



# CREATIVITY Unleashed

Taking innovation out  
of the laboratory and  
into the labour force

# ACTION CANADA

Action Canada is a national fellowship program for promising young Canadians. The program enhances fellows' leadership skills, broadens their understanding of Canada and its policy choices, and builds an exceptional network of leaders for our future.

## **Acknowledgments**

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# EXECUTIVE SUMMARY

Despite three decades of concentrated public policy work and incentive programs, Canada still lags behind its competitors in innovation and productivity.<sup>1</sup> Innovation is a key driver of productivity and yet Canada's productivity growth is 20% less than that of the United States.<sup>2</sup> Canada is in the bottom quartile for innovation within the OECD.<sup>3</sup>

In an increasingly unpredictable and complex world economy, Canada must consider revisiting its innovation policies by focusing on its greatest resource: its people. Just as the knowledge economy shaped economic development through the second half of the 20th century, the creative economy has become a dominant force in today's world economy.

How can public policy work to unleash creativity in the Canadian labour force across all sectors? To build economic strength and resiliency, Canada should develop a bold strategy to incubate creative minds and the places and processes in which they can thrive. This task force report makes the case for high-impact federal initiatives that could work to unite business leaders, academics and artists in building a more competitive and creative Canada.

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# 1.0 INTRODUCTION

How can we better leverage the competitive strengths of our creative industries to create a more prosperous nation? Key sectors or industries in the overall economy, such as the arts, video games and architecture, are often referred to as the “creative industries.” These are increasingly important components of the global economy. As a result, policy makers worldwide are taking a broader view of prosperity that looks beyond traditional economic metrics to include the importance of the development of people’s creative potential.<sup>4</sup>

Figure 1 illustrates a model of the evolution of the global economy. Industrial production was the driving force throughout much of the 20<sup>th</sup> century, and the information economy that followed it was later reshaped by the knowledge economy. The lead is now shifting to the creative economy. Just as there were creative industries in the industrial era, so too will there be industrial production in the creative era; but the relative importance of the two sectors is being reversed.

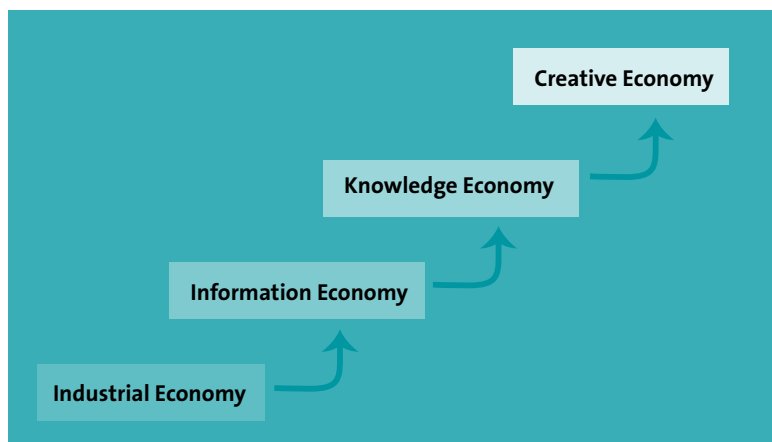


Figure 1. Economic evolution of the global economy

If the currency of the creative economy is innovation, it is minted by the creativity of the human mind. In the new anatomy of the world economy, our greatest asset is our people. Policies and programs that seek to boost innovation and, thereby, productivity, should consider addressing a new consideration: enhancing creativity in Canada’s labour force.

