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Taking the Plunge - Your Chance at International Business Opportunities

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I have often been asked the question "*as an SME that made the plunge into the international market, what would you say to other SMEs that want to follow*". I would suggest that you could answer this question under a number of categories, including:

1. What homework do you need to do at home in Canada before you can even determine whether you are ready for this big step?
2. What can you do to prepare yourself for your initial onslaught into the international market through contact with international agencies?
3. Where do you find out about the jobs that you may be able to bid on for international projects?
4. How do you get on your first international trade mission, or should you go by yourself?
5. Do you need an international partner, or should you set up your own operation in a foreign country?
6. Should your first plunge be into the United States, that being our closest international market?
7. How do I keep going?
8. What do I do when I finally get a lead on a job and how do I secure the contract?
9. How can I be sure that I will get paid for the work I do on an international project?

These are all complex questions, but by formulating an answer to each an SME will be in a position that it can determine whether it is prepared to "*take the plunge*", to be able to sustain the effort and ultimately to be able to secure a contract. Let's take a look at some of the facts to consider when answering these questions.

Doing Your Homework

Before you decide to go international make sure that your national business can afford the time, effort and cost of such a venture. CIDA INC suggests that you should have national revenues of at least \$1,000,000 or be export ready and able to demonstrate the ability to financially handle the extra work load and cost. This is a good benchmark. Take a serious look at your business and determine whether your staff can "*hold the fort*" while you are out hunting for international business. Talk to your accountant, bank and business advisor on matters relating to your ability to secure additional financing for international work.

Preparing Yourself for the Initial Onslaught

Canada has a network of staff that are indispensable in the initial preparatory stages. Talk to these people in Ottawa, their regional offices, your provincial capital, and at our many international trade offices located in Canada's embassies and consulates around the world. Make sure that you have made a presence at Industry Canada (IC - <http://www.ic.gc.ca> and STRATEGIS <http://strategis.ic.gc.ca/>), Department of Foreign Affairs and International Trade (DFAIT - <http://www.dfait-maeci.gc.ca> or <http://exportsource.gc.ca>), Canadian International Development Agency (CIDA - <http://www.acdi-cida.gc.ca>), and the specific federal departments that relate to your area of work (i.e.. Environment Canada (EC - <http://www.ec.gc.ca>) if you are a supplier of goods and services in the environmental sector).

Don't forget about the provincial agencies, such as the Ministry of Economic Development and Trade (MEDT - <http://www.ontario-canada.com>), Ontario Exports Inc. (<http://www.ontario-canada.com/Export/>) or the provincial agencies group such as the Ministry of Environment, Green Industry Office (MOE GIO - <http://www.ene.gov.on.ca>).

If you are not already "export ready" the DFAIT Trade Commissioners ask that you first contact Industry Canada and the provincial representatives, before contacting the DFAIT team for assistance. Do your homework first and do not leave a bad "first impression" when you go to see these people.

Many of our key contacts are the Trade Officers in the Embassies and Consulates. They are there to help you and to promote Canadians who offer services to international clients. Where else can you find sales people that you have already paid for through your taxes (DFAIT TCS - (<http://www.infoexport.gc.ca/>)? We routinely send out e-mails to staff to advise them of our areas of expertise, the types of projects we are interested in and to discuss project opportunities that have been brought to our attention. Make sure they know about your web site and where they can find copies of your corporate presentations (<http://www.pollutech.com/presentations/>).

Don't go anywhere until you have perused the vast amount of information on the web sites for the international financial institutions (IFIs) relating to project opportunities and country information. The main ones are the World Bank (<http://www.worldbank.org>), the Inter American Development Bank (<http://www.iadb.org/>), the African Development Bank (<http://www.afdb.org>), and the Asian Development Bank (<http://www.adb.org/>). There are supplementary sites such as the European Bank for Reconstruction and Development (EBRD - <http://www.ebrd.com/>), the World Bank's International Finance Corporation (IFC - <http://www.ifc.org/>), and of course the United Nations (UN - <http://www.un.org/>). This is just a start, visit our web site for hundreds of more links (POLLUTECH - <http://www.pollutech.com>).

