

## BUSINESS PROFILE

### Laval Probiotic Conquers North America

After a modest debut on the Quebec market just over 10 years ago, Bio-K+ probiotics are now available in 11,000 points of sale in Canada and the U.S.

Bio-K+ manufactures and markets products containing lactic bacteria, which regulate intestinal functions. As the company's president Claude Chevalier explains, a number of features distinguish the Bio-K+ CL1285™ probiotic line from the competition. "The *L. acidophilus* and *L. casei* culture we use is approved by the Pasteur Institute and the Armand-Frappier Institute, is internationally patented and is approved by Health Canada. Moreover, its therapeutic properties have been confirmed by clinical studies that show its effectiveness in treating diarrhea associated with antibiotic consumption."<sup>1</sup>

Bio-K+ was founded in 1994 by Claude Chevalier and François-Marie Luquet, a French microbiologist. "We started out at the Québec Biotechnology Innovation Centre.<sup>2</sup> Bio-K+ CL1285™ was introduced on the Quebec market two years later through demonstrations in natural health food stores. Our production at the time was 25 15-container cases per month."

In 1999, the growing company moved its head office, laboratories and production facility to a building in Laval's Biotech City. That same year, it broke into Ontario and Western Canada. Then, a few years later, Bio-K+ set its sights on the U.S. "Although we participated in a few trade shows, we used the same approach as for the Quebec market, i.e., store presentations," explains Claude Chevalier. "At first, I myself handled the presentations in a few Whole Foods stores in Florida. This strategy quickly paid off, and in just three months customer response was so positive



**"NOT ONLY IS IT MASSIVE, THE U.S. IS MADE UP OF VERY DIFFERENT REGIONS, AND IN ORDER TO MAKE INROADS, YOU MUST BE PATIENT AND DO IT GRADUALLY, ONE SMALL STEP AT A TIME. PICK A TERRITORY AND WORK IT UNTIL THE PROFITABILITY AND PENETRATION IS WHERE YOU WANT IT TO BE BEFORE MOVING ON TO THE NEXT PLACE."  
CLAUDE CHEVALIER, PRESIDENT, BIO-K+**

that we became number one in our category in the state's seven Whole Foods stores. This got back to the parent company, which decided to carry our products in all of its 300 stores. This is where we're at now, and other large chains are expressing an interest."

Today, Bio-K+ hires freelance representatives who make presentations to consumers and train employees in the stores that sell their products, as well as the brokers and distributors with whom the company works. "We are now entering a phase of large scale distribution and marketing," adds Claude Chevalier. "Because our means to do so are limited, we are looking at the possibility of forming strategic distribution alliances. If all goes as planned, our North American sales should exceed \$100 million within three years. The question is not whether we are going to grow but how, with whom and at what pace." 🌐

<sup>1</sup> *Canadian Journal of Gastroenterology*, vol. 21, no 11, November 2007.

<sup>2</sup> The Québec Biotechnology Innovation Centre is a biotech business incubator located in Laval.

### Message from the Commissioner

### Alberta: a Market Waiting for You



**BY VÉRONIQUE PROULX**  
EXPORT COMMISSIONER  
DIRECTOR  
LAVAL TECHNOPOLE EXPORT

With business opportunities abounding in Alberta, three Laval companies took advantage of the trade mission organized by LAVAL TECHNOPOLE EXPORT in November to meet with potential customers in Calgary, Edmonton and Fort McMurray.

The estimated spinoffs of this mission are in the order of \$9.3 million (for Laval and the Laurentians) in the first year, with more to follow in the three years thereafter.

During this mission, we noted that Alberta companies are ready to work with Quebec businesses, to provide them with market information and to refer them to their industry counterparts. These companies are above all looking for suppliers with turnkey solutions since they simply can't keep up with the demand.

This first visit to Alberta marks the beginning of a series of activities that LAVAL TECHNOPOLE EXPORT will organize to encourage local companies to develop this market.

Are you thinking of expanding your reach to Alberta? If so, call us to find out if this market is right for you. 🌐

## Sales by Internet, Catalog or at Distance: New Quebec Provisions and World Trends


Coming into force on December 15<sup>th</sup>, 2007, new modifications to the Consumer Protection Act regarding distance contracts will bring costly consequences to businesses which will fail to adapt their business process in timely fashion.

