

TEN STEPS TO REVITALIZE MONTREAL

By L. Jacques Ménard, Eric Brat, and Marc Gilbert

MONTREAL CERTAINLY SEEMS TO have all the ingredients of a premier city: top-tier universities, a vibrant cultural scene, and a healthy roster of high-tech employers. And yet the city has been losing ground when compared with other large metropolises in Canada as subpar economic performance and a deteriorating infrastructure stymie progress.

It does not have to be this way. The Boston Consulting Group recently partnered with Bank of Montreal, Canada's oldest bank, to create a blueprint for revitalizing Montreal. The plan grew out of an analysis of how cities similar to Montreal have rebounded after a challenging period. Those success stories revealed some common themes, including the need to invest in modern infrastructure and the importance of enhancing the quality of life within a city's borders.

With these lessons in mind, BCG identified ten concrete, eminently feasible, steps that government and civic leaders within Montreal can implement to realize the city's promise of becoming a world-class metrop-

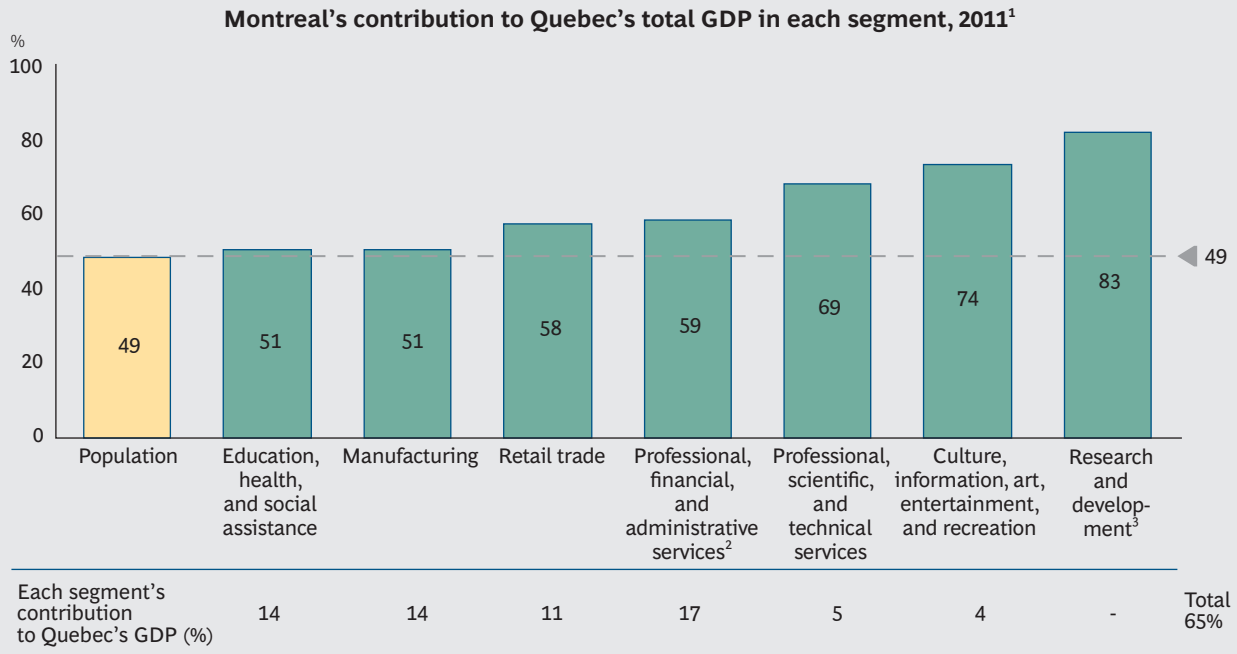
olis. And while some of Montreal's challenges are unique, public-sector leaders looking to spark economic development within their own cities can learn quite a bit from this exercise in terms of what drives urban rebirth.

A City with Great Assets—and Great Challenges

There is no denying the importance of Montreal to both the province of Quebec and to the nation of Canada as a whole. With 3.8 million inhabitants, Montreal accounts for 49 percent of Quebec's population and 53 percent of the province's GDP. And in just about every category, including manufacturing and research and development, Montreal makes an outsized contribution to Quebec's economy. (See the exhibit, "Montreal's Contribution to Quebec's Economy Exceeds Its Share of the Population.")

The city's list of advantages is long and varied. Montreal is home to 11 university-level institutions, with a population of 170,000 students. In addition, companies enjoy

Montreal's Contribution to Quebec's Economy Exceeds Its Share of the Population



Source: Institut de la statistique du Québec.

¹As per the Montreal metropolitan region of census (MRC #462) (3,9M inhabitants); except for R&D (see footnote 3).

²Includes insurances, real estate, and rental services.

³Data for the administrative regions of Montreal, Laval, and Montérégie in 2004 (this proportion has varied between 82 percent and 87 percent from 1997 to 2004; no data is available after that period because the survey has changed). Not counted in the GDP amount to avoid overestimating; it is a total of research and development expenditures throughout the economy sectors, so part of these expenditures are already included in the other categories.

some of the lowest operating costs within the city, which also offers one of the most favorable tax environments for research and development in North America. And Montreal ranks in the top 30 most-livable urban centers in the world. It has also developed a number of robust high-tech industry sectors, including aerospace, information and communications technology, medical research, and finance.