Identifying International Job Opportunities

In addition to the many web sites listed in the previous paragraph, there are specific sites for international job opportunities. Canada's standard online bidding service has a separate International Opportunities listing (MERX - <http://www.merx.cebra.com>). There are also listings in special sites such as DFAIT (<http://www.dfait-maeci.gc.ca/english/trade/>), on each of the IFI sites (SPEED LINKS @ <http://www.pollutech.com>) and on the DFAIT site for IFI Procurement and Capital Projects Opportunities (IFInet - <http://www.dfait-maeci.gc.ca/ifinet/menu-e.asp>, "password required").

Our main source of information, however, does not come from searches on these sites but directly from the government agencies, the embassies and consulates, or from e-mails sent by our Canadian representatives in the IFIs. Most of our valuable commercial contracts with private agencies are direct responses from requests in response to visits to our Pollutech web site, which receives over 1,000 hits a day. (This is the topic of a separate presentation prepared for Industry Canada on the use of E-commerce for International Project Opportunities <http://www.pollutech.com/ecommerce/>).

To bid on projects with the IFIs you do not need to be registered, but it doesn't hurt to get on the list and make a presence. Set aside a day to undertake this task, after you obtain a copy of the DACON

registration forms (<http://www.worldbank.org/html/opr/dacon/register.html>) from one of the participating IFIs. Be specific when you fill out these forms and use Canadian project examples if you haven't done any international projects. However, don't forget to go back and update the forms after you have actually completed a few international projects.

Your First International Trade Mission

Finding a spot on one of many national or international trade missions will be one of the most exciting events in the life of a new SME tackling the international market. This will be the first real exposure to the vast change in culture, language and business practices and will open the eyes of the "new explorer". To find a spot on a trade mission, talk to your government representatives at the national and provincial level. Make sure you are listed on the many data bases (such as WIN EXPORTS - <http://www.infoexport.gc.ca/canadexport/>) and join the associations that can introduce you to these links, such as the Canadian Environmental Industry Association (CEIA National - <http://www.ceia-acie.ca> or CEIA Ontario <http://www.ceia.on.ca/>). CEIA National suggests that you get on the Internet-based National Environmental Exporters Data Base. Another excellent association with export information is the Canadian Manufacturers and Exporters, formerly the Alliance of Manufacturers and Exporters (CME at <http://www.cme-mec.ca/>). Remember, however, that it is the interaction, committee participation and networking that results from membership in these associations that is the real key to success, not just surfing their web sites.

Once you agree to participate on one or more of these missions, remember that you *"only get out what you put in"*, so active participation is a fundamental requirement. I have seen dozens of SMEs come home from a mission in a state of utter disappointment, because they didn't interact with other participants on the mission, or made no attempt to meet the new contacts. Be aggressive, introduce yourself and sell your goods and services. One of the early lessons I learnt was that half the Canadians on the mission had never heard of POLLUTECH or didn't know we were interested in international projects. As a result of these introductions, we have gained new opportunities in Canada and a place on many international teams bidding on new opportunities.

If you are an SME, remember that your first international projects are likely to be as a sub-contractor to someone who already has gained the international experience. Keep your eyes and ears open and learn from the masters. It is a bonus if your happen to make a good contact and get a project in Canada, just by meeting another Canadian on the mission.

An important lesson that we have learnt and pass on to all who want to work as a Canadian internationally, is that the world loves Canadians, but Canadians don't always love Canadians. You may end up on a trade mission with one of your most serious Canadian competitors, but remember that you are both Canadians and now the competition is the Americans, Swiss, Germans, Italians, Spanish and so on. Don't get caught in the trap where the 5 Canadian firms slug it out as independents to bid on the job, leaving a pile of exhausted Canadians on the floor, while the Germans walk away with the project. Form a Canadian team and go after the project with the concept that 25% or 50% of an international project is better than no project at all. For more information on this aspect see "Building Effective Consortia - Options, Obstacles and Obligations" on the Pollutech web site at <http://www.pollutech.com/presentations/eco.exe>).

