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Life After NAFTA

After much debate, including public commentary on what amounts to a "deal or no deal" philosophy from the U.S., the three major North American economies agreed to a new tripartite trade agreement, which many refer to as the "new NAFTA". And as if trade agreements weren't complex enough, this agreement is referred to by different names by each of the three nations involved.

The new agreement (labelled the United States-Mexico-Canada agreement by the US) was agreed to in principle in late September 2018, but is still awaiting ratification and passing into law by the signatory countries.

As with most trade agreements, the level of complexity involved is significate. A summary of the major changes, in what amounts to as a "refreshing or updating of NAFTA" is as follows:

- increased environmental and labour protection
- Incentives for domestic automobile production
- Provision for more access for the U.S. to the Canadian Dairy market
- The introduction of quotas on Canadian and Mexican automobile production, and
- An increase in duty free limits for Canadians purchasing online

Although the actual impact of these changes remains to be seen, we can expect the political messaging across the board from the signatory countries to applaud the deal's praises.

What won't be talked about in the political messaging, is the fact that this trade agreement, intended to be more restrictive than NAFTA, amounts to increased trade protectionism, a practice that is not advantageous to consumers around the globe.

For years, the topic of trade protectionism rears its ugly head when individual economies struggle, and is pitched as a solution by those in politics.

With messaging such as "job

by Keith Carruthers

interests of all is borderless trade, with the countries who can produce goods and services in the most efficient manner, doing so for all of the citizens of the world. By operating in an efficiency-driven manner, the cost of procuring goods and services are minimized.

The role of government in business should be to offer support and encouragement to increase



protection", "industry saving", or "becoming a manufacturing powerhouse", discussions remain focused on the localized benefits for the few, as opposed to the negative impact for the many.

The stark reality of trade protectionism is that it increases the cost of goods for all citizens....period.

We are all in favour of a strong domestic economy, and in bolstering the local job market. The fact is, however, that trade protectionism is an artificial, short-term solution to these desired outcomes. In the longrun, as the costs of goods and services rise, people are unhappy with the increased cost, and the overall buying power of the citizens is reduced.

What is in the long-term best

the productivity and efficiency of the industries that make sense for their individual economies. By doing so, they maximize their investment in business, and promote a culture of long-term sustainability, which has a positive impact on the economy and local job market over the long haul.

If past behaviour is indeed a predicator of future behaviour, we can expect that after the parade and accolades over the "new NAFTA" and all it claims to be subsides, common sense will prevail....most likely in the form of revised and postponed tariff implementation schedules.

The resulting political reversal will eventually allow us to take positive steps forward towards a continuing reduction in trade protectionism, and increased accessibility for all to the global marketplace.

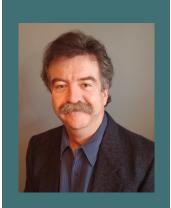
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Keith Carruthers Supply Chain and Operations Specialist

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Larry Rosborough
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Supply Chain Management: Negotiations 101

Many times during the course of a year, we find ourselves in a position where we need to negotiate a solution. Some of these are very informal situations, requiring little preparation or strategy, while others are more formal, with potential outcomes that are very important to us. Unfortunately, many of us give little thought to the strategic side of negotiations, and to planning our strategy to bring maximum value from the negotiation process.

Negotiating with other parties can be divided into two primary methodologies; distributive bargaining and integrative (interest-based) negotiations.

While many people who are aware of these two alternative approaches to negotiations think of distributive bargaining as an old, antiquated approach, and integrative negotiation as the new, more modern way to do business, the fact is that both approaches add value, if used in the right situation aligned with the right objectives.

Many people in today's business world much prefer the integrative approach, because it focuses on reaching win-win agreements with the other negotiating party. This feels more intuitive, kind of a "problem solving" approach to the situation, and much less adversarial.

Although there is no doubt that an integrative approach is ideal in many situations, old habits die hard and many negotiators still approach negotiation with the more adversarial, distributive bargaining optic.

