

**FROM IDEAS TO
BUSINESS
OPPORTUNITIES**

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FOREWORD

Over the past several years both the Atlantic Canada Opportunities Agency and the Business Development Bank of Canada have been working to stimulate small business development and growth. Many products and services have been tailored to meet the needs of clients at various stages of business development. However, most small business assistance programs assume that the client has already identified a business idea and is ready to proceed to the business planning or financing stage. Atlantic Canada is currently experiencing a major surge of interest in entrepreneurship, as more and more people become motivated to explore business ownership as an attractive employment option. Consequently, clients increasingly are approaching us for guidance on business ideas. To address this identified void in the business support area, we have partnered in the design of a program which will assist people to work through a process of finding and evaluating business opportunities. We anticipate that this publication and associated training programs will extend our range of support, particularly at the pre-venture stage.

The old saying is that “ideas are a dime a dozen!” Experience tells us how important the business idea is to the ultimate survival and success of the business. Therefore it is important for an entrepreneur to systematically search for and explore which ideas will present the greatest opportunity for success. This workbook is a tool which will direct people to a wide range of “places” to find ideas and evaluate them.

New venture creation and the growth of small businesses continues to be a key contributor to job creation-- and essential to the economic recovery of the region. Survival of these businesses is as important to us as it is to all their owners! We are confident that the distribution and use of this workbook as a stand alone or as part of the associated workshop series will help make a difference. We look forward to partnering with business support agencies in the promotion and delivery of these products, to meet the growing demand for the discovery of business ideas.

We wish Atlantic Canadians great success in achieving their personal and business goals and we look forward to working with them in the realization of both their own dreams AND the tremendous economic potential of this region.

The Atlantic Canada Opportunities Agency

and

The Business Development of Canada

ABOUT THE PUBLISHERS!

THE ATLANTIC CANADA OPPORTUNITIES AGENCY:

The Atlantic Canada Opportunities Agency (ACOA) is a federal agency whose goal is to provide economic development leadership in order to foster economic growth through the successful development of businesses and job creation. Established in 1987 and headquartered in Moncton, ACOA offers a broad range of programs and services designed to help entrepreneurs throughout all stages of the business life cycle.

Development of small business is the main focus of ACOA. The Agency offers direct financial assistance to commercial enterprises and also provides indirect assistance by funding non-commercial support organizations to provide services to small businesses. In addition, ACOA demonstrates its economic development leadership through special co-operative accords with the four Atlantic provinces. Through these, federal and provincial funding is directed to activities of mutual concern and interest.

By increasing entrepreneurial activity through awareness programs, training and better access to business information and counselling, ACOA helps accelerate the growth rate of new entrepreneurs and the expansion of existing businesses. This translates into more new jobs for Atlantic Canada. Other priorities of the Agency include developing Atlantic Canada's tourism potential through co-operative region-wide efforts, enhancing the competitiveness of businesses through strategic use of technology, promoting better business management practices, identifying trade opportunities, and improving access to small business financing.

THE BUSINESS DEVELOPMENT BANK OF CANADA:

The Business Development Bank of Canada's (BDC) mission is to help create and develop Canadian small and medium-sized businesses by offering a wide variety of timely and relevant financial services such as loans, Venture Loans® and venture capital as well as extensive business counselling, training and mentoring services. The Bank's services are made available across Canada through a broad network of 78 branches.

The Business Development Bank of Canada offers a variety of flexible and innovative financing services specially designed to meet the needs of today's small and medium-sized businesses.

BDC does everything possible to structure the repayment terms of its loans according to its clients' ability to repay. The Bank offers a variety of terms and conditions, such as equal monthly payments, stepped principal payments or seasonal payments for companies whose income varies seasonally.

BDC complements the services offered by private-sector financial institutions by working with them to meet the financial requirements of small and medium-sized businesses.

The Business Development Bank of Canada offers a wide range of management services designed to meet the needs of potential and existing entrepreneurs in communities across the country. BDC takes a practical, problem solving approach to helping entrepreneurs develop and improve their business management skills. The Bank's Management Services activities can be divided into five categories, *counselling, business mentoring, training in management, special initiatives and publications.*

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HOW TO USE THIS GUIDE

FROM IDEAS TO BUSINESS OPPORTUNITIES is a tool for use by any entrepreneurially minded person. You can be a person already in business looking for ways to expand your business, or you can be the first time wanna-be business person who is full of hope, aspirations and energy looking for that idea that will start you on your way.

This book is designed:

- so that it can be gone through page by page in sequence, or
- you can look at individual sections that are of interest to you at any point in time.
- to be used for group instruction and exploration, or
- by individuals in their own search for ideas and opportunities.

Opportunities are all around you; on TV, in magazines, and in your conversations with friends and relatives. It is a state of mind, once you tune in you can see opportunities all around you...everywhere.

FROM IDEAS TO BUSINESS OPPORTUNITIES is a guide to help you tune into the idea/opportunity frequency, so that you too can see the possibilities that are surround you.

The book has:

- information on the role of the business idea,
- sources of ideas,
- current market trends,
- how to go about gathering information,
- the types of venture opportunities that exist, and
- criteria for evaluating a business opportunity.

For each venture opportunity category, you will gain an understanding of the category, how you can further explore the opportunity and some role models of businesses that have engaged in the particular venture opportunity.

Additionally, you will find some initial information on how you can determine if your ideas are right for you and if they are really opportunities. It is suggested, however that while opening your mind to looking for ideas that you suspend the assessment process in order to be open to all your possible choices.

You have plenty of space for your notes and ideas. Jot them down as you go through the guide so that you can refer to them later. You are invited to enjoy the pleasure of opening your mind and tuning into the idea frequency!

Reference Materials and a Key Contacts Listing are contained in the Appendices.

I INTRODUCTION

We have all heard the saying that business is the engine of the economy. Since you are reading **FROM IDEAS TO BUSINESS OPPORTUNITIES**, it is likely that you are interested in doing your part in moving that engine forward. No matter what the reason, you are interested in business ideas and **FROM IDEAS TO BUSINESS OPPORTUNITIES** can provide the fuel that you need to get your engine started.

The Atlantic Provinces are experiencing a blossoming of new business ventures. The growth of new business starts in the Atlantic region has recently surpassed that of the other regions of Canada. People in the Atlantic Provinces are facing tremendous challenges and are responding with creativity and imagination. We are weighing our options and turning increasingly to entrepreneurship.

It is said that there are two reasons why people start a business... out of inspiration or desperation, and often both motivations are present.

Whether you are a student looking for summer employment or your first post graduation job, or someone affected by the winds of change that have blown through the once-secure employment of the civil servant, or you were employed in the east-coast cod fishery you may be looking to self-employment or small business to sustain you, your family and community. And you are also looking for ideas... and you want to know what to do with these ideas once you have them. **FROM IDEAS TO BUSINESS OPPORTUNITIES** will assist you in your search.

For those of you already in business, you know that you need to find new ideas and opportunities so that you can keep your business thriving and healthy. **FROM IDEAS TO BUSINESS OPPORTUNITIES** will guide you through the thinking process so that you can find the ideas that you are looking for and need for your business to thrive.

FROM IDEAS TO BUSINESS OPPORTUNITIES is for:

- Business Owners/Managers wanting to expand their business, to change directions or develop new ventures,
- Students and new graduates wanting to start a business and create their own employment,
- Unemployed/Underemployed people wanting to create their own job,
- Women wanting to be business owners,
- Anyone wanting to realize their dream and the rewards of business ownership, and
- Hobbyists wanting to turn their interests into a sustainable business.

II ABOUT IDEAS AND OPPORTUNITIES

An idea is to a spark, as an opportunity is to a sustainable flame. Often the terms idea and opportunity are used interchangeably, however, it is the thought -the idea, that comes first and then an assessment process is undertaken in order to test if the idea can indeed, become an opportunity. An idea can only become an opportunity if the activity is possible and it has a good fit with the entrepreneur or the business.

Ideas can easily be outlandish, impossible, illegal and immoral. Ideas can be outside an individual's or company's fiscal or physical abilities and interests. When engaging in the idea generation process, it is useful to suspend assessment so that you do not inhibit yourself. When you do not limit yourself by reality's restrictions, many more ideas will be generated, than if you start saying no to yourself during this creative process. An idea that might well be impossible may just be the idea that spawns or links you to a real opportunity. So while in the process of generating ideas... let your mind be open to all possibilities.

People often start businesses in a field that they know well. It is, however, important to not limit your horizons. Be willing to explore ideas that are outside your present field of vision. The new area may just be the one that is the right opportunity for you.

ABOUT BUSINESS AND IDEAS

It is believed that the business idea plays a crucial role in the overall success of a business venture. It is part of the early pre-venture stage of business development that often goes unnoticed by those who are interested in getting into business and by those involved in business development counselling/training.

There are many factors that will determine the success of an enterprise, including the entrepreneur, financing and external forces (markets, supply factors, regulatory/political influences).

Going with an idea "whose time has come" means that the market exists or can be developed for the product/service that you have to offer.

THE FIT BETWEEN YOU AND YOUR BUSINESS IDEA

The idea is only part of the mix that will lead to success. The idea must be a good "fit" for you if you are going to make it work. **FROM IDEAS TO BUSINESS OPPORTUNITIES** is limited to the idea portion of the mix and you should look to other resources in order to best prepare yourself and your business for success.

You can get started in the self-assessment process by looking at the **Personal Considerations** section in Appendix A at the back of the book. Personal assessment will help you gauge the fit of your business idea to you; your likes and dislikes, abilities and skills, strengths and weaknesses.

The importance of the skills of the entrepreneur to business success cannot be stressed enough. There are many ideas, that in the hands of one person, will fail, while in the hands of another, will succeed. Some of the necessary skills include: people skills, financial management skills, knowledge and understanding of the market, ability to secure adequate resources, ability to plan and act, and commitment and persistence in the pursuit of your business success.

III WHERE YOU CAN FIND INFORMATION

In order to determine if your ideas are strong candidates for opportunity status you will want to satisfy some basic concerns.

A good business idea should:

- satisfy your personal goals and interests,
- find a level of success in the market,
- be possible to produce the necessary quality and quantity of product or service, and
- meet or exceed your financial goals.

You will need to do research on your business idea in order to adequately answer these concerns.

There are basically two different kinds of information. Secondary information is that which is obtained from secondary sources, it is already gathered for you. Primary information is information that you gather yourself - or have gathered for you.

Methods of gathering primary information include:

- conducting surveys
 - by mail
 - ◇ written questionnaire
 - personal interviews
 - ◇ in a particular location
 - ◇ by telephone
 - ◇ door to door
 - ◇ focus group discussions
- observing business activities
- observing business facilities
- being a competitor's customer
- conducting test market trials
- producing sample products

These are all methods of finding out about your market and/or product/service without going to the expense and trouble of full market introduction. It can be very costly if you go to market based on faulty assumptions about the market size, location and needs.

The information gathered through these methods will help you to determine whether your idea is a real opportunity or just a good idea. You may also be able to better refine your idea by using this information.

Some secondary sources of information can be found by:

- visiting libraries
- looking at existing businesses
- reviewing yellow pages (local and from other areas)
- talking to, or corresponding with purchasing agents
- reviewing company annual reports
- obtaining market research reports
- reading trade association literature
- reading related journals and magazines
- communicating with informal contacts in the industry that you are investigating
- reading specialized books related to your area of interest
- watching relevant videos, watching associated television programs and listening to pertinent radio programs
- visiting government departments, universities, chambers of commerce and business development organizations to ascertain and obtain information related to your area of interest
- observing everything around you, keeping your eyes and ears open
- attending trade shows

IV THE BIG PICTURE

A SOME MARKET TRENDS TO WATCH

Trends are defined as a general change of direction considered to be with us for a while. One Canadian trendologist, Nuala Beck, states that trends are changes in the market place that play themselves out over a period of approximately ten years.

Some people will talk of fads and trends as being the same. However a fad is a relatively short lived change in the marketplace such as the pet rock fad or upside down Canadian flag T-shirts - after the baseball game in which the flag was mistakenly flown upside-down.

Obviously, there are ideas and opportunities that can result from both fads and trends. Both fads and trends are good to watch and be aware of since they can both make or break a business venture. As Gerald Celente and Tom Milton state in their book, Trend Tracking, "If you don't see (trends) coming, they can overwhelm you. But if you do, and you position yourself for them, you can profit from them."

Faith Popcorn, author of The Popcorn Report, a bestselling book on market trends, looks for a winning idea to encompass, ideally, at least three major trends. Faith Popcorn not only looks at the demographics (the numbers), she also looks at the trends of consumer moods or psychographics saying that this will give a truer picture of what is going on and how you can best respond.

Some of the commonly accepted trends are:

- 1) The greying of the population
- 2) Concerns with health
- 3) The changing role of women
- 4) Consumer moods
- 5) Concern for the environment
- 6) Self Improvement
- 7) Home Based Business
- 8) Household and family restructuring
- 9) Residential patterns
- 10) Labour force needs
- 11) Computerization
- 12) Leisure
- 13) Global economy
- 14) Shift from an industrial society to an information society

When looking for ideas, you can use a trend "screen" in order to assess whether or not there is likely to be a growing market for your product or service. Having knowledge of the current trends can help you look at how

you can improve your product or service offering so that it fits the trends. Faith Popcorn calls this process "TrendBending" and defines it as "the process of shaping your product or strategy around emerging trends."

1 The greying of the population

Canadians aged 50+ represent 40% of all Canadian households, and represent the fastest growing group in the country (up 55% in the next 20 years). This group have already purchased their lifetime assets. As people age, their purchasing patterns change and their needs vary.

2 Concerns with health

Canadians are more concerned with their health. This concern can be seen in the significant changes in eating and exercise habits. Per capita consumption of red meat, canned vegetables and eggs has been declining. New markets are growing exponentially for exercise equipment, facilities, new health regimes (vitamins, health foods, alternate healing methods) and the emphasis is moving towards health maintenance from crisis intervention.

3 The changing role of women

Women have made a major shift from the private domestic sphere to the public sphere. Women are a growing percentage of the workforce and are changing themselves and their family's needs. This megatrend is so big that the authors of the best-sellers Megatrends, and Megatrends 2000, have written Megatrends for Women, another best-seller specifically outlining the changes that are coming about due to this major shift.

4 Consumer moods

Some of the moods tracked by Faith Popcorn include:

- **Cocooning** - The desire of the population to stay home, safe and secure with close family and friends. Home entertainment products and the video business have benefited from this trend.
- **Fantasy Adventure** - The search for riskless adventure. The rise in demand for ethnic foods is an example of this trend in action.
- **Small Indulgences** - Conspicuous consumption with its showy expensive status symbols is in the past, but people feel they deserve high quality treats. Specialty coffees, ice creams and bath oils are examples of products that are small indulgences.
- **Egonomics** - People want to be treated as individuals. The rise in demand for personalization and customization of products and services results from this trend.
- **Cashing Out** - Giving up the rat race and moving to the country or down scaling one's life is part of this trend.
- **Down-aging** - Baby boomers are trying to grow old slowly. Age restrictions are disappearing. This influences fashion and leisure activities.
- **The Vigilante Consumer** - Consumers are becoming more careful with how and where they spend their money. Label reading and knowledge of the firm and their policies and practices are of new importance

to the consumer. Socially concerned consumers are organizing to pressure companies to be good corporate citizens.

- **Ninety - Nine lives** - People's lives are increasingly more and more busy. Each person has several roles to fill and no time to spare. Products and services that respond by making things faster, more convenient and simpler will find their market boosted by this trend.

5 *Concern for the environment*

Environmental concerns have become very important to even the average consumer. Products that are "green", that either harm the environment less than their competition or contribute by helping clean up the environment, are in demand. Products or processes that re-use or recycle are influenced by this trend.

6 *Self improvement*

Books, courses, networking groups, products and services aimed at helping you achieve your true potential, and be all you can be, respond to this desire of the population to continuously improve.

7 *Home Based Business*

The increase in home based businesses results from the coming together of several trends and changes.

- women wanting to mix their domestic and public roles,
- new technologies enabling a one person operation to produce almost anything from almost anywhere,
- cocooning
- cashing out
- changes in the labour force (ie. down-sizing and lay-offs).

8 *Household and family restructuring*

Families are coming in all different shapes, styles and sizes. The traditional, two parent nuclear family in which the mom stays at home, still exists but is overwhelmingly in the minority. With people staying single longer, a 50% divorce rate and re-marriages, step and half siblings and single parents have become the new norm. Baby boomers are now being called the sandwich generation as more and more are tending to the care of not only their children, but also their aging parents. All of these changes mean that the family market is not as homogeneous as it used to be.

9 *Residential patterns*

Residential patterns are influenced by other trends such as the cashing out trend with many urban and suburban residents taking up residence in the country. Meanwhile there is an influx of economic gypsies from depressed regions to better off centres. Residential patterns are also influenced by the aging of the population. Older people prefer easy to take care of condos and easy to get around in bungalows. Smaller families don't need the big houses in the downtown area of older cities, and thus those houses become apartments.

10 *Labour force needs*

The labour force changes are forcing changes on the population. No longer does a person get a job or a career and stay with it until retirement. The average number of careers in one's lifetime is up to five and growing. These changes mean that flexibility and lifelong learning are required.

11 *Computerization*

The computer has changed every workplace and function within the workplace. Life has changed so much with this one technology that Time Magazine named the Micro computer the "Man of the Year" a few years ago.

12 *Leisure*

As people have more leisure time, and more stressors in their lives, the search is on for what to do when you don't have anything to do.

13 *Global economy*

The changes in telecommunications and transportation have made the world very small indeed. World trade is growing at a tremendous rate and goes on 24 hours a day, seven days a week. Everything in the world is interconnected and interdependent. If you don't believe this, look at the products in your home, at your supermarket, in any store - they come from everywhere.

14 *Shift from an industrial society to an information society*

Alvin Toffler refers to it as the Third Wave and Nuala Beck refers to it as the New Economy. Whatever you call it, our society is making a major shift in its economic base. Briefly, the economy was once based on food - agriculture (the first wave), then it was based on the processing of resources or manufacturing (the second wave), and now we are moving into the age of processing information or the information age (the third wave). As this shift occurs, there will be industries that have matured and are dying and others that are on the growth side of their life cycle. You may find it helpful to know how your idea or business fits into the new economy.

B **GROWTH SECTORS IN THE ATLANTIC PROVINCES**

The Atlantic Provinces have had their share of challenges and, as well, are feeling the winds of change that are impacting on the global economy, on North America and on Canada. Change is the one sure constant in our lives.

The Chinese glyph for change is comprised of the combination of two glyphs: crisis and opportunity.