# 2.0 REFRAMING INNOVATION

Over the past 30 years, Canada has undertaken a series of measures, direct and indirect, to foster innovation and promote productivity. These have focused on encouraging firms to bring new products, services and processes to market. There are currently more than 60 programs across 17 different government departments that deal with innovation.<sup>5</sup> Key measures include those listed below, as well as lower tax rates.<sup>6</sup>

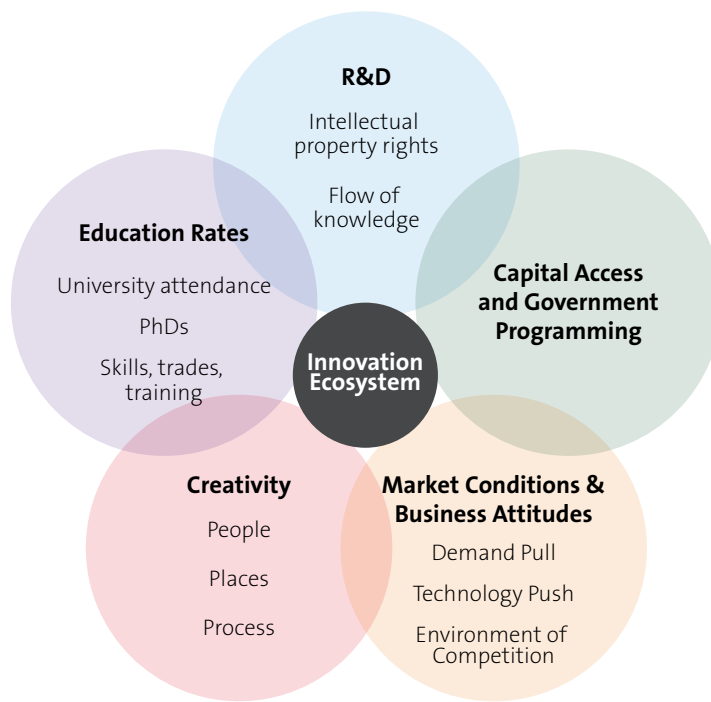
INDIRECT	DIRECT
Framework Conditions	Innovation Process
Regulations – product and environmental	Cluster networking support
R&D tax incentives	Technology transfer programs
Research support	Mentoring services for start-up companies
	<i>Sector or Cluster Specific</i>
	Targeted R&D grants and procurement programs
	Specialized infrastructure
	Locational subsidies

**Table 1. Indirect and direct measures taken to fuel innovation<sup>7</sup>**

Federal measures such as the 2001 National Strategy for Innovation recognized that innovation is a living ecosystem of interconnected influences that all help to drive success.<sup>8</sup> Each element of the innovation ecosystem is integral and yet not one element can support the entire model alone. As each factor is addressed, the probability of stimulating innovation exists, but if all are addressed in concert, the probability that innovation will occur increases dramatically.

Years of policy work have addressed different aspects of the innovation ecosystem. Yet in a Conference Board of Canada report on innovation, Canada received a grade of D and is ranked 14th of 17 countries evaluated.<sup>9</sup>

Within innovation measures, Canada has focused on cultivating human capital by encouraging educational attainment. Yet while an investment in highly educated people is a good thing, it does not in itself give rise to




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#### Innovation Ecosystem Model

innovation.<sup>10</sup> To date, the balance of Canadian innovation policy has tipped towards the hard sciences over the innovation in business and management processes in the broader labour force.

Reframing current understandings of innovation offers new possibilities. In a survey of over one thousand innovating firms, results showed that the vast majority of ideas actually originate with employees, customers and other companies.<sup>11</sup> Innovation is a constant process of evolution, one that could be supported not only by experts and specialists, but also by the creativity of Canadians as a whole.

The role of creativity in the innovation ecosystem needs to be better understood and effectively promoted. Though often conceived of as an invention or a major breakthrough, innovation is rarely a “eureka” moment by a brilliant scientist. As acclaimed thinker Steven Johnson writes in *Where Good Ideas Come From*, innovation is driven by millions of incremental improvements. Canada has an opportunity to invest in a more creative culture within its labour force and thus reap benefits from its citizens collaborating, thinking of new ideas, and working together to design a more prosperous future for all.




