

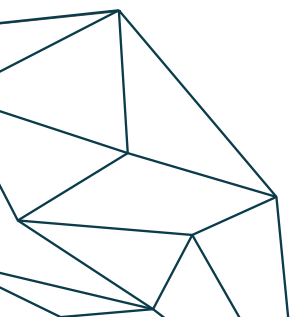


GO Productivity

2017 ANNUAL REPORT

Table of Contents

1	ABOUT GO Productivity
2	Message from the CEO
3	Message from the Board of Directors
4	GO Board of Directors
5	GO Team
6	GO Productivity - Where We Work
7	Productivity Journey - From ARC to ARC+
8	Client Stories
9	Arctic Spas
10	Roadmap Highlights
11	GO Collaboration
12	Accomplishments
13	GFCC 2017
14	GO Financial
15	GO Financial Operations
16	Innovation SuperClusters
17	Acknowledgments



ABOUT GO Productivity



GO Productivity is about growth & optimization.

GO Productivity is an industry-led not-for-profit social enterprise with a mandate to support productivity improvement, increase innovation, and build a skilled workforce to improve Canada's competitiveness and economic sustainability.

We work directly with small-medium size enterprises on an advisory, coaching, and training basis.

Through a highly customized and facilitative approach, we partner with key stakeholders across Canada to build leadership and innovation capacity at the regional and firm level. We continually strive to inform and update our services with the most up-to-date thought leadership in order to equip Canadian organizations for higher levels of competitiveness and growth.



Message from the CEO



Lori Schmidt
Chief Executive Officer

Go Productivity reaches the end of another year of growth in our productivity and innovations programs and services to Small and Medium sized businesses and their supply chains across Canada.

While we see signs of recovery, there is still significant economic uncertainty in Alberta. That presents challenges for our SME client base and target markets for our own growth optimization in Alberta. Like our clients, we have taken steps to reduce and control our costs while continuing to successfully expand our business and strategic relationships across Canada.

The success of the Assessment Roadmap and Coaching (ARC) service delivery program is well proven to bring value to a range of SMEs especially in Central and Eastern Canada. The result is more interest in collaborations and supports from a range of partners. We have updated and expanded the Productivity Assessment Tool (PAT) to enhance the value of the ARC to clients, which now includes an energy efficiency component.

Our Executive-In-Residence program is expanding as we find ways to apply their expertise to serve our mandate through greater value to firms or projects. The PAAD relationships with Founder and Associates are evolving as industrial construction in oil sands moves to smaller standardized projects. There are continued business opportunities for GO in assessing and aligning supply chains around facilities maintenance/operational productivity improvements.

Our strategic relationships with a variety of partners such as the Construction Owners Association of Alberta, Supply Chain Management Association, JWN Energy, the Canadian Supply Chain Sector Council and various trade and business associations across Canada bring greater value to our clients.

I recently returned from presenting on our work on a number of panels at the recent Global Federation of Competitiveness Councils Innovation Summit events in Malaysia. We established a number of important new relationships with future growth potential through GO's leadership in establishing a Canadian agenda on competitiveness.

Go has also taken a leadership role in the Digital Industrialization aspect of an Alberta based short listed SuperCluster. This is an industry, government and academia collaboration around a design and systems approach for project improvements based on Smart, Sustainable and Resilient Infrastructure. This will provide additional business opportunities for GO's Supply chain Collaboration, ARC, innovation and Lean Six Sigma offerings. It will also provide a practical focus on our efforts to expand on Industrial Energy Efficiency efforts in supply networks.

I am most of all thankful for the amazing team that I get to work with and the shared passion we bring to all that we do to support productivity and innovation in Canada.

Message from the Board of Directors

As my term as Chair of GO Productivity Board of Directors comes to an end, I want to thank my fellow Board members and the management and staff, for their commitment to the mission and vision of GO Productivity.

