

DRIVEN BY INNOVATION

SUCCESS STRATEGIES OF WINNING ONTARIO FIRMS

Leading Growth Firm Series
REPORT 18



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A Message from the Honourable Sandra Pupatello

Innovative leading growth firms across Ontario have taken a proactive approach to seize opportunities, succeed and grow, even through the tough economic downturn that hit industrial countries around the world in 2008.

Many CEOs, presidents and owners of Ontario companies have re-examined their firms' priorities, embraced new solutions and succeeded in leading the way by creating effective change. Some reinvented their strategies, their products or their services and, in so doing, have found new customers and markets.

This report in the Leading Growth Firm Series shares the experiences of six Ontario companies that expanded despite the recession and stand out in the marketplace. Their leaders generously reveal their insights and some of the strategies they used to sustain and grow their companies. Their approaches include tapping into niche markets, improving or diversifying their products or services, building on core competencies, developing new technologies, building strong customer relationships, embracing sustainability and "green" practices and concentrating on international sales to build new markets. There is also an Innovators Showcase, highlighting small and medium-sized companies that have successfully launched new products through research and development.

As Ontario's Minister of Economic Development and Trade, travelling with Ontario-led trade missions to countries such as China, India and those in the Middle East, I have been impressed by the number of entrepreneurial leaders of growth-driven Ontario firms who recognize the limitless opportunities of overseas markets. In an informative roundtable discussion, leaders of five Ontario companies who are "experts on exports" discuss best practices and the intricacies of tapping into global trade networks.

I hope you will find inspiration in this report as you lead your own growing business through challenging and changing times.

A handwritten signature in black ink that reads "Sandra Pupatello". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Sandra Pupatello
Minister of Economic Development and Trade

“Innovation is the specific instrument of entrepreneurship. It is the act that endows resources with a new capacity to create wealth.”

PETER F. DRUCKER, MANAGEMENT EXPERT AND AUTHOR

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SUCCESS STRATEGIES OF WINNING ONTARIO FIRMS

Just over two years ago, the financial crisis on Wall Street triggered an economic downturn in industrial countries around the world. Businesses in Ontario fared better than most; the recession in Canada was shallower than in any other G8 nation. For many Ontario firms, however, the slow-down provided a chilling reminder that there is nothing “comfortable” about today’s economy. With increasing global competition and market volatility, the only security in business comes from making sure that your company is as efficient, nimble and customer-focused as possible.

To succeed and grow, Ontario companies have to become relentless about innovation, reinvestment, quality and strategic flexibility. It is not enough to be the best at producing whatever products or services your company is known for. You have to build a stronger infrastructure around those products in terms of motivated employees, world-class marketing, constant improvement and a loyal, interactive customer community. “You can’t leave any stone unturned,” says Shelley Bacon, President of Northern Cables Inc., an ambitious manufacturer of electric cables, based in Brockville, Ontario. “We hear from people that our market is down 25 per cent in dollar sales, and we have very aggressive competitors.”

Northern Cables competes in a price-conscious market, supplying heavy-duty commercial and industrial cables for office towers, shopping malls and apartment buildings in the United States and Canada. Having sprung as an independent, locally owned company from the ashes of a defunct cable manufacturing company that was shuttered in 1996, Northern works hard to keep costs down and prices low. Nonetheless, it recently invested more than \$10 million in new capital equipment to expand its product lines and boost production in a new plant in Brockville. “The list of things we can make and do is larger than we can handle,” says Bacon, but it helps the company crack new market sectors and respond more quickly to customers’ changing needs.

In past recessions, many companies survived by cutting back, lying low and simply waiting for recovery. That strategy doesn’t work so well any more. Downturns aren’t just cyclical slowdowns; they mark tectonic shifts in the business landscape, creating new challenges from businesses as they transform entire markets and old customer relationships. Tough economic times are notorious for weeding out weak companies, but they also strengthen the survivors. Every businesses that re-examines its core strengths, seizes market

share from weaker competitors or deepens its customer relationships in response to recessionary weakness is not only keeping itself afloat, but positioning itself for more buoyant times. As Toronto business coach Warren Coughlin says, “A recession simply means that supply exceeds demand. People are still buying; you just have to stand out from the crowd.”

Now is the time, says Bacon, to be modernizing and expanding, while most competitors are busy trying to shave their margins just to stay alive. In fact, Northern has five employees whose job it is to explore new products and processes, whether it is retooling their production equipment to make it work faster or introducing new higher-gauge or aluminum cables.

A new era in business

While the recession, technically defined as two or more consecutive quarters of negative economic growth, has been over for more than a year, the slow-moving recovery has many business owners wondering how they will survive in this new economy. But Ontario’s most aggressive business leaders know what to do: like Northern Cables, they are busy investing in new processes, new equipment and new jobs to survive and even thrive in an increasingly global market. They know that recessionary restructurings leave ample opportunities in their wake. In fact, the recent recession took place against an unusually promising economic backdrop. Consider that disruptive technologies, in software, microchips, nanotech, tablet computers and green energy, are creating new opportunities in every industry. And new markets around the world are redefining the word “opportunity” as emerging economies such as India, China, Indonesia, the Philippines and Brazil are still growing between 5 per cent and 10 per cent, even in a “slow” year.

All these opportunities make this a new era in business. With today's explosive growth in world markets, combined with a whirlwind of product and service innovation, this may be the first recession where participation really is not obligatory. For example, consumers today are crying out for businesses to provide new experiences and new products—just witness the success this year of the iPad (with its new PlayBook tablet under development, Ontario's Research In Motion Limited is working on its own answer to Apple's best-selling tablet). Businesses around the world are demanding new tools, higher-quality products and more efficient processes to help them solve their own competitive challenges. For companies with leading-edge products or best-in-class business solutions and the innovation skills to stay ahead of the market, the next decade could be a golden age—an environment made to order for nimble, knowledge-driven producers such as those in Ontario.

But clambering aboard the global-economy express isn't easy. Supplying the continuous improvement and high-quality service levels that world markets demand requires a shift in the way

business leaders think and act. To survive and succeed, they need to rethink their place in their industry, the future of their products and the nature of the value they create for their customers. They have to ask themselves, "What do I do best?," "How can I get even better?" and "Who are the teammates I need around me to succeed?"

Customer-focused global future

"The recession was certainly a wakeup call for Ontario businesses," says Jayson Myers, President and CEO of Canadian Manufacturers & Exporters (CME), Canada's largest industry trade association. "It put a number of companies out of business, and as a result, many of our traditional supply-chain relationships are being reorganized. The challenge for the survivors is to go out and hunt down new customers and really understand what these clients want. This will be a huge spur to innovation, because companies that don't do that are really going to struggle."

Businesses today must adopt a more aggressive, customer-facing posture to make themselves indispensable allies to their customers

Invention and innovation: what's the difference?

Invention	Innovation
A new-to-the-world discovery/creation	A product, service or process that creates net new value for customers
Driven primarily by inventor curiosity or research interest	Driven primarily by desire to add customer value
Merit defined by uniqueness	Merit defined by profitable deployment
Based primarily on scientific skills	Based on a broad set of strategic, marketing, operational and technical skills

Source: *Beyond the Recovery: Report on Canada 2010*, Institute for Competitiveness & Prosperity.



and prepare to move faster and take more risks. Myers admits some companies will find the going difficult. While manufacturing was under pressure in most North American and European countries throughout the 1990s, Canadian industry held its own, mainly because the dollar was allowed to free-fall, hitting a low of 62 cents (U.S.) in 2002. Since then, the loonie has soared by more than 60 per cent, to the point where it is once again at parity with the U.S. dollar. That is causing huge headaches for Ontario CFOs whose costs are incurred in Canada while much of their revenue comes from the United States.

Ontario's "sweet spots"

Now the focus is on competitiveness and strategy. "We can't compete with low labour costs," as much of Asia offers, says Myers. "We can't compete with big economies of scale," such as many U.S. and European companies enjoy. The sweet spot for Ontario industry, he says, lies in the middle: producing high-quality specialized goods for discriminating buyers, usually in niche sectors that big multinationals have overlooked or neglected. Becoming the best in the world in one or two specialties sounds like a daunting challenge, but it offers big advantages to successful practitioners. For one thing, it is easier to defend a small niche than a big horizontal market when huge competitors come sniffing around. For another, mastering your niche requires building strong relationships with your best customers—and in those relationships lie your future growth prospects and most profitable opportunities. What most companies find is that the closer they get to their best customers, the more new needs they discover and the more trust develops between the two organizations. Result: they do more business together, and that gradually builds up new barriers to entry that other firms will have trouble overcoming.

Although Myers can identify lots of barriers to success for Canadian companies to be aware of—high costs, the "thickening" of the U.S. border due to increasing security and trade concerns, the preference of many U.S. customers to "Buy American" and the ever-growing list of regulation and compliance issues that boost the costs of trade—he believes those barriers will fade away for companies that can learn to deal with changing markets and graft themselves to customers in a sustained effort to meet and anticipate their needs. "You have to look at your business as producing a business solution to your customers, not just a product," he says. "This is a huge cultural shift that every senior business leader has to make."

Myers thinks Ontario companies can do it. "I'm always very heartened about how resilient our manufacturers actually are and the new technologies and new products that they are able to achieve," he says. "We have a manufacturing base that's highly skilled and companies that are fast on their feet. They're very oriented to their customers' needs."

Leading growth firms covered in this report, both in the manufacturing and services sectors, certainly live up to that billing.

"Our customers helped us build this company," says Kevin North, President and CEO of Dyadem International Ltd. (page 26). "Each of our products was co-developed with at least one customer before going to market."

NRT Technology Corp. (Innovators Showcase, page 29) is a Toronto-based producer of cash-handling solutions, especially for banks, retailers and the casino industry. NRT's slogan is "Technology Is Our Passion and Customers Are Our Focus." And its customers

The new reality

Jayson Myers, President and CEO of Canadian Manufacturers & Exporters, on business strategies for today's marketplace



For years, many Ontario companies enjoyed being part of a secure supply-chain network, where everyone knew their place and there was work enough for all. As a result, "there were a lot of companies that didn't have a strong marketing and sales group. Their business was really about getting good product out

the door." Now, says Myers, you have to engage in real strategic thinking. "It all starts with a customer."

How do you identify new customers and work with them?
How do you understand your new customers' requirements?

You have to understand the capabilities of your business and what are the significant products, services and processes that have to be developed to serve these customers. Then you have to decide if that is a viable thing for your company to do. On top of that, you have to let your staff know how things are changing. "You have to take your workforce and mobilize it to achieve these new objectives," says Myers. "And you have to do it while you're working from a weak cash-flow basis," a result of the recent recession and the general tightening of bank credit. "All of that means higher risks for your business," says Myers. But at least you will have a market to fight for and a strategy to follow.

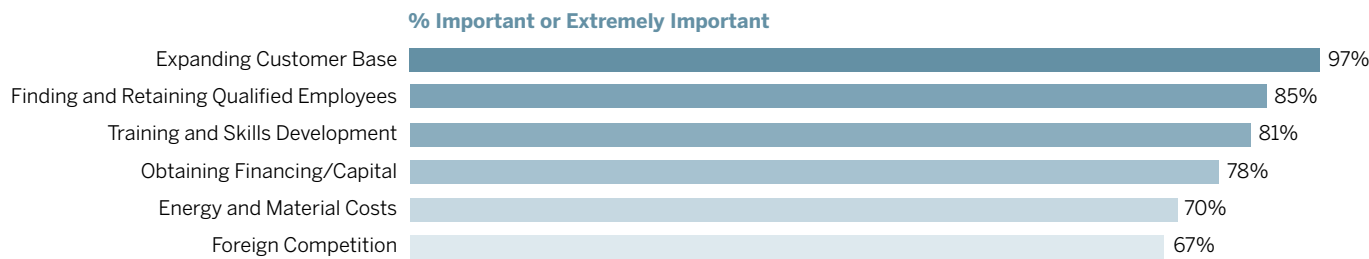
seem to feel the same way. Following a recent user conference for its customers, NRT surveyed its attendees and found that 95 per cent rated the conference "excellent" or "good" (meaning they had identified at least one good idea to implement in their businesses immediately). Better still, 97 per cent of attendees found the workshops beneficial, and 100 per cent said they would encourage colleagues to attend future conferences. That is what "getting closer to your customer" is all about.

