

Noranda

Markets in Europe are so different that they command different distribution structures.

Canadian operations Noranda is one of Canada's largest groups and includes mining and forestry. The office in the Netherlands deals only with forestry products.

Dutch operations After dealing through an agent for two years, Noranda bought the agency. The Noranda office still represents other manufacturers, but the mainstream products are Noranda's plywood boards.

The Netherlands was chosen as a prime base to market to France and Germany. Noranda first had an agent in the United Kingdom, but found that the people there could not serve Europe because their staff lacked multilingual skills. The Dutch agency had the added advantage of being close to Amsterdam harbour, which is important since all products are shipped from Canada.

By contrast, plywood is sold in Italy and Spain through agents; Noranda has not attempted to establish its own operation in these countries. These markets are thought to be difficult to penetrate without a local manager.

Lessons to be drawn **There are problems linked to the headquarters being so far away.** Daily contacts are made with Canada on technical specification, delivery and pricing, which adds to the overheads – a competitive disadvantage in this commodity market. Importing products from far away can also be a problem, as delivery on time is crucial in this market.

Exchanges of staff are not seen as valuable. There is little that the Europeans could learn given that the North American market is very different from the European. Short technical training sessions are organized when needed and deemed relevant. However, it is important for Canadian management to come to Europe to understand the market. Also, it is felt that knowing people personally helps iron out everyday frustrations.

The Canadians brought tighter financial controls. The Dutch subsidiary is treated as a separate profit centre and is left alone to market the products in Europe as it thinks best. Financial reporting, however, is much tighter since the acquisition of the agency by the Canadians. The company installed a weekly and monthly reporting system, which the Dutch management appreciates for its effectiveness.

The agency is pessimistic about the normalization of standards in Europe. Every European country has different construction standards. Even with 1992 coming, the agency is pessimistic about the adoption of a European single standard because the construction sectors are traditionally conservative. It is a