

ESSENTIAL INFORMATION
FOR ENTREPRENEURS

profits\$

BUSINESS DEVELOPMENT BANK OF CANADA
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YOUR ONLINE STRATEGY

CONNECTING WITH CUSTOMERS

ENTREPRENEURS SHOW YOU HOW

MAKE BETTER DECISIONS

GROW YOUR BUSINESS WITH REDUCED RISK

AN ENTREPRENEUR'S REMARKABLE JOURNEY

FROM BASEMENT START-UP TO
GLOBAL ENTERPRISE



PIERRE MARTELL
PRESIDENT
MARTELL HOME BUILDERS



TABLE OF CONTENTS

2 PRESIDENT'S MESSAGE

Your Competitive Edge

3 UP FRONT

Building Your Brand

My Best Advice

Innovation Accelerator

Canadian Travellers

Bolster Tourism Industry

6 COVER STORY

Building Your Online Strategy

9 FEATURE

Beyond Guesswork and Hunches

12 BDC NEWS

Building Innovative Nation, One Entrepreneur at a Time

13 ENTREPRENEURS FIRST

A Measure of Success

16 IN HER OWN WORDS

From Basement Start-Up to Global Enterprise

19 QUESTIONS & ANSWERS

Ask a Pro



Building Your Online Strategy

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PRESIDENT'S MESSAGE

YOUR COMPETITIVE EDGE



JEAN-RENÉ HALDE

PRESIDENT AND CHIEF EXECUTIVE OFFICER

It's never easy to decide when, where and how to invest in your business. There are many demands and possible projects competing for your time and limited resources. And your crystal ball is as foggy as the next person's when it comes to predicting what lies ahead and whether your investments will pay off as planned.

One thing is clear, however. Standing still is not the answer. Competitors from up the street and across the ocean are eyeing your customers.

From our long experience working with entrepreneurs, we know you can put together a strategic plan that will set you on the road to a more competitive and profitable business. We also know that plan should probably include more and better use of information and communications technology (ICT).

Many entrepreneurs shy away from technology investments because they perceive them to be too complex and risky. But your reluctance to upgrade that cluttered website, automate your inventory information or test drive new customer relationship software is probably hurting your company's profits and ability to innovate. With the right support, you will likely be pleasantly surprised by how feasible your ICT projects can be and how powerfully they can transform your business.

We want your projects to succeed. That's why BDC offers the financing and expert advice our clients need to identify, plan and implement their technology investments. One good place to start is by visiting our new Smart Tech section at bdc.ca. There you will find a wealth of information about what technology can do for your business and how we can help.

It's a world of opportunity. We're here to help you make the most of it. \$

BUILDING YOUR BRAND

YOUR PROMISE TO CUSTOMERS

Businesses that define and build their brands gain huge advantages over their competitors.

“Research shows that companies with strong brand names generate much higher sales and profits,” says BDC Senior Consulting Partner Normand Coulombe.

Over the years, Coulombe has helped countless small and medium-sized businesses implement effective branding strategies and tactics. Here are some of his tips.

Conduct effective market research

Before making significant branding efforts, businesses have to know the lay of the land. Research on customers' tastes and competitors' offerings is crucial in developing distinctive brands.

Focus on a unique value proposition

“It's a competitive world out there,” Coulombe says. “The best way to prevail is by developing a brand that conveys to customers a unique value proposition.” That means products or services that stand out. In many sectors, such as fashion, furnishings or manufactured goods, effective design can be a key to success.



Choose a brand name that delivers your message clearly

Once a business has identified its customers' needs and desires and has come up with unique products to meet them, it has to choose a brand name that delivers that message clearly. “Try to be specific,” Coulombe says. “Give each product or service offering a different brand identity, as opposed to simply repeating the company name.”

Emotional connection is as important as a brand name

Shrewd marketers have long known that businesses can vastly improve brand

effectiveness if, in addition to a good name, they evoke appropriate emotions. One simple way to do this is through the effective use of colours. For example, using pinks to market young girls' products, greens for environmental themes, blues for water and so on. They all can help to reinforce an effective brand name.

Deliver consistent communications

Once a company has developed an effective brand and corporate identity strategy, it must implement it consistently through every contact point with customers, including advertising, signage, public relations efforts and so on. \$



MY BEST ADVICE

You have to be attentive to the concerns of your employees and be proactive in creating a work environment that corresponds to what they're looking for. It's important to set yourself apart from competitors in your human resources approach because there is a shortage of skilled workers in many sectors.

At Frima, we listened to the concerns of our employees and then followed through with programs that emphasize work-life balance and a pleasant work environment. For example, we offer our employees flexible hours, free fruit and massages at the office, free transit passes and access to a car-sharing service. We also have a performance point system. We evaluate the employees at the end of major projects and they earn points they can exchange for rewards like

having a chef, a maid service or a handyman visit their home, or having a weekend away at a resort.

We have an international business and it's the human element that determines whether we are performing or not. Making sure that you are investing in your human resources is a way to ensure that the foundation of your business is solid. *\$*

Steve Couture is the President of Frima Studio, a fast-growing Quebec City developer of video games. The company, with 300 employees, counts among its clients entertainment industry giants such as Warner, Disney, Electronic Arts and Ubisoft. The addition of an animation and special effects division for movies and television has sparked another surge of growth. Steve Couture is a winner of a 2011 BDC Young Entrepreneur Award.



