



WORLD TRADE CENTRE®  
TORONTO



TORONTO  
REGION  
BOARD OF TRADE

**Annual  
Performance  
Report** 2018 - 2019



**CANADA'S  
TRADE  
ACCELERATOR  
PROGRAM**



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## BACKGROUND

SINCE ITS INCEPTION IN 2015, the Trade Accelerator Program (TAP), a World Trade Centre Toronto initiative, has helped more than 500 small and medium-sized enterprises (SME) to scale-up, develop and execute their export plans. TAP provides companies with access to Canada's top exporting advisors, resources and contacts, giving them the training and support they need to become successful international traders in their specific business sector.

In 2018, TAP reached important milestones and set the stage for its next chapter:

1. More than 300 companies participated in TAP in 2018, surpassing the combined number of companies in the two preceding years – with the total number of TAP graduates exceeding the 500 mark (Figure 1).
2. World Trade Centre Toronto led the expansion of TAP across the country, giving the program a national scope with TAP sessions taking place in 10 cities across five provinces.
3. TAP's positive impact on Canadian businesses led to more than 50 corporate and agency partners becoming associated with the program.
4. TAP was honoured at the 2018 Ontario Export Awards as the recipient of the inaugural Export Excellence Award.

### TAP COMPANIES BY YEAR

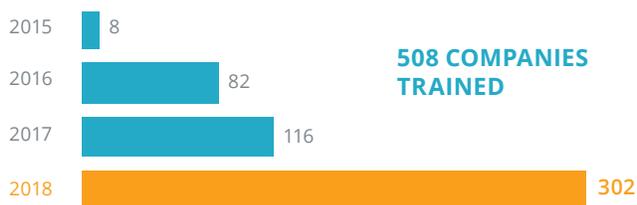


Figure 1



# KEY PERFORMANCE AREAS

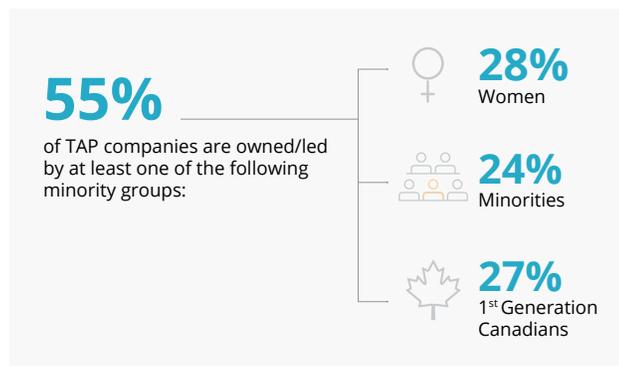


Figure 2

THE SIGNIFICANT IMPACT OF TAP is demonstrated in four key performance areas:

## 1 Diversity:

TAP encouraged and supported diversity in leadership in 20+ different business sectors. The majority of the companies assisted by the program (55%) are owned or led by either women, first generation Canadians or visible minorities (figure 2); these groups are also the focus of several federal and provincial government initiatives and programs. To further foster diversity and representation in the business community, TAP is planning to launch tailored cohorts for female entrepreneurs and women-led businesses across Canada. Similarly, with an increasing participation of companies owned or led by first-gen Canadians in the program, TAP is also focusing on this particular group.

## 2 Employment:

The hiring rate – defined as the percentage of companies hiring new people – also experienced positive changes, increasing from 45% to 51% in 2018. On average, TAP companies hire 2.8 new employees with an average annual salary of \$62,179 – a 33% higher income than the average Canadian, a direct consequence of the success in trade and exports experienced by TAP-enabled companies, which are hiring more high skilled employees at a much higher salary. (\*As per Statistics Canada, Average annual income for Canada was \$46,700 & Average annual income for Ontario was \$47,900 – 2017).

### Total Revenues & Export Revenues



Figure 3

### 3 Total Revenues & Exports:

There has been a significant increase in the average total revenue and average total exports for SMEs after 3 years attending TAP. (a) Average Total Revenue: an increase from \$6.1 to \$11.1 million per company; (b) Average Total Exports: From \$2.5 to \$7.0 million per company (Figure 3). Companies attending TAP doubled their revenue and tripled their total exports within 3 years of attending the program, with approximately 90% of the increase in total revenues directly linked to exports.

In this timeframe, exporting added an average of \$4.5 million to these companies' activities to a combined total of \$2.24 billion for all 508 TAP graduates. Since statistics have shown that every \$100,000 added to the Canadian economy creates one new job position on average (Conference Board of Canada), TAP is projected to have created nearly 23,000 new jobs in Canada in the past 3 years.

