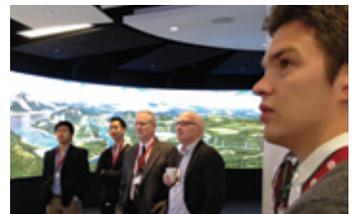


LEADERSHIP ADVANTAGE PUBLIC POLICY

ANNUAL REPORT | 2012/2013

LAWRENCE NATIONAL CENTRE FOR POLICY AND MANAGEMENT





Message from the Director

Paul Boothe

*Director, Lawrence National Centre for Policy and Management
Professor, Business, Economics and Public Policy*

“As Jack Lawrence foresaw, Canada can reap enormous benefits from improved collaboration between business and government. The Lawrence Centre will be working hard to make that vision a reality.”

It is hard to believe that a full year has passed since I was appointed Director of the Lawrence Centre. After a long career as an academic and then senior executive in provincial and federal governments, I feel I have now come full circle with my appointment at the Ivey Business School.

What attracted me most to Ivey was the chance to work at the intersection of business and government. That was Jack Lawrence's founding vision for the Lawrence Centre more than 10 years ago, and it remains our organizing principle to this day.

In concrete terms it means exposing students to public and private sector leaders and the problems they tackle. In the past year, we took students to Chrysler's Windsor Assembly Plant, the Department of Finance in Queen's Park and GE's Markham Innovation Centre to give them some first-hand experience with the issues facing those organizations.

It means connecting Ivey faculty with public sector executives and experts. For example, over the past year, the Lawrence Centre collaborated with other Ivey Research Centres to bring senior public servants and policy commentators to the School.

It also means reaching out to Ivey alumni and others to discuss public policy issues. For example, in May, we collaborated with the C.D. Howe Institute and others to present a public forum on foreign investment review.

The year ahead looks exciting. We are launching our new public policy course for HBA students. We will complete our first major research project on the Future of Manufacturing in Canada. We will follow up strongly after Mark Carney's d'Aquino lecture with a presentation by another outstanding Canadian leader.

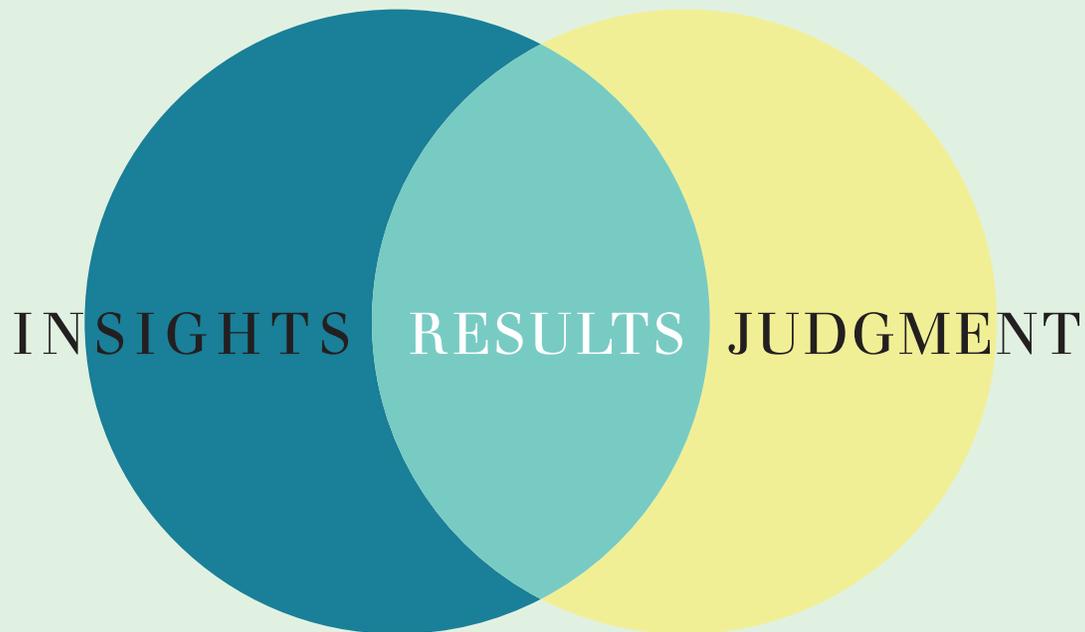
As Jack Lawrence foresaw, Canada can reap enormous benefits from improved collaboration between business and government. The Lawrence Centre will be working hard to make that vision a reality.

