

profits\$

ESSENTIAL INFORMATION
FOR ENTREPRENEURS

PLAYING TO WIN

*HOW TO PLAN YOUR
GROWTH STRATEGY*

A PARTNERSHIP THAT WORKS

*MINIMIZING CONFLICT
WITH YOUR PARTNER*

BREWING UP A BETTER BUSINESS

*A CAFÉ OWNER'S
PRIZE-WINNING IDEA*





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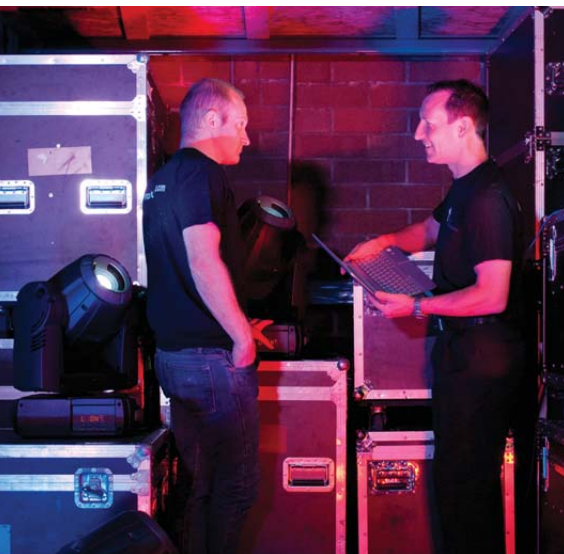
A ROAD MAP TO GROWTH

When growth stalled at Niagara Tools, President **PAUL BRODEUR** took action to shake up his business. The strategy shift has paid off and shows how an entrepreneur can aim high and win.

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A lack of clarity in the roles of business partners **BEN PATIENCE** and **CHRISTOPHER MORENO** threatened to sink their fast-growing company until they sat down and formally divided up responsibilities.



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ANNIE BELLAVANCE started Souris Mini 25 years ago, the same year her first daughter was born. The young designer's desire to create beautiful clothing for her daughter has turned into an excellent entrepreneurial journey.



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ENTREPRENEURS FIRST

THE PERFECT CUP OF COFFEE

ZANE KELSALL's Two If By Sea cafés sell up to 18,000 kilograms of coffee a year. His project to open a roastery that aims to have an impact locally and globally won Kelsall the BDC Young Entrepreneur Award contest and its \$100,000 Grand Prize for Innovation.



JEAN-RENÉ HALDE
PRESIDENT AND CHIEF EXECUTIVE OFFICER

ACHIEVING YOUR AMBITIONS

AS CANADA'S DEVELOPMENT BANK, WE KNOW HOW DEMANDING IT CAN BE FOR ENTREPRENEURS TO BUILD STRONG AND GROWING BUSINESSES.

Entrepreneurs face a landscape of unrelenting competition, economic uncertainty and rapid technological change. To grow, they need not only ambition but also the skills to manage their business and the financial resources to make strategic investments.

For those who succeed, the benefits can be impressive. A larger company is better able to take on international competition, thrive in new markets, and invest in technology, equipment and people.

However, the challenges that come with growth can take their toll. Many businesses run into difficulty as they expand and the trouble can often be traced to the entrepreneur's own lack of expertise in specific areas. In effect, the limitations of the entrepreneur become the limitations of the business.

That's why we believe it's so important for business owners to receive the support they need to become better leaders and successfully build their companies.

One way entrepreneurs can find that support is by establishing an advisory board—a group of trusted advisers who act as a sounding board to test ideas and provide tried-and-true suggestions. We are also enthusiastic supporters of peer-to-peer mentoring organizations that bring business owners together to learn from one another and share practical solutions to their problems.

Making more and better use of technology is another way entrepreneurs can gain more control over their businesses.

At BDC, we have the financing and consulting expertise that growing companies need at every stage of their development. We're here to help entrepreneurs find the skills and resources they need to turn ambition into reality.

For those of you who are first-time readers of Profit\$, welcome. We hope the following articles will give you some ideas to think about and encourage you to keep forging ahead. It's not easy being an entrepreneur, but it can be a rewarding journey. We look forward to accompanying you along the way. \$

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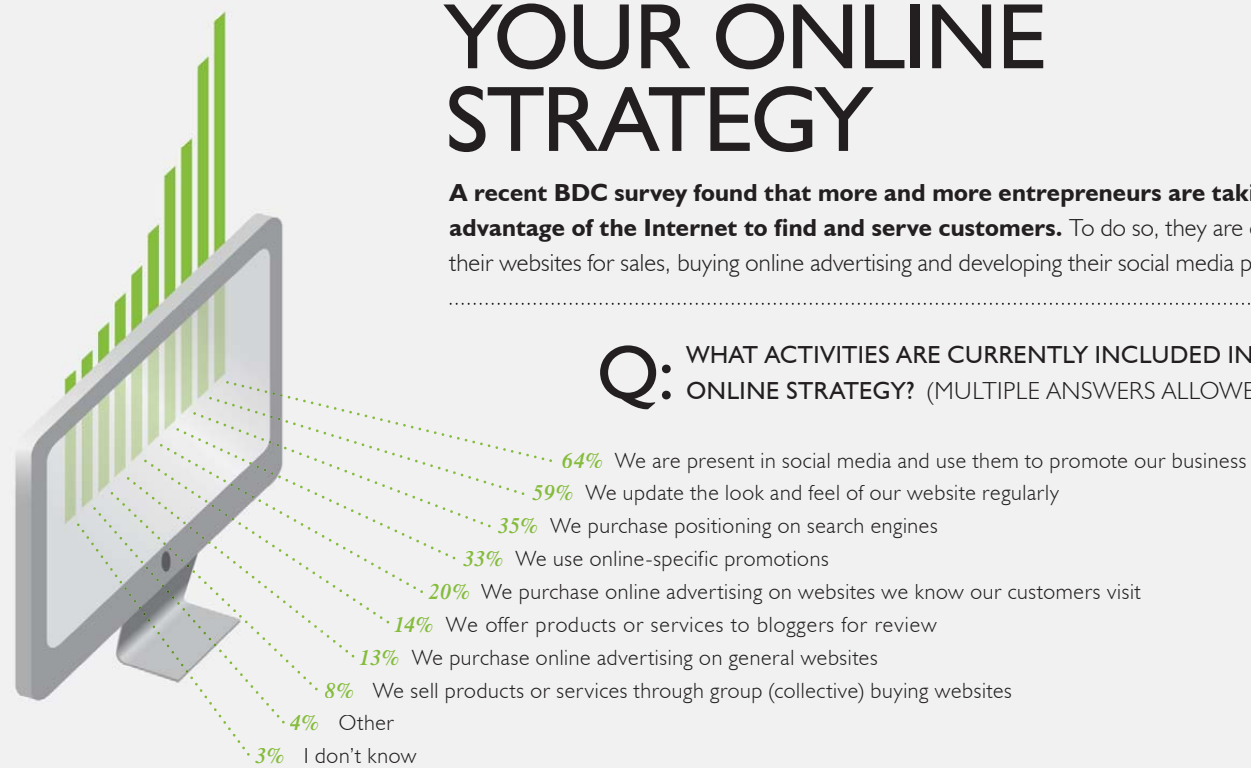
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YOUR ONLINE STRATEGY

