

Power in numbers

Professional groups help businesses advocate for their rights, get preferred rates and provide networking opportunities

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THE GLOBE AND MAIL

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SECTION E

Report on Small Business



John Parlow of Pulp & Press Juice Co. of London, Ont., has conducted taste tests at his store there. GLENN LOWSON FOR THE GLOBE AND MAIL

TEST MARKETS

TESTING, TESTING

Businesses gain valuable (and cheap) customer feedback by trying their products in key Canadian cities that are not too big and not too small

KIRA VERMOND

Last summer, Pulp & Press Juice Co., a small raw-juice company in London, Ont., hit up its social media followers with a request: Send in recipes with product names and the best one would eventually hit store shelves.

Soon, John Parlow, company co-founder and vice-president of marketing and sales, found himself wading through a stack of juicy concoctions looking for the perfect blend of delightful taste and accessible ingredients.

Pulp & Press, which launched in 2014 and now sells its products in at least 80 locations from Ontario to British Columbia, slashed the entries down to 10 and customers voted online to choose the best three to taste-test in the

London store.

The top juice? It went to a blend called Happy Belly, a concoction of aloe vera juice, ginger, cucumber, celery, Granny Smith apple and melon. In other words, healthy stuff.

Not only did the contest land the company a new product, customers were willing to offer themselves as guinea pigs by voting on names online and testing the juice itself. Free – or at least close to free. The winner received a free shirt and 10 bottles of juice. “There was essentially no cost to us whatsoever,” says Mr. Parlow.

His contest is just one example of the ingenuity small businesses must harness when it comes to market testing. While large corporations have the funds and resources to fully gauge the viability of a product or service

before a national, or even international, roll-out, small companies are looking for innovative ways to garner customer opinions without bankrupting their business in the process. But it’s a challenge.

And it’s one that Cathy Siskind-Kelly, co-founder of Black Fly Beverage Co., which sells blended-spirits beverages, says her business has contended with since launching 10 years ago. After becoming the first company in Ontario to be granted a distillery licence in 100 years, the London, Ont., company has tested all sorts of ways to take advantage of the “try before they buy” approach to testing – before, during and even after a launch.

“Small companies like Black Fly do not have the option of doing product testing ahead of coming

to market like Coca-Cola does. We simply don’t have the same financial resources,” she says. “That said, sometimes those challenges breed creativity.”

Finding the right market to test in is a start. It’s no coincidence that both of these beverage companies have set up shop and test product in London, considered a prime proving ground for new products and markets in Canada.

Over the years, big companies have tested everything from debit cards to teabags in the Goldilocks city of 450,000 people. (Think not too big, not too small.) McDonalds introduced the Chicken McNugget there in 1983. And if you’re just loving Tim Hortons’ new dark roast? You’ve got those London residents to thank.

Testing, Page 6

POLITICS

Five hot election issues on the minds of small-business owners

SARAH EFRON

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Politicians of all stripes worked hard to woo small-business owners during the long election campaign, with the NDP, Liberals, Conservatives and Greens all vowing to reduce the small-business tax rate. Today, as Canadians head to the polls, many business owners are thinking of these key issues that set the parties apart.

Trans-Pacific Partnership

Most Canadian exporters were pleased when Stephen Harper’s Conservative government finally reached a deal in this 12-nation agreement to reduce trade barriers. The TPP will allow Canadian beef, pork and seafood producers cheaper access into Japan, where consumers have a taste for high-end protein. Farmers of grain stand to gain from easier access to markets in Vietnam and Malaysia. Even the controversial dairy, chicken and egg provisions were blunted, given that Canada is offering to open just 3.25 per cent of the domestic milk market to foreigners, and local producers would get \$4.3-billion in government subsidies to cover their losses.

However, for the TPP to move forward, it needs to be ratified by Parliament, as well as by other countries’ governments. NDP leader Tom Mulcair has come out firmly against the deal, while the Liberals’ position is less clear. The party says it supports free trade and wants the agreement to be debated in Parliament.

Marijuana

Entrepreneurs see big opportunities to cash in on marijuana as it becomes more mainstream. More than 100 pot shops have cropped up in Vancouver alone, even though they could be subject to police raids. Meanwhile, producers of licenced medical marijuana complain that the regulatory system is mired with red tape.

If elected, Mr. Trudeau’s Liberals plan to legalize pot, which could lead to a thriving marijuana sector like the ones in Colorado, Oregon and Washington.

Election, Page 4

REAL ESTATE

It’s business’s turn to catch condo fever

TRACY HANES

Last year when her boss retired, Tricia Tait bought the catering business where she had worked as an administrator for eight years. The company, The Lunch Mom, provides 3,500 hot lunches a week to eight midtown Toronto schools.

But the former owner’s kitchen had been poorly laid out, and Ms. Tait wanted a facility closer to her home.

“I looked at kitchens that you can rent by the hour where people do canning, but we have too much stuff to leave behind and it was super expensive,” Ms. Tait says. She also looked at leasing kitchens at some restaurants that were closing but that solution didn’t seem ideal, either.

For Ms. Tait, the answer was to buy her own commercial condo.

Her husband, who works in construction, noticed new condos for sale in a nearby business park, and Ms. Tait purchased a 1,000-square-foot unit. She and her three full-time chefs and full-time dishwasher moved in just before school started in September. The unit has high ceilings, and her husband was able to build a 400-square-foot mezzanine, providing more space.

“I have a background in banking, and I’m a proponent of owning. I’m not a huge believer in renting,” says Ms. Tait. “The caterer I bought my business from had rented space for 20 years, and if you’re going to do it for that long, you can pay off a mortgage and own the space. So far, it’s been great.”

For decades, most Toronto-area commercial condominiums were in the suburbs of Markham or



Tricia Tait, centre, is the owner of Lunch Mom, which provides 3,500 hot lunches a week to eight Toronto schools. She decided to purchase her own commercial condo. MICHELLE SIU FOR THE GLOBE AND MAIL

Richmond Hill, built in the 1970s and 1980s and mainly industrial in use. But office condominiums are making a resurgence. Toronto also is strongly encouraging the development of office space on rapid transit lines, as well as the preservation of employment areas.

