Canada Commerce

November 1983

Multi-Million Dollar Helicopter Industry Launched

Tourism

Canada Commerce

The Honourable Edward C. Lumley
Minister of Industry, Trade and Commerce
and
Regional Economic Expansion

The Honourable David P. Smith
Minister of State for Small Business and Tourism

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Cover: The year 1984 has been declared TOURISM YEAR IN CANADA and a myriad of events are scheduled in celebration.

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Special: A new helicopter industry is born with agreements to design and manufacture in Canada.

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Productivity: The computer industry is growing daily more important to Canada's economy.

Featured This Month:

Regular Features:

1984 IS TOURISM YEAR IN CANADA

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Business Review

Thailand — Opportunities for Canada

A high-powered trade mission from Thailand visited the World Trade Centre Toronto recently to promote two-way trade in Canada's "gateway" to the ASEAN marketplace.

At a one-day seminar, H.E. Vitthaya Vejjajiva, ambassador of Thailand to Canada, and representatives of the Royal Thai Government's Board of Investment, spoke to more than 80 Toronto-area businessmen on the multitude of trade opportunities opening up in the Southeast Asian nation.

Over the last few years, Thailand has become one of the developing world's most consistent economic performers. Much of the reason, according to Ambassador Vejjajiva, is that his government is committed to promoting economic growth and prosperity by maintaining a favourable climate for foreign investment and foreign trade.

Fish for Food Aid Programs

The Fisheries Council of Canada, over the past year-and-a-half, has upgraded efforts to increase the fish component of Canada's food aid programs. These efforts are beginning to yield results — expenditures for fish products in 1983-84 will total $12 million, up from $9.5 million in 1982-83.

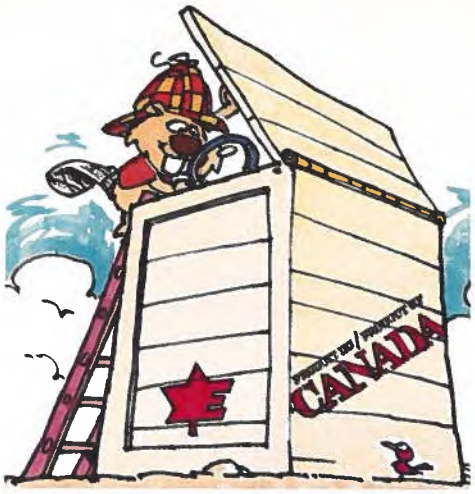
As food aid programs become more significant as an on-going market for Canadian fish products, it is increasingly important to develop effective arrangements for suppliers and a rational distribution among competing species and product forms.

South American Opportunities Explored

A Saskatoon firm, Develcon Electronics Ltd., is exploring export opportunities in the communications field in Santiago, Chile, under a program sponsored by Saskatchewan Economic Development and Trade.

The opportunities were identified earlier this year by the Saskatchewan department.

Develcon is seeking to establish distributorship for its data switches, such as the limited distance data sets and local switches network (Develnet).



Canada Export Trade Month

One of the many dimensions of Canada Export Trade Month, October 1983, is the involvement of children through a poster contest.

The contest is sponsored by the Department of External Affairs in co-operation with ITC/REE Regional Offices. Judging took place in mid-November with Canadian handicrafts being awarded to provincial winners and a trip for two to Ottawa for the national winner. This program goes a long way toward accomplishing the main objective of Canada Export Trade Month — to raise the consciousness of the general public and the business community to the importance of export trade.

Canadian Labour Organizations Directory

Union membership in Canada declined from 3 617 328 in early 1982 to 3 562 799 in early 1983, according to a recent Labour Canada publication.

The figures, contained in the department's *Directory of Labour Organizations in Canada 1983*, show that union membership, which had been increasing steadily since 1962, decreased by 1.5 per cent during 1982.

The directory includes names of officers, addresses, telephone numbers, convention dates and the titles of publications for all trade unions, central labour congresses and industry-related union co-ordinating groups.

The directory can be purchased from the Canadian Government Publishing Centre, Supply and Services Canada, Hull (Québec) K1A 0S9. The price is $6.50 in Canada and $7.80 in other countries.

Orcatech Signs Major Contract

Orcatech Inc., of Ottawa, a leading manufacturer of computer graphics workstations, has signed an estimated $10 million agreement with Market Vision of New York City for the supply of graphic computers to be used in an advanced commodity futures information system. Orcatech has recently opened new headquarter and plant facilities.

The supply agreement calls for the delivery of an estimated 350 advanced Orca 3000 computer graphics terminals to Market Vision over the next 30 months. The terminals will form the base for a sophisticated commodity futures information system used by brokers and traders to display time variations and statistical analysis of trading occurring on various U.S. commodity exchanges.

Fish Products to East Germany

Members of the Canadian Association of Fish Exporters (CAFE) have successfully negotiated a contract with the German Democratic Republic (East Germany) for the sale of Canadian fish products. The sale includes a total of 0.6 million kg (1.34 million lb.) of herring products with an option for the Germans to purchase an additional 0.9 million kg (1.98 million lb.).

CAFE concluded the sale with the help of the services of the Canadian Commercial Corporation, a federal Crown corporation.

Largest Industrial Show

Canada's largest industrial show, the Canadian Plant Engineering & Industrial Equipment Show, will be held in the Exhibition Hall, Place Bonaventure, Montréal, Québec, on May 14 to 17, 1984.

Since 1962 this show has been a major international marketplace for manufacturers and distributors of production equipment, manufacturing systems, maintenance products and services. Serving Canada's second largest manufacturing market, more than 250 exhibitors are expected to take advantage of this opportunity to introduce, demonstrate and sell to key manufacturing and plant management decision makers.

Sawmill and Logging Show

The 6th Biennial British Columbia International Forest Industries Equipment Exhibition and Seminars will be held in the new B.C. Place Stadium September 27, 28, 29, 1984.

This is Canada's largest ever logging and sawmill show and is expected to draw international interest.

Edmonton Firm to Fill Ontario Order

Solar Turbines Canada Ltd. of Edmonton will supply two 7 MW gas turbine generator sets for Ontario Hydro for use as emergency back-up power units at the Darlington, Ontario, nuclear generating station. Solar will install and commission the turbines.

The industrial gas turbine sets will be seismically qualified and undergo rigorous start reliability tests to meet the Ontario utility's demanding specifications.

Canada-Egypt Fish Marketing Initiative

Representatives of the Canadian Association of Fish Exporters (CAFE) are negotiating with Egyptian importers on several Canadian fish products.

The bilateral meetings are a follow-up to several bids submitted by CAFE against international tenders issued by Egyptian authorities. Negotiations include such products as frozen hake, redfish and capelin as well as items currently held in inventory.

Plaque Presented to Lockheed

The Lockheed California Company, a division of Lockheed Corporation, located in Burbank, has been presented with a plaque by the Department of Industry, Trade and Commerce and Regional Economic Expansion (ITC/REE).

The award, presented on behalf of Minister Ed Lumley by Gordon Ritchie, the department's associate deputy minister, is in recognition of the firm's achievements in meeting its CP-140 industrial benefit contractual obligations and, in particular, for $414.6 million worth of additional contract work placed in Canada 11 years ahead of schedule.

Canada purchased 18 of the long range patrol aircraft (AURORA) from the Lockheed California Company in 1976 and the final aircraft was delivered to the Canadian Forces in July 1981.

Canada Again Leads World in Fish Exports

For the fifth consecutive year, Canada was the world's top fish exporter in 1982 in terms of value, according to statistics from the Organization for Economic Co-operation and Development (OECD).

Canada led the United States, Denmark, Norway, Japan and Iceland, in that order, among the exporting OECD member countries. The value of Canadian fisheries products exports exceeded $1.6 billion in 1982, a 6 per cent increase from 1981. Among all food exports, fisheries products ranked second to grains in dollar value.

Joint-Venture to Produce Insulin

A joint-venture recently announced by Canada's "insulin company", Connaught Laboratories Limited of Toronto, may soon result in Canada's 200 000 insulin-dependent diabetics having available to them the highest standard of insulin produced anywhere in the world today.

Under the terms of the agreement, Novo Industri A/S of Copenhagen, Denmark, will manufacture insulin in Canada for distribution by Connaught. Connaught and Novo will also be equal partners in a new company called Connaught Novo Ltd.

Export Guidebook Available

A new Canadian guidebook designed to help take the pain out of exporting for beginners has been released by the Department of External Affairs.

So You Want to Export. . . shows potential exporters where to begin and takes them through every phase of the exporting process. It includes tips on putting together export pricing worksheets, explains the role of trade commissioners, translates much of the jargon likely to be encountered and points out the myriad of export assistance and development programs currently available in Canada.

The guidebook is available at any Regional Office of the Department of Industry, Trade and Commerce and Regional Economic Expansion (ITC/REE) or from Martha Hancock, External Affairs, Tel: (613) 995-6720.

Pedigree Whirlybirds Lay Golden Eggs

The world's second largest customer for commercial helicopters is getting into the manufacturing side of the business. Canada is joining forces with Bell Helicopter Textron and Pratt & Whitney Canada to produce a new breed of rotary wing aircraft.

Those who want to finally banish the spectre of Canadians as wood and water serfs can take comfort in the knowledge that Bell and Pratt & Whitney are giants of the aerospace industry, stand tall in the field of advanced technology and have their names close to the top of the *Fortune* 500 list of leading North American manufacturers.

There is, of course, an element of risk in any new venture; but the collaborators in Canada's helicopter project are two private enterprise conglomerates with track records that should allay the fears of nervous citizens; in 1982, a frustrating year for most multinational corporations, the parent companies of Bell and Pratt & Whitney (payrolls totalling 226 000) had a combined turnover of $16.51 billion and net earnings of $617 million. No doubt some sceptics will cast envious glances at those results and argue that the Canada-Bell-P. & W. association should have been formalized on a permanent basis in 1968, when the federal government, the helicopter builder and the aero engine specialist entered into a co-operative effort to develop the Bell 212 transport machine powered by the Pratt & Whitney Canada PT-6 Twin Pac engine.

However, the American helicopter firm kept all of its manufacturing facilities south of the border and went on to produce 1 300 Model 212s (in addition to thousands of other whirlybirds). Meanwhile, Pratt & Whitney Canada, having recruited in 1957 a team of six Canadian research engineers who saw commercial possibilities in small gas turbine engines, continued to expand its plant at Longueuil, Québec, and eventually captured 60 per cent of the world market for turboprop aircraft engines, as well as a sizeable chunk of the helicopter engine business.

Pratt & Whitney Canada deserves to be so named. United Technologies, the holding company, gives a free hand to the Longueuil management in respect to research and development, product manufacture and marketing. Elvie Smith, president of the Canadian subsidiary, is a native of Saskatoon and one of the 1957 recruits who had previously experimented with gas turbine engines at the National Research Centre.

Recalling his pipe dreams of the 1950s, Elvie Smith admits that "the decision to engage in the design and development of a Canadian aircraft engine was quite a gamble. We could not have taken on such a challenge without the help of Ottawa". That "help" has paid handsome dividends.

The Longueuil engineering and production centre employs 6 300, of which 1 535 are research and development personnel with an annual budget in excess of $100 million. The sales performance of Pratt & Whitney Canada in the international marketplace has a ripple effect on the Canadian economy. Some 2 700 domestic suppliers — 1 700 of them in Québec — benefit directly or indirectly from every engine sale. Company payments for Canadian goods and services come close to $200 million a year. Federal research and development grants have been repaid at the rate of approximately $12 million per annum, and statisticians claim that for every dollar of taxpayers' money invested in two major engine programs, $45 of increased Gross National Product have resulted.

There's an old Chinese proverb about the journey of a thousand leagues starting with one step. The first step towards the Canadian helicopter manufacturing objectives of 1983 may well have been taken some 55 years ago, when an enterprising Montréaler set himself up as a salesman for Pratt & Whitney aero engines designed and manufactured in the United States. One year later, having sold units with a promise to provide overhaul facilities, the entrepreneur engaged the first mechanic to appear on the payroll of Canadian Pratt & Whitney Aircraft Company Limited.

