



CARPE DIEM

Trade Northern Ontario Success Stories

Volume 2, Issue 1

Twenty months and counting.....an overview

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There has never been a greater need for trade development assistance to northern Ontario small and medium sized businesses than now. Reading about or watching on television the daily financial and economic devastation that is wrecking havoc with countries and companies big or small around the globe provides graphic testimony to the planet's monetary and job despair. However, as Trade Northern Ontario in its 20 months of following and putting into practice a narrow parameter of operation - visiting north-eastern Ontario SMEs in their respective places of business- has demonstrated time and again, in situ business time is the only way

to accurately gauge the true state of a SME and what is required in order to expand trade. In the past few months of economic stress, it is a fact of life that northern SMEs are certainly not insulated from what the headlines are describing in a macro sense. The concerns of many SMEs are manifested in an increased emphasis on TNO advisors to find specific customers rather than the development of export/trade skills in a progression through the "Export Continuum".

Other SMEs, particularly in the value added wood sector, are seeking TNO advice and guidance with respect to capitalizing on the increased attention being given to

bio-energy. SMEs are also expressing interest in and are asking for assistance with respect to how the \$50 million designated for "forestry sector trade development" contained in the recent Federal economic stimulus package will impact them. In this issue, the Trade Advisors located in Timmins, North Bay and Sault Ste. Marie have contributed articles that chronicle their successful work with SMEs in these forestry and bio-energy fields, and bear testimony to their efforts to provide relevant assistance. Innovation and ingenuity are the themes that run through these successful interactions with SMEs!
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'Trade Advisors at work with Forestry and Bio-Energy SME officials'

Clockwise from front left - Norm Jaehrling, Executive Vice President, John Barbeau, Vice President, Research and Development, and Dr. Luc Duchesne, President and CEO, SITTM Technologies Inc. discuss export trade development strategies and possibilities with Ken Passmore, Senior Trade Advisor and Larry Little, Sault Ste. Marie based Trade Advisor.

SITTM is a sister company of **Forest Bio-Products Inc.** and has developed and patented mobile biodiesel technology. **SITTM** is seeking export markets for its technology, K. Passmore is a member of its Advisory Committee to provide input on external market(s) entry methodology in conjunction with other SITTM advisors such as Denis Turcotte, retired President, Algoma Steel. The synergy of advisors from different sectors meeting frequently has proven to be very useful to SITTM and is a template for other SMEs! www.sittm.ca

Looking for as many positives as possible, an often overlooked aspect of the niche products/niche markets that we have helped many SMEs to develop, is that niche product demand is proving to be more resilient and surprising numbers of 'niche' SMEs are escaping the full brunt of the economic slowdown.

TNO Trade Advisors are responding to this new SME "keep the doors open, stay afloat reality" and working to help find new customers for SMEs and to also accelerate SME product diversification / application in this regard. A fundamental part of any export/trade development equation is that markets/customers exist or can be created- and that there is a financial and business atmosphere and environment that permits the purchase of (SME) products- albeit in a competitive marketplace. That 'the marketplace' had dramatically and quickly imploded due to the global economic downturn was made vividly apparent to me as I was shocked at the depth and severity of the economic malaise I witnessed during my recent trip to the United Kingdom and Dubai. The state of the retail sector in the UK is frightening (and much worse than mainland Europe), while the unbelievable is happening in the megaproject capital of the world- Dubai! I was a guest of my former employer when I lived in Dubai - the ruling Maktoum family, and thus had an insider's view as to the severity of the impact that global financial turmoil is having on a country (city state in reality) one usually associates with mega oil wealth. Many of the trillion dollars of proposed megaprojects are being postponed, while the focus will be on infrastructure

projects such as water, sewage, electrical infrastructure and generation in which Canadian companies (including SMEs) are encouraged to participate. Despite the gloomy financial backdrop during my time in the UK and Dubai, my presentations of northern SME products and services were well received- exacerbated by my meeting with as many of my accumulated international business contacts as possible, all of which resulted in dialogue and inquiries that otherwise would not be taking place. I commend all of the Trade Advisors for their respective efforts in searching for new sales channels and/or approaching existing sales avenues from new perspectives. There are customers out there for the products and services of our SMEs;- we just have to 'think outside of the box' and find them. Recession and opportunity are not necessarily mutually exclusive!

As Trade Northern Ontario moves towards its program end date of May 31st, it is gratifying to know (and be told) that we have made a positive difference and have contributed to developing and/or sustaining SME trade successes. The reality of our experience(s) is that in order to achieve export/trade success, there are often other SME factors that as Trade Advisors we by necessity become involved with - or it just wouldn't happen: business plan creation or revision; product development/application/suitability for export 'out of the north' markets; and 'within the north' markets sometimes being developed as "backyard" first market test sites are examples of how export/trade development often cannot be pursued in isolation.

