C16LMP003

# British Columbia Apparel Industry

# Labour Market Partnership

## Phase 1: Apparel Sector Engagement

## Final Report

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Prepared for:
The British Columbia Ministry of Jobs Tourism and Skills Training

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# 1.0 Executive Summary

The apparel industry in B.C. has gone through numerous fluctuations throughout its existence. It emerged in the 1920s and became a significant employer in the post-WWII years. After a great deal of the industry declined in the 1990s, the trade-liberalisation years, the last five years have seen the industry make a come-back.

Leading the way are four major B.C.-based global brands, supported by numerous premium and performance apparel mid-tier and boutique firms. Contrary to public opinion, apparel manufacturing also maintains a solid presence in the province. As industry tries to grow, its biggest competitive disadvantage is the absence of workers. The needed labour force doesn't exist in the local market. Perspectives are that training institutions were not graduating sufficient candidates in recent years to fill today's critical job vacancies. Immigration, international talent attraction, is seen as an immediate potential relief so company growth is not constrained.

Despite the importance of the sector, little hard factual data is available on the apparel industry in B.C. In addition, as no industry organisation exists, coordination across the sector is inadequate. The Labour Market Partnership (LMP) project seeks to address these challenges by organising the industry, facilitating discussion, and gathering information to provide industry and government policy makers with accurate data to better support the industry and create jobs in the sector.

For this initial stage of the LMP, CME identified and communicated with more than 90 companies, educational institutions, and non-profits operating in the sector over the course of 10 weeks. One-on-one discussions were held with more than 25 organizations. Subsequently six group meetings were held with more than 40 organizations attending.

During the working groups, information was solicited from participants on challenges the industry faces and pathways to address these issues were explored. From all of these discussions, there has been near unanimous support for the project. This support is largely a result of the desperate situation in the labour market. Through the engagement process, firms have voiced clearly defined labour market challenges that effect nearly all those operating in similar tiers. Those challenges are generally defined as: executive and leadership labour challenges; mid-level technical labour challenges; and specialist-trade labour challenges. Participants consistently spoke of difficulty with or lack of existing training programs and barriers embedded within current immigration regulations.

To further advance these issues, and to oversee the LMP project, a steering committee was formed with 13 members: 11 firms of diverse size and product and 2 educational institutions.

CME would like to acknowledge the significant support of Sarah Murray at Vancouver Community College for her contributions in the early stages of this project. Ms. Murray provided guidance, industry contacts, and information on the history of the apparel industry in B.C. for which the authors are especially grateful.

# 2.0 Background

## 2.1 Apparel Industry History in British Columbia

During the latter part of the nineteenth century and in the early part of the twentieth century big textile mills of the U.K. and New England supplied fabric to Canada. Demand was high enough that garment-related industries were among the earliest to develop and became one of Canada's largest employers. Originally, the garment industry operated on a small scale; however, by the 1920s a thriving apparel manufacturing sector existed in British Columbia. The industry thrived for decades, with a proximity to ports for receiving and exporting materials and the large influx of skilled migrants from around the world. The 1980s saw the largest increase in the apparel cluster due to computerized design. The sector was at its largest and had several world renowned fashion brands earning B.C. the sobriquet the "California of Canada."

By the 1990s labour costs were increasing and the Canadian dollar was starting to put domestic manufacturers at a disadvantage. This led Canadian manufacturers to shy away from investing in better equipment, thereby putting them at a competitive disadvantage to other international competitors.

For much of the 20th century, Canada also endeavoured to support the textile and shoe industries by heavily protecting them through import tariffs. During the 1990s trade liberalization took root and with ratification of the World Trade Organization's General Agreement on Tariffs and Trade started to see import quotas removed. Benefiting from cheaper labour and rapid industrialization, Asian economies emerged as the greatest threat to Canadian apparel manufacturers in both the domestic market and the industry's main export market –the United States. However, impacts in Canada were felt as imports of textiles and garments from China, Bangladesh, Vietnam, and even the USA increased. Ultimately apparel manufacturers in B.C. started to close. Those that remained had to become more focused, specialized and efficient to survive.

In the 2000s further pressure hit the sector as two significant recessions, the dot-com bubble and the sub-prime mortgage crisis, disrupted the global economy.

From the 1990s to 2007, several more businesses closed or downsized. The apparel workforce in B.C. plummeted by more than 35%. It was a difficult financial period. The apparel association for British Columbia, 'Apparel B.C.', was a casualty of this era, closing in 2001. Their assets were transferred to the Canadian Apparel Federation who maintained a chapter in B.C. The chapter lasted for less than a year and was dissolved due to financial challenges and East-West regional differences.

## 2.2 Current Environment

Even though the sector retrenched, a handful of businesses emerged that are putting B.C. back on the global apparel map. Since 2007, and the end of the most recent financial crisis, the B.C. apparel industry has been steadily gaining Canadian and global market share. Four large B.C.-based brands ("the Big Four") have arisen and are competing on a level equal to many of the world's premier apparel brands names. Lululemon has become a global heavy-weight designer and producer of active wear. Arc'teryx and Mountain Equipment Coop (MEC) have emerged as major brands in technical and performance apparel. Aritzia has become a North American leader in women's premium apparel.

In conjunction, many mid-tier and boutique B.C. brands are highly sought after in foreign markets after being featured in preeminent fashion publications like Elle and Vogue or being a preferred and recommended brand of a top actress or celebrity. Vancouver is becoming recognized as a global design centre for premium and performance apparel. As a result, the apparel industry is fast becoming a provincial leader in job creation and revenue growth. Employment in the sector is thought to be over 7,000 jobs.

With the transformation of the sector from a primarily manufacturing based industry to one of increasingly more vertically integrated firms, the jobs created in the sector are high skilled and well-paying positions. B.C. apparel brands have hundreds of retail outlets across the country and internationally. Several maintain manufacturing operations in British Columbia to maintain quality, protect intellectual property and to meet tight customer delivery timelines. The manufacturers' customers include large retailers like Costco, Eddie Bauer and Hudson's Bay Co.

In addition, the sector represents a significant source of exports for the province. Based on company provided information 2014 shipments exceeded $3.0 billion with products being exported to more than 50 countries.

Accurate data on the apparel sector is incredibly hard to come by, in part because competitiveness policies force Statistics Canada to suppress most information.

## 2.3 Genesis of Apparel Sector Labour Market Partnership (LMP)

By 2014, the B.C. apparel sector had returned to a significant growth rate. The Big Four are expanding globally. Several of their employees have joined other entrepreneurs to create new, or grow, mid-tier and boutique brands. All this impressive economic growth quickly exhausted the talent pool in B.C. This tightened labour pool was further exacerbated as a result of the Federal Government's changes to immigration programs, specifically the Temporary Foreign Worker Program. Businesses shared that they had to poach employees from partners and competitors. Talent was being recycled as individuals moved from one firm to another within the ecosystem. This was proving to be far from a sustainable solution.

Anecdotal conversations with companies revealed the potential to add approximately 5,000 jobs over the next five to ten years. Many firms were having to look internationally to find leaders, mid-level technical professionals and specialist-trade workers to support their business growth. Added to this, as companies began to expand internationally they needed talent with global experience. As the federal government started to constrain immigration rules it hampered and delayed critical talent attraction leaving many jobs empty and stifling growth plans. For example, changes to the Temporary Foreign Worker (TFW) Program has led to significant delays in bringing critical talent to B.C. This led to many firms approaching government individually at multiple levels resulting in important, but uncoordinated and parallel, conversations to seek solutions to various labour challenges.

The increasing impact on the sector generated a need for greater industry collaboration. The first initial steps at industry organization were taken by the four largest apparel companies headquartered in B.C.: Arc'teryx, Aritzia, Lululemon, and MEC. These four firms ("The Big Four") began discussions amongst themselves to understand shared problems and collaborate on potential solutions. Canadian Manufacturers & Exporters joined the effort to help the firms engage government to address the skilled labour and regulatory challenges affecting the sector. In December 2014, CME approached government, in conjunction with Emily Carr University (ECUAD) and Vancouver Community College (VCC) to develop a strategy to support the B.C. apparel industry.

Through the spring of 2015, the Big Four found common ground in a number of strategic business areas. It immediately became clear that the greatest shared threat to business growth and competitiveness was labour challenges. However, this was not the only shared challenge. CME worked with the companies to develop a proposal to Government to create the B.C. Global Centre for Premium and Performance Apparel Design. The informal working group also includes support from the B.C. Business Council (BCBC).

The Centre would have a mandate to address 5 themes of shared strategic interest:

- Talent attraction and immigration;
- Skills development (education and training);
- Innovation and productivity;
- Value chains; and
- Global branding.

In parallel, CME was engaging other firms across the sector to see if they were facing similar challenges as the larger firms. From discussions with employers it emerged that the significant labour market challenges are constraining the ability of all firms - large, medium and small - to grow and remain competitive. Support was also identified for the other four themes.

At the same time, post-secondary institutions are seeking to redesign their training programs to better meet industry needs. Several have formed program advisory committees for their apparel related programs. The institutions require better information on which skill sets are in high-demand and what positions companies are hiring for today and in the near future as part of their growth strategies.

