the

documents stating that construction in a certain region and segment is expected to grow, say, for two years, we have attempted to keep such information at a minimum. Typically, information that a certain market is booming indicates that it may already be too late for Canadian firms to capitalize on the boom. Thus, while identifying growth regions and segments will assist the individual firm's market penetration effort to some degree, we feel that it is more important that Canadian firms identify stable regions which make sense for them, and enter these regions while keeping in mind the information and advice provided in this study.

### Strategies for Entry

Beyond the basic analysis of market trends, it is equally important that potential entrants identify segments and regions which are consistent with their own financial, organizational, and technological capabilities, and that local contacts be established as a means of entering the market.

The majority of foreign firms are entering the American market through the acquisition route. While no existing information discerns between profitability by type of investment, government and industry officials generally feel that entering via an acquisition is more profitable in the long-term than entry through opening a new office. This route gives the foreign firm an established presence in the market, and it may be less expensive than opening and marketing an entirely new operation.

While acquisition is a preferred method, some Japanese firms have entered the U.S. market through establishing greenfield operations, although this route appears to be falling into disfavour. For reasons of geography and culture, Canadian firms would presumably have an easier time than Japanese firms in opening a local office or in entering a joint venture as a means of entering the market - some Canadian companies may find this to be preferable to acquisition, particularly if faced with an onerous purchase price.

### Recommendations

Section Seven of the report discusses various guidelines and recommendations, adherence to which should assist Canadian contractors in penetrating the U.S. market. Some of these include:

- Firms should enter into U.S. segments in which they have Canadian expertise. While this would appear to be an obvious point, some Canadian firms in previous U.S. experiences have bid for and won projects which were "out of their league". Of the projects that we discussed with Canadian firms, these are the ones which have subsequently caused difficulties.