

In Perspective



Carl Marcotte, Vice President, Small Business, Export Development Canada (EDC) talks to CONSENSUS magazine about standards and small and medium-sized businesses in today's global marketplace.

Consensus: Based on EDC's experience in helping Canadian businesses gain access to foreign markets, how valuable is certification to international standards?

CM: Adherence to standards can make all the difference for a firm (especially a small one) that is looking to expand its presence in foreign markets. Many of the small exporting companies that we work with go to considerable lengths to establish their *bona fides* with potential foreign customers. To be successful in the long run, you obviously have to show that you have staying power and adherence to internationally recognized standards of business practices has to be a key part of that strategy.

To go a step further, while many such standards recognize best practices around safety, or product quality, there's an emerging trend to show your commitment to or seriousness about security, and specifically the security of your supply chain.

Consensus: EDC advises small businesses to make sure that they understand the foreign market they want to enter before venturing in. How important is it for small and medium-sized businesses to be aware of regulations and standards that exist – either within the country or as part of WTO or regional trade agreements?

CM: Knowing what matters to potential customers in the market you're seeking to enter really differentiates, in our view, a successful exporter. Standards and business certification count for a lot, but the subtleties of how relationships are built and the environment within which you're trying to operate are critical. The enormous growth of international supply chains in the past decade is a great example.

Deregulation, increasing productivity and improved "connectivity" between countries and people has led to even very complex supply chains going global. Almost any business is now able to shop the world for the best quality, price and reliability for almost any sub-component that makes up what they sell. It's hard to imagine, but even a product as deceptively simple as a man's razor could have components from half a dozen different countries.

Developing the relationships to get into these global supply chains can look daunting for small exporters in particular, but knowing the local and regional "rules" makes a difference. Using the same example, not only is that razor composed of more multinational parts than ever before, but it must now be sold (unchanged) in more markets than ever before, particularly within regional trading blocks. That means products and components have to meet harmonized (or sometimes not) standards across multiple markets.

If you can be proactive in understanding what those standards are ahead of time, you increase your chances of working your way into these supply chains. Importantly, these standards are usually a lot more complex than just packaging your product with multiple languages. (Some suppliers think that's all they have to do to sell throughout the three NAFTA markets.) It pays to work with other suppliers in your industry to learn what is really the norm. ■

Export Development Canada provides Canadian exporters with financing, insurance and bonding services as well as foreign market expertise. www.edc.ca

