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**INDUSTRY ASSOCIATION
RESEARCH PROJECT**

***Report #3:
Benchmarks in Innovation:
Association Best Practices in Organizational Design
and Service Delivery***

*Presented to:
Industry Canada*

*Prepared by:
Strategic Policy Choices, Inc. & Tom Deans Consulting, Inc.*

March 1994

STRATEGIC POLICY Choices

BRINGING PUBLIC POLICY TO THE BUSINESS ENVIRONMENT

**INDUSTRY ASSOCIATION
RESEARCH PROJECT**

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STRATEGIC POLICY CHOICES

BRINGING PUBLIC POLICY TO THE BUSINESS ENVIRONMENT

FOREWORD

This report is one of several based on research undertaken and the views of senior association and business executives received in the context of a study, commissioned by Industry Canada, of industry associations in Canada. The opinions expressed in this report do not necessarily reflect the views of Industry Canada.

The overall project, including research direction, and conduct of the interviews, mail surveys and focus groups, involved close collaboration between the consulting team and several groups in Industry Canada: Industry and Sector Policy Integration Directorates, Industry Sector Branches, and Industry Canada Regional Offices. In particular, Christopher LeClair for the consulting team and Michael Moore for Industry Canada, with the assistance of Sector Branch, Regional Office and Policy Sector personnel, arranged and conducted the interviews and focus groups.

Special thanks are extended to the association and business executives without whose cooperation and participation, the success of the project would not have been possible.

*Industry Canada
March 1994*

Strategic Policy Choices Inc. in association with Tom Deans Consulting Inc. is pleased to present the following reports on industry associations commissioned by Industry Canada:

Report 1: Canadian Associations as Agents of Industrial Change: Canada In Comparative Perspective

Report 2: Canadian Associations and the New Association Order: Potential Directions for Reform

Report 3: Benchmarks in Innovation: Association Best Practices in Organizational Design and Service Delivery

Report 4: Annotated Bibliography

We would like to thank Industry Canada personnel in both Ottawa and the regional offices for their active participation and logistical support throughout all phases of the project. In this regard, we extend special thanks to George Skinner, Terry Leung, Peter Chau, and, in particular, Michael Moore, for their efforts. In addition, we would like to acknowledge the advice and counsel of Dr. William Coleman and Dr. Michael Atkinson of the Department of Political Science at McMaster University along with the research efforts of Carlo Mastrangelo. Finally, we thank all association and company executives who provided their valuable input.

*Strategic Policy Choices Inc., and
Tom Deans Consulting Inc.
March 1994*

INNOVATIVE APPROACHES TO CANADIAN INDUSTRY ASSOCIATION ORGANIZATION AND SERVICE DELIVERY

Both the public and private sectors recognize that Canada's industry associations are a vital part of the competitiveness equation. On behalf of the industries they represent, associations train workers, undertake industry self-regulation and thereby avoid government-imposed initiatives, provide competitiveness benchmarks for members, and serve as clearing houses for critical industry research and statistics as well as a host of other functions. In short, industry associations are the principal arena in which companies collectively address competitiveness challenges on a systematic basis, challenges which are beyond the means of any individual company to solve. As Michael Porter notably pointed out, "trade associations represent a potentially high leverage mechanism for upgrading Canadian factors."

What has been assembled here is a partial inventory of industry association "best practices" — a compendium of the kinds of innovative services associations are providing to member firms and how they are organized to do so. It is divided into two sections: **(1) Areas of Organizational Innovation and (2) Comprehensive Services Offered by Associations.**

This compendium is designed to generate broader awareness of the kind of innovative services that associations are delivering to member firms and the way they are organized to do so. It is by no means exhaustive, it only begins to scratch the surface on the ways that associations assist their members in response to an increasing number of issues. It is hoped that these examples of "best practices" will help other industry associations explore innovative and proven approaches in dealing with the complex of challenges that confront their respective industries.