When Stephen Li, owner of Markham-based Landpower Real Estate Brokerage, decided to buy a preconstruction 8,100-square-foot office condo, his friends questioned his judgment.

“Even my broker friends asked me why I wanted to commit myself to buying,” Mr. Li says. “When I see those people now, they say, ‘You had the vision, Stephen.’”

Mr. Li, who works with both residential and commercial clients, wanted to plan strategically. Condos, Page 2

ENTREPRENEURS

University as business launch pad

Schools have sometimes been slow to embrace entrepreneurialism, but today's self-starting students have universities on their side

DEIRDRE KELLY

The business world is rich with stories of underachieving students who went on to become overachieving entrepreneurs.

The list is long: Steve Jobs, the founder of Apple; Bill Gates, the founder of Microsoft; Mark Zuckerberg, the founder of Facebook, to name a few. Besides leaving school before graduating, what these business leaders have in common is they got their start while at university.

But while universities are known to encourage new ideas, they have sometimes been slow to recognize the value of entrepreneurialism. A perceived lack of support drove student entrepreneurs to abandon the ivory tower before finishing.

Today, higher education and entrepreneurship are no longer an either/or proposition. Today's self-starting students have the universities on their side.

Schools are adding entrepreneurial-styled courses to give students the skills and expertise to succeed as small business owners both before and after graduation.

Here are a few Canadian students making their mark.

Ola Cislik, 22

Business: Detailerr, a mobile detailing company servicing boats, RVs and corporate fleets.

Program: Fifth-year bachelor of arts (political science major), University of Alberta.

Ola Cislik had her car detailed in Edmonton and they did a bad job. "The leather seats were damaged and I spent three days cleaning my car after it had been detailed, for which I had spent a pretty penny," she laments.

Teaming up with Moe Denny, a friend at the University of Alberta's law school who had years of experience working in the finance sector at car dealerships, Ms. Cislik did some research and discovered a large market for detailing in Edmonton.

To make her company stand out from the competition, she created a mobile business, driving to customers instead of them driving to her. After two months detailing cars, she started to receive inquiries about detailing boats and RVs. That's when she shifted gears.

"Until we came along, to have your RV detailed in Edmonton you had to take it to a designated shop, leave it there usually for a full day as well as overnight, and at a considerable cost. This process was very tedious for many people," Ms. Cislik says.

"With our mobile service, you can now go about your daily routine. The service is brought directly to you."

Advice for others: "Find out what your customer really needs, validate the market and solve a real need."

Perry Everett, 22; Ben Rasera, 22, and Graham Thomas, 22

Business: Arylla Inc., commercial anti-counterfeit security

Program: Fourth-year, nanotechnology engineering, University of Waterloo

Perry Everett is from Carp, a rural town near Ottawa. Ben Rasera grew up in Surrey, B.C., and Thomas is from Waterloo, the Ontario city that is home to the university where all three met during their first year in the mul-



Ben Rasera, left, Perry Everett and Graham Thomas founded Arylla Inc. at the University of Waterloo after they came up with the idea of a non-toxic material that companies can use to tag their products for anti-counterfeit purposes. MARGARET GISSING

tidisciplinary five-year nanotechnology program. While brainstorming for their fourth-year design project, they came up with the idea of a non-toxic material that companies can use to tag their products for anti-fraud and anti-counterfeit purposes. They were guided by associate professor Frank Gu, who encouraged them to merge scientific research with entrepreneurship.

Their first product is a security ink designed to evade detection by counterfeiters. The ink can be applied to all kinds of products, from packaging to pharmaceuticals. It's so innovative that its creators have decided not to seek a patent. "We are keeping it a trade secret," Mr. Everett says.

Next up is creating a working prototype in preparation for beta testing.

Advice for others: Mr. Everett: "Be humble and don't shy away from criticism; it is often more useful than praise." Mr. Rasera: "The startup world is saturated with people convinced that their product is infallible. This isn't a good attitude. Focus on the flaws and work tirelessly to remedy them." Mr. Thomas: "Always be looking for ways to push yourself to be a bit better than your competitors."

Tunch Akkaya, 23

Business: GameStrat, Web-based sports analytics

Program: Graduated in 2015, with a bachelor of applied science in software engineering/engineering management and entrepreneurship, University of Ottawa.

Now earning a masters in engineering management/technolo-



Bjorn Dawson, left, came up with an automated indoor gardening system. Ola Cislik started Detailerr, a mobile detailing company servicing boats, RVs and corporate fleets in Edmonton.

gy project management, Tunch Akkaya joined the University of Ottawa football team during his first undergraduate year, and he's been playing ever since.

His love of the sport led him to create a software program that would help football teams win games. "I came across a problem faced by our football team and figured that I could probably develop an application that would serve both the Gee-Gees [team] and my culminating capstone project that I knew was coming up in my fourth year," he said.

Mr. Akkaya called on the support of fellow classmates Marvin Reyes, 22, and Elijah Wu, 24. Together, they worked on the idea throughout the 2014/15 academic year, during which time Mr. Akkaya heard about Startup Garage, a University of Ottawa business incubator offering funding to students wanting to launch their own companies.

Mr. Akkaya pitched his idea and last April he found out it



was approved. Now in beta-testing, GameStrat (short for "game-time strategy") helps football teams win games by providing them with data they can use to create a game plan.

The application is also in the hands of the football team at the University of Ottawa. The Gee-Gees have used it for every game so far this season.

Advice for others: Mr. Akkaya: "Have a goal in mind, and as long as you love what you do and you're working hard at it, things usually end up working out." Mr. Wu: "Don't be afraid to fail, and always make sure there is trust and good communication between team members." Mr. Reyes: "It's important to always look toward the future, taking into account how the world changes and planning for worst-case scenarios."

