

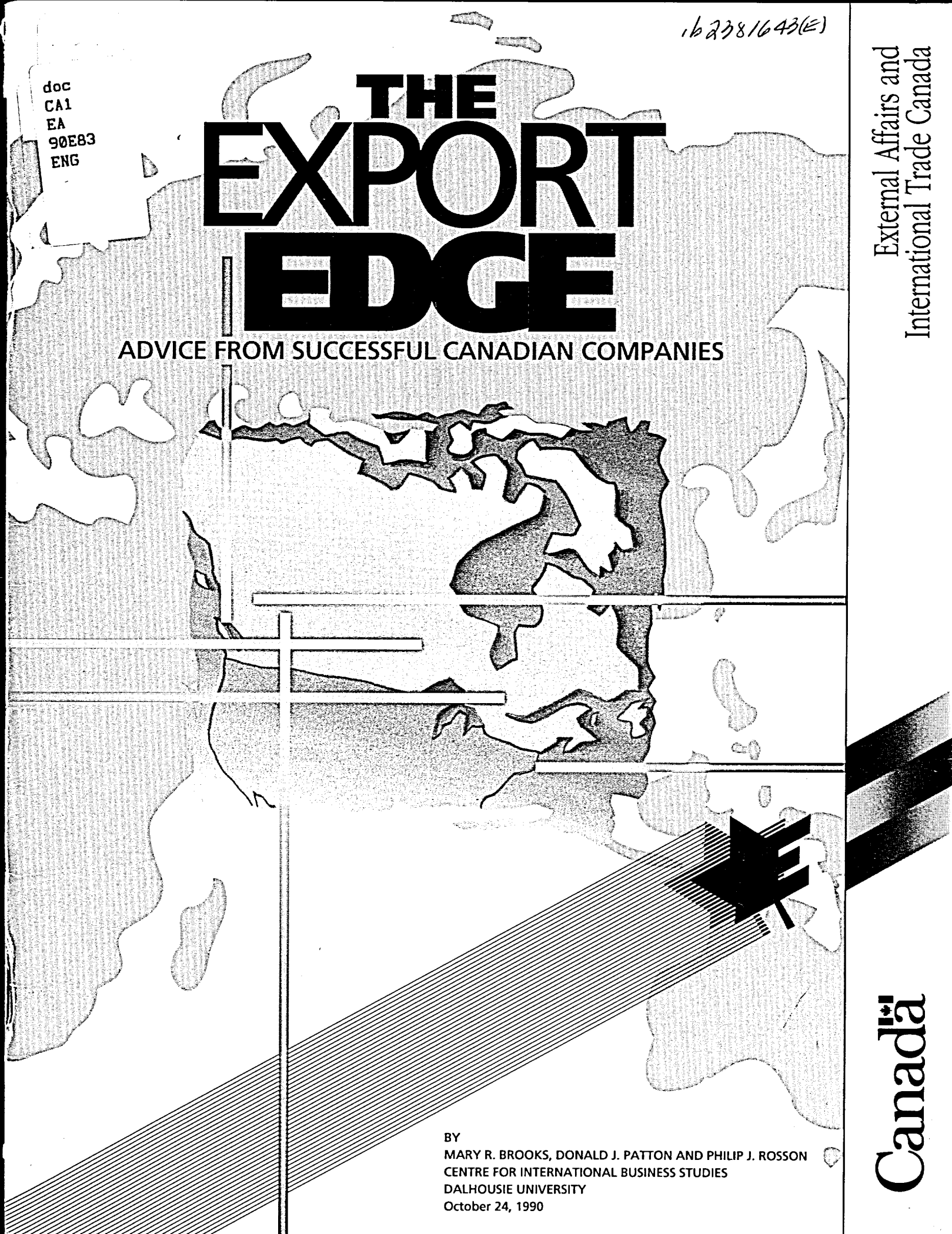
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# THE EXPORT EDGE

ADVICE FROM SUCCESSFUL CANADIAN COMPANIES

External Affairs and  
International Trade Canada



BY  
MARY R. BROOKS, DONALD J. PATTON AND PHILIP J. ROSSON  
CENTRE FOR INTERNATIONAL BUSINESS STUDIES  
DALHOUSIE UNIVERSITY  
October 24, 1990

Canada



# THE **EXPORT** EDGE

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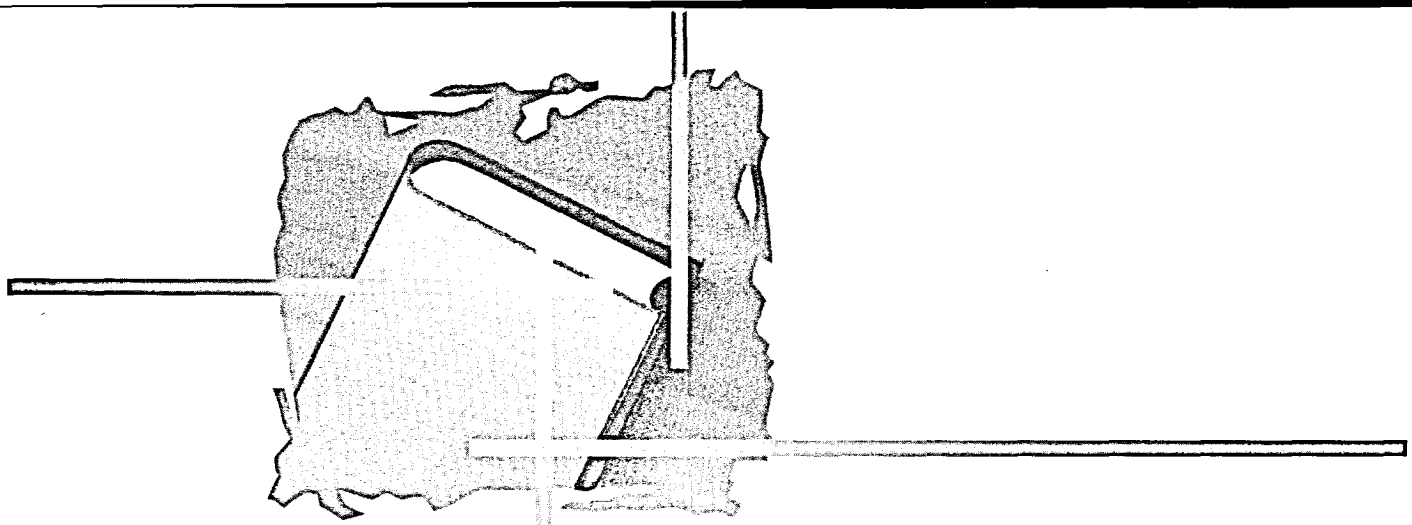
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# ABOUT THE BOOK

In 1985, External Affairs Canada asked the Centre for International Business Studies at Dalhousie University to study the 1983 and 1984 Canada Export Award winners. The resulting book, *Excellence in Exporting: Advice and Comments from Canada Export Award Winners*, was well received and External Affairs and International Trade Canada (EAITC) has again contracted with Dalhousie University to examine Canada Export Award winners, this time focusing on the experiences and advice of selected small and medium-sized winners of the past five years.

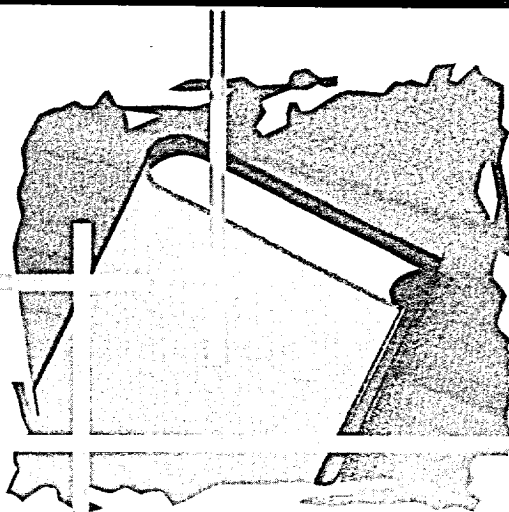
Some 21 companies were selected from the Canada Export Award winners of 1985-89 to give a good sectoral and market coverage. Each of these companies was visited by one of the three authors in July or August 1990. Discussions focused on their export experiences and their advice for companies that are either thinking of beginning exporting or that want to improve their current operations. This book is the result of these discussions.

The Centre for International Business Studies is delighted to collaborate with EAITC for a second time. We hope that this book will prove useful to new and existing exporters — we believe there is much to be learned from examining Canadian success stories. We are grateful

to those executives in the Canada Export Award-winning companies who gave us their time and ideas so that others might benefit. We also acknowledge the administrative support of David Knowles and Beverly Hexter at EAITC; and at Dalhousie, the administrative assistance of Janet Lord; the research assistance of Norman Kimber, Kirsten Tisdale, and John Layton; and the secretarial services of Suzanne Phillips and Pamela Gaines.

The Centre for International Business Studies at Dalhousie University is one of eight centres in Canada funded by EAITC to foster teaching, research and outreach activities in international business. Since its establishment in 1975, Dalhousie's Centre has developed a program of graduate and undergraduate courses in international business. The research focus of the Centre is broad, with special attention paid to exporting by small and medium-sized companies; marine transportation; trade in services; government support to business; and management of technology-intensive companies. The Centre's outreach activities include export training courses for managers, student projects for business, faculty presentations, and a visiting speaker program.





# HOW TO USE THIS BOOK

**T**his book provides practical help to exporters. It is arranged so that — if desired — readers can read selectively. The three chapters describe how companies can go about gaining a product edge by evaluating and exploring a particular market arena and then developing a gameplan for export operations. Scattered through the text are company profiles that tell how Canada Export Award winners have met the challenge of world markets. The profiles are positioned to illustrate a specific point but also have a more general story to tell.

To get the most out of the book, read it cover to cover. But if you are limited in time, use the following “routes” to guide your reading choices.

Although we wrote this book, it is based completely on the advice provided by the sample of Canada Export Award winners we interviewed.

M.R.B.  
D.J.P.  
P.J.R.

## If your sector of interest is:

• Agri-food/fish	go to	page 5
• Resources/chemicals	go to	page 7
• Secondary industries	go to	page 8
• Machinery and transportation equipment	go to	page 9
• High technology/electronics	go to	page 11

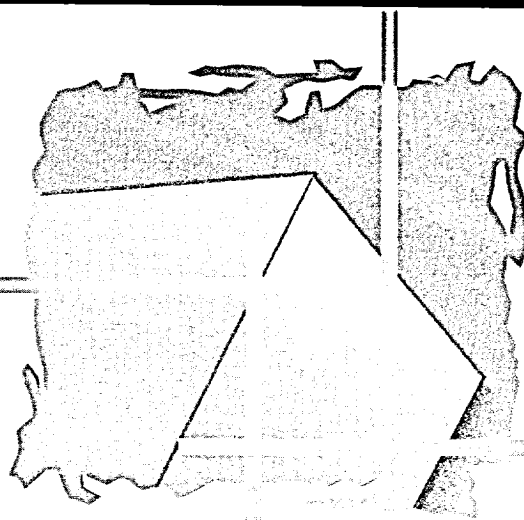
## If your region of interest is:

• Africa/Middle East	go to	page 15
• Asia/Pacific	go to	page 17
• Eastern Europe and U.S.S.R.	go to	page 20
• Latin America and Caribbean	go to	page 21
• Western Europe	go to	page 22
• United States	go to	page 25

If you are interested in export strategy	go to	page 29
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If you are interested in other sources of export information and advice	go to	page 43
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# THE PRODUCT EDGE

**A** company's product or service is the basic building block for its business strategy. Decisions about it will determine, to a large degree, the success of the company — both at home and abroad. In this section, the Canada Export Award winners comment on what it takes to develop an edge in their particular industrial sector. In addition, six companies are profiled in more detail.

## THE **AGRI-FOOD/FISH** SECTOR

Government regulations are a particularly important facet of doing business in the agri-food/fish sector. Added to the challenge of meeting the regulations of the intended foreign market is that of meeting Canadian export stan-

dards. The two may be quite different, and satisfying them often consumes time and money. To meet this challenge, the winners suggest you focus your initial energies on careful investigation of both sets of requirements.

A full understanding of consumer tastes is also critical; subtle or blatant differences in consumer tastes can make or break sales overseas. The winners note that food-related trade shows in foreign markets are an excellent source of this type of information. They also suggest that other Canadian exporters can provide useful market-specific knowledge.

Achieving superior quality is clearly important in this sector, given the consumer health concerns and the normally limited shelf-life of fresh products. Even if it appears that you have a high-quality product, the winners note that it is necessary to strive for even higher standards.

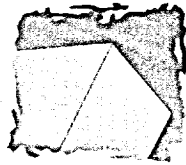
If you think you have a high-quality product, you should then increase the quality by another 50 per cent. Don't go into any market with a poor-quality product. Get it right the first time. Avoid creating a negative image that must be overcome later.

*Garth Jenkins  
President  
Abegweit Seafoods Inc.*



Winners recommend that you do not try to market your full domestic product line all at once but concentrate on the one or two products in which you have the most confidence, only expanding your export product line once you are well established with these products. Assuring quality is easier this way.

Finally, the winners are adamant that you allocate sufficient funds to enter the market effectively, budgeting for delays due to market regulations and, in the case of a new product introduction, due to the need to educate the palates of a new group of consumers.



### **ABEGWEIT SEAFOODS INC. — MEETING EXACTING PRODUCT STANDARDS**



"We send 20 containers of frozen snowcrab to Japan each year, but we could sell 40. We're in an enviable position!" says Garth Jenkins, owner and president of Abegweit Seafoods Inc. in Charlottetown, P.E.I. While many exporters are daunted by the Japanese market, it seems that Abegweit Seafoods with its six permanent employees,

110 seasonal workers and total sales of \$5.5 million cannot meet the Japanese demand.

