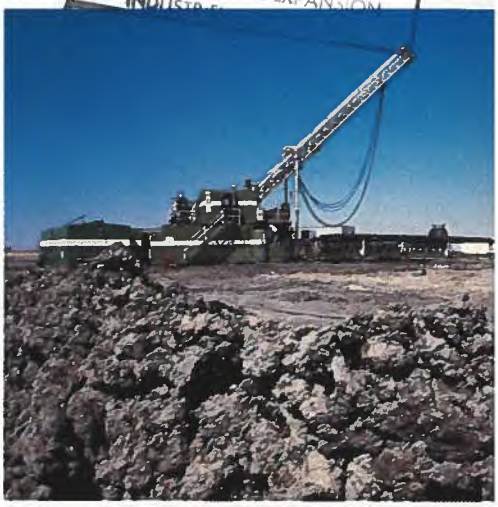
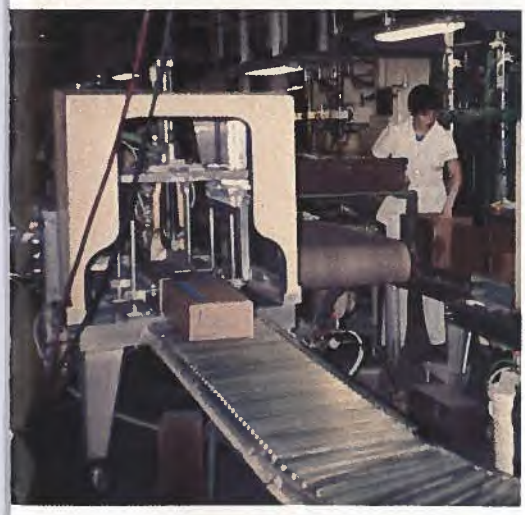
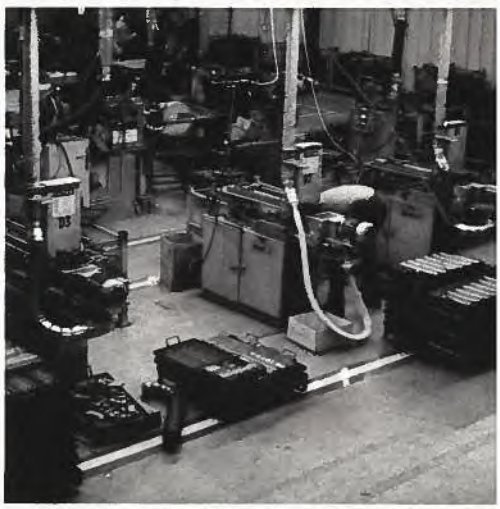
Canada Commerce

March 1985







Alfred Sung — Designing to Success

Awards for Excellence — Repeat Performance

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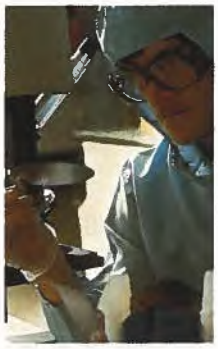
For a complete entry kit, get in touch with any DRIE regional office listed on the inside back cover of this magazine or with the Awards and Design Directorate, 235 Queen St., Ottawa K1A 0H5. (613) 992-1194 or 992-5004.

Canada

Canada Commerce



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Canadian Companies & Products — four-page centre spread.

List of Regional Offices — inside back cover.

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Business Review

JETRO Publishes New Brochure to Promote Canada/Japan Trade

The Japan External Trade Organization (JETRO) has just published a new guide for Canadians considering exports to Japan. The brochure encourages the exporter to utilize JETRO's resources, information network and expert personnel when entering the lucrative Japanese market.

"Not adapting to local conditions is more often than not a major reason for the failure of products in Japan," the brochure explains. "You can't always know what the local conditions are so JETRO provides the exporter with consulting tailored to his specific products."

The publication is available free of charge from: JETRO, 7th Floor, 151 Bloor Street West, Toronto, Ontario M5S 1T7.

Highway Testing Program Undertaken Across Canada

In an effort to determine the safety of heavy trucks carrying logs, piping and heavy construction equipment and their impact on highways, a national study is being jointly sponsored by the federal and provincial governments and the Canadian trucking industry.

The study is being carried out by the Alberta Research Council which has developed the instrumentation package and mobile data acquisition system.

The Roads and Transportation Association of Canada is providing the vehicles bearing the same loadings at the different test sites so researchers can evaluate the relative destructive effect of loads on different pavement structures on the inter-provincial highway system.

Bombardier-Belgium Accord Reached on Utility Vehicles

Bombardier Inc. of Valcourt, Quebec, has reached agreement with the Belgian government for the supply of 2 500 ILTIS utility vehicles to the Belgian Army. The vehicles will be built by Bombardier's Logistic Equipment Division at Valcourt while final assembly will be done in Belgium by the Belgian subsidiary of Volkswagen. The contract, worth approximately $50 million, will be spread over two-and-a-half years.

New Market Guide to Germany

The Royal Bank of Canada has announced the publication of *Market Guide — Federal Republic of Germany* which is available from any of the Royal Bank International Centres from coast to coast. The guide covers a wide range of topics designed to assist business executives develop export contacts for this important market. It is the second largest importer and exporter in the world.

According to the Guide, foreign trade between Canada and Germany is roughly balanced. Canada had a surplus in 1980 and 1983 while Germany was in a surplus position in 1981 and 1982. The most important components of Canadian exports to Germany are raw materials, both mineral and forest products.

Aerospace Industries Show Solid Growth

According to the recently released Aerospace Industries Association of Canada's (AIAC) *Annual Report*, total aerospace sales for 1984 are projected at $3.279 billion, up from sales of $2.802 billion for 1983.

Export sales of $2.787 billion in 1984 will again surpass the 80 per cent level of total sales, making the 140 members of AIAC and their 41 000 employees the most successful exporters of aerospace products in the world.

"Our avionics, electronics and space sectors' sales have been particularly strong," Kenneth E. Lewis, AIAC president, said.

Long-range forecasts for the industry are expected to show increase in sales for the remainder of the 1980s. The association's 10-year forecast expects sales to reach $11.7 billion by 1994.

Export Development Corporation

The Export Development Corporation (EDC) has moved to a new location in Ottawa, a few blocks away on O'Connor Street, and has had a change of phone number. **The new address is:**

Export Development Corporation
151 O'Connor Street, Box 655
Ottawa, Ontario M1P 5T9
Tel: (613) 598-2500

EDC is the federal government agency whose mandate is to support Canadian exporters with export financing, risk sharing insurance and surety guarantees.

First Dash 8 Enters Revenue Service

Aviation history was made in mid-December when norOntair Flight 102 departed Sault Ste. Marie for Sudbury, Timmins and Kapuskasing. The flight marked the first commercial operation of the new de Havilland Canada Dash 8.

A few days earlier the first U.S. Dash 8 delivery was made to Eastern Metro Express of Atlanta which has since inaugurated service.

The 37-passenger airliner, powered by two Pratt & Whitney Canada PW 120 engines, offers economy of operation for its owners and wide-bodied comfort for its passengers. This state-of-the-art aircraft is equipped with new generation electronic flight instruments and flight management systems.

Changes at the Top

Two of Canada's most prestigious business organizations, the Canadian Manufacturers Association (CMA) and the Canadian Chamber of Commerce (CCC) have new or are about to have new chief executive officers.

Following many years of dedicated service to the CMA, Roy A. Phillips, president and chief executive officer, retired. He is succeeded by J.-Laurent Thibault, formerly senior executive vice-president of this organization which represents a broad spectrum of Canadian manufacturers.

A few weeks later Sam Hughes, president of CCC, announced his intention to retire from the Chamber and return to private business. Mr. Hughes has been replaced by Roger B. Hamel, former vice-chairman of the board.

Conference Roundup

CANEXUS '85

CANEXUS '85, Canada's major international design event, will be held in Toronto, April 18-20, at the Harbour Castle Hilton Convention Centre.

The conference will focus on the importance of design and be of interest to professionals in architecture and interior design, facilities planners, corporate end-users, manufacturers, students and the design-conscious public. There will be special presentations and seminars bringing together representatives of the various design disciplines.

There will also be on-site exhibitions by the leading firms in the Canadian contract furnishings industry.

For further information, contact: George Nutter, Director of Communications, Tel: (516) 493-8710.

Woodfire '85 Trade Show and Convention

The Canadian Wood Energy Institute is holding its annual trade show and convention "Woodfire '85" at the Toronto International Centre May 31, June 1-2. The show will be of interest to manufacturers, distributors and retailers in the solid fuel industry.

A series of informative and interesting seminars will be presented each morning from 8-12 a.m.

For further information, contact Woodfire '85, Trade Show and Convention, 85 Curlew Drive, Don Mills, Ontario M3A 2P8; Tel: (416) 445-6296.

International Business Symposium

The second annual International Business Symposium will be held in mid-April at the Seneca College of Applied Arts and Technology, Toronto. The theme will be "Countertrade and Its Effect on Canadian Trade".

For further information, contact Roy Neale, Director of Conference Centre, Seneca College, 1000 Finch Avenue West, Toronto, Ontario M3J 2V5; Tel: (416) 491-5050 (ext. 4316); or Beatriz Amuchastequi, Program Co-ordinator, Newham Campus, 1750 Finch Avenue East, Willowdale, Ontario M2J 2X5; Tel: (416) 491-5050 (ext. 2023).

Fisheries Council Annual

The Fisheries Council of Canada is holding its 40th Annual Convention, May 3-5, 1985, at Le Centre Sheraton, Montreal. Profitability and long-term viability — an elusive goal of the fish and seafood industry — will be the theme of this year's important annual meeting.

For further information, contact The Fisheries Council of Canada, 77 Metcalfe Street, Suite 505, Ottawa, Ontario K1P 5L6; Tel: (613) 238-7751.

Export Seminar

The Banff Centre School of Management is conducting an Export Marketing Management Seminar, May 5-11, at the Banff Centre. This seminar is a unique forum for the exchange of the latest market intelligence and innovative export strategies.

Each sector of the world market place will be examined to determine which export strategies will be successful considering culture, product acceptability, pricing, local agent involvement, trade relations, financing needs, import/export legislation, local costs and many others.

For further information, contact The Banff Centre School of Management, P.O. Box 1020, Banff, Alberta T0L 0C0; Tel: (403) 762-6100.

Major European Shows Attract Canadians

External Affairs' European Promotional Projects Branch has lined up an ambitious program for May. Major exhibits include NRC Equipment Show, Stockholm, Sweden, May 8-11; Ligna, Hanover/Hamburg, West Germany, May 15-21; Interpack, Düsseldorf, West Germany, May 10-16; Automan '85, Birmingham, England, May 14-17; Interclean '85, Amsterdam, The Netherlands, May 14-17; Paris International Air Show, Paris, May 30-June 9.

In addition the Branch is involved in 11 missions to or from various countries throughout Europe during the month of May.

For further information, contact Trade Fairs and Missions, Trade Development Branch, Western Europe I, Tel: (613) 996-5555.

Call for Papers for Electronicom '85

The Canadian Section of the Institute of Electrical and Electronics Engineers has issued a call for papers for Electronicom '85 to be held at the Metro Toronto Convention Centre, October 7-9. Serving as a focal point of the IEEE sponsored activity, selected technical papers will be presented during the course of the Conference.

Subjects for these papers include: Broadcast Services, Systems and Technology; CAD/CAM; Computer Communications; Digital Communications Systems; Electromagnetic Fields; Image Processing; New and Emerging Technologies; Power Electronics; Power Systems; Radar; Satellite Communications Systems; Signal Processing; Technology and Telephone Networks.

Donald Gerrior has been appointed chairman of the technical sessions. Those wishing more information may contact Mr. Gerrior at (416) 757-1101, ext. 364 or call Neil Bousquet, consultant, Berger and Associates (416) 862-0830. Under Mr. Gerrior's chairmanship, the technical program has been expanded to include six extended seminars in conjunction with the technical sessions.

German Show Features Healthcare and Medical Equipment

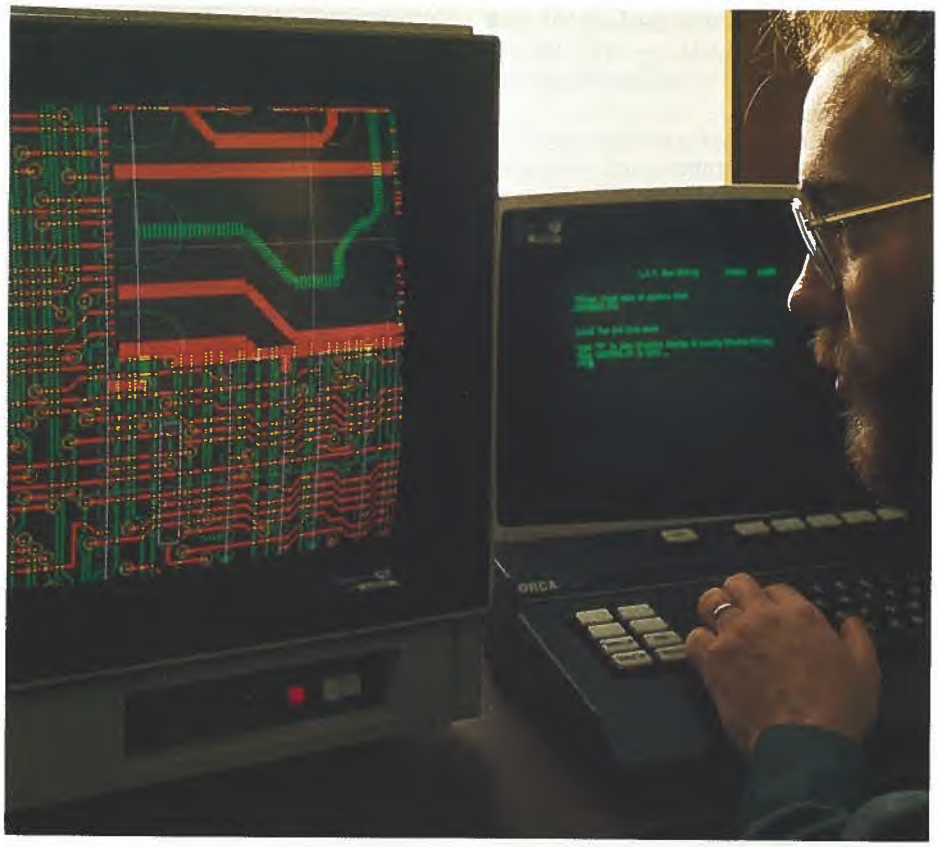
INTERHOSPITAL '85, the world's largest hospital exhibition is to take place in Düsseldorf, Federal Republic of Germany, May 7-10, 1985.

The latest products and technologies for hospital administration, maintenance and service will be previewed at the show which is expected to attract 80 000 visitors and nearly 1 000 exhibitors. Hospital essential goods which will be displayed include medical electronic and functional diagnostics, monitoring devices, laboratory and surgical instruments.

The Ministry of External Trade of the Government of Quebec is participating with a group exhibit to assist Quebec companies in showing their goods and services in the hospital field.

For further information on the Quebec participation, contact P.-R. Charette Inc., 5890, avenue Monkland, Pièce 206, Montréal (Québec) H4A 1G2; Tel: (514) 489-8671.

Canadian Patent Office — A Little Used Information Resource



The Canadian Patent Office is the largest repository of the latest technological information in Canada — a resource which has been under-used by industry, researchers and government. This is the situation that the Patent Office is attempting to correct through its Patent Information Exploitation Program.

The primary purpose of the patent system is to grant a patent right to anyone who creates a new technology in the form of an invention. The person receiving the patent is given exclusive rights for a limited period of time to exploit his invention — normally to produce and to market a product. In Canada the effective life of a patent is 17 years.

Patent protection, in essence, rewards the inventor for his intellectual achievements and, in so doing, it induces the inventor to disclose his invention to the public instead of keeping it secret. Furthermore, patent protection encourages the inventor to work the invention in the country where the patent is granted — in Canada for Canadian patents, whether the inventions are of domestic or foreign origin.

The patent, then, is an effective vehicle for promoting transfer of technology and important for the transfer of foreign technology to Canada.

National Research Council recently estimated that Canadians produce less than two per cent of the world's total output of technology — close to 98 per cent of new technology is developed in other countries.

A lot of this foreign technology flows into Canada through the patent system. Each year the Canadian Patent Office grants about 22 000 patents but only six per cent to residents of Canada — the remaining 94 per cent go to foreigners.

Patents deal with technology and, because patent laws protect only new inventions, it follows that patents deal with the most recent technology.

What Is an Invention?

There is no universally recognized definition of an invention and it varies from country to country. In Canada, the Patent Act defines an invention as any new and useful art, process, machine, manufacture of composition or matter, or any new and useful improvement in any of those things.

It is safe to say that an invention is essentially a new solution to a specific technological problem, a technical development directly usable in industry. It is not simply a general principle or theory with no direct industrial application.

Inventions provide for something that did not exist before and are different from a discovery of something that existed but wasn't known.

