
largest engineering companies in the United States. The U.S. operation is now a wholly owned subsidiary of the Canadian company.

Through entering into the original joint venture arrangement, the Canadian firm effectively acquired a U.S. experience and client base which had been developed over two decades. The move also facilitated penetration of the lucrative and large American market and allowed the Canadian organization to broaden the spread of its expertise in the pulp and paper industry. Its sphere of activity in the United States has broadened to also include a range of clients in the chemical, food and beverage, and public sector areas. As a result, the subsidiary organization is less oriented to the pulp and paper industry than the Canadian company. The subsidiary company currently has offices in four states and, through the benefit of reciprocal arrangements, many of the firm's engineers are registered in 5-6 states.

The Canadian parent and American subsidiary work very closely on many projects. A number of specialists have been transferred back and forth across the border to accommodate work permit problems, with some specialists having settled in the U.S. and acquired citizenship. The organization used to have some difficulty in having Canadian engineers' credentials accepted and they needed an L1 permit to work on projects in the United States. These matters pose fewer problems today.

Liability is a significant consideration for the U.S. operation because the profit margin on their services contracts is small and the risks are relatively large. The organization has countered this by leaving most of the long-term liability in the hands of their clients. Having a well-established reputation with their client base has allowed the firm to follow this strategy without facing any major restriction in business.

Case Study B

The key success factor for this Western Canada firm is the narrow niche market that it fills and the high expertise that it has developed in this area. Company B's initial contracts in the U.S. engineering market resulted from its reputation in the field and from being approached by certain institutions. With its subsequent success, mainly resulting from word-of-mouth marketing, B decided to open an office in neighbouring Seattle. The office currently employs a number of Americans who assist in the process of licensing and accreditation. Most of the design work continues to be conducted in its Canadian office. The Free Trade Agreement has assisted Company B through reducing border delays formerly associated with transferring design drawings to the United States.