Vision

The Lawrence National Centre for Policy and Management is a public policy centre that operates within a large network of academic, business, and government leaders with expertise on a range of topics.

The Lawrence Centre bridges business strategy and government policy by:

- *Providing a forum for business and government to discuss policy development and implementation.*
- *Educating future business leaders in public policy and government leaders in business strategy.*
- *Conducting leading-edge research on major issues that involve business and government.*



teaching

To help shape better leaders, we need to understand the connections not only within and between firms but across private and public sectors. Understanding the legislative platform of an industry can give tomorrow's business leaders an edge. The Lawrence National Centre for Policy and Management enables students to gain deeper insights into the intersection between business and policy to help them shape business and society in the 21st Century.

Lawrence Centre Internship Program

HBA students were part of an active internship program in 2012/2013 and gained deeper insight into the connections between government and business through multiple guest speakers and field trips.

From the fiscal challenges faced by Ontario to how Chrysler re-invented itself, Ivey HBA students were exposed to the real world challenges and opportunities of business and public sector interaction.

"These field trips showed students where business and the public sector intersect," said Lawrence Centre Director Paul Boothe. "At the same time, leaders in the business community and public sector were exposed to the energy and intelligence of our superb HBA students."

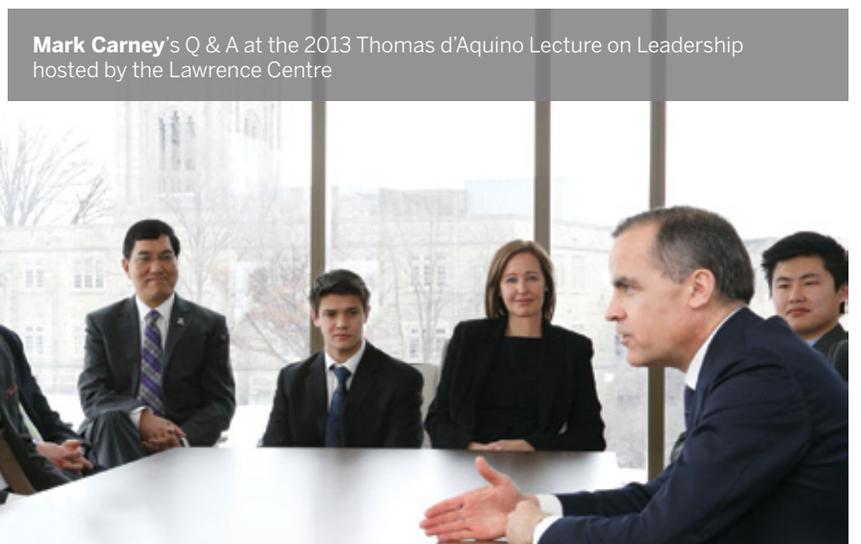
- Interns toured the **Chrysler minivan plant in Windsor** and met with the plant CEO, senior staff and local CAW leadership. The event gave students a first-hand look at how government, business and union leaders worked together to resurrect the plant.
- **Madelaine Drohan**, Canada correspondent for *The Economist*, spoke on sustainable resource economies; giving students insight into sustainability issues faced by business. View her presentation, "The 9 Habits of Highly Effective Resource Economies": <http://youtu.be/rCtZbU9sgbU>
- Students received a first-hand look at the fiscal challenges faced by Ontario during a trip to Queen's Park to meet **Deputy Minister of Finance Steve Orsini** and senior staff. The quality of the questions and ideas inspired Orsini to encourage Ivey students to consider careers in government.
- **David Moloney**, Senior Advisor to the Privy Council office provided an update to Interns on the Canada-U.S. Regulatory Cooperation Council.
- Professor **Michael Wood**, University of Waterloo, provided insights into his research on the connection between psychological distance in business decision-making on environmental issues.