Go has continued to refine and add to its delivery service offerings to better meet the needs of established small and medium sized businesses (SME) as they scale up. Grounded in Alberta, GO has effectively reached out and found new opportunities across the country to enable SMEs to be more productive, innovative, adaptive, competitive and profitable.

SMEs, in aggregate, are the largest employers in the Canadian economy and have the greatest potential for growth. In a globalized competitive economy, innovative, productive and profitable SMEs are crucial to sustained economic prosperity, social well-being and environmental stewardship.

As a Not-for-Profit, GO Productivity continues to be uniquely positioned to provide effective and affordable leadership and services to those ends. Through the GO ARC services, SMEs can get growing using the affordable assessment, roadmap development and leadership coaching services.

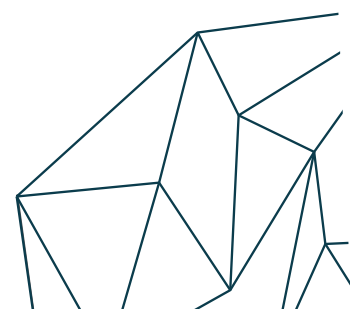
We appreciate our ongoing partnership with the Government of Alberta, and their support of GO Productivity's mandate and vision to help SMEs adapt and thrive in challenging economic times. Their help enables GO to assist progressive SMEs in becoming more competitive, productive, innovative and able to scale up growth with improved profitability.

Through GO's leadership and facilitation of the Project Alignment and Delivery (PAAD) initiative, we have seen best practices applied on industrial construction projects. The results have been improved safety, productivity and international project competitiveness. GO has been the backbone organization in the PAAD initiative working collaboratively with project owners, contractors, manufacturers, service providers, sub-trades and unions.

GO is now entering a new phase of expanded strategic relationships in construction, energy services, and manufacturing to improve revenue generation. There is an enhanced focus on strengthening supply chains using the ARC process, to develop more businesses with better tools and capacity for collaborative project execution. GO will be central in helping progressive SMEs execute on their plans for improved productivity, innovation, sustainability and performance.



Liz Stretch
Board Chair



GO Board of Directors

Our Board of Directors is comprised of senior leaders from some of Canada's most successful companies in the manufacturing and construction sectors.



Liz Stretch
Vice President Strategy
ATB Financial



Jason Collins
President, Collins
Industries Ltd.



Brenda Galonski
Controller, Eagle
Energy Trust



David Janzen
Chief Financial Officer
Fountain Tire Ltd.



Larry Kaumeyer
CEO, Buffalo Inspection
Services Ltd.



Mike McSween
Executive Vice President
Major Projects Suncor



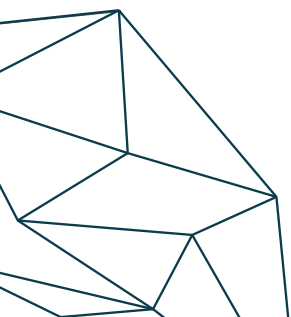
James Rajotte
Vice President
Government Relations
(Provincial & Municipal)
Rogers Communication Inc.



Karen Thompson
President, Haver &
Boecker Canada



Paul Verhesen
President & CEO
Clark Builders



GO Team



Lori Schmidt, CEO



Riphay Al-Hussein
Manager ARC Delivery
Alberta & Saskatchewan



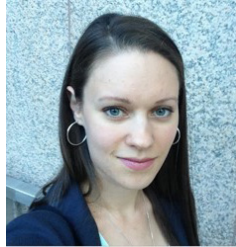
Erin Allen
Accounting and Human
Resources Lead



Kevin Erickson
Directory, Productivity
& Growth Services
Alberta South



Tom Lieu
Managing Director
Finance and Business
Strategy



Caitlin López
National Project
Manager, PAAD



Kevin Nguyen
Office Research
Coordinator



Scott Penner
Technical Director, Operational
Excellence Productivity
& Growth Services