Bjorn Dawson, 23

Business: Grobo Inc., an auto-

mated indoor gardening system

Program: Fourth year, mechanical engineering, University of Waterloo

Hailing from an entrepreneurial family, Bjorn Dawson started his first company, a window-washing service, at age 16. From there he began investing in real estate before becoming a recipient of the prestigious Suncor Emerging Leader scholarship to attend the University of Waterloo.

In 2013, when he was 21, Mr. Dawson entered his university's enterprise co-op program and founded Grobo, which helps people grow fresh produce in their own homes.

"Unfortunately, as our current agricultural system struggles to produce 70 per cent more food by 2050, quantity has taken precedence over quality and we now largely consume pesticide covered food that has been genetically modified, has travelled on average over 2,000 kilometres, and is minimum seven to 10 days old by the time it reaches supermarkets," he says.

His solution is Grobo Pods, a modular, fully automated indoor gardening system.

Grobo provides the right amount of water and light for optimal growth.

Customers can easily add to their gardens, and the simple all-in-one seed and soil design enables them to avoid the mess associated with traditional gardening.

Advice for others: "Businesses last for years but relationships last a lifetime."

"Treat everyone with respect and you will be amazed by how willing people are to help you."

FROM PAGE 1

Condos: Purchasers seek better quality of life, shorter commutes

» And he wanted his money going toward paying off a mortgage, rather than to a landlord. "A lot of small business owners hesitate on the future and aren't comfortable to commit and tie up a lot of cash, and they worry about what will happen," says Mr. Li. "I was very comfortable in picturing my business moving forward and seeing potential growth in front of me."

Mr. Li was the first purchaser in the 280,000-square-foot Liberty Square complex in Markham. Today the building is fully occupied, and he estimates his unit has increased by 150 per cent in value.

Ms. Tait is confident her midtown business condo will appreciate, especially when a new transit line opens nearby in eight to 10 years. The area is also undergoing a revitalization.

Units at the Wicksteed Business Park, where Ms. Tait bought her unit, sell for \$340 a square foot,

and when you factor in taxes at \$9 a square foot and a maintenance fee of \$1.80 a square foot per year, the cost is comparable to renting, says John Robb, a sales representative for the development. About 70 per cent of the 51 units, ranging from 1,000 to 4,000 square feet in size, have sold, he says.

Many buyers are seeking a better quality of life and reduced commute times. "Chances are that most purchasers live within 10 minutes," Mr. Robb says.

Ms. Tait is among those buyers. Her business is just eight minutes from her home and within 10 minutes of many of the schools she serves.

Mr. Li often advises small business owners looking to buy office condos, and he says the down payment is the biggest hurdle. He says they must be prepared to put down 35 to 40 per cent to buy, and interest rates will be slightly higher than for residen-



Tricia Tait of Toronto bought the catering business where she had worked as an administrator for eight years. MICHELLE SIU FOR THE GLOBE AND MAIL

tial mortgages.

While he acknowledges that some small business owners are wary of tying up cash to buy commercial space or worried that they may need to relocate in the future, he says there are many advantages.

"You don't have to worry about being kicked out by the landlord, and when you have your own premises, there is a pride of ownership," he says. "Employees realize you are financially strong, and if it's your place, you're more likely to spend money on renovations and want to dress it up. You spend eight to 10 hours a day there and you might as well enjoy your surroundings."

"In 18 to 25 years, you will own your own place. It's been 10 years since we moved into our office condo, and when I look at the mortgage now, it becomes so insignificant."

Special to The Globe and Mail

ANGEL INVESTORS

Publicity as valuable as cash for Dragons' Den pitchers

Even startups that fail to secure a deal can come away with new customers through television exposure

BRENDA BOUW

When John and Leah Garrad-Cole went on *Dragons' Den* in 2013, they were seeking what most entrepreneurs do when applying to be on the CBC TV business-pitch program: publicity and maybe some financing to boost the business.

The husband-and-wife founders of baby food maker Love Child Organics, based in Whistler, B.C., had already landed Wal-Mart as a client in Canada and were looking for more money to expand into the United States and to build their product lineup.

Love Child Organics closed one of the largest deals in the show's history — a \$750,000 equity deal from dragons David Chilton and Arlene Dickinson. Between the time the show was taped in April of 2013 and aired six months later, the couple had renegotiated an even larger \$1-million deal off camera with the two (now former) dragons and another outside investor.

The company, which reported a 200-per-cent jump in net revenue to \$5-million in its latest fiscal year ended Jan. 31, was recently sold for \$6-million (including debt) to publicly traded Green-Space Brands Inc. of Toronto.

The *Dragons' Den* appearance likely accelerated the company's growth trajectory, says Mr. Garrad-Cole, having put them in front of a TV audience and a handful of well-heeled, high-profile investors.

"It doesn't replace all of the other hard work that goes on, but it was undoubtedly very helpful exposure," said Mr. Garrad-Cole, a former investment banker who, along with his wife, remains actively involved in the brand under the new company.

Love Child Organics is one of 79 deals sealed on the show after due diligence, out of 361 handshake agreements broadcast in the first nine seasons, according to estimates from the CBC. About 1,076 pitches have been broadcast ahead of the show's 10th season, which started this month. While some of those pitches are

About 1,076 pitches have been broadcast ahead of *Dragons' Den*'s 10th season, which started this month. CBC

obviously televised for their entertainment value, investors and entrepreneurs agree *Dragons' Den* provides value to the startup community in Canada.

"*Dragons' Den* is a venture capital company on steroids," says Kevin O'Leary, who was part of the show for the first eight seasons and now appears on the U.S. version, *Shark Tank*.

Mr. O'Leary says the value of these startup pitch programs is the free publicity, for both entrepreneurs and the investors.

"The economic outcome of *Dragons' Den* deals is far superior to that of a typical venture portfolio because the customer acquisition cost is zero," says Mr. O'Leary. That compares to about 10 to 12 per cent of a company's budget spent on marketing and advertising, according to Mr. O'Leary's estimates.

