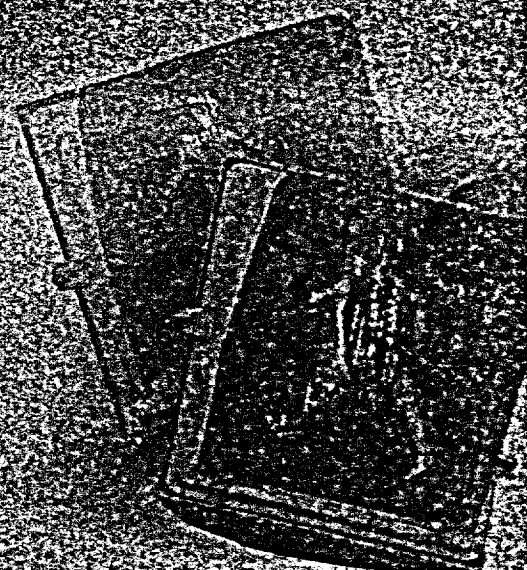
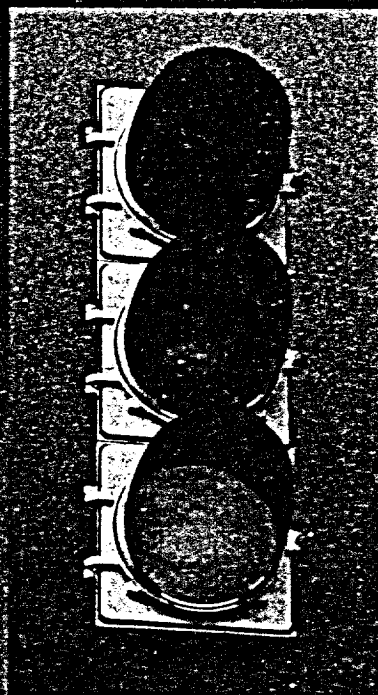




THE ROAD TO SUCCESS

*Things to do in
the United States*



"WE HAVE A GOOD RANGE OF OPPORTUNITIES FOR CANADIAN BUSINESSES IN THE U.S."

David Rodarmel

Vice-Consul of the U.S.A.

Embassy of the United States

Ottawa, Ontario

Many firms attempt to enter the U.S. market when they are relatively unprepared, and are disappointed when their efforts do not result in any return or leads. Experienced exporters insist that a lot of preparation is usually necessary.

This booklet contains things to consider when you are ready to go to the United States.

If you are just starting to consider the U.S. market, you should read the Red and Amber booklets before you read this one.

Some topics will be of particular interest to these functional areas of your firm — strategic planning, market development and operations.

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The Canada-U.S. Free Trade Agreement (FTA) eased the border crossing requirements for four categories of business travellers. (The FTA affects only these four categories of temporary entrants, immigration rules are unaffected.) The four categories and their requirements are described below.

Business Visitors (B-1 Status)

Who: Canadian citizens who visit the United States on business for their Canadian company and receive remuneration from their Canadian employer. **Which activities are covered:** international commercial activities for an enterprise in Canada. These activities include sales and purchasing, after-sales service, research and design, manufacture and production marketing, distribution and general service. **How to apply:** apply for admission at any U.S. point of entry. Business visitors may be requested to provide proof of the type of business they will pursue in the United States. No fee is payable for an application in this category. Canadian citizens do not require a passport; however, they must show proof of citizenship and identity.

Inter-company Transferees (L-1 Status)

Who: Persons who have been employed continuously for at least one year by a Canadian firm as executives, managers or specialists. **Which activities are covered:** the transferee must render services on a temporary basis to the same firm (or its subsidiary or affiliate) in the United States as an executive or manager, or in a position requiring specialized knowledge. **How to apply:** the U.S. employer must complete a petition, form I-129L (available from Immigration and

Naturalization Service offices of the U.S. Consulates and Embassy in Canada), on the transferee's behalf. The transferee presents the petition, proof of citizenship and identity and evidence of experience at the U.S. point of entry. A fee of US\$50 is payable upon application.

Professional (TC-1 Status)

Who: Canadian professionals whose occupation or profession is listed in the same section of the FTA. **Which activities are covered:** Professionals must be travelling to the United States to work temporarily in the profession for which they are qualified. **How to apply:** entry must be sought at a U.S. point of entry or a preflight inspection station. Qualified applicants will be issued written permission to work (form I-94). Applicants must provide proof of Canadian citizenship and identity, along with a letter from the U.S. employer and supporting documents that show the nature and length of the work, the arrangements for payment, and proof of educational or other appropriate professional credentials. A processing fee of US\$50 is payable upon application.

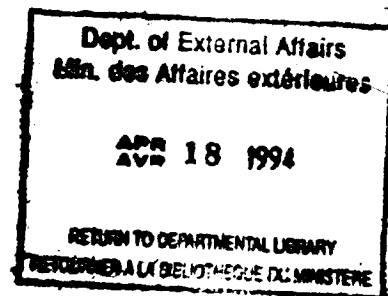
Traders and Investors (E Visas)

Who: A trader works in a Canadian-owned or controlled firm in the United States that carries on substantial trade in goods or services, principally between Canada and the United States. An investor has invested or is in the process of investing a substantial amount of capital in an enterprise in the United States. **Which activities are covered:** a trader must be a supervisor or executive, or in a position that involves skills essential to the operation of the firm in the United States. An investor develops and directs the operation

of the enterprise. **How to apply:** traders and investors must apply for a U.S. non-immigrant visa at a U.S. Consulate before leaving for the United States. The trader and investor must provide proof of citizenship and identity (a Canadian passport is advisable) and documents that clearly confirm qualification for this status. The processing fee is US\$40 at the time of application.

Practical Advice for Crossing the Border

1. Tell the truth. Say that you are there for business purposes. Border officials know more about you than you think.
2. Call your border point in advance to find out what documentation you need to take with you. Crossing the border to work in the United States requires the appropriate paperwork — it is not equivalent to crossing for a vacation.
3. Be sure to bring a letter of referral from your employer.
4. Obtain a free copy of *Business Travel* from External Affairs and International Trade Canada by calling 1-800-267-8376. This document provides FTA details, a listing of professionals and a listing of border points, among other useful information.



Accreditation

Most service professionals who are required to be licensed or accredited in Canada also need to be accredited in the United States. U.S. licensing is by state, much as it is by province in Canada. By contacting your national accreditation body in Canada, you can get information on:

- any reciprocity of credentials that may have already been negotiated;
- procedures you must follow for submitting your credentials in the United States; and
- the appropriate U.S. professionals association contact information.

Federal Procurement — Buy American

The 1933 Buy American Act is the most significant U.S. federal legislation limiting the use of Canadian materials in U.S. public sector contracts. It does not specifically apply to federal procurement of services.

Since services are not covered by the Free Trade Agreement's (FTA's) chapter on government procure-

ment, there is no guarantee of equal treatment for Canadian service firms when selling to the federal government.

The North American Free Trade Agreement (NAFTA), however, does require that federal procurement of services over \$50 000 provide equal treatment to Canadian service firms.

Set-Asides

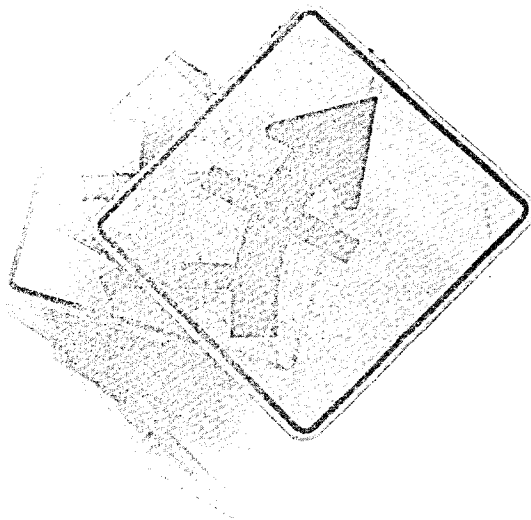
Under the FTA and NAFTA, the United States is still entitled to reserve contracts for small and disadvantaged businesses. No Canadian companies can qualify for these contracts, except as a subcontractor. To qualify directly, you must establish a presence in the United States and meet the requirements outlined on the *Identifying U.S. Federal Contacts and Opportunities* sheet.

Identifying U.S. Federal Contacts and Opportunities

The federal, state, county, municipal and special district governments in the United States spent a combined US\$929 billion on goods and services in 1991. The federal government, in particular, is a large buyer. With annual purchases of US\$420 billion worth of goods and services, it is the single largest procurement organization in the world. Federal purchases of services in 1991 were approximately: US\$3 billion on architecture and engineering, US\$8 billion in equipment maintenance and repair, US\$10 billion on administration and management, US\$8 billion on construction, US\$3 billion on data processing and US\$5 billion on transportation.

There is no central contracting administration for services (except for architecture, engineering and construction, which are usually administered by General Service Administrations' Public Buildings Service or the Army Corps of Engineers). Potential services contractors must identify and call on the program officials most likely to need their services. When marketing to governments, ensure that the program managers are aware of your service expertise in addition to the procurement official. In selling to these officials, many Canadian firms have followed the strategy of aligning with a local partner. The following contacts will help you find your way around the U.S. federal government.

1. The *Federal Yellow Book*, available from Monitor Publishing in New York (phone: (212) 627-4140), is a comprehensive directory of program managers, procurement officials and other senior officials in all agencies of the federal government. The annual subscription is \$215 and includes quarterly updates.



2. Judith Bradt, a Commercial Officer in the Canadian Embassy (phone: (202) 682-7746) in Washington, specializes in U.S. government procurement matters and is a good source of information for contacts, policy clarification and procurement statistics.

3. The *Commerce Business Daily* (CBD) lists the active contracts being tendered by the federal government. You can subscribe to it by calling (202) 783-3238. It costs \$260 per year.

4. Federal departments often produce a document entitled *Doing Business With the Department of.....* Each department has an office of Small and Disadvantaged Business, which publishes a list of upcoming procurements and can meet with you to discuss opportunities (phone: (202) 482-1472).

5. You may be most successful by pursuing partnerships with U.S. firms that qualify for preferential bidding but need help delivering the service. Two types of firms that receive preferential bidding are small businesses and minority-owned businesses. The federal government applies "small business set-asides" to certain contracts and directs these contracts to small U.S. businesses. The criteria for "small business" varies by industry. For example, software firms with annual sales less than US\$7 million would qualify. Some contracts are also reserved for small firms controlled by minority-Americans. For example, the Department of Commerce often procures conference management services, data entry services, architectural and engineering services, drafting, technical writing and other services through small business set-asides. You can get more information from the *Commerce*

Business Daily or by contacting the Small and Disadvantaged Business offices of the agency in question. All federal government agencies generally have a quota (around 20 per cent of all contracts) that must be awarded to small business, and these can often be awarded sole source with quick processing of the contract.

6. There are 11 business service centers in the U.S. that are part of the federal procurement arm — the General Services Administration (GSA). The centers are staffed by counsellors versed in explaining everything you need to know about selling to the federal government. The GSA publishes *Doing Business with the Federal Government*, which describes how the government buys goods and services. Call (202) 708-5804 in Washington for further information. The National Institute of Governmental Purchasing (phone: (703) 533-7300) may also be of assistance.

7. The Public Affairs branch of the particular agency of interest should also be able to point you in the right direction.

REMEMBER:

1. *The U.S. Government fiscal year is 1 October to 30 September, which means they have a different buying cycle.*

2. *U.S. federal employees are not allowed to return telephone calls to Canada as they are considered international calls. Phone back if you can't reach the U.S. Government official.*

State governments can be both a valuable source of contracts and a useful source of information on state industry and trends. For example, officials in the state commerce department can provide information on companies in a particular sector, trends in an industry, potential partners and local information sources.

To identify state government contacts and opportunities you can:

- become acquainted with the Council of State Governments (CSG). The CSG in Lexington, Kentucky is an excellent source of information for all 50 states. Call (606) 231-1906 for a free *Publications Guide*.

Publications include the *State Administrative Officials Classified by Function* directory (\$30). The directory lists senior officials in all 50 state governments in 143 fields.

- contact National Association of State Purchasing Officials (NASPO), which is also located in Lexington, Kentucky, at (606) 231-1906. NASPO is staffed by the CSG. It represents 110 members comprising the purchasing officials of all states (see next section). The NASPO has an annual conference, which includes a workshop for vendors entitled "Marketing to State Governments." It also produces a quarterly publication and the guide *How To Do Business with the States: A Guide for Vendors*. You can obtain vendor guides for each state that describe the registration and bidding process. The *Contract Cookbook for the Purchase of Services* offers practical do's and don'ts. If you are interested in selling to state governments, you should also contact the NASPO.

Who Buys for the State Governments?

- contact the individual state or municipality of interest. Many state and local governments also have small or disadvantaged business policies similar to the federal policy.

- contact one of the many trade commissioners in Canadian posts, who maintain regular contact with state government officials in their region.

- obtain the *State Yellow Book*, available from Monitor Publishing in New York. The book is a comprehensive directory of program managers, procurement officials and other senior officials in the agencies of all state governments. The annual subscription provides quarterly updates and costs US\$215.

The 50 states in the National Association of State Purchasing Officials are represented by the following procurement officials:

ALABAMA	<i>N. Kent Rose</i>	Montgomery	(205) 242-7250
ALASKA	<i>Dugan Petty</i>	Juneau	(907) 465-2250
ARIZONA	<i>Margaret E. McConnell</i>	Phoenix	(602) 542-5308
ARKANSAS	<i>Edward J. Erxleben</i>	Little Rock	(501) 324-9312
CALIFORNIA	<i>John S. Babich</i>	Sacramento	(916) 445-6942
COLORADO	<i>David Leavenworth</i>	Denver	(303) 866-6191
CONNECTICUT	<i>Peter W. Connolly</i>	Middletown	(203) 638-3247
DELAWARE	<i>Richard Cathcart</i>	Delaware City	(302) 834-4550
FLORIDA	<i>George C. Banks</i>	Tallahassee	(904) 488-7303
GEORGIA	<i>Richard J. Weiskittel</i>	Atlanta	(404) 656-3240
HAWAII	<i>Robert J. Governs</i>	Honolulu	(808) 586-0554
IDAHO	<i>Gerry L. Silvester</i>	Boise	(208) 327-7465
ILLINOIS	<i>Ted Curtis</i>	Springfield	(217) 785-7282
INDIANA	<i>Mable Martin-Scott</i>	Indianapolis	(317) 232-3032
IOWA	<i>Kennth Paulsen</i>	Des Moines	(515) 281-3089
KANSAS	<i>Jack R. Shipman</i>	Topeka	(913) 296-2376
KENTUCKY	<i>Mike Haydon</i>	Frankfort	(502) 564-4510
LOUISIANA	<i>Virgle LeBlanc</i>	Baton Rouge	(504) 342-8062
MAINE	<i>Richard Thompson</i>	Augusta	(207) 289-3521
MARYLAND	<i>Paul T. Harris</i>	Baltimore	(301) 225-4620
MASSACHUSETTS	<i>Philmore Anderson III</i>	Boston	(617) 727-7500
MICHIGAN	<i>William Warstler</i>	Lansing	(517) 373-0300
MINNESOTA	<i>John W. Haggerty</i>	St. Paul	(612) 296-1442
MISSISSIPPI	<i>Donald G. Buffman</i>	Jackson	(601) 359-3409
MISSOURI	<i>Joyce Murphy</i>	Jefferson City	(314) 751-3273
MONTANA	<i>Marvin Eicholtz</i>	Helena	(406) 444-2575
NEBRASKA	<i>Barbara Lawson</i>	Lincoln	(402) 471-2401
NEVADA	<i>Phyllis T. Williams</i>	Carson City	(702) 687-4070
NEW HAMPSHIRE	<i>Wayne Myer</i>	Concord	(603) 271-2700
NEW JERSEY	<i>Giullo Mazzone</i>	Trenton	(609) 292-4751
NEW MEXICO	<i>Gene Baca</i>	Santa Fe	(505) 827-0472
NEW YORK	<i>Paula Moskowitz</i>	Albany	(518) 474-6710
NORTH CAROLINA	<i>William J. Stuckey</i>	Raleigh	(919) 733-3581
NORTH DAKOTA	<i>Bud Walsh</i>	Bismarck	(701) 224-2683
OHIO	<i>Roger W. Grime</i>	Columbus	(614) 644-8493
OKLAHOMA	<i>Ross Johnson</i>	Oklahoma City	(405) 521-2115
OREGON	<i>Sandra Burt</i>	Salem	(503) 378-4643
PENNSYLVANIA	<i>George C. Fields</i>	Harrisburg	(717) 787-5295
RHODE ISLAND	<i>Peter S. Corr</i>	Providence	(401) 277-2321
SOUTH CAROLINA	<i>James J. Forth Jr.</i>	Columbia	(803) 737-0619
SOUTH DAKOTA	<i>Milton Schwartz</i>	Pierre	(605) 773-3405
TENNESSEE	<i>Janice L. Harber</i>	Nashville	(615) 741-5970
TEXAS	<i>John Pouland</i>	Austin	(512) 463-3446
UTAH	<i>Douglas G. Richins</i>	Salt Lake City	(801) 538-3026
VERMONT	<i>Peter Noyes</i>	Montpelier	(802) 828-2211
VIRGINIA	<i>Donald F. Moore</i>	Richmond	(804) 786-3846
WASHINGTON	<i>Meredith Jennings</i>	Olympia	(206) 753-6461
WEST VIRGINIA	<i>Ron Riley</i>	Charleston	(304) 558-2309
WISCONSIN	<i>Jan Abrahamson</i>	Madison	(608) 266-0974
WYOMING	<i>Frank Bonds</i>	Cheyenne	(307) 777-7501
WASHINGTON D.C.	<i>Ric Murphy</i>	Washington	(202) 727-1179

There are thousands of industry associations representing the U.S. service industries. They can provide useful information on industry trends, documents, references, conferences, membership lists and other topics. Your best single reference is the *Encyclopedia of Associations*, available in libraries or bookstores or by calling the Gale Research Company in Detroit at (313) 961-2242. This reference describes 22 000 associations in the United States, providing:

- a high-level contact for each organization;
- the number of members;
- the focus of the organization;
- information on upcoming shows, meetings, and conventions; and
- the organization's publications and periodicals.

