



Common Legacies: Lessons from the “Mature” ONRIS Industries

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The ONRIS “Mature” Industries:

- ✦ Aerospace
- ✦ Automotive parts
- ✦ Mining
- ✦ Steel



Gertler's Five "L"s

Learning

Leadership

Labour

Location

Lessons for Law/Policy Makers



Prefaced by a sixth “L” ...

“Legacies”

Common Legacies

“Internal” or Industry-Based Legacies

- ✦ Vertical Production Systems
- ✦ Simple “Supplier” Mentality among Tier 1-2-3 (as opposed to a more complex and innovative approach toward production)

“External” or Public Policy Legacies

- ✦ University, college, programmatic gaps between firms and the public sector

“L” #1: Learning and Shifting Production Processes

From vertical to horizontal production:

- OEMs download manufacturing responsibilities
- Suppliers must be highly absorptive of new codified knowledge
- Suppliers require greater in-house KNOW-HOW innovation capabilities
- Tiers 1-2-3 suppliers required to have more interaction with each other and OEMs than before

“L” #2: Leadership

- ✦ Variance from industry to industry
- ✦ Variance between different tiers within a single industry

“L” #3: Labour

- ✦ Greatest common problem: serious shortage of skilled workers
- ✦ Main “external” factor impairing transition: disconnect between mature industries and post-sec education system and government research institutions

“L” #4: The Location of Production

- ☀ QUESTION: Clusters? Innovation systems? All of the above?
- ☀ ANSWER: It depends on the *level of knowledge* in question
 - ☀ R&D: Global innovation systems
 - ☀ Tacit Know-How: Very significant clustering patterns in Windsor, Golden Horseshoe/GTA, Sudbury, Montreal

“L” #5: Lessons for law/policy makers

Summary of Common Challenges Facing “Innovative” Mature Industries

- ✦ Business structures ill-adapted to learning and innovation demands
- ✦ Labour shortages
- ✦ Inadequate interaction between mature industries and post-secondary institutions, government research institutions

Lessons...

- ❖ Use public education system to improve labour supply:
 - ❖ Greater emphasis on traditional industrial studies in universities, community colleges
 - ❖ Emphasize traditional industrial trades in secondary school career counselling programs

Lessons...

- ❖ Develop networking forums to facilitate smoother and more consistent know-how transfers
 - ❖ Ie. Materials and Manufacturing Ontario, one of four provincial Centres of Excellence.
 - ❖ Ie. McMaster Steel Research Centre – creates collaboration between technical staff and scientists



Lessons...

- ❖ Facilitate opportunities for inter-industry learning
- ❖ I.e. Expose companies to mature industry success story strategies, such as The Dofasco Way

Conclusion

- ❖ Legacies underlie every “L”
- ❖ Distinction: Clusters in Formation v. Industries Adapting to the New Economy Paradigm
- ❖ Policy responses should address the added hurdle of “legacies” facing mature industries



THANK YOU!

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