Describing the latest technology, patents are therefore significant for users of technology in that inventions are disclosed in a well-established uniform manner. Information about such inventions becomes generally available to anybody interested in using it. Such information is an important tool for planning and guiding research and development activities as well as for facilitating technology transfer.

The worldwide collection of patent documents represents the largest comprehensive source of commercially viable technological information.

Millions Published

Each year about a million patent documents are published throughout the world covering an estimated between 300 000 and 400 000 inventions. In other words, each invention appears to give rise to an average of three published patent documents. In any event, the number of patent documents published so far from the time when patents were first published is estimated at well over 20 million and rapidly approaching 30 million.

The current collection of Canadian patents alone numbers close to 1.2 million documents. These documents contain information on inventions created in the last 115 years in all the different

fields of technology. The collection of Canadian patents is being supplemented each year by about 22 000 new patents.

In the Patent Office, in addition to the 1.2 million or so Canadian patents, there are over 4.4 million American patents as well as millions of other foreign patents at our disposal. So, in terms of size alone, patent documentation represents a unique source of technological information with tremendous potential for exploitation.

Since the information contained in patents is not secret, it can be freely used, for example, to support research and development activities.

Further, not all inventions are protected by patents in all markets around the world. There is a significant amount of unprotected technology available for exploitation in Canada. The easiest way to discover unprotected technology is to conduct a patent search.

Special Characteristics

There are many special characteristics of patents which make them eminently useful as sources of technical information. Patents do have some clear and useful advantages over other sources of information.

The first significant characteristic of patent documents is that they generally provide the most recent technological information. Inventors tend to apply for patents as early as possible for two reasons.

First, it's only when a patent has been granted that an inventor has the maximum legal leverage for contesting any unauthorized use of his invention. Second, it is the patent that allows the inventor or the patentee to set what might be considered a reasonable price or royalty for selling or licensing the invention.

There are many instances where important inventions were disclosed in patents far in advance of their publication in non-patent literature.

- The punched card, for example, was disclosed by Hollerith in a patent granted to him in 1889 but it wasn't until 1914, or 25 years later, that the punched card was described elsewhere.
- The jet engine was patented by Whittle in 1936, 10 years before a description of it finally appeared in non-patent publications.
- The Ziegler and Natta polymerization catalysts and polyurethanes were disclosed in patents many years before they were published in other forms of scientific, technical or trade literature.

Another characteristic to consider is that patents often contain information not divulged through articles and journals — commercially valuable information made public only in consideration of the legal protection afforded by patents. So it is quite incorrect to assume that relevant information contained in patents will come to public attention through other sources.

In fact, a recent study conducted by the United States Patent and Trademark Office showed that as much as 70 per cent of the material covered by U.S. patents had not been described elsewhere in the five years after the patents were granted. Other international studies have revealed similar results.

Therefore, without patent documentation, an important segment of technical knowledge would be kept from the public — important because it is usually that part relevant for innovation because of its suitability for immediate industrial application.

Another significant advantage of patent documents is that they generally have a fairly uniform structure. Information is presented in a fairly standard manner in patents.

Claims Define the New

The claims in a patent define what is new. The disclosure describes what was known before the invention and presents a capsule survey of the state of the art. The disclosure also sets forth the differences between the pre-existing technology and what the invention contributes as a creative step forward in technology.

Because of the generally uniform format, it is usually easier to isolate relevant information from patents than from other forms of technical literature.

Many patents contain a most useful abstract of the invention which makes a quick judgement possible as to the technological and commercial significance of the contents of the document in question.

Yet another important feature of patent documentation is the classification of patents. The Patent Office classifies all patents according to the field or fields of technology to which their contents relate.

The Canadian classification system provides for 340 main classes of technology. These are, in turn, broken down into approximately 36 000 subdivisions or categories of technology. Because patents are classified in this most efficient manner, rapid retrieval of information relating to any field of technology is possible.

There are other obvious advantages to patents as an information source. Every patent bears a date from which it can be quickly determined whether the invention it describes is still under legal protection. As stated earlier, a Canadian patent remains in force for 17 years from the date it was issued. When a patent expires, the invention covered by the patent can be freely used without the consent of the patent owner.

Patents include useful bibliographic data such as the names of the patent owner and other principals. This will allow anyone who is interested in obtaining a licence to contact the patentee to negotiate conditions under which authorization to exploit the invention may be obtained.

In summary, a lot of the information and the kinds of information found in patents would be difficult, if not impossible, to locate in other forms of scientific and technical literature. The various features of patent information means that it can and should be put to significant businesslike use.

Generally speaking, however, experience has shown that the use of this extensive source of information by scientists, technologists and business people is not nearly as great as it should be.

In recent years, both in Canada and internationally, there has been increasing recognition of the value and usefulness of patent information both as a tool for research and development and as an effective vehicle for the transfer of technology.

The Canadian Patent Office has recognized the potential for a stronger, more important role in exploiting patent information, a role that has been evolving very slowly but gradually over the past six years.

Pilot Project

In 1978 the Patent Office ran a two-year pilot project in Western Canada in which patent information plus assistance in exploiting it was provided to the manufacturing sector.

Not surprisingly, it was learned that, once introduced, patent information became an important factor in the manufacturer's decision-making process. It helped to confirm or invalidate particular technical directions being taken at the time for investment purposes. It served to detect competitors about to enter the market with protected product ideas.

Most importantly, experience showed that Canadian manufacturers do have the capability to convert patented technical information into commercially viable products or other useful outputs.

The provincial research organizations (PROs) were regular users of the search service provided under the pilot project. In fact, even after the pilot project came to an end, the PROs have continued to request patent searches on a regular basis.

This access to patent information has added considerably to the advice the PROs offer to manufacturers on matters such as process problems, product design and product testing.

Some regional offices of the former Department of Industry, Trade and Commerce also used the Patent Office's search service in connection with their Enterprise Development Program (EDP). Patent information was used to help judge whether an applicant's innovation would qualify under the EDP for developmental or production financing assistance. In several instances patent searches revealed recent patenting activity which forecast major industry changes in terms of competitors and technology.

In each of these instances the patent information enabled the commerce officer to at least counsel the program applicant before deciding upon the actual funding arrangements.

Role Redefined

Building on this base of experience, the Patent Office is actively redefining its role.

Historically, the Patent Office has concentrated its efforts on the examination of patent applications for patentability. Until quite recently its entire operation revolved around the legal aspects of granting patent protection to inventors. It was not, to say the least, overly active in stimulating innovation in Canada by encouraging manufacturers to exploit the wealth of technological information contained in patents.

In all fairness, the Canadian Patent Office was not unique in this respect. This situation prevailed in most patenting countries.

The only notable exception was Japan. The Japanese Institute of Invention and Innovation, or JIII, was established way back in 1904 and has been actively promoting innovation in Japan for the past 80 years.

JIII has formed a large number of inventors' clubs throughout Japan. It has conducted invention competitions at all levels within the community, among school children, university students, firms and individual inventors. But among its many activities, JIII has been especially active in drawing the attention of Japanese industry to emerging technologies and to patents available for licensing.

The phenomenal growth of Japanese industry since World War II is well documented. One of the main reasons for this economic miracle was the successful introduction into their industries of foreign technology, mainly from Europe and the United States. As a background to the success that the Japanese have experienced in the transfer of technology, Canadians should not lose sight of the tremendous emphasis they have placed upon the exploitation of patents.

In recent years Austria, Denmark, France, Britain, Sweden, Australia and the United States have all instituted an information service of one form or another in their patent offices.

New Mission

In the light of international trends towards increasing activity in patent information dissemination it was announced, early in 1983, that the Canadian Patent Office would embark upon a new mission — to make patent information more accessible to business people and to research organizations throughout Canada.

In response to this announcement the Canadian Patent Office has developed, and is in the process of implementing, the Patent Information Exploitation (PIE) program.

The PIE program consists of four component thrusts. The first comes under the heading of "technical intelligence". The second is what it calls "expert interface". The third thrust or component is largely an internal initiative directed at improving the general accessibility of patent information. And, the fourth thrust is the inevitable, but essential, public awareness and education program.

Under the technological intelligence thrust, the PIE program offers two types of service — a technology search service and a technology assessment and forecasting service. Both are provided on a "free of charge" basis to business enterprises, research organizations and government agencies.

By not charging for services, it is hoped to demonstrate an underlying purpose of the program — to broaden the base of patent information use throughout Canada.

Good Reasons

In practice, there are a number of good reasons for requesting or performing a patent search.

Patent information is extremely useful and valuable for research and development purposes. Unless a firm happens to be the world leader in a particular field, it is more than likely that some work has already been done elsewhere by others working in the same field. There is a reasonable chance that at least part of the solution to a current problem is already known and perhaps even patented.

It's for these reasons that Canadian Patent Office advises researchers to include patents in the traditional study before starting on any new project.

Currently about $5 billion is spent annually on research and development in Canada. International studies estimate that at least 10 per cent of all R&D is a duplication of work done by others.

More often than not, duplicated research merely results in the discovery of what would have been found at the outset through a simple patent search. Clearly, greater efforts to avoid "reinventing the wheel" could result in significant savings in terms of R&D dollars.

One of the more positive effects of studying patent documentation is that it stimulates creative thinking. An invention described in a patent marks a step forward in technological development. However, the same invention also marks the point from which the search for new technologies should commence.

Often the selection of a starting point can mean the difference between

completing and not completing a research project within the alloted time, with the allocated resources.

Solutions Identified

Both in terms of R&D and direct industrial application, a patent search is useful for identifying solutions to many technical problems. Patents relating to a given field of technology will invariably describe problems commonly associated with that field.

Patents, however, do more than simply describe solutions to problems. They will often point out difficulties that can be avoided and, in addition, set forth the benefits of using newly developed products or processes.

Another reason for requesting a patent search would be to identify alternative technologies. Industry can often overcome problems relating to product design and marketing by analyzing technological alternatives. A patent search can expose a range of viable technologies, both past and present, different countries and from different sources. Furthermore, a patent search can be tailored to identify companies already active in a particular field of technology. Such information will provide an insight into future competition. In any event, clients must come to their own conclusions based upon the information provided by the patent search.

Again, in terms of R&D, patent information will help planners to decide whether to embark upon original research, to exploit the results of research already conducted by obtaining a licence, or to enter into joint research with others working in the same field.

It's for these reasons that Canadian Patent Office strongly recommends that research organizations and industry take full advantage of the technical search service offered by the PIE program.

Second Service

The second type of service provided by the PIE program, under the broad heading of technological intelligence, is technology assessment and forecasting. Like the technical search service, this also requires patent officers, each of whom is an expert in his field, to search and analyze patent documentation.

However, for technology assessment and forecasting purposes the focus shifts from information of a purely technical nature to information which reflects various patenting activities.

Technology assessment and forecasting is a fairly new endeavour for the Patent Office. Therefore, experience in this area is rather limited. However, the Office does have a good understanding of how patent information can be manipulated for use in non-traditional ways.

For example, patent statistics compilations could be used by researchers to determine the extent or level of research being carried out in a given field of technology.

A study of patents could be used to monitor foreign activity in technologies of high local interest such as alternate fuels, geophysical exploration, artificial intelligence, transportation of the handicapped and so on.

Government policy makers might use patent information to identify emerging technologies. Industry might be able to identify foreign market opportunities, spot potential competitors or monitor competitor activity.

Government Use

Several federal departments and agencies have used patent information to enhance their planning and policy development processes. For example, National Health and Welfare requested several studies of patenting activity in the pharmaceutical sector.

The information arising from these studies was used to forecast the types of skilled personnel required to administer the licensing provisions of the Food and Drug legislation, and for long-range planning of the health department's pharmaceutical testing program.

The Science Council of Canada recently requested a special survey of patents issued in the fields of pesticides, herbicides and pulp and paper. The purpose was to enable the Science Council to determine Canada's position in biotechnology relative to other countries.

The Department of Regional Industrial Expansion (DRIE) has recently undertaken initiatives to assess various technologies it considers to be important for Canada. In addition, it is expected that DRIE will be looking at patents for insights into the current state and the emerging trends of such technologies.

What kind of information does your organization use to plan and develop long-range strategies and policies? Perhaps the technology assessment and forecasting service will be able to provide you with some of that information in the years ahead.

"Expert Interface"

Earlier, a component of the Patent Information Exploitation program called "expert interface" was mentioned but which is not in place yet. Essentially, what is intended is to decentralize the PIE program by posting patent information officers in a number of regional locations across Canada.

These information officers will be expert in patent matters and will act as links between the Patent Office and a number of designated intermediaries such as the provincial research organizations, National Research Council's field advisory network, the various innovation centres and the regional infrastructure of industry-oriented federal departments such as DRIE. They will work together in assisting clients to locate and exploit any relevant patent information.

The Patent Office is planning to implement the "expert interface" service in phases over the next two years or so. The dynamic influence of a patent expert in the field is hoped to make the PIE program much more responsive to clients' needs.

The Patent Office will also be taking steps under the PIE program to improve the general accessibility of patent information across Canada. One of the things being investigated is the creation of an electronic Canadian Patent database. As well, it will be looking at the establishment of a modern interactive on-line system for accessing the database.

At the present time the Office relies mainly upon a manual search system which, while still effective, certainly requires modernizing. For the past several years, the manual search system has been supplemented by subscribing to several commercial patent databases of U.S. and European origin. The use of these databases, which include most of the worlds recent patents, has greatly increased search capacity, and vastly improved search effectiveness at the Patent Office.

For further information, contact
Commissioner of Patents
Consumer and Corporate Affairs Canada
Hull, Quebec
K1A 0C9

— by Kim Omae
Canadian Patent Office

Designing to Fashionable Success

Alfred Sung

"Heavens, but what will I wear?" is not a typical response from a *Canada Commerce* writer when given an assignment. It smacks of the trivial and really, who would care within the bounds of modesty and good sense?

Perhaps half of my readers will understand immediately when it is explained that the assignment was a feature on Alfred Sung and the Monaco Group and the runaway success in the Canadian and U.S. fashion industries of this Toronto-based partnership.

In 1980, its first year of operation, the company recorded retail sales of $2 million, a not unconsiderable sum in the Canadian fashion trade. That figure, however, seems quite insignificant when compared with the $45 million sales total projected for 1984.

It appears, initially, a somewhat unlikely success story — the tranquil, softly-spoken Sung and the dynamic verbal charm of the Mimran brothers Saul and Joseph, entrepreneurs of Moroccan-Jewish background, set against a background of solid, business-oriented Wasp Toronto.

Of their success, though, there is no doubt. If plans for licensing operations, boutiques and new lines come to fruition sales could reach as much as $50 million in 1985, more than 50 per cent of which will come from the U.S. market.

The highly complementary Sung/Monaco Group came into being in late 1978 as a result of an incipient crisis. At that time Sung was owner and Jack-of-all-trades of a Toronto boutique called "Moon" (a translation of part of his Mandarin Chinese name).

Joseph Mimran, co-owner with his brother Saul of a dress manufacturing company called Ms. Originals, had admired Sung's clothes in his store window and, on several occasions, seen the diligent designer working late into the night.

When Ms. Originals current designer, somewhat inconveniently, departed for another job leaving the Mimrans with $200 000 worth of fabric, no designs and, consequently, an imminent disaster for a first sportswear collection, Joseph thought of Alfred Sung. It turned out to be an inspired thought! Delighted with his first 30-piece collection, they asked him to design a second. It was equally successful.

Sung had been affected by bad business relationships in the past and was reluctant to give up his independence, but gradually the perfect balance of the team and its potential become obvious and, in December 1979, they agreed on a 50/50 partnership. Sung would design, Saul Mimran would direct sales and marketing and Joseph, originally a chartered accountant, would be responsible for the company's finances.

Each partner has a clear-cut function within the organization and, although they do not usurp one another's responsibilities, all three have knowledge, interest and sensitivity to all aspects of their business. Major decisions are taken as a result of discussion and agreement among all partners.

The interest and understanding that the Mimran brothers have they inherit from their mother who, after their arrival in Canada in 1956 from Morocco, supplemented the family income by freelance designing and dressmaking.

Eventually, in the mid 1970s, she and Saul, by then an adept salesman, tired of shoddy materials, poor quality and bad business practices, went into business for themselves. Joseph kept the books on weekends. In 1977 Joseph joined them full-time and they moved into their present spacious quarters. They expanded their high quality, medium priced dress range and entered the newly fashionable, high growth area of designer sportswear.

As a small child Alfred Sung moved with his family from his birthplace of Shanghai to Hong Kong. As the fifth child and oldest son of traditional Chinese parents he was overprotected and very strictly brought up to show obedience. His mother encouraged his obvious talent for painting and drawing but the life of an artist was not deemed suitable.

Although it had been hoped that young Alfred would choose a business career or enter one of the professions, a compromise was reached and he was

allowed to enroll at the prestigious École de la chambre syndicale de la couture parisienne in Paris. After a shaky first three months and despite his youth and total lack of knowledge of French, Alfred excelled, graduating first in his class in design and near the top in draping and sewing.

On a visit to New York after graduation, entranced by the vibrancy of the city and having no wish to return to the restrictions of Hong Kong, he persuaded his father to enroll him in the Parsons School of Design.

