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ESSENTIAL INFORMATION
FOR ENTREPRENEURS

FULL RECOVERY

*COMING BACK AFTER
DISASTER STRIKES*

BECOMING AN EMPLOYER OF CHOICE

*HOW TO FIND AND KEEP
THE BEST WORKERS*

A GLOWING SUCCESS

*ELIZABETH GRANT
INTERNATIONAL'S
SKINCARE EMPIRE*





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TERENCE BIGSBY started Aspenware on his kitchen table, experimenting with ways to make wooden disposable utensils. After innumerable twists and turns, the company has won a major innovation award for its green products and is attracting a growing list of customers.



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ENTREPRENEURS FIRST

MORE THAN SKIN DEEP

MARION WITZ, President of Elizabeth Grant International, has big plans for her company's line of luxury skincare products. She wants to build on its booming shopping channel success by moving into retail stores and emerging markets.



JEAN-RENÉ HALDE
PRESIDENT AND CHIEF EXECUTIVE OFFICER

SOUND ADVICE

DURING LAST FALL'S BDC SMALL BUSINESS WEEK™, I HAD THE OPPORTUNITY TO MEET WITH MANY TALENTED ENTREPRENEURS. ONE QUESTION I MADE SURE TO ASK THEM WAS WHETHER OR NOT THEY HAVE AN ADVISORY BOARD.

I wasn't surprised to hear from those who had set up an advisory board that they were seeing real and lasting benefits for their businesses. Still, they were in the minority, and it's clear that many entrepreneurs don't see the need for one. But if business owners take a closer look, they will find an advisory board can be an invaluable source of guidance at a modest cost.

More than anything, they help entrepreneurs take a step back from the details of daily business to look at the bigger picture with a circle of trusted advisers. They can be particularly helpful in devising strategy, hashing out difficult decisions and discussing opportunities for innovation. They can also gently nudge an entrepreneur into following up on his or her commitments and implementing best management practices.

Indeed, just the discipline of preparing an agenda and documents for board meetings can take entrepreneurs out of their day-to-day mindset and provide them with strategic insights into their business.

Many entrepreneurs prefer an advisory board to a formal board of directors because it normally doesn't carry any legal implications and can be run informally, a format that suits the temperament of many business owners.

In choosing members, entrepreneurs should look for people with a range of expertise that complements their own skills. You are looking for wise, experienced hands who genuinely have your business's success at heart.

Executives with experience in relevant sectors make excellent candidates. Another good source is retired business people, who often remain vitally interested in the business world and are eager to share their knowledge.

Once they are around the table, you want to ensure they won't hesitate to challenge management. Their role is to ask pertinent questions, provide different perspectives and give advice—in a non-confrontational manner. For this reason, entrepreneurs should strive to be as open as possible about their business so board members have the whole picture.

Operating a company is a demanding and often lonely job. An advisory board can lighten the load and help you to make better and quicker decisions for your company. I encourage you to learn more and consider establishing one for your business. \$

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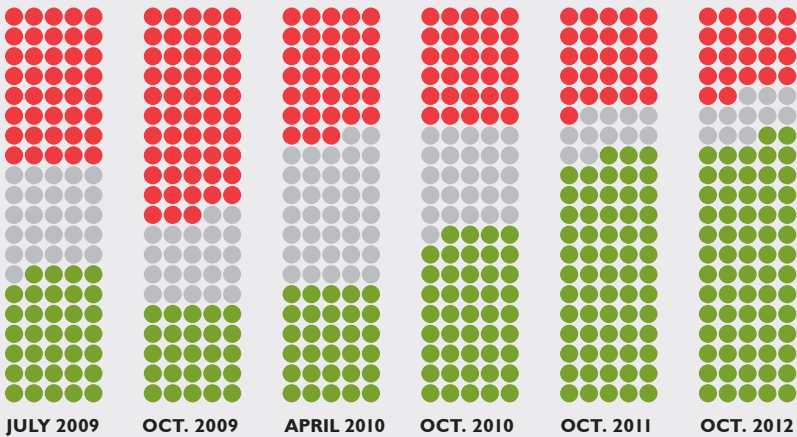
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BANKING ON ENTREPRENEURS

APPROVAL RATES FOR FINANCING REQUESTS



● REQUEST APPROVED ● REQUEST TURNED DOWN ● REQUEST PENDING / PREFER NOT TO ANSWER

Source: Bill of Health VI, a study based on a survey of 568 entrepreneur members of the BDC ViewPoints panel. The full study can be found at www.bdc.ca/EN/Documents/marketing/ViewPoint/Report_Bill_of_Health_VI_Oct_2012_EN.pdf. BDC is recruiting Canadian professionals and entrepreneurs to join the panel. Apply at www.bdcviewpoints.com.

According to a BDC survey, entrepreneurs reported higher approval rates for financing requests last year, continuing a three-year upward trend from the depths of the financial crisis and recession. The survey, conducted in the early fall, found that two-thirds of respondents who applied for financing said they had received either all (39%) or part (28%) of the funding requested. On average, those who received partial funding said they had obtained 65% of the requested amount. At the same time, the survey found that fewer businesses had sought financing during the previous six months—32% in October 2012 versus 37% a year earlier.

CANADA'S TRADE SHIFT

Common wisdom holds that Canada cannot reduce its dependence on the U.S. market and will trade little with fast-growing markets elsewhere. But that's starting to change.