By the summer of 2015 Government interest was growing and the Province of British Columbia became highly supportive of an apparel initiative but set two guiding principles. First, they emphasized that evidence based decisions would need to be made so that anecdotes would not be used to guide policy. The greatest challenge in providing support to the apparel industry in B.C. lies in the lack of concrete data. It is this need for extended industry participation that has led to this report. To be able to understand what policy solutions will be the most effective, consultations and sector specific research needs to be carried out. As a result, Government has indicated their support for a labour market analysis to determine facts and identify skills gaps.

Second, the government reinforced that any initiative be as inclusive as possible so it truly represents the diversity of the apparel sector and its full contribution to the provincial economy. Government's goal is to support the growth of an industry and not simply support one or two firms.

Government supports broad industry engagement for several reasons: amongst the varying sizes of companies there will be some differences in labour market needs, diverse capacity for training, and varied priority for which job positions are the most critical. In addition, one of the long term goals of any industry collaboration focused on the labour market must be the creation of a diverse and multi-tiered sector or 'cluster' to create a draw of talent and labour able to participate and grow the sector at various levels as well as supporting new entrepreneurs in the sector. The obvious goal of supporting the 'next' big company can't go unstated, being clearly evidenced by the fact that Lululemon, the biggest of the Big Four, is also the newest addition of that group to the B.C. apparel landscape.

These brands generate significant investment in industries as diverse as higher education, international banking, and of course tourism and retail. In turn, the sector generates a sizeable tax contribution for the Province.

Both Industry and Government wanted to move things forward quickly so tangible results could be felt by the businesses in short order. Given Canadian Manufacturers & Exporters' (CME) role as an industry association active in skills training, coupled with the absence of a dedicated apparel association, the Government indicated their support for the sector to coordinate and complete the labour market analysis.

## 3.0 Apparel Sector Labour Market Partnership: Phase 1

Very little labour market information for the apparel industry in B.C. currently exists. To better grow the sector and create a true and sustainable cluster, a broad labour market information (LMI) study needs to be completed. However, the first stage is to organize the sector so any initiatives are coordinated and purposeful.

Recognizing this, the Government of British Columbia introduced a new five-phase model for addressing labour market issues in late 2015, called a Sector Labour Market partnership (LMP).

The first phase of the new LMP is to bring together key organizations within B.C.'s apparel sector to establish an industry driven partnership on relevant labour force issues. The intent is to a) provide companies with an opportunity to collaborate on shared challenges, b) build clear consensus and direction on the labour market issue(s) to be addressed, and c) establish a leadership and governance structure for subsequent LMP phases. This phase is often a key success factor for on-going work in other LMP Program phases especially in situations where there is no clear leadership and consensus from the sector necessary for the LMI phase.

CME proposed a thorough and robust industry engagement strategy in order to better understand the issues and to conduct a fact based and whole of industry approach.

In order to accomplish this assignment seven outcomes were set for CME by apparel industry stakeholders so that a strategy and structure could be established to:

1. Coordinate the apparel industry
2. Create a single point of contact to streamline communications between the apparel industry and government
3. Provide a secretariat or project management office for an apparel focused LMP
4. Solicit feedback on high-level labour market challenges
5. Seek out additional input from smaller and medium sized firms to ensure all industry perspectives are captured
6. Create a steering committee for a future labour market information study

7. Establish a framework to build a multi-year plan and link to other LMP phases if appropriate

These outcomes also had a number of intermediate performance metrics identified. The broad outreach strategy included a step-by-step approach with key milestones and deliverables, outlined below, which allowed for informed engagement and continual improvement throughout the process.

Below is an overview of the methodology of Phase 1, followed by detailed completed steps:

| Time | Objective | Performance as at December 23, 2015 |
|---|---|---|
| Stage 1: Ground Preliminary Meetings | | |
| September 2015 | • Conduct at least a dozen (12) one-on-one meetings within Lower Mainland with representative stakeholders from cross section of apparel industry (size, type, product) | • Exceeded Target<br>• Conducted more than 25 one-on-one meetings throughout the course of the sector engagement |
| | • Obtain baseline feedback on sector labour market issues and gauge interest in participation on advisory committee | • Obtained feedback on sector issues, broadly labour market challenges, and other strategic issues identified in the report<br>• Received significant interest in participation |
| | • Identify expanded list of stakeholders from across the sector | • Identified over 80 organizations operating in the apparel sector through various identification techniques |
| Stage 2: Identify Common Challenges and Facilitate Consensus | | |
| October 2015 | • Host 5 to 6 working groups to better understand labour force challenges faced by different type of firms in the sector.<br>1) Large Brand Technical Apparel and Fashion firms (>$ 250 mil. annual rev)<br>2) Specialized industrial garment firms<br>3) Mid-Tier apparel firms (emerging brands)<br>4) Boutique fashion and apparel firms<br>5) Fashion Design firms (if required)<br>6) Fashion Design Schools | • Exceeded target<br>• Hosted more than 40 companies in 6 working groups with most participants divided into sub categories:<br>1 x Large firms<br>1 x Mid-tier firms<br>2 x Boutique firms<br>1 x Industrial/specialized firms<br>1 x Education organizations<br>• Note: Subsequent meetings and conference calls are being organized with firms unable to join earlier working groups |
| | • Draft terms of reference for Phase Two (LMI) | • Worked with participants to review and define common framework for what components of Apparel should be examined in an LMI |

| | | |
|---|---|---|
| **Stage 3: Governance and Industry Organization** | | |
| November 2015 | • Develop appropriate governance structure for future LMP phases<br>• Identify potential LMP Steering Committee members<br>• Identify potential members for Apparel Workforce Table | • Developed governance structure including LMP Steering Committee composition for groups to provide feedback<br>• 13 Apparel LMP Steering Committee members identified<br>• 16 leaders also identified to sit on the Province's 2016 Apparel Workforce Table |
| | • Form advisory committee | • Steering Committee formed and met November 24, 2015 |
| **Stage 4: Reporting** | | |
| December 2015 | • Analyse results and draft interim engagement report<br>• Solicit feedback on draft from participants<br>• Bring interested partners together for initial advisory committee meeting<br>• Validate Interim engagement report | • Continuous feedback gathered from participants<br>• Interim report drafted<br>• Draft interim report submitted to Apparel LMP Steering Committee November<br>• Committee met December 2, 2015 |
| | • Submit interim report<br>• Conduct up to 2 subsequent follow up advisory committee meetings to achieve consensus on labour market issues (Terms of Reference) to be addressed and governance structure for next Sector LMP project phase | • Interim report to be submitted to Ministry before December 11, 2015. Report was submitted on December 3, 2015<br>• Steering Committee met December 17, 2015 to approve Terms of Reference |
| **Stage 5: Framework for LMI (Phase 2)** | | |
| January 2016 | • Finalize results and recommendations to complete final Phase 1 engagement report.<br>• Submit final report<br>• Prepare and submit LMP Phase 2 proposal along with documentation related to Phase 1 report findings | • This report completed and submitted to MJTST December 23, 2015.<br>• LMP Phase 2 proposal still to be completed |

In addition to the LMP, the Province, with support from CME, is developing a Workforce Table of CEOs from the apparel sector to help identify needs and strategies for long-term workforce development. CME is helping the Province identify suitable executives from the sector to participate in the Apparel Workforce Table (AWFT) who are best positioned to provide support and high-level advice to policy makers. This initiative is similar to the LNG Workforce Table the province struck in order to have a better understanding of the key factors effecting industry growth and job creation.

The Apparel LMP work will provide concrete data and analysis to help shape the policy discussions of the AWFT. It is expected that the AWFT will be stood up in January 2016 once the busy Christmas season for the apparel industry passes.

# 4.0 Stage 1: Groundwork and Preliminary Meetings

## 4.1 Initial one-on-one consultations

The goal of Stage 1 was to identify firms in the apparel space. No central list of firms exists. Furthermore, because of the lack of an industry association, the industry is not organized, making identifying firms challenging.

One of the first steps was to consult with former executives from the defunct Apparel B.C. association. In addition, we consulted with national groups such as the Canadian Apparel Federation and Apparel Connexion. Unfortunately, both of these organizations have a strong focus on Eastern Canadian firms and provided limited information for British Columbia.

Meetings were held with a number of post-secondary institutions to learn where graduates were being hired. These institutions provided valuable feedback and were integral in creating connections to other educational organizations providing training in the sector.

During the early stages, more than 25 one-on-one meetings were conducted. These meetings were carried out in order to understand general industry issues and formulate broader engagement strategies, as well as being used to identify partner organizations. A majority of the meeting participants were selected as a result of responses from emails and LinkedIn messages sent out. These messages were sent out to 'name brands' i.e. companies that were well known in the area or had recent news articles written about them. Generally, meetings were arranged via email and then carried out in person or over the phone.

Also, throughout the process, one-on-one meetings continued to occur. This was usually because of those participants' inability to attend one of the group meeting times. Furthermore, we are continuing to meet with firms we may have not yet spoken to.