His studies finished, for the next four years he worked on Seventh Avenue while he applied, unsuccessfully, to be allowed to remain in the U.S. as a permanent resident. Finally, in 1972, he admitted defeat, moved to Toronto and gradually, starting from scratch, began to establish his reputation all over again.

The formation of the Monaco Group was not a ticket to instant success for Sung and the Mimrans. Buyers, not unexpectedly, were initially reticent about the capabilities of the unknown company. The first few seasons were a struggle and the group lost money. Slowly business was built up. The first Sung Boutique was opened in 1981 in Eaton's downtown Toronto store. Others followed, and Sung became the first Canadian designer to have his own boutiques in both Eaton's and Holt Renfrew.

Encouraged by its success in Canada, the team turned its attention to the U.S. A manager was hired, a showroom rented in New York, an expensive advertising campaign was launched, all was set for success.

Saks Fifth Avenue bought the collection — and the first major hitch was discovered — clothing sizes have no international standards. The American customer was not pleased to discover that in Sung's Canadian clothes she was a size larger. Consequently the collection sold poorly and the Monaco Group sustained a $250 000 loss. The company was quick to make adjustments, discovering in the process that the Canadian clientele was extremely pleased to become a size smaller! The push for a share of the U.S. market continued without further mistakes and there has never been another loss.

A significant difference in the U.S. marketing strategy is the introduction of exclusive Sung retail stores. After careful research, areas of the U.S. where the investment would pay off were identified. Sung Boutiques have been opened in Washington, D.C.'s Georgetown, Boston, Shorthills, N.J., and one will be opened shortly in Stanford, Connecticut.

According to Saul Mimran the objective is two-fold. "We want to create an environment that is totally Alfred Sung — to give him credibility — to say 'here it is, this is our full collection'.

"This is really hard to do, because in the States some accounts will pick only parts of the collection and others will break their orders down around very specific delivery dates, so that as one group sells out another one comes in. So you never have the full story all at once.

"Equally important," he adds, "the Boutiques provide the opportunity for research, mini-laboratories — places to experiment with."

Good design and clever marketing aside, what makes the Monaco Group so successful in the crowded, cutthroat clothing trade? Why is Alfred Sung now the hottest name in the fashion industry?

Maybe it is that the merchandise is targetted to an enormous range of women — women with good taste, that is.

The huge emerging market of working, success-oriented women find the clothes irresistible as well as practical. Fads are ignored, trends acknowledged with classic lines that do not date quickly. Colours co-ordinate and items are compatible within each collection and from one to another — an important budgetary consideration when building a wardrobe of this calibre.

Prices range from $30 to $165 for single items to $500 for coats and co-ordinating outfits. Considering the quality these prices, though not inconsiderable, are reasonable — bridging the chasm between the shopping mall and haute couture.

Overall high quality is the major consideration. From the fabrics and materials (some designed by Sung himself) to the craftsmanship in the manufacturing and finishing of each garment, there is an obvious passion for perfection.

To reach its upwardly mobile clientele, the Monaco Group spends 3½ per cent of gross wholesale sales annually on advertising. Advertising at the top end of the scale — *Vogue, Harpers, Women's Wear Daily*. The campaign for the Spring 1985 collection was shot in Malta with Lord Snowdon as photographer.

Saul Mimran maintains that advertising is just another facet of the group's focussed attention to detail. "We didn't invent fashion advertising, on the contrary, but we were the first ones to use it in an international way in Canada. We're really proud of that, as we are that we were the first in Canada to produce a full-blown collection — I mean hundreds of pieces in a single season."

On how it all works: "It takes team effort and concentration. But it's all right here in Canada. It can all happen if you put the right people together. A team working together rather than a manufacturer thinking he is a designer, a designer forced to be an accountant, a production manager trying to be a salesman. Everybody has an important job and everybody is equal.

"Most organization charts start at the top and work down — ours seems to spread across. This is unusual, but we consider all our departments very important. We have the best people in Canada working with us and they're here because we went out looking for them.

"Right now we are proud that we are making all our garments — 100 per cent of them — in Canada, even the silks which used to be manufactured in the Orient. We feel that we have better control over quality and production here. Unquestionably Canadians are good makers."

Licensing plays a major role in the company's plans. In addition to fabrics — gloves, socks, belts and sunglasses are all produced for the Monaco Group to exact specifications.

Mimran is excited by the possibilities. "With each licence we bring that particular manufacturer into our frame of thinking and try to indoctrinate him into our systems so that the level of communication is really high. Socks, for instance, McGregor has done a marvellous job with our sock collection. We are expanding it, even doubling it with one simple move — we are going to introduce sports socks. Then. . .?"

The enthusiasm is infectious, socks multiply into infinity!

The future however is concerned with larger matters than hosiery. The partners (and many of their 200 employees) still work 12-hour days. New ideas are constantly being explored and, almost as frequently, brought into being.

Again to quote Saul Mimran: "We weren't satisfied with just the Alfred Sung collections, so recently we introduced SungSport. After that we produced a range of accessories. Now we are working on a basically new concept that will appear in the stores in July, 1985.

"The name has not been decided yet but we call it the 'classification' collection. It's basically separates, but we're taking it a stage further, giving it a package and making a real statement. There will be something that is important to the youth market — the androgynous look. For instance a man's shirt that women will wear as well as pants and sweaters of all types, at popular prices, for both sexes.

"Our logo will be quite different — not an animal — not cutesy. We thought of it on Hallowe'en night of all things. But it's too soon to give it away."

No pause for breath.

"After that, the men's market in the fullest sense, the suit, the jacket, the whole bit. Then the men's accessories. After that, well — most designers have put out a fragrance. We've been putting it off and off because it's that kind of thing you can only do once and it has to be just right.

"At first we will do one strictly for women and strictly 'collection'. Later we'll introduce splash for the SungSport, then we'll probably do men's fragrance. . ."

On the Monaco Group's evolution:

"None of our success has been magic or a miracle. We haven't reached all of our targets but we have always planned our growth very carefully. The reason it could not be left to chance is that we had to buy our fabrics, etc., according to our projections. Had we not met our forecasts, it would have been game over!

"Planning is like dreaming. It's the best. Anyone can do it, everyone enjoys it. And it really is essential, because you know what your goals are. We have very clear objectives and we try to make sure that everybody around here understands what they are. From time to time they change. The number one goal has always been to be on top and to make money. But that's too vague and if a businessman lives with just that I don't think he'll succeed. We operate by aiming at interim objectives — short-, medium- and long-term goals."

Many factors have been instrumental in the Monaco Group's progress: the talent, motivation and enthusiasm of the three partners are among the most obvious; the hard work and dedication of the hand-picked staff, all recognized as being leaders in their fields; the utilization of government programs for industry (CIRB to expand and update production facilities, PEMD to provide assistance with broaching the U.S. market) provided not just funding but valuable advice and business expertise; the emergence of a huge market of affluent, success-oriented women who demand quality and practibility as well as style is obviously an essential component.

In all, a happy set of circumstances for all concerned and, judging by the plans and ambitions of the Monaco Group partners, a success story that is a long way from its final chapters.

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— by Gillian Welbourne
Canada Commerce

TRADING PLACES

Linking Canada's New Solitudes

"Business-government relations in Canada are marked by a high level of conflict. Business people are very critical of the personnel, attitudes and methods of government. In particular, they believe that the Canadian government has not understood the enterprise system.

"Government officials reciprocate in one of three ways. Some see business as just another interest group. Others see business as a complement to government but one less skilled at managing the various interests in the society. A final group sees business as mainly imposing costs on society.

"These conflicts have been said to result from a 'personal and personnel gap'. The two sectors are perceived as inhabited by individuals with quite different skills and experience. This diagnosis led to the prescription of an exchange of personnel between the sectors with the object of developing a cadre of executives in both sectors with experience of and understanding for the other sector. In the long run this is seen as an approach that would reduce the level of conflict between business and government in Canada."

From a report of the Conference Board of Canada

The program referred to by the Conference Board is "Interchange Canada" through which senior and upwardly mobile personnel of Canada's public service undertake one to three-year assignments in other sectors of the economy while personnel from the other sectors take up assignments in the public service.

When it was established in 1971 as the Executive Interchange Program, there was a concerted effort to match the exchanges — that is, place a public servant in the position vacated by the candidate in the other sector. This, however, became too complicated to administer and exchanges are now based on other criteria particularly the enrichment of the participating agencies, both public and private, by promoting the cross-fertilization of ideas, skills and technologies.

But the basic premise of Interchange Canada is that it will help span what has been called the "New Solitudes" in Canada — the growing mistrust and confrontation between the various sectors of Canada, both public and private.

While it is true that government and business in Canada have never seen eye to eye, the increasing complexity of modern society, governments' increasing role in the economy of the country and business preoccupation with bottom line economics have no doubt added to the problem.

As Jean Wadds, a commissioner on the Macdonald Royal Commission, said following commission hearings, "The consensus across the country is that people at all levels want the government off their backs."

But it is not only governments that suffer.

As Walter Light, chairman of Northern Telecom Ltd., told the Macdonald Commission, "If we look around Canada today we see business against government, labour against business, government against business, government against labour, and finally, perhaps the most tragic — government against government."

Over a year ago, the Conference Board of Canada published the results of its study on Interchange Canada, quoted in the introduction, which found the program was helping break down barriers between the federal government and other sectors of the economy. In addition to exchanges between the federal civil service and private business, there were exchanges between Crown corporations, industrial associations, various levels of government and universities.

To date, some 1 100 assignments have been arranged through the program representing basically all sectors of the Canadian economy. The assignments have been as varied as the organizations' requirements for expertise and knowledge skills.

Warren Maidens of the Public Service Commission, the federal agency that administers the program, says that while there is continuing interest there are changes needed to strengthen the program.

Maidens says that the program is now "Ottawa driven" and he would like to see it take on a more regional focus to facilitate interchanges in large Canadian cities.

Now, the typical exchange requires an executive to move a great distance between jobs. This is scaring off potential candidates because of chances for displacement and dislocation.

He would also like to see more participation from small business. Private participation is now driven primarily by large corporations willing to live with an initial lack of productivity of an executive in a new position, and little or no representation from the small business sector.

For Charlotte Ward, "The program has opened up an entirely new spectrum of issues and problems. There is no doubt in my mind that when I return to DRIE, my contacts in the private sector will be invaluable."

"The (construction) industry must undertake research and development and improve its productivity to remain competitive at home and capture its fair share of foreign construction," according to Graham Earle.

While the increasing regionalization of many federal departments will facilitate movement of executives from these new regional offices to local business, the second improvement will require more effort.

In fact, recent moves from and into regional operations of the Department of Regional and Industrial Expansion (DRIE) show this is happening.

For example:

- Robert Ward, a research and policy analyst with the City of Winnipeg is now an evaluation officer with DRIE's regional office in Winnipeg;
- Hubert-J. Paré, traffic network supervisor with the Traffic Department, Bell Canada, Montreal has just completed his assignment as a senior research officer with the Canadian Industrial Renewal Board in Montreal;
- John D. Parkins, a senior specialist with The Northern Pipeline Agency Canada of Calgary has been special projects and liaison officer with DRIE in Calgary.

In the opposite direction, Algis Baronis, senior development and policy analyst of DRIE's Winnipeg office is now administrative co-ordinator for the North Portage (Winnipeg) Development Corporation.

As Mr. Maidens points out, the small business sector will have to be convinced of the value of the program before it will participate in any meaningful numbers. This participation is difficult both from the financial and personnel resources of the smaller enterprises.

In the first case, due to the senior level of civil servants eligible under the program, many small firms would have difficulty meeting the salary and benefits costs entailed for a protracted period of time. Thus most entrants from the small business sector are from consulting or legal firms where the costs can be offset by fees for service.

In the case of personnel, most small firms' management functions are covered off by a very small management team and the loss of one member puts an excessive strain on the rest of the management team.

Possible solutions are to lower the level of eligibility of public service participants and to convince small business management that the exchange is an excellent factor in the development of management expertise and that it is in their best interest to have a staff member knowledgeable about the inner workings and personnel of government.

While small enterprises are under-represented, this lack is partially offset by interchanges between their associations and the federal government.

For example, Charlotte Ward, a planning officer from DRIE, is now serving as manager of "Ottawa Watch", a new entity set up by the Canadian Chamber of Commerce (CCC) to serve the needs of smaller associations affiliated with the Chamber.

To date, nine associations have joined for the annual fee of $5 000. For their contribution, the Chamber provides custom-tailored legislative monitoring services. With the exception of the Ottawa based Canadian Carpet Institute, the others are in Toronto or environs.

After consulting with an association to determine the particular issues that are of frequent concern, the service then monitors related federal departments and agencies — in other words to serve as the association's eyes and ears in the Capital.

In addition to a weekly telephone call or letter noting any developments on the issues identified, once a quarter the associations receive a half-day briefing on industry-specific matters, as well as other pertinent "political developments". A place is also reserved for the Chamber's "Ottawa Forum" monthly breakfast meeting at which corporate and association lobbyists discuss issues of mutual concern, i.e. federal sales tax or the Macdonald Commission.

For Charlotte, "the program has opened up an entirely new spectrum of issues and problems. There is no doubt in my mind that when I return to DRIE my contacts in the private sector will be invaluable in carrying out whatever assignment is thrown my way."

While her assignment is relatively new and she was closely involved in setting up the program, she is amazed at the dedication of association members with whom she comes in contact and is rapidly becoming aware of their concerns.

That these concerns are also concerns of the associations' member firms give her a broad oversight of the problems and challenges faced by a large sector of the Canadian economy. Participating associations cover direct marketing, electrical distribution, insurance agents and brokers, plumbing and heating, retail hardware, steel service centres, toy manufacturers and rubber products, covering manufacturing, distribution and retailing.

Graham B. Earle, on the other hand, came from the private sector to an association type position with DRIE as Executive Director of the Construction Industry Development Council.

An engineer with wide experience both in Canada and overseas, he came from Montreal Engineering Company Limited but has owned his own engineering firm and worked as a senior engineer on tunnel projects in Hong Kong, the U.S. and Montreal.

In his new posting, Mr. Earle is responsible for the day-to-day operation of the Council, an advisory body to the Minister of Regional Industrial Expansion. Representing all aspects of the construction industry (contracting, building development, labour, design, manufacturing and the academic community as well as government), the Council attempts to look at the overall focus of the industry, both domestically and internationally.

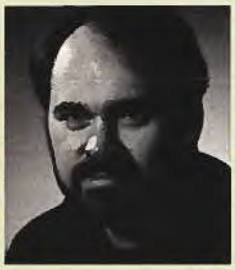
For example, the Council last year completed a major study, *Canada Constructs*, which took an in-depth look at capital projects and Canadian economic growth in the decades ahead.

For Graham Earle, the challenge is to preserve the dedication of the various sectors represented by the Council and to follow the progress of the scores of recommendations made by the Council in its report.

While many of the recommendations were aimed at government action, two major areas aimed more at the industry itself were research and development and productivity.

"The industry must undertake R&D and improve its productivity to remain competitive at home and capture its fair share of foreign construction," Mr. Earle advises.

On the subject of interchange, he has been impressed with the expertise he has found among federal civil servants and is now more aware than ever of the conflicting pressures faced by bureaucrats in attempting to resolve many policy issues.



Michael Charette is positive, "I will be a better teacher when I return to the academic setting, better able to advise my students on what is happening in the field of economics beyond the university walls."

In particular, he found the introduction course given all exchange students coming into government extremely useful in smoothing his transition.

If he had any criticism of these efforts it was the difficulty to assimilate all the intricacies of government in the short period of time allotted. Rather than extend the period, however, he felt that updating sessions should be held to review and answer questions that arise after a few months on the job.

As for what he personally was getting out of the exchange, "After a lifetime of engineering and construction management, I am finding that I must develop my conciliation skills to bring together the divergent views of the various sectors of the construction industry for the common good."

For Fred Bennett, now director of development projects for DRIE and formerly a chartered accountant with the firm of Peat, Marwick and Partners of Toronto, the change was easy since he had a good deal of experience in government operations both as a civil servant and as a consultant to the government. In his new position, he finds the pace hectic due in large part to the many program changes planned.

This same familiarity is being experienced by Michael Charette, a former professor of economics at the University of Windsor and now the project leader of an economic study at DRIE. In this case it is not so much prior experience in government but rather the similarity of work he has now undertaken with his former research studies at the university. Among the pluses he finds are the superior facilities and background as compared to those at the university.

He is also positive that "I will be a better teacher when I return to the academic setting, better able to advise my students on what is happening in the field of economics beyond the university walls."

As might be expected, the Department of Regional Industrial Expansion has been one of the major participating departments for exchanges both in and out of federal public service. In fact, this lead department in government/business relations accounts for some 10 per cent of all exchanges negotiated by the Public Service Commission for the 32 departments and agencies which have participated.

According to the aforementioned Conference Board of Canada study, the Interchange Canada program has met its objectives established at its launching.

These were to enable executives in all sectors to:

- acquire and execute new managerial skills in a new environment;
- improve their awareness of Canadian regional problems and interests;
- develop a better understanding of problems, work methods and areas of common interest to executives at all levels of government and in the private sector;
- gain a better knowledge of business practice and of problems that industry faces in dealing with government (or understand more fully the objectives and management practices of the federal government);
- become familiar with new viewpoints, management systems and work environments; and
- develop a spirit of co-operation and mutual confidence between executives inside and outside the Public Service.

