

The disadvantages are the loss of freedom (the company does not have as much control as with an independent operation) and the possible clash of cultures (the difficulty of adjusting to a new business language and to new ways of thinking and dealing).

c) Acquisition

The acquisition method is a quick way to begin doing business in Europe because it allows immediate gain of market share and of goodwill. It reduces much of the uncertainty associated with setting up greenfield operations in a foreign country. Most important, acquisition is a quick way to break into a market with high barriers to entry and established players. The problems with acquisition are of two natures: time and size. First, considerable time must be spent on adapting the acquisition to the parent company's management style and culture. Second, when a company buys another one, it takes on both the good and the bad aspects of the company. It must find a way to handle these bad aspects of the purchased company.

d) Greenfield Investment

Companies that are opening new subsidiaries in Europe can benefit from a number of advantages such as the possibility of starting with the newest equipment and technology, complete freedom of moves and orientations, and the possibility of making a fresh start on corporate image.

However, these companies are facing a big challenge since they need to find their own customers, suppliers and employees in an unknown environment. These facts greatly increase the risks related to the European activities of the company.

e) Some Recommendations following the Decision to Go to Europe

In order to facilitate the European operations, it is recommended that the

company hire part of the senior management from the country where the company has its office and lawyers from the Community, since these lawyers will be aware of the European regulations.

In the event of an acquisition or a greenfield investment, the operations should start pretty small to give the company time to adjust to its new environment.

It is important to understand that North Americans and Europeans are quite different and that, to communicate, different marketing and communication tools are needed.

On a long term basis, the company has to work on the concept of corporate citizenship in order to have everyone working in the same direction and in the same spirit. This can be realized by sending Canadian people to Europe and vice versa.

5.3 Public Policy

a) Presence in the EC

For the benefit of Canadian firms, the government *must* support the firms in need of a European presence. Programs are already in place, but need to be publicized more. For most entrepreneurs in small and medium-sized companies, opening a branch overseas looks like an impossible task.

Companies in Canada do not have many models of their compatriots doing business with Europeans. This is one reason why the government's role is so important. Government agencies should help to make Europe a more accessible market.

b) R&D Programs

European firms are far ahead of Canadian firms in the mechanical engineering products category. It is imperative that Canadian companies invest more money in order to reduce the technological lag.