Trade commissioners routinely keep lists of associations, contacts and upcoming shows in their region and may be helpful in this regard.

Some service industry associations include:

<i>Association</i>	<i>Location</i>	<i>Telephone</i>	<i>Fax</i>
ARCHITECTURAL AND DESIGN			
American Institute of Architects	D.C.	(202) 626-7300	(202) 626-7420
CONSULTING ENGINEERING			
American Consulting Engineers' Council	D.C.	(202) 347-7474	(202) 898-0068
National Society of Professional Engineers	Virginia	(703) 684-2800	(703) 836-4875
ENVIRONMENTAL SERVICES			
American Academy of Environmental Engineers	Maryland	(410) 266-3311	(410) 266-7653
Greenpeace	D.C.	(202) 462-1177	(202) 462-4507
GEOMATICS			
American Congress on Surveying and Mapping	Maryland	(301) 493-0200	(301) 493-8245
Management Association of Private Photogrammetric Surveyors	Virginia	(703) 391-2739	(703) 476-2217
HEALTH CARE SERVICES			
American Hospital Association	Chicago	(312) 280-6000	(312) 280-5979
INFORMATION AND COMPUTER SERVICES			
Information Technology Association of America	Virginia	(703) 522-5055	(703) 525-2279
TRANSPORTATION SERVICES			
American Trucking Association	Virginia	(703) 838-1700	(703) 684-5720
American Public Transportation Association	D.C.	(202) 898-4000	(202) 898-4070
GENERAL			
Coalition of Service Industries Inc.	D.C.	(202) 775-1723	(202) 785-2617

There are different ways to enter the U.S. market. These include selling directly from your Canadian office, offering an 800 number to U.S. clients, sharing office space and secretarial help in an existing U.S. facility, opening your own office in the United States, acquiring a local firm or hiring people away from an existing firm.

Many service firms find a local partner in their priority region and negotiate a market development arrangement with them. Aligning with a local partner can provide various benefits that can speed up your market entry.

1. Access to market contacts

You will have immediate access to your partner's contacts in governments, companies, universities, unions, etc.

2. Access to knowledge

You will have access to current information about local supply and demand, plus practical advice on insurance, litigation, liability issues, accreditation and other important subjects.

3. Reduced client concern and increased credibility

You will be able to reassure potential customers that you do have access to local knowledge and experience. Since many bankers, utilities, etc. will not reference your Canadian credit history, you can benefit from the reputation of your partner.

4. Diversified risks and costs

You will be able to pool marketing resources with your local partner and thus spread the risks and costs, making start-up less expensive. You can also gain new service ideas and strengthen your management skills.

What Can Help Make a Successful Partnership?

5. Easier access to capital

You will obtain contacts within the local financial community with the sponsorship of a known local business firm.

6. Minimal learning curve

You will be able to learn about the system faster, especially if you are trying to sell to governments.

Partnerships succeed or fail for various reasons. You can increase your chances of creating a successful partnership by following these steps before you finalize any agreement:

1. Select carefully

Assess potential partners by their technical capability and operating practices to make sure you are compatible.

2. Ensure commitment

Make sure everyone is committed at the managerial and operating levels of each company.

3. Be open

Offer access to relevant contacts in governments and association, and private clients. Share and balance the risks and opportunities.

4. Define your roles

State clearly "who will do what?", from an operational point of view.

5. Set goals

State clearly all common strategic goals and specify a time for reviewing those goals.

6. Evaluate performance

Set performance targets so that you will be able to evaluate the results, and propose possible improvements. Base the partnership's future on performance.

7. Draft a termination agreement

Agree on reasons and procedures for terminating the partnership.

Finding a Strategic Partner: Getting Started

A. What you can do to attract U.S. strategic alliances

1) MAKE A ONE-YEAR COMMITMENT

The value of commitment when courting partnerships cannot be overestimated. Once the simple commitment is made to invest for one year, the process will take a shape, power and purpose.

2) ASSIGN AN EMPLOYEE TO SPEND 90 MINUTES EACH WEEK FOR THE NEXT 52 WEEKS (E.G., EVERY TUESDAY FROM 9:00-10:30A.M.) FINDING STRATEGIC PARTNERS

This is a generous amount of time because it actually doesn't take very much time to do this.

3) PICK 100 TARGET POTENTIALS

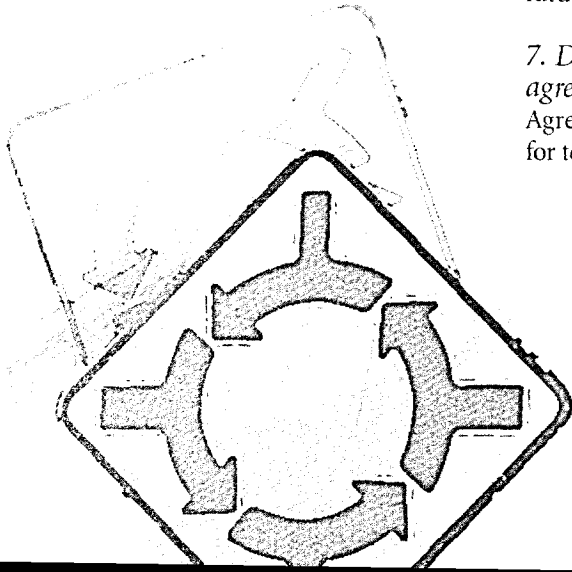
Professional association membership rosters, directories and industry listings (e.g., standard industry codes) as well as the yellow pages are available at any library. Ninety minutes of research will yield the names and phone numbers of organizations that fit your profile.

4) GET AN INDIVIDUAL'S NAME IN THE TARGET COMPANY

This can be done by support staff. Call the target firm and say "We are a Canadian firm establishing contacts in the United States. Who can we talk to? What is their name and title?"

5) SEND EACH OF THE 100 "TARGETS" A PERSONAL LETTER

This letter is an introduction only. In no more than three paragraphs and nine sentences, say what you do and state the benefits you offer. Express no more than your wish to establish some sort of cooperative arrangement for mutual benefit.



6) AT THE RATE OF 10 PER WEEK, SEND EACH TARGET A REMINDER OF YOUR INTEREST AND OFFER YOUR COOPERATION ONCE EACH QUARTER FOR THE NEXT YEAR.

B. Attracting strategic U.S. alliances

7) GET "WRITTEN UP"
This is fairly easy. Hire a competent writer (for about \$500) for a 500-word story about a specific aspect or interesting facet of your firm or organization. The story can be about almost anything; the way you work, where you work, what you've done or how you did it.

While the writing is in progress, go to the library and ask for the *Standard Rate and Data Index of Trade Publications*.

Have a staff member call the following to find out how to submit the story:

- the editors of trade papers in your service or profession or for any related industry you serve; and
- the editors of the local newspapers and magazines (if any).

If the story is printed (and chances are better than 8 in 10 that it will be) send an original copy to the organizations you want to attract.

Do this once every four months.

C. Take out an ad

This approach is simple and direct.

Pick a U.S. city in which you would like to work and place an advertisement in the business section of the daily newspaper of that city.

Purchase an ad every Monday for four weeks.

The advertisement could read something like this:

"We are a Canadian firm looking for a strategic alliance in the field of (insert your specific field here) in the United States. If you have plans for international business in the future, perhaps we can help. Contact: (give an individual's name, phone number and address)."

D. Get an 800 number

Today 800 numbers cost one-tenth of what they cost 10 years ago and are available through many U.S. carriers and resellers. Canadian 800 number rates, while drastically reduced in the last year, are still marginally higher than U.S. 800 number rates.

Once you get the 800 number, print announcement cards and send them, hand addressed and hand stamped to all firms that fit your "virtual partner" profile. Include your areas of specialty, niche markets, special interests, advantages and benefits.

E. Put on a two-hour seminar: "The importance of the North American Free Trade Agreement to (your service/profession)"

A seminar is the most powerful demonstration of expertise and authority.

With an able presenter (every firm must have at least one) send a simple panel card invitation (available from any wedding announcement printer) with a reservation response request ("please call and tell us if you will be attending") to prospective strategic partners in a given area.

Set the seminar at least three months in advance.

The NAFTA synopsis, *The NAFTA Economic Assessment from a Canadian Perspective* is available through the Department of Finance, Ottawa.

F. Offer a specific amount of time as a gesture of intent and a sign of commitment

Invest 20 hours of professional time up front to create a strategic alliance.

The wording of the offer can be as simple as:

"Our goal is to establish a strategic alliance or virtual partnership with a firm in the United States. To this end, we would like to put 20 hours of our time at your disposal.

Simply call when you can use our help."

G. Send a gift subscription to a Canadian (regional or national) magazine to U.S. firms that fit your profile of an ideal virtual partner

Many U.S. firms have a limited knowledge of Canada and its history, politics and business. While many Americans are embarrassed by this fact, they have no compelling reason to learn more.

Providing a subscription to *Maclean's* or *Canadian Business* or any other regional magazine will help provide a prospective partner with a broader perspective.

It is also a once-a-month reminder of your intentions.

With the right strategic partner, you can reduce your market development costs, shorten your time to market and increase your chances of profiting from the U.S. market. Ask yourself the following questions to help identify the right partner for your firm.

Step 1: Describe your ideal strategic partner.

STRATEGIC PARTNER — IDEAL CHARACTERISTICS

Technical expertise same as you complementary to you

Marketing expertise critical nice but not necessary irrelevant

Financial expertise critical nice but not necessary irrelevant

Insurance critical nice but not necessary irrelevant

Type of customer government private nonprofit

Size of customer small medium large multinational

Size of partner firm small medium large multinational

Geographic experience In U.S.: _____
Abroad: _____

World class performance Meet _____ standards.
Awards: _____

Track record _____ % on-time _____ % on/under budget

Quality assurance

Step 2: Focus your search on the two or three characteristics that are most important to you.

Step 3: Determine the strategic implications of Step 2 by completing the following:

Because we choose to align ourselves with firms that _____,

we need to prepare by:

Getting testimonials from the following customers: _____

Getting referrals from the following customers: _____

Step 4: Determine who and where you will target based on your answers in Step 1:

Primary partnership need: _____

Ideal partners: _____

U.S. region or city: _____

Step 5: Potential partners can be identified by consulting the local Canadian trade commissioner; the appropriate industry directory or journal; the local press; a federal, state or local government official; the relevant industry association; or you may meet a partner at a seminar, conference, airport, etc.

Convenient access to suppliers is very important to Americans. Therefore, many Canadian service exporters recommend establishing some form of local presence. There are many ways to do this, some of which take minimal investment.

1. An **800 number** provides easy access for customers and allows you to follow up on potential leads from your existing offices. As well, most U.S. cities have **local mail address** services that may offer 800 numbers and mail forwarding. For example, a Buffalo operation provides a corporate address, fax and telephone, a private voice mail box and monthly access to a conference room for approximately \$75 per month. You would usually have no tax or business licence obligations with this level of service.

2. **Executive suites** are very common in most U.S. cities and may include an inexpensive marketing package to help you develop a local corporate image. These suites offer economic overhead through pooled secretarial support, office space, photocopying, mail handling and telephone answering services. Telephones are answered with your firm's name and you pay a monthly rental and phone answering fee plus additional charges for specific services used or furniture rented.

Costs of these services vary by region and by size of space. You are usually free to move within the building as your space needs change. You will probably find that is more economical to open your own office once you have more than five staff on site. You will usually have to apply for a business licence and submit income tax forms.

3. If you open your **own office** in the United States, start small and keep overhead to a minimum. In many municipalities, low occupancy rates in office buildings have made it easier for businesses to negotiate good lease terms. Equipment leasing is usually inexpensive compared with Canada and allows you to "expense as you go." Be sure to consult with a good corporate attorney (the local Consulate can provide names) for advice about the relative merits and costs of doing business in the United States, as you will have to apply for a business licence and begin to remit the applicable taxes.

4. If you choose to enter into a **partnership** with a U.S. firm, sharing offices with them will give you an immediate local corporate profile and allow you to economize on office overhead costs. Your partner can also help you with business licence and taxation registration information.

There are several business activities a Canadian firm can undertake in the United States *without* registering their business. These include offering a free information seminar and making sales calls.

In general, you can gain professional standing in the United States without registering or securing an Employer Information Number (EIN). The professional licensing process is usually handled by a licensing body and is independent of any business requirements that your firm may face. You can also conduct some business development activities in the United States without registering, although these efforts are likely to be most successful if you have some form of local credibility.

However, if you obtain business in the United States, you are required to have an EIN for contract and tax purposes. As well, if you establish a business in a state, you are required to register in that state.

1. To register your business:

A) APPLY FOR AN EIN

An EIN is the single number used by a business to file reports and pay taxes. The EIN can be obtained quickly by contacting the Internal Revenue Service in Philadelphia at (215) 961-3980 or (215) 961-3770. Generally your customers will request your EIN when contracting for work or processing invoices.

B) OBTAIN AN APPLICATION OF AUTHORITY

You should obtain an application of authority from the Secretary of State for each state in which you plan to have an establishment. This application of authority provides legal standing in the state for your business. In filing, attach the certificate of existence that you already have for your Canadian operations. An application of authority can generally be obtained

within two weeks and costs about \$200. The Secretary of State's offices can also provide information on other aspects of registering in the state.

2. To handle your tax liabilities:

You will need to regularly remit corporate income taxes and payroll taxes for any U.S. employees, including federal and state income taxes and the following social security taxes:

A) FEDERAL INSURANCE CONTRIBUTIONS ACT AND SELF-EMPLOYMENT CONTRIBUTIONS ACT

Under the Federal Insurance Contributions Act (FICA), a social security tax of 15.3 per cent (which includes a Medicare tax) is imposed on wages or salaries received by individual employees to fund retirement benefits paid by the federal government. Generally, FICA is calculated on wages paid to either a resident or non-resident of the United States for work performed in the United States. Half of this tax is withheld from the employee's wages and half is paid by the employer.