There are some very positive changes that are taking place. In these positive changes are the seeds of business opportunities. There are a number of new or revitalized sectors that are growing and promise further growth in the Atlantic region. These growth sectors build on the strengths of the region and are realized when a trend meets with a competitive advantage. They are:

- 1) Manufacturing
- 2) Innovative Technology
- 3) Tourism
- 4) Environmental Industries
- 5) Cultural Industries
- 6) Aquaculture
- 7) Crafts
- 8) Home Based Business
- 9) Export Services
- 10) Energy Efficiency and Alternative Energy
- 11) Information Technology
- 12) Health Care Industries

1 Manufacturing

Manufacturing is already an important industry sector in the region and there is room for growth. There is potential for growth in the domestic market through import substitution and a greater opportunity to increase export sales to national and international markets. The North American Free Trade Agreement, the emergence of the European Economic Community as a major trading block, and the changes in the Eastern European nations are all indications of the trend around the world towards more open markets and increased trading in manufactured goods.

2 Innovative Technology

Real growth being experienced in the region's technical industry base with new companies, new employment and growth within those firms. The Innovative Technology sector overlaps with the Information Technology sector, the Manufacturing sector and export industries. Expertise already exists in the fields of marine and cold ocean technology, biotechnology, electronic and electrical products, food production technology and computer hardware and software. Atlantic Region firms have been involved in technology related to the marine, defence, aeronautics, information, communication and space industries. Geomatics and global positioning has been a technological growth sector for the region as well.

3 Tourism

The Atlantic Region has a long history of being a tourism destination. This is a growth industry that already contributes millions of dollars and thousands of jobs to the Atlantic regions' economy. The history and the relatively unspoiled beauty of the region are attractive to the tourism consumer. Some areas in the region are considered underdeveloped with respect to accommodations and attractions. Other areas lend themselves well

to the high-growth tourism sub-sector: adventure tourism. The tourism sector has overlap with Cultural Industries, and the Crafts sector.

4 *Environmental industries*

As the environment becomes more of a public concern, processes, products and services that reduce, reuse and recycle become more and more marketable. Some of the companies already engaged in the environmental industries sector include those in environmental consulting, oil spill clean-up, recycling, waste management, environmental assessment, geomatics and environmental technology development. The growth in this sector is expected in four main areas: Conservation - information services, planning, and management systems design; Environmental assessment, including impact assessment and assessing ways to reduce and avoid air, water and noise pollution; Environmental mitigation - looking for ways to treat polluted water, air and soil resources and the cleanup of damaged sites; and Environmental information, including the monitoring of ice and icebergs, weather forecasting, mapping and geomatic activities, forestry, wildlife population management and the protection of rare and endangered species and their habitats.

5 *Cultural industries*

The Atlantic region collectively and all four provinces, separately, possess rich and vibrant cultures upon which an industry has sprouted and taken root. Cultural Industries include sub-sectors such as the music industry, writing and publishing, the visual arts, performing arts, and media arts, including film production. In 1994, the Canadian music industry's revenues grew by 30% compared to 1993.

6 *Aquaculture*

Aquaculture is a relatively new industry worldwide and is rapidly growing in importance. In 1994, 23% of the world's fish harvest came from farmed fish. Aquaculture is facing the same challenges that early agriculture faced when it started to replace hunting and gathering as a method of food production. The fishing industry, as several of the stocks have been depleted, is being replaced by the much smaller, but growing, aquaculture industry. Aquaculture in the Atlantic Provinces is currently commercially growing cod, salmon, mussels, trout and scallops. Other species being investigated include halibut, ocean trout, arctic char and lumpfish. Several sub-sectors necessary to support the industry, such as research and development, technology development, disease control, equipment and supplies (ie. food and nets, etc.), hatchery facilities, processing and marketing are developing.

7 *Crafts*

Although often not recognized as an industry, the craft sector contributes millions to the region's economy and employs thousands on a part-time or full time basis. The rich culture and history of the region has made for distinct and marketable craft goods. The craft industry finds its strength in the rural areas, and overlaps with the micro-business and the home based business sectors. Steady growth has accompanied a push for quality and a growing sophistication in marketing the craft products. The crafts industry is also intertwined with the tourism sector and the cultural industries sector.

8 *Home Based Business*

Throughout North America, there is a growing recognition and respect for home based business. As well, there is a tremendous growth in this sector due to the combination of a few key changes. Firstly, is the change in employment. Downsizing is challenging more and more people to become self-employed. Add this to growth in the service sector and the technological advances that mean a person can locate an office almost anywhere with access to a fax machine and a computer. New computer software frees people to produce what it used to take several people previously to produce.

9 *Export services*

The service sector now accounts for 30% of global trade and Canadian trade in consulting services has shown exponential growth in the past few decades. Combined with the international climate of trade liberalization, the growth trend in this sector is expected to continue. Consulting services in the fields of engineering, construction management, business, education/training, economic development, rural development, fisheries, marketing, telecommunications, ocean research, energy, accounting and the environment all have a market in the international sphere.

10 *Energy efficiency and alternative energy*

The motivation for growth in this field is related to the cost of energy production in both dollars and environmental terms. Consumers are more willing to invest in energy efficient buildings, vehicles, and equipment. As well, alternate energy sources are attractive as energy from traditional sources becomes either scarce or expensive to develop. Small hydro projects, wind energy, biomass (wood wastes, fuel peat, refuse) are all being investigated for their energy possibilities. Products, services and processes that reduce energy usage are marketable world-wide.

11 *Information technology*

Between fifty and sixty percent of the Canadian labour force is employed in occupations involving the processing and management of information. This sector includes computer services, data processing, software design and systems consulting. As well, the sector plays a crucial role in the telecommunications industry, education and manufacturing sectors. We are said to be in the information age and the sector has the growth pattern to confirm this.

12 *Health care industries*

The state of health care is in flux. The sector has grown exponentially in the past two decades. Important shifts along with world-wide growth in the sector, provide opportunities for businesses serving the sector. Some of the opportunity areas include: basic scientific research, biotechnology, clinical trials, diagnostic services and kits, export services, equipment and supplies, health care delivery research and consulting, home care services, marketing and distribution for out of province/region firms, technical services, sterilization services, uniforms and linens.

C FREE TRADE AND GLOBALIZATION

Since the implementation of The North American Free Trade Agreement (NAFTA), trade between Canada, the United States and Mexico has expanded by 75%. The result of NAFTA is a new single market of 360 million people that exceeds the size of the European Union by some 30 million. The North American market is also characterized by higher living standards, relative political and economic stability, and a strong record of innovation and economic growth.

There is no doubt that the growth in international trade activities is largely responsible for the economic growth experienced in the past few years in Canada. Firms that are experiencing expansion credit their growth to expanding their business activities beyond Canadian borders. Canadian firms, particularly in the service sector, have better access to many U.S. government procurement opportunities. This is significant, in that the U.S. government is the single largest purchaser of goods and services in the world. The market created by U.S. government purchasing stood at \$200 billion U.S. in 1992.

Mexico, likewise has a dynamic business environment with an expanding domestic market hungry for imported goods and foreign investment. Canada's exports to Mexico expanded by an astounding 37.4% in 1992 compared to 1991 figures. The demand for Canadian goods and services is found in such areas as information and communications technologies, transportation services and equipment, environmental equipment and services, engineering and construction, agri-food and resource industries.

There is a tremendous amount of information available for firms interested in pursuing trade activities, including information on potential trading partners and opportunities, sector/country specific information, information on the business climate and contact/networking assistance, information on credit and foreign exchange. Industry Canada, The Canada Business Service Centres and The Department of Foreign Affairs and International Trade and regional development agencies (ACOA) are good places to begin your search for information, opportunities and contacts.

Canada is pursuing trade agreements with other trading blocks including the European Union and the South East Asian Trading block. The World Trade Organization recently completed the international negotiations addressing a wide array of sectors and trade issues.

Entrepreneurs interested in the opportunities in this global growth sector of international trade have many access points for information and assistance.

V TYPES AND EXAMPLES OF VENTURE OPPORTUNITIES

A MANUFACTURING OR PROCESSING SOMEONE ELSE'S PRODUCT

Even though someone may have developed a product, it may still be a viable venture for you if you can manufacture and distribute it more effectively in your region. Some of the ways of manufacturing or processing someone else's product include manufacturing under license, re-manufacturing a product and assembling a product.

MANUFACTURING UNDER LICENSE

1

Manufacturing under license entails purchasing the rights to manufacture and/or sell a product. The license can give you the exclusive rights for a geographic area and /or a specific market. This includes finding patents which have not yet been exploited.

GETTING STARTED

- 1) Decide what type of manufacturing you would like to do.
- 2) Locate a product to manufacture by:
 - Checking with dISTCoverly, the Industry Canada database of licenses that are available world-wide,
 - advertising for inventors to submit ideas,
 - reading publications related to new products in your field,
 - looking for products manufactured in other countries,
 - approaching companies which may have rights to products they do not want to manufacture at the present time,
 - attending trade shows,
 - contacting venture capital firms,
 - reading the opportunities section of newspapers and trade magazines,
 - contacting the Chamber of Commerce or Board of Trade in your area (often they have lists of licensing opportunities in your region).
- 3) If you wish to pursue under used patents, select an area of patents that is of interest to you. Current patents will require you to obtain a license from the patent holder in order to exploit the opportunity. However patents expire and after expiry, can be exploited without a licensing agreement. You can find available patents by:

Real examples

A PEI woman developed a successful business supplying and cleaning cloth diapers, then expanded into manufacturing the diapers herself. Subsequently, in assessing her clients' needs, she found a patented product that keeps baby in a safe sleeping position. She acquired the license to manufacture and distribute the product in the east-coast region, where it sold successfully.

A Newfoundland company found out from a venture capitalist about a local inventor who had discovered a process to change the properties of peat moss, so that it absorbed oil instead of water. He licensed the process and is selling to garages, industrial sites and oil spills all over the world.

- contacting the Canada Business Service Centre (CBSC), a patent search firm, The Innovation Centre or the Patents Office in Ottawa.
- contacting a company or organization related to the design or marketing of patents. These may be accessed through the Office of Innovation at your nearest University.
- reading the Patent Office record at the local library. Each month the library receives a list of new patents. The librarian can assist you or you may want to employ the services of a professional patent search firm -they can save you time and effort.
- advertising for inventors to contact you in reference to their patented inventions.
- contacting major companies to identify if they hold patents for products that they are not utilizing, and that they may be interested in transferring to you.

KEY QUESTIONS

For what product or service could I purchase the manufacturing and/or marketing rights? _____
 Is there a market for the product? _____
 What area of patents most interests me? _____
 What patents out of those available have commercial value and could be used as a basis for a business opportunity? _____
 What potential customers have said they would buy the product I am considering providing? _____

REPROCESSING PRODUCTS

2

Rebuilding a product or re-manufacturing products means taking a product that has come to the end of its useful life and rebuilding it to a newer condition or using the parts and making it into another product.

GETTING STARTED

- 1) Identify a product which has the following qualities:
 - a part in the product wears out over time and can be replaced or repaired,
 - the original product is expensive enough to warrant a rebuild.
- 2) Identify a product which has component parts which can be used as the basis for some other product, in which the following applies:
 - the product or some of its parts wear out over time,
 - the original product does not warrant rebuilding to its new condition for reasons such as obsolescence, or value,
 - the parts that you can use are cheaper to obtain from the used product, than they are to obtain as a new item.
- 3) Identify an economical and reliable way to obtain the used parts.
- 4) Figure out how to disassemble, rebuild, and reassemble the components.

Real examples

A Newfoundland company developed a product that measured sea and fresh-water currents through electronic monitoring. An important requirement of this product was exceptional quality and error-free printed circuit boards. Sales were slow, however, so they developed a new business based on their existing skills. They found their first client in a telephone company, which had previously sent its malfunctioning circuit boards off the island for repairs. Once they had satisfied the client they could meet quality requirements, their faster turnaround and cheaper prices clinched the ongoing business with that and other clients.

When he discovered that the clients of the computer store where he worked had no means of recycling their used cartridges for printers and copying machines, a young Nova Scotian and his friend pulled apart a cartridge to see how it worked. They figured they could refill them with toner and reuse them, so they and a third friend started a business remanufacturing reusable toner cartridges. To get started, they bought a franchise from a company that supplied raw materials and training in the manufacturing process.

KEY QUESTIONS

- What used product could be rebuilt or turned into a new product? _____
- Is there a market for the reconditioned or new item? _____
- Can the recycling procedure be carried out practically and efficiently? _____

ASSEMBLING A PRODUCT

3

Assembling a product entails purchasing parts for a product and assembling them to produce a finished product, or providing an assembly service for parts purchased by others.

GETTING STARTED

1) Look for products that are made of several parts, where one or more of the following conditions apply:

- the cost of the component parts plus the cost of assembly is less than the cost of assembled good,
- the product is assembled from parts manufactured in various locations, your location is conveniently located with respect to the sources of the supply of parts and the final market,
- the product is sold in an unassembled state or the assembly process is expensive or difficult for individuals to do and there are costs savings based on economies of scale, or the consumer is willing to pay to have the product assembled.
- the product needs to be assembled into a single form before being shipped from your area to another,
- the assembled product is too expensive to ship into your area as a completed unit, and is less expensive to ship in the unassembled parts,
- duties for parts are generally less than the duties paid on assembled products. If the final market is outside the country and the parts are supplied from outside the country, tariff relief programs on products assembled in bond can serve to make the operation profitable. Check with your taxation office.

2) Analyze various products and assembly operations to find situations where you can save yourself or someone else time, effort, or costs by setting up your own assembly unit.

Real examples

A firm of auctioneers in Moncton developed a strong clientele looking for reasonably priced furniture and realized they could meet their needs by identifying manufacturers who ship their products in pieces, reducing the cost of shipping as well as assembling. They now act as assemblers of this furniture in a successful business that complements their auctioneering.

A New Brunswicker who was laid off by Northern Telecom acquired licences from a number of big companies (whom he knew through Northern Telecom) to assemble their electronic components into final products (such as transformers) for the Atlantic market.

KEY QUESTIONS

- What product could I assemble to save someone time, effort or money? _____
- Is there a market for the product? _____
- Have potential customers stated that they would buy the product? _____

B **MARKETING SOMEONE ELSE'S PRODUCT OR SERVICE**

There are a couple of different ways that you can enter the business of marketing someone else's product or service: You can be a distributor, buying product for resale, or you can act as an independent agent selling products/services on a commission basis. You can find your goods locally or from outside your local area. You will be acting as a bridge between the producer and the marketplace.

EXPORT DISTRIBUTION

4 The eastern seaboard states and Western Europe are our closest international neighbours and provide an enormous market for Canadian products. Changes in Eastern Europe, the former Soviet states and the Asian markets have served to open these regions which were not, at one time, accessible. Trends towards globalization and reduced trade barriers and tariffs have served to open new markets.

GETTING STARTED

- 1) Contact local producers who may be interested in expanding their market to foreign countries.
- 2) Identify a country you would like to export to - check market profiles and opportunity reviews available from Industry Canada.
- 3) Contact Foreign Trade Consuls to identify needs which are not being filled in their country.
- 4) Contact your local Chamber of Commerce or Board of Trade.
- 5) Contact the Export Development Corporation, they can provide you with pertinent export information on the country with which you want to deal, credit assistance and intelligence with respect to your export partners in the destination country.
- 6) Read books and magazine articles on exporting.
- 7) Talk to companies involved in exporting to learn from their experience in exporting.

Real examples

A Nova Scotian born in Kingston, Jamaica, had a career in financial planning when she decided there was a market in Jamaica for frozen fish and meat products produced in Canada. Her success in that market encouraged expansion and she now sells in other parts of Canada as well as exporting to the U.S., Europe and Asia. She sources all her products from independent businesses.

Hand-made figurines for visitors to PEI who wanted mementoes of Anne of Green Gables were impossible to obtain, so a man and a woman started a business manufacturing them. They subsequently diversified into T-shirts, calendars and other souvenirs. Through some of the many, many Japanese visitors to the home of Anne, they have developed an alliance with a major Japanese firm to export their figurines and souvenirs to Japan.

KEY QUESTIONS

What local products and services could I export to other countries? _____
To which countries would I like to export local products? _____
Is there a market for the product or service I want to export? _____

BECOMING AN IMPORT DISTRIBUTOR OR AGENT FOR PRODUCTS OR SERVICES FROM ANOTHER REGION OR OUTSIDE CANADA.

5

You can become an import distributor or agent by bringing products and services into your region from other countries or regions. Many producers are looking to expand their markets and for a distributor or agent to do so. Distributors buy their products for resale, while agents sell products on a commission basis.

GETTING STARTED

- 1) When travelling, keep your eyes open to products that are unique and innovative. Talk to friends and business associates to see if they have noticed something. Read non-local newspapers, magazines and telephone books.
- 2) Contact your Chamber of Commerce. Often they will be in contact with producers seeking distribution of their goods.
- 3) Contact Industry Canada and the Canada Business Service Centre (CBSC). Contact your Provincial trade department.
- 4) Identify marketable products that are made elsewhere for which you think there may be a market.
- 5) Contact trade associations and trade offices of other provinces and countries.
- 6) Identify a client group with special needs that can only be met by products from another country.
- 7) Read overseas trade magazines.
- 8) Join import and export associations, review their journals and newsletters.

Real examples

Not-for-profit ventures can be just as entrepreneurial as for-profit ones. A New Brunswick group in Saint John started an affiliate of a national crafts organization, which was originally founded by the Mennonites to help developing countries become self-reliant. They recruited 140 volunteers to become familiar with the products to be imported from 64 countries for which they would act as sales representatives. The store is required to carry a full range of the international products, but it has to be self-financing, demanding effective entrepreneurial management.

After five years as a buyer for an Atlantic retailer of sportswear, a 23-year old Nova Scotian woman started her own wholesale distribution agency, representing 10 manufacturers to the retail sector in the region. She has since expanded into owning two retail stores herself.

KEY QUESTIONS

- For what type of product or service could I act as a sales agent? _____
- What product or service could I buy, stock and wholesale in my region? _____
- Is there a Canadian market for the product or service I am thinking of importing? _____
- What manufacturers can I find who need the services of a sales agent? _____
- Could I distribute the product profitably? _____
- What potential retailers or customers have indicated a need for the product I am thinking of distributing? _____

TAKING EXISTING LOCAL PRODUCTS TO NEW MARKETS

6

There are numerous local products and services that have potential to sell much more than is currently making its way into the market. The new market may be accessed through better promotion and advertising or through different distribution methods such as mail order. You may negotiate distribution rights to another territory - export or regional.

