

Speech to the Greater Sudbury Chamber of
Commerce

Accelerating Growth

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Good afternoon, ladies and gentlemen, and thank you [name] for that kind introduction. It's great to be here today, especially to speak on a topic that is interesting, complex, and very important for Sudbury—and for BDC as well.

Thanks also to the Greater Sudbury Chamber of Commerce for inviting me here today. I understand that many distinguished individuals have occupied this podium in the past, and I'm honoured to be included in such a group.

I want to publicly thank the Greater Sudbury Chamber of Commerce for the active role they play in the community and for their strong partnership and collaboration with BDC over many years.

I want to begin by saying congratulations to Sudbury on the occasion of your 125th anniversary! Milestones like this provide an excellent opportunity to reflect on what is going on and how far you really have come in the last few decades.

BDC also has an approaching milestone. When we opened the 12th branch of the Bank, which was known as the Industrial Development Bank at the time, it was here in Sudbury, Ontario in June 1960. So our Vice President, Mark MacKenzie, and his team look forward to our celebration with you in 2010.

Right now, you're on the threshold of a boom in base metals and mining that really has no end in sight. Infrastructure development and urbanization in the populous countries of Asia could keep world demand and metal prices high for the next 20 or 30 years—and then you're left with a new consumer market of about 3 billion people.

The future looks especially bright for Sudbury, because you did a good job of diversifying your economy when times were not as good. You

attracted health services, tax services, tourism, communications and other industries that has given your economy a broader, more stable base. When you look back on the '80s, which was when I lived in Northern Ontario for 8 years, and the '90s, I think this current situation in many ways, is what you were working toward.

And now, I'm here to talk about a by-product of that success—the shortage of skilled workers and what that means to Sudbury's small to medium-sized enterprises. I found the wording on the advertisement for this event very interesting, because it makes a good benchmark for analyzing the situation. It reads...

Have you thought about the expanding economy and retiring workforce and how it's resulting in a shortage of skilled workers? Many workers left Sudbury five or more years ago before the boom. The results are high demands from a limited workforce, and this includes higher wages and expectations from workers. Big mining entities are

absorbing all the available skilled workers. Small and medium-sized companies are left short. What to do?

There's a lot in these few words. It talks about people who left, and people who are retiring. It talks about the intentions of the workers who remain, and the intentions of the big mining companies—and then it wraps up everything with a big question: What to do?

Fair comment, all. It's a real inside look at this community and what it's going through. But as an outsider looking in, all I can think is: this is a long term issue. Take it on as a challenge, rather than a problem. This is a by-product of good times, not bad, and Sudbury is a town that truly knows what lean years are like. There's a lot that can be done, and I'll get to that in a minute.

Without pointing fingers at anyone, maybe we can frame this initial part of the discussion in terms of questions around roles and responsibilities. What is the responsibility of the large employers in the community to their supply chains? Can they

responsibly expect ~~this~~ their supply chain to continue to be one of their strengths if they seek to hire its workforce? What is the role and responsibility of the business community at large, which is primarily small and medium-sized companies, and its representative organizations, to advocate on behalf of that supply chain to the larger employers? What is the role of municipal government and other elected officials, in bringing stability to the local workforce and marketplace? Where do academic and training institutions fit into this discussion? Interesting questions for you to consider but let's not forget that the mining companies are still the backbone of the economy because they support mining supply and services companies and local commerce. I think they will do what they feel they have to in their circumstances, especially now with foreign ownership.

Mining companies employ a much smaller proportion of the workforce in Sudbury than they used to. The Sudbury Star says that Inco and Falconbridge together employed 25,000 people in 1971. Today,

Vale Inco and Xstrata together employ fewer than 6,000 workers, leaving lots more left over for other businesses. On top of that, mining is becoming less labour intensive all the time, and mining companies will use the price boom to mechanize and automate as much as possible. I believe this will help contain their future need for workers.

Finally, mining companies are not the only large employers in town any more. For example, the second-largest employer in Sudbury is the Regional Hospital, with only 1200 fewer workers than Vale Inco. Xstrata is now the fourth-largest employer.