Distributive bargaining is focused on win-lose, zero-sum thinking, in which the focus in on dividing the pie as opposed to growing it. Although, as mentioned above, there are some situations where this is the required approach, many opportunities exist for a win-win approach. One in which both parties gain and are happy with the negotiated outcome.

Unfortunately, far too often negotiators fail to recognize that an integrative approach will add value, and defer to their "tough negotiation tactics" from the past.

In order to be effective at moving down the integrative path, both parties need to have a degree of trust that the other party is negotiating in good faith, and does indeed want to see both parties satisfied with the outcome of the negotiation process. This requires open and honest communications, and the sharing of the parties underlying interests, as opposed to their positions on the various items in the bargaining mix.

Although taking an integrative, interest-based approach to negotiating is not always quick or easy, for many of the negotiating situations we face, it is an untapped opportunity to maximize value for both parties.

And because it is based on a win-win approach, the parties will feel good not only about the content of the outcome, but about the process as well, which often has a long-lasting positive benefit on the ongoing relationship between the negotiating parties.

Quality Management: What is a Quality Management System?

We have all seen the signs or advertisements, "ISO 9001 Certified". What does this really mean, and is this something my business should be looking at doing?

First, ISO 9001 is one of the best known Quality Management Systems (QMS), and it can have significance to both the organization and its customers. Companies that have been certified have developed and implemented a detailed QMS and have taken the steps to have that system audited and certified by a third party. To the organization it is a commitment to ensuring that they will follow all the steps outlined. To the customers it means that the organization has taken the time to really dig into their processes and do the things needed to promote a consistent customer experience.

Quality management systems serve many purposes such as:

Improving processes Reducing waste Lowering costs Facilitating training Engaging staff Setting direction

Not every organization, however, wants or needs to go to the full extent of getting certified but all should do some work on a QMS. A QMS that is well thought out and followed will ensure customers get consistent, good quality products

and services, which in turn brings many business benefits, including reducing costs.

A QMS organizes who, what and how things are to be done and tracked. It does not have to be all done at once but can be introduced and developed over a period of time. One of the first steps is to understand who the customer really is and what their expectations are. In some cases, it is very clear and simple. In others, it may not be.

It does take some effort to pursue the design and implementation of a Quality Management System, but the benefits can be considerable to both the customer and the organization.

Words of Wisdom



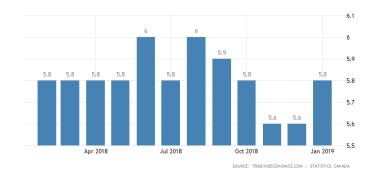
"Whether you think you can, or think you can't -- you're right"

Henry Ford

Noteworthy Numbers



Canadian Job Market (source, tradingeconomics.com)



[&]quot;The unemployment rate in Canada rose to 5.8 percent in January of 2019 from 5.6 percent in the previous month and above market expectations of 5.7 percent. The economy added 66.8 thousand jobs in January, after creating 9.3 thousand in December and compared with market consensus of 8 thousand."

For more information, go to tradingeconomics.com

IHS Markit Canada Manufacturing PMI (source, ihsmarkit.com)

"Manufacturers in Canada reported another loss of momentum at the start of 2019, with output and new business growth easing further from the peaks seen last summer. Export sales remained particularly subdued in January, with this index pointing to a marginal fall in new work from abroad" For more information, go to https://news.ihsmarkit.com

Foreign Exchange Rates CDN vs. USD (source, Bank of Canada)

October 2018 1.3010 November 2018 1.3200 December 2018 1.3432



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Human Resources: The 360-Degree Feedback Process

Today, many organizations performance did not always evaluating and developing their organization 360-degree feedback process back process. because they are finding that the standard performance review is simply not sufficient.

Performance review systems to assess leader performance have evolved significantly over the training and coaching. were typically one-way communication tools, in which a to a subordinate. These tools individual accountabilities. eventually evolved to a system themselves, then sit with their supervisor and discuss their ratings to gain agreement on final ratings.