## 4.2 Baseline Feedback

All but one of the participants in the initial one-on-one meetings supported the project and encouraged CME and the Government to look further into labour market support for the industry. There were several areas that participants repeatedly suggested CME investigate further:

- Easing immigration challenges, for executives and leadership level talent, mid-level technical professionals and specialist-trade labour;
- Modernizing training programs for critical skills development; and
- Coordinating industry to act in harmony with a single voice.

Overwhelmingly, the meetings resulted in offers of support for the project and information sharing. Nearly all companies expressed either some or significant labour challenges leading to human resources capacity constraints at various levels which is impacting their growth plans.

Vertically integrated companies generally expressed challenges at all levels, while companies engaged in specific activities along the production chain expressed difficulties in their respective areas of specialization.

Only one representative expressed overall negative commentary, the basis of which being that the individual didn't believe that their company had any labour challenges and the project didn't warrant involvement. While this may have been possible for this company, the representative stated they were new in their role and therefore it could also be the case that they were unaware of issues or challenges in their company.

The education institutions provided valuable feedback on training and skills development strategies. Overwhelmingly, they encouraged greater linkages between industry and education organizations. They strongly supported the development of the project.

This process also helped expand the inventory of apparel companies in B.C. as participants identified partners, suppliers, third-party service providers, competitors and more generally other business they knew about.

## 4.3 Broadening Engagement

As outlined in the methodology overview above, the next stage in the process was to contact an expanded list of companies and to solicit input on their labour challenges.

Firstly, during early consultations and one-on-one meetings and throughout the project, organizations were asked to provide suggestions of others that may be absent and to reach out to industry colleagues for participation. Secondly, internet and social media search tools were used (Google, Facebook, and LinkedIn). Thirdly, CME used business registry lists: using a B.C. provincial business registry list, federal industry information, and municipal business registries, CME began identifying and sorting corporations to be involved.

A significant challenge faced while to trying to engage companies was that much of the corporate and individual information was outdated or inaccurate, including that obtained from industry participants. Companies move, staff change (and therefore email addresses don't work), and of course some go out of business. In addition, several of the searches provided lists of companies that incorporate aspects of textile or apparel manufacturing but were not appropriate for this survey. Examples include makers of fish skin products, jewelry makers, small-scale t-shirt silk screening, as well as clothing resellers.

Producers of footwear, handbags, and backpacks were included as a result of early discussions with industry participants suggesting a close linkage with and integration of overall apparel as well as the fact that several participants made these products in conjunction with other standard clothing products. Accessory manufacturers making only items such as watches, wallets, and umbrellas were not included. A company engaged purely in 3rd party apparel design, as well as one firm in fabric technology creation were included. A medical device services company developing products that requires labourers that could potentially overlap with the needs of apparel manufacturers was also included.

There were some difficulties making contact once applicable companies were identified. Some of the smaller companies as well as several manufacturers had limited online presence and limited industry participation outside of the select few clients they serviced. Several companies have no email address or phone number easily available and this required significant work on the part of the consultant. Another difficulty was faced with some larger organizations that required substantial explanation of the validity of the project or several layers of approval within the organization. It was explained that many prominent businesses receive large amounts of unsolicited email or phone contact and many in the retail space have significant consumer contact, therefore it becomes difficult for them to sort through emails and phone calls to decipher worthy projects. With many of the companies, it was sometimes difficult to ascertain the correct person to handle the project. It was usually assigned to either the head of human resources or some variation of head of operations (COO, CFO, or CEO for smaller firms).

The educational institutions operating in this space were identified through a similar research process along with referrals. Of the 9 that were contacted, 6 were able to attend a working group.

# 5.0 Stage 2: Identify Common Challenges and Facilitate Consensus

## 5.1 Identification of Common Challenges

The first step to identify common challenges was to ensure that all participants had a shared understanding of labels, terminology and points of reference. This meant clarifying that they all shared a common definition of the apparel sector. Agreement was also needed on the industry codes (NAICS) that should be included or not included. Also, researchers would need to know if firms were all experiencing challenges in the same types of occupations or if unique occupations should be included.

A number of working groups were established to discuss these themes and to ensure that everyone was operating with the same background and definitions. Secondly, the working groups were to establish what challenges the group wished to address.

## 5.2 Working groups

Companies were initially categorized in 5 groupings:

| | | |
|---|---|---|
| 1) | Large firms | Firms with over $250 million in annual revenue |
| 2) | Mid-tier firms | Firms with more than 20 employees but revenue less than $250 million |
| 3) | Boutique firms | Firms with less than 20 employees |
| 4) | Specialized/Industrial firms | Firms with a single purpose |
| 5) | Education organizations | Institutions providing training to and for the apparel industry |

The grouping was simply done to ensure common firms could come together to discuss common issues. However, some recognition was also made to keep highly competitive organizations apart from each other. Because some companies were unable to make certain dates, or preferred to attend with another organization, one or two participants in a meeting may not have aligned completely with the others in the group. The core presentation was largely unaltered between groups and discussion was usually on universal themes.

Throughout the categories there was a diverse representation of apparel products manufactured. There were domestic and overseas manufacturers in each meeting with firms.

Over a 6-week period six working group meetings were hosted. Meetings lasted from two to two and a half hours in duration. In total, more than 40 organizations attended the meetings.

The overarching goal of the working groups was twofold: solicit input from industry and prepare for phase two of the project – labour market research.

The structure of the meetings was based around a Power Point presentation informed by the initial one-on-one consultations. This presentation consisted of an overview of the industry and its important contributions to the province, the interest of the key players such as government, and an explanation of other concurrent projects, an outline of the five phase LMP structure, the timeline of the various phases, and the objectives of the project.

The working group then moved into a facilitated dialogue on three key issues focused on informing phase 2 of the LMP:

1) Terms of Reference
2) Skills and Labour Challenges
3) Industry Organization

## 5.3 Terms of Reference

### 5.3.1 Apparel Definition

The first task with respect to establishing terms of reference was to define what 'apparel' means and what types of companies should therefore be included in the LMP project. The apparel production industry has transformed a great deal over the years to the extent that the old definition, companies that were primarily generating revenues as domestic manufacturers, is now incompatible with the modern apparel economy. In fact, the same discussion around 'apparel manufacturing' has been taking place in high-labour cost countries across the globe. Many growth firms have refocused domestic activity on higher value-added items such as design while others have grown to fully integrated operations doing design, manufacturing and managing their own retail infrastructure. A newer definition was needed to better reflect today's economy.

Groups started with a basic definition along with examples collected from other apparel clusters around the world. Participants were asked to comment and contribute how well they felt the definition described their own business. In general, most felt that a more detailed definition created greater clarity and outlined a stronger sense of purpose. After several iterations, a made-in-B.C., industry supported working definition was agreed upon:

> *"A focus on B.C.-based apparel, footwear, and accessories firms, conducting value-added activities locally such as innovation, design and engineering, sourcing, product development, quality control, marketing, technology, distribution and logistics. This can include manufacturing and their own retail, e-commerce and/or wholesale operations."*

## 5.3.2 NAICS Codes

For statistical purposes government agencies utilize standard North American Industry Classification System (NAICS) codes to group companies for analytical reporting purposes.

Apparel related NAICS codes are distributed across Manufacturing (31-33), Wholesale Trade (41), Retail Trade (44-45) and Professional, Scientific and Technical Services (54).

In order to further focus the research phase of the upcoming LMI, participants were also asked to consider which NAICS code would best include their business operations.

| | |
|---|---|
| ▪NAICS 313 | Textile Mills (yarns, fabrics, coatings) |
| ▪NAICS 314 | Textile Products (curtains, bags, tents, etc.) |
| ▪NAICS 315 | Clothing and Accessories Manufacturing |
| ▪NAICS 3162 | Footwear Manufacturing |
| ▪NAICS 3169 | Other Leather (luggage, handbags, purses, wallets) |
| ▪NAICS 41411 | Clothing and Accessories Wholesaling |
| ▪NAICS 41412 | Footwear Wholesaling |
| ▪NAICS 448 | Clothing and Clothing Accessory Stores |
| ▪NAICS 54149 | Designing Clothes and Shoes (Specialized Design Services) |

Participants agreed this list covered all appropriate firms, with the only common suggestion being that there was little rationale to include NAICS 313-Textile Mills (yarns, fabrics, coatings) as there were no longer any of these types of firms operating in B.C.