Thus, sales entered into by internet, phone or catalog will be subject to these modifications and shall comply with strict rules of communication of information, transmission of sale contract and performance in due time. In case of default, consumer may cancel its purchase simply by sending a written notice.

With those modifications, Quebec becomes the fifth province to integrate Internet Sales Contract Harmonization Template. The same principles apply already to Europe and to the most progressive states of USA.

Quebec merchants shall present prominently before the sale, for instance on its website, all information pertaining to the products and services sold, prices and associated costs, date or delay of performance, mode of delivery and other refund conditions, warranties, etc. The written contract shall indicate all those information and must be transmitted to the consumer within 15 days. If transmitted by email, copy must be in a printable and easily retainable format.

Merchant's defaulting performance will enable consumer to cancel the sale within 30 days, requiring that the consumer restores the goods and the merchant refunds the purchase price, including all reasonable costs of restitution. Default to refund a consumer who purchased by credit card will allow the consumer to contact directly his credit card issuer and require the chargeback of all amounts paid.

Then, it is of prime importance that Quebec merchants proceed to revise their business process or website in order to comply with Quebec and international rules. We may assist you to assess legal compliance of your website and other obligations of distance sales. 

### BY M<sup>E</sup> BENOÎT TROTIER

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## Credit Insurance


### 6/49, Bad Debts and Philosophy!

Some of you buy lottery tickets each week. Others will buy them only when the jackpot is big enough to purchase that highly-coveted private jet. What are the chances of winning the 6/49? There's a one-in-a-fourteen million chances. Better luck next time!

However, all of you participate in another lottery. By offering terms of payment to your clients (i.e.: net 30 days) you incur the risk of not being paid on the due date. And that risk is much higher than you think.

According to Standard & Poors<sup>1</sup>, 0.29% of companies rated AAA will default in five years. And what about a BBB-company? 4.07%. As they say in the commercial: 4.07%... "It doesn't make a difference, except ..." It's a considerable risk.

Knowing the average premium rate on a credit insurance policy is 0.30%, you can easily understand that the cost of credit insurance pales in comparison to the risks you face.

The Holiday Season is coming. Will you buy a lottery ticket or a credit insurance policy? Season's Greetings and... good luck in 2008. 

"We are quite disposed to believe in what we hope for but find it difficult to believe in what we fear and we make too much or not enough of it." Baruch Spinoza



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<sup>1</sup> Annual 2006 Global Corporate Default Study and Ratings Transitions, January 2007

## Customs Compliance



*From left to right:  
Louise Chevanelle, President, Formation en douanes Louise Chevanelle inc.,  
Manon Chicoine, Mapei, Benoît Lepage, Bachmann Dampjoint and Judith  
Lamoureux, Labopharm.*

This year marks the third year that LAVAL TECHNOPOLE EXPORT (LTE) offered a training workshop on customs compliance. The program consisted of 21 hours of courses on various customs-related themes and one day of on-site coaching. Five companies participated this year: Citagenix, Mapei, Bachmann Dampjoint, Artypac Automation and Labopharm.

The knowledge acquired during this course will help the participants minimize the chances of non-compliance and related financial penalties. The topics covered included customs documents, product tariff classification, merchandise evaluation and security programs. 🌐

## Radio-Frequency Identification

As part of a Markham trade mission to Laval, LTE hosted a breakfast conference on radio-frequency identification.\* Fifteen participants attended the conference on October 31 to hear Bob Moroz, President of R. Moroz Ltd., demystify

this new technology and explain its many applications. Mr. Moroz then met with some participants individually to answer their questions. 🌐

\* Technique used to identify objects using a memory chip or an electronic device that transmits information to a special reader through an antenna.

## Confronting the Rising Loonie

In light of the loonie's recent flight, LTE also hosted a breakfast conference on November 14 titled "Coping with the Rising Loonie". The purpose of this event was to spark strategic thinking, to make practical suggestions to limit the impact of the dollar's fluctuations and to ensure that companies continue to grow regardless of the dollar's strength and volatility.