Although this two-way process was much improved over the previous one-way appraisals, companies recognized that individuals view of their own

struggle with the challenge of mesh with how others in the leaders. More and more, or- them....hence the developganizations are implementing a ment of the 360-degree feed-

360-degree feedback processes can be an insightful journey for the leader, but not if it is done poorly. It is important that the process includes collaboration, past few decades. Reviews insights gained from the process can help move the needle in the development of leaders, leader would provide feedback strengthen teamwork, and delivered correctly, 360's can where employees would rate empower leaders to drive their own development.

So what does a 360 feedback process look like?

360's are a multi-rater feedback assessment completed with feedback from peers, direct reports, managers, other groups and the individual being assessed. The information on

the individual's behaviors is gathered anonymously and confidentiality, and is then developed into an aggregate report. The process is aligned with organizational leadership goals and typically unveils deeper insights of the individual's behaviors, leadership style, selfawareness and procedural issues that may be hindering the growth of the leader.

Once the information is gathered and compiled, a trained coach then delivers the results, discussing the feedback and reviewing the development opportunities. A list of actionable items, in the form of a developmental plan, is then detailed.

360 degree feedback, if used correctly, can be a powerful developmental tool, and is worthy of consideration as a primary tool for leader development.

OH&S: Changing Mindsets from Compliance to Prevention

Does having a driver's license mean you are a good driver or does it just mean that you know how to be a good driver?

Typically, as a trades person, when you arrive at a new construction site, your temporary employer will want to see all of your training certificates. They take a copy for their files and return your documentation for your next project. As for the contractor, their butt is covered. If the inspector comes on site they are able to demonstrate their "due diligence" by providing a copy of the training certificates. In most cases the employer and the regulators are relying totally on these certificates to validate that people know how to and will perform the work safely.

Unfortunately as we have seen many times, having the proper certifications alone is not enough to ensure that people will work in a safe manner. following all of the essential guidelines. Most of us would not have to travel too far to find an example of someone working in a manner that does not comply with the requirements, such as working at heights without following proper tie-off procedures. In many cases, these same individuals not complying with the rules have had the necessary training and certifications, and know what they should be doing, but they choose not to do it.

Does having this Fall Protection / Fall Arrest certificate mean you are going to work safely or does it just mean that you know how to work safety.?

In many cases we are training because we have to be in compliance with the rules and regulations, to meet legislative requirements, or to comply with the rules of the employer. But knowing the rules and following the rules are two different

The solution to this problem is to stop training for the sake of training and to start training to bring about change.

Training is not about what goes on during the session - passing the exam, or getting the certificate, but rather about what we do the following days, months and years after the training is complete, and whether or not we have changed the safety culture.

We should always remember that it's not the hardhat that keeps us safe, but what's un-

Frontline Leadership: Leader Development

How are you preparing your leaders for the next step in the career ladder? Or even to help them succeed and grow in their current role?

There has been an age old debate for many years as to whether leaders born or made. It's the nature or nurture argument that many of us are all too familiar with.

The reality is that both inherent skills and the benefit of training and experience all play critical roles in the development of a leader. Some folks are born with a good approach to leadership that works well for them, but still need to develop those skills, sometimes through training, but also through experience. It is quite likely that the individuals we hold up as a standard of exceptional leadership may have been effective leaders earlier in their career, but not to the level they are today.

How does your organization prepare leaders?

Many organizations today have significant challenges when it comes to leadership. They try to hire the right people, and provide the proper training, yet still remain unsatisfied with leadership progress.

Many of us have seen companies promote the best worker, provide some rudimentary training, maybe have some form of job shadowing with an existing leader occur, and hope for the best. Sometimes this involves sending them off for a week long class, but in spite of the greatest of intentions, we are not seeing the results we expect to see.

The reality is that good leaders are always improving their leadership skills. This is true for the new front line supervisor, the middle manager, or the CEO.

Leadership skills are complex and cover such a wide range that to expect everyone to be a natural leader does not make sense. When you look at the critical role all leaders play in any organization making sure they are prepared is just good business sense.

by Larry Rosborough

The saying" People don't leave bad companies; they leave bad bosses" is very true.