In Brockville, Northern Cables has found that customer strategy is also a key tactic. As Northern produces more specialty products, it increases its ability to provide customers with one-stop shopping, thus increasing its chances of winning more contacts from the competition.

Similarly, Flying Colours Corp. proved so adept at finishing the interiors of Bombardier Aerospace regional jets that it became an official supplier to Bombardier itself, resulting in more contracts and stronger customer relationships for the Peterborough-based company.

Challenges

High-performing SMEs were asked: “What are your main challenges to doing business?” and to indicate the importance of each challenge to their company.

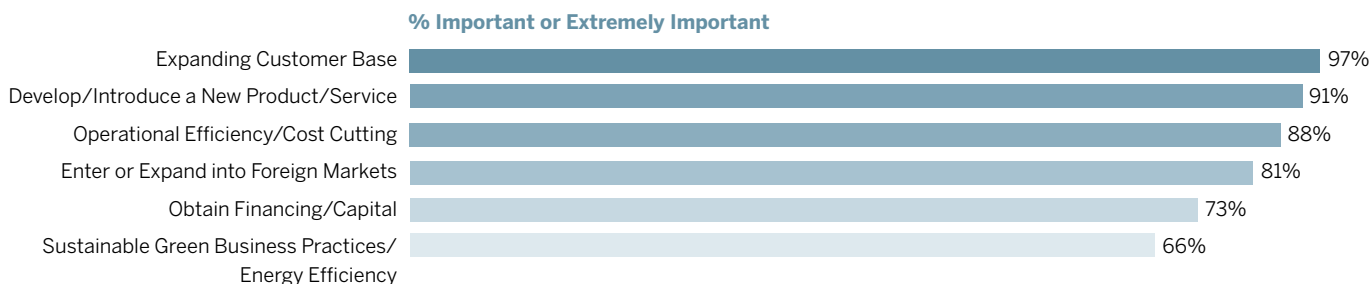


Total 487 responses

Source: Benchmarking of high-performing Ontario small and medium-sized enterprises (SMEs), Ministry of Economic Development and Trade, November 2010.

Opportunities

High-performing SMEs were asked: “What opportunities are you pursuing or do you intend to pursue?” and to indicate the importance of each opportunity to their company.



Total 490 responses

Source: Benchmarking of high-performing Ontario small and medium-sized enterprises (SMEs), Ministry of Economic Development and Trade, November 2010.

Looking ahead

At the Institute for Competitiveness & Prosperity in Toronto, the research arm of the Ontario government’s task force on competitiveness, executive director James Milway sees tremendous potential for Ontario companies. “We haven’t cracked China, the BRIC countries [Brazil, Russia, India and China] or Europe,” he says. “We need to do more.”

Milway doesn’t believe that individual businesses need to fall victim to the whims and waves of the global economy. “I don’t think we have to accept that we are headed for slower growth. I think every business leader has to be thinking: how can we grow in double digits? We have to look at global markets that are growing faster than average and ask, ‘Where do we have a competitive advantage? In what kind of market are we able to succeed?’”

Success, says Milway, lies in broad strategic innovation, not just producing better products, but surrounding them with services and processes that create broader solutions and greater value for your customers. “Innovation is not only about science and technology,” he says. “It’s about, how do we have a better process? How do we have a better strategy?” Even RIM, he says, owes its success as much to its distribution strategy for the BlackBerry—working through cable companies as well as wireless providers—as to the uniqueness of its “always-on” e-mail devices.

The key? Capable management

Milway believes that the future of Ontario industry lies not with yesterday’s supply chains or tomorrow’s technology, but with the ability of management. Can they spot growth niches and execute brilliantly? “Business owners should be asking, ‘How can we upgrade the talent in our senior executives?’ What we really need is capable managers who can put it all together: competitive analysis, customer analysis, business strategy. These disciplines are as important as any new technology that is coming out of the lab, and we don’t emphasize these things enough.”

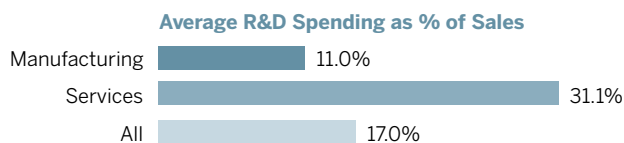
While Milway believes that universities have to invest more in business schools that can produce graduates with these strategic skills, he also notes there are many other ways that companies can acquire this expertise: through executive education, training programs or mentorships. Another key resource is peer-mentoring programs such as those provided by Innovators Alliance for growth companies or by similar groups such as Young Presidents’ Organization, TEC (The Executive Committee) and PEO (Presidents of Enterprising Organizations), where CEOs exchange ideas, problems and best practices in a confidential monthly forum.

The importance of building a disciplined, experienced team is borne out when you look closely at who is making the waves in

Innovation and introducing new products to market

High-performing SMEs seek to prosper through innovation and by introducing new products and services into the marketplace on a regular basis.

- On average, respondents reported that research and development (R&D) expenditures were 17 per cent of sales revenues in 2008 versus an average of 4.8 per cent for all Canadian SME R&D performers in 2005 (based on Statistic Canada study*).
- 75 per cent indicated they introduced a new product or service into the market during the past three years.



Source: Benchmarking of high-performing Ontario small and medium-sized enterprises (SMEs), Ministry of Economic Development and Trade, November 2010.

* Statistics Canada, Industrial R&D Intentions (2007).

today's business scene. Review the management rosters of successful Ontario growth companies such as those in this report and you see positive trends emerging:

- In many cases, the company founders, where they are still involved in the business, are not the CEO. Many have stepped back (or up) to other positions, such as chief technology officer or chairman, to make room for people with greater skills in sales, administration or leadership. Usually, that also means that the founders are still engaged in the areas where they are most useful, such as R&D, product development or building customer relationships.
- Key operating executives are sourced from a wide variety of backgrounds. These recruits have demonstrated success in working internationally, working with major companies or significant customers, or building high-profile start-ups. One of the key challenges for all business owners is to be courageous enough to hire people who are "smarter than they are" to benefit from the experience of skilled people who understand how to get their companies to the next level. Particularly helpful here is Ontario's rich resource of sophisticated multinationals, from ATI Technologies Inc. (which was acquired by AMD in 2006 for \$5 billion), Nortel Networks Inc. and Celestica Inc. to Mitel Networks Corporation, Molson Coors Canada and Manulife Financial, which provide new, younger companies with a continuing supply of often battle-scarred talent who are more than willing to share their skills and lessons learned.
- Successful firms make productive use of boards of advisors. While a board of directors tends to be concerned primarily with finances, governance and, occasionally, strategy, boards of advisors are focused on operations, markets and informal mentoring. Based on the makeup of their advisory boards, Ontario leading growth firms have been remarkably successful at attracting high-profile industry leaders to serve as advisors, sharing their market insights, technology know-how or personal management experiences.

Ontario leads the way

In this report, you will find many examples of Ontario companies that are leading the way into an innovative, customer-focused

global future. There are no magic formulas: these companies are succeeding through hard work, inch-by-inch innovation, building more powerful partnerships, investing in technologies and processes, upgrading their talent and exploiting opportunities created by failing competitors. To confirm the upbeat notion that opportunity lurks everywhere, even in recession, it is instructive to review some of the strategies that are helping these companies flourish in hard times:

- In the hard-pressed motor city of Windsor, Ontario, The Prestressed Group (page 20) produces precast concrete products and claddings as an alternative to pour-in-place construction. As it invests in costly new equipment to expand its product range, the former construction company has become a quick-footed manufacturer.
- In the Toronto suburb of Pickering, Eco-Tec Inc. (page 22) is a 40-year-old survivor in an industry that isn't supposed to flourish in North America any more: capital equipment and machinery. Its industrial water purifiers are still being built in Ontario for demanding international customers from California to China because Eco-Tec continues to develop new applications for its technology and because the intellectual advantages built into the company's customized systems far outweigh the cost of labour.
- DriveWise Canada (page 12) in Barrie produces high-tech driving simulation training packages that revolutionize safety training for people who drive professionally. According to President and CEO Lesley de Repentigny, DriveWise now has 50 service centres around the world, including facilities in the United States, Greece, Nigeria and the Middle East.
- Flying Colours Corp. of Peterborough (page 16) produces custom airplane interiors for private clients and regional jet producer Bombardier. Like The Prestressed Group in Windsor, it is making the rare transformation from service company to manufacturer. Now Flying Colours has also become an international player, while increasing its capacity during the recessionary slowdown and acquiring a U.S. competitor for below previous market values to enhance its ability to integrate its offering in the marketplace and strengthen its position as a supplier in Bombardier's chain.

Thinking big

The authors of a recent book suggest that the future belongs to companies that stay focused, mobilize all of their resources and learn from lessons past

In *Accelerating Out of the Great Recession: How to Win in a Slow-Growth Economy* (McGraw-Hill, 2010), David Rhodes and Daniel Stelter posit that the future belongs to fleet-of-foot companies that execute their market strategies with single-minded determination. If the future is indeed going to involve slower growth and unpredictable financial markets, they insist that companies put their defensive house in order first. Protect your cash position, renegotiate with suppliers, reduce debt, protect revenue and postpone spending until you have secured the core. But once you have done that, the authors say, you must switch to offence—just as IBM did in 1929. After the collapse of Wall Street, IBM President Thomas J. Watson accelerated investment in new business machines, confident that Depression-devastated companies would embrace automation to reduce their costs. By producing lower-priced machines and launching a leasing program for customers short of cash, IBM doubled revenues between 1928 and 1938 at a time when the industry as a whole declined.

How can other companies duplicate that kind of success? By mobilizing all their resources, say Rhodes and Stelter. Top executives must throw open the lines of communication throughout the company to build trust and amplify the voice of those staff

who actually meet with customers every day. Understand how customers are adjusting to new economic realities and make their lives easier. And don't cut back on advertising and marketing, as so many companies do in tough times. Procter & Gamble achieved market dominance in the 1930s by inventing a new marketing vehicle for radio called soap operas. More strategically, the authors encourage manufacturers to enhance their wares by wrapping them in services geared to customer needs—as IBM did by offering to rent business machines instead of selling them outright.

But think bigger still, advise Rhodes and Stelter: look for opportunities to buy growth at a discount price by acquiring weaker competitors. According to a study by Boston Consulting Group, merger and acquisition (M&A) deals completed during downturns outperformed deals done during upturns by a full 14 percentage points.

Above all, the authors say, business leaders need to track their organizations' progress rigorously against all relevant metrics and milestones. And they need to celebrate success and recognize individual contributions. In the end, businesses are all about people working together, and those people need to be thanked more often for their contributions.

- In Toronto, Dyadem International (page 26) develops risk management software for major international clients. It has become one of Canada's fastest-growing companies through a remarkably simple tactic: working intimately with its clients to diversify and expand its product portfolio. "We essentially learned from our customers," says President and CEO Kevin North. "All our ideas, we acid-tested with them first."

Nimble, creative and dedicated to producing ever more innovative products, these companies exemplify the spirit of the 21st-century global economy. Their dedication to customer satisfaction, product quality and developing new markets should serve as ideals for all Ontario companies because businesses that don't embrace these qualities will increasingly find themselves slipping behind those that do.