Ron Subramanian
National Director



Pam Thompson
Relationship Manager



Nasser Awada
Executive-in-Residence



Ken Chapman
Executive-in-Residence



Peter Dimmell
Executive-in-Residence



Lesley Galgay
Executive-in-Residence



Jeff Griffiths
Executive-in-Residence



Karen Hanes
Executive-in-Residence



Doug Junor
Executive-in-Residence



Jennifer Klinger
Executive-in-Residence



Bruce Matichuk
Executive-in-Residence



Paul Wiest
Executive-in-Residence



GO Productivity - Where We Work



A small selection of clients:

Alberta Treasury Branch ATB

Blue Falls Manufacturing

Capital Estate Planning

Consulting Engineers of Alberta
- Young Professionals

Delmor Construction Ltd.

Dynamic Air Shelters

Fortis LGS Structures Inc.

Goodfish Lake Business Corporation

Haver & Boecker Canada

Just Us Coffee!

Lethbridge Iron Works

Lincoln Fabrics

Mandala Homes

Newfoundland Hydro

Niagara Precision

NWT & Nunavut
Construction Association

SkillSource

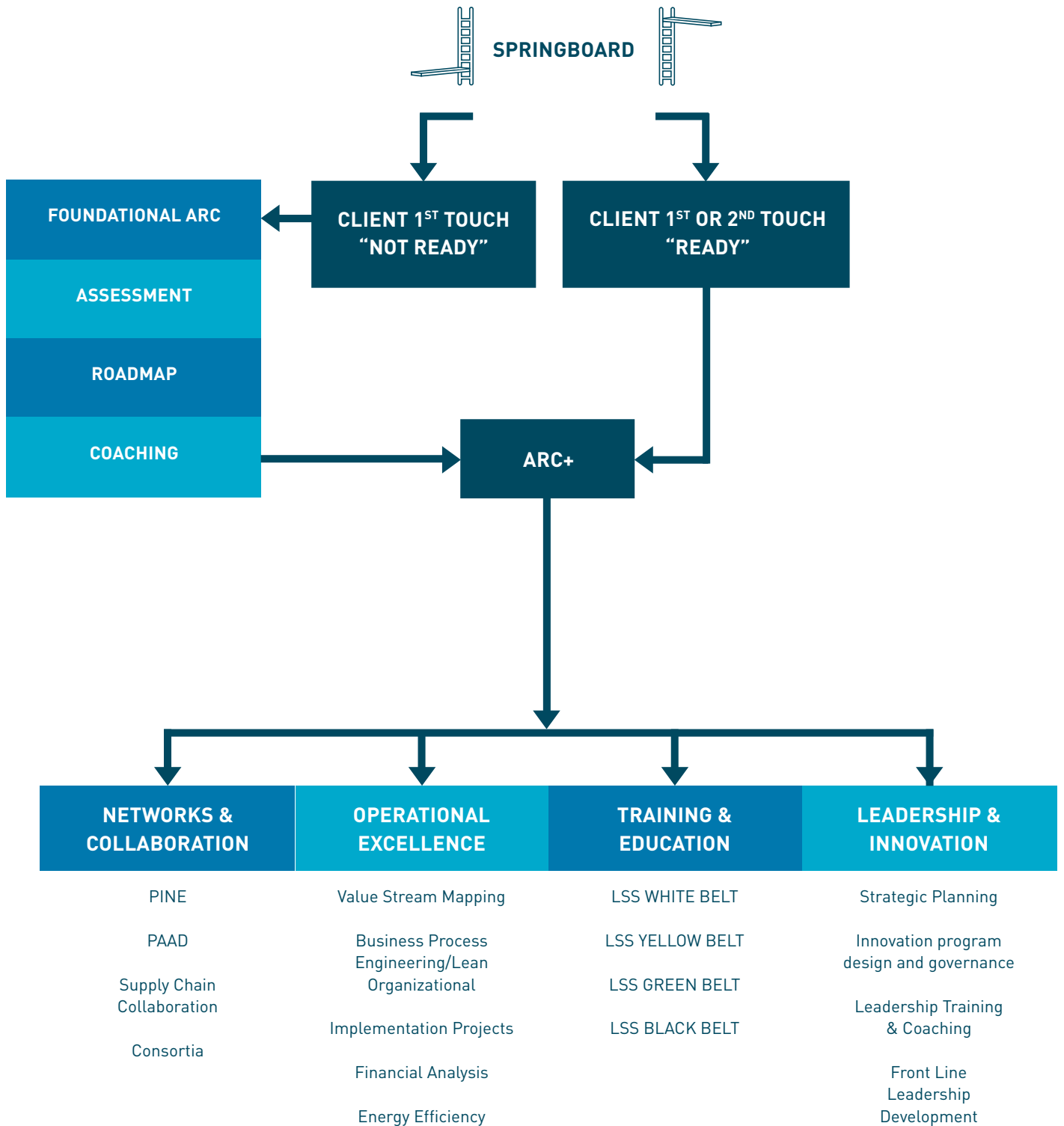
Stolk Construction

Town of Beaumont

Tru-Co Structures Inc.

ZCL

Productivity Journey - From ARC to ARC+



Client Stories

Calibre Sales

Calibre Sales is a successful distributor of mainly single-use packing and consumer products. A large part of their business is in the Food Service sector. They are in a business that already lives on a high volume of orders, and often thin margins. At the time of working with them, Calibre had not gone through any formal continuous improvement training or advisory work. In late 2016, they engaged GO Productivity and committed to going through our "Productivity ARC", an Assessment/Roadmap/Coaching program designed to introduce fundamental principles of productivity improvement. They soon realized the potential of applying the concepts they had learned to the opportunities identified during the ARC.

Metric	Improvements
Average Margin Per Customer	▲ 3% (year-year)
Average Order Value (\$)	▲ 12% (year-year)
Warehouse Capacity	▲ 25%
