

E-Commerce



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Electronic Commerce: A Business Tool Whose Time Has Come

The *Réseau des sociétés d'aide au développement des collectivités* (SADC) is pleased to present this series of articles as part of its activities to support SMEs in the regions and to work with entrepreneurs on their projects.

As a follow-up to the Connecting Canadians conferences organized by the Government of Canada, this series is a practical source of information that will enable entrepreneurs to further their knowledge of e-business. It also provides concrete ideas to help firms in the regions step into electronic business and take advantage of these technology-based management and development tools.

The series contains a total of eight articles that are based on interviews with specialists from the public and private sectors. The articles relate to: the importance of electronic commerce; categories of electronic business; business strategy; starting up in e-commerce and getting under way; support programs; regulation; security; human resources; and export preparation.

This collection has been produced with the cooperation of the following partners: Industry Canada, Canada Economic Development, Canada Information Office, Business Development Bank of Canada, and the Student Connection Program.



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Taking It a Step At a Time

The Internet has literally revolutionized the business world. By reducing both time and distance, this new work tool not only provides access to a wealth of information, but also facilitates communication around the globe at any time of the day or night, seven days a week. This new reality in the business world has paved the way for e-commerce, expanding markets and opportunities for both large corporations and small- and medium-sized companies (SMEs).

For more than a year, Yvon Bureau, Director of Public Affairs, Planning and Analysis, and Michel Hall, Advisor, Strategic Information, at Industry Canada, have travelled throughout the province of Quebec to talk about e-commerce with entrepreneurs in various regions.

Planning is essential

There are many challenges to be met before posting your firm on the Internet, but strategic planning is paramount. In other words, an e-business strategy must be an integral part of a firm's business plan. "Many firms are concerned about cost, making it all the more important to plan," says Yvon Bureau. "It is essential to have a thorough knowledge of your target market and clientele, and the type of growth anticipated in order to seek the advice of experts on the matter. Take it one day at a time, and don't expect miracles that six months from now it will be like the Klondike gold rush."

Knowing your needs and goals

Before becoming involved in e-commerce, you must know your firm and its needs inside out, and take the time to determine its goals. Once you have thought it through, there are certain key steps to follow:

1. First, you must acquire the proper equipment and get connected to the Internet. "Once you're connected, play around with the e-mail, do some surfing, get used to the Internet," recommends Michel Hall.
2. Next, create your own Web site. Specialists and Internet service providers can meet a firm's needs according to its budget. The Student Connection Program (SCP) may be a very good fit for entrepreneurs just starting on the Internet. Its services (www.scp-ebb.com) range from Internet training to e-commerce consultation sessions. "The Student Connection Program is a fine example of technical assistance and planning services," states Yvon Bureau. "The young people providing the services are students in business administration and have been trained to review a firm's situation. They can provide a complete report, helping entrepreneurs make a more informed decision."
3. The next step is the shift to a transactional Web site, which leads to the establishment and development of new alliances using technology-based means.

At the same time, a firm with several employees may consider setting up an Intranet network, transforming its internal communications and activities. Likewise, adding an Extranet extension can streamline external activities by connecting suppliers and clients with the firm.

Follow-up and promotion

Creating a Web site is not an end in itself: it has to be regularly maintained and updated. The more elaborate you make your Web site, the more time and effort you will have to invest in it. For instance, a transactional Web site requires the allocation of necessary resources. Another factor to take into account is the site's positioning. "Since anybody can establish a presence on the Web, promotion costs must be considered," says Michel Hall. "If your site is not registered with a search engine or if it is not in the first 50 positions, then there is a problem. SMEs must plan on connecting to one or several portal sites because e-business centres are sure to become indispensable in the future."

Taking action

The people on the *Réseau des sociétés d'aide au développement des collectivités* (SADC) team (www.reseau-sadc.qc.ca) are excellent resources for entrepreneurs who need consulting services adapted to their needs. In addition, many programs are available on the market to assist entrepreneurs. *Info entrepreneurs* (www.infoentrepreneurs.org) is a service designed especially for SMEs. "It is a single-window service that provides specialized information on private programs as well as federal, provincial and municipal programs," explains Mr. Bureau. "The people at *Info entrepreneurs* evaluate requests and provide a diagnosis." There is also the Strategis Web site (strategis.gc.ca), which has a data bank containing nearly two million documents on development, business planning, regulation and control, market studies, industrial sector information, etc. Industry Canada (info.ic.gc.ca) also manages several data banks that can provide strategic information.