Combining all strategies

Ultimately, the greatest success will come from combining all these strategies: innovation, customer intimacy and management excellence. When you think about it, that is the formula that built the successful supply chains of the mid-20th century that Myers says have now been so disrupted. Can we rebuild these clusters in a more competitive global economy?

Yes, says Sally Daub, President and CEO of ViXS Systems Inc. (page

24), a Toronto developer of high-performance computer chips for the fast-growing digital-video industry. While ViXS sells very happily to global giants, Daub regrets that her company has no customers in Canada. So ViXS is leveraging its own resources and that of its venture-capital backers to encourage development of a cluster of Ontario information technology companies that could benefit from ViXS's technology. She would love to jumpstart a silicon-chip ecosystem of companies that would buy from each other, challenge each other and even steal away each other's best people. That's how you build a stronger, more stable industry and a sustained culture of success that will encourage and inspire new entrants and entrepreneurs. With Ontario's skilled workforce, its world-class colleges and universities and its ability to attract the best immigrants from all over the world, she thinks there is no better place to build her cluster. "We need more software companies and systems companies taking advantage of the world-class technology here," she says. "There is an opportunity for us to win, and we need to foster it."

There are opportunities for all innovative companies to win, as CME's Jayson Myers points out, and the driver of that innovation must be providing business solutions for customers, not just a product. Today's forward-looking business leaders must ask themselves, what is my customer's problem and why is my company's solution the answer?

In conversation with David Foot

How changing demographics are transforming today's marketplace



Within 25 years, the number of Canadian seniors aged 65 and over will more than double, to 10 million. Within seven years, for the first time ever, there will be more seniors in Canada than children under 14. The celebrated author David Foot, a professor emeritus of economics at the University of Toronto, changed the way business looks at the future. In his best-selling book, Boom, Bust & Echo: How to Profit from the Coming Demographic

Shift, Foot made the case that changes in demographics can explain "two-thirds of everything," whether the subject is consumer behaviour, social trends or global power shifts. In this interview, he suggests how businesses can profit as Canada's 10 million baby boomers race toward retirement.

Without immigration, Statistics Canada says the population of Canada could start shrinking within 20 years. How can Ontario companies keep growing in this kind of economy?

Aging societies have slower growth, but that doesn't have to be a big problem. If you plan for it, it's not worrying at all. But senior executives will have to earn their bonuses. Without strong growth to generate "new" revenues, they will have to reallocate money within organizations to achieve their objectives.

How does this aging population affect our economy?

Young societies have to feed lots of young people, so agriculture tends to be a bigger part of economic output. Look at Canada in the 1950s, or India or Africa today. And then when fertility declines, either because you educate women or because you initiate a one-child policy, you get relatively more people in their 20s and 30s and relatively fewer under 20. That's when you buy your manufactured goods: a house, a car, your furniture. Gradually, you move from an agriculture-based economy to a manufacturing economy. Then, with an aging population, you get more people in their 50s and 60s. Now you have to go through the shift from a manufacturing economy to a service economy.

The first boomers were born in 1947, so they turned 50 in 1997. They've bought the bulk of their manufactured goods. So increasingly, services, such as travel, financial planning or advanced learning services, become more important than goods.

You're saying that these greying boomers are transforming our entire economy?

Ontario has suffered a lot of manufacturing losses, so it hits us pretty hard. But we also have the businesses of banking and insurance, so we're benefiting from that. We're not badly positioned but we still have the gut-wrenching transition from manufacturing to services.

Look at the automotive industry. When you're young, you take public transit. Then you move into your 30s, you buy an automobile, then a second automobile, then an SUV. And then you need three cars, because your kids don't leave home. In your late 50s, you

go from three cars down to two cars, and then in your late 60s, to one car. So the aging of the baby boom is shrinking demand for automobile capacity, and we're seeing that in the sales figures.

How should business owners be playing this trend? What kinds of opportunities do you see?

In the past, you were selling to a younger demographic. That demographic is getting older, and the market of people under 20 is shrinking. If you're producing children's toys and trying to keep growing, you'd better find a place where the market is still growing—and that's Mexico, not Montreal.

I remember talking to Mattel 10 or 15 years ago. I asked them, "What do you do when you have decreasing numbers of girls in the eight-to-12 age group, and you produce Barbie dolls?" They said, "We produce \$600 collectible Barbie dolls for women in their late 40s." You sell far fewer dolls, but you make more money. So that's what our manufacturers have to be doing. You have to adapt your existing product line or technology to be more friendly to a 50-plus market.

There are huge opportunities in this market. People in their 60s spend more money than people in their 20s. Over the next 20 years, more people will be in their 60s and 70s, and they will spend more on travel, gardening and pharmaceuticals.

Any business can benefit from this. Just sit down and think about what's going to happen. In automobiles, for example, you will need bigger dials or seats that rise up when you get in. Don't make sports cars; the aging population can't bend low enough to get into them.

And surely health care will be the biggest opportunity of all.

Boomers don't need more health-care products till their mid-70s—that's 10 or 15 years away. Did you know our life expectancy has been rising two years every decade? In the past 50 years, our life expectancy has gone up by 10 years. That's why 60 is the new 50! We've gotten much better at monitoring people's health—we can even anticipate heart attacks. Today, the chance of dying from your first heart attack is much lower than it used to be.

I think one of the biggest opportunities now would be to produce good-quality hearing aids that actually deliver what they promise to deliver. The boomers have all gone through the seamless bifocals era, and now they're starting to need hearing aids.

And our food will have to change. Salt will become a major issue looking forward. Our food today may be fine for 30- and 40-year-olds, but it may not be good for 60- and 70-year-olds. There's a big opportunity for the food-processing industry to get into major specialized products for seniors.

What do Ontario employers need to know heading into this big demographic shift?

We need to be more flexible with the workforce. Baby boomers may want to work three days for 60 per cent salary or for six months a year at half-salary. At 60, you may have another 15 years of productive work ahead of you. If we encourage people to keep working, they will be healthier and happier, and they'll contribute to tax revenues.



Venshore President John Jurcik, above, and the company's new fabrication plant

New directions

Domestic markets enable strategic turnaround for Thunder Bay company

We could all learn lessons in evolution and creativity from Venshore Mechanical Ltd. The Thunder Bay company was founded in 1987 to provide industrial contracting services to the pulp and paper industry and soon served all seven pulp mills in northwest Ontario. In the early 2000s, however, the bottom dropped out of the newsprint market, leaving only three pulp mills in the region. Venshore had to diversify or die.

Venshore President John Jurcik concluded that his firm had to expand in other dimensions. It needed to offer new skills and capabilities, upgrade its equipment and explore new markets in other locations. "We said there's more to the world than just northwest Ontario," says Jurcik. Indeed, Venshore not only accomplished a strategic turnaround, but it kept growing even while its major market was crumbling.

The secret to Venshore's success was focussing on its four main metals-trade capabilities—the work done by pipefitters, ironworkers, millwrights and boilermakers—and applying these highly technical skills to new industries. The company found a market in power plants, water treatment and waste water plants and oil-related facilities throughout western Canada, upgrading systems and installing new ones. Venshore even helped one newsprint plant retool to produce higher-demand cardboard. "We invested a lot of money in new equipment, and now it's paying off," says Jurcik.

In 2006, Venshore moved into a daring new business: fabricating

entire subassemblies for new industrial and power plants in its Thunder Bay factory, then shipping them on trucks to be installed on site. This in-house (as opposed to on-site) production offered more consistent quality while avoiding time-consuming slowdowns in Alberta caused by labour shortages in that province's oil patch. Recently, Venshore opened a new \$3-million fabrication plant to house more of this work. Its payroll now comprises 100 employees, up from 50 in 2004.

Even high-end technical industries need effective marketing. In mid-2010, Venshore is one of five major companies that, along with more than 40 other metal-fabricating companies, formed the Thunder Bay Metal Fabricators Association. Venshore or one of the other four major companies will take the lead on each project (depending on the services required), but it will be a true team effort, says Jurcik: "These companies are all saying we're going to work together as a single presence." The association will launch its first advertising campaign in early 2011, targeting Alberta industry.

Jurcik is looking even further ahead. The next step, he says, is to invest in training and equipment to enable Venshore to work in nuclear plants. This is not just a fast-growing industry opportunity, he says, but a potential stepping stone into the U.S. market, where there are plans for a half-dozen nuclear plants in the coming years.

It seems downturns can be more than a signal to change course; they can be signposts pointing the way to opportunity.

EXPERTS *on* EXPORTS

The leaders of five Ontario companies that are successfully exporting their products and services talk about the intricacies of selling abroad

Ontario businesses operate in a growing world market of opportunity. To demonstrate how leading growth firms are tapping into global trade networks, the Ministry of Economic Development and Trade recently organized a roundtable discussion at which experienced Ontario exporters shared their successes, experiences and lessons learned. Their observations may help other companies navigate the tricky tides of international business.

Moderator: We are looking for the stories only you can tell us about: your experiences as an Ontario business leader doing business in foreign markets. To start off, why don't you tell us about your companies and where in the world you are doing business?

Kim Lewis, Sr. (Chairman and CEO of Liqui-Force Services, Kingsville; sewage and water-pipe maintenance services): We fix sewers. It may not be a glorious place to hang out, but somebody has to do it. We inspect sewers and water systems. We clean them, and we fix them without digging them up. So we save municipalities a lot of money. We started the business in 1987, and in 1995 we moved into the United States, and that is our foreign market. We work for some national clients, like U.S. Air Force bases, but for the most part, we work four hours from Detroit. And now we have developed some new technology, which is just coming to market. We have started making contacts beyond the United States now and we see some great opportunities out there.

Lesley de Repentigny (President and CEO of DriveWise Canada, Barrie; driving simulation training): DriveWise is a high-tech advanced learning solution for road safety providers. We use advanced learning methodologies to conduct occupation-specific training programs for people who drive professionally, whether it is sales representatives or someone deploying with the military to the Middle East. We now have about 50 centres and 400 employees. We were lucky enough to expand into the United States and Africa last year, and this year we have new facilities in Greece and the Middle East.

Michael J. Soligo (CEO/President of RWDI, Guelph; consulting engineers): RWDI is an environmental engineering firm that began in Guelph in 1972. We conduct all types of environmental studies and assessments for industry, government and the design community. In many instances, we use wind tunnels and proprietary computational software to provide our results. These include such aspects as glazing and curtainwall wind loads, structural wind and snow loads for all types of structures including high rise towers, bridges, and many others. We have approximately 300 people with

offices all over the world including Miami, the UAE, London England, and India. We have recently opened an office in Shanghai.

Steve Longlade (General Manager of Paris Equipment Manufacturing Ltd., Paris; manufacturer of outdoor furniture and playground equipment): We have a group of companies: Ramparts Skatepark Systems, Belair Recreational Products Inc., Paris Outdoor Fitness and Paris Equipment Manufacturing. We manufacture and sell recreational outdoor fitness equipment, skateparks, playgrounds and streetscape furniture, which is quickly becoming our core business. About 24 per cent of our business is in the United States. My target is to increase that to 40 per cent.

Jake Tamminga (President of Jaylor Fabricating Inc., Orton; vertical feed mixers for the beef and dairy industries): I used to do portable welding. One day I got a call from a man in the United States asking if I could build a feed mixer [a huge auger-equipped bin for providing consistent rations to cattle being fed a variety of grains and grasses]. We started with that in 1993. We kept going on our own, and today we are in 31 countries. We try to be very innovative. At least 10 per cent of our staff is working on prototyping and development on a continual basis.

Moderator: Tell us about your first or earliest experiences in terms of exporting: how it came about and the key lessons you learned.