The city is culturally rich as well, with a new acclaimed concert hall and countless festivals throughout the year. What's more, 75 percent of Quebec's new immigrants—about 45,000 every year—settle in Montreal. Some 56 percent of Montreal inhabitants are bilingual, and 24 percent are trilingual—an undeniable advantage in a global economy.

Despite those strengths, however, Montreal continues to lag behind the other five largest cities in Canada: Calgary, Edmonton, Ottawa, Toronto, and Vancouver. Montreal's

GDP growth is the lowest among the six; its unemployment rate has hovered near 8.5 percent for 15 years (versus 6.3 percent for the other five cities); and its population growth is half that of its Canadian peers.

Lessons from Other City Revivals

To understand what drives successful urban recovery, we studied seven cities similar to Montreal that have made a comeback. These cities are all located in OECD countries, have economic and social climates similar to Montreal's, have populations of a comparable size, and are relatively prosperous. Four of them—Manchester, in England; Melbourne, in Australia; and Philadelphia and Pittsburgh, in the U.S.—reversed their declines and rejoined the pack of the most dynamic cities in their countries. The other three—Boston, San Diego, and Seattle, in the U.S.—also achieved great success, rising to rank among the country's most prosperous cities.

Certainly there was no one-size-fits-all formula for these revivals. But they do share some common elements. For each of the seven cities, urban revitalization focused on leveraging the city's inherent advantages and on mobilizing government, business, and community leaders around the effort. It also zeroed in on three key elements: attracting and retaining talent, improving the city's infrastructure, and ensuring that a sound finance and taxation system was in place to support progress. The goals were to accelerate the development of existing industries within the city and to foster new start-up companies.

Out of all this, two overarching themes emerged: the importance of modern infrastructure and a marked concern for citizens' quality of life. In every case, the idea was to make the city a great place in which to live.

A Blueprint for Revitalization

For Montreal, the goal of a revival plan is clear: the city's population growth, unemployment rate, and GDP growth should all be comparable to those of other large Canadian cities. We believe this is achievable within five years—and that Montreal could become one of Canada's top-performing cities within a decade.

Taking the following ten steps, derived from the success of other cities, would put Montreal on the path to rebirth:

1. *Set an economic ambition—first to rejoin the pack, then to run with the leaders.*
This may seem obvious, but Montreal has never formally declared a goal of closing the economic gap with Canada's other major cities. This should become the rallying cry.
2. *Mobilize the business, academic, and social communities in partnership with city hall and the Montreal Metropolitan Community.*
Joint leadership of the effort is critical. Montreal's mayor should play a central role in this program, supported by a group of leaders from the business, academic (college and university), and social communities. This group should help identify and carry out promising projects.
3. *Repair the city.* Montreal must address its unacceptably degraded infrastructure. Among the priorities: improving transportation from Pierre Elliot Trudeau International Airport to the city, a trip that currently leaves visitors with a negative first impression.
4. *Project the city into the future.* Considering the size of the investments required and the strategic nature of projects already in the planning stages, infrastructure design should be forward looking and bold, showcasing Quebec's engineering know-how. This work should also aim to beautify and add green space while embracing modern and sustainable development.
5. *Retain, attract, and welcome global talent.* Though Montreal has the largest population of university students in Canada, it is also among the cities that employs the fewest university graduates. Montreal must develop a strategy for retaining the talented people it educates, in particular by offering more career opportunities and by developing incentives that better support budding entrepreneurs.
6. *Favor the emergence of new international leaders.* While a number of companies have moved their headquarters away from Montreal over the past 20 years—and the city is unlikely to lure them back—there is great opportunity to support businesses with a high potential for growth and job creation. The city should adopt targeted policies to identify and accelerate the development of these future champions, particularly in areas that are currently strong, such as medical research, aerospace, communications and IT, engineering, and finance.
7. *Give Montreal the powers of a metropolis.* Montreal's government does not have the same level of authority as other North American metropolises. This situation should be rectified by passing a law similar to the one that expanded the authority of the Toronto govern-

ment in 2007. Among the powers granted: the ability to increase control over urban planning and development.

8. *Give the metropolis the necessary fiscal resources.* Right now most of the revenues raised through sales tax and personal and corporate income taxes flow to the provincial and federal governments. The city needs taxation powers commensurate with its size and responsibilities.
9. *Promote a unique identity.* Although Montreal comprises 19 boroughs, it must create a strong and unifying identity—a calling card—that can be promoted worldwide. The city should adopt this

identity unequivocally and promote it energetically and consistently.

10. *Rigorously measure the progress made.* Montreal should develop a detailed dashboard with which it can evaluate the effectiveness of its revitalization program and the progress of its projects.

OUR STUDY OF urban revivals revealed a simple fact: Montreal has everything it needs to succeed—it has simply failed to capitalize on those strengths. Coordinated action and unwavering commitment can change the city's path, transforming Montreal from an also-ran into a first-class metropolis.

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