

# SPECIAL EDITORIAL REPORT

## NATIONAL INDUSTRY EXPO 2015

By Michael Power



### DEEPENING CONNECTIONS

*National Industry Expo 2015 lets attendees gain insights, forge relations, and source products and revenue streams*

*PurchasingB2B* and FRASERS—Canada's leading industrial search engine—are pleased to bring you the following special report on the National Industry Expo 2015, an event tailored specifically to deepen the connection between buyers and suppliers.

*PurchasingB2B* and FRASERS hosted NIE 2015 on November 10 at the Mississauga Convention Centre. The event brought together buyers and suppliers from across industries to network, gather information, exchange ideas and get advice from education panels.

Attendees were able to visit a wide array of exhibitor booths, and we worked to ensure the event involved industries from across the Canadian economy. NIE 2015 allowed those buyers and suppliers to create lasting business ties, build new revenue streams, source products and gain insights into product innovation and sourcing.

As well, the expo featured thought leadership education sessions covering subjects relevant to buyers and suppliers alike. Those topics included the relationship between buyers and suppliers; issues affecting cross border freight forwarding; the everyday challenges that small- to medium-sized enterprises face; plus financial tools businesses can access to help them on their path to success. You will find coverage of each education panel throughout this special report.

You can also check out our website, [www.NationalIndustryExpo.ca](http://www.NationalIndustryExpo.ca), for a photo gallery of the event, exhibitor's list, further information on speakers and their companies, as well as exciting updates regarding next year's event, **National Industry Expo 2016**.

Thought leadership, practical advice, networking opportunities, innovative products and services—this was just some of what NIE offers attendees. We look forward to welcoming you at NIE 2016, and we're confident you'll find the event practical, informative and valuable.



*National Industry Expo 2015 was made possible by the support of our event partners and exhibitors.*

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## THE BUYER-SUPPLIER RELATIONSHIP: *The Ties That Bind*

**W**hile the tie between buyer and supplier is built on commerce, it involves more than exchanging money and goods. Rather, the relationship involves connection and collaboration that can take time and patience to develop. That was the message from a panel of industry experts that spoke during the inaugural National Industry Expo 2015. The panel focused on tips and strategies for both sides to get the most from their dealings with one another.

It's important to know what an organization wants to achieve with the buyer-supplier relationship, said panelist Thomas Hudel, manager of purchasing and accounts payable at Esri Canada. Hudel recommended looking at what kind of relationship the organization is looking to develop with a supplier. "Is it strategic? Is it tactical? And how are you going to go about getting the best supplier contribution?" Hudel told the audience during the discussion.

Hudel encouraged procurement to develop a deep understanding of their organization and suppliers. A clear view of emerging trends helps purchasers speak more clearly to a vendor base. "You need to have a sense of vision for where you want to go," he said. "What are you looking for from your vendor base? Are you looking for differentiating relationships? Are you looking for supplier development towards strategic partnerships? What

are your goals as an organization?"

Not every relationship will end up strategic, Hudel stressed. "Some of the vendors you're dealing with are more tactical and maybe a little bit more transactional," he said. "It really depends on the overall comprehensive view that you have of how you're going to approach your vendor base."

Fellow panelist Katie Motta, director of business development for the Canadian Aboriginal and Minority Supplier Council (CAMSC), stressed collaboration and connection between buyers and suppliers. Building trust is important, and Motta noted suppliers build trust by delivering on what they promise and helping clients solve problems. Suppliers can introduce organizations to innovative solutions, while buyers can work to recognize challenges that suppliers face. "The best relationships we see are collaborative," she said. "You don't get to that overnight, but the ones that are really work together to unlock that value from both sides."

Motta reminded suppliers that it takes time to develop business ties with corporations that have consolidated vendor bases and a three-to-five-year sourcing cycle. Suppliers need patience to develop an understanding of an organization's pain points and develop trust to get invited to the next bid. Motta also noted the benefits of supplier diversity, which she said provided additional competitiveness. Aboriginal



*Panelists (l-r): Katie Motta, CAMSC; Michael Power, PurchasingB2B; Thomas Hudel, Esri Canada; Jamie Button, Brady Canada.*

and minority people represent 25 percent of the population—a number expected to grow over the next 15 years. Corporations can tap into that expertise, Motta said, while addressing their social responsibility mandates.