GETTING STARTED

- 1) Identify a locally produced product or service which is successful but not distributed widely. Do this by:
 - contacting your local Chamber of Commerce and economic development staff,
 - looking for local stories about local goods and services,
 - taking note of local goods in stores, craft fairs and advertised in your local paper or magazines,
 - talking to purchasing agents and local business people,
 - putting an advertisement in your newspaper looking for local producers interested in expanding their markets.
- 2) Look for unique successful businesses/products that are developed by local people by:
 - comparing your yellow pages to non-local yellow pages and looking for the gaps - are there local listings not available in other regions?
 - identifying local fashions, lifestyle activities, and cultural products/services that might find a market elsewhere,
 - ask tourists and visitors for names of unique businesses that they have noticed in the local area which they would like to have in their own region. Observe the products that are popular with tourist or used as gifts to out-of-province/region family and friends.

Real examples

A father-son team developed a honey business in PEI almost by mistake, because their raspberry patch needed bees to cross-pollinate. Their bee colony grew to 50 hives producing enough honey that they had to start a commercial enterprise. Their packaging and marketing was so good that other honey producers approached them and now most of the honey they sell is bought from other producers.

The rat race in Ontario was not to the liking of a young man from Nova Scotia who was interested in direct mail and database marketing. He returned to Atlantic Canada to start his own marketing firm. He knew that many ex-Maritimers cannot obtain products from their home region easily, so he is building a database of their names to keep them (and others interested in east-coast products) informed of available products; he also represents local producers outside the region through direct mail, 1-800 numbers and other marketing techniques, including the Internet.

KEY QUESTIONS

- What local products or services could be expanded to new markets in other regions? _____
- What successful local products have not been distributed in other areas? _____
- Is there a demand for the products or service in the new territory I am considering for expanded marketing? _____
- What marketing skills and services can I offer? _____

C TAKING ADVANTAGE OF UNDERUTILIZED LOCAL RESOURCES

There are a number of under or unutilized resources available in your local region. These resources may be people or natural resources or skill sets or excess capacity such as vacant buildings or industrial facilities.

SECONDARY PROCESSING OF LOCAL RESOURCES SHIPPED OUT IN RAW FORM.

7

Making use of local resources and processing the materials into a marketable product is an opportunity that you might find right outside your door.

GETTING STARTED

- 1) Identify raw materials that are easily available in your area.
- 2) Identify products that can be processed or manufactured from the local resources.
- 3) Check your library for feasibility studies. Talk with local development agencies with respect to any feasibility studies that are available regarding the processing of local resources.
- 4) Investigate other areas that have the same resource to see what they are doing with respect to secondary processing of the resource.
- 5) Investigate the processing and/or manufacturing process.
- 6) Make contact with the local manufacturer's association.

Real examples

A Cape-Breton couple had a horse with a severe skin problem and found that fish oil capsules from the local drug store worked wonders. However, it was very expensive so the couple decided to start a business for pets using the abundance of fish oil available from local plants. A government agency funded a research study to assess the product's potential and found that it would be feasible if the odour could be controlled and some elements removed to improve shelf life. The resulting product was launched across North America in several different formulations, sold through veterinarians or pet stores and for several kinds of pets.

When a technician with the PEI government heard locals talk about mussel mud, he decided to investigate the folklore. He found that mussel mud (an accumulation of oyster, mussel, quahog and clam shells up to 30 feet deep) was back-breaking to harvest but up to 10 times more long-lasting than the more convenient chemical fertilizer that replaced it after World War II. It was also more beneficial for soil conservation because of other trace elements. In association with island entrepreneurs he modified some farm machinery to harvest it at a more competitive price and started his business.

KEY QUESTIONS

Who buys the products shipped out in raw form? _____

Why has no-one thought of processing them in the region before? _____

What skills are required to establish a processing plant? _____

DRAWING UPON THE RESOURCES OF UNDER-EMPLOYED LOCAL PEOPLE

8

You may find an opportunity comes to mind when identifying and assessing (and subsequently using) the skills, talents and energy of under-employed people. This can include upgrading underemployed peoples' skills so that they are better qualified to work in the business.

GETTING STARTED

- 1) Identify skill sets of under or un-employed people by :
 - contacting your local Canada Employment Centre for data on the Labour Market Survey,
 - contacting training agencies for lists of their unemployed graduates,
- 2) If you are in business, identify your own employees' abilities which are not being utilized and determine how these skills might best be utilized in new areas for your business.
- 3) Locate people with specialized training not currently connected to the labour force. You may be able to employ their expertise on a temporary basis for a special project.
- 4) Analyze the skills of people who are currently out of work, or groups of people who often face employment barriers (ie. women, or people with disabilities) and think of products or services which could be produced using their individual or group talents.
- 5) Look at specific skill gaps that exist with underemployed individuals or groups, the attainment of which would qualify them to work in your business.
- 6) Attend meetings of unemployed people with skills in specialized occupations (ie. Nursing, Teaching or Engineering) to identify skills which can be used to explore business opportunities.
- 7) Investigate a project to determine if it could be handled by under used talent that is available to you.
- 8) Look at job creation activities in other areas for a model of successful training/employment projects

Real examples

After working with the parents of learning-disabled people for some years, a New Brunswick man realized that the learning-disabled need specific job skills to become independent. So he started a non-profit business in which all the employees are learning-disabled. It is partially funded by grants, but the employees had to make equipment not available to them. Their wood products sell in Canada and the U.S. and several employees have been able to use the skills they acquired in that job to get new jobs in other firms.

Two Natives from New Brunswick closed their training business which found employment for Natives, because they felt job skills are better learned in actual jobs. They founded a firm that manufactures lightweight trade show display systems, which are sold in the U.S. and Canada in the face of global competition. Employees are Natives who acquire employment skills on the job.

KEY QUESTIONS

Who do I know who has under-used skills, knowledge or talents? _____

Where can I find people who have under-used skills? _____

How could I work with them to develop a new business opportunity? _____

What kinds of business opportunities could I explore with people whose talents are currently not being used? _____

What customers exist for the product or service I am considering? _____

USING PERSONAL SKILLS, ASSETS OR HOBBIES

9

Many businesses grow out of personal interests or hobbies. Often the line is blurred between a business and a hobby once the hobby starts to make a financial contribution.

GETTING STARTED

- 1) Look at your personal likes and dislikes, talents and skills and hobbies. Is there a particular activity that you enjoy and for which you are talented?
- 2) After defining the area of interest, can you identify ways in which your talent, hobby or skill can be marketed.
- 3) Look at magazine articles, books on the subject.
- 4) Work on improving the quality and testing the market for the commercial value of your product/service.
- 5) Talk to others that have developed a hobby or talent into a business.
- 6) Talk to associations and groups (i.e. craft or arts associations) to explore the commercial opportunities.

Real examples

Fresh from obtaining her degree in design, a young woman from New Brunswick dreamed of starting a pottery business, but felt she had to become a teacher to earn a living. She potted in her spare time, displaying her products at craft shows until she built up enough business to go into pottery full-time. After a slow start, she now earns more than she did as a teacher.

A young New Brunswicker whose hobby was deep-sea diving was unable to find a job on graduating with a marine biology degree, so he started a business combining his degree with his hobby - collecting marine specimens for universities. He and his partner have expanded into a wide range of services, from industrial salvage to underwater video links and a retail dive shop.

Studying for a Master's Degree in Psychology became boring for an American in Halifax, so he moved to the country. He bought 60 acres on which he built a house and an access road. He then found an anvil that intrigued him, so he learned the art of blacksmithing while he subsisted from farming his property. He now sells his artistic products in the U.S. and Canada.

While working for two established advertising agencies over a period of three years, a young Nova Scotian woman learned her trade as an advertising professional. She then started her own media-buying firm, the first one to be created specifically for the Atlantic market.

KEY QUESTIONS

- Will people buy the product I am making as a hobby? _____
- Do I want to create the organization required to turn a hobby into a business? _____
- Are my skills best used in my own business? _____
- Will I make a profit commensurate with the effort required to run a business? _____

D FINDING A NICHE WHEN THE DEMAND IS DEMONSTRATED

There are many types of opportunities and business ventures in which the demand for the product or service is already demonstrated. These opportunities can be found in the following section which includes being a supplier to another producer, import replacement, filling gaps in left-behind markets, gaining a small percentage of an existing market and starting a business because you can not find an available source of supply.

GAINING A SMALL PERCENTAGE OF A LARGE MARKET

10 Opportunities exist in being able to supply a small part of high volume markets.

GETTING STARTED

- 1) Identify the large volume markets in your area by looking at Statistics Canada consumption reports, economic reports, trade association reports and market and feasibility studies.
- 2) Select a market to compete in and seek advantages such as location, better quality, niche market, price, advertising, personal reputation, level of service, selection or a unique business concept.

Real examples

A young Nova Scotian wanted to start a business that would resist economic hard times. He chose potato chips; this is a \$500-million-a-year industry in Canada dominated by three global giants. He went after the "yuppie" market, with hand-made chips using natural ingredients, seeking 2% of the national market. The product was successful, though the company finally failed because the growth was too rapid.

By quitting his safe job, a teacher from Nova Scotia was able to turn his hobby of gunsmithing into a business. He found his niche a few years later when he started making custom bullets that reduce the deposits of lead on the barrel when they are fired. He had to import specialized machinery for which the specifications can be changed to accommodate small runs. The business is too small for the big munitions companies, but highly profitable for this entrepreneur.

Starting with a pizza restaurant, then buying a pizza franchise, a PEI woman developed the skills to start a business processing frozen pizzas in competition with the food giants.

KEY QUESTIONS

What high-volume markets exist in the Atlantic region? _____

Which would be the most suitable for a small operator to enter? _____

What product or service could I offer to gain a small percentage of a large-volume market? _____

What potential customers have said they would buy the product or service I want to provide? _____

BECOMING A SUPPLIER TO ANOTHER PRODUCER

11

You can become a supplier to another producer by making or supplying a product or service as an input to a larger product or service. A number of the product/service parameters are already defined - the size of the market, price quality specifications, contact person(s), business cycle and fluctuations.

GETTING STARTED

1) Look for potential customers by:

- asking your current employer, or a company of which you are aware, for the rights to supply a component to the businesses' input requirements,
- asking purchasing agents in manufacturing companies for information about their needs for supplies. Try to identify supplies which are hard to obtain, too expensive, or at risk of being available from a single source,
- looking for request for supply or tender notices in newspapers and trade magazines,
- reading trade journals to identify supply problems in specific industries. Read booklets, brochures and publications that explain how to sell to government,
- having your company name added to mailing lists and suppliers lists at public purchasing agencies and of large corporations that you could supply,
- attending "reverse trade shows" in which large scale purchasers discuss their requirements, purchasing functions and process,
- identifying larger companies that supply a similar or complementary service to yours and offer to sub-contract your service to them. Identify companies that have recently bid and/or won a large contract - and offer to sub-contract to them.
- looking at databases of government tenders such as the Tenders Database on the ACOA/Enterprise Network in Newfoundland and the OBS (Open Bidding Service).

Real examples

A Nova Scotian man wanted to start a signage company, offering everything from painted plywood through fluorescent and neon illuminated signs to electronic display systems. To become a significant player in the region, he sought the business of installing and servicing signs promoted and sold by the national signage firms in Toronto and Montreal. This alliance helped the company secure 70% of the region's business from these sources, giving them a strong base for independent contracts.

Three mechanical engineering students in Newfoundland engaged in a design project hit upon an idea when they went to local firms in search of market needs. One such firm was developing a mobile marine satellite antenna and needed a stabilization system. They developed a solution after many attempts and their concept won first prize in a regional design competition and fourth in a national competition.

KEY QUESTIONS

What products or services could I supply? _____
Could these products or services be used as a component by another producer? _____
Is there a market for these products or services? _____

IMPORT REPLACEMENT

12

Identify a product or service that is imported into your region or into Canada and replace it by producing the product locally.

GETTING STARTED

- 1) Identify a product or component that is being imported into the region, and which you can produce locally. These products can be identified by:
 - reviewing import statistics at Statistics Canada,
 - reviewing supply gap studies and import substitution studies available from ACOA and your provincial government,
 - examining import publications and importers' catalogues,
 - contacting purchasing agents to identify goods which are purchased by local industries and are imported into the country/region,
 - examining products which are all around you and determine where they are made.
- 2) Determine an area of interest and expertise, and then analyze imported products related to that area that you could produce locally.
- 3) Identify imported products in your markets that are expensive due to high tariffs and/or transportation costs. Replace them with lower cost items.

Real examples

An employee of a major fish processing company in Newfoundland found out that the fish boxes used to transport the fish were all imported. So he started a business because he could manufacture them more cheaply in the Province. When the fishery collapsed they diversified into well liners and septic tanks and then developed a new method of making their own moulds in Newfoundland so they don't have to import them.

While in charge of corporate account sales for a jewellery store, a young Newfoundlander observed that university and college students bought a lot of school rings for graduation or sports, which had to be imported from the mainland with a delay of 8 to 12 weeks. He started a successful business manufacturing them locally and quickly expanded to high school insignia rings.

KEY QUESTIONS

What imported product could I replace by producing it locally? _____
 Have potential customers said they would buy a locally made product? _____
 Have I thoroughly researched the product or service I am considering, to make sure it equals or surpasses the standards set by the imported article? _____

CATERING TO LEFT BEHIND MARKETS

13

There are opportunities in catering to markets which have been left behind by companies for reasons such as: companies have moved on to a newer technology and no longer want to serve the older technology based market, companies have become so large that they no longer want to deal with, or handle smaller orders, companies are expanding rapidly into new markets and are unable to properly service all of their markets, and large companies sometimes drop profitable business to concentrate on their more profitable lines or branches.

GETTING STARTED

- 1) Identify new technologies that many companies are moving into, and analyze the "old technology" markets left behind as a result of these moves.
- 2) Identify companies that have left the market or reduced their presence in the market. Find their previous customers who require a continued supply of the former type of product or service.
- 3) Identify products that become obsolete quickly but are still useful and have a long life. Analyze products/services which are left behind by companies which continuously focus on the newest models as they arrive in the market.
- 4) Look for industries which have taken a new direction and analyze the opportunities created by the move away from their usual operating procedures (ie. product lines and/or services that they are dropping).
- 5) Look for businesses that are closing some of their retail locations and analyze the potential of operating a profitable venture of the same type in the abandoned location.

Real examples

When the fish processing industry rationalized in the Atlantic region in the 1980's, National Sea Products became so big that it decided to get out of "small" businesses, like lobster processing. A young Nova Scotian saw the opportunity and started a lobster business that quickly expanded into other fish products and came to challenge National Sea Products.

When the City of Halifax closed down its tour service, a young tour guide knew what he had to do. He had been bitten by the tour-guide bug as a 15-year-old, when his sister let him help with her job as a tour guide. He subsequently got training from every tour business that would take him. Having gone after the city's abandoned business, he moved into the high end of the industry, with specialty tours and elaborate individual attention.

KEY QUESTIONS

What industries or companies have recently made major changes as a result of new technology, products or approaches to business? _____

Which of these changes may have resulted in previous markets being discarded or left behind? _____

What other discarded markets do I know of? _____

How many potential customers have indicated there is still a need for the discarded services or products I have in mind? _____

STARTING A BUSINESS TO SUPPLY PERSONAL NEEDS

14

Many businesses are started because someone looks for a product or service and can not locate it.

GETTING STARTED

- 1) Notice products and services that you need but can not find in your area.
- 2) Investigate sources of supply for importation into your locality or the possibility of producing the good or service.
- 3) Read trade magazines, books and articles about the product/service that you have identified.

Real examples

A woman with an interest in outdoor sports found it impossible to obtain functional sportswear, particularly cycling shorts, so she started sewing her own. Pretty soon, she was doing it for her friends and then expanding into fleece-lined jackets and other athletic wear. After a short while, the business grew to the point where she had to abandon her job as a mechanical engineer and run her business full time.

Being quadriplegic prevented a New Brunswicker from starting his formal education until he was 18, but he completed two years at university before quitting to start his own business manufacturing products for disabled people. He sells, rents and repairs wheelchairs, and markets medical supplies, hospital beds and special equipment. His is the only company with 24-hour service in his city.

KEY QUESTIONS

- Are my needs shared by others in the community? _____
- Is the demand sufficient to build a profitable business? _____
- Do I have the skills to provide the product or service? _____
- Will I enjoy working in this industry? _____

E IMITATION IS THE BEST FORM OF FLATTERY

There are a number of business ventures that are based on imitation. Imitation of a successful business indicates that the concept or business idea is sound (for its market). It has been tried so some of the road is paved.

IMITATING A SUCCESSFUL PRODUCT OR SERVICE

15 You may find a business opportunity in recognizing a successful business concept, product or service and imitating it. Be aware that getting into the market may over supply the market. There may not be room in the marketplace for the original and the imitator. You will want to assess the market demand.

GETTING STARTED

- 1) Look at what is selling well and assess its future potential.
- 2) Look at successful business concepts that are located outside your trading area and start a similar business. If you are not in a competitive situation with the imitated business, they may be willing to act as your mentor or supply you with information such as their suppliers list, pricing list, marketing strategy and general knowledge of the business.
- 3) Identify the key success factors of the business that you are interested in imitating.
- 4) Find out how to make or provide a similar product/service in a cost-efficient manner.

Real examples

On a visit to Nova Scotia, a Newfoundlander saw a specialty food store that appealed to her. She had the confidence she could replicate it in her home province because she had acquired the necessary management skills from managing her husband's tavern. She duly opened her store and had a difficult start but she made it successful and expanded to a second store.

A Moncton woman dissatisfied with her job saw a program on TV about raising emus, an Australian flightless bird, similar to an ostrich. She decided that was what she wanted to do, so she took a course in starting a business and did extensive research on emus. She bought six to start with, at \$6,000 each, but they sell for \$20,000 after a year, provided they remain fashionable.

After years of on-again-off-again employment, a Cape-Breton man heard about cultured marble at a dinner party and thought this might be his answer to a permanent job. He found a manufacturer of the same product in another county in the province and consulted with him extensively. He then started his own business with the help of a retired engineer from Ontario, who acted as his mentor.

KEY QUESTIONS

What items or services are selling well? Is that market demand likely to continue? _____

What popular products or services could I imitate? _____

What potential customers would purchase my imitation? _____

TRANSFERRING CONCEPTS FROM ONE INDUSTRY TO ANOTHER

16

Taking an idea or method from one industry and adapting it for use in another sector may provide you with a business opportunity. The concept that you consider might be various management techniques, such as Total Quality Management or inventory control, or it could be an add-on service such as home delivery.

