

FITT CONTRIBUTION  
TO  
GLOBAL BUSINESS 20/20  
FINAL REPORT

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FINDINGS FROM NATIONAL  
ROUND TABLES

PREPARED JUNE 2010



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In partnership with CME, DFAIT, CCC, EDC and Microsoft Dynamics, FITT agreed to engage in an extensive analysis of the requirements for international trade success as presented by Canadian companies. To obtain this information a series of national round tables was proposed along with detailed surveys and in-depth outreach to the private sector and relevant trade associations. The ultimate goal of the project was to pose the following questions and obtain practical answers to them from international trade stakeholders: What are the new business opportunities in global markets? What challenges do Canadian companies face in trying to take advantage of those opportunities? How are opportunities and challenges changing and what are the key global trends affecting businesses active globally? What do Canadian businesses have to do to take advantage of global business opportunities? What assistance do they require to enable them to compete and win in global markets?

This document is not a stand-alone report as it must be considered along with the CME Interim Report on Global Business 20/20 as presented at the FITT-CME Global Business Summit in June of 2009. This document does present FITT's activities to close out the full requirements of the organization's commitment to the GB 20/20 project as well as concepts for next steps to realize on the findings from both documents.

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#### OVERVIEW OF FITT ACTIVITIES

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After the presentation of the GB 20/20 Interim Report in June 2009, CME shifted its focus on the requirement to complete the full objectives of the GB20/20 project due to the strong effects of the global economic recession. Instead the organization began to position its efforts around the research and development of a Roadmap to Recovery. However there were some significant points brought out from the outreach conducted during the GB20/20 project that were of direct interest to FITT. Of particular note were the following:

- Labour and Skills Development – Current Situation
  - Training and skills development needs of management and employees are difficult to align with business development objectives; businesses are not always well equipped in that regard
  - How can we create more partnerships between business, research and training networks?
- Strengthening Business Capabilities
  - Hard to focus on anything other than short term objectives; a strong majority of SMEs do not have a business development marketing plans or strategies
  - Change is happening: businesses are looking towards global markets while they previously focused on improving internal processes and growing US markets
  - Strategic priorities are hard to define – do you invest in innovation or international business development?
  - There are cases of Canadian companies succeeding globally from which to learn and be inspired

- Take advantage of the experience of other countries known for their firms' success and leadership in global trade
- Support from Public Industry Partners
  - Businesses are confused about the services available
  - Multiple programs and services existing
  - A feeling of distrust (too complicated for what it's worth)

In light of these questions and issues being raised, and FITT's desire to find deeper answers to them, the organization proposed to HRSDC to adjust the project activities for its *Increasing the Global Competitiveness of Canadian SMEs* project and take on, at its own initiative, the completion of the second series of national round tables that was to have been part of the CME GB20/20 project. What follows is a summary of these round tables as a report on each of these meetings individually has already been prepared.

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### ROUND TABLE MEETINGS & FINDINGS

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Four meetings were held in Calgary, Vancouver, Montreal and Toronto. A fifth meeting was added thanks to the opportunity afforded by FITT's Regional Representative for B.C. who was able to bring together members from his own contact network at relatively short notice. The meetings were held during the months of April and May 2010. In total 61 participants attended the meetings.

Participants at the meetings included representatives from the private, public, government and education sectors which equally represented a cross section of the FITT stakeholder community. Interesting in this mix was the inclusion of the educational sector who were not included with the original CME roundtable lists. This is worth pointing out as the connection between education and the private sector was one of the key areas FITT intended to explore and which has ultimately provided some key insights.

The major findings from these meetings concluded the following:

1. There were varying responses to whether or not the effects of the economic downturn were being felt. The majority of respondents agreed they had experienced some slow down in business but felt that they would be exposed to latent effects. Others, with key international business activities in markets like the Middle East, felt no slowdown, and business was as strong as ever. It was agreed that the universal effects of the economic crisis has reinforced the understanding that all businesses, regardless of location, are operating in a global context and are influenced by global forces.
2. In light of the influence of global forces most participants agreed the majority of Canadian companies need some level of training assistance with their international trade activities. While there was a wide range of topics proposed for such training, there was unanimous agreement as to how this training needs to be

delivered – either online or in short, workshop type sessions and the topic must be very specific and clearly solve a business need.