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#### Creativity Prosperity Chain

# 3.0 RISE OF THE CREATIVE ECONOMY

## Canadian policy development on innovation needs to keep pace with the rise of the creative economy.

The global economy is undergoing a profound shift into what the UN calls the “creative economy,” one that has distinguished itself as the world’s fastest growing economy for the past decade. The returns on creativity are high. Creative industries are estimated to account for more than 7% of the world’s GDP. In Canada, the cultural sector was worth \$84.6 billion in 2007, or 7.4% of Canada’s total real GDP – more than the insurance industry (\$20.8 billion), the hotel and restaurant industry (\$28 billion), or the agriculture, forestry, hunting and fishing industries (\$26.4 billion) combined.

Canadian policy development on innovation needs to keep pace with the rise of the creative economy. Traditional industrial manufacturing in Canada is on the wane, with the sector dramatically losing ground globally as well as over half a million jobs since 2002.<sup>12</sup> Approximately two-thirds of GDP is generated by services, and three in four Canadians are employed in service jobs.<sup>13</sup> Canada has become one of the world’s largest exporters of services,<sup>14</sup> representing a key asset that could provide leverage for the Canadian labour force in the creative economy. By investing in a culture that fosters and encourages creativity, Canada could yield even more from its most profitable sector.

Less emphasized, however, is the potential return of stimulating creativity across all sectors, particularly in resource industries such as mining, oil and gas, and forestry. According to a 2010 UNCTAD Report, creative industries have shown dramatically more resilience to the impact of the global economic crisis than manufacturing industries.<sup>15</sup> With strategic focus on the role of creativity and innovation policy, Canada could maintain employment security within some of its most traditional industries, while still encouraging them to innovate and remain competitive.



# 4.0 THE “HOW” OF CREATIVITY

Richard Florida, best-selling author and leading cultural researcher, writes, “human creativity is the ultimate economic resource.”<sup>16</sup> Creativity is not merely the result of a genetic lottery but is a skill that can be developed and unleashed. Research shows that creativity is not simply in the hands of a few gifted people, but instead is a basic human characteristic that can be cultivated with effort.<sup>17</sup> Leading companies and top universities have recognized creativity as a key factor in driving innovation, and by extension, productivity and prosperity.

Creativity is not merely the result of a genetic lottery but is a skill that can be developed.

Creative people work best in creative environments. This includes both the physical environment, such as the design and layout of a working space, and the cultural environment. Google and many other technology companies employ this theory with great success. To unleash creativity, workplace environments are encouraged to combine elements that support the emergence of new ideas.<sup>18</sup> These include:

- Encouragement of risk taking and error making as a learning process;*
- Responsibility for creativity at all levels of the organization, not just “a happy and creative few”;*
- Open workspaces that encourage encounters between employees from different sectors and expertise, casual meetings, physical stimuli and silent spaces for reflection;*
- Encouraging beginners and experienced staff to work together, thereby building teams that are diverse in experience, education and disciplines;*
- Cultivation of key creative skills of communication, collaboration and critical thinking;*
- The use of open and engaging questions like “why?” and “how?” that can encourage new solutions.*



# Canada needs a bold strategy that invests in creative people, places and processes.

A creative process requires both time and space to see things differently: to think, to observe and to make new links in the mind. It also requires iterations. Between each evolution, time passes, synapses are reinforced and fresh ideas emerge. While there are countless models and ways of facilitating a creative process, it can be understood as fundamentally having the following distinct four steps:<sup>19</sup>

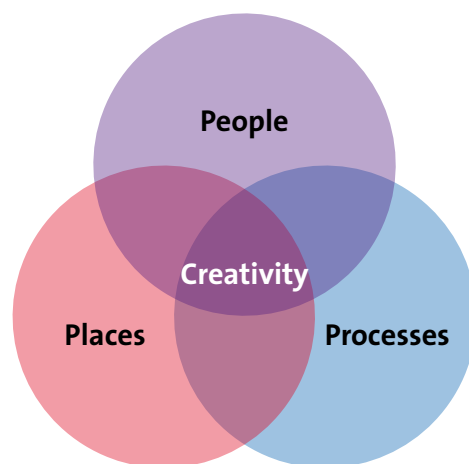
**Preparation** • Getting exposed to those ideas and experiences that enrich one's general culture and help make new connections

**Incubation** • When the conscious and subconscious mind are working on the idea, making new links, separating unnecessary elements, and reaching for other ideas

**Illumination** • The moment of realizing a new idea

**Implementation** • Understanding how the new idea can be translated into design or reality, being able to evaluate the idea relative to its place in the market and identifying how best to monetize the innovation

Many people only see the creation at the end and don't recognize the importance of the process that generated that idea in the first place. If Canada is able to identify where and how to support the creative process in the workforce, it could take steps towards closing the innovation gap.