GETTING STARTED

- 1) Notice good ideas, concepts or ways of doing business and think of other settings in which they could be used beneficially.
- 2) Identify a problem which needs to be solved in an industry or sector of the economy and look for potential solutions in other industries from which it can be transferred.
- 3) Assess the impact of transferring the idea or procedure to the new sector.
- 4) If you are in business, look to the changes in other sectors and imagine how these changes would work in your industry sector.
- 5) Make yourself aware of the innovations in other industries and sectors by reading management magazines and books.
- 6) Develop a method of transferring change to your chosen sector.

Real examples

A young Newfoundlander who worked on the off-shore oil rigs didn't have much to do when the industry declined. He had been working in rig-to-shore communications and used the knowledge he had learned to start his own business using the same technology in other industries which needed mobile communications - including the fishing industry which did not have a tradition of linking its radio communications into the telephone system. He now markets versions of his product as marine, aeronautical and land-mobile communications systems.

While working as a stage technician in a Charlottetown theatre, a local man had worked with a computer-controlled stage sign. It got him thinking about applications in other circumstances, so he tinkered around until he had a working prototype. With help from the National Research Council, he perfected the technology which can control signs by computer, through the telephone lines, from anywhere. At the time of launch, it was a unique product in the world.

KEY QUESTIONS

What ideas or concepts do I know of that have been especially successful? In what industries have these been used? _____

Could these ideas be applied to another industry? How? _____

What good ideas could I adapt to another industry or activity? _____

What good ideas from my own industry could be successfully adapted to other industries? _____

Is there a market for the product or service that is created as a result of a transferred idea? _____

F WHAT IS IT MADE OF ANYWAY, AND HOW CAN YOU IMPROVE IT?

There are always ways of improving or adding value to products or services. The change that you are able to bring to the mix can make a marginal improvement to the existing product or may change the very nature and use of the product. In this following section you are encouraged to explore ways of looking at a product or service (its component parts) and how you can improve what exists so that it is new and offers you a potential opportunity.

MANAGING A BUSINESS BETTER THAN A COMPETITOR OR PREDECESSOR

17 Because of your knowledge, skills and abilities, you may be able to manage an existing business better than it is being managed currently. You may start a business in competition with an existing business or you may buy an existing business and improve it.

GETTING STARTED

- 1) Look at present businesses in the sector in which you are interested. Can you see ways of improving the business and making it more effective, more efficient or more profitable?
- 2) Analyze the business sector and the businesses that exist in your market presently serving this sector. Look at their weaknesses and devise ways that they could be improved.
- 3) Assess the strengths that you have that could help you in improving the performance of a business in your chosen field.
- 4) Read magazine and newspaper articles or books pertaining to trends, changes and improvements in the sector.

Real examples

An aerobics instructor in the PEI unit of a major national hotel chain received a visit from a Calgary friend and they found they were both frustrated because their classes were being rescheduled. They decided they could do a better job themselves, so they started a business providing health, nutrition and exercise services, which quickly grew to become prominent in the community.

The owner of a used furniture and antique store in Prince Edward Island was bored, so she looked around and selected clothing as a good subject for a market survey. She designed a survey to establish women's buying habits, including if they had any problems with what was then available. To her surprise, she got a powerful response from women who had to wear uniforms - they were dissatisfied with design, comfort and availability. With this information in hand, she opened production facilities on the island, which enabled her to provide more flexibility than her mainland competitors and to focus on personal service.

KEY QUESTIONS

- What products or services need improvements? _____
- How could I improve an existing product or service? Would this make it more marketable? _____
- How can I provide a product or service that is better than those which currently exist? _____
- Is there a market for my improved product or service? _____

ADDING VALUE TO EXISTING PRODUCTS OR SERVICES

18

Taking an existing product/service and adding materials or services may create a more valuable end product. To add value, you can purchase the product or service and use it as a base for adding your input and then reselling it in its changed form, or you use only the idea from the previous products and create a completely separate item or service.

GETTING STARTED

- 1) Look at the various ways in which a product or service can be improved:
 - quality upgrade
 - more convenient
 - more comprehensive
 - less costly to produce or purchase
 - safer to produce or use
 - more durable or powerful
- 2) These improvements can be achieved by:
 - adding a process to the product
 - combining the product/service with other products and/or services,
 - offering the product or service as part of a larger package of products and services,
 - removing something to change the original use of the product,
- 3) Select a product or service that you would like to improve. Analyze the strengths and weaknesses of the product and identify the factors you would like to improve. Think of various ways you could achieve the improvements. Talk to current users of the product or service to see what they would like to see in the way of improvements to the product/service.
- 4) Identify faults in existing products or services which you can eliminate in a similar product or service. Think of various alternatives which might be tried. Brainstorm and be creative.
- 5) Find an existing product that can be changed into a different or improved product by adding or subtracting elements. Then locate the additional elements and add them to create a new product, or take some elements off the original product before reselling it.
- 6) Find a client group which is not served well by a product or service and make changes in existing goods to meet the needs of the new client group.

Real examples

When a teacher of industrial arts quit his job to start a construction firm, he soon noticed that there was a strong demand for custom mouldings for old and new homes. It was hard to find good stock, however, so he used low-grade wood and joined together the solid pieces after removing the pits and knots. On top of this added value to the otherwise marginal wood, he pelletized the waste products to make wood pellets and marketed them as a superior fuel source.

A New Brunswick man and his son have built a business that specializes in adding value to under-utilized species of wood (such as aspen) and waste products from wood processing. Using these materials, they have built a major business manufacturing pallets for sale in the U.S. as well as eastern and central Canada.

KEY QUESTIONS

For every product or service I am aware of, what can I add to make it more marketable before reselling it?_
What products or services could I provide which would add value to an existing product?_____
What products or services can I think of which would benefit by adding, subtracting or altering elements?_
What potential customers have said they would purchase the product or service I want to provide?_____

SUBSTITUTING MATERIALS IN EXISTING PRODUCTS

19

You may find an opportunity in improving an existing product by changing the type of material(s) used in its production. These changes can make the product easier to make, safer to make, less expensive to make, more environmentally friendly to make (or dispose of, ie. recyclable materials), or it could make the product stronger, more flexible, more socially acceptable or longer lasting.

GETTING STARTED

- 1) Examine a product and identify how it might be improved by using alternate materials.
- 2) Identify a material that you have in plentiful supply, look at its characteristics, and think of ways and products in which it can be used, in order to make the product better in some way.
- 3) Identify production processes that are made difficult because of the materials used. The current materials may be scarce or polluting (or unrecyclable), expensive or difficult to obtain, unsafe or difficult to work with, or they may produce an unwanted or expensive waste product. Look for alternate materials that address the identified problem without causing other problems of the same degree.
- 4) Look at newly available materials and their distinguishing features. Brainstorm how the new materials can be utilized to make everyday products better.
- 5) There are a number of "new" materials that have been developed through the military or the space program that can find commercial, more down to earth or peaceful applications. Investigate the availability and alternate uses of some of these materials.

Real examples

Using recycled newspapers to manufacture kitty litter has proved to be a successful business for a New Brunswick entrepreneur. This is better than clay at absorbing both odours and moisture and has been particularly successful in environmentally conscious markets, such as California.

A Ukrainian immigrant living in New Brunswick foresaw, in the 1970s, that aluminum building products would be replaced by vinyl. He started a business in vinyl and built a major business in the region before his big competitors could nail down the market.

KEY QUESTIONS

What products can I think of which could be improved by substituting one or more materials? _____
What materials do I have which could be substituted for an inferior material currently used in a product? _____
What customers have stated they would purchase the improved product? _____

FINDING USES FOR WASTE MATERIALS

20

In this day and age of environmental awareness and scarce resources it is important to optimize and make the best use of the resources that we have. The outputs from one process are being used as the inputs to another. One company's waste problem becomes the next firm's source of supply.

GETTING STARTED

- 1) Find waste materials which can be reused. Look for the following:
 - materials that are routinely dumped, discarded, handled by recycling companies, demolition specialists, and junk pick-up services.
 - if you are in business - take an inventory of all products/materials discarded by your business operation.
 - take an inventory of products/materials discarded by business operations and households in your area.
 - identify obsolete products which are no longer in use in an industry, but which remain in storage.
- 2) Read trade publications to find out the production by-products that are causing concern for processing and manufacturing plants.
- 3) Read technology publications to identify new processes/products that use waste products as a source of materials.
- 4) Analyze the value to other producers, of waste products in their original form, as parts, or as materials in a recycled form.
- 5) Identify uses of materials which result in more valuable products than existing uses of the same materials.
- 6) Look at the use of recycled waste materials in other parts of the country or the world to get ideas of what you can do in your area that would be similar in nature.
- 7) Talk to your Department of Environment and environmental groups. They can tell you what they see as the problems and opportunities in this area.
- 8) There are a number of books and magazine articles on the topic of waste recycling and "green products" from waste materials. The magazine, "Garbage" is devoted to this topic.

Real examples

Two Nova Scotian brothers took over their father's laundry business which saved energy costs by firing its boilers with used oil. When the government passed regulations requiring businesses to test their spent oil for contaminants and dispose of it safely, they turned their energy-saving idea into a business. They built a refinery to produce clean products from the used oil and got paid for collecting their raw material.

An architect working with a client who was refurbishing a 100-year-old house couldn't find period components appropriate for the building. She eventually found a company in Ontario that sold recycled building materials. Her subsequent research showed that the demand for these materials is significant and there is a lot of material available - everything from old bathtubs to door handles. So she started a company to recycle construction debris and now has a retail outlet as well.

KEY QUESTIONS

What waste materials are available to me? _____

Which of these waste materials could be used to produce something useful and saleable? _____

Is there a market for the end product I am considering? Have potential customers said they would buy it?__

COMBINING TWO OR MORE ASSETS INTO A NEW ONE

21

Combining two or more products and/or services into one offering can enhance and enrich the original items. A synergy in the offering is created. A synergy is when the combination of the individual items is more valuable than when separately offered.

GETTING STARTED

- 1) Start with a business idea, or product/service that interests you, and ask yourself or current customers what could be integrated with it to create something unique, where the combination is of more value than the sum of the separate items.
- 2) Look at the needs of your customer groups to identify how they can be better served by integrating two or more existing products or services.
- 3) Look at various possibilities of what will fit together and imagine the effects of different combinations of products and/or services offered together. Use the yellow pages and business listings in your brainstorming.
- 4) Think of the process of use of a product/service. What is also used at the same time and in conjunction with the original item? Are there products and services that you can think of that relate to the original item and would encourage and enhance its use?

Real examples

A husband and wife team in north-eastern New Brunswick started a combined gourmet restaurant and art gallery - he is the chef and she is the artist. She also has businesses in tourism and counselling, making the overall venture a significant employer.

Unable to find a job on graduating with a marine biology degree, a young New Brunswicker whose hobby was deep-sea diving started a business combining his degree with his hobby - collecting marine specimens for universities. He and his partner have expanded into a wide range of services, from industrial salvage to underwater video links and a retail dive shop.

KEY QUESTIONS

What products, services or other items could be combined to create a new opportunity? _____

What suitable combinations could I handle? _____

How many potential customers have indicated that there is a need for the end product I am considering? _____

THE VALUE OF (RE)PACKAGING

22

Take an existing product and develop a better way of packaging it for sale. This can include more attractive, more convenient packaging or packaging that can preserve the product better or packaging that is reusable, recyclable or a novelty item. You may also see an opportunity to package free materials or break bulk or large-quantity packages into smaller packages.

GETTING STARTED

- 1) Identify a product that is poorly packaged and devise an improved package. Your packaging may make the product more convenient or safer to use.
- 2) Identify products that don't keep well in their packaging (either in transport, on the shelf, or once opened) and devise a better storage package.
- 3) Find a product that is normally sold without packaging and devise a package for the product that would make the product more marketable.
- 4) Look at present packaging of a product and devise a package that would in total reduce the need for extra packing materials used in transport, or reduce the materials used in the packaging.
- 5) Find a product that you can buy in bulk and repackage into smaller amounts.
- 6) Identify products that are generally used together and are bought separately. Repackage combining them for sale as a kit.
- 7) Novelty packaging, attractive packaging or packaging that can be reused by the consumer after the contents are used may make the product more marketable.
- 8) Read books, trade magazines and articles on packaging alternatives and technologies. Books such as Wiley's Encyclopaedia of Packaging Technology, Packaging and the Environment: Alternatives, Trends and Solutions and Packaging in Today's Society may be useful references.
- 9) The Packaging Association of Canada has information on the trends in packaging and is a good source of information on recent market developments.
- 10) The Canadian Industry Packaging Stewardship Initiative, a project of some 15 industry associations, is looking for solutions in order to reduce the overall waste due to packaging material that finds its way into landfill sites. There are opportunities in creating solutions to this environmental challenge.

Real examples

A High School Liaison Officer at a Nova Scotia University felt he had no striking identification of his university that would attract high school students. In particular, the university had no attractive jackets. He noticed that some students wore the jackets their parents had used 30 years earlier and he had a Halifax retailer deliver a few copies of them for his own and some friends' use. Others quickly asked for jackets for themselves and these proved so popular that he had new jackets produced, using the same materials as the old jackets and a similar design. The look was so popular that it turned into a business.

Having lost his job with a cleaning company when he refused a transfer to another town, a Newfoundlander decided to use the knowledge he had obtained about cleaning solutions to start a business. The solutions normally used on the island were bought from the mainland, but he could buy the raw ingredients, package them, label them and market them at a better price.

KEY QUESTIONS

- What products or commodities could be packaged, repackaged or un-packaged to sell better? _____
- What alternative markets exist for products currently offered just one way? Could they be un-packaged? _____
- Could un-packaged goods be packaged? _____
- What markets exist for the product whose packaging I am considering changing? _____

BECOMING A CONSULTANT

23

Consulting in various areas is a growth industry. Opportunities arise with the downsizing of government and industry. These organizations require the services of "experts" on a project-by-project basis, and "contract out" rather than having "in-house" paid staff do the work. You can be a consultant by offering advice, evaluating, organizing and providing information, and expertise in an area that you know well and that is of importance to others.

GETTING STARTED

- 1) Assess your knowledge, experience and skills to determine the field of expertise in which you will offer services. This field should be important to others, although they may not have the resources, the time or the ability to develop it themselves.
- 2) Look at the services that you are capable of providing and assess the services that others may want to buy from you. It may be a service that they require only once or periodically and thus do not want to provide in-house. Some of the services typically contracted for include:
 - production trouble shooting
 - management decisions
 - priority setting/strategic planning
 - marketing strategies/marketing plans
 - personnel changes/recruiting
 - computer needs information management
 - training and personnel development
 - political and public relations
- 3) Make a list of potential clients and the services that they may require.
- 4) Read books and magazine articles on forming a consulting business. This will give you good information of fee structures, promoting your services and how to write a proposal.
- 5) Make contact with your potential clients informing them of your services and indicate your interest in helping them solve their problems and addressing their issues. Respond to relevant Requests for Proposals.
- 6) Analyze industry sectors to identify potential opportunities by:
 - reading trade magazines
 - contacting relevant associations
 - reading sector specific annual reports
 - reading newspapers and magazines
 - talking to staff members in your target companies/sector/organizations
 - attending relevant seminars, trade shows and participate in community activities

Real examples

When the young Newfoundlander heard a friend of his family complaining about the difficulty of getting reasonably priced market research, he offered his services. He was only 13, but he learned on the job and subsequently acquired several large companies as clients. The business paid his way through high school and university and has expanded into other services since he started working full-time.

Six years after graduating with her engineering degree, a Newfoundland woman started an engineering consulting and project management company. In the intervening years, she worked for major firms in marine construction and technology in both Canada and Norway. The startup was prompted by opportunities in the offshore oil industry, but she had diversified into consulting on Total Quality Management and ISO 9000, enabling her to broaden her client base.

- financial services
- business planning/development
- technical writing

KEY QUESTIONS

Do I have experience, skills or knowledge that I can sell to others? _____

Could I use my areas of expertise to establish a consulting or information service? _____

What potential clients have said they would use the consulting or information service I want to establish? _____

TURNAROUND OPPORTUNITIES

24

Companies, products and services fail for any number of reasons. Perhaps there were problems with the market acceptance at the time of introduction, or the management. The location could have been wrong or the company was under capitalized and ran out of money and time. It could be that the business idea is one whose time has now come.

GETTING STARTED

- 1) Look for businesses that have closed down, gone bankrupt or into receivership.
- 2) Look for product launches that never took off.
- 3) Check with business advisors, lawyers, bankers, and ask them if they know of any business, product/service that failed due to management problems, poor marketing or other factors that can be improved upon.
- 4) Watch the paper for bankruptcy notices, auction notices. Read trade publications.
- 5) In looking for ideas or concepts that were ahead of their time or are ready to make a come-back, you can read old magazines and newspapers and catalogues. You may just find some idea whose time has come.
- 6) Run newspaper advertisements looking for good products that have been marketed but failed.
- 7) Analyze the business concept, product or operation to ascertain the reason(s) for failure.
- 8) Know your business strengths and look for situations in which your strengths can make the difference between success and failure.

Real examples

When the Toronto owners of a chain of business training schools decided to turn their money-losing operation into a franchise, their Newfoundland principal decided to take on the challenge of turning around her school. By creating strong links with the business and education communities, she expanded enrolment 17 times in Newfoundland and added five other franchises in the region.

A cookware manufacturer in Prince Edward Island was in trouble, and a government agency which had invested in it was looking at the situation. The development officer liked what he saw and put together a group of investors to buy the company. He initially thought the problem was marketing but he discovered that it was production costs. He rectified the quality and efficiency problems, but he still had to sell at a high price, so he concentrated on a high quality niche for cooking aficionados

KEY QUESTIONS

- What services or products are in trouble now? _____
- Could any of these be made successful now through new marketing methods, new management techniques, better financial support or different business strategies? _____
- What changes would be needed to successfully re-introduce the product or service I am considering? Could I carry out those changes? _____
- What potential customers have indicated the re-introduced product or service could succeed now? _____

G NECESSITY IS THE MOTHER OF INVENTION?

Thousands of new products are being invented each year. A recent introduction to the marketplace is the concept of intellectual property rights (intended to protect the inventions of the imagination). Whether it is a product, a process, a book or a song, you can protect, sell or buy these products of the mind.

INVENTING A NEW PRODUCT

25

Inventing involves devising an innovative product or service which meets a need in the marketplace.

