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Consultations Report
**IFI Bidding – Success Factors
and Support Needs**

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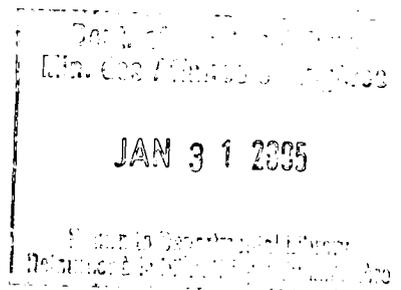
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Section 1
Introduction

1.1 The Purpose of these Consultations

The Export Financing Division [TBF] of the Department of Foreign Affairs and International Trade helps Canadian companies market their goods and services to projects financed by international financing institutions, such as the World Bank. To be able to do this, DFAIT-TCS consults its clients and potential clients periodically to find out what specific IFI-related tools and skills they need to pursue IFI-funded business opportunities.

In 2000 and 2001, the Export Financing Division undertook consultations to identify the key success factors and the problems and challenges companies presently face in marketing to the IFIs and to IFI-financed projects. The consultations were conducted in accordance with the guidelines for consultations of the Treasury Board Secretariat.

We emphasize that this is a report of consultations. It states what the interviewees said when they described their situation, made observations about bidding success factors and support needs, and suggested improvements. We have organized but not filtered the material.

1.2 The Companies and Organizations Consulted

The consultations in 2000 focused mainly on Canada's professional services companies since they are the most numerous among those that have successfully bid on IFI work. In 2001 consultations focused on firms that either undertook civil works or supplied goods and equipment, in order to balance the sample of companies. The companies interviewed are shown in Annex 1. They can be classified as six types, according to their involvement in IFI procurement, as follows:

1. Major Works [+ services, equipment]
2. Minor Works [+ services, equipment]
3. Goods/Equipment only
4. Services only
5. Agents
6. Associations

Consultations have been held with companies and organizations that had success with IFI marketing, since these would likely have insights based on their successful marketing experience. After lessons are learned from these consultations, DFAIT intends, in future, to consult more broadly with companies that have not participated in IFI-bidding, or, if they have, have not been successful. This will complete the cycle of consultations.

Companies that have successfully bid for IFI work were identified from lists supplied by the office of the Canadian Executive Directors at the World Bank, the Caribbean Development Bank, the Asian Development Bank, the Inter-American Development Bank and the African

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Development Bank. The Export Financing Division constructed a database of companies that have won contracts in IFI-funded projects over the past five years. These companies are prime contractors. Other Canadian companies that have been sub-contractors on these and other projects do not appear. The sample of companies for this round of consultations was selected from this database. The sample was selected to be representative of the type of company, the regions of Canada, the IFI-funder, borrower countries [or blocs of countries], sector, type of contract [goods or services], size of contract, size of company, and experience with bidding IFI-funded contracts based on the number of contracts won over the past five years.

In each company in the consultations sample, the team identified the key person to interview. This person was the one most knowledgeable about IFI-related bidding. In some cases this was the chief executive or chief operating officer, and in other cases it was the head of marketing or a person dedicated to international marketing. Companies were interviewed in the areas centred on Montreal, Ottawa, Toronto, Calgary and Vancouver. The industrial sectors included transportation, hydro energy, manufacturing, information technology, transportation, oil and gas, tertiary education, geomatics, municipal infrastructure, software, remote sensing hardware, agriculture, resort hotels, major construction projects, multimedia, law, railway rolling stock, rural electrification and telecommunications.

1.3 Methodology

Wherever possible, the consultations were conducted as face-to-face in-depth interviews at the office of the interviewee. In a few cases several people from the company participated in one interview. In some cases, as indicated in Annex 1, the interview was held on the telephone. In-person interviewing was time consuming but it elicited a rich set of comments and suggestions. In particular, the level of candour with which the interviewees responded would likely have been impossible to elicit any other way. Previous consultative surveys on the telephone were less successful in drawing out some of the concerns of the companies. Nevertheless, the present research was built on previous work conducted by the DFAIT OLIFIs, CPAT and others in the 1990s.

Interview guides for the consultations were based on a structured questionnaire. The interviewees were invited to identify the most important issues for discussion and the interview was largely guided by their priorities. However each interview sought, at a minimum, to complete the following tasks: review the core services provided by the Trade Commissioner Service [TCS] to its clients; understand the critical success factors which lead to the winning of IFI-funded contracts; determine what variables and inhibiting factors can influence the outcome of a bid; identify the key players and information tools that assisted the winning companies; and investigate what value the TCS provides to its clients.

Each in-person interview was written up by the consultant, as a contemporaneous record, within 24 hours of the interview. When there was a second interviewer she checked the transcript. In every case the transcript was sent to the interviewee to read, to amend and to add to, if he or she wished. It should be kept in mind that, as mentioned above, the consultations so far were exclusively with companies that had been successful in IFI

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marketing. Therefore one must be careful in drawing conclusions about needs for support. A second phase of the work will seek the views of clients who appear to be IFI-ready but who are not already experienced in successful IFI bidding. Their needs may be different from those experienced companies described in this report.

Section 2 The IFI Markets

2.1 The IFI Market – Types, Size and Canadian Participation

There are two IFI “clients”. The first is the international financial institution itself. The second is public and private organizations in developing countries financed by IFI loans or grants. The first client is the smaller one, although it is still substantial. It is almost all services.

A second way to look at the market is by the type of procurement. The traditional classification is services, civil works, and goods/equipment. We will keep to this classification for purposes of this overview, but there are clearly intermediate cases. For example, we interviewed a number of companies in niche markets that provide specialized equipment, and also the installation and/or operating services, and that undertake the minor works associated with their project. However, accepting the approximations of the classification, one can see from Table 2 that, in regard to World Bank reviewed procurement from non-borrowing member countries of which Canada is one, the market for goods is by far the largest part of the total [57%]. Consulting services is next [21%]. Civil works is third [18%].

Table 1: Classification of the IFI Markets

	Services	Goods/Equipment	Civil Works
IFI = the client	✓	✓	
Developing country client	✓	✓	✓

The World Bank is by far the largest procurer among the multi-lateral development banks, and so is a good illustration of Canada’s supply performance. [Table 2]

Table 2: World Bank [IBRD, IDA] Procurement, Borrowing Member Countries and Non-BMCs, and Canadian Firms’ Share [FY1998] US\$ millions

	Non-BMCs	BMCs	Total	Canada	Canada/Non-BMCs
Civil Works	652	227	880	10	1.5%
Consulting	795	84	879	56	7.0%
Goods	2124	504	2628	46	2.1%
Other	131	18	149	<0.5	
Total	3702	833	4536	112	3.0%

In 1998 Canada’s Gross Domestic Product was approximately Cdn.\$901.8 billion. World GDP was approximately US\$29,510 billion. On a purchasing-power-parity basis, then, Canada had

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about 2.5% of world GDP. So our performance in regard to goods procurement and civil works is roughly in line with our world production share. Canada's performance in obtaining IFI consulting business is well above its world production share.

The U.N.-affiliated agencies show a somewhat different picture. In general, services are a larger part of their procurement. Thirty affiliated agencies spend approximately US\$3 billion each year, of which 45% is spent on professional services.

2.2 The IFI Market – Attractions, Constraints and Changes

[1] Direct Sales to the IFIs

There are a number of attractive features of the multilateral development banks as direct clients:

- Professional fees are relatively generous. Partly because of the erosion of the value of the Canadian dollar relative to the American dollar, it is not unusual for a Canadian company or individual to obtain a per day professional fee rate from an IFI that is 50% higher than, for example, CIDA would pay the same firm or person. Fee differentials have widened even further as the Canadian dollar has lost value against the American dollar during the first quarter of 2001.
- The work is interesting and professionally stimulating. The IFIs pride themselves on providing intellectual leadership to the development community, and the professionals whom they engage often find themselves working on challenging and worthwhile projects in the company of other professions from whom they can learn.
- Eastern Canadians are advantaged by their relative proximity to Washington D.C. where several IFIs are headquartered, and to the Caribbean Development Bank in Barbados.

There are few significant disadvantages to working in this market. It has become more transparent in recent years, and it values high quality work. The main change in the market is a recent decentralization of World Bank operations so that its country directors are now mostly resident in developing countries rather than in Washington.

[2] Procurement by the Borrowing Member Countries

Procurement by the BMCs is very different from direct procurement by the multilateral banks themselves, although the two are conducted under the same set of rules. The only thing that these have in common is that they have components that the borrower has agreed to procure by international tender and that these international tenders are subject to IFI rules.

However, our interviewees made it very clear that this market is a difficult one. Projects tend to be remote from Canada, often in locations that are financially risky, uncomfortable or dangerous. Logistics may be difficult and expensive. The competitive process is frequently

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flawed, from a Canadian point of view, and problems of business ethics are common. In addition, marketing is risky since the competitive process generally demands a substantial investment in a detailed proposal for professional services projects, and complex and detailed tendering procedures for goods and equipment.

2.3 The Changing Environment

[1] Consulting Services

The market for IFI consulting services has remained stable for the past several years, and Canadian firms continue to be relatively successful. Contracts are generally small and both the demand and supply are diverse. The main theme is the emergence of consulting capable firms in some developing countries, particularly in India and South-East Asia. Lower cost competition is likely to affect Canadian firms negatively over the next several years, unless consulting firms internationalise to a greater extent. Some Canadian companies, especially in the IT and software sectors, already have close relationships with Indian firms, for example, for Internet-based professional services. Over time these relationships might translate into partnerships vis-à-vis the multilateral bank market, enabling Canadian firms to 'leverage' their expertise with larger numbers of less-expert professional staff from developing countries. [See "Outsourcing to India", *The Economist*, May 5th, 2001]

[2] Goods and Equipment

The market for major capital equipment, such as hydroelectric generators, has apparently declined somewhat, as shown in the IFI statistics. However this is partly due to major equipment purchases moving off-balance-sheet, so to speak. On a major project, the IFI is likely to fund only part and the rest is covered by counterpart funds from various sources including private capital markets. These sources are generally more willing to finance capital equipment than civil works or services. Therefore some major sales of capital equipment by Canadian companies may not be reflected in the official IFI statistics.

"The sale of turbines was not generally financed by an IFI in the past. The IFI would typically finance the civil works, and the client government would finance the equipment. This was because private financial institutions were more willing to finance potentially reclaimable equipment than civil works from which little could be recovered. Therefore the income of this company, although linked closely with an "IFI project" might not appear in the statistics." [102]

The market for smaller goods and equipment, such as computers and electronic equipment, is being highly influenced by the Internet whose explosive growth in developing countries is providing an efficient new channel for procurement of miscellaneous goods and equipment.

The borrowing member country typically is the decision maker on procurement. Prime contractors are less influential in this than might be supposed.

"The civil works contractor seldom has influence in the selection of equipment manufacturers. India and China are possible exceptions since they have insisted on their own approach to

procurement, rather than the standard IFI rules.” [102]

[3] Major Products/Civil Works

For about 15 years the IFIs have gradually moved away from financing major infrastructure project, such as dams, airports and major highways. The trend continues. In 1997 the World Bank financed US\$924 million in civil works and in 1999 \$US871. Such projects are increasingly done by private organizations or private/government partnerships, and, in major developing markets, the build-operate-transfer model has become more common. Much of the input of international companies to such projects is in the form of direct foreign investment. In 1990 official development assistance was approximately US\$44.8 billion world wide, and foreign direct investment was only \$24.5 billion. By 1998 this had changed radically. Official aid has declined to \$US32.7 billion, and foreign direct investment had increased to US\$155 billion.

“The IFIs are much less active in this type of project than they were in the past. There are many reasons – in some cases, there have been constraints on the amount of money the IFI was willing to commit to a particular country; in some cases there appeared to be a ‘loss of nerve’ regarding politically sensitive aspects such as re-settlement or environment; and in some cases the IFI has lost confidence that this type of project is closely enough linked with its poverty-reduction mandate.” [102]

“The trend in many countries towards privatization of utilities means that the company deals less with government agencies and more with private and quasi-private companies as clients. The lack of a sovereign guarantee adds to risk.” [102]

To operate in this market requires “deep pockets” [a substantial market capitalization], highly sophisticated engineering skills, and major construction capabilities – a mixture that few Canadian companies have. Nevertheless, if a Canadian company were to win just one major civil project each year it could result in a large increase in Canada’s participation in IFI work. An increment of [potentially] more than US\$100 million dollars is simply not available through services alone, and difficult to find in the equipment procurements, while in civil works it is a modest project size.

“The competitors shift over time. Once the Japanese were involved, but no longer. The competing firms now tend to be Italian, German or British. The key country markets in the next decade are expected to be Brazil, China and India.” [102]

2.4 Strategy, Commitment and Capability

IFI markets become more open, transparent and competitive each year. Many Canadian companies have an image of them that is now, to an important extent, outdated. They are no longer markets where insider influence and sole source contracts are the norm. We heard that Canadian companies need to adjust faster to the increasingly competitive nature of the business.

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"Canadian companies have an historical bent to look for sole source contracts, and to avoid competition. They take the path of least resistance. They are early in developing market situations, such as Vietnam, but tend to withdraw once competition heats up." [119]

The interviewees often raised issues of strategy, commitment and capability on the part of both the Canadian government and Canadian companies. Of course, not all agreed on what the strategies should be; but virtually all agreed that Canada would benefit from a more coherent federal government strategy to promote IFI business [covering CIDA, DFAIT, EDC and CCC, at a minimum]; and that Canadian companies themselves need to think more strategically and approach the market in a less *ad hoc* fashion.

The Government of Canada was frequently criticized for having a "mixed agenda" and therefore being ineffective – that is for wanting to do too many partially-conflicting things, simultaneously pursuing many objectives: regional, diplomatic, aid, and trade.

Also, we heard frequently that the Trade Commissioners are of limited help, and sometimes are a hindrance, because they do not work exclusively for one company but broadcast intelligence to many Canadian companies simultaneously. This is important to the suppliers of common goods and services, and less important to the companies that have a specialty or who have few competitors who tend to know about all projects anyway [companies serving large hydro projects, for example].

Canadian companies were frequently criticized for being uninterested in unfamiliar markets, and unwilling to make the extra effort needed to compete successfully in these markets. One frequent theme was that companies need to internationalize to compete well in IFI markets – thinking of themselves as Canadian and drawing only on Canadian human, financial and marketing resources is not enough.

Civil Works Strategies:

There are few Canadian companies that are positioned to compete successfully for major civil works in developing countries, with the experience, the technical sophistication, the capital, and the construction capabilities that are needed. One Canadian IFI strategy then would be to recognize this reality and to focus on one or a small number of Canadian major projects "champions".

"In Canada the construction companies do not have the engineering sophistication to tackle complex overseas projects. On the other hand, it is too expensive for them to buy the engineering they need at the proposal stage. For their part the engineering companies have the skills but not the capital or the depth to undertake major civil works overseas. Canada has not found the right formula the way large integrated engineering/construction firms have." [110]

Another strategy, and one that moderates the level of risk, is to encourage civil works firms to follow the much larger Canadian firms in forestry, mining and energy. That is, if these firms became more international then an opportunity will open up in support of them. Of course the

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lead firms do not have to be Canadian. Many very large firms are doing international projects, sometimes with partial financing from an IFI, but more often now as foreign direct investors. The April 2001 issue of *Fortune* magazine speaks of the growing importance of "company states". *"The largest companies are becoming larger than countries, and maybe more autonomous. Companies like General Motors, Exxon Mobil, Wal-Mart and Ford have revenues that outstrip the GDP of countries like Libya, Bahrain and Israel. It is no longer enough to think about markets geographically, it is also important to think about the needs of the largest multinational companies – they have their own sets of regulations and requirements, their own language and their own customs."*

"The scale [deep pockets] of the parent company is important in a number of ways. It enables a long-term view in marketing, provides credibility, and helps with financing." [102]

We found that having something special to offer was an important factor, even in regard to major projects with diverse components, and that a strong link with R&D in Canada is important. [We expected to find this factor to the fore in goods/equipment companies, but we found the emphasis on technical sophistication and innovation equally strong in companies that undertake large civil works projects.]

"Having a special technology. In this case, combining power generation/industrial waste management technology to create a niche." [106]

"Needs federal government support mainly for developing proprietary technologies in the area of power generation/waste management. R&D support is more important than marketing support. The firm has received support from IRAP and ILAP [NRC]. It has also received support from the IDRC for testing new technologies in developing countries." [106]

Goods/Equipment Strategies:

The strategy that has worked for some Canadian companies in the past is to focus on specialty niches, such as the IFI power sector, especially hydroelectric power. This strategy remains viable. DFAIT might usefully encourage specialty companies in the new economy to be active in the IFI market.