While Interchange Canada is not for all private sector firms or even for all senior civil servants, it is working on a one-to-one basis in breaking down the distrust between business and government at all levels. In fact, to maintain the integrity of the program, there are strict conflict of interest guidelines applied to each participant.

If there is criticism of the program it is against the small number participating at any time, generally about 200.

That more firms could participate, either as a host or supplier of participants, is a well-known fact to the program organizers and one they hope to improve by getting the word out to both the private and public sector.

If a firm wishes to participate they should contact:
Interchange Canada
Management Category Programs Branch
Public Service Commission of Canada
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— by Bob McDonell
Canada Commerce

Culinar: The Horn of Plenty

With sales of $410 million in 1984, Culinar Inc. has enjoyed growth in the face of recession, its profits margin far surpassing the uninspired performance of the Canadian food industry. Roger Néron is president and chief executive officer of this flourishing corporation, whose reputation stretches across Canada and even into the northeastern United States.

Every so often, almost like clockwork, another company is added to its already-impressive list of acquisitions.

Culinar, which is 53 per cent owned by the *Société d'investissement Desjardins* (SID) and 36 per cent by the *Société québécoise d'initiatives agro-alimentaires* (SOQUIA), is involved in the processing and importing of food products as well as in the restaurant industry. It has 5 000 employees, 1 600 sales outlets, several plants in Quebec and Ontario, and an armada of delivery trucks, many of them equipped with microcomputers.

What is today a colossal operation first began in 1923, when the Vachon family emptied their entire savings from a piggybank and bought a small bakery in Sainte-Marie, Beauce County, some 80 kilometres southeast of Quebec City.

In 1929, at the outset of the Great Depression of the 1930s, Rose-Anna and Arcade Vachon expanded the operation by selling some of their cakes, which had drawn enthusiastic praise from everyone in the village. In those days, a single horse-drawn wagon was able to deliver the 200 pounds of pastries baked each day.

By 1943, daily production had swelled to five tons; by 1966 it had reached 112 tons, and seven years later it stood at 225 tons.

Meanwhile, the four Vachon brothers had become inventors in their own right. Finding most of the equipment they needed unavailable on the market, they set about designing their own machinery.

Gradually Vachon's sales territory extended west all the way to Vancouver.

In 1970, the company was placed on the auction block. It came close to being purchased by an American multi-

Roger Néron

national but the *Caisses populaires Desjardins* movement stepped in and bought 83 per cent of the shares through *Fiducie du Québec* (Quebec Trust).

A Little of Everything

Culinar is one of the few companies to offer a line of quality food products that can be used to create a complete meal in the home, from hors d'œuvres to dessert, including salad oil and coffee.

Under a single corporate name, Culinar holds an impressive number of trademarks divided into four groups — Bakery and Confectionery; Dry Products; Refrigerated Products; and Restaurants. Each group has a team well versed in the development, testing and marketing of new products.

According to Jacques Nadeau, vice-president, human resources and communications, "Culinar's organization is based on the autonomy of its groups, as well as on co-ordination, the provision of central services and the management of human resources. Each operation is characterized by efficient management and rapid decision-making."

Think Big

On November 30, 1983, Culinar took over Imasco Foods, a division of the British tobacco giant Imasco Ltd. — a bold move indeed. "With this acquisition," Roger Néron explained to *Canada Commerce*, "Culinar doubled in size — quite a rare phenomenon. In other words, we swallowed something as big as ourselves."

The takeover placed Culinar among the 10 leading companies in the Canadian food industry as well as the 200 largest corporations in the country. Imasco Foods became the Culinar Foods Inc. Division, which in October 1984 split into two groups — Dry Products and Refrigerated Products.

When Imasco Foods came into the Culinar family, it brought with it such prestigious names as Anco cheese (including the Corneville plant in Saint-Hyacinthe and the Cherry Hill plant in Ingersoll, Ontario), Taillefer delicatessen meats, Grissol breadsticks, Loney's soupmix, Viau and Lido cookies, and Unico, an Ontario-based food importing company.

The $85 million paid to acquire Imasco Foods turned out to be a worthwhile investment, for it gave Culinar the lead in the Canadian cheese and baked-goods markets. Even so, Culinar management studied the situation carefully before going ahead with the purchase. Financial plan was based on expected profits as well as on future balance sheets. After the acquisition took place, Culinar's assets stood at $171 million at the end of 1983 and $179 million at the end of 1984.

How the Deal was Made

To finance the takeover, Culinar raised $15 million through share issues, $42 million in long-term loans and $15 million in short-term loans. The balance, $13 million, came out of the company's cash on hand.

The purchase price of a company is always determined on the basis of its profitability over a five-year period, and a capitalization factor.

According to Roger Néron, borrowing is still the least expensive way to finance such purchases, provided the purchaser is financially healthy. Culinar's capital structure was modified by the addition of Imasco Foods in November 1983. However, the total long-term

debt is still less than one-fifth of the assets (the critical point would be 50 per cent) and financial experts rate the company in the AAA or AA category.

The Man Behind Culinar

Roger Néron describes himself as a simple man. When he speaks of Culinar's strength and efficiency, therefore, he uses simple words: "Culinar has been able to maintain its growth rate and reach its objectives. Each of our four groups has shown good results in terms of profitability and management. Once again, this company has proved its extraordinary vitality."

Culinar's president and chief executive officer is an expert not only on food but on management. Government officials consult him, while organizers of business conferences ask him to give speeches explaining new trends in human resource management — in which he is likely to remark that everything depends on human resources.

He entertains his listeners with ideas on leadership, motivation, communication and interaction. He will often stress that human resources are inseparable from communication and that these two disciplines really constitute a single management tool. Managers should be as well trained in communication as in management.

Roger Néron, friendly yet intelligent and deep-thinking, brings to mind a champion fencer whose spiritedness and skilled eye assure him of victory.

An Impressive Background

Roger Néron learned the rules of economics and business in the real world.

After completing his studies in a business college in Quebec City, he went to Montreal in 1948 to look for a job which he found at Robin Hood as an office clerk. Working his way up through the ranks and leaving his mark wherever he went, eventually he made it to the executive committee and in 1964 was promoted to vice-president.

In 1969 he left Robin Hood to become vice-president of marketing for the Montreal daily newspaper *La Presse*. It was an enriching but difficult experience, coming at a time when the newspaper's existence was jeopardized by a strike over the adoption of new technologies and the premature retirement of hundreds of employees. Roger Néron had time to cast a critical gaze into the workings of a newspaper.

When Culinar offered him the position of president, he was already known as one of North America's leading experts on food marketing. This background enabled him to inject new drive into all the company's activities — planning, management, administration, production, sales . . . but especially expansion.

When Mr. Néron arrived at Culinar, the company had only three subsidiaries: Vachon, Produits Diamant and Lido. According to Jacques Nadeau, "Roger Néron made this company what it is."

Development Strategy

His first move as the new president of Culinar was to draw up a development strategy. This document, which employees refer to as "the Bible," reads like a course in model management, tailor-made for Culinar personnel.

The strategy promotes a sense of belonging in employees. It gives executives a perspective to adopt when carrying out their duties. It sets out a marketing orientation and a philosophy for human resource management and communications in which human resources are presented as the company's most important asset.

"While the development strategy is designed to point the way in general," explained Roger Néron, "the company objectives are supposed to target exactly where we want to be in X number of years." He believes that these objectives, although ambitious, are likely to be not only fulfilled but surpassed.

A host . . . .

	1978	1984	1988
Net consolidated sales ($ million)	102	410	550
Consolidated profits before tax ($ millions)	7	24	37
Net profit per share ($)	7.99	2.25	3.71
Book value of shares ($)	4.52	11.60	19.90
Shareholders' return on equity (%)	20.05	20.07	18.70

From 1979 to 1983, the rapid growth of Culinar under Mr. Néron's influence was evident in sales, capital expenditures, acquisitions, cash flow and long-term debt. The above table illustrates this growth, together with objectives for 1988.

Culinar's outlook is based on seven highly important key factors: diversification; vertical integration; the institutional market; profitability; the role of management; company image; and human resources.

Roger Néron always succeeds in communicating his theoretical concepts by expressing a challenge in simple words. When asked whether Culinar was undergoing an evolutionary process, he answered, "We are in the midst of both evolution and revolution," referring to the organizational restructuring into four groups.

Free Rein

Roger Néron places great importance on reconciling the company's economic objectives with the personal aspirations of its employees. "You have to give people a free rein and never lose your sense of humanity."

Experience has taught him to prefer generalists over specialists. "An executive with a background in three disciplines is always more useful than someone who's never been out of his particular sector."

He cited the case of Carole who worked for Culinar as a psychologist. After a few years, she wanted to try her hand at marketing and she was given a chance. "She did so well that she soon became one of our best reps for the United States," recalled Mr. Néron.

"This is the kind of management I preach. A good manager is one who helps his subordinates develop to the maximum of their potential, who always knows what's happening — whether it's at the plant, in the office or in the consumer's home — and who instinctively tries to be one step ahead of change."

A Pacesetter

The food industry is the second largest industrial sector in Quebec and, as such, constitutes the mainstay of the Société d'investissement Desjardins. Quebeckers spend more than $8 billion on food every year; the average citizen spends about 20 per cent of his or her income.

.... of products.

In Quebec alone, the food industry generates enough work for more than 1 600 plants with a total production value of $1.8 billion. There are 15 food groups, with sales of between $5 million and $650 million, that share this market.

In Canada as a whole, Weston is the leading food producer followed by Canada Packers, Nabisco, Kraft, McCain and General Foods.

About 12 years ago, Culinar began gnawing away at these multi-nationals. Nibble led to bite and today it competes with these giants on their own ground.

According to Roger Néron, Culinar's aim is to lead the way in various sectors of the food industry including the large-scale processing and marketing of quality products which address the needs of consumers. The future lies in food products, prepared foods and the restaurants and hotel sector.

Culinar's number one challenge? To develop an organizational structure that will meet these requirements and, at the same time, preserve the effectiveness and motivation that stem from decentralized operations.

With hopes of a bright future, the Culinar groups are aiming for the top.

Sleepless Nights?

A fluctuating dollar, shifting interest rates and unstable commodity prices never disturb Roger Néron's sleep. "We are at the mercy of inflation, drought, catastrophes, and major world events," he reflects.

"The secret to protecting ourselves is to plan in the long term, the very long term. That is why, for example, our sugar deliveries are arranged until 1986 at prices fixed long ago. It shelters us from a number of potential problems.

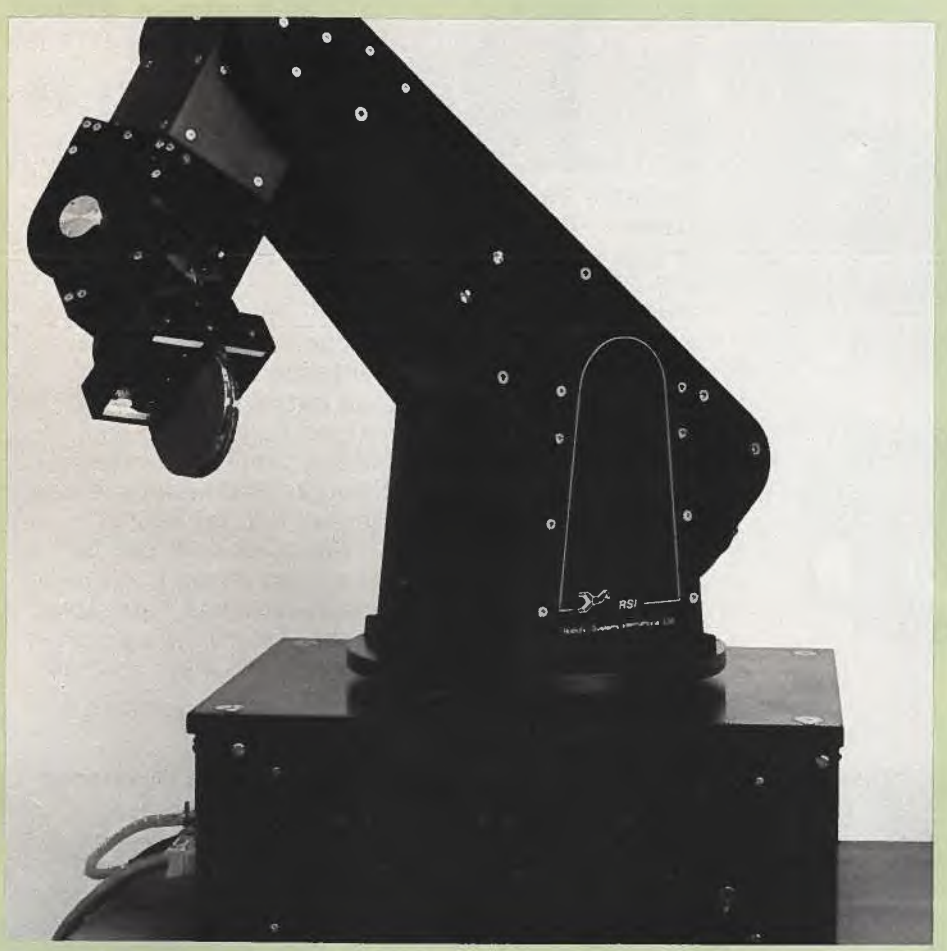
"The only serious problems for senior executives involve the people around you, who depend on you . . . and on whom you depend. If you can't sleep, it is always because of a problem involving people, a human resources problem. You must never lose your sense of humor but you have to find out exactly what is going on and look at both sides of a question."

While Vachon, the jewel in the Culinar crown, belongs to Quebec's family history, Culinar is in the process of writing a few lines of Canada's economic history.

— by Thérèse Vaillancourt
Canada Commerce

CANADIAN COMPANIES & PRODUCTS

Companies wishing to take advantage of this feature may do so without charge simply by sending sufficient material on product or service for no more than 100 words and a glossy black and white photograph to Canadian Companies & Products, ***Canada Commerce*** (BCOM), Department of Regional Industrial Expansion, Ottawa, Ontario K1A 0H5. As ***Canada Commerce*** is produced in both official languages, please send material in both languages if it is available.



Versatile Robotics Teaching Aid

Robotic Systems International Ltd. of Surrey, B.C., has developed a unique six-axis robot designed for robotics instruction in the classroom or shop floor training.

The EXCALIBUR unit is designed to stand up to rigorous use by students, resulting in low maintenance and easily repaired analog control circuits with commonly available components.

The base containing the servo amplifiers and power supply is easily accessible for experimentation and testing. Each servo on the EXCALIBUR can be independently analyzed with trouble shooting made easier by interchangeable axis cards. It is the only robot that offers a master arm for teaching the robot a path and allowing continuous programming of all joint movements. The master arm can also be used to operate the robot independently from the microprocessor.

Battery Powered Tricycle Saves Time and Energy

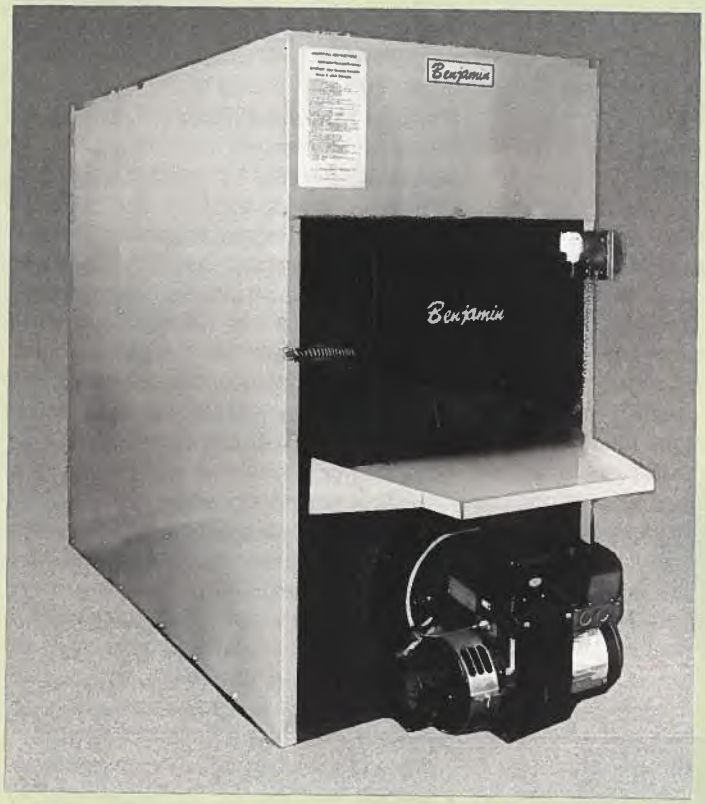
Bee Industries Ltd. of Whitby, Ontario, has developed the BEE BUGGY to transport people and goods in warehouses, plants, airports and hospitals. Its compact size — 0.71 metre (28 inches) — means it travels with ease through narrow aisleways, doorways and into elevators, and its 0.86 metre (34 inch) turning radius gives it great flexibility.

