

May 16th, 2018

Executive Director's Report - 2018 SIMSA AGM

Hello SIMSA Members,

It has been an exciting year as our Association continues to grow.

As a guiding set of principles, I have worked towards:

1. enabling SIMSA members to earn more money via;
 - a. face-to-face networking events
 - b. business education events
 - c. representing members via lobbying efforts
 - d. informing members of current events, rather than focusing on social events.
2. securing SIMSA's financial stability, so that we now no-longer require Government funding to survive
3. building partnerships with industry, Government, and other Associations, by being supportive of positive behavior and politely/quietly pointing-out the negative.

However, it must be noted that I do not work alone. I have the assistance, guidance, and vision from our Board; and I have an Administrative Person – Keri Beebe - who lets me comfortably focus on broad issues, while everything seems to magically happen in the background.

Events:

- Since May 2017
 - Aboriginal Awareness
 - Speed Networking at the Global Petroleum Show in Calgary
 - Industry Reception at the Global Petroleum Show in Calgary
 - Corporate Transactions in the Mining & Industrial Supply Sector
 - Work Better and Safer – SIMSA is supported event
 - CIM MEMO Show – SIMSA is supported this event
 - 3rd Annual Saskatchewan Oil and Gas Supply Chain Forum
 - Mosaic Roundtable
 - MLT on Legalization of Cannabis
 - PotashCorp STC and SIMSA Roundtable
 - K+S Roundtable
 - WCB with Wellpoint
 - SaskPower on Chinook Procurement
 - Negotiations Ninja Part 1
 - Negotiations Ninja Part 2 – Daylong event
 - 10th Annual 2018 Saskatchewan Mining Supply Chain Forum
 - EPC Lens
 - Metalworking Manufacturing & Production Expo/Design Engineering Expo (SIMSA supported and attended this event)
- After the AGM - confirmed to date:
 - Rocanville potash mine tour – June 6

- SIMSA Nutrien FHQ Business Forum – June 7
- Speed Networking at the Global Petroleum Show in Calgary – June 13
- Industry Reception at the Global Petroleum Show in Calgary – June 13
- 4th Annual Saskatchewan Oil and Gas Supply Chain Forum – October 4
- 11th Annual Saskatchewan Mining Supply Chain Forum – April 3-4, 2019
- After the AGM - in the works:
 - Negotiations Ninja in Regina (the same one we had in Saskatoon)
 - Sales Ninja in Saskatoon (on selling, not negotiating)
 - WCB with Wellpoint (similar to last time)
 - Saskatchewan Junior Potash 2.0 (a daylong overview of the entire Junior Potash sector with technical, resource company, procurement, and keynote presentations)

Programs/Initiatives/Lobbying:

- We have begun development of the Saskatchewan Suppliers Database with the support and cooperation of the Government of Saskatchewan, Mosaic, TransCanada, and Nutrien.
- We have lobbied the Federal government in regards to carbon tax and the environmental approval policy

Membership and Finances:

- Membership – currently 170 members
 - SIMSA’s membership grew by:
 - 47% from November 1st 2016 to our AGM last year in May 2017 (from 74 to 109 members);
 - an additional 56% from last year’s AGM to today’s AGM (May 2017 to May 2018; from 109 to 170 members);
 - a total of 130% in the 19-months from Nov 1 2016 to May 2018.
 - In 19 months, our membership has grown from representing:
 - 3,000 employees to now well over 14,000-employees
 - \$3-billion in annual revenues to now well over \$14-billion.
 - We are focusing on growing our membership outside of Saskatoon (especially south), into the oil sector, as well as more diverse goods and services.
- Finances
 - Membership fees are growing close to covering annual operating expenses, and with the additional event revenue, we are now self-sufficient without Government funding.
 - Funding from Western Economic Diversification ends this year
 - We have begun establishing the recommended cash reserves to cover 1-year’s expenditures.
 - Membership fees have not increased since SIMSA’s inception, will not this year, and will likely not next year.