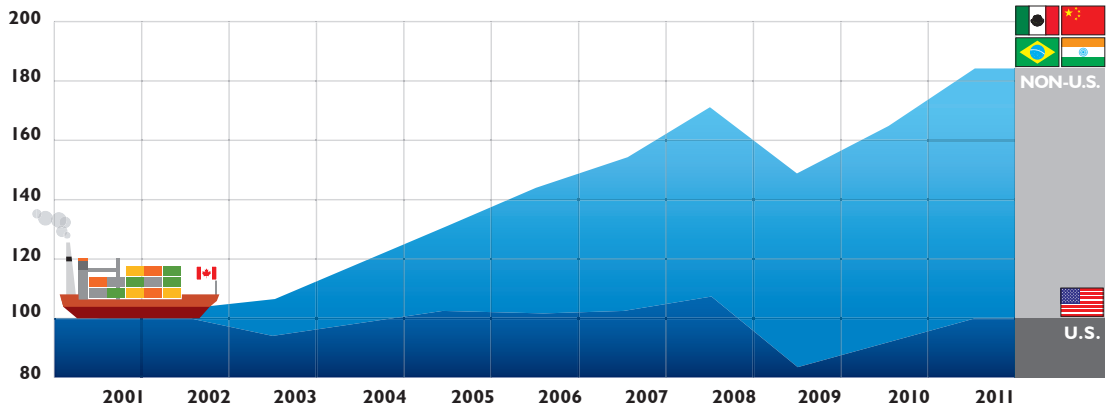
Canada's exports to the U.S. have stagnated over the last decade, while trade with fast-growth markets elsewhere has taken off (albeit from a low level). And this is just a taste of things to come, according to a new report from the Conference Board of Canada's Global Commerce Centre. The report looks at what Canada's trade might look like by 2025. The U.S. will remain Canada's largest export market. But the U.S. will account for just over two-thirds of Canada's goods

exports in 2025, down from almost three-quarters in 2010. By contrast, Canada's share of goods trade with China could expand to almost 7% from 3%, and the share of goods exports to India could more than double and be roughly equal to the share of our goods trade with Mexico. Goods trade with Brazil could also double by 2025.

—
by **Danielle Goldfarb**, Associate Director of the Global Commerce Centre. The report *What Might Canada's Future Exports Look Like?* can be found at www.conferenceboard.ca/e-library/abstract.aspx?did=5151.

CANADA'S TRADE

IMPORTS AND EXPORTS, INDEXED 2001=100



Sources: Industry Canada; Statistics Canada; The Conference Board of Canada.

9 DOS AND DON'TS FOR SOCIAL MEDIA



Facebook. Twitter. LinkedIn. Google Plus. What to do? Social media has become a vital business tool that entrepreneurs can no longer ignore. But many business owners are still reluctant to get involved. They're unsure about how to get started; concerned about what to post; and suspicious they won't get a return on their investment.

When properly harnessed, social media can help propel a business to a new level of success. It can help increase sales and attract new customers.

Here are nine best practices to help ensure your business makes the most of social media.

- 01 **DO** know your goals and target audience. Focus your social media activities on them.
- 02 **DO** grow your audience by offering helpful, value-added information.
- 03 **DO** remember that social media is about building relationships. You can't buy loyal social media fans, any more than you can buy friends in real life. Be likeable and don't take yourself too seriously.
- 04 **DO** something different to stand out. Content should be creative, authentic and truthful.
- 05 **DO** be polite, respectful and generous. Use the same tone as you would if you were talking with a client in person.
- 06 **DON'T** use a hard sell. Avoid being pushy. Instead, allow people to come to you. The idea is that an engaged follower is more likely to become a customer.
- 07 **DON'T** post material that's inappropriate or outside your area of expertise.
- 08 **DON'T** stop learning and listening to what's being said about you, your company, your industry and social media. Social media is changing fast, so it's important to keep an eye on developments.
- 09 **DO** be patient. Like any relationship, social media success takes time to build. Be disciplined and apply yourself.

To help entrepreneurs benefit from social media, BDC has launched a social media eBook that features tools, best practices and stories about entrepreneurs who have made social media pay for them. To download your free copy of the ebook, go to www.bdc.ca/socialmediaguide.



ILLUSTRATION: MATTHEW BELANGER

YOUR BIGGEST SALE

HOW TO INCREASE YOUR COMPANY'S VALUE BEFORE SELLING

Selling a business is a challenge for entrepreneurs. Besides dealing with the complexity of the process and the emotions involved in handing over their company to someone else, entrepreneurs need to make sure they maximize the value of the business.

Letting go isn't easy or simple. Planning and preparation for a transition can take years. Entrepreneurs need to take the time to do it right.



ILLUSTRATION: MATHEU BELANGER

01 SEEK ADVICE You should work with an experienced outside adviser who can help you prepare your business for sale, a task that includes having an expert evaluation conducted. Selling your business is one of the most important moments in your life as an entrepreneur. You need professional advice.

02 FOCUS ON PROFITS This is a given for all businesses. But it's even truer when you are planning to sell. Analyze your processes and look for ways to increase efficiency, cut costs and control inventory. Brush up your marketing plan and work to create a diversified customer base that, ideally, generates recurring revenues. Also, don't take too much money out of the business. Substantial retained earnings indicate to buyers that the business has been profitable over the long run and is healthy.

03 CONTINUE TO INVEST AND IMPROVE One of the biggest mistakes business owners make is to take their foot off the accelerator after deciding to exit. When you start taking less care of the facilities and process improvements or stop investing in new technology and equipment, you are reducing the future value of your company.

