

Engage SMEs in the Design, Testing and Communications of Federal Programs Designed for Them

Issue

The theme of innovation permeates the 2017 Federal Budget and several initiatives are announced in it in the name of assisting innovative Canadian businesses. The federal government states under the budget's Skills and Innovation Plan that its objective is to, "Double the number of high-growth companies in Canada, particularly in the digital, clean technology and health technology sectors, from 14,000 to 28,000 by 2025."¹

These programs are welcomed and reflect the advocacy of the Canadian Chamber of Commerce and its members to provide Canadian companies with tools to grow here and abroad. However, aside from the financial commitments associated with each, there are few – any – details on how these initiatives will be developed and when they will be implemented.

Background

While innovation exists in firms of all sizes, Canada's SMEs (firms with fewer than 500 employees) punch above their weight in their contribution to our economy. Just over 7 per cent of Canada's SMEs (which provide nearly 90% of private sector jobs) are "high-growth" (measured by revenue, 3.4 per cent based on employment), yet Innovation, Science and Economic Development Canada found they created more than 95 per cent of new jobs from 2005-2015².

In Budget 2017, the federal government acknowledges that its "vast array" of programs to support business innovation can be difficult to navigate. As recommended by the Advisory Council on Economic Growth in its February 2017 report, the federal government commits in the budget to "coordinate and simplify the support available to Canada's innovators" under a new Innovation Canada platform falling under Innovation, Science and Economic Development (ISED) Canada. This has been a long-standing "ask" of the Canadian Chamber of Commerce. In addition to being a "one-stop-shop" for the federal government's "simplified suite of innovation programs, the Innovation Canada platform promises to set growth targets for innovators, identify sector-specific³ challenges and "bottlenecks" to innovation.

Innovative Solutions Canada – also recommended by the Advisory Council on Economic Growth and announced in the 2017 federal budget – was applauded by the Canadian Chamber of Commerce. This strategic procurement program will give more small, innovative companies that first, critical customer – the federal government no less – making it much easier to grow in Canada and abroad. Modelled on the U.S. government's Small Business Innovation and Research (SBIR) program, Innovative Solutions Canada would set aside a yet-to-be determined percentage of federal procurement for early-stage research and development, late-stage prototypes and other goods and services from Canadian innovators and entrepreneurs. \$50 million has been committed to the administration of this program over the next five years.

These programs are but two of the announcements in Budget 2017 that have lofty ambitions, but little detail. On the positive side, given these programs have not yet taken shape, there is an opportunity for the businesses they are intended to assist to participate in their development. This would ensure that once they are launched, they are best positioned to meet their objectives.

¹ Building a Strong Middle Class, Budget 2017, March 22, 2017, pg. 44

² Key Small Business Statistics, Innovation, Science and Economic Development Canada, June 2016

³ The Innovation Canada platform will be focused on advanced manufacturing, agri-food, clean technology, digital industries, health/bio-sciences and clean resources.

Recommendation

That the federal government engage – either directly or through associations - small and medium-sized companies in the design, testing and communications planning for the Budget 2017 initiatives targeted towards them.