A recent BDC survey found that more and more entrepreneurs are taking advantage of the Internet to find and serve customers. To do so, they are optimizing their websites for sales, buying online advertising and developing their social media presence.

Q: WHAT ACTIVITIES ARE CURRENTLY INCLUDED IN YOUR ONLINE STRATEGY? (MULTIPLE ANSWERS ALLOWED.)

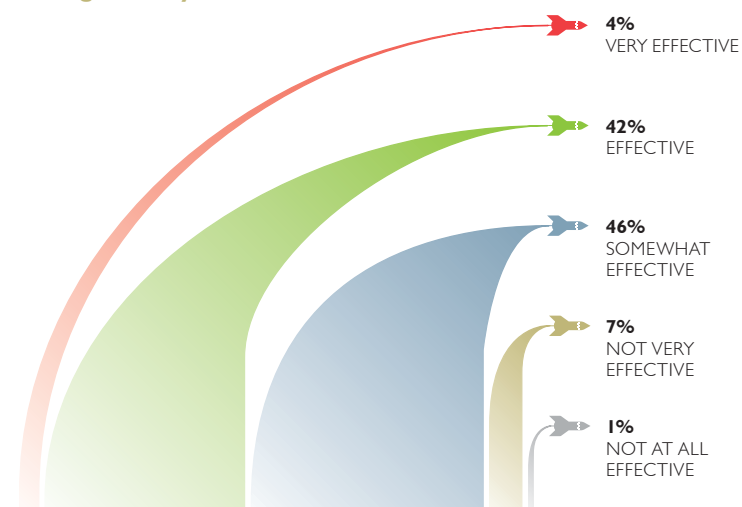


i To learn about how your company can make the most of the Internet, visit the Smart Tech section of our site at BDC.ca/smarttech.

Source: A survey of BDC's ViewPoints panel. BDC is currently recruiting Canadian professionals and entrepreneurs to join the panel. Apply at www.bdcviewpoints.com.

BETTER HR PERFORMANCE MANAGEMENT

Less than half of Canadian organizations surveyed by the Conference Board of Canada believe their performance management systems are effective.



Here are some tips on how to improve your system.

- 01 KEEP IT SIMPLE** MAKE SURE THE SYSTEM IS EASY TO USE.
- 02 COMMUNICATE CLEARLY** EMPLOYEES MUST UNDERSTAND WHY PERFORMANCE REVIEWS ARE IMPORTANT; THEIR ROLE IN THE PROCESS; WHAT THEY NEED TO DO; AND WHEN THEY NEED TO DO IT.
- 03 SET CASCADING GOALS** EMPLOYEES' INDIVIDUAL GOALS SHOULD BE ALIGNED WITH OVERALL ORGANIZATIONAL GOALS.
- 04 SET THE TONE AT THE TOP** SENIOR LEADERS NEED TO LEAD BY EXAMPLE AND TAKE THE PROCESS SERIOUSLY FOR THEMSELVES AND THEIR DIRECT REPORTS.
- 05 LINK PAY TO PERFORMANCE** REWARD EMPLOYEES FOR THEIR ACCOMPLISHMENTS. LOOK FOR OPPORTUNITIES TO DIFFERENTIATE PAY BASED ON PERFORMANCE.
- 06 PROVIDE TRAINING** MANAGERS MAY BENEFIT FROM TRAINING ON HOW TO PROVIDE MEANINGFUL FEEDBACK AND MAKE OBJECTIVE RATINGS.

Source: Performance Management: Turning Individual Stress to Organizational Strategy, The Conference Board of Canada, June 2012.

SHOW ME THE MONEY

HOW TO IMPROVE YOUR BILL COLLECTIONS

Collecting effectively on accounts receivable is critical to building a strong business. When you tolerate overdue bills, you are effectively financing your customers and hurting your company. Here are some tips to help you collect bills faster and deal with late payers.