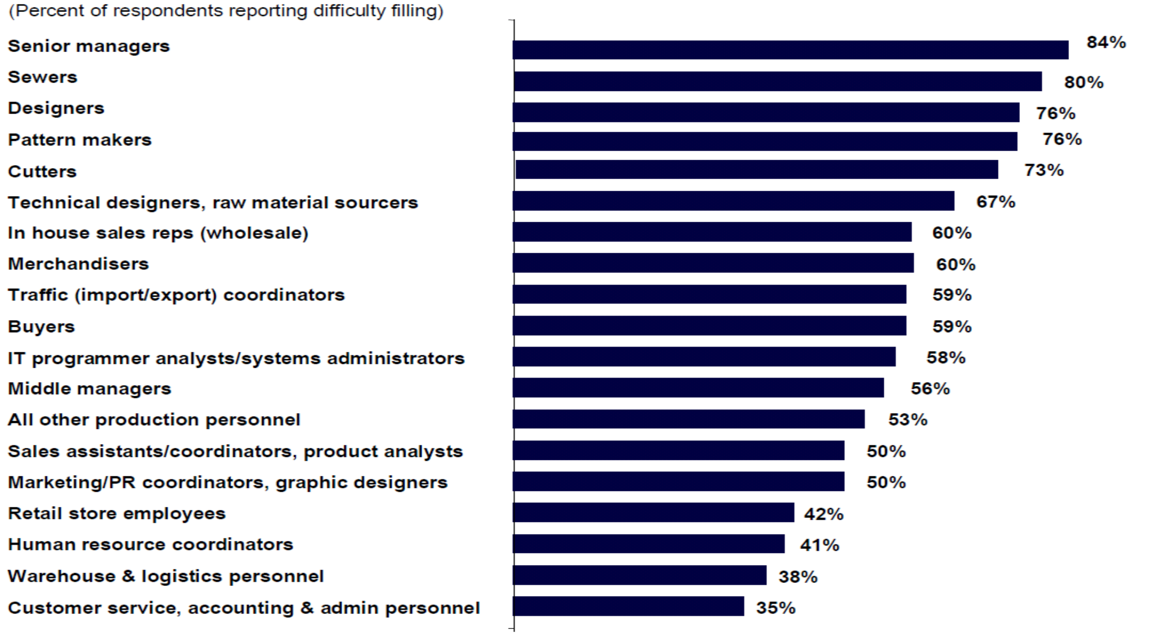
## 5.3.3 Job / Occupation Titles

The third task regarding terms of reference was to begin the process of categorizing and listing specific job titles that companies felt represented their highest labour attraction and retention pressures which should be included in further research.

A 2010 national apparel report prepared by the Apparel Human Resources Council (AHRC) (now known as Apparel Connexion) contained a summary list of 68 National Occupation Classification (NOC) job titles used to generate their analysis.

A summarized list (below) and the full list (attached as Appendix C) were shared with participants.

**POSITIONS REPORTED AS DIFFICULT TO FILL**
(Percent of respondents reporting difficulty filling)




Source: Milstein & Co Consulting, AHRC Labour Market Update Study Survey, 2010

Participants were asked to confirm whether they felt this list, and the supplementary list (Appendix C), reflected job titles at their organizations, if they felt certain job titles were missing, and whether there were jobs on the list that seemed irrelevant.

Many participants felt the lists were insufficient and missed core positions of their workforces. Numerous additional job titles were consistently suggested:

- E-commerce professionals
- Social media professionals
- Product Designers
- Textile sourcers
- Silk-screeners
- Pressers
- Digitizers
- Embroiderers

These are specialist positions that firms identified as being outside the somewhat generic NOC system. In addition to a number of apparel standard jobs not being recognized in the NOC system it was also pointed out that definitions from NOC 2006 and NOC 2011 for a specific occupation may also not accurately reflect the job duties of today.

As a result, the research firm hired for Phase 2 will need to ensure that during any survey or interviews all jobs across the NOC categories are identified within each apparel company. Firms were also asked to identify job titles for positions they may not have today but might need in the future.

With agreement on a definition of apparel, as well as alignment on industry and occupation codes any research should be comparing apples to apples.

It was also noted that for some firms the need to fill an executive position might be deemed the greatest priority for growth, while in other firms the need for sewers might be even more critical. Groups of companies have different business models and weight the criticality of various positions accordingly. Unfortunately, the current NOC system, and related immigration policies, reinforces an arbitrary hierarchy based on perceived skill levels. All participants remarked that a specialist sewer with 10 years' experience is highly skilled and potentially more valuable than a junior executive. It was felt that, irrespective of experience, current immigration policies would give the executive more points.

## 5.4 Labour and Skills Challenges

The next step at this stage was to engage in facilitated discussion on labour challenges. Through a series of questions and facilitated interaction amongst participants, firms discussed challenges they faced in finding, hiring, training, and retaining employees.

### 5.4.1 General Themes

Throughout the working group participants raised similar themes. The firms that were engaged often stated the number one challenge they face in their firms is limited labour supply. The resounding message was that the industry is experiencing significant growth but does not have a workforce, sufficient in size or skills, to meet customer demand. In the simplest terms there is not enough people to fill available jobs. Businesses are slowing expansion plans and rejecting large client orders because they do not currently have the labour capacity to realize their strategic goals.

Three main categories of labour challenges arose in the discussions, but the underlying issue was that the growth of all firms was restricted because of a shortage of highly skilled people. The categories indicated:

1. Executive and Leadership Level Labour Challenges — NOC Skill Level 0
2. Mid-level Technical Skilled Labour Challenges — NOC Skill Level A/B
3. Specialist-Trade Level Labour Challenges — NOC Skill Level C/D

A great deal of emphasis was placed on the perceived inaccurate devaluing the NOC categorization system has on core apparel manufacturing functions (sewers, cutters, pressers, etc.) related work. Many firms remarked that at all levels, these workers were considered highly skilled and integral to a firms continuing existence. Without these positions firms are struggling to remain viable. The same opinion was expressed for mid-level technical talent such as world-class caliber designers, pattern markers and other creative roles. All positions were deemed high-skilled by the employers.

#### 5.4.1.1 Executive and Leadership Level Labour Challenges

With respect to the leadership category, several large firms discussed the challenge of hiring C-suite or senior level employees. The cause of the challenge often cited was that since the size of most apparel firms in Canada is relatively small and the sector has only been experiencing growth in the last six years. Therefore, sufficient time has not existed for a senior level talent pool to have developed and flourish. This means that there are few people with the experience necessary to manage large volumes or major revenue projects. Growing firms need leaders who can start-up and manage new business units. As firms become global they also need to compete globally for talent. Accordingly, the only place to find these employees is with other global brands outside of Canada, generally in the USA or Europe. Unfortunately, especially since the changes to the Temporary Foreign Worker (TFW) Program, many top prospects are lost due to difficulty or long wait times of the immigration process.

Larger firms mentioned that in many instances they were experiencing long delays waiting on a foreign trained executive or expert to join them who would have the needed leadership skills. An ongoing frustration is that once the firm had that single key employee, they would be able to hire numerous Canadians who would report to that person. The number of these executive or expert positions are small in the grand scheme of things; however, the sentiment was that Government focuses on restricting the importation of one talented individual and not the large number of jobs that would be created by adding this person to a company's team.

#### 5.4.1.2 Mid-level Technical Skilled Labour Challenges

Many firms discussed the difficulty in hiring design graduates from local programs. This was thought to be due to three reasons. First, the number of graduates entering the workforce five to ten years ago was small. As a result, the number of available candidates today with sufficient years of work experience is correspondingly small. Second, performance and technical apparel companies are generally seeking industrial designers more so than fashion designers. A number of firms mentioned a disconnect between current fashion design program curricula and the current needs of the industry. This included a lack of specific technical and practical skills. Third, since B.C.-based firms have to compete globally and need globally competitive talent, it was felt local candidates were not graduating with similar skills as graduates from comparable programs at specialized schools with comprehensive design programs like Ryerson, Central Saint Martins or Parsons. Several firms cited a significant variability in the quality of graduates from schools in the area.

The technical labour challenges also extend to IT. As firms seek to sell to the world through e-commerce platforms many firms discussed challenges finding specialized IT workers, such as e-commerce developers, social media marketing managers and database administrators. One large firm mentioned it has already had to move much of its IT project-work to an office in Silicon Valley area as a result of the tightened labour supply in B.C.

#### 5.4.1.3 Specialist-Trade Level Labour Challenges

The need for the specialist-trade workers cuts across all levels, from large firms to small boutiques. Every company doing domestic manufacturing mentioned a severe shortage of skilled sewers, pattern makers, cutters, pressers, and other similar production workers that are essential to apparel production. Even firms that do little domestic manufacturing need these skill-sets in house to perform critical functions in product development, quality control and production management in off-shore factories. One factory owner describing his workforce claimed that every single one of his sewers was over the age of 60 and a first generation Canadian. This is clearly not a sustainable position to be in. Most domestic manufacturers say they have recurring job advertisements that have few or no applicants. Several firms have started their own industrial training programs to try and fill gaps; however, despite wages being some of the highest in the firm, positions go unfilled.

The firms emphasized the extremely important point that moving manufacturing/sewing jobs overseas also takes with it production floor managers, HR managers, quality control managers, and many more skilled labour positions.

All domestic manufacturers mentioned the inability to expand operations because of a lack of skilled sewing labour. Several mentioned they only accept a small percentage of work they are offered simply because they do not have the production workers to complete these orders. This also makes it next to impossible for smaller local designers to produce locally and for smaller companies to grow their businesses, which in turn, stifles the establishment of a sustainable cluster.

Numerous firms discussed challenges in terms of education or training programs. A concern was raised that no organization exists that is training sewers at a high level. Many think that this type of work no longer exists in B.C.; however, many firms still produce locally to ensure quality, to protect intellectual property, and to rapidly meet specialized customer orders by shortening delivery time.

