



BUDGET: WHAT'S NEW?

Several measures announced in the Québec government's 2009-2010 budget may affect foreign subsidiaries in Québec. For more information, visit www.investquebec.com/budget/

\$149.4 MILLION INVESTMENT IN R&D

Esterline CMC Electronics announced that it will invest \$149.4 million in its Saint-Laurent facility over the next five years, together with the federal government. The investment will be devoted to its FronTier™ R&D initiative, which is aimed at developing innovative technologies for commercial integrated cockpit and communication systems for business jets, helicopters and aircraft.

EPSILON SETS UP OPERATIONS IN MONTRÉAL

French thermics company EPSILON announced that it will be partnering with a new Canadian-controlled private corporation, EPSILON RTO. Opening EPSILON RTO in Montréal is a significant step in EPSILON's strategy to penetrate the North American market.

VÉTOQUINOL INVESTS \$2.7 MILLION

Animal health product manufacturer Vétoquinol will invest \$2.7 million in its Princeville plant, the French multinational's only facility in North America. In operation since the 1980s, the plant will be entirely refurbished and its equipment updated. Thanks to this investment, 90 jobs will be saved in the RCM of l'Érable.

EXPANSION OF THALES

One year after setting up shop in Montréal, Thales is pursuing its growth in Canada by opening new offices in Québec City, where the French group will conduct its Land and Joint Systems operations. Thirty employees will work there, a number the electronic security systems specialist expects to double by 2011.

TAKING ADVANTAGE OF THE ECONOMIC CRISIS

Bridgestone takes advantage
of the economic slowdown
to position itself for the recovery.



Photo: Marc-André Grenier

For some businesses, the present economic turmoil may be difficult, but it's also an opportunity to reflect and make changes. The Bridgestone group, a global tire manufacturing giant, certainly subscribes to this view. As Isaku Motohashi, Vice President and Officer, Global Production Administration and Logistics, Tire Mold and Technology, explains, "It's very important for our plants to take advantage of the slowdown and do everything they can to secure a stronger market position when the demand picks up again."

Located in 26 countries on five continents, Bridgestone plants have traditionally focused on wholesale markets, each specializing in the production of tires for a limited number of models and dimensions. But the world is changing, especially under the pressure of emerging countries like China, India and Korea. And Bridgestone subsidiaries are not immune to these changes.

"I'm asking all our plants to be more flexible and increase their production capacity to include a larger number of tire dimensions in

the future, says Motohashi. "When the demand recovers, I don't think it'll be what it was; I think it'll be different. We won't be able to focus on large volumes; we'll need to be ready to seize small opportunities. And every plant will have to be able to produce tires in a wider variety of dimensions, but not at any price: the cost of production will always be a determining factor."

Increasing flexibility and lowering production costs: that's the big challenge Bridgestone plants are now facing. Still, Motohashi believes it's achievable if a culture of excellence is in place and everyone is on board. "Plant managers shouldn't think that they, alone, are responsible for the change. They have to get production employees involved in the change

process to encourage their sense of belonging and increase the impact of their individual contribution." In other words, when Isaku Motohashi asks Bridgestone plants to be more flexible, he's addressing all employees: he's relying on managers to nurture a culture of excellence and on plant employees to continuously improve everything that needs to be bettered.

Isaku Motohashi was a guest speaker at the foreign business leaders forum in Québec. ■

CULTURE OF EXCELLENCE

According to Bridgestone, three factors contribute to a company's culture of excellence:

- 1- craftsmanship
- 2- a spirit of continuous improvement
- 3- pride in manufacturing high-quality products

THE KEYS TO SUCCESS

SUBSIDIARIES AS VIEWED BY CLOTAIRE RAPAILLE

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JACQUES DAoust TOURS THE REGIONS

In March, Jacques Daoust, President and CEO of Investissement Québec, and several members of the Corporation met with the business communities on Montréal's West Island and in the Mauricie. On the agenda: visits to companies and discussions with local stakeholders and entrepreneurs as well as representatives of financial institutions and leaders of foreign subsidiaries.