- 01 BE CLEAR** You should communicate payment terms to your clients and make sure there's no room for misinterpretation. Make invoices as clear and detailed as possible, including not only your terms but penalty interest for late payments.
- 02 DON'T WAIT** The sooner your customer has the bill, the sooner you should receive payment. Ideally, you should arrange to be paid at the time of sale. If you are invoicing, make sure the bill goes to the customer as soon as the goods or services are delivered.
- 03 EXPLORE MOBILE BILLING TECHNOLOGY** For many types of businesses, mobile devices, such as smartphones or tablets, can be a boon to bill collection. That's because they allow you to collect or issue an invoice on the spot.
- 04 TRACK OUTSTANDING BILLS** As part of a cash flow planner, you should maintain a payment calendar. It shows what accounts are outstanding and for how many days. This helps you keep track of cash coming into your business and follow up with late payers.
- 05 PURSUE LATE BILLS DILIGENTLY** Don't be shy about chasing overdue debts and don't wait. Contact slow-paying customers and ask them to pay.
- 06 BUT BE FLEXIBLE** Your long-term, A-list clients might hit a bad patch from time to time. Work with your client on a payment plan that addresses both his or her situation and your needs.
- 07 OFFER EARLY-PAYMENT DISCOUNTS** You can turn sales into dollars faster by offering discounts to customers who pay early. You might be surprised how much of a difference a 2% discount can make in bringing cash in quickly.
- 08 DIVIDE BIG BILLS INTO CHUNKS** To reduce your risk and improve your working capital, consider progressive invoicing for big orders.
- 09 GET HELP** If your collection efforts are not working, you can hire a collection agency or a lawyer to help recover what you're owed.

THE HEALTHY ENTRE- PRENEUR

ILLUSTRATION: CHRISTINE ROY

REDUCING STRESS PAYS BIG DIVIDENDS

To build a successful business, entrepreneurs need to invest a lot of time and energy in their work. But the personal toll can be high. According to a BDC survey, 61% of Canadian entrepreneurs rated their stress at seven out of 10 or higher.

But stress, along with a lack of exercise, poor sleep habits and a spotty diet, may not only be taking a toll on entrepreneurs' health; it may also be hurting their businesses. All that wear and tear is likely reducing their energy, creativity and ability to concentrate. And, of course, it can lead to more serious health issues, putting the entire enterprise at risk.

While you may not always be able to reduce long hours at the office, you should be focused on managing your energy and protecting your health.

Here are five tips to keep you (and your business) on the right track.



01 LIVE WELL Always grabbing a bite at work, while answering emails or reading reports? Stop. Take an hour and go out for a nutritious lunch. Try to spend more time with your loved ones without worrying about sales reports or HR troubles.

02 GET IN SHAPE Moderate exercise at least three times a week can have a dramatic effect in reducing stress and boosting energy. Exercise also fosters creative thinking, a sense of well-being and mental focus.

03 DELEGATE Letting go will ease your burden and probably help your business too. Your managers will feel trusted and appreciated and you can spend more time on what you love most: finding ways to take your business to the next level.

04 TAKE SHORT BREAKS A five-minute walk outside your office can have a striking impact on replenishing your daily energy reserve.

05 BE THE MASTER OF YOUR TIME Time management is energy management. Reduce interruptions when performing important tasks, by not answering emails or the phone. Note in your agenda every activity planned for the day requiring 15 minutes or more.

Don't forget: An exhausted entrepreneur is far less likely to come up with an idea that will boost next quarter's sales or improve your online strategy. Your future and that of your business depends on your health. So give yourself a break.



EASY TO ACCESS AND FLEXIBLE TECHNOLOGY FINANCING

Technology can help you find more customers, reduce costs and become more profitable.

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* Subject to approval. Certain conditions apply.

A ROAD MAP TO GROWTH

HOW TO AVOID BECOMING A “ME-TOO” BUSINESS

› BY ALEX ROSLIN

PAUL BRODEUR MADE A STRATEGIC DECISION THAT WOULD PROVE CRUCIAL TO SUSTAINING HIS COMPANY AND POSITIONING IT FOR GROWTH.

Before the recession, Niagara Tools was doing well—but its growth had stagnated. Demand was increasing for the metal-cutting tools the company specializes in making, mostly for large automotive, aerospace and power generation companies in Ontario and the U.S. But sales at Niagara Tools in St. Catharines, Ontario, were not keeping pace.

“We weren’t experiencing growth,” Paul Brodeur says. “We had fallen into complacency and hadn’t brought anything new to the table for our customers. We had to change.”

To make matters more difficult, customers were pushing for pricing concessions as more competitors entered the marketplace.

The problem, Brodeur realized, was that his business had become a “me-too” operation that wasn’t providing enough value-added service to customers.

Brodeur’s solution was to drastically alter his business model. Under the old model, the customer would design and create blueprints for the tools they wanted and hire Niagara Tools to make them.

Now, the emphasis was on being a one-stop shop—sending field engineers to visit clients and study their needs, and then designing and manufacturing the tools. The final step was to help customers install the tools and optimize their processes to improve profitability.

What’s more, Brodeur made the decision to invest heavily in his business to get it ready

for growth. He negotiated financing to buy high-tech equipment not used by competitors to improve tool performance and delivery times significantly. Brodeur is now eyeing more equipment and an expansion to his 1,500-square-metre building to increase capacity.

SALES TAKE OFF

The changes helped Niagara Tools remain profitable during the recession and laid a foundation for renewed growth. Sales shot up by 75% in 2010 and 40% last year, while the company’s workforce has nearly doubled since the recession to about 40.

“If you don’t grow, you stand still and don’t progress,” Brodeur says. “Customers will recognize that and take their business somewhere else. You take the risk of not being there one day.”

The decision to invest for growth is one of the most important milestones in the life of an entrepreneur. Growth can position a company to reap impressive benefits by competing better, tackling new markets and earning higher profits.

Yet, many entrepreneurs hesitate because they are worried about the risks involved in going for growth. And once they do ramp up, they often experience growing pains that can threaten the survival of their enterprise.

The solution to these challenges is to sit down and carefully plan your growth. Entrepreneurs can create a road map for taking their business to the next level that will reduce risk and smooth the way, says Peter Corbière, Senior Partner, BDC Consulting in Hamilton, Ontario.

“Too often, small and medium-sized businesses don’t make a conscious decision

to strategize about their growth,” Corbière says. “A common mistake is thinking: ‘Let’s just get orders, and then we’ll figure out how to manage them.’ Growth goes beyond just getting orders.”

