

The Birth of an Industry Driven Cluster Only One of its Kind in Canada

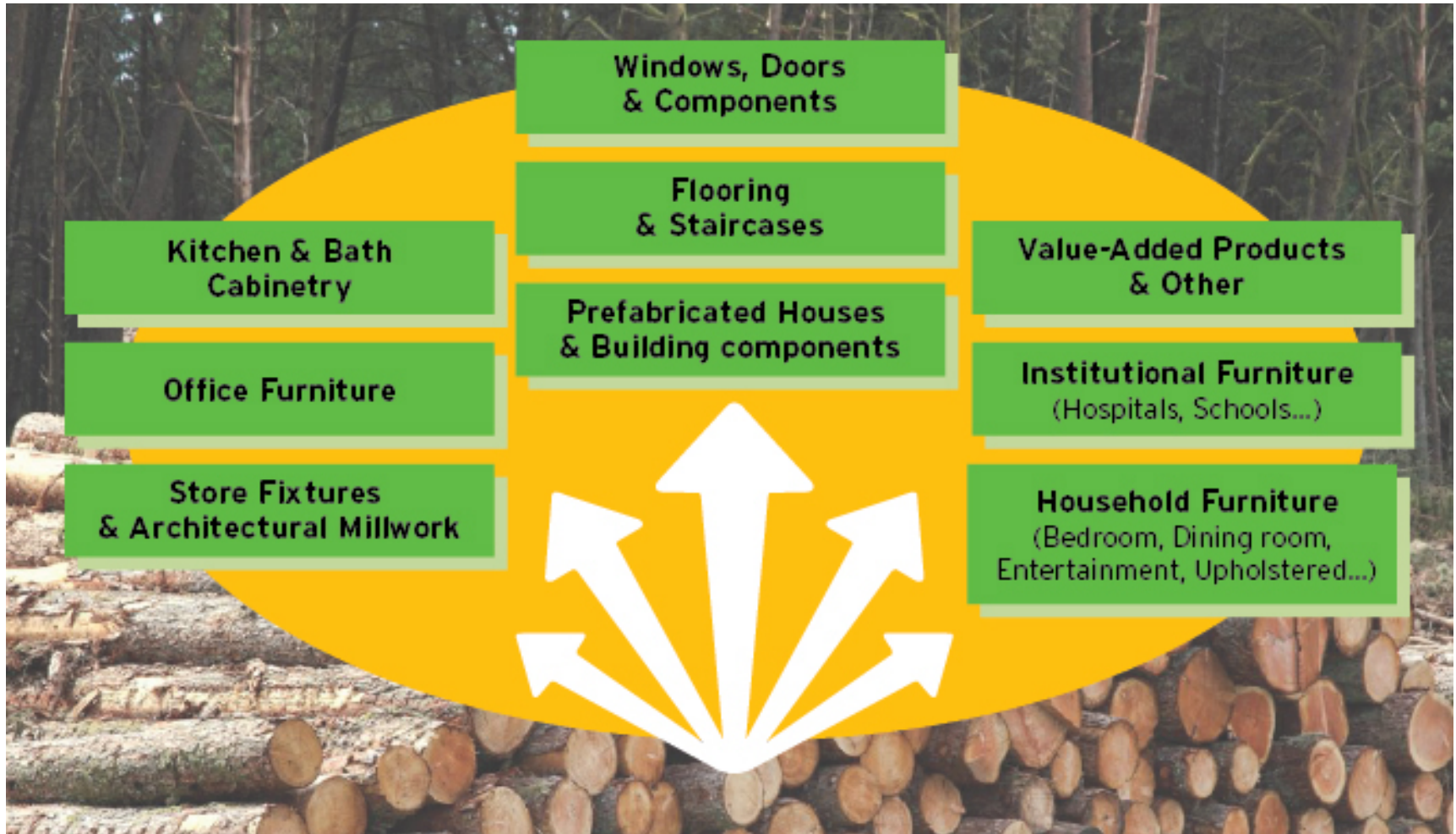
- The Bluewater Wood Alliance (BWA)
- Is a not-for-profit, member-driven wood products manufacturing cluster organization
- Membership area spans Southwestern Ontario
- Members are manufacturers of wood products
- Associate members are supply chain companies (machinery, wood, abrasives, coatings, etc.)
- Stakeholders: Colleges, Universities/Research, Government, Community Partners, etc.