According to official records, the development of a wholly Canadian gas turbine engine dates back to January 1, 1957. On that day six Canadian engineers joined the Pratt & Whitney staff. But their project had already progressed to experimental stages at Ottawa's National Research Centre, and some members of the engineering sextet had done similar work in Britain. Because

Artist's impression of the first Canadian-manufactured Bell 400-type with Pratt & Whitney Canada power source.

the Longueuil plant was not fully equipped for a major engineering project, the Canadians were housed in the parent company establishment in East Hartford. There they designed and developed a two-stage turbine with a 1 360 kg (3 000 lb.) thrust. Weighing 205 kg (453 lb.), it was "custom tailored" for a trainer aircraft being built by Canadair, and for which no suitable power unit had won customer acceptance.

It took more than three years of trial and error to get the first complete PT6 engine running on a test bench. Another 12 months would pass before its first flight — in the nose of a modified Beech 18 which relied upon its own twin engines for take-offs and landings.

From the outset, the Pratt & Whitney PT6 had been designed for both turboprop (fixed wing) and turboshaft (rotary wing) operations. In fact, the first aircraft to fly under PT6 power was a Hiller Ten 99 helicopter.

Canadian certification of the PT6A-6 turboprop engine came in December 1963, almost exactly seven years from the launching date of the project.

The Bell helicopter story spans an even longer period. And woven into the development chapters on the Bell 212 and 412, the Agusta Bell AB212 (Italian) and the Bell AH-1J/IT models is abundant evidence of the evolutionary engineering process which has kept the engines of Pratt & Whitney Canada internationally competitive.

The economic stimulus generated by contracts awarded to Pratt & Whitney Canada suppliers should be even more pronounced for manufacturers of helicopter components. Complex as it is, the gas turbine propulsion unit constitutes only a fraction of the high technology products necessary for helicopter flight. In many respects rotary wing machines are more demanding of designers and engineers than the conventional airplane. Whereas the fixed wing aircraft races along the runway until wind velocity lifts it towards the heavens, helicopter rotor blades never get any relief as they claw and corkscrew a passage through ever-turbulent air, and always there is the deadweight burden of a cumbersome cabin crowded with instruments, fuel, freight and human cargo.

Recent studies have shown that the cost of helicopter travel per seat-kilometre is three times as expensive as the equivalent commuter plane. There is, too, the problem of helicopter noise levels, which are unacceptable in many city cores. However, where travel time is the paramount consideration, the rotary wing machine is the clear victor. Tests conducted over Paris-London air routes proved that a passenger wanting to get from the Champs-Élysées to Trafalgar Square could not hope to complete the 360-kilometre journey in under four hours using a commercial airliner. But an inter-city helicopter service would cut the total travel time to less than two hours.

The time-saving factor is the helicopter's trump card. Engine and rotor blade designers will solve the noise problem. And who is better equipped than Pratt & Whitney Canada? Although the Longueuil turbine engine specialists work independently of Pratt & Whitney establishments in the United States, there is a constant exchange of high technology data. It's a two-way communications channel. U.S. metallurgists report on such things as new alloy formulations that have to withstand temperatures and pressures in engines with absolute performances far beyond the capabilities of any existing or scheduled Canadian power unit.

Pratt & Whitney Canada numbers among its customers Sikorsky Helicopters. And Sikorsky, like Pratt & Whitney, is a wholly-owned subsidiary of the United Technologies giant. So here again the research and development engineers at Longueuil have close allies in the fight to reduce helicopter noise levels.

Turning now to the newly created Bell Helicopter Division of Textron Canada, we find a manufacturer bent upon improving the helicopter breed by introducing high technology composite materials for the fuselage, main and tail rotor units, transmission and hub systems, gearbox, etc. Here are branches of a science which has yet to be commercially exploited in Canada.

As surely as Pratt & Whitney areo engines were modified to serve marine, vehicular and industrial needs, so can the high performance composite materials developed for Bell Canada helicopters reach out to markets beyond the confines of aerospace.

The new Canadian helicopter project, exciting as it is, could head this country towards broader, even more rewarding industrial horizons.

Pedigree whirlybirds can be trained to lay golden eggs.

— by Harry Traynor
Canada Commerce

New Canadian Helicopter Industry Launched

Bell Helicopter Textron Incorporated will establish at Mirabel, close to Montréal, a light twin helicopter manufacturing facility.

Total investments of $154.1 million, will create 2 775 jobs in the high technology sector.

Federal and Québec government participation will total $275.4 million, of which $165.2 million is to be contributed by the Government of Canada and $110.2 million by the Government of Québec. In addition, Pratt & Whitney Canada will invest $252.0 million to develop a new helicopter engine family. The federal government will invest $100 million in this project.

The Bell project and the Pratt & Whitney involvement would create a total of 3 775 jobs and generate sales valued at $9.9 billion over the next 20 years. According to projections, exports will account for more than 85 per cent of the total.

Bell Helicopter Textron will create a new Canadian company to establish at Mirabel industrial park a 27 870 m^2 (300 000 sq. ft.) design, manufacturing and marketing facility.

Bell helicopters will consist of the Model 400 now being developed in the United States, plus two later models to be developed at the Mirabel factory. Employee recruitment and training will begin early in 1984, and manufacturing in 1985.

Bell Helicopter Textron, is one of the largest manufacturers of helicopters in the world with annual sales of $830 million (U.S.) over the last three years.

The government investments in Bell and Pratt & Whitney Canada will be repaid in the form of a royalty on all sales of helicopters, STEP engines, spares and accessories made by the Canadian companies during the life of the projects.

Helicopter Potential Continues to Grow

The first practical helicopter was designed by Igor Sikorsky, an American citizen, in 1939. His single-rotor machine achieved a 92-minute flight. The helicopter had no significant role in World War II and its real potential did not become evident until the Korean War, 1950-51.

There are currently 20 companies in non-Communist countries manufacturing helicopters, nine of them in the United States. Overseas plants are located in Britain, France, Italy, West Germany, Japan, India and Indonesia.

The free-world civil helicopter population is in excess of 12 000, of which approximately two-thirds are located in North America, one-sixth in Europe, one-sixth in the Far East and less than 5 per cent in the Middle East and Africa.

Canada is second only to the United States as a purchaser of commercial helicopters. It is estimated that about 1 250 rotary machines are owned and operated by Canadian companies.

Okanagan Helicopters, one of Canada's largest operators, has a fleet some 150-strong. International contracts account for approximately one-quarter of the British Columbia company's business. Other major Canadian helicopter operators — combined fleets in excess of 160 machines — include Liftair of Calgary, Alberta; Sealand, operating from bases in Newfoundland and Nova Scotia; and Viking Helicopters, Carleton Place, Ontario. The Canadian helicopter quartet has rotary wing aircraft working in Central and South America, Egypt, East and West Africa, Gulf of Mexico, Thailand, Australia and the Philippines.

Turbine-engine helicopters account for 90 per cent of the flying time put in by Canada's commercial fleet.

Aerospace analysts forecast that 15 000 to 16 000 rotary wing machines will be sold to commercial users during the next decade. This would represent a 100 per cent increase over the corresponding figure for 1970-80.

Piston engines which currently power 25 per cent of civil helicopters will lose ground to twin-turbine engines during the 1980s. Twin-turbine powered helicopters accounted for 12 per cent of sales 1970-80, but the percentage is expected to increase to almost 40 before 1990.

Military helicopters claimed almost two-thirds of total helicopter production in the 1970s. By 1990, there should be a 50-50 split between military and civil machines.

During the period 1967-82, some 13 000 light helicopters (1 814 to 2 721 kg — 4 000 to 6 000 lb. gross weight) were manufactured — 8 000 of them by Bell Helicopter.

Civil helicopters in North America totalled 3 500 in 1970, 8 000 in 1983, and are expected to increase to 20 000 by 1990.

Sales projections for the next 10 years add up to 15 500, with North and South America absorbing 10 000, Europe 2 000, Pacific countries 3 000, the Middle East and Africa 500.

According to *Flight International* magazine, helicopter cruise speeds, currently averaging 150 knots per hour, will increase to 180 knots by the end of the century. Engines will reduce in weight, vibrate less and offer greater reliability. Design improvements can be expected to cut down the accident rate, increase payloads and reduce operating costs.

U.S. helicopter manufacturers delivered 605 non-military machines worth $428 million in 1982. Sales this year should top 780 units valued at approximately $530 million.

Bell Helicopter expects to sell 272 civil units this year, or 34.5 per cent of the total market.

Bell sales in 1982, commercial and military, totalled $740 million.

Canadian Aerospace Perspectives

Personnel and Regional Distribution of Work — The industry payroll has fallen to 36 320 in 1982 from the high of 43 000 but projections to 1987 put the employment level at 49 000.

The gradual general improvement in employment opportunities is reflected in the figures over the seven year period 1975-81. — 26 898 (1975), 34 000 (1978), 43 000 (1981).

The increase was 25 per cent between December 1977 (28 900) and June 1979 (36 200). Employment is distributed as: Québec — 46 per cent; Ontario — 46 per cent; Western Canada — 6 per cent; the Maritimes — 2 per cent.

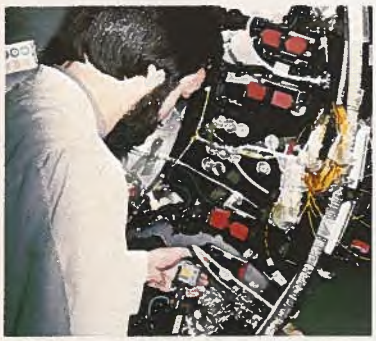
In terms of companies engaged in the manufacture of aircraft and components, the breakdown by region indicates that 35 per cent of the establishments are in Ontario, 30 per cent in Québec, 16 per cent in British Columbia, 5 per cent in Manitoba, 3 per cent in Nova Scotia, and the remainder located in Alberta and New Brunswick.

Nearly 48.5 per cent of total aerospace output originates in Québec and 40 per cent in Ontario.

Sales and Exports — The Canadian aerospace industry had record sales of $2.8 billion in 1982. Fully 77 per cent ($2.15 billion) was exported, with the United States by far the largest customer.

During the period 1971-81, the U.S. accounted for over two thirds of Canadian aerospace exports (and for an even higher percentage — 80 plus — of aerospace imports).

Aerospace sales in 1967 totalled $680 million, of which $402 million (60 per cent) represented exports. In 1968, exports topped $559 million, this figure 150 per cent higher than the 1962 equivalent. Sales passed the $1 billion mark in 1978, and during the following year climbed by another 50 per cent, with exports accounting for $1.33 billion. In six years — 1977-83 — sales increased by almost 300 per cent.



Industry Structure and Ownership — The aerospace manufacturing industry is three-tiered.

Two of the three largest manufacturers, Canadair, Montréal, and de Havilland, Toronto, design and manufacture complete aircraft. Pratt & Whitney Canada, Montréal, designs and manufactures aero engines.

The aircraft manufacturers are owned by the federal government. Pratt & Whitney is a subsidiary of American-owned United Technologies Corporation.

Second-tier companies number 31 and are located in Ontario (14), Québec (10), the Maritimes (2), Manitoba (3), and the remainder in the West (2). They are mainly manufacturers of aircraft components, systems, sub-assemblies, and accessories.

There are approximately 100 third-tier companies, few with sales in excess of $1 million per annum. Their main business is sub-contract machining and processing work, and repair, overhaul and servicing product lines of other companies. Most third-tier companies are wholly Canadian owned.

Of the total aerospace industry, 90 per cent of 1982 earnings were achieved by 55 companies. Analysis of the $2.8 billion sales total reveals that approximately 40 per cent represents the joint sales of de Havilland and Canadair. A third large slice of business can be credited to Pratt & Whitney Canada, whose engines, designed and manufactured in Canada, satisfy almost 60 per cent of the world market for turboprop aircraft.

The fact of three companies accounting for more than half the gross sales receipts cloaks a vital element of Canadian aerospace: sub-contract work. For example, the 36-passenger de Havilland Dash-8 involves over 100 suppliers of equipment and components.