### 4 Creating International Traders:

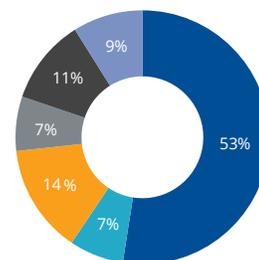
After attending TAP, 85% of the companies pursued at least one new export market. The market penetration of TAP's SMEs shows a solid international presence across multiple global regions, contrasting with the average Canadian company which is more heavily skewed towards the US. (Figure 4)

Exporting is vital to Canada's economy. It is a driver of economic growth, strongly correlated to real GDP growth and representing \$22 billion of the Canadian economy. Even though the Canadian trade deficit has decreased by \$3 billion in 2018, it still stands at a staggering \$22 billion; it is therefore imperative to continue stimulating our export activity –and enhancing SMEs' export potential through TAP is key to achieve this objective.

After attending TAP for one year, SMEs experience an average increase in exports revenue of approximately \$1 million. Considering the \$5,000 fee per company to participate in the program, every \$1 spent on TAP adds back an impressive \$207 to the Canadian economy.

### Exports

Canada Companies Average Market Penetration



TAP Companies Average Market Penetration

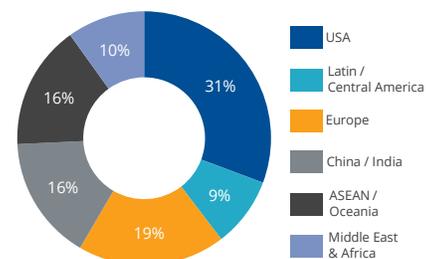


Figure 4

# ADOPTING A GROWTH MINDSET

**ANOTHER TAP HIGHLIGHT IN 2018** was the positive change in SMEs' behaviour following participation in the program. Writing an export plan is a key component of TAP sessions, one that allows companies to take a step back and review their long-term vision, evaluate goals, assess what they need to improve on and equip themselves to succeed. This process allows businesses to adopt a growth-oriented mindset.

There are three areas where this growth orientation is evident:

## 1 Strengthening Export Capability

One positive change observed among SMEs after attending TAP is that they are equipping themselves to compete with the best in the world. A TAP SME spends an average of \$63,147 to strengthen its export capabilities. Companies investing in their research and product development capabilities spend above average (\$77k) – an extremely encouraging sign suggesting that SMEs have a long-term vision to equip themselves for the future.

## 2 Financing the Operations

TAP SMEs are sourcing additional financing for their business, indicative of expansion. After attending TAP, approximately 37% of the SMEs secured additional resources to expand their business, at an average amount of \$1.8 million. The majority of the financing was sourced from one of TAP's key partners – RBC, BDC, EDC or one of the other government institutions.

## 3 Usage of TAP Resources

There has also been an increase in usage of resources and support services provided by TAP partners to SMEs to strengthen their business. Approximately 84% of the companies have used or intend to use EDC in the next 6 months. Corresponding figures for the other resources / services are 68% for BDC, 58% for RBC, 61% for Federal or Provincial or Municipal Government Services, 56% for Logistics Services and 50% for Legal Services (Figure 5).

## SUPPORT SERVICES

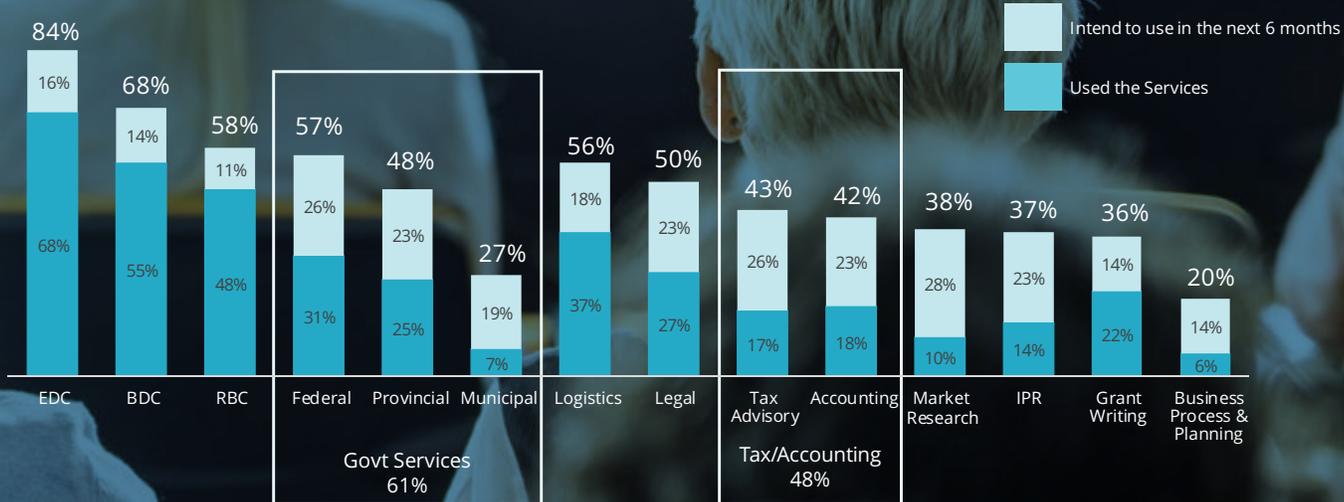


Figure 5

**“TAP helped clarify our strategy and helped us execute”**

## FUTURE OUTLOOK

SMES BELIEVE THEY ARE IN a much better position to take a focused approach towards trade and exporting after participating in TAP. A consulting and advisory company which started exporting to Western Europe after TAP affirmed that “without TAP we would not have awareness, confidence or knowledge,” while a surgical manufacturing company which started exporting to the US, Europe, India & Middle East said that “TAP helped clarify our strategy and helped us execute”. A software company with exports contributing nearly one quarter of its total revenue observed that TAP is “an exceptionally well-run program. After TAP we realize that we will need to rebuild the underlying architecture of our technology before exporting”.