04 DEVELOP A STRATEGIC PLAN A formal plan that presents measurable goals and milestones for the coming years will give your business credibility as a going concern with long-term potential.

05 CREATE REPEATABLE PROCESSES Your business processes need to be repeatable and teachable, advises John Warrilow in his *Built to Sell: Creating a Business That Can Thrive Without You*. "If your business can't function without you, you will have a hard time finding a buyer." Also, train, motivate and empower your people. A strong, professional team adds value to the business—especially in companies with few tangible assets.

06 STAND OUT FROM THE CROWD In many ways, selling your company is a marketing challenge. That's why it's important to showcase to potential buyers whatever differentiates your product or service from the competition. Ask some of your long-time clients for testimonials explaining why they are doing business with you and what keeps them coming back.

Regardless of whether you actually go through with a sale, these tips will help you build a stronger, more efficient and more valuable company.



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Canada

RISING FROM THE ASHES

HOW TO COME BACK FROM A CRISIS

› BY ALINA PAHONCIA

AGRICULTURAL EQUIPMENT MAKER **ANDERSON GROUP** WAS ON A WINNING STREAK WHEN FIRE DESTROYED 75% OF ITS FACTORY LAST FALL. THE SKILLED RESPONSE OF ANDERSON'S THREE YOUNG PARTNERS SHOWED THEY WEREN'T READY TO LET THE DISASTER STOP THEIR MOMENTUM.



PATRICE DESROCHERS
PRESIDENT AND CEO / ANDERSON GROUP

LUC D'AMOURS AND FRÉDÉRIC LAVOIE
OPERATIONS MANAGER AND R&D MANAGER / ANDERSON GROUP

Patrice Desrochers was in a hotel room in the Czech Republic last fall when he received an alarming telephone message: "Your factory is on fire." From her living room, his mother could see a violent blaze ravaging the factory in Chesterville, Quebec. It was a rude awakening for Desrochers, who with his two partners had completed buying the company just a few months before.

"I was sleeping. My mother was watching the factory burn and couldn't reach me. When I called her back, she was still in shock," says Desrochers, President and CEO of Anderson Group, a manufacturer of innovative agricultural equipment. "I was far away, and that helped me to stay calm. Luckily, there were no victims and my two partners were there, so that was reassuring."

The fire struck the company at a time of rapid expansion. Its 115 employees manufacture equipment for sale in 30 countries. Sales had climbed to \$24 million from \$15 million in just three years, thanks to the hard work of Desrochers and his partners, Luc D'Amours and Frédéric Lavoie.

Last September's fire threatened that growth, destroying 75% of the factory and causing losses totalling \$11 million.

Desrochers, D'Amours and Lavoie had all worked for the company for a long time before taking it over from its founders. They were not ready to let the catastrophe halt their expansion plans.

On the other side of the ocean the night of the fire, Desrochers quickly regained his composure, called Anderson Group's insurance company and its computer specialist, and then

started putting together an action plan.

Unforeseeable events such as fires, technology system failures and natural disasters can have serious repercussions for businesses and even lead to bankruptcy.

It's a challenge for entrepreneurs to think about the possibility of disaster when everything is going well. However, they should have an action plan in place to handle crises and maintain business continuity, says Martin Allard, BDC's Vice President, Financing and Consulting, for the Centre-du-Québec region. "A plan can keep you from overlooking critical steps in the heat of the moment."

PREPARED TO ACT

Upon arriving in Chesterville, a village midway between Montreal and Quebec City, Patrice sized up the damage: \$3 million in lost inventory, \$5 million in lost equipment and \$3 million in lost facilities.

"The fire started on a Wednesday night and Thursday we called our financial partners and reassured our employees. By Monday, we started implementing our action plan."

Allard believes the speed and determination with which the three partners reacted are what saved Anderson Group, a client of BDC Financing and BDC Subordinate Financing. "They made good decisions without hesitation."

The young entrepreneurs considered relocating to Victoriaville, a larger centre 10 minutes away from the factory, where half of the employees live. This scenario was quickly rejected—it would cost less to rebuild in Chesterville because the welding shop, which represents 25% of the factory,

had been saved. Desrochers, who was born and raised in Chesterville, also points to his company’s responsibility to the community of 800 people, where Anderson Group is the largest employer.

The three partners, whose average age is 31, convened an emergency meeting of their board of directors to discuss their decision to rebuild in the village. “We may be young and smart, but we don’t have the experience of the 50- or 60-year-old veterans,” Desrochers says.

Setting up a board of directors was one of the first decisions the entrepreneurs made when they decided to undertake a progressive buyout of the founders three years earlier.

“All companies, regardless of their size, should consider setting up an advisory board or a formal board of directors,” Allard says. “It’s a second line of thinking that can be invaluable in crisis situations.”

Anderson Group’s board of directors backed the decision to rebuild an expanded 65,000-square-foot factory, a \$9-million project to be carried out on an ambitious six-month timeline. The new factory is set to begin operations in March 2013.

STARTING FROM SCRATCH

A race against the clock began. Rebuilding had to happen at the same time as production resumed at a temporary location to ensure operational continuity.

Desrochers’ role was to get the company’s administration, accounting and computer network back on track. D’Amours, the Operations Manager, took on the task of securing temporary facilities until the new factory was built. Ten days after the fire, he found a warehouse in Victoriaville that was suited to the installation of production equipment.

Lavoie, the R&D and Technical Services Manager, had the challenge of making sure that research and development activities were not compromised.