Under the Self-Employment Contributions Act (SECA), a self-employed person is subject to a SECA tax, in place of the FICA, of 15.3 per cent (which includes a Medicare tax) computed on the individual's U.S. income tax return. Self-employed individuals pay the entire tax but may deduct 50 per cent as a trade or business expense as part of their U.S. income tax filing.

For 1992, the maximum social security tax for a U.S. employee is around US\$5300, an amount far in excess of the parallel Canada Pension Plan (CPP) limit of around \$700. To alleviate this burden, the Canadian government has reached a Totalization Agreement

with the United States whereby individuals may elect to continue their CPP coverage when transferred to the United States by virtue of employment and be ineligible for FICA or SECA benefits. This certificate of coverage will apply for a period of up to five taxation years, and extensions to this period of coverage are granted under certain circumstances. Given the significant cost difference, the certificate of coverage option should not be overlooked when an individual transfers to the United States or when a Canadian service firm establishes a presence in the United States.

To obtain a certificate of coverage, and to answer other social security questions, Canadian firms should contact Employment and Immigration Canada at (613) 957-1954.

B) FEDERAL UNEMPLOYMENT TAX ACT
Federal unemployment tax (FUTA) is imposed on employers' wage payments to employees regardless of the citizenship or residency of the employer or employee. The 1993 tax rate is 6.2 per cent on the first \$7000 of wages of each employee. Most states also have

unemployment taxes that are creditable against the FUTA tax. Self-employed individuals are not subject to FUTA.

3. For more information:

This kit contains the appropriate contacts at the Secretary of State and Revenue Department of each state. The Secretary of State's office in each state can provide further information regarding requirements of establishing a local office, while the Revenue Department of each state can help with taxation and financial matters. For example, most states and many local governments impose individual and corporate income taxes that are payable in addition to federal income tax (and that are deductible in computing federal taxable income). Many states and local governments also impose sales and use, property, excise, estate and other taxes. The Revenue Department can help you get forms or find more information on this subject.

Legal Environment

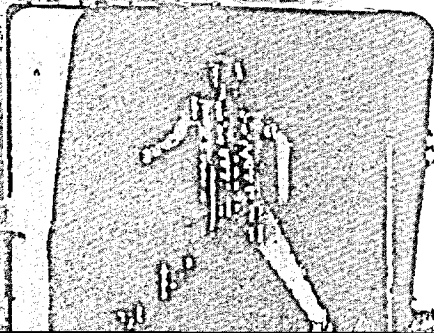
Organizations doing business in the United States must operate under a complex array of laws at the federal, state and local levels. These laws govern:

- anti-trust and securities matters;
- labour relations;
- banking and finance;
- product safety and quality requirements;
- advertising and sales practices; and
- environmental standards.

State laws, rather than federal laws, generally govern such matters as tort law, corporation and partnership structure and operations, and insurance.

Because Americans are litigious — they like to settle things in court — obtaining legal counsel before resolving many corporate and commercial issues may be essential. If litigation is necessary, lawsuits may be brought by or against a business in federal or state court if jurisdictional requirements are satisfied. State courts may construe federal law and federal courts may construe state law, but each system must defer to the other on issues involving precedents set by courts in the other system. If there is a conflict between state and federal law, federal law prevails.

The United States, like the United Kingdom, developed much of its law through judicial rather than statutory construction. Although much U.S. law is now codified by statute, common law — made through judicial decisions — is still the prevailing force, and court opinions, as well as statutes, must be examined carefully.



THINGS YOU SHOULD CONSIDER:

1) If you choose to operate in more than one location, you may need to deal with multiple licensing or regulatory requirements.

2) If your firm operates in an area such as engineering, medical and environmental services, the consequences of error, particularly in the United States, are significant. Be sure to have adequate liability insurance. While the U.S. government is trying to legally limit liability exposure, supporting legislation is not yet in place.

3) If your firm provides professional services, you may need U.S. liability insurance as your Canadian policy probably does not cover services rendered outside of Canada.

4) Be prepared for high insurance rates in the United States, due to the frequency of litigation. For example, the American Consulting Engineer cites insurance costs of approximately four per cent of the average engineering firm's billings. Similarly, be prepared to cover the expense of high deductibles and high coverage limits (up to \$10 million).

5) To be prepared in case of litigation, meticulous record-keeping is essential. You should also become familiar with statutes on how long your business records must be kept in case of a dispute or audit.

To enter the U.S. market, you may choose to establish one of the following business structures. In general, these structures work the same way in both Canada and the United States in terms of corporate law.

There are, however, some corporate tax differences, particularly for public companies. For example, dividends in the United States do not flow tax-free between all companies in a corporate group as they do in Canada. Similarly, firms in one corporate group in the United States can file one consolidated return whereas in Canada separate returns must be filed for each company. You should consult tax advisors in Canada and the United States before making major decisions regarding your business structure.

Corporations

In the United States, most businesses are incorporated so that shareholders may limit their personal liability for corporate debts to their capital investment. Corporations have a legal identity separate from that of their shareholders and continue to exist regardless of the death or disability of shareholders. Shares may be freely transferred without obtaining the approval of the remaining shareholders.

The United States tends to pay more attention to the integrity of the corporation — regular board and shareholder meetings (at least once annually) are recommended.

Minutes of annual meetings may have to be maintained in a more thorough manner than you are used to in Canada and reporting requirements to the state government may take more effort. As well, the Internal Revenue Service (IRS) often passes judgement and rulings on whether profits paid to employees are "reasonable compensation". The IRS may require firms to transfer profits to employees in the form of dividends rather than salary. It is also suggested that U.S. laws are more favourable

toward the incorporation of professional firms and that the practice of incorporating professional firms is more common as a result.

Partnerships

A partnership is an association of two or more persons, including individuals, corporations or other legal entities, to operate a business as co-owners for profit. The rights and duties of partners are generally determined by agreement among the partners and state law. These rights and duties are often set forth in a partnership agreement. Although each state has its own partnership laws, they are similar to each other. Unlike a corporation, a partnership is generally not considered a separate legal entity for all purposes. Depending on the partnership agreement, its existence might terminate on the death or departure of any of its partners.

GENERAL PARTNERSHIPS

In a general partnership, the most common form of partnership, all partners are jointly and severally liable for partnership debts. Unless otherwise stated in the partnership agreement, general partners share equally in profits and losses, participate in management, have the right to refuse new partners and may enter into contracts binding the partnership. The partnership structure is frequently used by professional service organizations, such as accounting and law firms.

LIMITED PARTNERSHIPS

A limited partnership includes one or more general partners, each personally liable for partnership debts, and one or more limited partners. The liability of limited partners is limited to the extent of their capital contributions. Limited partners are prohibited from actively participating in the management and operation of the partnership.

Joint Ventures

Joint ventures are any combination of two or more enterprises associated for the purpose of accomplishing a

business objective. For legal and tax purposes, if two unrelated incorporated or unincorporated businesses agree to conduct business as a non-corporate joint venture, the venture is normally considered a partnership, limited in scope and duration. Corporate joint ventures comprise two entities that form a corporation to carry out specific business objectives.

Sole Proprietorships

In a sole proprietorship, an individual directly owns the business assets and remains personally liable for its debts. Generally, few formalities need to be satisfied to operate a sole proprietorship beyond obtaining appropriate state or local licences or permits.

Branches of Foreign Corporations

A foreign corporation that establishes operations — an office, place of business, plant or other permanent establishment — in the United States must register with the state in which it will do business. What constitutes “doing business” depends on the laws of each state. Corporations failing to register properly with a state may not be able to take legal action to enforce contracts in the courts of the state and may be subject to penalties.

Structures Commonly Used by Foreign Investors

Foreign corporations often operate in the United States through a separately incorporated subsidiary rather than through a branch, primarily to minimize their potential liability. If a branch is used, all of the foreign corporation's assets, not merely U.S. assets, may be subject to liability. In contrast, if a U.S. or foreign subsidiary is used, its liability is generally limited to the assets owned by that subsidiary.

Who is Subject to U.S. Federal Tax?

Canadian companies doing business in the United States will be subject to U.S. tax on any business profits that are attributable to a permanent establishment in the United States. Thus a Canadian service firm operating in the United States will not be required to pay federal income taxes on its business profits unless it operates through a permanent establishment (although it is still required to file a U.S. tax return).

What is a Permanent Establishment?

A permanent establishment is defined in the Canada-U.S. Tax Treaty to include an office or fixed place of business, or having an employee in the United States who habitually exercises an authority in the United States to conclude contracts on behalf of the corporation. The definition could also include a client site if the corporation is rendering services at that site for an extended period of time.

When must Payments Be Made and Tax Returns Filed? What Rates Apply?

In general, 90 per cent of corporations' tax liability must be paid through estimated tax payments during the year in which the income was earned. Corporate tax returns are due either 22 weeks after the end of the company's taxation year (no permanent establishment) or 10 weeks after the end of the company's taxation year (permanent establishment). Basic 1992 federal U.S. tax rates applicable to income connected with a U.S. business were:

up to \$50 000 of taxable income	15 per cent
\$50 001 - \$75 000	25 per cent
\$75 001 - \$100 000	34 per cent
\$100 000 - \$335 000	39 per cent
\$335 001 and over	34 per cent

What Are the Tax Implications for Canadian Employees in the United States?

Canadian employees who are U.S. citizens and residents are subject to U.S. tax on their worldwide income. Canadian employees who are non-citizens and non-residents are only subject to U.S. tax on income derived from sources within the United States. Most states and some local governments also impose an individual income tax.

Under U.S. domestic law, non-citizens are considered residents if they are either a lawful permanent resident (green card holders) or if they have resided in the United States long enough to qualify under a substantial presence test. Generally, the Canada-U.S. Tax Treaty provides that if employees of the firm receive employment income that is less than \$10 000 or are present in the United States for no more than 183 days in the calendar year and the services rendered in the United States are not attributable to a U.S. permanent establishment of the Canadian firm, then the employees may be exempt from U.S. taxation on their U.S. employment income.

What Other Taxes Might There Be?

There are additional corporate and personal taxes that may be imposed on a Canadian company with a U.S. permanent establishment and employees working in the United States. These include branch taxes, estate and gift taxes, and withholding taxes on interest, dividends and licence fees.

Social security contributions are discussed in the *Operating a Business in the United States* sheet.

Most states and many municipalities impose an income tax on companies that are incorporated in the state or "doing business" in the state. A company that is doing business in several states through branch operations or other means may be taxed by each state for that portion of the company's income that is "apportionable" to the particular state. Separate tax returns may have to be filed for each state in which an establishment is maintained (and some local governments also require separate tax returns). Similarly, certain states may impose an income tax on employees living or working in that state.

Sources of Finance for Foreign Investors

Commercial banks play a central role in the complex U.S. financial systems. But a vast array of specialized institutions — savings banks, savings and loan associations, investment banks, finance companies, factors, leasing firms, insurance companies and venture capital firms — are also important sources of financing.

Lending and capital markets in the United States are closely connected, and the banking system is maintained by a dense network of correspondent relationships. Businesses large enough to need financial services in several geographic areas commonly establish relationships with banks and institutions in several different cities. Large loans are frequently arranged by a consortium of banks located in financial centers across the country.

Bank deposits are insured by the Federal Deposit Insurance Corporation (FDIC), which guarantees bank account deposits up to US\$100 000.

Short-term Credit

Lines of credit — the most widely used form of short-term financing — can be obtained from commercial banks. They are commonly issued for one-year terms and can be renewed annually. A company can maintain several lines of credit with various banks, based on its needs and creditworthiness.

The prime rate — the variable interest rate charged by a lender to its best commercial customers for short-term, unsecured loans — often serves as a reference point for the interest rate charged on a line of credit. Alternatively, the rate may be based on some other index, such as the London Inter-Bank

Offered Rate (LIBOR), which is usually higher than the prime rate. Companies negotiating a large line of credit that do not immediately need the entire amount may have to pay a fee to maintain the unused part.

Medium- and Long-term Credit

Under normal market conditions, commercial banks provide most medium-term credit (two to five years). Other sources of medium- and long-term credit are well-capitalized commercial finance companies, insurance companies, leasing firms and pension funds.

Privately negotiated loans or bond placements, usually arranged by investment bankers, provide lending terms tailored to the needs of the borrower. In addition, because no underwriting is required, they allow the borrower to avoid some of the costs and delays of public offering. In April 1990, the Securities and Exchange Commission (SEC) relaxed its disclosure requirements, allowing foreign companies to quickly execute such financing in the United States.

Stock and Bond Issues

The public capital market is another source of funds for financing the investment and expansion requirements of businesses in the United States. Foreign companies or their U.S. subsidiaries have full access to the U.S. public capital market, although requirements for listing on U.S. stock exchanges are generally more extensive and stringent than those of other countries.

Getting Information on State Registration Requirements

Disclosure requirements for public offerings of securities normally permit a foreign issuer to prepare its financial statements under accounting principles generally accepted in the issuer's home country. However, if there are any material differences between those principles and U.S. Generally Accepted Accounting Principles (GAAP), a reconciliation of the issuer's income statement and balance sheet to U.S. GAAP must be included. Because of the disclosure rules of the SEC and the complexity of its other requirements, foreign companies often prefer to either make private placements or finance their U.S. operations with funds from abroad.

The Secretary of State in each state provides information on state registration requirements. Ask for a staff person specializing in tax matters for firms at the following numbers.

ALABAMA	Montgomery	(205) 261-7210
ALASKA	Juneau	(907) 465-3520
ARIZONA	Phoenix	(602) 542-4285
ARKANSAS	Little Rock	(501) 682-1010
CALIFORNIA	Sacramento	(916) 445-6371
COLORADO	Denver	(303) 894-2200
CONNECTICUT	Hartford	(203) 566-2739
DELAWARE	Dover	(302) 739-4111
FLORIDA	Tallahassee	(904) 488-3680
GEORGIA	Atlanta	(404) 656-2881
HAWAII	Honolulu	(808) 586-0255
IDAHO	Boise	(208) 334-2300
ILLINOIS	Springfield	(217) 782-2201
INDIANA	Indianapolis	(317) 232-6531
IOWA	Des Moines	(515) 281-5865
KANSAS	Topeka	(913) 296-2236
KENTUCKY	Frankfort	(502) 564-3490
LOUISIANA	Baton Rouge	(504) 925-4704
MAINE	Augusta	(207) 289-3638
MARYLAND	Annapolis	(301) 974-3421
MASSACHUSETTS	Boston	(617) 727-2800
MICHIGAN	Lansing	(517) 373-2510
MINNESOTA	St. Paul	(612) 296-2079
MISSISSIPPI	Jackson	(601) 359-1350
MISSOURI	Jefferson City	(314) 751-4195
MONTANA	Helena	(406) 444-2034
NEBRASKA	Lincoln	(402) 471-2554
NEVADA	Carson City	(702) 687-5203
NEW HAMPSHIRE	Concord	(603) 271-3242
NEW JERSEY	Trenton	(609) 984-1900
NEW MEXICO	Santa Fe	(505) 827-3601

Who Can Answer Tax-Related Questions?