To help ensure that relationship run smoothly once established, Jamie Button, segment manager at Brady Corporation, recommended suppliers lay the groundwork during initial meetings to establish the buyer's expectations. Knowing whether a client values fill rates, lead times, price or another metric helps suppliers understand what the customer's needs are and the value they bring. Honesty helps companies decide whether a particular supplier can fulfill their needs. "If you're not honest about what your complete package offering is, you're setting yourself up for the potential to lose some credibility with your customer," he said.



## CLEARING CUSTOMS: Streamlining Cross-border Shipments



*PurchasingB2B editor Michael Power (l) and Kyri Fabios, managing director, Canadian customs brokerage, FedEx Trade Networks.*

**W**hile shipping goods across borders is important to today's supply chains, myriad difficulties can emerge in the process.

Security, regulatory requirements and other concerns can make cross-border shipping confusing, time consuming and intimidating for many businesses. To discuss these issues, Kyri Fabios, managing director, Canadian customs brokerage at FedEx Trade Networks, held an education session during National Industry Expo 2015 to shed light on duties, taxes and fees, preparing documentation, streamlining customs clearance and other topics.

Fabios listed several initiatives related to new government regulatory requirements and how importers can best prepare for them. For example, the Canada Border Services Agency

(CBSA) is introducing the Assessment and Revenue Management Project (CARM), a multi-year project to transform how CBSA assesses, collects, manages and reports on import revenue and trade information. CARM's first phase will be an accounts receivable ledger (ARL), Fabios said, which allows importers to ensure they're working electronically rather than on paper. Importers won't get a paper bill and can transfer funds electronically rather than dealing with cheques, Fabios said.

Fabios discussed the impending Trans-Pacific Partnership (TPP), an agreement designed to improve duties and taxes while simplifying the process of importing goods. The deal is designed to remove barriers and reduce duties. "It also allows us to improve the supply chain for our customers," he noted. "We're still waiting to hear how that's going to be happening. But the transparency is what we're really expecting to come from TPP." FedEx Trade Networks has a regulatory arm to answer specific questions regarding the deal. While self-educating about the TPP is also important, so is working with someone who is knowledgeable about the partnership, he noted.

Fabios touched on tariff classifications, noting they were a uniform way of documenting applicable duty and taxes, as well as identifying goods coming into Canada. The 12-digit classification number includes six international digits, while

the rest are mainly statistical and identify what the goods are and what duty and taxes apply.

Questions can arise about what a duty rate on imported goods should be, Fabios noted. One officer may decide goods should have a particular duty rate, while another may think it's something else. The goods can therefore be subject to multiple rates of duty, he noted. To avoid that, FedEx Trade Networks suggests organizations get a customs ruling, which involves providing a goods sample to Canada Customs with a suggested tariff classification. The agency will then make a ruling on what the classification should be. "The benefit of the ruling is that it makes sure that right across Canada, no matter which customs officer is importing those goods, they always know that there's been a decision by Canada Customs that says, this is what your duty rate is," Fabios said.

Among other challenges Fabios cited was ensuring imported goods comply with duties, restrictions and regulations. FedEx Trade Networks has worked with customers to change the formula associated with an imported product line to help reduce duty rates, and can also investigate whether a product can be reclassified to import it duty free. The company also deals with taking advantage of trade agreements to reduce exposure to duties, Fabios said.

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## SMEs: Overcoming Challenges in Today's Economy

Small- to medium-sized businesses are integral to Canada's growth and essential to the country's prosperity. But this crucial sector also faces obstacles on the path to success. This panel session focused not only on the challenges SMEs face, but also solutions and advice on overcoming those barriers.

Like all businesses, SMEs must navigate within the economy and, depending on where in Canada a business is, the economy can present formidable road blocks, said Royal Bank of Canada senior economist, economics research, Robert Hogue. Alberta has been hit especially hard, Hogue said, and its economy is in recession. In the past five years, Alberta's super-charged economy has driven Canada's growth, growing 4.5 percent on average per year. Now, said Hogue, expect economic activity to contract by one to 1.5 percent. "That economic engine has not only stalled but now it's working in reverse," he told the audience.

That said, other regions are fairing better, Hogue noted. Ontario is growing moderately and will likely continue to do so. "It really is a mixed bag in Canada in terms of economic performance," he said. Canada's economy is transitioning from reliance on Alberta towards other sources of growth, both in terms of regions and sectors, Hogue said. This is largely due to the drop in oil prices, which has hurt Alberta but has been a "net positive" for Ontario, Quebec and BC. "Lower gasoline prices at the pump means more money in the pockets

of consumers, more money in the pockets for businesses," he said. As well, the drop has meant a decline in the loonie's value, which has made Canadian exporters more competitive. Finally, lower interest rates have benefited some sectors, like housing and the automotive industry, both of which are booming, Hogue said.

