PROJECT 4a:
CASE STUDIES ON SUCCESS TRAITS

Groupe Leclerc

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About the CAPI Processed Food Research Program

Food processing is one of the country's largest manufacturing sectors and an essential channel for Canadian agricultural products. Yet the rising trade deficit is signaling deteriorating performance. CAPI has launched a research consortium to galvanize a new approach. CAPI is not only focused on the problems but how to move forward to address them. This case study is part of a project to isolate company traits of success and what we can learn from companies to inspire change which includes a cross-case analysis.

Project 4a: **Food Processing Company "Traits of Success":** Despite the challenges confronting the sector, many individual companies are doing well. By collaborating with several business schools across the country, 13 case studies on diverse food companies were undertaken to isolate how companies are succeeding and positioning themselves to do even better. The individual case studies are based on in-depth interviews with company CEOs or senior leaders. This project is accompanied by a cross-case analysis.

PHASE 1 Diagnosis	PHASE 2 Inspiring practices	PHASE 3 Competitive advantage
1a. Diagnosing the trade deficit	4a. Case studies on company success	7. Conclusions
1b. Reasons for the trade deficit	4b. Cross-case study analysis	8. Implications for policy & strategy
2. Explaining the trade deficit	5. Consumers and markets	9. Dialogues on outcomes
3a. Food manufacturing performance	6. Innovation insights	
3b. Plant openings, closings & investments		

.All completed projects, along with supporting material and data, can be found online at **www.capi-icpa.ca**.

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SUMMARY

GROUPE LECLERC

The following case study examines the key factors behind the success of Groupe Leclerc, a leader in the cookies and snack bars business. This privately owned family company, headquartered in St-Augustin-de-Desmaures, owns many strategically located factories and specializes in the manufacturing of products under its own “Leclerc” brand, as well as under other private or outsourced labels. The company is over 100 years old, and has managed to meet many challenges throughout its existence. Its history has been an intergenerational succession involving the expansion and diversification of its lines of products and markets.

At the forefront of technology and market trends, Groupe Leclerc manages all of its activities with a view to fully satisfy its customers. Together with its employees, the company emphasizes a rigorous “just in time” production and distribution process in order to offer superior quality products, at the best price and taste, while remaining accessible to the greatest number of customers.

Over more than 108 years, Groupe Leclerc has pursued innovation, product freshness and good taste for the pleasure of young and old. A true example of determination, it remains one of the rare privately owned companies making cookies and snack bars still under the exclusive control of Quebec and Canadian interests.

CHALLENGES MET BY GROUPE LECLERC

Groupe Leclerc has met an intergenerational challenge (five generations) while ensuring constant growth through the geographic diversification of its activities in various large markets, including the United States and Europe. The company’s innovative culture, always inspired by the vision and business acumen of its owners, provides it with the wherewithal to pursue its international expansion. Groupe Leclerc’s expertise and knowledge are now being exported and used as strategic leverage for growth by acquisition in markets where it intends to develop and strategically position itself. Its investment potential remains the key to a business strategy designed to sustain its development and growth for years to come.

Moreover, Groupe Leclerc’s commercial successes in Canada are quite substantial. However, since 2008, the company has accelerated its expansion strategy in foreign markets through acquisitions, notably in the US, and efforts to establish itself in the European market (England).

This case study seeks to identify the determinants behind Groupe Leclerc's growth and market development approach, and to what extent innovation plays a key role in its corporate strategy and the development of sustainable competitive advantages. Thus, the question at hand could be framed as follows: **"How was this company able to carve out an enviable position amongst world class players in the United States and in a saturated Canadian market while pursuing growth in its activity sector?"**

GROUPE LECLERC SUCCESS FACTORS

In an interview with the CEO, M. Denis Leclerc, the authors asked what he considers as success determinants in his company. The main key success factors as identified by Denis Leclerc can be aggregated into four (4) distinct elements. These are:

Vision, Values and Corporate Culture

- Vision as an ongoing process focussed on the medium and long term.
- Sharing strategic information with personnel and partners of choice (suppliers, clients, collaborators, experts, etc.)