Lewis: When I was in Texas for a meeting, an engineer from Michigan asked what I did. I said, "We fix the sewer laterals without digging up the street." He said, "That's impossible," and that really opened my eyes. I thought, "We are doing this every day in Canada and the Americans think it's impossible." I realized what a terrible job we were doing selling ourselves. So I said, "Well, I'll come over and show you." He took me up on it, and we have subsequently built our business from this guy. We are still doing well there, but now we are looking at Indiana and Ohio and beyond. We are also developing new technology, such as new systems to repair manhole-type structures, and technologies for the oil and

gas business. This will give us a major launch into the United States and other markets. They are looking for innovation, so these are big opportunities for us.

De Repentigny: In the United States, we look for markets where there are no barriers for Canadian firms to do business, such as where there is a bilateral agreement between the two countries. We also partner with people who provide a certain level of subcontracting so that the project contains enough U.S. content that there is no objection to it. That is how we were able to get into the United States fairly easily. For overseas, we use agents that are local. You have to be careful how you select your agent, though, because you can spend a lot of money on a bad agent. Since so much of what we do is software, we do business only where they recognize intellectual property. As soon as they ask for our source code, that generally means I won't talk to them any more.

Soligo: I help with the U.S. marketing for RWDI. I have found that the most successful way to do work with Americans is just to be there and get to know them. Once you start to understand the person and what his or her company is after—and if you can back what you say with good work—it becomes a natural relationship.

Tamminga: The partners I had when I started out were from the United States, so that made it easy. Where we had the most fun was going to England. The machines arrived over there, but U.K. customs told us the paperwork was no good and they were going to send the machines back. We had to stand up to them and say, "No, you can't do that. The Canadian government doesn't want them back. We want those things to go to England. What do we need to do?" I'm a firm believer that squeaky wheels get greased, and that's what happened. They actually apologized to us later.

Longlade: We are focusing on the U.S. market, using a multi-pronged approach. I love alliances, for one. California-based Spohn Ranch Inc. is one of the original skatepark manufacturers. It does very high-end concrete skateparks. One of their competitors, who always manufactured steel parks decided to get into the concrete skatepark market as well. Spohn Ranch approached our company about manufacturing a steel line designed by them to increase their market exposure and equalize their competition. So it is a very good alliance, a loose alliance, but it has worked very, very well. My design team in Ontario manufactures to Spohn Ranch specifications, and then Spohn Ranch sells into the United States and International Markets.

Moderator: What is the biggest hurdle you have encountered in selling abroad?

Tamminga: Money. The customers never seem to have enough money to buy your product. So we just started doing our own leasing program. And it seems to be working. We also have problems with knockoffs. It is happening right now in Argentina. The machine looks like a million dollars, and they claim it is the same as Jaylor, but it doesn't work. We have had the same problem here in North America. We took one of our competitors to court. I thoroughly enjoyed it, but it was a very expensive lesson.



Michael J. Soligo CEO/President of RWDI

De Repentigny: With patent infringement, you have to take them to court, even if you just break even in the end. Or you might as well just say, "Here's my business."

Moderator: Are there any other hurdles that anyone wants to mention?

Soligo: We get a lot of pay-when-paid contracts [where subcontractors are paid only after the contractor gets paid]. They are a problem for us. You get a lot of pressure to do work on good faith that you are going to get paid. We have taken it on the chin a few times for large amounts of money, hundreds of thousands of dollars.

Longlade: I am having the same problems as Mike [Soligo], and we can't find any solutions for it either. The 10 per cent holdback is another problem when you are a subcontractor and you get into these big projects. You might not get that 10 per cent holdback until a year down the road, and sometimes you don't get it at all. I always have something going on with the courts.

Soligo: The Americans have a litigious mentality. It's just the way they do business.

De Repentigny: Another thing people should be aware of when they start to do international business is procurement timelines. I am in a business that has an extremely long procurement timeline. What would normally be maybe a six-month timeline in North America is about two years in the Middle East. Some companies new to doing business abroad might not anticipate that.

Moderator: What do you think is the best way to sell internationally? Should we do it ourselves? Should we use sales agents or open offices overseas? What works for you?

Lewis: I'll speak about this because we use many different avenues. Trade shows are very important; we attend between 12 and 30 trade shows a year. But they come with a cost. You spend a lot of money to rent space and you take your product sometimes all the way across North America, then you have to ship it back. We also use distributors and different salespeople in the United States who have their own companies and are exclusive to our products. I think where we are really lacking is online. We have a Web site like everyone else, but I don't think we are exploring even 10 per cent of our potential for getting our name out there.



Lesley de Repentigny President and CEO of DriveWise Canada

De Repentigny: Do you do virtual trade shows? I find them very good.

Lewis: Are they interactive? I mean, are you actually right there talking to people, answering questions?

De Repentigny: Yes. You have a business development person at their desk. It is all done by voice over Internet protocol [VoIP]. You have a booth just like you would at a trade show. We usually set up ours with videos. Because our product represents a new niche, people have to touch it and feel it. If they can see it on video, then they can experience it a bit. And it saves a lot of travel dollars just having them go to a virtual demonstration.

Soligo: And do people pay to sign up to look at the booths?

De Repentigny: No. You just send out an invitation to your clients and say, "We're having a virtual trade show at this time." For example, whenever we launch a new program, we do a virtual trade show of it online so they can see. We usually get some pretty good leads out of it.

Longlade: You could create it on your Web site, too, right?

De Repentigny: You could, but anybody at the trade show can go to your booth. Let's say 20 companies in related fields are putting on a virtual trade show. You invite 20 clients and I invite 20 clients and they invite 20 clients, and once they are inside, most people go to multiple booths. So you get exposure to companies that you might not reach with your own webinar.

Moderator: When you target new markets for your companies, what kinds of preparation or research do you do to ensure you understand the culture and the market?

De Repentigny: When we get approached, the first thing we do is research the market on the Internet to see just what the customs of the particular culture are. If you want to do international business development, make sure you hire salespeople who can adapt to other people's cultures and are open-minded to different ways of thinking.



Kim Lewis, Sr. Chairman and CEO of Liqui-Force Services

Lewis: We have hired a consultant, an individual who has businesses in many countries overseas. He comes in every Monday morning and meets with us for two to three hours to prepare us for what the markets look like, the good places and the bad places, and the cultural differences. We don't want to go in cold.

Tamminga: We did something similar. We found Canadians or Americans or Europeans in other markets to sell our product, like distributors. They help us learn the culture. We have done this in Iran, the Middle East and South America.

Moderator: Sometimes you just need to have feet on the ground. Does anyone have any advice in terms of opening an overseas office?

Soligo: If you are going to do it, do it. Don't go in half-heartedly and say, "We'll just put these two people there and see what happens." I believe you have to be prepared to either do it right or not do it at all. We have done it both ways and the ones that don't work are the ones where we said, "Let's just test it out."

Lewis: The age-old problem that comes up all the time is under-capitalization. If you are going to be in a new market for the long haul, know what the long haul will cost and make sure you have the money before you go there or it's a recipe for disaster.

Moderator: Okay, let's share some success stories. Who has a favourite "win" they can talk about and what made it successful?

Tamminga: We did a road tour in Australia three years ago. We got together a number of Canadian suppliers and set up a whole show for Australian farmers. We made about 15 stops. At the first event, we had eight attendees; by the last one, we had more than 300 people. The word started travelling that we had a great seminar; we could actually show dairy farmers how to get more milk production. The news media got hold of it, so as we travelled, they were advertising us for no charge. We more than doubled our sales in Australia just from one road tour. I like things that are off the wall, risky. The higher the risk, the higher the returns.



Jake Tamminga President of Jaylor Fabricating Inc.

Lewis: Our big wins all come from people. If I look back to a single win, it was in Michigan. When we entered the U.S. market we went and made calls and locked on to operations managers who expressed needs for our services. Once we had proved our worth, these municipal reps passed the word around the state telling other cities “you should have a look at this company, because they have the best systems and they tell you the truth.” These leaders sang the song for our company in Michigan and really got us anchored well.

De Repentigny: When the recession hit, I tried to think of new ways to land sales. Traditionally, I use a sales representative and agent channels. So I tried this other technique and it seems like it's going to work. My plan was to seek out multinational corporations where the Canadian business unit was outperforming the U.S. business unit and “capture” them. So when I go into the United States with some of my bigger fleets, it is actually the Canadian business unit getting it into the country for me. I don't have to worry about trade barriers because the company is doing it as a business-to-business sale, within the same corporation.

Moderator: What was the biggest mistake that you or your business has made in terms of exporting? More importantly, what did you learn from it?

Longlade: One of the biggest mistakes we made was with a company that asked us to design fitness equipment for them. We extended their credit way too much. We lost a sizable amount of money doing business with them. We should have put up a red flag a lot sooner than we did. So I would say we learned our lessons. We put a lot more onus now on developing the relationship. We also do more credit checks, and we talk to other people they have done business with.

Soligo: As Steve [Longlade] said, I think one of the biggest mistakes we made was to be so enthusiastic about the fact that we were working in foreign countries. We let it override our good sense and judgment for planning how we were going to get paid.

De Repentigny: Our mistake was asking people to do international business when they had never managed anything but local contracts. You have to give them the correct training, something we didn't do very well at first. Your knowing how to strike the deal internationally is one thing; training your staff on how to execute internationally is another thing.



Steve Longlade General Manager of Paris Equipment Manufacturing Ltd.

Lewis: Our problem was we were growing too fast without focus. In our industry, there are a lot of things to do and you try to be the master of all of them. You can't do that; you need more focus. For instance, all the cities will say to us, “We want a single contractor. You guys are really good at what you do. Will you fix the manholes? Will you do all the video inspection?” and it's hard to say no. Finally, when the ego gets out of the way, we realize that, “Here is what we're best at.” So we start forming relationships with subcontractors who are really good in areas that make us look good. We even send people back to university for special courses in managing subcontractors. And we end up doubling our capacity. We just don't try to be everything to everybody. That has allowed us to be positioned for a growth plan that goes beyond the United States.

Moderator: What is the best advice you would give another Ontario entrepreneur trying to crack global markets?

Longlade: Be honest, always have integrity, and give them the “wow” factor. “Wow” is so important. People want to be treated well today, yet business is becoming almost too electronic. I think face-to-face contact is still very important. I know my best customers have every confidence in our ability not to let them down. And you can only get that through face-to-face contact and giving them something “wow.”

Tamminga: If you are going abroad, figure out what the cost is going to be and make sure your pocket is at least twice as big.

De Repentigny: Do a proper plan. Don't just get pulled into a market. A lot of businesses get approached by people who say, “Oh, I want to sell your stuff in Abu Dhabi,” and off they go writing proposals. They get way down that road before they actually analyze whether that is their core business or not.

Lewis: Surround yourself with the best people you can afford. Know that you are probably not the best at every job that needs to be done. That will lead you to success or a lot closer to it, anyway—and with a lot less pain.



AT A GLANCE

IN BUSINESS SINCE.....	1987
ANNUAL SALES.....	\$22 million
NUMBER OF EMPLOYEES.....	170
THREE-YEAR GROWTH RATE.....	25%

As sales slowed in North America, says company President John Gillespie, Flying Colours Corp. went after new clients in higher-growth markets such as Russia, China and India. "That's really what has kept our growth going in this recession."

Flying high

Delivering what it says it can do makes Flying Colours Corp. stand out in the marketplace, fuelling success and opening doors to expansion

Who would put a stone floor in an airplane?

This unusual job was given recently to John Gillespie and his Peterborough, Ontario, aircraft completion and modification company, Flying Colours Corp. An overseas client had purchased a \$40-million Global 5000 business jet from Montreal's Bombardier Aerospace and wanted Flying Colours to install an eye-popping interior cabin, including a granite floor for the entryway and galley. A company in Austria supplied the stone in slices just 1 millimetre thick, providing the strength and look of granite without the weight. "We are the second company in the world to have done this," says Gillespie, proudly.

