

profits\$

ESSENTIAL INFORMATION
FOR ENTREPRENEURS

SCORE WITH YOUR BRAND

*HOW TO PROPEL
YOUR BUSINESS WITH
BETTER BRANDING*

READY FOR REAL ESTATE

*TIPS ON BUYING
YOUR OWN PLACE*

DESIGNED FOR EXCELLENCE

*AN ENTREPRENEUR'S
BOLD VISION*



**CRAIG KENNEDY
AND GER McNAMEE**
GONGSHOW GEAR



COVER PHOTO: YVES LACOMBE

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A BEAUTY OF A BRAND

GER McNAMEE and **CRAIG KENNEDY** have scored with a strong, unique brand at their hockey apparel company, Gongshow Gear. Learn why good branding is crucial for your company.

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ENTREPRENEUR FIRST

INSPIRING BY DESIGN

It took ambition and determination for **SUSAN DROVER** to embark on a new career as an entrepreneur. She's built a unique business that reflects her values, personality and love of design.





MICHAEL DENHAM
PRESIDENT AND CHIEF EXECUTIVE OFFICER

NEW MARKETS, NEW OPPORTUNITIES

A NEW BDC STUDY HIGHLIGHTS
THE BENEFITS OF DIVERSIFYING
YOUR BUSINESS. WHAT DO YOU
HAVE TO DO TO FIND NEW
CUSTOMERS, OPEN NEW MARKETS
AND BROADEN YOUR BUSINESS?

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The sharp drop in the price of oil has caused a lot of hardship for entrepreneurs, especially in Western Canada and Newfoundland and Labrador.

As Canada's development bank, we have responded by earmarking \$500 million in additional financing for Canadian small and medium-sized businesses hurt by the downturn. We're also offering additional consulting services to these companies in such areas as operational efficiency, financial management and IT adoption.

Our goal is to help promising companies not only weather the storm but to emerge stronger. To do so, we are focusing on projects that will produce more diversified, resilient and growth-oriented businesses.

In conjunction with this announcement, we released an important new study highlighting the benefits of diversification not only for companies in the energy sector but also for firms throughout the economy.

This study by our economics team is based on a survey of close to 1,000 Alberta businesses. It found that even a modest degree of diversification is associated with superior financial performance, regardless of the size of the business. The most diversified firms experience by far the fastest growth in revenues and profits.

The study identifies several ways you can diversify your business, including reducing your dependence on one or a few customers; broadening your product or service offerings; opening markets in different geographic locations; and having operations in more than one location.

Given the potential rewards, you should be asking yourself how you could diversify your business this year.

We're here to help with the financing and advice you need to create innovative products, open new markets and grow your operational footprint.

At BDC, entrepreneurs always come first. We're ready to talk when you are.

Read more about our study, *Diversify, Diversify: A Key Growth Strategy for Small and Mid-Sized Firms*, on page 5. \$

ARE YOU READY FOR INTERNATIONAL TRADE?

Here are six areas deserving close attention as you prepare to enter foreign markets.

01 PRODUCT VIABILITY

Do market research to find out whether you can offer something unique at competitive prices. Remember you may still need to modify your product or service to meet foreign tastes and regulatory standards.

02 COMPANY PERFORMANCE

Exporting from a shaky domestic foundation will only increase the strain on your company. Solid cash flow and comfortable profit margins, supported by an effective business plan and a high degree of operational efficiency, make an excellent launching pad for an export project.

03 HUMAN RESOURCES

If your export business is more than a modest success, you'll need more people to handle the increased workload. Be sure you're ready to recruit, hire and train, all of which will require company resources.

04 FINANCIAL RESOURCES

The riskier nature of international trade means financing can be more difficult to obtain. Fortunately, institutions such as BDC and Export Development Canada (EDC) offer specialized financing to help companies get started in international trade.

05 PRODUCTION RESOURCES

Make sure you have enough production capacity to meet unexpectedly large foreign demand. Your suppliers also need to be able to support your production commitments without causing delays or bottlenecks.

06 LOGISTICS RESOURCES

Producing enough to fill an order is only part of the job—you'll also need trained export logistics staff to troubleshoot delivery problems quickly and efficiently.

This article was adapted from EDC's ExportWise website at exportwise.ca



MANAGEMENT TIP SUSTAINABILITY: WHERE CAN YOU MAKE THE BIGGEST DIFFERENCE?