AREAS OF ORGANIZATIONAL INNOVATION: AN OVERVIEW OF INDUSTRY ASSOCIATION BEST PRACTICES

Experts on industry associations in both Canada and abroad contend that how an association is organized has a direct impact on how effective it is in delivering services to member firms. To this end, association organization can touch on a number of issues; how an association *finances* its activities, how it *cooperates* with other related associations in order to pool resources, and how broadly it defines its *scope and mandate*. These are some of the more influential organizational factors which shape industry association effectiveness in responding to the needs of member firms.

It is worth noting that in Canada we are seeing a number of examples of association reform in these very areas. Associations that were previously financed on a dues-basis are now establishing fee-for-service programs. Associations in related sector and sub-sectors are addressing the issue of how best to cooperate. In some instances, associations are merging in order to reduce duplication and unify the representational voice of the business community.

This movement towards industry association reform in Canada is steeped in a recognition that organizational attributes play a salient role in influencing both service delivery and advocacy capability. We will now look at three of the more significant organizational innovations among Canadian industry associations which include: (I) the benefits of fee-for-service approach to association programming; (II) forms of association cooperation; and (III) the economics of association mergers.

I. The Fee-For-Service Approach: The Market Ethos At Work in The Association Marketplace

Increasingly, companies are looking critically at what benefits they get from their associations in return for their membership dues. Companies expect to be treated like "customers" of association services and want to see value for money. This trend is proving problematic for those associations whose approach to association programming is based exclusively on membership dues. Such an approach means that a company's dues, in effect, funds every association service, regardless of whether or not a particular service is of interest to a company.

Conversely, fee-for-service association programming whereby members are charged a lower dues and pay for those services which benefit them directly is more in keeping with the prevailing market ethos which defines the way companies view their associations. A number of associations have responded to member expectations about "value for money" by developing programs based on a fee-for-service format. Rather than charge members a blanket membership dues to finance all services, a growing number of associations are

charging much lower dues and providing members with the option to pick and choose association services that are most relevant to their needs.

Two associations which are oriented towards the fee-for-service approach to association programming are the Canadian Office Products Association (COPA) and the Environmental Services Association of Alberta (ESAA).

The Canadian Office Products Association (COPA) Success Story

COPA offers highly focused services to members on a fee-for-service basis. Membership fees are purposefully kept low to reflect the costs of only those services which are provided universally to all members. With over 1000 companies as members, COPA has developed comprehensive services designed to respond to the specific needs of the different sub-sectors of its membership. Services such as the small parcel program for small to medium sized members; the product sampling program for manufacturers to test new products with consumers; and international import /export market reports for suppliers, among many others, are financed by those member companies who benefit from them.

It has been this strong customer service approach to programming which has enabled COPA to grow to a point where the size of its budget is equal to that of many associations representing industries that are four to five times as large as Canada's office products industry. For COPA members, this translates into better quality service. According to COPA: "much of the association's financing is produced through a broad range of revenue generating activities...all surplus moneys are re-invested in the association to further expand and improve its roster of member services."

"...COPA's fee-for-service approach to membership allows our company to belong to the association without the burden of excessive membership dues and allows us to financially support activities most relevant to our needs. That is value for money!"

Sarah Friesen, Director of Purchasing
Grand and Toy

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The Environmental Services Association of Alberta (ESAA) Emerges as a Model Association for the 1990's

As a relatively new industry association, the ESAA was established at a time when member companies began to seriously question the money spent on membership dues. For ESAA,

a fee-for-service approach seemed like the most suitable market response to meet the needs of a more demanding association customer. Since its inception in 1987, the association has been true to its promise to ensure that membership fees remain only a minor source of association revenues; dues have ranged from just 7 to 14 per cent of total association revenues.

