

ROUNDTABLE DISCUSSION ON
CHALLENGES OF CANADIAN BUSINESSES IN INTERNATIONAL TRADE
AND SOLUTIONS FOR
CANADIAN BUSINESSES CONDUCTING INTERNATIONAL TRADE

May 5, 2010

Montreal, Québec

Executive Summary

A roundtable discussion was held on Wednesday May 5, 2010 in Montreal with the intention of discovering current international trade issues facing Canadian small to medium sized companies (SME) and some of the potential solution to these concerns. In total ten people attended the event representing the manufacturing sector, services, the finance sector, and the public sector.

Ennio Vita-Finzi opened the meeting with a brief introduction of himself and his position as a FITT Regional Representative. He presented a brief background on FITT and then conducted a tour de table for each person to introduce themselves. The meeting was moderated by Stéphane Duranleau who opened the session with an overview of the current global environment, a review of the economic situation Québec has experienced recently and then posed some questions to the group to gauge their reaction to the information presented. The group was immediately responsive to the questions and each person in turn expressed their own personal views on the state of their company, the state of economic activity in Québec and their own personal assessment of whether or not an economic recovery was indeed taking place. One interesting aspect came to light very early on in the opening of the round table concerning the relatively unknown position FITT has in Québec. Most participants had not heard of FITT prior to this meeting so time was needed to explain the organization, its mission and activities in the province. Once this positioning was explained many participants commented that within Québec there are too many organizations offering training in global business and that most are constantly “bumping into each other.” There is also a strong desire to support existing organizations as opposed to trying to build up a “new” provider like FITT.

Overview and Global Trends Highlights:

The following points were presented to the group with the recorded comments:

- In 2009 manufacturers and exporters were hit the hardest
 - While agreeing with this position, there was mutual agreement among participants that within Québec some of the effects of the downturn in the economy can be attributed to the attitude of the province’s exporters. Most feel they have reached a level of success that they do not want to push past, or that they are simply content with the activities and markets they are already in. There was general agreement with this group that most Québec exporters have existed in a comfort zone they do not wish to challenge and that any changes to this attitude will take significant proof of benefits.
 - While there has been a significant push for innovation in the province, much of the emphasis on innovation has been around product and productivity enhancements. The group felt that innovation can also take the form of ideas and thought processes. Innovation can and needs to be included as part of any education/training program focused on international business.
 - Québec is dominated by medium and large enterprises and these companies did take significant hits during the recessions (mostly in manufacturing, automobiles, and

mining). The dominance of these sized organizations puts entrepreneurs and small-business on the lower end of the spectrum in terms of overall impact on the economy. Additionally, the regional differences that exist culturally in Québec have a spill-over effect on how and where SMEs will do business.

- The global financial crunch affected many SMEs as their access to cash was greatly constricted and reliance on government sources of funding grew beyond the capabilities of the funding providers. Far too often, companies were going into international markets unprepared and underfunded and then were overwhelmed by the costs associated with their activities. SMEs need a much better understanding of the financial position they must be in prior to taking on global ventures and sources for this type of funding. Banks are challenging to deal with for most SMEs as they often don't fit into conventional lending scenarios.
- While there was general agreement among this group that SMEs and entrepreneurs are more exposed to risk, there was also agreement that most SMEs and entrepreneurs try to "go it alone" and do not seek the right assistance to help them with international activities. In light of the changes brought about by economic downturn, companies of this size must realize that business will not operate as usual and that all sources of assistance, not just for funding, but also for information, market access knowledge, and other resources must be sought.
- This group was also in agreement that many Québec companies are really not ready to go international from even the most basic standpoint of having a credible website, to brochures and marketing material let alone having given pricing considerations careful attention. Growth for many companies still comes by word of mouth.
- Precise market knowledge and knowledge of the exact resources a company possesses and can deliver on is important before engaging in any international activities.
- One key element most SMEs do not possess is an exit strategy – once the company gets to a certain size how will it hope to manage continued growth if at all? Knowing this in advance is a crucial part of corporate planning.
- This group had extensive comments on training:
 - "Training is too generic – it must solve a specific problem. We live in a world of specialists and specialization. Generalists are not practical in many instances."
 - "Training is like sticking a fire hose down your throat when you are thirsty. There is too much of it coming at you all at once and so the majority of it gets wasted."
 - "People don't have time for training, but they have a need for you to help them solve a specific problem."
 - "If you say training, I say I don't have a budget for that. But if you tell me you have an information session on a specific topic that is of interest to me, I will give you all the time you need."
 - "Don't sell it like training. It is information that will help solve operational issues."
 - "If there is no clear advantage to the training, companies will not engage in it. People must have the right motivation to take any type of training."