He has more than two dozen companies in his portfolio that came from *Dragons' Den* investments. Some of the most successful include Holiday Rejects, which

makes ugly Christmas sweaters, and magnetic schedule maker Easy Daysies.

In the real venture capital investing world, Mr. O'Leary says about two of 10 deals make money, but that number is closer to four of 10 for companies that appear on these pitch programs.

"The advantage for the dragon, and why people want to be on the show, [is that] they get the joke about customers' acquisition costs. That's why I just love the platform," says Mr. O'Leary.

While many entrepreneurs watch the show to hone their own product pitches, outsiders say they shouldn't expect the same acerbic tone from potential investors.

"Like anything on TV, it's made primarily for entertainment value. There is definitely a difference between the way angels conduct themselves in the real world and the way they behave on the show," says Yuri Navarro, executive director of the National Angel Capital Organization

(NACO).

"We at NACO get concerned sometimes about whether the show gives a positive image of angel investors."

In real life, he says investors try to be friendly to founders to help attract the best investments.

"They know this, in turn, generates a brand about them as an investor in the greater entrepreneurial ecosystem, which generates better deal flow to them," said Mr. Navarro.

He points to NACO's statistics that show that 34 per cent of companies that presented to investors in angel groups were funded in 2014.

"Shows like *Dragons' Den* do a service to support the dream of an entrepreneur ... and take a chance on their own ideas," says Mr. Navarro. "From that perspective, we think it's good."

Even entrepreneurs who don't land a deal "in the den" have seen some lift in their business as a result of being on *Dragons' Den*.

Peter Hudson, co-founder of

Vancouver-based BitLit Media, which has the Shelfie smartphone app that allows users to convert their print books to e-books, describes his appearance in Season 9 as "terrible." In real life, the company has landed on its feet.

When the show was taped in the spring of 2014, Mr. Hudson attracted two offers. However, after trying to renegotiate in front of the cameras, he lost both deals after insulting Ms. Dickinson by suggesting Mr. Chilton had better connections. "I didn't seem like a super-nice guy," said Mr. Hudson in hindsight. "That's fair, I went on the show for the exposure."

Still, shortly after the taping, BitLit raised more than \$1-million from Kobo founder Mike Serbinis and Heather Reisman of Indigo Books & Music Inc.

Mr. Hudson said the app received about 600 downloads after the show aired last fall. Still that paled in comparison to the 10,000 downloads received after an article on Lifehacker.com three months later — about a third of its 30,000 downloads today.

Angel investor Jonathan Bixby has invested in BitLit and looked closely at other entrepreneurs on the show, including those who bombed their pitch. "A lot of people go on the show not really to raise money, but for the PR," says Mr. Bixby, general partner at Stanley Park Ventures and a founder of business accelerator Highline. He believes it's a great venue for entrepreneurs in the business-to-consumer space, but probably a waste of time for companies selling their products to other businesses.

But entrepreneurs need to be prepared for the pitch to potentially go south, the consequences of which can be good or bad. "You run the risk of making yourself look like an idiot," says Mr. Bixby. However, he notes that that only increases a company's chance of getting its pitch to air, even if its products aren't a hit with the dragons.

Special to *The Globe and Mail*



*A fictional company.

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Paramount Fine Foods has 20 corporate and franchise locations, says founder Mohamad Fakh. MICHELLE SIU FOR THE GLOBE AND MAIL

FIRST PERSON MOHAMAD FAKIH, PARAMOUNT FINE FOODS

How I turned a struggling Lebanese restaurant into a successful 20-outlet chain

MOHAMAD FAKIH

I immigrated to Canada from Lebanon 16 years ago in search of a better life and opportunities. On my journey I worked my butt off. I learned first-hand that there are no shortcuts to success. Do yourself a favour and politely ignore anyone who tells you otherwise.

My first job was at Tim Hortons. I lasted five days before I quit, realizing that because the restaurant wasn't halal, it wasn't a place I wanted to work. But the experience fuelled me. I thought "if Mr. Horton could do it, then so could I." So I worked, learned, saved, planned, and one day took the risk of my life: buying a struggling Lebanese restaurant in Mississauga in 2007.

In the first year I transformed that risk into my opportunity, turning a profit and creating the flagship location for the future franchise business. Today, Paramount Fine Foods is the fastest growing Middle Eastern halal restaurant chain in North America with 20 corporate and franchise locations, including catering and takeout, a new spin-off sandwich and shawarma franchise called Fresh East, The Paramount Butcher Shop and food factory, and the Yalla Foodtruck.

We are especially excited to be the first halal restaurant to open at Terminals 1 and 3 at Pearson Airport [in Toronto], as well as at Fallsview Casino [in Niagara Falls, Ont.]. And you could say I've now gone full circle as former Tim Hortons CEO Don Schroeder has just signed on to take the Paramount franchise to California.

Our success is humbling. It was a personal goal of mine to change attitudes about the shawarma and make Lebanese food more accessible to the masses. Shawarma was once just a traditional Middle Eastern street food, but is now a mainstream meal. Today we serve Canadians of all cultures.

I am often asked of the "secret to Paramount's success" and I usually say: "Hard work and quality control." It never seems to be the answer people are looking for. So I thought about it, and here are the ingredients to my secret sauce to running and growing "my baby" into the successful franchise it is today.

1. Consistency

From signature recipes to plating technique and greeting, where it matters the most, always ensure that it is to the highest quality standard, and can be repeated.

Once you find the magic, replicate it in every interaction and location, and don't drop the ball.

2. Do the math

We can get overly enthusiastic when we see success. Sometimes we get lucky, so before jumping to expansion, it is key to make sure the numbers make sense. To ensure that franchisees will be successful, understand the numbers so you can replicate success.

3. The right people

Your team can make or break you, and that includes franchisees and employees. Protect your franchise and investors by carefully selecting the right candidates rather than the aggressive growth route. Not everyone is fit to run a location or work in the food business, even though they want the opportunity or can afford it. Maintain a rigorous selection process and stick to it, to ensure all parties are protected.

