



Could you find your next international customer or supplier without even leaving your office?

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In collaboration with Luc Gendron, President, **A.R.Y.A.N.E.**



You have a Web site, but what then? Business development via the Internet goes much further than simply putting an attractive, properly tagged Web site on line. Your customers can look for you, compare you with others, and buy on the Internet. But are you really where they can find you? Your competitors are also only a click away from your current customers. The Web has certainly revolutionized how international business is conducted, but SMEs have been slow to take advantage of it.

The Internet is not a tool, but rather a business environment that has its own logic and puts people and systems into contact. For example, in contrast with traditional media, the Web must not be used to push a message to current or potential customers, but instead

to attract "valuable" customers by giving them what they want at the pace they prefer. In this sense, the Internet is a "pull" environment in which the customer has all the power. Google's domination is a good illustration of this phenomenon. As a matter of fact, you might as well say you do not exist on the Web if your site cannot be found using this search engine.

Everywhere we hear talk of new tools, new platforms, blogs, Web 2.0, Web collaboration... It's enough to baffle anyone! How can you keep up to date? How are the dynamics of communication different on the Internet? What virtual tools can really make your company more efficient? The fast-changing nature of the Internet creates a certain amount of confusion, and even results in some people, especially current executives, who for the most part are digital immigrants, giving up on it.

Paradoxically, there is often a great temptation to adopt a technology without first updating the team's skills and reviewing the company's own processes, resulting in an unsuccessful transition. Upgrading senior managers' knowledge and selecting technologically competent business partners are two components that are essential for companies to have success on the Web.

It is impossible in this case to propose a single solution. Each company must conduct its own analysis and target priority processes in order to gain maximum benefit from the Internet and the various technological tools now available. Some will look to selling and distributing their products worldwide, while others will be able to negotiate directly with suppliers, gather competitive intelligence or improve customer relationship management. What is important is to try to generate profitable results for each of those "valuable" customers' clicks.

In order to help senior managers in Laval SMEs update their skills, stand out in their industries, recognize and manage the business opportunities the Internet offers and implement the most appropriate solutions, the **LAVAL TECHNOPOLE International Business Centre**, in collaboration with **A.R.Y.A.N.E.**, a consulting firm that has specialized in Web-centred international business since 1996, has set up an innovative training and coaching program on international business development via the Internet.

This program will begin in January 2009. For further information, do not hesitate to contact **Bruno Séguin at 450 978-5956**.

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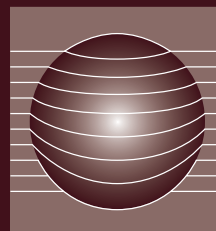


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LAVAL TECHNOPOLE INTERNATIONAL BUSINESS CENTRE



LAVAL TECHNOPOLE
International Business Centre
INTERNATIONAL NEWSLETTER



WINTER 2008-2009

Silhouet-Tone: a reputation that can't be denied

Founded in 1961 by Alphonse Ghedin, the father of the current president, Silhouet-Tone was one of the first esthetics schools in Canada. Mr. Ghedin originally imported the equipment required for his training needs; however, in 1965 he began to develop his own, which resulted in his company positioning itself a few years later exclusively as a designer, manufacturer and distributor of electric and electronic professional esthetic care equipment and beauty institute furniture.

The company began to take an international turn in 1980. Leafing through the *Wall Street Journal* one day, Silhouet-Tone president, Éric Ghedin, read in an article that the cosmetic industry was tending towards broadening its product lines, at that time basically comprising makeup, to place greater emphasis on anti-aging skin treatments in lotion and cream form. Such a strong trend meant that professional beauty care would gain in popularity and, for Silhouet-Tone, provide the impetus for making its products better known. The company then set up a subsidiary in Vermont, becoming so successful in the United States that it made sure to qualify for C-TPAT certification. It should be added that the **LAVAL TECHNOPOLE International Business Centre** provided support for the company in the accreditation process.