Delivery Time Met	▲ 3%

Oakville Stamping & Bending

Oakville stamping & Bending is a successful leading manufacturer and distributor of plumbing products. They supply to both to the wholesale and retail market, as well as to leading OEMs. They are increasingly developing unique and specialty products to add to their mix. At the time of working with them, OSB had just started their Lean journey. They engaged GO Productivity and committed to going through the ARC and received clear recommendations for improvement. The plan acted as a strong and reliable guide for OSB and they went about executing its various elements in combination with their own strategic objectives. The results have contributed to the significant growth that OSB has experienced over the last 2 years.

Metric	Improvements
Overall Revenue	▲ 40%
Total Full-time Employees	▲ 6% new jobs created
Order fill Rates	▲ 10% (from 81% to 91%)
Standard Work Implementation	▲ In 6 months, completed 60% of overall objective

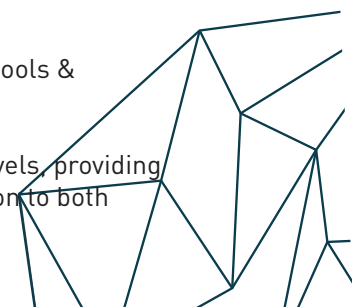
Arctic Spas

Arctic Spas has been manufacturing hot tubs for 20 years. The organization enjoyed rapid growth and success during its first decade in business. While economic conditions post-2009 caused a decrease in sales, Arctic Spas anticipates new and significant growth on the horizon. Their leadership team became concerned that they would not be able to keep up with demand without significant improvements. Additionally, Arctic Spas had plans to begin in-house production of their spa-covers, previously produced in the U.S. Finally, they were also planning the implementation of an ERP system to better support their business, and improve inventory control in particular. With a progressive mindset, they engaged GO Productivity to help make significant operational improvements, develop their spa-cover production process, and support the planning of their ERP system implementation. The activities and results are summarized here.