The success of Flying Colours has been even more impressive than flying granite: its ability to grow, even during the recession, proves that strong businesses can actually prosper during tough times.

A brighter future selling

Gillespie earned his pilot's licence at the age of 16. "A friend took me flying, and I was hooked," he says. Early on, however, he saw a brighter future in selling planes than flying them. In 1975, after working in Ottawa as district sales manager for Cessna Aircraft Company, he bought Trent Air, a flight school and aviation services company in Peterborough. Without really planning it, he expanded the company into aircraft sales and maintenance. "You just tiptoe into a marketplace, you develop a reputation, and it grows from there," he says.

Customers who bought aircraft from Gillespie often had their planes' interiors reappointed at another local company, Flying Colours. Seeing a chance to leverage his customer base, Gillespie bought Flying Colours in 1987. Refurbishing airplane interiors is a painstaking business, requiring top craftsmanship and engineering: every chair, table and cabinet is customized to fit the exact specifications of each craft. On its 60,000-square-foot production floor at Peterborough Municipal Airport, Flying Colours has teams of upholsterers, cabinetmakers, engineers and electricians working on every part of the makeover. These are skilled, high-paying jobs: jet customers want precision interiors that match their lifestyles or those of their passengers.

Grown with its customers

Whether they are corporate executives with far-flung offices or affluent consumers who travel in style, aircraft buyers tend to suffer from the same "two-foot-itis" as boaters: they always want their next craft to be bigger and better. Flying Colours has grown with its customers, moving upmarket from single-engine craft to executive jets, including Bombardier's highly successful line of commercial regional jets (CRJs). The good news is that refurbishing a CRJ can be a \$5-million project. "It takes three months to produce the

airplane," says Gillespie, "but ten months to do the interior."

Flying Colours started refurbishing the Challenger 850, a 20-seat CRJ, four years ago. Now the company is a Bombardier manufacturing associate, completing the interiors of new jets. "Lots of people vied for this work, but not everyone can do the quality and performance," notes Gillespie.

Today, Flying Colours has a staff of 170, and its hangars are humming. Yes, the recession cut jet sales in 2009 by 25 per cent. But as growth slowed in North America, Flying Colours wooed new clients in higher-growth markets such as Russia, China and India. "That's really what has kept our growth going in this recession: we went farther afield for our customer base," says Gillespie. "Our order book is pretty good. We're busy until the end of 2011."

Deal meant instant capacity

One problem did arise in this success story: training aerospace workers takes time, and Gillespie wanted to grow faster. In 2009, Gillespie was approached by JetCorp Technical Services, an aircraft maintenance and repair company in St. Louis, Missouri. While JetCorp competes in refurbishing interiors, it reported that several projects it was expecting had cancelled. Would Flying Colours share some of its backlog? Gillespie considered the offer and decided to take them up on the offer to acquire the company.

"We couldn't turn out enough people fast enough to handle the business we were going to get, so this deal gave us instant capacity," says Gillespie. Gillespie made an offer based on the value of JetCorp's assets alone and won. "In good times," says Gillespie, the purchase price would have been significantly higher.

Lean production techniques

The two companies now work autonomously but in synch, with Flying Colours looking after the interior work and JetCorp doing maintenance and repair. Gillespie says Flying Colours was able to keep JetCorp busy by sending it overflow work, but now JetCorp is landing new orders of its own. He intends to improve things further by bringing to JetCorp the "lean" production techniques that Flying Colours has used to boost its efficiency by more than 20 per cent.

All this success leaves Gillespie hungry for more. His team is now working on interior designs for additional Bombardier aircraft. The secret to winning that business, says Gillespie, is to keep focusing on rock-solid service. "Delivering what you say you can do is sometimes an issue for certain competitors. If you say you're going to do something and you do it, you'll stand out in this market."



AT A GLANCE

IN BUSINESS SINCE.....	1996
ANNUAL SALES.....	n/a
NUMBER OF EMPLOYEES.....	120
THREE-YEAR GROWTH RATE.....	20%

Shelley Bacon, President of Brockville's Northern Cables Inc.:
"We make everything from scratch. You can't be in this business and be profitable if you are not vertically integrated. You need a competitive advantage at every level."

Staying lean pays off

Its beginnings as a struggling manufacturer starting from scratch kept Northern Cables focused on its core competencies

In June 2008, a 65-metre-high smokestack was demolished at the Phillips Cable plant in Brockville, Ontario. More than 500 spectators watched the eastern Ontario landmark collapse into dust. Once the centrepiece of a 500,000-square-foot manufacturing plant, the smokestack might be considered a symbol of industrial decline, but you would be underestimating the human element. Even though Phillips Cable is long gone, another cable-manufacturing business, founded by former Phillips managers, is prospering on Brockville's east side, proof that when it comes to business success, personal initiative is still the thing that matters.

Doing what they know best

Phillips Cable was an institution in Brockville for 75 years, manufacturing building wire and power cables. In the 1980s, it was acquired by a British cable producer. "The company lost its independence," says Shelley Bacon, a former Phillips unit manager. "In 1996," he adds, "people outside the area decided to close the place down. We were all herded into one room and told that production was being moved to the United States." Bacon and a group of Phillips operations managers, however, wouldn't take "go" for an answer. They started meeting to discuss what they might do together. In the end, six partners chose to do what they knew best: make low-voltage power cables.

Over the next six months, they conducted market research and priced supplies and services. All the Phillips equipment had been removed or sold, so the group started from scratch. Bacon and his team bought used machinery, obtained the necessary financing and licensing and moved into a vacant industrial space provided by local backers in return for equity; Northern Cables Inc. started shipping in June 1997.

"We had no machines, no designs, no materials, no customers, no money," says Bacon. The six partners did everything—raising bank financing, reconditioning machinery, calling on customers, working seven days a week—without even a paycheck for the first year. Somehow, it worked. Today, Northern has 120 employees and is consistently profitable. It ships low-voltage cable across Canada and to the northeastern United States. In 2009, the company was named Brockville's Business of the Year, and it recently bought a 75,000-square-foot plant in Brockville to produce larger cables, a task that will see the company add 15 jobs this year.

Nothing ever comes easily, though. "We were incredibly young and naïve," says Bacon. "We thought the product would sell itself because it was cheaper." The partners started with one product: a 12-gauge armoured cable commonly used in multiple-unit commercial and residential buildings. They quickly discovered customers wouldn't switch to a new supplier to buy a me-too product. "When we started calling on customers, they asked us, 'Where did you park

your spaceship?'" recalls Bacon. "They said, 'You have to make a product people want, where there are no other competitors.'"

Expanded product line

Northern switched gears and began producing a heavily shielded indoor/outdoor industrial cable. Water- and sunlight-resistant, the new Teck cable became a market winner, partly because Northern was selling it at cost. "At first we didn't have a thorough understanding of what it costs to make this stuff," says Bacon. "We ran a few years without making money until we understood the difference between variable costs and fixed costs."

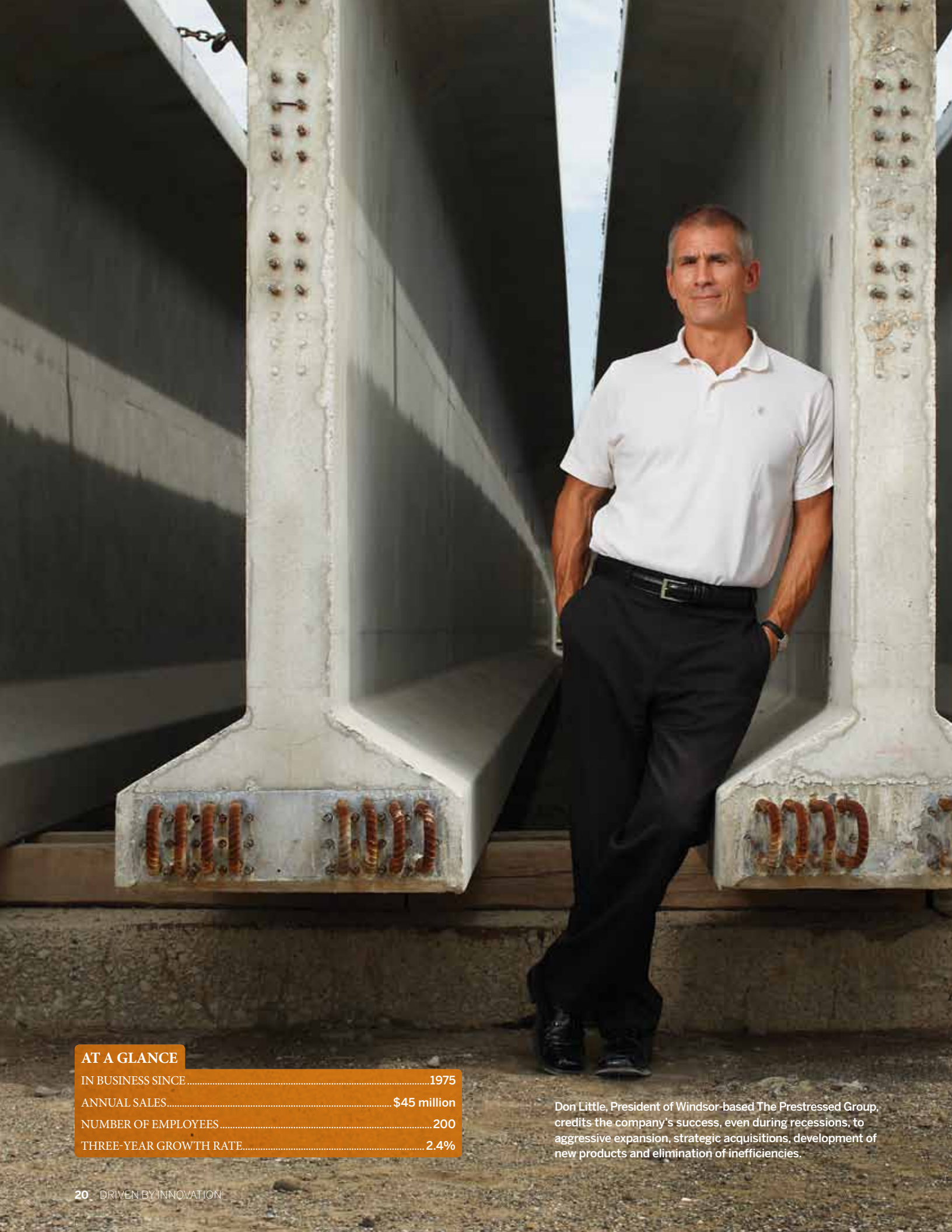
By launching quality products into the marketplace, Northern made a name for itself and has been able to expand its product line to include cables up to four inches in diameter for both commercial and high-stress industrial markets and to develop a growing number of custom products. Northern's products can be found in Toronto office towers, the Confederation Bridge to Prince Edward Island, the athletes' village at the Vancouver Winter Olympics and even Citi Field, the new stadium of the New York Mets.

Unlike many businesses, Northern enjoys some relief from overseas competitors: cable is too heavy to transport economically over long distances. Still, the company continues to tinker with its production equipment to produce higher-quality products faster. "We are constantly exploring new ways to reduce our costs," says Bacon.

Lean, low-cost producer

In the past three years, Northern has moved in the opposite direction of most manufacturers, which increasingly outsource production. "We make everything from scratch," says Bacon. Its plant floor is covered with automated machines stretching copper wire into different sizes, blending brightly coloured polyvinyl chloride (PVC) pellets or coiling steel and aluminum to produce different thicknesses of insulation or armoured shielding. "You can't be in this business and be profitable if you are not vertically integrated," he explains. "You need a competitive advantage at every level." Today, the company employs five technical staff who analyze new product opportunities to identify where Northern can create an edge. "You can't leave any stone unturned," insists Bacon.

