



MONTREAL LOCAL GLOBAL  
RESEARCH GROUP



Special newsletter

Covering the 3ed annual meeting

## Canadian Small and Medium Size Enterprises Going Global: Challenges and Opportunities

April 28th, 2011

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If you wish to learn more about the group and get involved in our activities, please use the Contact page on our website.

We wish to thank our volunteers, who helped immeasurably on the day of the conference: Catalin Ratiu, Gwyneth Edwards, Ehsan Derayati, Ali Taleb .

We also want to acknowledge the executives who met repeatedly with the organizing committee to set conference objectives. Their commitment went far in ensuring the success of the conference.

This newsletter is prepared by Abdulrahman Chikhouni

Photography: Ali Taleb. Catalin Ratiu

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## Conference committee

### Conference chair

Dr. Mehdi Farashahi

### Conference coordinators

Abdulrahman Chikhouni

Arash Amirkhani

### Faculty advisors

Dr. Rick Molz

Dr. Hamid Etimad

Dr. Isabelle Dostaler

Dr. Calude Marcotte

### Sponsors

Dr. Michael Carney

Dr. Gary Johns

## A message from the conference chair

Dr. Mehdi Farashahi



*After two successful one-day conferences held in 2009 and 2010, the Montreal Local-Global Research Group (MLGRG) has organized the third edition in April 2011. The objective of third conference was to provide a forum for both entrepreneurs and academics to address the global challenges and opportunities that face Canadian firms on the international stage. This year's edition focused on issues that entrepreneurs deem most important in today's global economy. This session was unique in that it provided both academic and practitioner perspectives on the issue at hand, and allowed for ample interaction with the audience. The major themes that has been covered in the conference are: the process of internationalizing SMEs., and managing successful international operations. During the morning and after noon sessions many prominent Canadian entrepreneurs talked about their experiences and express the challenges they face while doing business abroad. On the other hands, academics reflected on these challenges and shared their insights based using edge theories.*

# Conference Program

AM

## Opening Session

- Prof. Mehdi Farashahi, Conference Chair, John Molson School of Business
- Prof. David Graham, Provost and Vice-President, Academic Affairs, Concordia University
- Prof. Michael Carney, Concordia University Research Chair in Strategy & Entrepreneurship

## First Session of Presentations: Internationalization of SMEs

- Denis L'Heureux, Regional Vice President, Small Business Solutions, Export Development Canada
- Prof. Donald R. Lessard, EPOCH Foundation Professor of International Management, MIT Sloan school of Management, USA
- W. Daniel Mothersill, Founder National Angel Organization – Ontario and Director, CEO Fusion
- Prof. Rebecca Reuber, Professor of Strategic Management, Rotman School of Management, University of Toronto

## Second Session of Presentations: Managing International Operations

- Richard Voyer, Vice President, General Director, North America SOPREMA
- Bachir Halimi, President & CEO, Excendia Inc.
- Prof. Eleanor Westney, Scotiabank Professor of International Business, York University, Canada

PM

## Panel Discussions on Internationalizing SMEs

- **Panel:** Denis L'Heureux, W. Daniel Mothersill, Donald R. Lessard
- **Moderated By:** Prof. Michael Carney (John Molson School of Business)

## Panel Discussions on Managing International Operations

- **Panel:** Richard Voyer, Bachir Halimi, Rebecca Reuber
- **Moderated By:** Prof. Isabelle Dostaler (John Molson School of Business)

## Integration and wrap up

- Summary of each panel discussions presented by one of the executives from each panel
- Integration and concluding remarks by Prof. Taieb Hafsi (Walter J. Somers Chair in International Strategic Management, HEC) and Prof. Eleanor Westney (York University)
- Closing remarks by Prof. Mehdi Farashahi (Conference Chair)

# Opening session



Mehdi Farashahi  
Associate Professor  
John Molson School of Business  
Chair  
2011 MLGRG Conference Series

For the second year, Dr. Farashahi opened the conference in the main auditorium of the new John Molson of Business building. He pleasantly explained the rationale behind creating this interactive conference. He indicated that researchers need to understand and realize the opportunities and challenges of the real business world, and rely on that understanding in creating relevant research agendas. Executives and practitioners, on the other hand, need to see how academic research can help them make better managerial decisions.

The conference can also shed a light on the process of the local-global interaction in the international settings. He enthusiastically indicated that even though the conference is conducted in a university but it is not about research; however, it is about interaction with practitioners. Since the small and medium size businesses are the backbone of the Canadian economy, they should master the international game by be prepared to make the decision of where to internationalize and later how to managing international operations.

He considered the conference to be timely and necessary because Canadian MNEs are the nurturing environment for entrepreneurship and innovation. And if they want to keep up with the firms of other developed countries, Canadian MNEs need to have better understanding for the international markets.

# Opening session



David Graham

Provost and Vice-President, Academic Affairs  
Concordia University

Dr. Graham emphasized the importance of SMEs to the Canadian economy as the place where innovation and entrepreneurship are created. He indicated that the topic of the conference is timely and important to improve the competitiveness of the Canadian economy.