As CEO of the Delphi Group, Mike Gerbis advises companies, institutions and governments on improving their sustainability. He says entrepreneurs who are interested in reducing their company's environmental impact should begin by identifying where they can make the biggest difference. ■ For example, Gerbis owns a building that was constructed 120 years ago. So his initial focus was on improving its energy efficiency. ■ To learn where you can make the biggest difference in your business, he recommends asking your employees. "They'll come up with ideas," he says. "Set up a green team to identify priorities where the company can become greener, pick the top two or three options and implement them." ■ Besides leading the Delphi Group, Gerbis is also CEO of the Globe Series, North America's largest and longest-running conference and exposition focused on sustainable business. Delphi is a B Corp, a certification recognizing rigorous standards of social and environmental performance. ■ "The path to sustainability will be different for every company," he says. "The important thing is to involve your people and get started now."



MIKE GERBIS
DELPHI GROUP

THE VERDICT IS IN

DIVERSIFIED BUSINESSES EXPERIENCE STRONGER GROWTH

Which small and mid-sized businesses are more likely to see stronger financial performance—those that are focused on a few clients, products and sectors, or those that broaden their product lines and diversify their client base?

On one hand, diversification seems like a good bet for reducing your risk in a tough economy.

On the other hand, specialization is efficient and diversification comes at a cost, both financial and in terms of time and effort. That's not always an obvious choice for an entrepreneur who is managing an already profitable business.

MAJOR STUDY CONDUCTED

To explore the question of whether diversified firms experience stronger growth, BDC conducted a survey of close to 1,000 small and medium-sized companies in Alberta, the province with the highest number of small businesses per capita in Canada.

The plunge in oil prices made the timing opportune. Survey respondents could be asked not only about their outlook for the coming year, with the province facing economic contraction, but also about their financial performance in recent years, when economic growth had been robust.

The results were clear. The study found the most diversified companies—in terms of number of clients, product lines or geography—experienced by far the fastest growth in revenues and profits. Even businesses with a modest degree of diversification were more likely to have stronger revenue growth than undiversified companies.

DIVERSIFIED FIRMS PERFORM BETTER

"The results show that diversified businesses clearly outperformed their less-diversified counterparts," says BDC Economist Tom Corner, who authored the study titled *Diversify, Diversify, Diversify: A Key Growth Strategy for Small and Mid-Sized Firms*.

As part of the study, BDC business consultants shared advice on how entrepreneurs can develop a diversification strategy. Here are some of their tips.

Harness core strengths—Companies should think about how existing assets (buildings, machinery, staff, expertise) can be used for other purposes.

Ensure financial stability—When diversifying, companies shouldn't jeopardize existing operations, but instead consider the least costly and complicated options. New markets can come from relatively small changes to existing products or services.

Address weaknesses—Entrepreneurs should constantly stress-test their business. For example, you can ask what would happen if you lost your biggest client or faced an economic shock. Solutions could include adding a few more regular clients or adapting an existing product or service.