Relationships and Collaboration/Strategic Partnerships

- Ability to invest strategically - acquisition of well located plants and strategic assets (equipment, knowhow, brands, etc.).
- Strategic partnerships and collaborations with key actors in its activity sector.
- Ability to implement a supply chain providing significant volumes and operating at an international level.

Knowhow and Technologies (qualified workforce)

- Manufacturing strength (knowhow and engineering) and operating effectiveness.
- Workforce training aligned with company needs.
- Determined work teams comitted to the business approach and an innovative culture.
- Ability to invest in modern technologies and innovation in its broadest sense, and in potentially competitive and well located structures.

Client Proximity

- Ability to interpret and analyse market and consumer trends in order to seize substantial business opportunities.

GROUPE LECLERC HISTORY AND DESCRIPTION

Groupe Leclerc is a leader in the production of cookies and snack bars in North America. The company, featured in the top 50 best managed companies in Canada, has 650 employees in five ultra-modern locations and distributes its products in roughly 20 countries over four continents.

The Beginnings

Building on his experience as foreman at Biscuiterie Charest in Québec City, François Leclerc decides to launch his own company in 1905. Resourceful and hardworking, Mr. Leclerc manufactured cookies in the family home located on Arago Street in Québec City. While these are modest beginnings, the extraordinary freshness and flavourful attributes of the products produced by this start-up company rapidly won the loyalty of customers. In fact, this love for the products would inspire Groupe Leclerc's brand (the heart logo).

The Second Generation

Groupe Leclerc's second generation joined the Company in 1917. Inspired by his father's determination, Donat Leclerc resolutely committed to business development and, over the years, the family company showed rapid growth.

Transfer of Activities and Market Diversification

The year 1931 marked a turning point in Groupe Leclerc's evolution. Following a fire that destroyed the Arago street building, management began relocating its manufacturing to Saint-Vallier Street in Québec. In 1938, Donat Leclerc became Chairman of the company. At the end of the 1930s, the company began distributing outside the Québec region (Trois-Rivières, Beauce, Gaspésie and Côte-Nord).

Dynamism of the Third Generation

1955 marked the arrival of the third generation when Jean-Robert, son of Donat, joined the team. Gradually, Groupe Leclerc bought new equipment and expanded its manufacturing facilities. That same year, the packaging made of wood chips in wooden boxes was replaced with plastic bags. In 1965, the company began manufacturing private label cookies for the Steinberg grocery chain.

Over the years, Jean-Robert assumed various responsibilities, and then became head of the company's operations in 1971. He promoted the development of private labels: Provigo, Métro, IGA, Dominion, A&P, St-Castin, Épiciers Unis, Jato. He enabled the company to access the Montreal market and, through product diversification, resisted the wave of biscuit factory consolidations. The fourth generation's involvement began toward the end of the 1970s.

In Full Expansion

During the 1980s and 1990s, Groupe Leclerc took its presence in the Québec food industry to unprecedented heights. In 1986, the company opened a new cookie manufacturing plant located at 70 Roterdam Street in the Saint-Augustin-de-Desmaures industrial park. In 1990, all of the activities were transferred at that location. In 1994, the Groupe inaugurated a new manufacturing facility in Hawkesbury in an effort to enter the Ontario market and, two years later, launched the construction of a cereal manufacturing plant at 95 Rotterdam in Saint-Augustin-de-Desmaures. That same year, in order to eliminate its dependency on suppliers, the company decided to integrate a new cereal processing stage (crunchy rice grains and oat flakes) for manufacturing snack bars. Concerned with improving its supply management effectiveness, the company built a fully automated warehouse in 1999.

The 1990s also marked the beginnings of Groupe Leclerc in the United States, when the company landed private label contracts with US East Coast food chains. In 1995, Club Price introduced Biscuits Leclerc in its 240 stores across America. The company penetrated the European market in 1999 with the manufacturing of chewy cereal bars for ASDA in the United Kingdom.