Photos this page: Ivey HBA students' tour of the Windsor Chrysler minivan plant

TEACHING

- Interns attended the 2013 Thomas d'Aquino Lecture on Leadership hosted by the Lawrence Centre. This year's presenter was **Mark Carney**, former Governor of the Bank of Canada. Questions were posed to the Governor at a private pre-lecture meeting held for LNC Interns. See page 13 for more.
- iPolitics – Founder and Publisher of iPolitics, **James Baxter**, spoke on the social mission of a new, on-line public policy, news and opinion venture.
- Interns toured General Electric Canada's \$40-million **Grid IQ Global Innovation Centre** in Markham to look at innovation in product development and process in the energy sector. They also spoke with Western University alum **Ross Hornby**, Vice-President Government Affairs and Policy, about attracting global business to the Centre.
- Director **Paul Boothe** shared lessons learned from negotiating with governments in four case studies: Tax on Tax, Renewal of CPP, Canada-Newfoundland Offshore Agreement, and Restructuring of Chrysler and General Motors.



A new HBA elective

The Lawrence Centre has turned the internship program into the HBA course Business and Public Policy, an elective that exposes undergraduate business students to the public policy environment.

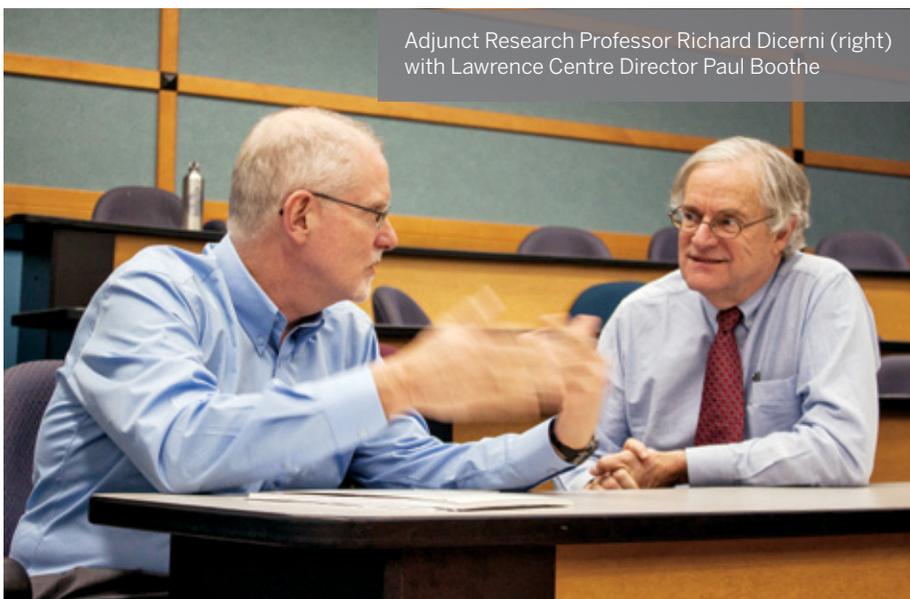
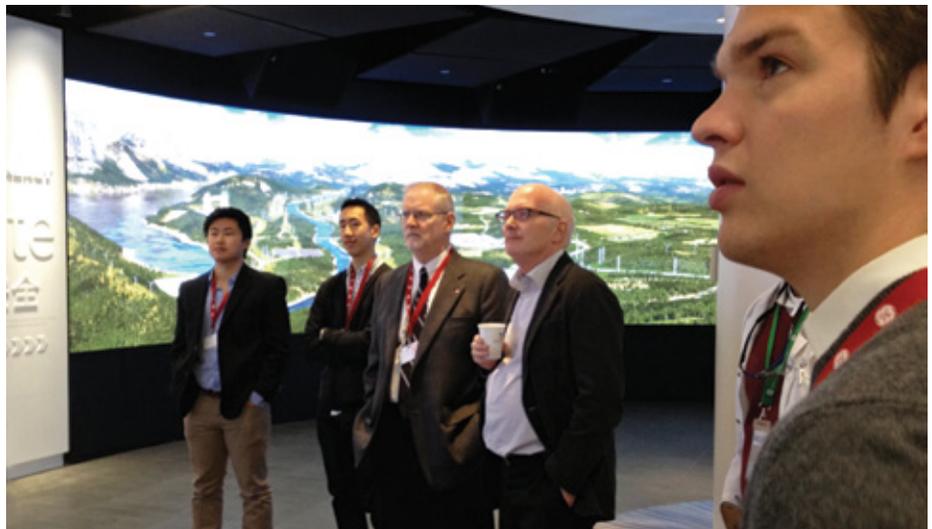
The course will offer valuable real-world exposure for students with guest lecturers and field trips. The course objectives are to help students:

- Gain an appreciation of the depth and complexity of public policy issues affecting firms.
- Learn how public sector managers design and implement public policies that affect the private sector.
- Consider methods for improving private sector and public sector interactions.

