is no surprise that the firm has been growing steadily. In 1991, Stan Cohn Produce Distributors recorded slightly more than $2 million in sales. In 1999, sales had risen to $6.7 million, and they are projected to reach $7 million in 2000.

“We have embarked on a plan for growth that is monitored on a regular basis,” says Cohn. “We’re trying not to grow too fast. We’ve established an excellent reputation as aggressive, reliable and trustworthy and we want to stay on track.”

The company currently has 11 employees. It operates out of a 700 square metre facility with a climate and humidity-controlled room for ripening, and two large cooling rooms that will fit four tractor-trailer loads of produce. The company has four trucks that deliver produce in the Greater Toronto Area, and it also hires trucking companies and independent truckers to assist in deliveries.

Cohn credits his two sons, Larry and Keith, who joined the family business in the late 1970s, for helping to run the company as well as being instrumental in its growth. In an industry that requires a loyal customer base and a commitment to service, the two younger Cohn’s were key to helping the company adapt to new technologies while keeping long-time customers satisfied. Today the company uses a detailed computerized system to track goods as they are purchased and distributed.

Cohn is a big booster of Ontario-grown produce and says that Ontario produces some of the world’s best potatoes, carrots, onions and cabbage. Recently, the company sold 30 tractor-trailer loads of Yukon Gold potatoes to the major Wynn-Dixie food retail chain in the southern United States.

“We deliver produce that is grown and packed in Ontario,” Cohn says. “It confirms that Ontario produce is among the best anywhere.”

Stan Cohn Produce Distributors is thriving at an optimal time in Ontario’s rural economy. The province leads Canada in agri-food exports and, last year, Ontario exported a record $6.3 billion in agri-food products.

**Mississauga's Stan Cohn Produce has grown into a major distributor of top quality fruits and vegetables over the past 33 years. Company staff include (from left), front row: Larry Cohn, Keith Cohn, Gino Colantonio; second row: Stan Cohn, Joyce Downey, Marlene Drury; back row: John Torrens, Everton Wilson, Donald Marson, Maurice Smith.**

# Component manufacturer marks major milestones in growth

Ask Mike van Gendt for his most satisfying moment in business and he'll likely tell you it's right now, as his Oakville company is poised to break the $100 million mark in annual sales.

For van Gendt, the president of OMRON Dualtec Automotive Electronics Inc., the past eight years have seen big growth in small but very precise products – some of them small enough that many consumers don't even know they're there.

The electro-mechanical and electronic components produced by OMRON range from relays (controlling lights, horns, rear window defoggers power door locks and automotive turn signal controls), to switches that operate trunk releases, mirror controls, and power seats.

An average car may have 14 to 15 relays and more than 50 switches built into it, a high-end vehicle could double that amount.

OMRON Dualtec began as Dualtec Electronics in the mid-'80s, under the aegis of Magna International. The company was bought by Japanese component maker OMRON Corporation (of Kyoto, Japan), in 1991. The company had already established a strong relationship with General Motors and was beginning to enter the North American market. This new Automotive Division is part of Omron Corporation, which is one of the largest multinational component and system manufacturers, with annual sales of $5.8 billion (U.S.)

The new company thrived by accessing OMRON's core technologies, says van Gendt, increasing from $8 million in sales in 1992. Sales have grown 20 per cent per year and since 1995, the company's employment level has increased by 35 per cent to its current roster of 375 high-skilled workers.

"OMRON in Japan was very flexible and willing to take risks, and rely on the local management team," he says. "We were able to broaden our product portfolio and use the inherent technology we had in the company to aggressively develop new products and generate new sales."

Major customers include GM, Ford, Daimler Chrysler, Honda, Mazda, Isuzu, Toyota and Mitsubishi Motor Co.

In 1993, the company moved from Mississauga to an 11,000-square metre facility in Oakville. Last year, the company added a duplicate facility on adjacent property to house its switch manufacturing operations.

The shop floor is meticulously clean and a scene of orchestrated efficiency, where technicians in lab coats and caps control production levels and conduct regular quality control tests while the robotics technology of the production line hums and clicks in the background. The plant operates three shifts a day and produces in excess of 60 million relays a year.