Several local manufacturers suggested the creation of a 'trade' system for sewing and apparel machine operators. They suggested this would provide both an established route to the profession as well as greater pride and recognition in a career path. Many others argued this would be unlikely to solve the problem, feeling that Canadians were now unwilling to do the job regardless of the above average wage, based on the idea that factory work was seen as 'dirty work'. Some felt that immigration may be the only solution.

Regardless, clearly there is a great need for further empirical evidence to fully understand the extent of these challenges.

### 5.4.2 Post-Secondary Education Group

The meeting with the post-secondary institutions was purposefully scheduled after many of the other working groups had occurred in the interest of trying to present the institutions with industry's feedback and to garner their response.

In general, the education organizations strongly supported the objectives of the LMP project and agreed on the need for greater industry coordination and integration.

Education representatives claimed to understand the challenges in training workers for industry. One representative mentioned that it was difficult to convince students of the realities of the industry despite the best efforts of staff. Students often enter programs with inaccurate ideas of the industry from television and movies and do not appreciate the difficult work and years of practice required to attain certain levels of accomplishment. Several representatives lamented the lack of sewing training and mentioned that there had been attempts in the past to support organizations that provided this type of training but that they were usually underfunded or poorly marketed.

That being said, many representatives were resistant to the idea that it was the responsibility of their institutions to train students for factory work, one stating "we aren't responsible for training widgets". They felt the need to provide the type of training a student wanted and would pay for, as well as wanting to deliver a more holistic focus on broader education and life skills. This holistic emphasis usually means that students don't become experts by focusing on a single area of apparel but instead get an overview of several roles and potential careers within the sector.

It was also recognized that local colleges are generally catering to a fashion industry not a textile or technical apparel industry. Colleges felt that a diversity of programming is important.

In response to the possibility of poor alignment between education given by institutions and training required by industry, representatives had several responses. Largely, they felt it was inaccurate as they believed a great number of their graduates attain employment at apparel local firms. One organization stated that one of its apparel programs has a 90% placement rate and a new Technical Apparel Program has a 100% placement rate. They also felt the industry needs to do a better job of in-house training and development. In addition, they felt that greater backing needs to come from industry to support co-op and intern programs.

More importantly, various officials within the Government of British Columbia have stated that the education system must do a better job of responding to industry needs. This could have potential funding implications for post-secondary institutions if their programs are not delivering the workers B.C. industry needs to remain competitive and profitable. The B.C. Jobs Plan and the Skills for Jobs Blueprint are seeking to realign government resources to obtain the best results for the provincial economy.

Obviously the results of this discussion raise a great need to investigate further the perceived gaps between labour demand and supply.

### 5.4.3 Points of Emphasis by Group

While most conversations had strong parallels and reinforced each other, each working group had some unique points to contribute or emphasize, as outlined below.

**Working Group 1: Large firms**

Points of emphasis:

- Need people with experience in large quantity fabric sourcing and development
- Need people with international experience
- Need people with experience in fast growth firms who can potentially fill leadership positions
- Difficulty finding IT/digital sector employees
- Difficulty finding senior manufacturer, senior product design and senior creative roles
- Local training institutes producing graduates only suitable for junior designers, but stronger need for senior roles
- International programs produce more well-rounded candidates
- Business opportunities missed because of lack of senior person to run a business unit which would create jobs for dozens Canadians underneath
- Significant investment has been made to promote within but difficulty moving from retail store to product development role

**Working Group 2: Mid-tier firms**

Points of emphasis:

- This group included a number of manufacturers. Their concern was that an apparel initiative should not wholly focus on the design element. Participants suggested to not reduce emphasis on the importance of local manufacturing
- Several mentioned e-commerce and social media roles difficult to fill
- Because of lack of sewers, must move offshore. This then moves managers offshore
- A large volume of business is turned away, which impacts tax revenue
- New/small volume designers can't start because of lack of access to local factories
- A sewing institute should be initiated

**Working Groups 3A and 3B: Boutique firms**

Points of emphasis:

- There exists many artisan made products, small scale producers who might be impacted differently. Not all firms face same challenges
- Difficulty finding cutters, pressers
- Silk screening a suggestion of missing job categories as specialized role do not create significant job number
- Some sentiment that certain skills sets could lead to a trade certification
- Schools not preparing technical designers appropriately
- Technical design could be a trade
- Many education institutions training for fashion design when there are few true design jobs.
- Ryerson University an example of successful internship program
- Trouble finding import/export/logistics employees
- Boutique firms want to have local manufacturing capacity in order to develop small production runs in a timely manner.

**Working Group 4: Industrial/Specialized**

Points of emphasis:

- More emphasis needs to be put on manufacturing in B.C. as these skillsets go beyond design
- Creation of a trade certification in sewing related field
    - Creates pride in careers, a degree of assurance of labour for duration of program
    - Should create national standard
- Difficulty finding embroiderers, digitizers, patternmakers
- There is no school training machine operators

A common theme across Groups 2, 3, and 4 was an emphasis on creating a trades/apprentice system for specialized skills required by industry so candidates can see a career progression while being trained to the standards industry needs.

**Working group 5: Education Institutions**

Points of emphasis:

- Felt all students graduated to appropriate jobs with local firms
- Wanted to see lists and numbers of actual jobs at firms
- Problem with near elimination of textile programs in high schools undermining basic skills
- Mentioned that e-commerce comes from business programs or computer science, not design programs
- Polarization between training students for a specific job versus role to broaden student horizons
- Wanted to know what training is happening in companies
- Perhaps industry associations should play a greater role
- Felt B.C. needs incubator for design and start-ups
- Some advanced projects on industrial design and 'wearables'
- Sewing programs have been attempted in past but little or no student demand

## 5.5 Un-employed and Non-Mainstream Labour Pools

Subsequent to the Working Groups, additional meetings were held with government and social assistance agencies to identify if non main-stream labour pools such as the unemployed receiving social assistance from government, or groups such as immigrants, refugees, the disabled or First Nations could contribute to easing some of the labour challenges faced by B.C.'s apparel industry.

This was noted and, in Phase 2, research firms selected for the LMI would be asked to identify skills inventories and pathways to work for these subsets of the provincial workforce.

## 5.6 Additional Research Topics

Participants were also asked to identify what other labour topics could be explored by a researcher. Since surveys and interviews are already planned, would there be an opportunity to identify related themes for investigation.

A number of topics were raised such as deeper detail on workforce demographics, a review of industry compensation, a map of company values to help improve marketability of industry occupations, and a survey of student intentions.

Representatives felt that certain elements would already exist in other tools and potentially be contextually irrelevant. For example, digging into industry compensation would not help address labour issues. Industry felt they were having to pay increasing market rates to attract and retain staff from a shrinking labour pool and any survey data would quickly become meaningless.

Companies did however want the research to have a fuller analysis of demographics of the workforce so it was known how many workers are on work permits or visas. Representatives felt this number would be fairly low overall but pretty important in terms of filling critical positions.

Additionally, representatives from industry and educational institutions were very interested in exploring student intentions. This analysis would show that the passions and interests of graduates would map nicely to the cultures, values and job characteristics of the companies. The hope is that this analysis would also help improve the marketing and imagery of jobs in the apparel industry so graduates knew that the roles allow entrants to be creative and work in an engaging, adventurous and flexible work environment.

## 5.7 Structural Themes

During the working groups, two themes of feedback emerged on a frequent basis.

### 5.7.1 Categorization

Participants in the Working Groups regularly asked how the companies were grouped to arrive at various invite lists. For example one industrial garment firm did not see themselves in that category and demanded to be include in another working group. Another mid-tier firm thought they were more aligned with the companies in the large group.

Several suggestions were received on how to categorize firms, with some suggesting other forms of categorization might be more appropriate than size, such as: extent of vertical integration; location of manufacturing; and exclusively revenue size.

It was explained that the groupings were likely only to be used at this early stage and largely irrelevant as the long term goal was sector cooperation not categorization. The objective in creating the categories was simply to engender communication and collaboration through some commonality amongst the participants of each group meeting and to try to avoid competition or conflict. No alternative was strongly favorable for participants and the majority of the group agreed the current categories were sufficient for the time being.

### 5.7.2 Focus

While most firms supported the overarching objectives of the project, there were some suggestions to alter the approach. Given the diversity of the apparel sector it was not surprising to see competing opinions that the project should adjust the focus to be only on smaller firms, as they are the ones that need the support. On the other hand it was also suggested that the focus of the project be only on the larger firms as they are responsible for most of the market share.

Other suggestions included strengthening the focus on domestic manufacturers as they are at the greatest risk and need the most help. This was countered by the sentiment to not focus on domestic manufacturing as the industry is assumed to be too small.

Each of these concerns were only voiced by one or two representatives and, while there might be valid aspects contained within some of these concerns, the broader view of the group was that all ships will rise with the tide. The vast majority of the participants agreed that the current broad approach detailed above was preferred and most suitable for this project.

