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PBB GLOBAL LOGISTICS - WHITE PAPER

PBB/Phancorp relationship heads to success in China

When Isabel Alexander, President of Phancorp Inc., a wholesaler that sources and distributes chemicals, attended a unique trade event on “Doing Business in China,” little did she know she was about to lead her company on one of its most ambitious and successful projects to date- the opening of Phancorp’s first office outside of North America.

The one-of-a kind seminar, organized by PBB Global Logistics was developed to bring Chinese and North American firms together to capitalize on the mutual business benefits they could offer one another. The Doing Business in China seminar, which included 80 business and government officials, was one of the largest to ever come to Canada. That was in October 2001, and Alexander hasn’t looked back since. “I have certainly undertaken some heavy initiatives towards our global presence,” said Alexander. “But I have also realized some pretty solid successes.”

Phancorp’s primary business involves sourcing and shipping industrial raw materials, primarily chemicals, for use in production of other chemicals and manufactured consumer goods. Phancorp is a privately owned chemical wholesaler based in Port Franks, Ontario, which is near Sarnia, Ontario.

During the seminar, which featured one-on-one meetings between the Chinese delegates and North American businesses, Alexander identified definite opportunities within the Chinese marketplace. The visiting delegation came from Hubei Province, which is the economic engine of Central China with major industries in hydroelectric power generation and chemicals. “At that time, I was able to identify a marketplace for selling Phancorp products and

services,” said Alexander. “And as a result, I decided to accept PBB’s invitation to represent the North American chemical industry on its China: Trade Mission 2002.”

The Trade Mission, which took place from November 1-16, 2002, included visits to key Chinese commercial and administrative centers, including Dalian, Wuhan, Shanghai, Nanjing and Beijing. PBB has a 20-year history in China, during which a vast, established network of contacts from government and businesses have been nurtured and developed.

During the mission PBB strategically selected and matched Chinese representatives with each participant’s business needs. Translators accompanied the delegation to ensure effective communication with potential partners.

“In China, personal relationships are the key to business success,” said Mike Scott, President and CEO, PBB Global Logistics, and a key facilitator of the Trade Mission. “Trade Mission participants have immediate access to PBB’s network of established Chinese contacts, which lead to the initiation of new business agreements and joint ventures.”

Tao Lu, former Second Secretary of the Economic & Commercial Consul and Consulate General of the People’s Republic of China, was one of PBB’s Chinese delegates selected to meet with Alexander at the Trade Mission. Lu and Alexander had met previously at the Doing Business in China seminar hosted by PBB in October 2001. After several days on the China Trade Mission, Alexander invited Lu to join Phancorp as a fulltime employee, and manage Phancorp China.

This China office has allowed Phancorp to pioneer the process of directly sourcing goods from the Chinese



PHANCORP INC.



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producers to North American clients. This increased the speed of trade that had been previously slow due to a long chain of handlers involved in sourcing Chinese goods. By using the previous method, recipients could not be sure of the quality of Chinese goods due to the large amount of participants involved.

Phancorp's representative in China handles all Chinese inquiries for product and trade, finding quality Chinese chemical producers. He examines and pre-qualifies trading partners, reviewing credentials, export history and conducting site visits to ensure all materials meet specifications and that the company fits with Phancorp's stringent quality control requirements from packaging to delivery. This extensive process ultimately allows for a more successful business relationships, and offers clients high quality Chinese chemical goods.

"PBB truly increased the speed at which this venture took place," said Alexander. "The Trade Mission allowed us to immediately begin working with multiple levels of government and important Chinese business contacts."

Phancorp's China operation was generating revenue within six months of the China Trade Mission, and

since then, they have seen their successes continue to grow and expect to achieve a full return on investment for their China activities in less than three years from the Mission. "PBB has really facilitated the opportunity for Phancorp to enter the Chinese market," said Alexander. She expects that within three years, 25% of Phancorp's goods will originate from China.



It's been over two years since Alexander attended that eventful trade seminar, and Phancorp Inc., was recently rated one of Profit Magazine's fastest growing companies. Alexander says she has absolute

confidence that continued successful and sustainable trade is possible with China. Phancorp is steadily beginning to develop reciprocal trade relationships in terms of sourcing raw materials from China.

As a direct result of the Mission, Phancorp has expanded its global coverage, which Alexander realizes is no small feat. "We have truly gained an expanded global presence and a higher trade volume that has lifted us to a new level of success," said Alexander. "PBB's Trade Mission really helped to ease the burden of entering the Chinese market and I would be confident and enthusiastic about participating in future PBB trade missions."

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