On many occasions, it is just being the rare person who visits on a regular basis that simply provides somebody to bounce ideas off of that has made the difference of export/trade success (or business viability!)

I think that one of the greatest legacies that Trade Northern Ontario has assiduously worked hard to develop - and has been able to do so due to its perceived 'neutrality' - is the network of organizational and Ministerial contacts that have been nurtured and fostered; - sort of a convergence of interests and perhaps a focal point, but accrued as a result of our unique vantage point of being on the business front line (for the most part, the only ones!) of SMEs right across the northeast. TNO is in a position to see and hear what is needed right from 'the horse's mouth', and also to witness how real or perceived organizational and/or Ministerial business assistance is offered and implemented;- a rare perspective of effectiveness and co-ordination (or lack thereof) with only what benefits - and how - the SME being the sole measuring stick! The people that we have sought out and are working with in these organizations and Ministries have provided invaluable input and information- an incredible resource!

Trade Northern Ontario has been put in the rewarding position of being able to demonstrate to northeastern SMEs that 'someone cares', and in to-day's troubled world when you are a small guy, that in person in situ presence and support is in many cases a 'bankable' Carpe Diem difference!

Ken Passmore
Senior Trade Advisor
Port Sydney

"Trade Advisors are responding to this new SME 'keep the doors open, stay afloat reality' and working to help find new customers for SMEs and to also accelerate SME product diversification"

Achieving Long-term Sustainability in Forestry *Trade Advisor, Jay Aspin, North Bay*

Almaguin Forest Products (AFP) of South River, Ontario is a progressive, value-added forest resource processing company. Founded in 1996, by President, Kirk Micallef, AFP has 15 employees and has a substantial economic impact to the Almaguin regional economy.

In 2005, AFP became Forest Stewardship Certified (F.S.C) and presently, AFP is the second largest primary producer of hardwoods in Ontario and one of only four primary sawmills that are F.S.C certified in Ontario. With the niche market growing for F.S.C products, AFP's customer base has grown robustly. The products are sold indirectly through distributors to wholesale distributors and dry kiln yards throughout North America. In addition to producing hardwood lumber, the company generates considerable revenue by utilizing sawmill byproducts which are marketed throughout the province.

In 2008, despite the company's relative success in the forestry sector, AFP came to a critical crossroad. For mere survival it was absolutely essential that AFP secure its fibre (wood) supply. The first order of assistance was to help AFP secure its cutting rights in the Almaguin Region through purchasing more shares in Westwind Stewardship Council Inc., the Management unit that governs the forests in the Almaguin region. Timber cutting rights in this region are shared among those forest industry representatives by means of issued shares. Having achieved this hurdle, AFP could then pursue more



opportunities to grow and prosper. With the guidance and assistance of Trade Northern Ontario Advisor, Jay Aspin the company decided to pursue this course of action. The Trade Advisor was introduced to Almaguin Forest Products through the Executive Director's office of the local CFDC, NECO – Nipissing East Community Opportunities.

To purchase the additional shares required, the total cost and the method of funding needed to be determined. A comprehensive business plan with emphasis on the ultimate goals of kiln dried hardwood and pellet production for export development was developed. Key components such as competitive edge advantages, future products and services, analysis of competition, projected target markets, promotional strategy, industry trends, future facility configuration, cash flows, staff requirements and implementation plans had to be developed and incorporated.

As physical collateral was an issue to purchase the shares in Westwind, AFP could not pursue bank funding. Pat Aspin-Lecour, the Executive Director of NECO pro-

vided invaluable guidance and assistance and presented the funding application to the NECO board including expanding the application to engage the pooled fund structure the Community Futures organizations of North Eastern Ontario. The size of the application dictated it be considered as a pooled application as the loan requirement exceeded the limits of the NECO CFDC.

"Trade Northern Ontario's representative Jay Aspin has truly been invaluable for us" emphasizes Kirk Micallef, "These last few years the forestry industry has been brutally tough and we were facing possible extinction. With the "hands-on" involvement and follow through of Mr. Aspin in providing trade and business development and strategic guidance, we were able to secure adequate timber rights. By securing this base foundation, AFP can now engage in a path leading to future growth of our domestic and export revenue, a new efficient sawmill and drying kilns and more diversified product development of both kiln-dried hardwood and pellets. Thanks to Mr. Aspin, we are 'on the road' to long term sustainable success".