GETTING STARTED

- 1) You may want to concentrate on products or processes that are familiar to you, as you will have a good idea of how these can be improved or changed to best meet customer needs.
- 2) Observe products or services that can be made more effective to save time, effort or money. Look for products or services that people are looking for but can not find.
- 3) Look for readily available materials, brainstorm and experiment with their qualities and how they can be used for commercial purposes.
- 4) Examine present products and services from different perspectives to see if you can think of ways of subtracting from, adding to, changing, or combining to produce a better product/service.
- 5) Read newspaper columns and magazine sections devoted to peoples' ideas of products and services that they would like to see made available or changed.
- 6) Seek professional advice from a patent office, advisor or lawyer. Your local Industry Canada or Canada Business Service Centre can direct you to those who specialize in this field.
- 7) Obtain free information on patents, copyrights, industrial design and trademarks from Industry Canada - Intellectual Property office.
- 8) Universities in your area may have Offices of Innovation that could advise you on patent protection and the process that you would want to follow.
- 9) Before you discuss your invention, you may want to have potential advisors (government, university employees, etc.) sign a non-disclosure form.

Real examples

Two Newfoundland cousins decided to start a business together when one had returned to the island after selling his Seattle business at a profit. He had had an idea for a long time of an electronic chart system for ships that allow them to locate their position in "real time". Once this was successfully launched, they devised other electronic systems - a program that serves as a filing cabinet for digital images was the second product on the market and more are in the pipeline. They estimate that every software product has a one-year life cycle.

After many years of employment with a heat recovery and ventilation firm, a New Brunswicker was laid off. A friend asked for help with a humidity problem in his basement, so he devised a machine to correct it. He subsequently decided to try turning it into a business as he still had no job. Initially no-one would carry his product, but he persuaded some small dealers to carry it. It sold well and now the big retailers are coming to him.

A Nova Scotian employee of the region's biggest dairy products company used to have difficulty getting Tim Horton's to give him the right amount of cream in his coffee. His boss encouraged him to make a machine to metre the cream, so he built one in his basement. He soon had enough sales to buy the manufacturing equipment he needed and to quit his day-job. He has subsequently developed metering machines for other uses.

- 10) Contact the Innovation Centre in Waterloo, Ontario. They offer a number of services to entrepreneurs involved in the invention/innovation process, including market research and a licensing identification service.
- 11) There are a number of resources that you can read on inventing such as The Canadian Inventor's Guide and How to be a Successful Inventor.

KEY QUESTIONS

What services or products are needed but don't exist? _____
What consumer needs could be met by a new invention? _____
What process familiar to me could I improve by inventing a new procedure, product or service? _____
What ideas do I have that could develop into inventions? _____
Is there a market for my invention? _____

H CAPITALIZING ON CHANGES AND TRENDS

Changes and trends in the market place can support new businesses and sectors. Some of the venture opportunities related to these changes are outlined in this next section.

TAKING ADVANTAGE OF A FASHION OPPORTUNITY

26

Providing a product or service that caters to an up-to-date or prevailing style in dress or behaviour may offer you a business opportunity. The fashion may already exist, is ready to be recycled (from a previous period) or does not exist yet. Fads can also go in this category, however, a fad is more intense and of shorter duration. Because of their time frames, fads require much quicker response in providing goods and reducing inventories.

GETTING STARTED

- 1) Choose a subject area in which you wish to focus for your work in fads and fashions, such as toys, clothes, home and garden, business or recreation. Read books and magazine articles and talk to people in the subject area that interests you.
- 2) Identify current fashions by looking at magazines (articles, ads and pictures), fashion leaders, movies, other parts of the world. Look at older magazines and movies to search out older fashions that may be ready for a comeback.
- 3) Develop and maintain contacts in the major fashion centres.
- 4) Attend fashion and trade shows, relevant workshops or training programs.
- 5) Think of ways to transfer fashion ideas from other industries to your own areas of interest.
- 6) Develop fads for special events and celebrations, conferences and sporting events.

Real examples

When the city's shoe store went bankrupt, a local Newfoundlander bought the factory and revived the business. Over a period of years, he and his children modernized their equipment, buying CAD/CAM machines for design and the most modern German machinery to bind soles onto uppers. This has given them the ability to respond quickly to fashion trends and they are now marketing in Europe where the Canadian Grunge look is in.

An American husband-and-wife team fell in love with PEI on a visit to the island, so they decided to start a business there. They had already built a successful business in leather clothing and ceramic design jewellery. Their first product in PEI was developed from a trade show contact - leather frames for spectacles, which they marketed through a major international optical firm. They have since expanded into retail stores across Canada and added decorative leather gifts and clothing appliqués to their product line.

KEY QUESTIONS

- In what industry would I like to promote a fashion or fad? _____
- What items from past eras are ready to become popular again? _____
- What upcoming events could I use as the basis for a fad? _____
- Is there a market for the idea I have in mind? _____

A SWITCH IN THE MARKET

27

Market switches relate to long-term changes in types of products and services used by consumers. These changes can be based on technological changes, such as the change from typewriters to word processing on computers, or they can be based on demographic changes, changes in consumer moods or economic changes. For whatever reason, there has been a shift in consumer purchasing decisions...and this presents an opportunity for you.

GETTING STARTED

- 1) Review Chapter IV.-"The Big Picture" in this booklet. Read books on changing trends such as Naisbett's and Aburdene's Megatrends series, Faith Popcorn's, The Popcorn Report and Celente and Milton's Trend Tracking. Read magazine articles on this topic.
- 2) Read market research reports.
- 3) Investigate current fads that could turn into long-term changes.
- 4) Observe new products which are becoming popular: in your region, in other regions/countries.
- 5) Review trade association research forecasts.
- 6) Analyze changes in the types of products you buy, especially when you are replacing an obsolete product with one that has entirely different characteristics.
- 7) Find the product associated with a market switch by:
 - analyzing the advantages of new products to find those that are superior and will likely replace older products,
 - look for items that are based on new technology or new products that are revolutionary for an industry.
- 8) If you identify a changing consumer demand in which a product or service has not been developed, fill the demand.
- 9) If the major product has been developed to satisfy consumer needs in the switch, decide on a related service or product that can be used in association with the major product.

Real examples

A young woman in Newfoundland followed a 100-year family tradition of entrepreneurship when she opened her own business; but the niche she chose was even younger than she was. She focused on the trend toward "cocooning", opening a shop for the home sewer, knitter and craftsperson, although she had no sewing skills herself. She later expanded into a second store and into a large selection of home decorating fabrics.

The manager of a computer bookstore in Ontario decided to start one of his own in Halifax. Once there, he hooked up with local consultants who had started something new on the Internet, called Cyber Mall, where a group of small businesses identify and sell their products. He began getting orders from all over the world because computer books are often available in North America ahead of anywhere else in the world. About 10% of his orders come directly over the Internet, but he estimates more than half his business can be attributed to the Cyber store where people read his catalogue first.

KEY QUESTIONS

- Can I think of any market switches that have recently taken place? _____
- Can I think of any market switches that may be occurring now? _____
- How can I take advantage of these changes in consumer buying habits? _____
- Can I address a current market switch by providing the major product or service? _____
- Can I provide secondary products or services related to a new major product? _____
- Have potential customers indicated a need for the product or service I am thinking of offering? _____

SECTORS THAT ARE GROWING STRONGLY

28

Offering a product or service in an industry or sector in which activity is exhibiting growth characteristics increases your business's chances of survival and growth.

GETTING STARTED

- 1) Read IV - "The Big Picture" in this booklet.
- 2) Read comprehensive society change books such as The New Economy by Nuala Beck and The Third Wave by Alvin Toffler.
- 3) Read futurist magazines and articles.
- 4) Talk to community trend setters and leaders in the growth sector in which you are interested.
- 5) Read sector specific reports from Industry Canada and other sources. Read government publications regarding growth sectors.
- 6) Observe growth sectors in other countries/other regions.
- 7) Observe the expansion of new retail specialty shops.
- 8) Make a list of growth sectors, and select those which particularly interest you, based on your knowledge, experience and abilities.
- 9) Look for opportunities for new products or services that relate to the sectors that you have identified.

Real examples

An entrepreneur in Nova Scotia got in on the rental video market early in the 1980's, when it was just starting to become apparent that this was going to be a big business before long. As the number of people with VCRs ballooned in the mid-1980's, competition grew exponentially. He kept his edge with a superior selection and survived the ensuing shake out. Then the giant national chains moved in with their superstores. He then had to segment his market and find pricing and stocking combinations that appealed to specific parts of the video-renting customer-base.

His unusual profession - clown - gave a New Brunswicker the opportunity to travel all over the world making children laugh; he saw how they were being taken care of in a world with fewer and fewer full-time parents. He turned his passion for working with children into a business, opening six daycare centres. In an unregulated industry where scepticism abounds regarding the level of care, he eliminates uncertainty about the quality of his care with constant video recording and weekly (sometimes even daily) reports to the parents on their children's progress.

KEY QUESTIONS

What current growth trends can I identify? _____

What activities or industries are likely to experience growth in the future? _____

What products or services could I provide which would fit into a current or future growth trend? _____

What potential customers have indicated a need for the product or service I am considering? _____

IDENTIFYING MARKET GAPS OR SHORTAGES AND FILLING THEM

29

Identifying situations in which there is a gap between what the market wants and what the market can get may offer you an opportunity.

GETTING STARTED

- 1) Look for situations in which customers are kept waiting for the delivery of product or services by:
 - checking delivery times and back orders of popular products and/or services,
 - asking distributors, agents and retailers to suggest items which are in short supply, have delays in delivery, or are difficult to get,
 - asking firms what services they cannot get.
- 2) Analyze potential shortages in supply caused by companies going out of business, reducing or stopping production, or shutting down for periods of time. Look at:
 - news stories, read trade journals and publications,
 - lists of companies in receivership, bankruptcy, strike or lock-out status.
- 3) Look for products or services that are available in other markets, but not in your market?
 - check telephone and business directories for other localities, and compare these directories to your local ones. Identify the gaps.
 - when visiting outside of your region, identify the products, services and business concepts that are available in the region that you are visiting and are not available in your local market.
- 4) Government development agencies periodically research market supply gaps. Check to see if your development agencies have undertaken any recent supply gap studies.

Real examples

When a young man returned to PEI to computerize the accounting system for his father's business, his friends and acquaintances soon started calling constantly for help with their computer problems. So he started a sales and service business that has acquired about 50% of the island's market.

Her degree in costume design did not generate a job offer for a Newfoundlander, so she started her own business. She chose a niche that had low volume, but high value-added: formal wear, such as wedding dresses or graduation gowns. As her business grew, she added part-time workers to help her, but she still operates the business from her home.

A young man who lives in a small town two hours west of the Newfoundland capital liked to golf, but there was no golfing range anywhere close. So he approached the school board and, in return for maintaining an abandoned field, they let him use it as a driving range. When that field was reclaimed, he found another on the same terms and then added a miniature golf course paid for out of his profits. He added a third business selling ice cream to his customers. Later, he realized that no-one was painting road lines in his town, so he approached the town and won a contract to paint its roads.

KEY QUESTIONS

- What market gaps am I aware of? _____
- What supply shortages am I aware of? _____
- How could I find other market gaps and shortages? _____
- What market gaps and shortages could I meet by providing needed products or services? _____
- What potential customers have indicated that my perceived gap or shortage is genuine? _____

IDENTIFYING UNIQUE CLIENT GROUPS AND TAILORING PRODUCTS OR SERVICES TO THEIR NEEDS

30

Products or services can be adapted to meet the special needs of a particular group of clients. These needs could relate to characteristics of the people (left handed, disabled, women, senior citizens); lifestyles (sports enthusiasts, wine makers, home based businesses); owned assets (antiques, boats, houses); or similar factors.

GETTING STARTED

- 1) Identify a unique client group that you would like to serve. The group could be based on language, age, gender, lifestyle, geographical location, occupational interest, hobby or other characteristic. To identify a group you can:
 - analyze the yellow pages in your phone book for specific interest groups,
 - read the Directory of Associations in Canada in your library,
 - analyze newspapers, magazines and demographic trends to identify groups,
 - analyze special magazines available for special groups,
 - identify groups who live in unique or remote regions, or ethnic areas.
- 2) Analyze the special needs of your chosen group by studying their unique characteristics and observing their activities.
- 3) Identify products and services that would serve the needs of the group - listen to what they have to say about common products/ services that don't meet their needs and think of how you can adapt them to better meet their needs. Also note items for which your group are expressing a need.
- 4) Find products/services which can be adapted or created to meet the special needs of the group.
- 5) Some groups have specific needs for which a product or service needs to be adapted, while others respond well to targeted services in which the product and/or service remains unchanged. The change may be in the marketing approach.

Real examples

Growing tired of the corporate rat race, a couple in Quebec started a business breeding animals for research. They subsequently moved to Nova Scotia when they have focused on animals required for research to develop cures for human ailments. They developed a colony of hamsters with high blood pressure and, in alliance with the medical research industry, are working at additional colonies for other uses. 95% of sales are exports.

A former merchant mariner identified seniors as a market in need of innovative care, so he lobbied to have legislation changed to permit facilities less elaborate than traditional nursing homes. He built his facility with the help of seniors themselves and has made it easily accessible as well as care-conscious. He has expanded into home services for the elderly.

KEY QUESTIONS

Where can I find a group of people with special needs that are not being addressed by the marketplace? _____
What unique group of people could I serve with specialized products or services? _____
What product or service could I modify to meet the unique characteristics of the group I want to serve? _____
Have I talked with the people for whom I am considering providing a specialized product to determine whether there is a market for it? _____

RESPONDING TO NEEDS CREATED BY LOCAL SITUATIONS AND CIRCUMSTANCES

31

Providing products and services in response to changes in situations and circumstances arising from natural or human activities provides numerous opportunities. These changes might relate to social events, legislation, economic changes, environmental events, events in nature and the like.

GETTING STARTED

- 1) Look for the silver lining to the storm cloud. Develop an attitude that change equals opportunity and look for the opportunity that resides in the changes around you whether they are positive or negative in nature.
- 2) Recognise situations and changes. Look at:
 - newspaper, radio and television news reports,
 - current stories in magazines,
 - upcoming local, regional and national events, and
 - unexpected changes in social, economic, business, environmental and political circumstances.
- 3) Create a product or service that responds to the new circumstances by:
 - helping people, governments and organizations deal with the change or crisis (group learning or therapy, research/reporting, needed supplies),
 - assisting people to remember the event or circumstance, (souvenirs, museums, book writing/publishing),
 - providing an experience related to the situation (art displays, tours, plays/movies, songs/poems),
 - helping divert peoples' attention through activities or entertainment.

Real examples

When the Department of Tourism opened a snowmobile route through northern New Brunswick, a man from the region opened a restaurant right in the middle of the route. Providing clean rest rooms and good food, it was an instant hit with snowmobilers in need of a rest. In the summer, horseback riding and mountain biking take up the slack.

When a the government announced the closure of a railway line in Newfoundland, a retired railway conductor persuaded the community to save the track. An ex construction worker then made the track the centrepiece of a wilderness theme park which has become a major tourism destination for Newfoundlanders.

KEY QUESTIONS

What current situation could provide a business opportunity? _____
What products or services could be provided to address a market created by a current situation? _____
Could I provide any of them? _____
What potential customers would purchase the product or service I want to provide? _____

THE PRICE IS RIGHT - BUYING AND SELLING BARGAINS

32

A business opportunity may reside in obtaining low priced goods and reselling them for lower-than market prices. It is important that you are able to sell the goods for more than it cost to purchase and sell (i.e. distribution, transportation and marketing costs).

GETTING STARTED

- 1) Decide what kind of goods that you are going to buy and sell.
- 2) Look for a very low cost source of supply of these goods. Some sources to look for include:
 - bankrupt companies, companies going into receivership,
 - manufacturer's seconds - goods that the manufacturer does not want to sell under their name, but are still marketable,
 - companies with custom orders that were not sold,
 - companies that over-produced and can not sell all that they produced,
 - out of season left-overs,
 - companies that are in need of immediate cash,
 - charity oriented second hand shops that receive donated goods,
 - yard, basement, moving sales,
 - auctions and estate sales.
- 3) Some of the people that may be able to assist you in identifying possible sources include: sales agents, discount operators in non-competitive markets, auctioneers, bankers and receivers, accountants, distributors, and trade association staff.
- 4) Keep your eye on newspapers and magazine classified ads, and trade magazines.
- 5) Decide how you are going to market/distribute and sell your bargains.

Real examples

A Nova Scotian woman has a member of her family who works for one of the major European dress designers. Through him, she heard that seconds of their creations are often disposed of at very reasonable prices (50% off), so she opened a retail store, anchored on a supply of seconds, discontinued lines and out-of-season clothes.

When a major supplier of a furniture store in Nova Scotia had a fire, the store's owner bought what furniture was left and sold it off cheaply. As more businesses started going under in central Canada, he came across more and more "opportunity buys" and built a retail outlet in Montreal. When the corporate downsizing wound down, he relocated the store to the Maritimes and built a steady business of low-price furniture, based on his reputation for responding to the continuing requests to take surplus or liquidated stock off the hands of manufacturers in the U.S. and Canada.

KEY QUESTIONS

Where can I find a low-cost source of supplies that I could buy and resell at discount prices? _____
If I am setting up a long-term operation, is my source of supply reliable and ongoing? _____
Is there a market for the items I plan to offer at a discount? _____

BUYING A GOING CONCERN COULD BE A BARGAIN OPPORTUNITY

33

When people need to sell, whether it be for personal or business reasons, they are usually prepared to accept a price that is lower than the current market value. It could be a company or the assets of a business - and it gives a significant advantage to start a business with a lower expenditure on the necessary assets.

GETTING STARTED

- 1) Ask people in the industry in which you wish to own a business if they know of anyone who wants to sell.
- 2) Ask accountants and lawyers if they know of anyone who is interested in selling a business.
- 3) Ask bankruptcy firms for their help.
- 4) Watch the notices in the paper for auctions of bankrupt businesses.
- 5) Speak to clients of the target industry to see if they know of anyone who is tired of his or her business.

Real examples

A Nova Scotian worked for the Canadian arm of an American firm harvesting seaweed. When the parent company changed hands, the new owners weren't interested in the Canadian operation, so they offered to sell it to the Nova Scotian with a commitment to buy seaweed from him. With a guaranteed customer, he was able to obtain a line of credit from the bank and he bought the business. He quickly diversified products and clients, adding the processing of rockweed and Irish moss for the Asian food market, the brewery market and animal feed producers.

Two Newfoundlanders who worked in communications on the offshore oil rigs in the province's heady boom days obtained an offer to buy the marine radio equipment at bargain prices when activity declined. They bought the equipment and developed the technology to link marine radio messages to the phone system, thereby enabling people at sea to talk directly to people in their homes and offices on shore.