Instead of hiring subcontractors, the partners decided to ask their own employees to help install the production lines in the temporary facilities. “One week after the fire, around 40 employees were working to get the Anderson Group

“ I WAS SLEEPING. MY MOTHER WAS WATCHING THE FACTORY BURN AND COULDN’T REACH ME. ”



A RACE AGAINST THE CLOCK BEGAN. REBUILDING HAD TO HAPPEN AT THE SAME TIME AS PRODUCTION RESUMED AT A TEMPORARY LOCATION.

machines up and running again,” says Desrochers. All the effort has paid off. Five weeks after the disaster, all employees were back to work and production was at 95% of its pre-disaster level.

TURNING THE PAGE

Founded in 1988, the company has recorded 30% growth in annual sales for the last three years. Innovative products and technology, combined with aggressive expansion in Europe, drove this strong growth.

In fact, Anderson Group has won several awards for its innovative products, including baling machines marketed under the names the BioBaler and the Xtractor.

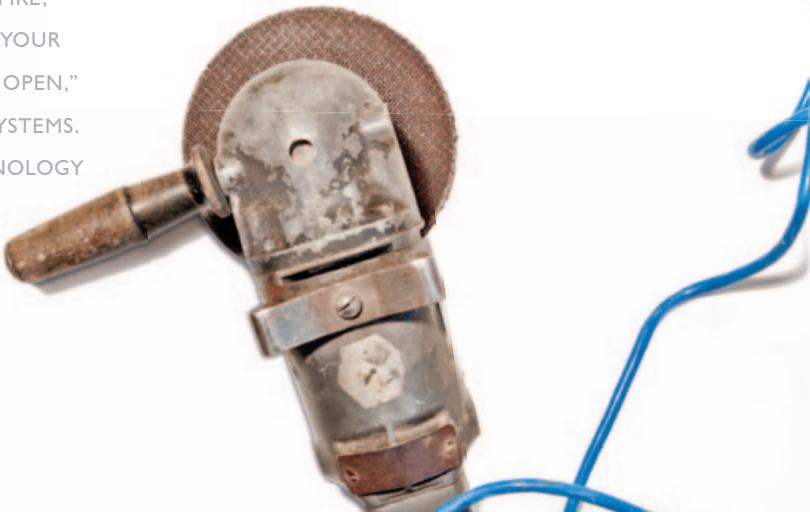
“We were never discouraged by the idea that we had to start all over,” Desrochers says. “We are very positive about the future.”

The cause of the fire remains unknown, but there are suspicions it may be related to welding work or a problem in the electrical system.

“Soon we will get back to our acquisition and expansion plans, and we are targeting sales of \$40 million in three years,” Desrochers says. “We will work hard and we will succeed.” \$

CRISIS MANAGEMENT 101

- 01 CREATE A CONTINGENCY PLAN TO GUIDE YOU IN RESPONDING EFFECTIVELY WHEN THE UNEXPECTED HAPPENS.
- 02 FIND A GOOD INSURANCE BROKER AND INSURE THE TRUE REPLACEMENT VALUE OF YOUR ASSETS. “WE HAD GOOD COVERAGE; THE INSURANCE COMPANY ADVANCED US \$3 MILLION FOR IMMEDIATE EXPENSES NOT LONG AFTER THE FIRE,” DESROCHERS SAYS.
- 03 COMMUNICATE. “WHETHER IT IS WITH YOUR EMPLOYEES OR PARTNERS, KEEP THE LINES OF COMMUNICATION OPEN,” BDC’S MARTIN ALLARD SAYS.
- 04 PROTECT YOUR COMPUTER SYSTEMS. BACK UP DATA AND PLAN FOR HOW YOU WILL CONTINUE TECHNOLOGY OPERATIONS IN THE CASE OF DISASTER. CLOUD COMPUTING IS ONE WORTHWHILE OPTION TO EXPLORE.
- 05 CONSIDER SETTING UP AN ADVISORY BOARD (OR A FORMAL BOARD OF DIRECTORS) TO BENEFIT FROM THE EXPERTISE OF A CIRCLE OF TRUSTED ADVISERS (SEE PAGE 3).



YOUR No. 1 JOB

ATTRACTING AND KEEPING
GREAT EMPLOYEES

› BY DON MACDONALD



BRIAN KLAPONSKI
PRESIDENT / CARTE INTERNATIONAL

CARTE INTERNATIONAL PRESIDENT **BRIAN KLAPONSKI** WORKS HARD TO SET HIS COMPANY APART AS AN EMPLOYER OF CHOICE. STRATEGIES FOR FINDING AND KEEPING THE BEST EMPLOYEES WILL BECOME MORE IMPORTANT THAN EVER AS LABOUR MARKETS TIGHTEN.

Just before Christmas, Brian Klaponski stood outside the lunchroom at Winnipeg's Carte International within easy reach of pallets stacked high with frozen turkeys. Klaponski and his senior management team were there to extend holiday greetings and present a turkey to each of Carte's 300 employees.

Just a few weeks earlier, Klaponski had been rubbing shoulders with those same employees when he hosted them and their spouses for an all-the-trimmings holiday party.

Those are just a couple of examples of what Klaponski calls "doing the little things" to show appreciation to staff at Carte International, a manufacturer of electrical transformers for utilities and distributors across North America.

Klaponski, Carte's President and majority owner, says things like the turkey tradition and regular social events are powerfully motivating for employees. But he doesn't stop there. He does the big things too.