Through case-based discussion and teamwork, students will learn a broad range of public policy issues that firms encounter and how firms and public sector entities engage in public policy formulation and implementation. Students will also take to the field to meet business leaders and policy makers at their places of work to learn first hand how firms manage these issues and engage with policy makers and other non-market factors.

“Firms must consider the public policy environment in which they operate and be engaged in the formulation and implementation of public policy before they can consider their strategies complete.”

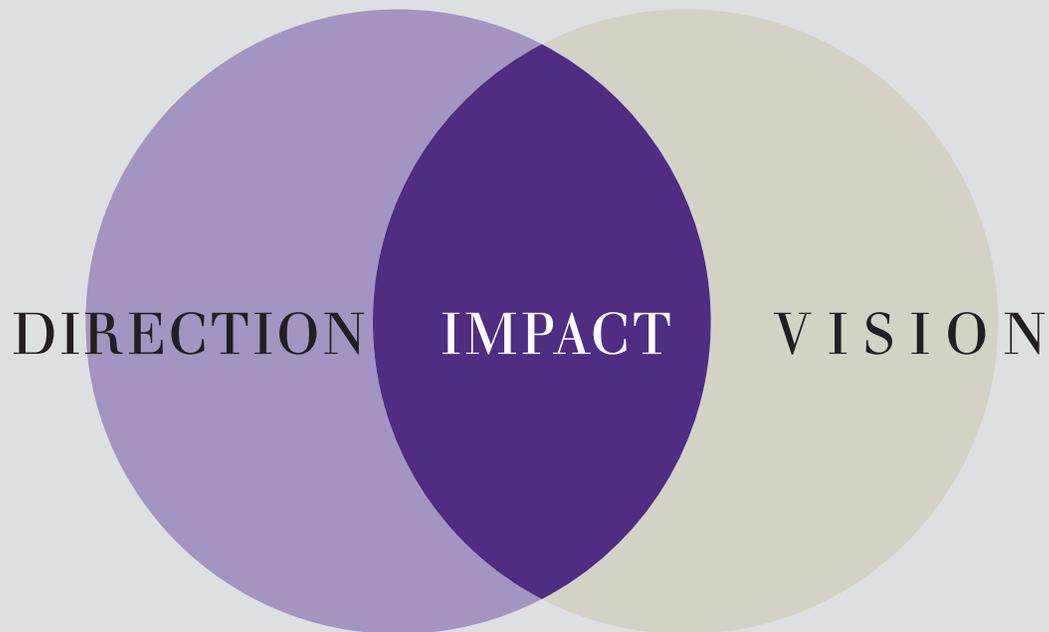
– **Paul Boothe**, Director, Lawrence National Centre for Policy and Management



Adjunct Research Professor Richard Dicerni (right) with Lawrence Centre Director Paul Boothe

Case development

When the new Liberal government came to power in Ontario, it moved quickly to dismiss the Board and management of Ontario Power Generation (OPG). Faced with delays and cost over-runs in the Pickering refurbishment project, Richard Dicerni was appointed to lead the corporation through a crisis that threatened the very survival of the organization. OPG (A) is a case that examines the change of control of a crown corporation.



research

The intersection of business and government is a rich area for research. The Lawrence National Centre for Policy and Management is uncovering deeper insights into this area – beginning with a multi-faceted approach to Canada’s manufacturing sector that includes several Ivey faculty and Agri-food@Ivey. This marks the beginning of new relationships between faculty and Ivey Centres and Institutes. The results will be rewarding – for faculty and students.

The future of Canadian manufacturing

The Lawrence Centre is opening new doors into the future of Canadian manufacturing as it faces global challenges. Should Canada compete on cost with low-wage economies and risk declining standards of living for many Canadians? Or should we compete with advanced economies on quality and added value without the crutch of tariff walls or benefits of a low dollar? The research project will investigate this second approach through several related studies and include strategic recommendations for both government and business.