The Challenge	The Focus	The Time-line
<ul style="list-style-type: none"> Anticipated growth expected to exceed capacity Insufficient inventory management with minimum systems connection Bringing "spa-cover" production in-house 	<ol style="list-style-type: none"> KNOWLEDGE: In-depth training for key leaders and light training for key team members CAPACITY: Identified critical improvement areas to increase overall spa production INVENTORY: Introduced tools & processes for reduction and management of inventories 	<ul style="list-style-type: none"> September 2015: Lean Six Sigma training for three Arctic Spa leaders December 2016 - June 2017 ARC+ project with deliverables for Training, ERP/Inventory support, production design, and Value Stream Mapping

The Activities		
<ul style="list-style-type: none"> Lean Six Sigma Green Belt and Yellow Belt Training Value-Stream Mapping to identify & implement improvements 	<ul style="list-style-type: none"> Time & motion studies Process balancing analysis 	<ul style="list-style-type: none"> Inventory process mapping Recommendations & road-mapping

The Metrics				The Improvements
Metric	2016-12	2017-10	Improvement	
Daily Production capacity	confidential		▲ 13%	<ul style="list-style-type: none"> Developed implementation roadmap for seven key improvements Established foundational process improvement practices within senior leadership team Completed detailed data analysis on process cycle time, identifying wasteful activities and value improvement opportunities Introduced inventory reduction tools & methodologies Quantified defect and rework levels, providing strategies for dramatic reduction to both
Labour cost per day	\$13,000	\$12,000	▼ 11%	
Annual labour cost	NA	NA	▼ \$380,000	
Shop-floor Inventory	\$180,000	\$90,000	▼ 50%	



Roadmap Highlights

Roadmap Highlights Of Key ARC Clients

CLIENT	KEY ARC RECOMMENDATION
	<p>Re-thinking / adjusting business model to differentiate from competition (like Uber); Understanding value migration and refining value proposition for target customers; integrating new technology to create new value and improve efficiency (ie. electronic payments, GPS tracking, potential app development).</p>
	<p>Creation of innovation committee to drive continuous improvement. Biggest opportunities around improved warehouse layout, better routing systems for shipping, better designed palette configuration system; more articulate information around receiving (what's coming in and when); scanning guns, better printing of bar codes.</p>
	<p>Huge need for employee engagement strategy; lack of awareness and communication around direction and strategy of the company; need to invest in front-line leadership and build trust between management and staff.</p>
	<p>Many opportunities in waste reduction – defects/rework the biggest opportunity. Total re-evaluation of quality system (elimination of red card system used to punish; creation of new system to encourage quality); look to implement in-process inspection.</p>
	<p>Big opportunity around workplace organization and implementation of 5S.</p>
	<p>Alignment for the organization around lean-six sigma implementation; built the case to progress to full standard work implementation; increased use of visual boards and screens to enhance communication.</p>
	<p>Ready to invest in Yellow and Green Belt Lean-Six Sigma training. Opportunity to leverage innovation much better – require clear cut processes for idea generation, qualification, planning, and testing.</p>
	<p>Focus on market segmentation – customer stratification. Understanding their most valuable customers and aligning business development/marketing/sales functions to target most valuable customers wasting too much time on customers that don't help our business.'</p>

GO Collaboration

PROJECT ALIGNMENT & DELIVERY

PROJECT ALIGNMENT & DELIVERY - PAAD

The four PAAD Working Groups successfully finished and reported on their demonstration projects. GO is now looking at business opportunities and ways to monetize the four Working Group results in various industrial construction projects developers, operators, contractors and their related supply chains. For example, a commercial agreement has been signed

between GO and MODOS for us to help expand and transfer the MODOS skills and competency technology into other business opportunities.

The PAAD Founders and Associates are still adapting to the cost constrained realities of lower for long oil prices. As a result GO is exploring new commercial opportunities to deliver best practice results from the Working Group demonstration project results.