OMRON's commitment to automation and quality control means a defect rate of less than six parts per million, says manufacturing manager Brock Whitehead.

"We have world class assembly equipment with a very high degree of accuracy," says Whitehead. "We are continuously striving towards a near-zero defect level." This emphasis on continuous improvement is also reflected in the fact that both plants are QS 9000, ISO 9001, and ISO 14001 registered.

The company also operates a customer certified, fully equipped product validation test lab, adds Operations Manager Ronald Zingel.

"The lab is used for product testing where we can specify the environment, whether its heat, cold or vibration," says Zingel. "Essentially, we can produce any kind of weather or driving conditions a vehicle is likely to encounter."

**OMRON Dualtec technician Mazie Robinson checks an electronic automotive component during the production process. The company's automated processes have ensured a near-zero defect level in its components.**

"A commitment to our basic policy 'Quality First,' has meant steady growth and our customers continue to demand improved value in quality, cost, delivery and service," adds van Gendt.

"To be successful, you have to be capable of being able to supply globally," he says. "You have to make sure that you have leading edge technology and that your workforce and manufacturing capability is world class."

That commitment is mirrored in the company's workforce. OMRON Dualtec draws new staff from the engineering and

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# Ontario SuperBuild Corporation invests in Ontario's future

Young people are our future. The Ontario government knows this and is working hard to ensure that young Ontarians can look forward to that future with confidence.

That is why the government is putting in place the economic conditions that will allow Ontario to grow, create jobs and provide opportunity to young people, and to all Ontarians. It is committed to a renewed Ontario, and it is helping build that future through its SuperBuild program.

"SuperBuild is all about planning for tomorrow," said David Lindsay, CEO of the Ontario SuperBuild Corporation. "It's about making sure, today, that we have the infrastructure in place to attract the investment, ensure the growth and create the jobs of tomorrow."

An early example of this commitment was evident recently when Minister of Finance Ernie Eves joined Dianne Cunningham, Minister of Training, Colleges and Universities at Ryerson University to announce a $1.4 billion investment in Ontario's colleges and universities. This investment through SuperBuild, in conjunction with private sector corporations, is the financial equivalent to building four new colleges and three new universities. It is the largest capital investment in Ontario's colleges and universities in more than 30 years.

"This is much more than an announcement about bricks and mortar; it is an investment in Ontario's future," said Cunningham.

First announced in the 1999 Ontario Budget, SuperBuild is a $20 billion program designed to help keep Ontario on the right track. It is the biggest building program in the province's history.

By consolidating all infrastructure spending under one focused program, SuperBuild will build and renew roads, schools, hospitals and technology links. It will make long-range plans, determine priorities and invest in the infrastructure that is most imperative to Ontario's future success. The government will invest $10 billion over five years. An additional $10 billion will come from the government's partners in the public and private sector.

"SuperBuild will allow us to meet the looming infrastructure challenge and start investing in tomorrow's prosperity," said Lindsay. "As the Premier has said, 'It's time to build again.' "

Lindsay said the investment in colleges and universities is a prime example of how the government is meeting the challenges that will ensure Ontario's future prosperity.

Student enrolment in postsecondary education is expected to grow by 25 per cent over the next five years, as the children of the baby boom enter the system. Also, the elimination of grade 13 means a "double cohort" of graduates will arrive in 2003.

By building and modernizing Ontario's colleges and universities now, SuperBuild will create spaces for 57,000 additional students. An additional $286 million announced in the recent Ontario Budget will create spaces for 15,587 more students. This will not only mean there will be a place at university or college for each qualified student who wishes to attend, but since funds are also to be directed to information technology and high-tech programs, the government is also ensuring young Ontarians will be well prepared for the highly-skilled and technologically demanding jobs of the future.

Additionally, the new facilities will help Ontario schools attract the best professors and most innovative researchers to teach the students.

In the recent Ontario Budget, Minister Eves announced further investments to be made through SuperBuild including:

- A new SuperBuild Millennium Partnerships initiative will invest $1 billion over five years in public-private partnerships for strategic infrastructure. These projects may include environmental projects and projects that support the economic development of urban centers across Ontario.
- The SuperBuild Sports, Culture and Tourism Partnerships initiative will invest $300 million over five years to rebuild publicly owned recreation, sports, cultural and tourism facilities, and expand major cultural and tourist attractions.
- The Ontario and Small Town and Rural Development initiative will invest $200 million for economic development and $400 million for infrastructure through SuperBuild.