STEVE COUTURE
PRESIDENT, FRIMA STUDIO

INNOVATION ACCELERATOR

CONCRETE HELP FOR R&D CHALLENGES

Robert Laganière isn't a professional driver. But since last year, this University of Ottawa professor's job description has included taking a car out for a spin.

Laganière is working on a project that could one day prevent car accidents. It could also become an important source of revenue for CogniVue Corporation, a high-tech firm in Gatineau, Quebec.

With video that Laganière collects on his road trips, his team at U of O's School of Electrical Engineering and Computer Science is working to improve a CogniVue product. It allows a camera to detect a car's position and sound a warning when it strays into a neighbouring lane or too close to the car in front.

This is the first time that Laganière has joined forces with CogniVue, a company that

develops processors and software for devices requiring real-time image and video analytics.

Laganière is one of more than 500 academics who have so far benefitted from a program offered by the Natural Sciences and Engineering Research Council of Canada (NSERC) known as the Engage Grant.

It's the flagship grant of the council's new Strategy for Partnerships and Innovation.

The \$25,000 maximum grant is given to researchers to cover direct project costs associated with partnering with a company to solve a specific R&D problem.

Lane detection technology already exists in some on-board cameras, but Laganière is working to make them more reliable, especially in challenging weather conditions.

To do that, he's going to have to break out his driving gloves in the months ahead.

"We can't wait for the snow!" *\$*

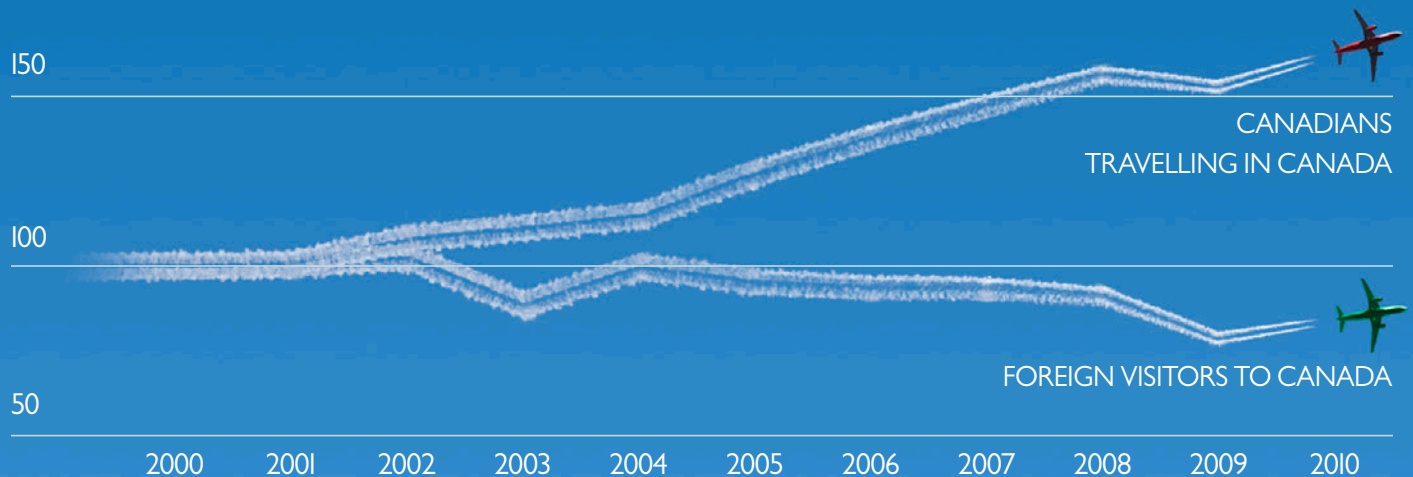


ROBERT LAGANIÈRE
PROFESSOR
UNIVERSITY OF OTTAWA

Canadian travellers bolster tourism industry

MORE CHALLENGES AHEAD FOR OPERATORS

REVENUE GROWTH, BY ORIGIN OF TRAVELLER (Year 2000 = 100)



BY GREG HERMUS

Long before the global recession hit, Canada's tourism sector had grappled with several shocks. The bursting of the dot-com bubble was followed by the September 11, 2001, terrorist attacks, rising oil prices, the appreciation of the Canadian dollar and changes in U.S. passport requirements.

Yet, despite these factors, the tourism sector has proven surprisingly resilient. Revenues grew at an average of 3.2% per year over the last decade to reach \$73.4 billion in 2010. That's only slightly weaker than annual revenue growth for all Canadian businesses (3.3%).

A closer look at the data shows that the strongest growth has come from Canadians travelling in Canada. While revenues from Canadians grew rapidly from 2000 to 2010, revenues from non-residents fell by an average of 1.8% per year.

Looking ahead, many challenges remain for the tourism sector, including persistent

economic weakness in many of Canada's source markets, high fuel prices and a strong Canadian dollar. While the longer term outlook in the U.S. and many of Canada's traditional overseas markets (Europe and Japan) is likely to remain quite modest, Canada is well-positioned to take advantage of the strong travel growth expected from emerging economies such as China, Brazil and India. \$

Greg Hermus is the Associate Director of the Canadian Tourism Research Institute, a division of The Conference Board of Canada.



BUILDING YOUR ONLINE STRATEGY

A NEW WORLD
OF OPPORTUNITY



When Pierre Martell started his home building business, he believed he could stand out from the competition if he could persuade customers their home would be ready on time and on budget.

But how to do it? He found the answer in an online strategy that combines a sophisticated website with adept use of free content and social media.