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Secondary Wood Industry



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The Birth of an Industry Driven Cluster

- Context: High pressure from foreign markets during last recession
- Loss of market share
- Pressure to work together
- Common Needs
- Common challenges and solutions



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Secondary Wood Industry in Numbers

Sales Volume:

- Canada: \$17 Billion
- Ontario: \$6.6 Billion (38%),
- **Southwestern Ontario: \$5.2 Billion (85%)**

(Source: Conference Board of Canada, Wood Manufacturing Council, 2016)



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Secondary Wood Industry in Numbers

- **Employment:** Canada: 88,000
- Ontario: 28,400 (32%),
- **Southwestern Ontario: 22,500 (79%)**
- Companies:
- Canada: 5,300
- Ontario: 1,800 (34%),
- **Southwestern Ontario: 1,400 (78%)**



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What is a Cluster?

- A.k.a. business cluster, industry cluster, competitive cluster or Porterian cluster
- A cluster organization is of a group of companies and associated institutions, in a **common industry** and **geographical area**, linked by the **same interests and challenges**. Includes **competing companies, supply chain, educational institutions, and government stakeholders**



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What is a Cluster

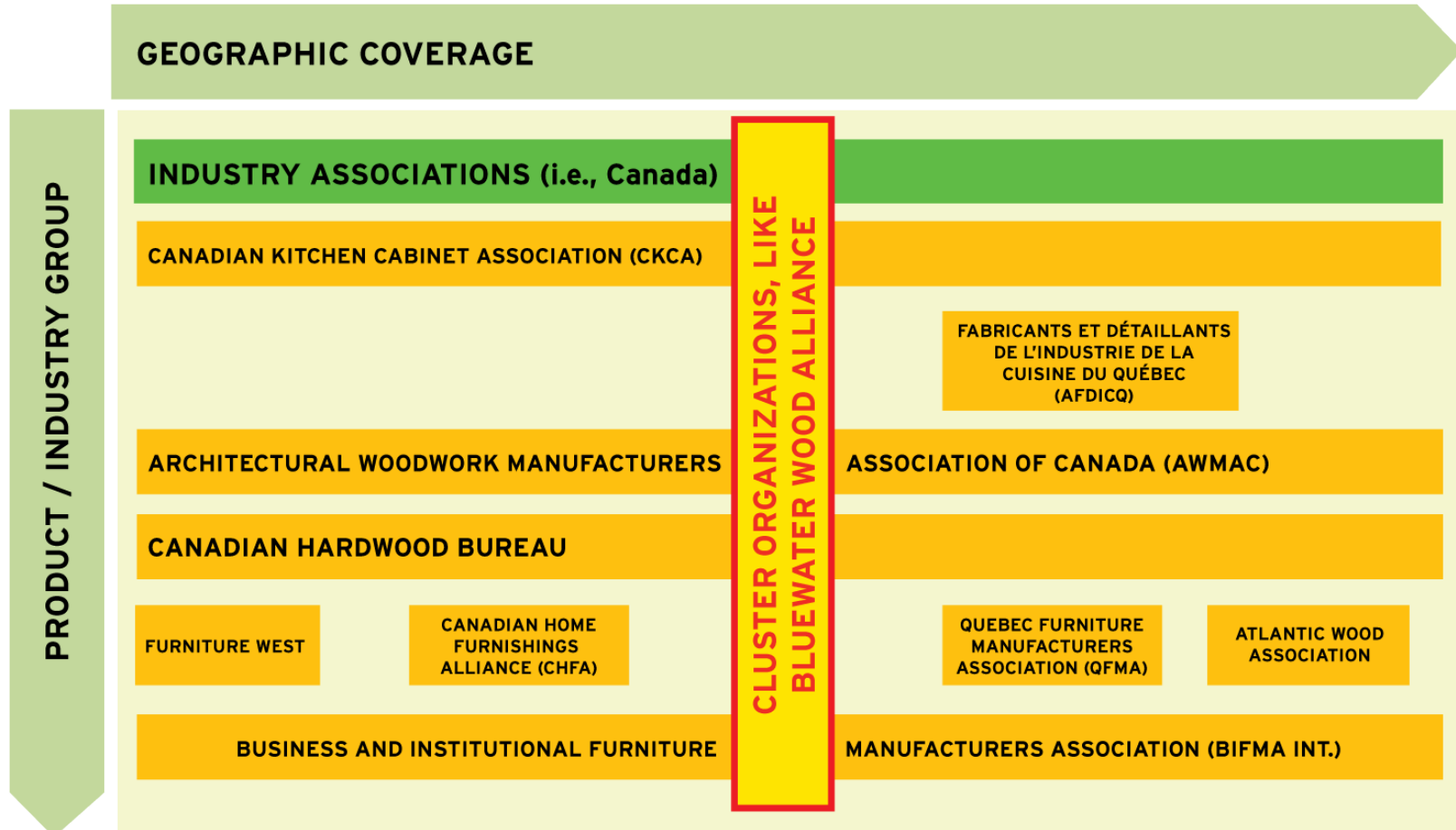
- Clusters can develop naturally, without an overall plan, throughout history (Silicon Valley, Detroit, Waterloo region etc.)
- **Difference: Managed/organized clusters vs. pre-existing clusters**
- **Bluewater Wood Alliance:** initial seeds of a wood cluster have been in existence for decades with the past strength of Ontario's furniture industry