"An excellent system infrastructure is vital to Ontario's future success, in education and in so many other areas," said Lindsay. "Through SuperBuild, we will anticipate the needs of the future, and build and renew our infrastructure to meet those needs. It will mean that Ontario will remain competitive into the future, so all Ontarians can benefit through continued economic growth and the creation of new jobs."

## … Introducing SuperBuild Corporation's Board of Directors

Finance Minister Ernie Eves has announced the appointment of the Board of Directors of the SuperBuild Corporation. The members are: Diane Beatty, Director of Business Development, Union Gas; Sir Graham Day, Ontario Hydro Services Corp. Chairman; David Lindsay, President and Chief Executive Officer, SuperBuild Corporation; Robert Martin, Former CEO, Consumers Gas; Roger Martin, Dean, Joseph L. Rotman School of Business, University of Toronto; Owen McAleer, Former Senior Vice-President - Network Development, Bell Canada Group; Mary Theresa (Terry) McLeod, President, McLeod Capital Corporation; Mary Mogford, Partner, Mogford Campbell Inc.; Frank Potter, Chair, Emerging Markets Advisors Inc.; Bryne Purchase, Deputy Minister of Finance; Tony Salerno, CEO, Ontario Financing Authority; Helen Sinclair, Chief Executive Officer, Bank Works Trading; and Richard Thomson, Former President and CEO, TD Bank. Peter Minogue, developer and small business operator in the North Bay area will represent the northern perspective on SuperBuild's Board.

# Breakthrough blood substitute product developed in Ontario

Cardiac surgery can require two units of blood. Finding the patient's exact blood type match can be a challenge. Finding the exact amount of the exact match at the exact time it is required can be even *more* of a challenge.

Hemolink, a blood substitute product, may help rectify this situation. Developed by Hemosol Inc., a biopharmaceutical company based in Toronto, this product has just completed late stage clinical testing in Canada and the United Kingdom. Phase II results show it can be safely used in conjunction with the patient's own blood and reduce the need for donated blood.

"We believe there will be a significant market for Hemolink," said Dr. Nora Cutcliffe, Manager, Marketing Communications for Hemosol Inc. "It has several advantages in terms of purity and safety. It is universally compatible with all blood types. And it can be kept in inventory for up to one year and therefore has the potential to greatly reduce the pressure on our blood supply."


**John Kennedy, CEO, Hemosol, holds a bag of Hemolink, a blood substitute product that is universally compatible with all blood types. Hemosol expects to file for licensing in Canada this summer and in the U.S. next year. The company recently announced plans to build a $50 million manufacturing plant.**

The first product of its kind in Canada, Hemolink is based on blood substitute technology developed in the early 1980s by Canadian scientists at the Department of National Defence. Hemosol licensed this technology in 1985, moved forward with research and development and began the first of three phases of human clinical trials in 1995.

The initial pivotal Phase III trial in cardiac surgery was completed in late March. This study involved almost 300 patients undergoing coronary artery bypass grafting surgery (CABG) at 21 hospital sites in Canada and three in the United Kingdom. Results from this randomized study are currently being collected and analyzed. A similar Phase III CABG study is now underway in the United States and will be conducted in approximately 40 hospital sites.

There have now been seven completed clinical trials of Hemolink, three in hip and knee surgery, one in anemia and three in cardiovascular surgery.

"Hemolink has been shown to be safe and effective, particularly in CABG patients," said Cutcliffe.

Hemosol expects to be in a position to file for product licensing in Canada this summer. Next year, the company plans to file in the United States pending successful completion of Phase III.

Potential demand for the product is significant as there are currently about 12 million red blood cell transfusions reported in Canada and the United States each year.

To help meet the anticipated demand, Hemosol plans to build a $50 million manufacturing plant, starting in mid-2000. As the company grows, it also expects to create new jobs. Currently Hemosol has a staff of more than 100, including more than 20 holding Ph.D or M.D. degrees. The manufacturing plant expects to produce 200,000 units of Hemolink annually.