CREATE A ROAD MAP

His advice: Take time away from the daily grind with managers and key employees to create a plan. Be sure to cover each of the critical functions of your business, including financing and investment, human resources and operations.

Consider what your requirements will be in each of these areas as you hit growth milestones and how you will meet them. Also consider these key issues in planning your own growth as a manager or owner.

› **Delegate** Entrepreneurs often micromanage employees and have a hard time delegating responsibilities. That can undermine employee confidence and take the entrepreneur away from focusing on bigger-picture strategic questions. Delegating gets easier if you recruit highly competent people who are better than you in their area of responsibility.

› **Improve controls** Growth often leaves entrepreneurs scrambling to control finances and operations. Investing in technology upgrades can be vital to ensuring you stay on top of growth, hit your targets and streamline operations.

› **Overcome challenges** Stuck with a tricky growth problem? Don’t be shy about getting outside help. A consultant can offer the perspective and expertise you need. Also consider creating an advisory board.

PHOTOS: YVES LACOMBE

PAUL BRODEUR
OWNER / NIAGARA TOOLS



“
IF YOU DON'T
GROW, YOU STAND
STILL AND DON'T
PROGRESS.”



Neglecting any one of these key areas can quickly derail a growing company, Corbière says. “A very high percentage of businesses fail because they couldn’t manage rapid growth.”

Take financing. If a business doesn’t chart its financial needs ahead of time, it can make the mistake of using short-term funds to pay for major capital investments, instead of seeking financing.

That, in turn, can expose the company to risks if revenues dip, says Tracy Hopkins, Senior Account Manager at BDC, who has worked with Niagara Tools. “High-growth companies burn cash like crazy,” she says.

You can head off a potential financial crunch by meeting financial partners early to discuss your coming investment needs and growth objectives, Hopkins says.

That’s what Niagara Tools did when it transitioned to its new business model. The company had previously been largely self-financing. But Brodeur realized he needed

outside financing for his plan to purchase state-of-the-art equipment.

TECHNOLOGY IS CRUCIAL

The technology purchase was important to Brodeur’s growth vision. “Customers want to see you are up to date with the current technology, using the latest and greatest equipment,” he says. Impressed by Brodeur’s plans, Hopkins agreed to the financing required for the equipment.

Besides meeting with Hopkins, Brodeur also strategized with key staff, especially his sales team, to hone his vision for growth.

The results of the planning, strategy shift and willingness to invest have been impressive.

“We’re now much more of a value-added business,” Brodeur says. “And we’re on much more solid ground to grow.” \$

GOT BIG GROWTH PLANS FOR YOUR BUSINESS?
BOOST YOUR CHANCES OF SUCCESS BY FORECASTING
YOUR FUTURE NEEDS IN KEY AREAS. WITH INPUT FROM YOUR
TEAM, LOOK AT WHERE YOU ARE NOW AND WHERE YOU
WANT TO BE IN THE NEXT FEW YEARS. BE SURE TO COVER
THE FOLLOWING CRITICAL AREAS.



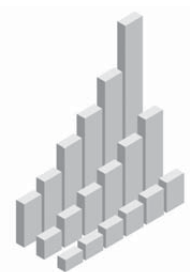
FINANCING

How much money will you need for major expenditures—new equipment, real estate, staff, material—and how will you finance them? Even if cash flow is good right now, don’t drain it to buy large, long-term assets, says BDC’s Tracy Hopkins. Instead, meet financial partners well ahead of time to discuss how to finance your growth investments.



HUMAN RESOURCES

Who will you need to recruit as you grow? How will you find, integrate and manage new hires? Investing in your HR capacity and creating appropriate training and controls will help give you confidence to delegate decision-making and avoid micromanaging staff.



OPERATIONS

What will have to change as you expand? How will you handle extra volume and additional complexity? How could technology help?



A GOOD PARTNER

HOW TO MAKE YOUR PARTNERSHIP
SAIL SMOOTHLY > BY RICHARD ANDREWS

BEN PATIENCE & CHRISTOPHER MORENO
365 PRODUCTIONS

THE JOURNEY TO SUCCESS LOOKED LIKE SMOOTH SAILING FOR **BEN PATIENCE** AND **CHRISTOPHER MORENO** IN THE FIRST FEW YEARS AFTER THEY FOUNDED THEIR EVENT PLANNING AND PRODUCTION BUSINESS IN VANCOUVER.

The pair started 365 Productions in 2006 with an investment of just \$5,000 each and quickly established a market among major clients for producing high-profile shows, exhibitions and other events.

However, they soon navigated toward hidden shoals that threatened to sink the young company. Ben Patience and Christopher Moreno admit that inexperience and rapid growth led to a blurring of responsibilities and increasing tension between the partners.

"We were learning as we were going along and trying to do everything," Patience

says. "But eventually we found ourselves stepping on each other's toes."

By the summer of 2010, there was a risk the business could spin out of control. The partners were increasingly wasting time and energy on disagreements over daily operations. They feared "something big was going to fall off the assembly line" and realized swift action was necessary to save the company.

Experts say partnerships commonly face such challenges, and issues other than money are often at the root. Egos, personal relationships and an emotional investment in the enterprise may have fuelled the partners' original vision for the business but could also threaten its survival over time.

To reduce the potential for conflict, BDC Consulting Manager Christopher Lythgo advises partners to define their goals for the business from the outset and ensure they put in place a solid legal structure to underpin the partnership. Then, they should clearly delineate their respective roles and responsibilities.

"When there's vagueness, people can diverge on what they see as the most important priorities," Lythgo says. "That's when we start to see friction."

UNDEFINED ROLES

When Patience and Moreno joined forces after working as freelancers in Vancouver's event production industry, they founded their partnership on complementary skill sets.

Those skills allow 365 Productions to bill itself as "a unique blend of creative vision and military precision." Patience is a former British military engineer, while Moreno's background is in the studio recording business.

The arrangement worked well in the early years.