During this breakfast, Réjean Dancause, Chief Executive of Groupe Dancause, presented a strategy grid based on two variables: a company's readiness and market conditions (favourable or unfavourable). Then, Normand Faubert of Option Devises presented tools and strategies to help hedge against currency exchange variations. Lastly, Mario Grenier, Vice President and General Manager of Dyne-a-Pak, explained how his company's strategy helped boost sales by 25% on the U.S. market in two years despite the dollar's strength. 🌐

## Alberta Trade Mission

On November 5, thirteen companies left on a four-day trade mission to Alberta. Organized by LTE and Laurentides International, this mission provided the participants with opportunities to network with potential customers and partners in Edmonton, Calgary and Fort McMurray. Spinoffs of some \$9.3 million are projected in the medium term as a result of this initiative. 🌐



## An Innovative Approach to Funding Growth – Financing your Suppliers!

### Challenge

For businesses expanding into new local or international markets, managing working capital is a daily effort. Many businesses are on the lookout for effective ways to sustain this expansion while meeting their obligations.

### Solution

An attractive financing method favoured by a growing number of large companies is to use suppliers as leverage. National Bank is now offering small and medium-sized businesses the chance to benefit from this method through reverse factoring.

### How reverse factoring works

With reverse factoring, domestic and foreign suppliers will receive payment of their invoices 72 hours after the product or service is delivered. The term of payment, which can be up to 90 days, will be supported by National Bank. As a result, you will enjoy longer terms of payment and better business relationships with your suppliers.

### Who can benefit from reverse factoring?

- Your suppliers are offering you early payment discounts and you can't benefit from them because you don't have sufficient cash resources?
- The terms of payment available from your suppliers are not suited to your needs?
- You've reached your credit limits with your suppliers?

If any of these situations applies to you, then reverse factoring could be the answer! 🌐

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## Logistics

### Europe is your Target! Are you SAFE?

Last June 24<sup>th</sup> 2005, directly inspired from C-TPAT program and to establish dynamic customs/private sector dialogue, all 166 World Customs Organization (WCO) members representing 52 countries and 99% of international trades unanimously voted the SAFE Framework of Standards to Secure and Facilitate Global Trade. Since then, it became WCO's top priority.

In order to get the Authorized Economic Operator (AEO) status and besides C-TPAT criteria, European Commission will take a close look to financial credibility and synchronization between financial and logistic flow of requesting companies. Besides fighting against terrorism, smuggling, drug, arms and people traffics, international customs authorities are intensively collaborating to get rid of « black market » trades.

A supply chain is as strong as its weakest link. What about yours? Your own processes? Your personnel? Your IT system? Your business partners? Are you SAFE?

A.R.Y.A.N.E. has been providing C-TPAT training and consulting services since 2003 to manufacturers and carriers. A.R.Y.A.N.E. is proud to mention that it is currently working with LAVAL TECHNOPOLE EXPORT's members to support their C-TPAT compliance process. Get in touch with either your LTE export advisor or with us in order to find out more about possible government financial support in helping your company to become an active C-TPAT member. 🌐

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## The RoHS Directive

In force since July 1, 2006, the European Union's RoHS directive places restrictions on the use of six hazardous substances found in most electronic products. RoHS stands for "Restriction of the use of certain Hazardous Substances in electrical and electronic equipment," and targets lead, mercury, cadmium, hexavalent chromium, and polybrominated diphenyl flame retardants.

### Targeted products

The RoHS directive applies to the following equipment categories:

1. Large household appliances (refrigerators, washing machines, etc.)
2. Small household appliances (vacuums, toasters, etc.)
3. IT and telecommunications equipment
4. Consumer equipment
5. Lighting equipment
6. Electrical and electronic tools (drills, sewing machines, etc.)
7. Automatic dispensers.

The following two categories will be included beginning in 2010:

8. Medical devices, with the exception of implanted and infected products
9. Monitoring and control instruments


### When does the RoHS affect products?

All products placed on the market in the European Union, whether imported or manufactured in the EU, after July 1, 2006, must comply with the RoHS directive. The European Commission defines the term "placed on the market" as the time when a product is first made available in the Euro zone.

### Enforcement criteria

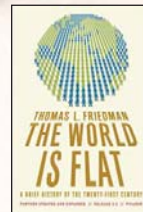
Since the directive is essentially a guideline for EU member nations, the latter must develop their own policies on enforcement and what would constitute infringement.

For more information on the RoHS directive, its scope and enforcement criteria, the measures of the organizations charged with its application, and exemptions, visit Infoexport at: <http://www.infoexport.gc.ca>

You can also contact a specialist at the Centre de recherche industrielle du Québec (CRIQ) at: [www.criq.qc.ca](http://www.criq.qc.ca). 