The standing operator position provides added safety in busy environments; the operator can see hazards and just as important can be seen. The sturdy vehicle features a monocoupe all-welded steel body, a large series wound motor powered by heavy duty batteries rechargeable with an onboard automatic charger.

New Combination Wood/Oil Furnace Now Available

W. R. Benjamin Products Ltd. of Springhill, Nova Scotia, introduces a new furnace that switches automatically from wood to oil or gas for home or small commercial heating applications. The FS 140 hot air unit may be used as a gravity unit when the power is off, and is available with the Aero or the new Reillo Mectron 5 oil burner.

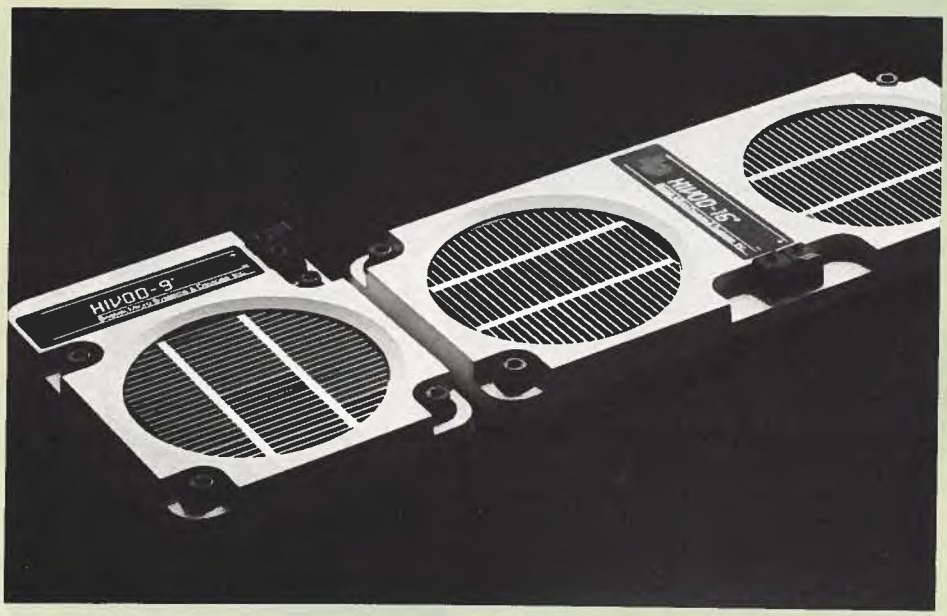
Rated up to 35 300 kg/cal (140 000 BTU) with wood or 29 000 kg/cal (115 000 BTU) with oil, the furnace features a large highly efficient tubular heat exchanger and an easy loading top chamber for wood up to 0.6 metres (24 in.) long. The unit is suitable for new construction or as a direct replacement of an existing unit.



Erasable Flip Charts Present Material in Brilliant Colour

Visual Planning Corporation of Montreal has introduced a new line of easel pads — ALL WAYS — that feature write-on, wipe-off selectivity by using three different kinds of markers. Changes or revisions to a prepared presentation can easily be made without reworking an entire sheet.

The ALL WAYS easel pad pages are clean, white laminated sheets which won't tear, crease, wrinkle, bleed or show through. Each erasable pad is plain white on one side and rule printed with light one-inch squares on the other and may be used with any standard flip chart easel. Each erasable easel pad kit contains 10 laminated erasable pages, three liquid chalk markers, one felt brush, three washable markers, three permanent markers and a bottle of cleaner.



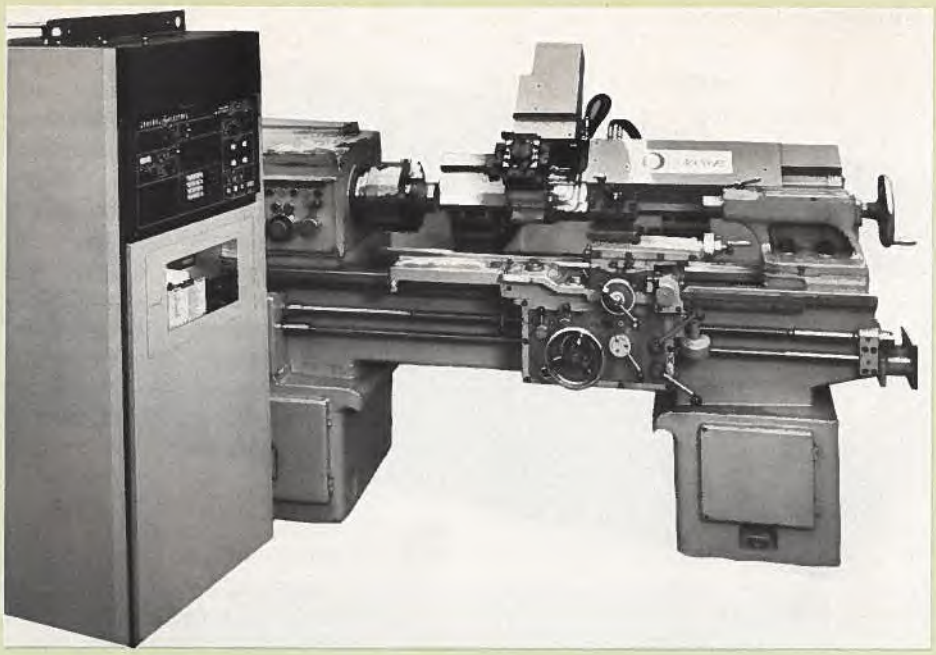
Solar-powered Packs Developed as Portable Energy Source

Bestek Micro Devices & Systems Inc. of Ottawa has developed compact and efficient solar energy generators, called HIVOD for low power (1 to 10 watts) generation. Affordably priced, the units are ideal for energizing electronic instruments or trickle charging batteries.

A variety of voltages and currents to suit customer needs is available in a standard unit about the size of a book and systems can be designed for original equipment manufacturers.

Magic Lighter For Wood Fires
G.K.M. Marketing has just introduced its MAGIC LIGHTER which will be of interest to anyone who has experienced the frustrations of starting a wood fire with paper and kindling. The heavy cast iron body of this new novelty product holds a porous ceramic brick which, when filled with a lighter fluid-kerosene, stove oil or charcoal lighter fluid, will start even the most stubborn wood when placed under the logs on the bottom of the fireplace, campfire or outdoor fire pit.

The amount of fuel used determines the length of burning time desired but usually it requires a quarter to a half a cup.



Conversion System Upgrades Machine Tools
MIMIK Inc. of Cambridge, Ontario, has for more than 30 years been upgrading manual machine tools with tracing and numerical control systems.

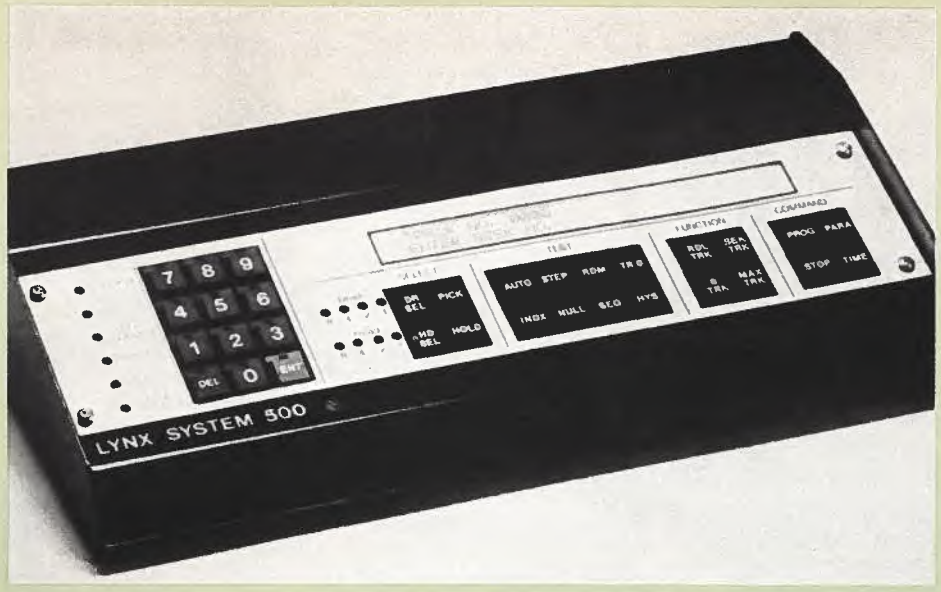
The company has developed a conversion system, the Datadrive® 2000, which attaches to manual lathes and provides CNC capability without rebuilding and without major modification to the machine.

The Datadrive 2000 package is equipped with conventional, up to date control systems from such suppliers as General Numeric, General Electric and Dynapath®.

Conversion of a machine can be done in the customer's shop and takes three to four days, once the equipment arrives. In many cases, manual use of the lathe can be retained.

Hinged Utility Pole System Saves Maintenance Costs
Girole Steel Inc. of Montreal has developed a hinged utility pole system for light standards which can be lowered to ground level within a few minutes by means of a hydraulic unit.

Lighting columns are supplied in heights from 10 to 35 metres (35 to 115 feet) and are raised and lowered by a separate hydraulic ram and a power unit. The ram is designed so that the rate of descent is controlled by a built-in restriction which also operates in the event of hydraulic failure.



Low Cost Testers Developed For Magnetic Peripheral Media

Lynx Technology Inc. of Markham, Ontario, has announced the introduction of a micro-processor-based exerciser/test system which provides manual, automatic and programmable test functions for hard and floppy disc drives and streamer peripherals.

As well as the micro-processor, which comes with a standard ST 506 Winchester interface, the System 500 offers exerciser interfaces with the SA 1000, SMD, QIC102, QIC24 and 853 floppy disc drives. A peripheral to the system allows intelligent read, write, formatting, error status, error rate and pattern testing.

For further information about the companies, products and services listed, please contact:

Robotic Systems International Ltd.
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V8L 3S1
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Telex: 049-7292

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W. R. Benjamin Products Ltd.
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Visual Planning Corporation
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Montréal (Québec)
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Bestek Micro Devices & Systems Inc.
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Lynx Technology Inc.
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Telex: 06-986766

Like the Three Musketeers, There are Four of Them

From its head office located in Montreal's Complexe Desjardins, Culinar Inc., which is the outgrowth of a long acquisition process, manages its operations through four autonomous groups.

The actual head office team is only 20 people whose role consists of watching over term growth; expansion and distribution projects; purchases of sugar; the institution of the Culinar code of ethics; relations with various levels of governments; etc.

Bakery and Confectionary Group

This group operates five plants in Quebec and Ontario and employs more than 2 000 workers. Its products are found on the shelves of thousands of sales outlets from coast to coast.

The Vachon and Stuart companies alone produce more than 80 per cent of the small cakes sold in Canada. Who doesn't know Joe Louis, Half-Moon, Mae West, Swiss Roll or Puff-O-Fruit? Vachon also makes Tart-O-Bec and Teeny Tarts in its Port Perry, Ontario, plant and dominates the confectionary field with more than 200 recipes for jams, jellies, pie fillings and other basic ingredients. Its main trademarks: Grenache, Tradition and Vachon.

The newcomers to the market are Puff-O-Fruit, launched just about simultaneously in the United States and Canada (at $30 million sales have exceeded all forecasts), and Teeny Tarts.

Overall, this group has invested around $6 million in 1984, mainly to buy modern equipment and upgrade production processes to increase productivity.

The confectionary industry no longer depends on kitchens but on laboratories. The giant mixing bowls of the old days have been replaced by fan ducts, vertical tubes, head exchangers, slow agitating horizontal mixers.

Unable to find the right pump on the market, Culinar's mechanical engineers simply designed one for themselves. Used on the continuous production line, it can process 4 200 kilograms (9 260 pounds) of products an hour without breaking the fruit.

Restaurant Group

Gestion Resto Inc. is the base of the Restaurant Group, which consists of 60 restaurants and 100 employees. While initially this group mainly operated A&W franchises, other concepts have been added — Le Coq Rôti, le Fournil, la Boîte à Spaghetti, Les Délicatesses and the latest addition, Pacini.

Gestion Resto is also behind the Croissant Plus counters now being franchised in Quebec and Ontario. Sales by this group rose to $26 million in 1984.

Dry Products Group

The dry products group, whose installations are among the most modern in North America, specializes in making bread, cookies and in imports. The companies in the group are Viau-Lido, Grissol and Unico.

Last year was *Viau-Lido's* best year. With nearly 600 employees, it is Quebec's largest cookie maker, producing 42 kinds of cookies including the famous Ti-Coq, Mickey Mouse, Donald Duck, Riviera, Baron, Normandie, etc. In addition, the company makes 30 kinds of candy.

Despite a decrease in per capita consumption over the last few years, the company's Goglu, Village, Pattes d'ours, Ti-Coq and Whippet brands sell well throughout Canada.

Viau was founded in 1867, the same year as Canada, and Lido has just celebrated its 50th anniversary.

Grissol, Canada's leader in breadsticks, rusks and bread products, is also the second largest dried soupmaker (Loney's and Crème d'or). Grissol recently orchestrated an intensive advertising campaign.

Grissol's Crème d'or leek soups have been awarded a Gold Medal in international competition. This success has encouraged the company to enter a whole range of soups on the *Monde Sélection* competitions of 1985 before testing them on world markets.

Unico, with installations in Toronto and Vancouver, is Canada's leading importer of olives. In addition to being a distributor and importer of European products (oils, tomato products and other condiments), Unico is also one of the largest bottlers of vegetable oils of Canadian origin.

Refrigerated Products Group

Anco, pacesetter for fine cheeses in Canada, has been known for 25 years as the country's largest importer and distributor of finished cheeses (La Vache qui Rit, Bonbel, etc.).

After meticulous research in the best cheesemaking plants of Europe, Anco inaugurated its own Corneville plant in Saint-Hyacinthe, Quebec. In 1983, it bought the Ingersoll Cheese plant, founded in Ontario a hundred years ago, which makes Cherry Hill cheese. In 1983, Anco went after new market, the popular cheeses like mozzarella, cheddar, colby, brick and cheese spreads.

Despite fierce competition in the Canadian cheese industry, Anco is marketing aggressively and is selling more of its own brands of Brie, Anfleur, Anfron, Camembert and Saint-Paulin. Production is over three million kilograms per year.

As recently as the end of December 1984, Anco was awarded well meritted Gold Medals for four of its high quality cheeses at the international competition *Monde Sélection* held in Madrid, Spain, in which 60 other countries also participated.

Taillefer offers one of the widest assortments of fine and traditional delicatessen and sausage products. Besides being distributor of the La Varenne and La Cantinière brands, it is responsible for the Taillefer brand (150 products). In addition to its famous cretons, it marketed, in time for Christmas, a new *tourtière* and a line of products called "Taillefer d'autrefois."

With some saturation in the delicatessen market, Taillefer has had to make major adjustments to its strategies in 1984. In recent months, the company's 11 sliced meats (ham, chicken, salami, etc.) have been given new packages. Thanks to this new look and recipes that are lower in calories (including a ham slice that comes with a package of pineapple sauce), Taillefer has regained satisfactory profitability levels in 1984.

— by Thérèse Vaillancourt
Canada Commerce

If What You Want Doesn't Exist — Invent It

Automation at Culinar Inc. has been rapid. A year ago Vachon became the only Canadian company to automate its accounting services from its truck fleet. The challenge was a big one. Some 50 000 invoices per week, from 10 Canadian provinces and several American states, have to be processed by computer!

With no known computer satisfying its needs, Culinar began its Project Placon computer search in 1979. The initiators of the project reached the conclusion that the device they were looking for didn't exist, so they had to invent one. The task of designing and making the pocket computer was given to Digitech of Quebec.

Baptized *Memo*, this new hand-held microcomputer allows the marketing and sales departments to break down sales by region, product and even customer.

Thus, Vachon sales force last spring traded in their notebooks and pencil for a *Memo*. A microcomputer network designed by Digitech allows data on sales, counter surveys or inventory to be entered through portable terminals. Using his *Memo*, a driver enters his customer's orders into memory, accesses the list and prices of items he has in his truck and prepares his invoices with all the proper calculations. He can also transmit sales reports, orders or any other information requested by the mainframe.

In addition, explained Michel Plante, financial controller of the Bakery and Confectionary Group, communications is done automatically by telephone line while the salesman is asleep.

Communication is two-directional. All the data collected by the salesmen during the day is sent back to the office. The main office then sends to the memory of each *Memo* the list of customers to see, their background (sales and inventories), new prices, promotions, etc.

Memo even stores messages. For example, it can warn a salesman to watch out for a dangerous dog anywhere from Montreal to Vancouver. It can enter marketing questions salesmen are to ask their customers. *Memo's* memory can hold up to 250 000 characters.

The whole operation cost Culinar more than $1.5 million.

— by Thérèse Vaillancourt
Canada Commerce

Quebec

Gauvin et Associés: Integrated Print Communications

More honours have come to the first Canadian company to receive an award for excellence in marketing from the prestigious Printing Industries of America.