Total 1982 sales were spread over airframes (42 per cent) engines (28 per cent) and the remaining 30 per cent shared between avionics/electronics, space and miscellaneous categories.

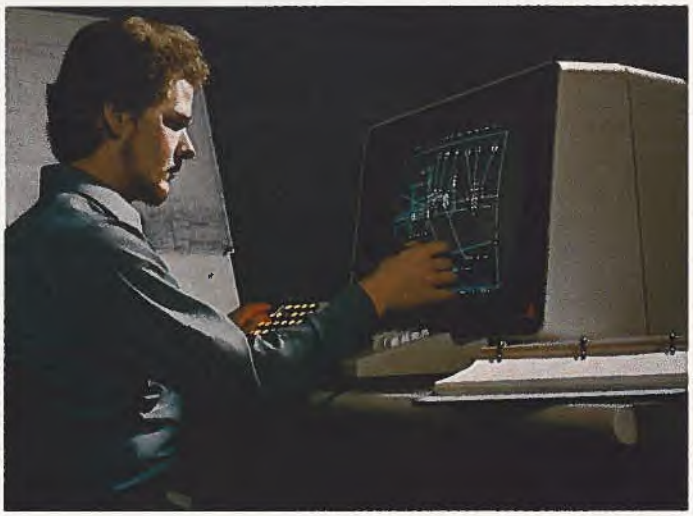
Employee Picture — Scientific and engineering technologists make up 12 per cent of the primary and secondary levels of the aerospace work force, making it a high technology industry (accepted identifying standard is 3 - 4 per cent engineers/scientists). Airframes claim 47.3 per cent, engines 32.7 per cent and avionics 20 per cent of the remainder.

The production floor is the biggest employer of labour, claiming 55.3 per cent of the industry's total. Production personnel are divided among airframes (50.3 per cent), engines (30 per cent) and avionics (19.7 per cent).

In 1982, the industry spent $14.4 million on job-related training, or approximately $400 per employee.

World Rankings in aerospace — Canadian aerospace ranks fifth in the world behind the United States, France, Britain and West Germany.

Canadian Government Support — Through the Defence Industry Productivity Program, the federal government has invested $690 million in Canadian industry since March, 1971. A very high proportion of this has been for research and development in the aerospace sector.



Research and Development — The industry invests approximately 10 per cent of sales in R&D, or some 20 per cent of *ALL* R&D in Canadian manufacturing.

Canadian Aerospace Evolution — During World War II, Canadian factories produced close to 17 000 aircraft, from elementary trainers to the most versatile fighter-bomber and heaviest-load bomber of the war. In addition to complete aircraft, Canadian companies manufactured plane components, instruments, propellors, electrical and hydraulic equipment — the vast majority of which had been sourced outside of Canada prior to 1939.

Since 1947, approximately 4 000 Canadian STOL transport aircraft, utility amphibians and business jets have been sold to more than 100 countries. In the same period, some 3 700 military aircraft have been produced under licence in Canada.

Canadian aerospace products include small gas turbine engines, the family of Anik satellites and the *Canadarm* remote manipulator system. Other aerospace products which perform well in export markets include unmanned airborne surveillance systems, flight simulators and sophisticated airborne navigation systems.

What are the Long-Term Options For Your Business?

Business owners are busy people. There are always today's problems to solve, last week's work to get finished, and next week's work to be planned for. A business is a demanding mistress and just keeping up with it is a full-time job. The upshot is that most businessmen/women do not give the future the thought and planning which it deserves. In fact, for most of us, long-term planning means next week, short-term planning means this evening. This horrifies those who believe a business can be run by the book, but the procedures work just fine for most businessmen. So there is no reason to change them — except in one area.

That is the long-term future of your business and the plan you have made for your life. You will not live forever nor will you want to work forever. Eventually you will retire, or your health will force you to retire, or you will just want to step back from full-time management. Yet you will expect that business to support you during those semi-retirement years, and your retirement — and your widow after you are gone. One way or another the cash-flow stream must be maintained.

Of course, you can hold off that day of decision by just keeping at work. According to the American Medical Association, the average American male lives 30 months into retirement; ergo, to live longer, work longer. I have met businessmen still actively running their businesses in their 80s and even a few in their 90s. I have actually met one man (and heard of a second) who was still at work past 100! So if you want to put off long-term decision making, just keep on working. You will live practically forever — or at least, it will seem like it to your heirs!

But when we do look ahead, we business owners find very few long-term options: only four. One of these will happen in every business, yours included.

- Sell our business;
- Develop a son or other heir as our successor;

Starting young in the business.

- Develop a manager or management team as our successor;
- Do nothing and see what happens.

The fourth is by far the most popular. All too many businessmen just keep going on, year after year, until they suddenly realize they have grown old. Since it is too late then to plan on their own senior years, and having been too busy to think about retirement, they put the entire subject off until another day. The man and his business drift into senility together. And they die together. You know of such businesses; every town has its memories of businesses which closed up when their owners died.

The first option — selling out at peak value — is often given as a goal by businessmen. Some attain it, but for most, it is an elusive one. The problems are two fold. First, a business is at its peak when the owner is at *his* peak, and at that time he is too busy, making too much money and having too much fun, to even think of finding a buyer. The average seller waits until both he and his business have peaked and are on their way down. As business (and health) problems multiply, the seller works harder to find a buyer and every buyer knows that time is on his side. The longer he waits, the lower the price will be.

The second problem is that selling a business is almost always an example of unskilled labour. There are many experienced business buyers, people and companies who have purchased businesses before and know what they are doing. But most sellers never sold a business before and will never sell another one. They do not know what they are doing and, recognizing this, try to cover up their ignorance by working with even more ignorant buyers. Thus we have the local realtor and business "broker" who helps sell the business to a former bartender or school teacher (anybody who can come up with the downpayment) and to friends.

Hardly surprising that most who sell out on an amateur, do-it-yourself basis, wind up disillusioned and disappointed. Selling the business is an option

which every businessman should keep in mind, so he should learn how to do it and be prepared. It is nothing to fear nor to be ashamed of, and is often the logical pinnacle to a successful career as entrepreneur.

Nonetheless, you should also be developing succession — people to continue the business beyond your retirement. Continuity of the business is not difficult to arrange, but it does take forethought, deliberate planning and well-managed development. It means looking far ahead for your business and your own life — doing some real life planning. This takes time and work and intrudes into the process of running the business. But the difference between a happy, satisfied retirement and a miserable old age is determined by what you do (or do not do) at least 20 years earlier. By whether or not you did that life planning, when the doctor tells you to cut down your working hours is much too late.

If a business person does develop one or more managers capable of running the business, it frees him for taking a decent vacation each year, gives him the luxury of being ill occasionally (most business owners are disgustingly healthy, just because they do not have time to be sick), continues the business at his retirement, protects it as a source of income for his widow, and greatly enhances its salability if he decides to sell. The first question every potential buyer asks is, "Who will run the business for me?" If you have a built-in manager the business is easier to sell and the price can go up.

But do not put all your eggs in one basket; you need a number of potential managers. Don't bother to look for them; good managers (like good employees) are made, not found. They should be at least 20 years younger than you and ambitious, hard workers, who try to please you, and who want to put their mark upon your company. They should understand that management is more than a 9-to-5 job; it will involve occasional evening or weekend work with you, night school, and a steady diet of learning and self improvement. You must also develop a curriculum, list everything he needs to know about your job, including things you did not learn well enough such as financial management. Part of this curriculum he can learn from you, part he can learn from other employees, part from books, college courses, and seminars. Part he will have to learn as he goes along.

Forethought and planning are necessary to ensure that one's business will help pay for one's retirement.

Of course, of all successors, the all-time favorite is a son (or son-in-law or daughter). The son starts out as cheap and loyal labour and is expected to develop into the next president. Ironically, it is more difficult to develop a son into a competent successor than a non-relative, because father and son know each other too well, have too long memories, and expect too much of each other. But when a father and son do become a team, they have something which very few men ever experience — a life and a dream to share.

The program for developing a son differs from that for a non-relative in only one way. The son starts earlier, usually summers while he is still in school or college. By 22 he may have six or more years experience in your business. (I have met sons who started play/work in their father's business at 10!) Because of this running start, an ambitious son may be ready to take over while still in his twenties and your biggest problem may well be figuring out how to keep him happy and productive until you are ready to retire. The best bet is to put him in charge of a small part of the business, not a department but a vertical slice, where he can practise overall management. This can be one of your product lines or services (sometimes a market is suitable). When he is ready, try to arrange a subsidiary, branch or some separate venture for him to run. Do not let your son become your helper; too many sons rust out while patiently waiting for a tireless father to give up and give them a chance. I had an 83-year-old business owner at a seminar once who was shaken because his boy wanted to retire; it turned out the "boy" was 64!

The ultimate payoff in developing a competent successor to your business is its successful continuation.

A son is too precious to waste. When he is ready, arrange that separate business and turn him loose. Let him learn how to run a business in the only possible way — by running a business. Then when you are finally ready to retire, your son will be an experienced manager and there will be no question of his competence and ability to take over and run your basic (parent) business. Merely merge the two and let him run them together. This good advice is for the training of non-relative managers, too. I have met too many men who want to retire but who realize that their sons and key people are all specialists, none of them capable of overall management.

Developing a competent successor merely means forethought, planning, and a certain amount of effort. The payoff is the successful continuation of your business (and income source) well beyond your retirement — and the top buck if you decide to sell.

So whether it is your son or a non-relative (surrogate son), develop a successor. Nothing will give your later years as much pleasure as seeing a competent successor carrying on your life's work. Other men have done it, you can, too. But waiting until you are ready to step down is much too late.

A happy future for you, your business and your family means starting over — starting with life planning, deciding what you want your life to accomplish.

This article was condensed for Canada Commerce *from a chapter in the book* The Family in Business *written by Frank Butrick of Akron, Ohio, and is presented by the Federal Business Development Bank (FBDB).*

The Writing on the Wall Spells COMPUTERIZE

Canadian computers are products of an industry that has 22 000 employees and earned $5.5 billion in 1982.

More importantly, computers are tools, without which few industrial or commercial companies will survive this century.

Four by Five

With greater clarity than a crystal ball, the computer monitor holds the secret of Canada's industrial future.

Some will have it that the computer is the most significant phenomenon — economic, industrial and social — since the dawning of the Industrial Revolution in the 18th Century. Then, James Watt's steam engine first powered a textile loom, transformed the processing of iron, propelled the first railway train and made large ships independent of the wind. The more vociferous among the critics and champions of the computer share the view that neither the steam engine nor any subsequent invention has had so direct an impact upon the life styles of adults and scholars.

The computer pervades all stratas of society, almost every manufacturing and processing industry, most banking and financial institutions, all forms of long-distance communication and transportation. Computerized satellites relay television programs from continent to continent, pinpoint global weather, bounce telephone conversations across oceans and penetrate the most remote corners of military defence systems. Sea captains and airline pilots depend upon computer calculations, as do stockbrokers and hospital surgeons, fashion photographers and race track bookmakers. Secretaries and authors are abandoning their typewriters in favour of word processors. Housewives can now store culinary recipes and Christmas card address lists in the same computers that their children warmly welcome as educational aids, and on which they conjure up sophisticated fun and games.

Computer Is Big Business

Translated into dollars and cents, the computer is big business. World sales in 1982 topped $80 billion. Canada's 141 producers of computers and software accounted for $5.5 billion, or 6.8 per cent of the world market. Optimists rejoice because the Canadian figures represent a 21 per cent increase over the previous year. But pessimists see cause for despair: they point to the fact that exports of Canadian computer products totalled less than $900 million whereas computer imports last year were almost $3 billion. Also, only two of the top 10 computer companies in this country are Canadian owned. The star performer, IBM Canada, claimed 34 per cent of the computer market with sales of $1.9 billion. Second place was occupied by another U.S. giant — Digital Equipment of Canada Ltd., which chalked up $195 million, some $107 million more than AES Data Ltd., the best Canadian-owned competitor in the computer field.