A fish processor by background and a professional engineer by training, Garth Jenkins knew that his small firm could not compete with the large international companies such as National Sea Products. So he used his earlier contacts with the Japanese to identify a compatible medium-sized partner to produce frozen snowcrab for the top end of the Japanese market.

The first step was to design and install a new production line using the latest cryogenic freezing techniques. Landed live each day, the snow crab was quickly frozen at  $-80^{\circ}\text{C}$  for 10 minutes so that troublesome ice crystals did not form and a desirable red pigment was maintained. Then, under the watchful eyes of Japanese technicians sent to P.E.I. on a cost-shared basis for three years running, the Abegweit work force learned exactly how to process and package the snowcrab to meet the exacting visual and taste requirements of Japanese seafood consumers.

Abegweit's joint-venture partner handles all aspects of distribution in Japan and together with Abegweit chose a distinctive brand name for the frozen crabmeat — "Gold Star" in English. "The Japanese are very tough negotiators and the process takes a long time," Jenkins says, "but once it's agreed — that's it!" He cautions, however, against trying to bluff. "They know an awful lot about your business, so don't try it!"

Abegweit's finished product leaves the island by truck and travels by sea to Japan in packages that, although printed in New Brunswick, are labelled entirely in Japanese. "They were very fussy," says Jenkins, "frustratingly so. But I'm glad we did it."

# THE RESOURCES/ CHEMICALS SECTOR

In this sector, demand is often stagnant and markets mature, making it difficult to dislodge current suppliers, particularly if they are doing a good job. Cecil Werner, CEO of WestCan Alfa Inc. (see profil, pg. 19), notes that meeting the challenge posed by very competitive market conditions involves finding a weak point in the approach of competitors and then focusing on product development and high standards of quality and service.

But how to find that weakness? Investigate the market thoroughly through trade fairs and trade associations. Ask yourself: "How does the distribution system work? How does the market work?" Saskatoon Chemicals (see profile) found that distribution systems offered a means of differentiating its product and competing successfully against a well-known brand name. Werner suggests that it is possible to gain that edge by associating with an established marketing group, as WestCan did, or by piggybacking with existing products marketed by other companies already active in your intended market. Alternatively, customers like to deal directly with the manufacturer, and direct selling and servicing can be an advantage when the competition's agent is not particularly effective.

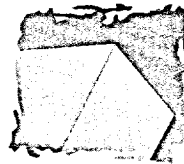
New product introduction in the resources/chemicals sector can also pose challenges. Award winners urge that you retain a good local agent or representative in the market, one who is well established in the industry. A good lawyer is also recommended to assure your product is protected from copying, a leading risk in some markets.

Given the limited size of the Canadian market for many commodities, new companies are often new exporters as well; start-up viability necessitates an early foray into international markets. These companies will need to learn about exporting while simultaneously developing a new business. In the competitive crush of

starting out, many companies may be tempted to engage the services of a trader or broker, but the winners note that this can have several drawbacks:

- you acquire middlemen who will become redundant once you are well established;
- it takes away your competitive edge and the opportunity to acquire greater market knowledge, and thus your bottom line suffers; and
- it reduces control.

If you have the resources, they recommend hiring the expertise needed up front, particularly in marketing and distribution. If you decide to go in without a broker, your choice of distributor or agent becomes the factor on which success will hinge.



## **SASKATOON CHEMICALS LTD.** — **DISTRIBUTION AS** **COMPETITIVE ADVANTAGE**



In 1985, Saskatoon Chemicals Ltd. exploded into the export business with calcium hypochlorite, a granular chlorination product for swimming pools. In 1987,

You are not ready to export until you are doing the job well at home. In other words, if you are a less than efficient company in your home market, don't try to export or they'll massacre you. Plan your export program — don't just treat it as an extension of your domestic business.

*Stanley Mazoff  
Group Vice-President,  
International  
Ilco Unican Inc.*

You cannot be complacent. You gain one market, you lose two . . . we monitor all markets closely. You must do your homework, attend suitable seminars and, above all, be flexible.

*Christopher Beames  
Export Manager  
Ilco Unican Inc.*

the company won the Canada Export Award for its ability to expand export sales to \$10 million on a total corporate base of \$30 million in only one year. The calcium hypochlorite market is very tough, dominated globally by five larger companies — two American and three Japanese. The company realized that the Canadian market alone could not support its new product, marketed under the brand name of Chloryte®, and consequently it had to export. With no consumer products experience, Saskatoon Chemicals entered the American market, meeting its largest competitor on home ground. The company found that the consumer market was certainly not the same as the industrial commodity chemicals market it had always served. It was an unknown entering a market in which the largest U.S. producer, Olin Corporation, had a product with strong brand recognition.

Although Saskatoon Chemicals' competition strategy included producing a quality product, establishing a strong presence at the National Pool and Spa Show (an international trade show in the U.S. catering to pool suppliers), and hiring people who had experience in the business, it was the distribution and transportation system the company established that enabled it to offer the customer service it saw as critical to its long-term market success. In the consumer chemicals market, success depends on getting the product to the customer when the customer wants it. Saskatoon Chemicals went the extra distance; it partnered with a trucking company to service the U.S. The company was able to truck shipments on a daily basis, get the product to southern U.S. customers within five days, and advise them of the day and time of delivery.

Saskatoon Chemicals is proud of its method for expanding sales in the U.S. To avoid delays in achieving reasonable sales volumes, the company decided to acquire the expertise needed. Manufacturers' rep-

resentatives with long-time experience were contracted on a commission basis, and potential buyers were offered market development assistance plus a reasonable exclusivity. The company believes this approach gives it control over customer relations and a long-term market advantage.

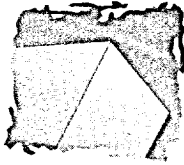
As Saskatoon Chemicals' General Manager, Hanna believes that long-term market commitment, product quality and customer service are keys to export success.

## THE **SECONDARY INDUSTRIES** SECTOR

Simply knowing if and when you are ready to export is crucial for this sector. Your performance in the Canadian market is often a good indication of your readiness. In the end, the winners recommend that you be confident that you know your business.

Winners recommend that you have a world-class product of high quality and competitive price, and that you supply what the market needs and wants. Richard L'Abbé, President, MED-ENG SYSTEMS INC. (see profile), notes that "if you offer a 'me-too' product, you can only expect to get a small percentage of world market share." Therefore, product and market research must be continuing commitments.

Finally, financing export operations is a big issue. The award winners report that the cost of Canadian production seems higher and that exchange rates have gone against the new exporter. They underline the importance of ensuring that you are paid for your product, now that interest rates have climbed, noting that the maintenance of cash flow is especially important for the smaller business. They are adamant that Canadian exporters must be cost conscious and must fully understand currency-related matters.



**MED-ENG SYSTEMS INC.**  
**— SELLING MORE THAN JUST**  
**A PRODUCT**



According to President Richard L'Abbé, MED-ENG SYSTEMS INC. received its Canada Export Award in 1989 "because of its small-company aggressiveness on the international marketing scene." Over the past five years, MED-ENG has overtaken established British and Swiss competitors to become the undisputed leader in its field, selling in 50 export markets which account for 90 per cent of its sales. This has been achieved by a company that even today has a work force of only 16 persons and sales of \$3 million. Based in Gloucester, Ontario, MED-ENG SYSTEMS INC. sells bomb disposal helmets, ballistic shields, and a bomb disposal suit to police, military, security and industrial customers worldwide.

Exports began with the sale of one bomb disposal helmet to Germany in 1982. The company's marketing efforts were rapidly strengthened as product, customer and market knowledge developed through foreign market visits. The assistance of Canadian trade commissioners and support from the Program for Export Market Development (PEMD) were invaluable in this process.

MED-ENG chooses to compete by offering the best product, fair prices, and superior service. Visits to customers are seen not so much as a chance to make a sales pitch, but rather as an opportunity to present the company's latest research. L'Abbé explains: "We do tests on blast effects every quarter. This makes customers eager to see us because there is always something new to learn." This research-based approach to selling reflects the life-or-death nature of bomb disposal and MED-ENG's long-term commitment to its customers.

MED-ENG plans to expand its business in a controlled manner. With a network of agents and customers around the world, the foundation on which to build is established. Expansion will come from sales of existing and new products through this network. With new products already going into production, the future looks bright.

## **THE MACHINERY AND TRANSPORTATION EQUIPMENT SECTOR**

Companies in this sector note that financial operations need to be managed well to succeed. Installing and testing plant and equipment for foreign buyers takes place over a long period of time; working capital requirements are substantial, the more so when bureaucratic delays slow the sales process. Straightforward payment arrangements may not be possible, placing a further strain on working capital. In addition, shipments tend to be of high value, making documentation a particularly important detail in the financial equation; this documentation is needed to ensure prompt delivery and payment for goods sold. The award winners advise that the Export Development Corporation and the Canadian Commercial Corporation are there to serve you.

If selling small orders to countries like Liberia, for example, ensure that you have the money in advance. Perhaps 50 per cent on order and the balance prior to shipping.

*Doug Corsan  
General Manager  
Knelson International Sales Inc.*

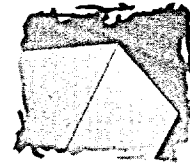
We have a copier in Australia and we've decided to play along. We've learned that building something and marketing something are two entirely different things. If you don't have the support or the expertise you are not going to sell anything, and we have the expertise they don't.

*Doug Corsan  
General Manager  
Knelson International Sales Inc.*

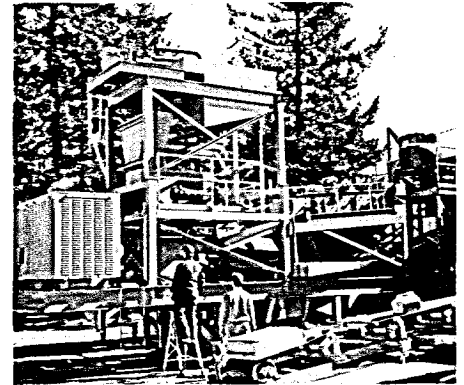
The winners note that, for this sector, after-sales service is also very important. The work only really begins with initial delivery.

For new companies in this sector, the absence of a proven track record can impede success, both with customers and at the bank. Buyers expect to be able to visit a model plant or see equipment demonstrations; you must be well prepared, with a solid grasp of national and international plant and equipment standards. In addition, it is often difficult to find a bank that is sensitive to the needs of new exporters, and award winners note that you must be prepared and willing to seek offshore financing if necessary. Doug Corsan, General Manager, Knelson International Sales Inc., suggests that you take care to ensure the integrity of your receivables.

Finally, many markets are dominated by competitors of a single nationality. As a new player of a different nationality, it can be difficult to break into these markets. Effective market evaluation is paramount.



## **KNELSON INTERNATIONAL SALES INC. — HONESTY IN A COPYCAT WORLD**



In 1978, when Byron Knelson conceived the Knelson Concentrator, a gold gravitational recovery system, he had no plans to export. The product was highly suitable to the fine "flour gold" of British Columbia's Fraser River and to rivers in northern British Columbia and the Yukon. Today, Canadian sales account for only seven per cent of Knelson Concentrator sales; Knelson's largest markets are Australia, Venezuela and West Africa. This company is still very much a family business, with seven full-time employees and sales of \$2 million. Yet it has achieved strong recognition for its patented gold-recovery system.

The past five years have not been easy for the company. Many opportunities require careful screening, and the company is faced with a transition from an order-filling organizational structure to one which is pro-active in export marketing. This is coupled with competition from backyard mechanics in South America, Australia and South Africa who copy the machine, without the investment in the necessary

quality parts to make it durable, and sell it as a Knelson Concentrator. In some cases these copies have been good enough that Knelson has been able to retrofit the patented parts into these machines when they have broken down after a few weeks in operation!

The future looks extremely promising for the company, with so many avenues for development and no real competition for its patented process, which essentially centrifuges gold from tailings or crushed and screened ore. Their largest order to date has been a \$600 000 system designed to recover gold from the tailings circuit of one of the world's largest diamond mines in West Africa. However, most of its orders are valued at under \$50 000, proving that the international marketplace is not open exclusively to large exporting corporations. In an industry with a tarnished image, the company has developed a reputation for honesty and anticipates that managing its growth will be the toughest challenge it faces.

## THE HIGH-TECHNOLOGY/ ELECTRONICS SECTOR

Choosing the right target market or markets is a major challenge in this sector. For government sales, the country must be willing to spend money in your area of technology and must be able to pay for the product. Award winners recommend that you contact embassies and international development agencies for assistance, as much of the funding for large systems in less developed countries (LDCs) comes from organizations such as CIDA and the World Bank.

Once the market is chosen, the next biggest challenge in this sector is human — finding an effective agent. This can be difficult in the high-tech field because of the level of technical expertise required. Obviously, getting a good agent will be easier in some countries than in

others. The representative must be able to maintain spare parts, carry out repairs and, in some cases, may be needed to help with design to customize the product. Finally, the agent must know and be accepted by the customer.

Hiring in-house sales personnel can also be difficult. In addition to having technical expertise, sales people must be flexible, culturally sensitive and knowledgeable about selling overseas. On the other hand, Eicon Technology (see profile) has had substantial success without an international sales force, using the marketing efforts of complementary product producers to good advantage.

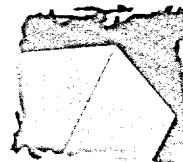
Developing the market for a new high-tech product requires patience because it takes time to become known. Imax Systems Corporation (see profile, pg. 33) has found that endorsement by a prestigious organization, such as Washington's Smithsonian Institution, can be helpful in this regard. Because the process involves setting up leads while selling other products and simultaneously searching for new markets, the length of time from market selection to sale can be demoralizing.

Get your hands on a country's five-year plan; find out what the priorities are and where the money will be spent. Five-year plans can tell you if a program fits your niche.