GO will be working closely with the new COAA Task Force efforts on Collaborative Contracting. Our engagement will be based on the best practices learnings from all four Working Group Demonstration Projects.

GO is exploring a new working group demonstration project bases on 3D Simulation related to both construction and project maintenance and operations.

GO will be adapting the PAAD focus as oil sand industrial construction focus evolves. We see a move beyond mega projects towards smaller standardized SAGD projects and new supply chains efforts for more efficiency in facility maintenance and operations.



ALBERTA PROJECTS IMPROVEMENT NETWORK

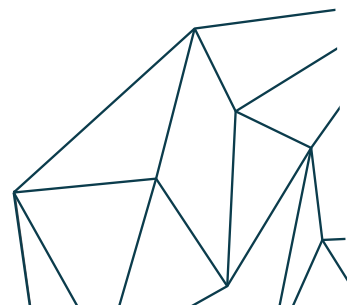
The Alberta Project Improvement Network (APIN) is a strategic collaboration between GO Productivity, Construction Owners Association of Alberta (COAA), Supply Chain Management Association Alberta (SCMAAB) Chapter and JWN Energy. As we enter our second year, our mutual goal is to share information and provide support for our individual mandates though leveraging our various networks. Our shared value proposition is to improve the performance of Alberta

construction projects. We have successfully shared and cross promoted various events.

We collectively supported a very successful JWN workshop on collaboration in project construction. We also used APIN to promote the GO-PAAD Skills and Competency Working Group findings and demonstrate the MODOS technology. GO participated in the SCMA AGM on a panel discussion on supply chain alignment and procurement issues in energy, construction, and manufacturing sectors.

We have set up a schedule of news themes for the year and GO's marketing strategy will advance and align with those themes and lever these relationships to promote our ARC, Lean Six Sigma and other service and delivery offerings over the coming years.

To learn more about APIN visit the web site at www.projectimprovement.ca



Accomplishments

LEAN SIX SIGMA



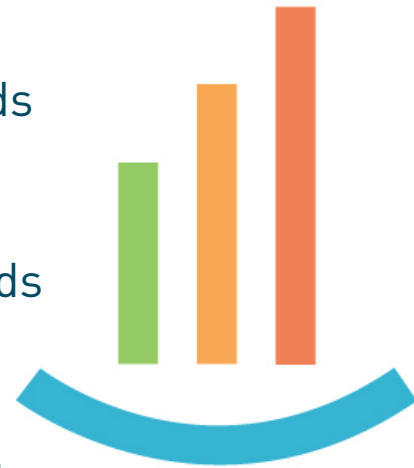
45 2017 White Belt Grads



60 2017 Yellow Belt Grads



27 2017 Green Belt Grads



96%
Client
Satisfaction

302 Companies

Reported clear increases
in business performance
and productivity due to
GO Productivity Services

16.8M

Our estimated economic impact with
clients, including savings and growth
since 2011

Over 350 Lean Six Sigma graduates since 2012

A Testimonial

We want to thank GO Productivity for the outstanding Green Belt training provided to our group. Scott and Peter tailored the training to meet our specific needs and included project examples from our organization. This increased engagement and showed the trainees how Lean Six Sigma can not only be applied in manufacturing but also in transactional environments. I would highly recommend GO Productivity to those wanting to help their companies achieve the next levels in their continuous improvement journey. We are already planning our second cohort!
Specialist, Lean & Continuous Improvement - Shaw Communications

The Global Federation of Competitiveness Councils (GFCC) is an international network of over sixty non-profit organizations, government agencies, universities, and companies working collaboratively to build sustained prosperity through innovation. The GFCC develops initiatives and tools to better understand and navigate the complex competitiveness landscape and disseminates best practices.



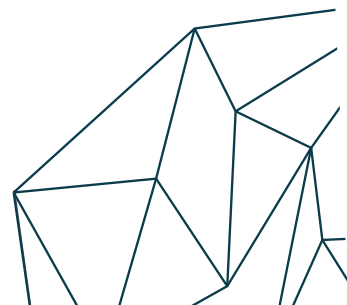
The 2017 Global Innovation Summit Kuala Lumpur, Nov 28 - 30, 2017.