At the same time, the ubiquity of the Internet opens up possibilities for Canadian manufacturers of goods and equipment to sell to IFI-financed projects on an ad hoc basis. However this is a very price-competitive strategy and companies pursuing this strategy would have to be sufficiently large to be able to compete on price, to have flexible inventory and to be able to provide after-sales service at a distance.

We found, however, that, with some exceptions, most of the companies we interviewed that have an interest in the IFI "goods" market treat it as a "market of last resort". That is, their first customer preference is within Canada, second the United States, third Japan and the other OECD countries, fourth the "near overseas" such as Mexico and the Caribbean, or, in some cases, the transition economies, and, some behind, the lesser developed countries.

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"The company tends to focus on domestic Canadian clients when demand is strong, as it is presently in regard to railway ties. Only when it has overstock does it concentrate on selling internationally." [105]

The small scale of most Canadian goods/equipment manufacturers and suppliers is a constraint, as well.

"Small Canadian size makes systematic marketing difficult. The firm has tended in the past to rely upon the efforts and network of contacts of its entrepreneurial founder. The company's marketing is "hit and miss", "opportunistic", relying most on word of mouth." [101]

Professional Services Strategies:

Canada continues to do well in providing professional services to the IFI markets. Price is an advantage at present because the Canadian dollar has a low exchange value. This makes Canadian professional fees a bargain internationally. However this is even truer of some of Canada's Competitors – for example, the Australian dollar, which has historically been on par with the Canadian dollar, is now at a much lower level.

In the long run the quality of services provided by Canadian firms will be the most important factor in success. Specific experience in a particular country is part of quality. The Canadian Trust Funds at the IFIs can play a role in helping Canadian consultants get such IFI experience.

Comments by Interviewees

General comments on strategy:

- There is no Canadian "game plan" – no strategy for international business like the strategies of European countries that have several components supporting one another in a logical way. [39]
- Canada's federal government trade efforts are too dispersed. There is no geographic focus. [39]
- CIDA is not as open and transparent as the IFIs – the Banks are active in sharing information. [16]
- CIDA favours NGOs as executing agencies even when they do not have much expertise in the area, and is suspicious of private firms. This is unfair competition because the NGOs often have their overheads covered elsewhere [as educational institutions, for example]. *"CIDA has become private-sector unfriendly. At the last CIDA days event, we felt unwelcome."* [18]
- Deciding whether to submit an *Expression of Interest* is often quite difficult to judge in the absence of full terms of reference for the project. [19]

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- The World Bank is more secretive than the ADB. The ADB is more inclined to answer questions and “let the chips fall where they may”. The World Bank is more formal about answering questions during the proposal period. [19]
- Trade commissioners “will not work for one company in particular, so they are of limited help”. [24]
- CIDA has funds but “doesn’t know China, and has conflicting policy agendas – poverty alleviation and trade. It is the wrong agency to handle the trust funds that are essentially trade related.” [25]
- The fact that the Canadian consultant trust funds at the IFIs are targeted to companies that have not worked for the Bank before is a barrier to experienced firms. [25]
- “Few companies are truly interested in cooperating with other Canadian firms on a proposal to the IFIs. It is a *machismo* thing.” [26]
- The WB and ADB web pages are useful for identifying and tracking work, but are often out of date. Officers travel a great deal and do not update the project listing on the web page. The web site entries cannot be relied upon. One has to check them through personal contacts. [31]
- The people who can do the work must be committed – that is, willing to travel to the country in question and work for extended periods. This firm found, for example, that most of their potential team members were not interested in this sort of commitment to work in central Asia, so they withdrew from this market although they had had some success. [31]
- This is not a business for everyone – many firms are simply not suited to it. [38]
- Many firms are very decentralized and unfocused in their marketing. One person turns up and then another. Their knowledge remains shallow. [38]
- CIDA gives mixed signals. The agency is ambivalent about trade. For example, we were early and well positioned in Vietnam but as commercial activity increased CIDA has withdrawn to other more troubled countries such as Cambodia. The altruism mandate is constantly conflicting with the trade mandate. [39]
- It is difficult to get Canadian suppliers of goods or professional services to bid for foreign contracts, even when the direct client is a Canadian prime contractor who guarantees payment. It is still a lot more effort than North American sales, involving translation, for example, and too exotic for most. [39]

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- There is “*no coherent Canadian strategy*” to build commercial ties on the base of CIDA work in developing countries. In fact, CIDA favours non-government organizations with limited commercial prospects, and often “*restricts one’s networking in a country*”. [40]
- In developing markets a firm can win or buy contracts. In the long term it has to learn to win them. [40]
- CIDA is “*unreliable*”. Development fads come and go. At present CIDA is more likely to use NGOs – “*business is not their business.*” [40]
- The trade commissioners operate on the model “one country - many sectors”. In contrast, the normal private business model is one sector several countries. Generalist trade commissioners cannot be more than a superficial help. [44]

Comments on civil works strategy:

- Infrastructure is low on CIDA priorities and generally out of favour in North American development circles – unlike the Europeans. [11]
- EBRD projects are highly competitive, Europeans are closer to the action, and the EU helps form and finance consortia of European companies in ways that Canada cannot match. [16]
- The IFIs and CIDA have turned away from oil and gas projects because they are regarded as the sphere of private firms. [18]
- The company has not in the past been able to bid on the major components of IFI-loans [construction and equipment] because it has not had the contracting skills, or the “deep pockets” able to take the risk. The interviewee noted that there are very few Canadian construction firms willing and able to bid for these projects overseas. [21]

Comments on goods/equipment strategy:

- The software business is very fast moving. It does not suit the traditional mode of expressions of interest leading to proposals. For any given need in the pension administration area there will be fewer than five companies worldwide that are capable of doing the work. In the private sector, most clients are moving to negotiate directly with a vendor rather than take the slow route of proposal calls. [27]

Comments on services strategy:

- The correct proposal strategy for each IFI is difficult to determine. For example, the assessment formula for proposals varies. The points scheme of the World Bank disadvantages international firms, compared with local firms. 800 points are awarded

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for technical quality, and 200 for price. Price includes fees and all non-fee expenses. [In contrast CIDA counts only fees – this results in a more level playing field between international and local firms.] In a particular case, the firm was almost 100 points ahead on technical quality and still lost on cost. The firm believes that the ADB approach is better – the competition is on technical quality, and price is negotiated with the best technical bidder. [9]

- SMEs find it difficult to follow a successful strategy to obtain short listings. Being allowed only 3 short listings each year at ADB is a constraint for a small company. A firm could prepare three proposals and get no work. The firm has a specialist subsidiary in accounting and performance measurement, separately incorporated, which enables it to get 6 short listings a year. Large companies with many subsidiaries may have almost unlimited short-listing possibilities. [9]
- *“The ADB rules for evaluating proposals are a problem. They award 10% bonus points for a full time employee who has been at least one year with the firm for the Team Leader positions and they award an additional 5% for all other team members if they are full time. This puts us at a huge disadvantage because we only work internationally. For firms that have domestic work, they can keep staff on full time. We have to wait for the IFI or other donor to decide to proceed. Sometimes they move at the breakneck speed of three years from starting discussions with us to actually implementing. So we have only half a dozen full time people in the field and about 30 here in Ottawa. The other people in the field are what we call associates who get paid only when they work on projects.”* [9]
- The ADB “cherry picks”. That is, in negotiating with the winning contractor the Bank staff may ask the contractor to drop some proposed staff and to add others who were suggested by other proposals. Since proposals are not paid for, this practice raises some ethical issues as well as proposal strategy issues. [10]
- The ADB technical assistance jobs are too small to be interesting to the firm. Generally they want only one or two experts. [Sic] [11]
- “Our main competition is the Australians – they can tap into AusAid funds more easily than we can CIDA.” [30]
- The IFI task managers are “harder to read” than they used to be – less forthcoming and less willing to answer questions especially questions about topics that are covered on the Bank’s web site. [38]
- Canadian scholars like international projects, but on their terms. They are often reluctant to make the sort of sacrifices consultants make to be available when the client wishes, and to work for extended periods in remote locations. [42]

2.5 Business Ethics and Risk

The interviewees see problems of business ethics as one of the most severe constraints to Canadian participation in projects in developing countries financed by IFIs. We received more than 31 comments on this topic, listed below. There were more comments on this topic in the first draft of this report, but three interviewees, when they reviewed the interview transcript, asked that their comments on problems of business ethics be deleted – not as incorrect, but as impolitic.

The interviewees were not prompted by a specific question on business ethics, but simply asked what are the problems and constraints in this market. The great majority mentioned problems of business ethics.

Most of the comments pertain to corruption among the client officials in-country. There were no allegations that the IFIs themselves were significantly tainted by corruption. Corruption in-country was often seen as a constraint to bidding since one is never sure whether the playing field is level. The common assumption is that there is a favoured company, and that becoming the favoured company by getting involved early and making oneself indispensable [rather than through political favoritism or bribery] is the preferred tactic of Canadian firms. However, there appears to be a general fear that a firm might invest a lot of time and effort in developing a business relationship only to have a competitor win the work by less ethical means.

Dealing with agents and getting paid by the client were both mentioned by interviewees as being more difficult than in Canada and as raising ethical issues frequently.

Several interviewees mentioned unfair competition by non-government organizations [NGOs], and by some Canadian government agencies, as a problem. Their assumption is that these organizations can work for less since their costs and risks are being partially covered from other sources of government support. The growing tendency of CIDA, other aid donors, and the IFIs, to contract with NGOs was often mentioned as a significant business problem of this type.

In addition, interviewees mentioned a number of small problems with IFI competition procedures, which they see as unfair but not deliberately unethical, such as aspects of the points system used by different IFIs to adjudicate proposals.

Comments by Interviewees

General comments on ethics and risk:

- We won a big project in Shanghai, and shook hands on the deal, only to have the work go to another firm under suspicious circumstances, with all our preliminary work for nothing. We tried Mexico and got burned in the Peso collapse. We have decided to be a success in North America, and we are doing very well with a turnover of about \$3 billion. [307]

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- Payment problems can have serious results [this firm was bankrupted by a combination of bad overseas contracts and over-ambitious foreign expansion]. Dealing with joint ventures in countries that have low standards of business law and property rights can be very risky. [104]
- The company has a strong integrity policy that governs what it does in marketing and proposal writing. [102] Being part of a very large well-known company helps make that stick.
- Corruption is a problem. Partly for this reason the firm does not stress personal contacts and relationships too much. Quality and price, and the international reputation and name recognition of the firm are more important to its strategy. [15]
- Corruption is a major problem. *"It is important to find out whether the project has already been bought and sold"* or the company can waste a lot of time and money in a futile bid. The interviewees noted that Canada does not have laws that govern bribery overseas but the USA does and *"its attitude of zero tolerance is making a difference"*. [23]
- Corruption is so pervasive that *"business relationships can be undependable. If the freebees dry up too early and a competitor is still wet while you are dry then you can lose the contract at the last minute."* [23]
- Corruption is a problem. [24]
- False short listings can be a problem. One has to be careful to ascertain whether the company really has a chance for the work or is just included to "pad out the short list with a token Canadian company". [25]
- "Freebees [which become corruption at some point] are a "cost of doing business" in these markets. [26]
- Corruption is a major problem. Some of the pension agencies in developing countries and emerging economies are manipulated for personal gain. The company is reluctant to agree to work without financial guarantees up front. [27]
- A major problem in these loan-financed projects is determining whether the prospect of a project is real and is worth a marketing investment. Even if financing is approved by one of the IFIs the project might still not go ahead or might be delayed for a long time. There tends to be a *"lot of political infighting"* among the decision makers in-country. [28]
- Getting paid can be a problem with developing-country public sector clients. [29]
- Avoiding many kinds of *"rip-offs"* in country environments that are not familiar to the firm. [29]

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- Non-government organizations are bidding for IFI work more – including such organizations as the AUCC, the Institute of Public Administration, and universities and colleges. This competition is not entirely fair since their staff salaries are paid in other ways and they are willing to work at low marginal costs rather than full cost. [31]
- Inconsistent terms of reference and bidding documents can be a problem on occasion. No point making an issue of it, but it makes preparing a proposal more difficult. [31]
- Getting paid – if the client is a developing country government this can be problematic in some cases. [32]
- Getting paid is not a problem if the contract is directly with the ADB – payment is normally within 30-60 days, which is at least as fast as in Canada. However getting paid can be a major problem if the client is a state-owned or private corporation in a developing country. Although one can generally rely on getting paid eventually there can be all kinds of complications and delays. [35]
- It is a highly competitive and not highly ethical market. For example, although the IFI loan agreement may specify the percentage of international procurement, and the contracts are let, there is often continuing pressure by the clients to “squeeze out” the international firms in favour of more work for the local firms. Getting permission for the international firm to proceed from one stage of the work to another “can be like pulling teeth.” [37]
- The greatest problem is corruption. When decision-making shifts from the Bank to local organizations, it is no longer a level playing field. [39]

Comments on civil works ethics and risk:

- Corruption is not a problem for us as it might be for a small company – clients seldom exert any pressure of this sort. [11]

Comments on goods/equipment ethics and risk:

- The foreign ‘TelCos’ can be slow to pay, creating a cash flow problem for the company. Foreign private companies and individuals often create payment problems. [103]
- The company has had to abort two recent projects in developing countries because of problems with the local joint-venture partner. The partner acted as if a 60/40 joint venture meant that he received 40% of the total budget regardless of doing any work or not. [14]
- The entrepreneur says that virtually everyone he deals with in the government of the home country expects some personal benefit from the transaction. Sometimes this benefit takes the form of lavish hospitality, free travel or benefits to family and friends travelling to Canada or elsewhere for pleasure. More often the personal benefit takes the form of

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cash payments, sometimes under the guise of paying gambling debts. In one instance a number of vehicles were fitted with instruments to allow duty-free entry as construction vehicles and then the instruments removed so that officials could make personal use of the vehicles. The entrepreneur believes that *"Caucasians could not do these transactions successfully because they would not be trusted by the recipients."* The extent of these payments, plus the need to provide the equipment at a good price, makes it a struggle to do profitable business. Nevertheless the entrepreneur says that the company has been a great success. [41]

Comments on professional services - ethics and risk:

- The firm finds itself competing against Consulting and Audit Canada and objects to the federal government being in competition with private firms in this way. [9]
- Since proposals are not paid for, the practice of using an unsuccessful bidder's ideas, or picking and choosing parts of a proposal and/or a proposed team raises some ethical issues as well as proposal strategy issues. [10]
- In some sectors NGOs are favoured suppliers. This is not entirely fair commercially. [13]
- The technical colleges are actively seeking training projects overseas. The company intends to try to partner with them rather than compete directly since they have advantages of scale and other cost advantages. [14]
- Getting project personnel to commit to long periods away from home in hardship posts is difficult. It can be doubly difficult when their advice is ignored and/or when they are not treated professionally by the in-country agency managers. [16]
- NGOs are unfair competition because they often have their overheads covered elsewhere [as educational institutions, for example]. [18]
- The World Bank is more secretive than the ADB. The ADB is more inclined to answer questions and "let the chips fall where they may". The World Bank is more formal about answering questions during the proposal period. [19]
- Avoiding corruption is difficult. *"One has to recognize that corruption is pervasive in some countries."* There is a risk of losing a competition because of corrupt adjudicating. Dealing with agents or local partners can be a constant battle over proposed corrupt practices. The company pays its agent a fixed commission of 7% of gross billings [which amounts to about \$us50 per consultant per day], but has also been pressured to make other payments through the agent to the client staff. [35]
- The company withdrew from one Central American country, after investing about 4 person months of marketing effort, because of the corruption. [44]

2.6 High Costs

The interviewees report that it is more expensive to bid for IFI-financed work in developing countries and emerging markets than it is to bid for similar work in North America. Suppliers of services and suppliers of goods both find it more expensive to sell in this international market than domestically.

Proposal and tender requirements are more complex, distances are greater, and the amount of up-front investment to get on to a short list is greater.

Travel, bid and performance bonds, increased inventory requirements, translation, agent and intermediary fees, and insurance are all typically greater in international marketing.

There was a consensus that CIDA INC and the Canadian consultant trust funds at the IFIs were useful but that their usefulness was limited by a niggardly approach to the amounts and types of financial assistance they provide. Some interviewees think that more generous support in the proposal stage, repayable on success, would be a better approach in general.