Customers of Martell Home Builders can log onto the website and follow progress during a “99-day countdown” to completion of their new home. At the same time, they can—along with prospective customers—interact with the company via social media and take advantage of online information on home construction and ownership.

The results have been dramatic. Since starting the company in 2006, Martell has built a booming business in Moncton, New Brunswick, that owes as much to his savvy use of the Internet as it does to hard work and craftsmanship on construction sites.

"We started using the Web and social media because we had no marketing budget," Martell says. "It turns out they're incredible, low-cost tools that enable us to be accessible and transparent, and to build our credibility as thought leaders in our industry."

Today, an online strategy is critical to the success of most small and medium-sized businesses, especially in finding and serving customers. It all starts with an attractive, user-friendly website. But too many businesses have a static, poorly designed site or no site at all.

In fact, a 2007 Statistics Canada study found that only 40% of Canadian businesses had their own website. That's not good enough in an era when customers are shopping online for all kinds of goods and services.

To get on the right track, the first step is to create an online plan that supports your wider strategic plan for your business.

"Ask yourself what your site's purpose is," says BDC Consulting Partner André Goyette. "Are you trying to sell online? Are you trying to generate sales leads? Do you want to provide after-sale service or streamline interaction with suppliers? All of the above?"

"The answer will lead you down different paths, depending on what kind of business you have and what your goals are."

At Martell, a major part of the online experience is a password-protected area where not only clients but also skilled tradespeople, suppliers and other participants can find information on a project. Photos are updated weekly and clients can even have a webcam installed on site to watch their house go up in real time.

Besides the marketing benefits, having everyone on the same page eliminates miscommunication, delays and cost overruns. Martell estimates cost savings at 30% over traditional project management techniques and says without the technology, his company could only build about five homes a year. This year, it's on track to build 65—on time and on budget. In more than 200 construction projects, the company has never missed a closing date and never gone over budget.

At the same time, Martell, 30, also does a good job on website basics, such as prominently displaying contact information on each page. And he makes extensive use of more advanced marketing techniques, such as a blog, YouTube videos, Twitter and Facebook feeds, and online advertising.

Online content—such as social media messages, how-to articles and guides, e-newsletters, blogs, and videos—is an important way for businesses to attract and keep customers by showcasing their expertise and corporate culture. That's especially important in an age when consumers are savvier than ever about tuning out advertising and other traditional marketing messages.

"You want creative marketing that encourages clients to contact you—to raise their hands," Goyette says. "By providing valuable information and helping clients to overcome problems, you become a trusted advisor. That's the way to make sales."

Internet marketing is different from traditional print or TV advertising, he adds. "It's a whole paradigm shift. With the Internet, the move is from push marketing to pull marketing. It's not so much selling as being found by customers."

That means working to ensure customers are finding your company on the Web by optimizing your site to rank higher in Internet searches and driving traffic to it with online advertising and social media like Twitter and Facebook. It also increasingly means ensuring your website is optimized for mobile devices.

Martell says social media have proven particularly successful in connecting his company with homebuyers and generating sales leads.

"Social media have allowed people to get to know us and trust us before we physically meet them," says Martell, who has more than 12,000 Twitter followers. "Now when people call, they already know us and what house they want to see."

Montreal entrepreneur Claude Charland is also benefitting from a new focus on Internet marketing.

Charland had no idea his small manufacturing company could have a global reach before it launched a new website last year. Now Charland Thermojet is attracting customers from as far away as Tahiti for its specialized industrial hot-water washing gear.

Continued on next page

PIERRE MARTELL
PRESIDENT
MARTELL HOME BUILDERS

"Social media have allowed people to get to know us and trust us before we physically meet them."

—Pierre Martell

Charland's site isn't fancy, but it's receiving 500 to 700 visitors a month from around the world. With the help of BDC Consulting, the site was optimized for Internet searches and the company did a pay-per-click advertising campaign on Google.

"We are getting sales we never thought we would have," says Charland, who has four employees. "It makes us visible to so many people."

However, BDC Consultant Andrew Penny cautions that while you're using the Internet to find customers in new markets, competitors are using it to find customers in your backyard. That means, more than ever, you have to have a product or service that stands out in the crowd.

"Now you're playing in a world market," Penny says.

Once you have found foreign customers, you will have to deal with traditional exporting issues. It's important to come up with an export plan that covers all the bases, including delivery, after-sales support, and foreign laws and regulations.

Back at Martell Home Builders, the website and social media messages work together to support the branding strategy goals of the company.

"Our business strategy is all about being transparent and caring—me as a person, our team, our company—and delivering that experience each and every time," says Martell, a winner of a 2011 BDC Young Entrepreneur Award.

"The Internet allows us to get that message out and reinforce it in a cost-effective way." \$

YOUR COMPANY'S MOST IMPORTANT COMMUNICATION TOOL

Today, a website is a business's most important communications tool, says BDC Consultant Rony Israel. Not only does it reflect your company image, but it's also an ideal way—along with social media tools—to communicate with prospects, customers and business partners. Yet many business owners are falling behind. Here are some tips for getting your Internet strategy on track.

CHANGE YOUR CONTENT CONSTANTLY

A key feature of a successful website is strong, regularly updated content. Employees at Martell Home Builders in Moncton, New Brunswick, update the company's site and make social media posts throughout the day. Entrepreneurs may worry they lack content, but they should look to their day-to-day business activities for inspiration in creating news releases, advice articles, blogs, guides, videos and social media posts.