"...AFP can now engage in a path leading to future growth of our domestic and export revenue"

Starview Shines in Niche Market *Trade Advisor, Eric Maag, Timmins*

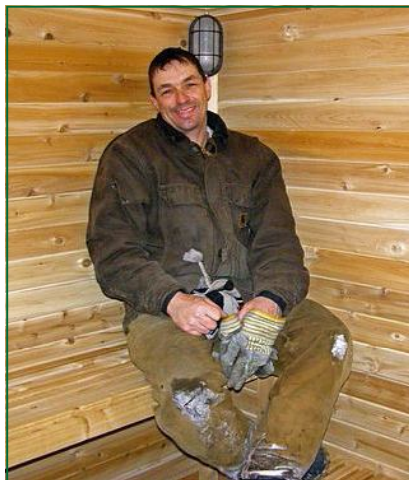


Assembled Starview Storage Shed Kit

"...some of the most rewarding relationships have developed with micro-companies..."

As trade advisors, we are fortunate to work with some of Northern Ontario's finest entrepreneurs, in order to provide support with regards to external markets. Many companies use our services to varying degrees; however some of the most rewarding relationships have developed with micro-companies (companies with less than ten employees). Often these companies are into their initial foray into external markets; and thus have a variety of needs and goals which are far beyond a simpler referral process or helping to resolve single issues. The ability of the Trade Northern Ontario program to have an advisor regularly visit these companies on site allows the relationship to deepen and flourish. Starview Specialty Sawmill is an excellent example of the type of support we can provide a micro-company at an early stage in external market development..

Starview Specialty Sawmill is based in Kapuskasing, Ontario and operated by Estelle and Dan Bérubé. The company manufac-



Owner Dan Bérubé taking a break after putting the finishing touches on a Starview sauna.

tures, from certified FSC forests, high quality wood products such as siding and decking, as well as valued-added specialty products such as sheds, saunas, and fence kits. This young and dynamic company has been successful in a difficult economic climate in the forestry sector by regionally providing quality products and made-to-measure solutions while remaining cost efficient.

The relationship with Trade Northern Ontario started in fall 2007, based on a referral to Starview by the North Claybelt CFDC regarding support for a one-time shipment to the United States. From our initial discussions and follow-up with relevant export information, the company attended a small business week presentation made by Trade Northern Ontario in Timmins. Two site visits to the facility in Kapuskasing followed where ideas were shared and further information was provided on a wide range of subjects from Eastern Cedar pricing to employment programs. To continue in the export learning process, in early 2008 Starview attended a "virtual NEBS (New Exporters to Border States)" session in which Trade Northern Ontario was significantly involved. Subsequent meetings were held looking at many issues and opportunities (such as product development, marketing tools, funding and financing options), including a meeting with the senior trade advisor on the problems small mills face accessing underutilized species of wood.

Starview Sawmill is presently at a most exciting juncture: their first

major trade show participation. In these difficult economic times, Starview is taking a firm, planned and positive approach to grow their markets, an action that propels the company forward as this economic downturn creates opportunities for those companies willing to seek them. The company is making a significant investment not only in a booth at the Spring Cottage show (end of March, Toronto) but by investing in their marketing materials and promotional effort.

One area worth highlighting is the financing component to micro-companies such as Starview. The ideal financing option that would be a fit to this venture is a marketing loan that the KDCDC (Kirkland and District Community Development Corporation) offers to its clients with very beneficial terms for companies in a market investigation and development stage. The effort was placed, well in advance of Starview's needs, to promote the transference of this particular loan structure to make it available at the North Claybelt CFDC. This successful collaborative effort with both of these CFDCs and Trade Northern Ontario is proof that we can together find real solutions that benefit small businesses across the North. By building close relationships with companies through regular site visits and discussions, we increase the ability to understand their issues and opportunities and thus can provide specific responses and solutions to the betterment of Northern Ontario.

<http://www.starviewsawmill.ca>

Start-up in Chapleau - Niska North focuses on Marketing Niche for Cedar Products

Trade Advisor, Larry Little, Sault Ste. Marie

In 2007, an investment from Ontario's Forest Sector Prosperity Fund was provided to Niska North in Chapleau. The funding supported and strengthened the local community by helping establish a brand-new value added cedar facility. Niska North purchased the old Domtar Chapleau facility which has over 76,000 sq. ft. of industrial building space, and is situated on 85 acres of land. The company currently employs 14 people and has plans to grow substantially over the next few years. The new sawmill will produce a range of specialty value-added wood products, such as siding, decking, door and window components, moldings and logs to be used for log home construction.