But as the number of employees increased, cracks began to appear. The partners faced what Moreno calls "the Mommy-said/Daddy-said syndrome" with employees. Workers used an unclear division of responsibilities between the partners to play one boss off against the other.

"If you haven't defined whose role it is to say yes or no in a particular area, it's very easy to send conflicting messages to staff," Moreno says. "It was a big challenge to keep

employees on the same path and maintain standards."

At the same time, the complexity of the business was growing and mistakes were beginning to crop up. For example, the partners were too busy to invoice clients promptly or keep a proper eye on money flowing to suppliers.

"Mistakes didn't matter so much when we were a small operation and there was not so much to lose," says Moreno. "But it's different when the jobs of 30 to 40 people with families are at stake."

"It came to a head one day when we realized we had to re-evaluate our roles and have faith in the other to do their own job and make the right decisions."

“
WE FOUND
OURSELVES
STEPPING ON
EACH OTHER'S
TOES.
”

Patience and Moreno, who were already clients of BDC Financing, turned to Lythgo to help reshape their partnership as part of a larger strategic planning process. The pair not only clarified their relationship but looked at every aspect of their operations—from employees, to sales and marketing, to technology and equipment needs.

EXAMINED RISKS

As well, Patience and Moreno examined future opportunities as well as risks, such as having more than 50% of revenues coming from one customer. The strategic planning process led to a detailed five-year road map, including financial forecasts based on three different growth scenarios.

The process started with an intense four-hour session where the partners hammered out who would be responsible for what in the company, based on their individual strengths.

They decided Patience would oversee

everything related to producing the elaborate events and stunning public installations the company has become known for. Moreno, meanwhile, would be responsible for administering the business end of the company.

"I've dealt with a lot of clients, contracts, financial accounting and tax law, so my skill set is really from the corporate side," Moreno says. "Ben is the guy on the ground delivering the event with a technical perfection I've never had."

"Our differences have become a friendly joke. He actually shows up at my house at Christmas and makes fun of the way I've put up the lights on the tree."

To ensure the partnership stays on track, they schedule regular meetings where they go over developments and track progress on the strategic plan.

STRATEGY PAYS OFF

According to Lythgo, it's essential for partners to know up front what's expected of them and express their commitment to it.

"This involves an element of specialization and allocating tasks," he says.

"Dividing and conquering is the best approach in partnerships, but it requires excellent and continuing communication."

Patience and Moreno say creating the strategic plan and more clearly defined roles



THERE'LL BE GOOD TIMES AND BAD TIMES. BUT IF YOU PICK THE RIGHT PERSON, YOU'LL BE ABLE TO WORK THROUGH THEM ALL.

was a "very profitable exercise" because it made their partnership smoother and more efficient, enabling 365 Productions to pursue new opportunities.

With a recent expansion into Australia and further operations planned for the U.K., the company has far exceeded its profit targets and anticipates sales this year of \$3.2 million with eight full-time and 30 part-time employees.

In reflecting on the partnership, Patience makes the common comparison to a marriage.

"There'll be good times and bad times," he says. "But if you pick the right person at the beginning, you'll be able to work through them all." \$



5 TIPS FOR A SUCCESSFUL PARTNERSHIP

01 CHOOSE YOUR PARTNER CAREFULLY

Identify your strongest capabilities and consider a partner who complements them. Make sure you share the same business goals, work ethic and values.

02 GET IT IN WRITING

Before entering a partnership, structure it legally with an agreement drafted by an experienced lawyer. Detail everything from ownership and how profits should be shared to how the partnership could be terminated.

03 DEFINE ROLES

Establish clear responsibilities and expectations for each partner. Decide who does what work and how much of it.

04 COMMUNICATE, COMMUNICATE, COMMUNICATE

Talk, meet, and email regularly and openly to avoid mistakes and misunderstandings.

05 REMAIN FLEXIBLE

Just like personal relationships, business partnerships can change over time and the original arrangements may not suit the operations of the company as it develops. Be prepared to adapt.

THE PERFECT CUP OF COFFEE

CAFÉ OWNER WINS BDC
YOUNG ENTREPRENEUR AWARD

BY LOIS CARSON



ZANE KELSALL
FOUNDER / TWO IF BY SEA CAFÉ

PHOTOS: JAMES INGRAM

ZANE KELSALL SAYS HIS RELATIONSHIP WITH COFFEE GOES FAR BEYOND RUNNING A PAIR OF POPULAR CAFÉS IN DARTMOUTH AND HALIFAX, NOVA SCOTIA. HE ADMITS TO HAVING NOTHING SHORT OF AN OBSESSION WITH BREWING THE “PERFECT CUP OF COFFEE.”

Kelsall's coffee obsession took him far from his Two If By Sea café business last year to the coffee-producing regions of Colombia. And it helped inspire a plan to open a roasting facility based on direct trade with coffee farmers in Latin America.

While in Colombia, Kelsall met farmers and toured their land, receiving a first-hand look at the quality of their product and the challenges they face.

“Buying directly from farmers allows a roaster to have more control over the quality of the coffee, as well as the related social issues and environmental concerns,” Kelsall says. “I feel it's time to help the farmers who enable our business.”

The planned roasting business, to be named Anchored Coffee, will buy ethically grown coffee beans directly from farmers. It will include a front-of-house coffee lab where customers can enjoy exclusive tastings, and find out more about direct trade and coffee through seminars and courses. It will also double as a training location for staff.

Besides improving quality control, roasting his own coffee will help Kelsall reduce costs on the up to 18,000 kilograms of beans Two If By Sea uses each year.

A LEAP FORWARD

The roasting operation took a leap toward becoming reality when Kelsall won the 2012 BDC Young Entrepreneur Award. His well-thought-out plan to open Anchored Coffee attracted the highest number of votes from the public among eight finalists in the online contest and won him the \$100,000 Grand Prize for Innovation.

Mike Miltimore, of Lee's Music in Kamloops, British Columbia, was the runner-up and won a \$25,000 customized Internet strategy provided by BDC Consulting. His innovation project involves scaling up his operation to produce guitars based on a new patent-pending design and streamlined manufacturing techniques.