At first glance the imbalance between computer exports and imports is reminiscent of the situation in other Canadian industries; for example, the survival of Canadian footwear and textiles is threatened by lower-cost imports. And some of Canada's traditional exports, such as newsprint and iron ore, have been facing stiffer competition because of adverse economic conditions. But so far as computers are concerned, product performance has taken precedence over price.


Digital Equipment of Canada, Ltd.

No longer limited by a shelf of dusty reference books: the computer offers access to world-wide information sources.

In the beginning, of course, it was more a question of performance at any price. That particular brand of logic is prevalent in wartime, and during World War II Pentagon chiefs demanded accurate estimates of new artillery trajectories. The then enormous investment of $1 million resulted in the world's first electronic digital computer, ENIAC (Electronic Numerical Integrator and Calculator), which had 104 000 components and occupied as much space as the average suburban home. ENIAC calculations satisfied the gunnery experts and its electronic brain also helped Los Alamos scientists formulate the first hydrogen bomb.

IBM entered the field in 1948 with a computer that went to work on nuclear bomb equations. Three years later, Sperry-Rand marketed a commercial computer, UNIVAC 1, and the first customer was the U.S. Census Bureau. British and German computer activities date back to the 1930s when both nations were re-arming. So preparations for war followed by global conflict and development of the "Ultimate Weapon" inspired and nurtured the original leviathan number crunchers, which may help to explain why Canada, never a major protagonist, was not in at the birth of the computer.

During the period 1951-54, some 30 companies in half a dozen highly industrialized countries became computer specialists, and nearly all of them were dependent upon governments with substantial defence programs. What was going on behind the Iron Curtain remained a mystery until Sputnik 1 soared above an incredulous world in October 1957 and the Western Powers suddenly discovered that there just weren't enough computers around to plot and interpret satellite orbits.


Northern Telecom

Microelectronic instruments surpass humans in measuring individual elements of manufacturing output and product quality.

Leadership Pays Dividends

Establishing world leadership, whether it be industrial, sporting or in the arts, pays dividends in other, diverse fields. Within two weeks of the Sputnik 1 launch in 1957 a very large consignment of cameras designed and manufactured in the U.S.S.R. disappeared from London store shelves. These same cameras, the first exported to England, had been gathering dust through lack of public confidence in the quality of Soviet workmanship. Yet overnight it seemed, photography enthusiasts were converted to the belief that anyone who could put a machine into space orbit must also be capable of high precision camera manufacture.

What the Russians had not learned was the vital importance of product cosmetics in the international marketplace. Those 1957 models were rugged, square-cornered, dull-finish objects, and although the Communist sphere of influence now included some of the traditional strongholds of German expertise in lens optics, it would be the Japanese who eventually emerged as master makers of slick, sophisticated, smooth-bodied cameras.

The fact of Canada not being a major military power does not wholly explain our failure to gain an early foothold in the computer industry. The Japanese, having paid a heavy price for attempting to conquer the world by the sword, felt no compulsion to solve nuclear bomb equations or calculate spy-in-the-sky orbits. On the other hand, the Japanese never lose sight of the fact that their small country, one-quarter the size of Québec province and virtually barren of natural resources, must sustain a population four times as great as Canada.

Perhaps some indigenous sense of insecurity or inadequacy gives Japanese eyes a perception lacking in the entrepreneurs of other, more richly endowed countries. Whatever the reason, in 1952 the founder of a struggling Tokyo company with fewer than 50 employees invested heavily in an 8 000 kilometre (5 000-mile) ocean trip to the United States. There he first glimpsed a transistor, an American invention, and immediately recognized that it might transform the production and performance of the tape recorder, a German invention which his company manufactured in small quantities.

Masaru Ibuka returned to Japan, marketed a transistorised tape recorder, introduced what was to become the first all-transistor radio sold in Canada and, most importantly, set up as manufacturer of the transistors that would help to make Japan a formidable force in the international computer industry.

IBM Canada Ltd.

Introduced in August 1981, the IBM PC model dominates the market.

Prior to his visit to the United States in 1952, Mr. Ibuka wrote: "People often consider imitation worthless. A good imitation, however, leads to creation." Prophetic words from the founder of the Sony empire.

The CGE CAD/CAM Moldmaking Centre, where computerized systems open up new horizons for materials engineering.

In the world league of main frame, that is large computers, there are no fewer than six Japanese manufacturers. But the No. 2 company in Japan is U.S.-controlled IBM, which is also Canada's premier supplier of computer products. Foreign activities account for almost half of IMB's gross income, the American giant commanding more than 70 per cent of the international main frame computer market. Its share of small business computer sales is close to 40 per cent.

IBM Late Starter

IBM was a late starter in the third segment of the industry with a personal computer launched in August 1981, yet within two years the IBM PC model had cornered 20 per cent of the market. Figures quoted are subject to constant revision in a field of high technology where last month's electronic wonder has already been superseded by a new computer marvel which will be eclipsed, if even one of the many trade rumours proves to be true, by something even more exciting, and at a bargain price.

The most persistent gossip concerns a new IBM table top model. Should it materialize in quantity this fall, Christmas cheer may be rationed in dozens of small computer assembly plants in North America, in Europe and across the Pacific.

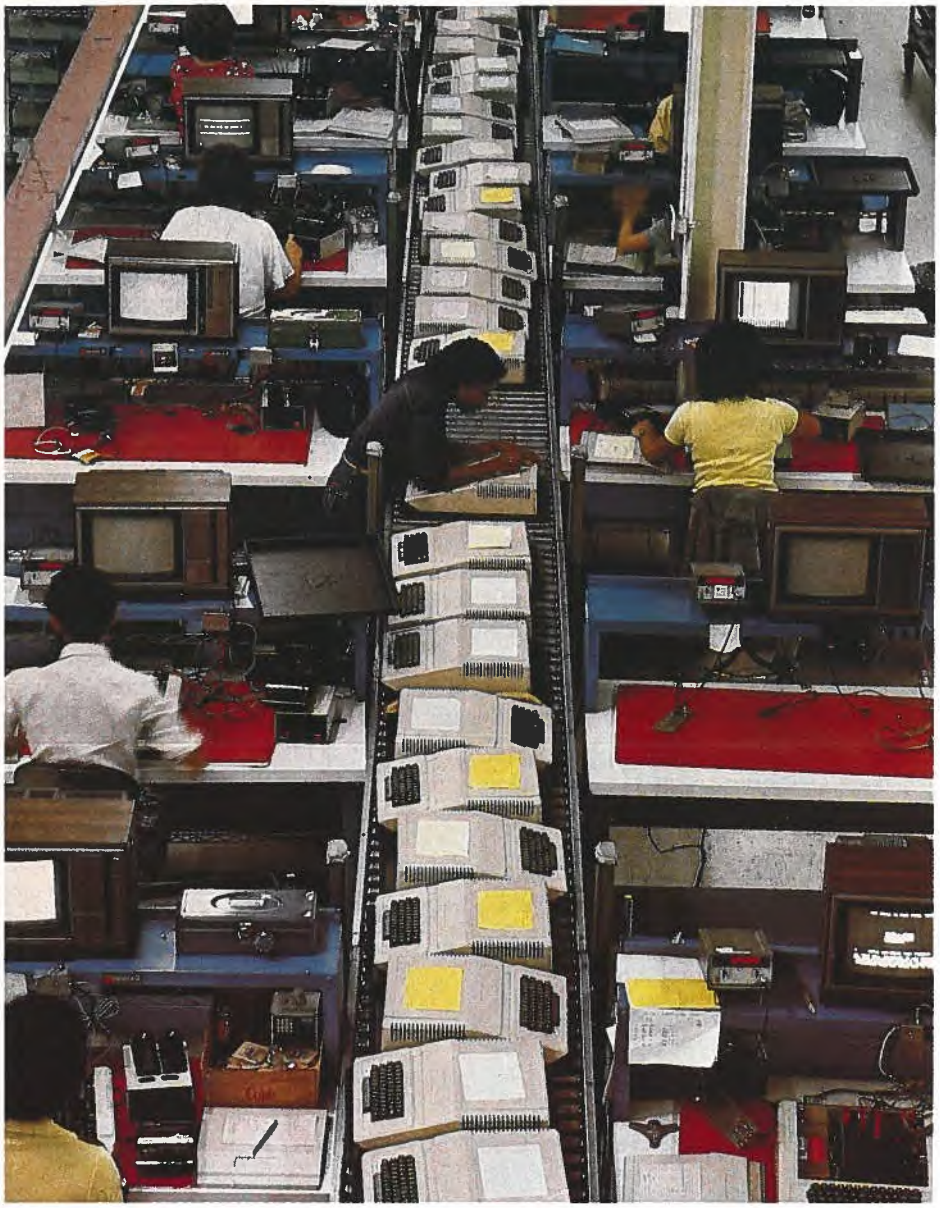
A potential threat to the intriguing new IBM will appear under the Apple trademark. And a third newcomer bearing the Coleco brand name comes complete with letter-quality printer, and at a price that undercuts almost everybody and everything else in the computer business.

Meanwhile, Japanese companies seem content to wait in the background. Japan's top six at the main frame end of the market account for less than four per cent of business computer sales in North America. In the fast-expanding desk top segment — U.S. sales $7.4 billion in 1982 — Japanese manufacturers get an even slimmer slice of the sales pie. IBM chiefs, whose strategies resulted in $1.9 billion worth of business in Japan last year and who should know the strengths and weaknesses of Oriental competitors, are not haunted by memories of the economic damage Japan inflicted upon U.S. auto giants, European and North American television manufacturers, German camera specialists and Swiss watchmakers.

But what of all the other computer companies in competition with IBM and Japan? Their aggregate earnings in 1982

IBM Canada Ltd.

The manufacture, sales and servicing of IBM hardware keeps 365 000 on the IBM payroll.



From two-man garage operation in 1977, Apple ripened to a place in the *Fortune* 500 list.

exceeded $30 billion, of which the Canadian computer industry (excluding IBM Canada) took home $3.6 billion.

Financial analysts forecast that the world demand for personal computers alone will soar to a grandiose 80 million by the end of the century. It's only a guesstimate, of course, but reduced to terms that the ordinary person can grasp, it would mean seven times as many small computers as there are television receivers at present operating in Canada.

Figures and forecasts, equations and permutations — they can be so baffling, so bewildering, and so much balderdash. A prediction about the number of domestic computers in operation 17 years from now may not give much cause for optimism in a country which has only 6.8 per cent of the existing world computer market, whose computer manufacturing industry is dominated by foreign giants and whose computer exports represent only a fraction of the $3 billion expended on computer imports in 1982.

But there is another vital aspect of computers which Canadians cannot afford to ignore: if the world's leading economists and industrialists are to be believed — and their convictions are supported by multi-billion dollar projects in the United States and Japan — then the job prospects of Canada's entire 11-million workforce may be determined by the levels of computerization employed in each factory, office, depot, departmental store and corner shop.

Courses Organized

As though anticipating such an eventuality, United Technologies, 45th in the world league of industrial giants (Pratt and Whitney aero engines Sikorsky helicopters, Otis elevators and Carrier air conditioners), organized desk top computer courses for more than 1 000 executives earning $50 000-plus per year. This was in response to two contrasting schools of thought within the top echelons of management. While the corporation was still debating the use of word processors at office secretary level, an innovation resisted by some senior administrative personnel, a growing number of United Technologies engineers and accountants acquired their own desk top computers. Within two years 600 corporate computers were in operation. At that point Chairman Harry Gray video-taped a message that senior executives would go on three-day computer courses, at the end of which each participant would receive for personal use an IBM PC computer. John Bennett, director of data processing, estimated that one in five U.T. executives would use their machines on a daily basis and that more than half would tap the computer keyboards occasionally.

United Technologies — 184 000 employees and 1982 sales of $13.5 billion — is not a philanthropic institution, nor is it dedicated to boosting the earnings of International Business Machines, the fifth largest manufacturing corporation in North America (8th in the world, with 1982 sales in excess of $34 billion and a profit margin of $4.4 billion).