4. Hire the expert

You don't know everything, and there is no place for ego where you lack knowledge. It is important to surround yourself with people who bring the right talent

to fill your weakness. Hiring my franchise mentor was one of the best decisions I ever made. His experience and skill set ensured pitfalls and mistakes were minimized.

5. Train the trainer

Not everyone shares the same enthusiasm and skills to lead or train employees. And a training program is only effective if it is taught and administered correctly. Make sure franchisees are up to par and have the skill set before they train their employees. Teach them how to drive before they get on the road. This is so important because you cannot be everywhere.

6. Everybody must win

Everybody wants to make money and it is important that franchisees don't feel gouged. By making less as a franchisor in the short-term, you will make more in the long term. When a franchisee is happy and making money, he or she will want to open more locations, and uphold high quality standards, and that translates into a win-win-win – for the customer, franchisee and franchisor.

Special to The Globe and Mail

FROM PAGE 1

Election: Marijuana, pension plan and census

» The NDP say they would decriminalize the drug, and Mr. Mulcair says he understands that legalization will happen eventually.

Legalization would be welcome news for entrepreneurs like Leigh Coulter, president and co-owner of GGS Structures Inc., a greenhouse manufacturer in Vineland Station, Ont., that counts marijuana producers among its clients. "This is an opportunity for Canada to lead the global movement toward drug reform, and capitalize on the numerous business opportunities that are becoming available in post-marijuana prohibition regions," she says. "Unfortunately the current Canadian government has remained a reluctant participant in this change."

Canada Pension Plan

Ontario is bringing in a new pension plan to boost residents' income in retirement. Premier Kathleen Wynne says current Canada Pension Plan payouts, which average about \$6,900 a year, aren't enough to live on and most people would benefit from higher payments for life.

However, the Ontario Retirement Pension Plan (ORPP) is causing anxiety for many business owners in the province, who are worried about paying higher premiums. A recent survey from the Canadian Manufacturers and Exporters says almost half of small manufacturing companies plan to reduce wages or lay off staff as a result.

The Liberals and NDP want to follow Ontario's lead by gradually increasing Canada Pension Plan premiums and payouts nationwide. The Conservatives, meanwhile, say they won't raise mandatory premiums, calling them a "payroll tax," though they have mullied voluntary increases.

Long-form census

The Conservative government's 2010 scrapping of the mandatory long-form census, because of privacy concerns, and replacing it with a voluntary survey is still a sore point for many businesses. Without reliable data, it's harder to predict employment trends and forecast future economic needs. Retailers want reliable demographic information for neighbourhoods, which helps them decide where to locate shops and what products to stock. Census data was also useful for home builders selecting locations for new developments.

In a rare show of unity, this year the Canadian Chamber of Commerce, Canadian Federation of Independent Business, Canadian Economics Association, Martin Prosperity Institute, Toronto Region Board of Trade, Restaurants Canada and the Canadian Association for Business Economics all told The Globe and Mail they wanted the mandatory long-form census reinstated. The Liberals and NDP say they'll do just that.

Bill C-51

Mr. Mulcair's fight against Bill C-51, the anti-terror bill that passed into law this year, focused on the potential loss of freedoms. He warned that the law's increased powers for Canada's spy agency, the Canadian Security Intelligence Service, could be used against peaceful environmental protesters and First Nations groups. However, the law is also creating worries for tech startups. In April, an open letter signed by dozens of tech luminaries, including Ryan Holmes of HootSuite, Stewart Butterfield of Slack and Tobias Lutke of Shopify, condemned the legislation.

"Bill C-51 provides too much leeway for the Canadian Security and Intelligence Service (CSIS) to take unjustified actions against our businesses, including the takedown of websites," stated the letter. "As it stands, C-51 criminalizes language in excessively broad terms that may place the authors of innocent tweets and the operators of online platforms such as Facebook, and Twitter, along with Canada's HootSuite and Slack, at risk of criminal sanction for activities carried out on their sites."

Mr. Trudeau voted for the bill but promised to amend it to add more oversight of security agencies. Mr. Harper defends the bill, saying it is necessary to deal with the threat of anti-Western groups, such as the Islamic State.

Sarah Efron is Small Business Editor at The Globe and Mail.

CREDIT CARDS

Make your plastic pay: Choose the card that works for you

MARJO JOHNE

"And how will you be paying today?"

For small businesses that use credit cards to pay for thousands of dollars' worth of purchases each year, the answer to this oft-repeated question can translate into a free plane ticket for the next conference or even extra cash in the bank.

"Many small businesses spend upward of \$10,000 each month on their credit cards," says Alyssa Richard, founder of Toronto-based RateHub.ca, a financial products comparison website. "If you're a small-business owner, you're really losing a lot if you don't optimize your credit-card rewards and benefits."

Making the most of credit-card perks starts with choosing the right piece of plastic for the business, Ms. Richard says. Five entrepreneurs – including Ms. Richard – from different parts of the country offer advice on their plastic of choice and indulge in a bit of wishful thinking about their ideal credit card.

Geoff Whitlock, president and founder, Surround Integrated

What's in the vault? TD Business Travel Visa with interest rate starting at 19.99 per cent, and annual fees of \$149 for the first card and \$49 for each additional card

What's so great about it? We earn points for anything we're buying on the card and we can exchange the points for cash. You just call customer service and they put the cash back on your card. We take trips all over the



Alyssa Richard is founder of RateHub.ca.

place and if we book through Expedia For TD, we get nine points for every dollar we spend. By my calculations, if we spend \$300,000 on the Visa, we get back \$5,000.

What more do you want? There's no automatic connection from our Visa account online to our Quickbooks accounting software. That would be really good to have.

Jennifer Wilson, owner and designer, VonBon Children's Apparel Inc.

What's in the vault? CIBC bizline Visa Card for Small Business, with no annual fees on up to 10 cards and interest on purchases starting as low as CIBC prime plus 1.5 per cent

What's so great about it? My business is new – only two-and-a-half years old – so it's important for me to control my costs. I like that this card doesn't charge an annual fee. I'll probably be get-

ting an additional card for my team member who does a lot of the ordering for the office, and this card lets me set authorized user spending limits. I think that will be useful.