# 6.0 Stage 3: Governance and Industry Organization

An additional priority of the Phase 1 engagement work was to organize industry. This is important for two reasons. First, a governance structure is needed to provide guidance and leadership during the various phases of the Apparel Labour Market Partnership. . Furthermore, government prefers the simplification and expediency of only having to deal with a single organization

Second, a single entity needs to be established so that industry speaks with one coordinated voice, build a brand for the B.C. apparel sector, to coordinate conversations between multiple stakeholders and agencies, and to act as a central project management office to advance the priorities of the industry. In addition, a neutral voice is needed to balance the sometimes divergent views of the participants. Strength ultimately comes from numbers and industry will have to organize and fund their initiative.

## 6.1 Governance: LMP Steering Committee

A central component of the meetings was to establish a steering committee for the further phases of the LMP. The Steering Committee would guide the work of the research firms and provide feedback at various check-in milestones. A committee comprising between 10 and 15 members would be sufficiently robust and able to speak on behalf of all facets of the industry. Time commitments and responsibilities were outlined for Phase 1 as well as how the Steering Committee would be utilized in subsequent phases.

A few representatives volunteered during the working group meetings, generally one from each group. An additional call out was sent by email to every firm engaged during the project. Through this call out, several more volunteers were identified, totaling 13 firms (including 2 education institutions). It was felt that this is sufficient to move ahead with the next stages though up to two additional committee members may be added if appropriate volunteers come forward.

The current committee members as at December 23, 2015 are:

| | | | | |
|---|---|---|---|---|
| Alan Yiu | Westcomb | Performance | Mid-Tier | Vancouver |
| Alex McAulay | Garmatex | Third party | Boutique | Vancouver |
| Carolyn Robertson | Kwantlen Polytechnic University | Education | Education | Vancouver |
| Corinne Kepper | Aritzia | Premium | Large | Vancouver |
| Eric Kazenbroot | Peak Apparel | Third party | Boutique | Vancouver |
| Jake Wiebe | Obakki | Premium | Boutique | Vancouver |
| Jeff Penner | Minimoc | Footwear | Boutique | Vancouver |
| Julie Robb | MEC | Performance | Large | Vancouver |
| Laura Appleton | Arc’teryx | Performance | Large | Vancouver |
| Laura Mackenzie | Lululemon | Performance | Large | Vancouver |
| Melanie Hadfield | Tatum and Olivia | Premium | Boutique | Victoria |
| Sarah Murray | Vancouver Community College | Education | Education | Vancouver |
| Virginia Beltjens | White House Design | Premium | Mid-tier | Vancouver |

## 6.2 Governance: Industry Organization and Representation

Before it was scheduled to come up in the order of the working group presentation, the topic of general industry organization arose early on in every discussion that was held. This is a clear reflection of the strong desire of industry participants for an organization or body to help consolidate, coordinate, and advocate on its behalf.

Several of the participants were members of the previous Apparel B.C. organization and spoke about that experience. Many felt that its failure was a consequence both of the difficult economic conditions of the industry at the time, with many members unable to pay dues, but also of poor management and internal conflict.

As Apparel B.C. was wound down, a chapter of the Canadian Apparel Federation was established in B.C. Unfortunately it was faced with the same difficulties as the original Apparel B.C. Participants also remarked that very little emphasis was put on B.C. issues as most of the organizations members and resources were in Ontario leading to an Eastern dominance.

During the mid-2000s a smaller organization, Fashion High, emerged to try and fill the apparel organization void. However, without sufficient funding it lacked the critical mass to advocate and implement programs.

With this history in mind, participants discussed several options in addition to the LMP steering committee as potential ways to organize the industry:

<table>
<tr><td>1. CME Platform</td></tr>
<tr><td>CME is a national leader in advocacy and skills training. The organization serves as an umbrella for specialized manufacturing associations and projects and has brought together 53 national associations and 14 provincial associations to improve advocacy and coordination. CME B.C. provides platform support for other provincial associations in the manufacturing space.</td></tr>
<tr><td>Pros:<ul><li>This would be the fastest way to stand up an Apparel entity.</li><li>CME is already intimately involved with the firms and the issues.</li><li>CME is well known for supporting other associations pro bono and through service delivery agreements.</li><li>CME B.C. has a large team in the province with resources already supporting apparel topics.</li><li>CME could act as an incubator and provide staff, office space and operational support to an Apparel initiative.</li></ul></td></tr>
<tr><td>Cons:<ul><li>Industry players have expressed a desire to establish an independent brand for Apparel.</li><li>Stakeholders want to have a separate advisory or governance board.</li><li>Funds would need to sequestered so that funding meant for apparel initiatives are not integrated with other CME project budgets.</li></ul></td></tr>
</table>

| 2. Chapter of a National Association |
|---|
| Three organizations, two Canadian and one North American, exist to support the fashion and apparel industries in Canada. |
| Pros:<br>• Long history of activity in this space.<br>• Strong understanding of the issues and challenges facing the apparel sector. |
| Cons:<br>• Not clear what support could be provided in B.C. from another province.<br>• Canadian Apparel Federation (CAF) established a B.C. chapter after Apparel B.C. dissolved. However, it was felt that CAF represented the larger firms in Toronto and paid little attention to B.C. topics.<br>• B.C. members were not paying dues and CAF had to underwrite debt. Ended as bad experience for all.<br>• Looking at the B.C. association landscape, the province seems to prefer local solutions.<br>• Not much has changed since 2001. Potential for baggage to resurface. |

| 3. Independent Organization |
|---|
| A final option is to build a new organization |
| Pros:<br>• Would have significant independence |
| Cons:<br>• Would take the longest to set-up.<br>• Would have significant overhead costs.<br>• Would have limited access to tools, programs and advocacy due to no economies of scale.<br>• Would have limited backing from larger national organizations. |

Numerous participants suggested CME should be an overarching body to organize the industry, at least in the initial stages. Partially because of its success in government advocacy and labour market support, CME was generally regarded as the first option to bring the industry together.

This proposal will addressed in further detail after further consultation with industry. Ideally industry is able to self-organize, implement a governance structure and establish a funding envelope before the LMP project progresses past Phase 3. LMP funding does not provide core funding for association set-up or operations.

# 7.0 Stage 4: Reporting

After the November 24th meeting, an interim report was submitted to the steering committee for final approval. The first Steering Committee meeting was held December 2, 2015 to review the interim report and pursue finalization.

At this point, the project was slightly ahead of schedule. In December, the goals were to complete the Terms of Reference (ToR) for the labour market Information research and analysis and to finalize the Phase 1 project report.

## 7.1 Steering Committee Meeting #1

The first steering committee was convened Wednesday, December 2nd at 9:30am to finalize the draft report. In attendance were:

| Representatve | Organisation | Representative | Organization |
|---|---|---|---|
| Julie Robb | MEC | Laura Mackenzie | Lululemon |
| Corinne Kepper | Aritzia | Laura Appleton | Arc'teryx |
| Jeff Penner | Minimoc | Evelyn May | KPU |
| Eric Kazenbroot | Peak Apparel | Virginia Beltjens | White House Designs |
| Jake Wiebe | Obakki | Melanie Hadfield | Tatum and Olivia |

Unable to attend:

| | | | |
|---|---|---|---|
| Alex McAulay | Garmatex | Alan Yiu | Westcomb |
| Sarah Murray | VCC | | |

This meeting largely focused on a review of the interim report prior to submission to the ministry to ensure accuracy. Committee members felt on the whole that the report was thorough and accurate. They felt it covered the wide range of challenges and issues faced by apparel companies in B.C. and supported the direction of the project.

Several suggestions were made for inclusion with one of the main points of discussion centered on challenging the labelling associated with tiers of skilled labour. It was felt all levels of employment demand high and specialized skills. Leaders are valued for specialized leadership skills, professionals for design and technical skills, and specialists for trade skills. Many felt that calling the production workers 'semi-skilled' belittled the fact that many of these employees require years of specific technical skill and experience before being fully capable at their roles. For example, this was reflected in a new label, used in the interim report, entitling those workers as 'specialist-trade' which members agreed better represented the true skill level and value of that labour tier.

| NOC Skill Level | Current Label | Proposed Label |
|---|---|---|
| Level 0 | High Skilled/Executive Level | Executive and Leadership Level |
| Level A/B | Technical and Professional Skills | Mid-level Technical Professional Level |
| Level C/D | Semi-skilled/Entry Level | Specialist-Trade Level |

The group felt that irrespective of placement in the hierarchy all positions in the companies required significant skill and specialization earned from complex training and many years of experience. However, in order to remain consistent with Stats Canada, and other government agency, reporting the current labeling structure will not be abandoned but used in parallel to the proposed labeling,

In addition, an education institution representative mentioned that according to their data, of their two programs one has a 90% employment rate and the other has a 100% employment rate. However, it was also recognized that companies were seeking more than entry level workers.

Also, several members wanted to emphasize the importance that immigration policy has played and will continue to play in the future in terms of solutions. It was heavily emphasized that immigration will need to be an accepted component if companies are going to be able to fill critical positions.