GFCC Update

- ❖ **Purpose:** Address critical productivity and prosperity challenges and opportunities facing GFCC members
- ❖ **Highlights:** The release of the GFCC Competitiveness Principles and framework for nations to build upon
- ❖ **Members:** 30 international countries participating (business, academia and government) growing and financially stable
- ❖ Lori serves on the Board of the GFCC representing Canada



Lori Schmidt facilitated and spoke at a number of sessions throughout the GFCC Innovation Summit.





GO Productivity Statement of Financial Position As at September 30, 2017

	2017	2016
Assets		
Current		
Cash and cash equivalents (Note 3)	5,861,069	6,424,909
Accounts receivable	369,650	16,279
Inventory	8,053	49,662
Goods and services tax receivable	2,609	10,160
	6,241,381	6,501,010
Capital assets (Note 4)	44,885	329,925
	6,286,266	6,830,935
Liabilities		
Current		
Accounts payable and accruals (Note 5)	232,639	266,730
Deferred contributions (Note 6)	5,099,754	5,531,470
Note payable (Note 7)	-	823,227
Current portion of leasehold inducement (Note 8)	-	42,449
	5,332,393	6,663,876
Leasehold inducement (Note 8)	-	169,796
	5,332,393	6,833,672
Commitments (Note 9)		
Economic dependence (Note 10)		
Net Assets		
Unrestricted	908,988	148,101
Invested in capital assets	44,885	(150,838)
	953,873	(2,737)
	6,286,266	6,830,935

Approved on behalf of the Board

Director

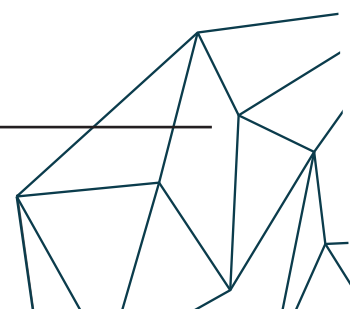
Director

Liz Stratch

GO Financial Operations

GO Productivity Statement of Operations For the year ended September 30, 2017

	2017	2016
Core funding - Government of Alberta	1,579,200	1,784,200
Other revenue		
Project Alignment and Delivery program (Note 11)	254,286	289,286
Advisory and coaching services	241,351	123,015
Lean Six Sigma training	122,019	82,179
Program development and licensing	97,650	400,022
Miscellaneous	26,809	13,182
Workshops and other	9,000	44,432
Events	475	32,206
	751,590	984,322
Total revenue	2,330,790	2,768,522
Expenses		
Salaries and benefits	784,367	874,858
Contracts - programs, tools and services (Note 11)	743,634	849,030
Rent (Note 8)	207,441	336,163
Travel (Note 11)	94,404	71,210
Computer and website	80,345	86,211
Amortization	48,881	81,114
General and administrative expenses	26,087	27,982
Professional fees	23,886	142,821
Marketing communications	23,593	13,500
Insurance	18,088	12,572
Telephone	11,894	11,821
Staff training	7,230	36,214
Membership fees	5,653	13,035
Interest and bank charges	1,398	2,018
Events	1,206	38,874
Total expenses	2,078,107	2,597,423
Excess of revenue over expenses before other items	252,683	171,099
Other items		
Writedown of inventory	(36,240)	-
Loss on disposal of capital assets (Note 4)	(83,060)	-
	(119,300)	-
Excess of revenue over expenses	133,383	171,099



Innovation SuperClusters

GO Productivity is a major participant in an Alberta-based Level 2 SuperCluster Application to the Government of Canada. The focus of this SSRI SuperCluster is around Smart, Sustainable and Resilient Infrastructure development.