The 2000s heralded the establishment of Leclerc in the United States, where the company acquired two plants, one in Montgomery, Pennsylvania in 2002, and another one in Tennessee in 2008. In 2011, the company bought the California brand "Go Pure Foods" through which it bolstered its healthy foods offering. Relying on its US success and expecting to have to increase its production, the company acquired a plant in Phoenix, Arizona, whose production will begin in the spring of 2014.

Groupe Leclerc does not look like the traditional family business. Innovation is at the heart of its processes and automation, as evidenced by its highly robotized production lines. It also has gone green as reflected in the installation, in 2004, of geothermal air conditioning systems in its warehouses, and its use of compostable corn based trays.

Health and Wellness Laboratory

The April 2012 inauguration of its Health and Wellness Laboratory attests to the fact that innovative research, development and the environment are at the heart of this forward looking company's concerns. As its fifth generation begins to get involved, Groupe Leclerc demonstrates its ability to adjust to a changing of the guard while retaining its youthfulness and its ability to innovate and to grow in foreign markets.

Furthermore, Groupe Leclerc has left its mark on the community as exemplified by its social and community involvement with charitable and sporting organizations. In 2004, the city of Saint-Augustin-de-Desmaures named its industrial park François Leclerc, as a tribute to its founder. The company's headquarters are still located there. This recognition is a reflection of the impact of Groupe Leclerc on the economic development of the region where it has grown. The company's employees and management's sense of belonging in their community, as well as their close-knit ties with various local organizers and actors, make it a jewel, the population's pride and joy. The love story goes on between Groupe Leclerc and its customers, especially in Quebec.

INDUSTRY AND COMPETITIVE ENVIRONMENT

Groupe Leclerc's products are part of the processed food category, in the bakery and pastry sub-category (code HS 1905). The company produces cookies, crackers and snack bars under three divisions: the **Leclerc brand**, **retailers' private brands** (Loblaws, Sobey's, Metro) and **outsourced brands** essentially for competing national brands. The company assigns only 10% of its volume of business to the latter. Its products are sold in Canada, the US and in more than 20 foreign countries.

Groupe Leclerc positions itself mainly in processing, but would not hesitate to position itself in other strategic areas of the supply chain (Figure 1). In particular, the company would position itself in supply activities in order to satisfy certain unmet expectations by its partners and collaborators, if that became necessary to fully realize its vision.

Denis Leclerc put it this way:

> ***"This means that even in some respects, in the absence of strategic partners in areas that may become strategically important in 15-20 years that we could decide to set up shop and build a plant, but not at any price or in any manner."***

Figure 1: Value chain for Groupe Leclerc

With regards to its national brand, Groupe Leclerc is competing against major players like Quakers, General Mills, Dare, Christies and Kellogg. Some of these major companies are also company clients (outsourcing). As far as private labels are concerned, controlling costs through manufacturing process effectiveness and product quality enables the company to position itself favourably and outpace the competition.

Groupe Leclerc's feature brands

GROUPE LECLERC SUCCESS FACTORS

Success factors as identified by Groupe Leclerc follow a competitive model similar to that of Porter's on competitive advantages. In this regard, the company's strategic success determinants translate into four distinct levers:

Vision, Values and Corporate Culture

At Groupe Leclerc, the recipe for success begins with a thorough vision-setting exercise. Through this process and trend analysis, Groupe Leclerc adjusts to the demand and closely identifies opportunities and consumer needs, and then innovates accordingly. Maybe because the company is family owned, the vision around which the Groupe's development takes shape is long-term in nature.

> ***I run a 109-year-old company, people have done the job well before me and have secured my future, that of the employees now working for me and the future of my children and grandchildren. I am now working to secure the future of my great-grandchildren and those employees who will be working for me in 25 years."***

Ongoing Process

This vision, summarized in the sidebar, is not static in nature. It constantly evolves and Groupe Leclerc uses bold and more open approaches in its business environment. The company tends to constantly distinguish itself through a philosophy that could be described as visionary and innovative and markedly focused on the mid to long term. The business vision is challenged on an ongoing basis and is tweaked regularly according to an understanding of the opportunities and their evolution, as well as a grasp of market trends and business clients' needs. In this regard, Mr. Denis Leclerc explained that Groupe Leclerc's business model is dynamic and constantly reassessed to ensure its relevance with business clients' needs. The strategic focus is to seize business opportunities and make the necessary adjustments to keep production lines in full operation.