Kelsall, 27, and his partner, Tara MacDonald, 36, started Two If By Sea café in Dartmouth in 2009 and opened a second location in Halifax in 2011. “We were lucky—we opened to a line-up that has never stopped,” he says.

“We've been constantly thinking about how, in a city the size of Halifax, we could expand beyond the café. A coffee roastery is the perfect way to do that,” he says. “The BDC award will cover our start-up costs. It means we can now move full speed ahead rather than opening in a couple of years.”

But success is about more than luck for this entrepreneur, who has been named best barista in Halifax for three years running.

Kelsall had been working in the café industry for almost 10 years when he and MacDonald decided to open Two If By Sea.

“I wanted to be the person responsible for making an exceptional cup of coffee,” he says. “I want to be the one to say: ‘No, that's

not good enough.’ I'm at each café every day making sure things are running the way I want them to.”

STAFFING CHALLENGES

One of the café owner's biggest challenges has been staffing. But he has learned that no matter how busy he is, taking the time to carefully select and train the right people is essential.

“WE'VE BEEN CONSTANTLY THINKING ABOUT HOW WE COULD EXPAND BEYOND THE CAFÉ.”

“When we started out, we were understaffed and I was working seven days a week. But I had to find the time to choose people I knew I could trust and make sure we didn't throw them into positions they weren't ready for.”

Relationship building is another important factor in Two If By Sea's success. With more than 6,000 followers on Facebook

and 4,000 on Twitter, the company uses social media to reach out to customers on a daily basis.

“As a new young business, we started using social media because we literally had no advertising budget,” Kelsall says. “But it has ended up really working for us.”

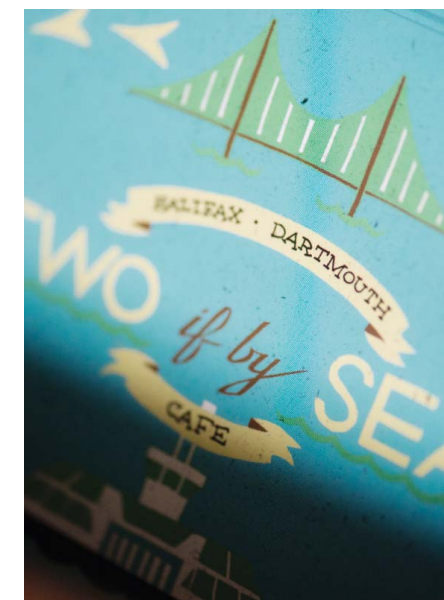
“We also foster a good rapport with our customers that goes beyond the standard service transaction,” he says. Two If By Sea provides meeting space for local groups, is involved in local charities and donates to fundraising events in the area.

Kelsall now plans to travel to coffee-producing countries to create lasting, personal relationships with farmers, their families and their communities.

He is already looking at how he can expand the roasting business once it gets off the ground. “We believe that the next logical step to grow our brand and business will be to sell our beans to specialty cafés across Canada,” says Kelsall, who has already forged links with “sister” cafés interested in buying Anchored Coffee beans.

“Our ultimate dream would be to have relationships with quality cafés in every major centre in Canada, if not North America, and to supply interesting coffees that are beneficial to both coffee farmers and the people drinking the coffee.” \$

GO TO THE NEXT PAGE TO READ
ZANE KELSALL'S LESSONS LEARNED.





LESSONS LEARNED

- 01 DEVELOP A CLEAR VISION OF THE LEVEL OF QUALITY YOU ARE SEEKING IN YOUR PRODUCTS AND SERVICES. BUILD RELATIONSHIPS WITH CUSTOMERS TO UNDERSTAND WHAT THEY WANT AND WITH SUPPLIERS TO HELP DELIVER IT.
- 02 DON'T BE SATISFIED WITH THE STATUS QUO. DEVELOP A STRATEGIC PLAN TO KEEP YOUR BUSINESS THRIVING AND GROWING.
- 03 USE SOCIAL MEDIA AS AN INEXPENSIVE MEANS TO REACH OUT TO CUSTOMERS AND CREATE A BUZZ AROUND YOUR BUSINESS.
- 04 TAKE THE TIME TO HIRE AND TRAIN THE RIGHT PEOPLE.



SHARPEN YOUR
COMPETITIVE EDGE

INNOVATION

Innovation is the key to improving your ability to compete. It sets your business apart and forces competitors to react to you.

Our consulting and financing experts have the skills, experience and knowledge to ensure your innovations translate into more revenue and profits. Put us on your innovation team.

At BDC, it's entrepreneurs first.



ANNIE BELLAVANCE
FOUNDER & DESIGNER / SOURIS MINI

SOURIS MINI: A CHARMING BRAND

STYLISH CLOTHING FOR
LITTLE ONES TURNS INTO
A BIG BUSINESS

What began as a mother trying to dress her daughter with style has become a booming children's apparel business with 400 employees and stores in 29 locations across Quebec, four in the United Arab Emirates and one in Ontario. ANNIE BELLAVANCE, Souris Mini's founder and designer, has created—in collaboration with her brother, Michel, and husband, Steeve Beaudet—a brand that creates loyalty. The company's Facebook page, for example, already has more than 30,000 fans.

Founded in the late 1980s in Quebec City's Cap-Rouge district, the company, a BDC Subordinate Financing client, sells more than 3.5 million garments annually. With its L'habit fait la mode line of school uniforms, Souris Mini also dresses some 14,000 elementary and secondary school students in the Quebec City area. Having won over Quebec's parents and kids, the company's 48-year-old designer has no intention of stopping now.



I want my collections to be sold worldwide. Here, in Quebec, we have made a name for ourselves and built a solid reputation, which is no mean feat. Now, I want to do the same elsewhere.