Michele Carney

Research Chair in Strategy & Entrepreneurship

John Molson School of Business

Sponsor



As a major sponsor of the conference, Dr. Carney indicated how our understanding of internationalization has shifted over the last 20 years from just measuring the export performance of SMEs to more international operations. He pointed out that not many MNEs are international but the ones who are international are the most admired, profitable and dynamic. Therefore, we need to be in a constant search for the factors that make some MNEs more successful in the international scene.

# Keynote presentations



**Denis L'Heureux  
Regional Vice President  
Small Business Solutions  
Export Development Canada**

Mr. Denis L'Heureux joined Export Development Canada (EDC) in June 1999 as Financial Services Manager in the SME Services Team. In March 2009, Mr. L'Heureux accepted the position of Regional Vice-President, Small Business Solutions, assuming responsibility for relations with all small business customers across Canada. Mr. L'Heureux has an International MBA from the University of Ottawa, a B.Ed. from the University of British Columbia and a B.Sc.A. (Management informatics) from Laval University. He also holds the chartered financial analyst designation. In his presentation, Mr. L'Heureux explained that Canadian SMEs are very important to the Canadian economy, yet, there are slow in entering Emerging markets. He based his argument on both personal experience and data obtained through an EDC Research panel which provides regular input from more than 1200 exporters. Mr. L'Heureux emphasized the challenges SMEs facing emerging markets include areas such as finding business partners, dealing with local bureaucracy, trade barriers, assessing market potential and obtaining financial resources to name a few. While it has proven a challenging, more and more SMEs seem to be ready to take advantage of the opportunities that are presenting themselves. Proactively targeting sales in emerging markets and expanding their supply chain by investing in these markets are two of the main activities which are increasingly happening.

# Keynote presentations

**Donald R. Lessard**  
**EPOCH Foundation Professor**  
**of International Management**  
**MIT Sloan school of Management**



Dr. Donald Lessard is a graduate of Stanford University (BA Hispanic American Studies), MBA, and PHD (Stanford Business School) and has been on the faculty of MIT since 1973.

In his presentation, Dr. Lessard explained his interesting theory about RATs and CATs which emphasizes a resource-based framework for internationalization. Dr. Lessard advocated that the resource-based perspective provides a powerful framing for the strategic development of business, particularly entrepreneurial ones undergoing rapid growth. Firms that possess valuable capabilities can exploit them by expanding to other markets to the extent that these capabilities pass the RATs test, i.e. that they are relevant, transferable, and appropriable. Firms may also expand to access resources or develop capabilities that they do not possess at home. In the case the test is CATs, whether these resources are complementary, appropriable and transferable. Dr. Lessard also illustrated how RATs/CATs can be used to guide internationalization, using examples from established firms and entrepreneurial firms.

# Keynote presentations



**W. Daniel Mothersill**

**President, National Angel Capital Organization**

**Distinguished Visiting Professor, Ryerson University**

**Director, Angel Network Program, Government of Ontario**

Daniel Mothersill is a serial entrepreneur and Angel investor, keynote speaker, and is a founding and lifetime member of the National Angel Capital Organization (the national voice of Angel investors), and created the Angel Network Program for Ontario's Ministry of Research and Innovation. Daniel studied at York University (political science), The Wharton School at the University of Pennsylvania (finance and accounting), Humber College (journalism) and the Royal Conservatory of Music (Toronto).

In his presentation Daniel advocated that micro multinationals should follow the Bicycle Theory: you either move forward or fall over. He also explained that Canada has the potential to become an important economic global player, and Canada's future success largely depends on the ability of its SMEs to take advantage of global opportunities. However, indications are that only a few Canadian SMEs are globally engaged on a regular basis and Canada has not developed an entrepreneurial culture, especially when it comes to globalization. He concluded by arguing that the challenge we face is to develop workable paradigms to commercialize our innovative prowess – globally. If we don't move forward on this with some coordinated expediency, we will fall off the world's globalization stage.

# Keynote presentations

Becky held visiting academic positions in the U.S. and Australia, sits on the editorial board of several entrepreneurship journals. For more than 20 years, Becky's research has been concerned with understanding how to facilitate the growth of entrepreneurial firms in both domestic and international markets.

In her presentation, Becky reported on her latest research about on-line markets. She explained that online markets have the potential to increase the internationalization of the sales of small and medium-sized enterprises (SMEs) in Canada; however, the most recent evidence suggests that Canadian business owners are reticent to sell online. The barriers seem to be knowledge-based rather than technology-based. Her research addresses the knowledge gap by identifying the factors that have enabled Canadian SMEs to internationalize effectively online: a favourable online reputation, strong online technological capabilities, and an engaged online brand community. It also identifies the potential pitfalls that SME owners should be aware of, such as neglecting offline interactions, entering foreign markets in an ad hoc, scatter-shot fashion, and being seen as too Canadian.



