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Access West

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E-Business Study Reveals SME's Need Help

KPMG Consulting LP has been commissioned by Western Economic Diversification (WD) to assess the status of e-business among small and medium-sized enterprises (SMEs) in Western Canada. The study is designed to assess the current state of e-business, the challenges confronting SMEs, and their readiness to embrace e-business as a response to these challenges.

The advent of e-business in the past five years has caused companies to either radically restructure their conventional means of doing business or at least consider that adoption of e-business is in their future. Today, many "virtual companies" completely rely on e-business to survive. On the other hand, there are companies that are strictly "bricks and mortar," struggling to find the time, money and is sometimes, the reason to develop an e-business component. And, there are hybrid companies that use both virtual and conventional business practices.

The "big" companies, and those that have succeeded in the e-business world, are in the news. We seldom hear of small to medium-sized enterprises (SMEs) overcoming the odds. Yet there are success stories often untold. SMEs are beginning to recognize the value of having on-line services or access for their clients or other businesses. Other SMEs have grasped the concept entirely and conduct all of their business through the Internet. It becomes an issue of leadership and being realistic—does management have the knowledge to forecast the impact e-business on the firm? Does a business have the skills and resources to invest in e-business?

Challenges for SMEs—e-business, a significant investment in light of uncertainties

SMEs have challenges similar to big business but the economies of scale make it riskier for SMEs to invest in e-business technology. Challenges are often the same for SMEs whether they practice conventional or virtual business:

- **Financial resources**—having enough money to invest in technology and other related costs for starting an e-business.

- **Human resources**—having staff to develop a new type of business, having the appropriate skill base within the current organization, attracting and retaining employees with applicable skills.
- **Time**—finding the time to invest in the development and implementation of an e-business component.
- **Risk taking**—economies of scale compared to a large company make it riskier for an SME to invest in a venture that is still relatively new, unfamiliar and uncertain.

Defining the e-business challenges

The opportunities of the new e-business frontier are tempered by a number of challenges. The main challenges are:

- **Need for information**—Respondents stated that there is an imbalance between suppliers and customers. Suppliers are offering solutions to buyers who are generally unaware of e-business trends, issues, developments and the manner that it is impacting their respective industries. SMEs often feel overwhelmed—too much information, a "different" technical language that has to be learned, and lack of knowledge for what is needed to maintain current and future business needs.
- **Lack of confidence**—Even when SMEs are convinced about the benefits of adopting e-business strategies, they lack confidence about suppliers and the potential customer base. Many SMEs stated they are reluctant to change and hesitant to take the risk because they are unsure about the relevance of e-business to their specific line of business. As well, questions arose about whether or not the initial and on-going investment would generate profits, not just revenue.
- **Lack of resources and skills**—SMEs, suppliers, and leaders all stated that it is difficult for SMEs to find, attract, and retain qualified staff. This shortage of technically skilled people is a problem across Canada. The lack of resources also refers to the shortage of time and lack of money to invest in an e-business strategy.
- **Poor access to capital**—Having access to venture capital and other types of funding is a barrier for SMEs and suppliers.

Spend some time in the future

When?

October 23-26, 2000

Where?

Telus Convention Centre
Calgary, Alberta

What?

Individuals, organizations, communities, businesses and governments in a connected society.

A 4-day featuring multiple tracks, over 100 workshops, keynote speakers, panel discussions, and post-conference materials.

Who?

Join 1000 conference participants and hundreds of exhibitors and sponsors. Anyone in business, education, government or health who is serious about working and living "Smart" should attend.

www.smart2000.org

Be part of this exciting, unique, international conference and exhibition. Be among the key players, policy makers, decision makers, entrepreneurs and leaders who make a difference. Use the occasion for your own professional development.

The world of digital connectedness is changing the way we work, play, learn and interact with others. Technology touches everything we do. New challenges and opportunities face us everyday, and new rules are emerging.

This is a new world of "e." Business, learning, health, the professions and community structures are all undergoing profound change. We need to understand what this new world means to us and we need to play a role in developing policies that will help, not hinder, our quest for success.

Smart 2000 is all about these issues.

The conference is organized around the theme of "Smart **People**, Smart **Places**, Smart **Policies**." Smart2K will pull together policies, initiatives and opportunities relevant to all participants around these themes. You will have an opportunity to tackle barriers to success. See how smart people, places and policies relate to your own professional and personal lives.

Both the conference and exhibition will reflect and provide illustrations of these themes in a series of activities and events specific to your interests - education, health, e-commerce, banking, real estate, agriculture, oil and gas, business and government.

