

Global Supply Chains Conference

February 15-16, 2006
Ottawa Marriott Hotel

Conférence sur les chaînes d'approvisionnement mondiales

15-16 février 2006
Hôtel Ottawa Marriott



Global Supply Chains Conference

February 15 and 16, 2006

The emergence of new forces affecting the Canadian economy such as global competition, falling transportation and communication costs, and technological improvements, has changed how firms organize their production into global supply chains.

For example, firms are increasingly outsourcing some of their activities to third parties, locating parts of their supply chain outside their home country, and partnering with other firms through strategic alliances and joint ventures.

The two-day *Global Supply Chains Conference* aims at examining **the growth of global supply chains, their use by Canadian corporations, and their implications for policy development.** Its objectives are to expose policymakers to the concept of global supply chains and better understand its implications for policy development.

A definition of Global Supply Chains is found at the end of this document.



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DRAFT AGENDA – DAY 1

“SETTING THE STAGE - BROAD OVERVIEW OF THE GLOBAL SUPPLY CHAIN PARADIGM”

8:30-9:00	Networking Continental Breakfast	
9:00- 9:15	Opening remarks	Chummer Farina , Director General, Industrial Analysis and Sector Services Branch, Industry Canada
9:15- 9:35	Introduction	Neil Yeates , Assistant Deputy Minister, Industry Sector, Industry Canada
9:35- 10:30	Global Supply Chain Paradigm	Timothy J. Sturgeon , Research Academic, Industrial Performance Center, Massachusetts Institute of Technology
10:30- 10:50	Health Break	
10:50- 11:45	New framework for thinking about economic space	Michael Van Pelt , President, Work Research Foundation
11:45- 12:35	Lunch (buffet)	
12:35- 13:05	Dessert/Coffee/Tea	Steve Rodgers , Vice-President, Magna International
13:15- 14:45	Conceptual vision of the supply chain paradigm	Michael Gallis , President, Michael Gallis and Associates
14:45 - 15:05	Health Break	
15:05 - 16:30	Supply chain management and logistics	Harry Caldwell , Senior Vice-President, Regal Decision Systems



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DRAFT AGENDA - DAY 2

“CANADA’S PARTICIPATION IN GLOBAL SUPPLY CHAINS AND ITS POLICY IMPLICATIONS”

- 8:00-8:30 Networking Continental Breakfast
- 8:30- 9:00 **Canada’s participation in global supply chains and its policy implications**
Peter Hall, Deputy Chief Economist, Export Development Canada
- 9:10- 10:40 **BLOC 1**
- Session A: Logistics and Supply Chain Management
- Session B: The Role of Gateways in Global Supply Chains
- Session C: Small and Medium-Sized Enterprises in Global Supply Chains
- 10:40 - 11:00 Health Break
- 11:00 - 12:30 **BLOC 2**
- Session A: Regulations: Enabling Global Supply Chain Growth Through Regulatory Renewal
- Session B: The Impact of Global Supply Chains on the Commercialization and Innovation Strategies of Firms
- Session C: Global Supply Chains and Emerging markets
- 12:30- 14:00 Lunch
- 14:10 - 15:40 **BLOC 3**
- Session A: The Social Impacts of Global Supply Chains on Skills and Consumers
- Session B: Canadian Aerospace Industry and Global Supply Chains
- Session C: Canadian Pharmaceutical Industry and Global Supply Chains
- 15:40 - 16:00 Health Break
- 16:00- 16:30 **CONCLUSION**
André Downs, Senior Project Director, Policy Research Initiative





SESSION DESCRIPTIONS

DAY 1

Global Supply Chain Paradigm

Speaker: Timothy J. Sturgeon, Research Academic, Industrial Performance Center, Massachusetts Institute of Technology

More details to come

New framework for thinking about economic space

Speaker: Michael Van Pelt, President, Work Research Foundation

The objectives of the conference are to improve our understanding of global supply chains and their implication for policy development. Before we begin this effort, however, we must first agree on a common language. Is there a new framework for thinking about economic space? What can we do with this in the reality of how we make political and investment decisions? How do we improve trade corridors in North America to enhance the supply chain and promote security?

Conceptual vision of the supply chain paradigm

Speaker: Michael Gallis, President, Michael Gallis and Associates

Global supply chains are, to a large extent, about movement of goods, people, and capital across regional blocks and time. Mapping of these movements outlines the conceptual and economic connections between trade centres, as well as the distribution channels within those centres. These thematic overlays resulted in a conceptual vision of the supply chain paradigm.

Supply chain management and logistics

Speaker: Harry Caldwell, Senior Vice-President, Regal Decision Systems

What are the implementation strategies for Canada to participate in global supply chains? This session will marry the concept of supply chain management and IT activity with infrastructure to outline some of the necessary strategies to facilitate the participation of Canadian firms in global supply chains.