CREATE ACCOUNTABILITY FOR CONTENT

It's always best to assign someone to take care of Web content or to outsource the job. This will help create uniformity and a consistent tone. Your site reflects your corporate image, Israel notes, and that's a precious asset.

GENERATE HIGH-VOLUME TRAFFIC

Real success for any website is determined by how much high-quality traffic it generates. If you're not getting visits from potential customers, then your website isn't doing its job. Always push for more visitors through social media, online ads and search engine optimization strategies.

MEASURE YOUR SUCCESS

It's critical to measure the success of your online strategy. There is a wide range of free or inexpensive tools that allow you to monitor and analyze traffic on your site, as well as the success of your social media and other online marketing initiatives. It may take time to see significant results, but be patient and have faith your efforts will pay off.



FEATURE

BEYOND GUESSWORK AND HUNCHES

How to Make Better Business Decisions

Choosing which direction to take your business in when you're at a crossroads is one of the toughest challenges entrepreneurs face.

A financial analysis of the various options takes decision-making out of the realm of hunches and intuition and grounds it in facts and analysis.

BY ALEX ROSLIN



Continued on next page

Nico Schuermans' succulent dishes have won his Belgian-themed Chambar Restaurant a wall of awards that would be the envy of any chef. *Vancouver Magazine* named Schuermans chef of the year in May. The magazine has described his North African-influenced lamb shank tagine—braised slowly in honey, figs and cinnamon—as “otherworldly.”

But a few years ago, Schuermans decided being a chef wasn't enough. Although he has cooked for Bill Clinton and Mick Jagger, and prepared a dish on NBC's Today Show, Schuermans and wife Karri, who co-owns Chambar, had a bigger vision.

What they really wanted was to be food entrepreneurs.

They had a long list of ideas for new food-related business ventures that could complement the restaurant in Vancouver's Gastown district and harness the enthusiasm of their passionate customers.

The problem was how to grow. The couple had a two-year-old toddler, and Karri was pregnant with their second baby. They needed to make sure their business expanded in a balanced way.

“It wasn't so much growth for profits,” Karri says. “We realized we had the capacity to manage more than the restaurant alone. If you're just maintaining and not putting something new into the business, then from the point of view of customers, you're going backwards.”

The Schuermans faced the same question that most entrepreneurs have to confront at some point: how to make a major decision for their business that has huge, hard-to-predict consequences.

Making important decisions about a business can be especially hard because they directly affect a company's finances, and the future of the owners and employees alike.

Many entrepreneurs rely on the same thing that got their company off the ground in the first place: gut instinct. But depending too much on hunches and intuition can be risky.

The Schuermans didn't want a repeat of the nerve-racking experience they'd had when they first opened Chambar. They'd budgeted \$400,000 for the start-up, but found themselves flat broke by the time the restaurant's doors opened. A month later, construction and equipment costs hit \$500,000.

“The stress can be unbelievable,” Karri says.

Experts say there's a better way. They recommend breaking down a major decision into a series of steps that help ensure it's grounded in facts and analysis.

“You need to know how much a decision is going to cost you and how much you expect it to return,” says Laura Sowden, BDC Consulting's Director of Core Market Solutions. “Until you run the numbers, you can't make a proper decision.”

Sowden worked with Nico and Karri when they approached BDC in 2007 for advice on their expansion plans. BDC had already provided financing for the couple's restaurant. Sowden knew they didn't need a full-blown strategic plan, but rather a way to evaluate their growth options and make a decision on the right path for their business.

She recommended a financial modelling exercise that would give them forecasts for all their options. This kind of forecasting is far from foolproof because unexpected twists and turns can't be predicted. But it does provide a framework for decision-making and would prove to be crucial to the success of the expansion dreams.

The first step was a “strategic visioning session”—a meeting with top Chambar staff to brainstorm growth ideas. They took an entire day to toss around ideas and came up with about 20 expansion opportunities.

The group then whittled these down to the best five options based on their feasibility and fit with the Schuermans' business strategy and vision. They settled on creating a second restaurant for breakfast and lunch



“When you have 120 employees, your decisions have consequences.”
—Karri Schuermans

customers, a cooking school, a line of packaged foods, a deli, and a Belgian beer brand.

With such an ambitious expansion plan, Nico and Karri then had some homework to do. They had to create a business plan for each venture. This step involved three months of research to work out detailed costs and revenue potential for each option. It included studying the cost-benefit numbers of similar start-ups. The outcome was a one-page business plan for each option that included detailed financial projections.

All that information then went into a five-year financial forecast. It laid out a map for how the couple could expand, including their cash flow and financing needs. They could also tweak variables to see the impacts on their business and optimize the timing of their expansion.

“They could play around with the various alternatives and build a more methodical plan,” Sowden says.

A financial forecast helps entrepreneurs do a reality check on whether a new venture will yield a reasonable return. The exercise includes setting a desired rate of return on the owner’s invested capital (typically about 15%). Any new venture should allow the business to exceed or at least match those targets, while not stretching finances.

“A key challenge is how to do all this while minimizing external financing and not hurting cash flow,” says Bruce Dwyer, a BDC Consultant who helped with the financial modelling.

Out of the process also flowed targets for sales and marketing, operations, organizational structure, and financing.

It all resulted in big success for the Schuermans. The couple embarked on an ambitious expansion that has seen their sales close to double since 2007 and their 50 employees grow to 120. They’ve also had a lot less stress and more stability than when they first opened Chambar.