Comments by the Interviewees

General comments on business development costs:

- Proposals are often complex and expensive [\$25,000 or more] to produce and have to be produced relatively quickly [45-60 days]. This makes IFIs a difficult market to enter. Our company can now do proposals more quickly and economically because it has done so many. However, there are "tons of little rules" that have to be complied with each time. [9]
- Expensive proposals are expected. [12]
- IFI proposal requirements are complex, rigid, and onerous. [18]
- Marketing internationally is much more expensive than domestically. Proposals can cost \$50,000 to \$100,000. This means that projects with less than \$1 million in fees are unlikely to be profitable. [15]
- There has been some friction with the embassy because the person located there to market to Latin America has a travel budget greater than the rest of the embassy combined. The trade commissions operate on the model of "one country/many sectors", while this organization model is to have a sector specialist market in several countries in a region. [44]

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Comments on civil works business development costs:

- It is expensive to bid. A bid bond of 5% of the total project cost is common. For a large project this means a substantial amount of money tied up for several months. This is expensive. However, EDC insures the bid bond so it does not affect the company's line of credit. If the work is won, a performance bond of 10% of the total budget is common. [45]
- The marketing effort needed is three or four times as much as needed to get equivalent business in North America. [24]
- Proposals are a risky investment. They take about 3 to 4 person months to prepare. [28]
- It is a costly marketing business – it takes about two person months to prepare a winning proposal. [30]

Comments on goods/equipment business development costs:

- International tendering is a different sort of business from work in Canada. In Canada, the client will normally order for delivery over a period of time so the flow of materials does not require large inventories. Internationally, a large order comes now and then with little in between. This makes inventory management more difficult. [45]
- Financing the initial stages of marketing and work development is expensive and difficult to justify in a developing country. In an employee-owned firm there are always directly competing demands for the half million dollars that might go into establishing a presence in a new market. [32]
- "Breaking into the IFI market requires a considerable investment of time and effort." [42]

Comments on services business development costs:

- There is a "*large front end investment needed*" [in the order of \$US20,000 to \$US30,000 to prepare a proposal. This makes proposals a risky proposition. [10]
- The borrower countries can be dangerous to work in. One of the young analysts on a company project in China was killed in a traffic accident and, in addition to the human tragedy, was difficult to replace. [10]
- CIDA rates are too low. Therefore a lot of Canadian firms do not bid for CIDA work and therefore CIDA does not know about the capabilities of many firms. [10]
- The terms and conditions of CIDA INC are too niggardly. "*Our costs are way above those allowed.*" [the company's costs are a multiple of 2.4 times salary, and CIDA INC allows 80% of 2.0 times salary = 1.6 times salary, with a limit of \$500 per day]. [11]

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- Too many firms are invited to bid, and the bid requirements are often unnecessarily expensive, especially at the IDB – for example initialing every page of a 700 page proposal, and having an auditor certify the correctness of the Spanish translation every time although much of it is boilerplate that has been certified before and could simply be submitted again with the previous certification. [13]
- Rates are low – *“less than half what we would bill in the private sector”*. *“This makes it difficult to get the right resources to work on CIDA or IFI projects because people often have better opportunities elsewhere if they are really capable.”* [15]
- Proposals are expensive. They cost about \$25,000 plus the costs of a site visit and/or a negotiations visit. These visits are expensive because one *“must go when they call. There are no cheap seats.”* [16]
- The interviewee notes that the oil & gas service firms face demand in Canada that is highly volatile and cyclical, and when it is at a low point many people and firms look for overseas work. This depresses rates as they compete on price. [18]
- The distance from the company’s home base to the IFI headquarters makes it expensive to market to them. The company is aware that presence is vital, but finds it difficult to make the necessary marketing investment. [18]
- Traveling to the multilateral Banks is expensive. [19]
- Proposals are expensive and risky. The firm’s experience is that it takes three to four expressions of interest to obtain one short listing, and ten short listings to win three projects. [21]
- The Canadian trust funds at the EBRD are small and hard to access. In contrast, the EU trust funds are large and easy to use so European competitors are at an advantage in obtaining funds for feasibility studies and similar front-end work. [22]
- The cost of getting the work can be very high relative to the size of the project. The typical TA project is about 20 person months of work and might take 2 to 3 person months of proposal effort – maybe \$30,000 in total costs. *“It is not a way to get rich – it is somewhere between just making it and a mugs game!”* *“Fortunately the ADB is reasonable about negotiating a price by email. If one had to fly to Manila to negotiate price, on top of the proposal effort, the profit margin would be eaten up before the project starts.”* [23]
- Rates, especially CIDA rates [projects and CIDA INC] are unrealistically low. The company’s labour costs [before overheads and marketing and risk] are about 2.3 times salary. Therefore the company cannot work at CIDA rates of 1.9 to 2.1 times salary if it bills time honestly. On IFI work, *“if one is spending \$20,000 to \$50,000 on a proposal,*

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and winning only part of the time, then the work has to have a good profit margin to compensate". [23]

- The slow approval process and ceiling of \$US100,000 on fees for jobs financed through the Canadian trust funds at the IFIs discourages the firm from bidding. "\$100,000 does not go very far in China". The firm believes that other donors [Denmark, Great Britain, Japan] are quickly able to put together much larger packages of funding for such technical assistance projects, in the range of \$1 to \$3 million. This gives them a substantial advantage and positions them well for follow-on work. [25]
- When CIDA INC stopped giving fee advances, it became more difficult for small companies to participate. The company cannot itself finance a first phase of a substantial project. EDC is of limited use in this regard, as well, since the corporation only works with companies that can show three successive years of billings over one million dollars. [25]
- "Our main competition is the Australians – they can tap into AusAid funds more easily than we can CIDA." [30]
- Proposals are very expensive and risky. It costs between \$25,000 and \$50,000 per proposal. [31]
- Bidding on IFI-funded work is "medium to high in details." There are a lot of small rules such as signing every page, providing information in the forms and format required, and including warranties clauses in just the right way. [43]

2.7 Logistics

The interviewees see the IFI-financed market as logistically difficult, both in the marketing phase and in the work phase. Most of the logistics problems are caused by distance and by the wide variety of countries involved.

Canada does not have a natural hinterland of developing or emerging economies, in contrast with say Germany or France. Nor does it have the deep knowledge and networks developed by the ex-colonial powers sometimes over hundreds of years. Even the United States, with its large Spanish speaking population and contacts with Central and South America and the Caribbean, is better placed in some respects than Canada to serve such markets.

Logistics is one of the areas where interviewees think that DFAIT could do more to help. For example, businesses tend to value DFAIT's making of appointments for visiting Canadians with key contacts in remote locations [that is, remote from Canada] more than DFAIT does at present.

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Comments by Interviewees

General comments on logistics:

- Logistics can be a problem. The company lost one bid in China because the courier did not deliver the proposal for a month. [10]
- Spanish translation is insisted on every time [although much of it is boilerplate that has been certified before]. It could more reasonably be submitted again with the previous certification. [13]
- The more remote the site the more an embassy or an OLIFI can help. Stopping the practice of making appointments for visiting Canadian companies is a mistake. It is quite valuable overseas. [16]
- These visits are expensive because one *"must go when they call. There are no cheap seats."* [16]
- The distance from the company's home base to the IFI headquarters makes it expensive to market to them. The company is aware that presence is vital, but finds it difficult to make the necessary marketing investment. [18]
- Traveling to the Banks is expensive. [19]
- Project officers at the Banks travel frequently and are easy to miss even if one travels to the Bank fairly frequently. [19]
- The key documents have to be available quickly so that an intelligent go/no go decision can be made whether to bid or not. A full set of documents used to be kept by the DFAIT library and was quickly available. This responsibility was then given to CIDA and the documents are so dispersed that it is impossible to get access to them. [31]
- The WB and ADB web pages are some use for identifying and tracking work, but are often out of date. Officers travel a great deal and do not update the project listing on the web page. The web site entries cannot be relied upon. One has to check them through personal contacts. [31]

Comments on civil works business development - logistics:

- The contracting and approvals process can be very slow. A project that would take months in Canada might take years in some developing countries. The process is rigid, bureaucratic and slow. *"It is not difficult to find qualified Canadians to do the work [except perhaps at the highest part of the cycle of demand in North America], but very difficult to get approval to get on with the work even after a contract has been signed."* [35]

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Comments on goods/equipment business development - logistics:

- It is difficult to get Canadian suppliers of goods or professional services to bid for foreign contracts, even when the direct client is a Canadian prime contractor who guarantees payment. It is still a lot more effort than North American sales, involving translation, for example, and too exotic for most. [39]
- International tendering is a different sort of business from work in Canada. In Canada, the client will normally order for delivery over a period of time so the flow of materials does not require large inventories. Internationally, a large order comes now and then with little in between. This makes inventory management more difficult. [45]

Comments on services business development - logistics:

- Providing services often involves putting a lot of expatriates in unfamiliar and sometimes dangerous situations. For example, traffic accidents are much more common, and more likely to be lethal, in developing countries. [10]
- Getting project personnel to commit to long periods away from home in hardship posts is difficult. It can be doubly difficult when their advice is ignored and/or when they are not treated professionally by the in-country agency managers. [16]
- Sometimes the firm does not bid because it cannot have someone visit the country in question as part of the proposal preparation. [19]
- Our company is highly decentralized – this is both a strength and a weakness in international marketing. [20]
- The people who can do the work must be committed – that is, willing to travel to the country in question and work for extended periods. This firm found, for example, that most of their potential team members were not interested in working in central Asia, so they withdrew from this market although they had had some success. [31]
- Getting paid is not a problem if the contract is directly with the ADB – payment is normally within 30-60 days, which is at least as fast as in Canada. However getting paid can be a major problem if the client is a state-owned corporation in a developing country. Although one can generally rely on getting paid eventually there can be all kinds of complications and delays. [35]
- Many firms are very decentralized and unfocused in their marketing. One person turns up and then another. Their knowledge remains shallow. [38]
- Canadian scholars like international projects, but on their terms. They are often reluctant to make the sort of sacrifices consultants make to be available when the client wishes, and to work for extended periods in remote locations. [42]

Section 3
Factors that contribute to IFI Bidding Success

3.1 Price, Positioning, Image, and Differentiation

One of the less tangible topics that interviewees emphasized was the positioning of the firm within the market. For successful firms that wish to work in the market in the long term, positioning appears to be an important part of marketing strategy.

Positioning appears to have two main aspects:

- Meeting the minimum requirements to be credible, especially requirements to have previous experience in the country in question. This seems to be an important way in which firms limit the perceived risk of potential clients.
- Offering some special capability or product that immediately differentiates the firm from the international competition.

It is necessary to offer not just competent services, or good products, but services and products that are clearly better than the international competition. At present price is in Canada's favour, but that is probably transient. [Actually in April 2001 some other currencies are even lower against the U.S. dollar.]

Comments by Interviewees

General comments on price, positioning, image and differentiation:

- For goods and equipment, price is the main factor. [303]
- Careful thought to positioning the firm within the market, and differentiating from competitors. [13]
- Every job requires specialists the company does not have entirely in house. The ability to find the right people quickly is vital. [15]
- *Size and diversification help.* If a company is small and specialized, opportunities in a particular market or though a particular IFI will arise infrequently, perhaps not frequently enough to justify a continuous presence. Also the company needs to be big to get "decent size jobs". [23]
- The company believes that to succeed internationally, including IFI work, a firm must be truly differentiated from the competition by some special capability. Canadian engineering services SMEs are unlikely to compete successfully against either local firms or against the giant international firms, to provide general services. The company is "one tenth the

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size of the competitors". Therefore the Canadian firm must be able to offer special value – this is the *sine qua non*. The firm must have a strategy to be known for something, not just known. Once the firm has something special to offer, then some other things can help, including the following: [37]

- Being able to “bring something of interest to the table” not just arriving to ask “what’s coming up”. [37]
- Offering solutions, not just general capabilities. [*“Most Canadian consultants are not leading edge.”*] [37]
- Working in harmony with the Canadian image [for example, Canada has a good reputation for solid competent municipal services.] [37]
- Some general advantages of Canadian firms are a low dollar, a generally attractive culture and easy-going way of doing business, and fluency in English. European competitors submit their proposals and resumes in English for IFI work, but their staff are often not truly fluent enough to work in English. Often the client’s only foreign language is English. [37]

Comments on civil works procurement - price, positioning, image and differentiation:

- The market is focused on occasional major projects and big sales, so marketing tends to focus on single efforts not on-going relationships with particular customers. [102]
- The firm has sold X% of its equity to a large European state-owned corporation. The advantages it sees are that the large scale of the partner provides stability, financial guarantees and access to European funding and subsidies, and lobbying power. [24]
- Another factor in the firm's success overseas [or at least good prospects] is its choice of an area of work in which Canada in general has a good reputation and image. [27]
- By and large Canadian firms are competitive against the “ugly Americans” and the expensive Europeans. [28]
- The firm likes to have the lead in a joint venture, or alternatively to be clearly a minor partner - 50/50 ventures do not work. [28]
- It is useful to have offices in both Canada and the USA [and other locations]. One can bid from one office or another depending on the requirements. [29]
- The appropriate business model for a large company working internationally has changed. Now only about 50% of their work is done in-house. It is very important to be able to call upon a network of specialists as sub-contractors. What the large company offers still is project management and financial stability. [39]

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Comments on goods/equipment price, positioning, image and differentiation:

- The company relies on local partnerships for assembly of computer components. It has joint ventures or agencies in Algeria, Ethiopia, Romania, Croatia and Hungary. The quality of the local partner is key to success. The other factor is frequent personal visits by the Canadian manager of international development to the client countries. Price is very important since the technology is widely available from many sources. The Internet has become a very important tool for marketing overseas, and for communicating with agents, partners and joint venturers in foreign markets.[104]
- Technology. Having excellent proprietary technology and success in installing it in the past. Canadian R&D credits have been important in the past in helping the company develop and update its technology. [102]
- In such a huge and diverse international market a company has to have a focus and a strategy. It has to offer something that clearly differentiates itself from the competitors. This company has developed a proprietary software product for tax administration. It provides professional services along with the product. This has given it an entrée to a large number of developing countries that are attempting fiscal and tax reform. The product is in English because that is where the large market is for such services. [40]
- The fact that the highway projects are financed by an IFI means that the equipment is exempt from import duties or has very low import duties, in contrast with the same equipment imported for non-Bank projects. This is important to making the company's business financially feasible. When this exemption was withdrawn for two years during the Asian crisis the business dried up. [41]
- The company goes to a lot of trouble to get excellent equipment at the lowest price possible. It visits trade fairs in the United States [there are none for this sort of equipment in Canada], negotiates hard directly with the manufacturers, and handles shipping itself to save money. It handles a full line of production equipment so the buyer can be sure of getting what he needs from this one company. [41]
- As well, the owner/ entrepreneur goes to great lengths to provide extraordinary after-sales service – the objective is to remove all risk from the government buyer. For example, he once personally flew from Canada to a relatively remote province of the home country to deliver a heavy part for a fire-damaged construction vehicle. The entrepreneur is constantly looking for better equipment and keeps a close eye on how the buyers' capabilities to pay for better equipment are improving over time. [41]
- "The company tends to do everything ourselves." [43] "We sell on our strengths – excellent equipment based on our own R&D." [43]
- *"The company does not chase the money by monitoring the Banks. It looks for a need and becomes involved with the potential client long before the question of financing*

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arises.” *“It is easier to go to the client directly and get them pumped up about the equipment?”* [43]

- Repeat business is very important to the company. *“We work very hard not to lose a client once the relationship is established.”* [43]
- The company is ethical in its marketing. [43]
- The company works hard to continually reduce prices, partly to reassure clients that they will not be gouged if they make a commitment to this companies equipment. [43]

Comments on professional services - price, positioning, image and differentiation:

- Personal reputation and the past quality of work for clients are vital. Reputation needs to be maintained and enhanced many different ways, including participation on international committees and associations of various sorts. [9]
- Many developing countries have adopted Canadian, and specifically Ontario, standards and practices for their pension systems and/or securities markets. This gives Canadian professional services firms a significant advantage in bidding for work in related areas. [12]
- Providing a good proprietary *“product”*, not just a general service that anyone can provide. [29]
- For anything to do with finance connections to New York are essential to credibility – the clients would like to get New York capabilities at Canadian rates. [29]
- It helps to be working in a business area in which Canadian firms in general have a good reputation. [40]

3.2 Understanding the IFIs and Proposal Skills

Marketing to the IFIs directly, on technical assistance projects, or to governments and agencies in developing countries on IFI-financed work, is highly competitive and demands finely honed proposal preparation skills.

The largest number of comments we received from interviewers, in any category, related to aspects of the competitive proposals process. These firms were selected for interview because they had been successful in obtaining IFI-related contracts. Therefore it is interesting to hear them lay so much stress on proposal writing and proposal skills. Whether unsuccessful bidders would stress these skills as much, we do not know. We do know that even the successful bidders vary in their success rates – we heard success rates from 1-in-2 to 1-in-5.