The Smart2K exhibition will focus on hands-on, interactive, challenging experiences with the latest technologies and applications. Over 5,000 visitors are expected to visit 400 booths, showcasing a wide variety of products and services.

If your company or organization would like to participate as an exhibitor in Smart2000, call (403) 543-1174 or complete the exhibitor's page found on the web site:

www.smart2000.org/exhibits/exhibits.html

Check out the ever-changing web site at www.smart2000.org for details and updates.

Conference participants should register early to take advantage of "early bird" rates. Group rates are also available. Register on-line or contact Smart2000 at (403) 543-1179. You can also contact WD's Jamie Evaskevich at (780) 495-8384 to obtain more information or a faxed registration form.

Continued from page 1

Developing and implementing an e-business strategy can be very expensive for an SME and many look for financial assistance to make the first step. Yet many SMEs reported they don't know whom to approach for venture capital. How do you access venture capital—especially in western Canada?

SMEs, e-business suppliers and government—room enough for three?

- **Is government needed/wanted?** — Some SMEs need assistance in establishing a strong presence on the Internet. Governments have gotten out of the "business of being in business". For the most part government are not giving financial grants to business. Some SMEs stated that government should provide financial assistance; most respondents stated that information about where to access loans for business development and who to contact for venture capital would be more valuable.
- **Information is critical** — SMEs frequently mentioned an information "portal" is needed for SMEs and consumers in Western Canada. Today, information on e-business is produced by the suppliers and is scattered across many web sites.
- **Supporting e-business planning**—Part of the next wave for on-line technology will be the amalgamation and coordination of information—a type of one-stop shopping for citizens and consumers. SMEs need meaningful and neutral information on e-business planning: the availability of venture capital, funding options, costs of starting up an e-business enterprise, and the types of technical architecture and infrastructure needed for operating an e-business. For the consumer, offering a gateway to on-line businesses in Western Canada would be timesaving and beneficial for SMEs in western Canada. Purchasing dollars can be spent in the local economy and visitors from across the country and the rest of the world can be introduced to SMEs in Western Canada through electronic means.
- **A role for government**—SMEs value government facilitating and coordinating e-business initiatives in western Canada. Each of the western provincial governments, some more active than others, have initiatives in place to deal with the

new e-business economy. Industry and business associations, who often work with government on industry and economic policy, are also in a state of transition. They are exploring and defining their role in relation to their members and the direction that e-business may take. Governments, working together—federal, provincial and municipal working with industry and business associations can help to ensure that a coordinated and participative approach is taken to the formulation and execution of an e-business strategy.

Leadership in the new frontier

The transition to an e-business economy constitutes an opportunity for SMEs in Western Canada. Traditionally a region of pioneers, entrepreneurs, and risk-takers, the e-business frontier can be exploited in Western Canada through public/private partnerships for:

- **Roundtables**—across Western Canada for discussing this report and launching "go forward" initiatives.
- **Consultations**—between levels of government to clarify their roles in the e-business revolution.
- **Engaging**—SME owners and senior management and SME representatives such as the Chambers of Commerce and industry associations to enhance their members' awareness/knowledge of the opportunities and threats of e-business.

This report is one of many studies on the current and future state of e-business. While there is an abundance of information on SMEs, this is the first report specifically focusing on the state of e-business readiness of SMEs in Western Canada.

Overall, SMEs are in a state of transition whereby their conventional means of doing business are being challenged. The conventional means of transacting business is being replaced by a system that is still being defined. The redefining of the workplace and shopping place is a global phenomenon that will impact both the business-to-business and business-to-consumer relationships as well as how we work and play, live and learn.

For a complete copy of this report, you can download a .pdf format from WD's web site at www.wd.gc.ca or contact our Department at 1-888-338-WEST (9378).

In order to address the needs of western SMEs, Western Economic Diversification has organized a series of roundtable discussions to take place throughout the West. If you are interested in learning more about the discussion topics or are interested in participating, contact the following representatives:

E-Business Conference Dates and Locations

Contacts

Manitoba (Winnipeg)	Friday, June 23, 2000	Shirley Stimpson	(204) 983-0701
Saskatchewan (Saskatoon)	Friday, June 30, 2000	Rob Greer	(306) 975-5861
Alberta (Edmonton)	Wednesday, July 12, 2000	John Benedik	(780) 495-4503
B.C. (Vancouver)	Monday, June 26, 2000	Dennis Bruchet	(604) 666-1332

Computer Viruses in Small Business

“I love You NOT”

Computer viruses are no longer a minor nuisance. For small business, the recent "Love Bug" virus and its copycat versions have resulted in huge losses in productivity and revenue. Your Small Business needs to protect itself.