Gauvin et Associés of Sherbrooke, Quebec, recently received two other distinctions which underscore the merits of its industrial marketing approach — the 1984 award of the Société des graphistes du Québec, and first prize in an advertising contest sponsored by the Barber Ellis paper mill.

What makes Gauvin et Associés so unique is the print communications concept developed by its co-owners, Jacques Gauvin and Claude Gingras.

"When we sign an agreement with one of our clients, we assume total responsibility for their promotional product — that is to say, the entire process, which usually involves a lot of running around for the firm and often results in unforeseen costs," says Gauvin.

Everything under One Roof

By having all the necessary specialists under one roof, Gauvin et Associés allows its clients to achieve considerable savings, since all the work is done by one firm and there is no commission to pay and no other transportation involved.

Jacques Gauvin explains: "We take care of everything, from the marketing study, to the preparation of the dummy, photo sessions in our studios, the drafting and translation of written material, editing and assembly and, finally, to printing in our own shops."

Thus, printing is no longer an isolated activity but rather the final stage in a process, a technical operation just like design or photography. This highly original integrated marketing approach won the company its award from the Printing Industries of America.

From Printing to Marketing

Everything began in 1978 when Jacques Gauvin teamed up with Claude Gingras to buy the family printing company, which had been operating in Sherbrooke for 30 years. In 1981 the two partners undertook a very special kind of market survey, in that it was carried out within the company.

"We conducted a study of our clients and of the products in demand by taking more than 4 000 cost-price cards from our file system and dividing our market into seven segments, in light of manufacturing costs."

Branching Out

This survey allowed the two partners to identify the products most popular with their clients (an essential marketing tool), and convinced them to branch out and establish an advertising and print communications agency designed to serve the owner-operators of small to medium-sized businesses.

Gauvin et Associés is neither a printing company nor an advertising agency but both.

"Since that time, we have ceased to handle printing alone; we are now responsible for the entire advertising campaigns of each of our clients," notes Jacques Gauvin.

"Because we have a very clear idea of the final product, having developed it with our clients, we are able to sit down with them and determine their targets, the territory they want to cover, and their sales and distribution systems.

"The promotional product we develop is part of an overall approach. In other words, our method runs counter to the practice of trying to sell someone 100 000 brochures that are only going to rot in a corner of their office!"

Evaluating Needs

Gauvin places a great deal of emphasis on marketing. "As vice-president of the Groupement québécois d'entreprises, I understand the needs of business men and women; they are the same as my own — only the product is different," he says.

"We all know that there is no point in conducting a promotional campaign if you don't have an effective distribution network. However, what distinguishes Gauvin et Associés from its competitors is that we help our clients apply this principle throughout the course of our agreement."

Thus, Gauvin et Associés is not just a printing firm, but neither is it just an advertising agency.

By specializing in printed material, it attracts mostly industrial clients who want to make distributors and wholesalers aware of their products. This differentiates it from advertising agencies which organize campaigns aimed at retail markets (radio, television, newspapers).

"In addition, we operate on a piecework basis, not a contract basis, in accordance with the needs of our clients," points out Gauvin et Associés' Jacques Gauvin.

The Products

The range of products and services offered to clients includes corporate brochures, presentation folders and kits, catalogues, the designing of logos and acronyms, the creation of company names and, as mentioned earlier, the development of marketing plans.

Four representatives of the firm, including the two partners, are kept busy crisscrossing the province, since clients are scattered throughout Quebec and are involved in all sectors of activity: manufacturing, distribution and service industries.

"We don't have any trouble convincing business people to give one firm all their promotional work, from the design stage to the printing stage. They see right away that it is a very logical solution," concludes Jacques Gauvin.

— DRIE, Sherbrooke

Nova Scotia

Nova Scotian Exporters Supply World Class Goods

Nova Scotian businessmen who are involved in exporting tell of the tremendous opportunities for export sales awaiting the Canadian entrepreneur. Archaic machinery, outdated technologies and the absence of a wide range of products in some foreign countries leave a large gap that can potentially be filled by a Canadian.

Ingenious Canadian exporters have found international markets for everything from birdseed to earth stations. According to Sean McCloskey, in the Pacific Bureau of the Department of External Affairs, "There's almost nothing we can't consider providing."

And provide we do.

- Nova Scotians export carpeting and entire homes to surround it; clothes and the elastic fabric used to make them.
- Railway cars are sold overseas, the paint that's applied to them and the rail they travel on.
- Ambulances manufactured in Nova Scotia save lives in Africa.
- Intravenous needles, tiny enough to feed infants, are produced and exported by the same company that exports aircraft assemblies.
- State-of-the-art radio transmitters made in Halifax county bring the news of the day to faraway homes.
- The world dines on lobster, blueberries, apple pie and many other food products from this province and, not surprisingly, it is a major force in making Canada the world's number one exporter of fish.
- Made-in-Nova Scotia exports range from high fashion to high tech.
- And in the vein of selling coals in Newcastle, one Nova Scotian company is selling spices in the Orient.

Each of these exporters knows the value of exports to his or her company. What is less apparent is that these exports are what keep Canada afloat economically. Three million Canadians owe their jobs to exporting, while exports bring in one dollar in every three of the gross national income.

The largest number of Nova Scotia's exporters are small companies that have produced for the domestic market, then found they are providing a product that is internationally competitive.

Barry Bartlett, president of Canadian Automotive Radiators, made his first foray from Truro into the export market by attending a trade show in the United States. There he learned exporting's rule number one — it doesn't happen overnight.

Bartlett, who makes radiator parts for cars from the humble Chevette to luxurious Rolls, states flatly, "You can't send out catalogues and expect to have customers come knocking at the door."

His U.S. trip yielded a handful of enquiries followed up with a series of rather meagre orders. "They try you on for size with small orders. Once we proved our service and quality we had a toehold on the American Market. Now we're a major factor in the radiator business in North America."

Having gained confidence in the company's export ability, Bartlett has established markets in Australia and New Zealand and is looking at other countries.

Murray Osborne, president of the Port Hawkesbury shipbuilding company, Breton Industrial and Marine Limited, is the first to tell you that you don't get anywhere by resting on your laurels.

His first export sale was to the late Sir Roland Symonette, former Prime Minister of the Bahamas, who happened to be in the market for a ship. Other companies sent bids. Osborne presented, in person, a basic design produced by the Miami firm of James Krogan Inc. Sir Roland, who expected the other bidders to show the same initiative, gave Osborne the $1.4 million contract with the comment, "I'm not interested in letters."

Osborne's next visit to the Bahamas in search of shipbuilding business was preceded by the same comprehensive preparation, down to the fully drawn up, unsigned contract. His efforts yielded him another contract, this time for $2.3 million. Together the two ships enabled him to create a significant number of jobs.

Complex industries face more complicated exporting problems as is illustrated by the volumes of thick files held

by Dick Frost, director of marketing for Hawker-Siddeley's railcar plant in Trenton. Frost recently made a list of the world's railways and their different gauges, a document that turned out to be 12 pages long. Just coping with varying standards is a Herculean task.

A monthly telex bill of as high as $10 000 is an indication of how much goes into selling railway cars these days. The average sale, Frost says, will take 18 months to two years of constant work.

The company has had its success in foreign markets but faces a typical problem. More and more firms are coming up against the industrial giants and emerging nations. When Hawker-Siddeley recently tendered, there were 24 other companies standing in line. It's become a case of jogging to stand still, running hard to get ahead.

"The struggle to stay competitive," Frost says, "requires aggressiveness, persistence and cutting the cloth to suit each situation. One advantage of being in the export market is that it keeps you current with the latest developments. Our technology and design have improved as a result of our activity abroad and consequently we are well prepared for the international market."

Exporting rewards come in the form of longer runs, lower costs, the stability that comes from diversified markets and ability to provide jobs.

People in the export game, like Keith Colwell of K.W. Colwell Enterprises, spend long hours in hotels and airports but ultimately conclude that exporting is one of the most rewarding and intriguing aspects of business.

"I like the challenge and find it fun," says Colwell, "foreign markets are actually anxious to deal with Canadians. We have a good reputation. Every time we export a Canadian product, we get foreign money and create jobs in Canada. We are not just redividing the Canadian pie another way."

— by Winifred Desjardins
DRIE Halifax

Exporting "Just Normal Business" Says Company President

Keith Condon leads what some people would consider an exotic and sometimes dangerous life. As president of the Nova Scotian company, Tri-Star Industries, Condon spends three months of every year out of the country, marketing his company's emergency equipment in 40 nations around the world. Yet, it's just normal business for him.

He has spent a lot of time in Iraq during the last few years where Tri-Star has sold many of its ambulances to that war-torn country. But, he claims, it's no more dangerous than the highway from Halifax to Yarmouth.

And, although the styles of doing business and the cultural environments vary tremendously from country to country, "the fundamentals are no different than dealing with a customer in Nova Scotia," he says. "Your job is to make them aware of what is available and of what you can do for them."

Tri-Star's introduction to the export market began in 1978 when the company was asked to show its ambulances at a trade show in Baghdad. The Iraqis showed interest but it took 10 trips to finalize arrangements for that first major order.

"If you go unprepared for culture shock, you'll accomplish nothing," Condon maintains. He's seen people arrive in Arab countries wearing wool

suits in 54°C (130°F) heat, hoping to look up contacts in a telephone book which doesn't exist.

The way of conducting business varies from country to country. In some there is very little private enterprise, state companies handle most of the buying. It is common in some countries for these state organizations to call in the competition to hear a proposal. One must learn to respect and understand these customs, Condon advises.

He learned the hard way — from experience. To prepare for a trip, one can read material, listen to Canadian Embassy staff (even when it is hard to believe) and, most important, talk to someone who has been there before. That person can advise of things like the fact that Iraq does not accept credit cards.

Patience and Understanding

The most difficult thing about exporting is having the patience and understanding to complete transactions. It can be very frustrating to make 10 trips to a country to complete a sale or to be told to come back on Monday when your flight leaves on Sunday.

Condon stresses his advice to potential exporters to talk to someone who has done it in the marketplace they are interested in.

In his case, he also found it useful to visit the Department of External Affairs in Ottawa to speak to officers who are experts in the areas of interest to him.

However, such a trip is not always necessary as the regional offices of the Department of Regional Industrial Expansion (DRIE) also have extensive information on foreign markets. Trade officers at DRIE function as regional officers for External Affairs and have regular contact with Canadian trade offices around the world.

Exporting Takes Work

Exporting takes a lot of work, patience and persistence but, in the experience of Tri-Star's Keith Condon, the rewards are worth it.

— by Valerie Bachynsky
DRIE Halifax

Alberta

Innovative Rig Puts New Slant on Exports

Putting a different angle on slant-hole oil and gas well drilling is paying off for Calgary's Sierra Drill Manufacturing Ltd. Its unique rigs are selling overseas and the company's drilling division is working for senior oil companies in Canada.

Sierra's edge in slant-hole drilling comes from designing a rig with a mast that can be tilted up to 45 degrees off the perpendicular for drilling at an angle. This is a departure from the usual "whipstock" method of slant-hole drilling which drives an expensive bowed shaft to the target area.

Slant-hole drilling is generally employed to minimize land damage by drilling a number of holes in different directions from one location — an important factor when drilling in prime agricultural areas. It also has an advantage over conventional drilling methods in tarsands or for wells located under large bodies of water in that it can be used to pin-point targets more accurately.

In fact, Sierra developed its rig to drill 25 exploratory holes around the periphery of the Tilley (Water) Reservoir in southern Alberta.

"We couldn't use offshore technology and we wouldn't have reached the target area by whipstocking," says Sierra Vice-President Bob Edwards. "So we had to drill at a 45-degree angle to hit the target area. It also resulted in substantial savings in time."

The rig thrust Sierra into the forefront of slant-hole technology; word got around and the inquiries began. Incoming buyers from China, South America, the United States and Europe have all been welcomed to Sierra's manufacturing facilities in Medicine Hat and to on-site demonstrations.

A major sale to Maraven, the exploration arm of Petroleos de Venezuelos, was concluded last year resulting in some $5 million worth of rigs and equipment shipped to Venezuela. One of the rigs is currently operating at the Lake Maracaibo region.

"Now Trinidad and Tobago National Oil Company (Trintoc) is interested in purchasing one to drill in forest locations," says Dennis Comm, Sierra Drill Manufacturing president.

Two representatives from Trintoc came to the International Oil and Gas Show in Calgary last June.

Directional drilling, a technique in which the drill bit is "steered" away from the vertical, is not a competitor in this case, Comm notes.

"Another advantage of our rig is that it's just as happy to drill vertically. things to inspect Sierra's product more closely.

Slant drilling rigs present additional advantages for use in urban or inaccessible locations in that the rigs can be set down some distance from the target.

"At the moment, we have a live prospect of a sale in southern California," says Comm. "They're interested in shallow oil deposits underlying an urban area."

Sierra's slant-rig in operation — (above) aerial view showing drilling circle; (below) the rig in silhouette.

It's also more mobile than other slant rigs available." In fact, Sierra boasts that its rigs have drilled more land-based slant wells than any other company's rigs in the world.

Although the international drill rig market is in the doldrums at present ("It's been compared to selling iceboxes to Eskimos," chuckles the company president), Sierra Drill Manufacturing is aggressively pursuing international sales as much as its resources allow.

Being a small company is a disadvantage when it comes to international sales. "International marketing is costly. You can't just hire someone off the street to go out and sell for you."

The company works closely with both the federal and provincial governments who supply leads and expertise as well as financial assistance for overseas marketing.

Queries from the Canadian Trade Office in China, for example, led to Vice-President Bob Edwards spending three weeks in that country engaged in what he calls "positive" discussions with senior officials of the Chinese Petroleum Ministry. They are looking at equipment for use in the Daquing Oil Fields area.

Cracking the Chinese market is not easy, as many Canadian companies have discovered to their chagrin.

"In this case, we see a tremendous application for our rigs as the Daquing area is full of lakes and marshes. One lake alone has the potential for 140 wells underneath it," says Edwards.

In the meantime, while negotiations and discussions with the Chinese (and others) are going on, Sierra's drilling division is employing slant-hole rigs on jobs for Petro-Canada, Amoco and Dome.

Once the world market for oil rigs recovers, Edwards believes there will be strong demand for the specialized slant rig Sierra manufacturers.

— DRIE Calgary

Look Out World — Here Comes Company!

A small publishing company operating out of Vermilion, Alberta, has a runaway best-selling line of cookbooks that is all set to take on the best in the world.

Company's Coming Publishing Ltd. was started by Jean Pare and son Grant Lovig in April 1981. "Jean has been a professional caterer since 1963," Lovig relates. "She had all these notes for a cookbook and we quickly realized that there was enough not just for one book but for a series."

The fledgling company brought out its first title, *150 Delicious Squares*, in 1981. The book did so well that next year they brought out a second cookbook called *Casseroles*.

Their timing was right! Cookbooks were the fastest-growing sector of Canadian publishing and when *Muffins and More* followed in 1983 it also was well received.

But the success of the 1984 title, *Salads*, is surpassing them all, says Lovig.

"It's the fastest-selling cookbook in Canadian publishing history," he claims, exultantly. "In the first five weeks we booked 50 000 orders coast-to-coast in Canada alone!"

To give an idea of the success of *Salads* — if a cookbook sells 10 000 copies in its first year, it is considered to have done well. To have sold 50 000 in advance orders is beyond a publisher's wildest dreams.

Now the family-owned publishing company is looking to world markets for further sales of its cookbook series. "We've just signed up a new distribution company that will be based in the United States to act as our agent," Lovig reports. "And we're very close to concluding a deal with an Australian company to cover that country and New Zealand."

At home they're busy taking on more sales staff to handle Canadian distribution. In October 1984 they were off to the Frankfurt Book Fair in Frankfurt, West Germany — the world's largest publishing trade gathering — to sell world rights for translations of the series.

"Our plan is to distribute Canadian-produced books in the U.S., Australia and New Zealand," explains Lovig, "but all other areas are up for sale."

Translation into other languages or measurement systems (for example in Britain) will necessitate new printings in those countries needing such treatment.

Company's Coming has already sold more than 600 000 copies of its cookbooks in Canada out of the more than three-quarters-of-a-million books it has printed and exports should soon take that figure over the million mark, says Lovig.

— DRIE Calgary

Alberta

Japanese Cows Like Alfalfa Cubes

It seems that Japanese cattle have grown fond of the nutritious, bite-sized alfalfa cubes produced by two small southern Alberta processing plants.

Not only have they grown fond of this diet, they've also grown fat on it, and each year Japanese beef and dairy producers are buying more and more of the three-centimetre-square, dried feed.

As a result, the local economy of Alberta's Rolling Hills and Tilley benefitted to the tune of approximately $8.1 million in 1984, says Alex Chrumka, general manager of the two plants.

Growing Market

"In 1983, we shipped 37 000 metric tonnes of processed alfalfa to Japan, valued at over $6 million. This year (1984), I anticipate a 50 000-tonne market," Chrumka says.

Tirol Dehydrators of Tilley was started in 1971 by 43 local farmers and two local businessmen who brought shares in the company. Hills Alfalfa Processors Ltd. was begun in 1979 by 100 farmers and 10 Brooks-area businessmen at the Rolling Hills site 25 kilometres away.