NEW YORK	Albany	(518) 474-4750
NORTH CAROLINA	Raleigh	(919) 733-5140
NORTH DAKOTA	Bismarck	(701) 224-2905
OHIO	Columbus	(614) 466-2655
OKLAHOMA	Oklahoma City	(405) 521-3911
OREGON	Salem	(503) 378-4139
PENNSYLVANIA	Harrisburg	(717) 787-7630
RHODE ISLAND	Providence	(401) 277-2357
SOUTH CAROLINA	Columbia	(803) 734-2155
SOUTH DAKOTA	Pierre	(605) 773-3537
TENNESSEE	Nashville	(615) 741-2816
TEXAS	Austin	(512) 463-5701
UTAH	Salt Lake City	(801) 538-1040
VERMONT	Montpelier	(802) 828-2363
VIRGINIA	Richmond	(804) 786-2441
WASHINGTON	Olympia	(206) 753-7121
WEST VIRGINIA	Charleston	(304) 345-4000
WISCONSIN	Madison	(608) 266-5801
WYOMING	Cheyenne	(307) 777-7378
WASHINGTON D.C.	Washington	(202) 727-6306

The Department of Revenue in each state administers state tax laws, processes the state taxes and help firms with tax-related questions. Ask for a staff person specializing in tax matters for firms at the following numbers.

ALABAMA	Montgomery	(205) 242-1175
ALASKA	Anchorage	(907) 276-5364
ARIZONA	Phoenix	(602) 255-3381
ARKANSAS	Little Rock	(501) 682-7000
CALIFORNIA	Sacramento	(916) 369-4543
COLORADO	Denver	(303) 866-3091
CONNECTICUT	Hartford	(203) 566-7120
DELAWARE	Willmington	(302) 371-3315
FLORIDA	Tallahassee	(904) 488-5050
GEORGIA	Atlanta	(404) 656-4015
HAWAII	Honolulu	(808) 548-7650
IDAHO	Boise	(208) 334-7500
ILLINOIS	Springfield	(217) 785-2602
INDIANA	Indianapolis	(317) 232-2101
IOWA	Des Moines	(515) 281-3204
KANSAS	Topeka	(913) 296-3909
KENTUCKY	Frankfort	(502) 564-3226
LOUISIANA	Baton Rouge	(504) 925-7680
MAINE	Augusta	(207) 289-2076
MARYLAND	Annapolis	(301) 974-3801
MASSACHUSETTS	Boston	(617) 727-4201
MICHIGAN	Lansing	(517) 373-3196
MINNESOTA	St. Paul	(612) 296-6185
MISSISSIPPI	Jackson	(601) 359-1100
MISSOURI	Jefferson City	(314) 751-4450
MONTANA	Helena	(406) 444-2460
NEBRASKA	Lincoln	(402) 471-2971
NEVADA	Carson City	(702) 687-4892
NEW HAMPSHIRE	Concord	(603) 271-2191
NEW JERSEY	Trenton	(609) 292-7191
NEW MEXICO	Santa Fe	(505) 827-0341
NEW YORK	Albany	(518) 457-2244
NORTH CAROLINA	Raleigh	(919) 733-7211

NORTH DAKOTA	Bismarck	(701) 224-2770
OHIO	Columbus	(614) 466-2166
OKLAHOMA	Oklahoma City	(405) 521-3115
OREGON	Salem	(503) 378-3363
PENNSYLVANIA	Harrisburg	(717) 783-3680
RHODE ISLAND	Providence	(401) 277-3050
SOUTH CAROLINA	Columbia	(803) 737-9820
SOUTH DAKOTA	Pierre	(605) 773-3311
TENNESSEE	Nashville	(615) 741-2549
TEXAS	Austin	(512) 472-5059
UTAH	Salt Lake City	(801) 538-8820
VERMONT	Montpelier	(802) 828-3221
VIRGINIA	Richmond	(804) 371-8100
WASHINGTON	Seattle	(206) 464-5404
WEST VIRGINIA	Charleston	(304) 324-0400
WISCONSIN	Madison	(608) 266-1767
WYOMING	Cheyenne	(307) 777-6412
WASHINGTON D.C.	Washington	(206) 464-5404

The State Administrative Officials Classified by Function document, described earlier, lists names of "international trade" individuals in each state who will help you open an office, register in the state, and so on.

ALABAMA	Fred Denton	Montgomery	(205) 263-0048
ALASKA	William Noll	Juneau	(907) 561-5545
ARIZONA	James E. Marsh	Phoenix	(602) 280-1306
ARKANSAS	Maria Haley	Little Rock	(501) 682-7678
CALIFORNIA	Julie Wright	Sacramento	(916) 322-3962
COLORADO	Morgan Smith	Denver	(303) 892-3852
CONNECTICUT	Gary H. Miller	Middletown	(203) 258-4258
DELAWARE	John J. Casey Jr.	Delaware City	(302) 739-4271
FLORIDA	Buddy MacKay	Tallahassee	(904) 488-4711
GEORGIA	Randolph B. Cardoza	Atlanta	(404) 656-3573
HAWAII	Murray E. Towill	Honolulu	(808) 548-6914
IDAHO	David P.N. Christensen	Boise	(208) 334-2470
ILLINOIS	Jan Grayson	Springfield	(217) 785-1032
INDIANA	Phillip M. Grebe	Indianapolis	(317) 232-8845
IOWA	Mike Doyle	Des Moines	(515) 242-4729
KANSAS	Jim Beckley	Topeka	(913) 296-4027
KENTUCKY	Gene C. Royalty	Frankfort	(502) 564-2170
LOUISIANA	Ben Ross	Baton Rouge	(504) 342-9232
MAINE	Lynn Wachtel	Augusta	(207) 289-2656
MARYLAND	Eric Feldman	Baltimore	(301) 333-4295
MASSACHUSETTS	Abbie Goodman	Boston	(617) 367-1830
MICHIGAN	Field Reichardt	Lansing	(517) 373-6390
MINNESOTA	George Crolick	St. Paul	(612) 297-1580
MISSISSIPPI	Jay Moon	Jackson	(601) 359-3449
MISSOURI	Bob Black	Jefferson City	(314) 751-4855
MONTANA	Pat Owen	Helena	(406) 444-3111
NEBRASKA	Steve Buttress	Lincoln	(402) 471-3111
NEVADA	Jim Spoo	Carson City	(702) 687-4325
NEW HAMPSHIRE	Dawn Wivell	Concord	(603) 271-2591
NEW JERSEY	A. Philip Ferzen	Newark	(201) 648-3518
NEW MEXICO	Roberto Castillo	Santa Fe	(505) 827-0309
NEW YORK	Vincent Tese	Albany	(518) 474-4100
NORTH CAROLINA	Dick Quinlan	Raleigh	(919) 733-7193

NORTH DAKOTA	<i>Vacancy</i>	Bismarck	(701) 224-2810
OHIO	<i>Vacancy</i>	Columbus	(614) 466-5017
OKLAHOMA	<i>Gary H. Miller</i>	Oklahoma City	(405) 843-9770
OREGON	<i>Glenn Ford</i>	Portland	(503) 229-5625
PENNSYLVANIA	<i>Paul Haugland</i>	Harrisburg	(717) 787-7190
RHODE ISLAND	<i>Joseph Paolino Jr.</i>	Providence	(401) 277-2601
SOUTH CAROLINA	<i>Will Lacey</i>	Columbia	(803) 734-1400
SOUTH DAKOTA	<i>Darrell Butterwick</i>	Pierre	(605) 773-5032
TENNESSEE	<i>Bob Parsons</i>	Nashville	(615) 741-2549
TEXAS	<i>Vacancy</i>	Austin	(512) 472-5059
UTAH	<i>J. Ralph Atkin</i>	Salt Lake City	(801) 538-8820
VERMONT	<i>Ron MacKinnon</i>	Montpelier	(802) 828-3221
VIRGINIA	<i>Hugh D. Keogh</i>	Richmond	(804) 371-8100
WASHINGTON	<i>Jeanne Cobb</i>	Olympia	(206) 476-5404
WEST VIRGINIA	<i>Ann Johnson</i>	Charleston	(304) 324-0400
WISCONSIN	<i>Ralph Graner</i>	Madison	(608) 266-1767
WYOMING	<i>J. Vincent Devine</i>	Cheyenne	(307) 777-6412
WASHINGTON D.C.	<i>Jeanne Cobb</i>	Washington	(206) 464-5404



External Affairs and
International Trade Canada Affaires extérieures et
Commerce extérieur Canada



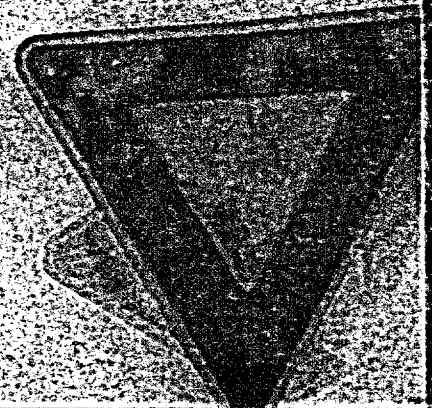
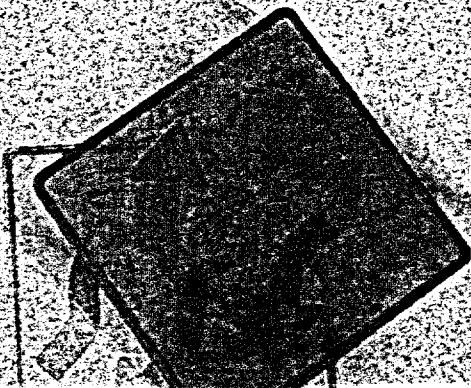
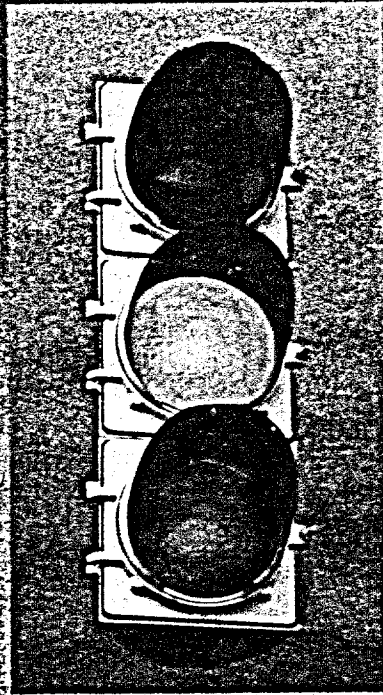
Industry, Science and
Technology Canada Industrie, Sciences et
Technologie Canada



CANADIAN
EXPORTERS'
ASSOCIATION ASSOCIATION
DES EXPORTATEURS
CANADIENS

THE ROAD TO SUCCESS

*Things to do before
leaving Canada*



About this Booklet

"I'VE BEEN EXPORTING FOR ALMOST TWENTY YEARS. I KNOW WHAT IT'S LIKE TO BE SMALL AND LOOKING TO EXPORT YOUR SERVICES. I HAVE FOUND THAT THERE IS A LOT THAT CANADIAN COMPANIES DO NOT DO BEFORE ATTEMPTING TO ENTER THE U.S. MARKET — THINGS THAT CAN MAKE THE DIFFERENCE BETWEEN SUCCESS AND FAILURE."

Dr. Dorothy Riddle

President and CEO

Service-Growth Consultants Inc.

Many firms attempt to enter the U.S. market when they are relatively unprepared, and are disappointed when their efforts do not result in any return or leads. Experienced exporters insist that a lot of preparation is usually necessary.

This booklet contains things to consider while still in Canada, before you visit the United States. If you are just starting to consider the U.S. market, you should read the Red booklet before you read this one.

Some topics will be of particular interest to these functional areas of your firm — strategic planning, market development and operations.

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Getting Your Customers' Attention in the Competitive U.S. Market

To be successful in the U.S. market, you **must** be able to succinctly communicate your unique expertise and why it will matter to potential customers. These three questions are designed to help you do just that. Answer each of them in 25 words or less.

You are in an elevator and are asked
"WHAT SERVICE DOES YOUR COMPANY PROVIDE?"

You are face to face with a potential client and are asked
"WHY SHOULD I BUY FROM YOU?"

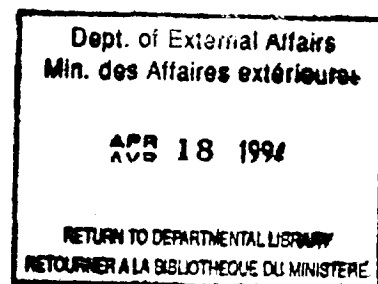
You are in a meeting with a potential client and are asked
"WHAT DISTINGUISHES YOU FROM YOUR COMPETITORS?"

Emphasizing Your Uniqueness

This page asks you to succinctly describe your service, expertise and uniqueness. Potential U.S. customers or strategic allies will be interested in several factors. For example, when completing the questions on the previous page, did you remember to include:

- your experience in delivering quality service quickly?
- international projects and experience that might be complementary to potential U.S. partners or customers?
- free trials, service guarantees and other features that may distinguish you from your competitors?
- your multilingual capability, which may interest potential U.S. partners who themselves may be targeting non-English-speaking countries?
- your experience in selling to the Canadian government, which may attract U.S. firms trying to get Canadian government contracts?
- how your service can save potential partners or customers money?

Remember that being seen as unique and targeting a particular niche market are both important aids to profitability.



You may have to tailor your message for different types of contacts. Once you have a lead statement — a statement of the main service you provide, you must address each contact's particular priorities. Here is an example of how to do this using a fictitious firm, XYZ Architects, that has been in business for 15 years and has not yet done work in the United States.

Opening statement for all contacts:

We design multi-unit urban residential facilities, fully accessible to the physically disabled.

U.S. contact	Since the contact can provide:	Then XYZ's next statement should be:
Professional association	Credibility and networking	All our architects are licensed in at least two provinces, and our major clients are _____.
Media	Coverage and credibility	We have developed innovative approaches to providing fully accessible housing at a moderate cost. For example, _____.
Influencers	Networking	We won the _____ Award in 19____ and are looking for a strategic partner in the Southwestern United States.
Government buyers	Potential customers	We have done two contracts for Supply and Services Canada and have completed contracts in Spain and Jamaica.
Architectural firms	Potential partners	We have 10 architects on staff specializing in _____ and we won the _____ Award in 19____.
Engineering firms	Potential partners or clients or referrals	We are experienced in joint ventures and our major clients are _____.
Universities/research firms	Potential partners or suppliers	We have 10 architects on staff specializing in _____ and we are looking for a strategic partner in the Southwestern United States.
Canadian Trade Officers	Major link with the U.S. market	We are experienced in joint ventures and seek a strategic partner in Southwestern United States.

What would you emphasize about your firm to each U.S. contact? _____

Your potential customers don't have a 'widget' to inspect, so they use your marketing tools to guess at the quality of service you are likely to offer. Therefore, you need to make sure that those tools create the impression you want. Below is a check list to help you ensure top quality marketing tools.

Marketing Tool	Desired Impression	Are Yours?
Business card	excellent quality	<input type="checkbox"/> easy to read <input type="checkbox"/> in contemporary colours <input type="checkbox"/> consistent across staff <input type="checkbox"/> distinctive* <input type="checkbox"/> informative**
Brochures	world class	<input type="checkbox"/> offset/laser printed <input type="checkbox"/> easy to scan <input type="checkbox"/> informative**
Customer lists	experienced	<input type="checkbox"/> comprehensive <input type="checkbox"/> up-to-date <input type="checkbox"/> grouped for scanning
Customer testimonials	highly recommended	<input type="checkbox"/> representative <input type="checkbox"/> from top executives <input type="checkbox"/> included in brochure
Media pieces	recognized leader	<input type="checkbox"/> quoted in brochure <input type="checkbox"/> reproduced on letterhead <input type="checkbox"/> displayed in office <input type="checkbox"/> mailed out
Videos	sophisticated	<input type="checkbox"/> professionally produced <input type="checkbox"/> feature and benefit oriented <input type="checkbox"/> short <input type="checkbox"/> easy to get
Diskettes	leading edge	<input type="checkbox"/> menu-driven <input type="checkbox"/> easy to use <input type="checkbox"/> short <input type="checkbox"/> graphics oriented

* If you don't need the back of the business card for translation, consider using it to:

- help contacts remember the types of services you provide by listing your major services; or
- provide useful information (e.g., metric conversion) so that contacts keep your card handy.

**Check to make sure that the following items are not missing:

- area code in front of phone/fax numbers;
- fax number; and
- complete address, including province and country (Canada).

