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Tracy Johnston-Aldworth is on her fee
and laughing



PHOTO: JON ROHR

On the cover: Tracy Johnston-Aldworth of
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On the Bubble, Ahead of the Wave

Exchange

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SUNDAY, DECEMBER 26

10:30 AM - 2 PM

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Fear Reversal

BY JON ROHR

A walnut-sized region in your brain, known as the amygdala, is the center of the fear-processing circuitry – getting sensory signals of apparent danger and responding with chemical alerts to various parts of the body to engender immediate and sometimes dramatic responses. While this region does direct the important “fight-or-flight” response, it also affects emotions and disrupts rational thought. Fear can be quite rational at times, but irrational fear, is, well, irrational.

Fear is the main reason we put things off, says Neil Fiore, Ph.D., author of “The Now Habit”. Fear breeds procrastination. And putting things off, in business, puts you behind.

Case in point – many business people fear the rapidly developing Chinese market. Newspaper headlines and articles contribute greatly to this fear. Of course, no country is more concerned about developing China than the USA. The American fear arises because China is growing at a tremendous rate, and is positioned to quickly outstrip the USA as the world's largest market.

Business leaders need to get beyond fear, and focus on turning the challenge into an opportunity. What appears to be threatening may in fact be the opportunity of a century, especially for those who want to break into new markets, to build a new company, in a new country – China, the emerging country, whose population a.k.a market, exceeds 1.3 billion.

China's economic engine is revved so high right now that governmental policies are being put in place to get the dragon under control. A large, new middle class is emerging;

travel is burgeoning; the table is set.

The thought that China is the purveyor of economic doom for North America is irrational. China may soon earn the title of “world resource consumer”; it is, in fact, a new and virtually unlimited market for North American know-how. The market is now ready to try anything, and is willing to pay for the “new-to-them” products and services. This speaks to unbri-dled opportunity, this speaks to global entrepreneurship, and this speaks to securing a part of a country's market now rather than later.

As a business community that already has several successful business models functioning in relationship with China, local new business mustn't get comfortable. If we aggressively pursue opportunities where opportunities lie – in China, India, etc. — we can compete with other North American jurisdictions doing the same.

Competing in new markets involves understanding the ins and outs of exporting our intellectual property, and taking control of it. It's not at all an easy task. But making a commitment to enter a new market with innovative strategies is the first step to knowing how.

So how does one do this? Over the next few issues, Exchange Magazine for Business will be providing information and insight on how doing business in China can drive ROI. We want to offer you information that turns a perceived threat into an enormous opportunity.



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RENTALS • SALES • INSTALLATION

Quarterly Report

- In August, Canada's merchandise trade surplus jumped by \$1.3 billion, to \$7.5 billion. Exports to the US fell by 1.1%. At the same time, Canadians purchased 6.5% less from American firms.
- The gap in earnings between couples who are highly educated and couples with much lower levels of schooling has widened considerably during the past two decades. A new study says couples consisting of two university graduates have earned 14% to 22% more than their counterparts did two decades earlier while those with high school education or less had annual earnings for the most part no higher than those of their counterparts in 1980, and have struggled to maintain their standard of living.
- Investments in non-residential buildings were down in 15 of the 28 census metropolitan areas in Canada during the third quarter. Declines in the institutional and industrial components were responsible for Toronto posting the largest quarterly drop, down 3.5% to \$1.4 billion. Advances in all three areas – institutional, industrial and commercial – saw Kitchener CMA post an increase of 5.5%.
- Employment increased by an estimated 43,000 in September following two months of little change. The unemployment rate edged down 0.1 percentage points to 7.1%. Over the first nine months of 2004, employment has grown by 1.0% (+156,000) while hours worked have increased at twice the pace (+2.1%).
- Manufacturers consumed 2,563 thousand terajoules of energy in 2003, compared with 2,551 thousand terajoules the year before. While energy consumption increased marginally, economic output in manufacturing as measured by gross domestic product declined 0.25%. Canadians consumed 7,605 petajoules of energy in 2003, up from 7,385 petajoules in 2002. (The energy content of a 30-litre tank of gasoline is about one gigajoule. One million gigajoules equals one petajoule.)
- The economy edged up 0.1% in July after a 0.4% June gain. The goods-producing sector is the main source of growth this quarter.
- Over the last two decades, the number of university graduates employed in high-knowledge industries grew much more rapidly than for those employed in other industries. However, university graduates employed in the high-knowledge sector generally did not experience faster wage growth than others, according to a new study using census data. For instance, among female university graduates aged 25 to 35 who had comparable experience, median wages of those employed in high-knowledge industries rose by roughly 20% between 1980 and 2000. In contrast, they increased by at least 30% in low- and medium-knowledge industries.
- Canada's economic growth accelerated to 1.1% in the second quarter, making it the only

FOCUS ON ACTION

"Focus on action" was the message at the Canadian Manufacturers and Exporters launch of Phase Two of their program, "20/20 – Building our Vision for the Future". The session, the first of 30 planned meetings, was held at Conestoga College ATS Centre for Manufacturing, and sponsored by Canada's Technology Triangle. The event took place on Day Two of Communitech's "Entrepreneurs Week" and saw discussion groups form, made up both of manufacturers and service providers. Jay Myers, CME Economist, introduced the session, citing national statistics: Ontario counts for half of the manufacturing in Canada (51%); the sector has had the same growth rate as China (8%); and he directly linked the growth to the 1989 introduction of free trade.