*Bernie Clark*  
Director of Sales  
MacDonald Dettwiler and  
Associates Ltd.

Make sure that you have enough money and energy to stay in the game. It took us six years and half a million dollars to get established overseas.

*Brian Bullock*  
Chairman and CEO  
INTERA Information Technologies  
Corporation

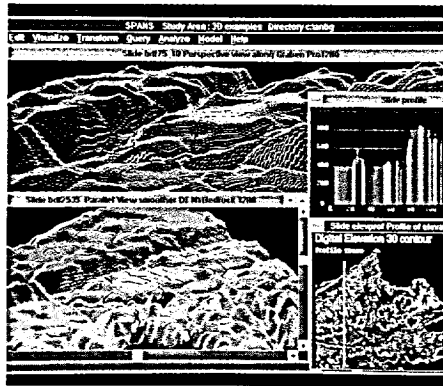


### INTERA INFORMATION TECHNOLOGIES CORPORATION — COMMERCIALIZING TECHNOLOGY

A 1988 Canada Export Award winner, INTERA Information Technologies Corporation provides data collection, data processing and data interpretation products and services to governments and to petroleum and resource companies world-

Be the absolute best in your niche. Become known as the best. You don't want to be third, fourth or fifth running with the pack. It's hard to differentiate yourself then.

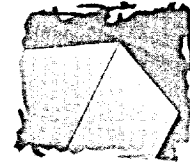
**Brian Bullock**  
*Chairman and CEO*  
**INTERA Information Technologies Corporation**



wide. INTERA serves customers in approximately 85 countries and has grown from employing 140 people in 1985 to approximately 650 in 1990. The company has tripled in size in the last four years and went public earlier this year.

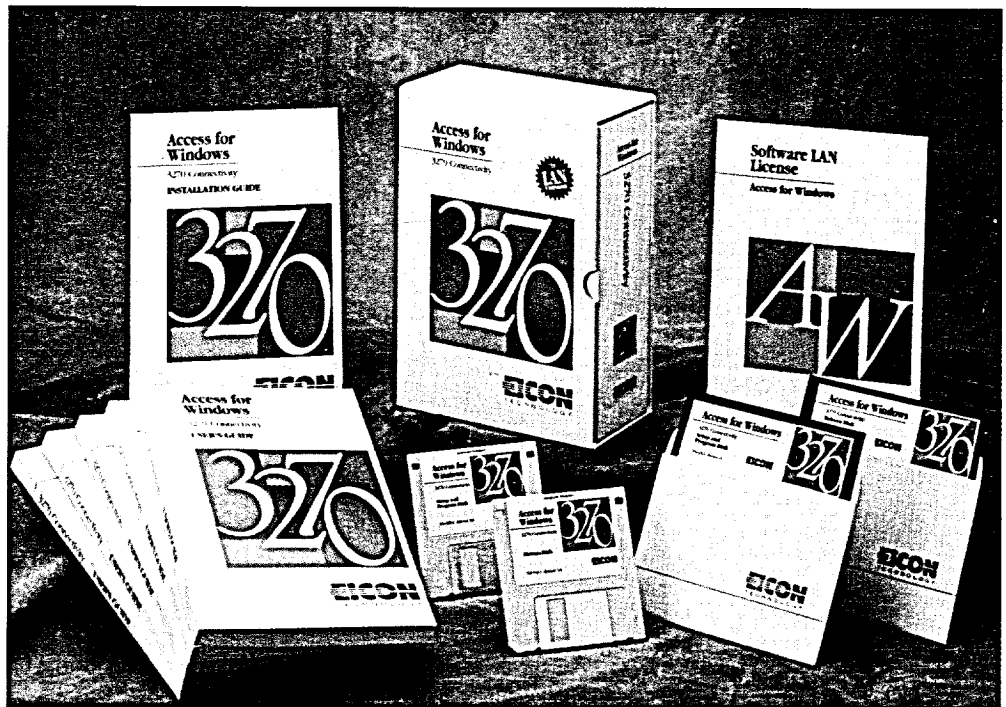
Developing commercial markets for information technologies derived from government and privately sponsored research is a key to INTERA's strategy. INTERA strives to broaden the applications for products based on these technologies by identifying new, expanding markets that it can dominate on a global basis. For example, in forestry mapping INTERA developed RADARSAT satellite technology to sell to governments in North America, and is now broadening the technology

into airborne mapping systems with RADARSAT-like images to sell in many developing countries.



**EICON TECHNOLOGY CORPORATION — TRAINING AND SUPPORT ARE CRUCIAL**

Employing over 150 people at its headquarters in Montreal, Eicon designs and markets high-performance advanced data communications products to solve the problems of connecting personal computers to mainframes and to geographically remote local area networks (LANs). End users include such "blue chip" companies as American Airlines, Lufthansa, J.P. Morgan, Hong Kong Shanghai Bank, Sandoz, SNCF, and Renault, as well as the German and Australian governments. Since operations began in 1985, annual sales have grown to \$27 million, of which



90 per cent are exports, mostly to the United States and Europe. Over 20 000 Eicon products have been installed worldwide.

As an important part of its overall business strategy, Eicon has deliberately avoided building a direct-sales organization. Explains Executive Vice-President Maks Wulkan, "We don't try to do everything ourselves. We let others sell our products for us." Because Eicon products are compatible with over 300 others, companies selling those products often recommend Eicon as part of a larger package. As a result, Wulkan notes, an Eicon sale to American Airlines partly resulted from a Hewlett-Packard recommendation. Worldwide distribution is obtained through independent distributors, international resellers, and as private label for equipment manufacturers. Eicon has yet to do any advertising.

In contrast to many exporters, Eicon's biggest concern is not competition; training and support are the real challenges. "How can we better communicate with our distributors?" asks Wulkan. "How should we train them? How can we provide better support? These are our biggest problems." In addition to regular five-day training sessions in Montreal, Eicon holds conferences to educate distributors and update them on Eicon products. For product support, Eicon is prepared to dispatch technical personnel anywhere in the world as needed, be it Chile or Australia. If the fault turns out to be Eicon's, then it pays; if not, the customer pays.

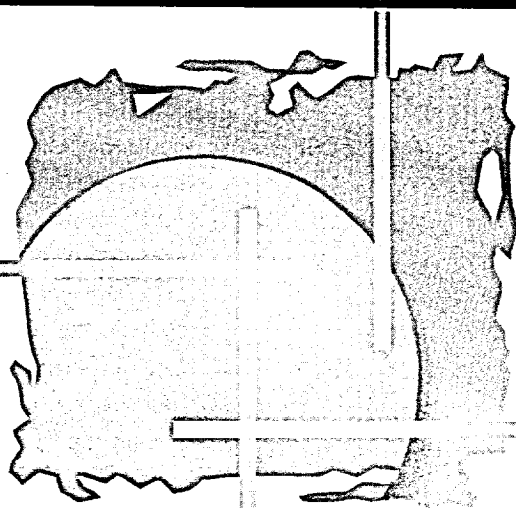
"Sometimes we are successful in spite of ourselves", admits Wulkan. "We know we could do better, but it's the totality that counts. My advice to small firms is to think like an international company from the outset. Aim to compete with the best of them on an equal footing. Don't look for a crutch. It's hard work, but worth it."

We stay in business because we compete in a niche not occupied by the larger companies. We're a big player in a small niche.

*Harald Mueller  
Vice-President, Operations  
Eicon Technology Corporation*







# THE MARKET ARENA

**M**arkets are the arenas in which companies compete. Choosing the “right” market is obviously important to success, as is exporting in an appropriate manner. In this section, Canada Export Award winners speak about their experiences around the world, emphasizing the challenges they have faced and providing advice for newcomers. The section is organized by geographic region, with eight company profiles offering additional commentary.

## **AFRICA/ MIDDLE EAST**

### **Challenges**

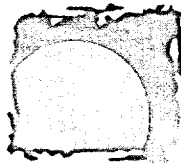
- The main challenge in Africa is a lack of money to buy needed goods and services. SR Telecom, for example (see profile), finds that it has to work hard with developing countries and international lending agencies to improve telecommunications infrastructure. Funding agencies have their own country and sectoral priorities and sometimes appear unreceptive to private-sector initiatives.

- In the Middle East, money is more readily available for purchases, but you should be prepared for hard bargaining.
- While African governments are generally more open to Western trade and investment than in the past, this varies throughout the continent, as does political stability.
- Some of the challenges you will face in this region — as in other parts of the developing world — are operational. Difficult living, travelling and business conditions are common, particularly outside capitals and other large cities.
- Follow up carefully on your first sale. Although conditions can be difficult, this is a very interesting region in which to work.

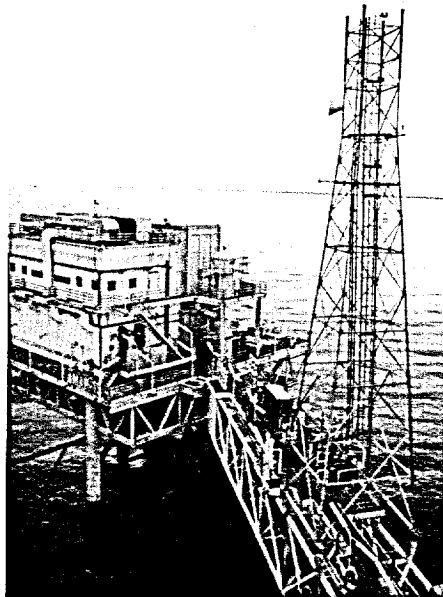
### **Advice**

- When choosing markets in Africa, look for government commitment to the development of your sector. Identify the more stable countries and focus your efforts on these.

- Be patient with funding problems. Be familiar with and have contacts in the Canadian development agencies.
- Appoint a well-established local representative for both "door-opening" and market intelligence. Because sales are often "thin" in these markets, do not expect your representative to carry your line exclusively. Ideally, he or she will sell products complementary to your own.



**SR TELECOM INC. —  
REMOTE. TOUGH. BUT  
STILL GOOD MARKETS**



SR Telecom's main product, the SR100, was developed in 1977 for voice and data transmission in rural Canada. But within a year, Saudi Arabia had approached the company to purchase this unit designed for reliable operation and easy maintenance in the remote areas and harsh climate of Canada. Today, 85 per cent of SR Telecom's \$30 million in sales are exports to countries as diverse as Sweden, India, China, Costa Rica, Peru and New Zealand. In fact, 40 per cent of all such microwave units in use by public and private telephone networks worldwide were designed and manufactured by this Canadian-owned company at its plant in Montreal.

"Business just doesn't come walking in the door", cautions Jack Zavitz, Senior Vice-President. In the Middle East and North Africa, as elsewhere, the challenge is to target the right countries, identify the real buyers and select the right agent. Countries in these regions vary greatly both in their microwave communication requirements and in their ability to pay for imported products and services. SR Telecom works closely with CIDA and host governments to identify appropriate aid projects involving voice and data transmission, particularly where population is thinly scattered and where great distances or rough terrain are involved. Of course, access to funds from the multilateral agencies such as the World Bank and the African Development Bank also helps.

Zavitz believes that overseas sales only result from extensive travel to keep in touch with company agents and prospective buyers. He advises: "Persistence is vital—follow up and visit often." Choosing the right people for marketing, training foreign operators and installing equipment abroad are crucial. Installing systems in rural areas of developing countries can be particularly tough.

It is well to remember, he adds, that Canadian companies able to do business in both English and French are particularly well received in many of the newly independent countries in the Middle East and Africa.

## ASIA/PACIFIC

In light of substantial country-specific differences in this region, the discussion is organized on a country-by-country basis, preceded by a few general comments.

It is important that Canadian managers understand differences within the region. Hong Kong and Japan tend to be more quality conscious than price sensitive, whereas Korea and Taiwan more often are concerned with price. Even so, if you can provide good service in any of these markets, price competitiveness may not be quite so crucial as in other regions. An appreciation of cultural context will help make export sales (see Capsule Technology profile).

Positioning the company for long-term servicing of the market is also important because most buyers want a continuing supply source, preferring not to deal with those they suspect of being one- or two-time exporters. This raises a dilemma for Canadian companies: the region's markets are very distant, yet at the same time service-sensitive; how can this be resolved?

### Australia

- With many historical, cultural and lifestyle similarities to Canada, this market is easier to enter than many others. However, the first-time exporter will face a number of logistical challenges, including the distance from Canada, the use of ocean transportation, and the need to establish a warehouse network.

- While business is conducted similarly to North America, Australians can be a little more formal. Consequently, you may need to spend more time in relationship building than would be the case at home. As elsewhere, trade fairs are an efficient way to network with distributors and buyers. Professional associations often provide useful information on business in Australia and can be a "short cut" to important organizations and individuals.

### India

- Market opportunities can be elusive because of the slow, bureaucratic decision-making process. Local agents can help ease frustrations, but it is important to choose the kind of agent you need.
- Patience is required in developing both agent relationships and credibility with buyers. These links are important, but the travel and time involved make them costly.
- Price is a major factor in India. Buyers want the highest quality at the lowest price, and they will drag out the sale until they have what they feel is the best deal. Buyers also want the latest technology, but there can be problems in protecting your copyrights. There are trade restrictions as well, and you must become familiar with these.

### Indonesia

- The major challenge in Indonesia is to understand and comply with the maze of market regulations.
- An agent who understands the bureaucracy and can help to negotiate a position on regulations, customs and taxes is essential. Talking to the Canadian Embassy and to other companies that export to Indonesia is a prerequisite for success in this market.

Patience, loyalty, and building relationships are the most significant challenges. Most countries can deal in English, and they know how to do business.

*Dr. Cosmas Ho*  
*President*  
*Terra Nova Fishery Co. Ltd.*

Because you cannot afford to be there totally yourself, Canadian exporters have to leverage off what is already there — Canadian embassies, other companies and especially local representatives.

