Into the Scale-up-verse

Read Report

EXPLORING THE LANDSCAPE OF CANADA'S HIGH-PERFORMING FIRMS

Steven Denney | Ryan Kelly | Viet Vu

This report provides the first ever national and sub-provincial breakdown of scale-up activity in Canada and offers a deep understanding of the roles different types of scale-ups play in boosting productivity, employment, exports, and R&D. The report leverages the most recent and detailed dataset concerning Canadian business dynamics to unravel complex scale-up behaviour in Canada.

Produced in partnership between the Innovation Policy Lab at the Munk School of Global Affairs & Public Policy and the Brookfield Institute for Innovation + Entrepreneurship, *Into the Scale-up-verse* challenges how scale-ups are defined and measured in Canada and unpacks the nuanced and varied ways that scale-ups contribute to the Canadian economy. This report will inform economic policy-making and the conversation on scale-ups as we work to harness the immense power these firms hold in securing long-term economic sustainability and prosperity.

What does *Into the Scale-up-verse* teach us?

Not all scale-ups are the same. *Into the Scale-up-verse* provides the baseline metrics and guidance that academic researchers, industry actors, and government policymakers need to better inform supportive policy for scale-ups in Canada.

What's next?

What government supports are most effective in supporting scale-ups? Further research is required to understand the exact role governments can play in building a robust scale-up ecosystem in Canada.

Key Insights:

- **Scale-ups drive the majority of productivity growth in Canada relative to non-scale-ups.** With scale-ups in many industries experiencing productivity growth in excess of 25% in a single year, there is little doubt that scale-ups are an integral part of Canada's long-term economic sustainability.

- **Scale-ups are leading contributors to increased employment and job quality in Canada.** Scale-ups employ ten times the number of people compared to non-scale-ups, and average pay at scale-ups exceeds non-scale-ups across almost all industries and economic regions of Canada.

- **Declining investment in R&D poses a risk to scale-ups reaching their full potential.** Although scale-ups are more likely than non-scale-ups to spend on research and development—a key driver of firm growth and sustainability—overall R&D investment is stagnating.

- **Scale-ups are more likely to export than non-scale-ups.** Successfully exporting is a sure sign that a firm has raised their growth ceiling, expanded their market reach, and bolstered their organizational sophistication. Scale-ups export at a frequency five to ten times higher than non-scale-ups.

- **Scale-ups are too diverse and complex for a "one size fits all" policy approach.** Using new and comprehensive insights into the three ways scale-ups are defined and measured, policymaking can now apply a more targeted approach to supporting the success of different types of high-growth firms, their behaviours, and contributions.