The ad also refers to high demands from a limited workforce, including higher wages and expectations from workers. I don't have the community experience to really comment on this, but I would be interested in knowing the extent of the problem that has developed. Maybe some of you can fill me in at lunch.

That's all I'm going to say about the community situation, because I want to focus my talk today on

what I believe can be done and should be done to build up the Sudbury workforce for the long term. My ideas fall into two categories. Category one— attracting people to work for small to medium-sized enterprises in Sudbury. And category two—retaining workers in the employment of small to medium-sized enterprises in Sudbury.

[take sip of water to create pause between sections]

So let's explore category one, attracting those workers. It might surprise you, but I'm going to start in Sudbury itself and work outward from there.

It's common knowledge that a lot of mining employees are scheduled to retire over the next ten years—close to 25% according to one source. The forecasts make it sound like these people are going to disappear from the face of the earth, but the truth is that many people have a different idea of retirement than they used to. A certain proportion of these retirees, perhaps even a high proportion, could be enticed to work part time or contract positions.

They have the advantage of mining experience and contacts within the companies.

Younger, full-time workers will also be needed. I'm sure I'm not the first to think of this, but Sudbury's post-secondary institutions bring large numbers of students from other parts of the province and the country into the community. The students at Cambrian, Laurentian, and Boreal become familiar with the community and often develop an attachment. Many will go back where they came from, but Sudbury companies at least have first crack at offering them jobs when they graduate—and some will be interested. Offering weekend and summer employment could help them make that decision to stay.

Now, let's talk about those who moved away during the lean years. Would they be interested in moving back for quality of life, or cost of living? It's reasonable to believe that many of these people were young, perhaps students, who went to the larger cities for opportunity. Now their housing costs

are sky high, their commutes may be long, and their greater opportunity for disposable income may be back in Sudbury. Mom and dad, get on the phone and make sure the kids know how good life is right now in the home town.

I'm sure many of you have heard the shocking news that Ontario is close to being a 'have-not' province—in other words, receiving transfer payments from other provinces rather than sending them as we always have. People in the Sudbury economy are certainly seeing a different picture than the rest of Ontario, but sectors other than mining are really hurting. The closest one to Sudbury, geographically, is the forestry industry. I think many workers have been enticed to leave forestry, and more will follow. The major sector that's hurting in Ontario right now is manufacturing. Automotive cities like Windsor, St. Catherines and Oshawa now have excess workers who may be interested in Sudbury's prosperity.

I want to go a little farther afield right now, and talk about Alberta. The situation in Alberta is similar in

many ways to what is going on in Sudbury. Their boom is commodity-based, for example, and they are facing tremendous shortages of skilled workers. But there are some important differences too. I think Sudbury has the advantage of a 'softer' boom, and by that I mean that the mining boom doesn't have all the publicity that the oil boom has. You can track the daily price of oil on national news broadcasts, but you have to go looking for the price of nickel or copper. Consumers are directly affected by oil prices at the gas pump, but they aren't directly affected by metal prices.

The oil boom in Alberta has pulled workers from all over Canada, but it's also created a 'gold rush' mentality where the costs for everyday living expenses like rents, groceries, and so on, have gone through the roof. So workers may be making a lot, but they're also spending a lot—and this doesn't encourage them to stay. Sudbury has the opportunity now to work at enlarging its labour force from this pool of labour in a sustainable way, with people who want to stay and contribute to the

community. I believe this is an opportunity to be explored by the community at large.

One problem Alberta and Sudbury have shared is that immigrants to Canada are not reaching their labour forces. Canada brings in as many as 225,000 immigrants each year, and most of them stick in Toronto, Montreal and Vancouver where they believe the employment opportunities are. Many of these immigrants are well educated, and for the first time, the group of South Asians is becoming larger than the group of East Asians. What this means, in practical terms, is that more immigrants are arriving already knowing how to speak English, which makes them more employable.