IBM income from computers — main frame and desk top — accounted for 29 per cent of the $34 billion total. Sales of the corporate giant's traditional products — office systems and typewriters — represented 19 per cent of earnings. Printers, copiers and related products contributed another 25 per cent. The fact of the computer being IBM's biggest breadwinner shows how the industrial tide is flowing and reinforces the argument that the future of Canadian industries, however far removed their products, processes or commercial operations might be from the computer assembly line, will be influenced more and more by the wizardry of the electronic chip.

— by Harry Traynor
Canada Commerce

A Vital Element of Computers: Call it Savvy or Savoir Faire

Following tours of computer manufacturing plants in Ontario and Québec, a Canada Commerce staff writer had a Question and Answer session with Bill Lipski, Executive Vice-President of Bytec.

Commerce: September 1983 was not a happy month for Osborne, Apple, Digital or Victor. With leaders in the desk top and portable computer business in no mood for rejoicing, it's natural to wonder how a Canadian company like Bytec is getting along.
Lipski: Our Hyperion is not a victim of the malaise that has gripped more famous competitors. On the contrary, we are following in the wake of IBM, one of the world's most successful industrial combines and certainly the world's No. 1 manufacturer of computer systems.

Commerce: Does the fact of your machines being compatible with the IBM personal computer guarantee success in the marketplace?
Lipski: No, it isn't as simple as that. But if we attempt to trace Osborne's troubles back to the source, there's no escaping the conclusion that Adam Osborne, the genius who pioneered portable computers, delayed too long in introducing his IBM-compatible Executive II model to combat Kaypro.

In the case of Apple, here again it could be argued that Lisa, Apple's first serious contender in the corporate desk top market, arrived too late to seriously challenge the IBM PC. There were other factors, of course, but it's important to remember that Apple and Osborne were supplying personal computers and software ahead of IBM.

Commerce: Did your company jump on what might be called the "IBM-compatible" bandwagon because that system and its range of software is or seemed to be the best obtainable? Or were you playing safe?
Lipski: It's never absolutely safe to jump on any bandwagon — you can fall off. This company has been manufacturing PCs for office use since 1978 — primarily CP/M based. Development of the Hyperion was essentially to address the communications and information needs of today's professionals, mainly with IBM compatibility, portability and plain old fashioned sex appeal. I still think our Hyperion is the sexiest looking and easiest to use of all PCs.

Commerce: So you set your sights exclusively on the portable segment of the market then dominated by Osborne?
Lipski: No! What we did was research the computer industry, study reports, read trade and technical journals, listen to industry specialists. The Hyperion is the end product of that research. But having said that, the market is segmenting fast into battery portables, transportables (like Hyperion), desk tops and networked work stations. We see our opportunities in all four segments.

Commerce: Since you're talking about improving the breed, and having referred earlier to Osborne and Apple missing the boat, are Bytec engineers planning a sequel to the Hyperion portable?
Lipski: Let me remind you that the present Hyperion has yet to celebrate its first birthday. Production started in the Ottawa plant in January 1983. Within three months output had climbed to 500 units per month. The post natal problems were so minor that we were able to launch a second production line, in Alabama. The machines are produced under contract for United States retail outlets. Our biggest market is south of the Canadian border. We are also taking advantage of existing manufacturing facilites, which means that we didn't have to overextend ourselves in terms of capital investment. As mentioned earlier, we got ourselves into four major segments of the PC market.

The Hyperion has the sophisticated specification of a much larger unit, but its claims to desk space are modest. And if there's real need for 13 cm (5¼-inch) Winchester drives, Hyperion offers an extension that fits neatly beside or below the desk.

IBM-compatibility has become the hallmark in computers, and here the Hyperion and its software qualifies for international acceptance.

Commerce: Isn't the initial attraction of portables such as the Hyperion, Kaypro and Osborne threatened by the new breed of battery-operated machines with liquid crystal displays?
Lipski: Yes, there is a threat. However, "true portables" will have a place in the product spectrum. Therefore, the company that wins is the company that can move fastest to satisfy user needs.

Rather than plug the merits of our machines ad nauseam let me quote some statistics. They were prepared as recently as July 1983 by Future Computing Incorporated, an excellent and well respected market research firm in Dallas, Texas.

U.S. sales of office personal computers are estimated at 1.7 million in this calendar year. Of that total, 16 per cent will be portables and 5 per cent battery powered portables. During the next five years, personal computer sales are expected to soar to 7.5 million units. According to the crystal ball gazers, battery powered models will become more sophisticated and increase their share of the market to 21 per cent by 1988. That firmer grip will be at the expense of the current portables, sales of which are estimated to decline to 14 per cent of the total market for personal computers. Although unit volume of battery portables is high the dollar sales values are lower.

Commerce: Is that recital of facts and figures an indication of Bytec's future policy: in short, do you plan to specialize in portables?
Lipski: Far from it. The experts who prepared the Personal Computer Industry Report put the 1988 value of the office personal computer market at $23.8 billion, of which 75 per cent will go to manufacturers of desk tops. Bytec has no intention of ignoring a market potential worth $17.85 billion.

Commerce: If the future seems as bright as the projections you have quoted, why the sudden downturn in the fortunes of industry leaders such as Apple and Osborne?
Lipski: Technology has always addressed the highest labour costs in our society, making it more efficient and displacing labour to the next level of work. For example, farm worker to factory worker to clerk. What technology is addressing now is the productivity of the knowledge worker/professional in the same way that CP/M became the standard for early PCs (because CP/M was there first with an installed base).

Commerce: All your references have been to North American sales. Does the Hyperion market extend to offshore countries?
Lipski: We are now exporting to Europe, the Middle East, Africa, South America and Australasia. Favourable test reports in trade and consumer publications have created worldwide interest in Hyperion. In calling the world our oyster, we look to the overseas market to help provide stability for our company as we grow.

Commerce: IBM directors have repeatedly said that the Japanese computer industry does not pose a major threat. Do you share that view?
Lipski: I feel sure Osborne and Apple would agree that IBM throws the longest shadow across the personal computer industry. Having said that, IBM is not perfect, and its gargantuan dimensions sometimes make it less agile than small companies, and also less able to react swiftly to some new technological breakthrough. Don't forget that Apple enjoyed a four-year market lead on the IBM PC. So far as Bytec is concerned, our tremendous respect for IBM is equalled only by our confidence in our future. This industry is not as simple as the stereo or photographic industry. However, the Japanese are quick to learn and will be, in my opinion, major players in the PC marketplace.

— by H. Traynor
Canada Commerce

BILL LIPSKI

Bill Lipski, the 26-year-old Executive Vice-President of Bytec Management Corporation, emigrated to Canada in 1979. The son of Polish and Scottish parents, he was born in Dunfermline, Scotland (birthplace of Andrew Carnegie). Graduating from an Edinburgh university with an Honours degree in electronic engineering, he worked for two international giants — G.E.C. and Motorola — before joining Northern Telecom in Canada. His service with Bytec dates back to August 1982, just prior to the Hyperion launch.

A First for Montréal: The International Technology Transfer Exhibition

The United Nations Conference on Trade and Development (UNCTAD) defines international technology transfer as the transmission of a certain body of knowledge needed to reproduce, adapt and develop the techniques required to produce goods and services considered useful in the country receiving the knowledge, together with the abilities needed to utilize these techniques in the production process.

The mechanisms of technology transfer are numerous and include the assignment of the patent for an invention (contract of sale), a patent licence agreement (lease), the sharing of know-how, a service contract, an industrial contract for the manufacture of a certain product, an industrial development contract or, finally, a direct investment (categories defined by Gilles Gagnon, Professor of International Management and Administration in the Department of Administrative Sciences of the University of Québec at Montréal).

The International Technology Transfer Exhibition, held at the Montréal Convention Centre from September 13 to 17, 1983, was a first for Canada. Organized by Serge Chicoine, president of Trans-Technic International Inc., in co-operation with the Québec Department of External Trade, the Chambre de commerce du district de Montréal, the Office de planification et de développement du Québec, the Economic Development Office and the Commission d'initiative et de développement économique de Montréal, the event brought together over 150 exhibitors.

The registration fee ($75) provided access to the exhibition and the various conferences and seminars scheduled by the exhibitors. Foreign participants included France, which was represented by the Association française de robotique industrielle, the Agence nationale pour la valorisation de la recherche (ANVAR), the Agences régionales d'information scientifique et technique (ARIST), the Société de construction et d'exploitation de matériel industriel (SCEMI), the Centre français de promotion des coopérations technologiques et industrielles (CFCI) and the Université technologique de Compiègne. The Agence régionale de développement Nord — Pas-de-Calais alone grouped together some 20 companies.

The documentation offered to visitors by the Délégation Wallonie — Bruxelles au Québec was carefully prepared and its booth simple and attractive. The state-of-the-art technologies available in Wallonia, which was represented by businesses, universities and research centres, range from warehousing, glassworks, photocomposition and biochemistry to micro-electronics, aerospace techniques, robotics and more.

Through its development corporations, the Flemish government represented 75 companies which presented more than 200 technology transfer proposals.

Canadian federal and provincial government agencies directly and indirectly involved in technological transfer, including the National Research Council of Canada (NRC), Canadian Patents and Development Limited, Atomic Energy of Canada, ITC/REE, the IREQ and the Centre de recherche industrielle du Québec, also participated in the exhibition.

The National Research Council's involvement in the exhibition was appropriate, with several agencies under its jurisdiction offering useful technical

National Research Council programs outlined at International Technology Transfer Show.

information and services to companies interested in conducting research. These agencies included the Canada Institute for Scientific and Technical Information, whose services cover customized literature searching, current awareness, and on-line systems for retrieval of bibliographic and numeric data stored on NRC's computer; the Industrial Materials Research Institute, whose resources are devoted to the study of plastics, the utilization of the physical and chemical properties of numerous materials, the fundamental study of certain industrial processes, and the development of mathematical models for the forming, joining and finishing processes and of systems for computer-aided design and computer-aided manufacturing technology. In addition, IRAP (Industrial Research Assistance Program) is an NRC program which assists industry by supporting medium and longer term R and D activities.

The National Research Council also administers the Program for Industry/Laboratory Projects (PILP) within various university and federal government laboratories. Through this program, the NRC is able to help finance projects aimed at developing new technologies and finding commercial applications for them.

If a project is approved, the NRC helps the company to prepare a research plan and draft the terms of a PILP contract. The NRC also provides technical assistance by putting the company in contact with government scientists and engineers who will provide it with advice and the necessary research data, train its staff, participate in joint research efforts and place the government's laboratory facilities at its disposal.

CANMET (the Canada Centre for Mineral and Energy Technology), an arm of the Department of Energy, Mines and Resources operating in the areas of mining, mineral processing and the utilization of metals, industrial

minerals and fuels, was also present to offer its services to industry. CANMET's Office of Technology Transfer can supply invaluable information concerning various processes involved in the manufacturing, recovery, treatment, casting, welding and electrolysis of metals, and so forth. Agreements can also be concluded for the use of the CANMET research laboratories.

Technology transfer is not limited to robotics, data processing and office automation. The International Technology Transfer Exhibition covered many sectors, including transportation, communications, ocean technologies,

forestry, aquatic industries (lobster culture) and agriculture. At the exhibition, one could learn about the most recent discoveries in food technology, such as the discovery of bacteria capable of eliminating the contamination which frequently affects silage, increasing the productivity of the dairy industry and improving meat quality.

Laval University's Centre for Research in Nutrition (CRN) was also represented at the exhibition. The CRN organizes and co-ordinates research work through various research teams and provides advanced training for specialists. The centre specializes in the following areas of research: food technology (protein extraction and texturization), nutrient recycling, toxicology, animal nutrition, public health, clinical nutrition and nutrition planning.

Was this first Technology Transfer Exhibition truly international? Where were the Germans, the Japanese, the Americans? As we moved from booth to booth, we found that exhibitors were disappointed with the absence of many of the leading countries in state-of-the-art technology. The few visitors to the exhibition had reason to be upset. Apart from the members of the press, the big Montréal Convention Centre hall was almost deserted. We spoke with several exhibitors who were dissatisfied with the small number of participants and who expressed doubts concerning the quality of the advertising campaign conducted before the exhibition.