- “Training needs to be able to cross borders. There needs to be a structure created between governments or regions where training can meet needs for a broader group of like-minded trading partners.”
- “Training must be based on practical realities of exporters to help them through the various stages of international business growth.”

Forward discussion around the proposed questions around challenges, opportunities, trends and strategies:

1. Are the downward trends still an issue?
 - The economy is showing signs of strengthening but there are still numerous factors that could influence this strengthening.
 - Attitudes and personalities of Québec exporters must change away from provincial and regional focus to one of a more global nature where traditional comfort zones are challenged.
 - Access to non-traditional funding sources will be important but so too will be a better understanding from banks with regards to supporting the efforts of SMEs and entrepreneurs in their global business activities.
 - There still exists much uncertainty with the real strength of this recovery and for the most part SMEs and entrepreneurs and still operating as they have in the past. The challenge in this for Québec is the over reliance on the U.S. as the sole market for international activities.
 - Regardless of the influences of external forces, nothing will better position a company to weather change better than solid, knowledge-based education and experience.
 - In terms of providing a solid, practical training/knowledge experience, nothing would be better than having successful Québec exporters talk about their experience. This could take the form of a mentorship program, a mentoring/coaching club, having successful exporters present their stories as part of training programs or capturing their stories and being able to share them in some form – online vignettes for example.
 - There is no association for SMEs in Québec to participate in where they can learn to grow their business from similarly sized organizations. This kind of learning environment would provide a solid channel for the mentoring/coaching situation described above and would also help connect SMEs with larger companies offering even stronger learning opportunities. One comment from a group participant along these lines was as follows, “FITT should create an experts club where senior internationally experienced managers, directors and C-level executives could be tapped into to share their knowledge with SMEs.”
 - Any other form of education/training must be highly relevant to solving a specific issue and be based on known business needs.
 - Canada is directly connected to, and is a major player in, a globally connected economy. Each region of Canada has its own unique success stories from companies conducting international business. Québec is no different in this regard, but what is recognized as a challenge is the

overall lack of a forum where these stories can be told and for there to be an exchange of lessons learned and best practices shared.

- Technology, its use and implementation will help mitigate risk factors and drive efficiencies for Canadian companies operating in global environments.
 - This group recognized the importance of technology on corporate success but was unanimous in stating that the time constraints of SMEs and entrepreneurs limit their ability to use technology to its greatest potential.
 - These panelists also felt FITT could play a role in highlighting “technology in international trade” and help communicate and demonstrate the benefits of new hardware, software and web applications for business success.
- 2. How can Canadian companies go after the opportunities before them?
- Take advantage of the internal knowledge employees have.
 - Québec continues to be a leading destination for a large number of immigrants with strong skill sets and connections to their native countries. Companies should ensure they are taking advantage of any internal capabilities offered through employees. Recent provincial government positions on certain immigrant issues has had harmful effects on public perceptions so companies must pay attention to any concerns that may arise from ongoing government statements regarding the rights of immigrants.
 - Specific market intelligence is still very hard to find and when companies start to get very granular about the information they are seeking it becomes even harder.
- Developing a culture of international trade requires exposure to training, exposure to cultures and exposure to other countries. For many Québec companies this will also take a real shift in mindset and attitude towards global business expansion.
- Languages can be a challenge but Québec exporters must engage foreign assistance to help in preparing their market entry strategies and executing on plans.
- 3. How do you see education, skills and knowledge development playing a role?
- International business training providers need to be better ware of each other’s offerings and not duplicate services. More partnerships could be formed and better access to potential clients would be achieved if providers from government, not-for-profit and associations came together to cooperate on the provision of training.
- The concept of innovation must also be shifted from strictly being focused on products and process, to a concept that includes ideas and imagination and this needs to be taught at the earliest stages of business education. It must also be introduced to those in business already and heavily reinforced to those in government, particularly in funding agencies.
- Training must be based on realities and practicalities. It must solve a specific problem and every training engagement must delivery something solid a participant can take away.
- This group was not aware of any time where education, business and government official were brought together for the purposes of hearing what each other’s needs might be as concerns the topic of developing international business skills. FITT could be a strong proponent in making this happen.