After those in the United States, beauty institutes in France were, beginning in 1985, able to discover Silhouet-Tone products. "Following that, we began to develop the European market," points out Mr. Ghedin. "We went there and were present at trade shows in an attempt to widen our network, find good partners and negotiate exclusive agreements. We won over each market one by one."

In fact, according to Mr. Ghedin, simply selling a product to a customer in a targeted country is not enough to claim that you have "won over" a market. The important thing is to find solid partners and not try to be in every place at the same time. Consolidation is a crucial step when it comes to exporting, one that Silhouet-Tone took when it opened an office in 1995 in Geneva, Switzerland, thereby solidifying its conquest of the European market. The company now has a strong presence in 40 countries.

For Silhouet-Tone, product quality and effectiveness are the basis of success on the international scene. On numerous occasions the company could have invested in technologies qualified by others as revolutionary, but which it considered unlikely to prove effective over the long term. "We bank on technologies that really work. Building an international business involves a long-term investment, which explains why one cannot market products that are simply the result of a particular fashion. The company could lose its credibility—and in business, one of the most critical things is reputation," states Mr. Ghedin.

A message from the Director



Planning and exporting during an economic slowdown

As a direct result of the economic slowdown affecting most sectors during the last few months, many of you have probably noticed a tightening of demand in your traditional markets. It may then become increasingly difficult for you to ensure a minimal growth in sales. Although the overall business environment may not be ideal, one of the solutions for countering a drop in sales is to develop new markets. In fact, international opportunities always exist, since a slowdown does not mean a decline. You just have to know how to track down such opportunities.

In order to assist you during this downturn, the **LAVAL TECHNOPOLE International Business Centre** has set up a number of initiatives, including two training and coaching programs, aimed to help you target the right markets. We provide a structured approach so that you can enjoy a return on the planned investment.

In this kind of economic context, it becomes even more important to control every aspect of your international marketing. Why take the risk of targeting the wrong market?

Our team is here to support you.
Give us a call!

Véronique Proulx, MBA

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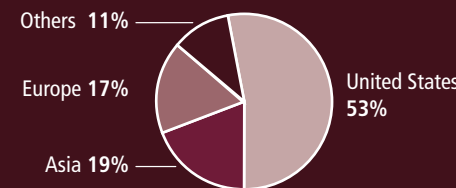
Close-up on Laval companies' international activities

To complete our report on the international activities of Laval companies and complement our last issue's profile of the region's exports, here is a picture of our area's international procurement.

International procurement¹

If, in the past, the unavailability of raw materials was a factor in spurring a major share of imports, international procurement is now mainly cost-driven. As for Laval companies, 74% make some of their purchases outside of Québec.

Supplier countries



The United States remains the biggest market for procurement, with 53% of Laval companies doing business there. Asia and Europe, with 19% and 17%, respectively, of this market, are also important players. It should be noted, however, that 26% of companies make their purchases exclusively in Québec.

In regard to production and subcontracting,² 79.6% of companies carry out manufacturing in their own Québec facilities, while 10% use subcontractors in the province for a portion of their production. Despite the increasingly strong trend towards

the decentralization of work to Asia, a scant 1.9% of Laval companies have their own manufacturing plants, and only 8.9% have production done for them in others' facilities, in locations outside Québec. Since it does not account for a large part of total production, international subcontracting is therefore not destabilizing employment in Laval.

The following are the main factors encouraging Laval companies to manufacture in Québec:

- quality control
- close link between R&D and production departments
- Québec's state-of-the-art technologies
- faster delivery times
- better price-quality ratio
- customized production

International procurement is a major activity for Laval—and a strategic one for companies. Considering the scale of international procurement activities, the **LAVAL TECHNOPOLE International Business Centre** will have a key role to play in supporting these companies in their globalization process.

¹ Procurement data comes from the June 2008 survey conducted on behalf of **LAVAL TECHNOPOLE International Business Centre** among Laval exporting companies (sample of 165 respondents).