Their first new venture was Café Medina, a breakfast and lunch restaurant opened in 2007.

As luck would have it, the perfect space opened up right next door to the Chambar, allowing unexpected synergies.

Their next expansion venture was the Dirty Apron Cooking School. Here, the couple hit a snag. Their plan to open the school in a residential loft space got nixed when bank loan rules changed. This had big financial implications because they now needed to come up with a hefty 25% down payment to buy a commercial space, instead of just the 5% to 10% required for a residential property.

They had to figure out if the cooking school was still feasible. Instead of relying on a hunch or some back-of-the-envelope calculations, they went back to their financial forecast and plugged in the new numbers. The decision was easier than they had expected. It was clear the cooking school could still be financially successful.

They have since opened a deli in the cooking school, where they market their own new food line. And Chambar’s drinks list now includes Nico’s own brand of Belgian beer.

Sowden says a big key to the couple’s successful expansion was the extensive thinking they put into decision-making up front. “They did so much research on all their alternatives. That’s vital. It’s all the unknowns that will hurt you.”

Karri Schuermans agrees. “Previously, we would have relied on intuition to make decisions. But when you have 120 employees, your decisions have consequences.” \$

DECISIONS, DECISIONS: 7 STEPS TO HELP REMOVE THE GUESSWORK

1 Bring your top staff together to brainstorm opportunities or alternatives. Set aside a day, preferably outside the office.

2 Narrow your options down to a manageable list. Rank them using criteria such as the idea’s fit with your business strategy, profit

potential, cash flow predictability, start-up costs and ongoing resource requirements.

3 Create a business plan for each option. Work to understand all the costs associated with each investment alternative, and research similar start-ups to determine costs and revenue potential.

4 Create a detailed financial forecast going out three to five years.

5 For each venture, factor in timing of the launch, initial outlay, cash flow and financing. This should yield an optimal decision and an action plan on how to proceed.

6 Put your decision into action, assigning deadlines and responsibilities for each project.

7 Then break down the forecast into one-year timeframes. Track your progress diligently, and compare it each month to your forecast. Update the forecast as needed.

BDC News

BUILDING AN INNOVATIVE NATION, ONE ENTREPRENEUR AT A TIME

At BDC, we strive to ensure entrepreneurs have the support they need to build their businesses. We offer financing, consulting services and venture capital from more than 100 business centres across Canada. Here are some things you should know about our recent activities.

> Small Business Week®, BDC's annual celebration of entrepreneurs, will once again offer an opportunity for business owners to learn, network and enjoy themselves at events across Canada. Last year, entrepreneurs participated in 325 events during the week. The theme of Small Business Week 2011—Power Up Your Business. Invest. INNOVATE. Grow.—is a call to action for today's entrepreneurs. This is a time to attack challenges with renewed decisiveness, market awareness and creativity. Small Business Week 2011 runs from October 16 to 22.

> An important focus at BDC is encouraging entrepreneurs to increase their use of

information and communications technology as a proven way to boost productivity and profits. Whether it's learning about technology, crafting an Internet strategy or selecting a new system, BDC has the expertise and financing your company needs to become more competitive. To learn more about what we can do for your company, contact us through one of our business centres or our website at bdc.ca. A good place to start is by visiting the Smart Tech section of the site where you will find free assessment tools. And while you're there, download your free copy of our e-book for entrepreneurs, *Technology: Your Competitive Edge*.

> We are proud to announce that BDC Consulting has obtained ISO 9001:2008 certification for the design, development and provision of innovative consulting services. For entrepreneurs who use BDC Consulting, this certification is independent recognition of our commitment to high-quality, consistent services from coast to coast. BDC Consulting has long promoted the merits of ISO certification to entrepreneurs because it makes them more competitive both nationally and globally. To date, we have helped more than 3,500 businesses obtain their certification. Now we are better equipped than ever to help entrepreneurs meet this standard and undertake their other business projects.

> Entrepreneurs can now connect with BDC and our business expertise through Facebook, Twitter, LinkedIn and YouTube. For links to our social media pages, please visit [\\$](http://bdc.ca)



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ENTREPRENEURS
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EFFICIENCY RULES
AT DURABUILT
WINDOWS & DOORS

A MEASURE OF SUCCESS

BY ROSS ROGERS

Continued on next page

HARRY AND JOE SUNNER
VICE PRESIDENT AND PRESIDENT
DURABUILT WINDOWS & DOORS

At Durabuilt Windows & Doors, the products are not the only things that are meticulously measured. Nothing escapes benchmarking in a relentless drive to improve quality and efficiency at the Edmonton-based company.

"Whether it's how much we reduce waste going to landfill or how quickly we respond to telephone inquiries, we keep track of it all," says Durabuilt's President, Joe Sunner, who runs the business with his son and Vice President, Harry.

"If you want to offer a top-quality product and exceptional customer service, you have to know how you're performing in all aspects of your business."

With operational excellence as their guiding beacon, the father and son team has transformed a small shop of 12 employees that Joe bought in 1995. Now, the manufacturer of customized, energy-efficient windows and doors employs 450 in a 15,800-square-metre facility. The company's average annual growth rate is in the 25% range.

It has benefitted from a healthy economy in Western Canada, serving contractors, builders, architects and home retailers in Alberta, Saskatchewan, Manitoba and British Columbia.

Originally a partner in the firm, Sunner made the leap to buy Durabuilt despite limited experience in the manufacturing industry.