The SSRI SuperCluster, if successful, will be a collaborative initiative of construction and manufacturing industry sectors, the Government of Alberta, Post-secondary institutions, clean-tech innovators and service providers with GO as a leader-level participant.

There are numerous revenue opportunities for GO in this project participation. Our Lean Six Sigma training, Value Stream Mapping, Collaboration capacity building and firm-level ARC services will all be needed for SSRI projects and platforms to succeed. GO's expertise and services will be critical in bringing SuperCluster participants up to speed as co-creating collaborators committed to build Smart, Sustainable and Resilient infrastructure projects.

GO has three major roles in this project. First, we are the overall project liaison, information and out-reach agent to the SME level supply chain networks for Projects. Second, we also lead the Platform Initiative around Smart aspect of Industrial Digitization. That includes applying our ARC process to assist project participants and SMEs develop the necessary collaboration skills for project alignment in design and delivery. We will be helping firms prepare for new technology adoption, process optimization, and develop supply chain leadership capacity for integrated project delivery.

Third, the GO Productivity CEO, Lori Schmidt, has been elected to the Board of Directors of the Federal Not-For-Profit Corporation formed to govern the SSRI SuperCluster. She will provide her unique skills and knowledge in the leadership and governance of this form of organization.

Finally, the original organizational group behind the SSRI SuperCluster, has agreed to proceed as proposed, even if the SSRI is not approved as a SuperCluster.

Acknowledgments

GO Productivity is generously supported by funding from the **Government of Alberta**, through **Alberta Economic Development and Trade**.

Additional thanks to the following partners, organizations, and groups for their contributions to our success in 2017. While every effort is made to recognize all our valuable partners and supporters, we apologize for any inadvertent errors or omissions:

DIRTT Environmental

Prairie Manufacturer

University of Alberta

JWN Energy

COAA Construction Owners of Alberta

SCMA Supply Chain Management Association Alberta Chapter

NAIT

APIN

RISA Resource Industry Supply Association

BuildForce

University of Calgary

Canada West Foundation

Giffiths-Sheppard Consulting

SkillSource

Ironworkers IMPACT Fund

ABC Tech

GFCC Global Federation of Competitiveness Councils

MODOS

Edmonton Chamber of Commerce

ATB Alberta Treasury Branches

ASQ Canada

SSRI SuperCluster

Davey Textiles

AECON

Ledcor Group

Supreme Group

TECK

Mammoet

Jacobs

Shell

Waiward

Suncor

Plains Fabrication & Supply

CLAC

Collins Steel

SOS Media

Islay Agencies Ltd.

Kobot

AWE Alberta Women Entrepreneurs

Red Tail Landing Golf Club

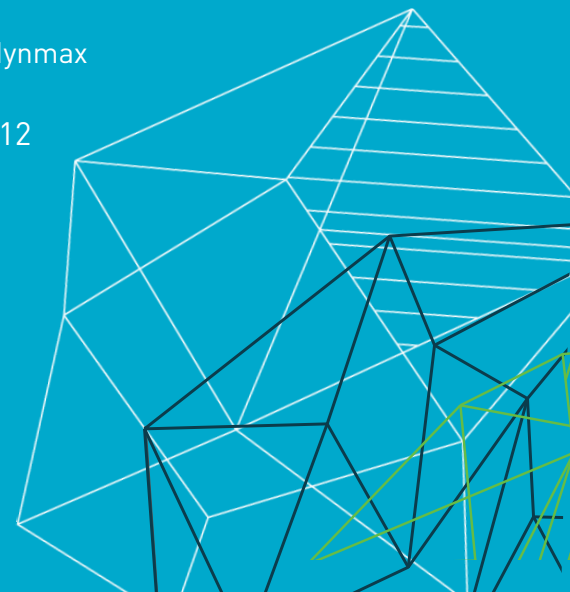
ECA Edmonton Construction Association

Mynmax

Goodfish Lake Business Corporation

Leduc Nisku Economic Development Association

F12





GO Productivity

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