Richard Dicerni *Adjunct Research Professor*

When Richard Dicerni was Deputy Minister of Industry Canada from 2006 to 2012, he noticed the playing field had changed for manufacturers in Canada as compared to 50 or 60 years ago.

According to Dicerni, Ontario's close proximity to Midwestern U.S. gave Ontario

manufacturers easy access to North American markets. In addition, the way the electricity transmission lines were set up enabled Ontario manufacturers to benefit from abundant, inexpensive electricity.

"There were inherent benefits that existed 50 or 60 years ago, but they are not as significant advantages now," he said.

"Today there is a much more globalized, competitive market."

Dicerni said he hopes the Lawrence Centre's study on Canadian manufacturing will reveal some winning strategies from successful companies that can be adopted by others and some ways business, government and academia can work together to make improvements to the manufacturing industry.

"Manufacturing is and hopefully will always be important to Ontario and Canada, but it requires a much greater cohesion between governments, the private sector and academia to see what can be done to build on the successes of the past and enhance manufacturing in the future," he said.

David Wood, HBA '97, MBA '12

Lecturer, Operations Management

David Wood has first-hand insights into the challenges manufacturers face.

From 1997 on, he spent many years in the industry as the Director of Sales and Marketing in the U.S., then VP of Manufacturing, and eventually President for W. C. Wood Company, a global manufacturer of home appliances. At the time, W. C. Wood Company had five factories across North America and Wood was involved in all of the engineering behind process and product as well as the manufacturing and logistics. He sold the company in 2007 and helped the new owners with the transition until 2008. After that, he worked as a consultant to manufacturing companies, helping them to manage their strategies and changing dynamics.

Wood said Canadian manufacturers have faced a series of challenges since about 2004. Inflation was a big issue, especially with petroleum-based products, steel, and copper, and manufacturers had to manage their escalating costs. With globalization came increased competition as products started being imported to Canada from other countries. Then when the financial crisis hit, they faced a lack of demand and financing.

"These challenges caused a great deal of stress and anxiety for manufacturers in Canada," he said.

RESEARCH

Despite these challenges, some Canadian manufacturing companies have beaten the odds and been successful. Wood and Ivey Professor Jean-Louis Schaan are working together on a study of such companies, focusing on whether there are common elements to their success that can be adopted by others.

“We can learn from what these companies are doing so that we can develop government policies that help support success stories. Even more important is the learning and sharing of what is going on in the manufacturing space so that other companies in Canada can get on board and compete with other countries around the world,” said Wood. “We can compete as a country on the global stage.”

Wood said the companies he and Schaan are studying have created value beyond their products by also focusing on services, technology and solving problems.

Jean-Louis Schaan, PhD '83
Donald F. Hunter Professor of International Business

The companies Jean-Louis Schaan and David Wood are focusing on in their study

on successful Canadian manufacturers could likely be equally successful anywhere in the world, yet they've chosen Canada as their home.

That's the intriguing element for Schaan, who has done some work for the federal government on investment promotion.

“This will help us learn why companies should consider building their manufacturing facilities in Canada,” he said.

Schaan said the companies cite access to labour, particularly scientific labour and engineering capability, and the tax environment for corporations as benefits of being in Canada.

“These companies say the pool of talent in Canada is second to none,” he said.

Schaan said these companies appear to be successful because they are innovative and using automation and new technologies in their manufacturing processes. As part of their study, Schaan and Wood will analyze the factors contributing to their success so that governments and businesses in Canada can work together to become better poised to win the global manufacturing game.

“We're looking at what strategies they use, how they are organized, what government programs they've used and what government regulations have helped or hindered them,” Schaan said. “We'll be determining what should stay, what should go and what should change or be added.”

Already Schaan and Wood have determined that access to training and education, particularly through specialized university programs and introducing lean manufacturing concepts to students at the post-secondary or even secondary level, would go a long way toward enhancing the talent pool for Canadian manufacturers. Additionally, the companies they're looking at – one in Ontario, one in Quebec, and one in Western Canada – have had both positive and not so positive experiences working with government. Creating win-win situations for both business and government is critical.

Schaan said he hopes the Lawrence Centre study will prompt more research on manufacturing in Canada. He said a logical next step would be to look at the best practices of foreign manufacturing companies.

Research Fellows

The Lawrence Centre's distinctive roster of Research Fellows includes senior leaders from business, academia and the public sector.