Not all SMEs experience economic trends the same way, he said. Winners and losers exist due to the lower dollar, with exporters benefiting and importers at a disadvantage. "It's not a homogenous group," he said. "You have different sets of influences, but there will definitely be opportunities for many SMEs going forward."

With those current economic trends in mind, fellow panelist Ralf Leitner, CEO of EchoVera, noted that many SMEs share several common challenges, among them a lack of funding, cash flow and sufficient human resources. Yet another main challenge is technology, which he said is changing how SMEs do business and interact with customers. But developments like cloud computing can also offer solutions to those businesses. "Everyone has heard about the cloud—and everyone has an opinion—but it's changing the way SMEs do business," he said. "It now affords them technology that was typically the purvey of the Fortune 500 or 1,000."

Fellow panelist Riyaz Jessa of Freightcom noted that people can be a big challenge for SMEs. Jessa noted that hiring staff without the proper skills often means paying later to fix



Panelists (l to r): Ralf Leitner, EchoVera; Michael Power, PurchasingB2B; Robert Hogue, RBC; Riyaz Jessa, Freightcom.

mistakes. "It may hurt your pocket at first, but overall it will accelerate your business growth [to hire staff with the right skills]. Look at that as a challenge but also as an opportunity to take yourself away and grow your business," he told the audience.

While technology is important for SMEs, it's also important not to "go overboard" with it, Jessa said. Business operators should research whether a technology fits their businesses, rather than trying to fit their business to a particular technology.

Jessa stressed small businesses should stay abreast of their industries. Those enterprises need to know where the industry is going, remain in touch with their client base and how they're buying. "Coming to shows like this is critical for SMEs," he said of National Industry Expo 2015. "When I was building my manufacturing plant, what I realized later on is by not attending shows like this I missed out on great opportunities."



## FINANCIAL RESOURCES: Assistance To Grow Your Business



From left: Mike Janke, Fairtax and Ken Hurwitz, Blue Chip Leasing.

**W**hile working capital is a constant challenge for many businesses, grants, government funding, tax credits and other incentives exist to help those businesses succeed. Resources are also available to fund the gap between when a business invoices a client and when it gets paid. Unfortunately, many organizations don't know about these options and may lack the knowledge, resources and time to access them. To cover these topics, an education session at National Industry Expo 2015 discussed available grants and incentives, as well as business loans.

Several grants exist that manufacturers and other small businesses

can tap into, said panelist Mike Janke, vice-president of FairTax, an organization that helps businesses tap into those grants. For example, one grant, called CME SMART, offered by the Canadian Manufacturers and Exporters Association, gives a grant of \$100,000 for businesses that spend \$285,000 on new capital equipment, provided certain requirements are met. Another grant—the Export Market Access Program—provides \$30,000 to companies that spend up to \$60,000 on trade shows in the US. Janke gave another example, called the Export Developer's Fund, that provides funding to support organizations that hire new staff.

Grants usually have strings attached, Janke noted—but the conditions imposed are manageable. Essentially, businesses must do with the money what they say they will do. “If you say you're going to go to a trade show, you actually have to go to the trade show,” he said. “That's what the strings are, to manage those commitments that you're making.”

Fellow panelist Ken Hurwitz, senior account executive at Blue Chip Leasing, said his company can provide the remaining funds needed to purchase capital equipment if a business or manufacturer has hasn't been

approved for 100 per cent of a grant. Regarding grant conditions, Hurwitz told the audience that equipment bought through grant money must actually be in Canada. “When we're putting financing into place, the kind of strange questions that I get are ‘Ken, I have a refinery in Illinois that I want to move to Iraq. Can you help finance that?’” As a Canadian lender, his company must be able to retrieve the equipment in the case of default.

The pursuit of grants offers businesses a strategic advantage, Janke said, and businesses would benefit by going after them as aggressively as they do sales. Business owners often don't have the time for the search, whereas FairTax can devote the time and resources on that business's behalf. “You should be looking at every opportunity to grow your business, and grants go right to your bottom line,” he noted.

Overall, some clear themes emerged at the inaugural expo. While it takes time, developing a relationship between buyers and suppliers can yield rewards on both sides. As well, while SMEs experience unique challenges, resources exist to help them achieve their goal of business success.

**THANK YOU FOR A SUCCESSFUL INAUGURAL EVENT!**



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