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The three pillars of creativity

## CASE STUDY: MANITOBA HYDRO

### *The productive power of the creative process*

Investing in the process of creativity yielded one of Canada's most innovative buildings: the Manitoba Hydro headquarters in Winnipeg, Manitoba. By bringing together experts in architecture, energy management and interior design, and giving them time and financial support, they were able to build one of the most energy efficient buildings in North America. Their success was also fostered by community involvement. The Winnipeg community suggested a change in the angle of the building to prevent it from blocking the light from the park across the street. Not only did this new design help to build a source of pride for the community, but it also benefitted the overall efficiency for the building by making better use of wind currents in the area.

Other tangible benefits were:

-  *Improved air quality resulting in reduced absenteeism of 3000 days per year;*
-  *50% of employees now leaving their cars at home and instead using public transit due to the new location of the headquarters;*
-  *Open work spaces, alternating rooms for silent work and casual meeting spaces;*
-  *100% fresh air, 24 hours a day, year round, regardless of outside temperatures;*
-  *Savings of \$1.2 million annually on energy costs denoting a 65% drop.*

The process was not easy. A standard building of the same size would need much less financial investment and preparation time. However, with vision from the top leadership, commitment from the team who stewarded the process from conception until final product and the willingness to stay the course by all parties involved, an exceptionally creative and productive result was realized.

# 5.0 RECOMMENDATIONS

It is time to build on Canada's innovation policy by addressing creativity. Governments have a key role in developing a culture of creativity by assuming public leadership and providing support. Public policy that encourages creativity-driven innovation should be informed by a deeper understanding of the critical factors for businesses. This will require extensive collaboration with leaders in business, academia and the arts. Towards these goals we recommend:

## 1. Canadian Council for Creativity

### **Inspiring creativity across economic sectors and harnessing Canada's creative assets**

A Canadian Council for Creativity would be a vehicle to promote creativity in business, public policy and education. Driving a shift in culture towards an economy that embraces creative skills in all sectors, the council would raise awareness and provide resources to aid individuals and businesses to realize their creative potential. Uniting business leaders, academics, artists and experts, the Council would house and lead high-profile public initiatives on creativity and add to the global conversation on creativity. Here are five recommendations as to the Council's major functions:

**Awareness and Research** The Council's long-term role would be to serve as both a physical and virtual hub: a creative "cluster" that connects new people to new ideas generated by research. As part of promoting the importance of creativity, the Council would appoint a national creativity standard bearer and 13 provincial and territorial ambassadors. Public outreach activities of the Council would include publishing resources on creativity, such as a bi-annual "Creativity Code Book," which would contain up-to-date research, best practices and case studies.

**Creative Skills Training** Leadership is a critical component in the success of creative organisations. With a focus on Canadian business leaders, the Council would hold regular training sessions supported by mentorship programs. All training materials would focus on how to leverage the key skills of creativity: communication, collaboration and critical thinking within organisations.

**Education** In close partnership with the provinces and territories, the Council would work with the educational community to help identify how to most effectively prepare young Canadians with the skills to excel in the creative economy.

**Canadian Creativity Challenge** Every year, the Council would identify a national industry or policy challenge and establish a timeline and monetary prize for solving the problem. These challenges would act as an incentive for companies and individuals to experiment with creativity, while at the same time addressing national priorities.

**Creativity and Global Change** The global economic crisis has challenged the way we understand and measure economic growth. Increasingly, experts suggest traditional measurements such as productivity need to be supplemented by broader measurements of economic prosperity such as sustainability, happiness and well-being. The Council would work with experts to research new economic metrics, as well as the projected impacts and financial returns of a more creative Canadian labour force.

