

Warming up to Kazakhstan

Fireplace manufacturer plugs into former Soviet countries

Dimplex North America Limited (www.dimplex.com), a fireplace manufacturer based in Cambridge, Ontario, has made significant inroads in the Commonwealth of Independent States, and the Canadian Embassy in Almaty provided able assistance when the company needed it.

Dimplex North America Limited is a member of the Glen Dimplex Group of companies (www.glendimplex.com), manufacturers and distributors of electric heating products. Glen Dimplex employs over 8,000 people in 22 factories and other commercial operations worldwide, with a turnover in excess of \$2.5 billion in 2003.

In 1991, the Glen Dimplex Group of Dublin, Ireland, entered the North American market through the purchase of several leading electric heating brands: Electromode, Sentinel, Chromalox and Westcan—brands under which Dimplex North America is currently selling its products. Its fireplaces and stoves are marketed internationally under the Symphony™, Optiflame™ and Dimplex™ brand names.

Dimplex North America has been active in the markets of the former Soviet Union for over three years. In fact, it is represented in that region by Frontline Exports Inc. (www.real-flame.ru), a Canadian-Russian corporation with offices in Toronto, London, Moscow and St. Petersburg.

Making the move

In the fall of 2002, Dimplex North America decided to improve its market position by venturing into the promising and fast-growing market of Kazakhstan. To this effect, the Trade Section at the Canadian Embassy in Kazakhstan was approached. Commercial Officer Arthur Iralin suggested that an ad about Dimplex North America and its products be published free of charge in *HALL*

Magazine, a leading local publication covering housing and construction.

This exposure resulted in Dimplex North America being approached by Gran Ltd. (e-mail: gran@nursat.kz), an electrical distributor in Almaty, the former capital and largest city in Kazakhstan. After trade mission personnel met with the executives of the firm and confirmed its credibility, Dimplex North America decided to appoint Gran as its distributor for Kazakhstan.



Then came the time for intense information exchange and product training with the newly appointed distributor. One of the biggest hurdles to overcome was logistics, compounded by the remote and land-locked position of the new target market. In this case, Dimplex North America's alliance with Frontline Exports proved indispensable, as the company operates a bonded warehouse in Kotka, Finland, which enables hassle-free delivery of Dimplex

products all over the vast territories of the former Soviet republics.

Finally, in December 2003, Dimplex North America's first trial order of electric fireplaces was shipped to Almaty. Although relatively small and valued at around \$10,000, the transaction represented a successful end to its initial market research and heralded the opening of a new substantial market, not only for Dimplex North America, but also for the Glen Dimplex Group of companies as a whole.

Moreover, this success story has encouraged the company to become more aggressive in penetrating other Central Asian markets. Dimplex North America now has distributors in Baku, Azerbaijan, and in Tashkent, Uzbekistan, in addition to Kazakhstan. This year, it already expects to have combined sales in these markets in the solid five-figure range.

The Trade Section at the Canadian Embassy in Almaty contributed to the success of this venture, especially in its early and most volatile stages, which is further indication that the Trade Commissioner Service, through DFAIT's missions abroad, can effectively connect Canadian businesses with export opportunities and provide hands-on, in-country guidance.

For more information, contact Vladimir Shehovtsov, Export Sales Manager, Dimplex North America Limited, tel.: (416) 738-6173, fax: (905) 793-9483, e-mail: vshehovtsov@rogers.com, or Arthur Iralin, Commercial Officer, Canadian Embassy in Almaty, e-mail: arthur.iralin@dfait-maeci.gc.ca. ★

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partnerships with Canada's major financial institutions.

Seek a contact at your bank who has experience in international trade financing. He or she will have a better understanding of the available export finance tools and programs that can help you lower your risk and those of your bank, making it more predisposed to give you that loan. For example, bankers with trade finance experience are more familiar with credit programs and guarantees that could help you get additional pre-shipment financing to cope with a large order. This extended line of credit could enable you to purchase the raw materials or machinery you may need to get the order out the door.

Or, if you are being asked to post a bid or performance bond, your banker could recommend performance or bid security guarantees that the bank can use as collateral to issue a letter of guarantee, without tying up your existing working capital and straining your cash flow.

Timing is crucial—or, don't put your banker under the gun. While many small businesses operate on instant-response mode, financing application approvals definitely don't. A new transaction has to go through a series of checks and balances, with the bank assessing your balance sheet, your business potential and the buyer's financial statement, among other things. You can improve your chances of getting the working capital you need by arranging with your bank to have an insured line of credit so that you can offer competitive credit terms to your foreign buyer, and by insuring your foreign receivables to serve as additional security to your bank.

In addition, many experienced exporters have credit insurance pre-approvals done prior to approaching

a potential buyer. This advance preparation prevents them from chasing after the wrong buyers—those who aren't creditworthy.

Get your banker on your side. To nurture the relationship, keep your banker informed about your business, including your goals and plans. Take advantage of their experience dealing with many other small business clients like you and don't be reluctant to ask for their advice.

Boost your own trade finance know-how. Many small businesses are familiar with domestic banking services, but have limited knowledge of international trade financing options. It is useful to understand the terminology, process and methods of

payment and financing of international transactions. This knowledge can help you get more from your bank and give you a competitive edge with your foreign customers or prospects. Many bank and government Web sites (including the small business site listed below) can lead you to this information.

EDC helps Canadian businesses expand their sales internationally and ensures they get paid for them. A Crown corporation, EDC provides trade finance and credit insurance services for its Canadian clients, 90% of whom are small and medium-sized enterprises.

For more information, contact EDC at 1 800 850-9626, or go to www.edc.ca/smallbusiness. ★

Preparing for international business travel

Business travel is a way of life for many exporters. It can be an excellent way to cultivate relationships with both established and prospective clients. Here are some tips for maximizing the effectiveness of your travel before you leave home:

- **Make your health a priority.** Different food, water and climate can all wreak havoc on your health. Find out in advance what conditions you are likely to encounter during your travels and prepare accordingly.
- **Study the culture and business customs.** Ignorance is not an excuse when you are conducting business in unfamiliar territory. It is a surefire way to damage your firm's credibility and undermine your export goals.
- **Understand the currency exchanges.** While this is helpful when you are paying for a meal or a taxi, it is critical if you are speaking of transaction costs for your products and services. Understanding the use of credit cards and cheques in a foreign market is also valuable.
- **Prepare for technological differences.** Can you plug your computer into the electrical outlet? Is the computer application you are trying to sell compatible with the level of operating system and processing power commonly found in the target market?

This information is drawn from *Planning a Business Trip Abroad*. Find this Team Canada Inc guide on-line at <http://exportsource.ca/trip> or speak to an Export Information Specialist by calling toll-free 1 888 811-1119. ★