## Reader's corner

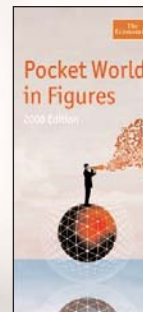
### The World Is Flat: A Brief History of the Twenty-First Century



*The World is Flat: A Brief History of the Twenty-First Century* is Thomas L. Friedman's best seller in which the author analyzes the evolution of globalization, with a focus on the beginning of the 21<sup>st</sup> century.

The title of the book was drawn from the expression "a flat playing field," meaning an environment in which all the teams are on equal footing. Friedman suggests that the world is "flat" in the sense that the competitive rules between industrialized and emerging countries have been levelled. The book contains many examples of companies in India and China that by providing outsourced services in the areas of typing, call centre operation, programming and accounting have become an integral part of the global supply chain of such companies as Dell, AOL and Microsoft.

### Pocket World in Figures – 2008 Edition



Chock-full of facts and figures about today's world on such varied topics as geography, population, demographics, business, finance, the economy, transportation, tourism and the environment, *The Economist's Pocket World in Figures* contains fascinating data on the state of the world. With information ranging from the geography of each country, to the fastest growing economy, and the country with the lowest mortality rate, this pocket book (literally) is an indispensable tool for anyone looking to do business abroad.

## ALERT


### NEW PROGRAM FROM THE U.S. FOOD AND DRUG ADMINISTRATION (FDA)<sup>1</sup>

The A L E R T initiative is intended to raise awareness of state and local government agency and industry representatives regarding food defence issues and preparedness. It can apply to all aspects of the farm-to-table supply chain.

A L E R T identifies five key points that industry and businesses can use to decrease the risk of international food contamination at their facility.

- **A (assure)** How do you assure that the supplies and ingredients you use are from safe and secure sources?
- **L (look)** How do you look after the security of the products and ingredients in your facility?
- **E (employees)** What do you know about your employees and people coming in and out of your facility?
- **R (report)** Could you provide reports about the security of your products while under your control?
- **T (threat)** What do you do and who do you notify if you have a threat or issue at your facility, including suspicious behaviour?

A L E R T is not mandatory to export to the U.S. But if you would like to implement a safety guide developed specially for the food industry, ask your customs specialists for more details about A L E R T.

You can also find more information on the FDA's website. 

<sup>1</sup> Source: U.S. Food and Drug Administration, ALERT: The Basics at [www.cfsan.fda.gov/~dms/alert.html](http://www.cfsan.fda.gov/~dms/alert.html)

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## WHY NOT THE WORLD?



Why not, indeed? LAVAL TECHNOPOLE EXPORT offers local companies all the support, ideas, contacts and training required to put the global market within their reach.

- A centre providing export support and assistance in conjunction with government institutions ;
- Export consulting services and strategies ;
- Training and market discovery ;
- Hosting of international buyers ;
- Foreign market development missions ;
- Information on financial assistance programs ;
- Practical guides and useful documentation.

Conquering the world takes preparation...  
and the LAVAL TECHNOPOLE EXPORT team is the partner of choice for your endeavour.



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## UPCOMING ACTIVITIES

**LAVAL TECHNOPOLE EXPORT**

*For the upcoming activities, please refer to the LAVAL TECHNOPOLE's calendar of activities that will be available at the beginning of 2008 on our website: [www.lavaltechnopole.com](http://www.lavaltechnopole.com).*


*LTE wishes all of you a Happy New Year 2008!*

## News in brief

### LAVAL COMPANY INKS CONTRACT IN ALGERIA

The Algerian Finance Minister and SNC-Lavalin have selected the PlannExpert software from Laval's Plannsoft software development firm ([www.plannsoft.com](http://www.plannsoft.com)) to manage the maintenance of the Algerian finance department's prestigious new building. For more information, contact Plannsoft CEO André Bouchard at 514 744-4474, ext. 310. 

### LAVAL COMPANY ENTERS INTO JOINT VENTURE IN SAUDI ARABIA

Laval-based Geniro Systems has announced that as part of a joint venture with Saudi Arabia's Al Zahid Group, it will offer electrical and control engineering services to the oil, energy and industrial sectors in the Persian Gulf. ([www.genirosystems.com](http://www.genirosystems.com)) 

## Export Alliance Construction 2008


### Mark it down on your agenda!

The 7<sup>th</sup> edition of Export Alliance Construction will be held on February 4, 2008. For a second year the event will welcome buyers from the American North-East and Western Canada. This one-day individual networking event will enable Quebec manufacturers in the residential, industrial, commercial, and institutional construction sectors to meet with general contractors, architects, distributors, and manufacturing agents.