KEY QUESTIONS

- In which industry do I want to start a business ? _____
- How much would it cost if I paid full price for the required equipment? _____
- Are there many firms in trouble in this industry? _____
- Do I have the skills to prosper where more experienced people have failed? _____

CREATING EVENTS AND MANAGING THEM

34

Planning and organizing events such as historical celebrations, conferences, special meetings, training or educational sessions offer a business opportunity that can be your main business or it may be an additional service offered by your firm. This includes promoting the image of a person, group, geographic location or enterprise in order to create demand for related products or services

GETTING STARTED

- 1) Identify a type of meeting or event that would attract enough people to participate.
- 2) Identify a group of people that would let you represent them in organizing their meeting or appearance in your region.
- 3) Identify a trade association or other group that meet and require the services of an events planner and promoter.
- 4) Identify an event, a personality, group or opportunity that has potential for magnification through implementation of a planned promotional strategy. The magnified object must be capable of capturing the imagination of the public. You can focus on an existing situation, person or object or create one. Opportunities could come from:
 - mythological creatures, cultural or historical personalities or events. (Blarney Stone, John Cabot and the Cabot 500)
 - natural phenomenon - rivers, mountains and natural resources (e.g. Shediac - lobster capital of the world and giant lobster, or Magnetic Hill)
 - personalities such as entertainers, politicians, athletes, business people,
 - industrial activities (Great Mosquito Cove - the Hibernia Platform construction site)
- 5) Devise a promotional strategy for the object and brainstorm the associated product/services that could be marketed.
- 6) Investigate licensing, patents and contract arrangements that may be needed.
- 7) Contact the people involved and make a proposal seeking their cooperation and/or participation or approval.
- 8) Identify the facilities in your area which would let you act as their agent to organize events using their space. These facilities may act as an information source with respect to organizations that have booked their space but may need your assistance in planning their meeting or event.
- 9) Read books and literature on event planning, join an events planning association.
- 10) Contact events organizers in other areas to identify successful events, groups, concepts, themes and operating procedures that could be used in your business.
- 11) Read material pertaining to training needs assessments for various groups and target groups that you would like to serve.

Real examples

An American nurse moved from Seattle to Labrador to do northern nursing and soon rediscovered her childhood interest in fishing and hunting. She decided to turn it into a business of Adventure Tourism, featuring winter camping and local nature tours. Her main market is American and European, for whom the northern wilderness is truly a new experience.

Two women who had left good jobs to study business at university in Nova Scotia decided to go into business together on a part-time basis. They chose a concept that was developed in the U.S. where it was very popular; and it was beginning to catch on in Canada, with installations in Alberta and the western part of Nova Scotia, among other places. It is called "capture the flag" and it is a war game where participants have to "shoot" members of the opposing team with coloured paint balls until one team eliminated all the players in the other team. Copycat parks quickly appeared, but the couple's superior location enabled them to survive.

KEY QUESTIONS

- What types of events could I plan and promote in my region? _____
- What facilities in my area are available as a location for events I organize? _____
- What groups may require the services of an event organizer in my area? _____
- What groups of people would be attracted to the event I am planning? Is there a market for the event? _____
- Could I provide the necessary publicity and promotion? _____
- What product or service could be sold in relation to a person, event or object that is already prominent and popular? _____

I MAKING YOUR CURRENT BUSINESS ALL THAT IT CAN BE

This section of the book is specifically for those of you who are currently in business and are looking for ways to improve and expand your business. There are a number of ways in which you can expand and extend your business including meeting other needs of your existing customers, finding new customers/markets for your products/services, finding new applications for your present staff/assets, vertically integrating your operations, starting new ventures with your business associates, franchising your business and licensing others to sell or manufacture your product/service. This section describes types of business expansions that you can consider.

STARTING A NEW BUSINESS THAT IS COMPLEMENTARY WITH YOUR EXISTING BUSINESS

35 Your existing business interests may provide you with ideas for extending your business into areas that are complementary to your existing business activities. This may be possible through finding a new market niche for existing or similar products/services, or through a new complementary product or service that fits the markets that you are currently serving, or it may be possible through a combination of the two.

GETTING STARTED

- 1) Assess your present product line. Can you provide services in the use of your products? For example, if you are selling equipment can you offer services that use the equipment or provide training in the use of the equipment?
- 2) Are there customers that would enter the market if the product/service is offered differently, (ie. as a rental/lease vs a purchase)?
- 3) Assess the needs of these new customers to determine if you can offer other services that meet those needs.

Real examples

A PEI woman developed a successful business supplying and cleaning cloth diapers. Later, rather than buying new diapers, she decided to manufacture them herself. Subsequently, in assessing her clients' needs, she found a patented product that keeps baby in a safe sleeping position. She acquired the license to manufacture and distribute the product in the east-coast region, where it sold successfully.

The owner of a successful Newfoundland bicycle shop had dabbled in bicycle rentals for some time, mainly for the benefit of tourists in the area. When adventure tourism started becoming popular, he realized he could expand the rental business into organized tours of the island for cyclists.

KEY QUESTIONS

Into what general category or categories does my current operation fit? _____
What other products or services could fall into the same category? _____
Could I expand my operation to offer these additional items? _____
Is there a market for the additional products or services? _____

MEETING OTHER NEEDS IN EXISTING CUSTOMERS

36

Look at your existing customers and the needs that your are presently filling. Are there associated needs that you can be filling?

GETTING STARTED

- 1) Define the type of business that you are in, in broad terms, (ie. recreational, household maintenance, transportation, food, etc.) Look at the present range of products and services that you presently offer.
- 2) Complete a thorough assessment of your present clientele. Who are they? What do they get from you and why? There are a number of information gathering mechanisms that you can use for this assessment from informal chit-chat to focused and extensive, formal market research.
- 3) What related products or services might they need that you can provide? Brainstorm on how you can better serve your present client group. The extension of your offerings may include add-on services such as delivery, repair and maintenance, guarantees/warranties, extension of credit terms, assembly and consultation. Or your customers may need other products that complement your present offerings.
- 4) Look at how other sectors or businesses in your sector are extending their services. Are there ideas that you can adapt to your market and business?

Real examples

Having built a highly successful company manufacturing chemicals for use in research laboratories, a PEI entrepreneur established a plant in the U.S. and a sales unit in Connecticut. One of the principal activities of the sales unit is to visit clients on a regular basis and ask them what they find useful in the company's products and how they are using them. Frequently, the company finds out about new products they can supply and sometimes even finds that the labs are using their products in a way they had not anticipated, enabling them to change their marketing of the product to other customers.

A music school was started by a Nova Scotian entrepreneur and was so successful it grew into a chain with branches throughout the province. Then he started a music store located right next to one of the studios. Students were not required to rent or buy their instruments from the store, but most of them did because of the convenience.

KEY QUESTIONS

- Do you understand your customers' businesses and why they succeed? _____
- Who are the other suppliers to your customers? Are they doing a good job? _____
- What are your competitors doing for their customers? _____
- Are there ways of expanding your product or services with minimal cost to you? _____

FINDING NEW CUSTOMERS FOR EXISTING PRODUCTS AND SERVICES

37

You are interested in reaching a bigger market for your products/services. There may be market segments that are not being reached by your present marketing activities.

GETTING STARTED

- 1) Assess your present market. Define their demographic characteristics, (age, gender, education, lifestyle characteristics, income levels, social attributes, and other similarities).
- 2) Define how you are reaching your present customers - advertising, promotion, distribution methods; What kind of pricing or discounts do you have in place?
- 3) After assessing your market and your marketing, list all the other potential markets that are not presently being reached through your present activities and how they can best be reached and become part of your market.
- 4) Some of the possible changes that you may consider include:
 - targeting market segments based on age, locality, culture/language, gender, socio-economic and physical attributes, and interests.
 - you may want to address each market segment with tailored messages and targeted mediums (ie. specific radio shows, parts of the newspaper, magazines, signage, etc). This targeting should be designed so as to reach the intended market segment.
 - you may consider adding to your distribution channels. For example, if you are presently selling goods through retail channels, you may consider listing your product in a mail-order catalogue.
- 5) You may also want to explore the possibilities of extending your market through the establishment of new locations, partnerships and joint ventures or through franchising or licensing other firms.

Real examples

While he was on a hunting trip, a young Nova Scotian with a strong interest in electronics hit on an idea: a safety light that would protect him from other hunters! He took his idea to the Nova Scotia Institute of Technology and developed the idea. Then he heard that a nearby coal mine was in danger of being shut down because of insufficient safety lighting, so he adapted his light to a mining light and sold it to the Cape Breton mines. He has since developed several other products based on this technology.

A nurse who wanted to be a full-time painter followed her instincts and became an artist in New Brunswick. After seven years, she realized it took a lot of work to make a single painting and she could not increase her production. So she decided to make prints out of her paintings, multiplying their impact. Now she does 2,000 copies of each print and markets them all over North America, generating total sales well into the millions.

KEY QUESTIONS

What are the core strengths of your business? _____
Are there weaknesses in your business that can be improved? _____
Are there new market opportunities outside your normal distribution channels? _____

FINDING NEW APPLICATIONS FOR EXISTING EMPLOYEES AND ASSETS

38

Sometimes opportunities are right in front of our noses. In opening our eyes we can see some new possibilities. Analyzing your business and looking at your strengths and weaknesses may show you how you can make your business all that it can be.

GETTING STARTED

- 1) Take a full inventory of your physical, human and other assets. Assess the experience, interests and education of your staff. What is the condition of your physical assets. Some of the sources of information and things that you should look at include:

- land
- knowledge
- trademarks
- equipment
- skills
- goodwill
- products
- systems
- cash
- credit
- patents
- contacts
- licenses
- experience
- market share
- distribution
- location(s)

- 2) Assess your strengths by asking yourself:
 - What do we do well?
 - How are we innovative?
 - What strengths are recognized by others?
 - How else can we use these strengths?
- 3) Assess your weaknesses by asking yourself:
 - How are we being held back?
 - What areas are non-productive?
 - What areas are seen as our weaknesses?
 - What are we lacking that others in the industry have?
- 4) You can do this assessment on your own or you can make use of external consultants who understand the strategic planning process. You can include staff, customers and other stakeholders in the assessment process.
- 5) Following the assessment process, design strategies to improve and build on your strengths and address your weaknesses.

Real examples

A Newfoundland company developed a product that measured sea and fresh-water currents through electronic monitoring. An important requirement of this product was exceptional quality and error-free printed circuit boards. Sales were slow, however, so they developed a new business based on their existing skills. They found their first client in a telephone company, which had previously sent its malfunctioning circuit boards off the island for repairs. Once they had satisfied the client they could meet quality requirements, their faster turnaround and cheaper prices clinched the ongoing business with that and other clients.

A major fishing company based in Newfoundland was severely hit by the collapse in the cod fishery. Instead of adjusting to the size of the catch from its traditional suppliers, the company turned itself into a marketing company that promoted and distributed fish products throughout the world, using fish purchased from non-traditional suppliers where necessary. This enabled them to keep operating existing processing plants that they would otherwise have had to close.

KEY QUESTIONS

What strengths can we use as a basis for expansion? How? _____

What weaknesses can be corrected or turned into strengths? How? _____

What new opportunities can be identified after consideration of our current strengths and weaknesses? _____

VERTICAL INTEGRATION (TAKING SUPPLIERS OR CUSTOMERS OUT OF YOUR LOOP.)

39

Vertical integration means that you become your own supplier or customer. Look at your present sources of supplies or customers. If you can do their business more effectively or at a reduced cost, it may make sense to replace them by expanding your business vertically.

GETTING STARTED

- 1) Assess your sources of supplies. Are there items that you can supply to your current business that would make your operation more efficient or less costly?
- 2) If you start supplying your firm's requirements, can that new part of the business run at the level of production that will fulfil your needs? If you produce more than you need, are there markets for excess supply?
- 3) Assess your present markets. Are your products/services being used by some of your clients in the products/services they sell to their clients? Can you sell direct to these customers and will your business benefit by eliminating the middle person?

Real examples

Two Atlantic firms selling and servicing industrial equipment had worked co-operatively over the years and each agreed to focus on their main strength - equipment sales in one case and servicing equipment in the other. However, the firm that focused on sales soon realized that a third firm to which it contracted its servicing business was bidding directly to its own clients. So the owner bought the second firm to bring the servicing function under one roof.

ANew Brunswick woman started a company to teach life skills to unemployable people. To give them on-the-job training, she started contracting for services to the corporate sector, but she found that off-the-shelf training tools were inadequate. So she developed her own computer software training products, which she now markets as a separate business.

KEY QUESTIONS

- Are you happy with your suppliers? _____
- Are other customers of your supplier happy with their service and quality? Are there alternative suppliers who perform well? _____
- Do your supplier's weaknesses hinder your own production in any way? _____
- How much organization would be required to perform the supplier's role in-house? Is this an additional responsibility you want to undertake? _____
- How much extra money will you make by taking the service in-house? _____

ENTERING NEW VENTURES WITH BUSINESS ASSOCIATES

40

Networking is part of doing business. Finding business associates with which you "click", complementing each other's skills and interests, being able to pool resources, developing an idea and a business together, are some of the ways that businesses start with business associates.

GETTING STARTED

- 1) Look at your business associates. Make a list of the people that you would feel comfortable working with, people you feel you can trust.
- 2) Assess their skills, talent and expertise. How do you complement each other?
- 3) Get together with your business associate and discuss your thoughts of working together on a business. Brainstorm ideas that are suited to you and your associate.
- 4) Discuss the responsibilities of each partner, and when decided, commit your decisions on paper in the form of a partnership or joint venture agreement. Include a mechanism for dissolving the partnership.

Real examples

A woman with a business manufacturing pasta in Prince Edward Island was having a hard time making the business grow, so she started combining forces with other businesspeople on the island. She leased her kitchen to a baker who could use it during her off hours; and she started a marketing co-operative with a group of food processors on the island. Since she could not afford the machinery to package her fresh pasta in accordance with food regulations, she was kept out of grocery stores; however, she teamed up with another bakery and they shared a packaging machine that could do the job for both their products.

Having returned to the Atlantic region, a Toronto-based writer worked on some projects with a graphic artist whom he had met years earlier when they both worked for the same magazine. They dovetailed well together, so they decided to pool their resources and open a full-service business for print media, including all forms of writing and graphic design. Subsequently, they found it more effective to retain their own independent companies but form a strategic alliance whereby they shared all work requiring input from both of them.

KEY QUESTIONS

- Are there any people with whom I am associated who would be good to work with? _____
- Are their skills and yours complementary? _____
- By combining your talents, can you attract more clients than you could on your own? _____

FRANCHISING YOUR BUSINESS

41

Franchising your business involves selling the rights and support systems to people interested in operating a business patterned after your concept or business, in another location. You sell the concept and often the contract includes ongoing royalties based on revenues (so you will be interested in the ongoing success of your franchisees) and/or sale of supplies. Usually there is shared advertising support.

GETTING STARTED

- 1) Read literature on franchising (books, magazines, trade journals, etc.)
- 2) Establish a successful business that can be easily copied.
- 3) Determine the elements that contribute to the success of the business. Document your business concept in detail, in easy to follow directions.
- 4) Seek professional advice regarding the selling of franchises, especially the contractual arrangements.
- 5) Decide where you want to grant franchises (locations) and what kind of person you are looking for to carry your business success forward.
- 6) Advertise in order to reach your franchise purchaser market, in newspapers, trade associations, magazines, franchise shows, chambers of commerce, etc.

Real examples

A Newfoundland started a convenience store and soon built it into a small chain of five stores. But his profitability suffered from inadequate supervision, so he sold all but one of them and started again. The second time, he developed a full franchise package, along with management systems and joint promotion. With ten stores immediately after launch, the franchising was more effective.

A young man in his 20's from New Brunswick assessed a pizza franchise for a project at community college. He liked the bottom line so much, he bought a franchise. However, the franchisor had serious cash problems, so the young man bought the franchisor. He designed a wide-ranging plan to correct the problems with the franchise and when he implemented them, half the franchisees quit. He persisted and rebuilt the chain into ten stores and still counting.

KEY QUESTIONS

How can I develop a business or concept that I can franchise? _____

What type of franchise operation would best suit my talents and abilities? _____

Is there a market for the products or services offered by the type of business I would like to franchise? _____

LICENSE OTHERS TO MANUFACTURE YOUR PRODUCT

42

Your firm has created a product and wants to extend its market. Sometimes the best way to do this is by licensing to other firms the rights to manufacture and/or sell in a specific geographic area or to a specific market. The firm that you choose to extend these rights to may have a market advantage or the manufacturing capacity that would make it easier and more productive for them to manufacture/sell your product.

GETTING STARTED

- 1) Identify the market that you would like to reach, by geographic area or by market sector.
- 2) Sell manufacturing rights to your product by:
 - listing your product with the dISTCoverly database by contacting your local Industry Canada office,
 - contacting manufacturing associations in your area, for Canada and in other countries,
 - contacting companies that manufacture products that are similar (ie. have the same market as your product),
 - advertising in the business opportunities section of newspapers and magazines,
 - contacting manufacturers' agents,
 - displaying your product at trade shows,
 - contacting venture capital organizations,
 - seeking professional advice with respect to financial and contractual matters.

Real examples

Working in Newfoundland for the Red Cross, a nurse tried to find a way of protecting herself against needle pricks. There was nothing on the market, so she used the top of a Javex bottle. Unfortunately, she couldn't see the bottles of blood through the Javex top, so she built her own "shield" made of transparent plastic. She has since developed several designs for different situations and patented the invention. Instead of trying to do everything herself, she has granted licences to several manufacturers and distributors to exploit the invention

ADutchman with a passion for kayaks moved to Nova Scotia to start his own business. Having developed his design skills by trial and error, he had a good product, but growth was slow. So he licensed his basic design to a U.S. firm and focuses on custom-built kayaks in his own factory. His retail store sells his custom-built kayaks as well as the product of his licensee.

KEY QUESTIONS

Are you making adequate profits by manufacturing your product yourself? _____

Are you able to distribute your product effectively? _____

How much money can you make licensing your product? _____

STRATEGIC ALLIANCES WITH MAJOR COMPANIES AND ORGANIZATIONS

43

The formation of a strategic alliance can further your market or give your firm new expertise and/or enhanced credibility because of your association with your strategic alliance partner. A strategic alliance may take the form of a joint venture, a sharing of information, a marketing partnership, or a supplier arrangement.

GETTING STARTED

- 1) Assess the kinds of expertise that your firm could utilize in conjunction with your present capabilities in order to expand your market.
- 2) Look at possible joint venture partners that could supply that expertise and have a good reputation in the marketplace.
- 3) Assess the benefits that your firm can offer to potential partners. It may be access to new markets or expertise that your firm has that your "partner" needs.
- 4) Determine the type of arrangement that will suit you and your new partner(s); how much information and resources are you willing to share? and how you will divide work responsibilities, costs and benefits?
- 5) Approach your chosen "partner" and begin discussions on how a partnership could be mutually beneficial.