Handling Success

Success in the United States will result in more business and increased work for your staff. It is important to plan early how you will handle these demands. Here are some options you may wish to explore.

- Adjust your hours of operation to match the hours of your potential customers in the United States.
- Consider a 1-800 number to increase your accessibility for U.S. customers.
- Analyze job responsibilities to determine whether changes or new staff will be needed to handle increased demand at reception, accounts or contract support.
- Establish contingency plans or engage subcontractors to help you handle increased demand for your service.
- Enhance your ability to manage currency swings through techniques such as establishing U.S. dollar accounts or hedging on the futures market.
- Talk with your accountant or lawyer about whether you are in a position to expand in the United States.

Networking With Your Own Customers

Past and present customers often represent one of the best business development resources that you have. If they are pleased with your work, they can be useful in several ways, including the following:

1. adding credibility to your service by being quoted in your literature or acting as references.
2. furnishing referrals to a parent company, subsidiary or affiliate firm in the United States that requires services similar to those you have already provided.
3. introducing you to their customers and contacts in U.S. companies, governments or other organizations.
4. acting as a joint venture partner to explore U.S. market opportunities.

Using the Media Effectively

"I THINK IT'S CRITICAL IF YOU WANT TO GET YOUR NAME KNOWN THAT YOU ARE IN A BUSINESS AREA TO NOT JUST ADVERTISE, BUT IF IT'S A TECHNICAL PUBLICATION, TO MAKE SURE YOUR PEOPLE PROVIDE THE TECHNICAL PAPERS, COMMENTARY — ANYTHING THAT THE JOURNALISTS WILL LET YOU DO."

Garth Lawrence

*Manager, Business Development
Intera Information Technologies Corp.*

A wide range of publicity opportunities are available to companies. This page examines **trade publications**. **Exposure through the media will offer you instant credibility in the competitive U.S. market.** The following will help you understand the opportunities and assess their value:

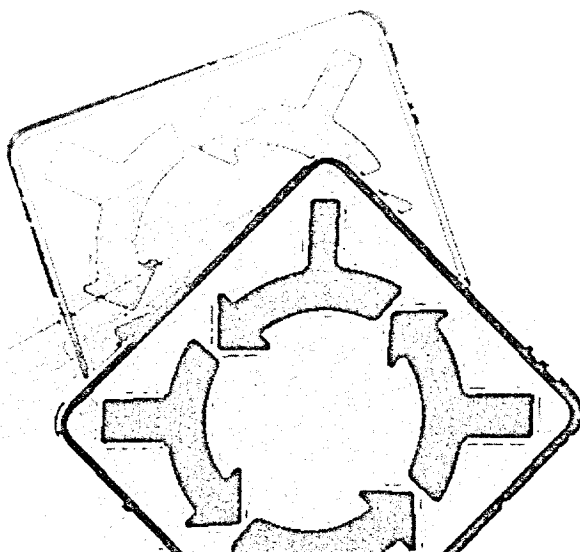
A) Trend-Setting Services

In the case of a new service, you should start publicity well before and continue it well after you are ready to introduce the service to the market. Carefully cultivate relationships with key analysts and editors. The various means available to you for publicity are:

NON-DISCLOSURE AGREEMENTS. To make sure coverage 'breaks' on a certain date, get industry analysts, journalists and commentators who want advance information about unannounced services to respect non-disclosure agreements and embargo news coverage until a specified date.

DEMONSTRATIONS.

Seeing is believing, and many writers, editors, analysts and other opinion leaders will want to experience a service first-hand. Consider making a short video or mock-up of how the new service will work, emphasizing customer benefits compared with existing services. Editors will also want to interview a company executive who can talk about the service and company positioning.



TOPICAL SPECIALISTS.

Identify people who are market segment specialists. You can use this listing to find reporters, industry analysts, newsletter editors and others who will influence market and media reaction to your product. This techniques helps you keep your service in the media well beyond the initial announcement.

AWARDS.

Receiving an award for a unique or specialized service is the ultimate form of approval and recognition. Many publications recognize service excellence with annual awards. Knowing when judging takes place is important because your PR person can make an effort to highlight your service's strengths to the judges.

B) Company Promotion

A positive portrayal of your company in the press can yield great results, such as investor interest, support for your product and gains in market share. There are two types of company promotion:

COMPANY NEWS.

Company news is quite distinct from specific product or service news and is usually of interest to different journalists and writers who follow the industry. It can include information on business deals, financial performance and personnel. It can also cover such subjects as mergers and acquisitions, quarterly earnings, and promotions and hirings of top executives.

COMPANY PROFILE.

Trade publications often cover companies that are industry leaders. To sell writers and editors on the idea of profiling your company, approach them with their publications' audience and editorial approach clearly in mind. Promote a story idea with a compelling angle that fits the publication's editorial mission.

C) Feature Articles

Journalists will want to know how writing about your company's product or service will serve their readers. Understand their readership. Ask for an audience profile. There are many types of feature articles, such as:

CASE STUDY. Case studies can be good publicity opportunities because you demonstrate how your services succeed in the real world and get press coverage for one of your top customers. Writers are hungry for profiles of customers' real world successes.

TREND STORY. There are four types of trend stories: End User, Industry, Society and Technology. To pursue a trend story opportunity, you need to show where your company and product message fit into or illustrate a larger trend and supply the journalist with the background necessary to write the story. Your chances of placing a trend-related feature are better when you can offer the names of satisfied users who can speak about your contribution to that trend and when you speak with authority about your competition.

D) Miscellaneous Publicity

There are other types of publicity that do not fall under product, service or company promotion, but can be important and effective nonetheless. These range from book reviews and events listings to interviews, personality profiles and public appearances. Even the rumour columns and insider news can be creative means for publicity.

E) Media Tours

The U.S. Trade and Tourism Development Division of External Affairs and International Trade Canada sponsors several media tours to large U.S. cities. Selected firms offering unique services are introduced to several local editors on an individual basis. Contact the Department at (613) 944-9440 for more information.

Sources of Canadian Financial Assistance

There are several financing possibilities and services available to support your export efforts.

1. Banks

As of 1992, Canadian firms had approximately \$25 billion in loans outstanding to Canadian service firms. If you need additional financing for your export plan, your banker should be your first point of contact. To get bank financing, you will need to supply a copy of your export plan. Relevant market studies, CVs of key personnel involved, available collateral, cash flow and repayment projects, and financial statements may also be required. Canadian banks can help you with:

- a) Market intelligence — local market information through their U.S. branches.
- b) Trade support services — collection services, foreign exchange, travellers' cheques and international money orders.
- c) Risk coverage — guarantees, letters of credit, swaps and managing exchange risk.
- d) U.S. currency accounts in Canada.

2. Export Development Corporation (EDC)

Canadian banks face risk taking security in foreign receivables, even in the U.S. market. Consider obtaining EDC export credit insurance to protect against non-payment of receivables. Check the blue pages of your telephone directory for the EDC office nearest you.

Which Canadian Government Programs Can Help You?

3. Federal Business Development Bank (FBDB)

If your bank can't assume the risk of lending to your firm, then it may refer you to FBDB. However, you can usually get FBDB services through your banker. This Crown corporation gives particular attention to the needs of small- and medium-sized businesses, providing loans, loan guarantees and planning and investment banking.

4. Other Sources

You can also get financing through venture capital companies, leasing companies, alliances (joint ventures, etc.) with other private companies, and private and public placements of equity.

The federal and provincial governments offer a wide range of services and programs to help exporters to the United States. For example, there are several Canadian Consulates with Trade Commissioners across the United States, providing a valuable source of contacts and logistical support. Call or fax the appropriate official in the region you selected for help in implementing your export plan.

As well, Doreen Conrad (613-944-9440) of External Affairs and International Trade Canada (EAITC) in Ottawa is responsible for promoting exports of Canadian services to the United States. She plans several events that could help you enter the market.

The following are other programs and activities that you may find beneficial:

1. Marketing Information and Assistance

The International Trade Development Branch of EAITC administers the following programs:

a) The Program for Export Market Development (PEMD) is a cost-sharing assistance program that helps your company participate in, or undertake, various types of export promotion activities such as trade fairs, visits outside Canada to identify markets, incoming visits of foreign buyers to Canada, project bidding and formulating marketing agreements. Contact the nearest International Trade Centre for information.

b) The World Information Network for Exports (WIN Exports) is a computerized directory of Canadian exporters designed to help trade development offices around the world respond to opportunities identified in their territory. Listing your firm with WIN provides you with export opportunities.

c) The Info Export Toll Free Number (1-800-267-8376) provides information and answers general questions on exporting.

2. Industry and Market Studies, Directories and Seminars

EAITC and Industry, Science and Technology Canada (ISTC) publish market studies and directories. They also sponsor seminars and workshops for industry groups on specific subjects. A list of ISTC contacts is included in this kit.

3. Mission Programs

EAITC sponsors various incoming and outgoing missions where you can meet key decision-makers from the United States. This program includes New Exporters to Border States (NEBS) missions that walk your firm through the entire exporting process and can help you meet potential U.S. partners.

4. Trade Shows

These are one way you can introduce new services, raise awareness about your capabilities, establish representation and do business. EAITC often establishes a Canadian pavilion at trade shows. Sectoral marketing officers keep lists of U.S. trade shows that may interest Canadian firms.

**Industry, Science and
Technology Canada
Contact List for Service
and Construction
Industries**

GENERAL INFORMATION
(613) 954-2991

BUSINESS AND PROFESSIONAL SERVICES
(613) 954-2988

Sectors: **Banking**
**Commercial Education
and Training**
Insurance
Leasing
Physical Security
Venture Capital

DISTRIBUTION SERVICES
(613) 954-2954

Sectors: **Air Cargo**
Courier
Customs Brokerage
Food
Franchising
Freight Forwarding
Mail Order or Catalogue
Marine
Port Services
Public Warehousing
Rail Transportation
Retail
Trading Houses
Trucking
Vehicle Rental
Vending
**Wholesale (merchants,
agents and brokers)**

CONSULTING AND ENGINEERING SERVICES
(613) 954-2981

Sectors: **Accounting**
Agricultural
**Design (graphic, industrial
and interior)**
Engineering
Environmental
Geomatics
Health Care
Legal
Management Consulting
**Other Scientific and
Technical**

CONSTRUCTION AND CAPITAL PROJECTS
(613) 954-2993

Sectors: **Architectural**
Capital Projects
Construction

OTHER SERVICES

Sectors: **Informatics**
(613) 954-3287
Telecommunications
(613) 954-0599
U.S. Tourism Marketing
(613) 954-3810

**What a Trade Commissioner Can
Do For You**

"WE NEED YOU TO SPECIFY TO US WHAT IT IS THAT YOU'RE LOOKING FOR. IN TURN, WE WILL USE THE EXTENSIVE NETWORK OF CONTACTS THAT WE DO ESTABLISH IN OUR RESPECTIVE REGIONS, AND USE DATABANKS AS WELL AS OUR LIBRARY, WHICH CONTAINS ALL KINDS OF DIRECTORIES, MARKET SURVEYS AND PUBLICATIONS THAT MIGHT BE USEFUL TO YOUR PARTICULAR SECTOR."

Marta Moszczenska

Trade Commissioner
Canadian Consulate General
Boston, MA

External Affairs and International Trade Canada has trade centres located in almost every region of Canada, and more than 20 trade offices and consulates in the United States. The U.S. consulates are staffed by trade commissioners and commercial officers who have good knowledge of the local environment and can help you penetrate the market and region in question. The scope of help you can expect is outlined below:

They can help you by:

They cannot help you by:

<i>screening local industry contacts.</i>	<i>selecting potential customers.</i>
<i>identifying market opportunities, if any.</i>	<i>evaluating contract potential.</i>
<i>identifying potential strategic allies.</i>	<i>selecting potential strategic allies.</i>
<i>identifying potential customers once the type of customer has been clarified.</i>	<i>selecting potential customers.</i>
<i>advising on who the key decision makers are.</i>	<i>acting as your sales agent.</i>
<i>advising on government bidding procedures.</i>	<i>preparing tenders for you.</i>
<i>advising on practices and regulations, including trade agreements.</i>	<i>helping you get exempted from "Buy America" restrictions.</i>
<i>advising on local competition and market characteristics.</i>	<i>developing your marketing plan.</i>
<i>providing information on upcoming events.</i>	<i>ensuring your visibility at upcoming events.</i>
<i>assisting with an initial appointment schedule.</i>	<i>accompanying you to appointments.</i>
<i>providing temporary office facilities and support during visits.</i>	<i>acting as your local office.</i>
<i>liaising with local strategic allies.</i>	<i>supervising local strategic allies.</i>
<i>advising on the settlement of overdue accounts</i>	<i>acting as a debt collector.</i>
<i>advising on local facilities (e.g., hotels).</i>	<i>acting as a travel agent.</i>

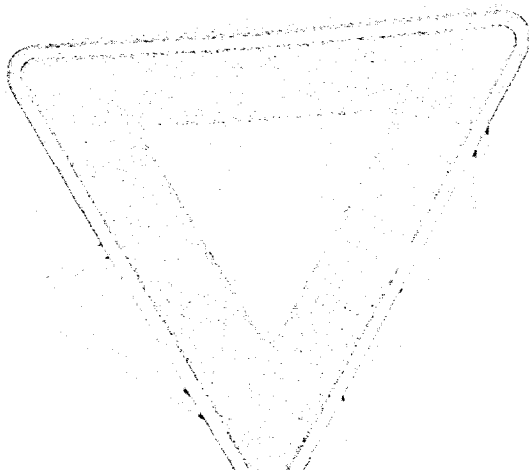
Where to Find Canadian Trade Offices in the United States

Location	Telephone	Fax
WASHINGTON D.C.	(202) 682-1740	(202) 682-7726
ATLANTA	(404) 577-6810	(404) 524-5046
BOSTON	(617) 262-3760	(617) 262-3415
BUFFALO	(716) 852-1247	(716) 852-4340
CHICAGO	(312) 616-1860	(312) 616-1877
CINCINNATI	(513) 762-7655	(513) 762-7802
CLEVELAND	(216) 771-0150	(216) 771-1688
DALLAS	(214) 922-9806	(214) 922-9815
DETROIT	(313) 567-2085	(313) 567-2164
LOS ANGELES	(213) 687-7432	(213) 620-8827
MIAMI	(305) 372-2352	(305) 374-6774
MINNEAPOLIS	(612) 333-4641	(612) 332-4061
NEW YORK	(212) 768-2400	(212) 768-2440
PHILADELPHIA	(215) 697-1264	(215) 667-8148
PITTSBURGH	(412) 392-2308	(412) 392-2317
PRINCETON	(609) 452-1929	(609) 452-2632
SAN DIEGO	(619) 546-4467	(619) 457-2844
SAN JUAN	(809) 250-0367	(809) 250-0369
SAN FRANCISCO	(415) 495-6021	(415) 541-7708
SAN JOSÉ	(408) 289-1157	(408) 289-1168
SEATTLE	(206) 443-1777	(206) 443-9735

How to Best Use the Trade Commissioner Service

This sheet offers advice from Canadian trade commissioners on how to best use their time and assistance.

1. Do as much advance homework as possible so that your requests are precise and detailed. Use the International Trade Centres (ITCs), operated jointly by External Affairs and International Trade Canada and Industry, Science and Technology Canada, located across Canada. **The ITCs should be your first point of contact.**
2. Be selective when choosing a Canadian trade commissioner to contact in the United States. Apply a personal touch (rather than mass mailing) when contacting the trade commissioner to indicate your commitment.
3. In the initial contact letter or fax, provide the information listed in the box below. Don't be too technical or send literature for distribution by the trade commissioner.
4. Follow your initial fax or letter with a telephone call to make sure your request was clear and that you can receive assistance. Review the nature and background of your request and discuss a time for a potential visit.
5. Provide at least two weeks' advance notice so the trade commissioner can locate contacts and help arrange meetings or open the appropriate doors.
6. If you are scheduling personal meetings, the trade commissioner may be able to attend if you wish.
7. Follow-up with the trade commissioner the week after the interviews to bring him or her up to date and to indicate your next steps.



