Fabricated Metal Products Manufacturing Sector Strategy
2016 - 2020
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Presented by
Regina Regional Opportunities Commission

Introduction

Over the last decade, Regina and Saskatchewan have experienced significant increase in investment, population and employment growth. This growth has been underpinned by the strength of the extractive industries (mining, energy, agriculture), which supported a wider diversification of the region’s economy. While Saskatchewan is expected to experience slower economic growth in the coming months, Regina’s diversification and value added economy ensures the city’s economy will remain competitive. The supply chains of the extractive industries act as productivity engines for the region’s economy, and enable sustained growth for the city. Through identifying the region’s strategic sectors, and supporting these productivity engines of growth, the Regina region will realize long-term economic growth.

The Regina Regional Opportunities Commission (RROC), the lead economic development agency for the City of Regina and region, has committed to build a sector development strategy to proactively serve the Regina region’s key industries. Based on preliminary consultations, and as a result of investigating the practices of some leading Canadian regional economic development organizations, RROC concluded that, the primary (and strategically important) economic development gap in the Regina region is in the area of Strategic Sector ‘Smart Growth’ that encompasses strategic/competitive intelligence and business retention and expansion.

To achieve Smart Growth, RROC needed to understand the community’s current circumstances, including where its competitive advantages lie. After reviewing varying economic development strategies the organization concluded that cities have different starting points of understanding as to which sectors will best support smart growth. Once these industry hubs are clearly identified, the city economic development leaders focus on forward thinking and developing the entire supply/value chain.

Sector Identification

There is general consensus among economists and provincial economic development leaders regarding Saskatchewan’s core economic drivers which broadly include:
In order for RROC to focus exclusively on the Regina region’s performance and sector opportunities, further research was required. A lack of reliable core quantitative data specific to the Regina Census Metropolitan Area (Regina CMA), made assessing Regina’s key sectors difficult. As such, RROC utilized a variety of primary and secondary data as well as proxy measurable to assess the following:

- Gross Domestic Product (GDP)
- Imports
- Exports
- Employment
- Sales
- Capital Expenditures

Due to the lack of information available RROC made certain assumptions as a proxy for lack of definitive data. In addition to quantitative, management undertook a qualitative review which included the potential for immediate and meaningful partnerships; and those industries where RROC might have the greatest impact in the immediate term.

Despite the data challenge the preliminary quantitative data, qualitative research and evidence suggests that the Fabricated Metal Products Manufacturing sector merited further analysis.

The Fabricated Metal Products Manufacturing (FMPM) Sector in Regina

Despite the perception of Regina as a primarily public sector economy, the CMA boasts a surprisingly diversified manufacturing sector including the Fabricated Metal Products Manufacturing (FMPM) industry with 1,760 employees, $369.9 million in sales and a GDP contribution of $219.4M. The FMPM sector is a major contributor to Regina’s economy and recognized as part of the clusters driving growth in the region. When combined with the Machinery and Equipment Manufacturing and Primary Metal Manufacturing sectors, the total GDP contribution reaches up to $850 million. The sector clearly benefits from its strong linkage to other sectors and to the three core engines of the Saskatchewan economy: Agriculture, Oil & Gas, and Mining & Minerals; however, there is still room for diversification, increased productivity and expansion.

Regina is home to several internationally recognized companies that provide the metal fabrication industry with an excellent place from which to grow. Among these companies we
have: Dumur Industries, Dutch Industries, Dyna Industrial, Brandt, Evraz, Wilkinson Steel, etc. These companies serve a wide arrange of other sectors in particular the machinery and equipment Manufacturing, mining and oil services and construction sectors. As a key component of other supply chains, the FMPM sector has the potential to expand its opportunities, build additional capacity, and foster increased competitiveness and productivity for Regina’s economy.

After establishing the importance of the sector’s contribution to Regina’s economy and given the potential for becoming a world leading cluster, RROC ascertained that further analysis of the FMPM sector’s supply chain was warranted.

RROC partnered with the University of Regina, to complete a supply chain analysis of the FMPM sector in Regina to identify current gaps and opportunities. What emerged was a picture of a well-functioning, highly-interrelated supply chain with a wide range of different companies that served a wide range of industry verticals. Still, the companies in the supply chain are tightly integrated and influenced by their customers in the resource and construction sectors.