Real examples

A New Brunswick communications firm has built a strong business in the region and would like to extend its reach to the rest of Canada and internationally. They are doing this by building a network of major communications firms in the most important North American centres and working either as sub-contractors or as partners with them. This includes work outside the region as well as regional work, where the large organizations are brought in as leaders of pioneering projects.

A Nova Scotian couple who started out building ship models in their home got into the ship repair business and grew to attract a number of major customers. To give themselves greater specialization, they established a joint venture with a major Dutch company, which has given them an edge in the manufacturing aspect of the business.

KEY QUESTIONS

Are there major companies in your industry who would add to your credibility or effectiveness if you were involved in joint ventures? _____

What benefits would the big companies bring to your business? _____

Will they try and take you over after a few years? Is that what you want? _____

J BUYING A BUSINESS

BUYING AN EXISTING BUSINESS

44

One very common way of entering into business is to buy an existing business, one that is already operating. You may see a successful business that is of interest to you or you may know of a business that is not doing very well, but you feel that you could improve the operation so that it becomes more profitable. Some people engage in buying and selling business operations. The key to success in this endeavour, as with any buy and sell arrangement, is to buy cheap and sell dear. You may get a better price by improving the business or knowing how to better market the business.

GETTING STARTED

- 1) There are some good books on figuring out how much the business is worth. There are also good books on How to buy an existing business.
- 2) Check with a real estate agent, business brokers and accountants in your area to see what businesses are available. Ask generally about listing prices, final selling prices, financing options (sometimes the current owner is willing to help finance the new owner's purchase), and general market conditions. Check classified advertisements and trade-related publications.
- 3) Network with friends, colleagues, relatives and let them know that you are in the market. Businesses that are not listed may be available, and you want to find out about them.
- 4) If there is a particular business that you are interested in, talk to the present owner, employees, neighbours of the business to see if there is any sign of interest in selling. Visit the business and observe carefully.
- 5) Businesses that are not doing well may offer you the chance to bring your knowledge, expertise and/or enthusiasm to the business and make it a better operation.
- 6) Get to know the business that you are interested in and assess it for its strengths, weaknesses and how it fits with your goals and abilities.

Real examples

An executive in a Newfoundland retail chain wanted to go out on his own. When he heard about a small, three-store retail chain that had been successfully started by a local person, he bought the chain. He brought in as a partner a friend who was an executive with another retail chain and they expanded their chain rapidly to 29 stores in Newfoundland and Nova Scotia. They completely reorganized the management to structure it for growth.

The vice president of a venture capital company based in PEI was sent into one of the firm's ailing investments, a fish processing company, which subsequently went into receivership. As receiver, he cut expenses ferociously, generating, to his surprise, a positive cash flow. He then landed a contract to supply food to a major airline, which persuaded him to buy the company out of receivership. He has since expanded his customer base to the point where he has to buy most of his fish off the island to satisfy their needs.

KEY QUESTIONS

- What existing businesses could I buy and operate? _____
- What types of businesses am I interested in? _____
- What types of businesses would I enjoy operating? _____
- What businesses could I run, based on my previous experience? _____
- What funds are available to me for the purchase of a business? _____

BUYING A FRANCHISE

45

Over the past ten years, franchising, as a business form, has become very popular. With a franchise, you are buying a business concept that is successful in another location. You receive support (marketing, management, operating systems, planning, sometimes supplies, etc.) in exchange for a franchise fee and usually a percentage of your revenues. You form a partnership with the franchiser which has both its benefits and disadvantages. The franchise agreement defines and describes the relationship.

GETTING STARTED

- 1) Check books and magazines on this subject.
 - Many libraries and bookstores have copies of The Franchise Annual, published by INFO PRESS Inc. (Franchise News Ltd.), which contains detailed listings of available franchises for both U.S. and Canada.
 - Also of interest is the annual franchise special of “Entrepreneur” magazine. Five hundred of the fastest growing franchises are listed and rated.
- 2) Investigate the franchise options in your area.
 - Are there franchises in your area that could support another location? The existing franchise owner may or may not have exclusive rights to the territory.
 - Are there franchises available which are currently not active in your selling area?
- 3) Identify the type of franchise opportunity you would like to explore, by:
 - reading advertisements in business magazines and newspapers,
 - reading franchise trade journals,
 - joining a franchise trade association,
 - noticing franchised businesses in other locations that might be successful in your location, and
 - attending a franchise trade show.
- 4) Talk to current franchise owners to see if they are satisfied with their franchise arrangements. What do they see as the pros and cons of owning a franchise.

Real examples

A young couple, engaged to be married while still at university in PEI, decided the best hope for security lay in starting their own business. The man saw an article about how well a franchise clothing chain was doing, so they researched the operation thoroughly. They were uncertain if the franchise style was suitable for the island, but a newly introduced line of dressier clothing won them over and they approached the franchisor. Despite their youth, the franchisor accepted them on the basis of their professional business plan and they bought the franchise for the whole island.

Two young university students in Nova Scotia decided to turn their long-time entrepreneurial flair into a business partnership. They looked at trends in the U.S. and concluded that fast food was booming. They had enough money to buy a franchise, so they decided to go that route. After researching available franchises, they concluded that a Subway franchise met their price objectives and offered a good package of product and promotion. It took them four months to get a bank loan for their first store and one day for their second.

KEY QUESTIONS

- What kind of business would I like to own as a franchise? _____
- It is a business I would enjoy? _____
- Is there a market for the product or service I would be offering? _____
- Can I obtain that franchise for my area? How? _____
- Will my previous business experience support the type of franchise operation I prefer? _____

VI BUSINESS STRUCTURE OPTIONS

There are three main legal forms of organization available to you when you are starting a business, sole proprietorship, partnership and a corporation. There are pros and cons to each of these forms. This section also discusses the co-operative, an often forgotten form of doing business. Joint-Ventures are touched upon in this section, as it is a legal form of doing business that is becoming increasingly popular.

SOLE PROPRIETORSHIP

The individual or sole proprietorship is the oldest and simplest form of business organization. You and the business are one and the same. There is no separate legal entity in the business and thus the profits and losses, contracts and debts are your sole responsibility. As a sole proprietorship, it is very easy to start your business. You can register the trading name of the business. Many will start their businesses as sole proprietorships and as the business grows and becomes more complex, they will opt for incorporation or partnership.

The advantages of a sole proprietorship include:

- ease of organization and control- simple and inexpensive to create and dissolve.
- maximum freedom for the owner/proprietor - the operation of the business is in the control of one person - you.
- all profits accrue to the owner.

The disadvantages of a sole proprietorship include:

- unlimited liability - you can be personally held responsible for any debt or legal liability. Your personal assets are at risk to satisfy business debts.
- limited ability to raise capital - As sole proprietor you are not in the position to share ownership with others who might want to invest in the business, you can only borrow funds up to a limit of what you can personally secure.
- limited resources and opportunity - There is a limit to what one person can do and so it is with the sole proprietorship. Often as a business grows, the owner will opt for a more formal and growth oriented structure.

PARTNERSHIP

A partnership is an association of two or more individuals carrying on a business for profit. The partners have unlimited liability - they are personally responsible for all the partnerships liabilities and all the partnership's income flows into their personal income. The principals (partners) need to complete a partnership agreement that specifically covers the following matters:

- rights and responsibilities of each partner,
- the amount and nature of the contributions (capital/assets) to the business,
- the division of profits/losses,
- the management responsibilities of each partner,
- provision for the termination, death, illness, retirement of a partner,
- means for dissolving the partnership or winding up the business.

There are two different kinds of partnerships; a general partnership which is similar in nature to the sole proprietorship in which all the partners are jointly liable for the obligations of the business; and a limited partnership in which the partner's share of liability is limited to the extent of their contribution to the capital of the business. In a limited partnership, there must be at least one general partner with unlimited liability. The limited partners can not participate in the day-to-day management of the business or they risk the loss of their limited liability status.

CORPORATION

The corporation is the most formal and complex of the various business forms. A firm that is incorporated is a separate legal entity and it can enter into contractual relationships separate from the owners of the firm. It can own property and other assets, it can be sued or sue and it files its own tax return. It takes on a life of its own. In order to hold ownership in a corporation one must purchase shares or stock, which can trade publicly or be privately held and can be owned by a few or by thousands of stockholders. There is a formal registration process completing either a federal or provincial incorporation.

Advantages of a corporation:

- limited liability - the owner or shareholder is liable only for the amount paid or owing for the shares. In case of bankruptcy, creditors are not able to sue shareholders for the outstanding debts of the company.
- possibility of perpetuating the business - the business may live beyond the life of individual shareholders. Shares can be easily transferred or sold. This condition is not true of the sole proprietorship or the partnership.
- easier to raise capital - by selling stock in the company. Also a corporation with a credit history can negotiate more effectively with outside sources of financing than can either a partnership or a sole proprietorship.
- tax advantages - as a separate entity, the corporation is taxed differently than individuals, proprietorships and partnerships.

Disadvantages of a corporation:

- cost and legal formalities - Corporations are expensive to start and operate. Legal and registration fees are costly and special reporting must be done.
- inability to claim company losses against your income - These losses can only be claimed by the company and can not "flow through" to the owner. This is especially important in the first year when expenses are often higher than income, and the investment by the owner is at its highest. With partnerships and sole proprietorships these losses can be claimed against the owner's other income. It often makes sense for a business to start as a sole proprietorship or partnership and to incorporate after the initial investment year and when the growth of the company warrants the change.

CO-OPERATIVES

A co-operative is an incorporated form of business in which the share capital is owned by the co-operative members and the benefits of ownership are divided equally amongst the members/owners. Management is a co-operative (shared) responsibility.

To start a co-operative you would want to understand this form of business and join with a group of people that also understands the form of business, and with whom you can work co-operatively. The group may come together to form a specific kind of co-operative, such as a producers co-op (in which you share administrative activities, work, advertising, etc.) or a consumers co-op (in which volume purchasing realizes cost benefits and savings are returned to the members.)

You can contact the Federation of Cooperatives for information about co-ops in your area and the legislative framework ruling the formation and operations of co-ops. You may also want to talk to co-ops in your area to understand how they are managed and the advantages and disadvantages of the co-op form of business.

JOINT VENTURES

A joint venture is entered into when two or more corporations partner in order to undertake business activity or a project together. A Memorandum of Understanding (similar to a partnership agreement) is drawn up and signed. The MOU clearly defines the responsibilities and division of benefits/liabilities of the joint venture partners.

A joint venture allows firms to join forces on a project basis and at the same time carry on their business activities unrelated to the project, independently. A company can be engaged in numerous joint ventures simultaneously.

The benefits of a joint venture include:

- The ability to bid on projects in which your firm has some but not all of the expertise that is required.
- The ability to undertake work in competition with larger firms, while at the same time not having the full costs of carrying the capital investment needed for a specific project.
- The ability to share resources and achieve economies of scale on a project basis.

The disadvantages of forming a joint venture are:

- Potential loss of control of the project as you are depending on an outside firm to do their part of the work,
- Loss of security and potential for confidentiality breaches (ie. you may need to share trade secrets and proprietary information with your joint venture partner).

NOT-FOR-PROFIT ORGANIZATIONS

Non-profit or Not-for-Profit organizations are loosely defined as what they are not; they are not profit making ventures. This is similar to describing a dog as a non-car - it tells you about as much. Non-profit organizations often provide a public service (similar to a government body) but not to all of the public, often to members only or to a select market. Some examples of non-profits would include hospitals, educational centres, community-operated day-care centres, labour unions, service clubs, environmental groups, the local symphony, churches, and nursing homes. Some of these organizations can also be set up as for-profit businesses.

One cannot "own" a non-profit. There are not shares or dividends or profits to be distributed to the trustees, directors or members. Non-profit organizations can, however, provide employment, provide services or make and sell products and impact on our economy and communities. It is a form of business that you may want to consider in your search for ideas that will work for you in your community.

APPENDIX A

TESTING BUSINESS IDEAS

BASIC CONSIDERATIONS

A business idea is a business opportunity only if it has a chance of succeeding. The purpose of testing business ideas is to identify those which are actual opportunities. You may be able to think of 100 ideas, but only one or two of those may prove to have sufficient merit to be considered an opportunity.

To determine whether a business idea is an opportunity four areas must be explored:

- Personal considerations: The proposed activities and planned outcomes must satisfy your personal goals and interests.
- Marketing considerations: the products and services must have the potential for success in the marketplace.
- Production considerations: You must be able to produce the required volume and quality of products and services.
- Financial considerations: Your planned business operation must be able to meet the required financial goals.

COLLECTING INFORMATION

To assure yourself that a business idea can meet the necessary goals in these four areas, many questions need to be answered. To do this, you will have to invest time and effort to collect information.

Good sources of information include:

- Canada Business Service Centres;
- libraries;
- existing businesses;
- telephone directory Yellow Pages;
- purchasing agents;
- company annual reports;
- market research reports;
- trade association literature;
- journals;
- informal contacts in the industry;
- specialized books related to the trade;
- statistics compiled by both provincial and federal governments; and
- provincial and federal government publications.

Additional information may be obtained by:

- conducting surveys;
- observing business activities;
- observing business facilities;
- becoming a customer of potential competitors;
- conducting telephone interviews;
- conducting personal interviews;
- carrying out test marketing trials; and
- producing sample products.

ASKING THE QUESTIONS

The questions that follow will help you to determine whether a particular idea merits further consideration. They are designed to highlight any serious problems or deficiencies related to your idea.

Work systematically through each section, gathering enough information to make an informed decision. Organize your information in such a way that each question can be answered. Identify any missing data and collect.

When you have enough information, you will be able to decide if your idea:

- represents a potential business opportunity warranting the preparation of a full business plan; or
- requires some modification; or
- is obviously flawed and should be eliminated from further consideration.

Testing new venture ideas is a skill which is developed with practice. At first you may find the questions difficult to answer, but after you have used the questions a few times, your skills will increase.

QUESTIONS

INTRODUCTION

Write a simple description of your business idea. What do you want to do? Why? Where do you want to do it? What is the product or service you want to provide? Who will buy it? How will buyers use it?

PERSONAL CONSIDERATIONS

- 1) Is this idea something I really want to work at?
- 2) Do I have enough money?
- 3) Can I handle the risk of failure, the risk of losing personal assets, the risk of damage to my community position and ego?
- 4) Would I sacrifice important aspects of my lifestyle to turn this idea into a successful business?
- 5) Is the work something I can get excited about?
- 6) Is the idea legal and ethical?
- 7) Will the idea reflect favourably upon my reputation?
- 8) Do I want to work with the people who may be associated with this idea?
- 9) Is this idea more important to me than any others that I am considering?
- 10) Do I have enough time to work on this idea?
- 11) Do I want to live the lifestyle required by this idea?
- 12) Does the required work match the type of activities I like?
- 13) Do I have the health and energy to operate this business?
- 14) Does my personality suit this type of business?
- 15) What knowledge, skills or experience do I have which would suit the work required to carry out this idea?
- 16) Do I have adequate knowledge of this industry, including information on competitors, potential clients, markets and current technology?
- 17) Do I have adequate technical, managerial, marketing and financial skills to operate this business? If not, can I learn them or employ someone with those skills?

MARKET CONSIDERATIONS

- 1) What is my target market?
 - Who are my potential customers?
 - Where are they?
 - What are their demographic characteristics (age, income, marital status, number of children, type of housing, etc.)?
- 2) Have I asked potential customers whether they would buy my product or service?
- 3) Have I surveyed my potential customers for their opinions of my planned prices, volumes, packaging, promotion strategies and distribution methods?

- 4) What patterns of buying behaviour are important for this product or service?
 - When do people buy?
 - How do they buy similar products or services?
 - What is the typical size of orders?
 - Who makes the decision to buy?
 - How much effort is needed to persuade the buyer?
- 5) How many orders or contracts can I have in hand before I start the business?
 - Where will I find my first customer orders?
- 6) What does a detailed analysis of the competition illustrate?
 - If a client does not buy my product or service, what alternate product or service would be purchased?
 - Who are the main suppliers of those alternate products?
 - What trends regarding those alternate products are evident in the marketplace?
 - How does each competitor fit into the market, in terms of market share, types of products or services offered, marketing strategies and profitability?
- 7) Sales will probably be at the expense of competitors. How will they react to my inroads?
- 8) What competitive advantage does my idea have over those of my closest competitor?
- 9) How can I protect myself from the competition?
 - Can I have a lower price? a higher price? lower quality? higher quality?
- 10) Will others quickly copy my idea?
- 11) How much of a head start do I have over my competitors for this idea?
- 12) Who will sell my product or service?
 - For how much?
 - What sales tools will they need?
 - What training will they need?
- 13) How will my product or service be promoted?
 - What forms of advertising will I use?
 - Can I handle promotion and advertising myself or will I hire someone to do it?
 - How much money will I spend on promotion and advertising?
 - How much money is the competition spending and where?
- 14) What does a detailed analysis of distribution illustrate?

Note: Distribution of product is one of the major barriers to consider. Begin a dialogue with distributors. Ask retailers for their recommendations on which distributors to approach.

- How will I distribute my products?
- How much inventory will I need?
- Is one product line enough?
- Is there enough business involved?

PRODUCTION CONSIDERATIONS

- 1) Can I produce or deliver the service?
- 2) How have I assured myself that the product or service will really work?
- 3) Can I find facilities to use?
- 4) How much developmental work is needed before units can be produced or the service delivered?
- 5) What legalities need to be checked (patents, zoning laws, etc.)?
- 6) How many units can I produce or how many customers can I serve in the first year?
- 7) Can I find materials at a reasonable price?
- 8) Can I find a good production staff?
- 9) What equipment will be needed?
 - Where can the equipment be bought or rented?
 - What servicing and maintenance will the equipment require?
 - What are the delivery times for equipment and materials?
- 10) Can I assemble a management team to develop the opportunity?
 - What management and technical skills are needed?
 - What skills are already available?
 - What skills are still needed?
 - Does this group have the personal contacts that will be needed?

FINANCIAL CONSIDERATIONS

NOTE: Financial considerations are best evaluated using a standard forecast / cash flow format. A variety of publications and training courses are available from the Business Development Bank of Canada and the Atlantic Canada Opportunities Agency to assist you. Chartered banks and accounting firms also have a variety of publications on this topic.