The evolution of both the vision and the business model is shielded from external shareholder pressure, as opposed to publicly owned corporations that are constrained by short-term results. The corporation's financial health enables it to carry on in this fashion without concerns about short-term results. It can thus focus on a strategic

Corporate Vision in Brief

- To become a consumer ally in disease prevention.
- To give back to clients: involvement with youth and involvement in research.
- Despite our expansion, honour our origins.
- Health and wellness: tomorrow's products today.

business horizon spanning five to 10 years and sometimes over an even longer period of 15 to 20 years. Since gains are not distributed among shareholders, the company can more easily use its capital to consolidate its position.

The differentiation and innovation strategies are at the heart of the business model and corporate culture. Innovation is the competitive strategy of choice in order for the company to stand out. It is largely used in the quest for new clients and markets. The company aims to project the best position within its activity sector, in accordance with its corporate vision, its abilities and the resources at its disposal.

The company is well prepared to manage risks inherent to its operations. It is well equipped to properly position its spectrum of activities and plan its future to ensure its sustainability and be able to continue to develop its network together with both partners and employees. The future is perceived as being full of possibilities and opportunities, which implies a need to look beyond cookies and snack bars to such an extent that the corporate vision could even change the course of the Groupe, if required.

> ***"We've tried to anticipate what would be consumed in 10, 15, 20, 30 years from now. We've even considered drastic changes to our company's vocation. We've acquired orchards, we grow produce, and we're now considering all kinds of approaches. We will continue to produce cookies for as long as people will buy them. But this doesn't mean we will be making cookies 50 years from now."***

It is this evolving vision that has inspired the company to diversify its locations by entering the US market. The Canadian market was fully occupied, and therefore it seemed natural that growth should translate into an expansion of activities south. Given its desire to remain close to its clientele, the company was not satisfied with exporting products across the border, so it acquired its first US plant in 2002. Wishing to ensure a return on such investment, Groupe Leclerc's senior management became totally involved: Denis Leclerc moved to the US with his family! This enabled him to fully embrace the American culture, to better understand the way to do business in the US and to learn the "money talk." Mr. Leclerc is convinced that this type of involvement contributed to the venture's success:

> ***"We've learned quite a bit and we now own 3 plants there. But if I had not moved there, we would have sold all of that because we puzzled over it for a while."***

Presently the strategic focus is on Europe, where the company has been operating for a few years now, but also on Brazil and Chile, where the company's vision might also be achieved.

> ***"We have been operating in the United Kingdom (UK) for three years. We are presently finalizing the acquisition of a company founded in 1886. It will be our platform for development in Europe. After that, we're going to South America where there are promising prospects: We increasing see per capita revenue, a growing population, a low age average and capacity to grow produce and ingredients at interesting costs. We have therefore started to become interested in Brazil and Chile, etc."***

Sharing Strategic Information

Groupe Leclerc's success also hinges on sharing strategic information within the company and amongst key partners. This information transfer enables the company to share its vision and to get employees and collaborators to buy into the approach and to move in the same direction. The value chain evaluation is performed on an ongoing basis, are considerations of prospective business partners. Furthermore, utmost importance is given to the vision's coherence as propagated amongst business units, and to the fact that it should be shared with, and understood by, all company stakeholders and throughout the value chain.

In order to meet the internal communication challenge, the company is presently creating a platform to facilitate exchanges within a plant and between various company plants. Mr. Leclerc compares this system to an "Industrial Facebook." Eventually, all employees will have an iPad mini through which they will be able to follow adapted training, be informed of company projects and achievements and communicate relevant functional information to concerned individuals (superiors, colleagues, employees on the next shift, maintenance team, etc.). All of this can occur through text messaging or audio and video recordings. Everything will be highly visual in order to avoid problems of multilingualism (English, French and Spanish) and illiteracy.