The meeting ended with committee members supporting the edited document. The interim report was submitted to the Ministry of Jobs, Tourism and Skills Training on December 3, 2015 and agreeing to meet again to review the next stage.

The month of December was utilized to collect input from firms who were unable to participate in the Working Groups leading to additional changes to this report.

# 8.0 Stage 5: Framework for LMI (Phase 2)

Input was also being solicited to refine a formal terms of reference (ToR) for a full apparel Labour Market Information (LMI) study. The ToR is being used to solicit proposals from research firms to perform the labour market analysis component which would be undertaken under Phase 2 of the Apparel Sector LMP.

The draft ToR was circulated to the Steering Committee in mid-December.

## 8.1 Steering Committee Meeting #2

The second steering committee was convened Thursday, December 17th at 9:30am to review and approve the ToR. In attendance were:

| Representatve | Organisation | Representative | Organization |
|---|---|---|---|
| Julie Robb | MEC | Laura Mackenzie | Lululemon |
| Corinne Kepper | Aritzia | Tony Tam | Arc'teryx |
| Jeff Penner | Minimoc | Evelyn May | KPU |
| Eric Kazenbroot | Peak Apparel | Virginia Beltjens | White House Designs |
| Jake Wiebe | Obakki | Alex McAulay | Garmatex |

Unable to attend:

| | | | |
|---|---|---|---|
| Sarah Murray | VCC | Alan Yiu | Westcomb |
| Melanie Hadfield | Tatum and Olivia | | |

For this meeting, CME distributed to all committee members a detailed draft Request for Proposals (RFP) document to be used to solicit proposals from research firms to perform the labour market analysis component in Phase 2. The document outlines how the Terms of Reference would be used and lays out an overview for research firms to create proposals for. It includes a proposed work plan for Phase 2 and asks consultants for a project budget. During the meeting, all members agreed on the proposal with minor changes.

Changes suggested by committee members included:

- a stronger emphasis on the implication and effects of previous immigration policies
- the potential to add to the list of competitor jurisdictions researched

- Ensure that attempts to capture employees outside of country are included

These changes integrated into the Request for Proposal document (Appendix D).

## 8.2 Solicitation of Research Firms:

The Terms of Reference for the Labour Market information research and analysis has been shared with approximately dozen local consultancies. The goal is to establish if the firms have the capacity and competencies to perform such work prior to April 2016. A secondary purpose is to try to establish an appropriate budget for Phase 2.

| | |
|---|---|
| Context Research | MMK Consulting |
| Ference & Company | Mustel Group |
| Human Capital Strategies | Roslyn Kunin & Associates |
| Izen Consulting | Sampson Research |
| Justason Market Intelligence | Vann Struth Consulting Group |
| Malatest & Associates | |

Firms were asked to submit preliminary proposals prior to December 31, 2015. This will mean that once Ministry approval is met for Phase 2, the winning firm should be able to start as soon as mid-January.

# 9.0 Conclusion

Phase 1 has helped bring industry together around a common cause – improving competitiveness by addressing shared skills and labour shortages. Companies have agreed they have shared challenges and should be collaborating to pursue common solutions which will help strengthen and grow the apparel design and manufacturing cluster in British Columbia. All participants agreed to common framework, definitions and work plan to conduct a Labour Market Information study in 2016. The study will identify challenges and gaps that are restraining growth and bring to light facts necessary to help better make decisions to improve labour, training and immigration policies and programs.

A Phase 2 proposal will be submitted in the coming weeks with the aim to produce a final labour market study report by no later than the summer of 2016. With this date, organizations and government would be able to construct strategic solutions using the data and begin implementation under Phase 3 in the fall of 2016.

# About

Founded in 1871, Canadian Manufacturers & Exporters (CME) is the country's largest and most influential industrial network representing 10,000 manufacturing and exporting firms coast-to-coast. Additionally, through various initiatives, such as the Canadian Manufacturing Coalition, a group of 53 national industry associations chaired by CME, the organization represents more than 100,000 businesses, 2.1 million employees, with the majority being small- and medium-sized enterprises.

The B.C. Alliance for Manufacturing is a coalition of fourteen like-minded manufacturing industry associations with a common vision to promote a world-class manufacturing sector in British Columbia. Members include those organizations with an interest in ensuring a strong manufacturing sector in the province, such as representatives of businesses in the design, supply, material handling, fabrication and logistics areas; people-based organizations that train and develop skilled workers for high-paying jobs; and community-focused chambers of commerce and boards of trade that recognize the significant economic contribution to their cities derived from manufacturing, directly and indirectly.

Manufacturing is the fourth largest contributor to provincial GDP and one of the top employers. Manufacturing contributes 30% of the business tax revenue paid to government, 42% of private sector research and development and almost 65% of British Columbia's exports.

Apparel is currently estimated to be one of the top 5 components of manufacturing in British Columbia.

## Appendix A: One-on-One Meetings:

| Organizations | |
|---|---|
| (Former) Apparel B.C. | Indochino |
| Apparel Connexion | Kwantlen Polytechnic University |
| Arc'teryx | Lionheart Sports |
| Aritzia | Lululemon |
| Canadian Apparel Federation | MEC |
| Christine Design | Native Shoes |
| Common Thread/Threadworks | Nicole Bridger Designs |
| Emily Carr University of Art and Design | Peak Apparel |
| FAST | Quantum Apparel |
| Fluevog | Sugoi |
| Garmatex Technologies Inc. | University of British Columbia |
| Helly Hansen | Vancouver Community College |
| Herschel | |

## Appendix B: Apparel Organizations Engaged (111)

| | |
|---|---|
| **Large Brand Firms – 4** | |
| Arc'teryx | Lululemon |
| Aritzia | MEC |
| **Specialized/Industrial Firms - 9** | |
| F.A.S.T. | Watson Gloves |
| Lionheart Sports | Vertical Suits |
| Mustang Survival | Viking |
| Peak Apparel | Viberg |
| Pro Elvis | |
| **Mid-Tier firms - 9** | |
| Herschel | Oak and Fort |
| Indochino | Stormtech |
| John Fluevog | Sugoi |
| Karma | Westcomb |
| Kit and Ace | |
| **Boutique Firms - 58** | |
| 7mesh Industries | Little Moso |
| Adhesif | Mezzi |
| Allison Wonderland | Minimoc |
| Boardroom Clothing/Eco Apparel | Nancy Lord |
| Boulder Denim | Native Shoes |
| Blurr Clothing | Nicole Bridger Designs |
| Brooks Paddlegear | Obakki |
| Canadian Sweater | Party Skirts |
| Catherine Regehr | Plenty |
| Cecile Benac | Plum Clothing |
| Chloe Angus | Public Myth |
| Christine Designs Ltd. | Raceface |
| Cyc Design Corp/Wings & Horn | Red Dragon Apparel |
| Dace | Ryu- Respect Your Universe. |
| Daub + Design | Salts Organic |
| Dayton Boots | SAXX |
| Devil May Wear | Sitka |
| Dish & Du/Er / Pimlico Performance | Skull Skates |
| Dorothy Grant | Slipper Factory |
| Echo Verde | Smoking Lily |
| Erdaine Knitwear | Sofia Clothing |
| Gentle Fawn | Stonz Wear |
| Holeys | STR/KE MVMNT |

| | |
|---|---|
| International Fashions | Sunja Link |
| Jana | Sweet Peanut |
| Kanata Knits | Tatum And Olivia |
| Kensie | Twigg And Hottie |
| Lifetime Collective | White House Design Company |
| Lija | Zonda Nellis |
| **3rd party - Manufacturers & Designers - 16** | |
| Bishop Wear | M J Fashions Ltd. |
| C&O Apparel | Quantum Apparel |
| Challenger Athletic Apparel | Tamoda Apparel |
| Direct Current | Treen Safety |
| FYI Design | Tristar Headwear |
| Garmatex Technologies Inc. | Wing Wing Garments |
| GE Garments | Winner Sportswear Ltd. |
| Heli Hansen | 3 x 3 Designs |
| **Schools and Fashion Institutions - 10** | |
| Art Institute Vancouver | LaSalle College - Vancouver |
| Blanche Macdonald | Simon Fraser University (SFU) |
| Emily Carr University of Art and Design (ECUAD) | University of British Columbia (UBC) |
| Kwantlen Polytechnic University (KPU) | Visual College of Art and Design - Vancouver (VCAD) |
| Langara College | Vancouver Community College (VCC) |
| **Other Related Organizations - 5** | |
| (Former) Apparel B.C. | Common Thread |
| Apparel Connexion | Sorin/Livanova |
| Canadian Apparel Federation | |