—
Read the study by downloading your free copy at bdc.ca/diversify

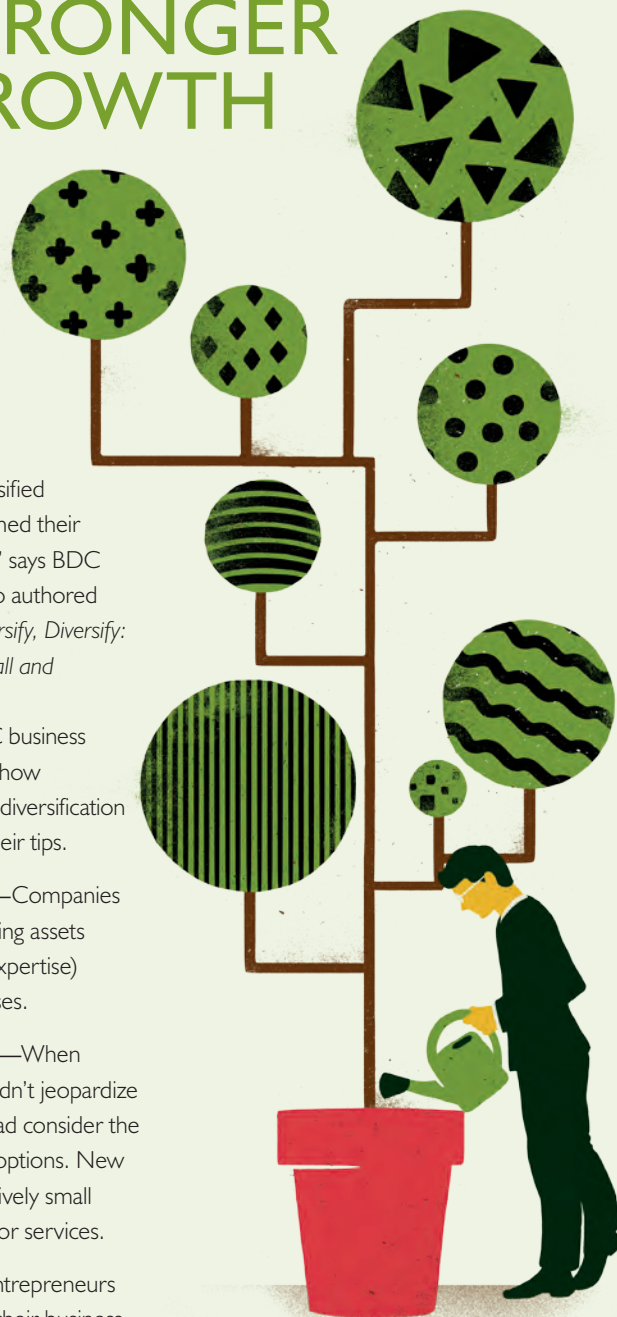


ILLUSTRATION: SÉBASTIEN THIBAUT

DEVELOPING LEADERS

6 STRATEGIES TO USE IN YOUR BUSINESS

HERE'S HOW TO BRING ALONG THE BEST AND BRIGHTEST IN YOUR TEAM

Recruiting leaders from outside your business can be expensive, time-consuming and risky. That's why the ability to develop homegrown talent gives your business a long-term competitive advantage. Here are six ways to develop leaders in your business.

01 LEARN TO RECOGNIZE POTENTIAL

Identify emerging leaders who can step in and fill critical roles when necessary. Push people out of their comfort zone. Difficult or unusual situations are excellent for testing whether someone is leadership material.

TIP Leaders exist at all levels of your organization—seek them out.

02 GET HELP FINDING HIGH-POTENTIAL EMPLOYEES

Make sure your managers are also on the lookout for the best and brightest in the ranks.

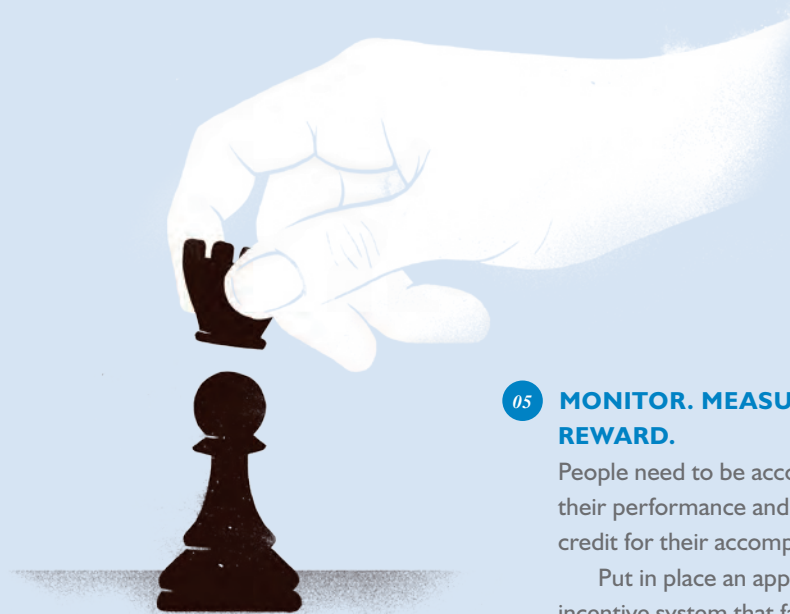
TIP Make leaders accountable for developing other leaders.

03 SELL YOUR VISION

It's your role to set and communicate a strategic direction for the business. Discuss your vision and ask for your people's help in shaping it.

This gives employees a shared sense of mission and encourages potential leaders to see a future for themselves in the business.

TIP Keep in mind the “what's in it for me” element. No matter how happy they are in their job, it's difficult for employees to reach the business owner's level of engagement.



04 PROVIDE OPPORTUNITIES FOR LEADERSHIP DEVELOPMENT

Make leadership development a part of your business strategy. A leadership plan should cover all levels and indicate when an employee should be ready to move to a higher position.

Challenging assignments or job rotations develop new abilities, deepen the understanding of the organization and improve confidence.

TIP Make sure employees have the support and guidance they need to perform in new roles.

05 MONITOR. MEASURE. REWARD.

People need to be accountable for their performance and should get credit for their accomplishments.

Put in place an appraisal and incentive system that fairly evaluates performance and rewards excellence.

TIP Don't give up on people too easily. Work together to improve performance. You may find a diamond in the rough.

06 SUPPORT THROUGH COACHING

Coaching is a form of development usually based on one-on-one discussions, providing guidance and advice for specific challenges. Use coaching discussions to help your emerging leaders address their fears and weaknesses.

TIP Live what you preach and keep your promises. Be honest and coherent in your interactions with employees.