Wade Cachagee a member of the Chapleau Cree First Nation who had served two consecutive terms as Chief of his First Nation and Kevin Lindquist a Registered Professional Forester are the managing partners in this new venture. They are also the founders of CREE-TECH INC. founded in 1995 and located in Chapleau. The company is the largest Aboriginal owned company in Canada specializing in Geographic Information Systems (GIS) for the forestry sector. It also has been recognized nationally for using technology to enhance and promote Aboriginal land use.

In the fall of 2007 Trade Advisor Larry Little met the owners through referrals provided by both Dan Friyia of the Superior East Community Futures Development Corporation (CFDC) and

Denis Rochon of the Ministry of Northern Development and Mines (MNDM). This initial meeting spawned the beginning of a working relationship.

Since their first meeting, Larry has provided ongoing marketing advice, and helped Niska North to secure a grant from the National Research Council of Canada, Industrial Research Assistance Program (IRAP) for web site development. Niska North has also participated in a marketing research study on the potential markets for their wood products through a project done in conjunction with 4th year business students at Algoma University.

In December of 2008, Wade Cachagee, Allen Coulter (Sales Representative with Niska) and Larry Little participated in the Construct Canada Trade Show in Toronto. The three worked the Niska Wood Products and Niska Homes booth located in the FEDNOR Wood Works Pavilion. A number of potential leads and synergies developed at this show and Niska was introduced to firms like IWS Wood products of Manitoulin Island.

IWS Wood Products exports wood products to specialty construction projects around the world. Niska North has already supplied quotes for jobs that IWS are bidding on and there is potential for IWS to provide custom timber trusses for Niska Log Homes in the future. Niska North received international interest as visitors from China and Lebanon visited the booth at the



trade show. Initial contacts were also made with several big box retailers (Lowe's, Rona) and distributors like Goodfellows.

Throughout the start up of Niska North, the owners have exhibited tremendous entrepreneurial drive, resilience and ingenuity in getting this mill operational in this short time frame. Trade Northern Ontario continues to provide advice today as Niska North ramps up its production and expands its product offerings. We look forward to working with them in the future.

<http://www.niskanorth.com>

Wade Cachagee (left) and Allen Coulter (Sales Representative with Niska) at the FEDNOR woodworks pavilion at Construct Canada in Toronto

Upcoming Projects and Events

SME Market Intelligence Project: February to April 2009

Working in partnership with Algoma University, this project will involve matching businesses with students enrolled in the International Business Management Course at Algoma University. The focus will be for the students to hone their researching skills in a global context, and develop an understanding for doing business internationally. The businesses will benefit by gaining market intelligence that will assist with their export efforts. Available to Northeastern Ontario SME's with a successful domestic and or international track record looking to expand into new markets. (All research results will be the property of the participating company).

For further information: Contact Larry Little little@tradenorthernontario.com or 705 971-5152

Emerging Opportunities with Wood Pellets Forum - March 5, 2009

Best Western, 700 Lakeshore Drive, North Bay

Sponsored by: The Mayor's Office of Economic Development, North Bay, The National Research Council of Canada & Trade Northern Ontario

To Register: Call Chelsa Mayhew, Community Development Officer

Tel: 705-474-0400 ext.2302 or email chelsa.mayhew@cityofnorthbay.ca by **February 27, 2009**. (\$10.00 registration fee)

Emerging Opportunities with Wood Pellets Forum Agenda

Welcome and Introductions *Marla Tremblay, City of North Bay*

Setting the Stage *Dr. Warren Mabee, Assistant Professor of Energy and Environmental Policy, Queen's University*

Global Overviews Industry examples from abroad *Roland Kilpatrick, National Research Council*

Break

International Business Perspective and Regional Initiatives – What's happening at the regional level

Jay Aspin, Trade Northern Ontario

Timber Creek Farms – Ontario Wood Pellet Producer *Glenn Ruby, President*

Ekofuel Technologies – Ontario Manufacturer of pelletizing equipment *Rick Minke, CEO*

Quality Hardwoods – Local company using wood pellets to heat dry kilns *Peter Van Amelsfoort*

Ecoflamme – Establishing a wood pellet production plant *Claude Brisson, President*

University of Guelph – Poplar/aspen energy plantations (to be confirmed)

Lunch

Ontario Power Generation (OPG) - Biomass transitions: From coal to pellets *Sandy Drysdale – Fuels Division*

Panel Discussion & Session Wrap Up – *Marla Tremblay, City of North Bay*

www.tradenorthernontario.com

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