*Bernie Clark*  
*Director of Sales*  
*MacDonald Dettwiler and*  
*Associates Ltd.*

There are two types of agents in India. One who understands your technology and can sell your product, and one who understands the bureaucracy and can get things moving through it.

*Bernie Clark*  
*Director of Sales*  
*MacDonald Dettwiler and*  
*Associates Ltd.*

Indonesia has a government which is very security conscious, with an entrenched and powerful bureaucracy . . . It is a different place to work.

*Brian Bullock  
Chairman and CEO  
INTERA Information Technologies  
Corporation*

## Japan

- Quality is the number one concern for Japanese buyers; it is not uncommon for price to take a back seat to product quality.
- Japanese culture is so complex that it is very easy to make major errors in judgement; these can be costly in terms of credibility and image. If you are well established in Japan and make an error, it may be possible to recover. The first mistake of a new company, however, may be the last. There are many books on doing business in Japan. Buy a few, study them — you'll find them helpful.
- Credibility and image are important. Go there with complete and adequate information on your company and products, translated into Japanese if possible. Have business cards prepared in Japanese, and do not write on those you receive. Take tastefully wrapped gifts, be punctual, treat entertainment as part of the business day and avoid excessive drinking.
- Establishing relationships and maintaining a strong presence calls for frequent visits (see WestCan profile). Although air fares, hotels and meals are costly, plan to make three or four trips a year.

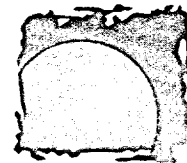
Greg Breen, Vice-President, Marketing, Imax Systems Corporation (see profile) provides the following recommendations for doing business in Japan:

- 1) Japan is not as legalistic a society as North America, so agreements and contracts should reflect a less litigious mind.

- 2) Exercise patience; allow your Japanese colleagues to move the relationship at their pace.
- 3) You should have a long-term view and not act opportunistically.
- 4) Respect your word. Be careful about what you say you'll do — and live up to your commitments. Don't be seen as changing your position.
- 5) Trust what you hear. You can, in general, be confident about commitments made orally. Once Japanese business people say they are going to proceed, they usually mean it.

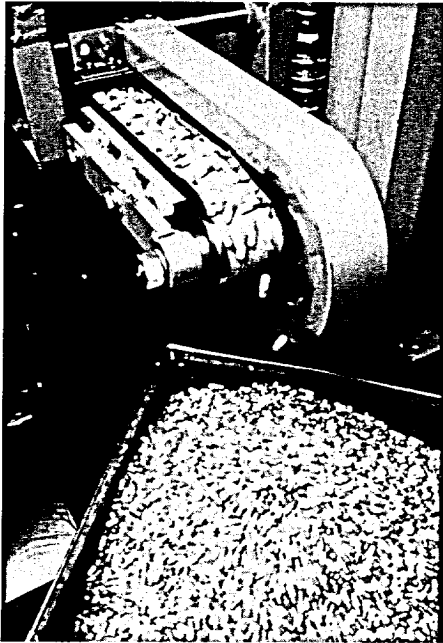
## People's Republic of China

Capsule Technology International (1990) Inc. has done substantial business in China in recent years. The company's experiences are highlighted in the profile following.



### **CAPSULE TECHNOLOGY INTERNATIONAL (1990) Inc. — WOONING THE CHINESE**

Capsule Technology International Inc. had a banner year in 1986. Not only did the Windsor, Ontario company win a Canada Export Award, it was chosen from over 700 exhibitors at the Leipzig Fair to receive the Gold Medal Award for innovation and design. Another successful year was experienced in 1987, when sales of turnkey capsule manufacturing plants grew to \$19 million. However, only two years later, because major projects were not approved as quickly as anticipated, sales plummeted to \$2 million. Even though



the company had started to broaden its product line with the slowdown in sales, Capsule Technology experienced financial problems leading to bankruptcy in 1989.

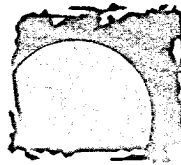
A new, renamed and privately owned company emerged in 1990. President Stephen Lukas is confident about the future direction of the company, which has expanded its participation in the pharmaceutical industry. Capsule Technology continues to sell turnkey capsule manufacturing plants and specific equipment, but also produces gelatin capsules and nutritional and pharmaceutical products as well as packaging toiletry, industrial and recreational products.

The People's Republic of China is Capsule Technology's biggest market. Initial attempts were made to do business through agents in Hong Kong, but personal contacts in the industry proved more successful. Because it offered a combination of (1) technology that fit the country's development plans; (2) a turnkey package that guaranteed results; and (3) a proven track record, Capsule Technology found its dealings with the Chinese government fairly straightforward. The first results were achieved within 18 months,

but as Mr. Lukas notes, "It still took a lot of visits. You have to get to know each other. They take you to museums and parks — that's all part of the testing." Capsule Technology has completed three capsule manufacturing plants in China and has one currently under construction. Patience is certainly recommended. In fact, it was two delayed contracts in China that contributed to the problems of 1988.

Especially in Japan, developing good solid relationships is fundamental for any company. You have to be prepared to exchange information; when you do give out information it should be accurate. Don't make promises that you can't fulfill.

Cecil Werner  
CEO  
WestCan Alfalfa Inc.



#### **WESTCAN ALFALFA INC. — DEVELOPING A JAPANESE MIND SET**



WestCan Alfalfa Inc. was formed with one goal in mind: to provide markets around the world with a consistent, reliable supply of high-quality alfalfa products that meet specific customer requirements. By controlling each of the vital steps between the producer and the consumer, WestCan ensures delivery of consistent high-quality alfalfa products at competitive prices. The quality, supply and pricing of WestCan Alfalfa products has created an international market that stretches around the world.

We had an overseas delegation here a couple of years ago. They indicated interest in our push-button locks — a relatively advanced product there — and they wanted our technical drawings. We did not pursue negotiations as we knew that the country concerned had little respect for patents and trademarks.

*Stanley Mazoff  
Group Vice-President  
International Ilco Unican Inc.*

It took 20 years to develop this market [the U.S.S.R.] and eight years of negotiation to conclude our joint venture. This requires determination and patience, in order to establish trust and respect, before you get any significant business.

*Maurice E. Marwood  
President  
Canadian Foremost Ltd.*

WestCan is one of the few companies in North America that can custom process alfalfa products to meet individual customer specifications. WestCan has been successful in differentiating a product in a market willing to pay for this — Japan. This differentiation is obvious not only in a new product — Alfa Plus minicubes, 22 mm cubes of compressed alfalfa — but also in WestCan's approach to the market. Its advertising and promotional literature appeals to the end user, the Japanese farmer; it holds technical seminars for wholesalers; and it maintains contact with its Japanese buyers. In short, WestCan works hard to be successful in a market prepared to pay a good price for product quality and secure supply. Its advice for exporters seeking to do business in Japan is to focus on the business relationship.

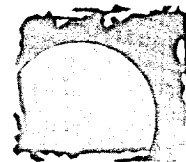
## **EASTERN EUROPE AND THE U.S.S.R.**

### **Challenges**

- Financing is a major problem in this market; hard currency is scarce and the ability of some countries to pay is doubtful. This is particularly a problem for large-scale export sales.
- Negotiations can be trying. First, the negotiators are very tough and quite skilled. Second, language can be a barrier, especially in the Soviet Union, and there are always problems when dealing with translators.
- Because decision-making authority is separate from industrial operations, you usually begin by dealing with government and often do not meet end users until much later.
- Eastern European technological expertise is lacking in many sectors. This will require considerable work in the future, and in the meantime often creates problems.

### **Advice**

- Smaller volumes of trade can be directed through Western European operations. Otherwise, you should deal only in letters of credit. Larger volumes may require that you enter into joint venture and/or counter-trade arrangements.
- A good legal firm is essential, one that is familiar with the market, its legal system and business practices, and preferably has an office in the market. Firms that have exported to the market in the past can also be excellent sources of information.
- Be prepared to modify your product. It may be technologically too advanced for this market. Be very careful about revealing technical plans and drawings; you could lose control over your technology.
- You should be prepared to commit resources to buyer education and technical assistance. Recognize, however, that this market will take time to pay dividends.



### **EXELTOR INC. — A SMALL COMPANY SELLS TO THE EASTERN BLOC**

History and technology combine at Exeltor Inc., located at Bedford, Quebec, just north of the U.S. border. An American entrepreneur built the original factory in 1884, and today the company, now locally owned, supplies five per cent



of the total market for high-precision industrial knitting needles used worldwide in the fabrication of pantyhose, socks, sweaters, industrial fabrics, and the like. Exeltor's output of 100 million needles a year is destined for knitting mills and original equipment manufacturers in 50 countries — principally in the U.S., but also in the U.K., France, Italy, and Eastern Bloc countries. Exeltor faces strong competition from its main rival — a German company five times larger — as well as from other European, Japanese and Korean suppliers.

Because 95 per cent of company sales are exports, the value of the Canadian dollar is crucial to Exeltor. "In how many small companies," asks Philip Champagne, Vice-President, "does a change in the currency exchange rate generate serious discussion on the shop floor? Our work force knows," he says, "that even a one-cent rise in the Canadian dollar can adversely affect the company's bottom line!" A rising Canadian dollar has actually strengthened Exeltor by forcing the company to build better production equipment and thus meet advanced knitting needle requirements. Explains Joseph Cavalancia, Vice-President, Finance: "Our unionized work force of 300 accounts for 65 per cent of our costs, so we have had to constantly improve productivity and lower costs to protect margins and stay in business. We did this, and what's more," he adds, "we did it without laying off anyone."

Exeltor has traditionally sold one-third of its output to Eastern Bloc countries, including the U.S.S.R., China, Albania and Mongolia. It has consequently been affected by recent events there. An expected order from the Soviet Union, a market for over 30 years, caused concern when it arrived four months late. In another market, payment was similarly delayed. Because the situation is changing so quickly, Exeltor finds it difficult to project accurately what the future will bring. Nevertheless, the company is optimistic about the restructuring taking place. Having just completed its third turnkey project in China, Exeltor is now negotiating to build a facility in the U.S.S.R. to produce industrial knitting needles for socks. Whether selling in the West or to the Eastern Bloc, Exeltor faces many challenges. "As a \$30 million company selling to some of the largest companies in the world," says Champagne, "we are a minor league team with major-league problems."

## LATIN AMERICA AND THE CARIBBEAN

*Authors' note: None of the award-winning companies operate in the Caribbean. The discussion, therefore, is restricted to Latin America.*

### Challenges

- Many buyers do not have sufficient foreign exchange to do business, and selling on credit is very risky. This is less true in the more affluent countries such as Venezuela or Brazil.
- Business practices are drastically different from those in North America. Export sales do not always proceed as smoothly as might be expected (see Lab-Volt Limited profile). Concessions are often sought by Latin American buyers. The barter system is very much alive; with bartering, you almost need a separate price list. Many buyers will attempt to

Latin America is a lot of work, with much paper work. It has been a very tough market for us.

Doug Corsan  
General Manager  
Knelson International Sales Inc.

You must select the persons who will be going abroad, so that they will project the image that you want to convey to the client. The persons must sell themselves first, because, if the client doesn't trust them, chances are, they are not going to do well.

Richard L'Abbé  
President  
MED-ENG SYSTEMS INC.



Europe is not a monolith, but an amalgam of many autonomous, highly distinct nationalities and cultures.

*David McAllister  
Vice-President Marketing  
Sabian Ltd.*

Think about what your product might mean to the big picture of Europe 1992. Try to key your activities to the homogenization of Europe. Think about standards and pricing in a competitive environment.

*James Mackie  
Vice-President  
Business Development  
Newbridge Networks Corp.*

by-pass the agent in the hope of getting a better deal. Agreeing to this places a real strain on agent relations.

- Being able to do business in Spanish is essential; most buyers will not do business in English. Knowledge of Portuguese can be a major advantage in Brazil, although English is used there more often than elsewhere. The volume of paperwork required to complete a deal is enormous. Decision making is complex and it is important to try to understand who has the authority to close deals.

### Advice

- One way you can deal with the foreign exchange problem is to explore countertrade possibilities. When dealing with the credit problem, you can use Export Development Corporation credit insurance, or else use a letter of credit on a Canadian bank.
- Selecting a competent local agent is critical. The agent can help you with business practices and language, as well as provide access to buyers and key decision makers. Your agent must be an effective bridge between the Canadian and Latin American business systems. But do not rely on him or her totally — you must establish your own relationship with buyers.
- Ensure that brochures and literature are in the client's language.
- If there is an opportunity for your product but you do not want to deal with the market directly, consider the idea of "piggybacking" with a larger company already active there. You may benefit from the larger firm's experience and contacts.

## WESTERN EUROPE

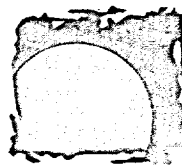
### Challenges

- Canadian exporters have always had an obsession with the U.S. market, but they should note that the European Community's Single Market legislation — effective January 1, 1993 — will create a larger market than the U.S., probably with greater growth potential. However, selling in this market involves some challenges; keeping abreast of changing standards and regulations is one of these.
- Language can be a barrier to conducting business in Europe, although knowledge of French and English will take you a long way. In Germany, though, a translator is often necessary. In any event, European business people will tend to respect you more if you have bilingual capabilities.
- Perhaps the biggest challenge in Europe will be gaining access to effective distribution channels. Distributors are of two main types: medium-sized national companies and the larger trans-European companies. Building strategic alliances with both types, and maintaining an optimal mix for maximum coverage, is the solution chosen by Newbridge Networks (see profile).
- Despite the tendency towards homogenization in Europe, Canadian exporters must remain aware of distinct market differences.
- In addition, some European countries are more conscious of product origin than others. In France, for example, there is a distinct advantage to having an association with a French company (see Hybrid Turkeys profile). It may be necessary to take steps to be seen as being "local."