Richard Dicerni
Adjunct Research Professor, Ivey Business School



Andrew Dooner
DVP Strategy, Sears Canada



Jean-Louis Schaan
Professor, General Management



David Sparling
Professor, Operations Management



David Wood
Lecturer, Operations Management

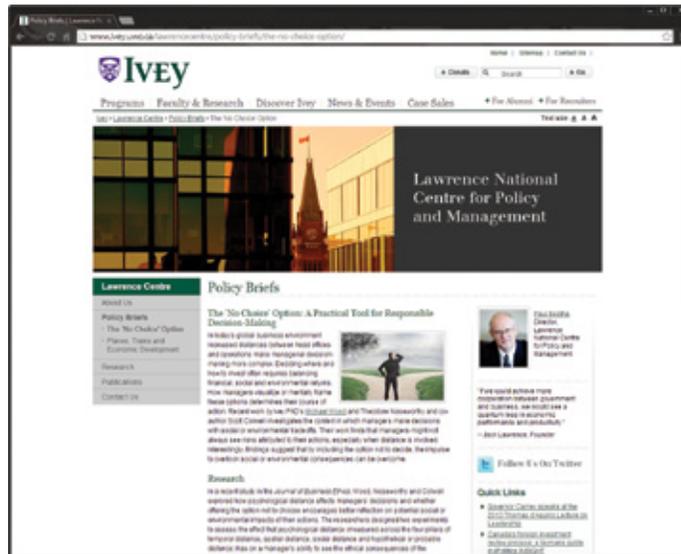
The Researchers have been supported by a team of Ivey summer Research Students; Alex Hajian (MBA 2013), Sydney LeGrow (HBA2), Robbie Thuot (HBA2), Saad Usmani (HBA2)

Lawrence Centre briefs: turning research into practical knowledge

The Lawrence Centre has started to produce a series of policy briefs that summarize recent policy-relevant work by Ivey researchers.

A Practical Tool For Responsible Decision-Making: Recent work by Ivey PhD's Theodore Noseworthy and Michael Wood and co-author Scott Colwell investigates the context in which managers make decisions with social or environmental tradeoffs.

Keep checking go.ivey.ca/policybriefs for the latest in real-world research.



Connecting with Ivey's Centres and Institutes

Collaborations with Ivey's Centres and Institutes plus outside institutions are deepening research connections between academia and the public sector.

"The Lawrence Centre is an enabler of other Centres and Institutes to help them connect with the public sector," said Paul Boothe, Director. "The value is in helping faculty with research projects that cross into the public sector."

The Lawrence Centre partnered with several Centres in 2012 on a number of special events:

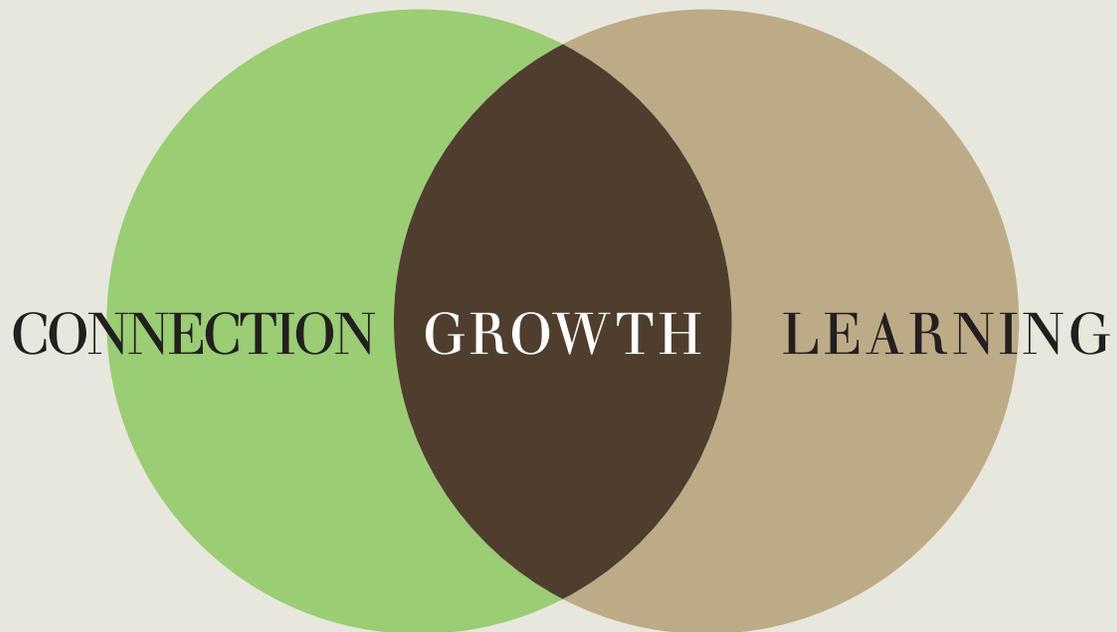
- Madelaine Drohan, Canada correspondent for *The Economist*, spoke on sustainable resource economies. The event was co-hosted by Tima Bansal, Director of the Centre for Building Sustainable Value.
- Guy Holburn, Director of the Ivey Energy Policy and Management Centre hosted a panel for students and faculty on shale gas, hydraulic fracturing and energy policy in Canada that included Kevin Heffernan, President of the Canadian Society for Unconventional Resources; Margaret Meroni, Executive Director of the Oil, Gas and Alternative Energy Division of Environment Canada; and Burns Cheadle, Professor, Earth Sciences at Western University.

