



# VIRTUES OF PATIENCE AND HARD WORK

CanBear's activities in Ukraine can be traced back to 1989 and a Canada-USSR Trade Mission to Moscow headed by then Prime Minister Brian Mulroney. Among the 200 Canadian business people was one Walter Henn, representing Bearbrook Food Equipment, which specialized in cooling and freezing storage units for food stores and processing plants. Having developed a specific contact in Dnipropetrovsk, Henn made a number of trips to Ukraine in the next three years, and was joined by Denvil Brown, who was associated with the Canadian Tire retail hardware chain in Canada.

By 1991, the original group of investors had already zeroed in on a project which looked like it might have some potential. It involved the partially built "Parus" hotel, a 28-storey superstructure of precast concrete towering over the waterfront of Dnipropetrovsk. Construction had been started way back in 1976, but had stopped in 1986 when funds dried up. A joint venture was formed between Bearbrook Trading Ltd. (now CanBear Enterprises Inc.) and the city of Dnipropetrovsk, whose mayor at the time was Valeriy Pustovoytenko, now in the Cabinet of Ministers. There were a number of potential directions to take, ranging from hotel to condos and office space. However, an intensive study determined that it was neither the time nor the place for the \$26 - \$40 million USD investment which the project would have required.

However, the interest had been sparked in these Canadians. Concurrent to the study of the hotel, CanBear principles were active with further trips to Ukraine and bringing Ukrainians to Canada, including a major tour to Ottawa and Toronto by the mayor of Dnipropetrovsk, which aided in solidifying relationships between the two countries. No less important was the Investor's Tour which brought 40 Canadians to both Ukraine and Russia, acquainting them with the lands and their peoples, and demonstrating to them what CanBear had already been doing in the regions, and what could still be accomplished.

## Business Success: Food Retail

In late 1992, having placed the hotel project on hold but still eager to pursue some activities in Ukraine, CanBear decided to

proceed into another venture. They purchased a company in Dnipropetrovsk which operated a grocery store, a small service centre and some trucks, and proceeded to completely renovate the store and re-develop the business. The project was jointly headed by Hermann Loesing of Canada and Alexander Fliaks of Ukraine, and with Canadian planning and equipment, the store successfully opened on December 21st, 1993. Since then, the store has been running profitably with an expanding inventory level and selection.

## Future Commitment

CanBear's long-range goal is to develop the food industry in Ukraine, with the first step being wholesale and retail outlets. The next market area is in the processing of food product through canning and frozen processing. CanBear's wholesale outlets will be the base of developing the market for these products.

Another area which CanBear has touched on has been the medical realm: they donated a blood cleaning machine to one of the local hospitals and are negotiating a low cost rental agreement for another piece of medical equipment. CanBear sponsored a local doctor to have his research paper presented at an International Conference in Canada. Completely separate from its business interests, they assisted local people from Dnipropetrovsk in finding lost relatives in Canada.

## High Profile Maintenance

In June CanBear participated in an Industry Canada Seminar on Small and Medium Enterprises, attended by Ukrainian Government officials and businessmen. The Canadian Government continued to support CanBear's activities through the Renaissance Eastern Europe Program, providing funds for training and other activities.

CanBear determined long ago that the key to doing business in Ukraine is patience and a commitment for the long run. "We believe in the long term stability of the country and we are trying as

hard as we can to work towards that economic reality," states Denvil Brown. "We are totally committed to Ukraine and its people." If CanBear's experience is anything to judge by, it would indicate that this is indeed a sound approach.

CanBear Enterprises Inc. has successfully operated a western style grocery store in Dnipropetrovsk for almost two years. This 5,000 square foot (retail space) operation has been totally renovated and outfitted to western European and North American standards. Most of the store fixtures were obtained from Canada from one of CanBear's parent companies, Bearbrook Store Equipment.

The store operates with five departments, meat and dairy, canned goods, pharmacy, canteen and hard goods areas. Most of the fresh products are obtained locally, with the store's own butchers preparing the fresh meat and making a variety of meat products. Customers find the sausages and cutlets particularly good. The bakery makes fresh bread and hamburger buns everyday, people will wait for this bread to come out of the oven rather than purchase the state bread.

While an effort has been made to source as much local product as possible, the reality is such that Ukraine as yet cannot furnish the range of products which the consumers now demand, so CanBear brings products in from Germany, Poland and the Czech Republic. It is the hope for the future that Ukraine's food industry reaches a level of performance that the variety and quality of products can be obtained from inside the country.

The store is open 12 hours a day, 6 days a week, and open on Sunday for 6 hours. It doesn't close for lunch as was the practice under the former regime. Over sixty employees are employed and are quite proud of working at the "Canadian Store".



CanBear's western-style grocery store in Dnipropetrovsk.