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Cluster vs. Association



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Clusters: BWA How?

- Clusters need to start “organically” in order to “stick”. Must be bottom-up: industry driven
- Mindset of Trust and Collaboration
- In 2010, BWA started with 7 original (competing) companies who collaborated on mutually- beneficial government funded projects for Lean Training (RED/OMAFRA)



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Bluewater Wood Alliance - History

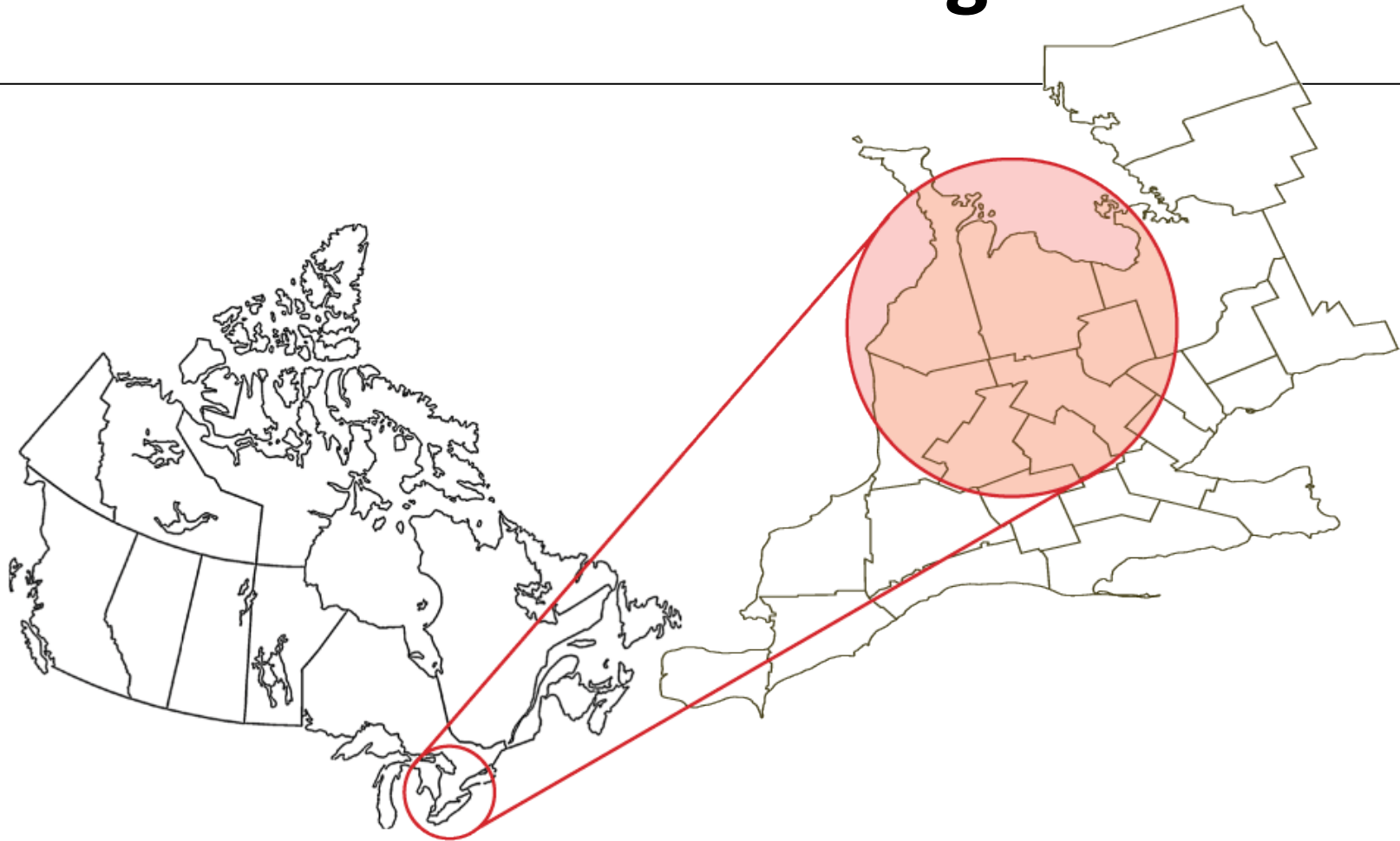
- In Jan, 2011: BWA sent two representatives to Clusterland in Linz, Austria for Cluster Training on how to start and run an industry cluster
- March, 2011: Incorporated as not-for-profit with board governance by seven board members and established by-laws- Co-Managed by Consultants



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Initial Intended Cluster Region