- The LNC has a long standing history of working with David Sparling, Chair of Agri-food@Ivey, co-hosting workshops and writing reports, including:

Streamlining Canada-U.S. Regulations: How can business help? May 2012,

Water Innovation Forum: A Competitive and Innovative Agriculture Sector, Jan 2011,

Food and Health: Advancing the Policy Agenda, Workshop Report, Mar 2010,



outreach

The Lawrence Centre also provides a link between research and practice, and brings those insights to the real world of business leadership through speakers, conferences and publications.

Annual Thomas d'Aquino Lecture on Leadership

Former Bank of Canada Governor Mark Carney delivered the 2013 Thomas d'Aquino Lecture on Leadership to a packed house in the BMO Financial Group Auditorium February 2013.

In his speech, entitled "Rebuilding Trust in Banking," Carney said the "Five Cs" – capital, clarity, capitalism, connecting with clients and core values – are essential for banks to improve the pace of global economic recovery.

Message Highlights:

Fundamentally, banks must reconnect with their clients and communities, rebuild their core values and return to what TD Bank Group President Ed Clark calls "old fashioned banking."

The Governor urged Ivey students to give careful thought to their professional values and the legacy they want to leave behind.

Ivey Professor Paul Boothe, Director of the Lawrence Centre, which sponsored the lecture, underlined how Carney's point about core values connected with another important "C" – character – a quality that is focused on in Ivey's courses.

"Integrity cannot be legislated and it certainly cannot be bought. It must come from within," he said. "Even the strongest supervision cannot guarantee good conduct. Essential will be the rediscovery of core values and, ultimately, this is a question of individual responsibility."

– Former Bank of Canada Governor
Mark Carney



Lawrence Centre Director **Paul Boothe** looks on as Former Bank of Canada Governor **Mark Carney** responds to questions

Lawrence Centre in the Media

The Lawrence Centre and Director Paul Boothe had a strong presence in the media, shedding light on matters relating to policy and business.

Opinion: Who really pays the bills in Canada?

An opinion piece on the fiscal fairy tales dealing with equalization funding
June 14, 2013

<http://www2.canada.com/edmontonjournal/news/opinion/story.html?id=94314c5c-2b8d-4e51-8a02-8b135ddf5a83>

Pushing past politics to prosperity in B.C.

iPolitics story focuses on the province's attempt to chart a middle path and find areas of agreement and partnership
April 10, 2013

<http://www.ipolitics.ca/2013/04/10/pushing-past-politics-to-prosperity-in-b-c/>

Putting parliamentary committees to work

iPolitics how-to piece on a different way of approaching parliamentary committees that would make MPs' jobs more meaningful while reducing the perception that money taxpayers send to Ottawa is rarely well spent
Feb 14, 2013.