We have plans for franchises in China, Egypt, Qatar and the European market. We will soon be opening a corporate store in Rome as a base for getting franchises up and running in Italy. And we're also looking to open our stores in Canada's big cities.

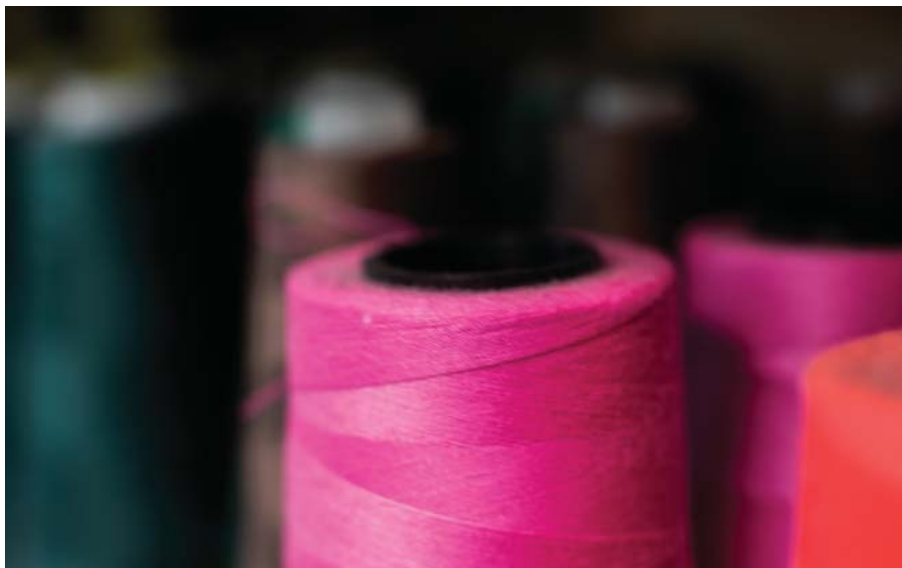
Business is not in our blood, as they say. Neither my husband nor I come from a family of entrepreneurs. Since I was young, I've loved the arts and children. But becoming my own boss had never crossed my mind.

It was when my daughter, Marie-Annik, was born that I first wanted to create children's clothing. I was 23, studying drama and to become an art teacher.

I was disappointed by what I was finding in stores. Girls' clothes were pink—no other colours, no accessories, no appeal! So I began designing and sewing some myself.

People at my daughter's daycare kept asking where I bought her outfits. Little by little, I started making clothes for friends and family.

My husband and I came up with the idea of presenting our products in daycares. I made a small catalogue that we would leave at the entrance, and I would make about 100 pieces per week. We did this for two years.



WE HAVE
30,000+
FACEBOOK FANS

Working like that turned out to be a great way for us to study the market. It was our first interaction with customers and gave us a chance to figure out their needs and wants. I always left a place on the order form for feedback. That way, I could adjust and improve the merchandise.

As the number of orders grew, we made the big leap and, by 1990, we were selling in specialty stores under the Souris Mini label.

In the early 2000s, many of the retailers we were selling to went out of business. We decided to go against the current and open our own stores. That decision was our salvation and is the reason we are where we are today.

After a few years, we decided to stop selling to other retailers completely, and to create, manufacture and sell all of our products ourselves.

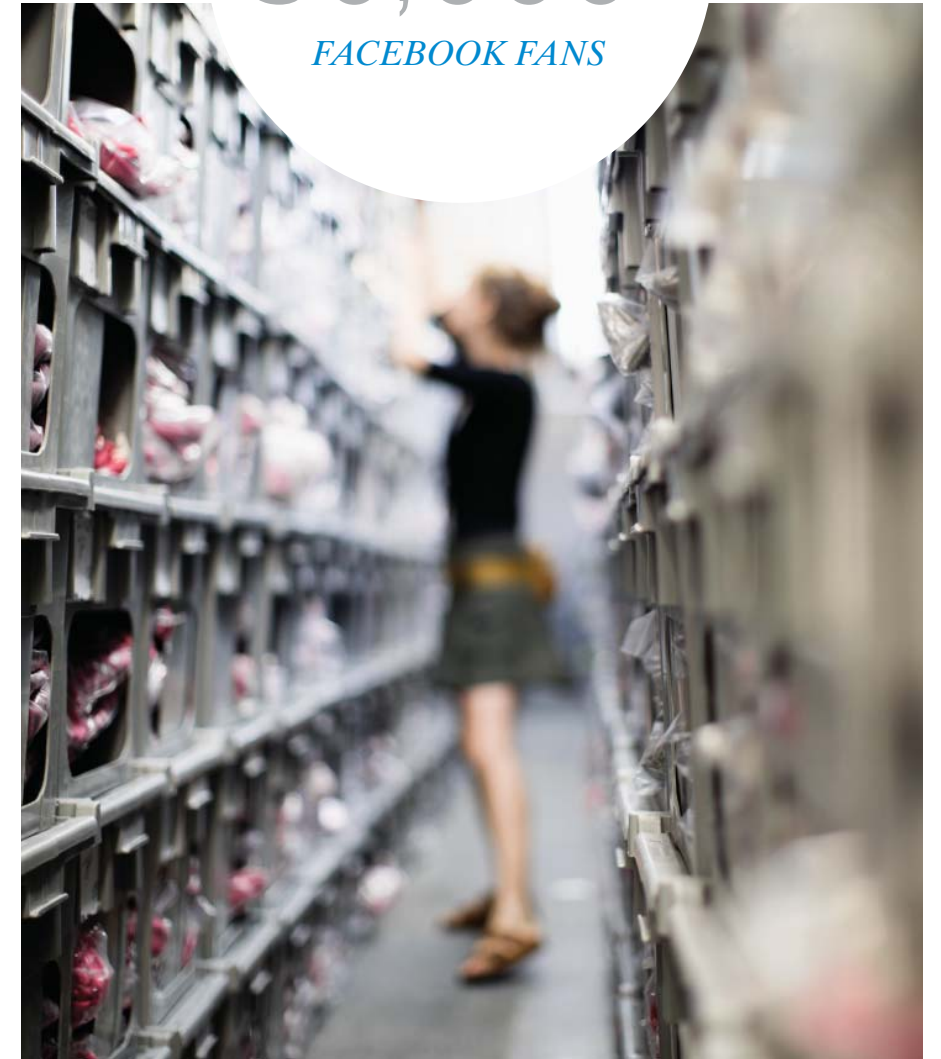
At the time, my partners and I had zero retail sales experience. However, we knew how to surround ourselves with experienced, professional people. As an entrepreneur, you cannot be afraid to be out of your comfort zone.