What more do you want? Now that my business has grown, I'm spending tens of thousands of dollars each month on fabric and can see myself doing more traveling in the next year or so. I'll be looking at cards that will give me rewards for my business spending.

Nathalie Morin, co-owner, Rousseau Chocolatier

What's in the vault? BMO Air Miles Mastercard for Business, with 19.9 per cent interest and no annual fee

What's so great about it? I've had a personal Air Miles account for years, and when BMO offered to link that to our business Mastercard, I thought it was a bonus. Having no annual fee – that's a plus, especially because we're just starting out. My husband is from Europe where credit cards are not a big thing, so getting him on board with a credit card for the business has been difficult. But we have suppliers out of the province and we need a credit card to order online from these suppliers.

What more do you want? To be honest, there's not a lot of difference between my business and personal BMO credit cards. What I would like to see in a small-business card are benefits that are really meaningful to a small business. Most small businesses can't afford advertising, so why not offer a credit card that gives a

percentage discount off our ad on Facebook or other social media?

Alyssa Richard, founder, RateHub.ca

What's in the vault? Starwood Preferred Guest from American Express, TD First Class Travel Visa Infinite and BMO World Elite MasterCard, all with a 19.99 per cent interest rate on purchases. Amex and TD charge annual fees of \$120 for the first cardholder and \$50 for each additional user, while BMO's annual fee is \$150.

What's so great about these cards? The Starwood Preferred Guest card by Amex offers one of the highest returns per dollar I spend, at just over 2.25 per cent. The downside is it isn't accepted everywhere and points can be used only at Starwood hotels. With the TD Visa, you get 4.5 per cent for every dollar spent on travel but on other purchases you get back only 1.5 per cent. So I try to use this card only for travel. The BMO Mastercard offers a great return of 2 per cent for all dollars spent across all purchases and it's widely accepted. It's the only one I use for other purchases, such as office supplies.

What more do you want? It would be great to get statements with receipts attached, or with links online that will take you to your receipts. If a credit card company were to negotiate with companies like Salesforce and Staples on behalf of all its small-business customers and pass those discounts to cardholders, it would be much appreciated.

Special to The Globe and Mail

RELATIONSHIPS

Can your marriage survive starting a business?

Even with the most careful and conscientious approach, work/life relationships sputter. Couples launching 'their baby' should hope for the best but prepare for the worst

PAUL ATTFIELD

Most marriages face ordinary pressures in day-to-day life. Imagine also working side-by-side with your spouse in a start-up business.

Meg Cadoux Hirshberg received an intensive crash course in exactly that when her husband, Gary Hirshberg, and a business partner started New Hampshire-based Stonyfield Yogurt in 1983. She worked alongside Gary for the first few years, and it took nine years for the company to reach profitability. Now, more than 30 years later, Stonyfield is the world's best-selling organic yogurt, with around \$370-million (U.S.) in annual sales.

Their marriage survived the test and produced three children along the way, so Ms. Cadoux Hirshberg is well versed in how to run a business with a partner. So much so that she put pen to paper to write *For Better or For Work: A Survival Guide for Entrepreneurs and their Families*, and has travelled to France and Russia to give talks on the subject.

To start with, "you'd want to understand the ownership," she

says. "Who owns this thing? Is it both of us, 50-50, or does one spouse own it?"

But as with Ms. Cadoux Hirshberg and her husband, it is usually one spouse who comes up with the entrepreneurial idea. The other helps out in the family business.

"The problem is that often they're not well suited or even interested in the kind of help they have to give," she says. "Often you find spouses pitching in to help with the books or do receivables or something like that, and they've not been trained for it, they're not interested, they just want to help the family business. But they're not engaged."

To avoid any buildup of resentment, Ms. Cadoux Hirshberg recommends that couples iron out any problems by conducting a sort of review every six months or so — more a relationship review than a performance review, she says.

Another hurdle for spouses in business together is how they talk about the business with family and friends. One spouse is usually the originator of the

idea, yes, but the other often has

just as much at stake and works just as hard and cares just as much. The effort must be presented as a true partnership.

"Even if he's the CEO and she's stocking shelves, we're in business together. That's key because those kinds of discrepancies can feed resentment," Ms. Cadoux Hirshberg says.

But even with the most careful planning and nurturing, relationships sputter. So couples need to be aware of the ownership structure and other details.

"I had a situation recently where the husband and wife always assumed they were 50-50 shareholders, and it turns out they both had 100 shares each, but one had 100 voting shares and the other had 100 preferred shares with no voting rights," says Nathalie Boutet, of Boutet Family Law in Toronto.

"So obviously the person with voting rights has 100-per-cent control of the company. This was a big shock to the wife, who thought she was a 50-per-cent owner. She was an owner of shares but not an owner of control."

To alleviate problems down the road, Ms. Boutet recom-

mends having clear treaties between partners.

"A lot of business people will not hesitate to create a partnership agreement or a shareholders' agreement. But people who are together, husband and wife or girlfriend-boyfriend, they start something together and they don't even think about anything like that," she says.

"It's really important to have a clear understanding of what happens in the worst-case scenarios."

It could be a difficult conversation to have. But if one partner is unwilling or unable to speak out about this, that's not exactly a ringing endorsement for the health of the relationship in the first place. Plus things will likely get worse if both parties proceed with the expectation of getting something out of it should things go wrong, only to find out that the law isn't on their side.

Canadian marital laws vary by province, "but in general if you're not married it's more complicated to become entitled to assets that are in the names of others," Ms. Boutet says. "If people are not married then the

partner who is not a shareholder is likely not going to have anything if the relationship breaks down in Ontario, for example.

"If they work together — not just here or there, if they really work together — they should absolutely have a shareholders agreement," she says. "[You need to determine] who's going to manage the business if there's a fallout, how the decisions are made, borrowing funds, future developments in the business, hiring."