² Production and subcontracting data comes from the August 2006 survey conducted on behalf of **LAVAL TECHNOPOLE International Business Centre** among 100 Laval companies.

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To be sure, a good reputation facilitates the building of relationships when developing a new market or consolidating it. Serious players invariably attract serious partners.

In parallel with its international business development activities, Silhouet-Tone continues to innovate. Basically, it brings together technological and biological principles to create effective esthetic equipment. For example, it was among the first to combine electronics with electrolysis and then refine this depilatory technique, based on studies dealing with the perception of pain, to make it as painless as possible. Proof of the high esteem in which its products are held is the fact that, in October, the American Spa Association named Silhouet-Tone as the best manufacturer in 2008 of furniture for esthetic institutes.

Furthermore, the company's longevity, the diversification of its markets and its strong presence in each of them, its competitive products, capacity for innovation and worldwide workforce of 225, 125 of whom are based in Laval, as well as its reputation for excellence, are all signs of health that will enable it to look ahead to an economic slowdown with relative equanimity.



To learn more about Silhouet-Tone, please contact Éric Ghedin, President, at 450 687-9456, ext. 141, or visit the company's Web site: www.silhouet-tone.com.

Watch for our next columns:



Thanks to:
BIENVENUE STRATÉGIES CONSEILS

Have permanent resident employees? New procedures for travellers to the United States

Do your employees have to travel to the United States? Beginning January 12, 2009, based on their country of origin and their nationality, they will be subject to new procedures when travelling by plane (or ship), even if they will only be in transit to another country.

Citizens of countries that are part of the Visa Waiver Program will have to obtain travel authorization before being able to take a flight to the United States, failing which they will be denied boarding. This authorization will be required for any business or tourist trip of less than 90 days, unless the person concerned already holds a valid visa. The travel authorization will be valid for two years or until the passport expires, whichever comes first. It can be obtained through the Electronic System for Travel Authorization (ESTA) Web site.

The countries covered by this program are mainly in Western Europe, but also include some Asian nations, as well as Australia and New Zealand. Although Canadian citizens are exempt from this requirement, permanent residents of Canada are not. For example, a permanent resident of Canada who is of French or Japanese nationality must obtain the travel authorization by applying on-line before leaving for the United States.

As an employer, you should be familiar with all the procedures that might apply to your employees, depending upon their nationality, the purpose of the trip and any other entry requirements. Avoid the inconvenience of having your employees denied entrance into the United States—something that will stay on their files. Get informed!



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How much can chance cost you?

Only a few years ago, it was very pleasant to take advantage of an exchange rate that let you sell US\$1 for over CAN\$1.50. Are you just as happy today, when you receive around CAN\$1,180 for every US\$1,000 you convert?

Companies are exposed to foreign exchange risk as soon as they sell and/or make purchases in any non-Canadian currency. This risk is due to currency volatility, which is practically a matter of chance. Now, it is possible, with the help of your accountant or a specialized firm, to develop a strategy to counter the risk of changes in exchange rates and thus put an end to speculation within your SME. Putting such a strategy into place involves five steps:

1 - First, determine the degree of your exposure to foreign exchange risk by taking a look at your sales, inventory, procurement and any other items that may involve transactions in foreign currency, which will enable you to quantify your risk.

2 - Examine various scenarios (a spreadsheet is very useful for this type of exercise) so that you can measure the gains or losses that would ensue from an increase or decrease in exchange rates.

3 - Set your limits in terms of foreign exchange risk. You will then be able to determine how to manage any changes in exchange rates: a speculative approach or systematic hedging? Be sure to entrench the foreign exchange risk management method you have selected within your business plan.

4 - Choose the financial products that best meet your needs. You can make use of Desjardins' specialists at this stage in order to put your strategy into place.

5 - Make sure you conduct a follow-up in order to check that your strategy is effective.

Don't just sit back and watch exchange rates move up and down. All it takes is a bit of discipline to eliminate the worry!



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