### Advice

- You should view the changes in Europe as an opportunity.

- Try to obtain language and cultural expertise, and use this in all aspects of negotiation, marketing and promotion. You will not only be seen as respectful but will be able to differentiate your company from many competitors.
- Clients in the European market are well versed in international affairs. If you wish to gain their respect, be prepared to discuss these issues intelligently.
- Approach distribution strategy very carefully. This area is crucial and complex. Don't hesitate to seek advice from other exporters and/or trade consultants.
- Trade shows are plentiful and useful in this market. Participation through federal and provincial government programs is a good first step.
- Despite a more homogeneous Europe, the region will not be one uniform market in the near future. Consequently, be sensitive to distinctive national and even sub-national market requirements.



## **NEWBRIDGE NETWORKS CORP. — PLANNING FOR 1992**

In its fourth year in business, Newbridge Networks Corp. achieved sales of \$120 million, with 95 per cent of sales coming from international markets. Such growth led to a Canada Export Award in 1989. Newbridge attributes its success to an aggressive marketing and promotion campaign, coupled with reliable, economically priced and technologically advanced products. Headquartered in Kanata, Ontario, the company produces digital communication systems, and local and wide-area networks. With equipment installed in more than 40 countries, its principal markets are the United States, Western Europe and the Asia/Pacific region. It deals with many "blue-chip" companies: these



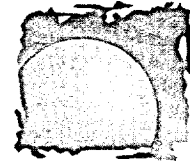
With the Canada-U.S. [Free] Trade Agreement, for example, industry rationalization will occur, with only cost-competitive companies surviving.

*Dale McSween  
President  
Polymer International*

include marketing partners AT&T Network Systems International, Alcatel CIT, and Sumitomo, and customers MCI, the German Bundespost and Telecom New Zealand.

Newbridge plans to expand its business in Western Europe, and views the U.K. and France as excellent bases from which to expand. Although the European Community's Single Market legislation is creating a more homogeneous Europe, Vice-President of Business Development James Mackie points to important differences that must still be addressed on a country-by-country basis. In France, for example, sales presentations must be given in French and accompanied by documentation in French. In other countries, changes to the product's power supply, racking or cabinet colour often must be made to get the sale. A willingness and ability to adapt to local standards and preferences is important.

Newbridge sells in Europe through national and pan-European distributors. Assistant Vice-President of Public Communications, Simon Gibson, touches on the importance of these partners to Newbridge: "When you're several thousand miles away, your distributors become your lifeline. They understand the culture and protocol of the country." Market coverage and representation are so critical to success that the company never enters into exclusive distribution contracts. This gives Newbridge the flexibility to move quickly to address distribution problems if they arise.



## **HYBRID TURKEYS INC — EUROPE: NOT A SINGLE MARKET**



Located at Kitchener, Ontario, Hybrid Turkeys Inc is one of only three surviving primary turkey breeders in the world. A subsidiary of Euribrid B.V. of the Netherlands, Hybrid won the Canada Export Award in 1987 for doubling sales over the previous year. The company distributes fertilized eggs and day-old breeding stock to customers in approximately 45 countries, deriving about 95 per cent of its sales from exports. Hybrid supports sales with know-how and advanced technology, acting as a total resource centre for customers in such areas as feed formulation, building design, heating, lighting and biosecurity.

Hybrid began on a modest scale in 1953. Today, the facilities of this \$20 million company include a state-of-the-art research and development laboratory, a modern hatchery, and 22 breeder production farms in southwestern Ontario. The lab played a particularly crucial role in the

late 1970s when the demand for small turkeys started to slacken. Many companies were forced out of the industry during this period, but Hybrid developed a strain of heavier Large White Turkey which soon proved popular with buyers.

Having gained a healthy market share in the U.S., the company's expansion efforts are now focused on Europe, where France, Italy and the U.K. account for about a quarter of world demand. Hybrid chooses not to treat Europe as a single market, but rather individualizes its products and approaches to suit each country. France, a relatively new market for Hybrid, is a case in point. Hybrid President Haydn Jones explains that "because French turkey breeders would prefer to buy a 'national' product rather than sourcing directly from Canada, we may have to become associated with a French firm." This is a long-term issue for Hybrid. However, the company's continental European representative is already making inroads in Italy, France and Great Britain.

## THE UNITED STATES

### Challenges

- Staying cost competitive is of paramount importance, and price is often what matters most, even more than quality. Labour, financing costs, and the exchange rate are critical considerations.
- The U.S. is not a single market. Each region has its own peculiarities, and success in one may mean nothing in another. In many cases a different strategy is needed, including marketing, pricing and distribution.

- The distribution networks have a low level of expertise. There is a high turnover of players, so quite often you have to deal with new people. It is illegal to engage in exclusive distributorship.
- The approach you use when first exporting may not be the most appropriate one for expansion.
- The U.S. market is somewhat "faddish" — influenced by trends rather than facts.

### Advice

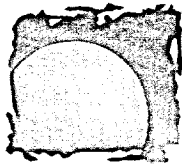
- You must work very hard at being cost competitive. The following are important considerations: (1) lower duties and a stronger Canadian dollar make sourcing raw materials from the U.S. attractive; (2) staff training and effective management of plant capacity will help offset higher Canadian labour costs; (3) to minimize financing cost, avoid a heavy debt load; and (4) learn to deal with exchange rate differentials and fluctuations.
- The U.S. market can offer tremendous opportunity. Since it is not a homogenous market, take one region as the starting point and "roll out" your operation from there.
- Be sure you examine the credit worthiness of buyers and resellers.
- The key to dealing with growth in your exports to the U.S. is adaptability. You must be ready to change your strategy as you expand sales and coverage.
- The "faddishness" of the market means that you need accurate information from the sales level about changing trends.

What worked at \$5 million will not work at \$50 million in sales. You have to not only manage the channels, you have to also manage change . . . To open an office in the U.S. takes at least \$500 000 and sales have to warrant such an investment . . . to be successful in the U.S. you have to operate as a U.S. company.

Maks Wulkan  
Executive Vice-President  
Eicon Technology Corporation

Especially in the seafood sector, and especially in the U.S., there are a lot of companies out there that want to take your money — be careful!

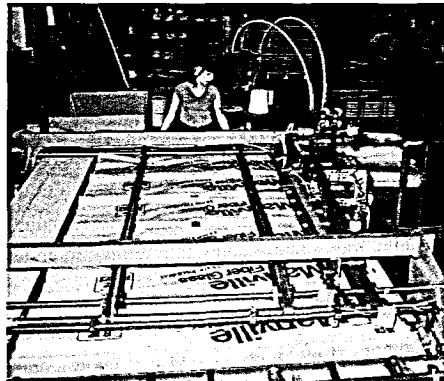
H.E. Garth Jenkins  
President  
Abegweit Seafoods Inc.



We tried to build and build and build on top of minor successes to get to a point where the buyer realized his company had to keep up with others in the industry. The fact that we had the guts to stay in there for one and a half years told him something about us.

*Dale McSween  
President  
Polymer International*

## **POLYMER INTERNATIONAL — ADJUSTING TO FREE TRADE**

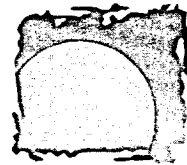


Polymer International, a Nova Scotia manufacturer of woven polyolefin packaging and industrial fabric products, won the Canada Export Award in 1985 for its success in penetrating the U.S. market after the company's products had become less competitive in Europe due to currency and freight disadvantages. Polymer carved a niche in the U.S. for two major product lines — woven plastic bags for resins sold to the petrochemical industry, and woven plastic wrap for kiln-dried lumber. Because both of these products serve the packaging needs of other exporters, Polymer has developed a niche strategy of converting users of paper products to the premium Polymer products, which have greater strength and can withstand heavy handling.

Polymer has found that even with a sound niche strategy and a superior product with few competitors, sales persistence is the watchword. Such persistence pays off; with a limited number of customers, each

accounting for a large volume of sales, every new customer adds significantly to Polymer's total annual sales. Once a customer decides to use the product, continued use is assured.

Shortly after the Free Trade Agreement came into force, Polymer decided to set up a plant in the Houston, Texas area to be closer to its primary customers in the petrochemical industry. The result was not as expected. The competitive advantages of the U.S. location, primarily lower labour costs and foreign exchange advantages, were cancelled out by lower productivity than at Polymer's Nova Scotia plant. Product quality was not as good, and the company closed the operation early in 1990. The company is now, more than ever, committed to exporting from Nova Scotia.



## **SABIAN LTD. — THE U.S.: WHERE IT'S AT!**

In 1982 a new name was introduced to the world of musical cymbals — Sabian Ltd. By 1990, the Meductic, New Brunswick company had registered annual sales of \$8.5 million, grabbing about 30 per cent of the world market. The company credits its sense of mission, willingness to meet competitors head on with products of exceptional quality, and aggressive marketing for this achievement.

Success in the citadel of popular music, the United States, is a must for companies such as Sabian. So Robert Zildjian, president and owner of Sabian Ltd., focused the efforts of his fledgling company on the

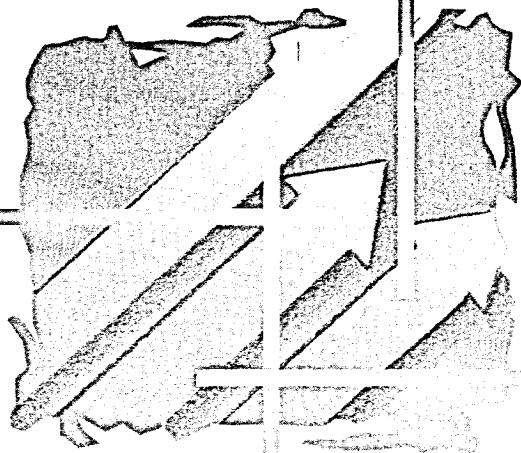


large, dynamic and highly competitive market to the south. There he attacked the two established competitors, one of which — the market leader — was owned by his brother, and carried the respected Zildjian family name.

Sabian's main competitive weapon is a top-of-the-line cymbal made from a bronze alloy cast using a 365-year-old bronze casting process brought from Turkey to North America by Robert Zildjian's father. While the Zildjian company in the U.S. also uses the secret family formula, only at Sabian do trained artists skillfully hammer the alloy by hand to create cymbals of exceptional quality for symphony orchestras and jazz musicians. David McAllister, Vice-President of Marketing, describes Sabian cymbals as "highly personal instruments", and McAllister's promotional campaign loudly proclaims: "You can hear the difference."

"In the U.S., a fine product was not enough", says McAllister. "We also needed an aggressive marketing strategy." To make the Sabian name known, the company advertised heavily, using as many as 300 top professionals from all aspects of the music business. In the sales and distribution areas, Sabian tried a number of arrangements in the U.S., including a company-owned distributor which sapped management time and became a financial burden. In 1986, Sabian entered into a distribution arrangement with Hohner, a well-known German maker of musical instruments. This is a contractual arrangement, with specific pricing, inventory, promotion, prospecting and sales expectations of Hohner. Sabian, in turn, provides substantial support to its U.S. distributor, viewing success as possible only through partnership. The arrangement has worked well, producing healthy annual sales gains. Success in the United States has eased expansion into other markets, and Sabian now sells in 80 countries worldwide.





# THE EXPORT GAMEPLAN

In this section, the focus shifts from products and markets to the export gameplan. How might a company get started in exporting? What does it take to become an established player in a foreign market? And, once established, how should you go about expanding your international marketing operations further? In this section, these questions are answered by Canada Export Award-winning companies.

## GETTING STARTED

Perhaps the first thing to say is, "Don't be scared." Some of the smallest companies are active and successful exporters, often in competition with firms accorded too much reverence. Knelson International Sales Inc. has been successful with only seven employees. Terra Nova Fishery Co. Ltd. produces imitation crabmeat, lobster and scallops, and sells these in Asia and Europe against huge Korean and Japanese rivals (see profile). Terra Nova displayed self-confidence from the start and has continued to improve its capabilities to maintain its edge in foreign markets.

Richard L'Abbé, President of MED-ENG SYSTEMS INC., agrees: "Once this [fear] is overcome, the sky is the limit."

This is not to imply that exporting is so easy that anyone can succeed! The decision to export should not be made lightly. Exports can provide a vehicle for business expansion, but the sometimes harsh dictates of international markets must be recognized. Commitment is essential because there will often be no returns on the investment for quite some time.

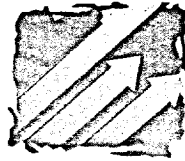
Knowing where and how to compete is particularly critical to the success of smaller companies. Because budgets are usually strapped and management talent stretched, it is important to get the export strategy right from the very start. Large companies can usually recover from poor strategy choices, but this is not so for smaller ones. The starting point should be the question: "What is it that I can offer foreign customers that is either completely new or in some way better?" This competitive advantage does not have to be related to the physical product (or service), nor does it need to involve lowering prices. Many other approaches are possible,



such as outdoing competitors in customer service. Whatever the case, many Canadian companies find that their competitiveness results from pursuing a market-niche strategy.

"Quality and service are the key. I'm selling Cadillacs while they're selling Toyotas."

Dr. Comas Ho  
President  
Terra Nova Fishery Co.



**TERRA NOVA FISHERY CO.  
LTD. — BELIEVING IN  
YOURSELF**



Since its founding in 1979, Terra Nova Fishery Co. Ltd. has grown to annual sales of \$8 million, with 50 year-round employees and 200 to 300 on a seasonal basis. At its plant in Clarenville, Newfoundland, Terra Nova produces imitation crabmeat, lobster and scallops made from small, trap-caught cod. These surimi-based products are marketed in Europe and Asia under the company's brand name "Seafood Ho!" "We're world-class now", says the company president and owner, Dr. Cosmas Ho. "We compete directly with the Japanese — except we're better!"