"This product has the potential to assist thousands of people each year through elective surgery and eventually other situations," said Cutcliffe. "Hemosol's ultimate goal is to make the routine use of donor blood in surgery a thing of the past."

# The Growth Builders Report... Ontario's fastest growing firms sharing their insight

The 1999-2000 Growth Builders Report, a management tool that delves into a wide range of important topics on the minds of Ontario's CEOs of leading growth firms at the Wisdom Exchange, has just been released.

Peter Pekos, President of Dalton Chemical Laboratories, is one of Ontario's powerful job creators who shared his vision and viewpoint with other CEOs.

"We are absolutely committed to growth," Pekos said. "One of the things I strongly believe is that if you're not growing, you're dying. Business is an attrition thing: you replace business that you lose; you also seek new business to try and build."

Hosted last fall by the Ministry of Economic Development and Trade in conjunction with 20 corporate sponsors, the sixth Wisdom Exchange brought together almost 200 presidents and CEOs of some of Ontario's fastest growing firms. They freely shared their ideas and knowledge about sustaining and accelerating the growth of their companies. The Growth Builders Report is a resource that records the insights and knowledge shared by these dynamic leaders at the event.

Filled with ideas that any growing business can adapt to its own circumstance, the Growth Builders Report has a point-to-point listing of defined challenges and possible solutions. The publication also includes:

- a brief look at statistical highlights drawn from an extensive study conducted by the ministry on leading growth firms province-wide;
- panel discussions by CEOs of leading growth firms;
- profiles of four of Ontario's top CEOs of leading growth firms;
- a listing of participating firms and their Web sites;
- a listing of corporate sponsors and their Web sites.

Keeping abreast of and interpreting current trends is a vital part of the process of managing a high growth firm. The Wisdom Exchange offers a valuable opportunity for such evaluation.


**Almost 200 presidents and CEOs of Ontario's fastest growing firms gathered at the sixth Wisdom Exchange. Minister Palladini was joined by (from left) Paul Godin, Founder & Chair, Bid.com International Inc.; Jim Balsillie, Chair and Co-CEO, Research in Motion Ltd., and Peter Bowie, Chair, Deloitte & Touche.**

"The lack of a board in a private company means that you are operating in a vacuum," according to Ashraf Dimitri, President of Oasis Technology Ltd. "There's nobody to mentor you or tell you the company is in trouble. You should find opportunities to mix with other CEOs like the Wisdom Exchange. It can help you benchmark your success."

Topics explored by CEOs at the Wisdom Exchange and that appear in the Growth Builders Report are:

- hiring, retaining and motivating key employees;
- how leadership styles change when a company grows;
- creative and strategic thinking;
- the advantages and disadvantages of IPO's and alliances and mergers;
- defining your market and setting a target market share;
- focusing on customers to meet their needs.

Many CEOs had financing on their minds yet they ranked access to capital as a relatively minor issue. More important is the basic foundation upon which a company is built.

The majority of CEOs said that they are in the process of learning to use the Internet. The common thread was that technology is opening up previously unheard of opportunities for developing markets but that even more impressive opportunities lie ahead.

This year's Wisdom Exchange will be held on November 2-3, 2000 in Toronto. The program will focus on sustaining competitive advantage in the e-business age.

Presidents and CEOs are invited to attend the Wisdom Exchange if they lead firms that:

- employ between 20 and 500 people or have a minimum of $2 million in annual sales;
- have a minimum growth rate of 50 percent in sales over three years; and
- maintain their global head office in Ontario.

A copy of the Growth Builders Report is available to CEOs and presidents of leading growth firms and economic development organizations through the Ministry of Economic Development and Trade, Innovation and Business Development Branch. Please direct inquiries to Ann Matyas, Senior Business Consultant, telephone: (416) 325-6748, Internet: **ann.matyas@edt.gov.on.ca**. Or visit the Web site: **www.ontario-canada.com**

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# Balanced budgets – brighter futures

"Attracting new and innovative businesses to Ontario and increasing the effectiveness of the companies that are here will create even more employment opportunities for tomorrow and increase the standard of living for all Ontarians," said Eves. To help increase competitiveness, the government-planned tax cuts include:

- Reducing the general corporate tax rate from 15.5 per cent to 8 per cent by 2005, starting with a one-point rate reduction immediately.
- Reducing the manufacturing and processing rate from 13.5 per cent to 8 per cent by 2005, starting with a one-point rate reduction immediately.
- Cutting the small business tax rate from eight per cent to four per cent by 2005, the lowest in Canada.
- Expanding the number of small businesses benefiting from Ontario's small business tax rate. This will benefit 7,500 of Ontario's growing small businesses.