For today's entrepreneurs, e-commerce is a must if they want to become part of the business world of tomorrow. Although B2C (business-to-consumer) e-commerce has experienced some setbacks, it is in the interest of SMEs to make the shift, because the economies of scale and business opportunities with B2B (business-to-business) e-commerce are tremendous. Michel Hall stresses, "We are living in a world where technology is playing an increasingly important role, and where knowledge is the watchword. To do well, these have to go hand-in-hand. To be successful, you must be informed, and to be informed, you must embrace technology. With all the resources the Internet has to offer, you can be part of the knowledge economy from the comfort of your own desk, whether you head a large company or a very, very small firm."

Let's Talk About E-business

Among the benefits available to entrepreneurs through the Internet are lower production costs, easier exchange of information among employees, and of course, new market development. Despite these benefits, a number of SMEs are still reluctant to use this development tool.

The business generated by e-commerce is increasing yearly, both in absolute figures and in percentages of the incomes of Canadian businesses. But exactly what do people mean when they talk about e-commerce? To put it simply, e-commerce refers to business activities concluded by means of electronic networks. When two companies exchange order forms by fax, they are engaging in a form of e-commerce. The Internet raises these business relations to a higher level.

E-commerce is more than a matter of technology; it is primarily a way of doing business that does not necessarily involve doing all the transactions electronically. "It can start with an exchange of information to tell a supplier or client about the company's products and services," explains Michel Castonguay, an Industry Development Advisor with Industry Canada's Quebec Region. "It can take place between two businesses or between a business and a consumer; this is what is meant by B2B (business-to-business) or B2C (business-to-consumer). One even finds the terms G2C and G2B — the "G" being "government" — being used today."

Choosing your way of doing business on the Web

With electronic mail, commonly known as e-mail, you can exchange information and documents (invoices, order forms), often without having to pay the cost of faxing. It can give spectacular results when used with a promotional site. Arontec, a business located in the Laurentians that makes old-style dovetail log homes, designed a promotional site showing its products and services, accompanied by an e-mail address. The result: after answering some requests for information, the company proceeded to sell thousands of units in the West Indies, Belgium, Korea, Japan and elsewhere in the world.

A transactional site, in addition to having the characteristics of a promotional site, enables the user or client to make a business transaction — such as reserving a hotel room — right on the spot. In its advanced form, it opens the way for most or all transactions, including payment.

Electronic commerce or electronic business?

According to Jean Talbot, professor at the *École des Hautes Études Commerciales*, "Electronic commerce means using Internet technologies for processes affecting clients and suppliers, in other words, processes outside the business. Electronic business involves both external and internal processes," such as business support systems, human resource management and supply and management of stocks. Electronic business therefore has a wider scope than electronic commerce.

Every business must look at what it can do to reduce costs and improve its relationship with customers in order to maintain its competitive edge. Jean Talbot says, "Customers can click onto the company's site, check their accounts, and so on. The company can even go further: if a

customer has purchased a given product, the company might suggest purchasing something else; in other words, customer relations can be greatly personalized." This is also why Michel Castonguay believes that, "It takes a marriage of the business side and the technology side; it can't just be left up to the technology. You need a team that can, on the one hand, devise a business strategy, and on the other, provide Internet access and e-commerce solutions."

Portal or vortal: that is the question

As with traditional activities, a business in the virtual economy must adopt a strategic position and go about finding its clientele. Portals are sites containing a multitude of information for attracting one's desired audiences. Some are horizontal in nature and are designed for a target clientele; for example, one might find a full range of products and services related to maternity on one such portal. The geographical portals, for their part, lend themselves more to tourism.

On the other hand, a business with a specialized product, such as an axe manufacturer, would do better to use a vortal — or vertical type of portal — which groups together companies in a given economic or industrial sector. The entrepreneur must therefore examine the sections of the portal under consideration and assess whether they will enable him to find his company easily.

Another newcomer to the Web is the marketplace. Not unlike a shopping centre, the marketplace brings suppliers and customers together. However, a company might sometimes need a distinct presence. "A company does not always want to act in a given area of competition; it might prefer to address its clients directly and avoid the intermediary of the marketplace," says Mr. Talbot. "You have to use them carefully." According to Michel Castonguay, marketplaces can nonetheless be very useful to SMEs that have a niche product or that do business with large order givers.