Those include paying 10% of pre-tax profits to non-management workers, whose share of the pot rises the more wages they earn. He also gives company shares to key managers because "to run the business as if they own it, you have to allow them to own a piece of it." The latter program currently extends to about 40 employees, and Klaponski is proud to say his company has so far made seven or eight millionaires in this way.

Besides these initiatives, Carte stresses open communication with employees. For example, employees gather each quarter for a town hall meeting where Klaponski announces the size of the profit-sharing bonus for that

quarter, discusses the economy and Carte's progress, and takes questions. He's also a frequent visitor to the plant floor, and knows and addresses most of the workers by name.

The goal, Klaponski says, is to build a work environment that is imbued with openness, trust and fairness, and sets Carte International apart as an employer of choice in Manitoba.

"What makes some companies more successful than others? It's the people," he says. "It's easy to say people are your most important asset, but I would suggest it's fairly difficult to put into practice."

The results at Carte International are apparent in the loyalty of its mostly unionized workforce. Klaponski, who joined in 1978 and became President in 1993, says the average worker seniority is about 17 years,

and he's lost track of the number of times he's celebrated an employee's 25-year anniversary.

The ability to find and retain skilled workers will be an increasingly critical challenge for Canadian businesses as the baby-boom generation exits the workforce. According to Statistics Canada, the labour force is expected to grow by less than 1% a year between 2012 and 2026.

The result is that businesses will have to work harder to attract

skilled workers and encourage their current workforce—including those nearing retirement—to stay longer. That means they will have to embrace more flexible HR practices and ensure openness to ethnic, cultural and linguistic differences as new Canadians make up a growing proportion of the workforce.

BDC Consulting Senior Partner Bettie Johnston says many businesses in Manitoba and other provinces are already fighting "a war for talent" as markets for skilled labour tighten. Indeed, the Canadian Chamber of Commerce has identified "Canada's skills crisis" as a leading barrier to competitiveness in the economy.



To win the war, Johnston says companies have to arm themselves with a strategy to build employee engagement. A good place to start, she says, is to focus on consistent communications with employees about the company's performance and plans for the future.

"In so many companies, communication stops at the top level," says Johnston, who advises small and medium-sized businesses in Winnipeg. "The best companies have strong, effective communications and you see it in the stability of their workforce."

Many businesses are also moving toward flexible work arrangements that allow, for example, the parents of young families to balance responsibilities at work and home. These can include offering personal days, flexible hours or telecommuting, depending on the type of business.

Johnston adds that younger workers want to see that a company is investing in new equipment and technology, and offering workers the training they need to use it. "One of the biggest challenges in attracting and keeping people is that they want to know they can learn in their jobs and be current. They don't want to be in an organization that's dated."

She notes that happy employees not only stay longer but will also refer the company to other job candidates. And while it's important to attract more interest from candidates, she cautions that businesses

“
WHAT MAKES
SOME COMPANIES
MORE SUCCESSFUL
THAN OTHERS?
IT'S THE PEOPLE.
”



have to take the time to carefully vet applicants rather than succumbing to the temptation to quickly fill positions.

At Carte International, candidates for factory positions are interviewed by a committee of three managers—two of whom must agree the person should be hired. Members of the committee are instructed to look beyond skills and educational attainment to personal qualities such as a positive outlook and the ability to fit into the

company's culture. The marching orders are the same for the outside firm Klaponski uses to recruit senior managers.

"We don't want to make a choice just to get someone in the door," he says. "We put extra time and effort into making the right choice."

The company, a client of BDC Financing, has been successful in finding committed workers in Winnipeg's ethnic communities—about a third of its workforce is composed of new or first-generation Canadians, mostly from Winnipeg's Filipino and Vietnamese communities.

"We don't look at the colour of a person's skin or whether their English language skills are as pure as yours or mine," Klaponski says. "We look at a person's skills."

He says entrepreneurs have to look at the quality and commitment of their workforce as a source of competitive advantage that's every bit as important as their products or services.

"We're always looking for differentiation in the marketplace to bring in the sales," he says. "You have to do that with your people policies too. You have to ask: 'How are we going to attract good people? What can we do that's different?'" \$

FIVE TIPS FOR MANAGING YOUR PEOPLE >>

5 TIPS FOR MANAGING YOUR PEOPLE

01 COMMUNICATE

Talk to your employees about how the company is doing, what challenges you're facing and your plans for the future. You can use email messages, a company intranet and town hall meetings, but entrepreneurs should also take the time to speak to individuals. And don't forget to ask for and listen to employee feedback. They have ideas to improve your business; so ask for their views.

02 HIRE PATIENTLY

Making the wrong choice to fill a job can end up costing your business dearly. Take the time you need to find the right person through such techniques as conducting multiple interviews, asking candidates to perform a test assignment and diligently checking references.

03 BE CREATIVE

Explore ways to enhance employee engagement through incentives, bonuses and flexible work arrangements. But make sure your programs are well designed and fair to all.

04 INVEST

Employees want to work for a business that's moving forward. That's one of many reasons why it's important to invest in equipment and technology, and provide employees with the training they need to make the most of them.

05 GET LEAN

Lean management techniques depend on employee participation to root out waste and find ways to continuously improve operations. You benefit from both cost savings and heightened employee engagement.

MARION WITZ
PRESIDENT / ELIZABETH GRANT INTERNATIONAL



PHOTOS: PIVIS LACOMBE

MORE THAN SKIN DEEP

ELIZABETH GRANT INTERNATIONAL: A STORY OF RENEWAL AND GROWTH

› BY MEGAN MARTIN

IT'S BEEN QUITE A JOURNEY FOR SKINCARE COMPANY ELIZABETH GRANT INTERNATIONAL—FROM HUMBLE BEGINNINGS IN POST-WAR BRITAIN TO TODAY'S GLOBAL SUCCESS. NOW PRESIDENT **MARION WITZ** HAS AMBITIOUS PLANS FOR THE NEXT CHAPTER.

