

The missing link

By Caron Hawco



It's no secret that large organizations, corporate, government and institutions can be shy (risk averse) when it comes to hiring small to medium-sized businesses (SMEs). Some consider it risky to trust their larger projects with an SME.

When you are a digital or technology developer, this attitude is particularly relevant. Large organizations can become truly enamoured with a new solution but reluctant to adopt it because they fear a company or product may not be around for long-term support and servicing. They doubt an SME has the resilience or capacity to deliver. This procurement bias, which is extremely damaging to private sector growth, is experienced across multiple sectors and within many of our governmental and public sector institutions.

Recently, I seem to be meeting a lot of digitally-oriented petroleum and defence companies from Atlantic Canada that have roughly 20-30 employees. They are focused on business expansion and diversification into new markets. While they may have different areas of specialization, they all want to access larger procurement opportunities and major supply chains.

I have a lot of respect for companies of this size. Growing to 20-30 employees in Atlantic Canada is impressive. With our small marketplace, keeping this size of a group busy and profitable is no small feat. I admire their ambition and stamina and understand their laser focus on market growth.

Most digital and technology companies are under great pressure as they must scale up to survive. Relying on our small market is massively limiting and will likely mean an early death if they do not plan on growing beyond Atlantic Canada.

However, scaling a company is a major challenge in this region. Organic growth can be particularly painful. I've often heard entrepreneurs comment that our start-up community has fairly strong supports in place. And large companies receive significant support and can normally look after themselves. It's the companies somewhere in the middle (15 to 30-person companies) that often struggle to find appropriate levels of support to scale up and manage growth.

Reality is, SMEs needing help are very busy, often wait until it's too late, and are scrambling when funds are needed. They tend to focus on their technology and not on business development and marketing. It's common to hear companies complain that they do not know where to find supports and accessing funds is too bureaucratic.

People who run SMEs can also get overwhelmed, being busy on business delivery versus working on business growth. It seems that business growth and anxiety go hand in hand.

There are heroes in Newfoundland and Labrador's ocean technology community who are achieving success worldwide. These are our strongest marketers, exporters and storytellers. They have skillfully coupled their engineers, designers, project managers with savvy business and marketing professionals. They know the system and maximize the available supports. They are frequent flyers, attending tradeshow and missions, meeting with like-minded companies, and accessing global distribution networks. Some of these companies are exporting to more than 30-40 markets. They are chasing opportunity and revenue all over the globe. We can learn a lot from them.

Without doubt, there is a lot going on in the marketplace to advance our digital and ocean economy, particularly in ocean tech, aquaculture and oil and gas. Canada's Ocean Supercluster is now moving at a faster pace. As I write this, I am heading to the province's first Oil and Gas Hackathon, hosted by NATI and NOIA. There is a lot of collaboration taking place in the ecosystem, which is long overdue. Both organizations will soon release an eco-system study based on an industry-wide consultation relating to the province's oil and gas industry digital transformation. There also seems to be a lot more government funding to foster business growth.

Nevertheless, I frequently think about those 20-30-person companies and wonder why so few of us know about them. These companies appear to be great candidates for scaling up and hold great potential. Why do they consistently tell me they don't know what's available and where to find support—both public and private? How can we help them learn from our local heroes of industry? And from those who experienced defeat? And how do we help open the doors to major supply chains? Ultimately, it's about taking the sting out of scaling up. |nrm

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