According to Network Associates Antivirus, "the Love Bug outbreak has been the most widespread ever. Tens of millions of computers have been affected across the globe, originating in Asia, and then quickly spreading to Europe, U.S. and Canada."

So how can small business recover from such an attack and how can they protect themselves from future virus threats?

I've got the virus! What do I do?

If your business consists of networked computers, and one of them becomes infected, immediately disconnect that computer from the network to prevent further spread. Once disconnected, your computer is no longer able to propagate the virus to others on your network. From a non-infected computer, check the web for updates to your antivirus software to deal with the virus. Most vendors quickly post detailed information on their web site to instruct you how to rid your computer(s) of the virus.

The key is to be able to recognize quickly that your business has been hit by a virus. If you do not have the technical expertise in your organization, have a contract with a computer expert to assist you in the event a computer virus seriously impacts your business.

Prevention is KEY

More episodes such as the "Love Bug" outbreak may be inevitable. Once a virus is found, it can be eradicated by applying the posted antivirus updates. If you have an e-mail server, software can be installed to screen and clean infected files, further protecting your network data.

The bottom line is... have antivirus software and keep it up-to-date. Antivirus vendors have weekly updates available for download on their websites. Make a habit of regularly downloading updates to ensure you are protected.

Also, check their web sites often to keep abreast of the latest virus threats. You may be able to prevent costly downtime if you can protect your computer(s), before the virus makes its way to your organization.

Be wary of opening attachments you are not expecting or attachments from unknown sources, especially ones containing jokes. Attachments with .exe or .vbs file extensions are especially dangerous. If you need to look at the attachment, scan the file first with your updated anti-virus software.

Disable Windows scripting. Windows scripting is an option that allows tasks to be automated in Windows 98 and 2000 and NT, if installed. If scripting had been turned off in advance, you would have stopped the "Love Bug" virus from spreading when the attachment was opened. If not, no antivirus software could have stopped it.

Disabling Windows scripting involves clicking on the **Start** button, then **Settings**, then **Control Panel**, then click on **Add/Remove programs**, then click on the **Windows Setup** tab, next, double click on **Accessories** to get the details, then uncheck "**Windows Scripting Host**" if it is checked. Finally, click "ok." Updates to Outlook 97, 98 and 2000 are also available to make it more difficult to inadvertently launch attachments. For more information, see:

www.microsoft.com/technet/security/virus/vbslvtr.asp

WD Web Update Makes It Easier and Faster to Navigate

Over the last few months, work has been underway to make changes to the WD web site. The site has now been reorganized and information distributed under new headings making information easier to find, and also removing the need to scroll at the front page of the site. We've started to delete some of the extremely outdated material and you'll also notice that we've incorporated some of the images that WD has used in other promotional material.

We've added several new information products/links at the site:

- **Legal information** to assist small businesses in each province
- **WD Events** including workshops and info fairs are now listed online
- Under Interactive Tools we've added a link to the new "**Steps to Capital Growth**" skill development program online at Strategis
- We've added a link to a standard **Privacy Policy, Official Languages Policy and other disclaimers.**

At the same time, we've started to migrate the web site to comply with the Government of Canada "common look and feel guidelines." These guidelines are quite extensive and include things like common navigation and design, organizing the web site so it's easy to understand, as well as making the site accessible to people with disabilities. We will be working hard over the next few months to make sure we meet all of the government's online requirements.

We'll keep you posted as the plans for the web site evolve and in the mean time, check out our revised site at www.wd.gc.ca

Welcome To The World Of International Business!