BUILD A WINNING SALES AND MARKETING STRATEGY

with an integrated approach

Craft a compelling business story to win over today's consumer. Sales messages are a thing of the past—companies must now deliver a complete experience.

Fuel that experience through an integrated approach, including:

- > Brand identity
- > Market research
- > e-Commerce
- > Website and social media strategy
- > Sales organization
- > Promotion planning

Get a higher return on your sales and marketing strategy!

Contact us to learn how our experts can help:

Call 1-888-463-6232 or visit bdc.ca/ism



A BEAUTY OF A BRAND

A CLEARLY DEFINED BRAND CAN
HELP YOU SCORE BIG > *BY ALEX ROSLIN*



GER McNAMEE AND CRAIG KENNEDY
GONGSHOW GEAR

BRANDING IS ABOUT LOTS MORE THAN LOGOS AND SLOGANS. A STRONG, UNIQUE BRAND LET GER McNAMEE AND CRAIG KENNEDY PACKAGE THE LOVE OF CANADA'S FAVOURITE GAME INTO A BOOMING HOCKEY APPAREL COMPANY.



PHOTOS: DOMINIQUE LAFOND (MODEO)

Yoga has Lululemon. Surfing has Billabong. Why can't hockey have a lifestyle clothing brand too?

That was the question that prompted junior hockey teammates Ger McNamee and Craig Kennedy to create Gongshow Gear.

They started in 2002 by selling hockey-themed caps out of the back of their car in Ottawa. Gongshow (the name is hockey lingo for a wild game with lots of goals and penalties) has since expanded into everything from T-shirts to jackets, jeans specially cut for a hockey player's larger legs and Beauty Beer—billed by the company as the “World's First Hockey Brew.”

Gongshow now employs 25 and has enjoyed 13 straight years of rising revenues, with a 250% sales jump in the last five years. The company sells both online and through retailers.

McNamee and Kennedy attribute much of their success to Gongshow's strong branding. They decided early on to be more than just a hockey apparel company. Their brand would be hockey itself—the excitement, the camaraderie, the memories of playing shinny on a frozen pond.

BUILT IN THE LOCKER ROOM

“We wanted to take all those warm, fuzzy feelings people have about Canada's favourite sport and infuse them into our products. We wanted people to say, ‘Hey, these guys get me,’” says McNamee, who signs off emails with “Yours in Hockey.”

The company's website proudly proclaims “Built in the locker room.” The homepage is full of photos sent in by customers wearing Gongshow gear. Products each have a hockey-themed name and a catchy little story attached to them.

Gongshow's YouTube channel shows fun hockey-related videos. For example, a friendly shooting match between NHL players Bobby Ryan and Claude Giroux has attracted more than 200,000 views.

Hockey team spirit is also reflected in a strong emphasis on customer service, another pillar of the Gongshow brand. The company offers next-day delivery on online orders, free shipping when you're returning

merchandise and packaging in stylish black boxes with a surprise gift inside. (The packaging is so popular that customers regularly tweet photos of it when it arrives.)

The company went so far as to trademark the Twitter hashtag #BeautyService to represent its customer service and Canadian hoser charm. “We want to get people to fall in love with our brand and company,” McNamee says.

MORE THAN YOUR LOGO

Branding is an often misunderstood but critical part of your company's success. It's about much more than just your logo or slogans, says Kayley Brooks, a BDC Business Consultant who advises companies on branding and marketing.

A company's brand is the experience it provides customers during the entire buying relationship, she says. “It's fundamental to everything that happens in your business. It's about why your business exists, who it exists for and why you're different.

“We see a lot of entrepreneurs who do not focus on this simply because they think branding is just the aesthetics—what the website or logo looks like. They say their branding is fine. Maybe they updated their logo last year, but their sales have stalled and they don't know why.”



The problem, she says, is often a broken brand. There may be a perception your company is stale and outdated. Perhaps you've taken a hit to your reputation that is costing you clients. Maybe you're taking a reactive approach to business opportunities and market changes, instead of staying focused on your vision and goals.

DEVELOP CORE STATEMENTS

The first step in defining or renewing your brand is to develop your core branding statements, starting with a vision statement for your company.

This is typically two or three sentences that explain what you want to achieve, your core values and how your brand reflects them. It should be simple, show what success for your company will look like in coming years and how you need to behave to achieve that goal.

You should also define your value proposition (the unique value you offer customers) and a positioning statement (how you want to be perceived in the market).

Defining yourself in these ways is the foundation for ensuring consistency in all your customer interactions—from your website and ads to customer service and the in-store experience.

