



Banking on Canadian entrepreneurs  
La banque qui mise sur les entrepreneurs canadiens

# spring profits\$

2007

Essential information for entrepreneurs

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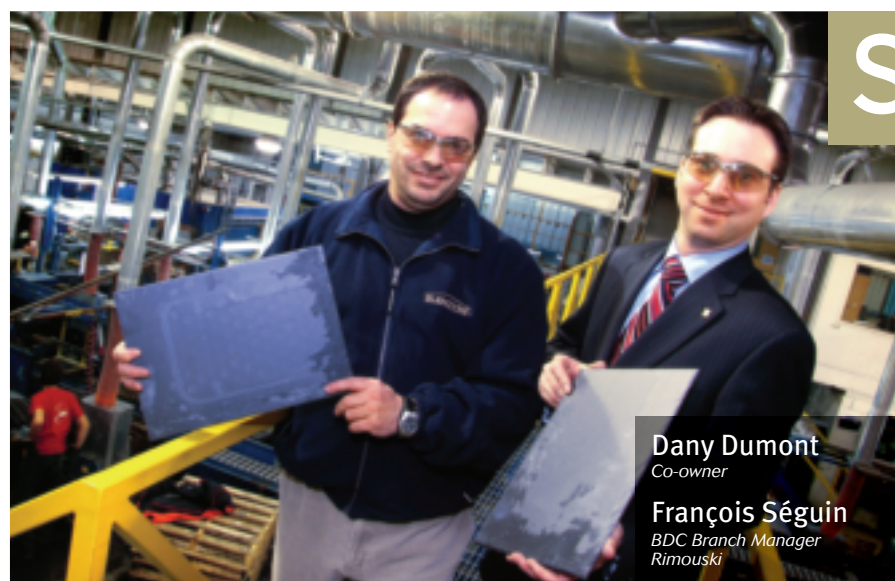
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# Globalization: A world of opportunity for SMEs

## “SMEs can succeed.”

An interview with **Bruce McConnell**  
Vice President, BDC Consulting



**Dany Dumont**  
Co-owner  
**François Séguin**  
BDC Branch Manager  
Rimouski

### GLENDYNE INC.

In a global market, pricing is not the only card that entrepreneurs can play to win. Glendyne Inc. is proving that offering a high-end, irrefutable product is another way to combat foreign competition.

“When the core of your business is exporting to several continents, you need to have something that your competitors can’t easily copy,” says Dany Dumont, co-owner of Glendyne Inc. The company owns a slate quarry in Saint-Marc-du-Lac-Long, Quebec, and produces high-quality roofing slate for its niche market—largely prestigious institutional and residential buildings where craftsmanship is a priority. Glendyne’s manufacturing processes combine high technology with traditional expertise passed down

from master quarry workers in France to provide a top-of-the-line natural slate product.

“Our key competitors are in Spain, Brazil and China. We have invested significantly in research and development, which should continue to put us a notch above companies there in terms of quality control and productivity,” explains Gilles Fradette, co-owner of the company. To sharpen its competitive edge in the international arena, the company has injected over \$5 million to improve its manufacturing processes and modernize plant facilities. “Strict quality control also ensures that we can consistently respond to customer expectations. For example, our new technology enables us to inspect and grade each slate before it is placed in crate pallets,” says Dumont.

## Slated for global success

The Glendyne team also turned to BDC to help finance major improvements that would drive productivity. To meet increasing demand for its products, the company has grown from 40 to nearly 300 employees since its establishment in 1995. Glendyne’s slate production volume has increased twenty-fold to reach 20,000 tons per year.

“Of course, we didn’t get there by simply improvising,” emphasizes Dumont. The company went to BDC Consulting to devise a strategic plan that would better target its growth potential. Dumont believes that using an external consultant “helped us objectively see our weaknesses and strengths. You absolutely need a clear direction in a global market. Otherwise, you risk going off track.”

Certainly, Glendyne’s business strategy is now paying off. Today,

the company exports its products all over Europe, the U.K., the U.S. and Australia and has won many contracts for award-winning heritage buildings. “Image is an important factor in our success, so we take on the challenge of doing work that gets public attention,” says Dumont.