Terra Nova had its origins when Dr. Ho, a physician by profession, saw an opportunity to export dried squid to his native Hong Kong. Because the required drying techniques were new to Newfoundlanders, he decided to establish his own company. The right squid product was produced, and Terra Nova sales to the demanding mar-

kets of Hong Kong, Singapore and Japan soon reached \$5 million. However, in the early 1980s the notoriously cyclical squid stocks disappeared from Newfoundland, and bold new initiatives were required.

Surimi was the answer. With help from the federal government, Dr. Ho purchased Japanese "protein engineering" equipment and know-how to make surimi-based products from cod. The experiment worked, and Terra Nova's imitation crabmeat, at half the price of the real thing, caught on quickly in Canada and in several European countries.

While there was little competition at the outset, today Terra Nova competes successfully with Japanese and Korean companies 100 times its size. As the only cod-based surimi producer in the world, the company has an advantage — the surimi has just the right pure white colour and texture for the particularly demanding palates of Europe. At Terra Nova, careful attention to buyer requirements is a must.

In its ecological sense, a niche is defined as "the appropriate combination of conditions for a species to survive." Most Canadian companies cannot survive in large-scale, mainstream markets where size is important and price competition keener than our costs allow. This means that smaller, specialty markets are emphasized by numerous Canadian companies. The smaller size of these niche markets means they seldom attract the attention of large, world-scale companies. An additional bonus is that these markets are often less price sensitive. MacDonald Dettwiler and Associates Ltd. (see profile) provides a classic example of the niche strategy in action. Rather than slugging it out in the major product and country markets of its industry, the company has followed a different course.

Many companies take their proven Canadian strategies into international markets. This raises three questions:

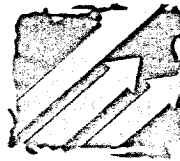
- Should I operate in Canada before moving offshore?
- Should I look for markets similar to Canada?
- How flexible should I be?

The following sections address these three questions.

### The Decision to Export

You must begin by asking yourself why you want to export. Is the idea born from a true desire or need to develop your business on an international scale, or are you being influenced by popular trends or the actions of your domestic competitors? If you suspect the latter, it would be advisable to reconsider your motives. Quick returns may be possible through exporting in an ad hoc manner, but long-term gains will require commitment.

Second, consider your domestic position. It is essential that you seek to be competitive at home, before entering a foreign market. For some new companies, however, the domestic market is not large enough to support business, and thus early international sales are a prerequisite to survival. In this case, the demands on management will be substantial. For those fortunate enough to be able to develop the domestic market first, the opportunity to mature competitively at home should not be missed.



### **MACDONALD DETTWILER AND ASSOCIATES LTD. — 'NICHEMANSHIP' PAR EXCELLENCE**

The experience of Vancouver-based MacDonald Dettwiler and Associates Ltd. — a systems engineering company supplying systems for resource management, space, surveillance, meteorology and flight control — illustrates the importance of making sensible strategic choices from the outset. The company's earliest days saw formidable competition from the large U.S. aerospace companies: General Electric and TRW Ford Aerospace. So it sought to avoid head-to-head competition with U.S. companies on their home ground, preferring to take advantage of its size and flexibility by being a niche player in markets considered by competitors too small to be worthwhile. The company took systems developed for the Canadian market such as Landsat and Synthetic Aperture Radar, and repackaged them for international markets such as Thailand and Indonesia.

A current example of this strategy is air-traffic control systems. IBM is in the process of developing a \$3 billion system with all the "bells and whistles" for the U.S. Federal Aviation Administration. In contrast, MacDonald Dettwiler is developing a system for Canada on a much smaller scale. This system will then be saleable to countries with similar requirements to Canada's such as Thailand, India or the United Kingdom.

This niche strategy has enabled the company, founded in 1969, to grow to \$74 million in 1989 sales.

Be pragmatic. Do what it takes. Once you start off on a certain path — say you have selected a certain representative — it is very difficult to change, so you have to be very careful how you start out.

*Bernie Clark  
Director of Sales  
MacDonald Dettwiler and  
Associates Ltd.*

In the domestic market, if you make a mistake, you are on site and you can take more corrective measures than you can with something that is remote. Make sure when you take your product to the export market that it is ready for export.

*Don Ostryznik  
Sales and Marketing Manager  
Saskatoon Chemicals Ltd.*

There are just so many avenues for us to approach. There are so many enquiries coming in, it's hard to follow up on them all. We want to start actively pursuing the market, which we have never done.

*Doug Corsan  
General Manager  
Knelson International Sales Inc.*



Success at home will enable you to garner the experience and resources needed to prepare and implement an export strategy. Detailed planning and preparation will take time and effort. Although it is impossible to fully prepare yourself for the many contingencies that will be encountered once you have started to export, such planning will leave you better placed to cope with the unavoidable. There is no real substitute for getting out there and doing it, but you will never regret time spent on research and planning.

The decision to begin exporting must fit your company's overall business strategy. It is important, from the very beginning, that export-related questions be resolved with an eye to the future. Organizational adjustments and market selection should be made with full consideration and anticipation of possible future developments. This approach will allow your company the flexibility to adapt to change systematically.

## Which Market?

Methods for determining appropriate markets vary widely from company to company but are generally related to the nature of the product and the type of buyer involved. Companies that normally sell large system packages to governments will consult international development agencies to screen potential markets based on national objectives in development planning; for them, the choice hinges on size and wealth of the market, the presence of competitors and the going market price.

For small companies, interest in your product can be determined by responses to international trade journal advertisements or literature distributed at trade shows, or by tracking the source of enquiries. Alternatively, market potential can be loosely estimated by speaking with current exporters, with officers from EAITC, or by consulting available statistical sources. In-depth market research can be costly and should be carried out only after the range of possible markets has been narrowed. When possible, it is easier and less costly to select markets similar to the

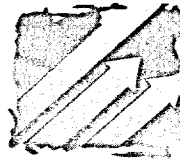
Canadian market. Also, selecting richer markets for first efforts can be useful if market development is necessary; acceptance of the product in larger markets will facilitate its acceptance in smaller, less lucrative markets.

First and foremost, market selection should reflect your company's overall objectives, which are the starting point of your export strategy. Preferably, selection and entry will provide your firm with a long-term, sustainable marketplace as opposed to short-term opportunity. Also, ask yourself: "What implications will this decision have on later decisions regarding further market expansion?"

Once you have narrowed the field, visit the market in person. Trade consultants are generally not favoured and, if used, should only be hired following a personal visit. Although some award winners advise privately organized foreign visits, the most common recommendation is to participate in government-sponsored trade shows. These allow you to economically survey your competitors, understand the distribution system, determine prices, and identify required product standards. In addition, trade shows allow you to make initial contacts with potential buyers, distributors and agents.

EAITC's Program for Export Market Development was praised by award winners as a source of assistance for trade show participation and market visits. The Trade Commissioner Service is a well-regarded source of information and contacts. Foreign embassies in Canada can also be helpful. Statistical information is available from Statistics Canada, although the winners caution against over-reliance on secondary sources of information. Finally, new exporters should be actively involved in trade associations and chambers of commerce. Often, other Canadian companies already active in your target market can provide information, advice and contacts.

Many companies found indirect support for export activity at the provincial level, using provincial programs for product development, R&D and labour training.



**IMAX SYSTEMS CORPORATION  
— REACHING MILLIONS OF  
CUSTOMERS**

Following the success of multi-screen films at Montreal's EXPO '67, Imax Systems Corporation (ISC) was established by three Canadian film producers who were convinced that giant-screen motion pictures would create a totally new film experience. Despite many technical barriers, within three years of its founding, the company premiered its innovative 70-mm, 15-perforation system to great acclaim at the 1970 World Fair in Osaka, Japan. IMAX technology has continued to seize the imagination of audiences around the world. By 1990, there were some 70 specially designed theatres in 15 countries using this technology.

Headquartered in Toronto, ISC works on every aspect of a theatre or film project and is actively engaged in the following: film development, production, post-production and distribution; theatre design and project consulting; theatre marketing and operations; customer support; engineering and design of projection systems, cameras and special equipment; and manufacturing. The company's position at the forefront of the giant-screen industry is based on considerable research and development.

We set up a booth in New Orleans and this guy came along and asked, "Haven't you got anybody selling for you in Australia?" We were just looking to get into the U.S. market at the time.

*George Henderson  
Sales Manager  
Saskatoon Chemicals Ltd.*

Start close to home where you can test the waters. Then go on trade missions in selected markets. If you can get some government aid, then a trade fair can provide valuable information. The major international shows can be expensive, but some government-sponsored shows are relatively economical, and these give you all the exposure you need in a new market.

*Christopher Beames  
Export Manager  
Ilco Unican Inc.*

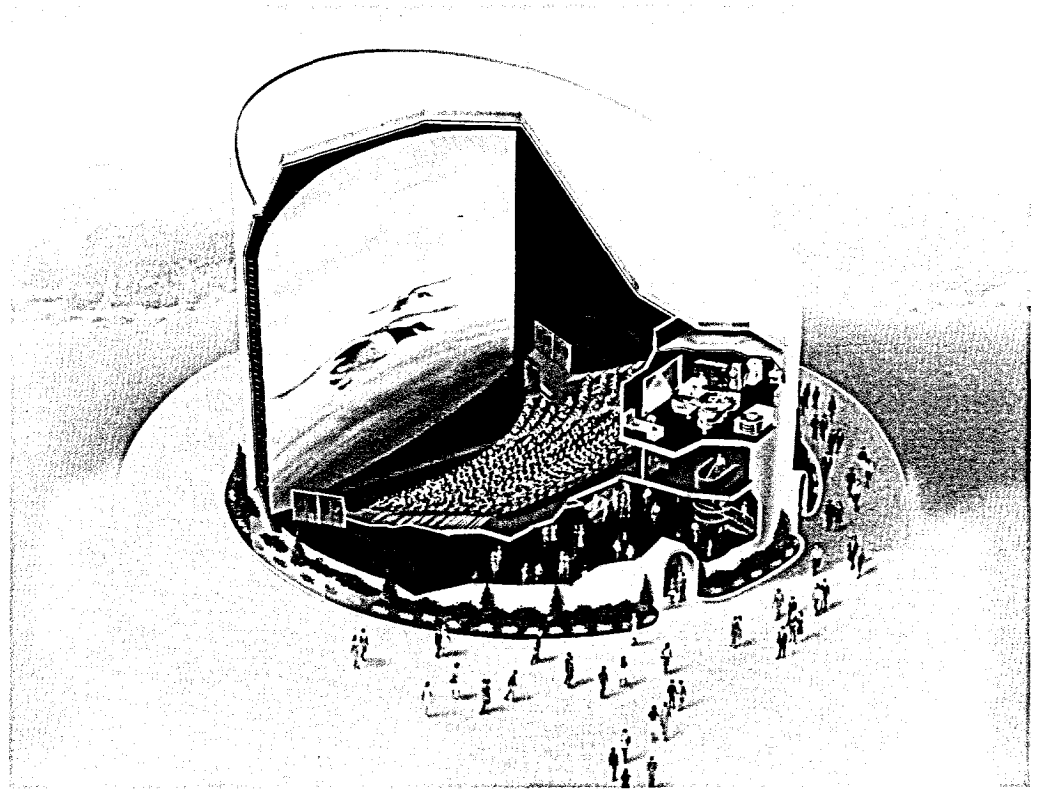
You must be as adaptable as you reasonably can be while maintaining cost effectiveness. Too many variations of a product feature will increase your cost.

*Greg Breen  
Vice-President, Marketing  
Imax Systems Corporation*

Because of the nature of our resource, there is little need or opportunity for product adaptation. In price, we need to define the pain threshold, but we have to be flexible. We deliver the way the customer wants.

*Hagen Schultes  
President  
Baymag*

Twenty years after premiering in Osaka, ISC returned to the city for EXPO '90. Two of the four giant-screen pavilions showcased new IMAX technology. IMAX MAGIC CARPET consists of two simultaneous projections, one on a screen at the front of the theatre and one below the audience's feet, visible through a transparent floor, and creating the illusion of flight. The second system, called IMAX SOLIDO, is the world's first presentation of full-colour 3-D images in a wrap-around screen cinema. The audience — wearing glasses with liquid crystal lenses — has the impression of "walking into another world." ISC expects to grow rapidly through the 1990s. The combination of new technologies and the more than 23 million attendance at EXPO '90 will help to promote the use of IMAX systems for education and entertainment worldwide.



### **How Flexible Should You Be?**

Most Canada Export Award winners are prepared to be flexible to a point; but there is some disagreement about pricing flexibility. A few felt that pricing low when entering a market was a good idea, but Maurice Marwood of Canadian Foremost (see profile) believes that price discounting has drawbacks. Most of the winners agree that adapting your product in a way that reduces quality is inappropriate. Some suggest that you focus on the customer and adapt the product through modifications and customization when needed, keeping your eye on the competition.

By now you have defined the strategy you will use, investigated appropriate markets and made a choice, and decided how flexible your strategy will be. But what are the key factors that determine the success of a company and enable it to secure its position as an established player? The next section provides some general advice and focuses on those elements of success identified by Canada Export Award winners.

# BECOMING AN ESTABLISHED PLAYER

First and foremost, it is essential that domestic operations are not neglected for the sake of international expansion. The establishment of separate business units for international sales may not be feasible in the beginning, but this should be a future consideration. In the interim, winners recommend designating one person for market development and another for documentation and transportation. This assumes that resources are available to either train existing managers or hire new ones to fill these roles.

Demands on the structure of your company will change as international sales or geographic coverage increase; this may lead you to consider the establishment of overseas sales offices. A costly move, this should only be done in markets that warrant the investment. Designating regional managers can be a less expensive alternative, although your company's market presence will not be as substantial or noticeable. No one specific organizational structure is recommended, and award winners note that you must remain flexible to adjust to change.