Elizabeth Grant International's line of luxury skincare products now extends to customers around the world. But the company's beginnings stretch back to a young woman's efforts to heal injuries she sustained during the darkest days of the Second World War.

Elizabeth Grant was a Londoner whose face was injured during a German bombing raid on the city. To help heal her skin, she created a cream after the war that produced such remarkable results on her own face that she decided to sell it to other women. Its popularity made it the foundation of her successful cosmetics company.

After Grant's husband passed away, she ceased production, retired and moved to Canada to be with her two sons and their families. But she soon grew disenchanted with retirement.

So she and her daughter-in-law, Marion Witz, decided to relaunch Elizabeth Grant International (EGI) from Witz's Toronto home in 1998. Rather than trying to sell in retail stores, the company decided The Shopping Channel was the best venue for its line of skincare products.

"We sold out of stock after our first airing," says Witz, the company's President. "We were thrilled. It was so exciting to see such a positive response to our products and it really gave us confidence in our plan."

After about four years, EGI abandoned subcontractors and began manufacturing its products. "We wanted to own everything from production to distribution. This turned out to be one of the best decisions we made," says Witz, whose daughter Margot also works in the business as the head of marketing.

CONTROLS EVERYTHING

"We were able to expand the way we wanted to because we controlled everything. We did our own research and built our own labs, which allowed us to get into more advanced products and formulas."

Initially EGI products were only sold on The Shopping Channel in Canada, but in 2006 the company began selling on similar networks in the United States and Britain. Distribution in other European countries and Australia followed soon after. Grant, who holds the title of CEO, still enthusiastically

appears on many of the shopping network segments promoting the company's products, despite approaching 90 years of age.

As the company grew, the operation needed more space. After several moves, the business that began in Witz's basement will soon move into a 200,000-square-foot building that will house expanded R&D, production and distribution facilities. The purchase of the building was financed by BDC.

"Every time we moved to a larger space, I thought it would be sufficient for at least a few years, but month after month we found ourselves needing more room," Witz says.

Over the last four years, EGI has experienced revenue growth of 100 per cent and now employs more than 150.

“WE GROW,
EXPAND, GO
THROUGH PAIN,
SOLIDIFY AND
THEN REPEAT
THE PROCESS.”

"We grow, expand, go through pain, solidify and then repeat the process," Witz says. "Some of the pain may be because our processes aren't adequate for the growth, or we don't have adequate staff, or the money isn't quite there yet. This is the difficult part of growth until we are solidified again."

EGI has several goals for the next few years. It plans to sell many of its product lines in retail stores for the first time. As well as using television networks, EGI currently sells its products through the company's online store.

"We've had so much success with shopping channels and our online business, but I think it's time to sell in stores as well," Witz says. "We'll begin with Canada and then explore retail options in other locations."

In addition to venturing into the retail world, EGI will also continue its international

expansion. In the last quarter of 2013, the company plans to launch its products in China.

LOOKING AT EMERGING MARKETS

"We're also looking at emerging markets such as Vietnam, East Africa and the Middle East. Women all over the world want to be beautiful and have healthy, young-looking skin, so there are a lot of potentially great opportunities for EGI to grow worldwide."

As well, Witz's daughter has launched her own line with the company called The Socializer that's targeted at younger customers.

The company is also in the process of expanding a subsidiary, Swisspharme, which manufactures skincare and body care products for other companies under a variety of brand names.

"This will allow us to create lines for other businesses, such as department stores and so on," Witz said. "The production of our Elizabeth Grant line will remain the same, but now we'll have the capacity to manufacture products for other businesses wanting to brand their own lines as well."

Witz's success as an entrepreneur has been widely recognized over the last several years. In 2006, she was invited to participate in a poster campaign created by the City of Toronto to recognize the city's most celebrated business leaders.

She has also been named among Canada's 100 top female entrepreneurs for the last seven years by *PROFIT* magazine; and in 2010 and 2011, she was ranked in the top 10. In 2010 the Women's Executive Network also recognized Witz as one of Canada's Most Powerful Women: Top 100.

In addition to all of these achievements, she has also authored two inspirational books, *Elizabeth Grant: My Life—My Story* and *Stand Up and Talk to 1,000 People (And Enjoy It!)*. \$

MARION WITZ'S LESSONS LEARNED >>



LESSONS LEARNED

- 01 INVEST IN A CFO**—IF YOU DON'T HAVE A GOOD FINANCIAL EXECUTIVE, YOUR COMPANY CAN QUICKLY FIND ITSELF IN CRISIS. **02 UNDERSTAND YOUR MARKETS**—“WHEN WE EXPANDED INTO GERMANY, WE ALMOST FAILED BECAUSE WE HADN'T ADAPTED OUR MARKETING STRATEGY TO THAT MARKET,” WITZ SAYS. “WE HAD TO STEP BACK AND REASSESS HOW WE WERE APPROACHING THE COUNTRY BY FIRST UNDERSTANDING WHAT MADE THEM DIFFERENT THAN OTHER MARKETS.” **03 MANAGE YOUR GROWTH**—WHEN YOU START A COMPANY, IT CAN BE VERY EASY TO DREAM BIG. BUT IF YOUR BUSINESS GROWS AT A RATE THAT IS UNREALISTIC OR CAN'T BE MAINTAINED, FAILURE IS OFTEN THE RESULT. **04 INVEST IN GOOD PEOPLE**—UNDERSTAND THAT YOU CAN'T DO EVERYTHING BY YOURSELF. HIRE THE RIGHT PEOPLE TO DO WHAT THEY'RE GOOD AT. **05 CULTIVATE A RELATIONSHIP WITH YOUR STAFF**—EMPLOYEES SHOULD FEEL THAT THEY'RE VALUED AND RESPECTED AT EVERY LEVEL.