This will be an exceptional opportunity to make contact with about 20 American and Canadian buyers and to participate in various networking activities. To register, visit the Web site of Export Alliance Construction: [www.exportalliance.com](http://www.exportalliance.com).

This event is organized by the World Trade Centre Montréal, the team of international trade experts of the Board of Trade of Metropolitan Montreal, in partnership with the Ministère du Développement économique, de l'Innovation et de l'Exportation and the Société d'Habitation du Québec.

### DO YOU MANUFACTURE AN INNOVATIVE PRODUCT?

Earn the exclusive opportunity to present your product to all the buyers during a special activity on the evening preceding the event. For more information, contact us at: [jhebert@cmm.qc.ca](mailto:jhebert@cmm.qc.ca) or 514 871-4002, local 6227. 



# Coping with a Strong Dollar

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Ever since September 20 when the loonie hit parity with the greenback, there has been no end to the speculation regarding the future of our currency and economy. Not a day goes by without an article in one newspaper or another weighing the pros and cons of a strong dollar or pointing out the winners and the losers. On October 18, Affaires.com published an article entitled "Take advantage of

the soaring loonie," yet just a few days later, the decline of the manufacturing sector once again made headlines for the umpteenth time.

Depending on whether you are an importer or an exporter, our currency's sudden strength will affect you differently. Consequently, many managers are justifiably worried about the consequences of the dollar's appreciation against the greenback.

However, according to Tom Wesson<sup>1</sup>, associate professor of strategic management at York University's Schulich School of Business, Canadian manufacturers are today facing the same situation the Japanese did more than 20 years ago. In fact, between 1985 and 1995, the yen more than tripled in value against the U.S. dollar. Japanese manufacturers were able to adapt their company's strategies to the strong yen. Can Canadians do as well? 🌐

## According to Mr. Wesson, there are 10 short-term strategies for winning with a rapidly appreciating currency:

- Cut costs in the short run to survive:** The appreciation of the loonie is clearly a long-term change demanding long-term solutions. However, managers must also take short-term actions to counteract it.
- Increase productivity in your Canadian operations by investing in sophisticated production technologies:** Manufacturers should take advantage of the loonie's rise to purchase machinery in the U.S. in order to boost productivity.
- Differentiate your product:** There is no better way to escape the pressure to lower prices than to sell a product that your customers view as unique. If there are no substitutes for your product, your customers will be far less price sensitive.
- Bundle services with your product:** Foreign competitors are at a disadvantage in the Canadian market when it comes to providing services with their products. By bundling services, you can shield yourself from lower-cost offshore rivals.
- Move up-market into less price-sensitive niches:** Canadian firms can compete despite the high dollar where consumers are willing to pay a premium price for premium products.
- Expand your markets beyond the U.S.:** While in Canada we tend to think of what is happening in the foreign exchange markets as an appreciation of our loonie, it is really more appropriately described as a depreciation of the U.S. dollar. The loonie is not doing nearly as well against other currencies. What this means for Canadian businesses is that now is a good time to expand into Europe and other markets and do something about the over-reliance on the U.S. market.
- Outsource non-core functions:** It has been shown that outsourcing activities that do not create value can cut production costs, allowing the company to focus on its core business.
- Switch your source of components and raw materials to markets where you sell your products:** For example, a company that sells its products in the U.S. feels pressure to cut its prices because of the strong Canadian dollar. However, by buying its raw materials in the U.S., the company will cut its costs and then be able to lower its sale price.
- Maintain or increase investments in your workforce:** The long-term success of Canadian firms is going to depend on their ability to become more productive. Again, increasing productivity will require increased investment in technology. However, that investment will be wasted if firms do not have workers with the skills and knowledge needed to take advantage of the new technologies.
- Use the crisis atmosphere created by the appreciation of the loonie to spur cultural change in the organization:** Canadian companies should capitalize on this crisis to restructure their activities, reorganize the work in house and adopt ways of doing things (VAP, lean manufacturing, etc.) that will make them more competitive on the foreign scene.

<sup>1</sup> Source: Tom Wesson, 10 Ways to Win With New Loonie; Take Lessons from Yen hyperappreciation in 1980s, National Post, 22 septembre 2007.

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