

# Opinion: Invest in the next generation, to build a 21st-century knowledge economy



ALAN SHEPARD, SPECIAL TO MONTREAL GAZETTE

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Published on: October 30, 2015 | Last Updated: October 30, 2015 12:11 PM EST



D3 Innovation Center is a university-based centre for entrepreneurs, startups and other innovators in technology to get together. Mohammed Alnakli, Shahrads Rezaei, Xavier-Henri Hervé, Patrick Ayoub, Tina Ali and Jignesh Patel, back to the camera, chat at District 3 at Concordia University in Montreal, on Wednesday, November 19, 2014. *DAVE SIDAWAY / MONTREAL GAZETTE FILES*

The new federal Liberal government has swept into power under the banner of “change.” As Canada continues to transition from a 19th-century natural resource economy to a 21st-century knowledge society, there could be no more pertinent theme.

How can we best equip our country’s future — our talented youth — as the very concept of work shifts beneath our feet?

In the space of a generation, the “career job” has become shorter-term jobs, plural. Job security is plummeting.

In such a paradigm-shifting landscape, the next generation wants to be the shifter, not the shifted. Ernst & Young (EY) recently found that in Canada, 59 per cent of Generation Y envisions being an entrepreneur.

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A knowledge society thrives on innovation, entrepreneurial startups are the most innovative companies, and SMEs and new companies generate the most new jobs. Clearly, entrepreneurs boost our economy.

But this is where Canada lags. Our rate of business spending on R&D in relation to GDP is falling — we’re now below the OECD average. The World Economic Forum reports that Canada was the world’s 12th most innovative country in 2012, but dropped to 25th in 2014. Next door, the United States is sixth. No wonder there are 350,000 Canadians in Silicon Valley.

But while Silicon Valley venture capitalists often wait for opportunities to flock to

them, increasingly, investors will travel to find the best ideas. And conditions in cosmopolitan, connected Canada are ripe to incubate more of them.

Yet only 27 per cent of those Canadian youth surveyed by EY say they receive sufficient help from local entrepreneurs, versus 36 per cent globally.

So, what are we doing about it?

Canada's cities are increasingly dotted with startup incubators. They bring together young people looking to turn great ideas into innovative products and services, prototyping equipment, entrepreneurial coaches, networks and venture capital.

Many incubators are run by universities, our society's innovation generators. The next-generation university is an institution without walls — essentially a network, both local and international. Still, there really is no substitute for the interactions a physical space fosters: the chance encounters, the coffee chats, the engineered serendipity.

The incubator approach works. In two short years of operation, District 3, Concordia University's incubator, has created more than 100 full-time jobs. Its startups have raised more than \$5 million, been valued at over \$30 million and won international competitions.

The Liberals have pledged \$200 million a year over three years for a new innovation agenda that includes support to innovators and accelerators. Now that the election is over, it's time to turn promises into policy — to get specific.

Here's what we need:

Frameworks and coordination among different levels of government, business, the not-for-profit and higher education sectors.

Financial encouragement. Last spring, the Caisse de dépôt et placement du Québec announced Espace CDPQ, a strong initiative that will provide entrepreneurial firms at various stages of development with money and expertise.

Property tax breaks from municipalities, education subsidies from the provinces and corporate and R&D tax incentives at the provincial and federal levels.

Great leadership. We can't always look to government for the next dollar — the build-it-and-they-will-come approach requires us all to become builders. Last year, a \$1 million gift from Desjardins Group kick-started Fondation Montréal Inc.'s own incubator. And in September, a \$1 million gift from André Desmarais and France Chrétien Desmarais boosted Concordia's District 3.

Space. Empty storefronts could become pop-up incubators in any town, but so could a spare conference room at your company or NGO, where you might also lend

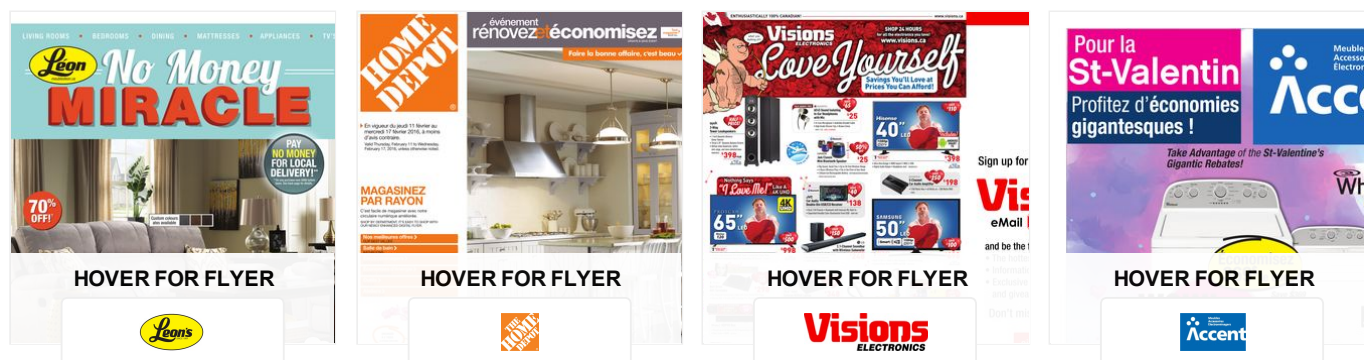
guidance.

Increased generosity toward our youth through coaching and networking. Coaching is a great way to give back — and to learn.

As our economy modernizes, resource values boom and bust. But in any age, our most investment-worthy and renewable natural resource will always be our next generation.

*Alan Shepard is president of Concordia University.*

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