CONSISTENCY IS KEY

"Consistency is the No. 1 priority for branding," Brooks says. "It breeds customer trust. When their experience is consistently positive and aligned with their expectations of how it should be, they're more likely to return to you and share their experience with others."

The next steps are to use your branding statements to recruit like-minded employees, target customers and foster a community around your company.



Finally, bring your brand to life and build customer engagement with relevant and appropriate content, such as Facebook posts, a blog, eBooks and how-to videos.

"You should show your customers how they can use what you offer to fulfill their needs or goals," Brooks says.

SOME EARLY MISSTEPS

At Gongshow Gear, partners McNamee and Kennedy do all of this in their own unique, "beauty" way. But they didn't hit the branding sweet spot right away. Their first efforts flopped when they tried to market their products through ads in newspapers and magazines and on billboards.

They soon realized conventional ads didn't resonate with their customers. Their marketing wasn't consistent with their products, and the company wasn't building a community.

“
CONSISTENCY
IS THE NO. 1
PRIORITY FOR
BRANDING.
”

They quickly switched gears, targeting social media and trying unconventional approaches to reach their core market. For example, they signed a deal with the makers of the hockey movie *Goon* (and, more recently, its upcoming sequel, *Goon 2*) to be its official hockey apparel provider. Extras in the movies wear Gongshow products. "When we announced that, our website traffic went through the roof," McNamee says.

A BRAND THAT INSPIRES

"You sometimes have to think outside the box to get in front of your customers," McNamee says. "You have to inspire people with your brand and reach them where they are living and breathing." \$



3 STEPS TO CREATE A POWERFUL BRAND

*BRANDING MEANS CREATING
A STRONG IDENTITY AND SHARING
IT WITH CUSTOMERS IN ALL
THEIR INTERACTIONS WITH YOU.
HERE ARE THREE TIPS TO CREATE
YOUR BRAND.*

✓ BE CONSISTENT

Develop core branding statements (a vision statement, your value proposition and a positioning statement), and reflect them consistently in your activities and customer touch points.

✓ FOSTER COMMUNITY

Draw on your branding statements to identify your target market, recruit like-minded employees and create a community around your business.

✓ BRING YOUR BRAND TO LIFE

Create content that reflects your vision and supports your brand.





CHARLES LUI
FINE CHOICE FOODS

A PLACE OF YOUR OWN

HOW TO FIND AND BUY
COMMERCIAL REAL ESTATE

BUYING REAL ESTATE CAN BE REWARDING FOR BOTH YOUR BUSINESS AND YOU PERSONALLY. BUT SOME UNWELCOME SURPRISES ARE VIRTUALLY GUARANTEED. ENTREPRENEUR CHARLES LUI KNEW PREPARATION WAS THE KEY TO OVERCOMING THE CHALLENGES.

Charles Lui is no rookie when it comes to packing up his business and moving to new premises. Fine Choice Foods, a fast-growing maker of spring rolls, wontons and dumplings in Richmond, B.C., has moved or expanded six times into ever-larger spaces.

Lui's wife Christina and his uncle started the business in 1986 in a 45-square-metre space in the back of a store, selling frozen Chinese dim sum. Lui joined as President two years later when the company made its first move to a larger leased space.

As sales kept growing, the company soon moved to another leased building. But only a few years later, even that space was too small. This time, Charles Lui decided he'd had enough of leased property.

For one thing, the exacting hygiene and storage standards in the food business would require over \$1 million in renovations to any new premises. He reasoned that future investments were best made to his own building.

LOCATION A KEY ISSUE

Lui had some specifics in mind when he started shopping for real estate. Location was primary. He wanted to hold on to his employees, so he needed to stay close to where they live and near public transit.

He also required a reliable municipal water supply and sewage system, because his business uses a lot of water in food preparation. Ideally, the property would also have room to expand as the company's growth continued.

He settled on a vacant lot where a developer proposed to build a facility to Lui's rigorous specifications. He later snatched up the building next door when it came on the market, doubling his plant space, and also bought three commercial condo units across the street for storage.

Today, the company owns 5,500 square metres of space. Sales have increased 50% in the past five years, and the number of employees has grown to just over 100.

A GOOD INVESTMENT

Acquiring commercial real estate is often the biggest and most time-consuming transaction an entrepreneur will make.

Owning your own real estate can make good financial sense both for you and your business, says BDC Senior Account Manager Olga Plotnikova. BDC has financed Fine Choice Foods' real estate and equipment purchases, and also provided consulting services to the company.

"Real estate is a good investment. And it gives peace of mind and security," Plotnikova says. "You're building equity, and you don't have to worry about whether your lease is going to be renewed or the rent is going to be jacked up."

But taking the real estate plunge can also be fraught with unexpected hurdles, even for experienced entrepreneurs.