Partners' collaboration is highly important, but is not always easy to manage because these partners don't all share the same vision as Groupe Leclerc's and don't necessarily understand its approach. Mr. Leclerc estimates that not many of those partners and suppliers share a similar vision as Groupe Leclerc's, but he is able to find some who are bold and with whom communication and collaboration is more readily facilitated.

> ***"Presently, very few among us look so far down the road. We know each other, we talk, and we share a lot."***

Relationships and Collaboration/ Strategic Partnerships

Strategic Investment

At Groupe Leclerc, the key to innovation resides in its capacity to invest. Indeed, the company has sufficient capital to realize its strategic projects, an integral part of its vision and strategic preferences. The company attributes a good deal of its success to this specific element, given that without access to such investment capital, it could not have developed to the extent that it has. The business acumen of Groupe Leclerc's management, coupled with an innovative vision, are the fundamental pillars of its success.

> ***"Our greatest strength is our capacity to invest. We don't have to write cheques to investors. I must not worry about day-to-day business. I must focus on the future, and that is what I'm doing."***

The Canadian food market is mature in many areas. In 2011, it accounted for 70% of Groupe Leclerc's turnover while 25% of its revenues came from the US and the remaining 5% from Europe for the most part[1]. The evolution of the company's revenue base results from the performance of its foreign markets, most specifically the US. Indeed, between 2010 and 2012, sales have increased there from $250 million to $275 million, raising the US market contribution from 4% to 35%[2]. Denis Leclerc more than agrees and adds:

> ***"Biscuits Leclerc is well off thanks to the US. There is no growth in the Canadian market. Our three major Canadian retailers are relatively stable, but the Canadian economy is not faring well."***

Groupe Leclerc is decidedly turning toward export markets given the maturity of the demand in the Canadian market. Its capacity to invest has enabled the company to acquire at this stage three plants in the US where high performance automated production lines have been installed in order to diversify its product offering. Such capacity will also serve to finance new projects, whether in Canada to sustain existing plants' performance, in the United States to get closer to its clientele, in the United Kingdom to bolster its business development in Europe, or in South America to maintain its growth. Foreign investments serve to offset the Canadian market's sluggishness and to keep Groupe Leclerc productive and active.

> ***"I average out my risk. This year, if Biscuits Leclerc had only been in Canada, our turnover would have diminished while we enjoyed double-digit growth instead. I've managed to offset a deficit in Canada with our American and European growth."***

Groupe Leclerc's production units are scattered in order to ensure strategic proximity with business clients. The company thus seeks to facilitate logistics around its operations and to strategically position itself to anticipate client needs and bolster their satisfaction while lowering costs. Service, effectiveness and reliability are all key factors for its private label and outsourcing clients.

The American mass market presents more than interesting advantages compared to what is presently possible in Canada, given the lack of structural flexibility inherent to this market (distributor concentration). The growing presence of international and global players means that the company has to further its development by positioning itself strategically and by pursuing its clients. In this respect, it is now recognized that the major clients are in the United States and that it gets progressively harder to position itself strictly from a Canadian standpoint, given the number of players here and the limited capacity of this market. Furthermore, the commercial environment in foreign markets is often quite different from prevailing conditions in Canada:

> ***"Commercial conditions in the United States do not compare to those in Canada nowadays. The ease to do business is in the US. Our operating costs in the US are much lower even if salaries are comparable. In fact, it is labour related costs that are exorbitant in Canada and Québec."***

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[1] *Journal Les Affaires, December 17th 2011.* These figures don't take into account the latest GL acquisition, California's Go Pure Foods.