Moreover, western Canada was entirely unrepresented — a fact which disappointed the French. Finally, some exhibitors had been inadequately informed about the purpose of the exhibition. Indeed, one booth, located slightly off to one side (for obvious reasons), displayed a "portable massage bath, adaptable to your bath with no extra plumbing costs".

The idea of an international exhibition was a good one, but the organizers were perhaps a little too ambitious for this first attempt. It is to be hoped that the next event of this type will attract the other major technology exporting countries. If the number of participants in future exhibitions is greater, perhaps it will be possible to reduce the prohibitive registration fees which discouraged many this year.

— by Pierre Simard
Canada Commerce

Students Hustle to Boost Ontario's Export Sales

The small company had developed a hot new item and sales were comfortable in Canada. However, "why not sell your super ski wax to Scandinavia?" the student wondered. "You would be selling where they ski and there are wall-to-wall skiers."

"But," countered company officials, "we import ski stuff from there. Wouldn't it be like peddling refrigerators to Eskimos?"

Still, a push from graduate student Anthony Goerzen got the Hamilton, Ontario, manufacturer thinking on a new track. Why not indeed? The owners tried — and, schuss, they had negotiated a distributorship agreement with a firm in Sweden and are now working on another in Finland.

A native of St. Catharines, Ontario, Goerzen was one of 10 students, selected from 4 000 applicants, who spent their summer encouraging companies to export in a pilot project set up by the Ontario region headquarters in Toronto of the Department of Industry, Trade and Commerce and Regional Economic Expansion (ITC/REE).

Goerzen recounted the ski wax episode as the outstanding success of his summer project as he and the other students gathered in Toronto for a summer's end debriefing on the whole pilot project.

The innovative approach, as established at the start of the summer, had the students going, on request, into a plant for periods of up to two weeks to assist in developing export marketing strategy. They concentrated on small to medium-sized manufacturers who had never exported or who wanted assistance in following up on export probes already started.

The students are in their fourth year honours or in master degree programs in business administration, commerce, economics or international trade.

After an intensive four-day (and night) training course in Toronto, nine students fanned out across the province back to their home towns, while the tenth remained in Toronto to coordinate their activities.

Under the tutelage of Vern St. Louis, senior regional officer, the students heard from experts in tariffs, customs, forwarding, brokerage and bank financing. They learned about pricing, transportation, the role of trade commissioners, the structure of ITC/REE, and the incentives available from government.

Then, reeling from information overload but with young blood enthusiasm undiminished, they were unleashed.

Ontario firm now sells ski wax to Scandinavia.

The challenge they faced could be stated simply — of the 14 000 manufacturers in Ontario, 3 200 export. But only 345 of them sell beyond the nearby United States market, and a mere 150 companies handle 90 per cent of exports.

Initial feedback indicates the avowedly experimental student program was a success.

Ten manufacturers spontaneously sent letters to the Minister of Industry, Trade and Commerce and Regional Economic Expansion, Ed Lumley, praising the program. One, a Windsor auto parts manufacturer, wrote: "This sort of program is of great assistance to small businessmen like myself who don't necessarily have the time to do export-related research."

Others, contacted by phone, commended the students for their hard work and dedication. One, a manufacturer of forestry equipment, said his student gave him the incentive to get cracking about exports. Another, a maker of Italian food products, said: "This kind of assistance is the greatest thing in the world."

The students' job was not to hustle up orders, but to make the connections — to lay out the tools for the job. But, in many cases, they did the actual legwork in lining up foreign sales contacts.

They did product critiques, analyses of potential markets and full-blown market studies.

The long, hot summer over, they gathered back in Toronto for their reports and work assessment before dispersing back to school.

The quality of their work was hailed by John McLaren, director-general of trade and tourism for the Ontario regional office. "What came through

from the reports you've been writing is your enthusiasm," he told them.

For the students, it was a two-way street. They got as much as they gave. After years of classroom theoretics, they were plunged into the real world of business. By and large, they were impressed.

The contrast between the classroom and life in the trenches — a frequently-expressed analogy — was an eye-opener.

"A lot of the people I met are practical, do-it-yourselfers," said Gary Luton, who spent his summer in his home town of Brantford. "They helped temper our classroom enthusiasm into more of a mixture of pragmatism and enthusiasm."

He felt the students helped overcome business distrust of government because they were less formal. And instead of sporadic visits, they stayed around to help unobtrusively.

Neil Everson also worked in his home town, Thunder Bay. He found the help he gave was welcomed "because they really don't know what's available".

As for dedication — "a number of them were surprised that I'd drop off my work at their homes at night.

"What we were doing is the real grass roots of trade," he said and meant it. While the export gains may be small for the individual manufacturer, he saw them as victories for a hometown booster.

"In the Toronto area, one or two more jobs is not much. But in Northern Ontario, it means a lot."

There's a market there!

Students prepare for export adventure.

With only two exceptions, the students were hired in the area in which they served. The thinking was that a local boy or girl (two of them were young women) would be familiar with local economic conditions and get a better reception.

A common finding was that many small companies had been sort of thinking about exporting but hadn't gotten around to doing something about it. "For a lot of the companies I dealt with, it was just a matter of jogging them," said Marina Primorac, who served her home bailiwick of Windsor.

Torontonian Monique Jacob, who did her stint in the Metro suburb of Willowdale, jogged the manufacturer of a backyard composter to work through sales representatives in the U.S. rather than selling small orders direct. Simple, but it worked.

Ed Weiss, also of Toronto, spent his summer working out of Kingston and covering the Sudbury area. He astounded a manufacturer of postcards by doing a detailed analysis of foreign markets in which tourism was growing, winnowing out 10 countries as good bets.

Roderick Hunt, operating in Mississauga close to home, so impressed the manufacturer of fibre-reinforced concrete bathroom fixtures that the firm asked if they could keep him another week.

Two companies dangled the prospect of jobs to two of the students.

Thomas Davenport, working back home in London, threw himself into the task of helping find a foreign market for a new scientific development.

He worked with experts at ITC/REE, universities, the National Research Council and the Department of National Defence to pinpoint markets. Then he made a flurry of phone calls to potential buyers all over North America. He concluded the device — then sitting around with no place to go — had a worldwide export potential.

It was not, however, all a matter of statistics-filled dry market surveys.

"The majority of the firms wanted ideas, and they wanted them fast and verbal," said Goerzen, who worked the Hamilton-St. Catharines area. "A lot of the time I was a sounding board for their idea."

Brad Christakos of Cornwall, the student co-ordinator at Toronto headquarters, said the reports from the companies served had a common refrain: "They want the program to continue and expand".

So the pilot project proved a success, at least as far as the 10 students were concerned. They learned something of the practical side of exporting and went back to school feeling that they had accomplished something worthwhile.

— from the Ontario Regional Office of ITC/REE

Transmission Highlight of SITEV 83 Show

"One man's misfortune is another's good fortune."

And that is how Hugh Kerr, president of Ker-Train Systems Ltd. of Kingston, felt about the SITEV '83 show held in Toronto recently. For while other exhibitors moaned about the lack of participants and traffic at this autoparts showplace, Hugh and his son Mitch were busy answering questions about their various transmission developments from early morning throughout the day and even after the show officially closed each evening.

Their display, the centerpiece of the federal Department of Industry, Trade and Commerce and Regional Economic Expansion (ITC/REE) booth, was an animated prototype of the transmission built for the department under a $190 000 grant in the federal government's electric car development program (*Canada Commerce*, April '83) — the Marathon van.

The cut-away transmission, run in this case by compressed air, went through its programmed 64 changes in both stepped and graduated phases at command. In operation, the transmission is controlled by a micro-computer which measures and adjusts automatically to the demands of torque, gas efficiency, and acceleration.

In the 1 800 kilogram Marathon van, now undergoing field testing, the transmission permits acceleration to 48 kilometres an hour in the time it takes to get to 24 kilometres an hour using a four-speed manual car transmission (in tests, that of a Ford Pinto). In National Research Council tests, though not yet complete, the transmission shows it is far more efficient than any known today.

The lack of participants at SITEV 83 was due, in some measure, to economic conditions which have Canadian auto parts manufacturers scrambling for survival and to the proximity of larger American shows. And the lack of visitors was in no small measure due to the location of the show in a hard-to-access annex of Toronto's Canadian National Exhibition Coliseum, while the larger International Electrical and Electronics Exhibition (I triple E) took over the larger and more convenient Automotive Building at the Ex.

But in spite of the handicaps, the show did prove that Canadian autoparts are as good or better than the competition in many lines. For example, CAE Magnesium Products Ltd. of Strathroy, Ontario, a division of Webster Manufacturing, had on display a magnesium casting which a week earlier had won first prize in "Modern Metals" diecasting competition at the American Diecasting Institute's annual conference and show in Chicago. The casting was a part of the air distribution system being supplied for the 1984 Fiero, Pontiac's new P-car. The same firm also won a second place for its engine grill cover for the '84 Chevrolet.

Hugh Kerr and transmission display.

While over a score of Canadian companies and subsidiaries of foreign manufacturers took part in SITEV, Automotive Parts Manufacturers' Association of Canada president, Patrick Lavelle, was disappointed in the response to the show. Based on the highly successful Salon International de Transport et d'Équipement de Véhicules, held each spring in Geneva, Switzerland, the Canadian version did, however, attract a large number of exhibitors from France, Japan and the U.S. as well as representatives from Britain and Italy.

As well as the equipment displays, major world auto-makers from the U.S., France and Japan had purchasing offices at which company officials explained how Canadian manufacturers could bid on original equipment requirements for their firms. Of course, Canadian manufacturers would be competing against suppliers throughout the world and for markets of models still on the drawing boards for 1985 and subsequent years. For the '84 model year, suppliers have already been in production for some months.

The show also served to introduce several of the Ontario government's new technology centres, including the Ontario Centre for Advanced Manufacturing CAD/CAM at Cambridge; the Ontario Centre for Advanced Manufacturing Robotics at Peterborough; the Ontario Centre for Automotive Parts Technology at St. Catharines; and the Ontario Centre for Microelectronics at Ottawa. Each of them, in their field of expertise, offers consultative and other services to Ontario manufacturers.

Perhaps it was partly the ample spare time, but mostly it was the high interest in the new technology on display, that brought most of the show's participants and most of the visitors, at one time or another, crowding around the ITC/REE booth and, in particular, the Ker-Train transmission. And the interest was very high both domestically and foreign in both the binary system on display and the other Hugh Kerr inventions — the infinitely variable "queer gear" transmission for use in heavy vehicles and industrial power transmission and the over-riding clutch.

In fact, one major American auto exhibitor flew in its top transmission specialists from Detroit to examine the model and question the father and son Kerr team. This same U.S. company had at SITEV '83 its latest automatic transmission, a relative giant in comparison to the Kerr's 36-kilogram model. Missing from the Kerr model was the bulky torque converter so common to today's state-of-the-art transmissions.

The fact that the Society of Manufacturing Engineers was holding its Tool and Manufacturing Engineering Conference and Exhibition at the Toronto International Centre was also a factor in the interest shown in Kerr technology by several heavy tool manufacturers, who left their booths at the SME show, to visit the SITEV display.

Trade Missions — Behind the Scenes

(Second of Two Articles)

Trade fairs, missions, delegations and incoming buyers support are considered of ever increasing importance in maintaining and expanding Canada's exports. All of these come under the co-ordination of the project managers in the Trade Fairs and Missions Divisions of the Department of External Affairs. In the first of two articles, trade fairs and the project manager's involvement in them were outlined. In this, the second article, a look is taken at the project manager and both incoming and outgoing trade missions.

Trade Missions

Trade missions are usually characterized by much shorter lead times than trade fairs. Indeed it is probably correct to say that most missions are organized with considerable, sometimes unseemly, haste. Although the preparation time is usually shorter, missions are no less complicated to organize than trade fairs and can involve a remarkable amount of time and effort in administering all of the very small details needed to ensure the success of the mission.

A project manager is assigned to each mission, whatever its size and whether it is overseas businessmen or officials coming to Canada or Canadian businessmen making an overseas trip.