It takes effort to get it right at the beginning, and becoming established requires continuing effort. Our assessment of Canada Export Award winners leads us to believe that a number of elements are critical to enduring success:

- a long-term view;
- a commitment to exporting;
- good representation overseas;
- attention to detail;
- a focus on customer service;
- flexibility; and
- patience.

## A Long-Term View

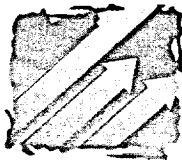
Working in adverse market conditions, Canadian Foremost (see profile) is in business today because it has taken the long-term view. Despite adverse markets in the recent past, the company plans for emerging export markets, knowing that proper planning will ensure the company's continued existence. Exporting can secure a long-term future for competitive companies, and it needs to be approached in this way; an ad hoc approach only provides short-term gains.

Someone must be in charge, and you can't go after an overseas market on a part-time basis. People will notice the lack of commitment.

*Bernie Clark*  
*Director of Sales*  
*MacDonald Dettwiler and*  
*Associates Ltd.*

Make sure you have people at home who can answer questions (incoming correspondence) and keep the business running when senior executives are abroad. Do not leave a large void every time someone goes away. It is important to have backup at home.

*Richard L'Abbé*  
*President*  
**MED-ENG SYSTEMS INC.**



Don't try to buy market share through price discounting because it will be hard to recover from this later.

*Maurice E. Marwood*  
President  
Canadian Foremost Ltd.

## **CANADIAN FOREMOST LTD. — THINKING BEYOND TOMORROW**

Canadian Foremost Ltd. of Calgary specializes in the design and production of high-mobility all-terrain vehicles and mineral exploration drilling equipment. Sales are made both in Canada and abroad to a broad range of users in various market sectors such as oil and gas, utilities, mineral exploration, defence, environmental protection and frontier development. During the past 25 years, the company has acquired an international reputation by serving customer needs, and by developing world-class production, research and design capabilities.

Mature markets for both of its product lines have made the past few years particularly difficult, but the company has held ground on product quality, refusing to give in to price competition. The company plans to be in business for the long term, and accordingly is exploring new uses for the products it has developed. To this end, Foremost has redirected its emphasis on all-terrain vehicles to the U.S. utilities market. For the drilling equipment end of the business, Foremost hopes to exploit its reverse circulating drilling technology to help corporations and governments clean up contaminated sites — this is a market showing strong promise.

Canadian Foremost provides sound advice to companies, suggesting that export efforts should be deliberate and systematic, proposing that there is little to be gained from price discounting.



## A Commitment to Exporting

To be a successful exporter, you must regard foreign markets as a primary source of business; if exporting is viewed as a stepchild of domestic operations, you will never give it the time and energy needed to realize its full potential. This means being prepared to travel; MED-ENG SYSTEMS made 12 trips to Japan before the first order materialized. Other companies reported similar experiences.

## Good Representation Overseas

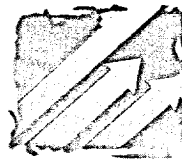
Companies often mentioned good representation overseas as important. In sectors where agents or local sales personnel are the usual method for doing business, this element of the export strategy was seen to be of paramount importance. The award winners said they could not stress this enough.

## Attention to Detail

Most award winners underlined the importance of paying attention to logistics, documentation, and financing details. For some, like Saskatoon Chemicals, this was seen as critical to their success (see profile). Attention to detail is also an essential feature of companies that compete on customer service. In the high-technology/electronics sector, integration of details was considered of primary importance in holding on to a market for the long term.

## A Focus on Customer Service

Many of the award winners provide solid customer service as part of their competitive strategy. By focusing on customer service, in a few short years Baymag (see profile) has gained an impressive market share in the usually price-sensitive resource sector.



### **BAYMAG — OUTSERVICING THE COMPETITION**

Since beginning operations in 1982, Baymag has become one of North America's largest producers of high-grade calcined magnesium oxide, and the world's largest manufacturer of refractory-grade fused magnesium oxide. Fused magnesium oxide is used worldwide by the refractory industry which produces special products for the steel industry. These clients demand consistent specifications and delivery times that are guaranteed not to shut production down.

Because many of Baymag's customers require assurances of product quality and stability as well as reliable delivery, the company has made customer service their primary commitment.

Part of that customer service is possible because agents and sales personnel work in tandem to service markets where volume does not justify a separate sales force, or where agents are able to bring special knowledge or personal contacts to bear. Baymag relies on the agent to maintain contact with the market and administer the sales contracts, while sales personnel

Overall, a company must have the desire to succeed, a willingness to travel and be away from home, money, capabilities, R&D and a total commitment to exporting.

*Jean-Louis Leblanc  
Vice-President  
Lab-Volt Limited*

It is very important to tie up all the components: products, distribution networks and financial sanity. People can go crazy with finance — having fantastic products, fantastic ideas — but no money to execute.

*Maks Wulkan  
Executive Vice-President  
Eicon Technology Corporation*

If the customer calls today and he has a problem, there is someone on the plane tomorrow, if not today . . . anywhere. We try to anticipate the problems the customer might have, we help him solve his problems in his own system if we think we have the expertise. We've never lost a customer because we didn't service him right. We say we have the second-best product, for the second-best price, with the best service.

*Hagen Schultes  
President  
Baymag*



You have to learn people's customs. You almost have to be a chameleon, moulding yourself to the people's methods of doing business. In many instances, if you visit 10 countries in one trip, you may have to change yourself, modify your style and presentation, to be able to face the next client.

*Richard L'Abbé*  
President  
MED-ENG SYSTEMS INC.

Don't assume that anything you learned in the first export market is valid in the second export market. Things may be totally different in the new country.

*George Henderson*  
Sales Manager  
Saskatoon Chemicals Ltd.

provide technical support and the customer service the company emphasizes. Baymag notes that, in this particular industry, identifying the right product champion within the buying firm can make or break the initial sale. If the product is championed by the financial person when the production manager holds the power, access may be denied. Magnesium oxide is a technical sell, and the characteristics of the sample supplied by Baymag weigh heavily in the final decision about the share of its total requirements the buyer will take from Baymag.

### Flexibility

Being flexible is mentioned as often in the cultural context as in the product and pricing sense already discussed. The award winners believe that cultural differences are important for many markets, but that, when cold reality is faced, "business is business."

### Finally, Patience

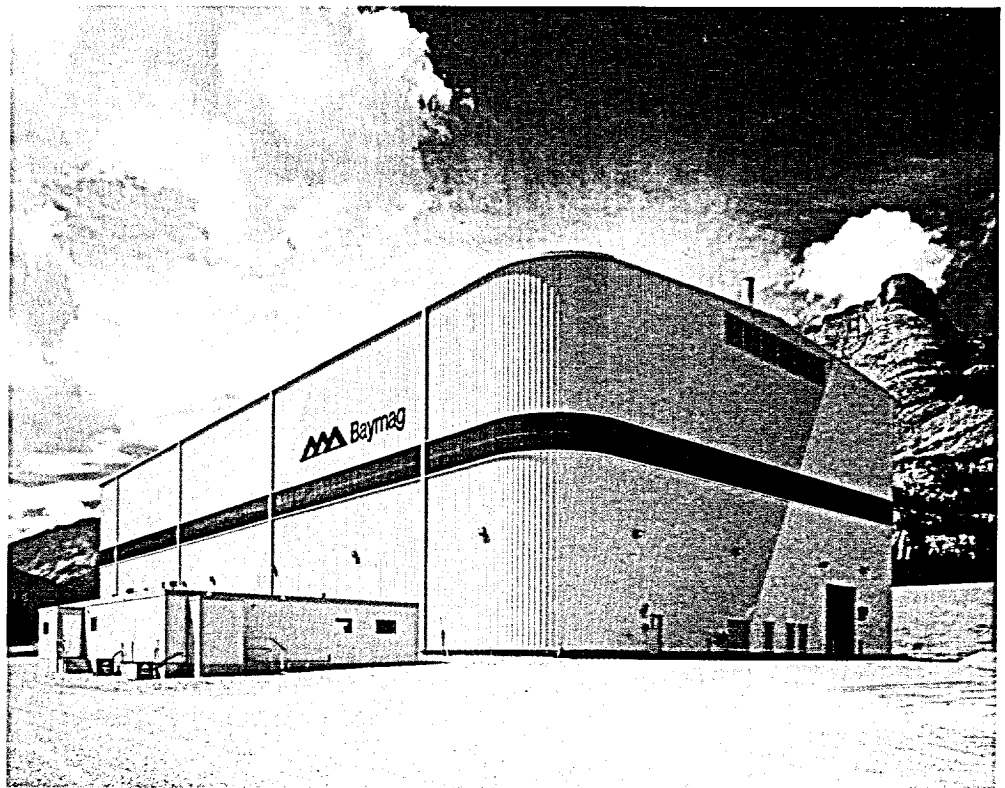
In many markets, the speed at which business is conducted can be demoralizingly slow. Lab-Volt

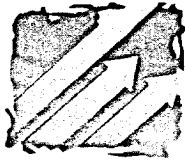
Limited (see profile) is one of many companies coping with this problem, and its experience illustrates that patience does win out in the end.

## EXPANDING YOUR HORIZONS

The decision to expand beyond your first export market depends on your product situation. If there is a universal need for your product, expansion can be readily pursued. In the high-tech sector, however, expansion may require a more selective process, with a substantial market-development effort.

Once a company has become an established exporter, certain activities become easier, for example, documentation, transportation, selecting suitable agents, adjusting to culture. You have already invested in acquiring these skills. Although expansion may require elaboration of these skills, the basics will be the same. Award winners predict that after you find the first market, things will get easier. The costs for expansion, consequently, are often less than for first-market entry.





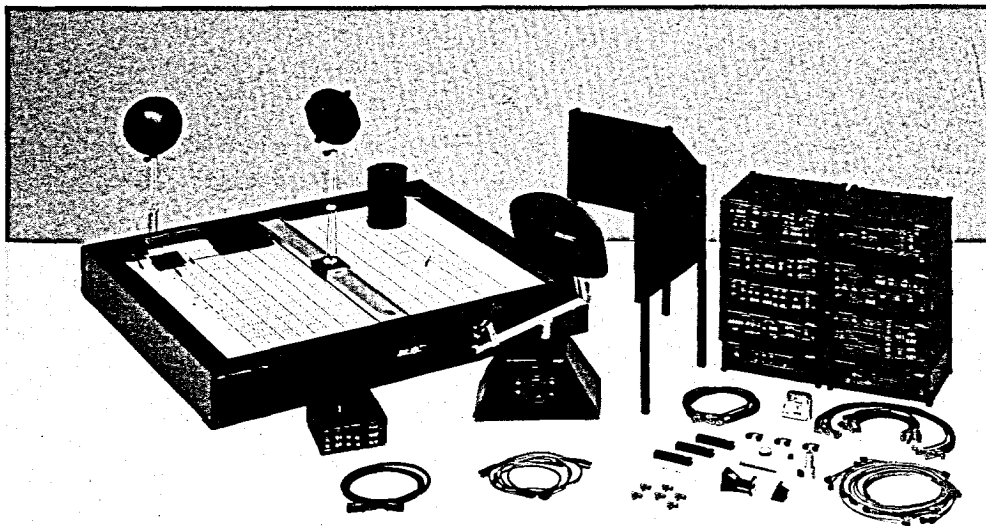
## **LAB-VOLT LIMITED — WINNING THIRD WORLD PROJECTS**

Lab-Volt Limited of Montreal designs and manufactures instructional equipment for vocational, technical and engineering schools worldwide. Equipment and related software provide “hands-on” training in such fields as electricity, electronics, digital and microprocessor telecommunications, hydraulics, electric power and controls, refrigeration, and process control. Customers include national ministries of education, labour, and defence, the UN, agencies such as the International Labour Office and the International Telecommunication Union, as well as large industrial companies with extensive training needs. Funding often comes from the World Bank, the Canadian International Development Agency or regional development banks. Employing 110 people, Lab-Volt has sales of \$8.5 million, 85 per cent of which are made in countries such as Algeria, Turkey, Pakistan, Mexico and

Indonesia. Rapid population growth in the Third World means that a steady stream of young people will continue to need hands-on vocational and technical training, and Lab-Volt’s future looks promising despite increasing competition from European rivals.

For Lab-Volt, success in selling to Third World governments requires money, management skills, agents with technical knowledge and, above all, very good political contacts. Lab-Volt keeps a tight rein on its agents, requiring them to submit to Montreal detailed monthly reports of all marketing activities.

Selling to the Third World also requires good head office people, a strong product adapted to local conditions, multilingual promotional material and good representatives. Lab-Volt personnel travel extensively to offer seminars and technical presentations to potential buyers, and to provide “Orientation Training” for future instructors once the sale has been made. “But selecting the right people for these roles is crucial”, says Lab-Volt Vice-President Jean-Louis Leblanc. “It takes finesse to do business abroad, so don’t send ‘gringos’ — people unaware of the realities and subtleties of international business.”



You can use the domino effect, look at the peer country, but be careful that the two countries are not antagonistic. You learn the ropes in one country, but don't assume that the next place will be the same.

*Brian Bullock  
Chairman and CEO  
INTERA Information Technologies  
Corporation*

Go fast, but not faster than you can cope with change. Procedures, rules and regulations are somewhat similar, although the customers will change. You must be deliberate.

*Maurice E. Marwood  
President  
Canadian Foremost Ltd.*

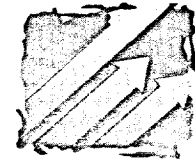
There are a lot of basic principles that you have to respect, and if you distribute your efforts thinly, then you may not succeed. You must concentrate when you start on the markets you think will pay off fast, because you've got bills to pay.

