

regulations were harmonized between Canada and the U.S. enabling us to sell products made in our U.S. plant here in Canada. As nice as this may sound, it had a negative impact on Farinon Canada producing more competition in a Canadian market, already somewhat small and saturated. The world mandate allowed Harris Farinon Canada to expand and was really the factor which permitted us to continue operating in Canada. It was a big decision for the parent company whether to keep this subsidiary open or not. The subsidiary's original mandate of serving the Canadian market no longer justified its existence. In being awarded the world mandate, our Canadian operation was given a new role. We are now looking at expanding that world mandate." It includes the product definition, R&D, manufacturing and marketing of the end products to international markets.

According to Mr. Peabody, "NAFTA, in the long run, will help our Harris organization in Canada acquire better access to the Mexican market. In fact, Mexico is one of the key countries targeted in our future marketing strategies."

### **The Quality of Human Capital**

"A quality work force was among the factors which led the company to invest and expand in Montreal," stresses Mr. Peabody. "Compared to the U.S. sites of our parent corporation, I think the work force here is very competitive in both cost and quality. Other important factors were the availability of favourable government support for R&D and the government export

financing. Those were the three most important factors."

There is the quality of life offered in Canada to consider. Harris Farinon Canada has only a couple of employees from outside Quebec. "They enjoy living in Montreal," says Mr. Peabody. "One of them had specifically requested the assignment here because, among other reasons, he wanted his son to be educated in French. In this particular case, the language was an incentive whereas for others it could be a problem."

Mr. Peabody also finds Quebec's business climate to be congenial and had much to say regarding the collaborations between business and government. "I believe there is a closer coupling between business and government here in Quebec than in Ontario. That's my sense. The encounters with governmental people that I have had here have always been helpful. The Quebec government sends out very pro-business and supportive signals." On government performance in attracting foreign investment to Quebec, he adds, "From what I see, I think they're very effective."