Whether one is considering acquiring a promotional or a transactional site, or using a portal or a vortal, Mr. Castonguay feels that, "The choice depends on the nature of the business, its economic activity sector, more than the category itself." As Mr. Talbot says, "It might be something as simple as sending e-mail. That's what my tailor does. He has developed a business relationship that he didn't have before. From time to time he sends me pictures of new suits, letting me know about the products and services he has. He has chosen an application, and maybe it's the best one for him."

Technology...Helping You Implement Your Business Plan

The Internet has almost become a must for SMEs, but an implementation strategy is as important for e-business activities as for traditional business activities.

“What is important in e-commerce is to take it one step at a time,” states France de Gaspé Beaubien, Vice-President, E-commerce, at the Business Development Bank of Canada (BDC). “You can’t expect to find a complete solution to all of your firm’s problems. You have to look at what e-commerce can do to help you achieve your business goals and objectives.”

Luc Vilandré, President and CEO of Versalys, a firm specializing in e-business solutions, sees e-commerce as “just one piece which must be integrated into the overall business plan. It is important to consider how it will support or modify the existing business model. This is fundamental.”

One step at a time

Once a needs analysis has been performed, the first step may be to set up a promotional site. This type of site may be ideal for a company that wants to make its name known and advertise its products and services. It becomes a new advertising tool, which will have to be registered with the better search engines.

As a second step, an SME will want to look at ways in which Web technology can be integrated as a distribution channel, depending on the business uses being considered. As France de Gaspé Beaubien points out, you have to decide whether you want the technology “to sell products or services, to woo potential clients, to reduce supply costs, or to improve turnaround for filling orders,” adding that “you shouldn’t try to do it all at once. You need to set priorities, then work on meeting them gradually. The Web site will evolve to support the enterprise’s business needs.”

In addition to using technology to handle dealings with suppliers and clients, an SME can use technology to improve internal operations. “E-business” refers to both internal and external processes. The Web can become a handy tool for in-house operations, such as operations relating to pay or internal communications.

An analysis of the technology’s potential uses and its likely impact on the company’s operating methods is a must before deciding on technology solutions. “Technology as part of the Web strategy is the very last step,” states Luc Vilandré. “You need to relate it to the company’s business strategy, to determine how the company will market its new way of communicating with clients.”

As an example, he refers to a company that presses CDs. The company developed an interface that enabled distributors to place their orders online. The result: within three months, the number of telephone calls dropped by 80 percent and the company was able to assign staff to other duties.

Taking advantage of programs and services

SMEs often do not have the human resources and can't afford experts, and it can be difficult to discern what is true and what is false. "All kinds of claims are made on the Web," points out Luc Vilandré. "It's better to do business with a recognized player compatible with the size of your enterprise. There are all kinds of service offers covering Quebec, whether through Versalys or some other entity. Organizations like the *Centre francophone de recherche en informatisation des organisations* [Francophone Centre for Research into the Computerization of Organizations] and Canada Economic Development (CED) are quite familiar with regional economic issues and can help companies find players able to provide advice."

The Business Development Bank of Canada is currently working with CED on the development of a program to provide assistance and guidance for small groups of eight to ten entrepreneurs, each of which will have access to individualized follow-up to help determine how e-business solutions can help with internal operations. It is essential to clearly identify needs before turning to a potential service provider. "The clearer the definition of the needs to be met (e.g.: Do I want to accept payment via credit card? Do I want the ordering system to be linked to my inventory management system?), the easier it will be for a company to determine exact costs and then shop around for a supplier to come up with the solution. At that point, it becomes a matter of determining the e-business model, then negotiating. And, as France de Gaspé Beaubien points out, "With the Web, the supplier does not necessarily have to be based in the company's own region."

The other indispensable element is the development of a communications strategy. "It is not enough to have a route or channel; if you don't let people know how to access it, it's of little use," says Luc Vilandré. When analysing potential uses of Web technology, a company should look at what is being done in the industry in question and what clients are looking for, then show clients the advantages of using the Web. E-commerce must provide added value; otherwise, the client will go back to the old ways of doing things. The importance of a user-friendly site cannot be under-estimated.