*Richard L'Abbé  
President  
MED-ENG SYSTEMS INC.*

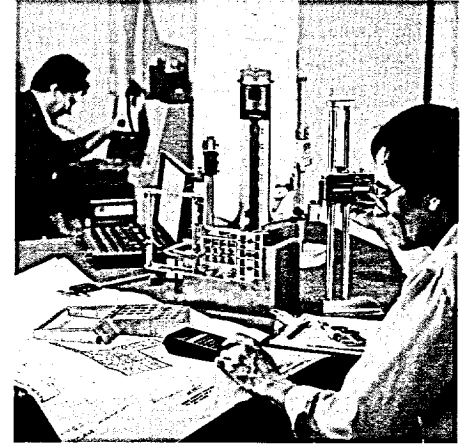
Long sales cycles are the norm. In Ecuador, for example, it took four years of effort and persistence before a US\$10 million contract was won. In another case, government bureaucrats were unwilling to make needed decisions so the company representative did the paperwork himself and hand-carried the documents from one government office to the next. "In our business," says Leblanc, "money is crucial but patience is a must."

Although some of the initial costs of exporting can be spread over subsequent markets, aggregate costs are sure to increase. Working capital requirements will grow due to additional accounts receivable. This can lead to liquidity problems, and increased activity can put pressure on existing staff. This is not much different from domestic growth, and the question is whether your organization can handle the change. For exporting, however, it is important that you are able to commit for the long term. Many award winners cautioned against rapid expansion.

Be sure that the specifics of the decision to expand fit your company's overall objectives, and export strategy in particular. Market expansion should be planned and deliberate and should be carried out gradually to avoid costly mistakes.



## **ILCO UNICAN INC. — GET OUT AND DO IT!**



The Canadian-owned multinational group Unican Security Systems Limited of Montreal includes Ilco Unican Inc., and is the world's largest manufacturer of mechanical push-button locks, key duplicating machines and key blanks — the company produces 1.7 million key blanks a day. The group's chairman and principal shareholder, Aaron Fish, has spent his life in the security industry, and is credited with inventing the mechanical push-button lock, the industry standard. Unican also manufactures a sophisticated electronic hotel lock that it is now starting to market overseas. Group sales reached \$125 million in 1989, of which 10 per cent were exports to over 40 countries outside North America.

"The number one reason for our export success", says Group Vice-President, International Stanley Mazoff, "is just getting out and doing it! We get out there, find out what customers want and see if we have it. If we don't, we investigate making it, price it right, and deliver it on time. Our secret is that all of our top international marketing executives, including the chairman, actively visit our export markets." Export Manager Christopher Beames adds: "When we were first developing our export trade, most of us were travelling three to four months of the year, from China to South America. There's no substitute for physically visiting your target markets."

Typically, the export sales cycle involves first targeting markets and then making good use of Canada's Trade Commissioners in the area to help assess potential. If the indications are promising, Ilco visits the region to identify possible agents and distributors. At the next suitable trade show in the selected market, the company produces literature in the local languages and takes a booth to exhibit its products, sometimes with financial support from External Affairs and International Trade's PEMD and the Quebec government's export assistance program, APEX.

Market requirements and competitive conditions are constantly changing. "Five years ago," says Mazoff, "competition was largely on price. Today, quality, delivery and advertising/promotional support are all important ingredients. It's a global marketplace. Customer service is our goal. We deliver the right product, in the right colour, at the right price — politely."

One of Ilco Unican's greatest challenges is finding new markets to offset the loss of existing ones due to economic and political swings that characterize the international marketplace. Aggressive expansion plans are in place to become the industry leader through high-volume, low-cost production and fully global operations. With this approach, Ilco Unican seems well positioned for the future. "A market is nothing more than consumers needing product", the company says. "Don't be too theoretical, just get out and do the job!"

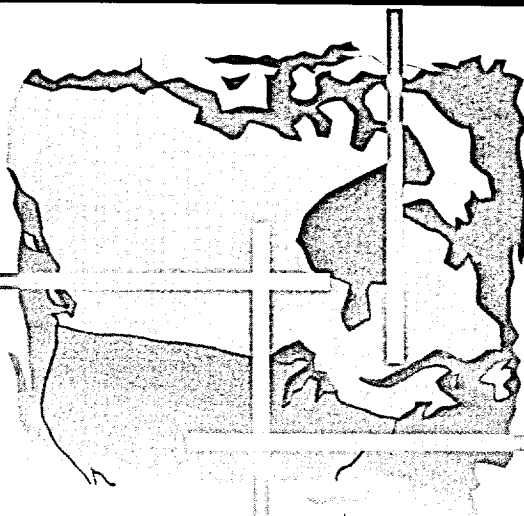
The maturing of an enterprise must be approached carefully and must be costed.

*Simon Gibson  
Assistant Vice-President  
Public Communications  
Newbridge Networks Corp.*

We all reach limits. We have to seek help, form strategic relationships and build a better infrastructure. This is where opportunity lies.

*Maks Wulkan  
Executive Vice-President  
Eicon Technology Corporation*





# APPENDICES

## A1. COMPANIES INTERVIEWED

### COMPANY AND YEAR OF AWARD

### PRODUCT/SERVICE EXPORTED

#### 1989 Canada Export Award Winners

Eicon Technology Corporation  
 MED-ENG SYSTEMS INC.  
 Newbridge Networks Corp.  
 Terra Nova Fishery Co. Ltd.  
 WestCan Alfalfa Inc.

Data communications and networks  
 Security and safety products  
 Digital communications equipment  
 Surimi (fish)  
 Alfalfa products

#### 1988 Canada Export Award Winners

Baymag  
 Imax Systems Corporation  
 INTERA Information Technologies Corporation  
 Sabian Ltd.

Magnesium oxide  
 Large format motion picture systems  
 Data collection and remote sensing equipment  
 Bronze cymbals

#### 1987 Canada Export Award Winners

Abegweit Seafoods Inc.  
 Exeltor Inc.  
 Hybrid Turkeys Inc  
 Lab-Volt Limited  
 Knelson International Sales Inc.  
 Saskatoon Chemicals Ltd.

High-quality fish  
 Industrial knitting needles  
 Breeding poultry  
 Training hardware and software  
 Goldmining equipment  
 Swimming pool chemicals

#### 1986 Canada Export Award Winners

Canadian Foremost Ltd.  
 Capsule Technology International (1990) Inc.  
 Ilco Unican Inc.  
 MacDonald Dettwiler and Associates Ltd.  
 SR Telecom Inc.

All-terrain vehicles and drilling equipment  
 Pharmaceutical plant and equipment  
 Security systems and hardware  
 Data processing systems  
 Microwave telecommunications systems

#### 1985 Canada Export Award Winner

Polymer International  
 (A Division of Intertape Polymer Inc.)

Woven polyolefin products

## A2. ASSISTANCE AVAILABLE — FEDERAL

### INTERNATIONAL TRADE CENTRES

#### BRITISH COLUMBIA

##### Vancouver

International Trade Centre  
900-650 West Georgia Street  
P.O. Box 11610  
Vancouver, British Columbia  
V6B 5H8  
Tel: (604) 666-0434  
Fax: (604) 666-8330  
Telex: 045-1191

#### ALBERTA

##### Edmonton

International Trade Centre  
Canada Place  
Suite 540  
9700 Jasper Avenue  
Edmonton, Alberta  
T5J 4C3  
Tel: (403) 495-2944  
Fax: (403) 495-4507  
Telex: 037-2762

##### Calgary

International Trade Centre  
Suite 1100  
510-5th Street S.W.  
Calgary, Alberta  
T2P 3S2  
Tel: (403) 292-6660  
Fax: (403) 292-4578

#### SASKATCHEWAN

##### Saskatoon

International Trade Centre  
Suite 401  
119-4th Avenue South  
Saskatoon, Saskatchewan  
S7K 5X2  
Tel: (306) 975-5925  
Fax: (306) 975-5334  
Telex: 074-2742

##### Regina

International Trade Centre  
1955 Smith Street, 4th Floor  
Regina, Saskatchewan  
S4P 2N8  
Tel: (306) 780-6108  
Fax: (306) 780-6679  
Telex: 071-2745

#### TERRITORIES

##### Whitehorse

Suite 301  
108 Lambert Street  
Whitehorse, Yukon  
Y1A 1Z2  
Tel: (403) 668-4655  
Fax: (403) 668-5003

##### Yellowknife

10th Floor  
Precambrian Building  
P.O. Bag 6100  
4922-52nd Street  
Yellowknife, Northwest Territories  
X1A 2R3  
Tel: (403) 920-8568  
Fax: (403) 873-6228

#### MANITOBA

##### Winnipeg

International Trade Centre  
330 Portage Avenue, 9th Floor  
P.O. Box 981  
Winnipeg, Manitoba  
R3C 2V2  
Tel: (204) 983-8036  
Fax: (204) 983-2187  
Telex: 075-7624

#### ONTARIO

##### Toronto

International Trade Centre  
Dominion Public Building  
4th Floor  
1 Front Street West  
Toronto, Ontario  
M5J 1A4  
Tel: (416) 973-5053  
Fax: (416) 973-8161  
Telex: 065-24378

#### QUEBEC

##### Montreal

International Trade Centre  
Stock Exchange Tower  
800 Victoria Square, Suite 3800  
P.O. Box 247  
Montreal, Quebec  
H4Z 1E8  
Tel: (514) 283-8185  
Fax: (514) 283-8794  
Telex: 055-60768

## NEW BRUNSWICK

### Moncton

International Trade Centre  
Assumption Place  
770 Main Street  
P.O. Box 1210  
Moncton, New Brunswick  
E1C 8P9  
Tel: (506) 851-6452  
Fax: (506) 851-6429  
Telex: 014-2200

## NOVA SCOTIA

### Halifax

International Trade Centre  
1801 Hollis Street  
P.O. Box 940, Station M  
Halifax, Nova Scotia  
B3J 2V9  
Tel: (902) 426-7540  
Fax: (902) 426-2624  
Telex: 019-22525

## PRINCE EDWARD ISLAND

### Charlottetown

International Trade Centre  
Confederation Court Mall  
134 Kent Street, Suite 400  
P.O. Box 1115  
Charlottetown, Prince Edward Island  
C1A 7M8  
Tel: (902) 566-7400  
Fax: (902) 566-7450  
Telex: 014-44129

## NEWFOUNDLAND

### St. John's

International Trade Centre  
Atlantic Place  
215 Water Street, Suite 504  
P.O. Box 8950  
St. John's, Newfoundland  
A1B 3R9  
Tel: (709) 772-5511  
Fax: (709) 772-2373  
Telex: 016-4749

## A3. OTHER SOURCES OF ASSISTANCE

### CENTRES FOR INTERNATIONAL BUSINESS STUDIES

Centre for International Business Studies  
School of Business Administration  
Dalhousie University  
6152 Coburg Street  
Halifax, Nova Scotia  
B3H 1Z5  
Tel: (902) 424-6553  
Fax: (902) 424-1644

Centre d'études en administration  
internationale  
École des Hautes Études Commerciales  
(HEC)  
5255 Decelles Avenue  
Montreal, Quebec  
H3T 1V6  
Tel: (514) 340-6194  
Fax: (514) 340-6411

Centre for Trade Policy and Law  
Room 304  
Social Science Research Building  
Carleton University  
K1S 5B6  
Tel: (613) 788-6655  
Fax: (613) 788-3742

Centre for International Business Studies  
Office of Administration  
University of Western Ontario  
London, Ontario  
N6A 3K7  
Tel: (519) 661-3308  
Fax: (519) 661-3292

Centre for International Business Studies  
Faculty of Administrative Studies  
University of Manitoba  
Winnipeg, Manitoba  
R3T 2N2  
Tel: (204) 474-8851  
Fax: (204) 261-6084

Centre for International Business Studies  
College of Commerce  
University of Saskatchewan  
Saskatoon, Saskatchewan  
S7N 0W0  
Tel: (306) 966-4786  
Fax: (306) 966-8709

Centre for International Business Studies  
Faculty of Business  
University of Alberta  
Edmonton, Alberta  
T6G 2R6  
Tel: (403) 492-3901  
Fax: (403) 492-3325

Centre for International Business Studies  
Faculty of Commerce and Business  
Administration  
University of British Columbia  
2053 Mail Mall  
Vancouver, British Columbia  
V6T 1Y8  
Tel: (604) 244-8494  
Fax: (604) 228-5785



**OTHER USEFUL CENTRES**

*Cent w/fuld business in Waterloo*

Ontario Centre for International Business  
Room 227A  
Administrative Studies Building  
York University  
4700 Keele Street  
North York, Ontario  
M3J 1P3  
Tel: (416) 736-5363  
Fax: (416) 736-5687

*6909*  
*519/884 1970*  
*519 884 8849*

Centre for International Marketing  
P.O. Box 440  
Tilley Hall, Room 330  
University of New Brunswick  
Fredericton, New Brunswick  
E3B 5H1  
Tel: (506) 453-4869  
Fax: (506) 453-4599

Centre de commercialisation  
internationale  
Université de Moncton  
Moncton, New Brunswick  
E1A 3E9  
Tel: (506) 858-4555  
Fax: (506) 453-4599

The International Centre  
The University of Calgary  
2500 University Drive  
Calgary, Alberta  
T2N 1N4  
Tel: (403) 220-3804  
Fax: (403) 289-0171

Centre for International Management  
Faculty of Management  
McGill University  
Samuel Bronfman Building  
1001 Sherbrooke Street West  
Montreal, Quebec  
H3A 1G5  
Tel: (514) 398-4000  
Fax: (514) 398-3876

**INFOEXPORT**

InfoExport  
External Affairs and International  
Trade Canada  
125 Sussex Drive  
Ottawa, Ontario  
K1A 0G2  
Tel: 1-800-267-8376

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Brooks, Mary R  
The export edge : advice from  
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