TO HELP YOUR TRADE COMMISSIONER, PROVIDE THE FOLLOWING INFORMATION AS CONCISELY AS POSSIBLE:

- company data •
name, address, telephone, fax, export contact
- company profile •
date established, expertise, sales, exports, senior staff profiles
- customers •
key Canadian and international customers
- services •
types of services, key selling points for this U. S. market that distinguish your company
- export objective •
key target markets, timeframes, sales, profits
- export experience •
countries, public and private clientele, method of networking
- contacts desired •
characteristics of "influencers", and potential partners and customers
- competitors •
competitors in Canada and the United States and how you differ

Trade shows and missions can be a good way to meet potential clients and discuss opportunities. Take the following steps before, during and after trade shows and missions to increase your chances of securing business:

Step 1.

Plan ahead.

- a) Analyze how the trade mission fits with your overall marketing plan.
- b) Become knowledgeable about your industry in the United States, including trends, competitors, industry structure, industry associations, etc.
- c) Develop clear targets for business development in the U.S. market, including targets for the trade mission.
- d) Develop a list of questions you need answered on the trade mission and forward the list to the trade commissioner to help with planning.

Step 2.

Notify appropriate parties that you are coming.

Maximize the use of your time abroad by writing ahead to any contacts you may have, including potential customers and strategic partners, and industry associations. Be sure to let the trade commissioner know about your contacts well in advance of the mission.

Step 3.

Plan how you will follow up before you leave Canada.

You will be returning to piles of work in the office, and appropriate follow up can get postponed indefinitely. Before you leave, draft some standard follow up letters that will help you respond quickly and designate support staff to help you follow up.

Step 4.

Take plenty of company literature and business cards.

You will want to leave behind visual reminders of your firm and its services, so make sure that you don't run short of materials.

Step 5.

Send Professionals.

Since you won't have a product to demonstrate, make sure that you send professional staff to trade shows who are skilled in "boothmanship".

Step 6.

Be prepared for long days.

The U.S. business community starts the day with business breakfasts and ends the day with business dinners, so make use of these opportunities to meet contacts away from your booth or mission. At a booth, plan to remain on your feet and in active conversation for the duration of the show. Observe the practices and exhibits of competing firms.

Step 7.

Be prepared to act.

Make sure that you maximize your time abroad, taking advantage of free time to develop new leads or make some cold calls. If other firms are ready to talk specifics, be sure that you know what on-the-spot commitments you can make on behalf of your firm.

Step 8.

Research options for a strategic presence while you are there.

If possible, you should leave the United States with names of potential strategic partners and options for establishing a local address and phone number.

Step 9.

Follow up all possible leads.

Once you are back in Canada, follow up with all parties within 24 hours. You never know who might refer business to you in the future. Don't be disappointed if you don't win immediate business at a show or mission. Plan to return regularly to the region.

Step 10.

Follow up with the trade commissioner.

Trade commissioners can only help you effectively if they know what you are doing. So help them help you by keeping them informed and up to date.

The inclusion of services in the Canada-U.S. Free Trade Agreement (FTA) was significant. This is the first time that a trade agreement has set out binding rules and procedures to govern and liberalize trade in services. Although the services trade between the two countries has been relatively open, the main accomplishment of the FTA has been to formalize and secure access to each other's markets.

The agreement protects the current access to the U.S. market by Canadians for a broad range of commercial services. In addition, the agreement contains rules to make border crossing by service industry personnel easier. This makes it easier for new entrants to initiate market development.

Under the FTA, four categories of business travellers will find it easier to cross the Canada-U.S. border: Business Visitors, Intra-Company Transferees, Traders and Investors, and Professionals. Professionals travelling to the United States to work temporarily will be required to provide various documents at the point of entry. For more information, see the page on *Preparing to Enter the United States*.

Professionals travelling to the United States to work temporarily in the profession for which they are qualified are covered. The following is a list of professions that are covered by the FTA travel provisions:

Professional Services Included in the Business Travel Provisions of the FTA:

(meeting minimum educational requirements)

- ACCOUNTANT
- ARCHITECT
- COMPUTER SYSTEMS ANALYST
- DISASTER RELIEF INSURANCE CLAIMS ADJUSTER
- ECONOMIST
- ENGINEER
- FORESTER
- GRAPHIC DESIGNER
- HOTEL MANAGER
- LAND SURVEYOR
- LANDSCAPE ARCHITECT
- LAWYER
- LIBRARIAN
- MANAGEMENT CONSULTANT
- MATHEMATICIAN
- MEDICAL/ALLIED PROFESSIONAL
 - Clinical Lab Technologist
 - Dentist
 - Dietician
 - Medical Technologist
 - Nutritionist
 - Occupational Therapist
 - Pharmacist
 - Physician
 - Physio/Physical Therapist
 - Psychologist
 - Recreational Therapist
 - Registered Nurse
 - Veterinarian
- RANGE MANAGER
- RESEARCH ASSISTANT
- SCIENTIFIC TECHNICIAN/TECHNOLOGIST

SCIENTIST

- Agriculturist (Agronomist)
- Animal Breeder
- Animal Scientist
- Apiculturist
- Astronomer
- Biochemist
- Biologist
- Chemist
- Dairy Scientist
- Entomologist
- Geneticist
- Geologist
- Geophysicist
- Horticulturist
- Meteorologist
- Pharmacologist
- Physicist
- Plant Breeder
- Poultry Scientist
- Soil Scientist
- Zoologist

SOCIAL WORKER

SILVICULTURIST (FORESTRY SPECIALIST)

TEACHER

- College
- Seminary
- University

URBAN PLANNER

VOCATIONAL COUNSELLOR

Services Covered by the FTA:

The FTA sets rules for bilateral services trade that will be applied to many service industries. For a list of these industries, ask for a copy of *The Canada-U.S. Free Trade Agreement and Services* by calling InfoExport at 1-800-267-8376.

General Impact

The North American Free Trade Agreement (NAFTA) provides wider coverage of cross-border trade in services than the Canada-United States Free Trade Agreement (FTA).

Like the FTA, the NAFTA requires that accredited professions be licensed on the basis of competence and in the least trade restrictive manner. However, the NAFTA exceeds the FTA provisions on services in two important respects.

First, it bans requirements for citizenship or permanent residency as a condition for accreditation and licensing of professions. Canada, the United States and Mexico have agreed to eliminate any such requirements over two years in all professions. Second, the NAFTA develops a generic blueprint through which all professional service industries can recognize professionals accredited in the other countries (based on education, competence, experience, etc.).

For non-accredited service industries, there are no licensing barriers to cross-border work, although the usual immigration requirements still apply. These are quite easily accommodated through the "temporary entry" provisions, which cover 63 professional categories. Essentially this requires Canadian service providers to show a pre-arranged contract and document their expertise before receiving a work permit.

*Impact on Specific Service Sectors***PROFESSIONAL SERVICES**

Mexico has agreed to open its market to business and professional services, including management, engineering, accounting and foreign legal consulting services. The NAFTA will simplify temporary entry procedures for business persons and place fewer restrictions on professionals. Such travellers will not pay duty on accompanying tools and equipment.

The NAFTA establishes work programs to facilitate the cross-border exchange of engineering and foreign legal consulting services. A regime of temporary licensing for engineers will be developed over three years after NAFTA is implemented, allowing Canadian engineers easier access to U.S. and Mexican markets.

The generic blueprint described above is already being applied in certain professional service industries. Accountants, engineers, architects and actuaries in the three countries are meeting trilaterally and progressing on matters of mutual accreditation.

FINANCIAL SERVICES

Under the NAFTA, Mexico will provide full access to its market after a transition period. Canadian banks, trust companies, securities brokers and insurance companies will be able to open subsidiaries, invest in and acquire ownership of financial institutions in Mexico. The NAFTA improves on the FTA by establishing principles to which all countries must adhere, including equal treatment for foreign-owned and domestic firms. Also, for the first time, this sector will be subject to dispute settlement provisions.

TRANSPORTATION AND OTHER SERVICES

NAFTA is the first international trade agreement to cover all modes of transportation. The NAFTA locks in open markets for busing, trucking and rail between Canada and the United States and opens up the previously closed Mexican trucking market. Full cross-border and investment liberalization in international trucking services in Mexico is to be achieved over the next 10 years. Liberalization of land transport activities is accompanied by a six-year work program to harmonize standards. The trucking industry has been opened, allowing Canadian transporters to carry cargo from Canada to the United States and onward to Mexico more freely. Domestic carriers retain the exclusive right to haul cargo in their own country.

For the first time, specialty air services have been included, creating opportunities for Canadian suppliers, particularly in the high-tech area (aerial mapping and surveying) in both the United States and Mexico. Canada and Mexico have agreed to maintain their relatively open international maritime shipping market.

Like the FTA, the NAFTA excludes basic telecommunications, such as local and long-distance telephone services. However, enhanced services (e.g., advanced data-processing services) are covered and Mexico will be phasing out all remaining restrictions. This will encourage North America-wide competition in the latest telecommunications and computer services.



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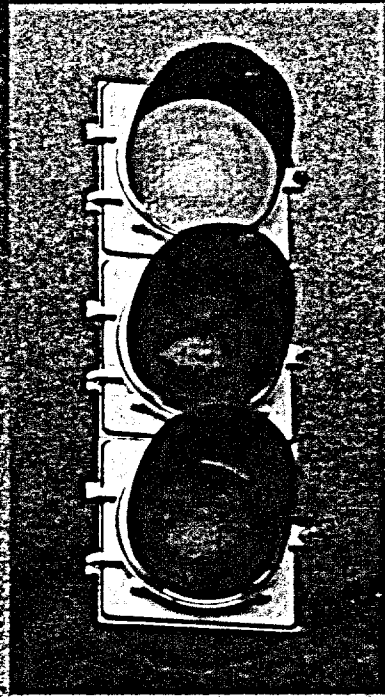
Industry, Science and
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Industrie, Sciences et
Technologie Canada

Canada

THE ROAD TO SUCCESS

*Things to do before
leaving your office*



About this Booklet

"I WOULD ADVISE THAT SMALL CANADIAN SERVICE FIRMS SHOULD REALLY KNOW THEIR STRENGTHS; KNOW THEIR NICHE MARKETS."

Eliseo Temprano

Principal

Temprano Associates Inc.

Many firms attempt to enter the U.S. market when they are relatively unprepared, and are disappointed when their efforts do not result in any return or leads. Experienced exporters insist that a lot of preparation is usually necessary.

This is the first booklet in the Road to Success series. It contains things to consider as you begin to prepare your export effort and before going to the United States.

Some topics will be of particular interest to these functional areas of your firm — strategic planning, market development and operations.

Contents of the Red Pages

3	Positioning Yourself for Export Success (checklist)
4	Is the U.S. that Different?
5	Why the U.S. Market?
6	Is the U.S. Market Right for You? (checklist)
7	How to Select a Region
7	Sources of Market Research Information
8	U.S. Market Studies for Canadian Service Exporters
9	Getting the Most from Market Research Interviews
9	Identifying Potential Service Industry Customers
10	Identifying Potential Manufacturing Customers
10	Developing an Effective Export Plan (checklist)
11	Export Plan Worksheet (checklist)

Dept. of External Affairs
Min. des Affaires extérieures

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Positioning Yourself for Export Success

Why will a U.S. customer buy from you instead of from the U.S. firm down the street? Because your abilities best match their needs. So your first critical task is to identify what it is about your abilities that sets you apart from your competitors.

Step 1: Fill in what makes you different (i.e., anything out of the ordinary):

DIFFERENTIATION BASIS	YOUR FIRM			
Type of expertise	_____			
Range of expertise	<input type="checkbox"/> specialized	<input type="checkbox"/> multidisciplinary		
Type of customer	<input type="checkbox"/> government	<input type="checkbox"/> private	<input type="checkbox"/> nonprofit	
Size of customer	<input type="checkbox"/> small	<input type="checkbox"/> medium	<input type="checkbox"/> large	<input type="checkbox"/> MNEs
Size of sales/contracts	<input type="checkbox"/> \$.1-.5 million	<input type="checkbox"/> \$.6-1.0 million	<input type="checkbox"/> \$1.1 million +	
Geographic experience	In Canada: _____			
	Abroad: _____			
World class performance	Meet _____ standards.			
	Awards: _____			
Track record	_____ % on time	_____ % on/under budget		
Quality assurance	_____			
Other	_____			

Step 2: Highlight your one or two most important features described in Step 1.

You will want to focus your export development resources on promoting these features and finding potential customers who value them.

Step 3: Determine the strategic implications of Step 2 by completing the following:

"Because we choose to compete based on _____, we need to prepare by"
(check any that apply):

- Modifying our promotional materials
- Getting testimonials from the following customers _____
- Getting referrals from the following customers _____
- Preparing professional presentation papers _____

Step 4: Determine who and where you will target based on your answers in Step 1:

Primary customer need _____

Type of customer _____

U.S. region/city _____

Yes. And one of the common errors that firms make when planning to enter the U.S. market is to underestimate the differences between the United States and Canada because there are so many similarities. The differences may be only of degree, but independent research and the experiences of Canadians doing business in the United States have shown that **the following five cultural differences can influence buying habits and make or break a deal:**

1. U.S. views

Americans continue to see the United States as 'number one' worldwide and people in business may have a hard time accepting that they can learn from others. In addition to knowing your buying rights under the Canada-U.S. Free Trade Agreement (FTA), be aware that U.S. customers are likely to respond positively if you can show them that **your service can reinforce their top position.**

2. U.S. ethnocentrism

Americans are somewhat isolationist and mistrustful of foreigners. In contrast to Canada's multicultural approach, the United States has always pressed new immigrants to blend in. While being foreign is initially a disadvantage, once you are in the door Americans view Canadians as ethical, trustworthy, committed business partners and very knowledgeable about international business.

3. U.S. pragmatism

Americans are generally practical. They want to know "what's in it for them" in dollars and cents. Although they may be friendly and sociable, they won't do business unless they can compare options and are convinced they have gotten the best deal possible. Be prepared for hard-sell, comparative marketing and expect some hard bargaining. Most executives expect they will have to modify their first offer.

4. U.S. entrepreneurship

U.S. business lore is filled with stories of executives that "pulled themselves up by their own bootstraps." The typical businessperson is wary of government interference and has little respect for someone who expects or condones government assistance. The U.S. private sector keeps a much greater distance from government than in Canada, and your approach to private sector clients must reflect creative entrepreneurship. The United States is one of the few markets where visible support from the Canadian government can be a liability rather than an asset.

5. U.S. initiative

Time is money for U.S. businesses, and most communities of any size are equipped with 24-hour business support services. Potential customers will be sensitive to how quickly you respond. If you want the business, be prepared to provide same-day turnaround or at least a response within 24 hours. Similarly, be prepared for the fact that Americans are rapid deal makers. They are often ready to get started before you even realize the deal has been closed.

The U.S. market is attractive for many reasons:

1. It's next door.

Although Canadian sales need not be restricted to border states, it's worth noting that these states have a population approximately double that of Canada.

2. It's relatively open and has a similar business culture.

The United States is one of the world's most open markets. Canadian firms can sell there with relative freedom, especially with the help of trade agreements. Business concepts and practices are very similar to those in Canada.