Couples who are splitting might also face a reallocation of debt, especially if their business is a startup.

"If something happens to the entrepreneur, never mind divorce, if they get hit by a bus, is the spouse going to be left with all that debt?" cautions Ms. Cadoux Hirshberg.

For Ms. Boutet, treating the other person courteously is as important as the paperwork.

"My recommendation to everybody is do it the most respectful way," she says. "You have a better chance of it being agreed and starting off that relationship on a good foot rather than in a really awkward manner."



*A fictional company.

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ASSOCIATIONS

Power in numbers

Professional organizations help businesses advocate for their rights, connect to products and services with preferred rates, and provide networking opportunities

MARLENE HABIB

Running a small business isn't by any stretch a cakewalk. Wanda Beaver, who founded Wanda's Pie in the Sky bakery and eatery in Toronto in the mid-1980s, acknowledges the importance of seeking guidance and support on the road to entrepreneurial success. So she counts herself among Canadian small-business owners who turn to professional organizations that advocate for their rights, connect them to service and product providers with preferred rates, and provide networking opportunities and other benefits.

Ms. Beaver, whose iconic downtown bakery-café has been in the Kensington Market neighbourhood for about eight years, has been a long-time member of the Canadian Federation of Independent Business.

Generally, the CFIB's fees start at \$250 plus \$30 for each employee (with special offers for businesses in their first two years of operation) to a maximum of \$3,500. With its membership clout, the CFIB is able to negotiate preferential contracts for its approximately 109,000 members (much the same way a large company can, due to its size), and offer "privilege programs" that get them deals on business-related expenses, such as courier and freight shipping, payment and payroll processing, banking, group insurance for employees and group retirement programs.

Ms. Beaver, who pays about \$400 annually in CFIB fees, says it's the advocacy work and access to its 15 full-time business counsellors that have been especially valuable to her and her business partner and husband, David Beaver, in both keeping the 20-employee enterprise thriving and advancing the small-business cause. For instance, she has



Wanda Beaver, founder of Wanda's Pie in the Sky in Toronto, has been a long-time member of the Canadian Federation of Independent Business. JENNIFER ROBERTS FOR THE GLOBE AND MAIL

received valuable advice about dealing with Workplace Safety and Insurance Board issues, saving her costly consultant charges.

"They're [the CFIB is] a watchdog, they put their feet to the fire, and if you look at how much power they have in terms of putting pressure on government, because they have a lot of members, it's really quite impressive," says Ms. Beaver, whose business grosses about \$1.4-million annually.

"Small businesses have so many regulations which make it difficult to run a profit."

Dan Kelly, president, chief executive officer and chair of the Ottawa-based CFIB, an industry voice for 44 years, says, given the fees – which range from organization to organization – most small businesses (defined by Industry Canada as having 100 employees or fewer) wait until they are a little more secure and stable before

they join.

Newer businesses "often don't have a lot of money and may be focusing more on hiring and everything else it takes to run a business than they are on [issues surrounding] corporate income tax, because they're probably not going to have an income at first," he says.

"They're also looking to ensure they're getting value for their money, and there are a lot of great associations out there."

Industry Canada's website, for instance, lists more than 200 in its Directory of Business and Trade Associations/Organizations.

"There are sectoral associations for everything from beekeepers to electrical contractors, then there are regional associations, even ones in your neighbourhood, or your city, or a provincial or local chamber of commerce, and then

there are groups like mine that are more of an umbrella group," Mr. Kelly says. "Commonly a small business will join an organization like [the CFIB] and then one more specific to their industry."

Jennifer Hagen, director of chamber development at the Toronto-based Canadian Chamber of Commerce, says the national chamber, as well as ones at the local and provincial or territorial levels, "have been known for decades as a networking place for the community."

"We say at the national level we speak on behalf of 200,000 businesses across the country," with about 85 per cent of them being small businesses, she says.

"If you look at chambers across the board, all offer some kind of learning opportunity within their community and especially geared toward small business – on how

to do sales calls, for instance, or learning about social media – that's a hot thing right now," Ms. Hagen says.

A key characteristic of many organizations such as chambers of commerce – and trade and industry groups such as the Canadian Manufacturers and Exporters (CME) – is member participation.

"If you just join and pay membership fees and don't do anything else, it's really a pointless exercise. I would encourage anyone joining a chamber of commerce to participate and make a difference in their own community, as well as help their businesses grow," Ms. Hagen says.

The CME, which has existed in different forms since 1871, has about 10,000 member companies, with at least 85 per cent of them small and medium sized (101 to 500 employees). A basic membership is \$750 annually, and then increases by level of "engagement," including \$1,200 to access the Industry Benefits Program for savings from service and product providers, and \$2,500 to engage in provincial advocacy, says Jeff Brownlee, vice-president of public affairs, partnerships and business development.

Also popular with members are the peer learning councils – offering help with everything from how to fill out government forms to dealing with management issues. They also provide networking opportunities, says Marcus Ewert-Johns, CME's vice-president for British Columbia.

"A lot of companies are coming to us because they want to attract and develop talent, because we're looking at almost 90,000 job openings in manufacturing in B.C. alone by 2020, and they want to take advantage of our job-matching and productivity programs."

Special to The Globe and Mail

CSR

Putting sustainability principles into practice can be tough

GAIL JOHNSON

Most forward-thinking companies have made sustainability part of their operating mantra. But putting that concept into practice is easier said than done. It can be a real challenge for large organizations to engage their employees in environmental, wellness and community-focused programs.

Smaller ventures are homing in on that niche, helping bigger companies sustain sustainability by rewarding their employees for doing good.

The Canadian company Nudge Rewards has developed engagement and analytics software to reward environmental, wellness and community actions through mobile engagement. The Embedding Project, meanwhile, is a research-based initiative that grew out of the Network for Business Sustainability at the University of Western Ontario's Ivey Business School. Its leaders have devised a portfolio of business practices that include recognition and rewards to help companies implement sustainability.

