



Exploring Some Important Differences

“We’d be the same except for all the differences between us.”

While at first glance those words don’t seem to make much sense, taking them in context would be a step in the direction of clearing any confusion.

That thinking was offered by a Canadian rep in the midst of a conversation of similarities and differences in conducting business in the United States and Canada. He presented his point of view when the subject arrived at assumptions that people have about Canada. “Just because we’re located so close to each other and it’s so easy to travel in and out of both countries, people — especially those conducting business between the two — tend to concentrate more on the similar common interests than on those

factors that make us different — and there are substantial differences,” he offered.

While our first inclination was simply to take his word for it, conversations with other reps more than made his point.

The Question of Time and Space

For instance, consider territory coverage and time zones. According to Craig Lindsay, Pacesetter Sales & Associates Limited, Sharon, Ontario, Canada, “a typical rep in the United States may cover a defined territory that resides in one (maybe two at the most) time zone. If he’s in a popu-

lated area like the northeast, he’ll cover something like nine states with a population of maybe 30 million people. Typical reps in Canada, on the other hand, cover the entire country (six time zones) that has a countrywide population of 30 million. That same U.S. rep can travel his territory in nine hours. It can take me three or four days to cover my territory, if I decided to drive — and who’s going to do that?”

A Conservative Marketplace

In addition to geography, another rep offered the view that there’s a substantial difference in the marketplace that exists in Canada vs. the United States. “Plainly speaking, we’re different. We have a different tax structure, and we work in a much smaller marketplace. Our customers are more conservative and many times less receptive to something new.”

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The Value of Currency

Then there's the ever-present concern over the exchange rate between the currencies of the United States and Canada.

Al Brosseau, Albro Export & Marketing, Inc., Montreal, Canada, and MANA's District 10 Director, explains the "reduction of the gap between U.S. and Canadian dollars is a major problem. As the value of the Canadian dollar decreases vs. the U.S. dollar, Canadian reps "face a positive and a negative impact. Those reps that import from the United States are helped at the same time those that export to the United States are harmed. It obviously makes exporting a much more difficult proposition."

On the down side of this equation, what's the solution for the Canadian rep? According to Brosseau, "he's got to learn how to sell all over again. Selling on price alone no longer works. When the Canadian dollar was \$1.56 against the U.S. dollar, that was

fine. Now that it's changed and the gap has closed by more than 20%, it's a whole different game."

Lindsay sees one of the impacts of the changing exchange rate this way: "Let's say a U.S. manufacturer wants to sell a product in Canada, and it's \$10 U.S. I have to apprise my customers of that, but then let them know that it's maybe \$13 Canadian. On top of that, there's a duty to pay, which increases it even more. There's a lot more involved than just trying to complete a basic sale."

Different Standards

And, then there are different product standards that apply respectively in the United States and Canada — and that's something that U.S. manufacturers have to be informed about by their reps. According to Lindsay, "the U.S. manufacturer can't assume that since his products meet U.S. standards, they're okay for Canada. We have to let them know what standards apply here." □



Al Brosseau



Craig Lindsay

Did You Know

Beginning this month and appearing in future issues of *Agency Sales*, we'll communicate some of the important similarities and differences that exist between the United States and Canada. Our reason for covering these areas is that long-held assumptions can prove to be erroneous. The more trading neighbors/partners know about each other, the more beneficial the relationship.

One subject that should be of special interest to independent manufacturers' representatives on both sides of the border is that of self-employment. If anyone can understand the attraction and importance of self-employment and how it impacts a country's economy, it's the rep.

A study authored by John Baldwin and James Chowhan examines that very subject.

According to an abstract of the study, "There has been a dramatic expansion of self-employment in the Canadian economy over the 1987 to 1998 period. In addition, a comparison is made between Canadian and American experiences in this area over the 1987 to 1998 reference period." The paper argues that the expansion of the self-employed sector — a sector in which reps would be included — in Canada and the "weak growth in Canadian self-employment net income over the decade has resulted in downward pressure being placed on the growth in aggregate labor productivity in the business sector. In contrast, the growth in the net income of the self-employment group in the United States has outpaced overall productivity growth in the business sector throughout the 1990s. Almost all of the differences in labor-productivity growth between Canada and the United States in the 1990s can be attributed to the greater growth of self-employment in Canada and the poorer income performance of this group."

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