[2] André Dubuc, Biscuits Leclerc agrandit son usine au Tennessee, *La Presse*, April 5, 2013

Ultimately, Groupe Leclerc's strategy is to have a high-performance manufacturing tool enabling it to meet client demands and requirements. Market geographic diversification and key infrastructure location are therefore of significant strategic importance in order to maximise the company's expertise and engineering leverage. In so doing, the company avails itself of the means to pursue its growth by being close to its clients in order to serve them according to their expectations.

Partnership and Strategic Collaboration

Groupe Leclerc rigorously follows the positioning evolution of key players within the industry and makes it a point to understand them thoroughly, and even personally. The level of foreign commercial activities is unprecedented. The company must therefore continually adjust its vision jointly with its partners and collaborators in order to position itself first. The search for expertise, innovative ideas and opportunities is of utmost strategic importance. To know with whom you are dealing with, and why, becomes a key factor in doing business. The company must go beyond its comfort zone and ensure it is dealing with the right collaborators.

> ***There is a certain adjustment involved. Every year, we select and evaluate four or five more strategic partners: Are we on the same path, what are their succession and investment plans, etc. Often, we're ready to support them financially if there are problems, but we lose some along the way."***

Moreover, the strategic focus of major brand manufacturers and food suppliers is at the tail end of the value chain (marketing and distribution) and on private labels.

> ***"The major brand manufacturers are doing business with subcontractors, as we do. They invest less and less in their production tools and have independents do it instead, because these providers gear up more rapidly and operate more effectively. These large companies are becoming marketing entities, they are managing brands. They will always keep an operational arm, but their core business will be in marketing and distribution."***

Partnerships in the United States do not happen without adjustments on the part of the company. It has to convince partners that they will benefit from this collaboration:

> ***"We've learned to speak their language: We talk money. I have learned how to talk money and I am now teaching my people how to do so. Companies are willing to do business with us as long as we help them make money. Close to 90% of the companies we do business with are publicly traded: They must show growth and profits every quarter. They must consider me as a tool to make it happen. We've therefore changed our approach to be able to explain how they will be able to make money with us."***

Moreover, a fair number of references and specialized resources recognized for their creativity and sense of opportunity also form an integral part of Groupe Leclerc's innovation network. The company never hesitates to reach out for expertise and innovative methods. The traditional network of universities, research institutes or specialized centres are consulted and lend assistance locally or internationally. Such partnerships made it possible for Groupe Leclerc to get into the functional food category by introducing the Praeventia brand that brings together bars and cookies made with functional ingredients like insulin, beta-glucane and polyphenols. Thanks to these innovations, the company was able to differentiate itself from the competition and to showcase its leadership position.

> ***"We believe that the supply chain will be the challenge over the next 30 years."***

Supply Chain

At Groupe Leclerc, the supply chain is examined very closely. Economies of scale at that level are considered essential to ensure the company's competitiveness. Supply stability is studied for the long term, up to 50 years ahead. The company wonders about its place in a world in constant mutation. The supply chain's strategic importance in terms of volumes, costs, quality and innovation is essential to the company's business deployment. In this regard, the strategic question is: **"Who will control our business and supplies in the future?"** Agricultural land acquisition by major groups in Canada and elsewhere in the world will likely have an impact on relationships and negotiations with commodity suppliers. International demand growth for certain produce will alter the use of soil: there is a risk that less wheat will be grown in Western Canada, resulting in higher prices for flour. The company definitely needs to take these factors into account.

In addition, the size of the company also has an impact on the supply issue. Groupe Leclerc does not have the scale to negotiate with major suppliers despite its sizeable needs:

Praeventia : a line of products featuring functional ingredients

> ***"We are marginal in their view, in spite of our size. But we consume enough to encounter supply issues. That is our problem: we're not large enough to be important, but we are too large not to worry about our supply sources. If you buy 100 bags of flour per week, you will pay more, but you'll still be able to find 100 bags weekly. In my case, I need millions of pounds of flour a week."***

Knowhow / Technology (qualified workforce)

Operational Effectiveness

The just-in-time approach to effectively respond to client demands requires impeccable logistics in order to remain competitive, especially in the US market. The use of leading edge and highly automated equipment is therefore essential in meeting client requirements. Moreover, expertise, equipment flexibility and corporate knowledge are key factors in the deployment of world class processing tools. They are the reasons behind the performance, efficiencies and quick response of the company.

