



The Flat World of Countless Opportunities: Stories of Canadian Globalization

By HUA YU & ANDREW WRIGHT

THE WORLD IS FLAT. A DECADE HAS PASSED SINCE Thomas Friedman first described the conditions of modern globalization. Friedman's predictions of a borderless world continue to become increasingly true. New globalization represents a shift towards knowledge-based business models aided by the use of technology. We see this in the surge of global outsourcing, the rise of complex supply chains, and the extensiveness of open and collaborative global communication systems. The world now moves and connects in real time, 24 hours a day, seven days a week.

Apple, Alibaba, Amazon and Samsung are today's big success stories. These companies have truly gone global and redefined the structure of a modern enterprise. However, globalization is not just for corporate giants. Many small and medium-sized Canadian companies are also going "global" by entering China. Here are some success stories of Canadian and Chinese business leaders embracing globalization by applying innovative business models and taking calculated risks in China.

The rise of the Chinese workforce

Whiting Equipment Canada is a world-leading chemical and metallurgical manufacturer. China has been critical to Whiting's growth and success over the past 16 years. The company operates a wholly owned Chinese subsidiary, Zhejiang NAMAG Equipment Manufacturing Co., which has 550 employees across three production plants and a distribution chain that serves customers worldwide.

China's human capital attracted Whiting. China offers skilled engineers at highly competitive wages. "They are accurate, quick, loyal, honest and highly skilled," says Whiting Equipment CEO Rudi Kroeker of his staff at NAMAG.

Recognizing the exceptional value of the local workforce, Whiting has committed to building strong connections with

the local community. "Our commitment in utilizing and developing local talent has always been a big part of our success," says Kroeker. Whiting trains NAMAG engineers at a Canadian college and partners with universities in Zhejiang Province to run training programs at NAMAG plants. Whiting's efforts to leverage local human resources have been so successful that the NAMAG administration has gradually transitioned from expatriates to a local team that grew with the company since the beginning.

For Kroeker, globalization was inevitable, and he embraced it early on. "I don't know what our company would look like without this venture. Looking back, I can't imagine how we would have survived without it. I wouldn't change a thing. No regrets."

The power of "Made in Canada"

For Eaton Chen at Canadian Dairy Manufacturing ("CDM"), globalization presented the reverse opportunity. A recent immigrant to Canada, Chen is an ambitious cross-border entrepreneur with a dream to deliver high quality Canadian dairy products to Chinese consumers. His company is building processing facilities outside of Toronto, with production set to begin in 2014. CDM will produce several lines of baby formula and powdered milk products. All sourcing, manufacturing and packaging will take place in Canada for exports to China. With support from the Canadian government, CDM has set up distribution channels across 30 provinces in China.

Chen saw a promising export opportunity because of the increased demand for Western food products in China. He also saw the emergence of Canadian government programs aimed at boosting agri-food exports. Chen is an innovative and inspiring model because he leverages Canada's distinct country brand. The Canada brand holds exceptional value in the Chinese market because Canada is associated with purity

and safety. Canadian food inspection standards also ensure the quality of Canada's dairy products. To Chinese consumers, Canadian food brands and products are highly trusted and sought after.

Chen's venture represents a highly successful business model that fully leverages the possibilities of global markets and the power of the "Made in Canada" brand.

World-class product leadership

Proslide Technology Inc. has been designing amusement park waterslides for more than 30 years. The Ottawa-based company developed its globalization strategy from a calculated understanding that international markets are essential to the company's growth. "With more industry awards than all of our competitors combined, Proslide is known as an innovation leader," says Jeff Janovich, VP of sales and marketing.

World-class recognition won Proslide its first project in China at the Chimelong Water Park. Soon after, Proslide won the Water Cube installation at the 2008 Beijing Olympics. "All of our innovation efforts have paid off," says Janovich. "In our industry, safety and credibility are big factors. Chinese clients choose us because we are known as the industry leader and they can rely on us to get the best and safest products and solutions." Asked for the key to their international success, Janovich says, "It has been being an industry leader and providing a product that is sought after globally."

Proslide continues to expand in China, with a local office opening soon. It already has presence on the ground. Leveraging its sterling brand reputation and the "Made in Canada" label, Proslide has been able to expand in China and foster invaluable partnerships for future growth.

Cross-cultural synergies

Menergy Corporation is a global provider of geothermal energy solutions. Menergy's story is one of cross-cultural understanding. Two experienced executives from two disparate business cultures, China and Canada, came together by sharing a common vision to improve the environment and to build a successful international business.

"James Jiang [Menergy's principal] knows a lot more about China than I do, but I know a lot more about Canada than he does," says Doug Lash, chairman of Menergy Corporation. "And when we see business opportunities, we always focus on our similarities and not on our differences. I will say this has been the secret to our successful business partnership." Menergy has been able to build bridges between East and West, and develop a global business model that does not stop at delivering goods from point A to B.

As a clean and low-cost energy source, geothermal is a preferred heating and cooling solution for many Chinese developers. Drawn to China's construction and infrastructure boom, Menergy entered the Chinese market in 2004 and it currently has a regional head office in Nanjing as well as 26 sales centres throughout China.

After 10 years developing specialized technology solutions for different regional markets in China, Menergy is now able to leverage that investment and transfer the technology



IN 2013, THE CHINESE GOVERNMENT ANNOUNCED THAT IT WOULD SUSPEND VALUE-ADDED TAX AND TURNOVER TAX FOR BUSINESSES WITH MONTHLY REVENUES OF LESS THAN 20,000 RMB (US\$3,270). THIS EXPANDS THE REACH OF SMEs IN CHINA

to other markets. Building on cross-cultural understanding and an international executive team, this holistic approach is generating great results.

One flat world, countless opportunities

CCBC vice chairman and global supply chain expert Dr. David Fung identifies the following five forces driving business globalization: the availability of labour and skills, innovative technology and business models, infrastructure investments, natural and reclaimed resources, and global partnerships and markets.

Companies such as NAMAG, CDM, Proslide and Menergy exemplify these five forces in action. In doing so, these companies demonstrated leadership in developing global partnerships and building global brands. More importantly, they identified market opportunities, made cross-border investments and created innovative business models that leverage a global value chain.

Although these companies are not global giants, their ability to compete and profit across international borders exemplifies the "flat world" doctrine – a doctrine that recognizes and appreciates the many opportunities around us.

Canadian companies must ask themselves: "What are the global opportunities available to us? And how can we fit ourselves into a global vision?" These questions may set in motion a journey of collaborating with others, learning new cross-cultural skills, and ultimately achieving greater success than ever imagined. ☎

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