DAY 2

Canada's participation in global supply chains and its policy implications

Speaker: Peter Hall, Deputy Chief Economist, Export Development Canada

More details to come





BREAKOUT SESSIONS - BLOC 1 (9:10 to 10:40)

Session A: Logistics and Supply Chain Management (in collaboration with Services Industries Branch, Industry Canada)

Chair: Alain Beaudoin, Director General, Services Industries Branch, Industry Canada

Speakers:

- 1) **David Long**, President, Supply Chain & Logistics Canada
- 2) **Beth Enslow**, Vice-President Enterprise Research, Aberdeen Group
- 3) **Stéphane Lauzon**, Senior Partner, 4L2/Alimentation Couche-Tard

The first session will deal with the key facts of supply chain competitiveness across all industrial sectors in Canada (where SCM costs are 32% of total manufacturing costs, vs. 23% in the US) and develop some key policy discussions on innovation in global supply chains. The second presentation will discuss the performance indicators of the Global Supply Chain Management Collaboration Model, which is used by industry leaders such as Wal-Mart, Dell and Toyota, as well as 90% of Fortune 1000 companies, as a key strategic tool of competitiveness. The final presentation will be a case study on competitiveness via Supply Chain Integration at Alimentation Couche-Tard, which has grown to become the #1 in Canada and the #2 in the US in the corner store sector.

Session B: The Role of Gateways in Global Supply Chains (in collaboration with Transport Canada)

Chair: Brian Bohunicky – Director General, Strategic Policy, Transport Canada

Speakers:

- 1) **David Gillen** - Professor of Transportation Policy & Director Centre for Transportation Studies, Sauder School of Business, University of British Columbia
- 2) **Mary Brooks** - Marketing and Transportation, School of Management, Dalhousie University
- 3) **Gerry Bruno** - President and CEO, Intervistas Consulting Inc.

Human and physical capital to support the movement of people and goods are concentrated in key geographic locations that we refer to as gateways. These gateways not only encompass many different aspects of infrastructure, such as ports, borders and roadways but also include key elements of logistics and supply chains management. In an era of expanding global supply chains (GSC), gateways are becoming sources of competitive advantage for many firms domestically, while their performance is increasingly linked to Canada's ability to develop global trade and financial networks. What are the economic impacts of gateways in Canada? How are gateways and corridors enabling the integration of Canada in global trade and financial networks and how can we improve these?

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Session C: Small and Medium-Sized Enterprises in Global Supply Chains (in collaboration with Small Business Policy Branch, Industry Canada)

Chair: Chris Parsley, Manager, Small Business Policy Branch, Industry Canada

Speakers:

- 1) **Carl Marcotte**, VP Small Business Development, EDC
- 2) **Donald Rumball**, Independent writer and researcher
- 3) Representative from private sector (To be determined)

The Canadian economy largely relies on SMEs to create jobs and economic growth. With global supply chains becoming a more established way of doing business, have Canadian SMEs increased their involvement in these international production networks? Which challenges do they face when they try to become part of global supply chains? Does the Government need to respond, and if so, how?



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BREAKOUT SESSIONS - BLOC 2 (11:00 to 12:30)

Session A: Regulations: Enabling Global Supply Chain Growth Through Regulatory Renewal

Chair: Val Traversy

Speakers:

- 1) **Jean-Michel Laurin**, Vice-President , Research and Public Affairs, CME
- 2) **Milos Barutciski**, Davies Ward Philipps & Vineberg
- 3) To be determined

Regulation underpins the operation of the market through property rights, commercial contracts, competition law and an array of administrative policies that require individuals and businesses to obtain permissions from federal, provincial/territorial and municipal governments before doing business in Canada. Does the current strategy for renewing Canada's regulatory regime - i.e. the Smart Regulation - help or hinder the capacity for Canadian businesses to build global supply chains?

Session B: The Impact of Global Supply Chains on the Commercialization and Innovation Strategies of Firms

Chair: **Chummer Farina** – Director General, Industrial Analysis and Sector Services Branch, Industry Canada

Speakers:

- 1) **Tony Bailetti**, Professor, Department of Systems and Computer Engineering and the Eric Sprott School of Business, Carleton University
- 2) **Isabelle Deschamps**, Vice-President, Capimont Technologies Inc.
- 3) *To be determined*

Questions/themes to be addressed would include the following. Does the global dispersion of production affect the commercialization strategies of firms and are there any key gaps within Canadian industry? How are innovation and commercialization efforts of SMEs affected by this increased global competition along the value-chain? Are Canadian technology-firms well-positioned within Global Supply Chains and how does their position affect their ability to innovate and commercialize? Are there any information gaps or asymmetries in Canada which affect firms ability to commercialize in a global context?

Session C: Global Supply Chains and Emerging markets (in collaboration with International Trade Canada)

Chair: **John Curtis**, Chief Economist, International Trade Canada

Speakers:

- 1) **Aaron Sydor**, ITCAN
- 2) **David W. Edgington**, University of British Columbia
- 3) **Dan Mancuso**, Senior Business Advisor in EDC

The first presentation will address the following questions: What are the characteristics of emerging market supply chains and what is their importance for the Canadian economy? What barriers do they face? The second presentation will discuss the emergence of financial centers in the Asia Pacific region and the impacts of emerging market economies





on Canada. The third presentation will discuss financing issues for Canadian firms that are trying to get into emerging markets.