The two companies plan to build a new, $2 million alfalfa processing facility at Bow Island, 48 kilometres east of Medicine Hat. The plant will be owned and operated under the name of a new company, to be called Bow Island Dehydrators Ltd.

Local Investment

Local farmers have already raised $400 000 by buying shares in the new company. The balance will be made up by bank borrowings of approximately $700 000 plus possible combined federal and provincial government support, says Chrumka.

The new plant will increase area alfalfa pellet production by one third.

The Japanese buyers are good to do business with, says Chrumka. The companies started exporting to that country about eight years ago. Business has also been done and some feed has been sold to Taiwan, Lebanon, West Germany and Korea.

Much of the export business is handled through the Vancouver officers of Japanese trading companies. Once a year Chrumka makes a trip to visit with buyers and trading houses in Tokyo — "the top people who say 'yes' or 'no'," he says.

Consumer Packs Keep Market Buzzing

In the busy international honey market, it takes more than sweetness to compete.

By concentrating on selling its honey in its own containers under its own name, Bee Maid Honey of Edmonton, Alberta, in 1983 was able to sell around $6 million worth of product to more than 14 different countries, gathering more than 75 per cent of the Canadian consumer-pack honey export market in the process.

"Our objective has been to market our honey so that it does not lose its identity," says Bee Maid Vice-President Paul Pawlowski.

Most honey sold internationally moves in bulk and is packaged at its destination. The consumer thus doesn't know where the honey comes from and cannot develop any brand loyalty or preference for honey from any particular country.

Difficult at First

"It's much more difficult to sell this way at first," says Pawlowski, "but it's much more remunerative in the long run. Once the consumer likes your product, sales tend to be self-sustaining."

The other advantage is in retaining jobs. "Every time we sell a carton of honey in a container, the value of that carton (to this country) is multiplied maybe 10 times," he explains. "The carton is made here, printed here, filled here and shipped from here."

"Of course, for those countries with 'ad valorum' duties, this can work against you compared to bulk sales," he adds.

30 Years Marketing Honey

Bee Maid Honey Ltd. has existed for more than 30 years as the jointly-owned marketing arm of the honey producers' co-operatives of Alberta and Manitoba. It also includes Saskatchewan producers.

In 1983, Bee Maid sold around $20 million worth of honey — about 40 per cent of the total production of the three Prairie provinces. Between 25 and 30 per cent of that total was exported.

This agricultural marketing co-operative has been exporting honey since 1956, says Pawlowski, "when Canada first became self-sufficient in honey". Before that, the United States was Canada's main supplier.

Japanese Visit Alberta

"Japanese buyers also visit Alberta. The other day, we had a busload of 23 people from Zen Rah Kern (the second-largest dairy co-operative in Japan). They came to see first-hand how the product is made."

Through the federal government's Program for Export Market Development (PEMD), the companies receive assistance towards airfare and sales costs for these overseas trips. "It's very helpful," Chrumka explains. "Every time I go over there I make new contacts and that certainly has helped — look how our exports have grown."

Shipments Up

In the first year of export sales, only 10 containers of processed alfalfa were shipped out. In 1984 "we're able to stuff up to 20 containers a day," Chrumka notes.

"Our pellets must travel by container otherwise they tend to break up if they are handled too much," the company general manager adds.

Present markets are expected to absorb the new Alberta company's increased production of alfalfa cubes.

Ocean freight charges are now dropping with the increased volume of exports. "More goods come into Canada by container so the shipping companies are happy to take our produce back. Otherwise, they'd just have to ship them empty."

With more than 400 000 tonnes of alfalfa pellets being shipped from North America to Japan annually, the general manager doesn't foresee any slackening of demand for the chewy cattle feed. The Alberta producers are the main Canadian source of the pellets. "Most of our international competition is from the United States."

New Plant Production

With the new plant coming on stream by July of this year, Chrumka feels sure that present markets will be able to absorb the increased production, although he notes that his companies may have to sell more domestically or adjust the price for a while.

"I'm not so naive as to think that the Japanese market is going to carry on the same," he adds. "They may do the same to us as with the coal industry — renegotiate prices once our volumes are up.

"But they're producing more and more red meat over there all the time. There will always be a strong demand for our product."

Korea may soon open up as a major market for alfalfa pellets. "They're performing tests now to prove the efficiency of our feed over rice-hay. Once that's done, we hope to be sending a lot more produce there."

So not only Japanese but soon Korean cattle, too, will be smacking their lips over Alberta's munchy green mouthfuls.

— DRIE Calgary

Bee Maid first started selling surplus honey to Britain and then to other countries in Europe. By the early 1960s, the co-op was selling to Japan and Asian countries — and even to the U.S. as that country became a net honey importer.

Successful Exporter

What does it take to be an exporter?

"An understanding of the people of a country, their culture and their tastes. Then supply what they need," is Pawlowski's answer.

Canadian honey tends to be mild and light-flavoured so sales tend to do best in countries that appreciate that aspect. "Countries with highly-spiced foods tend to favour stronger-tasting honey than ours."

Government programs can aid exporters, Pawlowski notes, but he believes that the initiative is definitely on the exporter. "The exporter has to know the product; the programs can only be of assistance in bringing buyer and seller together.

"The exporter must then make the right decision in selecting the right person to represent the product in that country."

In some countries it is best to sell direct while in others representatives are required, notes this successful salesperson. "In Japan, trading houses are popular. Buyers tend to deal with them."

Canadian Label

The Canadian label is a factor in some countries. Bee Maid sells under its own label in France and also packs a private label for sale in that country. Canadian goods are quite acceptable in the U.S. while the Japanese like the prestige of the English/French labelling — "but not our prices," he chuckles.

China, Mexico and Argentina dominate the international honey market with Canada and Australia following. Against such stiff competition, Bee Maid always seeks to sell consumer packs first but, where conditions are against that, sells its honey in bulk.

"We're working to make Canada known as a top-quality honey producer," says Paul Pawlowski.

— by Stuart Hertzog
Special to *Canada Commerce*

British Columbia

Finding a Market Niche Pays Off for B.C. Firms

Two Richmond, B.C., firms — Epic Data Industries Ltd. and Western Packaging Systems Ltd. — have carved out enviable positions for themselves by concentrating on specialized market niches in Canadian and foreign markets. Both have gained their reputations by supplying customers with the appropriate state-of-the-art technology geared to the customers' requirements and providing excellent follow-up and service.

Ideal portable terminal for all-environment data collection.

Epic Data Industries

Epic Data Industries, a subsidiary of the Ebco Group of companies, was born out of a need by these diversified companies to find a fast efficient way to keep track of materials and project hours. When no system available could perform the functions required, a new system was developed by Helmut Epich, who with his brother, Hugo, founded Epic Industries in 1956.

When perfected, the new data collection system was put on the market making Epic Data the only designer and manufacturer of this type of product in Canada.

Since its inception eight years ago, Epic Data has installed more than 400 data collection systems in 15 countries on five continents. Sales volumes for the past year are expected to top $16 million of which 80 to 90 per cent will come from exports.

Epic Data's badge and job card reader in use.

Norman Cafik, vice-president and general manager, feels strongly that the major reason for Epic Data's success is the reputation it has built up by providing a unique, reliable product which can be easily serviced and comes performance guaranteed.

"It is important that small companies start at ground zero to build their reputation," he says.

Initially, as a small force in a narrow aerospace marketplace, Epic Data decided to aim its marketing at large buyers, such as defence industries, that not only had an urgent need for production controls and data collection, but also had sophisticated employees who could easily adapt to the use of Epic products without extensive training.

Epic Data's collection modules are custom designed to interface with customers' systems that are already in place. Stress tested and durable, the compact units can be installed in even the most rugged work areas. As management tools, the units are invaluable for fast accurate information transfer on inventory levels, production time, job costs and employee attendance and performance.

The terminals are designed in several models — badge, card, bar code or magnetic strip reader and keyboard. Portable units make inventory-taking fast and accurate. A number of university libraries, for instance, have adopted Epic Data's system as an efficient way to control book traffic. The units have an almost unlimited potential to fill data collections needs.

Looking to the future, Epic is now accelerating its research and development in order to maintain its high level of acceptance in the marketplace — a marketplace that management feels will grow much larger.

Western Packaging Systems

Unlike Epic Data, which developed its products initially for use in its own plants, Western Packaging Systems Ltd. found its niche in the market through a

survey which identified key features of a void in the already well-established packaging equipment industry.

These features included low capital cost, compact design, simplicity of maintenance, durable construction and the ability to meet the customers individual needs. By solving such market-oriented requirements, Western has found appreciative buyers in the Canadian and American markets as well as 23 other countries throughout the world.

However, like Epic, it has used a basic approach in addressing each customer's specific requirements from a basic direction so well expressed in its "Square One" logo.

"The compact design, rugged construction and economical running costs provide our products with an edge not available from competitive foreign designs," emphasizes David Cartwright, sales manager.

He points out that the compactness of the machines allows efficient use of floor space and that the aluminum, plated steel and high-strength plastic construction provides low-cost maintenance by eliminating corrosion and the need for painting.

This last factor is particularly important where packaging is done in humid climates or in close proximity to salt water.

A unique feature of Western's line of sealer machines is the clean-running spray glue system developed by the company. Easy on glue consumption and requiring little maintenance, the system securely seals up to 10 cartons a minute with cold glue and up to 25 cartons a minute with the optional hot glue system.

One of the company's most sophisticated machines to date is the automatic erector and bottom sealer which can handle up to 20 cartons a minute. Marginal corrugated quality conditions, such as dampness of board, misaligned box joints and crush marks which can cause problems with vacuum operated systems, are easily handled by Western's positive pin pickup system. This machine can also be adjusted by the operator in about five minutes to handle three-dimensional changes.

While customer re-order and word-of-mouth are two of the company's main sales tools, a large portion of its new business is generated through trade shows and missions.

A phased market penetration program provided Western Packaging with a steady growth in sales. Initial efforts were concentrated in western Canada and northwestern United States. Later, agents were appointed in eastern Canada and a branch sales and service office opened in Chicago. The international trade shows also allow the company to study the packaging industry at first hand and plan for changes in market trends.

As a result of this information Western is increasing its commitment to research and development, particularly in the area of automation and integrated packaging lines, to maintain its objectives of continued orderly growth and further international market diversification.

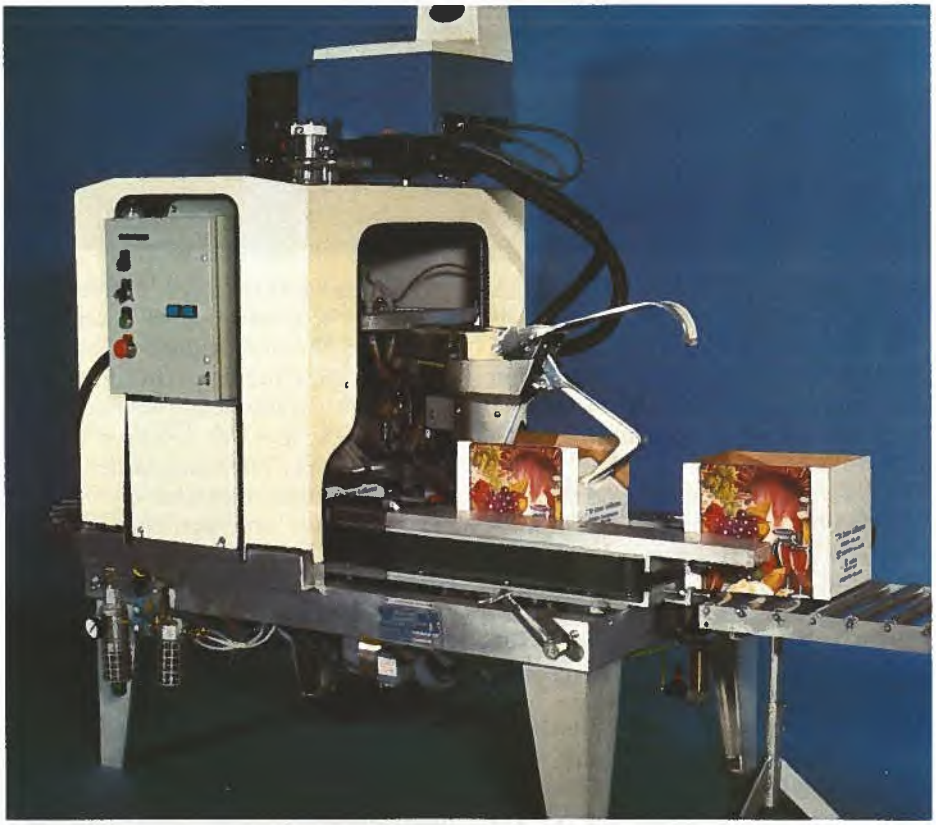
According to David Cartwright, the company is now looking to penetrating large markets, such as India and China, by taking their technology developed over the years and using it in technology transfer.

Award Winners

While the bottom line is the most satisfying measure of success at both companies, the winning of awards is further proof of their progress. Both have won Canada Export Awards for 1984.

It confirms Western's commitment to the "Four Ps" principle of Product, Program, Promotion and Perseverance or, in the words of Epic's Norman Cafik, "the awards we have received add sparkle to our credibility and they are important to us".

In addition to the export award, Epic has earned the Hughes Aircraft Supplier Award in 1983 and 1984, the first firm to win this coveted award two years in a row.



Packaging line from Western Packaging.

For further information, contact:
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— by Bob McDonell
Canada Commerce

Northwest Territories

Northwest Territorial Airways Overflies Recession

While the rest of the airline industry grapples with cutbacks, lingering doubts of recession, the new game of deregulation and head-on competition, Northwest Territorial Airways president Bob Engle smiles.

It's a confident smile, and shrewd, moulded of almost 25 years of dramatic success piloting the original one-pilot, one-plane operation to unquestioned supremacy of Canada's northern skies. For Engle, Canada's north remains the frontier and NWT Airways the vanguard in meeting and spawning new markets and ever-widening service.

Interviewed in the second-storey office of his Yellowknife flight service and management complex, the NWTA president is awash in paper, ideas and calculated optimism.

"I have to admit, my personal methods haven't changed much over the years," Engle reflects, "It's hands-on and keep it simple.

"There's never been a boom to ride up on. Opportunity has been our greatest asset," he says, "and the more measured growth has been very supportive."

When Engle says "measured growth", he's referring to a series of leaps and bounds launched at New York's Yale Club back in 1956. The Seattle-born graduate of the prestigious Ivy League school was casting about for a way to apply his business degree.

After conducting a survey of existing air routes and carriers in North America, Engle hit on the western Northwest Territories as the market ready to take off.

Arriving in Yellowknife in 1958 in a leased de Havilland Beaver, he set about ferrying supplies and staff for the McGill University Arctic Research Expedition. Throwing in with Yellowknife's Max Ward as an employee and then contractor, Engle spent three years getting his pontoons wet. In 1961 he set up Northwest Territorial Airways on the Yellowknife Old Town's Back Bay.

With one flight engineer, an office clerk and a larger de Havilland Otter that never knew the luxury of wheels, Engle embarked on his "personal commitment" to steer the fledgling airline through the owner-manager stage into bigger opportunities.

"It was the classical tradition of the bush-line charter company. Very entrepreneurial," Engle says of the early days of government supply and mineral exploration contracts. Engle's Otter was the flying circuit court and bush camp grocery wagon in the years of gradually widening service throughout the southern Mackenzie and near Arctic.

By 1968, the firm had grown large enough to support construction of the first private hangar at Yellowknife Airport and the addition of a scheduled service to Coppermine on the central Arctic coast.

NWT Airways' workhorse DC-3s logged the new scheduled routes, landing on sea-ice strips and, during the summer, a tidal sandbar offshore of Coppermine. Coppermine Inuit would rush to their boats to meet the welcome aircraft, off-loading supplies and mail until the returning tide signalled final boarding.

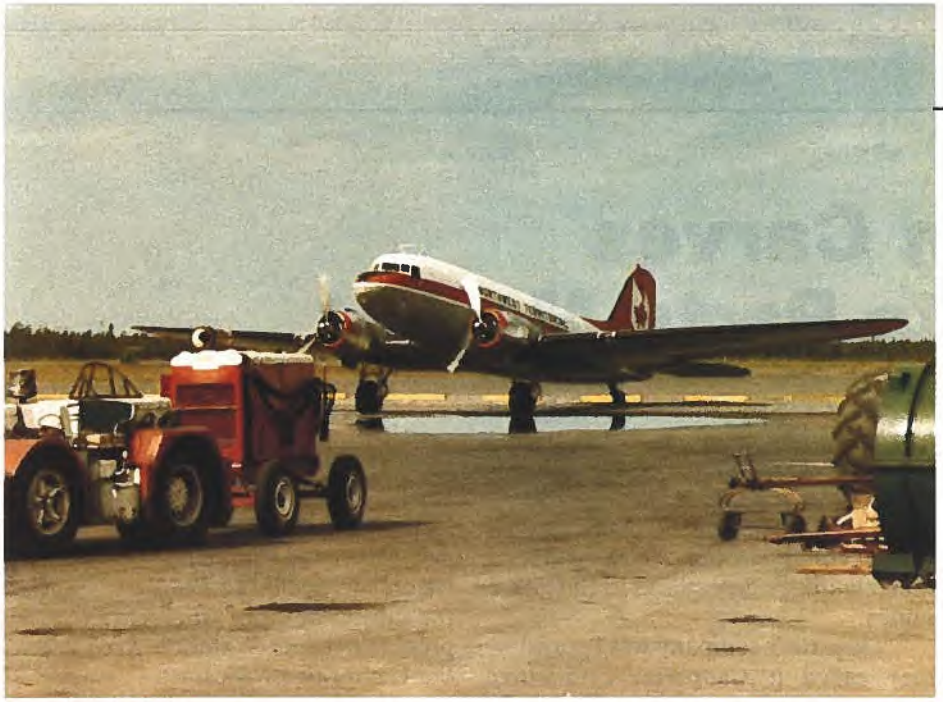
The field was cleared for Engle's big push in the late 1960s when Max Ward turned his sights south to concentrate on the growing North Atlantic charter routes.