This approach seems to be working well for ESAA. In the last three years membership in this provincial association has risen to 270 corporate members, an increase of close to 50 per cent. The unobtrusive initial membership dues do not act as a barrier to recruiting new members. Once members join the association, they have a slate of comprehensive services from which they can choose to purchase along with standard services which are included in the cost of membership. ESAA also has a disproportionately large budget relative to the size of the industry it represents. In fact, ESAA is able to use its more popular fee-for-service programs to generate a surplus of resources to pay for those association activities which can not be offered on a cost-recovery basis, but are nonetheless important.

"...The Environmental Services Association of Alberta in a short period of time has emerged to provide a number of key services to our industry. One of the greatest benefits of the association is the way it's financed. We are charged a low dues and are able to choose to pay for those services which bring us the most value. Most associations don't offer that kind of choice."

Jeff Wearmouth
Triwaste Reduction Services

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II. Forms of Association Cooperation: The Need to Establish Effective Methods of Coordinating Industry Association Action

One of the challenges confronting sectoral/sub-sectoral associations is how best to respond to non-sector specific issues in a sustained and effective manner. Increasingly, there are industry associations who are looking for ways to work in a more cooperative fashion with related associations in both service delivery and policy advocacy. However, establishing effective methods of achieving industry cooperation is not easy. Associations will continue to struggle with the issue of how to maintain their autonomy and sectoral/sub-sectoral focus while at the same time benefit from the economies of scale that can be obtained from the pooling of association resources. It is possible to distinguish between formal and informal approaches to inter-association cooperation.

Formal Approaches To Association Cooperation: Some Examples

The lack of formal association cooperation in Canada must be situated in a broader understanding of the differences which separate industry associations in Canada from their European and Japanese counterparts. Unlike the association communities in these countries, Canada has little experience with *peak* associations. Peak associations are "associations of associations" and play a significant role in forging consensus and cooperation among sectoral/subsectoral associations on issues of common concern. In Canada, few associations function as peak associations and as a result, formal association cooperation is not as common as in Europe or Japan.

By contrast, the **Conseil du Patronat du Quebec (CPQ)** and the **Automotive Advisory Committee (AAC)** are examples of effective association cooperation which result in tangible benefits for the associations who belong.

Le Conseil du Patronat du Quebec (CPQ) — Canada's Premiere "Peak" Intersectoral Association

It is interesting to note that Quebec, home of Canada's only peak association (the CPQ), is also the province where association cooperation seems more pronounced. Representing 126 industry associations and 450 corporate members drawn from every major sector of the Quebec economy, the CPQ is without question, this country's most representative intersectoral association, a fact which enhances its capacity to act as the voice of industry on matters of public policy. The degree to which the CPQ is the unrivalled voice of the business community in the province of Quebec has meant that the association is taken very seriously by policy-makers.

One of the chief benefits of the CPQ is that it provides policy analysis and advocacy on those issues which are non-sector specific, leaving its sectoral and sub-sectoral association members to focus limited resources on those issues most relevant to them.

"We have found that CPQ functions effectively in addressing those issues that impact our members in Quebec as Employers. We support them with our membership because of that effectiveness which springs from their broad representational base. Leaving them to do what they can do much better than we can, leaves us to concentrate on those issues which are sensitive to our particular industry."

Thomas Ross, Executive Director
Canadian Retail Hardware Association

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Other Examples of Formal Cooperation: Insights from the Automotive Sector

One sector in Canada where association cooperation has tended to be the rule rather than the exception has been in the automotive industry. Some of the credit belongs to the establishment of the Automotive Advisory Committee (AAC), an industry/government/labour forum created to bring key stakeholders together to address common problems. The AAC's committee and sub-committee structure consists of nine automotive-related associations, organized labour, and the Federal, Quebec, and Ontario governments. As such, it provides a "critical mass" to cooperate on major policy and program issues relating to the environment, international competitiveness, education and training, and technological innovation to name a few.