Both work with organizations around the globe that are committed to making the world a better place while benefiting their bottom line.

Here is what is fuelling the demand for their services: While most companies say sustainability is "the way we do business" or "part of our DNA," most business leaders simply don't know how to systematically incorporate it into their organizational culture.

A 2010 Accenture global survey of more than 700 CEOs found that 93 per cent see sustainability as important to their company's future success, yet few have a clear framework to build sustainability into their day-to-day operations.

And while 95 per cent of the world's largest companies are reporting on corporate sustainability, according to KPMG's 2011 review of the global state of CSR, only 10 per cent to 14 per cent of employees are actively engaged in these programs on average, according to a 2010 survey by sustainability software company Brighter Planet.

"People have their own definition of what sustainability is,"



Jordan Ekers is a partner at Nudge Rewards, which developed software to reward environmental, wellness and community actions. JENNIFER ROBERTS FOR THE GLOBE AND MAIL

says Stephanie Bertels, founder of the Embedding Project and associate professor at the Beedie School of Business at Burnaby, B.C.'s Simon Fraser University. "Some people see it just as greening, and then others see it as more broad, more encompassing, an overarching term that includes environmental governance and social factors."

Consider a company with thousands of employees across the country that wants to reduce energy consumption. What typically happens is the head office sends an e-mail to local managers, who are to convey that message to front-line staff. This does not necessarily happen.

By working with Nudge, which uses a Web analytics management system to monitor, analyze and report on the positive effects of employee engagement, companies such as Telus Corp., Rogers Communications Inc. and Wal-Mart Stores Inc. are turning to mobile technology to get their employees involved.

Staff members use a smartphone app that alerts them to campaigns or initiatives in real time and asks for their direct feedback on how to make them successful. Employees get points for participating in CSR projects, and, very much like credit-card reward programs, those points can be redeemed for items such as gift cards, donations to a charity of the employee's choice, or even lunch with a senior executive. Some companies tie participation into bonus structures.

Whatever the rewards, they help align employees' goals with those of the organization.

"Our programs are always attached to tangible outcomes," says Jordan Ekers, partner and vice-president of business development at Toronto-based Nudge, a 10-member organization with partners in Britain and New Zealand that was founded in 2011 by Dessy Daskalov and Lindsey Goodchild.

"When you can engage employees in a way that's meaningful for them and relevant to them, you can drive some pretty amazing results," Mr. Ekers says.

For instance, rewarding employees for taking part in wellness programs isn't just good for individual health but also yields reduced absenteeism and improved productivity.

And linking CSR performance to compensation has been proven to work.

Take GlaxoSmithKline and its targets for energy consumption as an example. According to Embedding Sustainability in Organizational Culture, a 2010 report by the Network for Business Sustainability and Canadian Business for Social Responsibility, people at the company were pessimistic at the outset. But once a 5-per-cent reduction was linked to bonuses, the company reached its target. In 2009, the organization reduced energy consumption by 11 per cent.

Run by a team of seven, the Embedding Project has about three dozen multinational member companies, including Suncor Energy Inc., Teck Resources Ltd. and Toronto-Dominion Bank. The researchers help business leaders assess, prioritize and measure sustainable practices.

Rewards are just one part of a bigger approach to embedding sustainability into a business's operations and culture, Dr. Bertels says. Structural changes, metrics and modelling ("walking the walk") all need to be in place as well. And it is not a process that happens quickly.

"It comes down to integrating environmental and social factors with the core strategy, as opposed to having a corporate strategy and a separate strategy for sustainability," Dr. Bertels explains. "That's where leading companies are moving: having one overall strategy."

Special to The Globe and Mail



John Parlow is co-founder of Pulp & Press Juice Co. of London, Ont. GLENN LOWSON FOR THE GLOBE AND MAIL

FROM PAGE 1

Testing: Online an option

"We're between Detroit and Toronto, so there's a larger market influence, but this city is still very much a small town," says Mr. Parlow.

Bland is beautiful? Not exactly. Test cities like Columbus, Ohio, Edmonton and Barrie, Ont., have populations that are less than one million. They also tend to be representative of national cultural demographics (about 20 per cent are born internationally) and offer a variety of ages and socioeconomic backgrounds. White collars rub shoulders with blue.

"If you look at the employment pie-chart for London, there's a healthy mix across major industry sectors such as manufacturing, education services, health care, technology and finance," says Kapil Lakhota, president and chief executive officer of London Economic Development Corp. "That makes it interesting to test new products and technologies here."

In many cases, however, small companies might not even need to test in an actual, physical location any more.

"The best place to test market your product in the 21st century is online," maintains Niraj Dawar, a marketing professor at the University of Western Ontario's Ivey Business School, also in London, Ont. He explains that not only is online testing less expensive than doing it in person, but it's easier to target different people in different market segments and see which ideas, products and services fly.

No one can test a vodka drink or juice over the computer, but for other products it's a no-brain-

er, adds Chantel Chapman, an entrepreneurship expert and founder of Holler For Your Dollar, a financial literacy firm in Vancouver. She believes in using the "lean startup model," in which new businesses throw together a beta product, show it online, get feedback from customers and then decide whether to launch the real thing.

One entrepreneur she knows, a graphic designer, launched a set of art prints by showcasing them online through Instagram and other social media channels. She didn't physically print one until preorders started rolling in.

Another option is to test the waters by creating a Web or Facebook page and asking people to sign up for a newsletter. Then count clicks, Ms. Chapman says.

Even the largest companies in the world have been known to offer products that belly-flop, even after intense product testing. Remember New Coke? Small businesses certainly aren't immune to the odd stumble either. That's why it's important to take your time and keep your ears and eyes open when testers give the thumbs up or down.

This is a lesson Ms. Siskind-Kelly has had to learn as people have sipped their way through red, green and purple refreshments over the years. The most random thing can throw the results. "You can't allow tasters to be influenced by one another," she says. "If someone says, 'I really taste pineapple,' suddenly everybody who is within earshot can taste the pineapple."

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