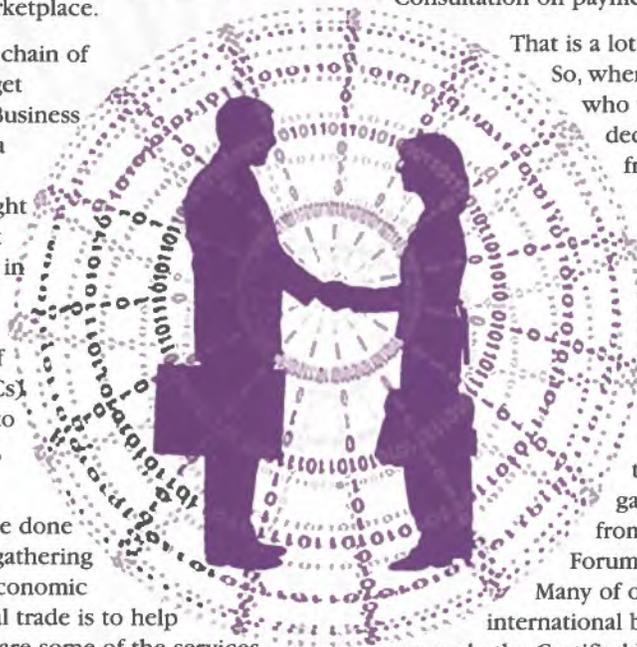
Exporting is a whole new world to explore for a business. You hear about it on TV, you hear it on the radio; you see ads in magazines. Western Economic Diversification has seen an increase in interest via the higher volumes of phone calls, from demands for one-on-one counseling sessions, and increased attendance rates at the Ready for Export information sessions. So, as a business owner, if you wanted to explore whether this is feasible for your business, what is your first step? You need to identify with whom you are supposed to speak. Team Canada Inc. has set up a line to navigate you to the most appropriate sources of information via their 1-888-811-1119 line. If you are in Western Canada, you will be referred at some point to Western Economic Diversification (WD). We are one of your key sources of export assistance in the chain of international trade specialists. Our officers are there to assist you with your transition into the international marketplace.

Let us describe where we fit in the chain of export service providers. You can get preliminary help from the Canada Business Service Centres (CBCSCs). They are a fundamental stop for program information, market research and light diagnostics. Their officers will walk you through many of the processes in exporting and be a source of contacts for you in the trade arena. You can also employ the services of the International Trade Centres (ITCs) and the Posts abroad. Their role is to assist in the market entry, financing, and support services abroad.

However, there is a lot of work to be done in the stages between information gathering and actual market entry. Western Economic Diversification's role in international trade is to help clients become export ready. Here are some of the services our officers will provide:

- Export and business counseling;
- Deliver information sessions on export readiness;
- These are one day in length and provide an overview of export issues such as:
 - market research
 - developing an export plan
 - border brokerage
 - distribution
 - pricing
 - financing
 - marketing
- Assistance in your business' self diagnostics;

- Analysis of the information you have gathered;
- Evaluation of your business and marketing plans;
- Assistance in accessing international marketing and negotiating skills;
- Liaison coordination with other export specialists;
- Consultations in the development and implementation of market entry strategies;
- Awareness building on the concepts of logistics and distribution channels;
- Assistance in accessing information on legal and financial implications of doing business abroad; and
- Consultation on payment methods for receivables.



That is a lot to consider before going international!

So, when you call WD, who are the officers who will help you through these steps? This dedicated group of officers is resident from British Columbia to Manitoba.

They have concentrated efforts in furthering businesses towards export readiness. WD officers' skill sets are diverse. They range from experience carrying out major international projects, to living abroad for extended periods of time, to growing an international career working in consulate offices abroad. All of the WD trade officers have formalized training gained from well-known universities and from Canada's trade training program, the Forum for International Trade Training (FITT).

Many of our officers have attained domestic and international business professional credentials, for example the Certified Management Accountant (CMA) and the Certified International Trade Professional (C.I.T.P) designations, with another group of officers attaining designations in the very near future. Each member of the WD export team has an ongoing commitment toward continuous education in global business and service to clients.

Western Economic Diversification plays a very active role in helping you grow your export ventures. Our assistance extends to working with other Team Canada Inc. partners, such as the Canada Business Services Centres, the International Trade Centres, the Canadian Consulates and Embassies abroad, Agriculture and Agri-Food Canada, the Export Development Corporation, and many others. Our goal is to help you make a smooth transition from domestic to international markets. So, the next time you wonder who is on the other end of the phone at WD, rest assured that you are served by a group of dedicated, knowledgeable trade officers. Welcome to the world of international business. We look forward to working with you.

To reach us, call 1-888-338-WEST (9378)

Is Your Business Missing Out On Easy Cash?

Thousands of businesses are missing out on easy cash to help their business grow and expand. Cash-strapped small businesses are not applying for federal research tax credits, simply because they're not aware of them, or they sound complicated and unrelated to what the business does. But, don't let that fool you.

The program is called the **Scientific Research and Experimental Development (SRED)** tax incentive. However, words like "scientific research" and "experimental development" suggest complex research and development (R&D) projects and may confuse the typical small-business owner. In reality, product research and/or development activities can be rather "ordinary" as long as they are linked to some type of technological advancement.