E-business is evolving quickly and no one ready-made model has as yet been developed. Nevertheless, current trends seem to indicate that e-business is here to stay. The *Réseau des sociétés d'aide au développement des collectivités* (SADC) is very knowledgeable about consulting services available for SMEs and can direct companies to the resources that are most likely to meet their needs. As Luc Vilandré points out, "It's safe to say that the last company to give in to the changing times and install a fax machine is probably no longer in business today!"

Helping SMEs Shift to E-business

Integrating e-business into the traditional activities of SMEs can take considerable effort. However, many resources exist to help entrepreneurs make this important transition.

Info entrepreneurs (<http://www.infoentrepreneurs.org>) offers a variety of information products that can greatly contribute to the success of this process. A member agency of the Canada Business Service Centres network, *Info entrepreneurs* is a single window for government programs, especially in the area of e-commerce. It has branches throughout Quebec, having negotiated agreements with 24 Chambers of Commerce across the province.

Training and financial assistance

Various agencies offer training and technical support services to firms interested in shifting to Web-based operations. The Electronic Commerce Institute and the Student Connection Program, among other initiatives, can provide advice and training on integrating e-commerce into a firm's activities. Entrepreneurs can also meet with Canada Economic Development (CED) representatives working in the various regions of Quebec.

However, as indicated by *Info entrepreneurs* Analyst Linda Bergeron, "Financial assistance is focused on transactional sites because of their added value. Entrepreneurs have to have more than just a business card on the Web." Two programs of note in this regard are *Techno.net Loan* of the Business Development Bank of Canada and *Idea SME* of Canada Economic Development.

Techno.net Loan offers financing, ranging from \$25 000 to \$500 000, to cover the various costs involved in implementing a Web solution. The *Idea SME* program offers financial assistance to SMEs under three components: 1) innovation, research and development and design; 2) export market development; and 3) entrepreneurship and business development. It is possible to obtain financing for a Web site that uses e-commerce, for example, if it is part of an international marketing plan.

Other programs are also available at the provincial level, including the refundable tax credit for SMEs interested in developing a transactional Web site or establishing a transaction system between firms. In addition, the Quebec Government offers financial assistance for hiring e-commerce workers.

Government programs also give priority to business associations. The Canadian Network for the Advancement of Research, Industry and Education (CANARIE) focuses on projects involving various organizations that are associated but spread out geographically and are interested in undertaking special e-business development projects. For their part, Canada Economic Development and the *Quebec Fonds de l'autoroute de l'information* [Information Highway Fund] support e-commerce projects that help develop regional sectors or sectors of activity based on the new economy.

Several guides, available on Industry Canada's Strategis Web site (www.strategis.gc.ca) are also worth noting. They include *Retailing on the Internet: A Guide*, which addresses the issue of Internet opportunities in a comprehensive way that will help Canadian retailers to more

clearly understand the development and evolution of online retailing and e-commerce. Another guide, *Net Gain: Doing Business on the Internet*, contains information on the basics of Internet use as well as the most recent applications and methods.

Export support

Any firm that establishes a presence on the Web opens itself up to new markets, including export markets. *Info entrepreneurs* has an agreement with Team Canada, which brings together about twenty government departments, and acts as a gateway for this program (telephone: 1 888 811-1119).

According to Linda Bergeron, "Getting into e-commerce is quite similar to getting into exporting. Everyone wants to be involved, but you have to do your homework first. You have to stop, look at things and analyse the situation. What is my product, my potential? What are my target markets? What are my financial resources?"

Programs offering loans or loan guarantees are available to firms through various organizations and financial institutions. For example, Canada Economic Development's Program for Export Market Development (PEMD) offers financial assistance that must be repaid, under certain conditions, in order to help export firms absorb the costs of promotional activities abroad, such as participation in trade fairs, exploratory trips, product approval or production of promotional material. The PEMD may contribute between \$5 000 and \$50 000.

Tools are also available online to help firms with the exporting process. *Take a World View... Export your Services* (<http://strategis.ic.gc.ca/SSG/sc01071e.html>) is the most comprehensive Web site for exporters of goods and services. It evaluates the level of preparedness of export firms and can help them through all of the steps of the exporting process. Another interesting resource is the *Step-By-Step Guide to Exporting* (<http://www.exportsource.gc.ca>), which is designed to help entrepreneurs understand the realities of exporting and provide clear, reliable information on evaluating a firm's export potential. In addition, it can help entrepreneurs plan an initial export project and implement it.

Is E-commerce Regulated?