The government also plans a fairer "Made-in-Ontario" personal income tax system in the 2001 tax year. It plans to create new tax brackets for Ontario, and to restore full indexation.

### Debt Reduction

- Double the promised $2 billion in debt reduction to at least $5 billion during the mandate of the government.

### Health

Health care is a top priority for Ontarians and for the government. Ontario's strong economic growth enables an investment of $22 billion in health care. Last year, the government promised to invest $22.7 billion in health care by 2003-04. This target will be achieved next year, a full two years early. Investments in health care include:

- $150 million for new information systems for transition to primary care networks.
- $100 million over four years to expand primary care.
- $1 billion invested in hospitals to accelerate capital restructuring, enhanced to $1.5 billion by partners.

### Post-secondary Education

The Ontario government is improving access so there will be a place in college or university for every qualified student who wants to obtain a post-secondary degree or diploma.

- A further $286 million will be invested through SuperBuild to expand and renew colleges and universities. Along with partners' contributions, this will mean $1.8 billion invested for more than 73,000 new student spaces – the largest capital investment in the post-secondary system in 30 years.

### Skills for Tomorrow

"We are investing in new technologies, fostering research and development activities, and ensuring that businesses have workers with skills they need to compete with the best in the world," said Eves. "We are committed to giving our young people the freedom and tools to innovate."

- Several training programs and skills development initiatives.
- Tripling the Ontario Innovation Trust to $500 million to provide research institutions with leading-edge labs and equipment.
- Doubling the Research and Development Challenge Fund to $100 million.
- $30 million annually for a new Ontario Research Performance Fund to cover costs associated with Ontario-funded research.

### Infrastructure

The Ontario government is committed to building for the future, and will invest $2.1 billion in strategic infrastructure priorities, including:

- A new SuperBuild Millennium Partnerships initiative to invest $1 billion over five years in public-private partnerships.
- $1 billion to expand and build Ontario's highway network in 2000-01.
- $300 million over five years to rebuild publicly-owned recreation, sports, cultural and tourism facilities and expand major cultural and tourism attractions.

Eves also announced that the government intends to give $1 billion of the taxpayers' money back to them. Under this plan, every Ontarian who paid personal income tax to Ontario last year will receive a dividend of up to $200 each.

"This budget clearly proves that the path we are following is the right one," said Eves.

## Economic News Highlights noted in the 2000 Ontario Budget

- At 5.7 per cent, Ontario's real economic growth in 1999 outpaced private sector predictions by 50 per cent. The Ontario economy grew faster last year than the United States, the rest of Canada, and all of the industrialized countries in the G-8.
- Ontario's real GDP is projected to grow by 4.6 per cent in 2000 and 3.1 per cent in 2001.
- Since September 1995, total employment in Ontario has risen by 701,000, almost half of all jobs created in Canada. In 1999 alone, there were 198,000 jobs created across this province, leading Ontario to experience the best two consecutive years of job creation in its history.
- The unemployment rate in Ontario has dropped from 8.7 per cent in mid-1995 to 5.6 per cent today.
- The Conference Board of Canada's index of Ontario consumer confidence has risen 37.8 per cent since the end of 1995, compared to 25.5 per cent in the rest of Canada.
- Housing starts soared 24.9 per cent in 1999, reaching a decade high of 67,235 units.
- Ontario merchandise exports jumped 13.6 per cent in 1999.

# Toronto company taking Big Apple clients by storm

**Alex Perisic (left) and Dejan Kasic work on a piece of moulding in the workshop at J.F. Gillanders. The Toronto woodworking company is finding many clients in New York City, as brokerage houses and law offices take advantage of the company's high quality product.**

Blending the warmth and richness of wood with the functionality of modern office equipment has led to new markets for J.F. Gillanders Co. Ltd., a Toronto-based company specializing in architectural woodworking.