- 1) What REVENUE can I achieve from the sale of my product or service? (To determine this, multiply the actual prices you will receive for products or services by the estimated number of sales, based on the interest expressed by potential customers.)
- 2) Are my PRICES in line with the competition?
 - If not, why not?
 - How will my customers react to the price, based on their perception of the quality of the product? (Ask your potential retailers and/or distributors)
 - Are my MARGINS in line with industry standards?
 - If not, why not?
 - How will my customers react to their own margins? (A retailer marks your product up. Is the margin sufficient to generate the required gross profit, given the volume projections? Ask them).
 - What margin does the distributor require?
- 3) What will the COST OF GOODS be for the products I produce and/or distribute?
- 4) How will the GROSS PROFIT compare with other firms in the industry?
- 5) What will the START-UP COSTS be for my business? (Consider fixtures, equipment, inventory, legal fees, licenses, advertising, promotion, staff recruitment, etc.)

- 6) What will the OPERATING COSTS be for my business? (Consider salaries, rent, supplies, interest, office expenses, etc.)
- 7) How will the NET PROFIT level compare with those of other firms in the industry?
 - What are the causes of my higher or lower profit levels?
- 8) Can I obtain the money required for this idea?
 - Where will I get the money? (Usually from personal savings first, then from family and friends, then from banks.)
 - What terms can be negotiated with the bank?
 - What collateral can I pledge to secure the loan?
 - How will the bank loan be repaid if the business fails?
 - What credit can be obtained for materials and supplies?
- 9) Can I survive financially during the early phases of the business?
 - How much money will I need to draw out for personal expenses? (Include this amount in you cash flow projections).
- 10) Is the level of financial risk low, average or high?
 - How much money will be lost if the business fails?
- 11) How can the idea be tested with little or no investment up front?

If, after answering these questions, you are confident that your idea has a good chance of succeeding, proceed with the development of a full business plan or continue your market research. Start with the actual selling of the product or service on a small scale, if possible. This is excellent market research.

APPENDIX B

DATABASES OF BUSINESS OPPORTUNITY INFORMATION

Note that some of the sources of information listed below are not directly accessible by you and can be accessed by an intermediary, (ie. staff of the CBSC or Industry Canada).

DATABASES AVAILABLE THROUGH INDUSTRY CANADA AND THE CANADA BUSINESS SERVICE CENTRES (These databases may also be available through a library)

ABI/INFORM	Abstracts from business and management periodicals in the areas of economics, engineering, management, telecommunications and public administration. References to 800 international periodicals. CD-ROM is updated monthly.
Actualité Quebec	Includes the complete text of articles published in La Presse, Le Devoir, Le Droit, L'actualite, Le Soleil and Voir. Updated monthly
Business Dateline	Full text of articles from approximately 180 regional business magazines, daily newspapers and wire services. Provides a source for locating hard-to-find information on small companies, new start-ups and closely held firms. Limited Canadian references. CD-ROM updated monthly.
Canadian Business Disc	Includes the full text of the Financial Post, Les Affaires, PME, Revue Commerce, and Affaires Plus as well as the business section from the Toronto Star, The Ottawa Citizen, the Calgary Herald, La Presse, Le Soleil and other Southern papers. CD-ROM is updated semi-annually.
Canadian Business and Current Affairs	Provides references to over 220,000 articles a year appearing in 200 Canadian newspapers and 300 popular magazines. The system provides titles with some abstracts. CD-ROM is updated monthly.
F & S Index US	Provides information on business activity in the United States. The CD-ROM covers over 1,000 sources including U.S., International industry journals, national and international newspapers. Updated monthly.
F & S Index International	Provides information on business activity worldwide accessing over 1,000 sources. CD-ROM updated monthly.

Small Business Employment Profiles	Small Business Profiles provides information on the average costs of doing business for items such as cost of sales, cost of advertising, average wage costs, cost and amount of capital used, etc., (68 items covered) - for each of 722 industrial sectors. Businesses with a volume of sales up to \$5 million are covered. Employment Profiles provide information on employment, the number of businesses and payroll for each of four size groups of business - from less than 20 employees to over 500 employees. Employment Profiles supplies this information for 1989 to 1991.
Computer Select	Contains articles from over 170 publications that cover computer related topics, (product reviews, technical tips, and industry news. The database also has product specifications for over 75,000 hardware, software, and data communications products and contains more than 13,000 manufacturers profiles. CD-ROM updated monthly.
ECONOLIT	Contains more than 282,000 citations with abstracts to articles from more than 300 economic journals. CD-ROM updated quarterly.
Globe and Mail and Financial Times.	Contains the full text of both publications. Available on an annual basis
BOSS - The Business Opportunities Sourcing System, Industry Canada.	BOSS is a computerized data bank that profiles over 26,000 Canadian companies. It lists basic information on products, services and operations that is useful to potential customers. Subscribers and users of the system use BOSS to locate suppliers, obtain market intelligence and identify market opportunities.
dISTCcovery	dISTCcovery is an Industry Canada computerized data bank of companies and organizations from around the world who are willing to license the right to manufacture and sell their product in an agreed market area. Over 30,000 licensing opportunities are available on the database. The reverse is also possible. You can license your product/process internationally through the use of dISTCcovery. A Selective Dissemination of Information (SDI) is available through subscription. This service enables you to register your "specific key words" on the system and be automatically faxed new additions each month. On-line service is available through your local datapac number.
Open Bidding Service	The OBS was established by Public Works and Government Services to provide suppliers with access to information on a vast number of local, national and international public purchasing business opportunities. You can have a demonstration of the system through the CBSC and can subscribe to the on-line service, request a copy of a bid, or subscribe to the Bid Matching Service. (800) 361-4637
The World Bank of Licensable Technology	A global database consisting solely of qualified technologies ready to transfer to your organization through license, joint venture, co-manufacturing, co-marketing agreements or sale. Licensing In is the process of finding the products or processes that you need and Licensing Out means marketing your technologies around the world. Canadian Industrial Innovation Centre/Waterloo (800) 265-4559

COMPANY/FINANCIAL DATABASES

Compact Disclosure Canada	Includes financial and descriptive data for over 7,000 Canadian public, private and crown companies gathered from the Ontario Securities Commission, Industry Canada and the companies themselves. The data includes: Type of business, employees, and 60 financial items, financial ratios and excerpts from annual reports. The CD-ROM database covers five years and is updated quarterly.
Moody's International Company Data	This database contains both descriptive and financial information on over 7,000 public corporations in over 90 countries outside of the United States.
Standard and Poor's - Compustat PC Plus	Includes information on over 12,000 companies (575 Canadian - remainder selected from US stock exchanges. Annual and quarterly data are available for companies and over 270 industry groups. The database is updated monthly.
Standard and Poor's - Global Vantage	Provides information on 7,000 companies from 24 countries. Historical financial and market data are available for industrial companies from 1982. CD-ROM updated monthly.

TRADE INFORMATION

TIERS - Trade Information Enquiry and Retrieval System	This is a CD-ROM version of Statistics Canada's merchandise trade database. Includes imports, domestic exports, re-exports, total exports, country, US state or Canadian Province, month and year of activity. Information is collected on more than 16,000 import and 6,000 export commodities for some 200 countries.
World Trade Database	A CD-ROM from Statistics Canada containing ten years of highly aggregated annual trade data for 160 countries and 600 commodities, updated annually.
U.S. National Trade Databank	Produced by the U.S. Department of Commerce, contains trade promotion and international economic data from 15 federal agencies. It includes the U.S. Industrial outlook and several market research reports for the U.S. International Trade Administration. Two CD-ROM discs updated monthly.
U.S. Imports/Exports of Merchandise	Includes information of commodities, their place of origin and their destination.

AVAILABLE AT THE LIBRARY

Fraser's Canadian Trade Directory - Maclean Hunter.

Canadian Trade Index - Canadian Manufacturer's Association.

Scott's Industrial Directory - Scott's Directories.

Thomas Register of American Made Products - Thomas Directories.

Guide to Canadian Manufacturers - Dunn & Bradstreet.

Associations Canada - Canadian Almanac & Directory Publishing Co. Ltd.

Directory of Retail Chains in Canada - Maclean Hunter.

Brands and Their Companies - Gale Research Inc.

Canadian Almanac & Directory - Canadian Almanac & Directory Publishing Co. Ltd.

International Trade Fairs and Conferences Directory - Co-Mar Management Services

ACOA ENTERPRISE NETWORK INC.

Available in Newfoundland and Labrador only (709) 729-7092

The Enterprise Network, originally set up to serve the economic development electronic information needs in the Province and funded through a joint arrangement between the Federal and Provincial governments has 1000 subscribers in more than 300 organizations. A number of databases can be accessed through the system, including:

- Telephone directories (government, development associations, Community Futures, and municipalities),
- Business Directories (Offshore Industrial Directory, Directory of Manufacturers),
- Supplier Information (International Seafood Importers, Thomas Register, Telecommunications Products),
- Opportunity Identification Databases (Provincial Public Tenders, Atlantic Canada Procurement listings and the Business Opportunities Database),
- Statistical and Financial Information (Small Business Profiles),
- Reference and Library services (Business Resource Centre, Memorial University Library and the Department of Fisheries and Oceans Library), and
- Partner Information Services (ie Industry Canada programs and services listing).

THE BUSINESS AND TECHNOLOGY EXCHANGE SYSTEM (BATE)

Available in PEI only (902) 368 4156

The BATE System is similar to the ACOA Enterprise Network Inc. The information and services that they offer are much the same. It has business and government information and statistics, newsletters, the Atlantic Canada Procurement Agreement Tenders, five CD-ROM's, an E-mail system and technical expertise listings. The BATE System is geared to the needs of PEI businesses.

BUSINESS OPPORTUNITIES ONLINE

Business Opportunities Online service provides small and medium size business people access to interactive data bases to assist them in completing research (or to contribute information) in the areas of business funding, either as an investor or an investee. The service is available on a subscription bases via the Internet and the service's World Wide Web Site. Separate data bases are maintained on Capital Available (sources of investment funding), Capital Needed (seeking investment funding) and Financial Intermediary Profiles (broker network/listing). Each data base covers both the United States and Canada. Listings can be searched by size, location or industry, capital available/needed. Information is available by contacting (619) 299-9858.

COMMERCIAL OPPORTUNITIES AND INVESTMENT NETWORK (COIN)

This database enables the operation of a matchmaking service between potential investors and business opportunities/entrepreneurs. It was originally developed and operated by the Canadian Chamber of Commerce. It is now available through VentureLinx (416) 675-1421. Fax: (416) 675-3392

DATABASES ACCESSIBLE THROUGH COMPUSERVE

This is a sample of what is available through on-line services:

- Information Access Business Database Plus - Provides local to global financial, marketing or business intelligence, from over 800 business and trade magazines.
- Disclosure SEC database - includes current and historical financial, profile information and full text Management Information and analysis on over 11,000 public companies.
- Entrepreneur's Franchise and Business Opportunities Database, Entrepreneur's Small Business Forum are both available from Entrepreneur Magazine through CompuServe
- Company Analyzer/ Company Information and Company Screening are databases available on-line CompuServe
- Other databases of possible interest to entrepreneurs include the Ideas and Inventions Forum, the International Trade Forum, the IQuest Business Management Forum

APPENDIX C

REFERENCE MATERIALS

Market Intelligence
Service - Industry
Canada

The information provided in these reports is product specific and based on restricted access to Customs import documents. The main focus of the service has been on imports, however is evolving to provide information on the Canadian and North American markets. Typically a report includes the following information: annual changes and trends in imports, quantity and value of imports, ports of entry, unit import prices, major foreign countries exporting to Canada, names of Canadian importers and suppliers, names of foreign companies exporting to Canada, Canadian production and exports, Canadian market summaries, American imports, Canadian tariffs, import market shares of top importers, imported product breakdowns by type, size, material and price range. Industry profiles are available for over 120 sectors.

InfoEx

An information, reference and consultation service for Canadian exporters, companies interested in international markets and any one interested in Canadian foreign policy. (800) 267-8376

FAXLINK

Interactive fax information service provides access to a wide body of information on international trade related issues and opportunities such as details on NAFTA GATT, trade programs and services. Anyone with a fax machine can call and place an order and instantly receive the documents of interest. (613) 944-4500

New Product News

Publication available from Industry Canada.

CanadExport

Publication on exporting and international partnering opportunities. Published twice monthly by the Department of Foreign Affairs and International Trade. (613) 996-2225

Statistics Canada

Information on industry, economic, demographic of geographic statistics in Canada

SUGGESTED READINGS AND BIBLIOGRAPHY

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Celente, Gerald, Milton, Tom. Trend Tracking - The System to Profit from Today's Trends, John Wiley, Toronto, Ontario, 1990.

Ministry of Small Business, Tourism and Culture, Province of British Columbia. Exploring Business Opportunities - An Innovative Guide For B.C. Entrepreneurs, 1994.

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Department of Foreign Affairs and International Trade. The New North America - Opportunities for Canadians, 1994.

APPENDIX D

KEY CONTACTS

ATLANTIC CANADA OPPORTUNITIES AGENCY

ACOA Head Office
Blue Cross Centre
644 Main Street
P.O. Box 6051
Moncton, N.B.
E1C 9J8
Telephone: (506) 851-2271
Fax: (506) 851-7403

ACOA New Brunswick
570 Queen Street
3rd Floor
P.O. Box 578
Fredericton, N.B.
E3B 5A6
Telephone: (506) 452-3184
Fax: (506) 452-3285

ACOA Newfoundland
Atlantic Place
Suite 801
215 Water Street
P.O. Box 1060, Station C
St. John's, Nfld.
A1C 5M5
Telephone: (709) 772-2751
Fax: (709) 772-2712

ACOA Nova Scotia
Central Guaranty Trust Tower
Suite 600
1801 Hollis Street
P.O. Box 2284, Station M
Halifax, N.S.
B3J 3C8
Telephone: (902) 426-6743
Fax: (902) 426-2054

ACOA Prince Edward Island
3rd Floor
75 Fitzroy Street
P.O. Box 40
Charlottetown, P.E.I.
C1A 7K2
Telephone: (902) 566-7492
Fax: (902) 566-7098

ACOA Ottawa
4th Floor
60 Queen Street
P.O. Box 1667, Station B
Ottawa, Ont.
K1P 5R5
Telephone: (613) 954-2422
Fax: (613) 954-0429

Enterprise Cape Breton Corporation
4th Floor, Commerce Tower
15 Dorchester Street
P.O. Box 1750
Sydney, N.S.
B1P 6T7
Telephone: (902) 564-3600
Fax: (902) 564-3825

BUSINESS SERVICE CENTRES

Canada / New Brunswick
Business Service Centre
570 Queen Street
Fredericton, N.B.
E3B 6Z6
Telephone: (506) 444-6140
Toll Free: 1-800-668-1010
Fax: (506) 444-6165
FaxBack: (506) 444-6172

Canada Business Service Centre (Newfoundland)
90 O'Leary Avenue
P.O. Box 8687
St. John's, Nfld.
A1B 3T1
Telephone: (709) 772-6022
Toll Free: 1-800-668-1010
Fax: (709) 662-6090
FaxBack: (709) 772-6030

Canada / Nova Scotia
Business Service Centre
1575 Brunswick Street
Halifax, N.S.
B3J 2G1
Telephone: (902) 426-8604
Toll Free: 1-800-668-1010
Fax: (902) 426-6530
FaxBack: (902) 426-3201
Toll Free
(FaxBack): 1-800-401-3201

Canada / Prince Edward Island
Business Service Centre
232 Queen Street
P.O. Box 40
Charlottetown, P.E.I.
C1A 7K2
Telephone: (902) 368-0771
Toll Free: 1-800-668-1010
Fax: (902) 566-7098

BUSINESS DEVELOPMENT BANK OF CANADA

Business Development Bank of Canada
Atlantic Regional Office
Cogswell Tower, Suite 1400
Scotia Square
P.O. Box 1656
Halifax, N.S.
B3J 2Z7
Telephone: (902) 426-7860
Fax: (902) 426-9033

Business Development Bank of Canada
Charlottetown Branch
51 University Avenue
2nd Floor
P.O. Box 488
Charlottetown, PEI
C1A 7L1
Telephone: (902) 566-7454
Fax: (902) 566-7459

Business Development Bank of Canada
Halifax Branch
Cogswell Tower, Suite 1400
Scotia Square
P.O. Box 1656
Halifax, N.S.
B3J 2Z7
Telephone: (902) 426-7850
Fax: (902) 426-6783

Business Development Bank of Canada
Sydney Branch
225 Charlotte Street
Sydney, N.S.
B1P 1C4
Telephone: (902) 564-7700
Fax: (902) 564-3975

Business Development Bank of Canada
Bridgewater Branch
450 LaHave Street
Eastside Plaza
Bridgewater, N.S.
B4V 2X6
Telephone: (902) 527-5501
Fax: (902) 527-5611

Business Development Bank of Canada
Truro Branch
622 Prince Street
Suite 202
P.O. Box 1378
Truro, N.S.
B2N 5N2
Telephone: (902) 895-6377
Fax: (902) 893-7957

Business Development Bank of Canada
Moncton Branch
Commercial Centre
10 Commercial Street
Moncton, N.B.
E1C 8P6
Telephone: (506) 851-6120
Fax: (506) 851-6033

Business Development Bank of Canada
Saint John Branch
75 Prince William Street
2nd Floor
Saint John, N.B.
E2L 2B2
Telephone: (506) 636-4751
Fax: (506) 636-3892

Business Development Bank of Canada
Bathurst Branch
275 Main Street
Suite 205
Harbourview Place
Bathurst, N.B.
E2A 1A9
Telephone: (506) 548-7360
Fax: (506) 548-7381

Business Development Bank of Canada
Fredericton Branch
570 Queen Street
Suite 204
Fredericton, N.B.
E3B 6Z6
Telephone: (506) 452-3030
Fax: (506) 452-2416

Business Development Bank of Canada
Edmundston Branch
121 De l'Eglise Street
Suite 405
Carrefour Assomption
Edmundston, N.B.
E3V 3L2
Telephone: (506) 739-8311
Fax: (506) 735-0019

Business Development Bank of Canada
St. John's Branch
Atlantic Place
215 Water Street
4th Floor
St. John's, Nfld.
A1C 5K4
Telephone: (709) 772-5505
Fax: (709) 772-2516

Business Development Bank of Canada
Corner Brook Branch
Herald Tower
4 Herald Avenue
1st Floor
Corner Brook, Nfld.
A2H 4B4
Telephone: (709) 637-4515
Fax: (709) 634-9490

Business Development Bank of Canada
Grand Falls-Windsor Branch
42 High Street
P.O. Box 744
Grand Falls-Windsor, Nfld.
A2A 2M4
Telephone: (709) 489-2181
Fax: (709) 489-6569