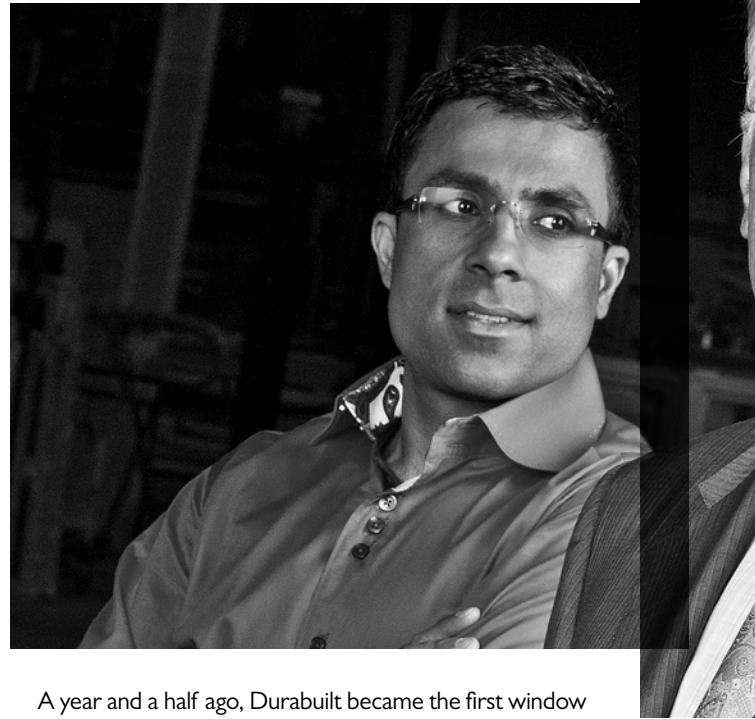
"Frankly, our background was retail. But we had the tenacity to give it a try because we're true entrepreneurs," says the 61-year-old who emigrated from England in 1994. "The economy was coming out of a slump, and we saw the opportunity to bring the company to a whole new level."

In sixteen years, Durabuilt has moved its manufacturing facilities three times to accommodate its growth and faced the hurdles that come with it.

"Suddenly, your production line is not keeping up with demands. The orders are pouring in and you need more people, equipment, trucks and capital," Sunner says. "I can honestly say that what has kept us going is putting in those 14-hour days when we need to."

But he also attributes much of Durabuilt's success to a steadfast commitment to quality control and efficiency. "It can be a gruelling process, because you have to turn over every stone in your business to see how well you're running it," he says, noting the contribution of General Manager Amar Randhawa.

That perseverance has paid off. In the last three years alone, Durabuilt has improved productivity by 30% and managed to decrease its environmental footprint by 25%, he says.



A year and a half ago, Durabuilt became the first window and door manufacturer in Western Canada to receive integrated management system (IMS) certification, a set of internationally recognized standards encompassing quality, environment, and health and safety performance.

"We had already implemented lean manufacturing practices in our plant, such as just-in-time inventory management. So IMS was a natural step for us," says Sunner, a client of BDC Financing and Consulting.

IMS ensures the company is reducing waste and working efficiently across its operations, leading to a highly competitive price point. It also sends a message to customers that they are dealing with a world-class company, Sunner says.

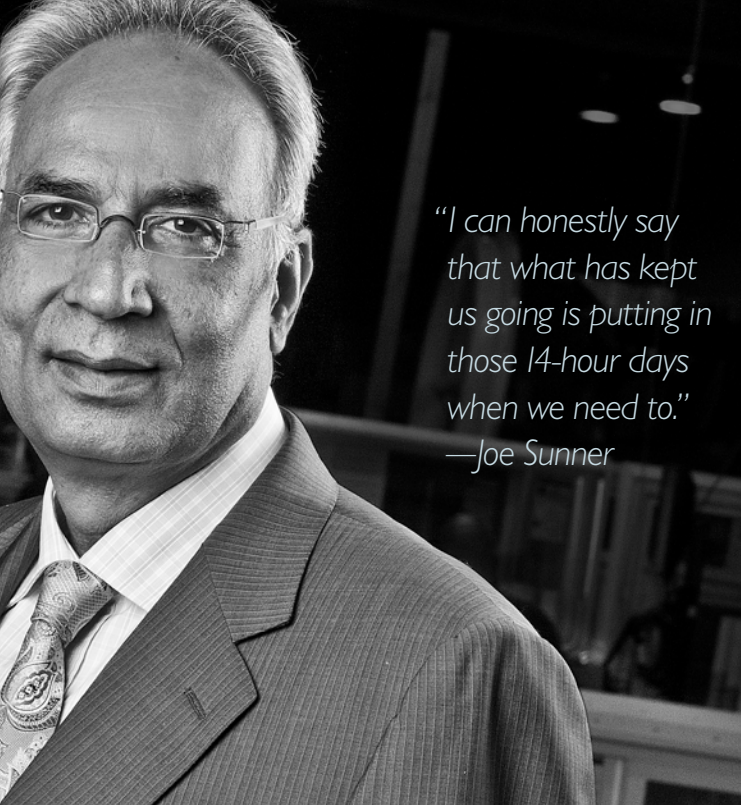
Investing in technology has also helped Durabuilt build a streamlined and highly competitive business. Two years ago, the firm implemented a proprietary enterprise resource planning (ERP) system that tracks the company's production process from customer order to delivery.