3. A clear challenge to the requirement for training as identified by the majority of participants is the lack of budget and/or the lack of support from management for training in international business. In the current economic environment this type of training is perceived as superfluous and does not align with business development objectives. Hence the need to provide “information that solves issues” versus “training that is too generic and not tied to business needs.”
4. Participants also agreed that Canadian companies, those currently exporting and those considering their first international forays, must diversify their export markets so as not to be solely focused on the United States. This is not to say that Canadian companies should completely abandon trade with the U.S. The recent economic slowdown further highlighted how negative economic conditions in the U.S. can affect Canadian companies who do not have other markets for their products.
5. Regardless of what international markets Canadian companies pursue, they must take a very strategic focus to international trade activities. There must be commitment from senior management/company owners to realize there may not be short term gains from this type of business activity. Global business places high demands on resources and personnel and results may not come within the first two years. Partnerships must be built with potential clients or suppliers and this relationship building is a crucial element of consideration in all international business planning. Many participants noted a common fault of many Canadian companies engaging in international business for the first time – a lack of follow up. Examples were cited of companies taking the time to conduct market research, engage a business matchmaker or the Trade Commissioner Service for overseas meeting arrangements, traveling to a foreign market and conducting meetings but then dropping the ball upon their return to Canada. This is clearly not a best practice for relationship building.
6. Canada is currently lacking a driver or a leading entity whose responsibility it is to create a culture of international trade. Participants stated in many instances that while it may not have been perfect, the former Team Canada Inc. helped place Canada on the world stage. Canada’s current focus on the development of free trade agreements with small trading nations is missing the mark of creating a culture of trade, or an environment where companies clearly see leading examples of Canadian success stories abroad. Participants agreed this is an area where the Federal Government can definitely play a stronger role. Many participants stated there is a lack of knowledge about these agreements and an understanding of how to best take advantage of them. Also, the communications around free trade agreements seems not to be reaching the business audience for which it is intended.

7. There continues to be some confusion around the services provided by different levels of government when it comes to international trade and the development of global markets. Participants suggested better cooperation between Federal, Provincial and Municipal Governments in this regard with one particular suggestion being tripartite information sessions delivered from all three levels to audiences across Canada in conjunction with other FITT events.
8. Technology is not being used by Canadian companies to its fullest extent, particularly in the areas of e-commerce for the purposes of international trade. There has been significant progress in the use of technology and most companies do recognize its importance but they are constrained by time to learn, budgets limiting the purchase of updated equipment and by a perceived lack of technological expertise in foreign countries.

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#### NEXT STEPS

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Based on the findings from the interim Global Business 20/20 report and the summary findings from FITT round table sessions FITT has realized on many of the objectives of the *Increasing the Global Competitiveness of Canadian SMEs* project. These would include:

- Completing our participation in the Global Business 20/20 project
- Engaging with SMEs engaged in international trade to assess current training activities
- Obtaining solid, valid topics for the creation and delivery of training concepts for companies and sector councils
- Increasing the awareness of FITT and other international trade partner organizations

One of the clear next steps was for FITT to create specific training solutions that met identifiable business needs and to this end FITT has taken the active approach of developing and delivering five webinars based on topics identified from various stakeholder groups as well as participants at these round tables. Copies of these webinars have been presented with previous HRSDC reports and are also archived on the FITT website for reuse at any time.

There are a variety of other next steps FITT will pursue over the remainder of this project and into the future including:

- In each location where these round tables were held participants were adamant that follow up meetings to demonstrate proof of performance be arranged. While these initial meetings generated a great deal of interest from participants, FITT will expand the list of invitees for future meetings to include representatives from across our stakeholder networks. The success of these meetings has helped start an outreach campaign FITT will continue to build on to better connect the organization with business and sector councils across Canada. In doing so, FITT is able to not only raise the profile of the organization but also increase its overall effectiveness as a sector council in obtaining and responding to the human resource and skills needs of the international trade industry. Feedback from these meetings has proven to be a strong and direct communication channel for FITT and the international trade

community at large. This information will equally prove valuable to government partners at various levels.