The TAP Export Plan has also been of significant help to TAP graduates. An energy tech company with exports increasing from 5% to 35% after TAP mentioned that “it helped us to develop a strong market entry proposition and valuable material to consult for clarity and purpose with steps to achieve milestones,” while a food and beverage company with a revenue jump of 2.5x two years after TAP mentioned that the export plan gave them “something to follow, to update and to work from”. Another TAP participant in the consultancy business decided to pursue export markets in Australia and the Middle East after the program, mentioning that it helped them “build a strong foundation in the business to ensure exporting is successful.”

TAP is preparing SMEs for the future and breeding an optimistic mindset regarding their growth in the next three years. These companies are projecting an average year-over-year growth of 31% for 2019, 52% for 2020 and 53% for 2021 (CAGR of 45% over the next three years). Businesses attending TAP also showed interest in future workshops and programs, particularly regarding subjects directly related to their revenues and exports (Figure 6). The high level of interest in follow-on programs and workshops is a testament to the benefits SMEs derive from the Trade Accelerator Program.

## SUPPORT SERVICES



Figure 6

# MOVING FORWARD

MOVING FORWARD, TAP IS PLANNING to refine its offerings in order to mitigate internal and external issues that the companies are facing and to help them grow internationally.

## Barriers

Almost half (49%) of the SMEs are facing barriers related to finding clients or distributors / representative in foreign countries. An equal number of SMEs are also facing at least one of the following issues: Internal difficulties such as (a) staffing / talent issues (35%); (b) inefficient processes (16%); and (c) lack of growth plan (8%). Around 42% SMEs mentioned that they are also facing issues related to capital – either difficulty to secure financing (32%) or requiring further capital investments (14%).

## Solutions

There are multiple areas where TAP has helped companies realize their global potential – from helping to increase their exports to enabling them to enter new markets, as well as supporting them to become prepared for the future.



The following 4-step action plan builds on what TAP is currently delivering to further help drive the growth potential of SMEs:

## 1 Geographic Expansion

TAP's remarkable success has not gone unnoticed. The federal government, through the Ministry of Small Business and Export Promotion, recently announced significant funding for the expansion of TAP to smaller municipalities across the country and growth of the number of programs in existing jurisdictions. The expansion will also include the Maritimes and Saskatchewan. This expansion will double the number of companies expected to graduate from TAP during the next 12 months.

**TAP is working to bridge the gap between the SME's need for financing and its partners.**

## 2 Education

Each TAP partner has developed initiatives to provide enhanced education programs with the objective of promoting an increase in export activities for companies. For example, World Trade Centre Toronto's 'The Institute' provides hands-on training courses with industry experts focusing on a significantly "deeper dive" into specific areas of international trade. At World Trade Centre Vancouver, enhanced training programs such as International e-Commerce Essentials (ICE) are also adding deeper subject matter knowledge; while World Trade Centre Winnipeg has developed a preliminary trade education program to help early-stage companies prepare for the enhanced training available at TAP. At the Chamber of Commerce of Metropolitan Montreal, other commercialization programs such as the Passport SME program (active from 2012 to 2018, and currently under review for upgrading) has followed a more hands-on, enhanced mentorship and included trade missions to provide strong ongoing support to companies on their journey towards global growth.

## 3 Activation

In Winnipeg and Montreal, the provision of trade missions for local businesses is a long-standing tradition to help companies refine and deepen their comprehension of foreign markets as well as find partners, clients, representatives or distributors in foreign markets. In Toronto, TAP is already leveraging WTC-Toronto's Market Activation Program (MAP), with a recent mission to the US Southwest in March 2019 consisting of TAP graduates. In other cities where TAP has a presence, similar market activation activities are being implemented.

## 4 Growth

TAP is working to bridge the gap between the SMEs' need for financing and its partners who are able to provide various means of financing, advisory services, risk mitigation and related offerings. Additionally, to help companies address internal (as well as external) issues and to provide the necessary support to growth objectives beyond the scope of the international trade component, WTC-Toronto is developing a "scale-up" program that will be focused on practical knowledge for growth activation.

Following the major milestones achieved in 2018, there is room for further promising breakthroughs in 2019. TAP will continue to form long-term relationships with SMEs while continuously seeking new ways to help them reach further heights of success in their global trade journey, driving growth and helping to develop a more inclusive and sustainable business environment in Canada.

## TAP Canada Operating Partners

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### EDMONTON

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### HALIFAX

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