3. It's huge and diverse.

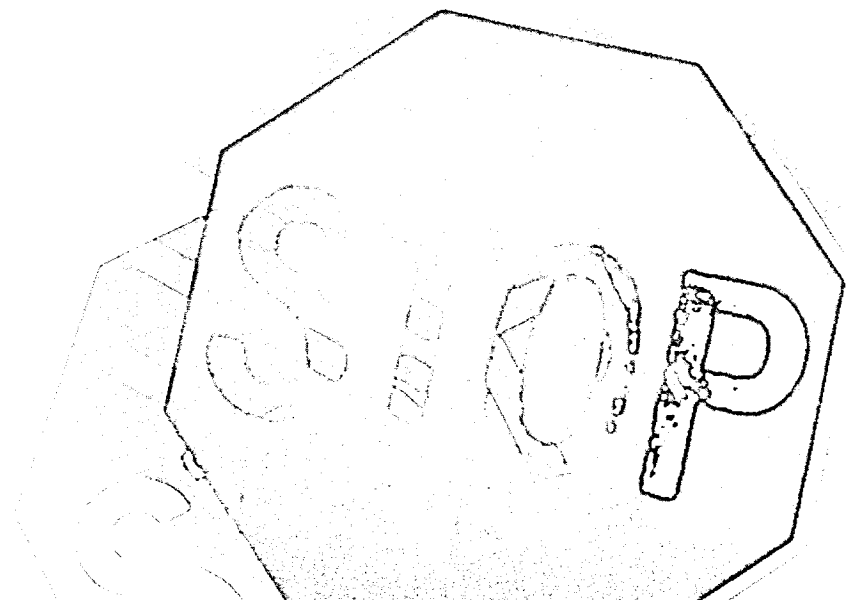
The annual market for environmental services, health and engineering services, among others, rank in the tens of billions of dollars. As well, the U.S. market is not one market. It has 50 states, each with more than one-half million people. It has 41 cities with over one million people. It has at least six major geographic regions, each larger than Canada. Even within your targeted region and segment, the market will likely be larger than the entire Canadian market.

4. Many small Canadian service firms have already been successful there.

A recent survey by the Canadian Exporters' Association found that 53 per cent of Canadian service firms successful in the United States were small firms (fewer than 50 employees).

5. There are opportunities for partnerships.

Because American service firms are increasingly looking at opportunities in major Canadian markets, you can form partnerships that help your partner in Canada and you in the United States. And partnerships allow you to effectively counteract "Buy America" and other protectionist tendencies. As well, there may be opportunities to jointly enter Mexican and other markets.



6 **Is the U.S. Market Right for You?**

While the United States can be a lucrative market, it is also highly competitive and can be expensive to enter. You need to be sure that the United States is a good match for your growth plans *before* making the necessary resource investment. The enclosed **diskette** and this page are intended to help you **assess your export readiness** for the U.S. market.

Please check the option for each item that best describes your firm:

	Column A	Column B
Expected return on market development codes	<input type="checkbox"/> <i>within 6 months</i>	<input type="checkbox"/> <i>within 24 months</i>
Excess production capacity	<input type="checkbox"/> <i>temporary</i>	<input type="checkbox"/> <i>permanent</i>
Unique capabilities	<input type="checkbox"/> <i>national class</i>	<input type="checkbox"/> <i>world class</i>
Match between unique capabilities and the U.S. market	<input type="checkbox"/> <i>unclear</i>	<input type="checkbox"/> <i>excellent</i>
Experienced primarily in	<input type="checkbox"/> <i>local markets</i>	<input type="checkbox"/> <i>global markets</i>
Experience working with partners in Canada	<input type="checkbox"/> <i>minimal</i>	<input type="checkbox"/> <i>extensive</i>
Senior management's commitment to export initiatives	<input type="checkbox"/> <i>mediocre</i>	<input type="checkbox"/> <i>high</i>
Aware of and prepared to meet U.S. legal requirements	<input type="checkbox"/> <i>not really</i>	<input type="checkbox"/> <i>very</i>
Ready to close on deals	<input type="checkbox"/> <i>unsure</i>	<input type="checkbox"/> <i>definitely</i>
Willing to "give as well as take"	<input type="checkbox"/> <i>unsure</i>	<input type="checkbox"/> <i>definitely</i>
Ability for 24-hour turnaround service	<input type="checkbox"/> <i>inconsistent</i>	<input type="checkbox"/> <i>consistent</i>
Able to ensure service excellence	<input type="checkbox"/> <i>inconsistent</i>	<input type="checkbox"/> <i>consistent</i>
Financial resources	<input type="checkbox"/> <i>limited</i>	<input type="checkbox"/> <i>whatever it takes</i>
Staff's willingness to adapt to different business customs	<input type="checkbox"/> <i>low</i>	<input type="checkbox"/> <i>high</i>
Senior staff's willingness to travel and market services	<input type="checkbox"/> <i>low</i>	<input type="checkbox"/> <i>high</i>

If you selected mainly "Column A" options:

As the U.S. market is not generally known for quick returns on investment, it is probably not your best choice. Consider expanding within Canada or developing additional business with your present customer base.

If you selected mainly "Column B" options:

Your capabilities are similar to firms that have been successful in the United States. With careful planning, you should be able to sell successfully in the United States.

If you selected a mix of "Column A" and "Column B" options:

You need to evaluate how realistic your export goals are. With an appropriate export objective (see the *Export Plan Worksheet*), you should be able to succeed.

How to Select a Region

The United States is a huge market; in fact, it represents many markets. For instance, the United States has 41 cities with more than one million people compared with three in Canada. That's why it's important to focus on the city or region that best matches your ideal market profile. Review the market characteristics that you identified in the *Positioning Yourself for Export Success* sheet and the export objective you identified in your export plan. Then ask yourself the following questions:

1. What unique regional features could help increase the demand for your service?
2. Where do you or your Canadian customers already have business contacts?
3. Which region offers the easiest and most economical travel arrangements?
4. Which region already has ties to your community? (for example, Vancouver and the Pacific Northwest)
5. Where is it easiest for your firm to enter the market? (Consider reciprocal licensing arrangements or local incentives.)
6. Where do you personally want to travel regularly? (Consider your personal preferences or friends, family or alumnae in the region.)
7. Can External Affairs and International Trade Canada or your local International Trade Centre provide advice or guidance?

Once you have made your initial selection, start researching the region in more depth (through its business journals, industry associations, local contacts and other sources).

Sources of Market Research Information

Market research includes literature searches, reviews of existing studies and documents, telephone interviews with sources of assistance, and telephone and personal interviews with potential customers. You can access the following sources from your Canadian office. They may help you identify potential strategic allies or clients.

THE OFFICE OF SERVICE INDUSTRIES (OSI) (phone: (202) 482-3575) is part of the U.S. federal Department of Commerce. The OSI pursues three activities: industry analysis, trade policy and trade development. Officers handle particular service sectors and are generally a good source of information on the industry. The following officers may be of assistance to Canadian firms:

- Architecture, Construction Services — Jack Randolph (202) 482-5226
- Health Care Services — Simon Francis (202) 482-2697
- Information Services — Robert Atkins (202) 482-4781
- Operations, Maintenance, Environmental Services — Jim Walsh (202) 482-5131
- Professional Services (Accounting, Consulting, Legal) — Mark Chittum (202) 482-0345
- Transportation Services — Bill Johnson (202) 482-5012

INDUSTRY ASSOCIATIONS are a useful source of both contacts and market information. They often produce journals, membership lists and statistics, as well as convene annual or regular conventions.

GENERAL INTEREST MAGAZINES, trade magazines and newsletters are valuable sources of information on industry trends. Subscriptions to trade magazines are often available free at trade shows. The *U.S. Industrial Outlook*, produced by the Department of Commerce, is a good source of information on industry trends, characteristics and forecasts.

POTENTIAL CUSTOMERS AND ALLIANCE PARTNERS are an important source of market information.

UNIVERSITIES are often channels for government and industry contracts. For example, many federal purchases of environmental and engineering services are channelled through universities. Some universities, including the following, have also developed specialized expertise and knowledge in service industries and offer seminars for the local business community:

- Arizona State University, First Interstate Center for Services Marketing
- Texas A&M School of Business (services marketing research)
- University of California at Los Angeles
- Wharton School of Business

CHAMBERS OF COMMERCE AND WORLD TRADE CENTERS are often good sources of information on the local business community and can provide you with local contacts. They may also have local facilities and resources that can be used by members.

U.S. Market Studies for Canadian Service Exporters

FEDERAL, STATE AND LOCAL GOVERNMENT OFFICIALS are a major source of contracts and information. For example, the Environmental Protection Agency increases its knowledge base and implements new legislation by annually contracting several hundred million dollars worth of service contracts. Officials in state economic development departments are often good sources of information on local industries, needs, trends, etc.

Information obtained through market research helps you to:

- quantify market size and growth;
- select priority regions and cities;
- identify contacts for further information;
- identify and scope out leads;
- identify and screen potential alliance partners;
- identify sources of financial assistance;
- identify sources of government assistance and information; and
- identify potential barriers such as licensing requirements.

Note that directory assistance in the U.S. can be reached by dialing the appropriate area code followed by 555-1212.

Architecture:

Export of Architectural Services: A Review of Opportunities and Obstacles

Precision, Planning, and Perseverance: Exporting Architectural Services to the United States

Reviving America's Urban Cores: Downtown and Waterfront Potential Along the Atlantic Seaboard and West Coast Region

Opportunities for Canadian Architects at the 1996 Olympics, Atlanta, Georgia

Computer Services:

A Guide to Business Opportunities in New York State for Canadian Software Developers, Canadian Consulate General, 3000 Murray Midland Centre, Buffalo, N.Y., 14203. March Mokka, Phone (716) 852-1247, Fax (716) 852-4340.

How to Distribute Software in the U.S.A.

Construction:

Penetrating the United States' Construction Market

Engineering:

Penetrating the U.S. Environmental Engineering Market: Prospects and Strategies for Canadian Consulting Engineers, Association of Consulting Engineers of Canada, 130 Albert St., Suite 616, Ottawa, Ontario, K1P 5G4. Carolyn Brown, Phone (613) 236-0569, Fax (613) 236-6193.

Geomatics:

The U.S. Market: Prospects and Entry Strategies for the Canadian Geomatics Industry

Various:

Mini Market Studies of Opportunities in the Northeastern U.S. for Interior Design, Public Relations, Financial Services, Environmental Services, Geomatics, Training, Construction and Scientific, Engineering and Management Consulting

To order: call the U.S. Trade and Tourism Development Division of External Affairs and International Trade Canada at (613) 944-9441.



Getting the Most from Market Research Interviews

If you decide to do market research through interviews or contract to have some done, here are some tips to help ensure the outcome is useful.

1. Set objectives

Before starting, ask yourself "What kind of information would help reduce the risk of entering a new market? What is the respondent likely to know about your potential market?" Choose some "must know" questions to ask, in case you can't conduct a long interview. For critical items, ask similar questions of more than one person so that you can get a feel for the range of reactions.

2. Revise objectives

The objectives of an interview may change as you progress. Analyze responses and revise questions as you move forward. Probe further in subsequent interviews. Generally, later interviews are used to fill information gaps or to confirm views obtained in earlier research.

3. Ask simple, open-ended questions and probe the responses

Ask open-ended questions such as "What types of services are contracted out in your industry?" You may need to give examples of responses to prompt the person. Avoid questions that elicit simple yes or no answers unless that's all you want to know. Also, ask the respondent "If you were in my position, who would you go and see? Which companies? What job function? Who, by name?" Finally, ask if you can call back in case you missed something.

4. Help the respondent be specific

If someone answers big or large, ask them to be more specific. Does it mean 1000 or 10 000, 10 per cent or 50 per cent? If they respond with "We often use this service," ask "How often and in what ways?"

5. Make it interesting

Most people like to talk about their business. Let them talk, while keeping them to the point. Offer some of your experiences to make them feel they are also benefiting.

6. Keep it short and simple

Don't take more of the respondent's time than you need. Cover the key points – the fewer, the better – and then see whether the respondent wants to continue talking.

7. Start with the least important interviews

Leave key interviews to the last, when you have polished your approach and have a sense of where gaps may exist.

8. Keep track

Take good notes. Fill out and expand these notes immediately after the interview so the maximum information is recorded. Studies in the U.S. have shown that half of the value of an interview is lost if it is not written up within one week.

Identifying Potential Service Industry Customers

The Ward's Business Directory, *Service Industries USA*, is a comprehensive collection of analyses, statistics and company listings covering 150 service industries and providing information on 4 000 companies. It is available from Gale Research at (313) 961-2242 for US\$169.

Here's an example of how a Canadian environmental consulting firm might use this directory. The firm has developed a particular niche helping photofinishing laboratories with their chemical processes and disposal. They would refer to SIC code 7384 (Photofinishing Laboratories) to get information on the U.S. industry size and structure, as well as a listing of main establishments, contacts, size and location.

If Illinois were the state of most interest, the directory would show that there are 242 photofinishing laboratory establishments in that state. Contacts at the top six Illinois firms would also be provided.

Identifying Potential Manufacturing Customers

Manufacturing companies often need help designing products, cleaning up environmental problems, improving their production process, marketing their product, implementing new systems and taking care of other functions. The *Manufacturing U.S.A.* directory encompasses 460 manufacturing industries and provides information on 26 000 companies. The directory is an invaluable source for Canadian firms interested in selling their solutions and expertise to U.S. manufacturers. It is available from Gale Research at (313) 961-2242 for US\$169. Libraries should also have a copy.

Here's an example of how a meat processing services company might use this directory. The Nova Scotia firm provides systems improvement to a Canadian meat processing company. The firm would examine SIC Code 2013 (Sausage and other Prepared Meats). This section of the directory provides fairly detailed information on the size, structure, recent performance and trends in the U.S. industry, as well as a comprehensive listing of main companies, contacts, size and location.

If the firm wanted to target the Eastern Seaboard States, the directory would indicate that 80 meat processors operate in Pennsylvania, 111 in New York State, etc. Immediate contacts in the Eastern Seaboard region could then be identified from among 14 firms listed.

Developing an Effective Export Plan

An export plan describes your firm's export objectives and details the steps necessary to achieve them. It should tie in all your strategic export planning work so that you can be sure that all members of your firm have common goals.

If you do not have an export plan, use the worksheet on the next page to help develop one. If you already have one (or a marketing plan that covers export activities), you can evaluate its potential effectiveness by answering these questions. Circle the applicable answer:

1. Is your U.S. export objective clearly stated?
 YES NO
2. Is the objective's rationale clear?
 YES NO
3. Are the resource implications, such as additional staff, clear?
 YES NO
4. Have the objective, rationale and resources you need been approved by top management?
 YES NO
5. Does the plan contain a clear set of steps to achieve your objective?
 YES NO
6. Have specific staff members been assigned responsibility for each step?
 YES NO
7. Has an overall schedule been developed for achieving the export objective?
 YES NO
8. Have reporting deadlines been set for at least the first steps?
 YES NO
9. Has a "go"/"no go" point been identified to determine whether exporting to the United States will be profitable for your firm and worth pursuing?
 YES NO
10. Have performance or sales targets been set to evaluate whether the export objective has been achieved?
 YES NO

If you answered "YES" to each of the above questions, you are in a good strategic position to move ahead. If you answered "NO" to some, you may wish to review the items on the following page to help you fine-tune your plan.

Export Plan Worksheet

U.S. Export Objective

To export _____ service to _____
(type of service) (target market)

with a _____ sales target within _____
(sales volume) (timeframe)

and a profit margin of _____ per cent by _____
(target date)

Rationale

Market opportunity: _____

Uniqueness to exploit: _____

Resources Needed (assess each area):

- Staff adequate assign (_____) to exporting hire
- Financing adequate increase line of credit obtain loan
- Internal systems streamlining no need improve (_____)

Market Entry Strategies (check which ones you want to use):

- Media profile (which media?) Local presence (what type?)
- Canadian government assistance (what type?) Strategic partners (what type?)
- Promotional materials enhancement (what changes?)
- Acquiring licences (which states?)