When people ask, “Is e-commerce regulated?” the answer is yes. By its very nature, e-commerce falls under the jurisdiction of many levels of government.

Existing legislation sets out the general obligations and principles applicable to new technologies. As e-commerce and the Internet develop, these rules are being applied in increasingly ingenious ways. The legislation indicates what to do, but not how to do it. “This is how legislation evolves over time and stays current, by conveying sound regulations and principles without focussing on the how,” explains François Charette, lawyer for the Lavery, de Billy law office.

Protection of personal information

Firms understand that information is the key to the future. This is why data banks are being established just about everywhere: the most precise information possible is needed to study consumer profiles and target clients more effectively. The down side of this new trend is the whole issue of the sale and exchange of information between firms.

Many statutes at both the provincial and federal levels govern the sensitive issue of privacy. François Charette explains that, “The regulations extend beyond the concept of computer security (protection of credit card transactions, for example), although this matter is also covered by a number of statutes. In both the private and public sectors, this legislation deals essentially with personal information that would enable firms to identify a private individual.” More precisely, the rule for collecting information stipulates that the information collected must be necessary for the transaction; it must therefore satisfy the criterion of necessity, as opposed to usefulness.

Governments lay down the law

In Quebec, the *Act Respecting the Protection of Personal Information in the Private Sector* governs the collection, use, possession and communication of personal information, without distinction as to the technological medium used. The rules of law that apply to the private sector in Quebec are consequently valid for e-commerce.

For its part, the federal government recently adopted the *Personal Information Protection and Electronic Documents Act (C-6)*. This legislation applies to federally regulated sectors such as banking, telecommunications and air transportation. It should be noted that the *Electronic Documents* component specifies the means of proof for recognizing the legal value of electronic documents. “The Canadian government is currently working to increase SMEs’ awareness of the concept of personal information protection, in particular when they develop their Web site or engage in e-commerce,” states Elaine Hood, Director, Privacy Policy, Electronic Commerce Branch, Industry Canada. “For firms involved in such activities, this can definitely become a value-added feature in business.”

Self-regulation

“People are wary about privacy and e-commerce,” says Elaine Hood. “However, many merchant, marketing and consumer associations have already established their own code of ethics in this area. In addition, Canada’s Privacy Commissioner has developed a guide on the *Personal Information Protection and Electronic Documents Act* for firms, organizations and consumers in order to improve understanding of the legislation and how it is applied.”

Key information

According to François Charette, “People will take the leap into e-commerce if they have confidence in the machine and the system. When consumers don’t know who they are doing business with, who is responsible for what, and if redress procedures exist, how can confidence develop? One day, a consumer or association will make a formal accusation against a firm because its practices are questionable and the information gathered is too personal. Site management methods will then be examined.”

The challenge for firms is to ensure that the software and services they buy comply with the legislation in force. It is best to consult a lawyer to learn more about the legal obligations imposed on firms. Entrepreneurs who have already taken steps to create an informational or transactional Web site should ask their providers if they are familiar with their obligations in terms of privacy and if they have a personal information representative on their team. Finally, Elaine Hood suggests visiting the Government of Canada site on e-commerce (www.e-com.ic.gc.ca) or contacting the Student Connection Program team (www.scp-ebb.com), who is already familiar with the scope of both the provincial and federal legislation. In addition, the Web sites of Industry Canada’s Office of Consumer Affairs (http://strategis.ic.gc.ca/sc_cons/consaffaires/engdoc/oca.html) and the Quebec *Office de la protection du consommateur* (www.opc.gouv.qc.ca), agencies responsible for protecting consumer interests, contain a wide range of information that may answer your questions on legislation and e-commerce.

Don’t forget taxes and customs duties!

With regard to the Canada Customs and Revenue Agency (CCRA) (www.ccra-adrc.gc.ca), regulations on taxes, revenue and the collection of taxes on imported goods apply to e-commerce in the same way they do to traditional commerce. It is therefore essential for firms to check the facts themselves because, in the end, e-commerce is just another way to conduct commercial transactions.

In conclusion, when entrepreneurs engage in exporting through e-commerce, it is their duty to look into the legislation and regulations that apply in the areas of taxation, trade and border operations, both in Canada and in the countries where the goods and services are being sent.

Secure E-business, Guaranteed!

E-commerce can be highly profitable for SMEs. However, security, for both the firm and its clients and suppliers, is as much an issue for Internet-based activities as for business activities in the “real” world.

