

French partners are using standard costs (costs averaged over a period of time and sometimes not including a full allocation of overheads) instead of real costs. Again, this is related to the education system, which sends the brightest minds to engineering schools rather than to a financial education. Also, management pride will often be set on a new technological development without any consideration of its profitability. The French attraction to prestigious *grands projets* in the public sector is widely understood abroad, but the phenomenon is also evident in private companies. Although French executives complain about the extra work, when Canadian parent companies impose stricter financial control, the executives generally appreciate the benefit of having more precise decision-making tools. The only friction is in the perceived short-term of financial return requirements, a feature associated in France with North American business philosophy.

Experience has been mixed in implementing new financial controls. Acquisition is a favoured route to market entry in Europe, but Canadian acquirers must be able to implement their financial controls in the new French subsidiaries. Experience with the method used has been mixed. Some Canadian acquirers have chosen a soft route, introducing the new controls gradually. In this way, they hope to preserve the sensitivities of the local management and ensure better acceptance of the new measures. Other Canadian acquirers have chosen to implement new management information systems in a block without any transition period. The reasoning is that a half-implemented system is bound to have failures and is therefore an easy target for criticism from the local management. Training is always an important part of introducing new controls. Whichever method has been used to introduce new controls, they have been successfully accepted by French management. In conclusion, the best method of introduction depends on the internal culture of the Canadian acquirer rather than on peculiarities of French business culture.

Canadian products may need to be adapted to the French market. The fact that French industry is more product oriented means that overall specifications are more precise, more expensively engineered, and more design oriented. Products are often designed for a longer life cycle than in North America. Canadian companies must be able to adapt their products to these new demands but can also gain from their association with French companies.

Employment practices are more restrictive. Canadian companies should not forget that France has a very elaborate and expensive set of rules on the social protection of employees. The obligations of employers are so onerous that many Canadian parent companies simply do not believe their French subsidiaries when they are told of the rights and demands of employees, even after years of establishment in France. Canadian parent companies sometimes try to find a way out of these rules, but there is no way out. The French administration does not negotiate.

But French management is flexible. While extensive employee rights may seem restrictive, French management is mobile and will accept travelling extensively and stay abroad if needed. Similarly, French agents readily travel to visit the manufacturers of the products they sell and report on the market.

A good meal is an essential ingredient of good business. Corporate entertaining is important but it is mostly over lunch. A good meal is essential to seal a relationship, celebrate an agreement or just keep in touch.

Business gifts are a way of life. Another common practice is *le cadeau d'affaires* or business gift. These can be lavish and your counterpart expects them. Every industry has its 'rules' and it is best to ask your French collaborators. For a North American, the ethics of such gifts may be questionable but in certain industries you cannot operate without playing by the rules. The *cadeau d'affaires* does not guarantee you will win a contract. It is more a way of maintaining good relations and akin to upmarket promotional gifts. Examples of such gifts would be a box of foie gras for Christmas, or a silver pen on signing a deal.