"I can be anywhere in the world and from my laptop I can check online to see what's going on in production. Our customers can also check the status of their order without making a phone call.

"It took a while to iron out the glitches in the system, but it was truly worth the effort. These things take time to implement. Your supplier may tell you that it can be installed in three months or a year, but it's smarter to plan for more time."

The company's operational excellence and environmental initiatives have had a positive impact on employee morale and retention. That's important in Western Canada, where the oil and gas industry boom has made recruitment a challenge.

To attract top talent, the company offers regular training and advancement opportunities, and prides itself on a multicultural workforce. "We surround ourselves with highly competent people who come from all over the world," Harry Sunner says. "This creates a strong work ethic in our company."



"I can honestly say that what has kept us going is putting in those 14-hour days when we need to."
—Joe Sunner

Durabuilt also focuses on creating a strong brand that is recognizable to consumers in a highly competitive market. To increase brand visibility, for example, the company has set up design galleries at dealers and showrooms across Canada.

As the company continues to grow, Harry and his father remain committed to ensuring Durabuilt stands out in the crowd with top products.

"We're not the biggest yet, but we're the best at what we do." \$

LESSONS LEARNED

Measure your performance in all aspects of your business, from operations to sales and customer service.

Invest in technology to boost your competitiveness by harnessing the information your business generates.

Invest in quality certification to help your company focus on eliminating waste, improving efficiency and increasing productivity.

Recruit and retain loyal employees by demonstrating your company's commitment to quality and social responsibility, including environmental initiatives.

Build brand visibility to compete in a crowded market.

You've lived the dream of owning and managing your own business. Now you feel it's time to move on, either to retirement or to your next project.

BDC has many years of successful experience in helping entrepreneurs to transfer, sell or buy a business. Our transition program is a complete solution that combines financing and consulting. At BDC, it's entrepreneurs first.



MOVE ON WITH CONFIDENCE BUSINESS TRANSITION



FROM BASEMENT START-UP...



KRISTI WOOLLEY'S REMARKABLE JOURNEY

Kristi Woolley started Frontline Focus International in her basement with just a computer, a phone and an idea. She had worked for a mystery shopping company for 20 years, sending shoppers into retail stores to evaluate how sales were being handled by front-line staff. But she believed more could be done by adding tools to gather feedback from customers and employees to help companies improve their service.

Woolley, a mother of four children, hadn't planned on going global, but positive word of mouth led to opportunities serving multinational corporations around the world. Soon the growth rate was staggering—Frontline Focus launched in 18 countries in a month at one point in the mid-2000s. But it hasn't always been a smooth ride. When the recession hit, banks wouldn't lend Woolley the cash she needed to seize opportunities abroad and she had to resort to financing her business with credit cards and other stopgap measures. She was also travelling so much she suffered a collapse and had to be hospitalized for a month.

Today, Hamilton, Ontario's, Frontline has 85,000 field representatives operating in 120 countries in 33 languages. The company works with such high-profile clients as KFC, Chevron, McDonald's and Coca-Cola. And Woolley, 56, sees much more growth ahead.

KRISTI WOOLLEY
PRESIDENT
FRONTLINE FOCUS INTERNATIONAL

TO GLOBAL ENTERPRISE

I grew up on the island of Malta in the Mediterranean from the age of 8 to 16. It was the '60s and my parents thought this was the cool thing to do—go live in Europe. We lived in a 400-year-old castle, built by the Knights of Malta with all kinds of wild things like secret passages. It showed me so much about the international lifestyle and life's possibilities.

My father started one of the first plastic injection moulding companies in Canada. He was an entrepreneur too. He was quite a charismatic guy and attracted all kinds of people around him—celebrities and that kind of thing. He lived a jet-set kind of life. When he and my mother separated, we came back to Canada and my mother took over the business.

When I was 19 years old, I took a job as a mystery shopper. We purchased merchandise and observed how the sale was being handled. It was all very exciting. I was travelling across Canada, visiting retail stores, spending somebody else's money. I couldn't believe they were paying me to do it.

I stayed with that company until my late 30s, about 20 years. They were strictly a mystery shopping company and my employer was looking to retire and didn't want to invest in the business. So that prompted me to go out on my own.

There were lots of customer research companies around and mystery shopping companies. But nobody had thought of bringing it all together.

Companies spend fortunes on advertising, location design and inventory to attract new business but, all too often, the front-line staff let them down at the point-of-sale contact with the customer. Our business is geared to retaining customers and building brand loyalty. What happens at the point of sale? What happens with the follow-through? What relationships are being built with customers? What differentiates a client from their competitors? We tailor our programs for every client.

I began my company in my basement in Hamilton with one computer and one telephone. It was very scary because I was giving up a guaranteed income. But I felt that there was simply no future where I was.

It was frightening to leave a job when you have very young children. I told myself: "I must be successful—there are too many people to take care of." Failure wasn't an option.

In my grandiose way, I added "International" to our name. But I had no intention of ever becoming an international company. It was just about taking care of my family.

Word of mouth really began to work in our favour. This still remains the best way to grow our business today. Migrating executives who have used our services often bring us into their new company.

We are very good listeners. We hear what a client is telling us when they have a problem. We think about ways we can solve it. It starts with sitting down with the client and saying: "Where are you today? Where would you like to be tomorrow?"

We were probably the first company in Canada to offer results in real time through an Internet portal. In the past, client results were delivered up to six weeks after the fact, which is far too long to make any impact in a business. Now, they were able to take action within 24 to 48 hours and that set a new industry standard.

