

Mega opportunities abound in the Middle East and North Africa

Canadian companies are sharing in a wide range of ambitious infrastructure, technology and construction projects throughout the Middle East and North Africa. But what matters most, say Canadian companies doing business there, is people.

Many Canadian businesses are active players in this region of 20 countries. In the Arabian Peninsula, Canadian exports of goods climbed 42% between 1998 and 2004 to a total of \$1.3 billion, with exports of services and know-how adding up to a similar amount.

Canadian firms are cracking a wide range of markets from the Persian Gulf and the Levant to the Maghreb countries of North Africa.

In Libya, for example, the Great Manmade River Authority turned to Canadian entrepreneurs for technology to spot flaws in pre-stressed concrete water pipelines.

In 2000, after early success in the U.S. market, Pressure Pipe Inspection Company caught the attention of the Libyan pipeline's project managers, who were plagued during the project's early phase by costly cracks and breaks in the underground line. "When we came in with solid technology that worked, we amassed a pretty good reputation quickly," recalls company president Brian Mergelas.

On a larger scale, Canadian engineering and construction giant SNC-Lavalin was hired to dig 700-metre-deep wells below the Saharan desert to tap Libya's aquifers for the water pipeline. Since then, SNC-Lavalin has steadily landed bigger contracts for the project.

"You do one project, then you do another, and the fact you are there gives you an advantage," explains Sami Bébawi, executive vice-president of SNC-Lavalin. Bébawi says that local partners are key allies for Canadians to understand conditions on the ground.

Easy pickings?

But Bébawi, who came to Canada 33 years ago from Egypt and speaks a number of languages including Arabic, English, French and Spanish, warns that the dazzling size and pace of regional mega-projects—from gas expansion in Algeria to urban renewal in Kuwait and giant entertainment complexes in Dubai—might give a false impression of easy pickings.

"There is a lot of money and a lot of projects but the competition is fierce," says Bébawi. "Don't think this is a big and easy catch."

Those who succeed in the region underscore the power of personal relationships.

"Decisions are often made by a very few people, so if you have a trusted-advisor-relationship with the decision makers, things can move quickly," observes Jim Metcalfe, president and CEO of Cansult Ltd. The Markham, Ontario, engineering and project management firm carries out 75% of its total business in the Arab world and has four permanent offices in the United Arab Emirates and Qatar.

"Developing these relationships across different cultures and crossing the language barriers can take time but, once established, they are very lasting and powerful," observes Metcalfe, a 32-year veteran of the region who now lives in Abu Dhabi.

No matter how—or where—the opportunities come, veteran Canadian companies offer the same advice to newcomers dazzled by the prospect of mega-dollars in the region: invest in people and relationships.

"You start small and deliver, you live up to expectations and slowly, slowly, they will come to respect you tremendously," says Bébawi of SNC-Lavalin.

Like others, he sees a bright future for Canada in a fast-modernizing region. "The opportunities are amazing," he says. "It is up to Canadians to decide how much we want our share to be." ◀



The building never stops. Some liken Dubai to one enormous construction site.

AP Photo/Kamran Jebreili

Does the world's biggest customer want you?

Over 100 Canadian companies work hard to win contracts with a buyer that makes no commitment to buy anything.

The U.S. federal government, the world's biggest customer, uses a special procurement system to pre-negotiate the purchase of products and services so that it doesn't need to go through a complex process each time it wants to purchase things like pens, chairs or office furniture.

The system, known as General Services Administration Schedule Contracts (or GSA schedules), is an indefinite-delivery, indefinite-quantity agreement. The U.S. federal government centrally negotiates the pricing and other conditions under which vendors offer government buyers over 53 different kinds of products and services that they already supply to the commercial market. American government buyers prefer these GSA schedules among the kinds of contracts they can use to purchase high-volume, common-use items.

Canadian businesses have been doing well using GSA schedules. Last year, 103 of the 707 Canadian companies who won U.S. government contracts sold over \$62 million through GSA schedule contracts.

Canadian successes

Office furniture manufacturers led the way with over \$20 million in sales. Top vendor Krug Furniture of Kitchener, Ontario, is among 25 Canadian furniture companies with GSA Schedule contracts.

A total of 57 Canadian IT providers with combined GSA sales came a close second, with just over \$19 million. David Martin, Co-CEO of leading vendor SMART Technologies of Calgary, Alberta, learned early on about GSA schedules. "When we began to pursue U.S. government buyers, prospects kept asking us if we were on a GSA. So we realized that this was important," says Martin.

"At the initial stages, we got experts to help us prepare our proposal for GSA. After all, just because you read the solicitation doesn't mean you have all the knowledge you need to navigate your way through the complex terms and conditions."

A GSA schedule doesn't guarantee any sales. The proposal and negotiation process costs every company a unique combination of time and money, and takes special marketing



expertise and careful relationship-building. The top companies have taken 10 or 15 years to build that level of sales, from signing a GSA schedule contract and seeing the first dollars flow, to making a consistent profit.

"Relationships are of critical importance, both with GSA contract administrators and federal agency customers," says Mike Boehmer, Director of GSA Sales for Krug. His team managed to turn early difficulties into an advantage.

"GSA believed there were deficiencies in testing data for one of our product lines," he said. "But even though we didn't win that contract, we gained a lot of credibility and respect by being honest and graceful in the way we did things."

Krug went on to foster very good long-term relationships with key senior GSA personnel. "Our GSA business has grown double digits every year since 1995," said Boehmer, whose efforts landed over \$10 million in U.S. government contracts last year.

Washington D.C.-based consultant Judy Bradt, a former Canadian trade commissioner and now principal of Summit Insight, points out that a specially-designed marketing campaign to drive GSA sales is key. "You can adapt a marketing campaign from your commercial market with modest expense. Government buyers notice when you tailor your online and print materials to them—and when you don't," she says.

For more information, go to www.gsa.gov, <https://fsstraining.gsa.gov>, www.international.gc.ca/sell2usgov and www.summitinsight.com. ◀