A strong contributor to becoming a highly effective leader is found in the tacit knowledge component of what leaders do. This means that although we hire or promote the right candidates, and provide the right training and development opportunities for them, much of their leadership success is developed over time, through experiential learning on the job. It cannot be learned by just reading a book or watching a video.

Training and development opportunities are utilized to gain knowledge, but to be a truly effective leader, it takes much more than knowledge...it takes skill.

Hiring the right people, providing the right training and development opportunities, including having a highly skilled mentor has proven to be a recipe for long-term success.



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Upcoming Events

Seafood Expo North America 2019	Boston, MA	Mar 17—19, 2019
2019 SCMA National Conference	Montreal, QC	May 28—30, 2019
Atlantic Truck Show	Moncton, NB	June 7—8. 2019
Atlantic Canada Petroleum Show	St. John's, NL	June 18—19, 2019
NBEX New Brunswick Provincial Exhibition	Fredericton, NB	Sept 2—8, 2019



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From the Toolbox: Human Resource Assessment Tools

We often hear from various HR professionals and business leaders about the challenges involved in hiring good employees, and in keeping them in their organization. Despite the critical issue that this is causing business today, many recruitment processes still contain far too much subjectivity, which makes it difficult to maximize the likelihood that potential new hires are a good fit for both the organization and the role they are being considered for.

One tool that has proven to provide high value in this area is the Prevue Assessment.

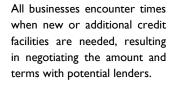
Prevue Assessments have the capability of measuring the candidates abilities, their likes, dislikes, and motivations, as well as several personality dimensions.

The combination of this information provides the organization with the ability to determine the potential cultural fit, as well as to predict overall success, or potential challenges if the candidate is placed in the role being considered. The tool can therefore be used to support hiring, coaching, succession planning, and identification of high potential candidates for promotion.

The hiring and onboarding process for new employees is a costly one, and hiring the wrong people increases those costs exponentially. The ability to provide some objective form of measurement, when supplemented with other more traditional hiring processes, is a great opportunity to increase the overall robustness of the organizational recruitment and retention process.

For more information on Prevue Assessment tools, go to www.ssiconsulting.ca

Finance: Negotiating Business Loans with Banks



When considering debt, the preferred lenders tend to be government agencies that offer grants and interest free loans which meet the various criteria for economic development.

These types of preferred "lenders" however, are not always available for the type of credit the business requires. When that is the case, chartered banks are often who we usually turn to next.

The ability to negotiate is predicated on both leverage and risk. Naturally the banks offer the best deals to those individuals who are not actually in desperate need of the funds. Personal or corporate wealth determines our negotiating

power and banks, as we know, are risk-averse by nature.

For those of us who actually need funds, the critical issue is how much risk can we mitigate for the bank, as well as our ability to demonstrate enough credit worthiness to build trust with the lender.

For brick & mortar loans (land, property, equipment), the bank will take a first charge on the asset and rely on additional collateral which they will request to make up the shortfall in the event of loan failure.

For less tangible assets such as receivables and inventory, the bank will assess the value based on liquidation as well as taking secondary collateral such as a general assignment of book debt, personal guar-

antees and finally liens on personal assets.

Some helpful techniques used to negotiate better bank debt terms are as follows:

- Make sure the banker has a higher lending limit than you are requesting
- Choose two receptive bankers from two different banks and carefully & confidentially compare their list of terms and requirements
- Clearly show in writing how the funds will be utilized
- Ensure you are positioned to address any perceived weaknesses in your lending proposal
- Consider having the inclusion of early payment "lump sum" option on the annual anniversary date of the loan



Bernie Casey Business Strategist

Bernie Casey is a career entrepreneur, and a seasoned business strategist with significant experience in Finance, Profitability, and Cash Flow Management For more information on Bernie, visit www.ssiconsulting.ca

Operational Excellence: The Lean Office

Many organizations have had great success applying the principles of Lean Manufacturing to their shop floor production operations. By focusing on creating value and eliminating waste, people have improved product lead time, product quality, process efficiency, and cost. For shop floor operations, this focus has resulted in improvements like reduced inventory costs, better process flow, reduced waiting, elimination of product shortages, better workstation design, cellular manufacturing, error proofing, reduction in rework, improved customer service, better delivery performance, improved productivity, better safety, and improved efficiency.