A DEMANDING PROJECT

With so much at stake, it's important to do proper research and preparation, Plotnikova says. "It's a long, demanding process that requires a lot of attention. Entrepreneurs shouldn't leave it to the last minute or underestimate how much of their time it's going to require."

The first step should be to meet your accountant and banker to make sure your financing is in place.

Your banker will tell you how much financing you can get. An accountant can advise you on ways to optimize the tax structure of the purchase—for example, the advantages of using a holding company to acquire the real estate.





The next step should be finding a good real estate agent who knows the local market. Many commercial real estate sales aren't listed publicly, especially in high-flying markets such as B.C.'s Lower Mainland.

DUE DILIGENCE IS VITAL

A good agent should be able to zero in on available properties that meet your needs—including location, highway access, warehouse facilities, and accessibility for clients and staff. You should also consider whether the property gives you room to grow.

A move is also a good time to think about the optimal facility layout to improve your operational efficiency, which can lead to large cost savings and productivity gains. An operational efficiency expert can provide you with an assessment.

Due diligence is vital once you've found a property you like. Make sure to ask for a recent environmental site assessment, or have one done to find out whether there are any contamination issues. It's also useful to get a building condition assessment—the commercial equivalent of a home inspection.

Finally, expect the unexpected. Surprises are almost guaranteed. Businesses often neglect to budget for things such as employee and production downtime, new signage and equipment, land transfer taxes, and legal fees. Plotnikova advises setting aside a contingency fund of 5% to 10% of the total project cost for such contingencies.

UNWELCOME SURPRISE

Even with all of Lui's expansion experience, he still faced an unwelcome surprise with his

real estate project. The hiccup was a week-long delay in obtaining an occupancy permit from the municipality. The missing paperwork meant Lui had to shut down business and lay off his staff for the week.

"We had to tell the employees, 'Sorry, hang tight. Wait until we call you to start production,'" Lui says. "We didn't have any leeway on when we had to move out of our previous space."

Lui narrowly averted a disastrous interruption of supplies to customers because he'd managed to prepare plenty of stock

ahead of time to send them. "We were very fortunate," he says.

When asked for his advice to other entrepreneurs, he recommends good communication with bankers. "Our relationship with the bank has been critical to getting good terms for financing," he says. "That can save you a lot of money."

Lui also counsels entrepreneurs to move cautiously.

"No one should rush into buying," he says. "Even a carefully planned move can lead to surprises." \$

“
OUR RELATIONSHIP WITH
THE BANK HAS BEEN CRITICAL
TO GETTING GOOD TERMS.
”



3 TIPS FOR BUYING REAL ESTATE

A FEW THINGS TO KEEP IN MIND



CONSULT YOUR ADVISORS

Speak early on with your banker to figure out how much financing you can get. Also check with your accountant to make sure your balance sheet is in order and to optimize the transaction for tax purposes. Finding a good commercial real estate agent is also important. These experts can refer you to other professionals, such as lawyers, appraisers, building condition inspectors, contractors, and environmental and geotechnical engineers.



LOCATION

Location is, obviously, a prime real estate consideration. Issues may include accessibility for clients and employees, parking and public transit, convenience for your shipping and receiving needs, nearby services, zoning issues, and room to grow.



DUE DILIGENCE

Apart from a building condition assessment, be sure to get an environmental assessment to check for any contamination on the property, past use of toxic products at the site or nearby, and the presence of any problematic building materials.



INSPIRING BY DESIGN

PASSION FUELS THIS
ENTREPRENEUR'S VISION

› BY RICHARD ANDREWS



SUSAN DROVER
SAM DESIGN

SUSAN DROVER LEFT A HIGH-PRESSURE CAREER IN TORONTO TO RETURN TO NEWFOUNDLAND. SHE'S BUILT A REMARKABLE BUSINESS BY SELECTING EMPLOYEES AND SUPPLIERS WHO SHARE HER WORK ETHIC, COMMITMENT TO QUALITY AND LOVE OF DESIGN.

Susan Drover was working as a stockbroker in Toronto when news came her father had been killed in a car accident in her home province of Newfoundland and Labrador.

The tragedy opened a tumultuous chapter in Drover's life. She moved back to Newfoundland with her husband and young daughter to help her family deal with the tragedy and start over.

Once back home and with a growing family, she began to question her career choices and became drawn to the possibility of striking out on a new path in St. John's. She took the plunge after working with her husband on a series of real estate projects.

"During this period, we bought, renovated and sold numerous homes," Drover says. "I enjoyed doing something creative, but I knew I was lacking many technical skills. So, at the age of 40, with three children, I went back to school to study design full time."