<http://www.ipolitics.ca/2013/02/14/putting-parliamentary-committees-to-work-heres-how/>

Strong conservation laws and policies could foster green growth

Postmedia article quotes Paul Boothe's memo regarding environmental law and Canadian economic growth
December 20, 2012

<http://www.canada.com/Strong+conservation+laws+policies+could+foster+green+growth+Peter+Kent+told/7728331/story.html>

Economic recovery and the myth of 'dead money'

iPolitics piece on the state of the Canadian economy; the importance of squaring policy-makers' messages with their actions and the call on business to get things moving
December 9, 2012

<http://www.ipolitics.ca/2012/12/09/economic-recovery-and-the-myth-of-dead-money/>

Opinion: The natural-resource economy is a roller-coaster ride

An opinion piece explaining the impact of the ups and downs of Canada's resource sector was picked up by several print and digital publications across the Post Media Network
November 22, 2012

<http://o.canada.com/2012/11/22/opinion-the-natural-resource-economy-is-a-roller-coaster-ride/>

Deputy ministers: the CEOs nobody knows

iPolitics insight piece on the critical role of Canada's deputy ministers
November 12, 2012

<http://www.ipolitics.ca/2012/11/12/deputy-ministers-the-ceos-nobody-knows/>

Nexen, China and 'net benefit': what you need to know

iPolitics post assessing the debate on the Nexen/CNOOC agreement and what it means for Canada's foreign investment review regime
November 8, 2012

<http://www.ipolitics.ca/2012/11/08/nexen-china-and-net-benefit-what-you-need-to-know/>

Ottawa urged to make timely decision, clarify criteria as CNOOC-Nexen deal review extended

Vancouver Sun speaks with Paul Boothe about the extension given to the CNOOC-Nexen transaction
October 11, 2012

<http://www.vancouversun.com/news/national/Federal+government+gives+itself+another+days+decide+Nexen/7374222/story.html>

Canada's foreign investment review process: a layman's guide

iPolitics runs an article on understanding foreign investment policy and the so called 'net benefit test'
October 4, 2012

<http://www.ipolitics.ca/2012/10/04/paul-boothe-canadas-foreign-investment-review-process-a-laymans-guide/>

Ivey appointment of Paul Boothe in Business School roundup

Globe and Mail's biweekly business-school news roundup mentions Paul Boothe named director of Ivey's Lawrence National Centre for Policy and Management
July 20, 2012

<http://www.theglobeandmail.com/report-on-business/careers/business-education/new-u-of-winnipeg-business-dean-sees-room-for-growth/article4428174/>

Key presentations throughout the year:

The state of play of the Investment Canada Act (ICA): Lawrence Centre and C.D. Howe Institute host "What we've learned and where we're going with the Investment Canada Act". Panel discussion with Director Paul Boothe; Lawson Hunter, Stikeman Elliott LLP; Daniel Barclay, BMO Capital Markets; and the Hon. Michael Wilson, Barclays Capital Canada Inc.

Boothe was also guest speaker at Finance Canada's Tax Policy Branch retreat.

Lawrence Centre Staff

Paul Boothe	Professor and Director
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Leslie Coates	Research and Program Manager
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Brook Coatsworth	Research Associate
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Penni Pring	Project Coordinator
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Lawrence Centre Advisory Council

The Honourable Jim Prentice	Advisory Council Chair, and Senior Executive Vice President and Vice Chairman, CIBC
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George Baran	Vice Chairman, Trudell Medical Limited
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Jalynn Bennett, CM	Director, Teck Resources Ltd
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Donald Campbell	Senior Strategy Advisor, Davis LLP
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Thomas d'Aquino, JD, LL.M., LL.D	Chairman and Chief Executive, Intercounsel Ltd
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Giles Gherson	Deputy Minister of Consumer Services, Ministry of Consumer Services
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Blake Goldring, CFA, MSM, LLD	Chairman and CEO, AGF Management Ltd
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Carolyn Lawrence	President and CEO, Women of Influence Inc
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The Honourable Anne McLellan, PC, OC	Counsel, Bennett Jones, LLP
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Stephen Poloz	Governor, Bank of Canada
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Carol Stephenson, OC	Former Dean, Ivey Business School,
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From left: Thomas d'Aquino, Blake Goldring, Donald Campbell, Richard Dicerni, Giles Gherson, The Hon Jim Prentice, Robert Kennedy, Stephen Poloz, Carol Stephenson, Paul Boothe, Jalynn Bennett, Carolyn Lawrence
Absent: George Baran, The Hon Anne McLellan

Lawrence National Centre for Policy and Management

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