“I’m confident that we’re poised for even more growth in the years to come. This is a very exciting time for our company,” he concludes.



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Week®**

**Are you a young  
entrepreneur?**

You may be eligible for the BDC Young Entrepreneur Awards.

See details on page 6.





Jean-René Halde  
President and CEO  
BDC

## Entrepreneurs: Keep an eye on the horizon

Savvy entrepreneurs are like drivers who keep an eye on the horizon, not the steering wheel. It’s the only way to see what’s coming. And in today’s globalized business environment, the horizon is wider and more varied than ever before.

BDC, which exists to support Canadians who are creating and growing small and medium-sized businesses, can support you as you navigate today’s competitive challenges.

The key to competitiveness is adaptation. This means changing to seize opportunities and to sidestep threats. Increasingly, it also means adapting to global as well as local dimensions of change—change driven by new, productive workforces and consumers in other countries, and changing customer tastes.

The important thing to do is to anticipate or detect changes and plan your competitive response. Ask yourself: What’s coming? Will it change my company’s environment? Is my business model equipped to win in this new environment?

If it isn’t, re-think your business model. How should you change to stay competitive? Should you outsource some production? Should you sell somewhere else?

Your first step does not have to be across the world. Perhaps selling to Maine is the right competitive first step, or getting supplies from Minnesota or China.

Another thing to remember is that people will pay a premium for added value. If your product or service does not add value, do not be surprised if a competitor’s product begins to attract your clients.

In sum, keep an eye on the horizon and actively question whether your business is equipped to handle change and add value.

BDC is here to help you. We provide financing, consulting and venture capital services from 92 branches across the country.

# News Briefs\*

Did you know? As a voluntary, non-political association, the **Canadian Chamber of Commerce** represents 170,000 members through a network of more than 350 community, provincial and territorial chambers of commerce from all regions of Canada and all sectors of our economy. We play a key role in promoting public policies that are beneficial to the Canadian businesses that we represent. Find out more about our services by visiting our website at [www.chamber.ca](http://www.chamber.ca).



The **Canadian Federation of Independent Business (CFIB)** represents small and medium-sized businesses. As a generation of entrepreneurs prepares to retire, CFIB is helping its members properly plan for that transition and ensure the future of their businesses, by launching a succession guide to help owners through the process. For more information, visit [www.cfib.ca](http://www.cfib.ca).



Confidence levels among Canadian exporters, while remaining low, are rising marginally as exporters anticipate a moderation in the value of the Canadian dollar and commodities, according to the semi-annual Trade Confidence Index (TCI) survey from **Export Development Canada (EDC)**. The fall 2006 overall index rose to 71.4 out of a possible 100 points, up from 70.7 in the spring of 2006 and nearing the 71.7 recorded in the fall of 2005. For details, visit [www.edc.ca](http://www.edc.ca).



Canadian small businesses can now take better control of their taxes and maximize valuable business deductions. **QuickTax Business** makes taxes easy. Its step-by-step guidance simplifies tax preparation and then reviews completed returns to ensure they are error free. New time-saving features include the EasyStep™ interview, which customizes the interview process and presents only the questions and forms the user needs. Learn more about QuickTax Business at [www.quicktax.intuit.ca](http://www.quicktax.intuit.ca).



Make the most of your time with an easy wireless e-mail solution from **Rogers**. We make sure you’re up and running quickly, so you can send and receive e-mail on your wireless device right away. Plus, our dedicated Rogers technical support team will ensure that your service is always running smoothly. Find out more at [www.rogers.com/easyemail](http://www.rogers.com/easyemail).



Entrepreneurs are the engine of a diversified economy in the West. To fuel their success, **Western Economic Diversification Canada (WD)** provides business information and advice through our more than 100 Business Service Network offices. The result is more jobs, stronger communities and a competitive, robust economy that generates prosperity for Western Canadians. Visit [www.wd.gc.ca](http://www.wd.gc.ca).