"We want to strengthen our relations with the foreign companies established here, to make them more aware of our products and services and to assist them in carrying out their projects," explains Daoust.

INVESTISSEMENT QUÉBEC MEETS WITH FRENCH SUBSIDIARIES

Once a year, the Ubifrance Economic Mission of Montréal organizes a cocktail party for the subsidiaries of French companies in Québec and their business partners. Sponsored by Investissement Québec, the event gives them a chance to get together to discuss their concerns.

Held on March 12, the party was attended by nearly 125 people, including Jacques Daoust, President and CEO of Investissement Québec, and representatives of the International Affairs team of experts. Jacques Daoust took the opportunity to emphasize the important place that foreign subsidiaries hold in Québec's industrial fabric. He also stressed the importance for international subsidiaries and Québec businesses to continue to invest despite the current economic crisis.

If you have any questions or suggestions, please feel free to write us at IQexpress@invest-quebec.com.

Clotaire Rapaille is considered to be the leading expert in neuromarketing today. For the past 30 years, he has been probing the minds of consumers for the largest companies in America. How does he do it? He has discovered the keys to our decision-making reference system, which is developed unconsciously but "conditions every decision we make."

Rapaille was in Québec City in February to speak at the second foreign business leaders forum. *Invest-Québec express* took the opportunity to ask him how a subsidiary can enhance its visibility and get the attention of its parent company. His answer may come as a surprise to some: "The idea of pain is THE most important factor. You know, emergency room doctors are always gods. But the physician you go to when you're not sure anything's wrong is always a fool. So, what I'd recommend is that a subsidiary ask where the pain is, then try to relieve it by finding some answers." In other words, what are the parent company's needs and how can they be met? For Rapaille, this is an attitude that goes hand in hand with a subsidiary's ongoing obligation "to understand how it contributes to its parent company's future."



Clotaire Rapaille with Raymond Leduc, Managing Director, IBM Bromont

"To understand" was a concept that came up again when we asked this expert to describe the ideal subsidiary. While so much depends on context and perspective, there are essential qualities that every subsidiary should have, he believes. "For me, the ideal subsidiary is like a periscope, an antenna," says Rapaille. "As a periscope, the subsidiary sees beyond the visible obstacle and specifically grasps what the parent company expects of it. As an antenna, it goes up ahead to feel things out. It senses things, grasps them and understands them. If the subsidiary can pick up on signals, it can also transmit them," he says. "A subsidiary must pass things along to its parent company. It must give it any signal indicating emerging needs or changes in mood."

Rapaille is the author of several books, including *Creative Communication*, *Seven Secrets of Marketing in a Multi-Cultural World* and *The Culture Code*, translated into more than 10 languages. ■

The Bridgestone plant in Joliette manufactures tires for cars and light trucks for the North American market, and employs more than 1,000 people.

PRODUCING SMALL BATCHES TO DEAL WITH THE COMPETITION

Seven years ago, the Bridgestone plant in Joliette manufactured 25 types of tires. Since then, it has been specializing in small batches for value-added niches. The reason: to better position itself in light of global competition. The plant, completely refurbished thanks to investments of \$160 million and financial assistance from Investissement Québec, has broadened its line of tires and is now producing 63 different models.

"It's almost impossible to compete with large-volume Asian plants," explains Robert Verreault, General Manager. "That's why we decided to diversify rather than increase our production capacity; but it's

forced us to change our way of doing things. For example, we have to adjust our equipment more often to move from one model to another, so we've improved our adjustment plans which are now faster and more efficient. We've also increased the number of quality control points and defined new work standards and methods. Today, despite the difficult economic times, our strategy is still the same: to continue increasing our flexibility."

The major auto industry slowdown has pressured the plant into taking certain measures: work sharing agreements have been signed with employees, for example, and the volume of production has been

reduced. "But we're taking advantage of this period to work on the standardization of some processes and our Kaizen* projects," says Verreault. "More importantly, we're continuing to invest in the development of our employees, whose know-how and commitment are essential to our success." ■

* Continuous improvement process in which each employee suggests simple solutions that can be implemented in the job he or she performs.