I'm an extremely passionate woman and I know how to express that. My passion comes across. I am also capable of motivating and rallying people to move us forward.

The best way to make progress is to deal with your problems head on. In business, setbacks are inevitable. That's how you learn and get better at what you do.

We took a lot of flack in the late 1990s when we opted to relocate production and begin doing business with Asian manufacturers. But the local textile industry just wasn't meeting our needs and expectations anymore.

The products are still designed in Quebec, and we continue to monitor the quality of what we source from China. We have a team of five people dedicated exclusively to managing our relationship with Chinese suppliers.



Souris Mini's online success is one of the biggest accomplishments of my career as a businesswoman. The positive response from our customers has given us confidence that we're on the right track.

We created a Souris Mini Facebook page in 2010. So far, we have more than 30,000 fans. That's incredible! We devote a lot of time to it, responding to people and maintaining those ties. It's a great way to see what customers have to say.

We do not want to become one of those "straight to voicemail" kinds of businesses. We make sure to reply to all customer comments, good or bad.

We are really close to our store managers who, in turn, stay in touch with our customers. They are our eyes and ears.

We've been working with BDC almost since the very beginning. They are more than bankers; they care about seeing us succeed.

“
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”

While I'm physically at the office 40 to 45 hours a week, the business is always on my mind.

To be able to get everything done, my life has to be very structured. I don't have time to waste. I am the one who designs and launches all our collections.

Souris Mini isn't a job, it's my life. I'm doing what I love, and I work with my family. My brother is in charge of sales and marketing, and my husband takes care of administration and finance.

I've been with my husband since the age of 14. I moved out of my parents' place at 17 to live with him. We have three daughters and a five-year-old grandchild. We've known each other forever.

Marie-Annik, my eldest daughter, runs Souris Mini in the Middle East and Europe. At 25, she took over international operations for the business.

Our profits have climbed substantially and we are growing year after year. Right now, we are working on developing related merchandise, such as shoes and furniture for children.

Our slogan is: Souris Mini habille les enfants comme des enfants (we dress kids like kids). It's good to be fashionable, but at the end of the day, you can't forget that it's kids who wear our creations. \$

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CANADA'S CHANGING WORKFORCE

CANADA'S POPULATION IS AGING AND THE DEMOGRAPHIC SHIFT WILL HAVE A MAJOR IMPACT ON BUSINESSES IN THE YEARS TO COME. TO REMAIN COMPETITIVE, ENTREPRENEURS WILL HAVE TO COMBINE A MORE FLEXIBLE, DIVERSE WORKPLACE WITH HIGHER LEVELS OF PRODUCTIVITY-BOOSTING INVESTMENT.



PIERRE CLÉROUX
BDC CHIEF ECONOMIST

The dimensions of the coming changes are quite remarkable. In 1991, 24% of the Canadian population was older than 50 years of age. Today, it's 35% of the population, a proportion that is expected to reach 40% by 2031.

What does it mean for your company? For one thing, consumption patterns will change as the population ages. The demand for health care services, for example, will soar over the next 20 years as the population over 60 increases to 12 million from 7 million today.

But the biggest impact for businesses will be in the workforce. In 2011, census data indicated, for the first time, that there were as many people aged 55 to 64 as there were aged 15 to 24. This shift will cause important changes to the composition of the country's workplaces.

First, according to Statistics Canada forecasts, workforce growth will slow markedly over the next 20 years. When the baby boomers were young in the 1970s, Canada's labour force grew by 4% annually, bringing a large number of young workers into the job market. These boomers are older now and are being replaced by a smaller number of young people.

Indeed, these young people will not be sufficient to offset the boomers leaving the job market. According to Statistics Canada projections, the labour force will increase by less than 1% during the period 2012–26.

The result is that the labour force will be much older on average than it used to be. By 2021, close to one in four working Canadians will be 55 or older. This proportion was just 14% in 2010.

Finally, the labour force will become increasingly diverse. About one in three members of the labour force will be foreign born by 2031. In Ontario and British Columbia, the proportion will be even higher. About one in three people in the labour force will belong to a visible minority group, up from 16% in 2006.

As the labour force changes, the challenge for entrepreneurs will be to retain experienced workers nearing retirement and attract more foreign-born employees.

Older workers will be seeking a more flexible workplace and, in some cases, a shorter work week, while foreign-born workers will be seeking openness to cultural differences and recognition of skills acquired abroad.

As well, with fewer skilled workers joining the workforce, Canadian businesses will have to work to boost their output per worker through greater investments in equipment and technology.

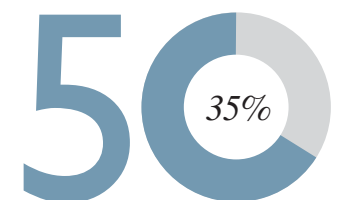
The conclusion is clear. Canada's changing population will require entrepreneurs to work harder to recruit and retain the best employees. The time to get ready for Canada's demographic challenge is now. \$

Percentage of the population older than 50 years of age

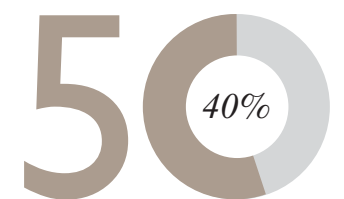
1991



2012



2031



Source: Statistics Canada



AIM HIGH!

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