**Rebecca Reuber**  
**Professor of Strategic Management**  
**University of Toronto, Canada**

# Keynote presentations

**Richard Voyer**  
**Vice President, General Director**  
**North America**  
**SOPREMA**



Richard Voyer is Vice President and General Manager for Soprema North America since 2010, a society specialized in the fabrication of waterproofing membrane for buildings and engineering structures. Richard obtained a Ph.D. in polymer chemistry in 1988 at Laval University and completed the executive MBA program at Concordia University in 2007.

Richard provided an overview and great insights from Soprema's experience in internationalization process. He explained that Soprema creates local structures in the country where it wants to enter, and support them from Canada. The objective of the firm is to make local structures independent and autonomous as fast as possible. The services offered at the corporate level are related to logistic, technical support and research and development. The challenges that Soprema facing during the internationalization process are multiple: political, cultural, religious, laws and regulations. He also explained that managing at distance itself is a challenge. It requires establishing a strong local team and supporting them. Moreover, he emphasized trust as a major factor in the equation. It is impossible to succeed if you do not have the right people and if you are not ready to take the risk to fail and measure the impacts of a failure in your local market. He further explained that they hire locals who know the market, the people, the culture, and speak the language. He concluded by indicating that they have to adapt their way to do business and their product offering to the local needs because without a great flexibility, they would fail.

# Keynote presentations

**Bachir Halimi,  
President & CEO,  
Excendia Inc.**



Bachir Halimi is a serial entrepreneur who founded many firms including Excendia, Alis Technologies, and MediaSoft Telecom. Mr Halimi gave speeches on computer linguistics, voice communications and cryptography in many international conferences. Mr Halimi holds a Masters degree in Computer Science from the University of Montreal.

In his presentation, Mr. Halimi pointed out that each country has its own trade laws and business culture which international firms should be prepared for. As an example, he explained that in Saudi Arabia international firms can only sell through a local agent who acts as the sponsor and gets a commission on each sale made in the country. Under such conditions choosing the wrong agent can be very costly. Mr. Halimi also advocated that setting up a local office is a long and complex procedure that comes with many risks and rewards. Local presence gives first-hand information on the market, its players and business opportunities. It also means commitment of the company to the market. But it is a distant operation running usually in a different time zone under different laws and rules. To increase the probability of success for local offices, Mr. Halimi provided some recommendations such as appointing the best people to represent you and to define clear management and control mechanisms to make sure that your international office does not engage into business transactions that do not comply with your corporate policies. Mr. Halimi concluded by presenting corruption and special pricing for specific markets as some actions that may come back to haunt you as a corporation.

# Keynote presentations



**Eleanor Westney**

**Scotiabank Professor of International Business  
York University**

Eleanor Westney joined the Schulich School of Business in July 2007, after twenty-five years on the faculty of the M.I.T. Sloan School of Management, where she held the Sloan Fellows Chair in the Strategy and International Management group. After a B.A. and an M.A. in Sociology from the University of Toronto, she received a Ph.D. in Sociology in 1978 from Princeton University.

In her presentation Dr. Westney attempted to provide the lessons that SMEs can learn from large MNEs about organizing international business. She explained that the formal structures and processes of large MNEs may seem to hold few lessons for SMEs, which rely much more on informal networks and personal relationships to cross borders. However, she advocated that there are some key insights that can help SMEs face the challenges of combining local responsiveness and cross-border integration that they share with the largest MNEs. Research has long shown that for SMEs, marketing activities are the fundamental drivers for successful international expansion, especially in the early phases of international expansion. However, recent research has indicated that effectively linking marketing activities abroad with innovation activities at home is crucial for building sustainable competitive advantage for SMEs. Designing structures and systems to do this can be a difficult challenge, and some of the principles developed by large MNEs can be useful in addressing this challenge.

## Interactive sessions

In the afternoon sessions, two panel discussions had been held concurrently. Each panel covered one of the themes of the conference and participants were free to attend the session of their choice. The two topics covered in the sessions are: the process of internationalizing SMEs., and how to be successful in managing international operations? The audience had the opportunity to ask questions and share ideas with the panelists.



In the first session, moderated by Prof. Michael Carney, the panelists and the audience discussed the challenges that face Canadian small and medium enterprises during their expansion into international markets. They also had a very interesting debate about the process, challenges and opportunities of going international which included the strategies of identifying high potential markets and how to make ownership decisions.

# Interactive sessions

In the second session, moderated by Prof. Isabelle Dostaler, the debate focused on the factors that affect the success of SMEs after the process of internationalization. More specifically, the discussion extended to explore how Canadian SMEs can overcome the challenges their subsidiaries face in foreign markets.



# Integration and wrap up session



After the two panel sessions, the delegates participated in a joint session for conclusion and wrap up. In this joint session, the summary of each panel discussion was presented by one of the executives from each panel. Then Dr. Hafsi and Dr. Westney led the discussion and presented a comprehensive integration about the issues discussed throughout the conference. Finally, Dr. Farashahi closed the conference by a concluding remark.



# Conference snapshots



# Conference snapshots