A result of this high level of sectoral cooperation is a corresponding willingness on the part of key government departments and ministries to involve these sub-sectoral associations along with the other stakeholders in major policy discussions. To this end, because governments recognize that all association players are represented at the table, they are more inclined to systematically involve them in the decision-making process, unconcerned about the possibility of developing a position that might not have the support of a major sector of the automotive industry.

"...The Automotive Advisory Committee is the kind of forum where the various sub-sectors of the industry can come together and address issues of common concern. As such, it provides the industry with the benefit of speaking to governments with a united, powerful voice. The support and cooperation that takes place between industry and government at the AAC is a testimony to its effectiveness.

Dean Wilson, President
The Automotive Industries Association of Canada

Informal Approaches to Association Cooperation: Some Examples

While formal types of association cooperation are not that common in Canada, there are a growing number of informal cooperative arrangements emerging among associations to more effectively respond to issues of broader concern. In some cases, cooperation serves the purpose of information exchange as in the case of the Business Association Interchange (BAI) or the Canadian Society of Association Executives (CSAE)'s Trade Council. The Ottawa-based BAI provides a forum where association executives are able share information as well as meet with government officials to get insights on emerging policy issues. As an association representing individual association executives, the CSAE has established a Trade Council to likewise share information and pool resources where common issues can be better addressed through collective action.

On matters that demand more concerted cooperation, associations have established coalitions to coordinate research, undertake policy analysis, and develop industry positions. To this end, coalitions have been created in response to a number of policy issues in order to pool resources and strengthen the representational voice of industry. These informal arrangements are usually led by a handful of larger associations who have the resources to serve as the coalition's secretariat. Two recent examples of such coalitions were *the All Business Coalition* and *the National Task Force on Cross Border Shopping*.

The All Business Coalition (ABC): Uniting The Voice of Ontario's Business Community

The All Business Coalition (ABC) was formed in response to proposed changes to the Ontario *Labour Relation Act*. It was formed by the Canadian Manufacturers Association (CMA), the Retail Council of Canada, the Canadian Federation of Independent Business (CFIB), the Chamber of Commerce, and the Construction Council of Ontario (COCA). Each of these associations assumed secretariat functions for the coalition throughout its duration. In all, the ABC brought together over 65 associations to present a united business position on the proposed labour law reform. The coalition sponsored research into the impact of policy changes, launched a major communications effort, and assisted in the individual advocacy efforts of participating associations. Although the legislation was eventually passed, ABC was considered successful in securing a number of important changes. Had associations tried to alter this legislation on an individual basis, it is doubtful they would have been as successful as they were collectively under the ABC. It is worth noting that similar coalitions were formed in both British Columbia and Saskatchewan.

"...The All Business Coalition worked well with very little cost. For a small association it provided us with a forum for our opinions which could not be presented on our own."

David Osborne, President
Canadian Heat Exchanger and Vessel Manufacturers' Association

"...A number of smaller, more specialized associations found the ABC very helpful to them as a means of keeping up with the developments and getting good analytical insights into the legislation. This allowed them to represent the interest of their members much more effectively to the government and allowed business to present a broader, more coherent set of views."

Peter Woolford, Vice-President Policy
Retail Council of Canada

The National Task Force on Cross Border Shopping: A National Response to A National Problem

In 1990, the Retail Council of Canada and the Canadian Federation of Independent Grocers called a meeting of associations representing industries harmed by the dramatic increase in cross border shopping. Out of a series of initial meetings emerged the National Task Force on Cross Border Shopping, a coalition which eventually consisted of two dozen industry associations, consumer groups, labour unions and federal and provincial government officials. In addition to raising both the public profile and political importance of the cross border shopping issue, the task force coordinated research and conducted policy analysis which helped to define the scope of the problem and identify potential solutions. Among other things, the task force worked with Canada Customs to increase the effectiveness of border controls; secured the removal or reduction of tariffs on merchandise sales of commodities coming from non-U.S. sources to bring them in line with those in the US; conducted a major study of the competitiveness of distribution channels in Canada with those in the United States; and assisted cross border communities to promote the benefits of shopping in Canada. According to the task force's founders, these activities, combined with a decline in the value of the dollar have contributed to a significant reduction in the level of cross border shopping.