The recent recession has proved the value of Northern's beginnings. During the long, slow recovery, the market for industrial products fell 38 per cent, and the market for building wire was down 54 per cent. While some U.S. competitors and one in Canada have already closed, Bacon says Northern has not lost business. "We are the lean, low-cost producer," he says. "In the market now, it is survival of the fittest. It's a good thing we started out so lean. I can't imagine being fat and having to slim down in this marketplace. It must be as unpleasant as all get-out."



AT A GLANCE

IN BUSINESS SINCE.....	1975
ANNUAL SALES.....	\$45 million
NUMBER OF EMPLOYEES.....	200
THREE-YEAR GROWTH RATE.....	2.4%

Don Little, President of Windsor-based The Prestressed Group, credits the company's success, even during recessions, to aggressive expansion, strategic acquisitions, development of new products and elimination of inefficiencies.

A strong transformation

The Prestressed Group has tapped one niche market after another to keep growing its precast concrete business

The idea of finding a niche and making it yours isn't new. In the 1991 film *City Slickers*, the grizzled cowboy played by Jack Palance says the secret of life is "one thing. Just one thing." When city dude Billy Crystal asks what the one thing is, Palance just smiles and says, "That's what you have to find out." After more than 35 years in the construction business, The Prestressed Group, based in Windsor, Ontario, knows what its "one thing" is. It is transforming itself from a service company into a technologically adept manufacturer of precast concrete products and claddings. Company President Don Little is hoping that unique niche will enable Prestressed to survive and grow at a time when many competitors are falling by the wayside.

Prestressed was founded by Valentino Collavino, an Italian immigrant who came to Windsor in 1950. He and his brother Mario lived the classic immigrant story: working in construction during the day and moonlighting for their own home-building business in the evening, then moving into commercial and industrial projects as their reputation grew. In the 1970s, Collavino Brothers Construction expanded into precast concrete, an innovation that turns concrete from a pour-on-site building material into prefabricated products such as hollow-core floors and roofs. The advantage to the construction business is that the precast supplier can produce the required products while the client is digging the foundations. There is no worrying about rain or snow at the construction site, and the products can be installed in less time than it takes to pour the concrete on site. Prestressed concrete (in which steel reinforcing strands are stretched under high tension prior to pouring the concrete) has greater tensile strength than ordinary precast concrete or most other building materials such as wood. That makes it superior for floors in buildings and elevated parking garages, since prestressed concrete products span further requiring few supporting columns.

Response to a recession

When the recession of the 1990s knocked out the construction industry across North America, the Collavino brothers split the business, with Mario's family getting the general construction side and Valentino's son Loris taking over the precast operations. As Prestressed struggled, Loris asked Little, a chartered accountant who had served as controller for three years in the 1980s, to come back and run the 60-employee company. "I agreed to return as general manager for six months," says Little. "It's now been 17 years."

Collavino and Little (now CEO and President, respectively) decided the best response to the 1990s recession was to grow the business. They introduced precast concrete walls and structural columns and began selling throughout neighbouring Michigan and northern Ohio. At one point, 70 per cent of production was exported to the United States, thanks mainly to the weak Canadian dollar, which plunged from 87 cents (U.S.) in 1991 to 62 cents in 2002.

Now, like many Ontario manufacturers, Prestressed faces a problem: how to survive the soaring loonie, which topped 90 cents in 2007 and now flirts with par. In 2008, Prestressed bought a precast business in the Detroit suburb of River Rouge founded 10 years earlier by the family of Mario Collavino. That gave Prestressed direct access to U.S. markets, while reducing its exchange risk and freight costs.

Diversification as a solution

That acquisition solved another strategic problem. "Everything we made was grey," notes Little. For some time, he had wanted to expand into "architectural precast" (i.e., custom-finished façades, or "skins," to decorate building exteriors). Customized forms can create claddings of any shape, along with high-end details such as cornices using different sands and aggregates to produce creative colour effects. "It hurt us having people sell us the skin of a building," says Little. "Now we control it."

This sideline allows Prestressed to bid on more work, such as the new U.S. Army administration centre in Warren, Michigan. Prestressed provided more than 300 glass-blasted and acid-washed wall panels for the 900,000-square-foot Arsenal building, in addition to load-bearing columns, beams and walls for its parking garage. The total value of the contract was \$10.1 million.

Exploring new technologies

Today, Prestressed has more than 200 employees, and again its response to the most recent recession has been to keep growing. It has expanded into new areas, including the Toronto market, where it recently supplied precast stadium seating to a new arena in Oakville as well as architectural wall panels for a downtown hotel. It is also exploring new technologies, such as ways to build higher, stronger wind turbines using precast products and concrete bases for solar collectors.

Prestressed is also becoming a road warrior. In Southfield, Michigan, it built the first concrete bridge in the United States containing carbon fibre-reinforced polymer material rather than steel to avoid rusting. It has also just invested \$1.3 million in new equipment that can produce precast bridge girders more than 50 metres in length. Earlier this year, Prestressed delivered beams 45 metres long for a highway bridge at Burk's Falls, Ontario. "Now there's no bridge project in Ontario we can't bid on," says Little.

Prestressed continues to chase production efficiencies, whether through new technology for curing concrete or developing better information systems. "You want to weed inefficiencies out of your systems," says Little. "We're trying to get the product-line mentality going. We need our operations to run like a manufacturing plant rather than a job site. That's what will make us more competitive."



AT A GLANCE

IN BUSINESS SINCE.....	1970 as Eco-Tec Group
ANNUAL SALES.....	n/a
NUMBER OF EMPLOYEES.....	80
CURRENT GROWTH RATE (2010)	30%

Eco-Tec's Chairman, Phillip (Rocky) Simmons, left, and Mike Dejak, now the company's Executive Vice President in charge of sales, know the company's reputation for innovation comes from its ability to solve customers' baffling production problems.

Honing its competitive edge

Eco-Tec Inc. repositioned itself when it saw the recession approaching, concentrating on international sales to build a foundation for growth in emerging environmental markets

In tough times, you do what you have to do, which is why, in late 2008, Mike Dejak gave up his title of President of Pickering, Ontario-based Eco-Tec Inc. to assume the roll-up-your-sleeves position of Executive Vice President in charge of sales. In the corporate world, taking a step back is often considered a sign of weakness, but Dejak and Eco-Tec Chairman and company founder Phillip (Rocky) Simmons had seen the recession coming. They knew it would disrupt their target market: big industrial companies that need leading-edge water-filtration systems. With 69-year-old Simmons taking over the day-to-day administration, Eco-Tec's leadership shift aimed to build on strength.

Even though revenues fell about 20 per cent in 2009—about what Dejak had expected—Eco-Tec mitigated that blow by cutting costs, including some pre-emptive layoffs. By focusing on customer relationships and new product development, Eco-Tec was able to lay the foundations for stronger growth in new markets and new industries.

Eco-Tec has been defying the odds and creating its own opportunities for 40 years. It began with a patented process from a University of Toronto engineer to improve the purification of water used in industrial boilers. Its reciprocating flow ion exchange technology uses chemically treated beads of resin to absorb salts and other minerals from water, effectively reducing scaling (think of the chalky residue inside your electric kettle).

Eco-Tec has thrived as a customer-focussed innovator in industrial water purifiers and other capital equipment. It has grown consistently by developing new processes and markets, while most North American equipment producers have lost ground to foreign competitors. Besides providing water purification systems, Eco-Tec has also developed systems that recover chrome and nickel from electroplating operations, saving those companies from sending metal-laden sludge to landfills, as well as recovering acids used in the manufacturing of steel.

By anticipating trends and giving customers more value, Eco-Tec has not only been a pioneer in the emerging environmental business of recovering products through purification, it has saved customers money and lets them increase profits by recycling the recovered metals and minerals. Eco-Tec aims for its customers to achieve a two-year payback on any system it sells, although many recoup their investments in just one year.

In the past, Dejak and Simmons often expressed interest in cracking larger, more mainstream markets. They finally realized, however, the advantages of being the best supplier in multiple niche markets, where their expertise is prized and they are less vulnerable to big competitors. "We are trying to develop environmental applications in areas where other people can't compete," says Dejak. As a result, he says, "no other company covers the range of markets we do."

The benefit is twofold: every time Eco-Tec enters a new market, such as gas processing or oil production, its competitive edge grows as more customers recognize Eco-Tec as an essential partner. "In each market, our clients see us as a leader in that particular application. They don't even know what we do in other markets."

Dejak says much of Eco-Tec's reputation for innovation comes from companies that approach it with baffling production problems. For example, an electrical component manufacturer in Japan was concerned about a by-product of its production of aluminum foil: a costly waste stream of acid and aluminum. "We worked with them to purify these chemicals," says Dejak. The client now recovers the acids and sells the recycled aluminum, and Eco-Tec is expecting its 18th order for the system. "We like to think we detect these emerging needs early," says Dejak. "Then we put together a plan and go after them."

Multiple factors behind growth

Eco-Tec's sustained success can also be traced to several other sources:

- Eco-Tec goes where its customers are. It seeks out customers at industry conferences around the world, often presenting a scientific paper on its latest technologies in order to attract their attention. Eco-Tec has a marketing office in India and is considering opening an office in China.
- The company runs on brainpower. Nearly half of its 90 employees are engineers or technologists. Even sales representatives tend to be professionals and technologists who can speak their customers' language.
- Eco-Tec creates a nurturing workplace in which employees take pride knowing they are contributing to a greener world. Two-thirds of its employees are also shareholders, which encourages them to embrace the company's goals and also discourages staff turnover.
- The company takes new recruitment seriously. To get first crack at great graduates, Eco-Tec maintains strong ties with the University of Toronto's engineering department. As past chair of the University of Ontario Institute of Technology, in nearby Oshawa, Simmons also keeps close tabs on students and alumni of this industry-friendly, collaboration-based university.
- Ten years ago, 80 per cent of the company's revenues came from the United States. With the rising Canadian dollar, Eco-Tec deliberately diversified its customer list. Today, the company sells to 56 countries, with the United States generating just 50 per cent of revenues.

The recent recession has made Eco-Tec even more global. "When we saw the slowdown coming, we knew we were going to have to be more aggressive," says Dejak. "We figured emerging markets would recover faster than the North American market." After personally overseeing the international sales effort, Dejak expects 2010 sales to be up 30 per cent. "Now when our customers open new plants, we are getting written into the specs," he says. "We have put ourselves in a very strong growth position."



AT A GLANCE

IN BUSINESS SINCE.....	2001
ANNUAL SALES.....	\$58 million USD
NUMBER OF EMPLOYEES.....	275
FIVE-YEAR GROWTH RATE	>1,000%

Sally Daub, President, CEO and Director of ViXS, in front of some of the patent certificates the company has acquired in the past decade. Daub hopes her hugely successful company will be the catalyst for growing Ontario's high-tech community.

Riding the innovation wave

With its innovative digital video technology and loyal clients, ViXS Systems has become a catalyst for growing Ontario's high-tech community

Entering the offices of ViXS Systems Inc., in an aging office park in northern Toronto, you would never guess that you had arrived at a hotspot of cutting-edge research. Look closely at the framed certificates papering the lobby, however. They are not customer testimonials or thank-you letters, but copies of some of the 75 patents granted to ViXS in the past decade, from one for multiple-channel video transcoding to another for an apparatus "for decoding baseband orthogonal frequency division multiplex signals." You don't have to know what that means, just that ViXS is leading the way in one of today's hottest technology markets: digital video transcoding.

