



# Venturing Abroad:

Standards  
as a business  
passport  
to foreign  
markets

**S**tandards – don't leave home without them! That's the advice of two executives of small and medium-sized businesses in Calgary with experience in foreign markets. It's also a business reality that can not be overlooked, according to standards experts.

Doug Smith, president of Conematic Heating Systems, says that in his experience, certification to internationally recognized standards is one of the best marketing tools for Canadian exporters in an ultra-competitive global marketplace.

"Canadians tend to be shy. We don't market ourselves well internationally. We don't have the aggressiveness of our foreign competitors," Smith says. "So when we go up against tough competition, we can let our standards certificate speak

for us. It gives us credibility."

Conematic, which manufactures energy-efficient hot water and hydronic heating and cooling systems for homes and industries, has 25 employees and annual sales revenue of \$14 million. About one third of that revenue comes from exports, mainly to the United States.

The privately-owned company also has a long list of certificates verifying its conformity to technical product standards developed by the Canadian Standards Association,

the National Board of Boiler and Pressure Vessel Inspectors, and others.

With the aim of further expanding its global marketability, Conematic is currently working towards certification to ISO 9001, the world's most recognized quality management system standard.<sup>1</sup> It is also seeking the European Union's CE marking, a legal requirement for gaining access to sell many products in Europe.

Smith says the company's efforts to meet the requirements of ISO 9001 have taken significant time and resources, but he expects to reap the benefits with an improved management system that will keep costs down, improve efficiency and satisfy customers. He also expects the certification to put the company in an even better position to export to emerging markets.

Conematic made an initial foray into the Chinese market several months ago, and as Smith described it at

the time, "We got banged around a bit." Although the company had been certified to North American standards, and "our standards are some of the best in the world," the company was overwhelmed by the aggressiveness of the competition.

"In the United States, we might go up against 13 or 14 competitors, but in China we would have 59 competitors. We were going up against some of the biggest players in the heating business worldwide."

Smith figures that adding ISO 9001 certification and CE marking will further enhance the company's credibility.

"You have to look at it as a value, not a cost," says Smith of his company's investment in standards.

"In the global marketplace, certification provides a measure of quality. When nobody knows who you are, a certificate gives you credentials."

### A long-term investment

Delton Campbell, president and CEO of Innicor Subsurface Technologies Inc., also sees standards as vital to gaining a solid footing overseas.

"If you want to get in and out of the foreign market fast, maybe you don't need certification," says Campbell, whose company manufactures perforating guns and other equipment for oil and gas well construction. "But if you want to be there for the long term, certification is the basic ticket."

Innicor, with 300 employees, estimates its sales revenue for the last 12 months at \$65 million, with 30 to 40 per cent of that from exports, mainly to the Middle East and Asia. It has been certified to ISO 9001 since 2003.

"We are medium-sized in Canada, but in the global picture we are tiny and we go up against big multinational companies."

Campbell says ISO 9001 certification is becoming an industry requirement for large state-owned and major private oil companies.

"The small companies we dealt with in the past didn't ask for it. But when you deal with any of the bigger companies, they require it."

Although, becoming certified to ISO 9001 didn't come cheaply, in the end, Campbell says certification paid off. "It's a matter of weighing the time and cost against the advantages of credibility and acceptance to a wider foreign market."

## Implementing ISO 9001: Guide for small business

For many small and medium-sized businesses, making the decision to put in place a quality management system is simple. It's figuring out what to do next that can be daunting.

The International Organization for Standardization technical committee that developed the ISO 9000 series of quality management systems (ISO/TC 176) has published a guide entitled: *ISO 9001 for Small Business – What to do*, which breaks down the process into three main stages and nine specific steps:

### Stage 1 – Development

- Step 1: Identify your business activities
- Step 2: List your business activities

### Stage 2 – Implementation

- Step 3: Have staff write down what their jobs cover
- Step 4: Collate job activities with business activities
- Step 5: Look at how the standard and your list of business activities link together
- Step 6: Apply the standard and the quality management system
- Step 7: Keep your quality management system simple, functional and relevant

### Stage 3 – Maintenance

- Step 8: Consider improvements to your processes based on feedback
- Step 9: Monitor and measure changes so you know what you have gained

*The guide can be purchased at [www.standardstore.ca](http://www.standardstore.ca).*



### A fact of export life

Standardization is becoming a fact of life in the global marketplace, where conformity in design of products and services and adherence to health, safety and environment standards have direct impact on export opportunities. And more and more companies are seeking certification to increase their competitive edge.

ISO's most recent annual survey of certifications shows the increasing global prominence of management system standards, and ISO 9001 in particular. At the end of December 2005, more than 775,000 ISO 9001: 2000 certificates had been issued in 161 countries.

In an environment of increasing standardization, Canadian exporters need to study the markets they are entering and learn the standards requirements in advance, says Tony Schellinck, a former member of the Standards Council of Canada's Advisory Committee on Trade and co-author of a study on the role of standards in exporting.

"What complicates matters is the wide spectrum of standards in some export markets. In the United States, for instance, many industries set their own 'international' standards, as well there may be more than a thousand jurisdictions – including state and municipal levels of

government – with their own standards or codes to be met."

Schellinck says that while many Canadian companies would argue that the quality of their products are equivalent or superior to other parts of the world, they may still need to meet additional requirements to gain market access.

Beyond broadening opportunities in foreign markets, Shellinck says companies should look at applying standards as an overall business investment.

"Many of the companies I have talked to have found an intrinsic value in certification," says Schellinck. "The ISO quality management standard, for instance, improves management practice. If it's a good standard that in itself is enough reason to adopt it." ■

<sup>1</sup> ISO 9001 and ISO 14001 are two examples of international standards that have been adopted or adapted as National Standards of Canada. The official name of the Canadian adoption of ISO 14001 is CAN/CSA-ISO 14001:2004, however, the shorter, more recognized name ISO 14001 is widely used, and may be qualified with the year the standard was published or revised.



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