"...The National Task Force on Cross Border Shopping was instrumental in gaining broad industry-labour-consumer consensus on the need for urgent action. The policy changes secured by the task force would have been difficult, if not impossible, had each association tried to go it alone."

Sandra Banks, Executive Vice-President Government Relations
Grocery Products Manufacturers of Canada

III. The Economics of Association Mergers: The Push for Industry Association Rationalization

Canada's industry association community, by international standards, is characterized by a large number of narrowly focused associations, some of which lack adequate resources to operate in an effective manner. In response to this problem, many company and association executives are exploring opportunities for mergers of smaller associations in order to reduce duplication and make more effective use of limited industry funds. By looking at ways to achieve association "economies of scale", mergers offer the chance to create more financially viable organizations capable of providing firms with access to high quality services in a more cost-effective manner. The positive outcome of association mergers in the **petroleum and information technologies** industries suggests that such organizational reforms are well warranted.

Petroleum Industry Better Served by Association Merger IPAC+CPA=CAPP

In 1992, the Canadian Petroleum Association (CPA) and the Independent Petroleum Association of Canada (IPAC) merged to form the Canadian Association of Petroleum Producers (CAPP). The logic of such a move was straightforward enough. According to CAPP, "...the merger allows member companies to address industry issues with a single, more effective voice and reduce the costs of that representation." There can be little doubt that this is precisely what CAPP has done. The merger has created a membership which consists of 190 companies that find, develop, and produce more than 90 per cent of Canada's crude oil and natural gas. At the same time, the merger has resulted in a savings of "association costs" in excess of 35 per cent.

"...The IPAC/CPA merger which created CAPP has greatly strengthened the voice of the industry in dealing with political and regulatory matters in an effective manner. As a former IPAC member, CAPP manages to provide the kind of industry focus I desire, while at the same time benefiting from a more cost-effective organization."

Verne Johnson, President
Elan Energy

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Information Technology Industry Benefits from the Merger of Canadian Association of Data and Professional Services Organization (CADAPSO) and the Information Technology Association of Canada (ITAC)

By the mid 1980's, Canada's information technology industry had an industry association community that was growing as rapidly as the sector. The situation was such that there were three national associations representing much of the same industry: the Information Technology Association of Canada (ITAC); the Canadian Association of Data and Professional Services Organization (CADAPSO) and the Canadian Advanced Technology Association (CATA). By 1990, two more associations had sprung up which eventually became regional offices of CADAPSO in Ontario and British Columbia.

Both member companies and association staff believed that the existence of a number of associations was depriving the information technology industry of the focus and industry unity that could be obtained by having one central industry voice. In response to this view, board members and association staff from CADAPSO and ITAC initiated discussions about the benefits of merging. In 1991, a merger took place resulting in considerable savings, a more unified industry, and a more representative association. Currently, there are those in the information technology industry that believe there is still room for further rationalization in the industry association community.

"...The merger between ITAC and CADAPSO has resulted in a more effective delivery vehicle for the industry's policy recommendations and its research projects on the "New Economy." This has been a major transformation, and as a member I am pleased with the "upgrade" of our advocacy efforts."

Bruce Lyons, President
Brant Interprovincial Systems Inc.

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AREAS OF SERVICE DELIVERY: AN OVERVIEW OF INDUSTRY ASSOCIATION BEST PRACTICES

Canada's industry associations provide their members with a wide range of business services and activities that are beyond the reach of individual companies. The need to respond to growing environmental pressures, health & safety issues, consumer protection, the education and training needs brought about by Canada's transformation to a high wage, value-added economy are just a handful of the kinds of issues that dominate the agendas of Canadian associations.