The company, which was created in 1931 and has 150 employees, is housed in a modern, 7,700 square metre facility.

Gillanders' desks, cabinets and staircases grace a variety of client offices across North America and the Caribbean. In New York City alone, several law firms, brokerage houses and financial institutions are taking advantage of the company's custom-made products.

"Our millwork – or high-end architectural woodworking – side of the company is being driven by our clientele in New York," says Director of Marketing Drew Abbott. "The company is doing close to half of its business in the U.S., the Caribean and Bermuda."

The company also offers in-house refinishing. "We can refurbish any kind of wood a client brings to us," says Abbott. "There's no one else in Canada who does this kind of work exclusively. Instead of spending $60,000 to buy a new table, many clients look to us to refinish what they already have."

Among the firm's high-profile clients are Merrill Lynch, Payne Webber, four of the top five banks in Canada and the Guggenheim Museum in New York.

The firm's operation is a study in contrasts. In the design room, computer assisted design programs operate side-by-side with drafting tables, as the company's designers and architects often have their own favourite way of designing products, says Abbott.

On the shop floor, craftsmen working from computer-generated blueprints use traditional saws and clamps to cut and shape the wood, with the end result being a truly-handcrafted piece of furniture. Many of the craftsmen have been with the company for more than 25 years, says Abbott.

In addition to its millwork division, J.F. Gillanders operates Technology Furniture Systems (TFS), which designs and manufactures specialized furniture.

TFS's flagship product is its Global Einstein series of trading desks, which have power outlets that can accommodate several computers and provide the user with ease of access to all areas of the desk, says Abbott. J.F. Gillanders also produces the Edison Counter series for banks and other corporate institutions.

"In the workplace environment that we're seeing now, technology is very intensive. People still want to maintain some character from the wood," says Abbott. "The wood has a warmth that lends itself to the workplace."

*continued from page 6*

## Component manufacturer marks major milestones…

technology programs of universities like Waterloo, McMaster and University of Toronto, as well as Fanshawe and Sheridan community colleges.

The company currently holds 50 per cent of the domestic automotive relay market, says van Gendt., up from 3 per cent at the company's inception.

And the $100 million sales mark is "a significant milestone for a company that's been here eight years," he says, pausing before adding that "just as vital as a quality product and strong sales is our company's motto. Our motto clearly states 'At work for a better life, a better world for all,' and we hold to it. It means that we are putting 'Quality First' in all that we do, and that this basic policy is going to result in satisfied customers and in future growth opportunities."

# KFW Canada taking off with aerospace industry

With just a few employees and a lot of vision, KFW Canada has become a leading manufacturer of components for the aerospace turbine engine industry.

The company is part of Dowty Aerospace – a member of the TI group. With sister companies in Europe and the United States, KFW Canada has been experiencing a growth spurt lately.

"Over 15 years ago our major customer, Pratt and Whitney Canada approached our US division and requested they establish a company in Canada to supply parts locally," says General Manager Ed Konda. "The company reviewed a number of locations and settled on Orillia. We felt this would be an ideal location based on the proximity to Toronto and the excellent lifestyle the area provides."

The key for success in this industry is people and KFW Canada has been able to attract the best. With a beautiful tourist location and proximity to Toronto, the company has the best group of machinists and technical people needed for success.

"During the first 12 years, the company established a solid base of business. Growth was slow and methodical. The last three years, we've increased sales 53% and expect to reach 100% growth by the end of this year," says Marketing Manager Tony Audia.

The key to this success has been the ability of KFW Canada to "delight" its customers. "Price, delivery, and quality are all absolutely essential to maintain your business. Growth comes when the customer acknowledges that you can offer more than this. Our people are the core of what we do and Pratt and Whitney Canada trust them," says Audia.

KFW Canada supplies a variety of machined components to the aerospace turbine engine industry. With more than 24 computer controlled (CNC) labels and five CNC machining centres, the company can rapidly produce a variety of components from flanges and impeller housings to shroud segments and shroud housings. "Our ability to produce a variety of complex components makes us the customer's choice," says Konda.

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Comments and proposed contributions are welcomed. Please write by mail or fax.

Ontario

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