## 2. Year of Creativity in Canada

### **Taking leadership to promote, train and recognize the potential of investing in a creative Canada**

The Council would work with Industry Canada to designate 2014 as the Year of Creativity in Canada. This would be an enthusiastic signal that creativity in schools, businesses and the public sector is crucial to fuel innovation and to drive the success of the Canadian economy.

The overall objective for the 2014 Year of Creativity in Canada would be to raise public awareness about creativity and its link to innovation, share best practices and promote research and policy debate on creativity.

The legacy of the 2014 Year of Creativity in Canada would be to:

**Stimulate change** in how we regard creative skills and how they are valued, as well as fostering dialogue within and among businesses, government and educators

**Promote research** and public policy debate on creativity and its value to economic and social prosperity





**Build links** and promote resource-sharing between existing national and regional institutions working on creativity and innovation

#### **CASE STUDY: EUROPEAN YEAR OF CREATIVITY AND INNOVATION**

##### ***Aiming to raise awareness of the importance of creativity and innovation for personal, social and economic development***

In December 2008, the European Union resolved to strengthen its capacity for creativity and innovation with the 2009 European Year of Creativity and Innovation (EYCI). The aim of the initiative was to promote creativity and innovation through lifelong learning.

Some specific objectives set out for the EYCI were:

-  *Personal development, including fostering openness to change, creativity and problem solving;*
-  *Cultural activities such as increasing exposure to cultural diversity;*
-  *Stimulating education and research in creativity and innovation; and*
-  *Entrepreneurship awareness such as working with youth in cooperation with the business world.*

For each EU Member State, a national coordinator was responsible for the implementation of the EYCI. Some of the activities carried out included disseminating best practices and attending conferences, events and debates. One example of a successful outcome was the 'Creative Tornado' in Denmark where students partnered with Danish companies to help solve immediate business challenges.

# CONCLUSION

It is time to build on Canada's innovation policy with bold action on creativity in the labour force. With a perspective that looks a generation ahead, Canada can invest in creativity as an urgent component of economic development across all sectors. This report was written to contribute to the growing global conversation on creativity. Addressing creativity in Canada will require a shift in culture. The demand for results cannot follow election cycle timelines: the creativity challenge requires appropriate incubation and tolerant and flexible environments.

The context within which Canada must develop and implement policy is changing at an increasing rate.<sup>20</sup> To succeed in the creative economy it is crucial to incubate creative minds and the places and processes in which they can thrive. The top 10 in-demand jobs in 2010 did not exist in 2004.<sup>21</sup> To prepare our labour force for the challenges of tomorrow, Canada must consider making more room for the unexpected. Creativity has always been important, but never more so than today.

## ABOUT THE AUTHORS

**Patrick Boily** is the Planning Agent for francophone health services with Reflet Salvéo and is completing a Master's in International and Public Affairs.

**Natalie Chapdelaine** is an arts and business project manager at the Conseil des arts de Montréal. She has been involved with youth and not-for-profit organisations for the past 10 years.

**Michael Hartley** has recently returned to Canada after more than a decade working in the oil and gas industry in Europe and Kazakhstan. He now holds a risk management position with Barrick Gold based in Toronto.

**Louise Kent** is the Director of Youth Programming with Free The Children and a professional speaker with Me to We. She lives in Toronto.

**Kal Suurkask** is founder and principal of an international strategic communications firm. Kal lives in Victoria.

**Joanna Claire Wong** is a principal and chief media strategist at FlowCS, an award-winning creative studio dedicated to sustainability in China.

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*“Knowledge and Innovation are the drivers of success in the 21st century global economy. To be a world leader in knowledge and innovation, we must continue to attract and develop talented people, and increase our capacity for world-leading research and development. These have been the driving principles of the Government of Canada’s Science and Technology Strategy, and the basis for ongoing investments we have made to support research talent in our country.”*

— The Right Honourable Stephen Harper,  
Prime Minister of Canada (August 3, 2011)

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