So, if a project involves the development or enhancement of a product or research into a new process or approach that may provide increased efficiency or cost-efficiency in the production process, it may qualify for R&D tax credits. And, while an entire project may not be eligible for tax credits, parts of the project may still qualify.

The types of projects can be as diverse as the people behind them. For example, they could involve research into a new processed food item like a low fat brownie or muffin, the development of new software or hardware, investigations into new and innovative applications using alternative materials, or even time and effort spent inventing a new farm implement. It's also important to realize that projects that don't result in a marketable product may also qualify for tax credits.

The SRED program provides tax incentives to Canadian businesses that conduct SR&ED in Canada. This program is intended to encourage businesses to conduct SR&ED that will lead to new and improved initiatives, products or processes by advancing this technology. Through these incentives, the Canadian government encourages companies to invest time, effort and money in R&D, which will have a definite impact on the competitiveness of Canada in the global economy and assist the company in gaining an all-important competitive edge.

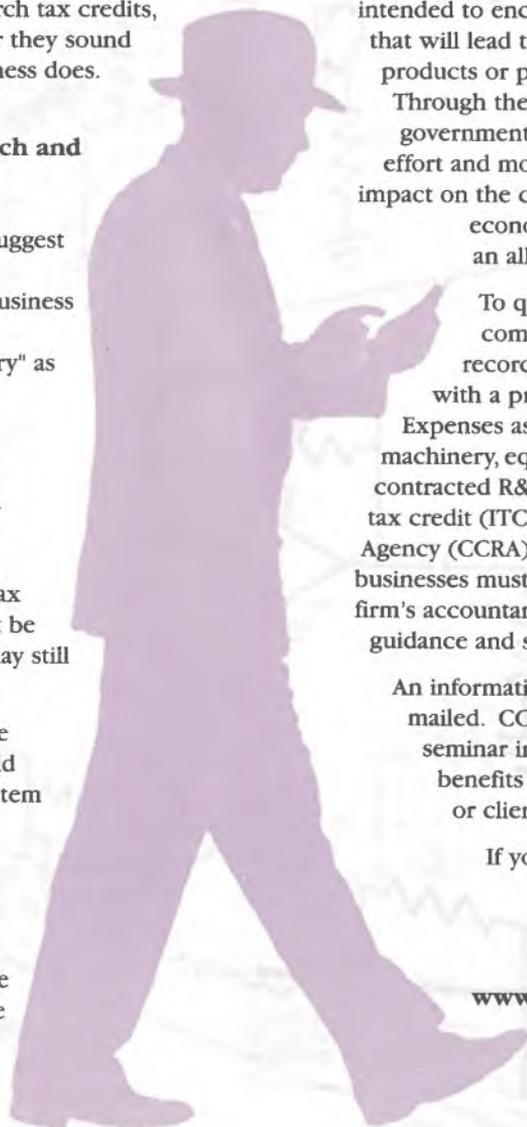
To qualify for tax benefits though, a company or individual must keep good records and capture the details associated with a project and its component parts. Expenses associated with wages, materials, machinery, equipment, and some overhead and contracted R&D costs are eligible for the investment tax credit (ITC). Canada Customs and Revenue Agency (CCRA) will review most ITC applications so businesses must have their paperwork in order. A firm's accountant can usually take care of this and guidance and support from CCRA is free.

An information kit is also available which can be mailed. CCRA can also provide a workshop or seminar in your area to explain the program, its benefits and the requirements to your clients or clients' accountants.

If you are interested in either of the above, contact one of the program coordinators in your region, or visit the CCRA web site at:

www.ccra-adrc.gc.ca/sred/

Manitoba	Ed Bergen	Tel: (204) 983-3980
Saskatchewan	Ray Sladek	Tel: (306) 975-4620
Alberta	Jim Simpson	Tel: (780) 495-2595
B.C.	Wayne Fong	Tel: (604) 666-4569



Seven Seconds to Make it Count!

By * Kristina White, Principal Consultant, Illuminet Business Development Group

We've all done it - met someone and in just seven seconds we have drawn conclusions about that person. That first impression stays with us for years. We don't have a second chance to make a first impression.

First impressions - that precious and critical seven-seconds extends to your business. How you answer your phone, the impression people get when they walk into your premises, your appearance and that of your staff, your printed materials, your e-mail messages and your web site all speak volumes about your business.