Setting Up For International Business

It is unlikely that your first international project will need you to set up an operation in a foreign country. As I said previously, it will probably be with a larger or more experienced Canadian partner. Soon you will find opportunities to partner with other International firms or opportunities to work with companies that are already established in the local area you are visiting. Our approach has always been to find a good local partner who thinks like us, acts like us and knows the culture, language and contacts of the host country. The Canadian SME is bringing a specialized service or package of goods that can make the local partner more successful. A simple "Strategic Alliance Agreement" is all that is needed to start the ball rolling, you don't need, and probably can't afford, your own local office. Once this is established, then you can work

with the local Canadian trade officers and your new partner to start to review serious opportunities. When you have gone home, your partner will still be there working on locating project opportunities while you are back in Canada arranging for CIDA INC project financing or longer term agreements with the Export Development Corporation (EDC - <http://www.edc-see.ca/>) or the Canadian Commercial Corporation (CCC - <http://www.ccc.ca/>).

United States Market Opportunities

We have been asked the question about the United States market on many occasions and we have a mixed response. We have not found the USA to be one of the markets that we aggressively pursue, but we have been fortunate in obtaining some specialized work as a result of hits on our web site. Our concept is that there are too many other American firms that offer services similar to ours and that Americans prefer to hire Americans. We have been retained to undertake special projects, generally because they read about a similar project (<http://www.pollutech.com/projects/>) that we conducted elsewhere, a Pollutech solution that was on the Industry Canada CD-ROM or web site (<http://www.pollutech.com/ces/>) or in one of our published papers (<http://www.pollutech.com/papers/>).

Using the Internet to get your message across to millions of readers must be an integral part of your international marketing efforts. We have been fortunate that we have been found by major corporations such as Coca-Cola, SONY, American National Bank and others. Don't forget also to look at American opportunities where you can represent that company's goods or services in Canada.

Sustaining the Challenge

How do you keep it going? Well the simple answer to that is persistence. Once you start you will probably find it is addictive and you can't stop, but some people just don't have the stubbornness it needs to keep going. You must keep up to date with everything that is posted on the web sites, you must actively and regularly meet and communicate with the trade officers, and you must take an active role in the associations and join the committees that provide the links to the international opportunities. If you don't have the stamina to keep up the effort, don't start, as it will be a disheartening experience.

Part of the success of your ongoing adventures in the international arena will come from your ability to demonstrate how well you are organized and how well you can target your marketing. We find our best approach is to demonstrate that we don't just execute projects, but in fact we solve problems. The section of our web site that details the projects we have undertaken and the solutions we have arrived at, is one of our most popular marketing tools. Be proud of your successes, tell the world how you fixed someone's problem.

Making the Deal

Once you have a good lead on a project the next task must be to secure the project. Use the expertise of the many trade officers and agencies that can help you at that stage. For example, you must learn how the Export Development Corporation (EDC - <http://www.edc-see.ca/>) can help with financing, equity investments, credit insurance and SME services. The Canadian Commercial Corporation (CCC - <http://www.ccc.ca/>) can provide guidance on contract preparation, government-to-government guarantees, and if in the USA, direct contracting with US government agencies. Visit their web sites and learn what services they have, the arrange to meet your representative in Ottawa or a Regional Office.

For your specific sector, don't forget to find out who is your contact in Industry Canada (IC - <http://www.ic.gc.ca/>), one of the most valuable resources we have found. If applicable, contact the Regional Program Manager in CIDA INC (CIDA - <http://www.acdi-cida.gc.ca/>) and learn all you can about their programs for Investment, Professional Services and Capital Projects. As a must, attend the International Co-operation Days in Ottawa or specified regions, a joint undertaking by CIDA and the Alliance of Manufacturers and Exporters.

You associations are key to finding help in finalizing a project as they will lead you to others that have been through similar stages. Get to know the people that run your association, the members who have already gained experience, and attend their workshops on international trade opportunities.

Make Sure You Get Paid

Getting paid for the work you do is fundamental to the success of your international ventures. Just ask some of the big firms who lost fortunes because of political instability, bribery and corruption, or just plain bad debts on international projects. Make sure that you have secure international payment arrangements made prior to undertaking the work or providing the goods. We always look at prepayment or a retainer fee if we don't know the client. On your list of "musts" make sure you have arranged to learn all there is to know about the Export Development Corporation (EDC) for Export Credit Insurance (http://www.edc-see.ca/prodserv/insurance/index_e.htm) and the Canadian Commercial Corporation (CCC) for the Progress Payment Plan (http://www.ccc.ca/english/cce_services_expfinance.cfm).

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