When a mission is travelling overseas, the first thing the project manager will do is determine the purpose of the mission as this will have a bearing on the arrangements to be made. One very important feature of missions travelling overseas, and led by a Canadian minister, is that often such a mission will open doors to senior businessmen and officials in overseas territories that a Canadian company has been unable to achieve on its own.

Invitees

One of the first activities for the project manager is to obtain a list of suitable invitees for the subject mission and determine the marketing aim to which the mission is directed so that this can be brought out when preparing invitations for the invitees. When the mission is led by a minister such invitations will, of course, be under his signature.

At the time of preparing the invitations, close liaison will be established with the Canadian trade office or offices in the areas to be visited by the mission so that preliminary arrangements can be made for accommodation for the mission, perhaps facilities such as halls for seminars, and translators or simultaneous translation equipment.

Travel and Facilities

As responses to the invitations arrive, the project manager starts arranging all travel for the mission through the External Affairs office of travel and hospitality and alerts the passport office in case visas might be required for the businessmen and government officials. The mission members are requested to send their passports to the project manager so that they can be forwarded for obtaining such necessary visas.

When considering translation facilities which might be required, note should be taken whether sequential translation is sufficient or whether a true facility for simultaneous translation is necessary. The latter is vastly more expensive and, of course, necessitates provision of equipment, sometimes installation of special translator booths as well as engaging the highly competent staff who can do this work.

As the mission administration coalesces, the project manager may find a need for special functions, receptions, dinners or other kinds of presentations.

Special functions, receptions, dinners and other types of presentations are often highly important parts of any incoming or outgoing trade mission.

Trade missions and trade fairs often combine for export advantage.

Proper planning makes for a trade mission's success.

He will receive information from the participants on any special market-oriented requirements so that visits and appointments for the businessmen can be made through the Canadian trade office in the overseas location.

On larger outgoing missions, it is quite common for members of the press to travel with the mission and their particular requirements must also be found out so that prompt reporting back to Canada can be made.

Sometimes ministers have special needs with regard to services, security or other facilities and the same applies to senior businessmen.

Prior to larger missions leaving for overseas, it is normal to hold a briefing session at which the objectives of the mission will be thoroughly discussed and particular requirements to watch for when in the foreign country are noted. Matters such as money changing, attention to baggage labelling and handling, methods of doing business in the country to be visited and security matters can all be brought forward.

Mission Co-ordinator

On large missions, the project manager will travel with the group as mission co-ordinator. Among other things, he will look after all of the small needs of the mission members, ensure that pre-registration has been arranged at hotels, supervise baggage handling and transfer and ensure that the local transportation is provided and is effective.

When in the overseas location, the project manager acts as the centre of all activities connected with the mission. This can result in such a variety of activities as repairing the broken set of false teeth of a member, calling for medical aid should a mission member become unwell. It has even been known to happen that the project manager had to put people into hospital and visit them occasionally to make sure their progress was good.

Even the best laid plans can go astray and, frequently, mission members, having got to their remote destinations, find there are advantages in changing their return travel. This is, all too often, a time-consuming exercise when the telephone system at a remote location leaves much to be desired and air connections instead of once an hour, on the hour, as in Canada, turn out to be one flight per week.

As a result of these requirements, the project manager becomes a mixture of marketing officer and majordomo. Nevertheless, on account of the experience gained over a number of years, the missions almost invariably are considered to be successful in raising marketing prospects for exports to overseas locations.

Incoming Missions

Missions coming to Canada from overseas countries have a lot of similarity to the above but, in general, arrangements are much easier due to the very good communications systems within Canada, the existence of regional offices and frequent transportation. Nonetheless, the work is still onerous in ensuring that all of the necessary details, provision of interpreters, accommodations, sometimes complex itineraries, special transportation services and so forth, are arranged so that everything will run smoothly.

A project manager requires a wide knowledge and broad experience of many marketing facets.

Trade Buyers

There is another program that receives very little publicity but is, however, a most valuable marketing vehicle. It is that which brings buyers of many different commodities from other countries to visit Canadian industry with the intent of showing them what we can do and in hope that they will give us orders.

Although apparently straightforward in scope, making arrangements for sometimes complicated itineraries for buyers involving complex travel, meeting accommodation needs and arranging appointments can be time-consuming. The incoming buyer will frequently be provided with an economy return airfare and, under certain circumstances, be given assistance towards his accommodation and living expenses.

Broad Experience Needed

From the foregoing, it will be understood that the project manager requires a wide knowledge and experience of many facets of marketing. He must know how to negotiate, supervise construction, arrange travel plans, be a chairman of meetings, an organizer of special events and, above all, be the intimate confidante of the marketing staff of many Canadian industries, to work with them to maintain and, if possible, expand Canada's exporting capabilities. The objective of his task is to effect all of these marketing functions so as to bring commercial benefit to Canadian industry and thus to the country.

That a fair or mission runs smoothly and exhibitors or mission members are unaware of any problems is the ultimate aim of every project manager. Consequently his efforts are often little known.

— by J.A. Quarrington
Department of External Affairs

Department of External Affairs Trade Promotion Activities

The international trade side of the federal Department of External Affairs maintains a vigorous trade promotion program with respect to increasing export of Canadian products to the United States market.

In the past fiscal year (April 1, 1982, to March 31, 1983) the department sponsored 110 trade promotion events (mainly trade fair participation) to help Canadian companies sell to the U.S. In addition to on-site sales and substantial follow-on sales for the succeeding 12 to 18 months, these events resulted in thousands of enquiries and sales contacts or leads and the promotion of numerous sales agents. It should be noted that the majority of participating Canadian firms were in the small to medium-size category.

Approximately the same number of events directed to the U.S. market will have been held by the end of this fiscal year.

An important component of the trade promotion program has been the market research/strategy activity. This program is designed to identify and describe in detail high quality regional export opportunities in various regions of the U.S. and to match those opportunities with the capacities and capabilities of small and medium-sized Canadian firms.

On this base, marketing strategies are prepared and often followed up by export awareness workshops to assist Canadian firms to penetrate and hold a share of these markets.

Studies identify and describe in detail high quality regional export opportunities for Canadian products in the U.S. markets.

External Affairs trade fair.

Since this activity began, a number of such studies have been completed and more are planned for this fiscal year. These studies are available on request and free of charge to Canadian companies.

Ministerial visits have also played a valuable role in furthering Canadian export interests within the U.S. market. The Minister of State for International Trade, Gerald Regan, has made a number of visits to various American metropolitan centres, meeting with and representing the Canadian case to senior U.S. private and public sector decision makers.

Studies Available

Among the market studies completed and available free of charge are:

- The Potential for Marketing Canadian Dairy Replacement Heifers in a Nine-State Area of the Southern United States
- The Potential for Marketing Canadian Beef Breeding Stock in a Nine-State Area of the Southern United States
- The Potential for Marketing Canadian Swine Breeding Stock in a Nine-State Area of the Southern United States
- The Market for Cardiac Products in the Mid-Atlantic States
- The Market for Consumable and Disposable Hospital Products in the Mid-Atlantic States
- The Market for Clinical Laboratory and Diagnostic Products in the Mid-Atlantic States
- The Market Potential for Selected Canadian Manufactured Wood Products in Southern California
- Southeastern Wood Products Opportunity Study
- The Market Potential for Canadian Woodworking Machinery in the State of California
- On-Board Fishing Vessel Equipment: Accessing U.S. West Coast Markets
- OEM Automotive Stampings: U.S. Great Lakes Area
- The New York Market for Residential Furniture
- The Market Potential for Canadian Packaging Machinery in California
- The Market Potential for Canadian Packaging Material in California
- Market Opportunities for Canadian Forest Harvesting Machinery and Equipment in Southeastern U.S.
- The Market Potential for Selected Canadian Hardware in the Chicago Area
- Market Potential for Steel Castings in East North Central Region and in Pennsylvania

To obtain copies of the available studies and for further information, please contact:
Communications Branch
Department of External Affairs
Ottawa, Ontario
K1A 0G2

$7.5 Million Increased Funding for Tourism

Tourism Canada of the Department of Industry, Trade and Commerce and Regional Economic Expansion (ITC/REE) has been allocated an additional $7.5 million in marketing funds to boost national and international promotion of Canada as an attractive tourism destination.

In Canada, 1984 has been proclaimed as "The Year of Tourism" by the Tourism Industry Association of Canada (TIAC). Tourism Canada, through its marketing program, will help generate tourist interest in the many special tourism events and anniversaries planned throughout the year.

Speaking at a recent foodservice and hospitality conference in Toronto, David P. Smith, Minister of State (Small Business and Tourism), said the $7.5 million increase in funding brings to $31.9 million the amount of federal money dedicated to tourism promotional efforts this fiscal year.

Tourism Canada officials state that the additional resources will be spent this fiscal year — $3.3 million in Canada, $2.9 million in the United States and $1.3 million overseas.

An eight-week national television advertising campaign, beginning next February under the theme *Canada — What a Country*, will play a vital role in encouraging Canadians to travel in Canada during 1984. As well, $350 000 will be spent by Tourism Canada to support the Québec 1534-1984 anniversary celebrations marking the arrival of French explorer Jacques Cartier.

In the United States, consumer advertising will be the basis for increased marketing efforts aimed at luring more tourists to Canada, with emphasis on increasing U.S. automobile traffic from northern states.

In overseas markets, Tourism Canada will be pursuing additional advertising and public relations in Britain, France, Germany, Japan and Australia.

Tourism Canada expects to gain increased exposure of Canada as a tourism destination through work with consortium partners in Britain and Germany. This will also aid the partners in getting higher exposure for their package tours. Similar work will be carried out with major airline partners in Japan and Australia. Activity in France will focus on promotion of the Québec 1534-1984 celebrations.

Additional initiatives will be undertaken to reinforce Tourism Canada's existing meetings and convention marketing program to reach key decision-makers in U.S. and overseas markets.

A program patterned on the successful *Canada: So Much to Go For* program (which recently helped industry partners in Canada to increase domestic package tours) is being launched with major tourism partners to accelerate the development and promotion of competitively-priced package tours from priority overseas markets and distant U.S. cities.

At the Toronto conference, Minister Smith unveiled a number of other initiatives. In the light of the tougher economic environment facing the industry, he said, Tourism Canada is in the process of updating its five-year departmental tourism strategy the aim of which is to "pinpoint the industry's future potential for the remainder of the 1980s."

He said the plan has three basic aims:

- To address the competitiveness of Canada tourism industry at the international level;
- To help industry develop the kinds of products Canadian and foreign travellers are looking for;
- To assist industry to market those products both in Canada and abroad.

The strategy will contain several proposals requesting that additional marketing and development activity be undertaken by the government.

Mr. Smith reported on the progress of the program review covering the Meetings and Incentive Travel Industry (M&IT) which has been undertaken by the Customs Branch of Revenue Canada from stimulation by Tourism Canada and the Tourism Industry Association of Canada.

Early in September, the first significant result was through distribution by Revenue Canada of an interim memorandum to customs officers across Canada, customs brokers and members of the tourism industry dealing with the Meetings and Incentive Travel Industry.

This document was a direct response to the request of the industry for a clear, all-encompassing set of new guidelines covering policies and procedures by which meetings, conventions and incentive groups are allowed entry to Canada.

The interim memorandum covers the new policies and procedures of Canada Customs (many of which are quite significant in the reduction of the regulatory hassle) as well as those complementary policies and practices on the part of the Employment and Immigration and Health and Welfare departments.

An interim memorandum is valid for a period of three months only and, during this period, Canada Customs wants feed-back which will be assessed in finalizing the document. Preliminary reaction has been positive to date.

Not reflected in this document are some proposed regulatory and tax concessions which require cabinet approval through Order-in-Council. Approval of these further measures is expected in ample time for inclusion in the final version of the memorandum.

In consultation with TIAC, it is proposed to establish a tourism advisory council that is both functionally and regionally representative of Canada's tourism industry.

This council, planned to be in operation by January, will have as its first task to develop a comprehensive approach that includes all elements of the industry designed to improve the economic performance of tourism in Canada.