Effective methods that exist to protect data posted by firms on the Web include firewalls that block access to anyone not authorized to consult a site in part or in whole; secure electronic payment methods; and the use of enciphered and encoded messages in the case of public and private keys or electronic signatures and certificates. These are all tools that a reliable electronic solutions provider can offer to entrepreneurs.

Software programs used to encrypt data are definitely important, but regardless of their size, firms must develop their own security policy. “You need personal identification numbers and access codes, you have to indicate who will have access to what information and you have to equip yourself with an anti-virus tool,” states Patricia Tourigny, a lawyer with the De Grandpré Chaurrette Lévesque law firm. In short, software programs alone are not enough.

Likewise, she adds, before going on the Web, entrepreneurs must decide on the investment they are prepared to make. “If certain information is of considerable value to a firm, it must make the necessary investments to ensure that it remains secure. It is just as important to protect information received from partners as it is to protect information gathered from clients. The firm must understand the stakes involved in the transaction. The investment should be directly proportional.”

Providing guidance to consumers and entrepreneurs

Where there are firms, there are clients and consumers. Industry Canada’s Office of Consumer Affairs has established a Working Group on Consumers and Electronic Commerce in order to provide guidance to firms, consumers and the federal and provincial governments for developing a framework for consumer protection in e-commerce.

All of these parties are represented within the Working Group, which has already put forward a number of principles intended to strengthen consumer confidence and support involvement in and the growth of e-commerce. As indicated by André Allard of the *Office de protection du consommateur* [Quebec Consumer Protection Bureau], who is a member of the Working Group, “The basic principle is to ensure that consumers who conduct transactions online have the same protection as for traditional transactions.”

Entrepreneurs should provide clear, adequate information on the products and services being offered, the terms of sale, and exchange and refund procedures. They should include their contact information (address, telephone number) on their Web site so that they can be reached easily. No one in business would ever want to hide the location of their office or their telephone number; the same logic applies to the Web and helps establish a relationship of trust with consumers.

Protecting the information

Businesspeople should take reasonable steps to ensure that the consent consumers give to a transaction is informed and intentional, and should make a commitment to protect any personal information gathered.

“Firms need to evaluate the information consumers will be sending,” explains Patricia Tourigny. “Is it at all valuable or confidential? With a purchase order, what is confidential is the information that people will provide online. A certain level of security must be provided.” Adds her colleague, lawyer Yves Joli-Cœur, “As soon as a firm begins developing a Web site, it should keep in mind the need to establish a policy to protect personal information.”

Firms must comply with regulatory provisions regarding the protection of personal information. The Government of Canada and the province of Quebec have adopted legislation in this area, and firms that gather information on clients are subject to either the federal or provincial legislation, depending on their status and how they will use the information gathered. The Privacy Commissioner of Canada has produced a guide to help firms better understand their obligations; it is available on the Internet at www.privcom.gc.ca/english/02_06_06_e.pdf.

Strengthening confidence in e-commerce

According to the principles put forward by the Working Group on Consumers and Electronic Commerce, consumers should also have access to equitable, effective methods to resolve problems regarding transactions, and should be given protection against excessive liability with respect to payments made.

The Working Group is currently looking at ways of promoting implementation of the various principles it has put forward. It is putting the finishing touches on a private certification process, an umbrella-type program that would serve to accredit the various existing programs that attest good practices by firms. These firms, along with consumers and governments, will be consulted on this project. A formal standard could subsequently be developed and then submitted for consideration internationally.

“Canada stands out because it has adopted a consultative approach,” indicates David Waite, Director, Consumer Information and Coordination, Office of Consumer Affairs, Industry Canada, and a Working Group member. “We are in the early stages of a new approach that will help strengthen confidence in e-commerce among both firms and consumers.” The Office of Consumer Affairs has already published a guide, *Your Internet Business: Earning Consumer Trust*, available on Industry Canada’s Strategis Web site (www.strategis.gc.ca).

Making Human Resources Part of the Team

New information technologies are revolutionizing communications, management and production practices in both the public and private sectors. They are also having a major impact on life at work and on work methods. Firms that invest in an e-commerce site should therefore keep their employees informed. Employees' ability to take part in the process of developing e-business solutions is one of the key factors in the success or failure of a move of this kind. Employees who do not have the necessary training, are antagonistic or feel threatened by the development of these new tools can slow the process down, or even cause the project to fail.