MADE A COURAGEOUS DECISION

In 2011, soon after graduating, Drover made another courageous decision. She launched her own interior design and furnishings company, SAM Design. Her first clients included people who had seen her renovation work or heard about it by word-of-mouth—an advantage of living in a smaller city.

The company got a boost in an unexpected way when Drover visited a local modern furniture store in search of design items for her clients.

"I had a flash: I could do amazing things in this space. In a split moment, I decided I wanted to own it. I called the owner with an offer to buy the store and she accepted."

Six weeks after the sale, Drover had transformed the premises into a showroom, retail outlet and design studio. Besides offering stylish furnishings and accessories in the store, SAM Design also manages residential and commercial interior design projects.

A SCANDINAVIAN FLAVOUR

During the early days of her business, Drover saw an opportunity in Scandinavian design. On a trip to Sweden and Denmark, she experienced first hand how designers in those countries approach design in a "grey and cold climate."

"As tastes change here, it turns out that the Scandinavian use of white interiors, lots of light and simple materials is a hit with my clients."

To source products and stay on top of changing tastes, Drover regularly visits trade shows, including the High Point Market in North Carolina and the Interior Design Show in Toronto. She also checks out design trends by travelling to other countries, reading design blogs and keeping "a pile of design magazines" by her bedside.

A TIGHT REIN ON FINANCES

Drover's financial strategy is as simple as her beloved Scandinavian design. She sets targets, works lean and grows her company's assets, not its debts. She makes sure there's always enough in the bank to pay operating expenses.

"Because of my financial background, I know at any time what's coming in, what's going out and where I stand moneywise," she says.

She worked hard to build a business that would inspire the confidence of a bank, allowing her to secure the money she needed to grow.

"As with many entrepreneurs, no one would lend me money to grow when I started. So I set myself a goal that in two years I'd walk into a bank with my financial statements and they'd give me what I want."

That bank was BDC, where she was approved for a loan to expand her store inventory and refinance her building.

INSPIRE YOUR CLIENTS

Drover's next goal is to continue growing the business over the next five years to reach annual sales of \$10 million. She's confident SAM Design can do it, by offering more than products and services.

"I've set up my showroom as a place of inspiration," she says. "We spend time with our customers, share our knowledge of modern design and discuss their needs in detail. We want them to walk out and say: 'Wow, what an experience!'"



To make this approach work, Drover is very particular in her hiring practices and chooses employees for their "attitude and enthusiasm, rather than their C.V."

"You can teach people how things operate," she says. "But you can't teach them to be passionate about the job or to have a good work ethic. I also look for diverse backgrounds and skills, because I can't do it all myself."

BUILDING AN "A TEAM"

Drover has also found it's important to maintain an "A team" of external contractors who share her commitment to quality in construction and renovation work. She cites quality control as one of the biggest challenges in her industry.

"Some contractors don't turn up on time and leave a disaster," she says. "It's particularly bad news if you're working on someone's dream home."

Drover named SAM Design in honour of her late father Sam, whose work ethic and values she inherited. She now credits those qualities for her company's success.

WORK HARD AND BE NICE

"My father was an industrious entrepreneur who also instilled in me the importance of volunteering and paying back to the community."

"In fact, my whole family taught me to 'work hard and be nice.' My children, husband and I have adopted that as our family motto." \$



PHOTOS: CHRIS CROCKWELL



LESSONS LEARNED

- 01 **WHEN HIRING, ATTITUDE AND APTITUDE ARE MORE IMPORTANT THAN EXPERIENCE.** Choose team members who care deeply about doing a good job.
- 02 **BUILD AN EXTERNAL “A TEAM.”** Choose and maintain a group of reliable suppliers who share your commitment to quality.
- 03 **EXECUTION IS AS IMPORTANT AS PLANNING.** Manage projects closely to ensure quality.
- 04 **WORK HARD AND BE NICE.** Uphold your personal values in business and contribute to your community.



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in helping to improve
Canadian competitiveness*

At BDC, we are committed to helping women-owned* businesses grow in size and scale.

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*According to Industry Canada, 47% of Canadian SMEs are entirely or partly owned by women.

Canada

MARTIN PAQUETTE
NORDIK GROUP

MARTIN PAQUETTE THE COURAGE TO START AGAIN

A STORY OF PERSEVERANCE
AND DETERMINATION

Martin Paquette is no stranger to starting over. He worked as an educator in a young offenders facility, was a police officer and made his first investments in real estate in his early twenties. ■ At 30, he started over yet again. He sold his home and everything he had and moved into his parents' basement to pursue his passion for wellness and nature spas. Three years later, he opened his first thermal spa, Nordik Spa-Nature, in the picturesque village of Chelsea, Quebec, in the Outaouais region. ■ Now 10 years old, Nordik bills itself as the largest spa in North America, welcoming more than 150,000 customers each year. A second spa, Thermëa, opened its doors in Winnipeg in 2014, and a third one is scheduled to open near Toronto next year. ■ Paquette has gone through his fair share of tough times, but at 43, he's come a long way. He and business partner Daniel Gingras now manage 345 employees at Nordik Group and expect much more growth ahead.