**WestJet** is Canada’s leading low-fare airline offering scheduled service throughout its 35-city North American and Caribbean network. Named Canada’s most admired corporate culture in 2006, WestJet pioneered low-cost, high-value flying in Canada. With increased legroom and leather seats on its modern fleet of Boeing Next-Generation 737 aircraft, and live seatback television provided by Bell ExpressVu on the majority of its airplanes, WestJet strives to be the number one choice for travellers. Visit [www.westjet.com](http://www.westjet.com).



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## Ask a professional

This month’s theme:  
**Globalization**

Go to [www.bdc.ca/ask](http://www.bdc.ca/ask), where a BDC Consulting business advisor will answer your questions.

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Canada



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# SUCCESS WITHOUT LIMITS



**Craig McIntosh**  
*President and CEO*

## ACRYLON PLASTICS

Favourable exchange rates have often been a welcome break for Canadian manufacturers with valuable U.S. business. But even with unpredictable currency fluctuations, Acrylon Plastics is showing that small companies can succeed by increasing productivity and ultimately driving growth.

“Today, no business can afford to be propped up by currency. We recognized early on that investing in new equipment and our operations was essential if we wanted to compete with the best in the business,” says Craig McIntosh, who is at the helm of this highly successful manufacturer based in Winnipeg. Acrylon Plastics produces low-cost, high-quality plastic parts used in its customers end products, which could be anything from buses to playground equipment. Over 70 percent of the firm’s business is U.S.-based, so muscling up to compete with bigger American players is also a priority.

“From our very beginnings, we’ve continually improved our operations. It’s a part of our culture,” says McIntosh. Acrylon Plastics has a long history of state-of-the-art equipment investments that go back to the early 1980s. By 1995, the company had already been awarded ISO certification, making it one of the first to achieve this

Fully  
equipped  
to compete  
globally

renowned stamp of approval in the plastics industry. Since then, Acrylon Plastics has invested every year in modernizing equipment. “You can start with cost cutting to get your business in shape but long-term return on investment is what pays off,” he emphasizes.

McIntosh cites the company’s strong growth performance to make his case. He’s also very proud of his loyal client base and boasts customers who go back more than 20 years. “We’ve been able to maintain that fidelity because we’re very good at adapting to client needs. Our customers know that we have a passion for solving problems, not just providing parts,” says McIntosh. “It’s not a question of just offering a good price. We show that we can perform and deliver consistently. That’s what our clients are willing to pay for now and expect,” he adds.

“From our very beginnings, we’ve continually improved our operations. It’s a part of our culture.”

BDC has also contributed to Acrylon’s success through financing “the re-stabilization of our business after a challenging period.” More recently, BDC financed the purchase of new facilities in Saskatoon, which has helped the company increase its production volume. As well, McIntosh and his team are working with BDC Consulting to implement lean manufacturing practices. “We’re definitely seeing results in our production line. Eighty percent of the gain from lean manufacturing comes from improving about 20 percent of our activities. In the end, it’s about always looking for ways to improve on our ability to compete on an international scale,” he says.

ACRYLON PLASTICS	
Founded:	1978
President and CEO:	Craig McIntosh
Products:	Plastic products
Website:	www.acrylon.com



**Debbie Smith  
Dwight Smith**  
*Co-owners*

## HAMILL CREEK TIMBERWRIGHTS

The people behind Hamill Creek Timberwrights know what it is to do business without boundaries. After all, when you’re located in a remote area of British Columbia, you learn quickly how to get your product to customers anywhere, anytime.

“I guess we’re good at being global because we have to be,” says co-owner Dwight Smith, who runs the Meadow Creek, B.C.-based company with his wife, Debbie Smith. Hamill Creek Timberwrights specializes in building custom timber frame projects that are crafted by skilled timberwrights who use traditional joinery methods. The projects range from homes to luxury lodges and are designed to be dismantled, shipped and then re-assembled on the customer’s site.

Ensuring speedy delivery while maintaining top quality has served this company well in the international market. First and foremost, Smith has set up his operations so that he is able to handle all steps of construction on site. This enables his team to oversee every aspect of building from concept and design through to raising and finishing, and save time in the process. “Hamill Creek also has immediate access to some of the finest quality timber resources in the world, which are used in the timber frames. These are then cut in the company’s sawmill, ensuring quality control right from the

beginning of the manufacturing process,” he explains.