YUM! Brands [KFC, Pizza Hut, Taco Bell] offered us an opportunity in England with something like 1,700 stores and that doubled our volume with one contract. At the same time, Häagen-Dazs was also taking us into the Middle East and Asia.

Shortly after we moved into England around 2005, we began working with YUM! all over Asia, Africa, Australia, the Middle East, Europe, Latin America, the Caribbean, Canada and Mexico. At one point, we launched 18 countries in one month.

All four children have worked or continue to work in the business and were very instrumental in setting up new countries as they were being added, especially during our period of rapid growth.

Continued on next page

I was travelling so much I collapsed. I was hospitalized for a month. I took a year where I didn't travel at all. We changed the structure of our company to do things differently by spreading out responsibilities.

I think the biggest challenge for me was learning to let other people do it. I started out by myself and I always felt I had to be on top of everything myself. It took a few years to learn how to let go.

I am very proud of our people around the world. They represent the best of the best.

BDC came along at a time when we really needed them and helped us to get through that tremendous growth period, stabilizing and restructuring ourselves into a global company. They believed in us as a company that was growing and exporting Canadian services.

We now have offices in 12 locations and 40 satellite offices where people work from home. We work in 120 countries supporting 33 languages. The beauty of having a global company is you can capitalize on markets that aren't suffering from the economy. Places like Asia, Australia, Latin America are doing really well right now.

Going into international markets is not for the faint of heart. I absolutely didn't know what I was getting into and sometimes that's the best way—you just end up there and you have to deal with it. If you want it badly enough, you'll do whatever it takes.

I'm very open with everyone. I tell everybody in the company exactly where we stand—what our risks and threats are, and where our opportunities lie. That's helped us all.

I didn't do all this work to see this company stand still. I want it to go on and become a widely known brand, much like the Gallup or Nielsen rating firms.

Part of my ambition came from my father, who built a company. I was very proud of him. I am a pioneer myself—I like to start things and create a vision and let people run with it. I like to see people become the best they can be.

In February of this year, my 27-year-old son died suddenly and unexpectedly. I was away from the business for over a month. My team stepped in and ran the business for me. They did a fabulous job. Having worked closely with him for more than five years, it was a personal loss for them as well.

When he died, I was devastated. It brought me back to why I started the company—it was always about family. It made me realize you need to stop sometimes and enjoy the people in your life. You never know what will be coming next.

I am very grateful for everything that has happened to us in the business and for the differences we have been able to make in so many people's lives. It's been a wonderful experience. \$

"I tell everybody in the company exactly where we stand—what our risks and threats are, and where our opportunities lie."



AS TOLD TO DON MACDONALD

SHARPEN YOUR COMPETITIVE EDGE INNOVATION

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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.

Ask a Pro



Q CAN BONUSES HELP ME KEEP MY GOOD EMPLOYEES?

A A good bonus plan helps an organization attract, retain and motivate employees. On the other hand, a poorly designed bonus plan can work against you and actually discourage your staff.

Bonuses should be kept separate from pay and cost-of-living increases, and tied directly to specific, measurable objectives that are linked to the company's goals and to the employee's contribution to these goals or the bottom line. Serious problems with morale can arise if bonuses or other reward and recognition plans are not well thought out or are based on subjective criteria.

There are many ways to develop bonus plans. Creating a bonus pool and disbursing the funds based on clearly defined specifications may work well for project-based organizations. You can also tie bonuses to the budget, but this method is harder to use because you have to track each employee's contribution. A bonus based on money saved motivates people to come up with creative ideas and methods for cutting costs.

Whatever plan you choose, if you run it fairly, equitably, and based on facts and data, it should help you to retain good employees.

Q I AM INTERESTED IN EXPORTING. HOW DO I BEGIN?

A It is paramount that you create a solid exporting plan that describes your business, your objectives and your needs. This document will force you to do complete research that not only analyzes potential demand but also plans for your needs.

Here are some things to consider:

- How big is your potential market?
- Who are the competitors in each market? What market share does each competitor hold? What are their strengths and weaknesses?
- How does your product compare to competitive offerings? What are your product's advantages and disadvantages?
- What strategy will you use to achieve your targeted market share?
- What will the competitors do in response?
- How will you distribute your product?
- Are there any trade barriers or regulatory obstacles to be overcome in the target markets?
- What gross margin can you achieve in each market? What are the marketing costs? What are the distribution costs?
- How will you supply the forecasted demand?
- What are the capital and cash flow requirements associated with the venture? Where will you get your financing?

Depending on your answers to these and similar questions, your new business venture may be a very profitable idea, or have little or no chance of success. And it is impossible to judge how reasonable your planned course of action is until you undertake the necessary work. \$

Put your business question to a BDC Consulting expert through our free Ask a Pro service by visiting the Advice Centre at bdc.ca. You can also consult previous questions and answers, and sign up for our online newsletter, *eProfit\$*, with its monthly selection of original articles to help you manage your business—and yourself.

INVEST IN EQUIPMENT?

ARE YOU READY TO **EXPAND YOUR PREMISES?**

ENTER NEW MARKETS?

BUY A BUSINESS?



At BDC, our innovative solutions can help you expand your premises. Our consulting and financing services work hand in hand to offer entrepreneurs made-to-measure solutions, which may include financing that matches investment needs or customized repayment periods that extend over an asset's entire life. It's just the flexibility you need to free up cash flow and grow your business on your own terms.



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