Submitting proposals to IFIs and on IFI projects is a specialized business because there are

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many rules regarding format and content that much be followed exactly or else the firm's bid will be judged non-compliant. This is different from proposals to the private sector, or proposals to a Canadian government department, for example. The latter will require resumes, for example, but seldom insist that all bidders use exactly the same resume format as stipulated in the Request for Proposals. This is just one example of a myriad of bureaucratic specifications and regulations, for goods and services, that govern whether a proposal is responsive or not. The result is a barrier to entry for SMEs and for occasional bidders. A significant investment is needed in learning the IFI rules and approaches which can be amortized over a reasonable number of bids only by companies who intend to work regularly in this market.

Comments by Interviewees

General comments on understanding the IFIs and proposal skills:

- Even for relatively simple goods, such as furniture, the tender specifications are generally very complex. [303]
- One has to know the *"true proposal assessment criteria one level deeper than the formal evaluation grid."* [10]
- The company conducts a risk assessment before it commits itself to a marketing effort. It considers two probabilities – what is the %chance of the project actually going ahead, and what is the %chance of the company winning the work if it does go ahead? The rule of thumb is to bid if there is a 50% chance overall. [10]
- The ADB and the WB call for different strategies because one can work for the ADB on both the identification/preparation phases and the subsequent loan, but not for the World Bank on both. [10]
- Every job requires specialists the company does not have entirely in house. The ability to find the right people quickly is vital. [15]
- Each piece of work has to pay its own way. However, the potential for follow-on work is important in deciding whether to bid or not. Often the individual project in isolation might not justify the necessary effort – so one has to have a longer-term commitment to working in this sector or country as well. [31]
- Access to information that will enable the team to do an excellent proposal – including access to key documents such as the project approval document, the country economic report and perhaps the most recent IMF report, and, often, a sector or thematic report. These can be essential to ascertaining what is really needed. The project summary and terms of reference are not enough to enable the team to truly understand the requirement. [31]
- Keeping to a crisp timetable in producing the proposal. [31]

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- The proposal must fit the client's specifications even if they do not particularly make sense. Otherwise one loses points and probably loses the job. [35]
- Focus in essential – both on a type of business and geographically. [24]
- Good information on projects – the “*Europeans have far superior business intelligence.*” [24]
- Once on the short list everyone in the firm has to “*pitch in*”. Proposals are very expensive and losing too many can severely damage the firm. [24]

Comments on civil works – understanding the IFIs, and proposal skills:

- In one instance the company used CIDA INC funds to work on a pre-feasibility study for the World Bank while getting a waiver from the Bank that they would not be disqualified from bidding on the loan project work itself. [Normally a firm cannot work on both preparations of a WB loan and the loan project itself]. The ADB does not restrict a company working on both phases, but neither do they need CIDA INC funding since they have plenty of untied funds available for the early phase work. Also one has to be careful since some ADB officers think that CIDA INC is an illegitimate “bid enhancement”. [22]

Comments on goods/equipment – understanding the IFIs and proposal skills:

- In such a huge and diverse international market a company has to have a focus and a strategy. It has to offer something that clearly differentiates itself from the competitors. This company has developed a proprietary software product for tax administration. It provides professional services along with the product. This has given it an entrée to a large number of developing countries that are attempting fiscal and tax reform. The product is in English because that is where the large market is for such services. [40]
- Technical workshops can be a good marketing device, if the firm has a special product or capability that it can showcase. This firm participated in an IMF workshop last year on fiscal and tax reform that it believes was useful in developing client contacts. [40]
- “We sell on our strengths – excellent equipment based on our own R&D.” [43]
- “The company does not chase the money by monitoring the Banks. It looks for a need and becomes involved with the potential client long before the question of financing arises.” “It is easier to go to the client directly and get them pumped up about the equipment?” [43]
- One has to have a considerable amount of technical and legal knowledge to market this work. [44]

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- The company has to be able to meet the specifications exactly, particularly the delivery schedule. [45]

Comments on services – understanding the IFIs and proposal skills:

- Since a firm can only be short-listed 3 times each year, one has to be strategic about what expressions of interest to submit. [10]
- Ability to develop excellent proposals in a short time [typically 45 days]. [13]
- The Canadian firm has a price advantage at present – salaries are low in Canada compared with the United States or Europe. “A new MBA in the United States is making \$US80,000 and we are paying that to people with 15 years experience. [15]”
- Getting connected early – by the time the Bank makes an announcement the early companies have already formed alliances to bid “All the good dance partners are taken.” [16]
- There are two key steps to marketing to the IFIs: [19]
 1. Deciding when to submit an *Expression of Interest*. [19]
 2. Doing an excellent proposal when short listed. [19]
- The firm is very selective in regard to international bidding and declines to bid on about half the solicitations it identifies. They bid after a “*lot of due diligence*”. [20]
- Proposals have to be done by the team that will be doing the work. To win IFI business the company “*must respond very intelligently*”. A “*proposal writing machine*” is not going to work. “There is often more creativity in the proposal itself than there is in the project that follows”. The company tries to have someone visit the Bank during the proposal preparation “*to get close to the mood of the task manager and to understand in depth what he or she is looking for*”. The company expects to spend about \$50,000 on a marketing/proposal effort for a \$2 million project by the time negotiations are finished. It always goes in person to negotiate with the ADB when it has the winning technical proposal – in fact it believes that it does not have a choice in this because the Bank summons it to negotiate in person. [21]
- Having the best people on the proposed team is key to proposal success. Each resume is scored. There is some advantage to the larger companies because a resume that is for someone other than a full-time staff person loses 5% from the score. Until recently a full-time staff person was defined in relation to any of the companies in the bidding consortium. However, new ADB guidelines specify that only full-time staff of the lead company avoid the 5% penalty. [21]

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- The winning strategy is different at the ADB and the WB because the first prefers multi-consultant contracts with a single firm, while the second prefers to put together teams itself with consultants from various firms. "The World Bank is an old boys club." [22]
- Registration with the IFIs is necessary but does not in itself generate work. [25]
- The firm's win rate is about 50%. The firm is reluctant to bid unless it believes it is one of the top two firms in the short-list of five. [28]
- The firm likes to have the lead in a joint venture, or alternatively to be clearly a minor partner - 50/50 ventures do not work. [28]
- Having the "*academic credibility*" to win IFI technical assistance work [29]
- For anything to do with finance connections to New York are essential to credibility – the clients would like to get New York capabilities at Canadian rates. Canadian professional fees are a bargain compared with the large US firms. [29]
- Not wasting opportunities – "*we get only three short-listings a year so we look for the big ones - \$us900,000 or more*". [30]
- "Batting average" = 1 in 5 proposals successful.
- Careful selection of work on which to bid and then, once short-listed, high investment in an excellent proposal. A proposal can occupy three people for a month and involve \$10,000 in other expenses such as travel to the country. Having people "on the ground" can be a major factor. [31]
- Being able to "*bring something of interest to the table*" not just arriving to ask "*what's coming up*". [37]
- Offering solutions, not just general capabilities. [*"Most Canadian consultants are not leading edge."*] [37]
- Some general advantages of Canadian firms are a low dollar, a generally attractive culture and easy-going way of doing business, and fluency in English. European competitors submit their proposals and resumes in English for IFI work, but their staff are often not truly fluent enough to work in English. Often the client's only foreign language is English. [37]
- Willingness to learn the IFI process [38]

The Director perceives the following factors to be important to success:

- Focusing on a limited field in terms of topic and expertise, but pursuing opportunities

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anywhere in the world they might arise. [42]

- Getting as many invitations to bid as possible – *“they are a valuable commodity. Once one has an invitation one can recruit high quality partners.”* [42]
- Having good databases with which to identify experts to include in the proposal. [One database lists the member institutions’ experience by country and topic; and another enables the association to communicate efficiently with the International Offices at member institutions.] [42]

3.3 Targeting and Country Knowledge

Very few of the companies we interviewed took an opportunistic approach to marketing to the IFIs and to IFI-financed projects. Virtually all were convinced that specific and deep knowledge of both the Banks and the borrower countries is necessary for consistent success.

Given the size and diversity of the market, this means that all but the largest companies must specialize to be competitive. In fact even the largest companies we interviewed approach this market in a very targeted fashion, through specialist subsidiaries.

The message we received was that both specialist capability and in-depth country knowledge were generally necessary to be competitive.

This is a barrier to entry. It is obviously difficult for a company that is new to a market to meet these requirements – getting the first work for an IFI and in a country is a challenge. It is also difficult to offer not just competent services, or good products, but services and products that are clearly better than the competition.

Comments by Interviewees

General comments on targeting and country knowledge:

- Language capabilities can be important – for example, in South America where bids are submitted in Spanish or Portuguese. The company tries to avoid translation, and can generally do so by having employees who speak the language in question [an advantage of a very large parent company]. [102]
- The market has become tougher as countries have modernized - specific experience in this field and in this country is necessary, not just some general experience in this country or specific experience in other countries. [10]
- CIDA work can introduce a company to a new country/market or help position a company to bid for IFI work. [10]
- Careful selection of countries in which to work. Triage approach – some countries are high priority; in some the firm will pursue a good opportunity if it arises, and in other

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countries the firm is not interested at all. [13]

- Identifying the countries and projects that are prospects and also identifying priorities if one expects the trade commissioners to help much [16]
- Having country experience [essential to the ADB] [16]
- A company cannot win IFI work without experience in the country of the project. Therefore getting this experience through CIDA assignments [bilateral projects and CIDA INC] is very important. One has to build logically – first a small CIDA project, then TA work for the Bank itself, then project work on Bank loans. However the company is reluctant to bid on Bank-financed loan projects in some countries where corruption is blatant. [22]
- In one instance the company used CIDA INC funds to work on a pre-feasibility study for the World Bank while getting a waiver from the Bank that they would not be disqualified from bidding on the loan project work itself. [Normally a firm cannot work on both preparations of a WB loan and the loan project itself]. The ADB does not restrict a company working on both phases, but neither do they need CIDA INC funding since they have plenty of untied funds available for the early phase work. Also one has to be careful since some ADB officers think that CIDA INC is an illegitimate “bid enhancement”. [22]
- CIDA work is the main way to get started overseas, and is important for positioning the company to get work on IFI-financed projects. [35]
- Building on small jobs to get larger jobs in the target country. Work itself is the best marketing. [37]
- It is important to be selective of bidding opportunities to pursue. [39]

Comments on civil works – targeting and country knowledge:

- The bidder “*must cover both sides of the track*” – both the Bank and the borrower country, one without the other is not enough. Bank knowledge and country knowledge are both important. [23]
- The company must have *continuity and longevity* in a particular market. It cannot be done on an occasional project basis. [23]
- *Size and diversification help*. If a company is small and specialized, opportunities in a particular market or though a particular IFI will arise infrequently, perhaps not frequently enough to justify a continuous presence. Also the company needs to be big to get “*decent size jobs*”. [23]
- Focus in essential – both on a type of business and geographically. [24]

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- Developing expertise in China and then building on that from project to project has been key to the company's success in this market. [25]
- In the company's view, it is important to be carefully selective of the countries in which it is willing to work. The Board controls where the firm will bid by categorizing countries into several groups: [28]

A+++ main countries of work, no special approval needed to pursue work
A countries of work [a current project and perhaps an office]
A- countries from which the firm is withdrawing

countries in which the firm is not currently working but where it may bid depending on the project [an international operations committee decides], and countries that the firm is watching but not actively bidding.

- The company looks for projects with \$us3 million in fees and above. It is reluctant to pursue projects smaller than \$us1 million in fees, or \$us500,000 if the project is sole source and is a close follow-on to existing work in a preferred country. [28]
- The key factor is being able to establish, finance and maintain a continuous presence in a particular market. Field offices are not enough, and occasional visits are not enough. What it takes is almost establishing a small foreign subsidiary company with a long-term commitment to the market. [32]
- To be consistently successful, the firm has to develop a good network of satisfied clients, alliances with other firms and "*country presence*". [40]

Comments on goods/equipment – targeting and country knowledge:

- Focusing on a limited field in terms of topic and expertise, but pursuing opportunities anywhere in the world they might arise. [42]

Comments on professional services – targeting and country knowledge:

- The winning strategy is different at the ADB and the WB because the first prefers multi-consultant contracts with a single firm, while the second prefers to put together teams itself with consultants from various firms. "The World Bank is an old boys club." [22]
- CIDA bilateral contracts can be useful as an introduction to a new country. [39]
- Country experience, probably through CIDA or IDRC projects, is invaluable for IFI bids. [42]

3.4 Personal Contact, Word of Mouth and Web Sites

The interviewees were convinced that personal contact and word-of-mouth marketing was essential for success in the IFI markets. This was true of suppliers of civil works, professional services and equipment/goods. However, this point was especially emphasized by professional services firms.

For work on IFI-financed loan projects, the company has to establish and maintain a network of personal contacts both at the Banks and in the countries of interest. This means regular visits to both. This is a barrier to entry to SMEs in two ways. First, a company that has projects underway already can expand its network of contacts *en passant* at low cost. Second, a large company can afford to allocate the time for a senior staff member to visit the Banks regularly.

We did not hear as much as one might expect about companies using their own web sites as a marketing tool internationally. Either Canadian companies are lagging in this respect, or else web sites have not yet become a key tool for IFI marketing. One exception was software-based companies, which understandably are more aware of the use of the Internet and, also, have clients for whom it is a basic tool.

Comments by Interviewees

General comments on personal contact, word of mouth and websites:

- The most important factor is visibility to potential clients. At the Asian Development Bank visibility requires personal visits. At the World Bank personal visits are important as well, but one seems to be able to keep contact partly through emails. Part of visibility is tracking projects of interest and keeping in touch with the task manager. [9]
- Finding IFI work is largely *"hit and miss"* because the only way to identify real opportunities is through personal contacts, preferable as follow-on business. One cannot wait to see the notices in UN Development Business, or on the Bank web sites. This is far too late. One has to be involved much earlier to be able to assess the context, the complete rationale for the project, and the chances of success. *"We would hope to be ahead of the Bank in our involvement and knowledge of the project."* [15]
- Cold calling and knocking on doors is a waste of time. There has to be a reason to call and something to discuss. [15]
- Getting connected early – by the time the Bank makes an announcement the early companies have already formed alliances to *bid* *"All the good dance partners are taken."* [16]
- The ADB has a *"very good web site that allows the company to identify and track projects in sectors and countries that interest them"*. The company expects to submit three or four expressions of interest for every short-listing it obtains. [21]

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- One has to have a considerable amount of technical and legal knowledge to market this work. [44]
- The organization tries to do 2 or 3 mission each year. The take-up on Ministerial missions has been poor, and one specialty mission was cancelled recently. However, part of this lack of interest is attributed to insufficient outreach. [44]
- The company has to be aware of opportunities, mainly by having contact with a network of agents. [45]

Comments on civil works – personal contact, word of mouth and websites:

- The key factor is being able to establish, finance and maintain a continuous presence in a particular market. Field offices are not enough, and occasional visits are not enough. What it takes is almost establishing a small foreign subsidiary company with a long-term commitment to the market. [32]
- When visiting a country, the firm regards it as “normal business practice” to meet the ambassador so there is a contact if any problems are encountered. [21]
- Success in marketing has little to do with government assistance, and much to do with company capabilities, willingness to make a much greater effort than is needed domestically, and personal-contact marketing. [39]

Comments on goods/equipment – personal contact, word of mouth, and websites:

- The firm believes that there are two main factors key to successful marketing of projects internationally for a specialized “niche” company such as this. These are:
 1. Having an excellent Internet web site with a good metatag [key word] structure and wide registration with the Internet search engines so that enquirers find the firm easily. [27]
 2. Referrals from satisfied past clients. [27]
- Technical workshops can be a good marketing device, if the firm has a special product or capability that it can showcase. This firm participated in an IMF workshop last year on fiscal and tax reform that it believes was useful in developing client contacts. [40]

Comments on services – personal contact, word of mouth, and websites:

- Personal reputation and the past quality of work for clients are vital. Reputation needs to be maintained and enhanced many different ways, including participation on international committees and associations of various sorts. [9]