The company's proprietary technologies, etched onto computer chips in labs in Taiwan, let consumers watch high-quality movies, TV shows and Web multimedia in various compressed formats on a wide range of devices, from personal computers and set-top TV boxes to smart phones and iPods. Founded by four semiconductor veterans, ViXS is emerging as a Canadian technology powerhouse thanks to its innovative research and loyal clients such as Sony, Sharp Electronics and NEC Corporation.

Listening to customers

Consider the background of co-founder Sally Daub, President, CEO and Director of ViXS. Besides being former Vice President and Chief Counsel for Toronto-based ATI Technologies Inc. (which was acquired by AMD in 2006 for \$5 billion), she is a lawyer, chemical engineer and registered patent agent. Yet when asked to explain the success of ViXS, Daub makes it sound easy: "Continually providing new products in the marketplace and listening to customers. Customers want you to come and listen to their problems and then go back and provide solutions for them. That's no different from any other business."

What is different, in a market like digital video, is the reward for riding the wave. With consumers demanding more bandwidth, more devices and more features, such as high definition or 3-D, ViXS has enjoyed lightning growth. Five years ago, sales were \$5 million. In the year ending January 30, 2010, revenues hit \$58 million USD, and by mid-2010, Daub was claiming that, the way things were going, ViXS could pass \$100 million USD for the year. To stay on top, ViXS is investing more than \$30 million this year in research and development.

The company's secret weapon is co-founder Indra Laksono, Chief Technology Officer, who has filed for more than 60 patents. In 2009, Laksono received an innovation leadership award from the Canadian Advanced Technology Alliance to honour his work not just in video-processing technology, but in helping to build Canada's technology infrastructure. Daub hopes ViXS will be a catalyst for growing Ontario's high-tech community. "Our chips are very flexible," she says. With their speed and processing power, ViXS chips

could fuel an array of new devices, services and industries, from cable boxes to video-surveillance solutions. ViXS doesn't currently have any Canadian customers, but Daub is trying to change that.

Fostering new IT companies

Leveraging its own network of venture investors, ViXS is encouraging the development of a new generation of information technology companies that could build sustainable businesses around its core technologies. Daub hopes that will lead not just to a few successful start-ups but to a growing cluster of sophisticated chip companies that will challenge and support each other. "We're using facilities at the University of Toronto and trying to get more programs going with the University of Waterloo," says Daub. "I would like to see more and more systems companies in Ontario developing technology around chips. And then more and more chip companies, because this business isn't going away. There is an opportunity for us to win, and we need to foster it."

Secrets of technology success

To inspire these entrepreneurs, Daub shares some of the company's secrets of technology success:

- **Look for world-class talent.** When she can't find what she needs from Ontario's top-ranked universities, Daub has had no difficulty pulling talent from around the world. "If we can't find the best here, we look worldwide. People see the Toronto area as a big advantage, even more so now, given the state of the United States."
- **Roll with the punches.** When ViXS started in January 2001, the technology meltdown was under way; eight months later, the events of September 11 cracked confidence even further. "We went through a lot of tough times," says Daub. "We worked really hard to raise our financing. I met with 250 venture capitalists worldwide." Ironically, Daub found her first seed investor and biggest financial backer close to home in Ottawa-based Celtic House Venture Partners.
- **Leverage your staff loyalty.** In 2008, 89 per cent of ViXS employees participated in a private offering of company shares. Sharing the potential rewards can be a strong way of motivating your staff and retaining them in competitive times. At ViXS, says Daub, "no one says, 'That's not my problem.'"
- **Stay lean.** "As a venture-backed company, we were given very little margin for waste. You have to be focused on your execution strategy. It can cost \$1 million to manufacture a chip on a first-run basis, so you have to get it right the first time." Under duress, ViXS has developed several proprietary processes (Daub won't say what they are) for testing its technologies and shipping them bug-free.

Still, says Daub, don't be afraid to get it wrong sometimes. "We've made lots of mistakes. If you're not making mistakes, you are probably not pushing yourself."



AT A GLANCE

IN BUSINESS SINCE.....	1994
ANNUAL SALES.....	\$19 million USD
NUMBER OF EMPLOYEES.....	105
THREE-YEAR GROWTH RATE.....	93%

Dyadem President and CEO Kevin North says large organizations looking for risk management software often want to speak to satisfied customers before they buy. His clients, who rely on Dyadem for its industry best practice solutions, are his best sales tool.

Powered by customers

Dyadem International's satisfied customers provide a competitive advantage when it comes to selling its risk management products

Today's corporations are complex organisms, united within by rigorous management information systems that standardize production reports, work flows and management procedures and are designed to turn chaos into useful data. There are still some things these enterprise planning systems can't do, however. According to Kevin North, President and CEO of Toronto-based Dyadem International Ltd., these big programs may attempt to link data throughout your organization, but they can't warn you of unforeseen dangers, or offer the best way to reduce those risks, nor will they help you learn from your mistakes. That is where Dyadem and other developers of risk management software come in. North knows it is only a matter of time before competitors move in on his act, so he has been using a secret weapon to position Dyadem as a long-term winner: customer power.

Founded in 1994, Dyadem originally sold an application that gauged the risks of hazardous processes used in the oil and gas industry. When North took over from the founding family to run the company in 2003, he realized that its systems for identifying and mitigating risk could help other industries. Dyadem now targets customers in a range of industries, such as mining, chemicals, pharmaceuticals, medical devices and electronics. "From risks to product design and manufacturing to operations and human resources," says North, "we can address a multitude of risks and roll them up into an enterprise dashboard that lets companies see where all their risks are, and what is working and what is not. Companies have never been able to do that before."

Learning within organizations

Imagine an oil-drilling company that suffers a well blowout. A well-run company would want to know exactly why the blowout had occurred and how future accidents could be prevented. This is more than good business; this type of information is increasingly required by regulators demanding more compliance by companies operating in sensitive areas, such as the environment or drug manufacturing.

Better yet, says North, risk assessment software turns big corporations into learning organizations. By analyzing the risks around all their equipment, processes and safety procedures, companies can identify their past failures and record how they overcame them. That information is then shared with any staff who need it, anywhere in the world, ensuring the whole organization learns together to eliminate costly and avoidable errors.

Providing risk management services is a field with potential. When North took over Dyadem in 2003, the annual sales in the previous year were approximately \$1.5 million USD. In 2009, sales were \$16.4 million USD, and North predicts 2010 revenues will reach \$19 million USD. That is impressive, considering that only three years ago North was managing both sales and operations by himself, while raising \$8 million USD in equity investment to hire experienced

sales, management and financial specialists. Today, with more than 100 employees and offices in Houston, London and Munich, Dyadem boasts a client list that includes such giants as Chevron Corporation, General Motors, Hoffman-LaRoche Ltd., Johnson & Johnson Inc., Research In Motion Limited and Suncor Energy Inc.

Customer co-development

How did a small Canadian information-systems company beat information giants such as Oracle and SAP to partner with major global customers in such a sensitive sector? "We leveraged some senior staff with risk management expertise, but we really learned from the customer," says North. "Each of our products was co-developed with a customer before going to market."

For instance, Dyadem worked with Calgary-based Penn West Energy to develop its Incident Management product and with BP to build its Management of Change application. "We build things that respond to customers' real needs," says North. The benefits flow both ways. While Dyadem gets to study how these companies deal with risk, the clients get a product virtually custom-built to their needs, plus they get to use it well before the competition. Once they have to start paying for the product, they usually get a co-developer's discount from Dyadem.

North also gets these customers to help sell for Dyadem. When dealing with new companies in sensitive areas such as risk management, many big companies want to talk to satisfied clients before they buy. Dyadem makes extensive use of customer testimonials and case studies, joint speaking engagements and conference presentations and introducing customers and prospects to each other. "We let our customers see our other clients do the selling."

This strategy has become particularly important as Dyadem continues to grow post-recession. "We're beating 2009, but I thought we would do beyond the 15 to 20 per cent growth that we are seeing this year," says North. "The industries we cater to are putting more cautious plans in place. Since the recession, they have added more procurement bureaucracy."

North believes that Dyadem is in a great position. With increasing regulation and the pressure to operate as efficiently as possible, he says, "companies are taking risk management more seriously than ever." In fact, he thinks Dyadem has just two or three years before the giants such as SAP and Oracle move into his business for good. "They are looking at risk management as an extreme growth market," he says. That means he has just a few years to position Dyadem so it can partner with one of these industry giants rather than get sideswiped. North is hoping his hard-won customer insight will give Dyadem the edge: "This isn't just about compliance. It's about risk management as a competitive advantage, benefiting the top line and the bottom line."

Innovators showcase

Seven Ontario companies have created breakthrough products for world-class clients

CRS Electronics Inc.

Welland-based CRS Electronics started out in 1998 selling alarm systems for school buses that warn drivers to check for any sleeping children left aboard the bus before it is parked for the night. (CRS originally was an acronym for Child Reminder System.) President and founder Scott Riesebosch, an electrical engineer, has been building energy-efficient LED “light engines” (what we used to call “bulbs”) since 1998, when the first high-output LEDs hit the market. Light-emitting diodes (i.e., LEDs) provide high-quality “warm” light while consuming up to 85 per cent less energy than halogen systems; a typical payback for commercial buildings in energy savings is one to two years. CRS has moved into new markets, such as aviation, street and commercial lighting, serving customers such as Sandals Resorts and Starbucks and earning 80 per cent of its revenues from exports. In September 2010, CRS signed a deal with U.S. retailer Best Buy to replace all of its 50-watt halogen lamps with energy-saving six-watt LED lamps. With CRS’s new technology, these lamps can also be “dimmed” without flickering or changing colour, another LED industry first.



DNA Genotek Inc.

Here is a niche that is unfamiliar to most people: products that help hospitals and medical researchers collect higher-quality DNA samples. Increasingly, DNA testing is helping medical scientists better understand and combat disease, while enabling drug companies to test their products more effectively. The Oragene DNA self-collection kit, developed by Ottawa-based DNA Genotek, makes it easier for specialists to collect, stabilize and transport DNA samples. Donors collect samples from their own saliva, and Genotek’s easy-to-use preservation technology eliminates the need for freezing or collecting harder-to-manage blood samples. Devised by Dr. Chaim Birnboim, the company’s founder and Chief Scientific Officer, Genotek’s kits can be sent for analysis by mail. Genotek has also adapted its technology for new markets, such as products for RNA collection and for collecting DNA from animals. Genotek’s more than 2,000 customers include Harvard, Yale, Stanford, Columbia, McGill and Cambridge Universities.



Eco Waste Solutions

Where the winding road turns into a dirt track is where you will find Burlington-based Eco Waste Solutions. Its next-generation incinerators destroy residential, industrial, commercial and hospital waste, usually in remote locations where no other treatment systems are available: military stations, mining camps, remote medical clinics and small communities. Eco Waste’s technology uses its patented multi-stage process, which converts solid waste to gas and then cleanses the gas in a second chamber that turns up the heat to 1,000 degrees Celsius; it can then be captured to produce energy. President and CEO Steve Meldrum says Eco Waste was chasing too many markets when he joined the company in 2003. He helped focus it on remote customers throughout the Americas, enabling the company to concentrate on a smaller number of major customers. In 2009, it won a sought-after North Atlantic Treaty Organization (NATO) contract to supply four mobile incinerator packages for deployment any time by NATO’s expeditionary forces.



GuestLogix Inc.

As airline price competition takes off, carriers are looking for new ways to rebuild margins. Most of us have already paid a fee for checked bags; now airlines are inviting us to shop at their own virtual stores while sitting in row 22 with nothing to do. Leading this trend is Toronto-based GuestLogix, whose OnTouch™ platform enables airlines to build and run onboard storefronts. The most popular purchases are meals, beverages, in-flight entertainment, comfort items, gifts, ground transportation, event tickets and other destination-related products and services. The company's reach now includes approximately 38 per cent of the global airline industry. In welcoming 150 airline customers and business partners to the firm's user conference in October 2010, GuestLogix President and CEO Tom Douramakos said he expects further growth: "Travel retail solutions like OnTouch give airlines the ability to create an exclusive experience for their passengers, one that represents the airline's brand and has multiple touch points that extend valuable customer relationships far beyond the cabin."