Human resource managers benefit enormously from new tools developed on the Internet. "Many specialized sites now exist for people looking for jobs and entrepreneurs searching for that rare gem of an employee," says André Vuillet, President of *Plan de Vol* and a professor in Laval University's Continuing Education Program. "Just look at Jobboom, Viasite and many other online mechanisms for job offers and applications."

Training and telework

The Internet also provides access to training programs at all levels: CEGEP [junior college], university and continuing education. Rosemont CEGEP in Montreal and Laval University in Ste-Foy are two good examples of institutions that use the Internet. "*Plan de Vol* has just established a Web site for *Les cours d'anglais virtuels* [Virtual English Courses], an organization that offers distance education with direct interaction between the professor and the student through a Webcam hooked up to the Internet," explains Mr. Vuillet. "It's wonderful! Students work at their own speed, from home or the office at a time convenient for both student and teacher, as part of a clearly defined, personalized program."

The Internet provides firms of all sizes with the opportunity to develop virtual work relations in various ways: for communication with employees working at home, collaboration between independent workers, or even strategic alliances. However, Mr. Vuillet sounds a warning about this practice, "You have to be careful because it can become a double-edged sword: you end up working in the evening, at night, on the weekend, because you can be reached almost anytime, anywhere."

Adding a touch of reality to e-commerce

E-commerce improves methods of dealing with consumers, contractors, suppliers and government officials. However, it is not a panacea, and must sometimes be combined with traditional methods in order to make the most of it.

Louis Hébert is Marketing Director, Cull Cattle, Dairy Calves and Feeder Calves, with the *Fédération des producteurs de bovins du Québec* (FPBQ) [Federation of Quebec Cattle Producers] (www.bovin.qc.ca). The FPBQ and its sales agencies have developed a series of computer tools for cattle producers and buyers: electronic bidding, a sales catalogue available on the Internet, computer tools to check the pulse of the market, informational Web sites, Extranet, etc.

The relatively young age of the FPBQ's team members and their very dynamic attitude toward computers probably facilitated the transition to new technological tools. Had this not been the case, it would have been necessary to offer training adapted to the needs of the staff. In the FPBQ's case, the real issue was ensuring that cattle producers would follow its shift to computers.

The market under a microscope

According to Mr. Hébert, market trends can be followed very closely on the Internet. He says, "This tool helps us stay on top of market trends, and establishes a certain degree of stability by avoiding price discrepancies. In addition to making decision-making easier, electronic bidding, for example, enables buyers to maintain a regular presence and attracts Americans. It's easy to go online and finish a sale in an hour. There are no limits." Although it would have been possible to automate the FPBQ's entire system, the decision was made not to, for the simple reason that Quebec's 17 000 producers are not all necessarily computerized.

"E-commerce is a good thing, but human contact is still essential to doing business," explains Mr. Hébert. "We are marketing specialists and we sell cows, calves and fat steers. Since we work with live animals, there are bound to be variations and imponderables. We therefore need to talk with our producers in order to find out what they have to sell." Mr. Hébert cites the sale of steers as an example. "They are big and beautiful and each weigh 1 250 pounds, but just how urgent is it to sell them? Have they finished growing? Are they really fat? Can they wait a little bit if the market is on a downturn? In other words, there are nuances and subtleties that make the market very volatile."

E-commerce will not replace people

"While e-commerce makes exchanges more effective, working with live animals greatly alters relations with the different stakeholders in the sector. We still have to send inspectors to verify product quality on site and provide client service. Despite all of the computer tools they have access to out in the back of their fields, producers still want to talk to us and meet with us," concludes Mr. Hébert.

Exporting Requires Planning

A few years ago, business people had no choice but to go to commercial marketplaces and trade fairs. Nowadays, Internet access enables users to travel all over the world, buying and selling consumer goods, without ever leaving home. A saturated, declining or developing market is usually the reason entrepreneurs decide to export their products or services. And with e-commerce offering a new way of doing business, all that remains is to adapt the principles of export to suit this new technological reality.

According to Michel Charland, Director of Industry Canada's International Trade Centre (strategis.gc.ca), exporting must start with a commitment by the entrepreneur. "You have to be willing to devote resources, people and funds. Exporting must be as much a part of the business plan as product development."

Before exporting, you must be well established in the local market and be financially healthy. "If an entrepreneur is looking at a foreign market, it is important to ensure that money invested abroad will not impede company operations here," says Michel Charland. "There are therefore choices to be made."