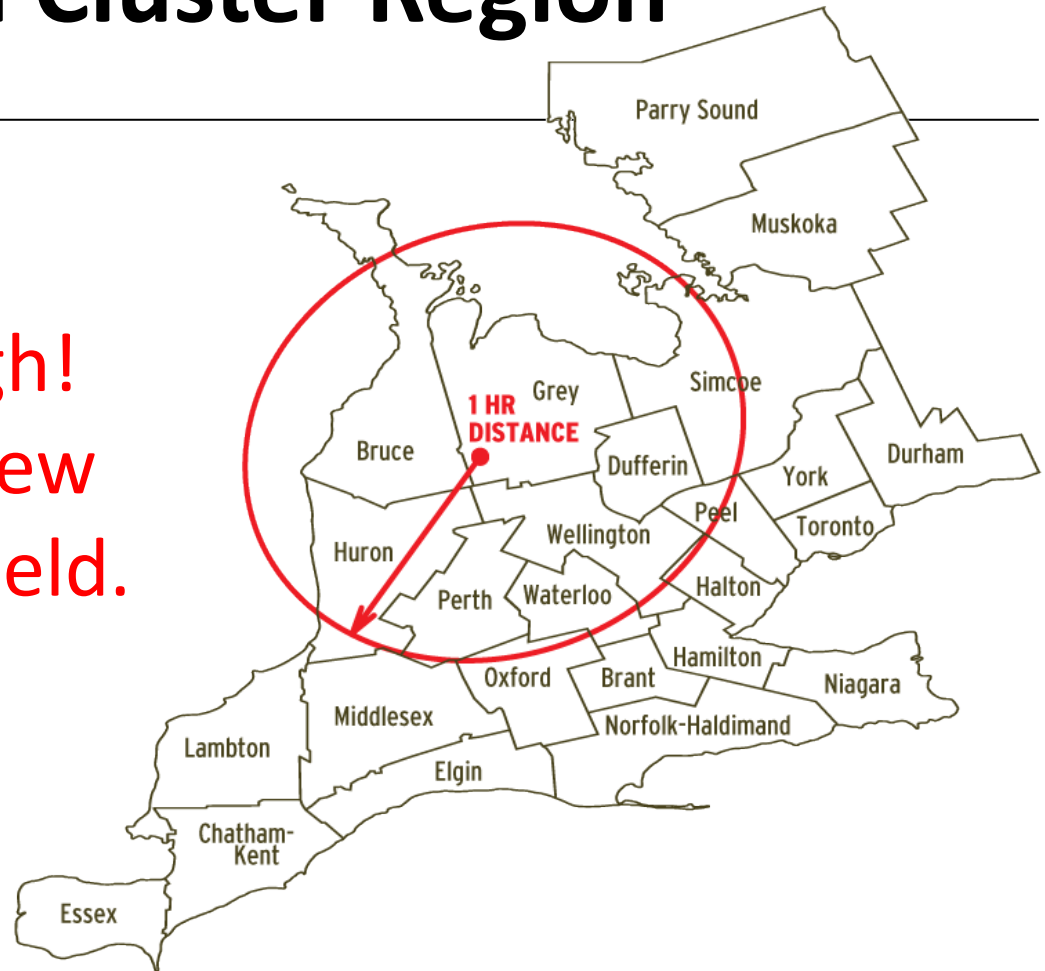


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Initial Intended Cluster Region

It wasn't enough!
The demand grew
from farther afield.

