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PRODUCTIVE CONVERSATIONS

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Productive Conversations

The hidden skill deficit: Short supply of international trade skills limits Canada’s growth



Gustavo Zentner president of InterPOC (International Point of Commerce), says companies would be far more productive if they took the time to assess their internal capabilities and what is needed to align their resources first. “They have to ask the right questions and look at international markets objectively.”

Udo Weitz/Bloomberg News Container ships at the Port of Vancouver. A recent study conducted by the International Trade Workforce Strategy and Mercer notes that out of 519 occupations recognized in Canada, 95 are core to international trade.

International trade has been a core part of Anita Davis’ professional world for more than 20 years — well before it was on the radars of most Canadian businesses.

Now senior director of contracts and organizational development for exactEarth Ltd., a Cambridge-based developer of maritime monitoring and surveillance systems, Ms. Davis recalls how there were no guideposts for working internationally when she first engaged in establishing joint-venture projects in Asia.

“We really had to rely on employees to go out and perform project work internationally,” recalls Ms. Davis of her previous work as a project leader for satellite sub-systems developer COM DEV, which generated 90% of its revenues from export. “One thing I learned is that you do need a support structure in terms of having people who are educated in the ways of different cultures. It certainly helps businesses to be more effective and move into markets more rapidly.”

The people Ms. Davis references — namely those with international trade skills — are in dangerously short supply in Canada.

A recent study conducted by Forum for International Trade Training in conjunction with global human resources consultancy Mercer, shows Canada’s ability to grow its share of international trade is seriously threatened by both a gap in the number of people with these skills, as well as in general competencies in this area. It also notes that out of 519 occupations recognized in Canada, 95 are core to international trade.

This presents a unique challenge to Canadian businesses looking to expand beyond Canada’s borders. Not only will they need to recruit and develop international skills within their ranks, but they may also have to turn to third party resources to fill in those gaps.

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As it stands today, Canadian businesses are devoting an inordinate amount of time and energy to find the people they need and/or exploring international trade paths that lead to a dead end simply because they’re unaware of some of the complexities involved in global commerce. Expertise is essential in helping businesses wade through the clutter and clearly identify the skills they need and their deployment of resources. Otherwise they run the risk of overspending and underperforming in their export activities.

Canadian companies need to get more productive and efficient in light of the emerging competition from other jurisdictions, says Alberto Quiroz, an international trade practitioner in Toronto.

He notes Canadian businesses stack up poorly relative to the U.S. in their international trade efforts. “Because of the size of the economy and the mass, the U.S. has been global for decades. Companies made it a practice to send executives abroad to learn about other markets and cultures. Canada is far less aggressive and falling behind already.”

Gustavo Zentner president of InterPOC (International Point of Commerce), an international trade consultancy in Winnipeg, notes Canadian companies engaged in international trade are often challenged on the productivity front, simply because of lack of prioritization. “It’s not about hiring someone who can speak Italian or six languages for that matter,” he says.

He says companies would be far more productive if they took the time to assess their internal capabilities and what is needed to align their resources first. “They have to ask the right questions and look at international markets objectively.”

Unfortunately companies often spend resources on attending trade shows and hiring international experts to pursue export markets before they determine their economic viability.

“What’s the point of hiring people if there might not be a market?” he asks. “What good is a great technology if it’s subject to a 35% import tax duty and other fees?”

Productivity is further hampered by an overabundance of government and not-for-profit economic development initiatives, which can prove burdensome to the export community. This is especially true for smaller businesses, which struggle to rationalize market strategies, Mr. Zentner says.

“Too much noise means less clarity and more confusion in terms of market priorities. The risk is companies think they need to jump into every opportunity they see, or not do anything at all because they don’t know where to start.”

Optimization of what resources there are will be critical given the anticipated growth in international trade, says Rick Guzzo, a partner with Mercer in Washington, D.C. “Either there are not enough people in the core occupations identified, or they are approaching retirement age. There’s a lot of commotion under the surface of the water.”

That commotion will intensify given export activity projections. Canada went from virtually 0% in 2000 to 11.5% in emerging market merchandise export, says Peter Hall, vice president and chief economist with Export Development Canada (EDC) in Ottawa.

“By 2025 that will be over 30%,” he says. “In fact, if the pace continues as it has in the last five years, it could be above 40%. That doesn’t even account for services. The fact is companies risk losing business if they don’t have the capacity to process it.”

This is not exclusive to Canada given that development in OECD nations during the crisis is reaching out to emerging markets, Mr. Hall says. “The U.K. mobilized its Foreign Office to wrap itself around trade. The Japanese prime minister announced he would play the role of salesman for Japan which broke a 50-year tradition. European countries are doing similar things, and the U.S. is in the middle of a program to double international trade in five years.”

As Canada’s international business activity begins to grow, it will need the human and intellectual resources required to ensure it’s businesses have the capacity to succeed — no easy task in a country that’s just getting its feet wet in the global arena.

International business takes longer and costs more, as does familiarizing staff in international trade skills. A great deal of success therefore relies on building networks with marketing partners.

“Even if there is a curriculum to educate Canadians to be international professionals, that’s not enough,” Ms. Davis says. “Businesses have to be prepared to expose employees to international experiences.”

In providing a strong framework, whether through internal professional development or education partnerships, employers can become much more productive and competitive, says Bill Neil, a member of FITT’s board of directors in Ottawa. “The more successful you are, the less vulnerable you are to exchange rates, the more you are able to provide high value to international customers and the more flexible you become. The ability to produce things has to be increasingly accompanied by people who know how to sell things internationally and can handle the risks. Employers need to have the right skills coming online or at least know where to get them.”

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