Performance Evaluation

"Go"/"No Go" point: _____ Break-even date: _____

Sales targets at: 6 months _____ 18 months _____
12 months _____ 24 months _____

Initial Steps	Responsible Party	Deadline	Success Criterion
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____



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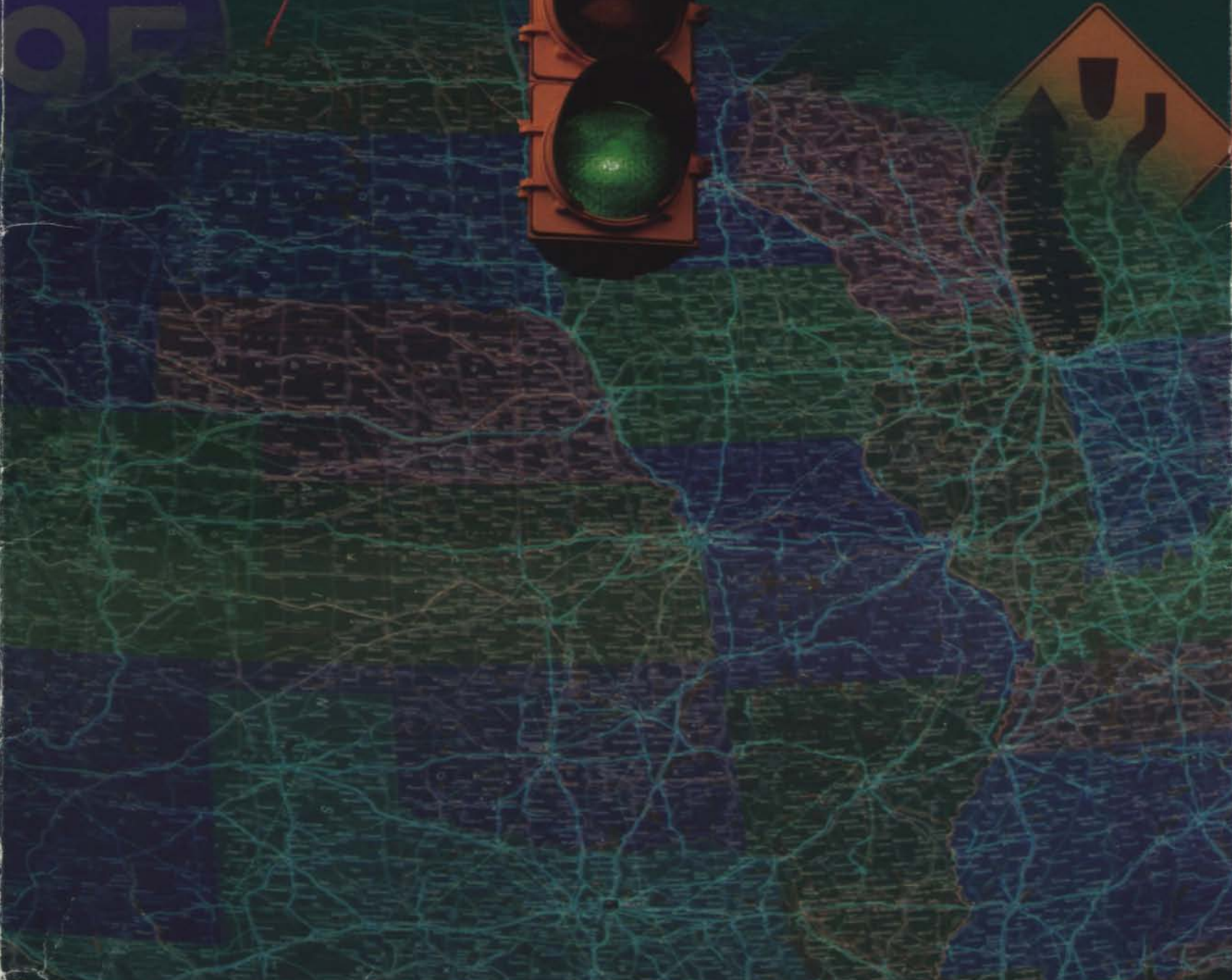


CANADIAN
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DES EXPORTATEURS
CANADIENS

THE ROAD TO SUCCESS

Exporting Services to the United States

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About this Kit

This kit

- is aimed at small business and professional services firms that either have not yet become profitable in the U.S. market or have not yet attempted to export to the United States
- answers more than 60 common questions asked by service firms about entering the U.S. market
- was written with the help of several successful large and small exporters representing a variety of services sectors
- focuses on these themes:
 - assessing your export readiness
 - deciding whether the U.S. market is right for you
 - preparing to enter the U.S. market
 - understanding immigration, licensing and legal requirements
 - deciding on the right market entry strategy and local presence options
 - finding sources of information and help

The suggestions and advice contained in this kit do not depict the only road to success in the United States: the road you choose will depend on any number of factors, such as the uniqueness of your services, your past experience and the size of your company. The kit's purpose is to get you started and thinking about some of the things you will need to consider to become profitable in the huge and diverse U.S. market. The information is based on advice from successful exporting companies that we interviewed from across Canada.

Organization

The information in this kit is organized in three parts:

- planning you should do in your office, such as selecting a region to target or identifying customers;
- preparations you should make before you leave Canada, such as how to use your existing customer base and finding out about government programs that can help you in the U.S. market; and
- steps to take in the United States, such as identifying industry associations, state purchasers, financing options and work requirements.

The information is presented mostly in one-page snapshots, with references and several checklists that you can use to customize your firm's market entry strategy.

This kit can be used . . .

If you're just thinking about the U.S. market

- Review the contents of the kit with your staff to get a feel for what exporting will involve.
- Develop a timetable for completing the checklists in the Red and Amber booklets and complete them, before moving on to the Green booklet.
- Identify the pages that apply to you and distribute them to staff responsible for strategic planning, marketing or operations.

If you have already done some export planning

- Identify the areas that need additional work on your part.
- Use the checklists to test the effectiveness of the export planning that you have done.

CANADIAN COMPANIES
ARE SELLING SERVICES IN
THE UNITED STATES AND
YOU CAN TOO

This kit contains...

A 40-MINUTE VHS VIDEO THAT INCLUDES:

- interviews with several successful exporters responding to many common questions asked by service firms;
- an interview with the U. S. Embassy in Ottawa on the requirements for routine business visits to and working in the United States; and
- tips on how your firm might use this kit.

A 3.5" LOW DENSITY 740 KB FLOPPY DISKETTE THAT INCLUDES A SERIES OF QUESTIONS TO HELP YOU ASSESS YOUR FIRM'S COMPETITIVENESS AND EXPORT READINESS. THE QUESTIONS TAKE ONLY 15-20 MINUTES TO COMPLETE.

Hardware requirements:

IBM PC compatible computer with DOS 5.0 and 512 Kb of RAM.

THREE COLOUR-CODED BOOKLETS AND ORDER FORMS:

Booklet 1 (RED)

Things to consider if you are thinking about selling services in the U. S. market

Booklet 2 (AMBER)

Things to do in Canada as you prepare to enter the U. S. market

Booklet 3 (GREEN)

Going to the United States



ORDER FORM

	QUANTITY	COST/KIT	COST
PLEASE SEND KIT (INCLUDES 3 BOOKLETS, DISKETTE AND 40-MINUTE VIDEO) <u>THE ROAD TO SUCCESS: EXPORTING SERVICES TO THE U.S.</u>	_____	x \$29.95	= \$ _____
PLEASE SEND THE FOLLOW-UP VIDEO (28 MINUTES) <u>STEPS TO SUCCESS: EXPORTING TO THE U.S.</u>	_____	x \$19.95	= \$ _____
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"THE SERVICE SECTOR IS VITALLY IMPORTANT TO THE HEALTH OF THE CANADIAN ECONOMY. WE ARE TAKING STEPS TO ENSURE THAT THE SERVICE SECTOR COMPANIES GET THE SUPPORT THEY REQUIRE AND DESERVE."

Allen Kilpatrick

*Deputy Minister for International Trade
External Affairs and International Trade Canada*

"THE U.S.A. IS, LIKE IT OR NOT, THE WORLD'S MOST COMPETITIVE AND DEMANDING ECONOMY WITH THE MOST MARKET OPPORTUNITY AND I FELT WE MUST LEARN TO BE AMONG THE BEST THERE, AND IF WE FAIL TO DO IT NOW, WE EVENTUALLY WILL BE OVERRUN BY THE U.S. COMPANIES WHO BRANCH INTO THE INTERNATIONAL MARKET."

Doug Seaborn

*President and C.E.O.
Geovision Systems Inc.*

"AMERICANS ARE NOT ANTI-CANADIAN AND THEY WELCOME NEW IDEAS AND NEW TECHNIQUES."

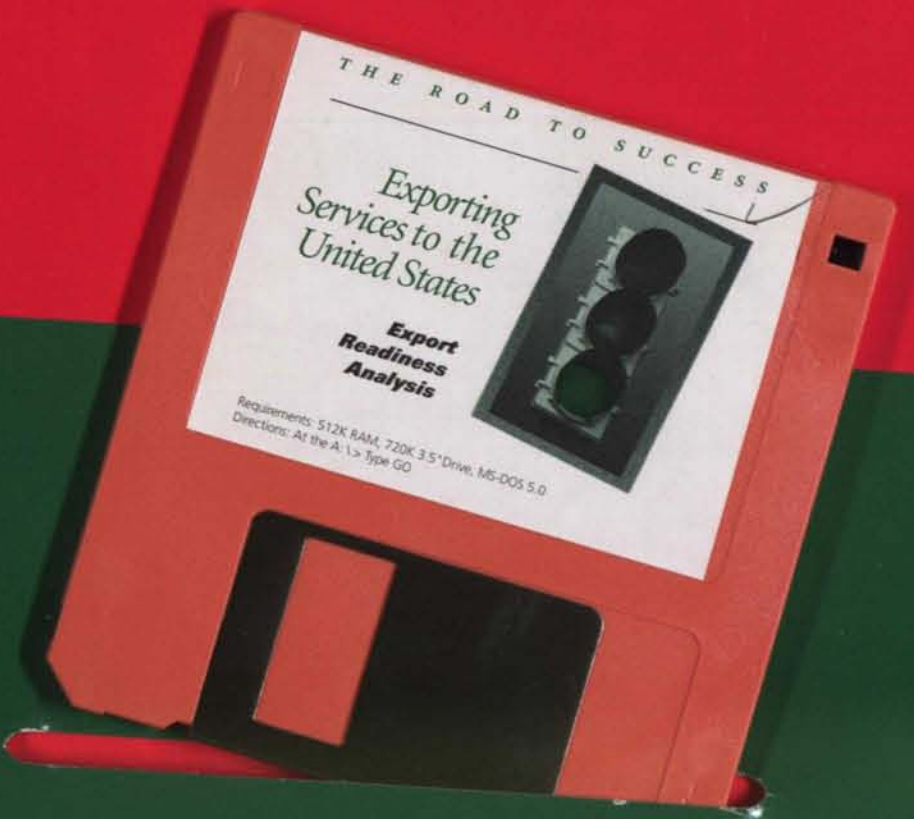
Garth Lawrence

*Manager, Business Development
Intera Information Technologies Corp.*

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I N F O R M A T I O N R E Q U E S T F O R M



External Affairs and International Trade Canada and the Canadian Exporters' Association want to help you sell your services to the U.S. market. The following brief survey will help us to identify your interest in receiving more information on exporting services to the U.S. You will also be helping us to measure the effectiveness of the Information Kit entitled "*The Road to Success – Exporting Services to the U.S.*"

Please complete this survey and return it in the self-addressed, postage paid envelope provided.

Q1 Do you wish to receive up-dates to this information Kit as they are produced?
 Yes No

Q2 Events are being planned on a number of topics. For which of the following topics would you be interested in receiving additional information:

- | | |
|--|--|
| <input type="checkbox"/> Management Consulting | <input type="checkbox"/> Construction Services |
| <input type="checkbox"/> Architecture | <input type="checkbox"/> Interior Design |
| <input type="checkbox"/> Consulting Engineering | <input type="checkbox"/> Environmental Services |
| <input type="checkbox"/> Information Technology Services | <input type="checkbox"/> Transportation |
| <input type="checkbox"/> Telecommunications | <input type="checkbox"/> U.S. State Government Procurement |
| <input type="checkbox"/> Geomatics | <input type="checkbox"/> U.S. Federal Government Procurement |
| <input type="checkbox"/> Air Specialty Services | |

Q3 To what mailing address do you wish to have up-dates and event information sent:

Name: _____
 Title: _____
 Company: _____
 Address: _____

 Telephone #: _____
 Type of Business: _____

Q4 Did you have any difficulties in ordering your Information Kit?
 Yes No

If "Yes", please explain _____

Q5 How useful were each of the components of the Information Kit:

Components of the Kit	Usefulness				
	<i>Not Very Useful</i>			<i>Very Useful</i>	
Booklets:	1	2	3	4	5
Things to do before leaving your office (Red)	1	2	3	4	5
Things to do before leaving Canada (Amber)	1	2	3	4	5
Things to do in the United States (Green)	1	2	3	4	5
Menu Driven Diskette	1	2	3	4	5
Video of Practical Service Export Questions	1	2	3	4	5

Specific Comments: _____

Q6 Would you recommend this Information Kit to other business people in the service sector?
 Yes No

ORDER FORM

	QUANTITY	COST/KIT	COST
PLEASE SEND KIT (INCLUDES 3 BOOKLETS, DISKETTE AND 40-MINUTE VIDEO) <u>THE ROAD TO SUCCESS:</u> <u>EXPORTING SERVICES TO THE U.S.</u>	_____	x \$29.95	= \$ _____
PLEASE SEND THE FOLLOW-UP VIDEO (28 MINUTES) <u>STEPS TO SUCCESS:</u> <u>EXPORTING TO THE U.S.</u>	_____	x \$19.95	= \$ _____
PLEASE SEND <u>BOTH</u> THE KIT AND THE FOLLOW-UP VIDEO	_____	x \$44.95	= \$ _____
SUBTOTAL			\$ _____
7% GST (REGISTRATION #R106845688)			\$ _____
TOTAL PAYMENT ENCLOSED			\$ _____

NAME/TITLE: _____

COMPANY/ASSOCIATION: _____

ADDRESS: _____

CITY: _____ PROVINCE: _____ POSTAL CODE: _____

TELEPHONE: _____ FAX: _____

PLEASE MAKE CHEQUE OR MONEY ORDER PAYABLE TO:
CANADIAN EXPORTERS' ASSOCIATION
250-99 BANK STREET
OTTAWA, ONTARIO
K1P 6B9

****C.O.D. ORDERS WILL NOT BE ACCEPTED.****

****PAYMENT MUST BE RECEIVED BEFORE KITS/VIDEOS WILL BE SHIPPED.****



THE ROAD TO SUCCESS

Exporting Services to the United States

ADDED FEATURE!!

If you are considering selling your firm's services in the U.S., then you should see...

STEPS TO SUCCESS: EXPORTING TO THE U.S.

...a 28-minute video that describes the six critical steps to becoming a successful service exporter to the American market.

This video, produced by External Affairs & International Trade Canada and the Canadian Exporters' Association, features practical tips from Dr. Dorothy Riddle, a Canadian consultant specializing in service sector development. Dr. Riddle highlights the important differences between marketing services and selling products to Americans.

***STEPS TO SUCCESS: EXPORTING TO THE U.S.** is full of practical advice and useful tips for small and mid-sized business and professional service firms that want to take advantage of opportunities flowing from the Canada-U.S. Free Trade Agreement. This video will help you to:*

- * pinpoint your niche in the U.S. market*
- * prepare for the fast-paced U.S. business scene*
- * identify your best client prospects*
- * establish your firm's profile in the U.S.*
- * start selling to American prospects*
- * follow through to get new clients.*

If you are planning to expand your service business into the United States, the information in this video could save you hundreds of hours of marketing time, and thousands of dollars in selling costs.

YOU CAN ORDER YOUR COPY OF "STEPS TO SUCCESS: EXPORTING TO THE U.S." BY MAILING THE FORM ON THE REVERSE SIDE ALONG WITH A CHEQUE OR MONEY ORDER IN THE AMOUNT OF \$19.95, PLUS GST.

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OTTAWA ON K1P 9Z9**

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 CANADIAN EXPORTERS' ASSOCIATION ASSOCIATION DES EXPORTATEURS CANADIENS

Canada



PACIFIC