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- One has to time visits to the Banks. In July and August there is nobody there. [10]
- The company sells services to some extent through the traditional bidding route on IFI loans. However, with most services, and all investments, established relationships with old clients and associates are much more important. [11]
- The initial success of the firm arose from personal contacts largely initiated by Canadian staff at the ADB. [12]
- Emphasize development of high quality personal relationships in developing countries. [13]
- Visit the World Bank once a month. Visit the country about half the times we are on the short list for a project. [13]
- Lots of partners and contacts – old clients, agents and representatives, local IFI representatives, other firms. “Good alliances are very important.” 9 times out of ten we have a local partner as part of our proposal. [13]
- Word of mouth through oil companies who have used the services of this company is the main way they have obtained clients overseas. [14]
- Going to see clients in person is very important to being good at World Bank and Asian Development Bank bids. [17]
- It is vital to visit the IFIs frequently and regularly. Their project cycle is long and aspects of the potential projects change often. The IFI staff change as well. To keep in touch one has to visit. [18]
- Agents are expensive and of doubtful value. Professional services have to be marketed by the professionals themselves. Agents cannot develop the types of relationships that are key to gaining work. These relationships require professional credibility. The large international consulting firms can do much more contact marketing than can a small Canadian firm. [18]
- The company has a vice president dedicated to this work. He or someone else visit the World Bank and the Asian Development Bank every three months or so. He or she typically has 12 meetings a day for three days. Doing this every quarter keeps the company visible at the Bank. [21]
- Personal contact with potential clients is vital. “*Customer visits really make things happen.*” [This means that the firm can open a new market infrequently because of the investment needed in new contacts.] Members of the firm have to be willing to travel a great deal [40%-50% of their time]. [24]

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- Another factor in the firm's success overseas [or at least good prospects] is its choice of an area of work in which Canada in general has a good reputation and image. [27]
- It is key that the firm "*manages its image and does not just let it happen*". That is, the firm must differentiate itself clearly from the extensive international competition by having something special to offer and by making this clear to potential clients. [28]
- Having a list of very strong client references from past work [essentially to working internationally] [29]
- Repeat business from satisfied clients is essential to building a viable international business. [29]
- Being active in international professional associations is helpful but expensive. [29]
- "*Word of mouth*" marketing is vital. [29]
- It is useful to have offices in both Canada and the USA. One can bid from one office or another depending on the requirements. [29]
- Regular marketing visits. "*We visit the ADB personally every quarter.*" "*If you do not appear you are just a pile of paper.*" [30]
- Keep good records of the work and the contacts made. [30]
- Personal contacts and credibility, carefully nurtured and maintained. [31]
- Being able to "*bring something of interest to the table*" not just arriving to ask "*what's coming up*". [37]
- Offering solutions, not just general capabilities. [*"Most Canadian consultants are not leading edge."*] [37]
- A web site or sites that showcase the special value offered. [37]
- Working in harmony with the Canadian image [for example, Canada has a good reputation for solid competent municipal services.] [37]
- In such a huge and diverse international market a company has to have a focus and a strategy. It has to offer something that clearly differentiates itself from the competitors. This company has developed a proprietary software product for tax administration. It provides professional services along with the product. This has given it an entrée to a large number of developing countries that are attempting fiscal and tax reform. The product is in English because that is where the large market is for such services. [40]

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- To be consistently successful, the firm has to develop a good network of satisfied clients, alliances with other firms and *"country presence"*. [40]
- It helps to be working in a business area in which Canadian firms in general have a good reputation. [40]
- As well, the owner/ entrepreneur goes to great lengths to provide extraordinary after-sales service – the objective is to remove all risk from the government buyer. For example, he once personally flew from Canada to a relatively remote province of the home country to deliver a heavy part for a fire-damaged construction vehicle. The entrepreneur is constantly looking for better equipment and keeps a close eye on how the buyers' capabilities to pay for better equipment are improving over time. [41]
- *"The company does not chase the money by monitoring the Banks. It looks for a need and becomes involved with the potential client long before the question of financing arises."* *"It is easier to go to the client directly and get them pumped up about the equipment?"* [43]
- "Students who make contact with the firm are treated with respect – they are the future clients." [43]
- Repeat business is very important to the company. *"We work very hard not to lose a client once the relationship is established."* [43]
- "You have to be there. One cannot do business by fax and phone." [44]

3.5 Agents and Local Partners

The interviewees were ambivalent about local partners. On the one hand many think that they are essential to winning work on IFI-financed projects, even when the procurement is advertised internationally. Several Canadian firms seem to regard the local partner as a buffer between the firm and the less savory local business practices. On the other hand, local partners can themselves be a source of trouble and expense [see Section 2.5, *Business Ethics and Risk*]

The need to have a local partner is a barrier to entry for SMEs since few are of interest to the local partner because their business is too small and too infrequent to contribute significantly to the partner's income. Local partners we heard of were all on commission-only arrangements with Canadian firms so the prospective volume of work is vital from the local partner's point of view.

DFAIT's locally-engaged staff have a good reputation among Canadian business people for assessing local partners, among other things. Their capabilities were often mentioned favorably compared with the trade commissioners posted to a country.

Comments by Interviewees

General comments on agents and local partners:

- Having a good local partner is also important in virtually all loan projects. In Latin America, for IADB work, it is essential, even if one has Spanish and Portuguese language capability in the firm. In some particular countries it is essential because the government has a policy of sending requests for proposal only to local firms – Indonesia and the Philippines are examples. Therefore the firm has long-standing relationships with many freelance consultants in various markets overseas and has had at least one semi-permanent office in a developing country. As well, since the company is a small “*niche*” player, it often joint ventures with a larger company, such as one of the big five accounting firms that have networks of offices throughout the world. [9]
- Emphasize development of high quality personal relationships in developing countries. [13]
- Lots of partners and contacts – old clients, agents and representatives, local IFI representatives, other firms. “Good alliances are very important.” 9 times out of ten we have a local partner as part of our proposal. [13]
- Agents are a key selling resource. The company has about 20-22 agents around the world. “*They must be tenacious, able to bridge the cultural divide between buyer and seller, and sometimes they provide technical support in-country.*” “*The agent and the company must fit hand in glove.*” [43]
- It is impossible to work without a good local agent. [44]
 - The company has to be aware of opportunities, mainly by having contact with a network of agents. [45]
 - The company does not visit the IFIs. It has local agents who obtain the tender documents from the local government and contact the company. [45]

Comments on civil works – agents and local partners:

- One generally needs one or two partners not just for local content but also to position oneself as having all of the required specialist capabilities. The business requires a lot of subcontracting. Having an excellent network of subcontractors is part of being competitive. For example, the company is presently talking with a Japanese firm in regard to seeking work together in China in the area of traffic management and safety. [10]
- For a certain type of job, the connection with the parent company is very important. There is great depth of expertise and financing available if necessary. “*Getting on the short list if we are interested is not hard for a company this size.*” [11]

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- We always use partners in investments, mostly international partners – we do not want to be majority shareholders. [11]
- The firm helps to support a dedicated person in Washington and one in Manila who liaise with the IFIs. However, *“they do not do that much... their work is mainly logistics rather than developing relationships. They gather reports and other information to help with proposal development...”* The financial depth of the company internationally is a more important aspect of pooling resources. [15]
- Alliances and joint ventures with local and international companies that have complementary interests. [37]

Comments on services – agents and local partners:

- Finding IFI work is largely *“hit and miss”* because the only way to identify real opportunities is through personal contacts, preferable as follow-on business. One cannot wait to see the notices in UN Development Business, or on the Bank web sites. This is far too late. One has to be involved much earlier to be able to assess the context, the complete rationale for the project, and the chances of success. *“We would hope to be ahead of the Bank in our involvement and knowledge of the project.”* [15]
- Language skills in some countries such as central Asia where having a project manager who speaks Russian is a major advantage [16]
- Agents are expensive and of doubtful value. Professional services have to be marketed by the professionals themselves. Agents cannot develop the types of relationships that are key to gaining work. These relationships require professional credibility. The large international consulting firms can do much more contact marketing than can a small Canadian firm. [18]
- Strong locally-engaged staff is the right way to go. They are often very knowledgeable and helpful. In contrast, a trade commissioner is *“barely getting to know a country at the end of a three-year assignment.”* [21]
- DFAIT [not just the trade commissioners] are a great resource when the company is trying to enter a new country market. The Post can help the firm establish a network of agents, partners and contracts in the country by making recommendations and checking credentials. [21]
- *Size and diversification help.* If a company is small and specialized, opportunities in a particular market or through a particular IFI will arise infrequently, perhaps not frequently enough to justify a continuous presence. Also the company needs to be big to get *“decent size jobs”*. [23]

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- Good personal representation in potential client countries; and reliable partner companies, and alliances with compatible companies internationally are also important. [27]
- The firm also has considerable faith in individual agents as marketing representatives in-country. [27]
- The firm likes to have the lead in a joint venture, or alternatively to be clearly a minor partner - 50/50 ventures do not work. [28]
- Having a list of very strong client references from past work is essential to working internationally [29]
- Being active in international professional associations is helpful but expensive. [29]
- A local partner or agent is a *sine qua non*. Without one it is impossible to work. A local agent tracks prospects, gets bid documents, and assists with logistics. Having an agent is much more effective than having a subscription to UNDB. However, ethics can be a problem. [35]
- The company, working through an agent or local partner, should be aware of a potential project long before the client decides whether to call upon IFI financing. The groundwork needs to be laid early, but, on the other hand, small projects can arise at any time or stage – some of the success of the company has come from casual contacts by the company president when visiting Bangladesh or Pakistan. [35]
- To be consistently successful, the firm has to develop a good network of satisfied clients, alliances with other firms and “*country presence*”. [40]

3.6 Innovation

A number of companies of all kinds stressed the importance of technical skill and innovation in being successful in international markets, including IFI-financed markets, and that federal government trade strategy should pay more attention to Canadian R&D and innovative skills.

“In international business, where Canadian companies are either subsidiaries of international parents, or have international subsidiaries themselves, the issue became not what is the nationality of the company [which is becoming increasingly meaningless] but rather where will the work be done? This depends more and more on where the skills and the innovative capacity are.” [119]

“Willingness to innovate to cope with local conditions is key.” [103]

3.7 Internationalization

We found that a striking number of the companies that we interviewed in 2000 and again in 2001 had become more internationalized during that short time. They had been acquired or merged with foreign companies, or had formed closer strategic partnerships with other companies overseas. It was suggested to us on several occasions that the traditional model of national mercantilism [whereby Canadian firms produced in Canada and sold as much product and services abroad as possible] was an out-dated model, and that our trade promotion stance needed some "intellectual spring cleaning".

"Our ideas on economic value added are out-moded. For example, foreign direct investment by Canadian firms is not a loss to Canada but an essential part of generating economic value for Canadians." [119]

3.8 Availability of Financing

A general lack of loan financing was not mentioned by any of our interviewees as an important constraint. Finding "good" [profitable] projects and winning them competitively is seen as difficult; but, if the project is profitable and won competitively, then attracting loan financing does not seem to be a major problem.

This does not mean that Canadian firms are immune to "subsidy races". Price is always an issue in IFI projects in developing countries, and competitors sometimes have access to cheaper loan monies than do Canadian firms. This seems most often because the competitor is larger and better capitalized, and therefore has a better credit rating. Nevertheless, on occasion it can be a result of foreign government subsidization.

Two financial problems were mentioned related to capitalization of the Canadian firm – did it have "deep pockets"? First, small businesses sometimes complained that they could not afford to carry major projects through the first phase in which cash flow tends to lag behind the work. Second, larger businesses sometimes noted that their capitalization was not adequate to enable them to put equity investment at risk in major overseas projects.

In some cases, interviewees criticized Canadian firms in general for having a preference for sole source bids that can only be profitable with subsidization, and suggested that a greater willingness to compete for profitable projects needed to be nurtured.

"Canadian firms have a historical bent towards the path of least resistance, that is towards sole source bids for projects that can only be profitable with a subsidy from the Canadian government. This is changing. It is not true of the new economy, the IT sector. However many of the firms traditionally involved in the IFI markets, the 'sole source culture' is slow to change." [305]

Section 4
DFAIT-TCS Support of Marketing to the IFIs

4.1 Use of Federal Government Services

On the whole these experienced companies are familiar with DFAIT-TCS services, and have used them at some stage, although use may be infrequent. However, expectations of services from DFAIT-TCS are low. There are exceptions where individual trade commissioners or EDs have established reputations among some companies. However, very few of the interviewees regard the Trade Commissioner Service as a key part of their marketing network. Often, the availability of a Canadian diplomatic presence in country is regarded as a "safety net" in case the company gets into trouble with a project, but the occasion rarely arises and, when it does, the type and amount of assistance the embassy can provide is limited and does not necessarily require trade commissioner expertise.

CIDA was not mentioned frequently, and, when they occurred, comments tended to be negative. There appears to be a perception that CIDA has an anti-business bias, and that this is reflected in several ways, including a preference for dealing with NGOs and fee and expense limits that effectively exclude businesses.

The EDC was mentioned frequently and enjoys a good reputation. The Corporation is regarded by many of our interviewees as an essential element of Canada's export marketing infrastructure. Comments, when they had a negative aspect, related to EDC's modest scope – many think that the EDC should be more generously capitalized by the federal government to be able to participate in larger and more risky projects.

Interviewee Comments

General comments on DFAIT-TCS services:

- EDC insurance of payables is an important service to the company. However EDC does not insure payables from African countries readily, and, when it does, the country risk premiums are so high as to make insurance prohibitive. The firm sees some improved readiness on the part of the EDC to cover African projects, but still few. [103]
- Closer cooperation between DFAIT and CIDA/IDRC/NRC on promoting Canadian technologies abroad would be useful. [106]
- The firm has used the services of the OLIFIs, *but "has graduated from needing to use them"*. They have been helpful with logistics, including getting a *"nice room rate in Manila – not a trivial matter given the expense of marketing trips"*. The Executive Directors and their staff are always helpful to Canadian firms on request. [9]
- The trade commissioners at posts can be very helpful. Whenever company staff are

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visiting a country they call on the embassy for "*intelligence on the ground*" either in person or by telephone. The trade commissioners can often provide a good briefing on the sector of interest in this country, and some information on "*who is doing what*". They can sometimes assist with alliances. [10]

- The company has no close connection with DFAIT. Federal programs and support do not affect outcomes much. The firm does its own marketing by its own staff. They receive some information notices but generally know about the prospects ahead of time. "*We do not need DFAIT in the countries where we work since we already know our way around there.*" [11]
- The company used PEMD once, and has been part of provincial delegations that accompanied the federal minister on missions. [14]
- The embassy helped when difficulties developed with the joint-venture partners. [14]
- The embassies can help with advice on protocol when a company is submitting a proposal to a potential client government. [14]
- Trade commissioners can assist with the due diligence of the company in selecting a local partner. [14]
- "Posts are busy and have no money. Our expectations are low." [14]
- It is unrealistic to expect the trade commissioners to know as much about the potential project at the company knows, or to know it as early. Perhaps they could be more specifically helpful at the proposal stage with information and logistics support. "The question of expectations of DFAIT at the posts is a difficult one. We know that resources are scarce, but how scarce? Should the posts set up appointments, accompany Canadian companies to meetings, define opportunities, qualify opportunities, follow up and report on progress of projects as they go through the various stages, help to form Canadian consortia, lobby on behalf of specific Canadian companies? I believe that a consistent level of service that can be expected for all companies is important." [14]
- DFAIT has been "*lots of help*" overseas. For example, the interviewee was recently in Manila. The embassy booked his hotel and *set up* an agenda of 20 meetings over a period of three days. [16]

Comments on civil works: use of DFAIT-TCS services:

- The company has received support in the past from DFAIT, CIDA and the EDC. The EDC is "very good at presenting the financials. They present themselves well." CIDA has contributed some funds for training associated with bids in Africa and Vietnam. DFAIT support has been mostly ceremonial, social and political in-country. If the company is pursuing an opportunity in a particular country, it contacts the ambassador for general information and support, including, on occasion, recommending an agent, although the

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use of agents is rare because of the global reach and reputation of the parent company. The parent company is multinational so there have been some bid situations when it could call on several embassies for help. For example, in competition against an Italian and a German firm, the company could call on American, British or Canadian aid, since it has subsidiary companies in all these countries. In at least one instance the Canadian embassy was the most helpful, because, in the eyes of the potential client, both the British and the Americans were compromised by other political interests in the country. Canada seldom has such constraints. On the other hand it seldom has much clout either. The bid in question was not successful. [102]

- The President of the company tends to contact the ambassador when he visits a country and this is probably useful in some cases for making high-level contacts. However, at the working level down, there is little need or opportunity to meet embassy staff. When the company makes sales missions, the manager is meeting lots of potential clients [or Bank staff] in a short period of time, "running like hell". There would be little point going to the embassy. [13]
- Occasionally an ED has been helpful in getting certain information quickly. [13]
- However the OLIFIs, the EDs and the trade commissioners in-country are often helpful in providing Canadian government support to the company's marketing efforts and, upon occasion, help in resolving disputes. Ministerial and Prime Ministerial support in export marketing efforts can also be of assistance. [17]
- The company has used all of the federal government support programs at one time or another. However, they are not very important in the overall marketing picture now that the company has so much international experience and knowledge. [21]