That agility gives Hamill Creek an advantage over U.S. or foreign companies, which often buy their timber resources in Canada and then ship them back for manufacturing on their sites. To improve efficiency, the company has also forged alliances with other firms that use similar building methods and are accustomed to shipping products around the world.

BDC has played an important role for Hamill Creek through financing high-technology, specialized timber joinery equipment for the company and the modernization of its facilities. “Investing in robotics has helped us be more productive,” Smith says. The company has seen exponential growth, expanding from a two-man shop to 40 employees in 12 years.

“There’s a world of opportunity out there and we’re going after it.”

“Trade is opening up everywhere. Economies overseas are thriving, so we see a lot of growth potential,” says Smith. In fact, the company has stepped up its presence at trade shows to ensure that it gets a bigger piece of the international pie. “There’s a world of opportunity out there and we’re going after it,” he concludes.

HAMILL CREEK TIMBERWRIGHTS	
Founded:	1990
Co-owners:	Dwight Smith and Debbie Smith
Products:	Custom timber frame projects
Website:	www.hamillcreek.com



# Successfully navigating global markets



David Lombardi  
Stan Mason  
*Co-owners*

## SEAFORTH ENGINEERING GROUP INC.

Assess your risks carefully but don't steer away from global opportunities. That would be the business philosophy at Seaforth Engineering Group Inc.

"If you don't take some calculated risk, you limit your horizons," says its president, David Lombardi, who runs the Dartmouth, Nova Scotia-based company with partner Stan Mason. Seaforth Engineering offers engineering and project management services in the areas of marine geomatics and renewable energy technology, and has earned an impressive roster of clients all over North America, Europe, India, Africa and the Middle East.

Lombardi's first piece of advice to entrepreneurs exploring the global market would be to "pick your partners and alliances prudently. Our company is very relationship-based, so we've ensured that the people we work with have a good chemistry with us," he says. "We're the kind of business that always strives for perfection. We have those expectations from our employees and our partners. That's how we stand out from our competitors, some of whom are giant multinationals," he emphasizes.

Although many business people may associate the global race with "burning the candle at both ends," Lombardi contends that entrepreneurs can achieve a healthy balance of work and life, even with extensive travel. "Family comes first for both me and my business partner. If you're working 90 hours a week, then you're

probably not that efficient. You have to know your limits and set your objectives accordingly," he believes.

Lombardi feels that his firm's close rapport with BDC has helped the company manage its rapid growth. "Frankly, we could not have done it without BDC. They've always seen us through challenges because they have the confidence in our ability to deliver," he stresses. Over the years, BDC has financed highly specialized equipment for projects such as a hydro-electric plant owned and operated by the partners. Other company activities now include ocean mapping and consulting for clients engaged in the United Nations Law of the Sea process, marine route surveys and other specialized applications. Another area of rapid growth for the company is the manufacture and sale of a 50-kW wind turbine, which has virtually unlimited global sales potential.

BDC has also financed new lakeside premises for the company. "Our new property has helped us reinforce our image as an international-scale business," says Lombardi. He and his team routinely receive visitors from all over the world. "Our new building says a lot about who we are and our commitment to our staff, clients and the communities around us."

As the company moves fast-forward, the owners are now working with BDC Consulting to put together a business transition plan. "We want to be able to bring some of our key employees into the business. We're not ready to pass the torch yet, but we'll be well prepared when we do," he concludes.

*"If you don't take some calculated risk, you limit your horizons."*

SEAFORTH ENGINEERING GROUP INC.	
Founded:	1994
President:	David Lombardi
Products:	Marine engineering and renewable energy technology solutions
Website:	www.seaforthengineering.com



Wendy Buba  
*President*  
Gary Ball  
*CEO*  
Bill Buba  
*CFO and Executive Vice President*

# The fabric of a world-class business

## SEW-RITE GROUP

If you're adapting your business to meet the demands of a global market, Bill Buba provides these words of wisdom: Stick to what you do best and outsource the rest.

"I call that growing intelligently," says the CFO and executive vice president of Sew-Rite Group, a Woodbridge, Ontario-based company that manufactures and imports household textile products ranging from bedding to decorative pillows. "In our case, making changes to the way we do business is really an evolution and not a revolution," he emphasizes.