Significant waste is also present, however, in most office

environments, yet focusing Lean activities in these areas has been less common. In fact, these "back office processes" often impact the shop floor areas in very significant ways.

Office processes are not immune to waste, costing you money, and negatively impacting your customer's experience. What's happening in your offices? Take a few minutes and ask yourself these questions.

Is your current approval processes causing delays? Do your people have the authority to make decisions or do they have to wait for someone's approval? Do you have individuals that are overloaded and causing information backlog (often seen in design roles where certain technical expertise is limited to a few people)? Are people overloaded and at risk of burnout? When information is exchanged is it 100% complete and accurate all the time? Are your processes well documented? Do you have backup resources available when people are absent or does the work just sit waiting for the regular person's return?

Lean Office is the application of Lean principles in non-traditional environments such as Health Care, the Military, or, the Insurance Industry, just to name a few. Lean principles applied outside of a manufacturing environment can have profound effect, and has been proven to yield huge benefits, worth serious consideration.

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performance For more information on Mike, visit

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Business Development: It's All About Process

In our last newsletter, I talked about the Fundamentals for Sales Success, the first being the developing or adopting of a sales process. In this column, we are going to look at the concept of a sales process in a bit more depth.

A sales process consists of the repeatable steps followed to move a potential opportunity from a lead to a successful close. A typical sales process has several steps, depending on who's model you follow or adapt to your organization's needs. Most effective sales processes include: lead generation, market research, establishing contact needs analysis, presenting a solution, overcoming objections, negotiating, closing, and follow-up.

The first 3 stages are often referred to as "prospecting". This is where an initial list of contacts is developed and prescreened based on your criteria for the type of clients you are looking for.

The next 3 stages, often referred to as the "presenting stage" are an attempt to understand the needs and match a solution that works for that particular customer. This also includes addressing any objections that may arise during the process.

And finally comes the all important "closing" stage. During the close, the terms of the agreement are clarified and agreed to, commitments to proceed are made and the deal is finalized.

A process of "follow-up" is then required to bridge the sales and account management processes which is critical to achieving long-term success.

The key to a successful sales process is to have clear demarcation points between the stages so there is consistency in how sales opportunities are moved along. This is especially important with larger sales teams. What constitutes a "presentation", for instance,

should not be left up to the interpretation of individual sales people, otherwise a 2-line price quote in an email will constitute a presentation for one salesperson while other sales team members believe it means running through a PowerPoint presentation.

This form of consistency is not a nice to have, but is essential to long-term organizational success. Consistent processes allow for "best practice" implementation, which will lead to repeatable success in the organization's sales efforts.

This consistency further contributes to the organization's ability to track past results, monitor current progress, and to forecast the future with greater certainty.

A well documented and well utilized sales process is a great tool to help your sales team improve while delivering highly accurate sales forecasts, so we can plan for the future.



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Don Smith is a seasoned business professional who understands the importance of root cause problem solving and the value of implementation to ensure that results are actually realized For more information on Don, visit www.ssiconsulting.ca



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About Us

SSI Consulting Solutions is an Atlantic Canadian company that specializes in helping its clients gain competitive advantage through implementation of world class business practices.

It is through these practices that our clients not only compete, but gain significant advantage over their competitors, thereby allowing them to gain

market share and enhance shareholder profitability.

Our consulting philosophy is grounded in the concepts of teamwork, partnership, service, and quality, both in the coordination of our efforts within our firm and in our interactions with our clients. The core project team will be led by a member of our senior

consulting team. The strength and qualifications of our firm enables us to provide analysis that is both prompt and thorough.

We strive to form partnerships with our clients. Our best recommendations can be delivered only through recognition of each client's unique situation.

Our Areas of Expertise: Lean Continuous Improvement, Six Sigma, Occupational Health and Safety, Finance, Quality Management, Marketing, Frontline Leadership, Human Resources, Business Strategy and Strategic Planning, Change Management, Supply Chain and Operations Management