Alberta was facing such labour problems that it lobbied the federal immigration department to fast-track the skilled workers it needed. The result was the Alberta Provincial Nominee Program, or PNP. Under the Alberta PNP, employers tell the provincial government which kinds of workers they are unable to find. Alberta 'nominates' individuals outside of

Canada with these skills, and their families become eligible to apply for a permanent resident visa.

Ontario started a pilot PNP in 2007 that just wrapped up earlier this month and is in the process of being evaluated. This is another important piece of the puzzle for Sudbury businesses to keep an eye on as the boom continues.

I don't think for a minute that any one of these strategies is the magic solution for Sudbury, but a little bit of all of them could make a real difference. As I said, I think sustainable growth in the labour force should be the objective, rather than a transient group that will surely create other kinds of problems.

[\[take sip of water to create pause between sections\]](#)

Now I'd like to shift gears and talk about category two that I mentioned a few minutes back—retaining workers in the employment of small to medium-sized enterprises in Sudbury. What if you do manage to attract new workers to Sudbury, and then a mining company steps up and offers them more money? Is there a way to defend against that?

In fact, there is. The truth is that today's workers are not motivated purely by money. Not everyone wants to work for a big organization, with its politics, policies and procedures, pecking order and other details. They might want to work for your smaller company where their contribution makes a bigger difference, the team feeling is stronger, and things can be a little more flexible. The thing you've got to do is make it difficult for them to leave by being the best employer you can be.

This is not an area where small and medium-sized enterprises have traditionally excelled. Entrepreneurs don't go into business to be experts at human resources—they generally get involved because they see an opportunity and have the skills to make it work. **But being a better employer is something you can learn.** It could entail establishing proper job descriptions, developing a consistent and fair performance management system, providing opportunities for further education as some examples and it's also an area where BDC consulting can help you.

Big companies can offer workers advantages like pensions and benefits, and you may need to consider scaled-down versions of these in order to be competitive. But rather than broach these more detailed issues now, I want to talk about a concept that's actually simpler than all the rest.

That concept is something called employee 'engagement'. An 'engaged' employee is one who will speak positively about the organization to co-workers, potential employees and clients. He or she will have an intense desire to be a member of the organization, and direct efforts to doing the very best job that contributes to the organization's success.

Sound like a dream? Actually, it's a goal.

Organizations now measure employee engagement through confidential surveys and interviews, and try different programs to raise their overall levels of engagement. And in the process, they have found a few surprises.

Big surprise—the factor that has the greatest bearing on engagement is an employee’s individual relationship with his or her boss. This is the major determinant of an employee’s sense of fit, self-worth, and connection with the organization. So, it turns out that one of the most important parts of being an employer is well within your control. You just have to find ways to become a better boss.

Innovative approaches to engaging employees will be important for every Canadian company in the future. Because Canada’s labour shortage is becoming more generalized and more severe, there will come a day when Canadian employees do realize how valuable they have become; in fact, our youngest generation of employees is already showing they are quite aware of that fact. When talent becomes painfully difficult to replace, all companies will want to have a framework in place to support employee engagement.

I am reaching the limits of my time now, so I’d like to wrap up by summarizing my main points.

Number one—enjoy the good fortune and prosperity that has come your way. You've worked hard for it. I don't believe that looking at this situation as a problem and pointing fingers will benefit anyone.

Instead, I think that a little creativity and persistence can go a long way to increasing the workforce in a sustainable way. With all of the players in the community pulling together, this can be dealt with.

Number two—get your fingers in a lot of pies when it comes to looking for additional workers. There isn't one magic solution out there, but I believe there are a lot of little contributing solutions.

Number three—invest some time in being a better employer so you can retain the workers you have. Becoming a better boss is perhaps the most effective place to start. Our BDC consultants in Sudbury office understand how HR fits with small to medium-sized business, and they would be pleased to help you out.

Thanks for inviting me here today. I've enjoyed myself immensely, and I'm looking forward to meeting many of you at lunch. Thanks again.