A good business plan — what it's all about

By establishing a presence on the Internet, SMEs immediately open themselves up to foreign markets. They must be ready to meet the consequent demand and quickly anticipate how the company will react to an increased level of business activity. It is therefore essential to think things through and develop an action plan that will deal with the issues of financing, logistics, customs requirements, etc.

"Preparation therefore remains the key to success," states Michel Charland. All kinds of practical information, as well as a data bank, are available on the Export Source Web site (www.exportsource.ca). The International Trade Centre (ITC) of Industry Canada has also developed services to assist those wishing to export. "Our job at ITC is to help companies reach a point where they know why they want to expand into the American Midwest or the Bordeaux region in France. Once that step has been taken, our people in the commercial section of the appropriate embassy will help the companies identify the key players with whom they should establish alliances," adds Mr. Charland. "The Centre can help companies avoid a lot of problems and save time. Aside from the information and the preparation assistance that it provides, it also offers networking opportunities, which are of vital importance to the entrepreneur."

Several Government of Canada financing services, including the Export Development Corporation (EDC) (www.edc.ca), can help entrepreneurs succeed in foreign markets. The EDC is a bank, in the broadest sense, that also operates like an insurance company. As well, very few people are aware of the services offered by the Canadian Commercial Corporation (CCC) (www.ccc.ca) which also acts as a trading house. The CCC helps entrepreneurs negotiate their first foreign contracts and protects them by offering to sign contracts on behalf of companies. "When it comes to financing, reference is often made to the *Caisse de dépôt et de placement* [Quebec Deposit and Investment Fund] and the *Fonds de solidarité* [Quebec Solidarity Fund]," states Michel Charland. "In

addition, it is important to note that the Business Development Bank of Canada (www.bdc.ca) is now involved in a series of financial products aimed at SMEs.”

The case of Thyme Maternity

Some entrepreneurs are already successfully experimenting with the “export and e-commerce” equation. This is the case with the maternity clothing store chain Thyme Maternity, which operates 55 stores across Canada. Launched three years ago, its Web site is directed mainly at the American market.

“Since it went online, Internet sales have tripled and the sales figures for the 2000 fiscal year are expected to double next year,” says Nathalie Leroux, E-commerce Manager of Thyme Maternity. This increase can be attributed to experience and the improved performance of the company’s e-business unit.

“Our business goal was to make Thyme Maternity known throughout the world, but more particularly in the United States, without spending a fortune on promotion,” explains Ms. Leroux. The site became a value-added tool since it allowed for improved customer service, the sale of franchises almost everywhere in the world, and the development of partnerships such as the one with *Babycenter.com*, an American Web site aimed at pregnant women.

Strategic advantage

Nathalie Leroux feels that the company is in an advantageous position because it is evolving at the same time as the e-commerce market. She believes that we should not rely solely on acquiring new technology but should invest in resource management by, for example, connecting inventory systems to the Web site. The company is now considering opening a warehouse in the United States in order to reduce costs and improve distribution services.

According to Ms. Leroux, the challenge of a transactional site is, above all, logistic — from the placing of orders to delivery to pick-up. “The Internet division needs a lot of support,” she says. “It was necessary to establish a number of procedures that changed how several departments operate. That is why it is important that management share its long term vision of this new business unit with all its employees.” And what advice would she give an entrepreneur hoping to join in the adventure of e-commerce abroad? She answers with a smile: “Plan, plan, plan!”

List of Thematic Conferences

The *Réseau des sociétés d'aide au développement des collectivités du Québec* (SADC) is offering a series of eight conferences to entrepreneurs in the regions as part of the Connecting Canadians initiative, in order to help them step into electronic business. In addition to a general conference on the importance of electronic commerce, seven thematic conferences are available:

- Electronic business categories
- Business strategy, startup and getting under way
- Support programs
- Regulation
- Security
- Human resources
- Export preparation

For further information on services and programs pertaining to electronic commerce, please consult the following Web sites of the partners who have made this project possible:

Réseau des SADC (www.reseau-sadc.qc.ca)

Industry Canada (www.ic.gc.ca)

Canada Economic Development (www.dec-ced.gc.ca)

Info entrepreneurs (www.infoentrepreneurs.org)

Business Development Bank of Canada (www.bdc.ca)

Student Connection Program (www.scp-ebb.com)