

## Set up now: Eastern Europe is opening up and the EEC closing.

### *The Canadian operations*

Canspect has been operating for three years and is an offshoot of another company that was established in 1979. Canspect is an inspection company which performs quality and quantity control of procurements on behalf of buyers and sellers. It also advises clients on project expediting.

Canspect operates from its headquarters in Ottawa and through agents in 45 countries. Its other offices are in Düsseldorf, Germany and Cairo, Egypt. It is also establishing a joint venture company in Kuala Lumpur.

### *Its German activities*

The reasons for opening an office in Germany were both the result of long term strategic thinking and chance. The long-term development of the company implied the need to have a location central to Europe and the Middle East where Canspect sees a large development potential on the existing client base. A good opportunity to set up in Düsseldorf arose when a large inspection company based in this area moved its office. This allowed Canspect to be able to hire immediately experienced staff. All this was heightened by the opening up of Eastern Europe which prompted Canspect not to wait to set up in Europe. In addition, Germany presented the advantage of being in the EEC which could be helpful in the future if 1992 meant increased protectionism.

The German office deals with buyers in the Middle East, Africa, Europe and South East Asia purchasing goods in Germany or in Europe. Gradually the operation will be spreading its activities in the rest of Europe.

### *Lessons to be drawn*

**Senior people were needed to conduct the market research.** In order to decide where the market potential was in Europe, two senior executives of Canspect conducted the initial research. Canspect felt that it was important to have senior people of the company assessing market potential. When the operation was set up in Germany, more resources were committed to research the market and included some of the new German staff. Published data was found to be very scarce, thus requiring Canspect to put more effort in the research exercise than anticipated.

**Speaking German was indispensable to market share growth in Germany.**

The answer to this problem was to hire German staff who could relate to headquarters in English. Anybody working in this field would have to speak English anyway so it was felt that it was not a problem to ensure contact this way.