However, when examining the kinds of services that associations provide in these and other activity areas, there is a striking variation in the *range* of services offered. In some cases, association services are comprehensive and are provided as part of an association's strategic plan to respond to particular industry needs in an integrated fashion. Other times, associations undertake activities on an ad hoc basis and seem only to scratch the surface of the needs of its members in a particular area.

A survey of association activities and services in the following areas reveals a number of "benchmarks" which might prove useful to associations looking for ways to enhance their effectiveness in responding to the needs of their members.

1. Education and Training: Association Efforts at Narrowing the Skills Gap

The need to develop education and training programs to meet the changing skills requirements of the Canadian economy has emerged as a dominant focus of associations in the 1990's. The task of identifying human resource trends in specific industries and developing training programs aimed at meeting potential skills shortages is beyond the resources and expertise of many companies.

Associations have responded in very different ways to the human resource challenges confronting the firms they represent. This is reflected in the diverse range of activities and services which are offered under the banner of education and training. For many associations, limited resources has meant that activities and services have been confined to short-term, training seminars aimed at the management level. Although of obvious benefit to the members, such activities address only a small portion of industry needs in this critical area.

By contrast, the Society of the Plastics Industry of Canada (SPI), the Electrical and Electronic Manufacturers Association of Canada (EEMAC), and the Canadian Urban Transit Association (CUTA) are examples of associations that have developed and implemented comprehensive training programs equal in breadth to the training needs of their respective industries.

The Integrated Approach of The Society of the Plastics Industry of Canada (SPI)

SPI has devoted significant efforts over the last 10 years to develop education and training programs to service the industry's 125,000 employees. The approach that SPI has taken has been an integrated one, focused at various levels of the educational system. This is based on the assumption that the most innovative and responsive education and training infrastructure is of little use if young Canadians are not attracted to the career opportunities that an industry has to offer in the first place. In the case of the plastics industry, SPI found that the vast majority of both teachers and students knew little about plastics. In response to this challenge, SPI put a program in place in which specially designed teaching materials covering the subject of plastics are reaching close to 1,000,000 students in grades 7, 8, 9, and 10.

In terms of training existing workers and potential entrants, SPI has worked closely with community colleges in Quebec, British Columbia, and more recently Ontario to develop programs to meet a variety of industry needs. In Ontario, 1993 marked the opening of the Canadian Plastics Training Center, a joint effort of industry, labour, the Ontario and Federal governments and Humber College. The Center provides both a two year technician program as well as short-term training for workers requiring skills upgrading.

"...SPI's long standing efforts on the education and training front have helped ensure our company has access to informed and skilled employees."

Geoff Clarke, President and CEO
AT Plastics Inc.

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The Electrical and Electronic Manufacturers Association of Canada (EEMAC) and The Establishment of The Sectoral Skills Council

EEMAC's extensive efforts in promoting education and training contributed to the establishment of a Sectoral Skills Council, a partnership between industry, labour and the Federal and Ontario governments. This initiative provides a training fund into which industry and labour contribute to match federal and Ontario support to carry out education and training for all levels of employees in the electrical and electronics industry.

Established in 1990, close to 15,000 workers have already received training under the auspices of the program, with more firms and employees joining up every week. The success of the program is based on its flexibility. A joint industry/labour committee decide

on the eligibility of education and training activities which are then delivered by instructors/trainers chosen by the participants in the most suitable location. For some programs, trainers/instructors are brought into the company to provide the training in-house. Other times, training might be delivered in cooperation with a community college.

"...EEMAC's recognition of the competitive implications of education and training played a major role in the establishment of the Sectoral Skills Council, dedicated to meeting the skills requirements of the electrical and electronics industry. The training program is flexible enough to meet a variety of different needs and is simple to administer. Almost every employee in our company has received some form of training under the auspices of this program."