ASPENWARE: RIDING A WAVE

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15 YEARS IN THE MAKING



TERENCE BIGSBY
PRESIDENT AND CO-FOUNDER / ASPENWARE

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Last year was a milestone for Vernon, B.C., entrepreneur Terence Bigsby. He won a prestigious \$10,000 Manning Innovation Award and opened an expanded production facility that will enable his company to meet the growing demand for his disposable wooden cutlery. ■ As President and co-founder of Aspenware, Bigsby is riding a wave of environmental awareness with his compostable utensils made from aspen and birch. Aspenware's products are being snapped up as an alternative to the estimated 100 billion plastic knives, forks and spoons that choke North American landfills each year. ■ The company started 15 years ago when Bigsby, his father Bob, and two former partners spent nights and weekends in Bigsby's kitchen laminating pieces of birch. ■ With encouragement from friends and investors, Bigsby, a former high-school industrial arts teacher, moved the kitchen-table project into a tiny shop to start producing disposable flatware for individual customers, stores, fairs and theme parks. ■ Aspenware was incorporated in 2003 and has since grown into an enterprise that employs 25 and sells millions of pieces of cutlery throughout North and South America. Sales into the European Union are scheduled for next year. ■ The new plant will enable Aspenware to ramp up its production in pursuit of Bigsby's dream of offering an alternative to plastic at every fast-food restaurant in North America and beyond.



Being an entrepreneur is a lot more stress, strain and effort than most normal people understand. I didn't have a clue what I was in for, dealing with a new product, process and equipment. I had previously lost my shirt in a car restoration business and thought I knew what to expect. If someone had told me it would take \$10 million and 10 to 15 years to reach where we are today, I would have told them to jump in the lake.

What kept me going was a love of the challenge. I just didn't give up. There were times we could have said, "Naah, this is too much like work." But the true entrepreneurial spirit drives you to stay on course, because you can see the end result. In other words, you not only need to have the right vision, you also have to stick to it.

My father has stayed by my side all the way and is a great source of strength and encouragement. He has a PhD in vocational and technology education, and could see our enterprise was viable. We're both the same type of inquisitive animal that likes to

see things finished. I was an industrial arts teacher at a high school for 10 years, and a program I taught on mass production and adding value to wood struck a chord. I wanted to put theory into practice.

Dad is now away from the business for six months a year. He likes to take a break down south where it's warm. At this stage, I think he deserves it.

Luck and timing are always important factors for entrepreneurs. Green [environmental consciousness] didn't come into play when we first started. It wasn't even on the map. We saw wooden cutlery just as a high value-added wood product that takes under-utilized fibres from the B.C. forest industry and turns them into gold. However, growing environmental awareness and opposition to fast-food disposable waste became a lucky horseshoe for us. Our product is compostable, so we're not greenwashing [exaggerating environmental benefits for marketing purposes]—we're green.

Even if the green market is only 10 or 12%, that's still 12 billion pieces of cutlery retailing at about eight cents apiece. If you do the math, that's a big number.

Our products are not only priced competitively to plastic, but wooden utensils are also more practical. The prongs on plastic forks bend and the knives are dull. Our wooden forks can pierce a raw carrot, the spoons withstand hot liquids and the knives can cut through steak. They're all sealed with a smooth coating to avoid the sensation of other wooden eating utensils, like the old Dixie Cup ice-cream spoon that I hated as a kid.

I credit my fantastic team of employees, investors, engineers and marketers for the development and success of the product. Early on, we flew to Germany to meet the inventor of a wooden cutlery plant that we'd seen on TV. In reality, his machinery was slow and expensive. We returned home unimpressed and did a whole lot better using local Canadian designers and engineers.

The low moments in the entrepreneur's journey are usually associated with money. You have to decide whether you're going to gamble on signing your house away or not.



“ IF SOMEONE HAD TOLD ME IT WOULD TAKE \$10 MILLION AND 10 TO 15 YEARS TO REACH WHERE WE ARE TODAY, I WOULD HAVE TOLD THEM TO JUMP IN THE LAKE. ”

Although we worked through two recessions, we had enough driving force and positive acceptance to keep going.

One of my most memorable high moments was when our lawyer said we had a unique and patentable product. We knew we weren't just throwing good money after bad. We've also been encouraged by calls from some very prominent business people saying that what we're doing is fantastic.

That wasn't the case when I appeared on *Dragons' Den* in 2008. It's a nerve-racking experience to be thrown into the ring where people make a judgment in three minutes on the sweat and blood you've put into your enterprise. It was

also uncomfortable because the dragons' questions, in effect, oblige participants to give away their business secrets to a national audience. I was pretty sure my proposal would be rejected but went on the show anyway for the exposure. It worked. They turned us down, but people still remember the segment and ask me about it.

In a nice twist, dragon Kevin O'Leary invited me back on CBC Television for the *Lang and O'Leary Exchange* after I won the Manning Award. It's very cool to have your work and innovation acknowledged in such ways after years of effort. I often joke that Aspenware is an overnight sensation that was 15 years in the making.