Faced with competitive pressures, increasing inventory and tighter deadlines, the company re-examined its business model to see where it could make improvements. "First and foremost, we realized that we were very good at design, sales and sourcing from all over the world. Those were our three core competencies," explains Buba. Today the company boasts giants like Sears, Wal-Mart and Zellers on its client list, largely because the company can offer customers more than 30 years of experience in this niche market. "We also have a long-term relationship with suppliers in China, Pakistan and India, so we know the ins and outs of the business," he says.

*"In our case, making change to the way we do business is really an evolution and not a revolution."*

Capitalizing on those strengths helped Sew-Rite determine the right strategy to take its business to a new level. "Our idea is to gradually shift away from manufacturing on site and move toward importing or low-cost manufacturing offshore," he explains. "We're also working on outsourcing logistics to other expert companies, which enables us to focus on what we do best," he says.

To sharpen its competitive edge, the Sew-Rite team has implemented better communication tools such as electronic data interchange, which improve the flow of information along the supply chain. "We want it to be seamless to our customers, whether we're sourcing from China or the neighbour across the street," Buba says.

The company relied on BDC Consulting to help with strategic planning and adapting their business model to meet new market demands. "Getting that external advice was invaluable to us," says Buba. BDC Consulting was also able to provide assistance to the company in obtaining Scientific Research and Experimental Development (SR&ED) tax credits. "On the financing front, BDC provided us working capital to better man-

age growth and finance more inventory, as well as new technology and equipment," he adds. "We're now looking forward to the next leg of our journey," he says.

SEW-RITE GROUP	
Founded:	1960
CEO:	Gary Ball
Products:	Household textile products
Website:	www.sewritergroup.com



# Globalization:

# A world of opportunity for SMEs



**W**hile the prospect of competing globally can seem daunting, Bruce McConnell believes that SMEs can succeed if they focus on two key areas.

“Essentially, it’s either about seizing opportunities for new markets or improving how you do business so you can better compete,” says the vice president, BDC Consulting. A term that entrepreneurs often hear is “supply chain management,” says McConnell. Essentially, this is how well your company handles the flow of information, internal and external suppliers, production, distributors and customers. “Put simply,” he says, “you have to be in the best shape if you want to win the game.”

## Doing business in the international arena

“On one level, there’s an obvious wealth of new business out there to exploit,” says McConnell. And the opportunities are as close as New England or Mexico. For entrepreneurs looking to export, for example, the U.S. remains a reliable and dependable market. “It’s sometimes easier to take your first export steps on familiar turf. We share cultural similarities and largely the same business practices,” he says.

McConnell also points to the world’s emerging economies as a source of potential business for SMEs. Good examples are India, Brazil, Russia and China, which are all seeing explosive growth. “These countries have a population hungry for new products and services, so Canadian small and medium-sized businesses

should try to reach these consumers,” he says. “You do business where you can drive the most growth,” he adds.

## Supply chain management: What’s your strategy?

“A key strategy for SMEs today is to carefully examine their entire supply chain,” says McConnell. “Obviously, this can mean different things for entrepreneurs, depending on their industry,” he emphasizes. As a small business, you could be looking at one small step in your supply chain. For example, if you’re a company that competes on labour, then you might need to look at cheaper ways of manufacturing your product. Or if a business activity such as handling logistics is too time consuming and taking you away from your core business, then you could consider outsourcing that activity.

In the same way, a business that offers a product with little added value in a domestic market might need to “niche up” for a global one, contends McConnell. “It’s important to find innovative ways to differentiate yourself in a global context because so many businesses are vying for that piece of the pie,” he says. To sharpen their competitive edge, some companies may even have to change their business model entirely. For example, as a manufacturer in Canada looking for a cheaper way of getting your products to shelves, you might consider importing. “The trick is to keep your eye on your business model and ensure that it’s delivering the best possible results.”

## Getting external advice

McConnell recommends seeking outside advice about how to best exploit the opportunities of globalization or sidestep its threats. BDC, for example, offers affordable and quality consulting advice plus financing, all under one roof. “Our consultants have the knowledge you need to exploit new markets or improve your supply chain management,” he says.

