

## Market Pull Innovation Needed to Close Innovation Gap

### ***Market pull is needed to close innovation gap***

*Telegraph Journal, Letters to the Editor, Published May 7, 2010*

Re: "Close the gap in innovation," May 6

It is encouraging to see more discussion about innovation. Effective innovation is crucial to a vibrant economy, resulting in a growing urgency for Canada to improve its innovation performance.

The federal government has recognized the significance of innovation with initiatives such as Canada's Innovation Strategy. After a decade of multi-billion dollar annual investments, there is widespread agreement that the "innovation gap" has failed to close. Given the urgency for effective innovation, the substantial investments and the continued poor performance, it is time to adjust our strategy.

A clever definition of invention is the conversion of cash into ideas. Canada receives high marks for prolific idea generation. Conversely, innovation can be defined as the conversion of ideas into cash; this is where Canada is under performing.

A flaw in Canada's innovation strategy is its focus on invention, rather than innovation. Invention is associated with technology push. The inventor pursues curiosity-driven ideas, occasionally has a Eureka! moment and presents the discovery to the marketplace in pursuit of commercialization. This is a difficult process, and the frequent failures have resulted in characterizations such as "death valley."

Market pull holds better potential. It occurs when the marketplace identifies a need or an opportunity and researchers are engaged to develop solutions. When successful, the pre-existing market demand helps to overcome "death valley." Ideas are converted into cash.

We must abandon our myopic innovation strategy in favour of a balanced approach, including enhanced initiatives to stimulate market-pull innovation opportunities.

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### ***Close the gap (in innovation)***

*Telegraph Journal, Published Thursday May 6th, 2010*

Craig Alexander, the chief economist of TD Economics, warns that there is a "deep structural problem" in Canada's economy - a concern that echoes recent conclusions by other analysts.

The problem is Canada's poor record on productivity and technological development. There isn't enough scientific education, innovation, or business development taking place. The result will be an inexorable slide in Canada's standard of living, compared to other nations.

This should be of particular concern in New Brunswick.

In recent years, there has been much talk about improving New Brunswick's performance, from education to economic development. There has even been some improvement, particularly in student skills. But it has become customary to benchmark results against other provinces, without reference to the world. That's a problem.

Given the relatively low productivity of even the strongest Canadian provinces, New Brunswick must aim higher - in education, in economic development, in the challenges businesses set for themselves. The competition isn't in Ontario and Quebec any more, it's in China, South Korea, and any country that has realized knowledge is the key to an economy based on information and technology.

A recent ranking of the world's most innovative companies by Bloomberg Businessweek illustrates this point. It included five firms from China, three from South Korea, and just one from Canada.

Readers of the Telegraph-Journal's Business and Innovate sections know there are companies in this province doing amazing things, with applications to medicine, engineering, aerospace and telecommunications. But the modest size of the businesses engaged in these endeavours reflects Canada's national business profile: few of the firms on the front line of innovation are growing to world-class size.

Some of the reasons why are readily apparent.

Enrolment in computer science and engineering programs has dropped, and with it, the number of highly skilled graduates who generate and refine innovation.

Capital markets are poorly developed - the consequence of a charter banking system that allows banks to play in global markets while neglecting businesses at home.

Decades of government intervention to make up for the lack of capital, through granting agencies such as ACOA, have created an economy where entrepreneurs chase public funding rather than seeking private investment in sound, commercially viable proposals.

These trends can be changed, but it's going to take the creation of a new, can-do, entrepreneurial culture - one based on competition with the best in the world.

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### **About RPC**

RPC is New Brunswick's provincial research organization (PRO), an independent contract research and development and technical services organization located in Fredericton, NB. RPC's complement of 100 scientists, engineers and technologists are supported by a 13,000 sq. meter facility housing world-class analytical chemistry and material-testing laboratories, comprehensive life science capabilities, an internationally recognized fish health lab, extensive prototype design, manufacturing and testing services, and a wide variety of pilot facilities for the development and improvement of industrial and environmental processes and products.

RPC is accredited by various organizations including the Standards Council of Canada (SCC) and is ISO 9001:2008 certified. Further information about RPC's services is available from [www.rpc.ca](http://www.rpc.ca).

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