Mike Stedman, President
Moloney Electric

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Canadian Urban Transit Association's (CUTA)'s Education and Training Services Are Sold Internationally

CUTA's commitment to education and training is clearly reflected in the association's budgetary priorities. In some years, upwards of 50 per cent of CUTA's budget has been devoted to training and professional development for the transit industry. With training programs spanning twelve subject areas, CUTA's programs and courses cover close to 50 days of course instruction.

It is worth noting that while many industry associations operate these kinds of programs and services at less than break even conditions, CUTA has turned its highly sought after education and training "products" into important sources of association revenues. In fact, CUTA's programs are so successful, it has been able to sell them to the United States, Bermuda, France, Australia, and New Zealand. Offering over a dozen specialized training programs, CUTA has been able to derive as much as 35-40 per cent of its association revenues off the sales of these products. These revenues go back into financing a number of critical activities to help benefit Canada's urban transportation industry.

"...From a human resource perspective, I have always found the Canadian Urban Transit Association to be extremely responsive to our needs in the area of training. Their staff have worked closely with member transit companies to develop programs in such areas as customer service, dealing with a diverse community, labour relations and strategic and operational planning."

Denis E. Coupland, Acting Manager
Human Resource Division
OC Transpo

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II. Industry Self-Regulation: The Convergence of Private and Public Interests

For some industries, especially those in the financial services sector, self-regulation has been an established tradition. Associations such as the Investment Dealers Association (IDA), the Insurance Bureau of Canada (IBC), and the Canadian Life and Health Insurance Association (CLHIA) have long recognized that protection of the public interest through self-regulation in the long run leads to the enhancement of the private interest.

Outside the financial services domain, however, a growing number of industry associations have also recognized that industry self-regulation is an important step in promoting broader social goals that build public confidence and lessen the need for government-imposed regulation. The Pharmaceutical Manufacturers Association of Canada (PMAC), the Canadian Franchise Association (CFA), and the Grocery Products Manufacturers of Canada (GPMC) are examples of associations that have assumed various self-regulatory functions.

The Pharmaceutical Manufacturers Association of Canada (PMAC) and Its Code of Marketing Practices

For PMAC, the move towards industry self-regulation is a manifestation of the industry's recognition of its "unique position as a partner in the provision of prescription medicines and services to the public." To this end, PMAC members are bound by the association's **Code of Marketing Practices**, a comprehensive listing of principles and practices complete with enforcement procedures and penalties. The code covers a wide range of issues including; advertising/information dissemination, the distribution of product samples, employment and

training requirements for pharmaceutical manufacturers' representatives, and enforcement procedures.

"...We at Glaxo are very supportive of the Code of Marketing Practices and accept the need for all PMAC members to be seen to support both the spirit and the letter of the code."

Dean Mitchell
Glaxo Canada Inc.

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The Canadian Franchise Association (CFA) Audits Potential New Members

As part of its move into the realm of self-regulation, CFA audits potential members prior to accepting them into the association. The purpose of the audit is to determine if the franchisor seeking to become a member operates in a manner consistent with the association's code of ethics. In all, the association undertakes a detailed examination of a potential member in accordance with eight key question areas.

Perhaps one of the most innovative aspects of this audit process is that the association goes out and interviews the very customers of the franchisor—the franchisees—to determine the level and quality of service that the potential members extend to their customers. "Were there any hidden or unexpected costs, apart from the stated total investment?" "Did the franchisor live up to its promises in such matters as assistance in opening the business, advertising, and promotional support?" Responses to these kinds of questions asked by association staff provide the basis for the judgement as to whether or not a franchisor should be accepted as a member and allowed to display the association's logo as proof of his or her commitment to customer service.

"...Both franchisors and franchisees have a stake in building a healthy franchise industry. The CFA, through its assessment of new members, provides assurance that franchisors displaying the CFA logo are committed to franchising excellence."

Nick S. Javor JR., President
Mr. Lube Canada Inc.