“
I JUST DIDN'T GIVE UP.
THE TRUE ENTREPRENEURIAL SPIRIT
DRIVES YOU TO STAY ON COURSE.
”



Partnership with BDC will enable us to boost production to half-a-million pieces a day. The one thing that was always going to prevent Aspenware from competing with the big boys was volume. Although we raised our own money early on, it would have been impossible to ramp up production without the BDC loan. It took us from prototype to profitable.

Right now, everything that we can produce is pretty well spoken for and we're ready to go to the next level. I want to look at somebody like a McDonald's, a Starbucks, a Wendy's or a Tim Horton's and be able to say to them: "You use 1.3 million pieces a day? We can produce that."

Striving to achieve that goal is just as meaningful to me as reaching the number. It's not just the destination; it's the journey. We've come a long way from the days in the kitchen when it took us two or three hours to make a single piece of cutlery. \$

AS TOLD TO RICHARD ANDREWS

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PIERRE CL  ROUX
BDC CHIEF ECONOMIST

Investment in equipment, machinery and technology is not only a significant component of economic growth, but also crucial for increasing productivity. And rising productivity is the determining factor in creating wealth and increasing our standard of living.

That's why Canada's robust level of business investment since the recession has been so surprising and so welcome. After declining sharply during the recession, the pace of investment has bounced back over the last couple of years to reach pre-recession levels in 2012. And the return was faster than in the two previous recessions (see chart).

A recent BDC survey of more than 500 owners of small and medium-sized

businesses suggests the trend will continue. The survey, conducted in October, found that a majority of entrepreneurs intend to invest in their businesses within the next 12 months.

These results are encouraging, but Canadian businesses need to invest even more. That's because the pace of economic change is accelerating and entrepreneurs will be confronted in the years to come by a competitive landscape marked by both new challenges and new opportunities.

First among the challenges will be the aging of Canada's population. This demographic shift will make hiring the No. 1 challenge for many businesses. To remain competitive, entrepreneurs will have to combine a more

flexible, diverse workplace with higher levels of productivity-boosting investment.

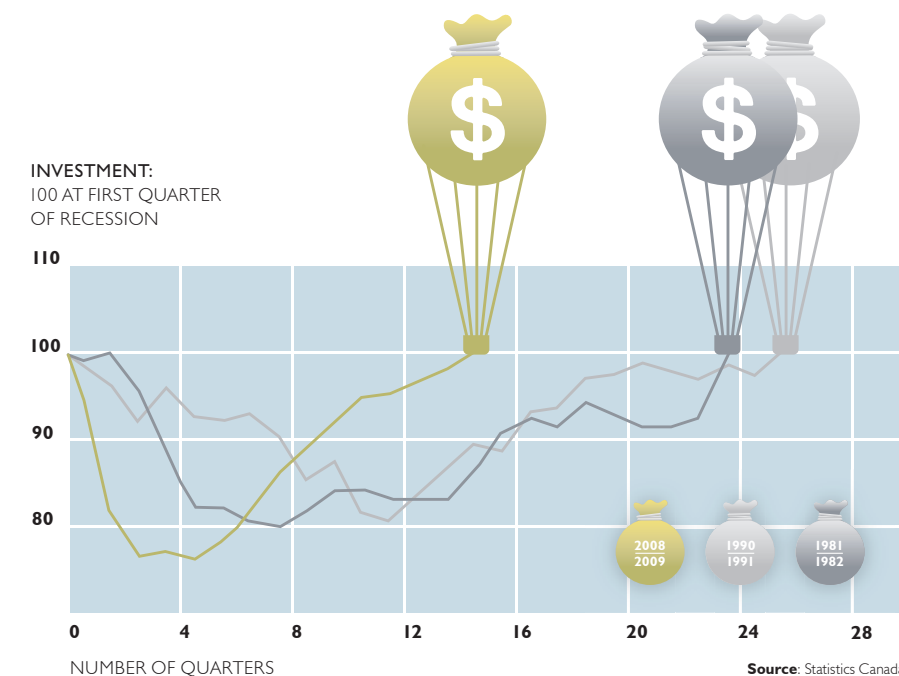
Second, the digital revolution is leading to a rapid growth in e-commerce. Over 80% of Canadians already browse online and half are buying. This trend will accelerate as more Canadians become comfortable with online shopping and use their smart phones to buy throughout the day. Yet, just 16% of Canadian small and medium-sized businesses are selling online. In fact, 30% of SMEs do not even have a website. This represents a tremendous opportunity loss for thousands of businesses.

Finally, globalization is ratcheting up competition in many sectors but also creating exciting new opportunities for businesses. According to the OECD, a new middle class of a billion new consumers will emerge in developing countries over the next decade. In order to benefit from this new market, Canadian businesses need to invest more to develop business in emerging markets.

Despite the recession in Europe and the challenging recovery in the United States, the Canadian economy has performed well, replacing all the jobs lost in the recession and adding more. In fact, Canada has experienced one of the best economic recoveries among developed economies. Moreover, the Canadian government's debt level is much lower than that of other developed countries and, according to the World Economic Forum, Canada has the world's best banking system.

Economic growth, stable public finances and a solid financial system should give Canadian entrepreneurs the confidence they need to invest more. Their ability to keep their companies competitive and growing depends on it. \$

RETURN OF NON-RESIDENTIAL INVESTMENT TO PRE-RECESSION LEVELS



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