Fabricated Metal Products Manufacturing Supply Chain

The analysis didn’t find any challenges in the supply chain that would be considered critical enough to threaten the industry but found some ongoing needs that could be addressed through the region’s economic development strategies. Specifically, the study found that:
Finding and retaining employees is an ongoing challenge for supply chain participants; Distribution of goods in and around Canada is good but many of the supply chain participants experienced issues when accessing foreign markets, such as delays in shipping or costs that reduced their competitiveness in foreign markets; and Regina’s metal manufacturing sector will function more efficiently after it grows to a size that justifies some of the specialized services that are only currently available in larger markets. Despite the strength of the sector, the industry has capacity and room to grown, which can most efficiently be realized by diversifying its customer base, and providing greater Saskatchewan content into the province’s extractive industries.

Overall, the FMPM supply chain is made up of sophisticated, self-sufficient companies that have demonstrated their ability to build successful businesses in this region and to export their products abroad. The continued success of the companies in this supply chain is essential to the ongoing growth and development of the Regina CMA and the programs, services, and supports that are contemplated should consider these areas of need.

**Strengthening the FMPM Sector**

Sector development strategies have been successfully implemented in numerous regions to enable local businesses to be more competitive through innovation, productivity, and efficient supply chains. Sector growth can also be achieved through a cluster approach, which encourages diversification and collaboration as it interrelates with other sectors and draws from various supporting services. This cross-sectoral activity helps businesses diversify and easily identify emerging fields of opportunity.

According to Ifor Ffowcs-Williams, sector development expert and CEO of Cluster Navigators, in order for a sector to be successful and grow, the following system is needed:

- **Core Firms:** Have the competitiveness to service customers located beyond the cluster’s functional region. They are well connected to global value chains; encourage competition but also a culture of collaboration; collaboration goals are based on input costs and adding value and continuous innovation through new firms, new markets, technologies, etc.
- **Support Firms:** This category includes a range of suppliers such as raw materials, machinery, packaging, etc; as well as service suppliers: banks, transport and logistics, storage, legal firms, etc.
- **Soft, Social Infrastructure:** This is built by a range of actors that may include: government departments responsible for: Economic Development, Industry, Trade, Science and Technology, Rural Development, etc; Also universities and tertiary institutions, technical training, trade unions, chambers of commerce, industry associations, etc.
- **Hard, Physical Infrastructure:** Formed by transport links, communication links, fresh water, water treatment, waste management services, incubators, industry parks, industrial land, etc.
RROC’s sector development approach focuses on strengthening all four components in order to support the growth of not only FMPM companies, but also of those which serve the sector. For this, RROC has created a strategic framework that details why, how and in what capacity the organization is committed to contribute to the expansion of the FMPM sector.

**Strategic Framework**

After analyzing the FMPM sector, RROC formalized a collaborative plan with industry, academia and additional key stakeholders to identify a number of critical components required to build a strategic framework which would serve the industry’s needs. As a result, RROC’s FMPM sector strategy is based on the following major areas:

### Building the Foundation

**Internal Capacity**

As RROC prepares to take on a sector development strategy, there will be the need to have a strong pool of resources to pull from in order to accomplish the targets established. Therefore, building strong internal capacity and maintaining strong partnerships is fundamental to the sector strategy.

**Partnerships**

In order to avoid a duplication of efforts and/or gaps in the soft, social infrastructure which serves the sector, RROC seeks to create a more coordinated support system. Partners will contribute to the delivery of programming and support initiatives through either in-kind or monetary value and, in some cases partners may lead the delivery of specific tasks and see to the successful completion of the projects.

### Key Pillars

**Intelligence**

Throughout the analysis of the sector, a significant gap in the provision of strategic and competitive intelligence (SCI) to businesses in the Regina region was identified. SCI is an essential tool for making better informed decisions regarding business growth and expansion. RROC’s new strategic direction addresses the need of accessing relevant and timely
intelligence by aggregating, analyzing and disseminating such information and ensuring all research efforts are industry led.

**Business Development**

A successful approach to Economic Development should include: promoting local growth, attracting investment and supporting entrepreneurial development. All three components contribute to ensuring sustainable employment and economic growth. However, evidence suggests that the majority of employment and economic growth occurs organically through business growth/expansions and start-ups.

In order to help businesses grow, RROC has selected three main areas where the organization can support the continuous development of local companies: diversification, education & training and advocacy. Initiatives related to these areas will be consistent with industry needs, and evolve as required. In addition to these, RROC is committed to promote a culture of innovation and entrepreneurship in the community highlighting potential business opportunities in Regina’s key sectors and their supply chains.