Comments on goods/equipment: use of DFAIT-TCS services:

- The company has been helped more in the export business by federal R&D support than by anything the trade commissions have done. For example the company developed a hydraulic model for wastewater systems [software] that was a considerable advance on the existing software, with the help of an IRAP grant that brought together the firm, the federal government, a major utility, and a university research group. The result was international projects and the growth of an 80 person subsidiary in the United Kingdom. [37]
- The company does not use the trade commissioners, and is not familiar with the OLIFI or the Banks. [43] EDC, on the other hand, is an important part of the company's business approach. It ensures all projects with EDC, not just the most risky. It even insures when it has received an irrevocable letter of credit. The hope is that EDC will reciprocate and cover all projects, including the most risk ones. At present, the company has a blanket policy with EDC that provides automatic coverage within certain limits. [43]
- General marketing assistance is not much help. In high technology, one is dealing with

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scientists and one has to “*sell at a high technical level*”. [43]

- New technologies should open new opportunities for selling services overseas, and the trade commissioner should assist in identifying these. [14]
- The firm has used DFAIT services to help market its services and products. For example, the Post in Nairobi, Kenya, helped present a trade show that featured the firm [“almost like a product launch rather than a trade show”]. [27]
- The firm has met with several trade commissioners, and kept up an email correspondence with them. [27]
- CIDA has on occasion provided a letter indicating that the firm can access certain training funds, to provide computer training for Kenyan women for example, if it is successful in its project bid. Recently CIDA is reluctant to provide such written assurance but gives oral commitments. [27]
- The firm has had a PEMD contribution for marketing, and has received support from CIDA INC. [27]

Comments on services: use of DFAIT-TCS services:

- DFAIT is not usually useful in finding new project opportunities. It is not fast enough and often the company has better information. [17]
- The ED at the ADB has been helpful in providing advice about company strategy to win work at the ADB. [18]
- The consultants make courtesy visits to the embassy, at a minimum, when visiting a country. [18]
- The interviewee, without prompting, remembered the brochure on how to do business with the Asian Development Bank, and was very complementary about it. [19]
- The firm does not use DFAIT services to identify prospects and does not think they are needed. Good information is now available directly from the Banks. In fact, the firm seldom calls upon the ED for assistance, and the interviewee was unaware of the OLIFI offices. In smaller countries staff tend to contact the embassy when travelling but seldom for substantial assistance. [19]
- Although this firm has done at least eight projects for a wide variety of countries, financed by the World Bank and the Asian Development Bank, in the past two years, it has no direct experience with the trade commissioners. [20]
- When visiting a country, the firm regards it as “normal business practice” to meet the

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ambassador so there is a contact if any problems are encountered. [21]

- DFAIT [not just the trade commissioners] are a great resource when the company is trying to enter a new country market. The Post can help the firm establish a network of agents, partners and contracts in the country by making recommendations and checking credentials. [21]
- The posts have been *"pretty helpful. They give more personalized service than one should reasonably expect given the amount of traffic through their offices."* The trade commissioners are good for making official contacts with government counterparts and *"given their broad scope it is amazing how much they know sometimes"*. The company does not use them often but finds them *"admirably forthcoming when asked"*. They are good at lining up appointments when told what projects are of interest to the company. They are also good at basic briefings when one is visiting a country for the first time. [23]
- However it is unrealistic to expect them to know key commercial intelligence [particularly whether the competition is rigged]. The post gets *"only the outer skin of the intelligence onion"*. Private contacts are essential to assessing the true risk in a project. The company is reluctant to share this sort of information with a trade commissioner. [23]
- Trade commissioners at posts have *"individual strengths"*. They have helped on occasion to find local partners and arrange local meetings. They can sometimes be very accommodating in responding to a request from the firm for information when proposal time is short. [24]
- The EDs in the Banks can be helpful when there is a dispute. [24]
- In the early 1990s there was a two-day railways seminar organized at the World Bank by the Montreal World Trade Centre that was helpful with networking. [24]
- The company tracks projects on the web weekly. This sort of information is now available directly and the trade commissioners do not have to be involved. [24]
- *"The DFAIT China team is superb"*. [25]
- The trade commissions in Beijing-Shanghai-Hong Kong were an important resource when the company was starting out in China. Now the company is more experienced and does not normally contact them for assistance. Occasionally the "cachet" of an embassy venue or embassy representation at a company event is useful. Similarly the company occasionally receives calls from DFAIT Ottawa to attend an event for a visiting Chinese dignitary and these can be useful. On one occasion particularly the guest was a senior official and the evening dinner gave excellent access to him. [25]
- Trade missions are not a good use of time. [25]

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- The company “doesn’t need the assistance of the OLIFI in Washington but finds the OLIFI services in Manila useful.” [25]
- The company does not find the EDs a good source of intelligence in the Banks. The company is often more aware of a particular opportunity than they are. Having a trade commissioner seconded to a position actually inside the Bank is an excellent idea. [25]
- In general the firm relies on local agents not on the Posts. However, the vice president mainly in charge of international marketing may visit a post when in-country, if he has an acquaintance there, perhaps the ambassador. These contacts are “*at least half social*”. The main limitation in using trade commissioners is a lack of trust – “*we cannot trust them because if we ask them for information they will broadcast it to our competitors*”. [28]
- In some countries the embassy can be very useful in the earliest stage when the firm is first getting established. The firm has received help in finding local partners, and in researching contacts and setting up appointments. [28]
- The VP visits Washington three or four times a year to “*keep the firm’s profile high*”, and has visited the OLIFI more than once. However, the firm does “*not usually ask the embassy in Washington to do anything*”. The occasional networking lunch is “*useful but not vital*”. The ED’s office can be useful in identifying who is important to see in the Bank on a particular project, and occasionally the staff can provide “*good country gossip*”. [28]
- Now that it is well known and experienced, the firm does not rely on CIDA work for an entrée to countries, although it did fifteen years ago. [28]
- Have not actually used federal government or DFAIT support or services. However, the Posts might be most helpful for trouble shooting when a problem arises. On one occasion there was a dispute about taxes and the ED was sympathetic although there is not much an ED can do in such a situation. [28]
- The company has frequently used the ED’s staff and the OLIFI’s to obtain information such as the project appraisal document, to make contacts and appointments, and to help establish the credibility of the company with potential clients in the Banks. [31]
- The trade commissioners in the Canadian city where the company is situated have been very helpful with advice and information. [32]
- The company has not used the services of DFAIT in developing countries, or in Washington. The interviewee used the services of the OLIFI in Manila two or three years ago and found the senior trade commissioner knowledgeable and helpful. [32]
- In the opinion of the partner the firm does not need any services from DFAIT in Washington, Manila or in the developing country markets, and therefore declined politely to meet with the study team. [33]

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- The company has not used DFAIT services in the past, although it would seek help if it encountered a serious problem. *"The embassy can't do much to get your bills paid except put in a good word."* [35]
- The trade commissioners *"were more useful 20 years ago. Today we have established credentials and presence."* [37]
- The OLIFI duplicates the ED office in many ways. It would be better just to have a dedicated person in the ED's office. The Bank might not formally approve the placement of such a person on a permanent basis, but it might be done informally. A trade commissioner at the embassy is too much a part of the embassy routine and gets caught up in other activities not connected with marketing at the Bank. [38]
- The Director has made use of the OLIFI in Manila particularly to make contacts and appointments at the IFIs. At the time the Manila OLIFI was more forthcoming with such assistance than the Washington OLIFI. [42]

4.2 Assistance at the Posts

The companies we interviewed were selected because of their success in marketing to the IFIs and to IFI-financed projects. Therefore they gave us the experienced company's view of the trade commissioners at Posts. In general they were positive about the services provided by the trade commissioners but did not regard them as an important part of the company's marketing system.

The three areas in which the companies most valued the services of the trade commissioners and other staff at Posts were:

- Making appointments and helping with logistics
- Responding to requests for specific information
- Trouble shooting when a dispute arises

In many cases the interviewees had a higher opinion of the expertise of locally-engaged staff than of the trade commissioners, in terms of local knowledge and understanding of the local business culture.

It was striking that most of the interviewees did not expect that trade commissioners could be successfully proactive in identifying trade opportunities. The companies generally reported that their own knowledge of specific opportunities was well ahead of the trade commissioners.

However, they did value the trade commissioners responding to requests for particular information. In fact, one of the reasons they reported that this service was particularly useful to them was that the replies were privileged to them. When the trade commissioner herself found some information it is generally broadcast to a number of Canadian firms, and several

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interviewees reported that this was unhelpful because it confused the competitive situation.

Comments by Interviewees

General comments on assistance at Posts:

- Some posts [Barbados mentioned] circulate excellent lists of current and upcoming projects. Together with the Development Business Forum, these circulated lists can be excellent for identifying bid opportunities for goods and equipment. [303]
- Political/embassy factors can be important at the final stage of decision-making, both in regard to the winning bid, and in regard to dividing up the work if more than one company is selected. For example, in one project, final procurement was divided into two packages of 7 and 8 turbines [the Canadians provided 7]. [102]
- The trade commissioners at posts can be very helpful. Whenever company staff are visiting a country they call on the embassy for "*intelligence on the ground*" either in person or by telephone. The trade commissioners can often provide a good briefing on the sector of interest in this country, and some information on "*who is doing what*". They can sometimes assist with alliances. [10]
- The Posts should let companies identify what information they need, for a proposal, for example, and respond quickly to specific requests for information. At present the system is unreliable. Sometimes the post is excellent and sometimes they do not even reply. It all depends on the individual ambassador/trade commissioner. Proposal intelligence would often be very useful. Our European partners often have much better intelligence than we do. [13]
- Provide screening and advice, not raw information. Raw information about prospective projects is not useful. We generally know earlier than DFAIT. However better screening and qualification of prospects would be useful if that is possible. This might not be a plausible role for public servants because this sort of information is subjective and risky. It would also require the posts to take the initiative. [13]
- The embassy helped when difficulties developed with the joint-venture partners. [14]
- The embassies can help with advice on protocol when a company is submitting a proposal to a potential client government. [14]
- Trade commissioners can assist with the due diligence of the company in selecting a local partner. [14]
- "Posts are busy and have no money. Our expectations are low." [14]
- It is unrealistic to expect the trade commissioners to know as much about the potential

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project at the company knows, or to know it as early. Perhaps they could be more specifically helpful at the proposal stage with information and logistics support. *"The question of expectations of DFAIT at the posts is a difficult one. We know that resources are scarce, but how scarce? Should the posts set up appointments, accompany Canadian companies to meetings, define opportunities, qualify opportunities, follow up and report on progress of projects as they go through the various stages, help to form Canadian consortia, lobby on behalf of specific Canadian companies? I believe that a consistent level of service that can be expected for all companies is important..."* [14]

- A basic briefing package for the Bank and the country that one could download before traveling would be useful. Dos and don'ts for the country – personal safety tips. *"The briefing package should be friendly – some ideas: key phone numbers, names of doctors, shopping areas, what to do with the two spare hours a day, how governments are organized, encourage travelers tales, not horror stories but useful anecdotes."* [15]
- "The decentralization of the IFIs has two effects – sales costs increase, but also the importance of the post in recipient countries increases, particularly if early intelligence is a defined service." [15]
- DFAIT has been *"lots of help"* overseas. For example, the interviewee was recently in Manila. The embassy booked his hotel and *set up* an agenda of 20 meetings over a period of three days. [16]
- Some locally engaged business development consultants are very knowledgeable and active in seeking opportunities. [16]
- Now that the World Bank is more decentralized, about half its country directors are resident in-country, so the DFAIT posts can play a larger role than when the Bank was more centralized in Washington. [16]
- The company would pay for value if the posts were to offer additional fee-based services if this alternative made good business sense. [16]
- The trade commissioners in-country are often helpful in providing Canadian government support to the companies marketing efforts and, upon occasion, help in resolving disputes. Ministerial and Prime Ministerial support in export marketing efforts can also be of assistance. [17]
- The firm does not use DFAIT services to identify prospects and does not think they are needed. Good information is now available directly from the Banks. In fact, the firm seldom calls upon the ED for assistance, and the interviewee was unaware of the OLIFI offices. In smaller countries staff tend to contact the embassy when travelling but seldom for substantial assistance. [19]
- Although this firm has done at least eight projects for a wide variety of countries, financed

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by the World Bank and the Asian Development Bank, in the past two years, it has no direct experience with the trade commissioners. [20]

- The company has used all of the federal government support programs at one time or another. However, they are not very important in the overall marketing picture now that the company has so much international experience and knowledge. [21]
- When visiting a country, the firm regards it as “normal business practice” to meet the ambassador so there is a contact if any problems are encountered. [21]
- Strong locally-engaged staff is the right way to go. They are often very knowledgeable and helpful. In contrast, a trade commissioner is “barely getting to know a country at the end of a three-year assignment.” [21]
- DFAIT [not just the trade commissioners] are a great resource when the company is trying to enter a new country market. The Post can help the firm establish a network of agents, partners and contacts in the country by making recommendations and checking credentials. [21]
- The posts have been *“pretty helpful. They give more personalized service than one should reasonably expect given the amount of traffic through their offices.”* The trade commissioners are good for making official contacts with government counterparts and *“given their broad scope it is amazing how much they know sometimes”*. The company does not use them often but finds them *“admirably forthcoming when asked”*. They are good at lining up appointments when told what projects are of interest to the company. They are also good at basic briefings when one is visiting a country for the first time. [23]
- However it is unrealistic to expect them to know key commercial intelligence [particularly whether the competition is rigged]. The post gets *“only the outer skin of the intelligence onion”*. Private contacts are essential to assessing the true risk in a project. The company is reluctant to share this sort of information with a trade commissioner. [23]
- Sometimes locally hired staff are more truly knowledgeable about the local business culture, and more able to *“sniff out a real work opportunity”*. [23]
- Intelligence on the key questions would be very valuable if it could be provided dependably. These key questions are: [26]
 - Is there a real project?
 - Who, if anyone, is it wired for?
 - What will it take to win the business?
- In general the firm relies on local agents not on the Posts. However, the vice president mainly in charge of international marketing may visit a post when in-country, if he has an acquaintance there, perhaps the ambassador. These contacts are *“at least half social”*.