# Appendix C: Apparel NOC Job Titles (Apparel Connexion, 2011):

| Subsector<br>NAIC | Clothing Mfg<br>315 | Footwear Mfg<br>3162 | Textile, Clothing & Footwear Wholesaling<br>4141 | Textile Product Mills<br>314 | Clothing & Accessory Stores<br>448 | Department Stores<br>4521 | Total |
|---|---|---|---|---|---|---|---|
| Select Occupations (NOC-2006 HRSDC) | 61,500 | 3,830 | 22,970 | 16,620 | 195,815 | 139,245 | 439,980 |
| A Management occupations | 4,545 | 320 | 4,790 | 1,825 | 41,665 | 14,765 | 67,910 |
| A0 Senior management occupations | 960 | 60 | 1,005 | 285 | 1,355 | 150 | 3,815 |
| A1 Specialist managers | 1,075 | 85 | 2,740 | 495 | 1,390 | 1,435 | 7,220 |
| A2 Managers in retail trade, food & accommodation | 355 | 10 | 540 | 160 | 38,655 | 13,015 | 52,735 |
| A3 Other managers, n.e.c. | 2,160 | 170 | 505 | 875 | 265 | 160 | 4,135 |
| B Business, finance and administrative occupations | 5,665 | 535 | 7,040 | 2,035 | 9,975 | 14,290 | 39,540 |
| B57.147 Recording, scheduling & distributing | 1,835 | 150 | 2,395 | 570 | 3,110 | 5,450 | 13,510 |
| B571.1471 Shippers and receivers | 1,315 | 95 | 1,585 | 370 | 1,885 | 3,530 | 8,780 |
| B572.1472 Storekeepers and parts clerks | 50 | 10 | 35 | 20 | 295 | 395 | 805 |
| B573.1473 Production clerks | 200 | 25 | 205 | 115 | 105 | 95 | 745 |
| B574.1474 Purchasing and inventory clerks | 240 | 20 | 545 | 60 | 825 | 1,370 | 3,060 |
| C Natural & applied sciences and related occupations | 735 | 125 | 350 | 450 | 820 | 1,165 | 3,645 |
| C1 Technical occup related to natural & applied sciences | 450 | 55 | 195 | 295 | 425 | 515 | 1,935 |
| C15.225 Tech occup in architecture, drafting & surveying | 170 | 10 | 80 | 85 | 110 | 30 | 485 |
| C18.228 Tech occup in computer & information systems | 70 | 15 | 60 | 15 | 225 | 175 | 560 |
| D Health occupations | 10 | 15 | 15 | 10 | 180 | 710 | 940 |
| E Occ in social science, educ, gov service & religion | 125 | 35 | 215 | 65 | 545 | 585 | 1570 |
| F Occupations in art, culture, recreation & sport | 2955 | 55 | 750 | 540 | 2795 | 905 | 8000 |
| F0 Professional occupations in art and culture | 50 | - | 55 | - | 110 | 135 | 350 |
| F02.512 Writing, translating and PR professionals | 40 | 10 | 50 | - | 100 | 125 | 325 |
| F1 Technical occ in art, culture, recreation & sport | 2,905 | 50 | 690 | 535 | 2,685 | 770 | 7,635 |
| F12.522 Photographers, graphic arts technicians & technical & coordinating occupations in motion pictures, broadcasting & performing arts | 70 | - | 35 | 15 | 45 | 15 | 180 |
| F14.524 Creative designers and craftspersons | 2,800 | 50 | 655 | 510 | 2,605 | 730 | 7,350 |
| F141.5241 Graphic designers and illustrators | 270 | 10 | 155 | 90 | 230 | 115 | 870 |
| F142.5242 Interior designers | - | - | - | 10 | 70 | 115 | 195 |
| F143.5243 Theatre, fashion, exhibit & other creative directors | 1,835 | 15 | 425 | 95 | 1,280 | 490 | 4,140 |
| F144.5244 Artisans and craftspersons | 135 | 10 | 20 | 255 | 970 | 10 | 1,400 |
| F145.5245 Patternmakers-textile, leather & fur products | 565 | 15 | 50 | 65 | 50 | - | 745 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| G Sales and service occupations | 4,180 | 235 | 5,690 | 855 | 132,250 | 98,880 | 242,090 |
| G0 Sales and service supervisors | 20 | - | 115 | 25 | 4,005 | 5,925 | 10,090 |
| G1 Wholesale, technical, insurance, real estate sales | 1,600 | 105 | 4,475 | 380 | 2,450 | 2,035 | 11,045 |
| specialists and retail, wholesale and grain buyers | | | | | | | |
| G11.641 Sales representatives, wholesale trade | 1,380 | 95 | 3,975 | 375 | 215 | 115 | 6,155 |
| G111.6411 Sales reps-wholesale trade (non-technical) | 1,380 | 95 | 3,975 | 380 | 215 | 115 | 6,160 |
| G13.623 Insurance and real estate sales occup & | 215 | - | 470 | - | 2,215 | 1,905 | 4,805 |
| buyers | | | | | | | |
| G133.6233 Retail & wholesale buyers G2 Retail | 215 | - | 465 | - | 2,175 | 1,905 | 4,760 |
| salespersons and sales clerks | 575 | 60 | 615 | 240 | 115,135 | 53,490 | 170,115 |
| G9 Sales and service occupation, n.e.c. | | | | | | | |
| G92.648 Other occupations in personal service | 1,925 | 40 | 375 | 170 | 3,310 | 15,585 | 21,405 |
| G93.666 Cleaners | 20 | - | 45 | 10 | 150 | 1,295 | 1,520 |
| G97.662 Other sales and related occupations | 380 | 35 | 60 | 95 | 580 | 2,390 | 3,540 |
| | 135 | - | 115 | 15 | 2,330 | 11,305 | 13,900 |
| H Trades, transport, equip operators and related | 8,000 | 720 | 1,490 | 2,140 | 6,125 | 6,315 | 24,790 |
| H5 Other trades, n.e.c. | 6,485 | 480 | 210 | 845 | 4,395 | 615 | 13,030 |
| H51.734 Upholsterers, tailors, shoe repairers, jewelers | 6,430 | 480 | 205 | 560 | 4,375 | 160 | 12,210 |
| and related occupations | | | | | | | |
| H511.7341 Upholsterers | 15 | - | - | 40 | - | - | 55 |
| H512.7342 Tailors, dressmakers, furriers & milliners | 6,395 | 95 | 190 | 515 | 1,925 | 100 | 9,220 |
| H513.7343 Shoe repairers and shoemakers | 15 | 385 | 10 | - | 220 | - | 630 |
| H514.7344 Jewelers, watch repairers & related occup | - | - | - | - | 2,230 | 60 | 2,290 |
| J Occupations unique to processing, mfg and utilities | 32,850 | 1,770 | 2,615 | 8,685 | 1,430 | 1,590 | 51,370 |
| J0 Supervisors in manufacturing | 1770 | 125 | 165 | 640 | 65 | - | 2,765 |
| J01.921 Supervisors, processing occupations | 275 | 25 | 95 | 460 | 20 | - | 875 |
| J02.922 Supervisors, assembly and fabrication | 1,490 | 100 | 70 | 180 | 40 | - | 1,880 |
| J025.9225 Supervisors, fabric, fur and leather prod mfg | 1,475 | 95 | 70 | 125 | 35 | - | 1,800 |
| J1 Machine operators in manufacturing | 29,120 | 1,175 | 1,200 | 5,690 | 1,060 | 1,380 | 39,625 |
| J15.944 Machine operators & related workers in textile | 2,475 | 10 | 345 | 2,835 | 195 | 15 | 5,875 |
| processing | | | | | | | |
| J151.9441 Textile fibre and yarn prep machine ops | 115 | - | 10 | 370 | - | - | 495 |
| J152.9442 Weavers, knitters and other fabric-making | | | | | | | |
| J153.9443 Textile dyeing & finishing machine ops | 1,200 | 10 | 90 | 1,645 | 60 | - | 3,005 |
| J154.9444 Textile inspectors, graders and samplers | 325 | - | 115 | 580 | 40 | - | 1,060 |
| J16.945 Machine operators and related workers in | | | | | | | |
| fabric, fur and leather products manufacturing | 835 | 10 | 130 | 235 | 90 | 15 | 1,315 |
| J161.9451 Sewing machine operators | 26,465 | 1,085 | 770 | 2,560 | 770 | 20 | 31,670 |
| J162.9452 Fabric, fur and leather cutters J163.9453 | | | | | | | |
| Hide and pelt processing workers J164.9454 Inspectors | 23,765 | 710 | 535 | 2,265 | 570 | 10 | 27,855 |
| and testers, fabric, fur and leather products | 1,750 | 290 | 115 | 255 | 110 | - | 2,520 |
| manufacturing | 10 | 15 | - | 10 | - | - | 35 |
| J2 Assemblers in manufacturing | 945 | 65 | 120 | 35 | 95 | 15 | 1,275 |
| J3 Labourers in processing, mfg and utilities | | | | | | | |
| J31.961 Labourers in processing, mfg and utilities | 110 | - | 80 | 390 | 115 | 75 | 770 |
| J316.9616 Labourers in textile processing | 4,275 | 470 | 1,165 | 1,965 | 190 | 130 | 8,195 |
| J319.9619 Other labourers in processing, mfg and | 4,275 | 470 | 1,165 | 1,965 | 185 | 130 | 8,190 |
| utilities | 1,635 | 25 | 600 | 1,695 | 45 | - | 4,000 |
| | 2,575 | 430 | 550 | 200 | 140 | 125 | 4,020 |