**Infrastructure**

The infrastructure pillar refers to the already mentioned “hard, physical infrastructure”. An efficient and well-functioning transportation and logistics infrastructure is crucial to businesses development. Access to market, sourcing inputs and labour, and accessing a company’s own supply chain is predicated on efficient transportation and logistics networks.

The need for a common voice for the businesses involved in the sector was identified by industry. Hence RROC will prioritize analyzing and advocating for improvements and effective investment in infrastructure in Saskatchewan.

**Labour Market Support**

Manufacturing sectors are quite sensitive to labour availability as well as innovation and technology. A series of issues have been pointed out through our research that indicate a lack of awareness of available programs, quality of training levels and access to mid and high-level management talent. RROC will work toward linking academia with the business community in order to create additional support for industry, availability of mid and high-leve talent, and addressing employment needs.

**The Outcome**

**Business Growth and Expansion**

The importance of the FMPM sector to Regina’s economy is established. RROC’s Board of Directors, team of economic development professionals, and partner in the City of Regina, are committed to the long term growth of the FMPM sector.
RROC’s strategy is built on a framework of collaboration focused on creating internal capacity, fostering community partnerships and promoting a cross-sector network of businesses. RROC intends to showcase the quality of entrepreneurship that the FMPM sector has demonstrated throughout the years, by engaging businesses, community leaders and partners to enhance alignment of efforts towards developing the sectors in Regina that have an advantage.

Through RROC’s organizational alliances and internal alignment of resources, RROC will prioritize serving existing FMPM firms in the Regina CMA, and will focus on initiatives which grow local businesses. Additionally, RROC will leverage the organization’s entrepreneurship and investment attraction strategies in order to meet the needs of the FMPM industrial ecosystem.

RROC’s FMPM Sector Strategy is a living document focused on partnerships, internal capacity, intelligence, business growth and expansion, infrastructure, and labour market support. By focusing on these priorities and partnering with industry and other key stakeholders, RROC will seek to advance increased sales, employment growth, new business start-ups, and industry diversification in the FMPM sector.
Strategy – Action Areas

The strategy includes action items where RROC will play an integral role and execute support programs and services, as well as items where RROC will seek the participation of partners to advance industry requirements. In some cases RROC will act as a broker, advocate and collaborator, and in all cases, RROC will be guided by industry need, input, and will adjust our strategy when appropriate to proactively serve industry. Effective sector strategies should be flexible, fluid and fundamentally informed by industry. RROC’s FMPM strategy is a living document, which may change if required by industry and RROC’s stakeholders.

Building a Strong Foundation

Internal Capacity

Action areas

- RROC will fully resource a Strategic and Competitive Intelligence Unit that will provide:
  - Key information on the sector’s performance and trends
  - Intelligence aimed at understanding competitiveness challenges and advantages
  - Market information for companies to make better informed decisions
- RROC will assign a full time employee to carry out the sector strategy for the FMPM and Machinery and Equipment Manufacturing sectors.
  - Due to the significant overlap between these two sectors one full time employee will coordinate programming and initiatives for both sectors.
  - A full time employee will only be assigned to this role as long as there’s the requirement for it. As an industry-led role, there should be enough support from industry to continue to have a designated staff person to work on the development of any projects.
- RROC will perform an annual review of implemented initiatives in order to ensure effectiveness, relevance and need for adjustments.
  - In order to ensure efficient programming, RROC will continue to review any projects or initiatives that are part of this strategy.
  - The present document is a living plan, which is expected to change to meet industry requirements.
  - Yearly reports will be produced to inform on progress, adjustments and/or any other action items relevant to the present strategy.
Partnerships

Action areas

• Strategically partner with the Canadian Manufacturers and Exporters (CME) Association to advance the Manufacturing 2025 Action Plan, to grow Saskatchewan manufacturing sales to $25 billion by 2025.
  o RROC will assist CME with surveying stakeholders, outreach, inform the strategic direction, foster awareness of the plan, and advocate advancing its action items.
• Strategically partner with the Saskatchewan Industrial and Mining Suppliers Association (SIMSA) to increase out-reach and development opportunities through their channels. As part of this partnership, RROC will:
  o Work with SIMSA members to increase Saskatchewan content in the province’s key industries through the provision of intelligence, hosting seminars, pathfinding, and general advocacy.
  o Assist SIMSA’s members in diversifying the industries they serve.
  o Share intelligence and contacts in a reciprocal way and, where appropriate align programing and services to advance the FMPM sector.
• Strategically identify and partner with industry, academia, government and other relevant stakeholders to advance the FMPM sector.

