

The Value Chain

Small manufacturers tap into global opportunities.

When Mike Girard looks at a pile of lumber at his base in Port Coquitlam, B.C., he sees door, stair and window components for North American, European and Asian markets, shoji screen parts, and even small edgings for China.

Mr. Girard owns and manages Swiftwood Forest Products Ltd., which specializes in custom processing industrial-grade lumber that requires special cutting to reach its full market potential. Swiftwood identifies and trims defects, and then cuts the wood to the customer's specifications – often for applications as small as window bars and edge strips.

"Our customers own the wood. We add value through our services, and in turn they sell to their customers for a profit that includes both their original cost and the cost of our services," Mr. Girard says.

With fewer than 14 employees, Swiftwood provides an essential link in a supply chain that stretches around the world. It's a niche that small Canadian businesses are increasingly discovering in their bid to expand into key markets.

Brian McCready, vice president of Canadian Manufacturers & Exporters' (CME) Alberta Division, points to smaller companies in the province specializing in electronic component manufacturing. "They're working with processors now all over the world," he says, adding that such success highlights the potential for the local marketplace to grow exponentially – especially when knowledge and technology are combined in the research and development of proprietary technology.

Edmonton-based Micralyne Inc. is one of those companies. Founded in 1988, the micro-electro-mechanical system (MEMS) manufacturer now employs 170 people. While it will generate \$20 million in revenue this year, it began on a micro level.

The company's MEMS devices are used in communications, life sciences, energy and transportation applications, explains Bruce Alton, Micralyne's vice president of marketing and business development, who adds the company has experienced strong growth recently in optical switch devices that speed signals in telecom fibre-optic lines. Typically, Micralyne will translate prototype MEMS designs into devices that can be manufactured repeatedly and reliably – and then manufacture them at high volumes.

Clearly, opportunities exist for small companies to participate in global supply chains. And as vice president of CME's BC division Werner Knittel explains, the web is a great enabler.

"The Internet is opening all kinds of new doors for micro-sized and small businesses to find customers much faster than they ever would before...all over the world. As a micro-sized company, the challenge is to ensure that you can service that supply chain, and to ensure that you get paid."

Indeed, supply chain participation has its challenges.

Bruce Alton cites an automotive sensor for a Ford vehicle – although Micralyne might be three or four levels down the supply chain from the factory, the component that the company supplies is critical to the



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Swiftwood Forest Products of Port Coquitlam, B.C., may employ fewer than 14 people, but its market reach extends worldwide thanks to the company's participation in global supply chains. Among the company's strengths is its knowledgeable crew, which is led by owner/operator Mike Girard, who applies his 30 years of expertise in the forest products sector to provide efficient and economical wood remanufacturing services that add value to Swiftwood's customers' materials.

manufacturing process.

"If we don't deliver on time, for example, we can shut down a huge assembly line somewhere in North America," he explains. "So there's a lot of pressure on us to deliver those devices. We have to be a world-class company; we have to have the best people; we have to have world-class facilities...and it's very important to have the systems in place to manage these things."

Pressure within supply chains to get costs down and yields up is constant, he notes. "If we compete purely on a cost basis, we're going to lose out," he says. "We have to recognize where our strengths are, and stay ahead of the game on our technology."

Mr. Knittel agrees. "A lot of our small business exporters are service providers, consultants with skills and knowledge – you can be quite a small company that has an expertise in a particular area, such as environmental consulting or software engineering, and you can do very well."

As he explains, lower labour costs elsewhere mean that Canadian manufacturers will never be competitive solely on price. "You need a considerable service component, so that you can prove that the total cost of doing business with you is lower, or that it makes the customer's life very easy to do business with you."

At Swiftwood, Mike Girard faces similar pressures. "There's not a large margin for error," he says. "If you don't maximize the process, the value drops. Our expertise is in maximizing value for our customers, so that it's profitable for them to work with us."

Cost-saving process improvements, machine upgrades and automation are part of the solution, he says, adding, knowledge and expertise are critical as they boost a

small company's worth in the supply chain.

Mr. Girard also notes that it's essential to stay on top of global and

industry issues, such as tariff issues between trading nations.

It's the same at Micralyne. "For a small company, we've got so many

issues we have to deal with locally, but we really have to be aware of what's going on in other parts of the world," says Mr. Alton. ■

A WORLD OF RESOURCES

B.C. and Alberta companies interested in exploring export and other supply-chain opportunities will find assistance at the following organizations:

- Alberta Economic Development: www.alberta-canada.com
- Alberta Hong Kong Office: www.alberta.org.hk
- Business Development Bank of Canada: www.bdc.ca
- BC Export Awards: www.bcexportawards.com
- BC Ministry of Economic Development: www.gov.bc.ca
- Canada Business: www.cbcs.org
- Canada Export Centre: www.canadaexportcentre.com
- Canadian Manufacturers & Exporters: www.cme-mec.ca
- Export Development Canada: www.edc.ca
- Foreign Affairs and International Trade Canada: www.dfait-maeci.gc.ca
- Industry Canada: www.ic.gc.ca; strategies.ic.gc.ca
- Innovative Canadian Oil Sands Manufacturing Opportunities: www.icosmo.ca
- LEAN Manufacturing British Columbia: www.cme-mec.ca/BCLean
- Small Business BC: www.smallbusinessbc.ca
- Trade Team Alberta: www.alberta-canada.com/tta
- Western Economic Diversification Canada: www.wd.gc.ca



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