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The Grocery Products Manufacturers of Canada (GPMC) and The Packaging Stewardship Program

Associations have responded to the environmental imperative in two distinctly different ways. Some associations have focused on public relations and lobby efforts aimed at protecting markets and preserving the status quo, rather than changing industry behaviour. In contrast, an increasing number of associations like GPMC have begun to establish stewardship programs in which industry collectively undertakes management of the environmental impacts of its processes and products by systematically changing the way business is done. To this end, the packaging stewardship model originally put forward by GPMC is a classic example of an industry that has taken the lead in environmental protection. Other industries including the Canadian Council of Grocery Distributors, the Canadian Softdrink Association, and the Retail Council of Canada are now sponsors of the initiative. The chief objective of the program is to divert packaging waste from landfills, a move for which industry is willing to share financial responsibility. The program is currently being implemented in Manitoba and members are in the process of negotiating with other provinces with a view of national implementation.

"...The packaging stewardship initiative is an example of an economically viable, environmental protection measure which will work. Its success is based on the fact that market incentives play a major role in rewarding environmentally responsible behaviour.

Graham Freeman, President and CEO
Ault Foods Limited and Co-Chair of the Canadian Industries
Packaging Stewardship Initiative (CIPSI)

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III. Industry Statistics and Research: Information that Makes A Bottom-Line Difference

The majority of industry associations provide members with statistical information about the markets they serve. As in other areas of service delivery, there are significant variations in what associations provide to member firms. In many cases, associations merely take data that has already been collected and re-package it under their name.

However, there are industry associations who have developed comprehensive industry statistics and research services aimed at providing companies with a wide-range of highly focused products. These products serve as salient information sources that are utilized by member companies in strategic planning and corporate decision-making on a wide-range of topics.

To this end, the Automotive Industries Association of Canada (AIA) and the Canadian Offices Products Association (COPA) stand out for the comprehensive and highly useful industry statistics they offer their members.

Automotive Industries Association of Canada (AIA) Produces "Aftermarket Watch"— A Comprehensive Analysis of Market Trends

For seven years, AIA has produced *Aftermarket* — a thorough and comprehensive statistical overview of the automotive aftermarket. The principal objective of *Aftermarket* is to provide member companies with the kind of information that will help them make key business decisions in a timely and cost-effective manner. Companies trying to compile this kind of information on an individual basis would face consulting and research costs that would make access to such data prohibitive. The report covers a variety of industry statistics

including; units in operation in the marketplace, vehicles entering the market, aftermarket outlets, vehicle production, aftermarket business conditions, economics of the aftermarket, and consumer demand. Each one of these statistical headings is further broken down into anywhere from 4 to 13 sub-categories, thereby providing member companies with highly focused market information.

"...AIA's industry statistics are an important source of market information that our company uses on a regular basis. This information on topics ranging from consumer trends to financial performance data proves invaluable in our business planning process."

Mike Claener, Vice-President Realty and Retail Shop Operations
Midas Canada Inc.

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COPA's Surveys Offer Salient Industry Information that is Used Widely By Member Companies

COPA offers members a wide range of surveys on the office products market. These surveys provide valuable information that affects the bottom line. The *International Trade Statistics Report* provides both import and export data, with the information segregated between trade with the US and total international trade. The annual end-user study serves as an accurate source of information on consumer trend. It is based on 1200 interviews and provides insights that enable dealers to better understand the market-place. In addition, COPA has undertaken a study of the distribution channels through which office products are sold. Among other things, the study helps the office products industry respond to the marketplace by documenting the percentages of industry sales that are arriving at the marketplace through the various distribution channels.

"...COPA's market surveys and industry research provides our company with timely commercial information which has proven invaluable in helping us understand how the office products market in both Canada and abroad is evolving. This information is widely used by our company for strategic marketing and business planning purposes."

Gail McCaskill, International Buying Manger
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