Workforce Training

To maintain the company's operational effectiveness, workforce qualifications become a pre-requisite. Groupe Leclerc assigns a lot of importance to on-the-job training in order to ensure that employee qualifications meet all its requirements. For example, in the US, the company benefits from specific training programs offered by technical colleges.

> ***"We've just launched a new processing line in Tennessee which includes 61 robots. We worked closely with the Tennessee government to train our workforce so that we could fully use this technology. The Rector of the Tennessee State Technical Centre took an interest in what we were doing and offered the use of his facilities to train new and existing workforce. They did a fine job. Sadly, though, we don't see anything like that elsewhere.***

In Québec, the Co-op program for engineering trainees facilitates the hiring of engineers. These engineers are therefore already familiar with the company's needs; they know how it operates and are ready to assume their duties more quickly.

> ***"Our engineers have been on co-op training courses with us. We have good results because we get to know them during their stay and they learn the type of work involved in companies like ours. Afterwards, our hiring process is simplified. Moreover, during those training courses, work and analyses are done that are well adapted to our industry. Sherbrooke University, amongst others, has a good program."***

The ultimate training objective is to teach how to produce quality: ***"The client must be satisfied."***

Teams Dedicated to a Culture of Innovation

The attention given to workforce training, the sharing of the strategic vision within the company, and management's determination results in employees steeped in Groupe Leclerc's innovation culture. They are then well equipped to contribute to the company's continued success.

Investment in Innovation

Generally, the company's strategic choices are guided by innovation drivers (differentiation strategy) much more than by strict organisational and operational competitive factors. In reality, the company figures that competitors can do just as well in organizational and operational matters (value chain). It is more in its approach to vision-setting and innovation that Groupe Leclerc positions itself advantageously to differentiate itself and develop its own scales (supply chains, technologies and production volumes), enabling it to skilfully evolve and compete in foreign markets. In this regard, it has a mixed strategy: "Push" and "Pull." It invents itself according to a reality where the company does not have its own "leader" brand and where its expertise and the financial assets needed to support a strong international brand are limited. The focus therefore hinges on the creation of a playing field of its own where it will do things more effectively than the major players. Thus, Groupe Leclerc maximizes its opportunities by investing in its manufacturing capacities through technology and innovation. It now has the luxury of exporting this knowledge to other markets deemed appropriate for its business development.

> ***"We assess food trends, the Chinese market potential and even climate change and its impact on production conditions. Maybe one day our research and development will focus on innovative ways to grow produce and ingredients. We are now working at improving our orchards and our oats fields: better irrigation, less use of pesticides, etc. This year, I've saved $25 000 by improving our pesticides usage. There are ways to improve our business at every level, there are ways to be better and do better. This is where we want to go, not just in terms of our products, but also at every level."***

Client Proximity

Seizing Business Opportunities

The examination of opportunities and business trends matter a great deal in the way the various units of Groupe Leclerc do business (proprietary and private labels). In these matters, Groupe Leclerc does not limit itself to conventional approaches. It will not hesitate to seek the participation of resources and individuals who can make a difference in the way projects are carried out. The work involved is creative and constantly adjusted in order to achieve expected results. Moreover, given the nature of the technological investments (automation) and their significance regarding the production structure, it is important to have these assets constantly busy. Management therefore focuses on seizing business opportunities and making sure that they serve the interests of both the clients and the company. One of the more productive and effective ways to do this is to ensure client proximity. Indeed, Groupe Leclerc's clienteles appreciate knowing that the operational units are located close by. The benefits of this approach include a greater ability to service clients and to entertain closer and more reliable relations. In addition, it enhances the perception that products are made locally, which is the norm in Canada as well as in the United States. Ultimately, client proximity allows Groupe Leclerc to follow a win-win approach that makes it easier to seize opportunities and maximizes the use of its technology pool, and therefore its profitability.

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