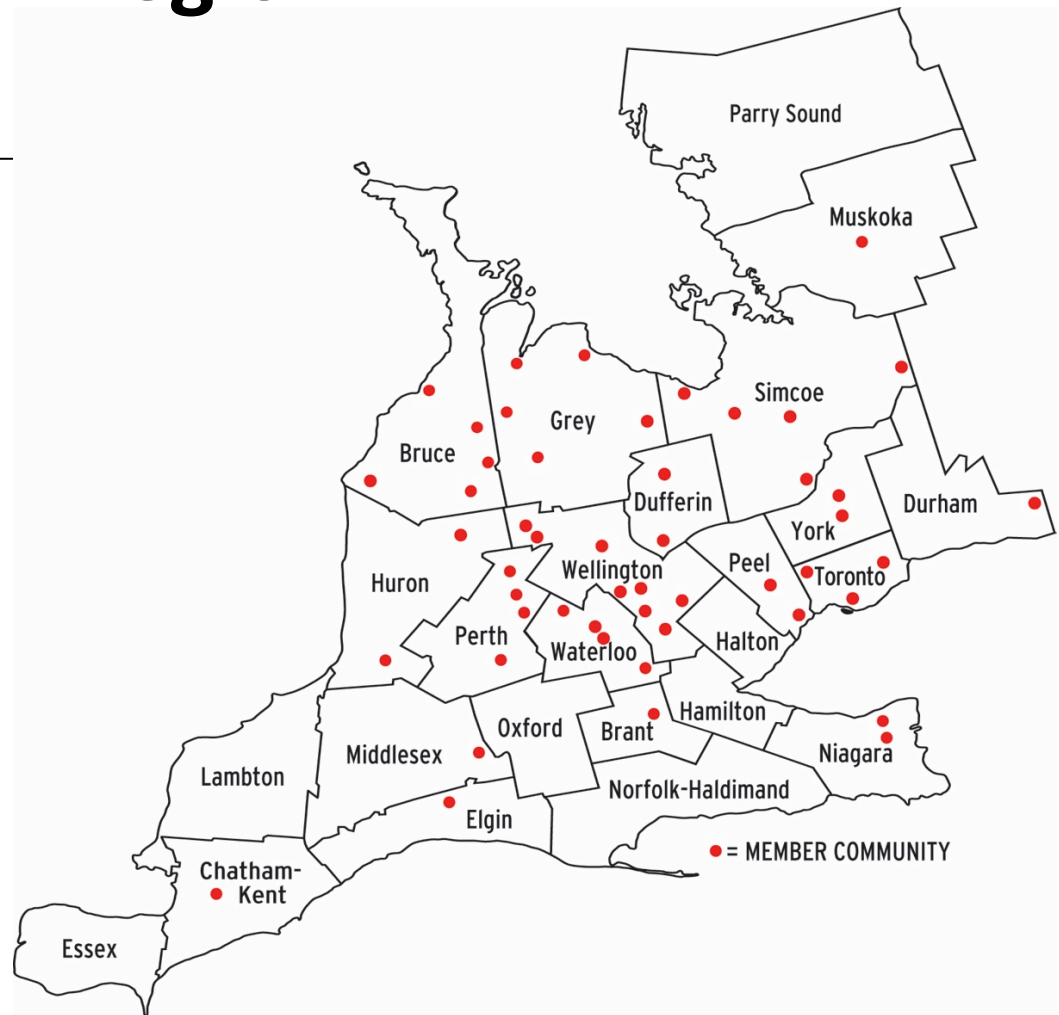


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New BWA Cluster Region Fall 2015

**Clusterland Model:
2-4 hrs distance
Demand came from
all Southwestern
Ontario!**



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Upper Austria Clusterland: Guiding Principles

- Organized, facilitated clusters take at least 10 years or more to mature
- At beginning: 100%, over time transitions to 80/20, 60/40, 40/60, to 20/80 at maturity (Austria wood cluster example)
- Gov. funding never fully goes away, as gov. always a stakeholder, on at least project level
- Cluster formalizes membership fees and other revenue streams



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BWA Members

- Today there are 110 member companies, including 75 manufacturing and 35 supply chain associate member companies
- 11 board members: 9 manufacturing, 2 supply chain
- Non-profit governance model



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Clusters: BWA How?

- Main reason for BWA success:
- Open Mindset of the people involved: BWA Board and its members
- Mutual benefits between companies
- Mutual challenges that are shared
- Bottom driven (Industry Run)
- Culturally natural in Europe: collaboration
- For many in North America: learned behaviour



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Clusters: BWA How?

- Began with **quarterly networking events** and round tables as learning opportunities: common needs and chance for all to connect- just get together!
- **Learning Events** where members have access to subject matter experts through a shared cost model, making expertise affordable and accessible
- **Monthly plant tour focus groups**, where members learn from each other's challenges, find solutions, share best practices and adopt lean principles: Focus on Continuous Improvement
- **Collaborative Export Development Projects** introducing members to new markets; BWA examples: Index show in Dubai, UAE and the High Point Furniture Market in High Point, North Carolina, IMM Cologne, 2018



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High Tech Manufacturing



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Bluewater Wood Alliance as a Benchmark Cluster Organization

- Governments are recognizing the value of regional clusters, and the potential to manage them
- Managed Clusters are rare (building on the experience of others in North America, but mostly Europe)
- BWA is setting the standard for organized clustering: only of its kind in Canadian value-added wood industry
- BWA is setting the bar for an umbrella cluster organization nationally in Canada
- Model for clustering for all industries



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WOOD ALLIANCE**
THE SEEDS OF GROWTH

Questions?

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