The Future:

SIMSA will continue to host and participate in procurement, as well as educational events, that directly enable members to increase revenues. When doing this, we strive to keep fees as low as possible, as our goal is to “make money for our members, not from our members.” It has been a conscious decision for SIMSA to not host social events – we focus primarily on face-to-face business sessions and educational events, and less on lobbying government. Our 130% membership growth over the past 19-months, stemmed from this focus and is expected to continue.

Also, SIMSA has three key attributes that guide us, and make us unique:

1. A membership criteria that requires the approved companies to be physically located in Saskatchewan, along with an additional items including being primarily supportive of the Saskatchewan supply chain.
2. A leading recognition that, if the major resource companies do well, so do we (this includes mining companies, oil companies, and pipeline companies).
3. A group of local businesses working together towards our mutual benefit, as well as the communities in which we live.

By requiring SIMSA’s Regular members to; be physically located in Saskatchewan with a permanent bricks and mortar location, have at least 3 employees, plus be PST and WCB registered in the province; we are unlike many other business Associations that only require having an “interest” in the province.

As such, when I speak with resource companies about doing an event with SIMSA, they typically reply “yes” for two reasons because, as they repeatedly state;

1. They know they are working with the Saskatchewan supply chain. In short, the resource companies want to work with local suppliers – we make it easier for them by identifying the local companies via our vetted-list (membership in SIMSA); this is strengthened by SIMSA requiring a company to have its corporate head offices in Saskatchewan to be eligible for Board seats.
2. We are focused on procurement; the resource companies know we are their partners in building the sector – we are an advocate, not an adversary.

As an additional benefit of this, we have their financial support of, and excitement from, SIMSA developing a Saskatchewan Supplier Database. This database will allow them to quickly identify Saskatchewan suppliers of various goods and services.

As an example of being partners, SIMSA’s Aboriginal Inclusion guidelines reflect a cooperative effort between our members, the resource companies, and the Aboriginal/Indigenous communities.

As another example, SIMSA stated that we saw “benefits” in the PotashCorp/Agrium merger by releasing,

The PotashCorp and Agrium merger allows two Canadian champions to become one larger one; it allows them to achieve the scale and scope to be globally competitive into the future. This, in the long run, is good for the Province, jobs, and investors.

We went on to say that,

SIMSA would expect that our relationships with PotashCorp and Agrium, which have been great, would continue into the future and become stronger. As such, we look forward to a renewed focus on prioritizing Saskatchewan vendors in the support of all our ongoing operational success.

Following this, SIMSA hosted our first Roundtable event with PotashCorp, which then became a stimulus for others to follow and led to SIMSA's rapid growth and value. At the session where the round table concept was developed, PotashCorp noted our support of the merger.

We also recently backed the resource sector in a letter to Federal Minister of Environment Katherine McKenna. We noted that the sector requires policy stability for investment to occur, and that if the producing/pipeline companies are burdened by policies or do not receive stable/prompt regulatory approvals, the supply chain suffers. SIMSA's support was noted by all.

SIMSA members and their clients work together for our mutual benefit. Our cooperative nature can be seen in our Board of Directors, which was initially heavily weighted towards a group of machine-shops working together. Our members also work together to complete larger projects – something not seen in other jurisdictions and this is noted by various purchasers. As already mentioned, we work to support the major resource companies to the benefit of all, and the communities in which we live.

Finally as another example, SIMSA worked with the International Minerals Innovation Institute (IMII) to host the first ever Innovation Award as well as DEMOday. These efforts saw SIMSA member companies have their products and companies critically reviewed by a panel of Saskatchewan resource sector buyers and decision makers. The DEMOday panelists was a who's who of decision makers.



2018 DEMOday panel

In summary, SIMSA's success is a result of a business-focused group of Saskatchewan people, working together towards a common goal – our mutual business success. As such, SIMSA will continue down this road and all will benefit.

Eric Anderson,
Executive Director