If you have a web site or are currently developing one for your business, keep in mind the seven-second theory. Visitors to your site will have little patience with images and pages that take minutes to load. A customer ready to buy will not wait, and with a simple click will be gone. Graphics (GIF, TIF) should be appropriate and kept to between 7 - 12kb.

Have your web designer test the loading time of your page(s) and the graphics you are using - you can often reduce the size of a picture/photo (JPEG) file to a manageable size without losing picture quality.

Animation and flashing logos, mailboxes that pop open are fun but usually end up annoying visitors - use them sparingly and make sure they are appropriate to your business. Web pages look marvelous on a web/graphic designer's 21-inch monitor, but viewing it on a 15- or 17- inch one - is a different story.

Scroll bars all over the page are frustrating and reduce the impact you worked so hard to create. Pages can easily be designed to accommodate smaller format monitors (the ones most of us have) without losing that pages overall impression.

Check with your customers, what's on their desks, do the majority of them have high-end large format monitors or the 15 inch model that came as part of their computer package, ask your customers what they think of your website, what they like and don't like, and what would make it better. Look at the competition and see what they are doing. You'll recognize in a hurry what works well!

Your business web site should provide visitors with basic information - information that visitors are browsing the web to get! Don't forget to include details such as:

- Location - street address
- Mail Address (the Canada Post one)
- Hours of operation in your physical location
- Phone, fax and toll-free numbers
- E-mail addresses
- Web site address
- A friendly and personal invitation to visit
- A summary of your products and services

E-mail messages should include a signature file that provides this same basic information.

Remember your web site can act as your 24-hour customer service centre. If you have products that generate questions during the day - why not put the answers to frequently asked questions on your web site. Instruction manuals can be posted in PDF (Portable Document Format) to help your customer who gets stuck while assembling a new bike at 10:00p.m.

Ensure that your business image in print is consistent with your web site. Do the colours and images match, are the fonts similar, and is the language consistent? Ensure printed materials such as business cards, letterhead, brochures, signs and display materials provide your email and web address.

So take seven seconds ... look at your business through the eyes of your customers. Make sure your business makes a first impression that tells your customers what you really want to say. Make it count!

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Hiring Good Workers

by Tamara Magnan

Hiring that 10th employee can be as nerve-racking as hiring the first. Based on how your past experiences have played out, maybe even more difficult. Although a perfect model for hiring does not exist, you can accentuate your possibilities for successfully hiring good employees.

It is important to know what you want your new employee to do. Writing a job description for the position will help you define it in your mind, and clearly describe it to a potential employee. As many positions change over time, it is acceptable to include "and all other duties as assigned" to encompass new and extenuating circumstances.

When reviewing résumés, it is important to keep in mind the responsibilities you desire in this new employee. Make sure the applicants you plan to interview have closely defined experiences to the position for which you are hiring.

Interviewing is a serious and important part of the hiring process. Like any business meeting, you should be prepared. List the information you want to know from each individual, which is pertinent to the job. Create a rating system. Rate interviewees on each item. This should make comparisons for the hiring process easier.

Interview techniques vary based on the interviewer's style. One important thing to remember is to try and stay as objective as possible. Don't allow the interviewee to take over the interview. Each interview will likely be different, based on the personality of the interviewee. But, it is important that you remain the director of the interview process.

Additional things to keep in mind:

If you are hiring for an entry-level position, you may want this person to be trained to do things in a very specific manner. If so,

attitude and desire to attend to duties as assigned may be very important qualities to look for during the interview process.

If this is your sole employee, it is likely you will need to relate to one another on a personal level. Don't confuse this with friendship. Personal level refers to being able to work with a person despite differences you may have. When you work with a person (especially only one person) for several hours a day, it is important to be able to resolve conflict quickly and successfully to maintain a healthy working relationship.

If this is your first employee, it may be hard for you to give up responsibility for jobs you have been doing. It is important to respect the differences you may have with the way this new person is doing things, e.g. envelopes are found next to the computer, not in your desk drawer as before. (Provided these are differences you can live with.)

It is important to remember, **you are hiring someone to help you, not make you crazy.**

Although this is an endless topic, we will close with one important recommendation. **Check references!** Past employers can give you a clearer understanding of this person you are planning to bring into your life. Some business owners swear by their instincts. And if that works for them, great! But making a decision based on a referral, can make that instinctive decision even stronger.

When hiring entry-level employees, they may not have a lot of work experience, thus job references may be few or none at all. For these individuals, it is appropriate to ask for references from teachers and supervisors from volunteer work they have done.

In the next issue of Access West, we will address handling disciplinary issues with employees.

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