

# CASE STUDY #3

## The Company

Eco-Tec Inc.  
925 Brock Road South □ Pickering, ON  
L1W 2X9  
Telephone: (416) 831-3400 □ Fax: (416) 831-3409

Eco-Tec is a privately owned company with plants in Pickering, Ontario and Walsall, England.

- Employees: 60

## The Product

Chemical recycling and chemical purification, primarily for the metal-finishing industry, represents the bulk of Eco-Tec's business. Approximately 90 percent of Eco-Tec's sales are attributed to these products.

## Achieving Success

Eco-Tec has been competing in the West European market for approximately 15 years. Their initial contact with the market came as a result of interest generated over their product at international trade shows. An active response by Eco-Tec to this interest resulted in sales to industrial clients in Western Europe. Eco-Tec made the product in Canada and exported it to the client.

As exporting became too costly due to foreign exchange rates, Eco-Tec licensed a U.K. firm to manufacture systems in the U.K. for the European market. This arrangement enabled Eco-Tec to keep capital outlay to a minimum. To help fund the venture they also employed government assistance programs as much as possible.

Eco-Tec eventually founded ETE, providing them with a wholly owned production facility in the U.K. from which to service the European market.

Presently, Eco-Tec competes in virtually all of the European Community countries. They have achieved sales in Germany, the U.K., France, Italy, Belgium and the Netherlands.

To develop their sales in the E.C. countries in which they compete, Eco-Tec has contracted with local

distributors to market their products. These distributors are not representatives, but rather, buy Eco-Tec's products and then resell them. Sales in these countries have been steadily increasing over the past decade and a half, with 1990 representing the best year for Eco-Tec. Increased sales are anticipated to continue with the formation of the Common Market in 1992.

## The Barriers

Eco-Tec's largest barriers to successfully entering the West European market were the language/culture differences. After 15 years, Eco-Tec understands the differences in business practices between Canada and Western Europe. The establishment of a distributorship network has been vital in overcoming these barriers.

Being able to meet European standards in Canada proved difficult. Parts and processes which ensured compliance were not always available in Canada. By establishing a plant in the U.K., Eco-Tec has effectively overcome this barrier.

European domestic companies have — and continue to — infringe on patents held by Eco-Tec. The only solution to this, unfortunately, has been to spend a large amount of time and resources fighting these infringements in court.

## Key Factors in Achieving Success

- The technical quality of Eco-Tec's product was essential.
- Sheer persistence in the marketplace has been another key factor. Throughout 15 years in the Western European market there were plenty of times when it would have made sense to quit. However, after many years of losses Eco-Tec realized a profit in 1990, illustrating the benefit of hanging tough.

## A Word of Advice

Gather as much information on the Western European market before attempting to market your products there.