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The main limitation in using trade commissioners is a lack of trust – *“we cannot trust them because if we ask them for information they will broadcast it to our competitors”*. [28]

- In some countries the embassy can be very useful in the earliest stage when the firm is first getting established. The firm has received help in finding local partners, and in researching contacts and setting up appointments. [28]
- “The secret of commercial success is to be able to make something of information – to have intelligence that other firms do not have. Unless the trade commissioners are willing to provide this sort of information to one firm exclusively, their usefulness will always be limited. Good trade officers will respect privileged enquiries – but many do not. They broadcast the information to show how much they know.” [28]

Comments on civil works: assistance at Posts:

- The President of the company tends to contact the ambassador when he visits a country and this is probably useful in some cases for making high-level contacts. However, at the working level down, there is little need or opportunity to meet embassy staff. When the company makes sales missions, the manager is meeting lots of potential clients [or Bank staff] in a short period of time, “running like hell”. There would be little point going to the embassy. [13]

Comments on goods/equipment: assistance at Posts:

- New technologies should open new opportunities for selling services overseas, and the trade commissioner should assist in identifying these. [14]
- The firm has used DFAIT services to help market its services and products. For example, the Post in Nairobi, Kenya, helped present a trade show that featured the firm [“almost like a product launch rather than a trade show”]. [27]

Comments on services: assistance at Posts:

- *“We do not need DFAIT in the countries where we work since we already know our way around there.”* [11]
- They have been helpful with logistics, including getting a *“nice room rate in Manila – not a trivial matter given the expense of marketing trips”*. [9]
- When DFAIT takes the initiative to identify a need or refer a potential client to the firm, as it has at least once, this can result in work. On the occasion in question, the trade commissioner relayed the resumes of members of the firm to the potential client [Government of Fiji]. [9]
- The consultants make courtesy visits to the embassy, at a minimum, when visiting a

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country. [18]

- Posts should provide traditional support on request, but be careful of encouraging companies to pursue projects in these markets if the projects are likely to be unprofitable. [23]
- Trade commissioners at posts have "*individual strengths*". They have helped on occasion to find local partners and arrange local meetings. They can sometimes be very accommodating in responding to a request from the firm for information when proposal time is short. [24]
- The trade commissioners at posts are best at helping with appointments and gathering information about a specific project. They should concentrate on being better at business intelligence once a firm asks them to focus on a particular project. Identifying the project in the first place is better done by the firm itself. [24]
- If chargeable DFAIT services were offered companies might be happy to pay but the services would have to be "strong and good". [24]
- "Once a company has been placed on a short list, DFAIT Posts could get more involved either by providing strong intelligence needed to secure a contract, lobbying with local governments, being aware of local partners, etc etc. A strong commercial officer would also be in a good position to advise about future areas of development and contracts opportunities which would be of interest to various companies in Canada." [24]
- The trade commissions in Beijing-Shanghai-Hong Kong were an important resource when the company was starting out in China. Now the company is more experienced and does not normally contact them for assistance. Occasionally the "cachet" of an embassy venue or embassy representation at a company event is useful. Similarly the company occasionally receives calls from DFAIT Ottawa to attend an event for a visiting Chinese dignitary and these can be useful. On one occasion particularly the guest was a senior official and the evening dinner gave excellent access to him. [25]
- The firm has met with several trade commissioners, and kept up an email correspondence with them. [27]
- There are two ways in which DFAIT could be of significant help: Getting a foothold is key. Anything that can be done to get a first piece of work in a particular country is worthwhile since the firm is likely to obtain larger projects as follow-on work once established. The first client is needed as an entrée to the market. The trade commissioner could investigate a situation, on request, to see whether there is a real prospect of a project, or not. [27]

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- The trade commissioners can only do so much – in the end the firm has to gather and analyze the key information itself. [28]
- Have not actually used federal government or DFAIT support or services. However, the Posts might be most helpful for trouble shooting when a problem arises. On one occasion there was a dispute about taxes and the ED was sympathetic although there is not much an ED can do in such a situation. [28]
- In-country competitive proposal intelligence [31]
- If the Canadian company cannot visit the country as part of its proposal preparation, it would be very useful if the trade commissioner would meet with three or four of the staff of the potential client, size up the competitive position, and delve into what the client really wants. A large company might be able to keep a continuous presence in the country and do this for itself; but a small company must rely often on the trade commissioner. [31]
- The right kind of contact identification and appointments making is a high level skill. The key task managers at the Banks are very busy and will not even reply to someone who they do not know, let alone agree to a meeting. The chain of personal trust is key – the task manager trusts the ED, who trusts the consultant. This sort of contact making can only be done by people who are themselves credible and knowledgeable in the field. [31]
- Be able to provide information quickly on request [31]
- The company has not used the services of DFAIT in developing countries, or in Washington. The interviewee used the services of the OLIFI in Manila two or three years ago and found the senior trade commissioner very knowledgeable and helpful. [32]
- In the opinion of the partner the firm does not need any services from DFAIT in Washington, Manila or in the developing country markets, and therefore declined politely to meet with the study team. [33]
- The company has not used DFAIT services in the past, although it would seek help if it encountered a serious problem. *"The embassy can't do much to get your bills paid except put in a good word."* [35]
- The trade commissioners *"were more useful 20 years ago. Today we have established credentials and presence."* [37]
- *"We are not well served by a trade commissioner system that notifies 70 Canadian companies about the same job. In fact when we see that happen it pretty much convinces us not to bid."* [37]
- Team missions are *"pretty much a waste of time"*. [37]

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- We are reluctant to share information with the trade commissioners at posts because we almost always know much more than they do and they cannot be trusted to maintain confidentiality to one company. *"It is hard to see what trade commissioners actually do."* [37]
- The idea that trade commissioners at posts might track IFIs in their countries is appealing but may be impractical. The DFAIT track record for gathering business information proactively and consistently is not good. It may be better for the trade commissioners just to gather intelligence when they receive a specific enquiry from a Canadian company, especially one that is short-listed for an IFI job. [38]
- For IFI-work the CIDA officers at posts are often the logical network not the trade commissioners. CIDA officers are the ones talking frequently with IFI in-country staff. [40]
- "The secret of commercial success is to be able to make something of information – to have intelligence that other firms do not have. Unless the trade commissioners are willing to provide this sort of information to one firm exclusively, their usefulness will always be limited. Good trade officers will respect privileged enquiries – but many do not. They broadcast the information to show how much they know." [40]
- The Director suggests that it is a mistake to discontinue making appointments at the IFIs for Canadians visiting for marketing purposes. He says that if the OLIFIs/trade commissioners are not active in doing this their networks of contacts will wither. [42]
- The company does not use the trade commissioners, and is not familiar with the OLIFI or the Banks. [43]
- General marketing assistance is not much help. In high technology, one is dealing with scientists and one has to *"sell at a high technical level"*. Trade commissioners might be able to help as the company diversifies into other types of equipment and services, in new countries. [43]

4.3 Consultant Trust Funds and CIDA Programs

Although we were not interviewing companies in regard to CIDA INC or the consultant trust funds established by CIDA at the international financial institutions, these subjects were raised by the interviewees fairly frequently.

CIDA bilateral projects, CIDA INC projects, and technical assistance projects funded by the consultant trust funds serve two purposes. First, they produce opportunities to participate in small but frequent projects that can smooth out the cash flow of a company between large projects. Second, they provide a working introduction to a country and contribute to the credibility of future bids by the company in that country.

However, despite the potential for useful input from these instruments, most of what we heard

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was negative. These companies generally hold the view that CIDA is not business friendly and that there is an inherent conflict in having one agency pursue both aid and trade objectives at the same time. The interviewees believe that CIDA has a bias in favour of NGOs and neophyte companies, and that this bias limits the usefulness of these programs to experienced companies who have the best chance of actually winning business.

The interviewees expressed the view that CIDA places limitations on eligibility, and on the level of support, that limits usefulness to experienced companies.

Interviewee Comments

- Renaissance Eastern Europe [CIDA] has been an important support to the company's efforts. However, requests for CIDA support for training as a component of projects have been unsuccessful. We would like more general training subsidies as a sweetener for bids. [104]
- CIDA can be important in the early stages of a project, when feasibility studies are being done. Then the major financiers [World Bank, African Development Bank] often come into play as support to the main work. [103]
- CIDA is important both because it finances feasibility studies, and because it buys equipment on behalf of developing countries [through lines of credit granted to the country]. [101]
- If DFAIT/CIDA could do a better job of helping Canadian consortia come together to pursue IFI work, this would be useful – perhaps a better database of firms interested in this market? Road shows, seminars and brown-bag lunches can be useful as training opportunities for new staff. [10]
- Form a separate federal trade promotion agency – take trade promotion out of CIDA, in particular. *“As for CIDA, we have to look at the possibility of having an independent structure dealing with trade as an option. There may be other ways to do that.”* [13]
- The company used PEMD 15 years ago when it was first attempting to develop contacts in China as a preliminary to CIDA Inc. proposals. [16]
- The CIDA standing offers are useful because they allow the agency to contract for small projects quickly. We do not have a standing offer! [16]
- Small CIDA assignments and Bank “staff consulting assignments” are “invaluable positioning” for larger work. [21]
- The federal government places too much emphasis on helping neophyte companies make their first trips and marketing approaches overseas and too little on helping small successful firms get better and larger. “A pet peeve is that PEMD rejects us

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because we are not new to a market – just because we have won some ADB work does not mean we no longer need support.” Many of the “new” companies are not serious about international work. [22]

- CIDA should put more emphasis on developing Canadian capacity. CIDA is prone to do one type of project in a country and then move to an entirely different sector. Its attention span is too short. They should focus more on where Canada has special capacity and do more to develop that capacity further. [22]
- CIDA INC expects a 12-month turn around. That is unrealistically fast – 3 to 5 years would be more practical timeframe for developing a new market. [22]
- The company has used CIDA INC, and has had a number of CIDA bilateral projects, and found them both useful for positioning for World Bank or Asian Development Bank work in the same countries. [23]
- Use of the *Consultant Trust Funds* should be approved in the Bank, or, at least, in the embassies in Washington and Manila, to speed things up. [25]
- Programs should be more geared to helping *small companies with some experience and success grow*, rather than introducing neophytes all the time who have only a small chance of success. [25]
- Closer collaboration between DFAIT, CIDA, EDC and CCC would make them all more useful to companies. [25]
- Better information about the package of services and contributions available to a Canadian firm going after IFI work. Perhaps PEMD capital projects provides proposal support contributions [no one was sure in the meeting]. Perhaps PEMD, CIDA, and EDC information should be available in the one package. [26]
- CIDA has on occasion provided a letter indicating that the firm can access certain training funds, to provide computer training for Kenyan women for example, if it is successful in its project bid. Recently CIDA is reluctant to provide such written assurance but gives oral commitments. [27]
- The firm has had a PEMD contribution for marketing, and has received support from CIDA INC. [27]
- Getting a foothold is key. Anything that can be done to get a first piece of work in a particular country is worthwhile since the firm is likely to obtain larger projects as follow-on work once established. The first client is needed as an entrée to the market. [27]
- The firm uses CIDA INC. It has several contributions current at present. The VP

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observed that CIDA INC is *“more hard nosed than they used to be, and now want to see clearly a large-dollar project at the end of the marketing effort”*. [28]

- Now that it is well known and experienced, the firm does not rely on CIDA work for an entrée to countries, although it did fifteen years ago. [28]
- The managing partner has done “piggy back” marketing while on CIDA projects – that is, looking for other prospects while in-country. [35]
- DFAIT could make companies aware of the opportunities that can arise from untied aid funds available from Japan and Denmark [Danida]. These funds are quite substantial. [35]
- *“After the first small project in a large Asian country where we are now concentrating, we used CIDA INC to keep in play. However we did not spend the full budget. It is an expensive program to use.”* [37]
- *“Help companies to develop and offer truly unique services and products not just encourage them to do cold knocking on doors.”* [37]
- CIDA INC is too bureaucratic, pays too little share of the costs and has too many restrictions on eligibility, and has conflicting agendas that add to the cost [gender, the Canadian Environmental Assessment Act, for example]. [39]
- CIDA is a *“good spring board”* that helps a firm to establish a presence in a country but *“can create problems too”*. CIDA is *“very risk averse, and does not necessarily know what is going on commercially”*. Nevertheless, for IFI-work the CIDA officers at posts are often the logical network not the trade commissioners. CIDA officers are the ones talking frequently with IFI in-country staff. [40]
- EDC, on the other hand, is an important part of the company's business approach. It ensures all projects with EDC, not just the most risky. It even insures when it has received an irrevocable letter of credit. The hope is that EDC will reciprocate and cover all projects, including the most risk ones. At present, the company has a blanket policy with EDC that provides automatic coverage within certain limits. [43]
- *CIDA has not been a useful source of work or support. The company approached CIDA on assisting technical training in Canada but did not receive a positive response.* [43]

4.4 Assistance by the OLIFIs and the EDs

Interviewees emphasized that a strong Canadian presence within the Banks is more important than an enhanced trade presence in the embassies in Washington and Manila [There was almost no mention of Abidjan]. Duplication between the functions of the OLIFIs

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and the Executive Directors of the Banks was mentioned.

The main function of these offices, from the interviewees' point of view, is maintaining networks of contacts within the Banks, and being able to connect Canadian business people with those networks. There were various views on how this could be done, but consensus on the need for a close engagement within the Banks whenever possible.

Comments by Interviewees

- Intensify direct support of specific proposal/bids during preparation. [101]
- Awareness [identifying projects] is not a success factor. These projects [civil works] are few and large. The company does not miss major projects, but always learns about them well ahead of time, either through its network of professional contacts, or from an approach by the potential buyer. It does not need trade commissioners to scout projects. [102]
- The firm has used the services of the OLIFIs, *but "has graduated from needing to use them"*. They have been helpful with logistics, including getting a *"nice room rate in Manila – not a trivial matter given the expense of marketing trips"*. The Executive Directors and their staff are always helpful to Canadian firms on request. [9]
- DFAIT and the Canadian executive director at the World Bank could lobby for a proposal appraisal formula that is fairer to international firms including Canadian firms. [See proposal assessment formula discussion above.] [9]
- The EDs are not useful. *"Business is not their business."* [11]
- Occasionally an ED has been helpful in getting certain information quickly. [13]
- Develop a strong office within the World Bank. [13]
- The embassy in Washington is too detached to be very effective. A strong presence within the Bank is needed. [13]
- "It is important to understand trends in the areas in which IFIs are spending – for example, currently there is a focus on regulatory reform – legal, health and insurance being key sectors. Monitoring these trends and getting the information out to existing IFI market players and potential new ones could increase Canadian competitiveness." [15]
- However the OLIFIs, the EDs and the trade commissioners in-country are often helpful in providing Canadian government support to the companies marketing efforts and, upon occasion, help in resolving disputes. Ministerial and Prime Ministerial support in export marketing efforts can also be of assistance. [17]

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- Have the OLIFI do a trends and overview piece on each Bank every six months. [17]
- Washington OLIFI does a useful review annually. A good analytical review of the Bank's thinking and trends is very useful to companies interested in IFI business. [17]
- The ED at the ADB has been helpful in providing advice about company strategy to win work at the ADB. [18]
- Lobby the IFIs to be more SME friendly. At present they are good markets for individuals or for large firms. Small firms are not well served. [18]
- Reviewing unsuccessful proposals, and debriefing at the Bank, to give the company advice on how to present more effective proposals in future would be valuable. [18]
- There are two ways in which DFAIT could be of significant help: [19]
 1. Help screen calls for Expressions of Interest, and help prevent companies that are unlikely to be competitive getting uselessly on short lists. Not bidding or bidding badly after the company is short-listed is quite harmful. [19]
 2. Help companies prepare excellent proposals after they are short listed. [19]
- The EDs in the Banks can be helpful when there is a dispute. [24]
- The company "*doesn't need the assistance of the OLIFI in Washington but finds the OLIFI services in Manila useful.*" [25]
- The company does not find the EDs a good source of intelligence in the Banks. The company is often more aware of a particular opportunity than they are. Having a trade commissioner seconded to a position actually inside the Bank is an excellent idea. [25]
- Canada should work to get more of its young people enrolled in the *Young Professional Programs* from which the future leaders of the Banks come. [25]
- Use of the *Consultant Trust Funds* should be approved in the Bank, or, at least, in the embassies in Washington and Manila, to speed things up. [25]
- The VP visits Washington three or four times a year to "*keep the firm's profile high*", and has visited the OLIFI more than once. However, the firm does "*not usually ask the embassy in Washington to do anything*". The occasional networking lunch is "*useful but not vital*". The ED's office can be useful in identifying who is important to see in the Bank on a particular project, and occasionally the staff can provide "*good country gossip*". [28]
- The company has frequently used the ED's staff and the OLIFI's to obtain information such as the project appraisal document, to make contacts and appointments, and to help

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establish the credibility of the company with potential clients in the Banks. [31]

- The right kind of contact identification and appointments making is a high level skill. The key task managers at the Banks are very busy and will not even reply to someone who they do not know, let alone agree to a meeting. The chain of personal trust is key – the task manager trusts the ED, who trusts the consultant. This sort of contact making can only be done by people who are themselves credible and knowledgeable in the field. [31]
- Have a system to get the key documents in electronic format for distribution to Canadian companies who need them. [either get electronic originals or scan the documents into electronic files]. [31]
- Keep a strong presence in Banks [31]
- Actually seconding officers to work in the Bank is expensive, but effective. [31]
- Being in Western Canada the firm finds Washington DC rather remote, and the World Bank “*difficult to approach*”. Any way to make access to the World Bank easier would be appreciated. [32]
- The OLIFI duplicates the ED office in many ways. It would be better just to have a dedicated person in the ED’s office. The Bank might not formally approve the placement of such a person on a permanent basis, but it might be done informally. A trade commissioner at the embassy is too much a part of the embassy routine and gets caught up in too many other activities not connected directly with marketing at the Bank. [38]
- It used to be difficult to identify project prospects at the IFIs, and that was a main role for DFAIT. It is now much easier, and DFAIT needs a new role. [39]
- “One thing I would like to add to the interview notes [although not discussed at the time] is the importance of explaining to companies of all sizes how IFIs operate [rules and procedures], how and where to access information on prospects [web sites, reports, etc.] and how to put together competitive bids [evaluation criteria, past experiences etc.]. An example of this is the regular visits of [name deleted-an ED from one of the IFIs] to Canadian firms. Less high-profile and longer visits would, I’m sure, be appreciated.” [39]
- The Director has made use of the OLIFI in Manila particularly to make contacts and appointments at the IFIs. At the time the Manila OLIFI was more forthcoming with such assistance than the Washington OLIFI. [42]
- The Director suggests that it is a mistake to discontinue making appointments at the IFIs for Canadians visiting for marketing purposes. He says that if the OLIFIs/trade commissioners are not active in doing this their networks of contacts will wither. [42]

4.5 Program for Export Market Development

The companies we interviewed are not currently major users of the Program for Export Market Development, in the context of IFI marketing. The program was mentioned infrequently and is clearly not a major factor in their marketing efforts.