NRT Technology Corp.

Toronto-based NRT Technology Corp. started out as National Retail Technologies, which designed and built point-of-sale terminals for retailers. Founder and President John Dominelli tired of the low margins in that industry. Eyeing more lucrative markets, he began developing automated-teller machines (ATMs) for casinos, which require custom security, quality and innovation. NRT has now built and installed more than 4,000 QuickJack ATM devices in Canada and the United States and as far afield as Singapore and Macau, processing more than 800 million transactions a year. The latest QuickJack2 kiosks offer ticket-redemption, bill-breaking and standard ATM services, enabling players to skip long lines at the cashier's cage to get back to their games faster. Next up for NRT is QuickTable, which will bring full kiosk services, including counterfeit-bill detection, to table games, making it easier for players to switch from poker to craps or the slots. "We work to suit the customers' requirements," says Dominelli. "We listen to our customers, and we adapt our products accordingly."



EXI-PLAST Custom Moulding Ltd.

With more than 25 years' experience in plastics manufacturing and 24 per cent of its revenues coming from exports, EXI-PLAST Custom Moulding, based in Huron Park, near Lake Huron, prides itself on meeting the needs of local and international customers. In addition to providing ISO-certified blow-moulding and injection-moulding services to companies in industrial, agricultural, household and automotive sectors, EXI-PLAST's lean manufacturing plant produces an array of proprietary plastics: paintbrush holders, bathroom caddies and accessories, rain barrels, insulated beverage coolers and blow-moulded plastic wheels for lawn carts. EXI-PLAST even produces plastic squirrel models to celebrate the famous white squirrel, a natural curiosity found in the nearby town of Exeter. "Over the last two years, we have spent a lot of money on new technology in robotics and machine upgrades to ensure that we continue to be competitive and provide competitive pricing to our customers," says President and CEO Frank Zawalsky.



Vive Nano

Nanotechnology is no longer one of those future technologies (like jetpacks or flying cars) that never seem to get any nearer. Nanomaterials (manufactured substances measured in billionths of a metre) are already being incorporated into consumer products, from carbon-fibre tennis racquets to stain-resistant textiles. Now Toronto-based Vive (rhymes with "strive") Nano is churning out nanoparticles for diverse industrial applications, from purifying water to boosting the effectiveness of pesticides and improving the efficiency of chemical reactions. Vive's core-collapse technology creates materials that are not just ultra-small, but easily applied and coated in a protective matrix to prevent re-agglomeration. With its new pilot plant producing more than five tonnes of nanoparticles a year, Vive's goal is to drive down the cost of quality nanomaterials while simultaneously developing more applications in fields such as optical coatings and biochemistry.



Perspectives on innovation

“There’s a way to do it better—find it.”

THOMAS EDISON, INVENTOR

“Innovation distinguishes between a leader and a follower.”

STEVE JOBS, APPLE VISIONARY

“If Canada is to achieve its full prosperity potential, we need to embrace the current changes in the global environment—moving from policies aimed at maintaining the comfortable status quo toward encouraging innovation and risk taking.”

ROGER MARTIN AND JAMES MILWAY, INSTITUTE FOR COMPETITIVENESS & PROSPERITY

“Everything that can be invented has been invented.”

CHARLES H. DUELL, COMMISSIONER, U.S. PATENT OFFICE, 1899

“Never tell people how to do things. Tell them what you want them to achieve, and they will surprise you with their ingenuity.”

GEORGE S. PATTON, JR., U.S. ARMY GENERAL

“A satisfied customer is the best business strategy of all.”

MICHAEL LEBOEUF, AUTHOR AND INTERNATIONAL MANAGEMENT CONSULTANT

“If you’re not failing every now and again, it’s a sign you’re not doing anything very innovative.”

WOODY ALLEN, COMEDIAN AND DIRECTOR

“In the old economy it was ‘if it ain’t broke, don’t fix it’; well, in the new economy, ‘if it ain’t broke, you need to break it before your competition does.’ So innovation drives everything.”

DONALD TAPSCOTT, AUTHOR AND CONSULTANT

“Innovation is the process of turning ideas into manufacturable and marketable form.”

WATTS S. HUMPHREY, SOFTWARE ENGINEER

“Sometimes we stare so long at a door that is closing that we see too late the one that is open.”

ALEXANDER GRAHAM BELL, INVENTOR OF THE TELEPHONE

“Creativity is thinking up new things. Innovation is doing new things.”

THEODORE (TED) LEVITT, ECONOMIST AND HARVARD BUSINESS SCHOOL PROFESSOR

Selected resources

Ontario Government

Ministry of Economic Development and Trade, Business Advisory Services

Business advisors in 12 regional offices assist small and medium-sized businesses in Ontario to grow and expand their business. Advisors have expertise in business planning, finance and exporting and access to a network of people and resources to enhance innovation, competitiveness and profitability. To contact a business advisor in your area, visit www.ontario.ca/economy and click on Small and Medium Enterprises >> Growing a Business >> Talk to Experts.

Ontario Business Program Guide

The Ontario Business Program Guide is your resource to government-funded programs and services for Ontario businesses. To browse by category, go to www.ontario.ca/en/business_program/index.htm

EXPORT GROWTH: Programs, Services and Partnerships

Opportunities listed below are designed to meet the needs of new and experienced exporters, whether you need to evaluate your firm's export readiness or develop market access and expansion strategies in your sector.

New Exporters to Border States (NEBS)

NEBS is a practical introduction to the basics of exporting to the United States. The two-day program combines briefings by experts with site visits to a U.S. border entry point and warehouse fulfillment facility. The Ministry also offers a short and intensive half-day seminar option on export fundamentals known as the "Reverse NEBS" held in locations throughout Ontario. Visit www.ontario.ca/economy and click on International Trade and Investment >> Ontario Exports >> Preparing to Export >> New Exporters to Border States & ITEXus Programs.

IT Exporters to the U.S. Border States (ITEXus)

ITEXus is a cost-effective export development program designed to introduce export-ready information technology (IT) firms to key regional IT markets in U.S. border states. Check out ITEXus at www.ontario.ca/economy and click on International Trade and Investment >> Ontario Exports >> Preparing to Export >> New Exporters to Border States & ITEXus Programs.

Virtual Trade Missions (VTMs)

Using videoconferencing, the Ministry of Economic Development and Trade hosts VTMs to bring together Ontario exporters, foreign business people and market experts. VTMs offer a cost-effective means of identifying new export opportunities, showcasing your company and "meeting" with potential partners abroad. Visit www.ontario.ca/economy and click on International Trade and Investment >> Ontario Exports >> Developing Your Export Markets >> Scouting Your Export Market >> Virtual Trade Missions.

Trade Missions and Exhibitions

The Ministry of Economic Development and Trade organizes outbound missions and Ontario showcases at key international trade exhibitions. By participating in these programs, Ontario companies can explore new markets and gain international exposure and access to key contacts in priority markets. Learn more at www.ontario.ca/economy and click on International Trade and Investment >> Ontario Exports >> Developing Your Export Markets >> Scouting Your Export Market >> Trade Missions or Trade Shows.

International Marketing Centres

Part of the Ministry of Economic Development and Trade, the Ontario government has a network of International Marketing Centres in key markets worldwide. Their activities include promoting awareness of and access to Ontario-produced goods and services, raising Ontario's profile as a world-class business jurisdiction and disseminating commercial intelligence in key markets. For a list of the 10 centres in eight countries, visit www.ontario.ca/economy and click on International Trade and Investment >> Invest in Ontario >> Ontario's Global Presence.

Export Market Access—A Global Expansion Program (EMA)

Export Market Access is designed to assist small and medium enterprises to access and expand their growth in foreign markets. Companies with five or more employees and annual sales of \$500,000 or more may qualify for a contribution covering up to 50 per cent of eligible costs incurred to develop export sales. Review the Web site at <http://exportaccess.ca> to see if your company qualifies.

INNOVATION GROWTH: Programs, Services and Partnerships

Opportunities listed in the next column are designed to provide support to Ontario firms interested in innovation, performing research and development (R&D), making connections and building strategic and long-term partnerships for business growth.

Energy Connections

In partnership with the Ministry of Economic Development and Trade, Canadian Manufacturers & Exporters, Canada's largest industry and trade association, is hosting a series of Energy Connections Sessions in 2010 and 2011 to build awareness and linkages for Ontario's manufacturers in Canada's fast-growing alternative energy sectors. For upcoming sessions and to learn more, visit www.cme.ca/ontario and click on Events.

Ontario Manufacturers and Suppliers Directory

Ontario manufacturers interested in building strategic and long-term partnerships across energy supply chains are encouraged to submit a profile detailing their capabilities on our online directories specific to oil sands, wind and solar energy. Companies listed provide a wide range of products and services and share a solid reputation for productivity, quality and innovation. There is no charge for this service. To search the directory, submit a profile and make the right connections, go to www.ontario.ca/economy and click on Energy Connections >> choose Oil Sands, Wind, Solar or Nuclear >> link to the directories.

Ontario Ministry of Research and Innovation (MRI)

The Ontario government is committed to supporting Ontario's research and innovation activities. The Ministry of Research and Innovation has programs suited to companies. Visit www.ontario.ca/innovation and click on Looking for Funding >> Companies.

Ontario Centres of Excellence (OCE)

OCE's mission is to take ideas to income. Created in response to Ontario's most critical competitive challenges, OCE facilitates economic growth through support for industrially relevant R&D, the opening of new market opportunities and the commercialization of leading-edge discovery. OCE builds strong industry and academic relationships and stimulates knowledge transfer through the development of bright minds, moving their skills to the market. www.oce-ontario.org

Financing and Tax Credits

Ontario Innovation Tax Credit (OITC)

The Ontario Innovation Tax Credit is a refundable tax credit, available to all corporations that perform scientific research and experimental development (SR&ED) in Ontario. Qualifying expenses are 100 per cent of current expenses and 40 per cent of capital expenses. To determine eligibility, contact a business advisor in your area: www.ontario.ca/economy and click on Small and Medium Enterprises >> Growing a Business >> Talk to Experts.

Export Development Canada (EDC)

Export Development Canada is Canada's export credit agency, offering innovative financing, insurance and risk-management solutions to help Canadian exporters and investors expand their international business. Approximately 80 per cent of EDC's customers are small and medium enterprises. www.edc.ca

Business Development Bank of Canada (BDC)

The Business Development Bank of Canada provides numerous financing tools for exporters. These include assistance for international marketing activities, product adaptation for foreign markets and R&D for new equipment or technology. www.bdc.ca

Research

Institute for Competitiveness & Prosperity

The independent, not-for-profit institute measures and monitors Ontario's competitiveness, productivity and economic progress compared to other Canadian provinces and U.S. states. Funded by the Ontario government, the institute is mandated to share its research findings directly with the public. Its volunteer task force members are leaders in their fields of business and research. It is the aspiration of the institute and task force to have a significant influence in increasing Ontario's competitiveness, productivity and capacity for innovation to ensure continued success in the creation of good jobs, increased prosperity and a better quality of life for all Ontarians. www.competeprosper.ca

Reading

Accelerating out of the Great Recession: How to Win in a Slow-Growth Economy. David Rhodes and Daniel Stelter. McGraw-Hill Books, 2010.

The New Age of Innovation: Driving Co-Created Value through Global Networks. C.K. Prahalad and M.S. Krishnan. McGraw-Hill Books, 2008.

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Innovators Showcase Companies

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Ministry of Economic Development and Trade

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