"The opportunity crystallized then," Engle says, "The airline was in the right location. Economic development was on the move. The two marched together."

Expansion continued with the addition of Lockheed Electras, the civilian equivalent of the Armed Forces' current Aurora submarine patrol aircraft.

By 1975, NWT Airways was the sole contractor for crew rotation and supply to Dome Petroleum's frontier oil fleet on the Beaufort Sea. The late 1970s saw the continued expansion of NWTA's Yellowknife support base and charter and scheduled services. The addition of Super Hercules aircraft honed the skills and systems of heavy-lift cargo hauling in the High Arctic and on international forays to Africa, the Pacific Rim and Middle East.

"Worldwide experience enabled us to grow internally," Engle observes.



"Our point-to-point navigation without reference to air routes put us in the forefront of applying navigational technology to Northern Canada."

But the real turning point, Engle says, arrived in a back-handed way in 1979 when Dome withdrew its Beaufort contracts, leaving the two Electras out of work.

"We had to look for a place to go," he says.

Again opportunity presented itself as licensing was secured for scheduled service between Yellowknife and Frobisher Bay.

By January 1980, the first transcontinental service north of 60 was spanning the Arctic, a development Engle says was the "cornerstone of developing our present service".

Building on the east-west routes, NWT Air began to offer direct passenger and cargo service to Yellowknife and Frobisher Bay out of Winnipeg. Overnight cargo service now links Toronto to Vancouver via Winnipeg and Calgary, with sister company Northwest Trucking providing intermodal cargo service north from Alberta to Yellowknife air routes, the Mackenzie Highway and summer barge system and the Alaska Highway.

A swarm of scheduled and charter flights connect the core east-west and Winnipeg service to Rankin Inlet, Cambridge Bay and most communities in the central Arctic with more than 14 500 km of scheduled weekly service operating.

Continued growth has seen Electra service extended to growing routes throughout the Arctic, with the stalwart DC-3s continuing to deliver the goods and foster the economic growth of evolving Arctic communities and commerce.

Today, NWT Air boasts a fleet of five Electras, five DC-3s and the only Super Hercules licensed for heavy-lift, out-sized loads in Canada. The Yellowknife base facilities provide maintenance, support and telecommunications service "second to no other carrier of its size". Reservations service, on-line with Air Canada's mainframe computer network, provides intercontinental and international booking service.

Two hundred airline employees and 50 more in trucking offer service from five southern offices and outlets throughout the Territories. *Northwest Explorer*, NWT Air's in-flight magazine, promotes tourism and northern travel for 35 000 readers internationally.

NWT Air's growth has been both the catalyst and the barometer of growth in the Territorial economy. With the extension of NWT Air service, communities have been able to tap the avenues of transport vital to economic growth.

"NWT Air and the business community have been dependent upon one another and we've grown together," Engle acknowledges.

"The business community has recognized how important this service is. The social and economic developments have been the greatest satisfaction to me. A growing economic identity has allowed us to avoid balkanization and we're beginning to view and shape our destiny."

For the future, Engle foresees continued growth, particularly in Yellowknife, "the hub of the western Arctic".

Engle predicts the capital's future lies in the increasing presence of professional services and industrial and consumer supply and says "these will bring others with them".

He's cautious of deregulation, rejecting the "destructive, head-on competition that has been the result of United States deregulation".

"Northern air service is fragile and essential," he warns, advocating "not open skies nor the regulatory deep-freeze, but an openness to suggestions that make sense."

One such suggestion is his current application to provide non-stop, morning service from Yellowknife to Edmonton Municipal Airport. The application has been opposed by Edmonton City Council, which is refusing its support to additional service in and out of the urban air terminal.

"They must look ahead and not put up hurdles to how people will be served," Engle responds. "I'm not storming the castle. My intention is to serve."

Approaching the airline's silver anniversary, Engle says he's grateful and indebted to the employees who've been his greatest resource. Oddly, he also ranks the difficulty in attracting and retaining skilled employees as his greatest impediment, although the past recession served to lure employees who might not otherwise consider making a home in the North.

With directorships, seats and chairmanships on such bodies as the Canadian Chamber of Commerce, the Air Transport Association of Canada, the Northern Air Transport Association and Northwestel, Bob Engle has been too busy to do any piloting himself for the past five years.

"I don't think I'll be adding too many more jobs" he says, while admitting his name is now in nomination for an executive seat on the Alberta Chamber of Mines. But he'll continue to make his home in Yellowknife, taking care of business.

"It's never been my intention to open and operate a business, then divest and move elsewhere. I intend to stay in the area that has provided this opportunity."

— by Craig Yeo
DRIE Yellowknife

Ontario

Ontario Firm Carves Niche in Auto-Parts Market

When Bill Bartels and Jim Smith made the decision five years ago to start their own business, they were laying their careers on the line — along with their homes (which they had mortgaged) and whatever security they had (having both quit their well-paying jobs). Their mission was to fill a niche in the world market by manufacturing replacement automobile disc-brake pads for Japanese and European cars, selling most of them in the United States.

Smith was 47 at the time and was the secretary-treasurer of a Toronto-based American owned company that manufactured brake shoes; he had been there nine years. Bartels, then 42, had been at the same company for 16 years and was its general sales manager.

"That company would have taken care of us in our old age," Bartel said, "but we wanted to go out on our own and we took the plunge."

But they didn't see their venture as much of a risk, not really. They had checked out every conceivable aspect of their plan and were totally convinced that their idea was sound.

They had investigated the length and breadth of what was to be their marketplace; they had the necessary technical experts lined up to work for them, they had triple-checked their suppliers, the legal aspects were thoroughly covered, and the required capital — close to $1.5 million — was at hand. There were to be no unwanted, untoward surprises.

The experts came from the same Toronto company as Bartels and Smith — one, chemist Arnold Salt, now the vice-president of operations, left his job along with Bartels and Smith; five others from that company joined them within a few months.

During the two years before they left their jobs they had spent every spare moment working on their scheme — meeting with experts in foreign trade, with customs brokers, chemists, bankers, government advisors, engineers, and scores of others.

They had travelled extensively and had spent countless late hours poring over figures and estimates, filling bushels of scratchpad paper in the process. They built contingency plans against things going wrong, which included unlikely things they raised in their own minds.

Once their company was formed — they called it Canparts Automotive International Ltd. — things fell into place one after the other. No surprises. Equipment was designed and ordered, the plant was built in Cambridge, Ontario; trial runs were carried out; orders came in; and production began.

Canparts Board Chairman J.M. "Jim" Smith (left) and President W.R. "Bill" Bartels (right).

Before long the company started to show a profit. After all, they had planned it that way. Doesn't any business?

What *did* come as a surprise was the attention, then the praise that the business community and the media began to accord them. Their accomplishment, it would appear, was being regarded as something close to miraculous.

The local dailies wrote them up, and there were mentions in the auto-trade press. Then in 1983 Canparts won a Canadian Exports Award (one of 15 presented) and a few months later a merit in the Canada Awards For Excellence (one of 12).

Canparts was the subject of feature stories in *Financial Post, The Toronto Star, The Toronto Sun, Canadian Automotive Trade, Jobber News, Canadian Automotive Aftermarket, Ontario Business News*, was featured on Global Television's *Everybody's Business*, and was the subject of more articles in the local press (Kitchener-Waterloo *Record* and the Cambridge *Reporter*).

Bartels became a director to the Ontario Centre For Automotive Parts Technology, and the chairman of the International Committee of the Automotive Industries Association of Canada. He is in demand as a speaker and panelist at trade seminars and business conventions and services clubs, and has been guest lecturer at Queen's and Laurier universities.

Wherever he goes, Bartels hammers away at his favorite theme: that Canadian Manufacturers must "export or die". His listeners are intrigued by his easy-going candid style. But what really makes an impression is his company's staggering track record.

Small wonder. After four years of operation, Canparts employs 230 persons; turns out three million units a year; its products can be found in more than 50 countries. Three shifts are at work producing over 300 different pad-assemblies, in a range of four qualities, for virtually every make of automobile and truck being manufactured in the world.

Every projected figure in the company's several plans has been exceeded — sales, net worth, number of employees, and profit. In 1983 a 2 415-square-metre (26 000-square-foot) building was added to take care of Canparts' growing sales, bringing the company's total plant size to 5 570 square metres (60 000 square feet).

"And I'm happy to say," says board-chairman Smith, "that every last cent of our government loans are paid back." A banker's delight.

"It was a lot of tough slugging getting to where we are. I won't say we don't deserve all the attention we've

Interior of the new building — packaging and shipping.

been getting," says Smith, with a smile, "and we've been fortunate in many ways. But our success isn't unique, not by any means."

Nevertheless, Canparts' success is more the exception than the rule among Canadian businesses. Where do so many other companies go wrong?

"Bad management," he says flatly. "They don't have a realistic plan, or if they do they don't stick with it. Our forecasts have always been on the conservative side. Too many managers are impatient — they don't take the time or effort to do their homework and instead they make guesses, more often than not based on over-optimism."

"And then there's integrity," adds President Bartels. "You've got to have the best materials, and you don't cut on quality. You've got to have the expertise, the right people. A company is only as good as its people. The management team must be tops and everyone has to be enthusiastic and dedicated.

"In the export market, whatever you make has to be the best available anywhere; no cutting corners, otherwise you lose out, regardless of your price. And you've got to be able to adapt very quickly to hold your market.

"That's why we like to think of ourselves as a small company," Bartels continues. "We're flexible. We can make changes in a hurry; everything here has been designed that way. When a new model of a car arrives in North America we'll have the brake pads and specifications here in a couple of weeks — and we can produce replacement parts that are as good or better within a month. As an independent company we're not restricted by red tape or bureaucracy; we have the freedom to make our own decisions."

"We have a rule," adds Smith. "Don't take on anything that's not profitable. But that doesn't preclude long-term profits, which is why we're heavily into research and development.

"Take asbestos; it's something of a health hazard; the public doesn't like it; and the safety regulations for handling it are stringent — to say nothing of the added liability insurance we must carry. We're also pioneering the use of other non-asbestos materials, which is safer and gives improved performance and longer wear.

"We began production of non-asbestos materials in 1982, and they now account for 30 per cent of our production. We have committed ourselves to eliminating asbestos entirely in the near future; it's all possible because of the research we've done."

Canparts turned the sod for its first building in the fall of 1979 and had 10 people working full time before the first production order was turned out, five months later. Arnold Salt led a team that worked on equipment shakedowns and dress rehearsals. "You can't allow your first customers to be guinea pigs," says Bartels.

The export market was a fundamental part of Bartels' and Smith's basic idea. "The niche we saw that wasn't being filled was aimed, primarily, at meeting the need for replacement parts for the millions of Japanese and European cars being sold in the States in ever-increasing numbers," says Bartels.

"We weren't about to spend time and money trying to crash the existing market as original-equipment suppliers to domestic car-makers. If we had done that we would have been out of business three years ago."

"What's more," says Smith, "we wouldn't have been able to start the business in the first place if it hadn't been for government help. Ours is probably a classic example of how a company can join with governments for everyone's benefit.

"We received a loan guarantee under EDP (Enterprise Development Program), loans through the Ontario Development Corporation and the Federal Business Development Bank, and were able to exhibit at our first trade show abroad — it was in Germany in 1980 — through PEMD (Program for Export Market Development). Later came the loan under ILAP (Industrial and Labour Assistance Program) for the second building."

"And don't forget the advice and leads we received at the beginning," says Bartels. "We were put in touch with trade commissioners, and given leads on who could make our machines and equipment — it's all Canadian. But don't get the wrong impression. They put us through the hoops to qualify for those funds. The government wasn't standing there on the street corner handling out money holus-bolus. Those guys were careful, and they were thorough."

Bartels himself is extremely thorough. "We don't want to pontificate, but a manufacturer has to know his business — and his product — inside out, from every small piece that goes into it, to every last nuance of his marketplace. And there has to be real need for that product.

"And you can't guess. Your intuition tells you a lot, gives you your ideas. But then you've got to verify those notions, ruthlessly chopping and cutting those notions that can't be verified. But once you know you've got a sound idea, a 'we can do it' thinking takes hold."

And, Smith adds, "starting from scratch is a big step. Once you break loose, cut the umbilical cord, then you have to forego many things. It's not easy. But when you see your plan unfolding, there's no feeling like it." ◘

— by E.H. Hausmann
DRIE Toronto

Canada's Awards for Excellence — Repeating a Success

After decades of toiling in near anonymity, Canada's leading entrepreneurs last year came out of the shadows at a glittering awards ceremony in Toronto's Sheraton Centre.

There, amid a fanfare of trumpets and a blaze of publicity, the 14 winners of gold or silver medals stepped to the dais to receive the first-ever Canada Awards for Excellence or Merit in seven wide-ranging categories.

The winners' moments in the spotlight culminated months of effort on the part of the Awards and Design Directorate of the Department of Regional Industrial Expansion (DRIE) to seek out and honour individuals and organizations whose activities best reflected the federal government's commitment to make Canadian industry increasingly competitive in national and international markets.

The 1985 competition is now under way and a national advertising campaign has been used to announce the contest, inviting entries in nine categories, two of which were added to the program as a result of experience gained in the first year.

The 1985 categories are (* denotes a new category):

- **The Productivity Award** — for outstanding *improvement* in productivity. This category recognizes that productivity depends on a complex of factors that may include all the categories listed below which, when well managed, result in increased competitiveness.
- **The Innovation Award** — for outstanding achievement in the innovative application of a technology to products, processes, or production systems. This category stresses the innovativeness and commercial success of the application.
- **The Industrial Design Award*** — for outstanding achievement in the design of a Canadian product. This category emphasizes the impact of industrial design on domestic and international commercial success.
- **The Engineering Design Award*** — for outstanding contribution to the development of a new industrial or consumer product. This category emphasizes the impact of engineering design on international commercial success. The award will be implemented in conjunction with the Canadian Council of Professional Engineers.
- **The Invention Award** — given to firms, institutions or individuals (if associated with a firm or institution) in recognition of an outstanding advance in a process or product technology. This category emphasizes the originality and commercial potential of the invention.
- **The Technology Transfer Award** — given to teams of various disciplines from the scientific, research and business communities for outstanding achievement in the identification, transfer, adaptation and commercial exploitation of technology. This award stresses the team effort of the process and the resulting commercial potential.
- **The Entrepreneurship Award** — given to the owner/manager of an independently operated firm located in Canada for outstanding achievement in starting, taking over or substantially changing a small or mid-sized business venture and recognizing, in particular, the elements of risk, leadership, creativity and innovation.
- **The Marketing Award** — recognizes innovation and creativity in all aspects of marketing and emphasizes the elements of market research, planning, innovation and market success.
- **The Labour/Management Co-operation Award** — given jointly to labour and management in recognition of outstanding achievement in the co-operative implementation of technological change. This category stresses the consultative process in managing the challenges presented by technological change.

A big hit at last year's exhibit honouring the award winners was a special section commemorating the 23 winners of the Young Canada Awards which recognized student initiatives ranging from insect studies to design to space-age mirror coating.

The Awards and Design Directorate's Ian Gadbois says there definitely will be a youth component in the 1985 (International Year of Youth) program, although at press time its exact nature had not yet been decided.

Gadbois says the deadline for entries in the nine Canada Awards categories has been set for May 17, with selection of the five finalists in each category to be decided by the end of June.

After the five-judge panels in each category have selected the finalists, a Grand Jury will select the Award of Excellence and Award of Merit winners in each group who will receive their medallions at a ceremony in Montreal this coming autumn.

In addition to the medals and certificates, the winners also receive the exclusive use of the Canada Awards logo on products, advertising, letterheads, etc. — a right many of last year's winners took full advantage of.

Budd Canada Inc. officials (the firm won the Award of Merit for labour/management relations) have told Gadbois that the combination of improved labour relations and widespread recognition of the award have led to both better investor confidence and happier relationships with clients.

Vancouver's Westar Timber Ltd. (Award of Excellence for Marketing) uses the Canada Awards logo on everything from brochures to letterhead, to business cards, to coffee mugs and employee hard hats.

For further information on the Canada Awards Program contact:
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— by Ron Johnson
Canada Commerce

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