Typical areas of advice include strategic planning, which can help SMEs assess their strengths and weaknesses and devise concrete plans to guide their companies in the long term. Entrepreneurs can also benefit by doing marketing

and research in export markets, or improving operational efficiency to increase productivity and stay lean. On the human resources front, companies can get advice on how to hire and retain the best people in a labour pool that, nowadays, spans several continents.

“Of course, every company has its unique needs. We look at your business and then determine how we can best help you excel in the global market,” says McConnell. “This is an exciting time to be in business and we’re very pleased to provide that vital support,” he says.



## What will globalization mean for businesses tomorrow?

According to the World Bank, the next wave of globalization will likely have three prominent features. We will see the economic clout of developing countries such as China, India and Brazil continue to grow. No surprise there. We will also see a high potential for productivity increases offered by global production chains, particularly in services. Finally, we will see an accelerated diffusion of technology as costs continue to fall and more people gain access to telecommunications and the Internet.

What this means for business is more of the same. More of the pressures with which it has been struggling. Rising competitive pressure. More products becoming commodities. More skills becoming commodities.

In sum, globalization will continue pushing us into a knowledge-based, innovation-driven economy. It will continue to force businesses, SMEs included, to climb up the value chain.



# Brainpower inventory

## Taking stock of your intangible assets

When most people think of business assets, they think of buildings, machines or product inventory. But in today's global economy, *intangible assets* are just as valuable.

Intangible assets are the added value that your business offers beyond tangibles such as hardware and mortar. Think of process re-engineering and technology platform overhauls, R&D, training (technical and managerial) and contact networks. Even your strategic plan. All of these assets are worth gold in a highly competitive environment.

For example, if you're a manufacturer, your technology and products are important. But what will make you stand out in the crowd is your ability to draw on the knowledge and skills of your people, for instance, or your lean manufacturing practices. If you're selling a skin-care line, your R&D capacity to bring new products to the market will keep your business alive.

If you're wondering how to invest in intangible assets to help your company grow, get in touch with BDC Consulting.

## Exporting using a strong dollar

The value of the Canadian dollar has a real impact on businesses that export to American and other international markets. Faced with reduced returns from export sales, entrepreneurs may wonder how to protect themselves from the effects of further currency fluctuations.

In a nutshell, the way to reduce risk is to prepare for change. Success in exporting begins with a sound export plan, the right prices and high overall productivity. It also means the use of tools to manage exchange risk.

### Have a solid export plan

No matter what the value of the dollar is, you should have an export plan. Developing or updating your plan can help you better understand your markets and your competition. It will also help you determine your goals and how to reach them.

Here are some questions you should ask.

### Is there another market for your products?

Exploring new markets where your product is more competitive can be a sound strategy to compensate for a volatile Canadian dollar.

### Can you consolidate local markets?

You may also want to consider selling in more parts of Canada.

### Can you change your products to be more competitive in the export market?

You may be able to add a product, or customize the sales and marketing of an existing product, to appeal to a new market or demographic group. Diversifying your products may help you gain more stability.

## Looking for nationwide exposure and recognition?

### YOUNG ENTREPRENEUR AWARDS

#### Apply for one of BDC's Young Entrepreneur Awards today!

BDC is acknowledging the achievements of Canada's young business owners by presenting its *Young Entrepreneur Awards* (YEA) for the 20<sup>th</sup> time this year. These awards - one for each province and territory - are given to young entrepreneurs to recognize their innovative spirit and business acumen.

As one of BDC's *Young Entrepreneur Awards* winner, you benefit from nationwide exposure and recognition, resulting in increased awareness of your company in the business community.

To be eligible for the BDC *Young Entrepreneur Awards*, you need to:

- be a Canadian citizen
- be between 19 and 35 years old on December 31, 2007
- have at least two years' experience as an entrepreneur

You could also be eligible for one of the following special awards:

- the Export Excellence Award
- the Business Transition Award

To register, submit a nomination or receive more information, call toll free 1 888 INFO-BDC, visit your nearest BDC branch or go to [www.bdc.ca/yea](http://www.bdc.ca/yea).

Deadline for submitting applications is June 6, 2007.

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