My parents worked for the government.

Entrepreneurial spirit didn't run in the family. It's something I developed over time.

I didn't do very well in school, but I excelled at sports. My dream was to become a professional hockey player.

At 18, I wasn't drafted into the NHL. I had to find myself something to do, but I didn't see myself behind a desk.

I was interested in jobs like becoming a police officer or firefighter. But with poor grades in school, it was difficult to get into the police program; instead, I obtained a college diploma in special education.

That's when I finally began to succeed in school, because I was doing something I loved. My first job was in a young offenders facility.

I was making some money, so I bought a four-unit building. I rented out three apartments and lived in the fourth. I went back to study criminology at the University of Ottawa, and after graduating I spent three years as a police officer in Gatineau, Quebec.

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While training for the Ottawa marathon, I went to a spa. Within 20 minutes, the sensation of relaxation was similar to how I felt after running for three hours.

I was in heaven. I came home and started thinking about dropping everything and going into health and wellness and opening a spa.

I sold my house and my four-unit building, and at 30, I completely changed direction. I started over from scratch. I went to live in my parents' basement.

While I was working on the spa project, I managed construction projects part time to make ends meet. Finally, I bought the land in Chelsea to open Nordik Spa-Nature, my first spa.

Start-ups come with a lot of uncertainty, which is not easy to live with. It took me three years to find funding, obtain municipal approvals and open the spa. People kept telling me that something that took so long would never end up materializing.

I knew it would work. It's important to keep the faith, to be convincing when you talk to

the banks, business partners and clients.

Giving up never crossed my mind, even though I encountered many obstacles.

I had almost secured all the funding I needed when I lost \$1 million in investments in one weekend. It was a government program that was suspended.

We started out with a \$3-million project in Chelsea 10 years ago. This year, our assets will total \$33 million. The main objective in creating a business was to be free; it was never about becoming a multimillionaire.

I've never paid myself dividends other than the salary I needed to live. Reinvesting our profits into the business has been a key to our success.

The biggest challenges come when your business is going well, and you decide to expand. That's a lot like starting over. You may have a lot of experience, but it's still a brand-new project.

In 2012, we decided to open a spa in Winnipeg. The location was excellent, as was the clientele.

Unfortunately, winter conditions are very harsh there, and the construction market in Manitoba is different from Quebec.

A 12-month project turned into a 24-month one. It was also during this project that we experienced the most cost overruns. We finally opened Thermëa in December 2014.

We learned a lot from this experience—in particular, the importance of working with the right people. Having competent, involved partners is crucial.

Nordik Group is taking off in different ways.

We buy properties, we develop spas and we're also working on becoming spa operators for different owners. Now we're working on a third nature spa in Whitby, outside Toronto, which we plan to open in 2017.

We're looking into expanding the spa in Winnipeg, probably in the next 24 months.

We also want to build hotels in Chelsea and Toronto. Our vision is to create a unique and unforgettable relaxation experience in all our locations.

When a business is growing, it's impossible to control everything. When you have a good team, you can lighten your load, and you have more time to think about business strategies and attain your objectives. We have a team of highly competent managers.



I'm part of a group of business leaders called **TEC Canada**. There are 14 in my group and we meet once a month. When we have a problem, we can discuss it and ask the others for their opinions. Most of the time, other group members have gone through something similar, and they can give you advice.

Often, when you go into business, you set objectives but forget what's most important—having fun along the way. I like to break a big project into smaller pieces, then celebrate when we've dealt with one

of these pieces. At the end of the week, I really enjoy having a beer with my team and saying, "We got a lot done."

It's not all sunshine and rainbows when you're an entrepreneur. For me, sports have always been a terrific escape during stressful times; they allow me to stay focused.

We've been with BDC since the beginning.

For a spa project, infrastructure is a major cost, and when it comes to increasing financing capacity and reducing the initial capital injection, this becomes extremely important.

My eight-year-old daughter comes first and my business, second. In raising her, I place a lot more emphasis on developing self-confidence than on academic success. It's not that I don't think school is important, but self-confidence is essential.

It took me a lot of time to develop the confidence I needed to go into business.

I believed only people who excelled in school were able to start a company. However, as soon as I started doing what I loved, everything fell into place. \$

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