When PEMD was mentioned the interviewees tended to see it as too narrow in its eligibility requirements to serve their interests. Their view tended to be that Canada spends too much effort supporting neophyte firms that have little chance of succeeding in this market, and too little effort supporting experienced firms that do have reasonable prospects of being successful but which face strong international competition.

Interviewee Comments

- The company used PEMD 15 years ago when it was first attempting to develop contacts in China as a preliminary to CIDA Inc. proposals. [16]
- A big proposal can cost \$1 million to \$2 million. It would be great to have a PEMD contribution to the costs of the proposal [say 25%], fully reimbursable on success. This would encourage the company to take more risk and bid on more opportunities. [17]
- The federal government places too much emphasis on helping neophyte companies make their first trips and marketing approaches overseas and too little on helping small successful firms get better and larger. "A pet peeve is that PEMD rejects us because we are not new to a market – just because we have won some ADB work does not mean we no longer need support." Many of the "new" companies are not serious about international work. [22]
- Change the rules to be able to help small companies with some success grow rather than working only with neophytes. [22]
- Better information about the package of services and contributions available to a Canadian firm going after IFI work. Perhaps PEMD capital projects provides proposal support contributions [no one was sure in the meeting]. Perhaps PEMD, CIDA, and EDC information should be available in the one package. [26]
- The association has received a PEMD Trade Association grant of up to \$100,000 in annual shared costs [50/50] for marketing to the AsDB and the World Bank in Asia. The funds will be used to hire a second person to assist the Director. [42]

4.6 Sub-Contracting, a "Pull Strategy"

One way to increase Canadian participation in the IFI markets, especially in regard to large projects, is to emphasize sub-contracting. To do this Canadian firms have to build good reputations and good relationships with the very large international companies that are likely

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to be the prime contractors in the future.

“A possible Canadian strategy is [1] to “pull” business by participating in the financing of international projects, as a co-financier with an IFI for example; and [2] to offer special capabilities that make Canadian sourcing attractive.” [119]

Section 5
Summary of Observations

5.1 Observations from the Second Round

In the second round of consultations, in 2001, the emphasis was on companies that supplied goods and equipment to IFI-financed projects, and on companies that have the capacity to undertake major projects that involve substantial civil works. Out of these consultations arose several suggestions that deserve more detailed study by DFAIT. These included:

1. The only feasible route to Canada substantially increasing its share of IFI business is through large civil works projects. The country does not have a manufacturing base large enough to make it likely that it could substantially increase its share of goods/equipment on IFI projects; and Canada already does disproportionately well in obtaining consulting contracts.
2. If Canada is to have a good chance of increasing its success in IFI civil works procurement, it will need a different strategy. Some suggestions include:
 - Having a "large projects unit" at DFAIT to track the 100-150 major civil works projects that are in the pipeline at any one time, and to facilitate Canadian bids for these projects.
 - Encouraging a more competitive attitude and stance by Canadian companies [as compared with looking for sole source special situations].
 - Helping international parent firms obtain large IFI contracts if they have made a commitment to do a significant part of the work in Canada or with Canadian staff.
 - Having DFAIT, EDC and CCC work much more closely together with Canadian companies bidding on major projects. Giving the EDC a mandate to take more financing risk on major IFI projects. Giving intensive help of many kinds during the bid preparation.
 - Provide proposal aid to Canadian firms and consortia that are bidding on major projects [say projects over \$100 million]. In particular, have a program that contributes, say, a quarter to a third of the proposal production costs, with repayment contingent on success of the proposal.
 - Involve the Minister and sometimes the Prime Minister in the quest for the largest projects.
 - Encourage the formation of larger and better capitalized companies able and willing to compete internationally.

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- Facilitate Canadian investment in higher-risk higher-return projects in developing countries.
3. Encourage internationalisation of Canadian firms, including their participation in foreign direct investment. Develop a deeper understanding of 'value creation' through two-way trade and investment.
4. Make a stronger link between the federal government's programs to support R&D and its trade promotion programs.
5. Link trade promotion in regard to IFI projects with a wider interest in international large projects. Canadian companies that do not have foreign experience, but which have the capability to do large projects are not going to jump straight to developing country work – the United States is a logical first step for many.
6. Recognize that the largest international companies are now major procurers on the scale of whole countries. DFAIT should rethink its idea of what constitutes a market. Geographical and national definitions are no longer fully adequate. For example, perhaps some PEMD missions might go to company headquarters of the giant trans-national companies, in the same way that they previously went to national capitals.
7. Encourage Canadian professional services firms to leverage their high-level skills and expertise through ownership or affiliation with larger [Chinese or Indian] firms [foreign direct investment].
8. Have CIDA focus more on improving the business environment [corporate governance] in developing countries to improve Canadian participation.

5.2 Observations from the First Round

In addition to these observations, some points made in the first round of consultations in 2000 were confirmed.

The past five years have seen radical changes in the business of marketing to the IFIs. The main changes have been:

- The IFIs have become more transparent and provide all of the pertinent internal documents to the public. No longer is a special effort or inside assistance needed to obtain the key documents for a project when considering and preparing a bid.
- The Internet has made it relatively easy to identify and track projects. All of the IFIs have web sites, many of which are excellent and all are improving rapidly. Companies no longer need DFAIT-TCS to be an information intermediary. Companies can access information directly on bid opportunities.

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- The World Bank [by far the dominant IFI financially] has decentralized, with the result that country offices have become much more important relative to headquarters. Coupled with the increased industrial sophistication of many developing countries, this trend means that marketing has to be more focused on the client country not the IFI.
- The "old economy" has rapidly receded before the new. Services, broadly defined, are no longer the minor player – they have been where almost all of the growth and jobs have been.
- Companies all over the world, including in Canada, have rushed to "globalize". The international competition has greatly intensified.
- There are many experienced agents in the private sector capable of providing proprietary information to client companies about bid opportunities and requirements. Companies are seeking marketing assistance that conveys a competitive advantage, not broadcast assistance that empowers competitors equally.

This new context demands a new strategy if DFAIT-TCS is to remain relevant in the IFI markets. The old strategy was focused on neophyte exporters, preferably in manufacturing, who needed basic assistance that could be provided by generalist trade commissioners to identify contacts and bid opportunities, and to meet IFI procedural requirements.

The new strategy can be discerned in the comments of the interviewees. It would recognize that obtaining basic information is now easier but winning proposal and bid efforts are more difficult. The new strategy would address the competitiveness issue more directly, and would be country-focused more than IFI-focused.

It was not the responsibility of this study team to formulate a new strategy, but rather to report what a particular set of experienced companies think is needed. In summary, their messages included the following points:

A new strategy should acknowledge that this is a difficult market – risky, expensive to bid, highly competitive, difficult to manage, and often rife with logistical, business, ethical and political problems. However, for many companies, it can be a very profitable market if they are successful.

Once again one has to keep in mind that the interviewees were experienced companies that have had some success in the IFI markets. Therefore their suggestions reflect their needs. DFAIT intends to extend these consultations to less experienced companies and organizations in the next phase of work.

The interviewees made many recommendations that are noted in the various sections of the report. Their key observations were as follows:

1. Canada needs a more integrated marketing support effort – at present the effort is too

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dispersed among DFAIT, EDC, CIDA, CCC, AAFC and many smaller agencies such as CMHC.

2. Basic information and opportunity identification for neophyte companies is unlikely to yield much in terms of export volume. Such activity might continue to be worthwhile, but should be balanced with assistance to experienced and competitive companies once they are short-listed.
3. In-depth country and technical knowledge both are essential to success in the new international economy. The traditional Canadian model of the generalist trade commissioner who moves between countries and sectors fairly frequently is challenged by this clientele.

Other specific recommendations by interviewees included:

- Having staff at Posts keep a network of contacts and make key appointments with key contacts for visiting Canadian business people are an important contribution, in the opinion of the business people we interviewed. There appears to be more to the point than just wanting a free service. Interviewees were generally of the opinion that DFAIT could do this sort of task better and more cheaply from the Post than private agents might.
- Trade commissioners should respond quickly with a high level of help once a Canadian company has been short-listed for IFI work.
- The scope for IFINet to be an information intermediary appears limited. The IFI's web sites are fully adequate or fast becoming so. As well, the private sector now provides access to bidding and contracts information, with considerable value added in various ways, for a fee [for example, *developmentex.com*]
- Canadian networks within the IFIs are more likely to be useful to Canadian companies than OLIFI units at adjacent embassies.

**Annex 1
Interviewees**

[1] Major Works [+ Services and Goods/Equipment].

Alstom Power, Pierre Seguin, Principal Director, Marketing Turbines and Generators, 175 Chemin Saint-Roch, Tracy, Quebec, J3R 5P9, 450 746 6565 pierre.sequin@power.alstom.com

AMEC [formerly Agra-Monenco], Brian Dowse, VP International Financial Institutions, 221 18th St., S.E., Calgary, Alberta T2E 6J5 403 235 8134 brian.dowse@amec.com [also Robert Griesbach, Agra Monenco, Oakville, Ontario, 905 829 5400, bob.Griesbach@amec.com and John Weeraratne, Agra Earth and Environmental, Mississauga, Ontario jweeraratne@amec.com] Mike Jolliffe 416 644 3651 [2230]

BC Hydro International, Jim Gemill, Vice-President, jim.gemmill@bchydro.bc.ca 604 528 3020, and Bill Seyers, Director, International Operations, 6911 Southpoint Drive, A01, Burnaby, B.C., V3N 4X8. wseyers@bchydro.bc.ca

Delcan International, Brian Henderson, Vice President, Initiatives, and Director, 133 Wynford Drive, North York, M3C 1K1 416 441 4111 fax 416 441 4131 b.Henderson@delcan.com

EarthTec Canada, a Tyco subsidiary, [formerly Reid Crowther, and Proctor and Redferm Canada] 4170 Still Creek Drive, Burnaby, B.C. V5C 6C6 Hew McConnell 604 298 6181 and 17203 103 Ave., Edmonton, T5S 1J4 Rick Prentice. hmconnell@reid-crowther.com rprentice@reid-crowther.com

General Electric Canada, Joseph Di Salvo, Director, Projects and Quality Power Systems, D.S. [Son] Nguyen, Manager Project Development and Special Projects, 795 George V Ave., Lachine, Quebec, H8S 4K8. 514 485 4013. joseph.disalvo@ps.ge.com son.nguyen@ps.ge.com John Wilson, ex-VP International [17 Bittern Court, Rockcliffe Park, Ottawa, Ontario, K1L 8K9, 613 741 4311 jamwilson@netcom.ca] Gerry Rowe, VP Finance, Mississauga, 905 858 5264 www.gepower.com

Met-Chem, 425 Boulevard de Maisonneuve W., Montreal, H3A 3G5 Luc Belanger, General Manager, Sales luc.belanger@met-chem.com Also Chris Wilson, Moulaye Melainie, and Mr. Srinivassin.

PCL Construction Group, 5410 99th St., Edmonton, T6E 3P4. Jane McDonald. 780 435 9711 Fax 780 436 2129 www.pcl.com

SNC Lavalin, 170 Laurier Ave. W., Ottawa and Montreal. Robert Blackburn, Senior Vice President, Marketing, 613 567 1948 blacr@snc-lavalin.com Robert Ferrari, Vice President, ferrr@snc-lavalin.com Normand Morin, Chief of Operations 514 393 1000

Stone and Webber [Shaw Group], Bruce Welch, General Manager Business Development, and R.L. [Bob] Baird, Business Development Manager, 2300 Yonge St., Toronto, Ontario, M4P 2W6, 416 932 4400 bruce.welch@stoneweb.com bob.baird@stoneweb.com

Westinghouse Electric [now Siemens Westinghouse], Ron Skoberg, 1450 Appleby Line, Burlington, L7L 6V1 905 528 8811 (referred to Bob Simioni, Global Finance, Marketing Support, Orlando, Florida 407 736 5830). Richard Pickering, Export Contact, PO Box 2510, 120 King St. W., Hamilton, ON, L8N 3K2 905 528 8811 fax 905 545 1093

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[2] Minor Works [+Services and Goods/Equipment]

Aeronav Navigation, Bernard Goyette, Vice President Business Development, 2291 46th. Ave., Lachine, Quebec, H8T 3C9, 514 633 8336, Fax 514 633 6466, bgoyette@aeronav-intl.com

CPAS Systems, 250 Ferrand Drive, 7th. Flr., Toronto M3C 3G8 Liam Robertson, Comptroler, and Bryan Stephanson, Vice President, Consulting Group 416 422 0563 bryans@cpas.com liamr@cpas.com

Nanometrics Inc., 250 Hertzberg Rd., Kanata, Ontario, K2K 2A1 613 592 6776 Neil Spriggs

Segitel Inc., Maurille G. Sequin, President, and Paul Perron, Director Projects Management, 666 Sherbrooke St. W., Suite 1400, Montreal, Quebec, H3A 1E7, 514 845 7151 mqsequin@segitel.ca pperron@segitel.ca

Spirent Communications [formerly Consultronics], 169 Colonade Rd., Nepean South, Ottawa K2E 7J4, 613 225 6087 mike.read@spirent.com [declined to meet, busy, invited email]

Tecsult International Limited, 85 St. Catherine St. W., Montreal, Quebec, H2X 3P4. Jean-Francois Vinet, Vice President. jf.vinet@tecsult.com 514 287 8500 [8514] fax 514 287 8643

[3] Goods, Material and/or Equipment Only

LPB Poles, 426 Montreal Rd. E., Masson-Angers, Quebec. Rene Rheault 450 474 0543

Maintex Inc., 1140 Maisonneuve Blvd., W., Montreal, Quebec, Suite 1050, H3A 1M8 [affiliate of Canarail] Michael Albaz.

Sidus Systems, Ashur Tamir, Director, International Operations, 3780 14th. Ave. Suite 310, Markham ON L3R 9Y5 atamir@sidus.ca [now part of EMJ Data Systems Ltd., PO Box 1012 Guelph, Ontario, N1H 6N1 519 837 2444 1 800 265 7212 Jim Estill, President]

Stella Jones, Osvaldo Nunez, 41 Rodier St., Delson, Quebec, osvaldo.nunez@stella-jones.com www.stella-jones.com

Ven-Rez Products, PO Box 399, Shelburne, N.S., B0T 1W0, Ron Wallet, President, 902 875 3371 vrez@auracom.com

Volvo Motor Graders [previously Champion Road Machinery, before January 1, 2001], 160 Maitland Rd., Goderich, ON N7A 3Y6 Patrick Olney, V.P. Finance, 519 524 2600 olneyp@volvograders.com

[4] Services Only

Agriteam Canada, Robert Francis, President, 890-10201 Southport Rd. S.W., Calgary, Alberta T2W 4X9 403 253 5298 robertf@agriteam.ca

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and Randy Bauslaugh randy.bauslaugh@blakes.com

Canarail, 1140 Maisonneuve Blvd., W., Suite 1050, Montreal H3A 1M8 Elizabeth Tadgell, Director, Human Resources Administration, etadgell@canarail.com

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HLB Decision Economics, David Lewis, CEO, 99 Bank St., Ottawa david_lewis@hld-econ.com

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[5] Agency/Representation Only

Asia Pacific Marketing Group, Philip Boase, Executive Director, 730-999 Canada Place, Vancouver, V6C 3E1. 604 844 1848. Info@apmq.ca

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David Brown, 1775 I Street N.W., Washington, D.C. 202 293 7601

Systeq Canada Inc., Hector Young, President and Chief Engineer, 400-4370 Dominion St., Burnaby B.C., V5G 4L7. 604 439 8877 systeq@axionet.com

[6] Associations and Government Agencies

Association of Consulting Engineers of Canada, Timothy Page, President, 616-130 Albert St., Ottawa, K1P 5G4, 613 236 0569 tpage@acec.ca

Association of Universities and Colleges of Canada, John Coleman, Director, Multilateral Bank Projects, 600-350 Albert St., Ottawa, K1R 1B1, 613 563 3961 jcoleman@aucc.ca

Natural Resources Canada, Gordon Plunkett, Director, Domestic and International Business Relations, Earth Sciences Sector, 615 Booth St., Ottawa K1A 0E9 613 992 0389 gordon.plunkett@geocan.nrcan.gc.ca

Export Development Corporation, Peter Hepburn, Vice-President, Engineering and Professional Services, 613 598 2846 phepburn@edc-see.ca Zenon Woychyshyn, Director, Machinery and Equipment Team, 613 597 8503 zwoychyshyn@edc-see.ca [referred to Stephen Poloz, Chief Economist, 598 2724]

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