Key Pillars

Intelligence

Action areas

• Author and disseminate a bi-annual metal fabrication/equipment manufacturing Strategic and Competitive Intelligence Brief.
  o Contains a major projects inventory; economic data and analysis of information pertinent to the sector; a risk/opportunity forecast of emerging market and sector trends.
• Be the aggregator of information relevant to the sector and share it when appropriate
  o Where appropriate, align intelligence gathering with the needs of key industry partners.
• In collaboration with First Nation’s University, analyze best practices of First Nation’s and Metis investment, joint ventures and employment participation in Regina’s key sectors.
• Author and distribute a Manufacturing Jurisdictional Advantage Report detailing Regina’s competitive advantage as it relates to:
  o Labour, taxation and regulatory regime; transportation and logistics; land; access to markets; labour; management; industrial ecosystem; etc..
Business Development

Action Areas:

- In line with the economic gardening principle, support the growth and expansion of the FMPM sector by facilitating industry diversification through:
  - Supporting better access to major projects in Saskatchewan through awareness and education on procurement processes, early opportunity identification and pathfinding services.
  - Assist FMPM companies to work in multiple verticals through:
    - Intelligence
    - Pathfinding
    - Seminars
    - Advocacy
- RROC’s Investment Attraction Strategy will be complimentary to local growth initiatives and will assist in addressing identified supply chain gaps within the sector and/or the industries served.
- RROC’s Events, Conventions and Tradeshows (ECT) sector team will attract events that support the FMPM sector through training and/or business development opportunities.
  - The selection of such events will be informed by industry and government partners.
- RROC will promote innovation and capacity building opportunities.

Infrastructure

Action areas

- Lead an analysis of specific transportation issues faced by FMPM sector to understand the appropriate support required.
  - RROC will seek to advocate for advancing solutions.
- Work with the City of Regina to explore opportunities and alternatives to ensure the availability of serviced industrial land.

Labour Market Support

Action areas

- Increase access to and awareness of existing programs that provide support for training employees and transitioning to the work environment.
- In collaboration with identified partners, to foster increased interest in careers in the FMPM sector.
  - Create awareness of career opportunities through branding
  - RROC will allocate a senior manager to sit on the Regina District Industry Education Council’s (RDIEC) Board of Directors, and advance RDIEC programs
to better align secondary students with employment opportunities in Regina, especially as it relates to RROC’s key sectors.

- Link industry with local talent
  - RROC and FNUC collaborate on an internship program, to place FNUC business students into RROC’s strategic sectors.
  - RROC will advance labour market attraction initiatives in the FMPM sector including, but not limited to, trade shows, high school and post-secondary outreach, and promotional initiatives.
  - Foster increased Co-op opportunities in the FMPM sector.
  - Support Regina Chamber of Commerce and other community partner’s labour efforts on labour market attraction initiatives.

The Outcome

Business Growth and Expansion

2020 Targets

Economic development organizations are not directly responsible for the economic results in any sector. RROC cannot solely foster increased competiveness and productivity in the FMPM sector, nor should it take credit or be held solely responsible when the industry grows or contracts. Leading economic development agencies do set targets, benchmark and track industry growth, and align their programs and services to foster growth. In order to achieve this, RROC has set a strategic map for 2020 where demonstrates the commitment to grow the sector. In accordance to RROC’s 2020 strategic map and the FMPM Sector Strategy, RROC’s team of professionals will partner with industry to advance and track progress of the following targets:

**Target 1** – In partnership with CME, increase sales in the FMPM sector in contribution to their target of increasing Manufacturing sales to $25 Billion by 2025 (from $16.5 Billion).

**Target 2** – Increase employment by one third (from 1,760 to 2,346 employees) in the FMPM sector by 2020.

**Target 3** – Increase awareness and appreciation of the economic impact of the FMPM sector in the Regina region.

**Target 4** – Foster new business start-ups, investment and growth in the FMPM supply chain.

**Target 5** – Increase labour market participation of First Nations Metis, women, new Canadians, and other underrepresented components of the labour force.

**Target 6** – Increase the percentage of Regina region’s value added inputs into the energy, mining and public work sectors, and foster greater diversification FMPM sector markets.