BREAKOUT SESSIONS - BLOC 3 (14:10 to 15:40)

Session A: The Social Impacts of Global Supply Chains on Skills and Consumers

Chair: Michael Jenkin – Director General, Office of Consumer Affairs

Speakers:

- 1) **Gary Gereffi** – Professor of Sociology, Duke University
- 2) **Penny Gerstein** – University of British Columbia
- 3) **Emek Basker** - Assistant Professor, Department of Economics, University of Missouri

Questions to be addressed include: What is the impact on skills when companies participate in global supply chains? What are the implications for policy (retraining, etc.)? What are the impacts, in terms of both benefits and costs, on the consumers? Benefits include reduced prices and greater variety of goods and services; costs may include reduced quality, increased frustration (particularly in services), etc.

Session B: Canadian Aerospace Industry and Global Supply Chains (in collaboration with Aerospace, Defence, and Marine Branch, Industry Canada)

Chair: Leah Clark – Director General, Aerospace, Defence, and Marine Branch, Industry Canada

Speakers:

- 1) **Rod Jones**, Executive Director, Ontario Aerospace Council
- 2) **Steve Chalmers**, Vice-President & General Manager, Goodrich Landing Gear Division
- 3) **Graham Salt**, Sales Director, Strite Industries

The first presentation (by Rod Jones) will review global developments as they relate to the aerospace sector and the dynamics of global supply chains/networks, as well as potential strategies for Canadian firms and industry to succeed in this environment. The remaining presentations will discuss *firm perspectives* on key developments relevant to their line of activities and the associated challenges and opportunities, the kind of strategies that might be employed to adapt and thrive in the future, and their insights on possible implications for Government policy.

Session C: Canadian Pharmaceutical Industry and Global Supply Chains (in collaboration with Life Sciences Branch, Industry Canada)

Chair: Janet King, Director General, Life Sciences Branch, Industry Canada

Speakers:

- 1) **Stephan Vachon**, Professor, School of Business, Clarkson University
- 2) *Speaker to be determined*
- 3) **Gregg Szabo**, Executive Director, Corporate Affairs, Merck Frosst Canada Inc.

The first presentation will discuss global supply chains for pharmaceutical firms (biopharma, brand-name and generic), and global developments as they relate to



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innovation in the pharmaceutical sector. The second presentation will examine the issues and opportunities associated with GSCs for pharmaceutical firms, and potential strategies and/or government policies to help them move up the value chain and ensure global competitiveness. The third presentation will conclude the session with a story of a successful company that has organized its production into GSCs.



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What Are Global Supply Chains?

In recent years, factors like economic liberalization, technological progress, (e.g., ICTs, flexible manufacturing) and developments in logistics management and transportation have facilitated greater competition, creation of new markets, industry restructuring, global investments, and the formation of global supply chains (GSCs). According to the OECD,

“Global supply chains (GSCs) are worldwide networks of suppliers, manufactures, warehouses, distribution centers and retailers through which raw materials are acquired, transformed and delivered to customers. (*OECD, Supply Chains and the OECD Guidelines for Multinational Enterprises, 2002*)”

In the last 10 years, we have seen a change in how firms organize their production into global supply chains. For example, firms are increasingly outsourcing some of their activities to third-parties, locating parts of their supply chains outside their home country (offshoring), and partnering with other firms through strategic alliances and joint ventures. As such, both a firm's own 'internal' activities and those of suppliers or partners can exhibit significant geographic dispersion. These new business strategies have allowed firms to exploit external markets and global differences in factors such as production costs, business environments, and resource endowments (financial, natural or human), as well as specialize on “core” competencies (vertical specialization) to sustain their comparative advantage. While degrees of specialization vary between industries, most firms must to some extent rely on other firms as providers of intermediate inputs and supporting services, (eg: research & engineering services, accounting, marketing & sales services), and/or as clients. Together, such linkages within and amongst firms can form complex value or global supply-chains.

While often associated with manufacturing and production, global supply chains exist and are important in both services and goods industries. Furthermore, many GSCs also reflect the increasing globalization of S&T/R&D as firms seek to customize goods and services to external markets, distribute innovation risks across supply chain partners, and to access foreign S&T capabilities to improve competitiveness through innovation. Hence, GSCs can involve not only complex global production and distribution chains, but also dynamic global knowledge networks.

The ability of Canadian firms and industries to adapt to global change, to move up value-chains, and to access, develop, and manage competitiveness enhancing GSC network activities will be key to their future competitiveness and long-term economic viability. As such, Government policy makers must develop a solid understanding of developments in GSCs and their economic implications for Canada. In addition, Government's policies must reflect the evolving realities of today's global supply chains to facilitate the necessary adaptation by firms and industries to be competitive not only in Canada, but globally as well.