- FITT has now obtained a number of topic areas on which it will pursue the development of specific training elements or programs. These topics include:
  - Fundamentals of Islamic Trade Finance
  - Understanding Culture in the Context of International Business Negotiations (This topic will be country specific for China, India and the Middle East)
  - Understanding the Changes with IncoTerms 2010 - What My Business Needs to Know
  - Factoring, Forfaiting and Currency Hedging – How and When to use the Tools of Trade Finance
  - Technology and International Trade – What is Available and Why Should I Be Using It?
  - Establishing a Foreign Corporate Presence – What Laws, Rules and Regulations to Follow (Again this topic will be country specific.)

These topic areas will be drafted into webinars or short workshops and be marketed across all FITT stakeholder groups as well as to the broader SME community and sector councils. FITT will survey participants to this training to assess its effectiveness as per the requirements of the HRSDC project. In this way the topics may also provide the entry point for FITT to develop customized training for the private sector which additionally completes one of the HRSDC project objectives.

- FITT will share all of the reports from the round tables along with this final report with all participants and encourage them to provide comments or additional input. These reports will also be posted to the FITT website and shared with all stakeholders with the same view of encouraging comments and input. This will serve to encourage participation at future meetings and give FITT the basis to measure accomplishment of objectives raised from the Global Business 20/20 project.
- One of the key areas addressed by participants at these round tables was for there to be better cooperation between international trade agencies and services providers both within governments and NGOs. Communication and clarification around exact services offered, program funding options, client readiness requirements, and requests from companies to these agencies would all be topics that should be covered at such a session. With FITT's existing connections with municipal, provincial, and federal governments and the organizations ability to tap into other trade organizations we will pursue opportunities to arrange and present these types of sessions, or build them in to other planned activities.
- Finally, as part of FITT's Sector Council Outreach Strategy, all of the above activities will be added to the communication and services made available across the Sector Council network. As an example, FITT's webinar series on Global Business Essentials has been archived on our website and is available for all councils to share with members. As other elements are created they too will be provided in a similar fashion for all sector councils.

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## CONCLUSION

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The Global Business 20/20 project has taken place over an extended period of time that has coincided with one of the deepest economic downturns experienced in recent memory. One has to wonder if the findings from the report would have been significantly different had the project been undertaken five years earlier, as there are many themes brought out that have remained constant for companies engaged in global trade for decades. Some sectors and some geographic regions felt the downturn in different ways, if at all. Concerns around financing and exchanges rates, market diversification, entry strategies, trade compliance, skills and knowledge requirements, and issues with governments have always been areas where companies have been most vocal when it comes to international trade. Yet through this down turn, and as evidenced by the complete outreach experience of the Global Business 20/20 project, companies seem to finally be waking up to the realities that business cannot be conducted as usual and that global forces really do affect all companies regardless of whether or not they are active in global markets. Technology, competition for products, competition for skilled workers, price efficiencies in supply chains and economies of scale in sourcing and production all combine to demand companies sit up and recognize how well, or how poorly they are performing. Customers are better educated, suppliers are more aware of channel options and companies are becoming more in tune with global forces all thanks to the understanding that proper training in the skills and knowledge of international trade must be foundation for success in global markets.

For FITT's part, the organization will undertake the next steps outlined in this report and continue its outreach across the private sector and sector councils to work with and for the international trade community in the following areas:

- Seeking input on the skills and knowledge challenges faced by companies as they engage in international trade
- Developing information sessions or workshop programs, either online or face-to-face, geared to address specific issues
- Work with all international trade support agencies across government and associations to seek collaborative partnership opportunities to share experiences, events and activities.

The opportunity presented by the Global Business 20/20 project has provided FITT and all project partners with excellent opportunities to engage with companies, associations, the educational community and governments. While this may have been a singular effort initially it is clear that a precedent has been set and, like any successful international organization, follow up will be the key to real success.