There is currently a cost squeeze on manufacturing in the areas of raw material, payroll taxes and benefits, electricity and industrial fuel. He indicated that big issues for manufacturers are short term survival and long term growth. John Tennant, CEO of the CTT, stated 26% of the local work force is employed in manufacturing, making manufacturing a very important component in the local economy.

Arising from the meeting, the CME has identified the top ten issues currently facing manufacturers:

1. Increasing competition from China, and new opportunities.
2. Impact of appreciation of the Canadian dollar.
3. Delays at the Canada-US border.
4. Skills shortage.
5. Rising business costs.
6. Global sourcing and investment issues.
7. Governmental lack of awareness and/or insensitivity to manufacturing issues.
8. Costly, slow and non-competitive nature of tax systems and regulatory procedures.
9. Accelerating pace of technological change.
10. Public image of manufacturing.

The CME has also suggested five "future competitive advantages":

1. Innovation.
2. Continuous commercialization.
3. Product and process.
4. New technologies and automotive issues.
5. New business opening up.

Myers commented on Canadian competitiveness, placing responsibility with the manufacturers: "Manufacturers should compete to win. It's not a government problem, it's up to the manufacturers."

However, discussions during the day suggested it may also be up to financial institutions, as it became clear that Canada's banking system is seen as a barrier to growing Canada's interests abroad.



Fergus born, Perrin Beatty, CEO of CME

PHOTO: JON ROHR

G7 nation to top 1%, as growth in the US, Japan and Europe slowed, says Canadian Economic Observer.

- From 2002 to 2003, Statistics Canada reported, Kitchener Census Metropolitan Area migration grew by 8.8% compared to 11.1%, 2001 -2002. The report indicated 19,735 moved to the area while 15,852 left, leaving a surplus of 3,883 people.
- McAfee is expanding their research and design facilities in Waterloo, from 5,000

to 13,000 sq. feet.

- Canadian manufacturers saw their ninth successive increase in shipments. Motor vehicle parts manufacturing led all industries. Shipments jumped 4.8% to \$2.8 billion, as several plants boosted production following extended summer shutdowns. This is the longest string of increases in manufacturing shipments since 10 consecutive advances were reported from April 1987 to January 1988.

UNIVERSITIES UNITE IN ENTREPRENEURIAL COMPETITION

Venture creation in this community took a big step forward in October as a result of a joint project between Wilfrid Laurier University, and University of Waterloo. The project endeavors to stimulate entrepreneurial ventures in a real market situation. A key element will see the melding of creative ideas in the engineering, science and arts programs with the business know-how of business students.

The project, known as LaunchPad 50K, is modeled after a similar program at the Massachusetts Institute of Technology. It's a co-ordinated partnership between Dr. Howard Armitage, Director of the Centre for Business, Entrepreneurship and Technology (CBET) and Steve Farlow, Executive Director of the Schlegel School for Entrepreneurship, and both are quite excited about the new program. The two universities have come together to launch, not a business plan competition, in the academic sense, but a true, venture creation competition, to start real businesses.

The program involves the formation of teams made up of students (from both universities) and members of the community. As teams, they will compete for prize money totaling \$50,000, including both hard cash and in-kind support. "It's unique because it involves both universities, engineering and technology students at Waterloo and business, arts and science students from Laurier; that's really powerful, sparks fly when you bring those two groups together," says Farlow.

Local entrepreneurs are encouraged to get involved with local students. "It will step up things up. However, there must be students on the team," adds Farlow. The judging criteria is based on a business plan that the team puts together, and a presentation to a judging panel. "The real challenge is selling a panel of judges on the viability and sustainability of the business," adds Farlow. To find out more about LaunchPad50K, or to enter a team, go to exchangemagazine.com and click on the LaunchPad50K logo.



Steve Farlow (left), Executive Director of the Schlegel School for Entrepreneurship and Howard Armitage, CBET.

Building Better Bridges



Business Enterprise Centre Manager Kathy Weiss, and guest speaker Roger Farwell from the Walter Fedy Partnership.

In another Communitech Entrepreneur Week event, The Business Enterprise Centre held its second Building Better Bridges event at the Rotunda in Kitchener City Hall. Guest Speaker Roger Farwell, partner in the Walter Fedy Partnership (Exchange May 1998), and KW Chamber of Commerce Chair elect, spoke to a group of 65 budding entrepreneurs at the luncheon. He cited local, national and international success examples that included John Rocchetta, owner of the Beat Goes

On (Exchange March/April 2002), and Bill Gates CEO of Microsoft (Exchange January 2003). Farwell highlighted the entrepreneurship and innovation each have and noted how each continues to adapt and improve.

His talk highlighted the essentials of starting a business. The first steps include getting a lawyer, accountant, insurance broker, and banker. He then expanded on the importance of knowing where you're going, your vision, and the importance of staying ahead of your competitors. Finally, he offered advice in the form of a adage: "If the horse you are riding is dead, get off."

OKTOBERFEST 2004 MEDIA RECEPTION

The annual Oktoberfest Media Reception was held recently, where the newly crowned Miss Oktoberfest, Robyn Hewson from Mount Forest, Ontario met Onkel Hans.