A New Era in Tourism Development

Good food gives welcome to visitors to Canada's "Tourism Year".

For almost 10 years tourism development in Canada has been aided through government incentives to build and expand. By next March the federal contribution will total about $270 million.

Most of the assistance has come from Tourism Industry Development Subsidiary Agreements cost-shared among federal, provincial and territorial governments.

These agreements were developed under Federal/Provincial General Development Agreements signed in 1974. They provided interpretive centres for tourism, jobs for Canadians, grants to small business, and generated millions of dollars in private sector investment.

When the General Development Agreements expire on March 31, 1984, new agreements, currently being negotiated by the Minister of State for Economic and Regional Development are planned to take effect. Under their framework, sector specific sub-agreements and memoranda of understanding will be negotiated.

The existing Tourism Industry Development Subsidiary Agreements programs will continue to support tourism development well into the 1980s. Regional tourism officers, because they are sensitive to and knowledgeable of industry needs in their respective territories, will be more involved in direct dealings with the industry.

Support from all these programs is both practical and considerable. About two years ago, for example, campground owner Steve Bezanson came up with a plan to increase business at his 140-site property in South Rustico, P.E.I. — install a giant water slide as an added attraction for campers, and it would also lure daytime visitors.

Though strapped for money, and reluctant to borrow at a time of high interest rates, Bezanson went ahead with the project with assistance from the $5.4 million tourism development program launched in February 1982. "As soon as the program was announced, we jumped right in," recalls Bezanson, who admits the promise of a $50 000 grant was a "deciding factor" in securing additional funding for the project.

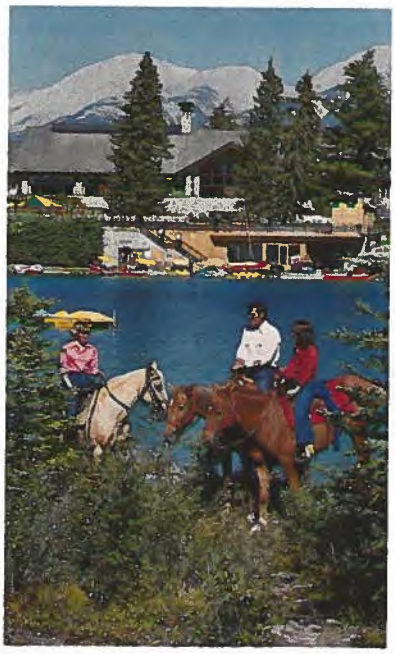
Welcome to Canada.

In fact, the price of each sub-agreement is but a fraction of its real value. Says Bernard Campbell, Director General of Development for Tourism Canada: "The money invested by governments has stimulated much larger investments by the private sector."

Because some projects are still in progress, no figure on total investment is available, but there are plenty of examples to draw from. In central Vancouver Island, between Courtney and Campbell River, lies Mt. Washington Ski Resort, a site which only four years ago boasted little else but unspoiled wilderness. Today a growing community of about 1 000 people live there in winter months, and some 250 000 skier visits were recorded on the mountain slopes last season.

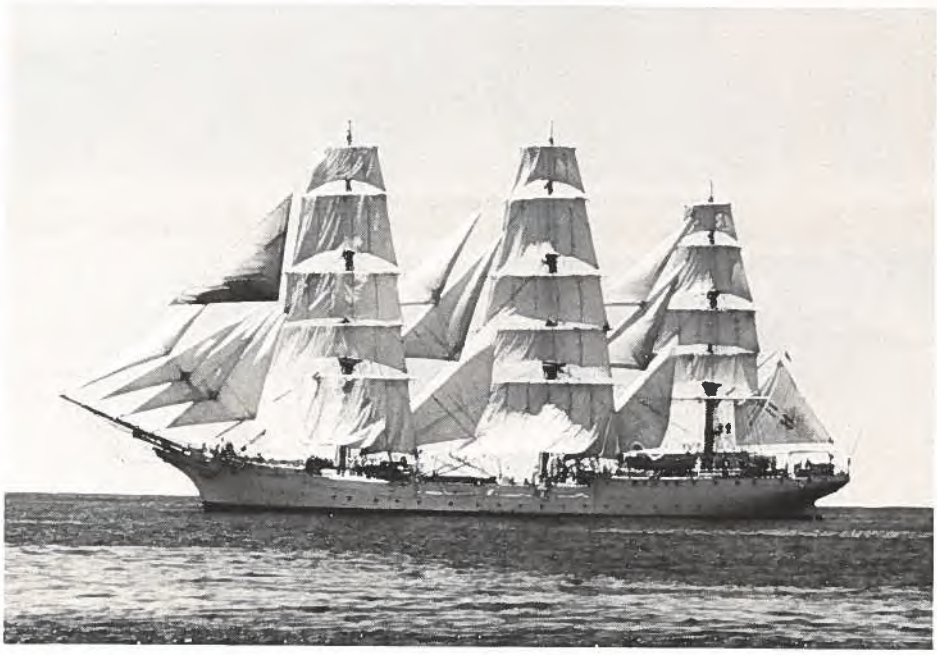
Henry Norie, developer and co-owner of the ski hill, received government assistance for infrastructure such as roads, sewers, water and parking facilities. "We had about 175 people on the payroll last year — people who otherwise would have been unemployed."

Campbell points to B.C.'s Whistler ski resort as another prime example. About $10.5 million has been invested there in recent years under the Tourism sub-agreement. Last March, a report done by the Economic Planning Group of Canada estimated that total private sector investment in the Whistler area would probably exceed $540 million by 1987. In addition, the provincial and federal governments have already re-



Last year, with an impressive 107 m water slide in place, Bezanson managed to double his gross earnings, and he's hired seven more people to handle the increased business "We expect to equal last year's earnings."

Adds Allan Dow, who, with his father, operates Fisherman's Wharf Lobster Suppers a few kilometres away: "There's been a noticeable effect on our business, too."



The "Tall Ships" will help Canada celebrate "Tourism Year".

Whistler Mountain ski resort.

couped most of their initial investment through an estimated $9.1 million in tax revenues for 1982 alone.

In New Brunswick, where the first sub-agreement went into effect in 1975, figures contained in a government evaluation report show that, while tourism expenditures did not match overall economic growth in the province prior to 1976, tourism income in the following years outperformed all other economic sectors. Some credit, the report modestly concludes, must be given for the development of new attractions such as Acadian Village and Kings Landing Historical Settlement, both made possible through federal assistance.

Perhaps just as valuable as the economic support is the moral support operators receive. Says Joe Kowalski of Wilderness Tours, who is developing a multi-season resort in eastern Ontario: "It's nice to know somebody out there has faith in the project."

— by Jonathan Massey-Smith
Tourism Canada

The Growing Need for Financial Management

Small firms have a tough time staying alive — nearly all of the 8 066 businesses that went under in 1981 had assets of $250 000 or less. Indeed, while large companies often have their own stockpile of investments to draw from when pressed for instant cash or a bank that will extend them credit, small entrepreneurs simply can't afford costly mistakes.

Says Patricia Johnston, senior vice-president of the Canadian Federation of Independent Business: "Everyone makes mistakes now and again, but the firms that survive are usually the ones that are well capitalized."

About 60 per cent of all new business ventures in Canada fail within the first five years. On a yearly basis, Canada's service sector accounts for more than a quarter of all business bankruptcies. A recent federal report on the circumstances of small business insolvency argues that the underlying causes of business bankruptcy "are of

educational television early next year. It will also be distributed on pre-taped video cassettes for self-paced learning.

Says Ken Willcocks, senior vice-president of the Ontario Hotel and

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and profit, and developing business plans. Each section has self-test questions and case studies for practice, in addition to practical experience from the study guide.

The 10 videotape modules are 27½ minutes in duration, with a 15-minute introductory overview and a 27½-minute summary containing analyses and solutions to the case studies. In both written and video formats, each portion is totally self-contained, allowing participants to benefit from taking part in one or all of the lessons.

Though it's designed primarily for operators already in business, the video format is capable of reaching prospective operators as well. "It's the first time we've been able to do that," boasts Wayne Fergusson, Tourism Canada's manager of Accommodation/Food services responsible for overall production.

George Brown College in Toronto has included the course in its day-time hospitality programs and will offer it in the evenings as well. Brian Cooper, chairman of the college's hospitality division, mentions that several other post-secondary schools in Ontario which offer similar training have already adopted the course as part of their program curriculum, while others throughout Canada have followed suit. He expects additional usage as promotional efforts boost public awareness.

In British Columbia, Knowledge Network has developed its own publicity scheme with regular on-air promotion, print advertising in its program guide, and a joint effort with the provincial hotel association. The Ontario Hostelry Institute will handle promotion in that province.

At the national level, Maclean Hunter Ltd., the Toronto-based media giant, has been contracted to print and market the text and study guide. Using its own *Canadian Hotel and Restaurant* magazine to reach industry operators and trade associations throughout Canada, the company expects to distribute about 6 000 copies of each by 1985. "That's probably a conservative estimate," comments Fergusson, "because there has been a very strong interest at the international level."

In Canada, the video portion will be made available through regional distribution offices of the National Film Board, or from Tourism Canada headquarters in Ottawa.

The combined marketing blitz will give added impetus to what industry experts see as a program that should virtually sell itself. Says Art Ward, proprietor of Wig-a-Mog Inn in Haliburton, Ontario: "Most small accommodation establishments in Canada have grown out of family-oriented businesses; they aren't very sophisticated when it comes to financial management. But, with today's interest rates, taxes and other considerations, it's not difficult to see the importance of financial controls and the necessity of an organized reporting system."

Ward, a director of the Tourism Industry Association of Canada and past chairman of Tourism Ontario among other designations, was one of several industry experts interviewed for the video portion. As owner of a relatively small resort complex, Ward is also representative of the industry's composition — about 90 per cent of commercial lodging establishments in Canada contain less than 100 rooms.

The program's content is an offshoot of material from existing publications such as *The Inn Business* (also produced by Tourism Canada), an accounting manual put together by the Nova Scotia Department of Tourism, and various books from the Federal Business Development Bank.

"We took the best of the material already available and combined it to explore the areas where we felt common weaknesses existed," says Alastair Morrison, president of the Economic Planning Group of Canada and one of several contributors to the program's content. "It teaches the small entrepreneur every aspect of financial management from A to Z. The video portion also makes the learning process much more effective."

The practical nature of the program means on-the-spot experience — tips and advice the operators can immediately benefit from on a daily basis. In fact, Ward sees the program as the first in a series of training packages that will help industry develop a more competitive product. And with the increasing demand for quality service and value, Ward believes the need has never been greater. "We're going to have to train the bulk of the industry — smaller operators — how to produce a more professional package."

Knowing the principles of sound financial management can also assist operators in avoiding costly mistakes. And while the "school of hard knocks" teaches its own version of business acumen, graduates from there may still lack what's necessary for survival in today's ever-changing marketplace.

— by Jonathan Massey-Smith
Tourism Canada

lobster suppers a few kilometres away. "There's been a noticeable effect on our business, too."

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The Department of Industry, Trade and Commerce and Regional Economic Expansion maintains a Regional Office in each province for your convenience:

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90 O'Leary Ave.
P.O. Box 8950
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A1B 3R9
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Confederation Court Mall
134 Kent Street
P.O. Box 1115
Charlottetown, P.E.I.
C1A 7M8
Tel.: (902) 566-7400

Nova Scotia
P.O. Box 1320
Queen Square 11th Floor
45 Alderney Drive
Dartmouth, Nova Scotia
B2Y 4B9
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New Brunswick
Assumption Place
770 Main Street
P.O. Box 1210
Moncton, New Brunswick
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Tel.: (506) 388-6400

Québec
Tour de la Bourse
800, place Victoria, Suite 3709
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Montréal, Québec
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Tel.: (514) 283-7907

Ontario
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Toronto, Ontario
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Tel.: (416) 365-3737

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Saskatchewan
Bessborough Tower
601 Spadina Crescent East
8th Floor
Saskatoon, Saskatchewan
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Tel.: (306) 665-4400

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British Columbia
Room 1101
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