

PROCUREMENT LIBERALIZATION CONTINUES

"The NAFTA puts Canadian construction companies on a more equal footing with their U.S. colleagues," emphasizes Michael Makin, Senior Director of Public Affairs for the Canadian Construction Association, a 20 000-member-strong organization based in Ottawa, Ontario.

Makin says this agreement further liberalizes construction opportunities in the United States and Mexico. In fact, the largest opportunities for Canadian service companies are in the United States, where the NAFTA has expanded business potential in the following ways:

- Canadian service companies can supply their services on contracts worth more than US\$50 000;

- Canadian exporters of goods and services can compete equally on contracts with such U.S. departments and agencies as transportation, energy and the U.S. Army Corps of Engineers; and
- Canadian materials can be used in U.S. federal public works on projects worth more than US\$6.5 million.

In the Mexican market, Canadian firms have access to government procurement in such state-owned companies as PEMEX (petroleum) and CFE (electrical).

Looking back at the FTA and the NAFTA, Makin says: "The FTA created the awareness of liberalized trade and facilitated the movement of people under Chapter 15." The chapter allows for easier travel across North American borders for business people providing commercial or professional services.

Standard Aero and the FTA

Canadian high-tech firms can compete with the best of them in the fast-paced U.S. market. Shortly after the FTA came into effect, Standard Aero won a three-year U.S. Air Force contract that positioned it as a major player on the international scene. The Winnipeg-based company, which specializes in the repair and overhaul of aircraft engines and accessories, was tasked to supply US\$10 million in labour to overhaul reduction gearboxes for the Allison T56 engines that power the U.S. Air Force's fleet of Lockheed C130 Hercules aircraft. Standard Aero, a wholly owned subsidiary of BRT plc, is now one of the world's largest independent gas turbine engine overhaul facilities.

U.S. Air Force officials were shocked by the competitiveness of Standard Aero's proposal. "They called us a few times to confirm that we had read the Request For Proposal correctly and that we completely understood the requirement," says David W. Shaw, Standard Aero's Vice-President and General Manager. Following the contract award, the Air Force dispatched 13 senior officials to visit Standard Aero's headquarters in Winnipeg to see how the work could be accomplished so efficiently. "The visit confirmed that our price was significantly better than our U.S.-based competitors, including the Air Force itself, and they left convinced that we could deliver world-class quality in world-best turn-around times," says Shaw.

"Working with officials from the U.S. government isn't much different from working with our commercial customers around the world. The bottom line is you need both a solid reputation and a strong business relationship to succeed. Standard Aero has both. Our company is recognized in the industry for delivering quality services and products in a timely fashion at a cost-effective price."

According to company officials, Standard Aero's success was the direct result of a fundamental redesign of the company through the implementation of a comprehensive Total Quality Management (TQM) program. "We have used many Japanese principles like Just In Time (JIT) to re-engineer every part of the company, from the shop floor to the soft processes of engineering, accounting and marketing. To date, we have invested over \$15 million in what we call our World Best program," explains Shaw. The company, whose

objective was to become globally competitive, drew heavily on customers to determine what the marketplace really wanted from engine-maintenance organizations.

"In the past, the U.S. government rarely solicited bids for these types of competitions, especially from Canadian companies," says Manpreet Atwal, Standard Aero's Marketing Manager of the Allison 250 product unit. "Encouraged by the FTA, the U.S. government now regularly solicits bids from us." In fact, Standard Aero is currently awaiting a U.S. Air Force competition for a major portion of the C130 aircraft fleet that could double the size of the company's largest T56-501K business unit.

For Standard Aero, the Canada-U.S. border has become almost invisible. "It's only an issue when we fail to make it seamless to our customers," explains Atwal. "Transportation and border logistics are within our control and no longer inhibit our ability to compete. In reality, the passage of the FTA did not decrease the amount of paperwork for us, nor did it complicate the movement of product through customs," says Atwal. "What has changed is the perception of the average person; misconceptions about who Standard Aero is and where we are located have all but disappeared, and we now compete in North America on a level playing field."



Standard Aero specializes in the repair and overhaul of engines and accessories to such aircraft as the C130 Hercules pictured here.