

Champion Road Machinery in Goderich, Ontario — one of eight internationally ranked producers of road-grading equipment — has managed to stay competitive by shaving costs, by rationalizing its production in its southern Ontario plant, and by sharpening its marketing skills. But industry trends are clear, according to head office product specialist Napier Simpson. Differences among various brands of equipment are narrowing. And manufacturers are being taken out of the play by corporate mergers. Champion has escaped the latter fate, although it was acquired a year ago by a U.S.-based investor group.

For a firm such as Champion, non-North American competition can be harrowing. Exchange rate fluctuations alone can spell disaster in particular markets. The Canadian dollar's recent rise against the American dollar, however, has had a fairly neutral effect, Simpson indicated: about 30 per cent of the typical Champion grader employs U.S. parts, including its engine. So, denominated in Canadian currency, the U.S. selling price may come under pressure, but U.S. parts go down in price too.

Elsewhere in the world, however, both North American dollars have soared against other currencies and other Canadian companies have been less fortunate than Champion.

West-coast-based lumber producer MacMillan Bloedel really has to watch the currency markets. As marketing vice-president Bill St. John puts it, only half-jokingly, "If the Canadian dollar dropped two cents tomorrow somebody would have given that away in price."

On Champion Road



To judge the steady pressure for product conformity, look no further than the control levers of a modern road grader.

Like most of the world's manufacturers, Champion Road Machinery Ltd. of Goderich, Ontario, used to boast a unique configuration for its machines' controls. But in an industry dominated by one giant manufacturer, U.S.-owned Caterpillar Corp., the other manufacturers faced a problem: buyers resisted having to retrain operators to use a different system of levers.

"When you're second or third in the world, you can't be too different," says Napier Simpson, product specialist at Champion headquarters. So, like the rest of the industry, Champion adopted Caterpillar's standard — "the exact feel, the exact look, the exact position."

Champion maintains that its graders are still unique. The controls may be the same, but Champion's cabs are "the most comfortable in the industry," Simpson claims.

Champion itself is an unusual company. Virtually alone

among diversified giants such as Caterpillar and John Deere, Champion remains a grader specialist. The company has been producing the big machines since 1886 and has been exporting them for 30 years. Long family-owned, the firm was acquired last year by a U.S.-based investor group.

The heavy-equipment industry is awash with change. Manufacturers are being merged and consolidated. They are having to develop new strategies to deal with keener competition and market protectionist measures. At one time, Champion sold 300 machines during a two or three year period in Brazil — at today's prices, a business worth \$30 million. But Brazil currently requires at least 50 per cent domestic content, and Champion now finds itself locked out of that market.

Elsewhere, the company has to accept a lower price. In New Zealand, for instance, Simpson says that lack of local content in Champion products can lead to a "slight penalty" of perhaps 5 per cent on a tender.

Champion Road Machinery sells heavy equipment to more than 90 countries worldwide.

One response has been to enhance the value of the product. "People are becoming more quality-conscious," Simpson says. Buyers want higher productivity from the operators, and so they look for greater protection from noise and the elements. And they want lower operating costs — higher fuel efficiency and low-cost maintenance.

Champion has also been paying closer attention to its ties to distributors in the 92 countries with which it does business. And out of its 700 Ontario-based employees, about 125 sales and service representatives travel regularly.

Another important Champion response has been the company's willingness to tailor its products to the specific demands of individual markets. The company will create a special design for a "cab style, an attachment, or an addition to an attachment," says Product Manager John Marshall. "We survive because we're so adaptable and because we're able to react so quickly."